

## Message from an Outside Director



### Keiji Watanabe

#### Career Summary

- 1975 Entered Price Waterhouse (Currently, PricewaterhouseCoopers Aarata)
- 1987 Partner of Aoyama Audit Corporation (Currently, PricewaterhouseCoopers Aarata)
- 1995 Entered Deloitte Touche Tohmatsu (Currently, Deloitte Touche Tohmatsu LLC)
- 1996 Partner of Deloitte Touche Tohmatsu (Retired in June 2008)
- 2000 Outside Director of Ichiyoshi Securities Co., Ltd.
- 2003 Deloitte Touche Tohmatsu Global Middle Market Leader (Retired in June 2009)
- 2010 Outside Director of the Company (Current position)

#### The Role of Outside Directors and Objectives of Corporate Governance

For many years, I have worked at audit corporations, and during that time I observed the internal control frameworks of various companies for nearly four decades in my capacity as an accountant. I would like to utilize that experience to help strengthen the SBI Group's internal controls, and have repeatedly stated at the Board of Directors meetings that it is precisely because of the Group's current rapid growth that internal controls and complementary auditing systems (internal and external) are important.

Broadly speaking, corporate governance entails two primary objectives. The first is the prevention of misconduct, and the other is to increase profitability. The process of achieving these two objectives may be termed corporate governance.

To ensure that corporate governance functions properly, SBI Holdings has introduced an executive officer system that segregates the Board of Directors, which is the management decision-making and oversight organization, from the business execution arm. Also, the Company has adopted an outside director and outside statutory auditor system, putting in place a framework for the monitoring and auditing of management from an outside perspective. Furthermore, an internal control system has been introduced to mitigate risks, such as the risk of illegal acts or breach of trust. I believe that with the adoption of these three governance mechanisms, the status of implementation of corporate governance at SBI Holdings is at an extremely high level.

We who serve as outside directors within this governance framework engage in three high-priority tasks as members of the Board of Directors, while maintaining our independence. They are to increase transparency in management's decision making, to ensure the effectiveness of business execution and to strengthen the oversight of business execution. I am confident that such awareness and action on the part of the outside directors will contribute to the strengthening of corporate governance.

#### Characteristics of SBI Holdings' Board Meetings

I serve as an outside director at other listed companies, and one distinctive characteristic of SBI Holdings is the youthful average age of the corporate officers. Although externally there may be the strong image of CEO Kitao driving growth with his firm leadership, in fact he intrepidly delegates work to young corporate officers and executives. At board meetings, CEO Kitao does not explain everything, but each director in charge of individual projects provides detailed explanations. On the other hand, at every board meeting, CEO Kitao discusses the future direction of the Group in great detail. This is another distinctive characteristic of SBI Holdings, as compared to other companies.

In addition, it can be said that another distinctive characteristic of SBI Holdings is that the six outside directors have completely different backgrounds and areas of expertise, and therefore are individually able to express opinions from a diversity of perspectives.

#### Accountability and Disclosure

For the SBI Group, which has reached a new growth stage and aspires to become the "World's SBI," in addition to internal controls and auditing systems, accountability and disclosure are becoming more important. As the Group's businesses and its sphere of activity spread around the world, from the shareholders to the employees, as well as the business partners and local communities, all stakeholders involved will become more and more internationalized.

SBI Holdings adopted the International Financial Reporting Standards (IFRSs) in the fiscal year ended March 31, 2013. Under IFRSs, which is a global accounting standard, quarterly disclosure of financial information ensures that SBI Holdings will fully demonstrate its accountability to its stakeholders. I firmly believe that the adoption of IFRSs is a major step forward for the SBI Group's global strategy.