

# Medium-Term Management Plan (FY2021–FY2025)

## Overview of Plan

### Growth strategy

- Evolve from cash platform to ATM+

#### ATM Platform Strategy

Strengthen income base

Promote diversification

Details on page 35

- Expand growth fields that come after ATMs by leveraging our strengths (business diversification)

#### Retail Strategy

Reform the customer experience

Strengthen collaboration with Seven & i Group

Details on page 37

#### Corporate Strategy

Increase corporate partners/users

Promote DX

Details on page 41

#### Overseas Strategy

Expand Asia strategy

Retail x financial services

Details on page 43

### Contribution to solving social issues

Promote sustainability, develop initiatives for material issues, and collaborate to solve environmental issues

Stronger intragroup operation

More disclosure & communication

Details on page 25

### Corporate transformation

Business model and process transformation through the cultivation of independent human resources and organization building, and data utilization

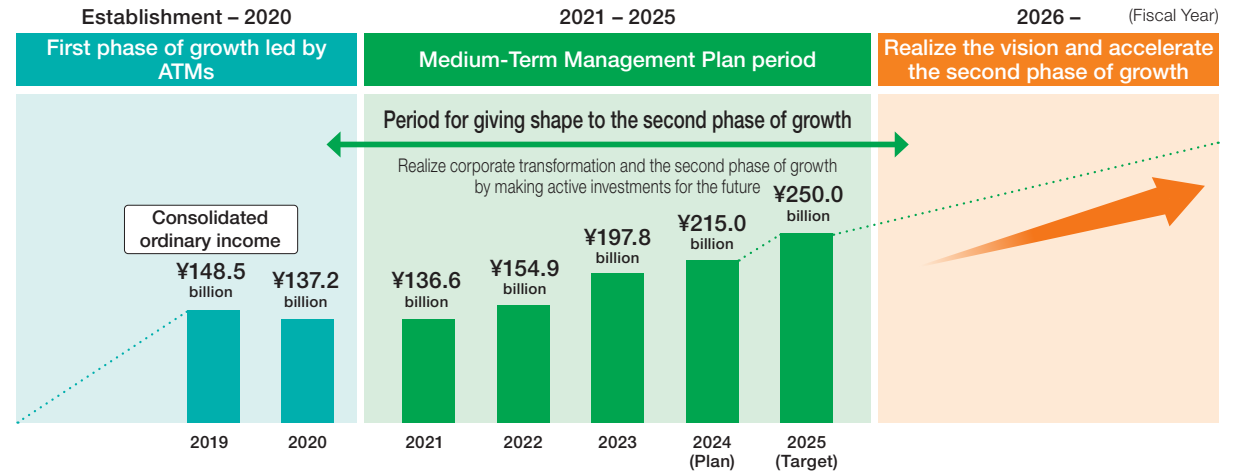
Autonomous growth

Create new experience value

Details on page 45

Support for growth

Creating innovation



## Initiatives/results in FY2023



### Strengthened income base

- Reached 27,000 ATMs in Japan
- Reached ¥40 billion in loan balances
- Completed renewal of ATM installation agreement with FCTI in the U.S.



### Promote diversification

- Converted Seven Card Service into a consolidated subsidiary (process completed in April 2024)
- Launched “+Connect” service



### Improved income structure

- Completed liquidation of Credde Finance
- Transferred business of Seven Global Remit, Ltd.



### Contribution to solving social issues

- Reorganized sustainability structure
- Reviewed material issues
- Upgraded TCFD disclosure



### Corporate transformation

- Achieved penetration of data and digital utilization and fostered awareness of change
- Reviewed the personnel system with the aim of cultivating expert human resources
- Expanded engagement measures

## Major initiatives in FY2024

To achieve the Medium-Term Management Plan, continue to **strengthen the income base**, and promote **transformation of the business model** with an eye to the future.

Three priority issues

Early scaling of  
new **“+Connect”** service

Remarkable expansion of  
credit card members

Improving profitability and promoting  
diversification in **overseas business**

Issue

As diversification efforts for the second phase of growth take shape, the challenges going forward include scaling new businesses to a level where they will contribute to income and further raising the profitability of existing businesses in Japan and abroad.

Outlook for the Medium-Term Management Plan

**Ordinary income** (Billions of yen)

(Fiscal Year) 2023 2024 (Planned) 2025 (Target)

**Ordinary profit** (Billions of yen)

(Fiscal Year) 2023 2024 (Planned) 2025 (Target)

**Business portfolio**

- ATM Platform Business
- Overseas Business
- Domestic Retail and Corporate Businesses
- Electronic Money and Credit Card Businesses

FY2025 Plan

Current forecast for FY2025

Major initiatives in FY2024

Strengthened income base

Implement measures leading to income

**ATM Platform Business**

- Install and reallocate with emphasis on profitability
- Strengthen collaboration, cross-selling with “+Connect”

**Retail Business (Accounts)**

- Full-scale deployment of digital marketing centered on “7iD” collaboration

**Overseas Business**

- U.S.: Aiming for profitability through new contracts and diversification
- Asia: Expanding surplus and penetrating new countries

Transform business model

Toward a structure that enables the securing of profits even amidst changes in the business environment

**Retail Business (Credit Card)**

- Remarkable expansion of membership, particularly among customers of 7-Eleven

**Retail Business (Accounts)**

- Actively promote recurring revenue-type businesses such as loans

**“+Connect” Business**

- Upgrading, early scaling of “+Connect” business

Contribution to solving social issues

- Review of material issues in accordance with changes in the environment
- Cooperate with the group and external contractors for solving environmental issues

Corporate transformation

- Promote work styles based on data utilization and the leveraging of technologies such as generative AI
- Continue developing human resources with literacy in DX and new business creation

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“+Connect”: ATMs That Create the Future

Perform all types of procedures  
and certification via ATM

We will contribute to the creation  
of an all-inclusive digital society  
with our ATM platform strategy.

**Koji Fukasawa**

Managing Executive Officer  
in charge of the ATM Solution Division and  
the ATM+ Planning Division



## Developing ATM services from the user's perspective as a bank born of the retail industry

We are a bank that originated from the concept that it would be nice if there were ATMs at convenience stores. Under the catchphrase “ATMs anytime, anywhere, by anyone”, we have continued working to develop and improve the infrastructure of ATMs. It is not easy to construct an ATM network that operates continuously, 24 hours a day, 365 days a year. Adopting the same mindset as in the world of convenience stores, however, which operate on the premise that even a single missing item is a serious issue, we have pioneered a number of innovations, such as constructing our own network to ensure stable ATM operations and utilizing AI. In addition to the screen display, the UI/UX is highly refined, with thorough attention paid to details such as the comfort of the keyboard touch and sound effects. Our stance of placing customer convenience and ease of use first—the unique attitude of a bank born of the retail industry—and the many initiatives we have undertaken have been appreciated by customers and business partners, which I believe has led to the expansion we have achieved for our ATM business.

## New ATM strategy “+Connect” is launched. Toward an era in which all procedures are “connected” via convenience store ATMs

Our fourth-generation ATMs, which we started rolling out across Japan in 2019, are scheduled to completely

replace all over 27,000 units nationwide by the end of FY2024. With the new ATM infrastructure nearly in place, the next step will be to promote +Connect, our ATM service platform strategy that will provide the world with new experiences and value. As that first step, in September 2023, we began providing ATM Teller and ATM Notification services\*1. The pillar of the +Connect business concept is to create a world where various procedures and certification that had been performed at the counter or in person can be accomplished at 7-Eleven stores anytime.

The driver behind the introduction of this service is the declining availability of over-the-counter service at banks in Japan. The promotion of online banking and applications as alternatives is spreading, but various issues exist, such as IT literacy and concerns over security. This led us to the idea that our ATMs—located close to our daily lives and used regularly—could provide customers with new value, improve the bank's operational efficiency, and take on the role of a teller's window to reinforce points of contact with customers. As of July 2024, 10 months since the service was launched, nine banks have already introduced the service. We have also made steady progress in growing the number of companies contracted for introduction. In addition to banks, we have also found that credit card companies and other businesses have a need for this service, and several projects are already in progress. We are looking at expanding into insurance and administrative procedures going forward. Our view is that the market for such in-person procedures will reach several trillion yen in Japan, and that capturing even a small percentage of this would be a business of considerable size.

## Toward expanding +Connect strategy

The system's utilization results show that its effectiveness exceeds initial expectations, and companies that have adopted the system have assessed it as being a useful, non-face-to-face point of contact with customers in a real-world setting. Specifically, from an anti-money laundering perspective, banks face pressing issues such as continuous customer management\*2 and managing residency deadlines for foreign residents. Compared with means we have used in the past, such as mail, e-mail, and short messaging, we found that the rate of the customer response to ATM Notification was in the 70 to 80% range. Furthermore, when changes in registered information are discovered, ATM Teller serves as a one-stop solution for performing procedures. Seventy percent of the total number of transactions were performed during hours when bank tellers were closed, and the time required to complete an ATM transaction was only three minutes, demonstrating just how convenient this service is. Customers who have used the service have in fact welcomed it, as evidenced by comments such as, “It is convenient because it is near where I live and I can use it at my convenience even outside of bank business hours,” and “Operation is very simple.” Meanwhile, this initiative has just gotten underway. We are currently communicating with a number of banks and companies regarding introducing the system to enable use by as many people as possible in the very near future. We also conduct a variety of promotions to inform customers of the system. We will continue to focus on expanding the +Connect service to facilitate rapidly offering a world in which easy, convenient procedures become matter of fact at convenience store ATMs.

\*1 ATM Teller: A service that allows customers to complete applications to open bank accounts and change their registered information at ATMs.  
ATM Notification: A service that provides ATM users with one-to-one information.

\*2 Continuous customer management: Efforts to ensure customer information is up to date by periodically confirming customer names, addresses, and other identification information, as well as the purpose of account use.



**It is still important to pursue service and planning from the standpoint of the customer in promoting the +Connect strategy.**



**Keep an eye out for our ATM platform strategy, which also provides significant value to society.**

We position our ATMs as “the easiest digital channels in society.” We will continue to proactively expand unique services such as credit card and insurance applications, money transfer registration procedures, and hotel check-in. We believe that this will heighten our value to

society as a service platform that provides a secure environment for various types of settlement, procedures, and certification. It will help to realize the government’s goal of “a digital society where no one is left behind.”

On top of that, what is important is pursuing the customer’s perspective, which is also connected to our Purpose. We believe that our mission, as a bank born of the retail industry, is to provide services that surpass “seeing your wishes and going beyond” with a sense of speed, while refining our UI/UX, staying attuned to our customers’ changing needs, and keeping pace with the

times and technological evolution. We will continue to create new conveniences and a new way of living that only ATMs located in real places close to our daily lives are able to offer. And we aim to further enhance our corporate value by providing these services.



## ATM窓口

More than 27,000 ATMs across Japan operating basically 24 hours a day, 365 days a year  
Promoting services that transcend the boundaries of finance, with Seven Bank ATMs the conduit for all manner of authentication and procedures

### STEP 1

Seven Bank ATMs began serving as tellers for partner banks in September 2023

To meet the needs of those customers who can't visit banks during business hours, Seven Bank launched a service that allows them to complete some of the procedures conventionally done by partner banks' human tellers through Seven Bank ATMs.

### STEP 2

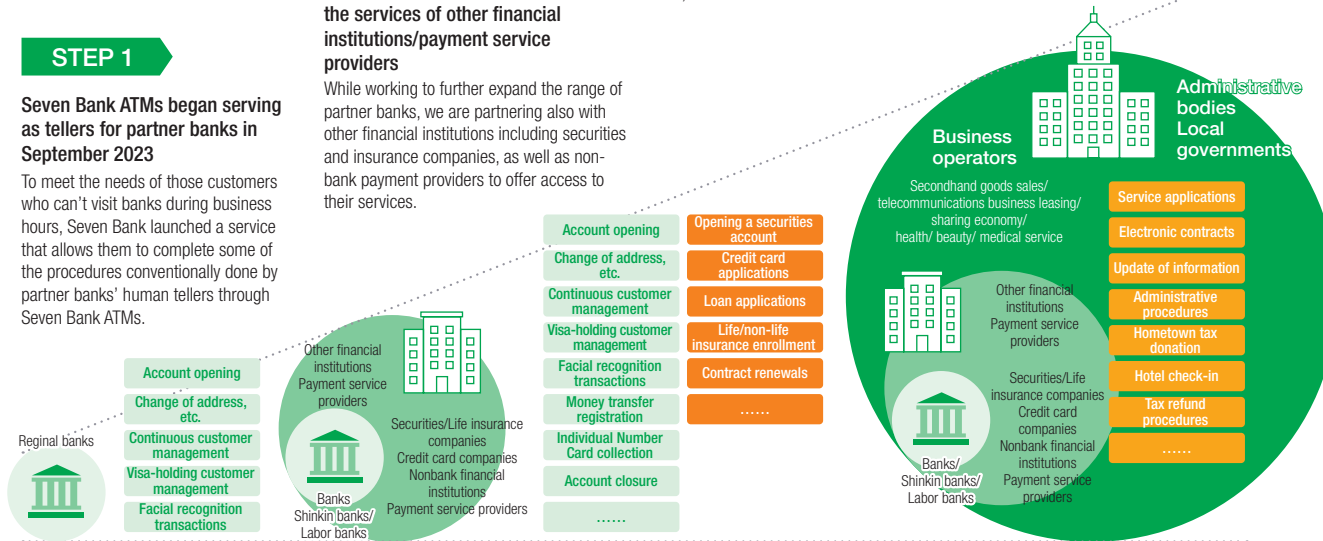
To serve as access points to the services of other financial institutions/payment service providers

While working to further expand the range of partner banks, we are partnering also with other financial institutions including securities and insurance companies, as well as non-bank payment providers to offer access to their services.

### STEP 3

To serve as access points to the services of various commercial service providers and administrative services

In the future, Seven Bank ATMs will serve as access points to administrative services, and also serve as external terminals of various Web services.



### Facial recognition



### Reading personal identification documents



The new ATMs equipped with a camera-based facial recognition function and an identification document scanner can perform identity verification for electronic applications speedily.



## ATMお知らせ

This service displays information that needs to be notified to the customers using ATMs during their transactions and obtains customer responses to that information. Partner companies can notify their customers regularly using the ATMs of various information in an effective manner during their transactions. Target customers, the content, and the timing of notification can be specified by the company subscribing the service, making it an effective tool for one-to-one marketing.

- Continuous customer management/Visa expiration management
- Notification on submission of income information
- Allow for updating address, phone number, and other information
- Information on financial products such as loans

# Domestic Business ATM Platform Strategy



Strategy keywords

Strengthen income base

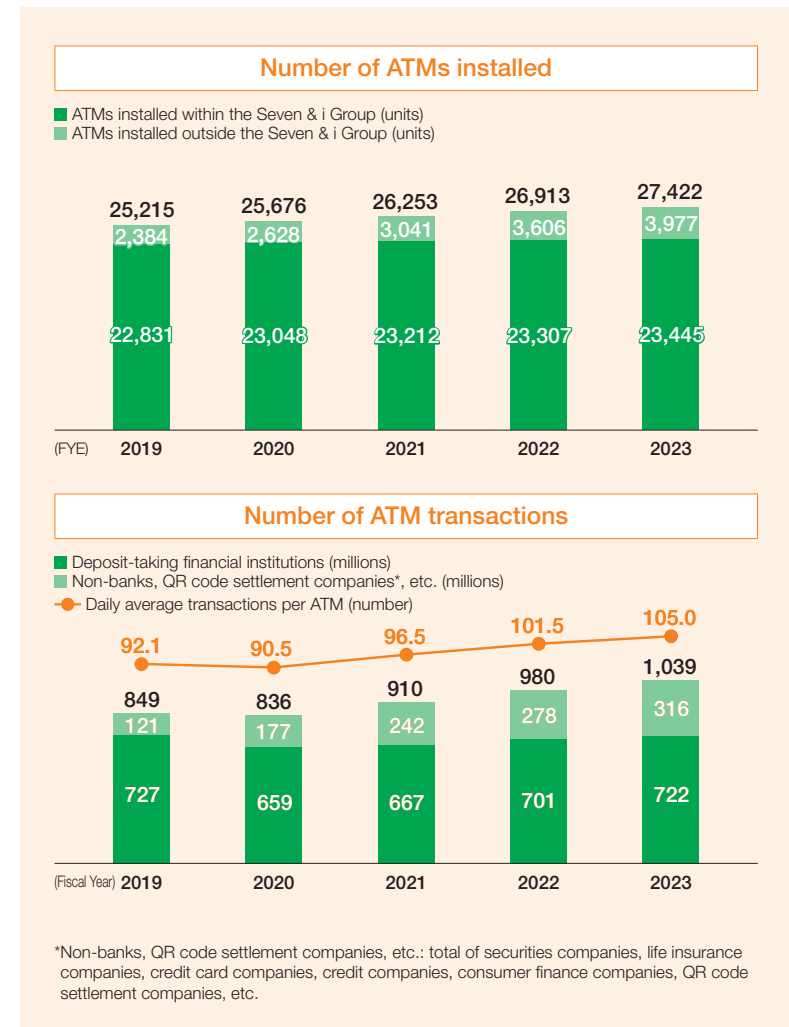
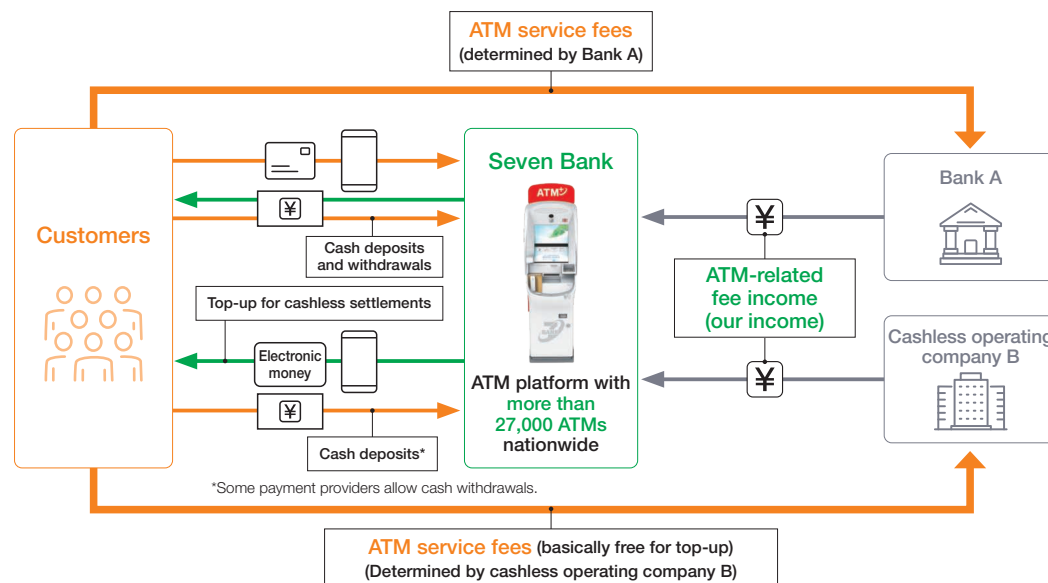
Promote diversification

Seven Bank has more than 27,000 ATMs in 47 prefectures in Japan, and provides customers with a variety of services around the core services of cash deposits and withdrawals. In recent years, we have been offering a wide range of services, including topping up QR code settlement or electronic money accounts with cash, and procedures with financial institutions and administrative procedures using the facial recognition or identification document reading function, to meet all kinds of customer needs in daily lives. Seven Bank will continue to strive to increase the social value of ATMs as an important social infrastructure.

## Business Overview

- |                      |  |
|----------------------|--|
| Business environment | <ul style="list-style-type: none"> <li>Customer needs are diversifying including cash top-up for cashless settlements</li> <li>The market share is growing while the number of ATMs in Japan as a whole is decreasing</li> </ul> |
| Strengths            | <ul style="list-style-type: none"> <li>Provision of advanced ATM services to meet all kinds of needs</li> <li>One of the top ATM networks in Japan backed by the Seven &amp; i Group's store network</li> </ul>                  |

## Business Model (example of main partner financial institution and operating company)



Initiatives in FY2023

### As touch points for a cashless economy and digital society

As cashless settlements rapidly gain acceptance across the society, Seven Bank ATMs offer a cash top-up service for a wide range of electronic money and QR code settlement, with over 200 million cash top-up transactions performed in a year.

Seven Bank ATMs are also capable of reading Individual Number Cards and available for applications for using Individual Number Card as a health insurance card, or for allowing the user's Mynaportal information to be shared with designated organizations. They play a role in driving the digital society forward.



Image of ATM screen

### Continuous improvement of UI/UX

Seven Bank ATMs have been continuously improving their UI/UX to realize a “digital society in which no one is left behind.” Our fourth-generation ATMs, introduced in 2019, were designed to be easy to use for everyone, and obtained Color Universal Design certification for both hardware and software.

In August 2023, the screens of the fourth-generation ATMs were also fully renewed. Customers’ feedback has further evolved our ATMs to be even easier to use.

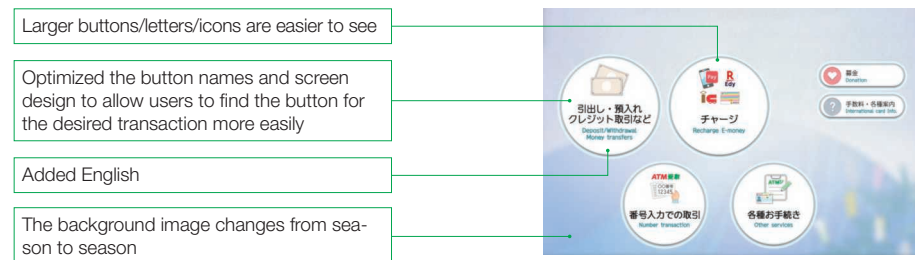


Image of ATM screen

### Expanding collaborations with partner financial institutions

Partnered with many financial institutions and payment service providers, Seven Bank is expanding collaboration with them using consulting sales approaches to invite partner financial institutions to use our ATMs for a wider range of purposes.

The new “+Connect” service offers an alternative to in-person procedures at bank branch counters. As of July 2024, it has been adopted by nine financial institutions, many of which are regional banks.

In addition, we have more than 400 ATMs jointly operated with financial institutions nationwide. Combined with the “+Connect” service, they contribute to strengthening the channels of the partner financial institutions and improving their operational efficiency.



We sent a mobile ATM vehicle to the front of a branch of the Hokuriku Bank that adopted the “+Connect” service and performed account opening procedures on behalf of the bank (March 2024)



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### Establishing a new data-driven style of sales in the ATM business

To invite more customers to use Seven Bank ATMs, Seven Bank has been working to increase the number of ATMs, but sometimes, challenges were in efficiently finding promising candidate locations. The ATM Platform Promotion Division, in charge of sales activities directed to ATM location owners and partner financial institutions, has visualized the flow of people in a 3D heat map, which combines the population statistics from the government with our own data of the number of ATM transactions. The heat map has enabled the sales team to discover promising candidate locations for ATMs, while serving as a powerful tool for sales activities for partner financial institutions.





# Domestic Business Retail Strategy (Accounts)



Strategy keywords

Reform the customer experience

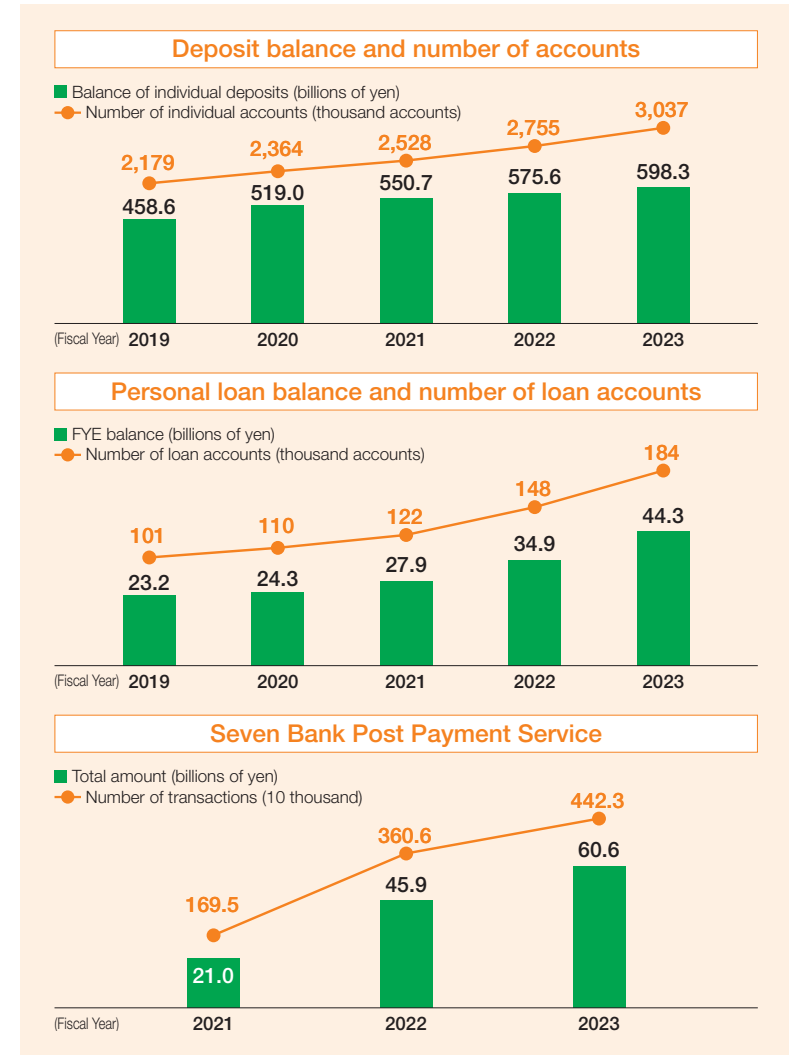
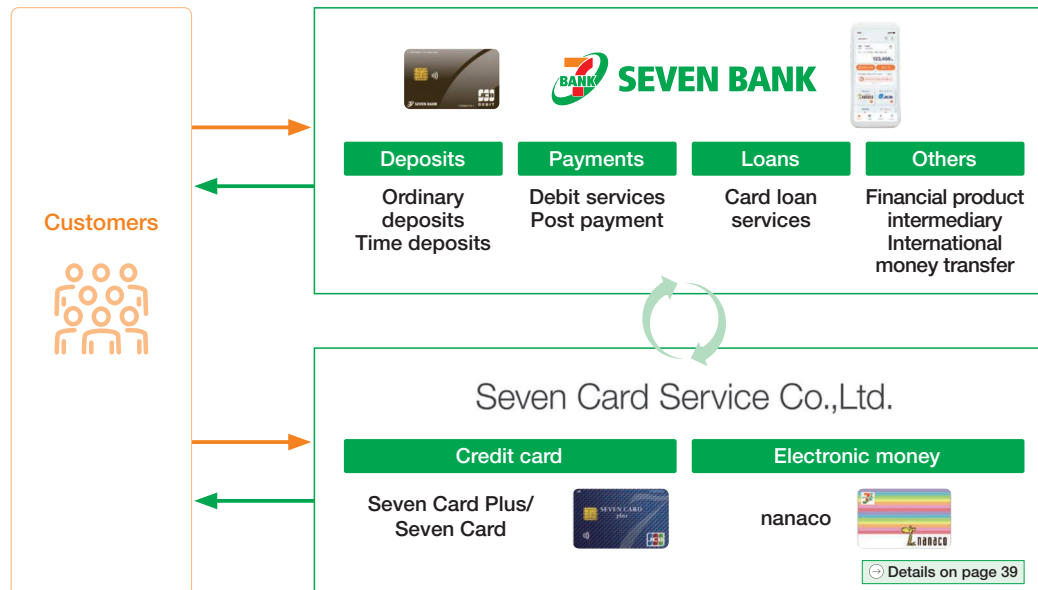
Strengthen cooperation with the Seven & i Group

In addition to pursuing convenience through a smartphone app that allows customers to open an account in 10 minutes at the fastest and a nationwide network of more than 27,000 ATMs, Seven Bank is also working to provide financial services such as debit service, loans, and financial product intermediary services in a readily accessible and convenient manner. Going forward, while working to strengthen cooperation with Seven Card Service and the Seven & i Group, we will expand our efforts to develop and offer unique financial products possible only by a bank born from the retail industry.

## Business Overview

Business environment	<ul style="list-style-type: none"> <li>• Dramatic changes in lifestyle with the spread of cashless payments and advancement of digitalization</li> <li>• Intensifying competition due to the entry of non-financial players into the financial business and other factors</li> </ul>
Strengths	<ul style="list-style-type: none"> <li>• Consumer-friendly, unique financial services possible only by a financial group born from the retail industry</li> <li>• A large number of customer contact points, both physical and digital</li> </ul>

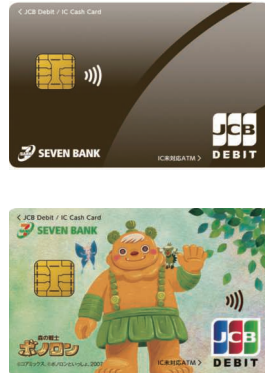
## Business Model



Initiatives in FY2023

New designs of cash cards with a debit function

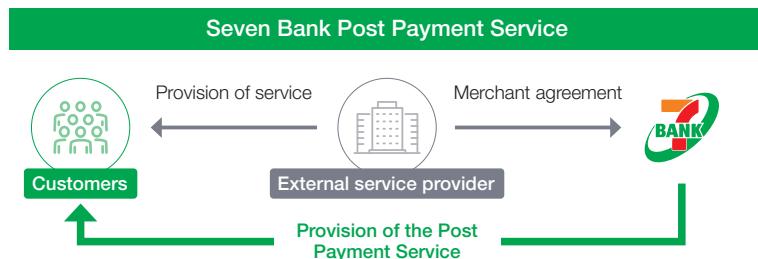
Seven Bank accounts are used by many customers for their high convenience, including free of charge cash withdrawal service at more than 27,000 ATMs nationwide between 7:00 a.m. and 7:00 p.m. every day. In November 2023, we renewed the designs of cash cards with debit functions and added a contactless payment feature. Combined with the electronic money and credit cards issued by Seven Card Service, a Group company, our customers can now experience contactless payments choosing a desired timing of settlement.



More convenient loan and post payment services

Customers applying for Seven Bank's loan service will receive the results of their applications the day following the submission of application at the earliest. Using the My Seven Bank smartphone app, customers can also borrow and repay money without a card. The high level of convenience including these is chosen by many customers.

In addition, as a unique payment service, Seven Bank also launched the Seven Bank Post Payment Service in 2021 partnered with external service providers. By conducting screening and fraud detection leveraging the know-how we have cultivated through our banking business, we offer services with higher security and convenience.



Launched a linkage service between Seven Bank accounts and 7iD, a membership platform common across the Seven & i Group



With a service launched in February 2024, customers can register their 7iD accounts, which are accounts in the Seven & i Group's common membership platform, to their Seven Bank accounts. Now customers can use their 7iD account information to open their bank accounts smoothly. We have also started to award Seven Miles for day-to-day transactions on ATMs. Seven Bank will continue to develop unique services using 7iD to improve customer experience in shopping and financing.



If you are a 7iD member, your 7iD registration information is automatically linked when opening a Seven Bank account.



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Agile development of My Seven Bank smartphone app

Seven Bank has been constantly improving its app in prompt response to feedback from both inside and outside by adopting an agile development system. For example, in the Shopping Investment "Korekabu" service that allows users to invest through a smartphone app, we have made improvements such as displaying a list

of shares held by the user on the top screen to invite users to experience investing more readily. We will continue to work to further strengthen our service, promptly responding to our customers' feedback.




Takayuki Kimura  
Banking Management Division



A list of shares held has been added to the top page to solve user frustration of being unable to view the list without moving between pages

# Domestic Business Retail Strategy

## (Credit Card/Electronic Money)

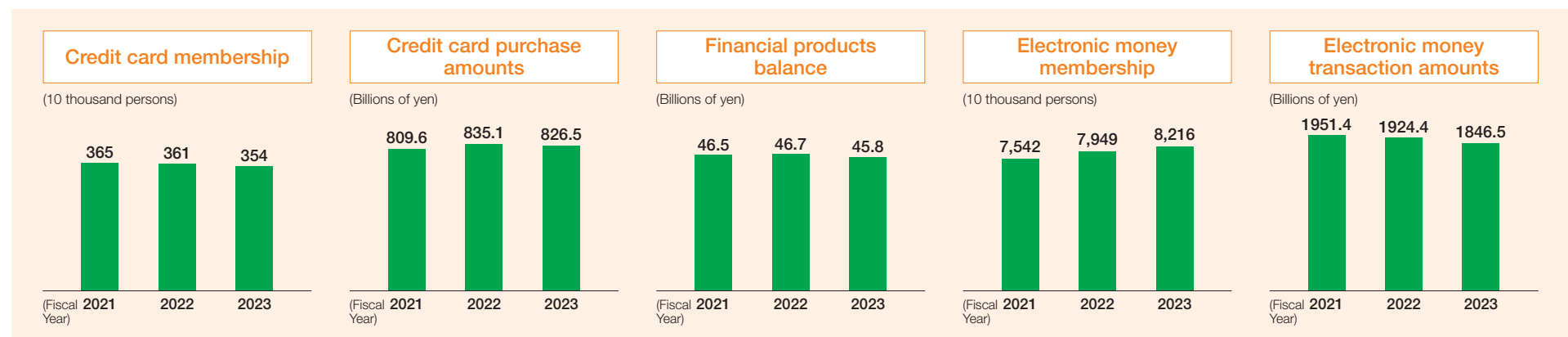
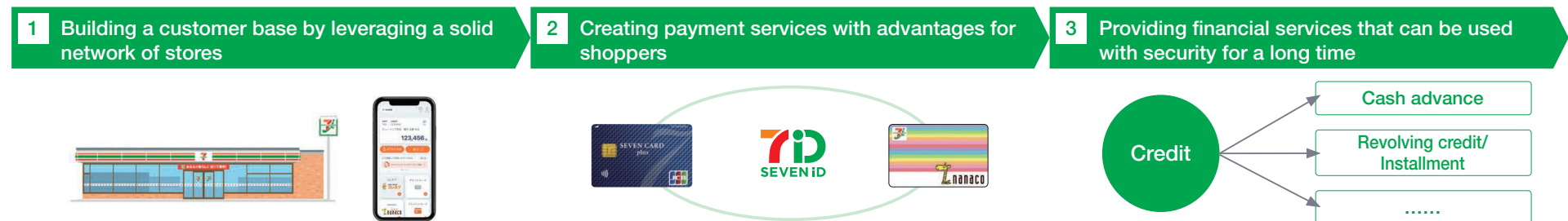
 Strategy keywords
 Expand customer base
  
Create unique payment experience

A settlement service company of the Seven & i Group that is one of the largest distribution groups in Japan, Seven Card Service issues and operates credit cards and electronic money. With the company joining the Seven Bank Group in July 2023, Seven Bank and Seven Card Service will now work as one team to provide financial services embedded in customers' day-to-day lives, leveraging the strengths of both.

### Business Overview

<b>Business environment</b>	<ul style="list-style-type: none"> <li>• Diversification of consumers' payment needs and payment methods</li> <li>• Provision of added values through point program integration, data utilization, etc.</li> </ul>	<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Unparalleled volume of settlements as services originating from one of the largest distribution groups in Japan</li> <li>• Creation of unique financial services and payment experiences through combining purchase data and financial data</li> </ul>
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### Business Model



### Initiatives in FY2023

## Enhanced the issuance of Seven Card Plus with contactless payment function

Seven Card Plus and Seven Card, credit cards issued by Seven Card Service, are used by over 3.5 million customers, serving for their convenience day to day.

In February 2024, we began issuing Seven Card Plus, an unembossed card with a contactless payment function to provide customers with more comfortable shopping experience.

Seven Card Service will continue to promote cashless settlements and work to improve convenience in customers' shopping by creating more comfortable and convenient payment experiences.



## Driving nanaco electric money's mobile shift and digital shift

The nanaco electronic money issued by Seven Card Service is used by over 82 million customers in their daily shopping at more than 1.2 million affiliated stores nationwide.

Seven Card Service is driving the mobile shift and digital shift of nanaco to make it more convenient to use, incorporating the nanaco payment function into the 7-Eleven app and renewing the nanaco mobile app (for Android).



## Customers shopping at Seven & i Group stores gain more rewards through linkage with 7iD

To make shopping at Seven & i Group stores even more enjoyable and rewarding, Seven Card Service offers a service that automatically awards Seven Miles upon each payment to shoppers who have linked their 7iD accounts with their Seven Card Plus, Seven Card or nanaco. Seven Card Service will continue to work with the Seven & i Group and Seven Bank to develop services that make shopping at Seven & i Group stores more rewarding while working to improve its products.



### FOCUS

## Expanding opportunities for collaboration between Seven Card Service and Seven Bank

Having been part of the Seven Bank Group since July 2023, Seven Card Service is expanding its collaboration with Seven Bank aiming to provide more convenient financial services to customers by leveraging group synergies.

Project team members from both companies work on the development of new products and services on a daily basis, while joint workshops and study sessions open to all employees are held. The two companies are working together as one group to create unique financial services beneficial to customers by leveraging the strengths of both companies.





# Domestic Business Corporate Business Strategy

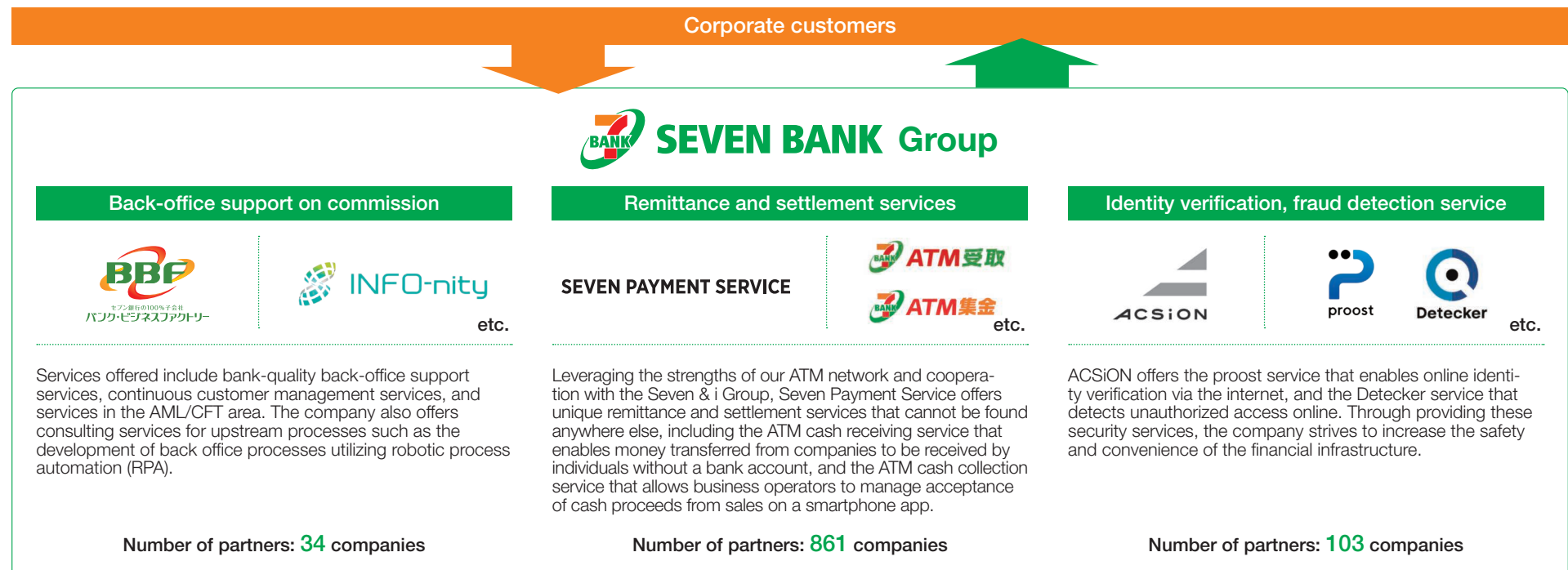

**Strategy keywords**
Increase corporate partners/users  
Promote DX

In the domestic corporate business, we provide highly specialized services to financial institutions and general business operators through three companies in the Seven Bank Group: Bank Business Factory, Seven Payment Service, and ACSiON. We will aim to expand the scale of our business through services that utilize our strong ATM network and cooperation with Seven & i Group companies, leveraging the high quality back-office service, advanced security measures, and know-how in fraud detection that we have cultivated through our banking operations, while swiftly adopting ever-evolving DX technologies.

## Business Overview

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## Business Model



Initiatives in FY2023

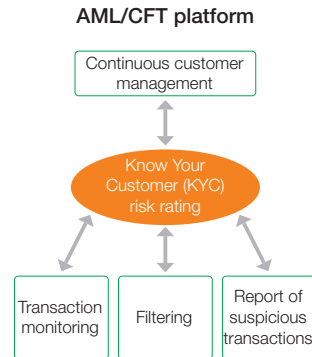
Bank Business Factory Co., Ltd.

BPO Back-office support service

Obtained a license for funds transfer transaction analysis business

Bank Business Factory provides a high quality platform for Anti Money Laundering/Countering the Financing of Terrorism (AML/CFT). To further improve efficiency, accuracy and effectiveness, the company obtained a license for funds transfer transaction analysis business\* in January 2024.

\*Funds transfer transaction analysis business is the business of conducting transaction filtering and transaction monitoring for funds transfer transactions on behalf of multiple financial institutions. Funds transfer transaction analysis service providers are expected to contribute to improving the effectiveness of AML/CFT measures at financial institutions by continuously improving the effectiveness of transaction filtering and monitoring.



Achieves risk-based customer response in each area and systems integration

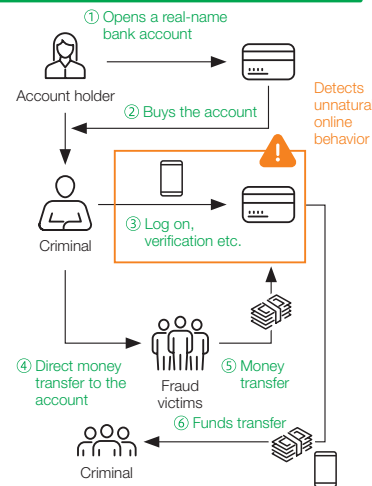
ACSiON, Ltd.

Jointly developed a new fraud detection algorithm

In collaboration with the Shizuoka Bank, ACSiON developed an algorithm for immediately detecting accounts that show signs of fraudulent transactions, which has been fully implemented in the fraud detection platform Detecker. It has been recognized for its high effectiveness in preventing unauthorized use of accounts and its accuracy for detecting suspicious transactions.

The proost identity verification platform has started using an algorithm for detecting fake driver's licenses developed based on accumulated knowledge in its identity verification service.

Security Platform provision service



Seven Payment Service, Ltd.

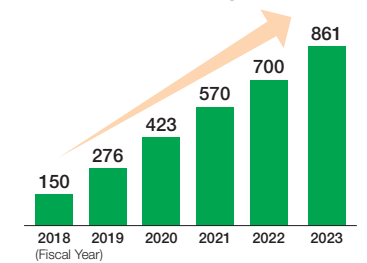
Settlement function ATM cash receiving/ATM cash collection

Number of companies using the ATM cash receiving service exceeded 800

The ATM cash receiving service is used in a variety of situations, including by railway companies in the Tokyo metropolitan area and local government services (for the reception of benefits and subsidies). The number of corporate partners increased to 861 by the end of FY2023. The service that reduces the burdens of acquiring and managing account information as well as money transfer operations has gained wide acceptance for its convenience, allowing cash to be received basically 24 hours a day, 365 days a year.

We will strive to further expand our business by offering unique services that make the most of the strengths of the ATM network and the Seven & i Group, including the ATM cash collection service and the service for acceptance of cash proceeds from sales.

Number of corporate partners using the ATM cash receiving service



February 2024 Certified to the International Standard for Information Security Management System



FOCUS

Combatting financial crimes across the boundaries of companies

With the vision of "make world be honest," ACSiON is working to prevent crimes and limit their damage through strengthening the security of online channels. Our company was named with the meaning of "Across the mission." Companies with a common mission of combating frauds in the world will work together to build the foundations to support the prosperity of our society.

Yoshiki Yasuda

President of ACSiON, Ltd.



# Overseas Business



Strategy keywords

Expand Asia strategy

Retail x financial services

Seven Bank operates its ATM operation business in three countries abroad—the United States, Indonesia, and the Philippines— leveraging the expertise in ATM operations it has developed in Japan. As of the end of December 2023, we had a total of 19,578 ATMs outside Japan, mainly in Asian markets with growth potential, with a total of number of transactions exceeding 400 million. In fiscal 2024, FCTI renewed its contract with 7-Eleven, Inc. on the installation of ATMs for a new contract period. Also to accelerate our global expansion particularly in Asian markets that steadily show strong demand for cash, we established a local subsidiary in Malaysia in May 2024 as our fourth overseas country. We will continue to develop ATMs that meet the market needs of the countries in which we operate, and aim to offer new services that combine retail and finance.

## Business Overview

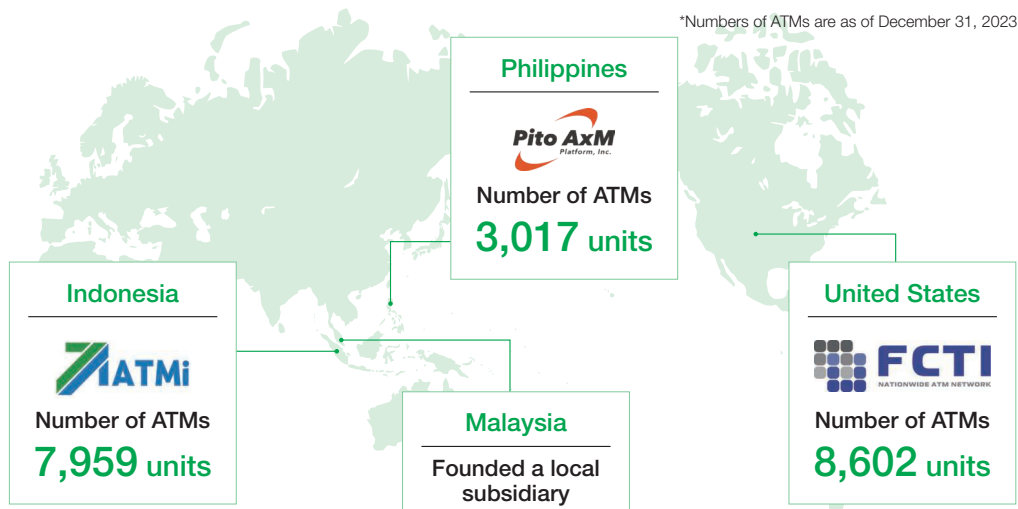
### Business environment

- In all countries: Increasing funding costs due to higher policy interest rates
- Indonesia and the Philippines: Although about 50% of the population have bank accounts, the number of ATMs is insufficient for the population. Expanded access to financial services is desired.

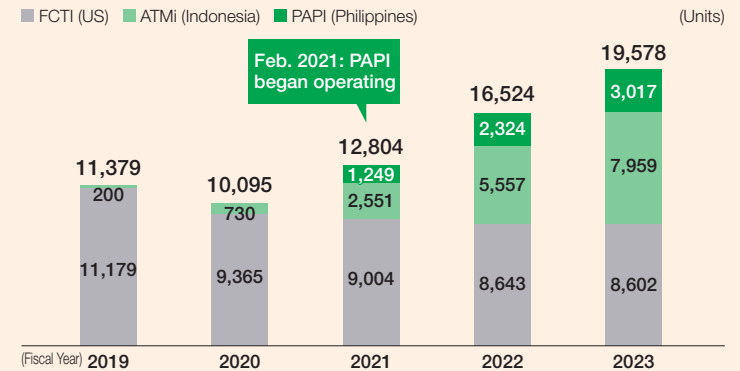
### Strengths

- Collaboration with Seven & i Group (local 7-Eleven operating companies)
- Sophisticated expertise in ATM operations cultivated in Japan

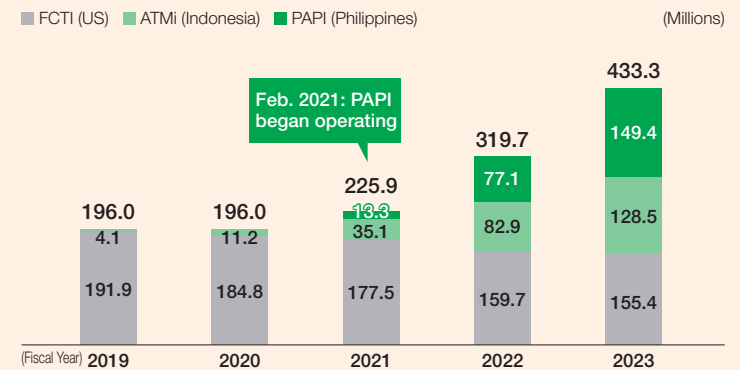
## Countries for Operations



### Number of ATMs installed



### Number of ATM transactions



## Initiatives in FY2023

### United States



- FCTI renewed its contract with 7-Eleven, Inc. on the installation of ATMs at 7-Eleven stores in the United States (including Speedway stores). From 2025, it plans to install about 3,000 new ATMs at Speedway stores, which thus far had none of our ATMs. This is expected to increase the number of our ATMs to about 11,600.
- We conducted an eight-month demonstration experiment of the TAPT small loan and debit services from July 2023, which verified the usefulness of ATMs as a customer contact channel. We will utilize the findings from the experiment for planning financial services in the future, and aim to realize a “retail and financial services business” that provides new added value beyond cash deposits and withdrawals.



### Philippines

- Since the business launch in 2021, both the number of ATMs and the number of ATM transactions have been steadily growing. Transactions under the bank brands of BDO Unibank, LANDBANK, and RCBC increased, maintaining the average number of transactions steadily above the plan.
- Over 3,000 ATMs have been installed, now at almost all local 7-Eleven stores. Going forward, we aim to install more ATMs by finding new partners.



### Indonesia



- ATMi started installing ATMs at local convenience stores in 2015. We are currently expanding the ATM network to meet the strong needs of the local market, having grown the network to a scale of 8,000 units by now. We will continue to carefully select new locations for ATMs, prioritizing areas around major cities where ATMs have a large number of transactions.



#### FOCUS

### Through my secondment to Seven Bank

Indonesia, comprising more than 10,000 islands, is home to diverse ethnic groups, and the majority of the population are Muslims. While cashless settlements are growing mainly in metropolitan areas, cash payments remain common in suburban areas. ATMi has 66 employees, working in a culture of flexible work styles and open communication. We are like a family to each other, holding company events to deepen our bonds. During my stay for a year, I hope to gain a deep understanding of Japanese culture and language, business models and operations, which I hope to use in my future projects. The company can grow together with its employees, and through that, I hope we can work towards solving the global issue of access to financial services.

#### Yusi Skyamanda

Joined ATMi in 2017. General Manager of Human Resources Division and General Affairs Division since 2020. Seconded to Seven Bank for one year from April 2024.





# Human Resources Strategy

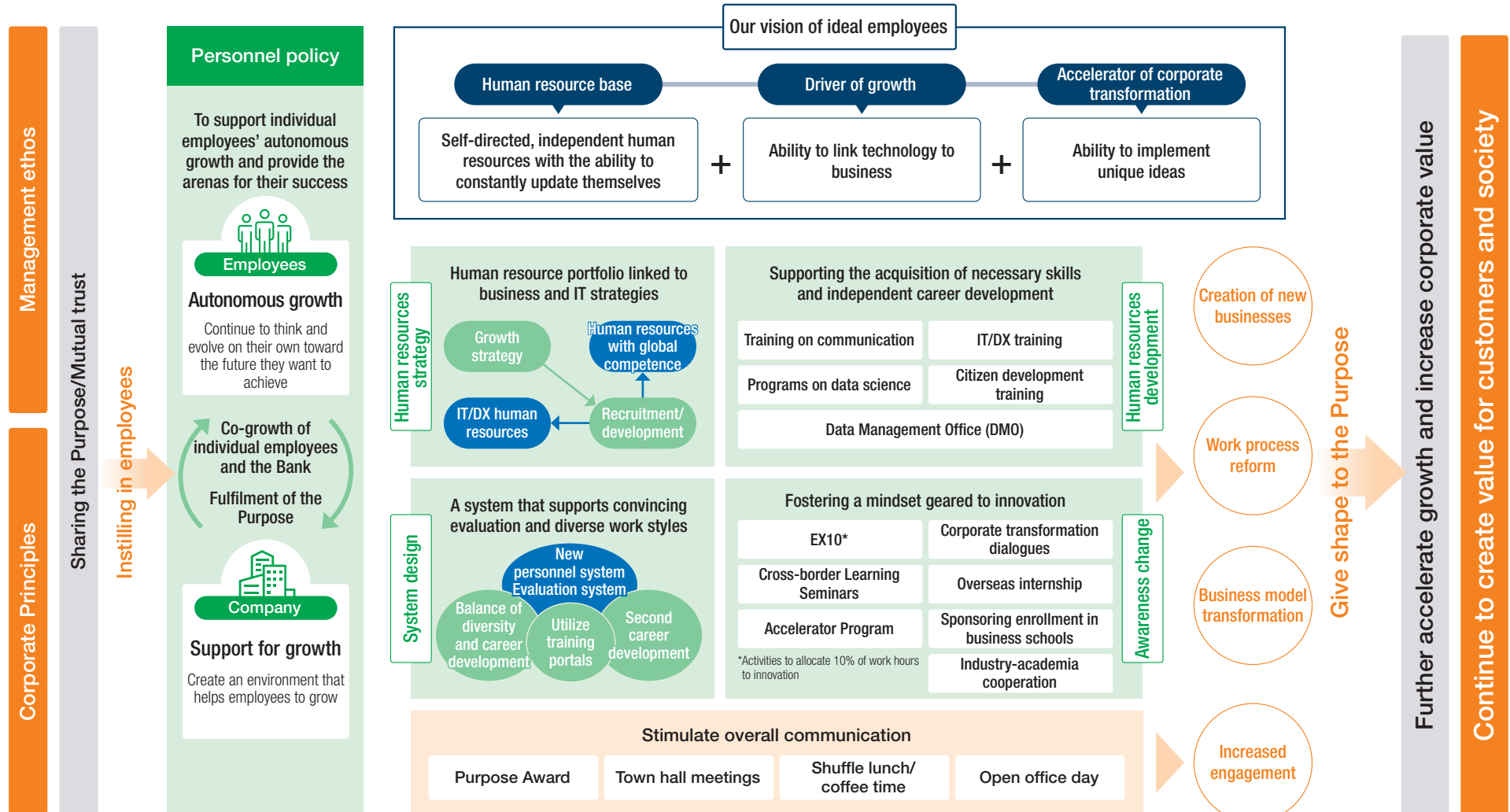


Strategy keywords

Autonomous growth

Support for growth

Our Group regards human resources as one of our most important management resources, as the source of value creation and the driving force for sustainable growth. To fulfill our Purpose, we are working to create an environment that helps every employee to participate in success, focusing on creating mechanisms to synchronize employees' autonomous growth with the Bank's sustainable growth.



## Message from the Officer in charge of Human Resources Division



### Kazutaka Inagaki

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

## Through human capital management, accelerate the co-growth of employees and the company. Co-creating “the future of everyday life.”

We have actively supported the growth of our employees, because we have long believed that it is “people” who create new values. Through learning and working, each employee will continue growing, and will be able to envision what he or she wants to be. As a result, our human resource policy is founded on the notion that our company will grow together with our employees to realize the “future of everyday life” set forth in our Purpose. To realize said Purpose more effectively, we have formulated the necessary human resource strategy in conjunction with the three pillars of our management strategy: growth strategy, contribution to solving social issues, and corporate transformation.

Moreover, to make the Company a place where each and every employee can “make their wishes come true,” we have made revisions to our personnel system to encourage opportunities for a diverse range of employees to grow and tackle new challenges. We expect our employees to be dependable, independent human resources with the sense of responsibility and the requisite expertise to fully accomplish operations, the ability to expand and create business, and the humanity and communication skills to understand and respect people with diverse values and goals. The aim of the management team is to make our company appealing; the company of choice for people who want to grow.

### Personnel policy

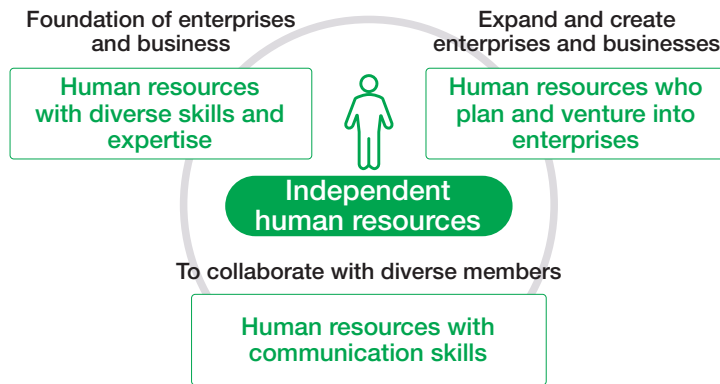
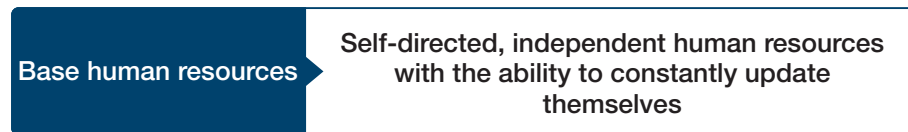
We have positioned our personnel policy as an indispensable and unchanging approach to achieving our human resources strategy, and we aim for the co-growth of employees and the company. From the perspective of the autonomous growth of our employees, we are promoting initiatives to foster a mindset among them that will allow them to think freely and challenge themselves without fear of change, so that they may continue to evolve independently toward the future they want to realize. In terms of continuous support for growth, we strive to create opportunities for a diverse range of personnel with the objective of providing an environment that allows employees to maximize their potential and grow.

# Human Resources Strategy

## Human resources strategy

## Human resource portfolio linked to business and IT strategies

Toward accelerating the second phase of growth to respond to the changing business environment, we have formulated our human resources strategy in linkage with the three pillars of our management strategy — growth strategy, contribution to solving social issues, and corporate transformation. We have examined the gaps between the current state of our human resources and the human resources needed to achieve our growth strategy in terms of quantity and quality, and for each business and each role or function, checked the gaps our current skill-holding employees have against the need. Through these, we have positioned the recruitment and development of IT human resources and human resources with global competence as a key action. To develop IT human resources, we promote the acquisition of necessary skills by employees, by providing IT/DX training to all employees and involving them in in-house development projects. For the recruitment and development of human resources with global competence, we are strengthening the recruitment of new graduates with overseas living experience, and also provide existing employees with opportunities of internships at our overseas group companies to experience local operations.



## Initiatives

### Overseas internship

For the development of human resources with global competence, we solicited applications from employees outside of departments engaging in the overseas business to participate in an internship program that involves traveling abroad. As the program was launched in fiscal 2022, it was the second overseas internship program, this time with three participants. The participants visited local stores to see their operations and the locations of ATMs, and also had the opportunities to interact with local employees. After returning to Japan, the participants shared what they took home with their colleagues at an internal reporting session. We will continue to implement various measures for human resource development linked to our business strategy.



## Key Indicators

	Results for FY2023	Target
Training cost per employee	109 thousand yen →	120 thousand yen
IT/DX basic training enrollment ratio	57% →	100%
Number of employees enrolled in data science programs	262 →	300
Number of annual TOEIC test-takers	57 →	80
Ratio of new graduates with overseas experience	20% →	30%
Ratio of overseas employees to consolidated number of employees	15.6% →	20%

## System design Convincing evaluation/supporting diverse work styles

We believe that it is our obligation to contribute to creating a society that helps diverse human resources to participate in success in diverse ways. We believe that creating an environment that helps everyone to participate in success will lead to prosperous life and the continuous development of society, which includes creating opportunities for people of all genders, ages, nationalities, and other backgrounds to participate in success, and developing diverse human resources. On the other hand, to encourage employees to contribute to Seven Bank for as long as possible, it is essential to establish and operate a system of evaluation that brings convincingness to employees and leads to a sense of their personal growth, as well as a compensation system that rewards the expected roles and achievements of individual employees. We believe that by building a system in which the Bank firmly supports employees drawing their own career paths and focusing on achieving them, we can encourage promising human resources to stay with us and contribute greatly to our business growth.

### Initiatives

- Childcare leave, nursing care leave, and shorter work-hour system
- Child activity leave system (5 days a year)
- Volunteer activity leave system (5 days a year)
- Introducing an employee stock ownership plan for managerial-level employees
- Creating the expert career track
- Establishing “special appointment positions” for highly specialized human resources
- Introducing a management-by-objectives system and a bonus system for rehired retired employees
- Developing systems and operations based on no age limit for working



### FOCUS

#### Revision of the personnel system

General Manager, Human Resources Division **Masanori Iijima**

We revised our personnel system in FY2024. We revised the system for two purposes: (1) to create an environment that encourages achievement and challenge to attract motivated human resources, and (2) to clarify expected roles to develop the next generation of leaders through practical experience. In the new personnel system, the three ideas of “promoting autonomous growth,” “enhancing leadership skills” and “expanding career choice opportunities” are embodied in “grades,” “evaluation,” “compensation” and “transfers/assignments.” For example, we plan to introduce a mission grade system to clarify expected roles, and to secure and develop specialized human resources by establishing the expert career track.

### Key Indicators

Results for FY2023		Results for FY2023		Results for FY2023	
Employee service years	7.2 years	Ratio of female managers	17.7%	Occupational accident frequency rate	0%
Ratio of paid leave taken by employees	83.4%	Ratio of mid-career employees	83.1%	Occupational accident severity rate	0%
Number of employees who took childcare leave	26 (5 men and 21 women). Returned to work: 100%	Ratio of mid-career hires	80.4%	Number of contacts received at the Help Line for employees	8 cases
Number of employees who took a leave for nursing care	1	Percentage of employees with disabilities	2.3%	Average employee overtime per month	24.4 hours
Number of employees who used the shorter work-hour system due to childcare or nursing care	23	Cases of volunteer activity leaves taken	4 cases		

\*Ratio of female managers is calculated based on management positions (Senior Officer, Officer, Assistant Officer), excluding those seconded from the Bank to external companies. \*Ratio of employment of persons with disabilities as of April 1, 2024  
 \*Occupational accident frequency rate = (Number of occupational accidents occurred/Cumulative work hours) × 1,000,000 \*Occupational accident severity rate = (Lost work days due to an accident/Cumulative work hours) × 1,000

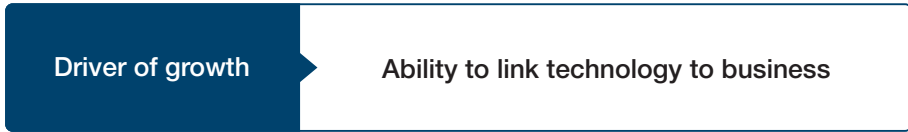


# Human Resources Strategy

## Human resources development

## Acquisition of necessary skills and independent career development

It is also necessary to prepare an environment that encourages independent human resources to constantly update themselves. To encourage the independent career development and personal growth of employees, we provide various training programs and opportunities to equip them with necessary skills. In particular, utilizing IT/DX in business is essential to the growth strategy of our Group. To this end, in addition to our conventional communication training programs, we are focusing on training and the development of communities for the utilization of AI and data. Through these, we are building an environment that encourages everyone to aim to join our DX human resources through various opportunities.



### Initiatives

#### Data Management Office (DMO)

Aiming to transform business models and processes utilizing data, we are implementing various measures to incorporate the use of data in our work, which include setting up knowledge sites, creating data marts, holding consultation meetings and workshops, and providing support for building departmental dashboards.



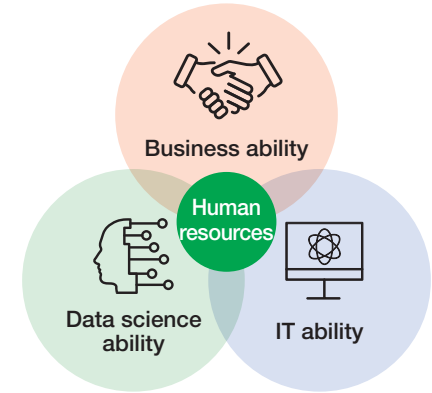
### Key Indicators

	Results for FY2023		Target
Number of employees in the IT business	144	→	200
Number of employees with agile development/data science skills	85	→	150
Number of DMO community participants	330		
Number of citizen development app community participants	392		
Number of employees who have set EX10 targets	174	→	250

\*Activities to allocate 10% of work hours to innovation

### Corporate Transformation (CX) to Drive Transformation

Seven Bank defines CX as a combination of DX (digital transformation) and EX (employee experience). We pursue a business model that enables individuals and the company to grow together through materializing the development of IT systems for increasing productivity, utilization of advanced AI and data, and the changes entailed in skill sets, organizational and corporate culture and awareness.



### FOCUS

#### Citizen-Developed App Awards

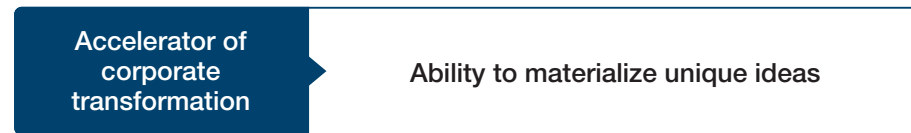
The citizen development training program is a hands-on training program to enable employees, who are untrained in IT but wish to streamline or automate their complicated tasks, to develop apps by themselves with assistance by the citizen development promotion team.



- Best App of the Year Award**  
**Sevenko Management app**  
Hikari Tsurumaki, Kazuki Nagamatsu, and Sayako Yuki, Human Resources Division team  
App for managing borrowing and returning of books in Seibunko
- Business Reform Award**  
**Cash Flow Management Table app**  
Momoe Otsuka, Business Support Division  
An app that automatically submits data on expenses scheduled for debit to the Cash and Securities Office on a daily basis
- Good Idea Award**  
**Image Search app**  
Maki Sakai, Brand Communication Division  
An app that allows users to search and use image materials easily

## Awareness change Fostering a mindset geared to innovation

Aiming to achieve our growth strategy and to increase the corporate value essentially requires changing the mindset of employees. Fostering a mindset geared to innovation in all employees requires cultivation of a mindset to be able to “expand” their areas and “create” businesses. We carry out various measures to develop human resources to drive “expansion x creation,” as human resources needed to achieve the second phase of growth. The EX10 system encourages independent innovation activities by allowing employees to allocate 10% of their work hours to activities for future contribution to the company or improvement of their skills, even without immediate benefit for their current work. In FY2023, 174 employees used this system.



### Awareness cultivation Behavioral change Business reform/Creating new businesses



- Understand our strengths
- Recognize our assets available for new endeavors
- Cultivate a challenger mindset
- Cultivate a sense of ownership of “the second phase of growth”



- Incorporate learning into work
- Take one step ahead, take small actions



- Related departments organically link together
- Collaborative businesses spring up spontaneously

#### Initiatives Corporate transformation dialogues

Through talks between executives of other companies and our officers, we communicate messages from the management team driving corporate transformation to employees.



#### Initiatives Cross-border Learning Seminars

Hands-on programs that encourage employees to act autonomously and help them take on the challenge of creating new businesses.

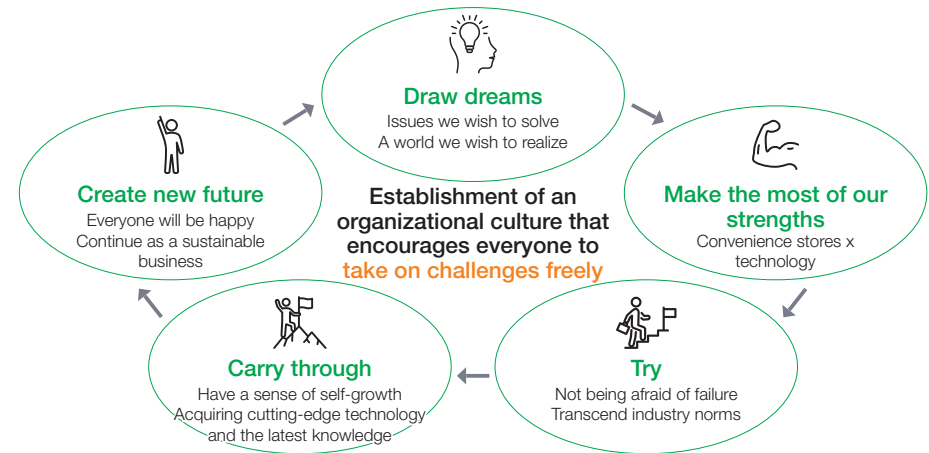


#### Initiatives Accelerator Program

Seven Bank has held the Accelerator Program almost annually since 2016, to collaborate with companies from a broad range of sectors including startups to create new businesses.



### To a Company Where Diverse Human Resources Gather for Active Participation and Growth!



# Human Resources Strategy

## Diversity and Inclusion

Seven Bank established the D&I Promotion Subcommittee in FY2023. Aiming to create a workplace environment where all employees can achieve their potentials equally, the entire Seven Bank Group is working together on the following activities.

### Held an Event Commemorating International Women's Day Jointly with Overseas Group Companies

In March 2024, we held an event to commemorate International Women's Day jointly with our three overseas Group companies (FCTI, ATMi, and PAPI).

Participants gave presentations on women's participation in success in their respective countries, and learned about differences in situations between countries and challenges common to all countries. The event also created a sense of connection across national borders in many employees, helping to foster unity within the Seven Bank Group.



### Conducted a D&I Training Session for Employees

A group work session on D&I was held jointly by three Group companies in Japan, with a total of 50 participants.

In this program, participants tried to put themselves in the shoes of people facing various difficulties, such as childcare or nursing care, and thought how they would respond. Through the program, they became aware of the unconscious bias within themselves, and the importance of communicating with others and having a considerate attitude towards co-workers.



## FOCUS

### Working for the promotion of D&I that will lead to Seven Bank Group's business growth

The D&I Promotion Subcommittee is working to create an environment to help employees learn more about D&I and put what they have learned into practice, through information activities and events about D&I. In FY2023, aside from the initiatives mentioned above, we conducted an awareness survey of all employees, which showed us the current situation of our Group and the expectations of our employees.

In the subcommittee, a total of eight members including employees of Seven Bank and two Group companies in Japan are planning and driving the activities for D&I. They are the employees of different levels ranging from managers to young employees, from a variety of departments. I also feel that the distances between companies are getting narrower than ever before through the group-wide cross-organizational activities.

In the era of rapid change, I believe that continuing to promote D&I directly leads to business growth and innovation. To drive the activities forward, it is also essential to change the awareness of all employees in linkage with human resource strategies. Going forward, as a subcommittee, we would like to carry out our activities while also following up on the measures taken by the Bank.



**Tomomi Hashizume**

Chairperson, D&I Promotion Subcommittee (Executive Officer and General Manager, Internal Audit Division)

## Revitalization of Company-wide Communication

The Seven Bank Group holds various events to stimulate internal communication. We hold a variety of internal events throughout the year, from lunch meetings intended to encourage interaction between employees from different groups and departments, to face-to-face events at respective locations, events connecting multiple locations online, and events that invite employee families to offices.

We also focus on fostering a sense of ownership of the Purpose in employees, through measures such as small-group discussions with officers, and an award program for recognizing efforts to materialize the Purpose. In the FY2023 Purpose Award, all Outside Officers participated in the judging, evaluated the presentations by employees, and also participated in the awards ceremony and reception.

### Initiatives

Discussions with the President and Officers  
**Town hall meetings**



Opportunities to talk with the management team

Instilling and implementation of the Purpose



Commending the activities that embody the Purpose  
**Purpose Award**

Events for internal communication  
**Shuffle lunch**



Fostering a sense of togetherness

Deepening mutual understanding

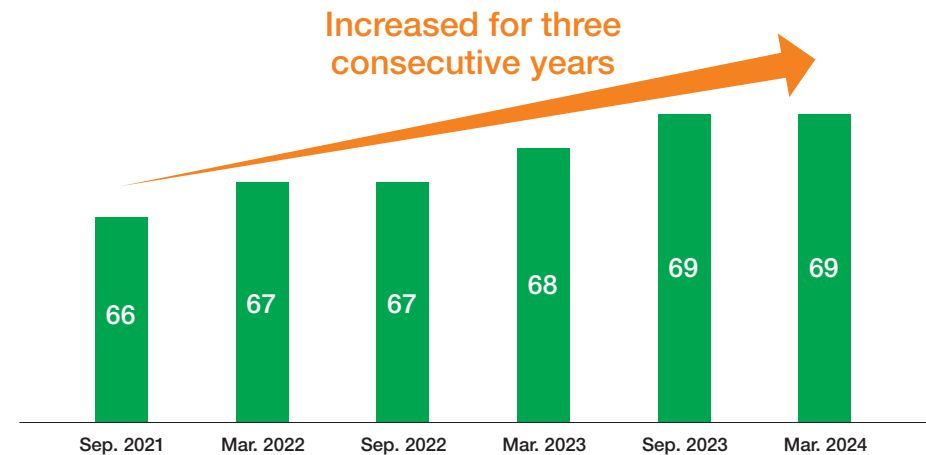


Family events to connect families and the company  
**Open office day**

Increase in engagement

### Key Indicators

Engagement scores



Employee “engagement” is a barometer of employees’ trust and attachment to the company, which is drawing attention as an indicator related to customer satisfaction, productivity, and income. To increase the engagement score, empathy with the company’s philosophy and vision and a mindset of contributing to the company’s growth in employees are highly relevant.

Seven Bank started companywide employee engagement surveys in 2021. The engagement score at the end of FY2023 was up 1 point from the previous fiscal year, showing an increase for the third consecutive year.





We have positioned IT strategy as one of our key management strategies, proactively adopting new IT technologies. This, including the proactive use of cloud infrastructure and the promotion of agile development, has contributed to our business expansion. Meanwhile, our existing IT systems, optimized for individual business operations, have a weakness in flexibility and agility in a rapidly changing business environment. To solve this issue, we have established the IT Design Office as a cross-departmental organization and formulated a new comprehensive IT strategy, to bring together the Seven Bank Group including overseas companies to make ourselves a leader in business innovation through demonstrating team synergy.

## Comprehensive IT Strategy



### FOCUS

#### Formulation of the IT strategy

Since the founding of Seven Bank, our systems have strategically focused on maximizing uptime and fault tolerance to support the ATM services that were born out of the wishes of customers. As a result, our services have earned customers' trust as a readily accessible ATM network, which has contributed to the development of the Bank.

Going forward, our challenge will be to create services that match customers' lifestyles more quickly while maintaining this reliability. Aiming to deliver "new conveniences" to more customers, the IT Design Office, my organization, was established, so now we have an organization in place to implement the strategy. From now on, the IT Design Office will drastically revamp the structure of our systems and our approach to building them. This will further strengthen our orientation of facing toward customers and enable us to continue to create valuable services with high agility.



**Takayuki Aihara**

ATM Solution Division  
Strategy Group Lead,  
IT Design Office



**Hanae Isaki**

ATM Solution Division  
Strategy Group,  
IT Design Office



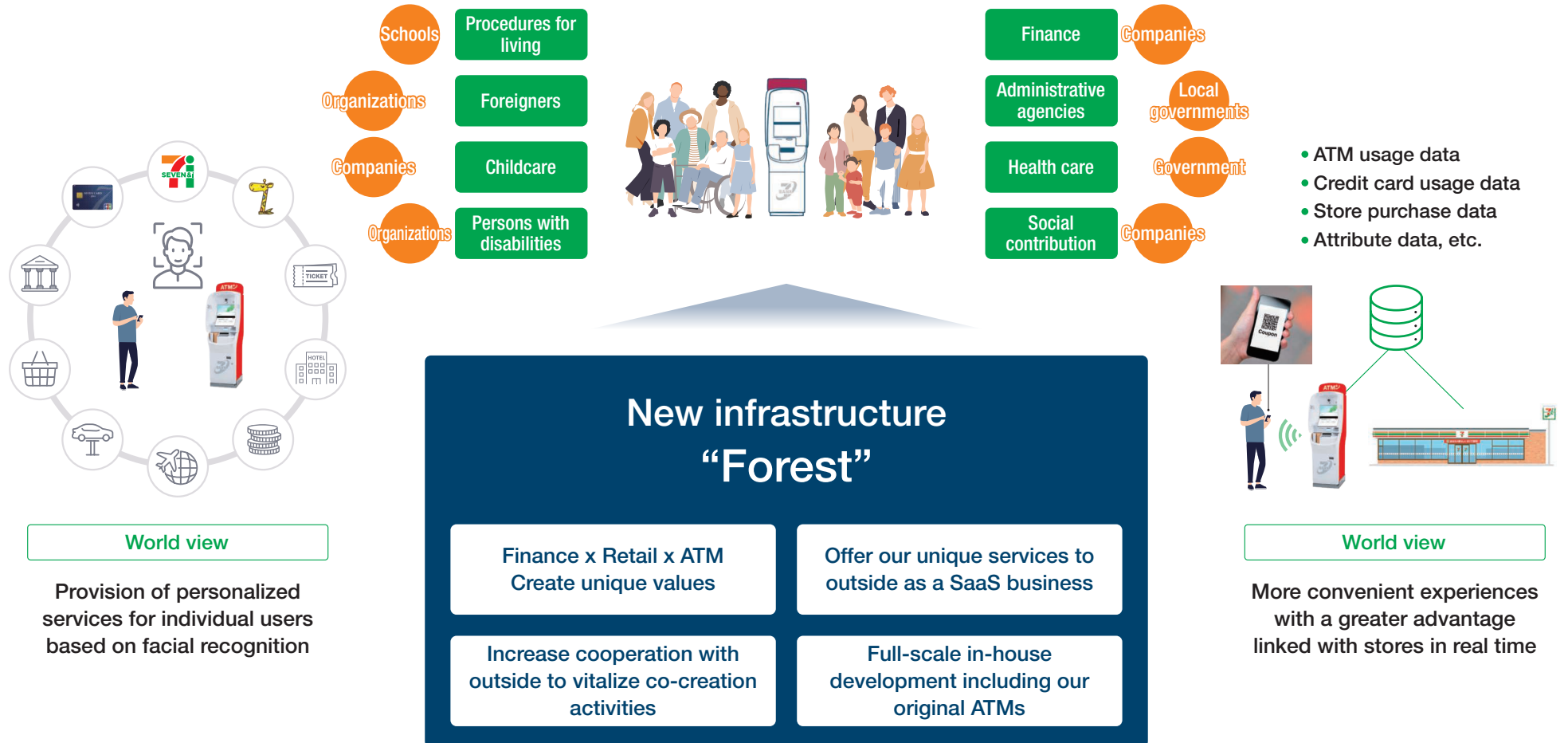
**Structure**

**Revamp the overall system design**

- Develop a new infrastructure that enables businesses creation through a team effort across the whole Seven Bank Group
- Renew the old systems into IT architectures suited to the current times

We will totally revamp the IT systems that have been previously built and evolved independently by each of our financial business segments. This will enable us to link our financial services, such as banking, credit, and electronic money, with a wider range of scenes in customers' lives, such as shopping, to provide them with fresh, seamless experience that only we can offer.

**The new infrastructure "Forest" will be a hub to connect customers with various companies and services**



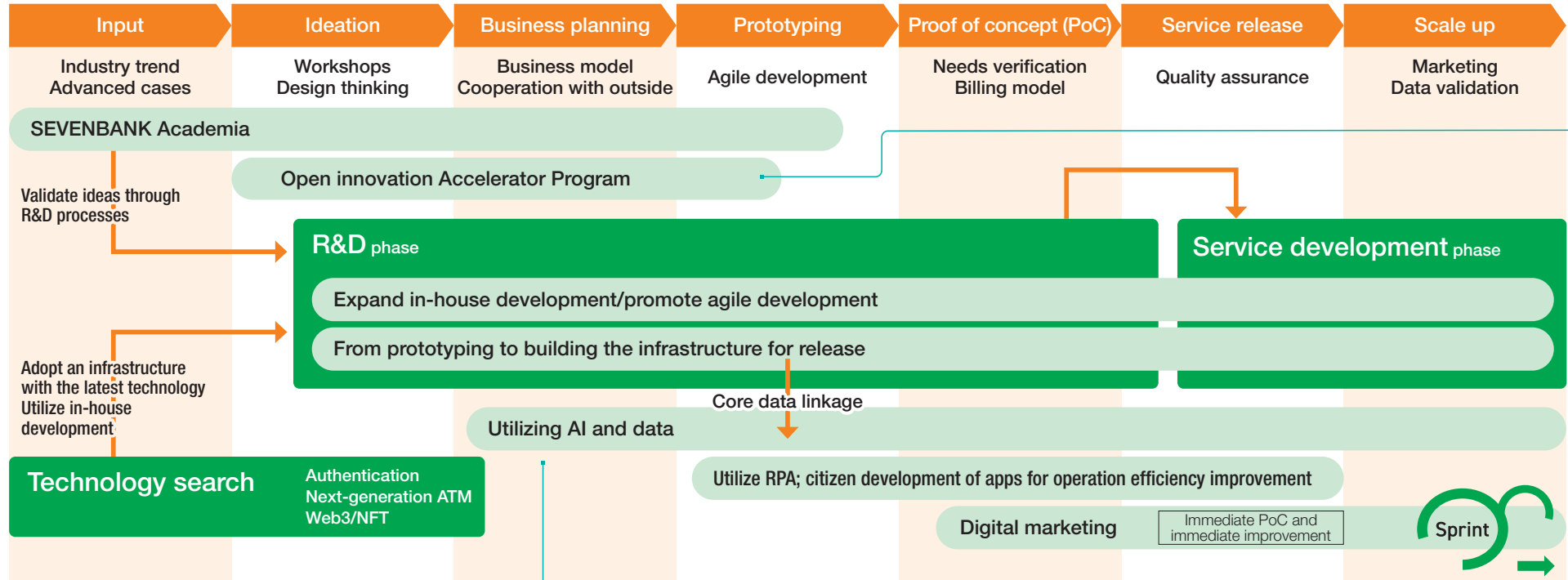
# IT Strategy

**Approach to building**

**Transform the development style**

- Agile co-creation together with business divisions from the seeds of ideas
- Expand in-house development; development led by the front line, anytime with everyone

To provide new values to our customers through innovation, we will not only revamp our system infrastructure, but also change our style of development. We will co-create services from the seeds of ideas obtained through various technology searches in an agile manner in a cross-functional organization involving business divisions, to eventually implement the services. Also in the service phase, we aim to establish a style of development in which we continue to refine the UX swiftly by putting ourselves in the customer's shoes.



## Utilization of AI and data



**Award**

Received the Data Utilization Award in the Data Management Award 2024 sponsored by Japan Data Management Consortium (JDMC) for our efforts to make an impact on business

### Seven & i Group's data utilization

- PoC for credit utilization of nanaco data
- Study for utilizing 7iD purchase data



### ATM trouble prediction

- Elimination of regular inspection
- 50% reduction of maintenance costs



### AI-based cash demand prediction

- Handling of cash flow amounting to ¥22 trillion a year
- Optimization of deployment, prevention of shortage

## Promoting open innovation

With a core role played by Seven Labo in this arena, every day, we search for external knowledge that is vital for creating innovation, and collaborate with startups on a “give first” basis. Examples of unique services we offer include Shopping Investment “Korekabu” and Post Payment Service.

Timee: スキマバイトはタイミー  
FINATEX  
Kanmu  
SMART+

Real-time money transfer services are used for immediate wage/fee payments

Shopping Investment “Korekabu”

Post Payment Service

## New wedding gift money transfer service “Tsumumuto”

Through the “New Business Creation Program (Accelerator) 2023,” Seven Bank selected the plan proposed by TAKE AND GIVE. NEEDS Co., Ltd., a major bridal service provider, as a collaboration project. We brushed up the proposed business idea together and launched “Tsumumuto,” a service that allows users to send wedding gifts from ATMs in a smart, easy, and convenient way, in April 2024.



Members from TAKE AND GIVE, NEEDS and Seven Bank's Seven Labo



### FOCUS

## Joint research initiated in industry-academia collaboration with a view to creating next generation ATMs

Seven Bank has begun collaboration with educational and research institutions, namely Hokkaido University and National Institute of Technology (KOSEN), Kushiro College for exploration in a wide range of areas from the perspectives of UI/UX with a view to creating next generation ATMs. This is the first industry-academia collaboration project for Seven Bank since its founding.



### Part 1: Research themes

#### Hokkaido University

- Exploration of the customer experience from a cognitive psychology perspective
- Exploration of new device operation interfaces
- Predictive behavior analysis using AI and image recognition

#### National Institute of Technology (KOSEN), Kushiro College

- Creation of a safe space through sensing technology

# Responses to Environmental Issues

## Initiatives for Climate Change

The Seven Bank Group recognizes the issue of climate change as one of its management material issues understanding that global warming severely affects the sustainability of companies. The Seven Bank Group expressed an endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021. In 2023, it conducted a scenario analysis to measure the impact of climate change risks and opportunities on our core ATM platform business. We analyzed the impact of climate change on our business activities and revenues, etc., and are taking specific measures, while enhancing information disclosure to stakeholders.

### Governance

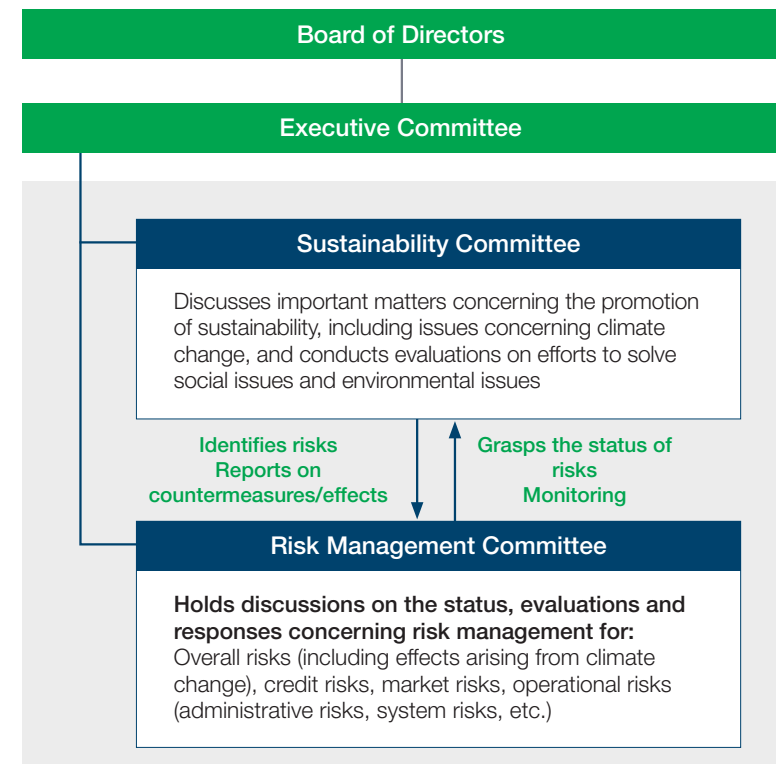
The Seven Bank Group defines “Response and approach to climate change linked to the Seven & i Group” as one of our focused items. Important matters related to climate change are discussed in the Sustainability Committee. We disclose such sustainability information, including the progress status of our initiatives addressing social and environment issues and prepare for external evaluation.

The Risk Management Committee is established as an advisory body to the Executive Committee related to risk management. 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. The Executive Committee sets risk control regulations and quarterly evaluates the overall risk status.

The Executive Committee determines a response policy for material items reported at the Sustainability Committee and the Risk Management Committee, advisory bodies of the Executive Committee. The Executive Committee also supervises the progress of responses and target achievement status of each department and group company through the Sustainability Committee and the Risk Management Committee, reviewing the policy and initiatives as required.

The Board of Directors, on the other hand, based on discussions on sustainability in the Executive Committee, supervises the decisions and business execution of important matters in the basic policy and business management related to sustainability from a corporate management standpoint.

Climate change risks are also addressed through study of the situation and countermeasures, monitoring, etc. within the structure.



Strategy

The Sustainability Committee conducted a scenario analysis for the year 2030, based on information as of the end of March 2022 targeting our core ATM platform business. In the analysis, the financial impact due to the physical risk of extreme weather was estimated, which is assumed to have a significant business impact.

Analysis process



Conditions of assumed scenarios

The scenario analysis of climate change was conducted assuming the 2 degree limit scenario and the 4 degree scenario based on reports issued by International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC). We identified a wide variety of potential factors impacting our ATM services under each of scenario, assessed the financial impact, and then identified risks and opportunities.

Assumption of scenario analysis

Items	The 2 degree limit scenario	The 4 degree scenario
Reference scenarios	(2 degree scenario) IEA Sustainable Development Scenario, IPCC RCP2.6  (1.5 degree scenario) IEA Net Zero Emissions by 2050	(4 degree scenario) IEA Stated Policies Scenario, IPCC RCP8.5
Target year	As of 2030	
Worldview	The scenario assumes an average temperature increase of less than 1.5°C above the pre-industrial level by 2100. Policies, laws, and regulations will be more stringent than now to achieve carbon neutrality to control problems from climate change.	The scenario assumes an average temperature increase of 3.2°C to 5.4°C (about 4°C) above the pre-industrial level by 2100. No proactive policies, laws, or regulations are put in place to mitigate problems from climate change, while extreme weather events intensify remarkably.

Identified climate change risks and opportunities

Type of risk/opportunity	Assessment item	Projected time-frame	Business impact	Financial impact		
				4°C	1.5°C	
Transition risk	Policy and regulations	Regulations on resource recycling	Medium- to long-term	<ul style="list-style-type: none"> <li>Regulations on the distribution and use of fossil fuel-derived plastics used in ATMs will require shift to alternative materials such as bioplastics</li> <li>A shift to recyclable materials and structures will be required, increasing costs for adaptation</li> </ul>	-	Medium
	Change in market	Change in raw material costs	Medium- to long-term	<ul style="list-style-type: none"> <li>Increase in the prices of fossil fuel-derived plastics used in ATMs due to higher crude oil prices can increase manufacturing costs</li> </ul>	-	Medium
		Change in energy costs	Medium- to long-term	<ul style="list-style-type: none"> <li>Increased demand for renewable energy can bring up electricity prices and increase operating costs for offices and data centers</li> <li>Higher gasoline prices will increase costs such as guarded transportation costs</li> </ul>	-	Small
Physical risk	Acute	Frequent and intensified extreme weather events	Short- to long-term	<ul style="list-style-type: none"> <li>ATM failures due to flooding, transportation networks disruption due to natural disasters, decrease of transactions due to shut-downs of business operators with ATMs installed, decrease of profitability of our core business ATM services</li> <li>The number of ATM transactions decreases as people go out less, resulting in lower income</li> </ul>	Large	Medium
	Chronic	Rise in average temperature	Short- to long-term	<ul style="list-style-type: none"> <li>Air-conditioning costs for offices and eastern and western data centers will increase</li> </ul>	Medium	Small
Opportunity	Product and services	Growing environmental awareness	Medium- to long-term	<ul style="list-style-type: none"> <li>Demand for replacement to Seven Bank ATMs will increase due to replacement of ATMs to those with advanced energy-saving functionality and due to an increasing interest in recyclable ATMs</li> <li>Demand for ATMs as sustainable social infrastructure will increase as the initiatives addressing climate change progress across the ATM network as a whole</li> </ul>	Medium	Small
	Market	Need for cash in ordinary times/ emergency situations	Short- to long-term	<ul style="list-style-type: none"> <li>Rising temperatures will increase the number of customers visiting convenience stores and increase opportunities to use ATMs</li> <li>Demand for mobile ATM vehicle dispatch services as disaster response measures will increase</li> <li>Increased need for cash in the event of a disaster will increase the number of transactions</li> </ul>	Medium	Small

\*Short-term: 1 year, Medium-term: 1 to 5 years, Long-term: 5 to 30 years



# Responses to Environmental Issues

## Calculation of financial impact

In addition, for the damage and impact of extreme weather events on our ATMs, which were evaluated as having a large business impact as a result of the scenario analysis, we estimated the frequency and probability of floods and storm surges occurring in the areas where our ATM locations nationwide using hazard maps and calculated damage to the actual ATM machines, including ATM recovery cost and financial loss due to ATM shutdowns, and estimated the financial impact.

Assumptions	Calculation	Calculation result (in millions of yen/year)
In both the 4 degree scenario and the 2 degree limit scenario, as of 2030, physical damage from floods and storm surges increases due to intensified severe extreme weather events. We have a large number of ATMs nationwide and expect to have a significant financial impact from the increasing frequency of floods and storm surges.	<p>The following items are estimated based on the Manual for Economic Evaluation of Flood Control Investment (Ministry of Land, Infrastructure, Transport and Tourism) and other references.</p> <p>• <b>Damage to ATM asset due to flooding</b> • <b>ATM recovery cost</b> • <b>Losses due to ATM shutdown</b></p> <p><small>*Damage prediction data, such as estimated flood depth, is identified for each ATM location from hazard maps. *Annual average damage is calculated by multiplying the estimated damage in the event of flooding or storm surge by the annual exceedance probability. *Influence on cash is beyond the scope of the analysis (assumed no cash is lost)</small></p>	<b>805 ~ 1,408</b>

## Seven Bank's major initiatives

Responding to the potential impact of climate change risks and opportunities, the Seven Bank Group has been taking various actions to enable a decarbonized society.

### Risk

Risk type	Assessment item	Major initiatives
<b>Transition risk</b>	Policy and regulations	<p><b>Response for existing ATMs</b></p> <ul style="list-style-type: none"> <li>For ATMs, we have proactively introduced recycled materials and adopted an easy-to-maintain structure, etc. from the design phase. In the event of defects, we perform parts replacement and maintenance and make other efforts to extend its life.</li> <li>ATMs removed and collected due to renovation and closure of Seven-Eleven stores and replacement with fourth-generation ATMs are, if they are reusable machines, reused after maintenance, or reused as parts.</li> <li>Old unrecyclable ATMs are recycled as resources through recycling business operators. Thus, we achieve a recycling rate of around 100% for ATMs.</li> <li>We proactively engage in collaboration with academia, etc. in view of exploration of new materials and research and development of recyclable materials for discussion of next-generation ATMs.</li> </ul>
	Change in raw material costs	
	Change in market	<p>Change in energy costs</p> <ul style="list-style-type: none"> <li>To maintain an appropriate level of cash stored in ATMs, the usage patterns of each individual ATM are currently analyzed using AI technology and the timing of funds needing to be replenished is forecasted. Based on the information, optimal cash transportation routes and the frequency are determined in cooperation with a guarded money transport company. This enables efficient operation considering transportation-related energy consumption and CO<sub>2</sub> emissions.</li> <li>Starting in 2022 with a data center which is powered by electricity solely from renewable sources, as well as a cloud storage service based on sustainable concerns, we are addressing future changes in energy costs, aiming to achieve complete zero emissions of CO<sub>2</sub> by 2025.</li> </ul>
<b>Physical risk</b>	Acute	<p>Frequent and intensified extreme weather events</p> <ul style="list-style-type: none"> <li>Although we established a structure to ensure business continuity traditionally by having our system bases in eastern and western Japan, in 2021, most core systems were transferred to cloud storage. In cooperation with our business partners, we continue to duplicate our systems and operate them alternately from our sites in eastern Japan and western Japan. At the same time, we have also stepped-up measures for early recovery in the event of failure, which includes rapid fault isolation and enhancing the remote maintenance environment.</li> <li>We take measures against blackouts due to disaster by installing an uninterruptible power supply (UPS) on the ATM itself.</li> <li>To minimize damage caused by natural disasters, we have established a system with Seven-Eleven to cooperate with the store management teams in the disaster area in advance and utilize the store information sharing system "7VIEW" to grasp the situation in real time and take early action.</li> </ul>
	Chronic	<p>Rise in average temperature</p> <ul style="list-style-type: none"> <li>Promoting casual office attire and reducing power consumption by heating and cooling equipment</li> </ul>

## Opportunity

Type	Assessment item	Major initiatives
Opportunity	Product and services	<ul style="list-style-type: none"> <li>Since the initial stage of development, the fourth-generation ATM model released in 2019 aimed to not only improve features and performance but also to contribute even better to society and the environment so as to meet broader customers' and social needs. We successfully reduced power consumption by 40% in cooperation with our business partners through reconsideration of ATM circuit design and thorough selection of low power consumption parts. Currently, the fourth-generation ATMs are being gradually introduced nationwide and, replacing third-generation ATMs leads to reduced CO<sub>2</sub> emissions.</li> </ul>
	Market	<ul style="list-style-type: none"> <li>Need for cash in ordinary times/emergency situations</li> <li>Assuming an increase of ATM replacements by financial institutions to minimize damages to bank branches and ATMs due to natural disasters, we strive for enhancing ATM services as a social infrastructure.</li> <li>In the event of a large-scale disaster that disables ATM operations over a wide area, we will dispatch mobile ATM vehicles to help the affected communities through the provision of settlement infrastructure.</li> </ul>

## Risk Management

The Seven Bank Group incorporated climate change risks into the company-wide risk management system as part of the process of identifying and managing climate-related risks, as the section on the overall risk management policy in the “Basic Policy on Risk Control” requires the Bank to practice agile risk management by responding immediately to changes in the external and internal environment based on risk assessment results and monitoring.

Meanwhile, with regard to opportunities, the Sustainability Committee holds regular hearings on the status of efforts in each business unit to “reduce environmental impact,” which has been one of the priority issues up to now, and is strengthening cooperation with related divisions on further efforts to make ATMs more environmentally-friendly. We also cooperate with our business partners related to the ATM business and started discussions about establishing a sustainable ATM network.

## Indicators and Target

Seven Bank is making strong efforts to reduce environmental loads, working toward achieving the target of “substantially no CO<sub>2</sub> emissions associated with store operations” set in Seven & i Group’s environmental declaration “GREEN CHALLENGE 2050,” and calculate annual CO<sub>2</sub> emissions volume in order to quantitatively understand environment loads. The CO<sub>2</sub> emissions of the four dedicated offices of the Bank and three directly-managed Seven Bank ATM locations are shown on the right.

Taking into consideration expanding scope of our efforts to include consolidated subsidiaries in the future and enhancing cooperation with business partners for Scope 3, we plan to increase our efforts to reduce CO<sub>2</sub> emissions.

[Scope]

- Four offices: Chiyoda-ku, Tokyo, Sumida-ku, Tokyo, Yokohama City, Kanagawa Prefecture, Toyonaka City, Osaka Prefecture
- Three directly-managed Seven Bank ATM locations: Shinjuku-ku, Tokyo, Minato-ku, Tokyo, Osaka City, Osaka Prefecture

		(t-CO <sub>2</sub> )		
		2020	2021	2022
Scope 1+2	Indirect emissions from the use of electricity, heat, etc. supplied by others	638	596	663**
Scope 3	Categories 1, 5, 6, 7, 12, 13 and other**	20,630	17,293	17,787

\*1 CO<sub>2</sub> emissions from the use of steam, hot water, and chilled water is included starting FY2022

\*\*2 The category of other mainly includes CO<sub>2</sub> emissions from the use of electricity by employees at home

# Responses to Environmental Issues

## Environmentally-friendly ATMs

### Fourth-generation ATMs with Smaller Energy Consumption

The fourth-generation ATMs released in 2019 reduce power consumption by 40% compared to the third-generation ATMs. This was enabled by not only enhancing functions and performance when developing new ATMs but also by aiming to increase contribution to the society and environment. In order to aim for future ATMs which ensure sustainability while adopting highly functional components such as a reader for facial recognition and Individual Number Cards, we are also striving to reduce the environmental burden in ATM development through reconsideration of ATM circuit design and thorough selection of low power-consumption parts in cooperation with our business partners.



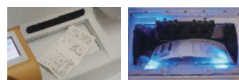
As the introduction of the fourth-generation ATMs with lower power consumption progresses nationwide, CO<sub>2</sub> consumption from all ATMs was reduced by about 20% compared to the result at the end of FY2019.

### Reducing Environmental Burden through Reduction of ATM Slip Waste

Seven Bank ATMs reduce the use of paper by reduction of ATM slip waste and CO<sub>2</sub> emissions by reduction of number of times vehicles are dispatched. In addition to providing buttons to allow customers to choose whether to print a slip upon each transaction, we have eliminated slips which were automatically printed in the event of a PIN error or an insufficient account balance starting in FY2021. We successfully reduced the environmental burden across the whole supply chain. The results in FY2023 show the number of ATM slip being reduced by approximately 20 million annually and the number of times vehicle dispatched due to ATMs running out of slip paper being reduced by 60% compared to the results before the introduction of the mandatory non-issuance (FY2020).

#### Benefits of reducing ATM slip issuance

- 1 Reduces paper use
- 2 Reduces the frequency of roll replacement
- 3 Reduces the number of vehicle dispatches due to ATM troubles
- 4 Reduces litter to improve customer experience



Slips left on the ATM can cause machine trouble



### Reuse ATMs in Cooperation with NEC

Seven Bank and NEC Corporation (hereinafter NEC) jointly engage in the reuse of ATMs, striving for the effective use of resources. Seven Bank ATMs are built with recycled materials from the design stage and are designed to allow replacement of individual parts and maintenance in the event of a malfunction. NEC collects ATMs which were removed due to renovation and closures of stores, thoroughly cleans the sensors and the interior, and conducts performance checks. This enables the reuse of ATMs. Through these efforts, a total of more than 13,000 ATMs have been reused. We also reuse some ATMs as parts. ATMs considered unrecyclable due to aging are recycled as resources through recycling business operators. We achieve a recycling rate of approximately 100% for ATMs through these initiatives, enabling sustainable ATMs.



