

# Corporate Governance

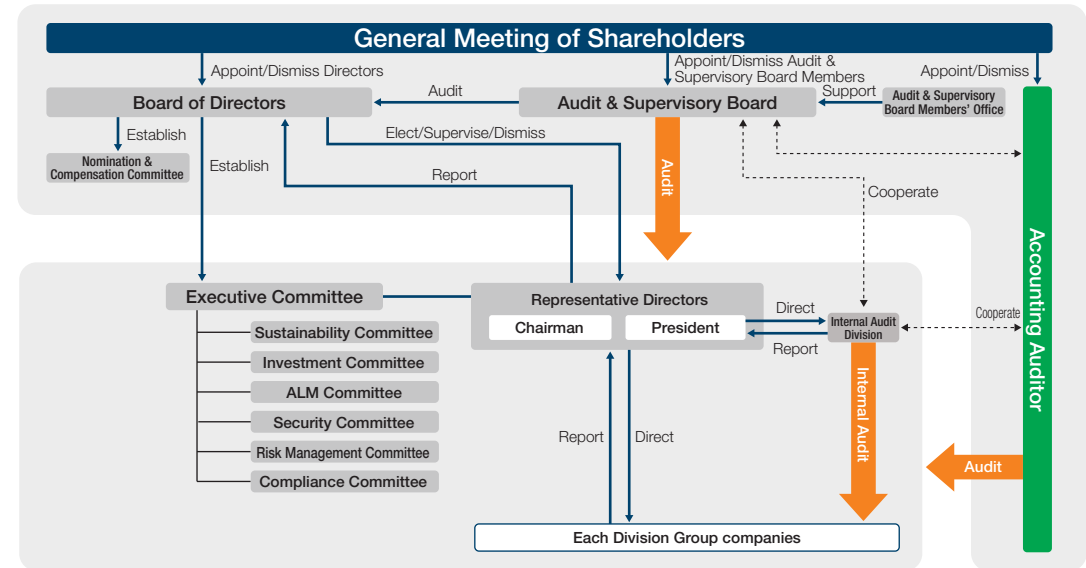
## Basic Views

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

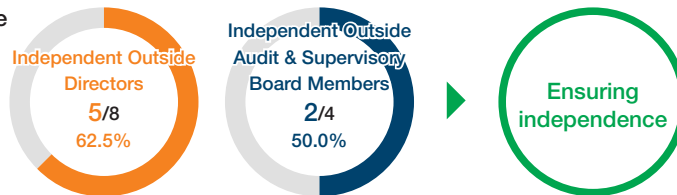
The Bank also adopts the organizational form of a Company with Audit & Supervisory Board. At the Board of Directors, the Bank ensures effective corporate governance through decision making by Directors with executive authority over operations who are well versed in the Bank's operations and Outside Directors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

Management Oversight Functions

Operational Implementation Functions



Independence of Officers



## Main Items and Descriptions

|                                                                                           |                                                                                                                                      |                                                                                                                                                                |
|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Organizational design<br><b>Company with Audit &amp; Supervisory Board</b>                | Number of meetings of the Board of Directors<br>Average attendance of Outside Directors<br><b>98.6% of 15 meetings</b><br>Fiscal2023 | Number of meetings of Audit & Supervisory Board<br>Average attendance of Outside Audit & Supervisory Board Members<br><b>100% of 14 meetings</b><br>Fiscal2023 |
| Advisory body to the Board of Directors<br><b>Nomination &amp; Compensation Committee</b> | Chairperson of the Nomination & Compensation Committee<br><b>Independent Outside Director</b>                                        | Proportion of female Officers<br><b>25% (3 of 12)</b>                                                                                                          |

## Members of major organizations (As of July 1,2024)

| Position                              | Name               | Board of Directors | Nomination & Compensation Committee | Executive Committee | Position                                   | Name              | Audit & Supervisory Board | Board of Directors | Nomination & Compensation Committee | Executive Committee |
|---------------------------------------|--------------------|--------------------|-------------------------------------|---------------------|--------------------------------------------|-------------------|---------------------------|--------------------|-------------------------------------|---------------------|
| Chairman and Representative Director  | Yasuaki Funatake   | ○                  | ○                                   | ○                   | Full-time Audit & Supervisory Board Member | Kazuhiko Ishiguro | ◎                         | △                  | △                                   | △                   |
| President and Representative Director | Masaaki Matsuhashi | ◎                  | ○                                   | ◎                   | Full-time Audit & Supervisory Board Member | Ryoji Sakai       | ○                         | △                  |                                     | △                   |
| Director                              | Tsuyoshi Kobayashi | ○                  |                                     |                     | Outside Audit & Supervisory Board Member   | Hideaki Terashima | ○                         | △                  |                                     |                     |
| Outside Director                      | Makoto Kigawa      | ○                  | ◎                                   |                     | Outside Audit & Supervisory Board Member   | Chieko Ogawa      | ○                         | △                  |                                     |                     |
| Outside Director                      | Yukiko Kuroda      | ○                  | ○                                   |                     |                                            |                   |                           |                    |                                     |                     |
| Outside Director                      | Etsuhiro Takato    | ○                  | ○                                   |                     |                                            |                   |                           |                    |                                     |                     |
| Outside Director                      | Yuji Hirako        | ○                  |                                     |                     |                                            |                   |                           |                    |                                     |                     |
| Outside Director                      | Tami Kihara        | ○                  |                                     |                     |                                            |                   |                           |                    |                                     |                     |
| (Executive Officer)                   | 14 other persons   |                    |                                     | ○*                  |                                            |                   |                           |                    |                                     |                     |

◎ Chairperson  
○ Member  
△ Observer

\*Members of the Executive Committee exclude the Project Executive Officers.

## Board of Directors

Composition

**Eight Directors including five Independent Outside Directors**
**Number of Meetings held during FY2023**
**15 times**
**Average attendance rate**
**98.0%**

The Bank's Board of Directors consists of eight Directors, including five Independent Outside Directors. The Board of Directors meets, in principle, once a month to decide the Bank's basic management policies and important operational issues and to supervise the execution of duties by Directors with executive authority over operations and Executive Officers.

### Major agendas

- Management policies and plans to achieve the Medium-Term Management Plan
- Sustainability promotion plan
- M&A
- Revision of the Charter of Ethics
- Group engagement
- Subsidiary investment/impairment loss

## Nomination & Compensation Committee

Composition

**Two Independent Outside Directors and two Directors**
**Number of Meetings held during FY2023**
**7 times**
**Average attendance rate**
**100%**

As an advisory body to the Board of Directors, the Bank has established the Nomination & Compensation Committee, chaired by an Independent Outside Director in order to supplement the functions of the Board of Directors. The committee is delegated by the Board of Directors to recommend candidates for Director to be put on the agenda at a General Meeting of Shareholders, to recommend candidates for Executive Officer to be put on the agenda at a Board of Directors meeting, and to supervise a plan on successors to the position of Director, etc.

### Major agendas

- Recommendation of candidates for Director and candidates for Executive Officer to the Board of Directors
- Suggestion of compensation for Directors and Executive Officers to the Board of Directors
- Succession plan for successors to the positions of President and Executive Officer
- Review of timing for execution system change

\*The Nomination & Compensation Committee consists of a total of five members: three Independent Outside Directors and two Directors as of July 1, 2024.

## Audit & Supervisory Board

Composition

**Four Audit & Supervisory Board Members including two Independent Outside Audit & Supervisory Board Members**
**Number of Meetings held during FY2023**
**14 times**
**Average attendance rate**
**100%**

The Bank's Audit & Supervisory Board consists of four Audit & Supervisory Board Members, including two Independent Outside Audit & Supervisory Board Members. The Audit & Supervisory Board meets, in principle, at least once a month to receive reports regarding important auditing-related issues and deliberate and make decisions thereof. The Audit & Supervisory Board convenes with Representative Directors, the Internal Audit Division and the Accounting Auditor on a regular basis to exchange opinions and make requests as necessary on issues to be addressed by the Bank, the status of improvements to the Audit & Supervisory Board Members' auditing environment and important auditing-related issues.

## Executive Committee

Composition

**Two Directors and 11 Executive Officers excluding Project Executive Officer**
**Number of Meetings held during FY2023**
**62 times**

In principle, the Executive Committee meets on a weekly basis to deliberate the execution of important operations, including business plans; acquisition and disposal of assets; credit provision-related issues; borrowing of money and payment of expenses; credit management issues; rewards and sanctions for employees; issues related to employees' working conditions and benefits; the establishment, change and abolition of the organization; and the formation, revision and elimination of rules and regulations, in addition to conferring on issues to be deliberated at the Board of Directors meetings in advance. The Bank has adopted an executive officer system, and the Executive Committee comprises Executive Officers and others nominated by the Board of Directors.

# Corporate Governance

## Initiatives to Strengthen Corporate Governance

For the sustainable growth and the improvement of corporate value, the Bank has positioned strengthening governance as a key management issue. In FY2023, with new Outside Directors and a new Outside Audit & Supervisory Board Member added, we have enhanced the independence of the Board of Directors, and have put our effort in making the Board of Director more effective with the Board of Directors composed of diverse members. Please note that the Company set the basic views, the framework, and the operation policy that need to be addressed to enable the effective corporate governance in its Corporate Governance Guidelines, and released it on our website.

**WEB** <https://www.sevenbank.co.jp/english/csr/esg/governance/>



## Evaluation of Effectiveness of the Board of Directors

The Seven Bank has conducted “evaluation of effectiveness of the Board of Directors” since FY2015. In FY2023, a questionnaire survey was anonymously conducted for Directors and Audit & Supervisory Board Members about the operation of the Board of Directors, the composition of the Board of Directors, agenda items of the Board of Directors and other items. The results were deliberated at the Board of Directors.

### Results of the Evaluation for FY2023

The Bank's Board of Directors has been fulfilling both its decision-making and supervisory functions as all Directors and Audit & Supervisory Board Members share its roles and responsibilities and conduct deliberations from diverse perspectives through free and open discussions based on the members' respective knowledge and expertise. Thus, it was confirmed that the Board of Directors has been operating appropriately, thereby ensuring its effectiveness. Details of initiatives concerning the priority matters are as follows.

| Priority matters for FY2023                                                                  | Details of initiatives in FY2023                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Advance governance in the Seven Bank Group</b>                                            | Newly appointed Outside Directors and Audit & Supervisory Board Members to ensure diversity among the members of the Board of Directors. Accelerated provision of reference materials and changed their contents for deeper understanding of agenda items.                                                                                                   |
| <b>Enhance opportunities for exchange of views and interaction with executive personnel.</b> | Regularly conducted opinion exchanges with executive personnel who are closer to front-line work, for example, newly appointed General Manager or President of the Group companies giving business briefing. All Outside Directors served as judges for the Purpose Award, where our employees present their initiatives aligned with the Company's Purpose. |
| <b>Activities for constructive dialogues with shareholders and investors</b>                 | Proactively shared Company's and the Seven & i Holdings Co., Ltd.'s financial situation and investors responses at the meetings of the Board of Directors.                                                                                                                                                                                                   |

## Priority Matters for FY2024

### ① Advance governance in the Seven Bank Group

Advance monitoring function and enhance discussion from a risk point of view, promote more diversity in composition and executive personnel

### ② Enhance broad and strategic discussion

Share the awareness of the issues in the medium- to long-term viewpoint and engage in discussions of growth strategies, share the status of dialogues with shareholders and investors with the Board of Directors, and hold strategic discussions in light of the voices of the capital market

### ③ Ensure continuity of opportunities for exchange of views and interaction with executive personnel

Provide opportunities for briefing on operations and information sharing by executive personnel, and organize opportunities for exchange of views and interaction with executive personnel



## FOCUS

### Interaction between employees and executives at the “Purpose Award”

The Company has held the Purpose Award program since FY2022 with the aim of “sharing real-life examples of efforts to achieve our Purpose across the group to help all employees apply what they have learned to their work,” initiatives submitted by all departments and Group companies are judged for the award. In FY2023, of a total of 40 entries, eight projects passed the preliminary and secondary selections by all employees and Executive Officers, and went to the finals. At the final selection, a person representing each entry presented their project directly to the Outside Directors and Audit & Supervisory Board Members who served as judges. This was a valuable opportunity for front-line employees and outside officers, those who have no connection in regular work, to communicate. After each presentation, they engaged in an active question and answer session and opinion exchanges including encouragement from outside officers to our employees.



## Independence Standards for Outside Officers

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

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

Other matters concerning Independent Officers

The Bank registers all persons who fulfill the qualifications of Independent Officers, as well as the Independence Standards for Outside Officers, as Independent Officers.

## Support Systems/Training Policies for Outside Officers

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

## Reasons for Appointment of Outside Officers

| Name                                      |                   | Reasons for Appointment                                                                                                                                                                                  |
|-------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outside Directors                         | Makoto Kigawa     | Mr. Makoto Kigawa's experience and insight in corporate management at YAMATO HOLDINGS CO., LTD., etc., have genuinely contributed to the Bank's management.                                              |
|                                           | Yukiko Kuroda     | Ms. Yukiko Kuroda's experience as a corporate manager and insight related to developing human resources who can handle global business have genuinely contributed to the Bank's management.              |
|                                           | Etsuhiro Takato   | Mr. Etsuhiro Takato's experience and insight in corporate management, marketing, and global duties at Ajinomoto Co., Inc. have genuinely contributed to the Bank's management.                           |
|                                           | Yuji Hirako       | Mr. Yuji Hirako's experience and insight in corporate management at ANA HOLDINGS INC., etc. have genuinely contributed to the Bank's management.                                                         |
|                                           | Tami Kihara       | Ms. Tami Kihara's experience and insight in corporate management at Ricoh IT Solutions Co., Ltd. and human resource strategy at Ricoh Company, Ltd. have genuinely contributed to the Bank's management. |
| Outside Audit & Supervisory Board Members | Hideaki Terashima | Mr. Hideaki Terashima's broad insight into corporate legal affairs, nurtured in his career as an attorney-at-law, has genuinely contributed to audits of the Bank's management.                          |
|                                           | Chieko Ogawa      | Ms. Chieko Ogawa's international insight nurtured in her career as a Certified Public Accountant has genuinely contributed to audits of the Bank's management.                                           |

## Corporate Governance

### Policy on Compensation of Officers and Compensation System for Officers

Seven Bank's "Policy on Compensation of Officers and Compensation System for Officers" were, excluding compensation for Audit & Supervisory Board Members, proposed to the Board of Directors by the Nomination & Compensation Committee, and determined with a resolution of the Board of Directors as follows.

#### ① Basic Policy on Compensation of Officers

The Bank decides compensation of officers based on the following points.

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

#### ② Method for Determining Compensation, etc. Compensation, etc. for Individual Officers in the Fiscal Year under Review

The Bank has established a Nomination & Compensation Committee, comprising a total of four members made up of two Independent Outside Directors and two Representative Directors, chaired by an Independent Outside Director, as an advisory body to the Board of Directors (as of the end of the fiscal year under review)\*. The Nomination & Compensation Committee proposes specific amounts of compensation, etc. to be granted to Directors within the range of the total amount approved at the General Meeting of Shareholders, for determination by resolution of the Board of Directors. From the perspective of understanding the process of discussion, Audit & Supervisory Board Members may participate as observers who do not possess voting rights, when a Nomination & Compensation Committee meeting is held. The procedure is stipulated in the Regulations for Officers, which is modified, amended, or abolished by a resolution of the Board of Directors upon discussion with the Audit & Supervisory Board Members.

Compensation, etc. for Audit & Supervisory Board Members is determined upon discussion by the Audit & Supervisory Board Members within the range of the total amount approved at the General Meeting of Shareholders.

\*The Nomination & Compensation Committee consists of a total of five members: three Independent Outside Directors and two Directors as of July 1, 2024.

#### ③ Compensation Structure

The Bank's compensation structure for officers comprises "basic compensation" as fixed compensation and "bonuses" and "performance-based stock compensation" as variable compensation, which are applied as below.

|                                                    | Fixed compensation     | Variable compensation |                                          |
|----------------------------------------------------|------------------------|-----------------------|------------------------------------------|
|                                                    | (a) Basic compensation | (b) Bonuses           | (c) Performance-based stock compensation |
| Directors with executive authority over operations | ○                      | ○                     | ○                                        |
| Non-executive Directors                            | ○                      | —                     | —                                        |
| Audit & Supervisory Board Members                  | ○                      | —                     | —                                        |

Each plan is positioned as follows.

|                                          |                                                                                                                                                                                                                                                           |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Basic compensation                   | Compensation aiming to encourage steady execution of duties commensurate with job rank                                                                                                                                                                    |
| (b) Bonuses                              | Compensation aiming to encourage steady execution of duties commensurate with job rank short-term incentives aiming to steadily achieve performance targets (milestones) for each fiscal year for the medium- to long-term improvement of corporate value |
| (c) Performance-based stock compensation | Medium- to long-term incentives for the medium- to long-term improvement of corporate value, aligning interests with shareholders                                                                                                                         |

The ratio of each plan has been decided as described below by a resolution of the Board of Directors upon a proposal by the Nomination & Compensation Committee. Factors taken into account included a balance between fixed compensation and variable compensation, a balance between cash remuneration and stock compensation, and a balance between bonuses and stock compensation, which are incentives to execute management with a well-balanced perspective in both the short-term and the medium- to long-term (excluding compensation for Audit & Supervisory Board Members).

In addition, non-executive Directors and Audit & Supervisory Board Members receive only fixed compensation, as their role is to supervise the Bank's management from an objective and independent standpoint.

| Directors with executive authority over operations            | Basic compensation<br>50%                                                           | Bonuses<br>25%* | Performance-based stock compensation<br>25%* |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------|----------------------------------------------|
| Balance between fixed compensation and variable compensation  | <div> <div>Fixed compensation 50%</div> <div>Variable compensation 50%</div> </div> |                 |                                              |
| Balance between cash remuneration and stock compensation      | <div> <div>Cash remuneration 75%</div> <div>Stock compensation 25%</div> </div>     |                 |                                              |
| Non-executive Directors and Audit & Supervisory Board Members | Fixed compensation<br>100%                                                          |                 |                                              |

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

#### ④ Compensation Level

To provide a competitive compensation level and thereby secure highly capable human resources, the Bank's compensation level for officers has been determined by a resolution of the Board of Directors based on the proposal made by the Nomination & Compensation Committee. The deliberation was based on the analysis and comparison of data on the compensation levels of a group of companies of the same size and operating in the same industry as the Bank, which has been drawn from a larger body of objective data on compensation levels provided by an outside professional organization (excluding compensation for Audit & Supervisory Board Members).

#### ⑤ Details and Method of Calculation of Variable Compensation

##### Bonuses

Bonuses, which are provided as short-term incentives, will be determined by multiplying the standard amount of compensation for each job rank by performance-linked factors corresponding to the achievement of consolidated performance targets for the previous fiscal year.

##### Performance-based Stock Compensation

Performance-based stock compensation, which is provided as a medium- to long-term incentive, is composed of a "fixed portion," which grants fixed points for each job rank, and a "performance-based portion," which grants a varying number of points determined by job rank and performance. For each portion, points are granted and accumulate every year of the term of office of the relevant officer, and a number of the Bank's shares corresponding to the amount of accumulated points will be delivered to the officer upon retirement.

The number of points (i.e., the number of shares to be delivered) to be provided in the performance-based portion will be determined by multiplying the number of points for each rank by performance-linked factors according to the achievement level of consolidated performance targets.

In addition to the existing malus clause, the Bank has introduced a clawback clause that allows the Bank to require Directors to repay performance-based stock compensation in the event of falling under certain circumstances such as gross negligence or fraud in relation to financial results, material revision of financial results, or violation of law or regulation. Compensation that may be subject to repayment is performance-based stock compensation received as compensation for the fiscal year in which the relevant circumstances arose and the three preceding fiscal years. This provision applies to performance-based stock compensation granted as compensation for the fiscal year ended March 31, 2024 and all periods thereafter.

#### Evaluation Indicators for Variable Compensation (Performance Indicators) and Evaluation Method

Consolidated ordinary income and consolidated ordinary profit are used as the evaluation indicators to take account of both sales size and profitability aspects with a good balance. Additionally, employee engagement was added as an evaluation indicator to be reflected by the performance-based stock compensation points granted for the fiscal year ended March 31, 2024 and thereafter.

| Plan                                 |                           | Indicators and evaluation method                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bonuses                              |                           | <ul style="list-style-type: none"> <li>● Evaluation based on the achievement status and process for performance targets (milestones) for the medium- to long-term improvement of corporate value, taking into account the management strategy of achieving "Growth in Our Main Business as We Diversify Our Operations"</li> <li>● Quantitative evaluation based on the achievement status of targets for consolidated ordinary income and consolidated ordinary profit in the previous fiscal year</li> <li>● Determination of a compensation amount in the range of 0% to 200% of the baseline amount</li> </ul>                                                                                                                                                                                          |
| Performance-based stock compensation | Fixed portion             | —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                      | Performance-based portion | <ul style="list-style-type: none"> <li>● Evaluation based on the results of the medium- to long-term improvement of corporate value, taking into account the management strategy of achieving "Growth in Our Main Business as We Diversify Our Operations"</li> <li>● Quantitative evaluation based on the achievement status of consolidated ordinary income, consolidated ordinary profit, and other targets in the previous fiscal year (employee engagement was added as an evaluation indicator to be reflected by the performance-based stock compensation points granted for the fiscal year ended March 31, 2024 and thereafter)</li> <li>● Determination of a number of points (i.e., the number of shares to be delivered) in the range of 0% to 200% of the baseline number of points</li> </ul> |

#### Targets and Results of Evaluation

##### Indicators for Variable Compensation

Fiscal year under review (from April 1, 2023 to March 31, 2024)

| Evaluation indicators        | Target value<br>(Millions of yen) | Result<br>(Millions of yen) | Degree of target<br>achievement (%) |
|------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
| Consolidated ordinary income | 198,500                           | 197,877                     | 99.7%                               |
| Consolidated ordinary profit | 25,500                            | 30,526                      | 119.7%                              |

| Evaluation indicators | Score in March 2023 | Score in March 2024 | Year on Year |
|-----------------------|---------------------|---------------------|--------------|
| Employee engagement   | 68                  | 69                  | +1           |

\*Of the evaluation indicators, those for employee engagement are expressed as an index representing the results comparing the total scores for the employee engagement survey conducted in March 2023 and March 2024.

# Corporate Governance

## Status of Audits

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

Audit & Supervisory Board Members and the Accounting Auditor hold regular meetings to exchange opinions and promote mutual cooperation, based on the audit contract with KPMG AZSA LLC. Audit & Supervisory Board Members perform audits on the execution of duties by Directors by attending the Board of Directors meetings or other means. In addition to conducting their own operational and accounting audits, Audit & Supervisory Board Members receive reports on results of external audits by the Accounting Auditor, and check the appropriateness thereof. Members from the Internal Audit Division are also present when receiving accounting audit reports from the Accounting Auditor, in an effort to facilitate close cooperation.

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

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

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

- A Status of business plans
- B Compliance system and compliance status
- C Appropriateness and effectiveness of internal controls over financial reporting
- D Systems for and the current status of customer management, including customer protection
- E Systems for and the current status of risk management
- F Internal management systems at each operational department and appropriateness and effectiveness thereof

Internal audits are conducted on all the Bank's departments and systems, including those of its subsidiaries. Audits are also conducted on the operations of the Bank's major outsourcing contractors regarding the status of management by its relevant internal departments, as well as on the outsourcing contractors themselves, within the scope agreed with them. Audit & Supervisory Board Members receive periodic reports from the Internal Audit Division on its audit plans and results, and request investigations as necessary to ensure that the audit results of the Internal Audit Division are effectively utilized for internal control system audits by Audit & Supervisory Board Members. In addition, Audit & Supervisory Board Members receive reports on the status of internal control systems regularly or as necessary from the departments in charge of internal control functions, and ask for detailed explanations as necessary.

## Status of Improvement and Operation of the Internal Control Systems

Concerning the system upgrades stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act, the Board of Directors made a resolution on May 8, 2006, on matters to be implemented by the Bank. Progress of the details of this resolution is reviewed each fiscal year. In line with this resolution, Seven Bank strives for good corporate governance and internal control, while ensuring appropriateness in the Seven Bank Group's operations.

## Policy on Governance related to Listed Subsidiaries (Protection of Rights of Minority Shareholders)

### ■ Seven Bank Group's Position in the Parent Company

Seven & i Holdings Co., Ltd., the Bank's parent company, aiming to become a world-wide top-class retail group centered on “food,” operates domestic convenience store operations with Seven-Eleven at its core, overseas convenience store operations, superstore operations, financial services, etc. Seven Bank operates, with financial services at its core, ATM platform business, banking business, credit card and electronic money businesses, etc. Although Seven & i Holdings' financial services includes not only the Company and its subsidiaries, but also Seven Financial Service Co., Ltd., and Seven CS Card Service Co., Ltd., their services and target customers are different from ours, and therefore we consider that our clear business demarcation is and will be ensured. As business segments clearly differ between the parent company group and the Company, we believe that we are in the position where we can grow together with the parent company group through developing unique retailer-specific financial services mainly for customers visiting the parent company group stores.

### ■ Guidelines on Measures to Protect Minority Shareholders in Conducting Transactions with a Controlling Shareholder

Seven & i Holdings Co., Ltd. is the Bank's parent company, indirectly holding 46.43% of its voting rights, and therefore falls under the category of controlling shareholder stipulated in the Timely Disclosure Rules. When conducting transactions, etc., with the parent company, the Bank will comply with the arm's-length rule under the Banking Law, which is a rule established to prevent the soundness of the Bank's management from being compromised through conflict-of-interest transactions. The Bank fully confirms the necessity for such transactions and that the conditions of such transactions do not differ significantly from conditions of usual transactions with third parties. The transaction for the acquisition of shares of Seven Card Service Co., Ltd. from Seven Financial Service Co., Ltd., a wholly-owned subsidiary of Seven & i Holdings Co., Ltd., conducted in 2023 fell under a transaction with a controlling shareholder. Accordingly, the Bank set up a special committee to discuss and determine the validity of the transaction conditions and the fairness of the procedure in order to ensure the benefit of minority shareholders following the “Fair M&A Guidelines.” The committee thoroughly discussed from an independent standpoint at a different level from the Board of Directors and finally made a decision. If another material case similar to the above arises, the Bank will pay full attention to protecting the benefit of our minority shareholders by setting a special committee.

### ■ Relationship with Parent Company, Seven & i Holdings Co., Ltd.

The Bank believes that in order to achieve sound and sustainable growth, it is essential to engage in business development (innovation) by integrating collaboration with various partners to an advanced degree based on our credibility and transparency of management as a corporate entity. Furthermore, we recognize that listing on the market is one of the most effective ways to ensure the Bank's credibility and transparency of management. As an independently listed company, the Bank independently and autonomously deliberates and determines our own business strategies, personnel policies, capital policies, etc., as we engage in our own operating activities. In addition, in order to ensure the necessary independence from our parent company, the Bank has also appointed Independent Outside Directors and Independent Outside Audit & Supervisory Board Members, who provide supervision to ensure that no conflicts of interest arise between our parent company and shareholders other than the parent company. The Bank does not have any agreements concluded regarding group management with the parent company. Furthermore, we have established the Nomination & Compensation Committee chaired by an Independent Outside Director as an advisory body to the Board of Directors. This Committee deliberates on matters concerning recommendations of candidates for Director and Executive Officer, thereby ensuring independence from our parent company in the appointment of top management. In addition, to comply with the disclosure obligations, etc., of the parent company, the Bank has established the Guidelines for Reporting of Material Facts with the parent company and reports to the parent company accordingly. These reports are limited to matters that impact the parent company's timely disclosure, materially impact the parent company's consolidated financial statements, and may potentially impair the credibility of the Seven & i Group.

The parent company's approach and policy regarding group management are as follows.

“Although the Company owns the listed subsidiary, Seven Bank, Ltd., the ATM platform business and banking operations conducted by this entity and its subsidiaries do not overlap with the core operations of other Group companies, ensuring clear business demarcation. From the standpoint of respecting the independence of its listed subsidiaries, the Company values the management decisions of said company, and respects the independent and autonomous deliberation and determination of its business strategies, personnel policies, and capital policies, as it engages in its operating activities.” (Quoted from the website of Seven & i Holdings Co., Ltd.)

# Directors and Officers

\*The Bank registers all persons who fulfill the qualifications of Independent Officers as such.

## Directors (As of July 1, 2024)



Outside Director  
(Independent Officer)  
**Makoto Kigawa**

| Attendance                           |                       |
|--------------------------------------|-----------------------|
| Board of Directors:                  | 15 out of 15 meetings |
| Nomination & Compensation Committee: | 7 out of 7 meetings   |

After serving in a number of important positions, including Representative Director, President, YAMATO HOLDINGS CO., LTD., Mr. Kigawa was appointed as Director of the Bank in June 2018, to the present. He concurrently serves as Director, Oki Electric Industry Co., Ltd., Outside Director, The Higo Bank, Ltd., and External Board Member, ICMG Co., Ltd.



Outside Director  
(Independent Officer)  
**Etsuhiro Takato**

| Attendance          |                       |
|---------------------|-----------------------|
| Board of Directors: | 14 out of 15 meetings |

After serving in a number of important positions, including Representative Director & Corporate Senior Vice President, Ajinomoto Co., Ltd., Mr. Takato was appointed as Director of the Bank in June 2022, to the present. He concurrently serves as Director, Milbon Co., Ltd. and Director, TOKYO VERDY, Inc.



Outside Director  
(Independent Officer)  
**Tami Kihara**

| Attendance          |                       |
|---------------------|-----------------------|
| Board of Directors: | 11 out of 11 meetings |

After serving in a number of important positions, including General Manager of Digital Professionals Strategy Center of Digital Strategy Department, Ricoh Company, Ltd. and Director, Ricoh IT Solutions Co., Ltd., Ms. Kihara was appointed as Director of the Bank in June 2023, to the present. She concurrently serves as Advisor, ILY, Inc. and Member of the Board, Mitsui Chemicals, Inc.



Chairman and Representative Director  
**Yasuaki Funatake**

| Attendance                           |                       |
|--------------------------------------|-----------------------|
| Board of Directors:                  | 15 out of 15 meetings |
| Nomination & Compensation Committee: | 7 out of 7 meetings   |

After serving in a number of important positions, including Manager of Retail Business Development Division, Shinsei Bank Limited (now SBI Shinsei Bank, Limited), as well as Director, Executive Officer, General Manager of Business Promotion Division, and Director, Senior Managing Executive Officer, General Manager of Planning Division of the Bank, Mr. Funatake was appointed as President and Representative Director of the Bank in June 2018. He was appointed as Chairman and Representative Director of the Bank in June 2022 to the present. He concurrently serves as Director, Seven Card Service Co., Ltd.



Outside Director  
(Independent Officer)  
**Yukiko Kuroda**

| Attendance                           |                       |
|--------------------------------------|-----------------------|
| Board of Directors:                  | 15 out of 15 meetings |
| Nomination & Compensation Committee: | 7 out of 7 meetings   |

After serving in a number of important positions, including Representative Director, People Focus Consulting, Ms. Kuroda was appointed as Director of the Bank in June 2018, to the present. She concurrently serves as Advisor/Founder, People Focus Consulting, Independent Director, Obayashi Corporation, and Director, Oracle Corporation Japan.



Outside Director  
(Independent Officer)  
**Yuji Hirako**

| Attendance          |                       |
|---------------------|-----------------------|
| Board of Directors: | 11 out of 11 meetings |

After serving in a number of important positions, including President and CEO, ALL NIPPON AIRWAYS, CO., LTD., Mr. Hirako was appointed as Director of the Bank in June 2023, to the present. He concurrently serves as Senior Advisor, ANA HOLDINGS INC., Director, JVCケンウッド Corporation, and Member of the Board of Directors, Kyushu Electric Power Company, Incorporated.



Director  
**Tsuyoshi Kobayashi**

| Attendance          |                       |
|---------------------|-----------------------|
| Board of Directors: | 10 out of 11 meetings |

After serving in a number of important positions, including Director, Executive Officer, Seven & i Holdings Co., Ltd., Mr. Kobayashi was appointed as Director of the Bank in June 2023, to the present. He concurrently serves as Managing Executive Officer, Seven & i Holdings Co., Ltd., Chairman and Representative Director, Seven Card Service Co., Ltd., and Chairman and Representative Director, Seven Financial Service Co., Ltd.



President and Representative Director  
**Masaaki Matsuhashi**

| Attendance                           |                       |
|--------------------------------------|-----------------------|
| Board of Directors:                  | 15 out of 15 meetings |
| Nomination & Compensation Committee: | 7 out of 7 meetings   |

In addition to work experience in the IT and digital-related areas in NEC Corporation and other companies, Mr. Matsuhashi served in a number of important positions of the Bank, including Managing Executive Officer, General Manager of ATM Solution Division, and Senior Managing Executive Officer in charge of Corporate Transformation Division and Seven Labo. He was appointed as President and Representative Director of the Bank in June 2022.

## Audit & Supervisory Board Members (As of July 1, 2024)



Outside Audit & Supervisory Board Member  
(Independent Officer)  
**Hideaki Terashima**

| Attendance                 |                       |
|----------------------------|-----------------------|
| Board of Directors:        | 15 out of 15 meetings |
| Audit & Supervisory Board: | 14 out of 14 meetings |

After serving in a number of important positions, including Professor, Legal Training and Research Institute of Japan, Supreme court of Japan, and Professor, Law School, Senshu University, Mr. Terashima was appointed as Audit & Supervisory Board Member of the Bank in June 2019, to the present. He concurrently serves as an Attorney-at-law registered with the Tokyo Bar Association.



Outside Audit & Supervisory Board Member  
(Independent Officer)  
**Chieko Ogawa**

| Attendance                 |                       |
|----------------------------|-----------------------|
| Board of Directors:        | 11 out of 11 meetings |
| Audit & Supervisory Board: | 10 out of 10 meetings |

Certified Public Accountant and Certified Tax Accountant. Ms. Ogawa was registered as a Certified Public Accountant in 2005, as a Certified Public Accountant in Washington State, United States in 2010, and as a Certified Tax Accountant in 2014. She was appointed as Audit & Supervisory Board Member of the Bank in June 2023, to the present. She concurrently serves as Head of Ogawa CPA Office and Member of the Board (Member of the Audit & Supervisory Committee), Yorozu Corporation.



Full-time Audit & Supervisory Board Member  
**Kazuhiko Ishiguro**

| Attendance                 |                       |
|----------------------------|-----------------------|
| Board of Directors:        | 14 out of 15 meetings |
| Audit & Supervisory Board: | 14 out of 14 meetings |

After serving in a number of important positions, including Executive Managing Director, UFJIS Co., Ltd. (now Mitsubishi UFJ Information Technology, Ltd.), and Director, Senior Managing Executive Officer of the Bank, Mr. Ishiguro was appointed as Full-time Audit & Supervisory Board Member of the Bank in June 2020, to the present. He concurrently serves as an Audit & Supervisory Board Member, Signpost Corporation.



Full-time Audit & Supervisory Board Member  
**Ryoji Sakai**

| Attendance                 |                       |
|----------------------------|-----------------------|
| Board of Directors:        | 14 out of 15 meetings |
| Audit & Supervisory Board: | 14 out of 14 meetings |

After serving in a number of important positions, including Director, Senior Managing Executive Officer, Head of Planning Division, Financial Division, and Overseas Business Division, Seven Eleven Japan Co., Ltd., Mr. Sakai was appointed as Full-time Audit & Supervisory Board Member of the Bank in June 2021, to the present.

## Skill Matrix (Roles and expertise of Directors and Audit & Supervisory Board Members)

We believe that the role of Directors and Audit & Supervisory Board Members is to realize appropriate business management by supervising and auditing business execution while fully understanding the social responsibilities and mission of the banking business. In order to properly fulfill this role, we utilize the skill matrix when appointing Directors and Audit & Supervisory Board Members, and aim for a well-balanced composition of members with diverse skills and expertise.

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

## Executive Officers (As of July 1, 2024)

Managing Executive Officer  
In charge of General Affairs Division and Human Resources Division

**Kazutaka Inagaki**

Managing Executive Officer  
In charge of Banking Management Division and Financial Strategy Promotion Division

**Kenjiro Nishii**

Executive Officer  
In charge of Financial Solution Division

**Taku Takizawa**

Project Executive Officer  
Special Assignment, President and Representative Director, Seven Card Service Co., Ltd.

**Hisanao Kawada**

Managing Executive Officer  
In charge of ATM Platform Promotion Division, ATM Operations Management Division, and Business Support Division

**Hiroshi Takeuchi**

Managing Executive Officer  
In charge of Planning Division, Brand Communication Division and SDGs Promotion, and General Manager, Planning Division

**Ken Shimizu**

Executive Officer  
In charge of Risk Management Division and Financial Crime Risk Control Division

**Shinji Yamashita**

Project Executive Officer  
Special Assignment, President and Representative Director, Bank Business Factory Co., Ltd.

**Kenichi Yamamoto**

Managing Executive Officer  
In charge of ATM Solution Division and ATM+ Planning Division

**Koji Fukasawa**

Managing Executive Officer  
In charge of Corporate Transformation Division and Seven Labo

**Tomoaki Nakayama**

Executive Officer  
General Manager, Internal Audit Division

**Tomomi Hashizume**

Project Executive Officer  
Special Assignment, General Manager of Financial services, Seven & i Holdings Co., Ltd.

**Takashi Tzuuura**

Managing Executive Officer  
In charge of Global Business Development Division

**Tsuneo Nagashima**

Managing Executive Officer  
General Manager, Seven Labo

**Noriko Iguchi**

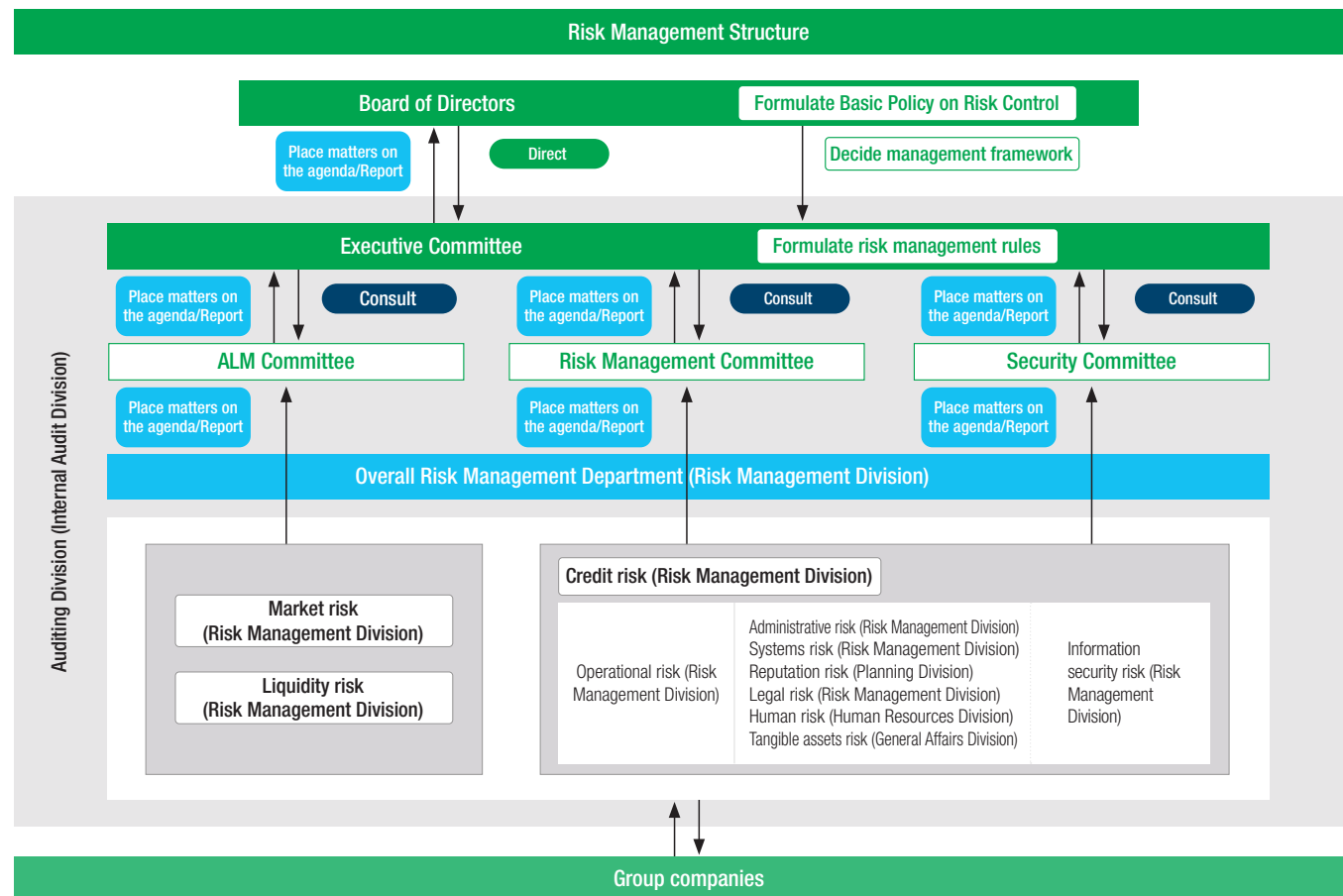
# Risk Management

## Risk Management System

Every fiscal year, the Board of Directors establishes the “Basic Policy on Risk Control,” which specifies the overall risk management policy, specific risk management policies and the organization and system for risk management. In accordance with this policy, the Executive Committee establishes detailed rules and regulations related to risk management and confirms the companywide risk status every quarter. The Bank’s risk management structure includes the Risk Management Division, which is responsible for supervising overall risk management activities, specific risk management divisions and the Internal Audit Division to perform internal audits. We have also established the Risk Management Committee and the Security Committee, chaired by the officer in

charge of the Risk Management Division, and the Asset-Liability Management (ALM) Committee, chaired by the officer in charge of the Planning Division, as advisory bodies to the Executive Committee concerning risk management. The Group companies also establish risk management system aligned with the Company’s policy and confirm their risk status, including their specific risks.

In FY2023, in light of the expansion of our business, we strengthened the Seven Bank Group’s risk management system by including those companies that have newly joined the Group in the existing framework.



## Overall Management of Risk

The Bank observes its basic policies relating to overall risk management, which are governed by the Basic Policy on Risk Control and Overall Risk Management Rules, established under the policy. We gain an overall grasp of our risks including climate change by assessing each of the Bank's risk categories and manage them by comparing them with our equity. Additionally, we are striving for enhanced risk management through priority items for risk management set by the Board of Directors.

|                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit Risk      | Currently, our risk management activities relating to credit risk are limited to the ATM settlement business, the ALM of interbank deposits placed with top-rated partner financial institutions, bonds, the lending of funds in the call-money market, temporary ATM payment amounts due, and small personal loans, to minimize credit risk. In addition, the Bank performs self-assessment of asset quality as appropriate and establishes an allowance for credit losses in accordance with its self-assessment and reserve rules.                                                                                                      |
| Market Risk      | It is stipulated that the limits on the maximum level of funds at risk, the market position limits and the loss allowance limits, shall be set. The Risk Management Division measures and monitors market risk in light of these limits and reports the results to management, including the Executive Committee. At the ALM Committee meeting held every quarter, the Bank’s market risk position, expected trends in interest rates and other matters are reported and the policy for the ALM operation is determined.                                                                                                                   |
| Liquidity Risk   | It is stipulated that the limits regarding the cash gaps arising from differences between the period of the management of invested funds and the timing of the liquidation shall be set. The Risk Management Division measures and monitors liquidity risk in light of these limits and reports the results to management, including the Executive Committee. To prepare for emergency events requiring immediate funding, the Bank has devised preemptive comprehensive countermeasures to be able to take quick and flexible Companywide action by risk scenario, and therefore does not expect to experience a major liquidity problem. |
| Operational Risk | <div>Recognizing that operational risks may come to the surface in all business divisions, the Bank has established the structure to identify, evaluate, monitor, control, and reduce risks. Risk categories are as follows.</div> <div><div>Administrative Risk</div><div>Systems Risk</div><div>Information Security Risk</div><div>Reputation Risk</div><div>Legal Risk</div><div>Human Risk</div><div>Tangible Assets Risk</div></div>                                                                                                                                                                                                 |

## Management System of Information Security Risk

Understanding appropriate management of customers' information including personal information and confidential information is an essential factor to ensure customers' trust in the Seven Bank, we establish an information management structure to prevent information leakage, fraudulent access, and falsification by implementing security management measures in accordance with laws and regulations, and various guidelines.

# Risk Management

## Initiatives for Enhancing Cyber Security

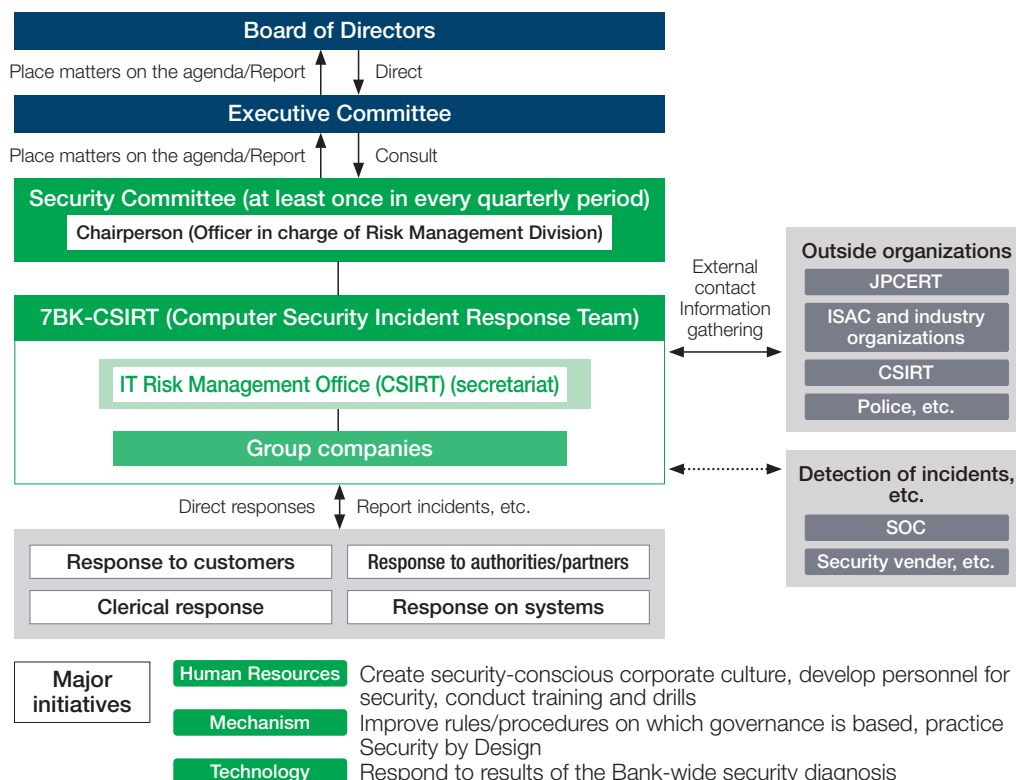
7BK-CSIRT (Computer Security Incident response Team), a dedicated team for cyber security management of the Seven Bank Group, is in charge of the Bank-wide management of cyber security risks and is composed of members from multiple divisions. The team responds to a wide range of attacks on the Bank's services and systems, including cyber attacks, skimming, fake cards, fraudulent access, and information leakage.

7BK-CSIRT conducts training and drills to be able to immediately respond in case of cyber incidents, by taking actions such as information coordination and external response. The initiatives of the team include cooperation with industry organizations and promotion of activities in the security community.

7BK-CSIRT also engages in Security by Design in which security methodology is incorporated as an essential factor at the planning stage of new services, considering increasingly sophisticated cyber attacks and proactive promotion of new technologies. This enables the Seven Bank to provide safe and secure services. Not only 7BK-CSIRT members but also our employees in charge of planning and designing services who are involved Security by Design deepen their knowledge through seminars about preventative measures against fraudulent use of services and other learning opportunities.

Believing the balanced combination of human resources, mechanism, and technology is necessary to maintain security, the Bank is working on each of them.

### Cyber Security Structure



### FOCUS

## Human resource development of 7BK-CSIRT members

The Company identifies the required skill sets of 7BK-CSIRT members and fosters development according to their individual skills level to advance their expertise. They are also strongly encouraged to acquire certifications in the field of security, and the number of members with qualifications such as Registered Information Security Specialist<sup>\*1</sup> and CISSP<sup>\*2</sup> is increasing. The Company also strives to nurture a security-conscious corporate culture through providing e-learning and phishing mail training targeted for all employees including employees of the Group companies, and holding regular opinion exchanges between the management and external security vendors. In FY2023, one of our employees, a 7BK-CSIRT member, was given an award by a private organization Financials ISAC Japan<sup>\*3</sup> for her performance. She was recognized for her initiatives for the reduction and prevention of fraudulent money transfers through sharing information about detection and countermeasures, as well as cooperation inside and outside of the Company.

<sup>\*1</sup> Registered Information Security Specialist: A national qualification in the field of cyber security certified by the Ministry of Economy, Trade and Industry. <sup>\*2</sup> CISSP (Certified Information Systems Security Professional): The most globally recognized qualification in the cyber security field certified by ISC2, the U.S.-based NPO. <sup>\*3</sup> Financials ISAC (Information Sharing and Analysis Center) Japan: A private organization that advances cooperation and sharing intelligence regarding cyber security among financial institutions. It has partnerships with more than 400 financial service providers in Japan including banks, security companies, insurance companies, credit card operators, and payment service providers.



7BK-CSIRT  
**Akiko Kubota**

Winner of the Financials ISAC Japan Award 2023 for Individual

## Establishment of Business Continuity Plan (BCP)

To fulfill our social responsibility as a bank, Seven Bank has defined the following three operations as top priorities for continuity in the event of a disaster, large-scale accident, or other crisis: the ATM business; the fund settlement business serving banks and ATM partners; and withdrawals from the Bank's accounts and money transfer

operations. Each division has also created a Business Continuity Plan (BCP) to enable continuity of these essential operations in the event of an accident, disaster, or other crisis. To further ensure the business continuity, each division regularly conducts business continuity training, envisioning damage to data centers and other facilities.

### ■ Our Initiatives Behind Non-stop ATM

Seven Bank has established the safe and secure ATM network which is always available in customers' daily life to support providing various convenient services.

- Duplicated system bases

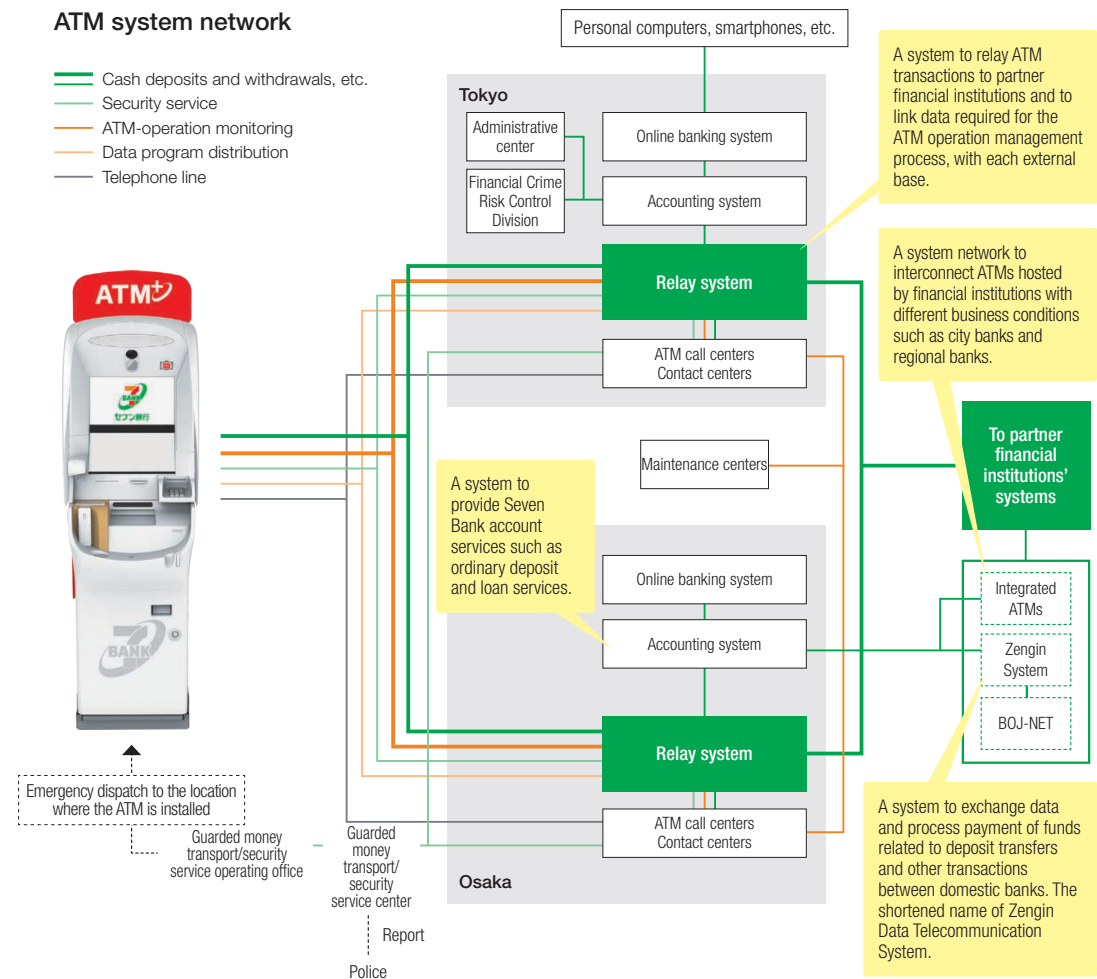
The operation of our critical systems and functions are duplicated in our eastern and western bases in Japan, which allows us to provide "non-stop ATM" service, services available for 24 hours a day, 365 days a year. This also enables us to establish a structure to continue our business in one of the two bases in case of a major disaster in the other base.

- Prevention and speedy recovery of out of cash and system failure incidents

In collaboration with our partner companies, all ATMs and the network are under manned live monitoring to ensure stable operation. If unpredicted service outages arise, a maintenance specialist with expertise arrives on site and works towards immediate recovery. Our wide range of initiatives includes the use of AI technology to predict demand for cash stored in ATMs responding to the changing payment needs, and preventative maintenance to predict the failure of different components.

#### ATM system network

- Cash deposits and withdrawals, etc.
- Security service
- ATM-operation monitoring
- Data program distribution
- Telephone line

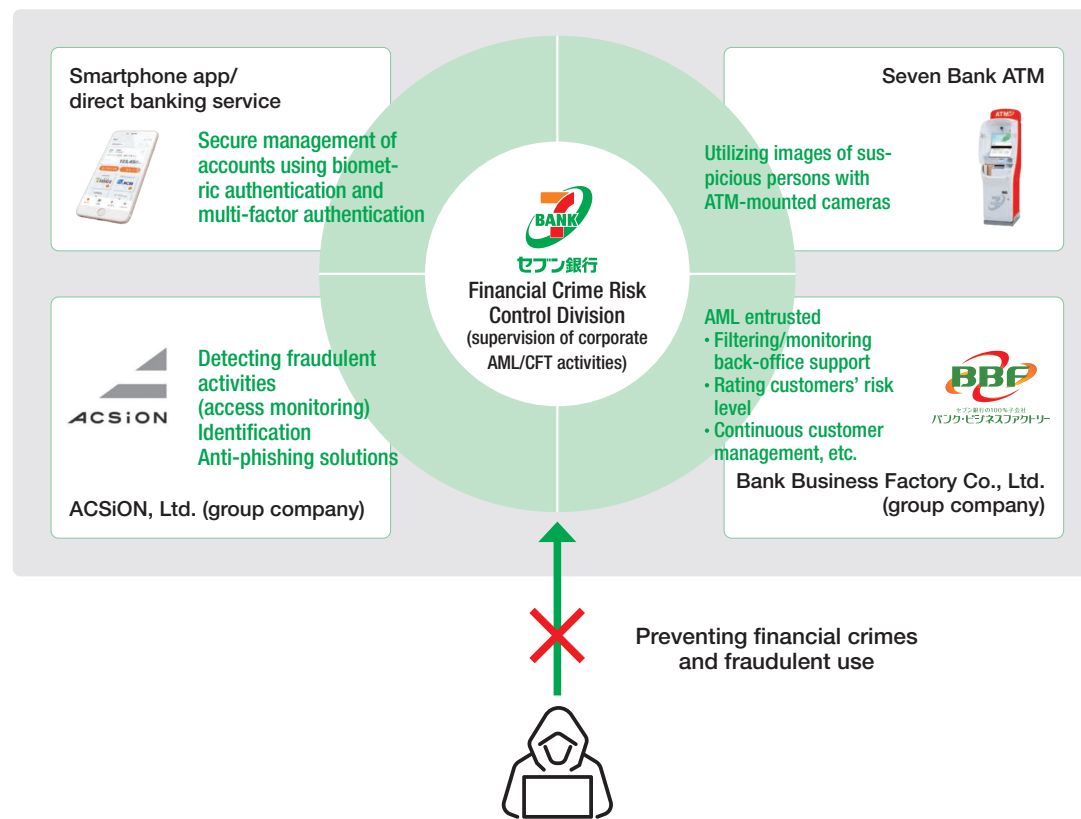


## Risk Management

### Prevention of Financial Crimes

Seven Bank is actively working to prevent financial crimes to ensure all customers can use its services securely by leveraging the know-how it has accumulated in financial crime prevention, a network of more than 27,000 ATMs across Japan, and the Seven Bank Group's expertise in developing IT solutions.

Recently, financial crimes and fraudulent transactions targeting customers are becoming increasingly crafty and frequent. Seven Bank, recognizing the specialty of its banking business based on non-face-to-face transactions primarily through ATMs, has established the Financial Crime Risk Control Division as a dedicated unit to combat financial crimes. The division focuses on preventing financial crimes and protecting customers' assets in order to ensure that customers can use the bank's services with security. The division works against money laundering, terrorism financing, and proliferation finance, eliminates fraudulent accounts, detects and prevents special fraud, etc., and provides appropriate cooperation with the police and other investigative agencies, by monitoring and filtering transactions and monitoring information on unauthorized use in cooperation with other divisions and Group companies.



### For Ensuring Security for Customers Using ATMs

Seven Bank's ATMs are provided with measures against peeking at the keypad to make PINs or transaction amounts unviewable by others. These ATMs also display and sound alerts to prevent bank transfer fraud when customers attempt to transfer money. We also take measures to detect any suspicious object attached to an ATM and unusual transactions as well as to prevent fraudulent acquisition of credit card information (skimming) at all times.

Our customer management continues even after the opening deposit accounts to prevent fraudulent use of accounts and ensure secure use for customers, aiming for maintaining up-to-date customer information. New ATMs allow our customers to respond easily and comfortably using "+Connect" functions of "ATM Notification" and "ATM Teller." This allows us to receive more customer responses compared to the traditional way.

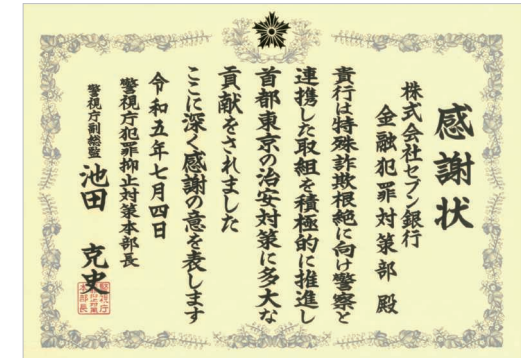


## Cooperation with the Police, Public Bodies, Partner Financial Institutions, etc.

Seven Bank has received a letter of appreciation from the police for its contribution to the detection of financial crimes by cooperating in more than 100,000 cases a year, which includes providing information about ATM camera images and account transactions as requested by the police, the Regional Taxation Bureaus, bar associations, and other public bodies nationwide.

In January 2024, Bank Business Factory Co., Ltd. (BBF), a Group company outsourcing back-office support, was certified as an entity that provides transaction filtering and transaction monitoring for banks' fund transfer transactions on a large scale. This allows us to strengthen safeguards for fraudulent transactions covering outsourced financial institutions, and further enhance our internal and external cooperation structure.

In addition, we are seeking to strengthen our relationships with external parties and are willing to mutually utilize and accumulate know-how from each other, for example, by hosting training sessions for working police officers and financial crime prevention staff from partner financial institutions.



### FOCUS

#### Hosting a seminar about prevention of financial crimes for junior high- and high-school students

Amid the ever-evolving crafty and frequent financial crimes, fraudulent account openings and bank account trading intended for use in fraud and money laundering never stop. Especially recently, many cases in which the young generation, including minors, were carelessly involved in bank account trading, a criminal action, via social media, etc., occurred, becoming a social issue.

Aiming to prevent such financial crimes, Seven Bank launched an initiative to provide seminars about financial crime by dispatching an employee from the Financial Crime Risk Control Division to schools, mainly targeting junior high- and high-school students.

Now, we have engaged in raising awareness of bank account trading and the consequences of being involved in financial crimes among students in cooperation with police and other responsible institutions. We have conducted seminars at about 10 schools so far as of July 2024. With the public and private sectors working together, we will continue to strive to prevent financial crime through providing accurate knowledge to the digital-native generation who will lead into the future.



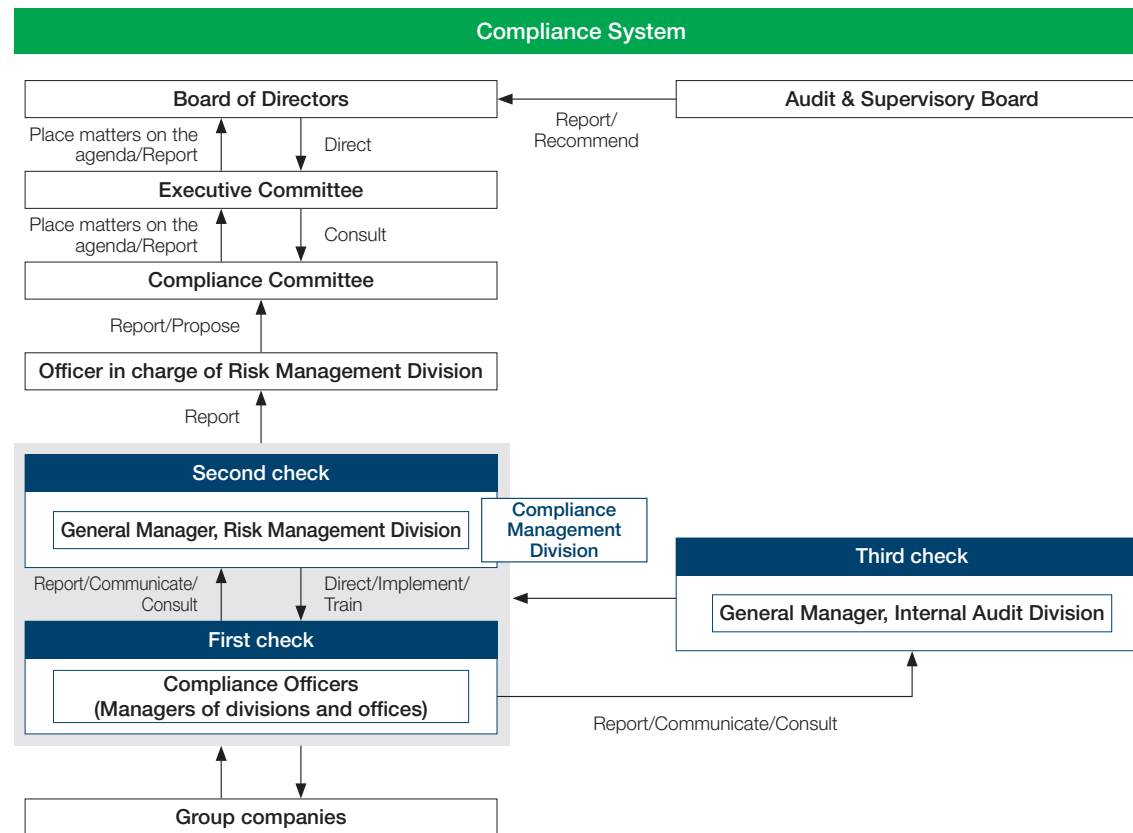
Financial crime seminar held at a public school in Saitama Prefecture

# Compliance

The Bank regards compliance with applicable laws and regulations, and societal norms as a fundamental prerequisite to earning the trust of society. Aware of the importance of its public mission and the significance of its societal responsibilities, the Bank has developed the following initiatives to ensure compliance.

## Compliance System

In order to allow each employee in charge of real operations to have strong awareness of and knowledge base for pursuing compliance, Seven Bank has in place the following system so that the compliance check can appropriately function at each division to ensure the thorough compliance across the Bank.



## Compliance Committee

Seven Bank has established the Compliance Committee as an advisory organization to the Executive Committee which confirms and verifies the status of compliance related to operations in general, and considers measures concerning compliance, so as to further enhance and improve the compliance system. The Compliance Committee has functions to consider responses to compliance-related problems and issues, material compliance violations, etc., and counter-measures therefor. The Committee reports, considers, and evaluates important compliance-related matters which should be treated as management issues.

### Major Agendas of Compliance Committee in FY2023

- 1 Results and plans of compliance program
- 2 Operation of the compliance consultation system
- 3 Revision of Compliance Manual
- 4 Response for customer protection
- 5 Responses to financial crimes and antisocial groups
- 6 Status of establishing an anti-money laundering management structure

## Compliance Program

The Bank establishes a compliance program each fiscal year that sets out the compliance implementation plan for that year. The Board of Directors reviews and evaluates the progress and implementation status of the compliance program for the relevant year and, using such reviews and evaluations, formulates a compliance program for the following fiscal year.

The Group companies also formulate a program according to their own specific characteristics based on the Seven Bank compliance program and take initiatives.

| Issue                                                              |                                                         |
|--------------------------------------------------------------------|---------------------------------------------------------|
| Compliance                                                         | Foster awareness of compliance                          |
| Information Management                                             | Strengthen information management and security measures |
| Harassment                                                         | Establish workplace without harassment                  |
| Anti-money Laundering/<br>Countering the Financing of<br>Terrorism | Advance management structure                            |

## Internal Evaluation System

A compliance officer of the Bank conducts a regular self-evaluation of the status of compliance implementation and the compliance level of customer protection management in each department monthly. Issues are identified according to the evaluation results and are addressed for improvement.

## Compliance Training

The Bank formulates a compliance training plan to promote and stabilize the awareness of the importance of compliance within the Company, and conducts practical trainings.

## Main Compliance Issues

### Prevention of Money Laundering and Financial Crimes, and Measures against Antisocial Groups

Seven Bank determined the policy for countermeasures for money laundering and provision of terrorist funds. In addition, through strict confirmation at transactions, etc., the Bank has put emphasis on eliminating relationships with antisocial groups and preventing fraudulent accounts from being opened.

To be more specific, among other steps, the Bank asks applicants opening accounts to sign an affidavit stating they are not associated with antisocial forces. By including provisions that explicitly indicate the exclusion of organized crime groups in the transaction rules and other clauses, the Bank rejects the account application and closes the account upon finding that the customer falls under or is associated with antisocial forces.

In addition, the Bank has established a structure to ensure that it can take appropriate actions in an organized manner against wrongful demands and other similar events in accordance with internal rules and regulations.

## Compliance Consultation System

The Bank has established a Compliance Consultation System in compliance with the amended Whistleblower Protection Act established in 2022, to identify and address compliance issues early, and prevent reoccurrences. The system provides contact points for both internal and external consultation and reporting. As contact points for employees seeking consultations or reporting issues, employees can consult the compliance officer in their divisions. In addition, the Compliance Consultation Desk within the Bank and the Groupwide Help Line (a consultation and reporting contact point for all Seven & i Group companies) outside the Bank have been established. Posters with contact information have been put up and booklets with contact information have been distributed to all employees to ensure their awareness of these contact points. The International Hotline has also been established for employees of foreign group companies as a point of contact for consultations in local languages.

In addition, to promote fair transactions and provide safe and secure services for customers, a Business Partner Helpline (a consultation and reporting contact point for all Seven & i Group companies) has been established for suppliers.

# Communication with Stakeholders

## To Ensure that No One is Left Behind

### Initiative to Publish “Mori no Senshi Bonolon” Picture Books and Distribute Copies of the Books for Free

Seven Bank has supported the initiative to distribute copies of “Mori no Senshi (Guardian of the Forest) Bonolon” picture book series for free at 7-Eleven stores, etc., since 2005. Our sponsorship of this initiative is rooted in our wish to distribute picture books for free to children to avoid a situation where children cannot read books even though they want to, and we have received warm support from a wide variety of advocates. We have also supported book reading activities as a part of our effort, and have prepared large-size picture books which are useful for book reading events for a large audience. Through our support for “Mori no Senshi Bonolon,” we will continue to contribute to affluent society and the global future.



Copies of the picture books, in which Bonolon, the main character, draws closer to a person in need and gently grants the person a wish are issued on the 15th day of every even month and distributed free of charge.

### Holding Seven Bank Charity Campaign

Voice guidance service is available at Seven Bank ATMs to assist visually impaired persons to use ATM services. This opened up an opportunity for us starting in 2010 to cooperate with Nippon Broadcasting System’s “Radio Charity Musicthon,” a charity which collects funds to install audible traffic signals enabling visually impaired persons to walk streets with peace of mind.

We hold a Seven Bank Charity Campaign from December through January every year and collect funds from many customers through a variety of means including fund-raising at ATMs and one-click donations.

As a result, we presented ¥2,792,902 in donations including those we received from our customers to the “49th Radio Charity Musicthon” in FY2023.



Seven Bank President Matsuhashi and Nippon Broadcasting System President Hiwara

### Starting Service for Fund-raising Through Seven Bank ATMs

Seven Bank started a service for collecting funds through ATMs in 2021 on behalf of organizations engaging in social issues.

The service was drawn from our wish that we can contribute to linking people and the society by utilizing Seven Bank ATMs as donation boxes since they are conveniently accessible in customers’ everyday life. We have made the fund-raising service permanently available for five organizations as well as emergency fund-raising in case of major disasters starting FY2023.

We also held an NFT fund-raising campaign for a limited time in FY2023. This was a unique opportunity for customers to experience donations with new added value by distributing NFT (non-fungible token) digital art works as a novelty.

Donations have steadily grown in terms of the number and the amount since the service started. Providing the service allows us to realize that a lot of our customers are willing to contribute to society through fund-raising. Seven Bank will continue to pursue initiatives to solve social issues together with its customers.



Image of ATM screen

#### Organizations to which you can donate (as of July 31, 2024)

Seven-Eleven Memorial Foundation, Japan Committee for UNICEF, Médecins Sans Frontières Japan, Japanese Red Cross Society, World Wide Fund for Nature Japan

\*Organizations to which you can donate through the ATMs are subject to change. Please check the ATM display when you donate.

## ■ Multilingual ATM Service that Assures Peace of Mind for Foreigners

### Seven Bank ATMs Support 12 Languages

In order to support the many people who have come to Japan for tourism and other reasons and ensure their comfortable stay, we provide a service at all Seven Bank ATMs nationwide which makes it possible to withdraw Japanese yen using cash cards and credit cards issued overseas.

Our ATMs can be used in 12 languages (Japanese, English, Chinese [simplified], Chinese [traditional], Korean, Thai, Malaysian, Indonesian, Vietnamese, French, German, and Portuguese). We will continue to strive for an advanced service available for anyone and from any location.



Image of ATM screen

### Multilingual Seven Bank Account Service

Seven Bank account services are available in multiple languages to allow a wide range of customers to take advantage of our services with peace of mind.

ATM operation screens for Seven Bank account deposits and withdrawals, as well as international money transfer services are available in nine languages (Japanese, English, Tagalog, Chinese, Portuguese, Spanish, Vietnamese, Indonesian, and Thai). Support services for inquiries on Seven Bank accounts are available in 10 languages, with Burmese added to the above nine languages at the contact center. We will continue to strive to enhance the customer convenience of our services.



Image of ATM screen

## ■ Providing a Financial Education Program for Elementary Schools

With changes in the Course of Study and financial education being introduced to the next generation in stages, Seven Bank has provided a financial education program to more than 2,000 elementary school students nationwide through a classroom education program called *SENSEI Yononakagaku*, provided by ARROWS Inc.

The program was designed to allow students to think about money from their own point of view, such as thinking about making a plan for how to use pocket money during a school trip. The program was well received by teachers who said that the program helps students to think about the value of money through trial and error and was educational content useful for social life. Participating students also gave us feedbacks that they learned points they should be careful when shopping so they found the program useful for their future.



## ■ Communication with Stakeholders Using Social Media

The Seven Bank official X (formerly Twitter) account is a tool not only to release information, but also to proactively support our customers. It allows us to solve issues by paying attention to our customers' messages on X.

Seven Bank has no physical branch set ups so we are unable to hear customers' opinions face to face. We value the messages our customers post on our official X account and share those opinions within the Company. We also actively engage in dialogue with our customers. The Bank's group will continue to communicate with each one of our customers through social media.



## Communication with Stakeholders

### Communication with Shareholders and Investors

We strive to proactively disclose the Company's management information, not limited to the scope of legal disclosure, aiming to aid our shareholders and investors in gaining a more comprehensive understanding of our business activities and future growth. We will continue to boost our reputation on the stock market and enhance our corporate value by leveraging shareholder and investor feedback in our management and fostering even closer IR communication.

#### IR Calendar (Major events in FY2023)

|                                         | April | May                                                                                                                                                                                                                  | June | July                                                                                                          | August                                                                                                                                                                 | September                                                                              | October | November                                                                                                                                                                | December | January                                                                                                                                        | February                                                                                                                                                               | March |
|-----------------------------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| <b>Financial results related events</b> |       | <ul style="list-style-type: none"> <li>Release of financial results for the fiscal year</li> <li>Presentation about financial results for the fiscal year</li> <li>Annual General Meeting of Shareholders</li> </ul> |      |                                                                                                               | <ul style="list-style-type: none"> <li>Release of financial results for the first quarter</li> <li>Presentation about financial results for the fiscal year</li> </ul> |                                                                                        |         | <ul style="list-style-type: none"> <li>Release of financial results for the second quarter</li> <li>Presentation about financial results for the fiscal year</li> </ul> |          |                                                                                                                                                | <ul style="list-style-type: none"> <li>Release of financial results for the third quarter</li> <li>Presentation about financial results for the fiscal year</li> </ul> |       |
| <b>Communication tools</b>              |       | <ul style="list-style-type: none"> <li>FACT BOOK</li> </ul>                                                                                                                                                          |      | <ul style="list-style-type: none"> <li>Issuance of Integrated Report/Disclosure Report in Japanese</li> </ul> |                                                                                                                                                                        | <ul style="list-style-type: none"> <li>Issuance of Annual Report in English</li> </ul> |         | <ul style="list-style-type: none"> <li>Issuance of Shareholders' Newsletter in Japanese</li> </ul>                                                                      |          | <ul style="list-style-type: none"> <li>IR event for individual investors</li> <li>Issuance of Interim Disclosure Report in Japanese</li> </ul> |                                                                                                                                                                        |       |

#### Tools for Dialogue

- Distribution of audio recordings, and transcripts of the presentations of financial results for analysts and institutional investors (Japanese and English)
- Issuance of Integrated Report/Disclosure Report in Japanese and Annual Report in English
- Issuance of FACT BOOK
- Issuance of Shareholders' Newsletter in Japanese
- Posting of information on the Bank's website for individual investors in Japanese
- IR presentations for individual investors (online)

Our disclosure policy is posted on the following website.

<https://www.sevenbank.co.jp/english/ir/policy/>



#### Activities in FY2023

| General Meeting of Shareholders                                                                                            | Presentation about quarterly financial results (for institutional investors)                                                                                                                                                                                                                                                                                                      | Number of individual interviews with institutional investors                                                                | Number of times participated in conferences hosted by securities companies | Participation in events for individual investors                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of participants: Approx. 380 (including online participants)<br>Q&A session: 18 questions raised by 14 participants | Number of events held: Four times (quarterly basis)                                                                                                                                                                                                                                                                                                                               | 103 interviews (cumulative and including interviews held at conferences hosted by securities companies listed on the right) | 5 times                                                                    | Number of times participated: Once<br>Format: Online<br>Number of viewers in online booth: 5,820 viewers (cumulative)<br>Survey responses: 677 |
| <b>Major interests and opinions of shareholders and investors (FY2023)</b>                                                 | <ul style="list-style-type: none"> <li>• Medium- to long-term outlook and initiatives based on the cash-less society</li> <li>• Synergy between Seven Card Service and Seven &amp; i Group</li> <li>• Prospective overseas business expansion target area</li> <li>• Concept of capital measures</li> <li>• Potential enhancement of shareholder returns in the future</li> </ul> |                                                                                                                             |                                                                            |                                                                                                                                                |