

Strengthening and Enhancing the Management Base to Support Sustainable Growth

Results of Main Efforts for FY2021

Number of Ordinary Board of Directors' meetings held per year	13
Average attendance rate at Board of Directors' meetings for Independent Outside Directors	100%
Average attendance rate at Board of Directors' meetings for Outside Statutory Auditors	100%
Number of Board of Statutory Auditors' meetings	15
Average attendance rate at Board of Statutory Auditors' meetings for Outside Statutory Auditors	100%

Major Items Discussed at the Board of Directors

- Application for selection of new market segments
- Tender offer for shares of Shinsei Bank, Limited by SBI Regional Bank Holdings Co., Ltd.
- Establishment of the Sustainability Committee
- Establishment and revision of policies in accordance with the amendment of the Corporate Governance Code
- New structure for Representative Directors and change in management and responsibilities

Basic View Toward Corporate Governance

A company's stakeholders include consumers, business partners, and the community at large, in addition to customers, shareholders, and investors. The SBI Group keenly recognizes the social nature of companies, contributes to the preservation and development of society, and uncompromisingly engages in customer-oriented businesses in accordance with the "Customer-centric Principle," which is the Group's core management principle. The Group also considers it essential to obtain public trust during the course of business activities and is working to ensure transparency and fairness in its decision-making, and to establish an organizational structure capable of promptly responding to changes in the business environment, as well as to enhance appropriate corporate governance to increase corporate value.

Corporate Governance Principles Based on the Corporate Governance Code

<https://www.sbigroup.co.jp/english/sustainability/governance/policy.html>

Corporate Governance System

The Company has selected an organizational structure with a board of statutory auditors and consequently established a Board of Directors and Board of Statutory Auditors. The Company's Board of Directors, consisting of 14 Directors, with 7 Independent Outside Directors (as of July 27, 2022), is strengthening its oversight of the appropriateness of the Company's management. The Board of Directors meets once a month, in principle, to decide important matters and to oversee the status of business execution. In addition to Executive Directors including the President, Senior Executive Vice Presidents, and Senior Managing Directors, 11 Executive Officers with expertise and insight aligned with the Directors are in charge of business execution. The Company clearly defines the functions and responsibilities of the Executive Directors, Executive Officers, and the Board of Directors, and has put in place an organizational structure capable of promptly and flexibly responding to sudden changes in the business environment.

Statutory Auditors are responsible for establishing a solid corporate governance system worthy of public trust, by means including auditing the Directors' performance of duties. Statutory Auditors ensure collaboration with Outside Directors and Accounting Auditors and endeavor to realize a more effective corporate governance system.

The Board of Directors and the Board of Statutory Auditors are composed of diverse individuals, irrespective of race, nationality, gender, etc., who possess a high level of expertise and will contribute to the strengthening of the Company's corporate governance system. [▶ P42](#)

Overview of Organization (As of July 27, 2022)

Configuration	Company with Board of Statutory Auditors
Number of Directors (Independent Outside Directors)	14 (7)
Term of office of Directors	1 year
Average age of Directors	57.5
Number of Statutory Auditors (Outside Statutory Auditors)	4 (2)
Number of Directors registered as Independent Executives	9
Number of Management Advisory Committee members (Independent Outside Directors)	8 (7)
Involvement of Independent Outside Directors in compensation decisions (Yes/No)	Yes

Improving the Effectiveness of the Board of Directors

1. Method of Analysis and Evaluation

From February to March 2022, the Company conducted a self-assessment for all Directors and Statutory Auditors

Items Included in Evaluation of Effectiveness

- Structure and composition of organizations such as the Board of Directors
- Operation of the Board of Directors
- Agenda, deliberation, and decision-making of the Board of Directors
- Supervisory system of the Board of Directors
- Relationships with shareholders and other stakeholders
- Other
- Self-evaluation

regarding the effectiveness of the Board of Directors. The Company analyzed and evaluated the effectiveness of the Board of Directors, based on the results of the self-assessment, as well as the discussions at the Board of Directors meeting held in March 2022.

2. Overview of Results of the Analysis/Evaluation

The evaluation found the Board of Directors to be sufficiently effective and to be effectively carrying out its function as a business execution and monitoring organization.

On the other hand, the evaluation noted that in order to further improve the effectiveness of the Board of Directors, it is critical to prepare a robust compliance and risk management system across the Group, owing to the Company's speed of growth and business diversification. In addition, there was a meaningful exchange of views regarding the necessity of considering ESG and the SDGs in management.

The Board of Directors is continuing to strengthen its effectiveness based on the above results of this analysis and evaluation and will ensure that it contributes to the increase of sustainable corporate value.

Director Training

The Company maintains a training environment in which each Director and Statutory Auditor can acquire and update the knowledge required of management. In FY2021, the Company

invited Shigehiko Mori, Managing Director of Deloitte Touche Tohmatsu LLC, to participate in November for training regarding TCFD and ESG disclosure.

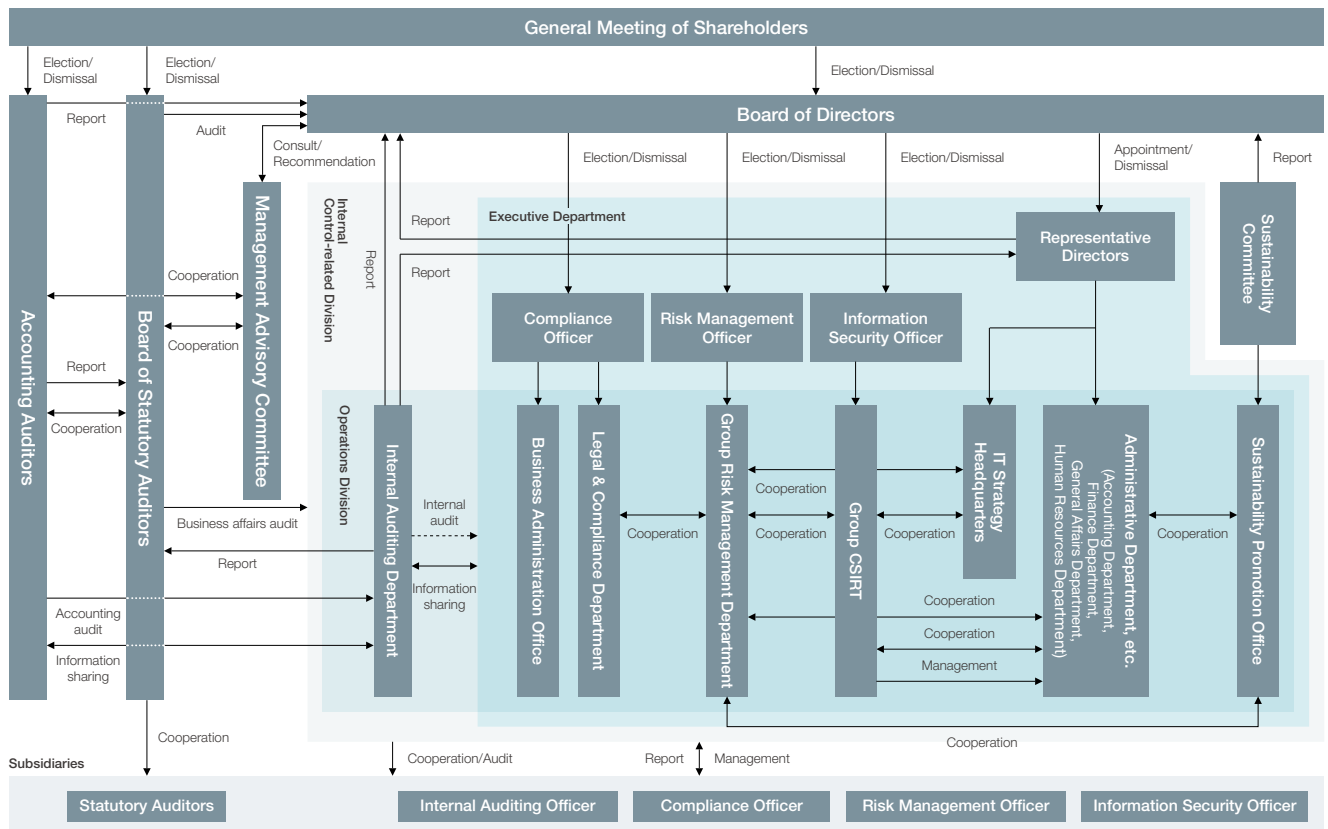
Key Themes Discussed During the Director Training

- Amendment of Corporate Governance Code
- Main points in the response toward TCFD
- Analysis of the ESG assessments toward the Company
- Regulations in Japan and overseas



Attendees of director training

Outline of Corporate Governance Structure



Board of Directors and Statutory Auditors (As of July 27, 2022)

Directors

① Attendance at Board Meetings ② Number of Company's shares owned ③ Main areas of expertise ④ Reasons for selection

Name/Position	Principal responsibilities and concurrent offices held	Other information
<p>Yoshitaka Kitao</p>  <p>Representative Director, Chairman, President & CEO</p>	<p>Representative Director, Chairman and President of SBI Investment Co., Ltd. Representative Director and Chairman of SBI SECURITIES Co., Ltd. Representative Director & President of SBI Pharmaceuticals Co., Ltd. Director of SBI VC Trade Co., Ltd. Representative Director & Chairman of SBI Digital Asset Holdings Co., Ltd. Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. Representative Director & President of SBI Capital Management Co., Ltd. Representative Director & President of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Representative Director & President of Regional Revitalization Partners Co., Ltd.</p>	<p>①13/13 ②4,007,960 ③General management (financial assets and biotechnology) ④Mr. Yoshitaka Kitao has demonstrated excellent management capabilities as Representative Director, President & CEO since the Company's establishment, building a financial conglomerate focused on Internet-based financial services for the Financial Services Business, which covers a broad range of business activities including securities brokerage business, banking services business, insurance business, and a wide range of financial services businesses. He has also helped establish a strong business foundation for the SBI Group by leading the Asset Management Business and the Biotechnology, Healthcare & Medical Informatics Business in Japan and abroad.</p>
<p>Masato Takamura</p>  <p>Representative Director, Senior Executive Vice President & COO</p>	<p>Representative Director and President of SBI SECURITIES Co., Ltd. Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of Rheos Capital Works Inc. Outside Director of ASCOT Corp. Director of The Global Ltd. Outside Director of ALBERT Inc.</p>	<p>①13/13 ②310,000 ③General management (financial assets) ④Mr. Masato Takamura has served as Representative Director and President of SBI SECURITIES Co., Ltd., and has greatly contributed to the growth of the securities businesses and has a wealth of experience and broad knowledge as a manager. In addition, he has been responsible for the Financial Services Business as Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. since June 2018.</p>
<p>Takashi Nakagawa</p>  <p>Director, Senior Executive Vice President</p>	<p>Representative Director and President of SBI Wellness Bank Co., Ltd. Director of SBI Investment KOREA Co., Ltd.</p>	<p>①13/13 ②292,000 ③General management (financial assets) ④Mr. Takashi Nakagawa has served successively in important positions such as Representative Director of SBI Investment Co., Ltd. and Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd., in the Asset Management Business and Financial Services Business, which are core businesses of the SBI Group, and has broad knowledge and a wealth of experience in general managerial issues. In addition, he is responsible for operations focused on the planning and promotion of human resources throughout the SBI Group, as an officer in charge of human resources and general affairs.</p>
<p>Tomoya Asakura</p>  <p>Director, Senior Executive Vice President</p>	<p>Representative Director & President of Morningstar Japan K.K. Representative Director of SBI ASSET MANAGEMENT GROUP Co., Ltd. Director of SBI Asset Management Co., Ltd. Director of SBI Sumishin Net Bank, Ltd. Director of SBI Insurance Group Co., Ltd.</p>	<p>① — ②285,000 ③General management (financial assets) ④At the Asset Management Business, a core business of the SBI Group, Mr. Tomoya Asakura, who has served as Representative Director & President of Morningstar Japan K.K. and Representative Director of SBI ASSET MANAGEMENT GROUP Co., Ltd., has greatly contributed to growth in all aspects of asset management, including the information service business and the investment management business, and has a wealth of experience and broad knowledge as a manager.</p>
<p>Shumpei Morita</p>  <p>Senior Managing Director</p>	<p>Representative Director of SBI Regional Bank Holdings Co., Ltd. Outside Director of The Shimane Bank, Ltd. Director of SBI SAVINGS BANK Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of SBI Business Solutions Co., Ltd. Director of SBI Security Solutions Co., Ltd. Director of SBI Art Auction Co., Ltd. Director of SBINFT Co., Ltd.</p>	<p>①13/13 ②70,000 ③Finance and accounting ④After his appointment as a Director of the Company, Mr. Shumpei Morita provided support in relation to the accounting and financial aspects of the SBI Group's management strategy as CFO from October 2011. In addition to a highly ethical outlook, he possesses considerable professional knowledge regarding finance and accounting as a certified public accountant. Furthermore, as Representative Director of SBI Regional Bank Holdings Co., Ltd., he works on regional revitalization and value enhancement for regional financial institutions, in which SBI Regional Bank Holdings Co., Ltd. has invested.</p>
<p>Satoe Kusakabe</p>  <p>Managing Director</p>	<p>Managing Director and in charge of Risk Management Department of SBI SECURITIES Co., Ltd. Director of SBI VC Trade Co., Ltd. Director of Japannext Co., Ltd.</p>	<p>①13/13 ②2,000 ③Internal control, legal affairs and compliance ④Ms. Satoe Kusakabe has been engaged in corporate internal control and audit-related tasks as a certified public accountant and has a wealth of experience in that field. In addition, she has conducted duties mainly in the audit and risk management departments at the Company, as well as at SBI SECURITIES Co., Ltd. With the importance of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) on the rise, it can be expected that she will utilize her wealth of experience in the field to further strengthen and enhance the SBI Group's risk management function.</p>
<p>Masayuki Yamada</p>  <p>Director</p>	<p>Statutory Auditor of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Director of SBI Capital Management Co., Ltd.</p>	<p>①13/13 ②14,030 ③Internal control, legal affairs and compliance ④Mr. Masayuki Yamada has served as an officer in charge of legal affairs and compliance in the SBI Group as an attorney at law admitted to the New York Bar (U.S.), and has a wealth of practical experience and a highly ethical outlook.</p>

Policy and Procedures concerning the Nomination of Director Candidates and Statutory Auditors

Please refer to the "Basic Policy on the Governance System" III-1-(3) and III-2-(3) on our Company website.
<https://www.sbigroup.co.jp/english/sustainability/governance/policy.html>

Independent Outside Directors

① Attendance at Board Meetings ② Number of Company's shares owned ③ Main areas of expertise ④ Reasons for selection

Name/Position	Principal responsibilities and concurrent offices held	Other information
Teruhide Sato Independent Outside Director	Director of BEENEXT PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD. Director of Sen Do Technology Joint Stock Company	①13/13 ②2,820 ③General management (advanced technology), overseas experience ④Mr. Teruhide Sato participated in launching CyberCash K.K. (currently, DG Financial Technology, Inc.) in Japan and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.), and has a wealth of experience and extensive knowledge, particularly in relation to Internet businesses in Asia.
Heizo Takenaka Independent Outside Director	Chairman and Director of Pasona Group Inc. Director of 3DOM Alliance Inc. Outside Director of MAYA SYSTEM Inc. Director of XICA CO., LTD. President of Academy Hills Emeritus Professor at Keio University	①13/13 ②— ③General management (financial assets), finance and accounting ④Mr. Heizo Takenaka has served successively as the Minister of State for Economic and Fiscal Policy, the Minister of State for Financial Services, the Minister of State for Internal Affairs and Communications, and in other posts and teaching at Keio University, while also serving as an outside director in private companies.
Yasuhiro Suzuki Independent Outside Director	Representative Director and President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association Visiting Professor at Joho Keiei Innovation Senmonshoku Daigaku	①13/13 ②— ③General management (advanced technology) ④Mr. Yasuhiro Suzuki has served successively as Representative Director and President of Seven & i Netmedia Co., Ltd., Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd., and in other posts, and has a wealth of experience in a wide range of fields, including Internet businesses.
Hiroshi Ito Independent Outside Director	Advisor of SBI Insurance Group Co., Ltd	①13/13 ②— ③General management (financial assets), risk management ④Mr. Hiroshi Ito has served successively in important positions such as Representative Director of Marsh Japan, Inc., which is a global-leading company that provides services related to insurance and risk management, and has expert knowledge in insurance fields that the SBI Group focuses on.
Kanae Takeuchi Independent Outside Director	Freelance Announcer Outside Director of dip Corporation	①13/13 ②— ③Public relations ④One of the Company's most important challenges is to ensure that the Board of Directors heeds women's perspectives and strengthens its approach in this regard. Moreover, Ms. Kanae Takeuchi has played active roles, both in the past and presently, particularly in the media, and is well-suited to reflect the opinions of the stakeholders of the Company, including many individual shareholders, at Board meetings.
Junichi Fukuda Independent Outside Director	Commissioned Lecturer at SBI Graduate School Lawyer at Uryu & Itoga LPC Special advisor	①11/11 ②— ③Finance ④Mr. Junichi Fukuda has served successively as Vice-Minister of Finance and has extensive experience in the field of finance. He can be expected to bring constructive opinions to the SBI Group's financial business in general, especially in the fields of regional revitalization and expanding cooperation with regional financial institutions.
Hiroyuki Suematsu Independent Outside Director	Professor at the Tokyo NODAI Research Institute of Tokyo University of Agriculture Outside Director (Audit & Supervisory Committee member) of TRE HOLDINGS CORPORATION Outside Director (Audit & Supervisory Committee member) of Nexyz Group Corporation	①11/11 ②— ③Agriculture, forestry and fisheries, and the food industry ④Mr. Hiroyuki Suematsu has successively served as Vice-Minister of Agriculture, Forestry and Fisheries and has extensive experience in agriculture, forestry and fisheries industry, and the food industries. He can be expected to bring constructive opinions to the SBI Group in many fields including the use of supply chain management with blockchains and operating the Osaka Dojima Exchange, Inc., which handles commodities futures.

Statutory Auditors

① Attendance at Board Meetings/Attendance at Statutory Auditor Meetings
 ② Number of Company's shares owned ③ Main areas of expertise ④ Reasons for selection

Name/Position	Principal responsibilities and concurrent offices held	Other information
Toru Ichikawa Outside Standing Statutory Auditor	Outside Statutory Auditor of The Shimane Bank, Ltd.	①13/13·15/15 ②1,000 ③Finance and accounting, internal control, legal affairs and compliance ④Mr. Toru Ichikawa has served successively as chief inspector of the Financial Services Agency and has extensive experience in the financial field.
Minoru Tada Statutory Auditor	Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI NEO MOBILE SECURITIES Co., Ltd.	①13/13·15/15 ②26,510 ③Internal control, legal affairs and compliance ④Mr. Minoru Tada has many years of experience in financial institutions and possesses expertise as an auditor of the Company and Group companies.
Yasuo Sekiguchi Outside Statutory Auditor	Managing Director of Global Partners Consulting, Inc.	①13/13·15/15 ②— ③Finance and accounting, overseas experience ④Mr. Yasuo Sekiguchi is qualified as a Certified Public Accountant and Certified Tax Accountant and has a considerable degree of knowledge regarding finance and accounting.
Akemi Mochizuki Statutory Auditor	Member of AKAHOSHI AUDIT CORPORATION Outside Director and Audit and Supervisory Committee member of TSUMURA & CO. Outside Statutory Auditor of Asahi Kasei Corporation	①— ②— ③Finance and accounting ④Ms. Akemi Mochizuki has a wealth of experience and a high level of knowledge as a certified public accountant over many years, as well as a high degree of professional knowledge and a wealth of experience regarding finance and accounting, in addition to auditing of companies.

Note: The number of shares owned is as of March 31, 2022.

Non-financial Activities

Skills Matrix for Directors

Position	Name	Management/ Business Strategy	Industry Experience in Key Businesses	Global Experience	Technology	Academic Background	Finance/ Accounting	Legal affairs/ Compliance	Sustainability (ESG/Risk Management)
Representative Director, Chairman, President & CEO	Yoshitaka Kitao	●	●	●		●	●		
Representative Director, Senior Executive Vice President & COO	Masato Takamura	●	●						
Director, Senior Executive Vice President	Takashi Nakagawa	●	●						●
Director, Senior Executive Vice President	Tomoya Asakura	●	●	●					
Senior Managing Director	Shumpei Morita	●	●				●		
Managing Director	Satoe Kusakabe		●				●		●
Director	Masayuki Yamada			●				●	
Independent Outside Director	Teruhide Sato	●	●	●	●				
Independent Outside Director	Heizo Takenaka	●	●	●		●			●
Independent Outside Director	Yasuhiro Suzuki	●			●				
Independent Outside Director	Hiroshi Ito	●	●	●					●
Independent Outside Director	Kanae Takeuchi			●					●
Independent Outside Director	Junichi Fukuda		●	●		●	●	●	
Independent Outside Director	Hiroyuki Suematsu		●			●			●

Messages from the Independent Outside Directors



During This Era of Major Change, Overall and Individual Strategies are Important

Teruhide Sato

Major changes will likely continue because of environmental changes that accompany advances in technology, with new business risks arising from geopolitical issues, and new customer requirements stemming from population dynamics and the macro-economy. I believe that the SBI Group always proposes and executes strategies that treat such changes as opportunities, but as the number of companies in the Group increases, it will become increasingly necessary for the Board of Directors to further discuss short-, medium-, and long-term strategies for each business area, in addition to the overall strategy.

Expectations for Strong Leadership and Synergies from Diversity

Heizo Takenaka

I feel that the current composition of the Board of Directors is an appropriate one. However, going forward, an increase in female Directors in both management and business strategy, as well as Directors with expertise concerning the environment and climate change would start influencing Board deliberations and have an impact there. The extent to which diversity is pursued toward improving medium- to long-term corporate value depends on the nature of the Board of Directors. However, based on the strong leadership of President Kitao, I believe that, by being aware of diversity as much as possible, synergies with strong leadership will be generated.





Developing Technology Talent for Further Growth

Yasuhiro Suzuki

As one of the new social trends, the advent of digital society is upon us, and technology is becoming an increasingly important issue for the SBI Group. The Group's management focuses on value creation with digital technology at its core, and I believe that we will be better prepared for this challenge as more members on the Board of Directors become more deeply knowledgeable about technology. At future Board meetings, I would like to deepen discussions on the development of human resources who understand digital technology and can apply it to the business.

Expecting Measures Adapted to the Importance of Greater Human Talent

Hiroshi Ito

Going forward, the economic situation in Japan is expected to remain sluggish due to population decline and stagnant business activities. In light of these conditions, our future challenges may include initiatives for new businesses in each segment and the development of both human resources and organizations with an eye toward overseas expansion. Recently, there has been an increased focus on the importance of human capital. I believe that more in-depth discussions are needed at the management level in the Group for cases such as employee engagement and inclusion, and the method of enhancing corporate value by strengthening human resource strategies. As these strategies are carried out, I would like to fulfill my duties as an Independent Outside Director and ensure that implementation of these programs are properly managed.



ESG Initiatives Based on Changes in Social Conditions

Kanae Takeuchi

The Management Advisory Committee has been discussing ways to address ESG and SDGs initiatives that fit the unique character of the Group. It is also exchanging views on matters including implementing initiatives through proactive information disclosure and investment, as well as reducing environmental impact. Drafted in December 2021, the SBI Group's Materiality contains policies that are continuously revised based on changes in social conditions. Preferably, they should be reaffirmed through on-going discussion as needed at the Management Advisory Committee.

Management of the Board of Directors Adapted to the Growth Phase of the Company

Junichi Fukuda

In order for the SBI Group to gain the trust of our stakeholders, it is important that we achieve sustainable growth and that our investment decisions are made appropriately and promptly. I believe the current Board of Directors is well positioned to respond fully to these requests. While observing the Corporate Governance Code, we look forward to the operation of a Board of Directors that forms the foundation for raising medium- to long-term corporate value. This would be done by maintaining a system that facilitates flexible decision-making in light of the SBI Group's growth phase and the conditions of these times.



Using the Skills Matrix to Improve the Quality of Board Meetings

Hiroyuki Suematsu

The SBI Group of the future will be asked to contribute to regional revitalization and the resolution of social issues, as well as make progress together with its stakeholders. From this perspective, in addition to having finance specialists who come from within the Company, I believe it is also important to move toward having a Board consisting of members with knowledge of regional development and business from a consumer's perspective. Because of this and the management strategy, we must regularly revise the skills matrix to accurately reflect the Board of Directors and to improve the quality of the Board of Directors.

Non-financial Activities

Independent Outside Directors

Name	Reasons for Appointment	Attendance at Board of Directors' meetings
Teruhide Sato	Mr. Teruhide Sato participated in launching CyberCash K.K. (currently, DG Financial Technology, Inc.) in Japan and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.). He has a wealth of experience and extensive knowledge, particularly in relation to Internet businesses in Asia.	13/13 (100%)
Heizo Takenaka	Mr. Heizo Takenaka successively served as the Minister of State for Economic and Fiscal Policy, the Minister of State for Financial Services, the Minister of State for Internal Affairs and Communications, and in other posts, and is teaching at Keio University while also serving as an outside director in private companies.	13/13 (100%)
Yasuhiro Suzuki	Mr. Yasuhiro Suzuki successively served as Representative Director and President of Seven & i Netmedia Co., Ltd., Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd., and in other posts, and has a wealth of experience in a wide range of fields, including Internet businesses.	13/13 (100%)
Hiroshi Ito	Mr. Hiroshi Ito successively served in important positions such as Representative Director of Marsh Japan, Inc., which is a globally leading company that provides services related to insurance and risk management and is a subject matter expert in insurance fields, an area on which the SBI Group focuses.	13/13 (100%)
Kanae Takeuchi	One of the Company's most important challenges is to ensure that the Board of Directors heeds women's perspectives and strengthens its approach in this regard. Ms. Kanae Takeuchi has played active roles both in the past and presently and is well-suited particularly in the area of media to reflect the opinions of stakeholders of the Company, including individual shareholders, at Board of Directors' meetings.	13/13 (100%)
Junichi Fukuda	Mr. Junichi Fukuda successively served as Vice Minister of Finance and has extensive experience in the field of finance. He can be expected to bring constructive opinions to the SBI Group's financial business in general, especially in the fields of regional revitalization and expanding cooperation with regional financial institutions.	11/11 (100%)
Hiroyuki Suematsu	Mr. Hiroyuki Suematsu successively served as Vice Minister of Agriculture, Forestry and Fisheries and has extensive experience in agriculture, forestry and fisheries industry, and the food industries. He can be expected to bring constructive opinions to the SBI Group in many fields including the use of supply chain management with blockchains and operating the Osaka Dojima Exchange, Inc., which handles commodities futures.	11/11 (100%)

Management Advisory Committee

The Company is strengthening the supervisory function of the Board of Directors by increasing the transparency of the Company's management from an outside perspective by utilizing the efforts of several Independent Outside Directors. From June 27, 2019, it was decided to further strengthen the Company's supervisory function, to ensure an appropriateness of management through increased management transparency, and that at least one-third of the Board of Directors will be Independent Outside Directors, in accordance with the Company's independence standards. Moreover, it was decided to establish the Management Advisory Committee as the voluntary advisory body to the Board of Directors, and a majority will be Independent Outside Directors.

Similar to the former Outside Director Liaison Committee, this committee will share information and opinions from an objective perspective, while maintaining an environment in which Independent Outside Directors may engage appropriately and actively in discussions of the Board of Directors.

The Committee will further solidify the Company's corporate governance framework, by increasing the objectivity and transparency of Board decisions through appropriate involvement in the Board's functions and deliberation processes, which include the selection of candidate Directors and Statutory Auditors, appointment and dismissal of management executives (President, Senior Executive Vice Presidents, Senior Managing Directors, Managing Directors) and the determination of compensation for Directors, as well as the development of the next generation of management executives.

At the third meeting of the Management Advisory Committee for FY2021, held in September 2021, there was a vigorous discussion on disclosure policies and strategies, particularly with regard to the environmental field within sustainability. As companies will be required to further address sustainability and ESG issues in the future, which is expected to become even more important, opinions were exchanged

on the necessity of developing internal systems and proactively disclosing information.

Members of the Management Advisory Committee (As of July 27, 2022)

Chairman of the Management Advisory Committee	Heizo Takenaka*
Member of the Management Advisory Committee	Teruhide Sato*
Member of the Management Advisory Committee	Yoshitaka Asaeda
Member of the Management Advisory Committee	Yasuhiro Suzuki*
Member of the Management Advisory Committee	Hiroshi Ito*
Member of the Management Advisory Committee	Kanae Takeuchi*
Member of the Management Advisory Committee	Junichi Fukuda*
Member of the Management Advisory Committee	Hiroyuki Suematsu*

* Independent Outside Directors of the Company

Compensation for Directors

In principle, the compensation for Directors is decided by the Board of Directors within the total compensation amount approved at the General Meeting of Shareholders after receiving feedback from the Management Advisory Committee, in order to secure fairness and clarity.

A compensation system that includes restricted stock units was introduced from June 2019 for Directors (excluding Outside Directors), as an incentive to continue to grow corporate value and to further share value with all Group shareholders. The recipient Directors of this system exchange their monetary compensation received as property in kind to receive a specified number of common shares or treasury shares.

Policy on Determining Compensation for Directors

1) The Company established the Management Advisory Committee, the majority of which is composed of Independent Outside Directors, in order to secure fairness and clarity in the processes for determining executive remuneration, etc. The

policy on determining the amount and calculation method of executive remuneration, etc. is to be decided by the Board of Directors after receiving feedback from the Management Advisory Committee. The policy on determining the amount and calculation method of remuneration for Directors for FY2021 was decided by the Board of Directors after receiving a report and feedback from the Management Advisory Committee.

- 2) The amount of remuneration, which is made up of fixed basic remuneration as well as bonuses based on the Company's performance and restricted stock units for each Director (excluding Outside Directors), is decided by the Board of Directors after receiving feedback from the Management Advisory Committee, and is to be within the total remuneration limits approved at the General Meeting of Shareholders. Similarly, the amount of remuneration for each Outside Director, which is made up of fixed basic remuneration and bonuses, is decided by the Board of Directors, and is to be within the total remuneration limit approved at the General Meeting of Shareholders. However, when these decisions have been entrusted to the Representative Directors by the Board of Directors, the Representative Directors will determine the above remuneration matters.

The basic remuneration is paid by monthly monetary remuneration and the amount of basic remuneration for each Director is decided based on the following:

- The maximum amount of employee salary

- The prevailing rate of compensation for directors
- Remuneration paid to executives of the same rank in the past
- The Company's business performance outlook
- The circumstances of assumption of office
- The degree of contribution to the Company's business performance
- Any other factors

In principle, bonuses are paid annually; restricted stock units are paid in a timely manner during the term of office of each Director; and the amounts paid to each Director as bonuses and restricted stock units are decided based on an overall assessment of basic factors, such as their work duties and how they are conducting their work, as well as the business environment, and their overall contribution to the Company. Accordingly, no specific quantitative targets are set.

The ratio of the basic remuneration, bonuses, and restricted stock units are decided appropriately based on the business environment, level of remuneration in other companies, and other factors so that such remuneration acts as an incentive to enhance corporate value.

- 3) Remuneration of Statutory Auditors consists only of fixed basic remuneration, and the amount of remuneration for each Statutory Auditor is decided by consultation with the Statutory Auditors and is to be within the total remuneration limit approved at the General Meeting of Shareholders.

Total Compensation for Directors and Statutory Auditors, Total Compensation by Type, and Number of Corresponding Executives (FY2021)

Executive Classification	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Corresponding Executives
		Basic Compensation	Bonuses	Non-monetary Compensation, etc.	
Directors (Excluding Outside Directors)	1,168	196	582	390	8
Statutory Auditors (Excluding Outside Statutory Auditors)	13	13	—	—	1
Outside Directors and Outside Statutory Auditors	111	101	10	—	9

Basic Policy on Parent and Subsidiary Listings, and Protection of Minority Shareholders

Since the SBI Group has a wide range of business areas, some investors have voiced out the difficulty of understanding the full picture. In response, we are working to make the corporate value of the whole Group more visible by promoting initial public offerings (IPOs) for our subsidiaries to clarify the business value of each operational unit. While increasing the capital procurement capability of each Group company, these IPOs enable strengthening of their financials and to be self-reliant. Meanwhile, to protect minority shareholders, we adhere to the arm's length principle to ensure the fairness and rationality of transactions with each Group company and respect the independence of their management.

Morningstar Japan, which is listed on the Prime Market of the Tokyo Stock Exchange, maintains a basic policy of ensuring that transactions with the SBI Group are objective and apply the same conditions to that with other business associates, using fair market prices, and ensuring transactions are appropriate, as determined by the Board of Directors. Moreover, internal auditing and audits by Statutory Auditors prioritize to

ensure that the conditions of transactions within the Group are determined comparably to general transaction conditions.

Listed on the Standard Market of the Tokyo Stock Exchange, Shinsei Bank has established a Parent Company Transaction Screening Committee, which will facilitate a system for preliminary examination and post-monitoring of transactions involving conflicts of interest between the SBI Group and Shinsei Bank to construct a management system with greater care toward protecting the interest of minority shareholders. The committee is composed of all Independent Outside Directors, and the Statutory Auditors may also attend the meeting and give opinions. In doing so, a system for adequate management of conflicts of interests with the Group is constructed.

SBI Insurance Group, which is listed on the Growth Market of the Tokyo Stock Exchange, maintains a basic policy of ensuring that transactions with the SBI Group are the same appropriate terms and conditions as those for general transactions. When a transaction with the SBI Group is expected, the appropriateness of the conditions of the transaction is discussed at the Board of Directors meetings in advance, to protect the profits of shareholders excluding controlling shareholders.

Enhancing the Internal Control System

The Company believes that in order to enhance its corporate governance, it is important to have an internal control system in place and to conduct business through a sound internal control system. With the goal of enhancing the internal control system, the Representative Director works to ensure that all corporate officers and employees understand that compliance with laws and ethical behavior are essential in realizing the corporate management philosophy and vision.

To identify compliance issues and problems, the Board of Directors has appointed an Officer in charge of compliance, and the Legal and Compliance Department is under the direct control of that individual.

The Company maintains a whistle-blowing system for Directors and employees for direct reporting upon finding violations of laws, regulations, the Articles of Incorporation, or other important compliance-related matters to the independent Internal Auditing Department and Statutory Auditors, who are independent of both executive and management departments.

The Company has established a stringent compliance system of checks and balances across multiple departments to ensure that all processes under business activities comply fully with not only laws and regulations, but also with contracts, agreements, etc. Moreover, the Company conducts regular compliance training, using e-learning and other means, to raise the knowledge and awareness of the employees regarding compliance issues.

In addition, the Officer in charge of compliance and the Compliance Department, in cooperation with those in charge of compliance at each Group company, hold regular meetings to exchange information throughout the Group.

Internal Control

<https://www.sbigroup.co.jp/english/sustainability/governance/internalcontrol.html>

Policy and Status of Strategic Shareholding

The Company acquires and holds the shares of other companies when entering into business alliances or collaborations that are likely to contribute to the SBI Group's business development or to increase the Company's corporate value, and when it can be rationally expected that such collaborations will increase the corporate value of the other company, namely, when it can be expected that profits can be gained in the future by selling those shares. The Board of Directors annually examines the rationality and purpose of holding listed shares for strategic reasons. Specifically, this involves examining qualitatively whether the strategic shareholding contributes to strengthening or maintaining the relationship with the relevant parties, and quantitatively whether the dividend or profit from the business that the relevant parties are involved in is appropriate considering the cost of capital to the Company. The Company will, in principle, sell shares if the rationality of the shareholding cannot be confirmed according to the aforementioned evaluation.

In a certain case where the Company's shares are held by a strategic shareholder, it will not engage in economically unreasonable transactions that are detrimental to the joint corporate and shareholder interests with the relevant company. Moreover,

if the owner of strategic shareholdings in the Company indicates the intention to sell the shares, it is the basic policy of the Company to respond appropriately and not take any action that would obstruct the sale, such as by indicating that business transactions with the holder will be reduced.

As of March 31, 2022 the Company was not engaged in any strategic shareholding. Moreover, in one of the Group's main businesses, the venture capital business, all of the Group-owned shares of startup companies, such as those invested in via venture capital funds, are in principle included as operational investment securities in the Company's Consolidated Financial Statements.

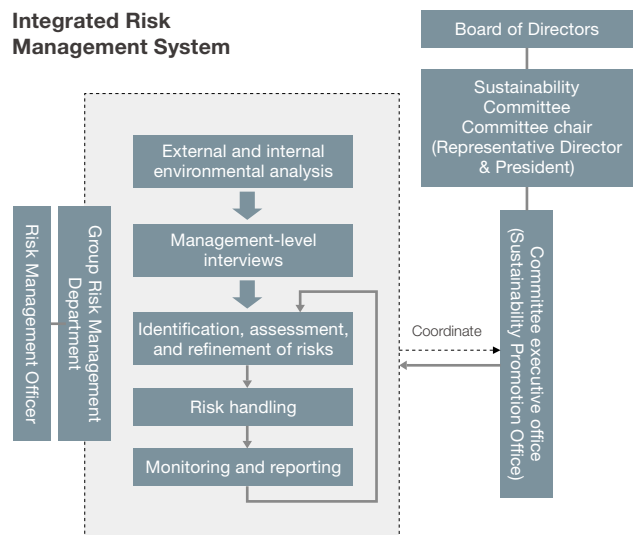
Enhancing the Risk Management System

The SBI Group has business operations spanning the globe focused on financial services. Thus, it has implemented a Risk Management Department and has designated an Officer in charge of risk management to ensure risks capable of inhibiting the Group's business activities are adequately comprehended, evaluated, and managed.

When a management crisis capable of seriously impacting the continued operation of the Company occurs, or has the possibility of occurring, the Officer in charge of risk management will gather and evaluate information, and respond to the crisis, as well as report to applicable organizations and disclose pertinent information.

To handle information management and systemic risks, the SBI Group appointed an Officer responsible for information security in 2018 and established an IT Management Department to promote cross-Group information security measures and conducts Group security self-assessments as part of endeavors to improve and maintain the Group-wide information security level.

Integrated Risk Management System



Risk Management

<https://www.sbigroup.co.jp/english/sustainability/governance/risk.html>

Internal Auditing

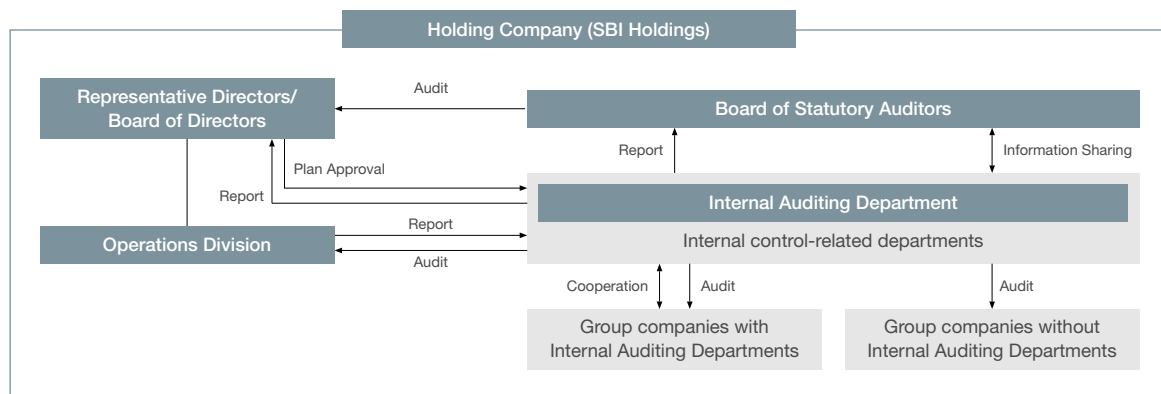
The Internal Auditing Department comprehensively and objectively evaluates the appropriateness of internal management conditions, such as the appropriate operation of internal control systems, compliance, and business operations. The department also makes proposals on and follows up measures to remedy and improve issues found during the auditing process. The results of audits are reported to the Representative Director and Board of Directors without delay after the completion of each audit. Moreover, where necessary, proposals on corrective measures and improvements of issues are made to relevant departments.

In addition, the Internal Auditing Department and the Board of Statutory Auditors cooperate with the department regularly reporting to and exchanging opinions with the Board after each internal audit has been completed, as well as to incorporate the

requests of the Board into its auditing themes and selection of audit targets.

The Internal Auditing Department consists of a general manager and members with expert knowledge of internal auditing, accounting auditing, and internal control, etc., and it conducts audits according to generally accepted internal auditing standards. Auditing targets are grouped according to elements such as capital relationships; then they are given a score according to various types of risks, such as credit risk, market risk, liquidity risk, and operational risk. Based on these results, the frequency of auditing is determined in descending order from the highest-scored target. Internal audits are conducted combining document auditing, interviews, physical inspections, and other methods. In addition to subsidiaries, affiliate companies are also audited when necessary.

Outline of Internal Control Department



Auditor Viewpoints



Minoru Tada
Statutory Auditor

Strengthening Group Governance Through Dialog

In order to perform a proper audit and to comprehend the current state of the SBI Group, with its major presence in the financial sector, we constantly strive to better ourselves by raising our sensitivity to the diversity of information, so that we can attain a higher level of expertise. Our audit activities focus on delivering the current status to management without tempering our views with the intent of building bridges between the worksite and management.

In FY2021, one major auditing theme that was raised is the consideration of IT controls within the SBI Group. In the area of IT controls, we evaluated the IT environment from a business perspective and solicited opinions from local worksites in order to grasp the status of our information security system infrastructure. As a result, we discovered important management resources in the form of people, goods, and money have been heavily invested in IT, where we understand that steady progress is being achieved in upgrading IT controls.

Looking ahead, we are rolling out new flagship financial businesses not seen in the past and showing their presence on a global stage. Moreover, to raise transparency of organizational management from all points of view, we seek to realize management with effective Group governance.



Yasuo Sekiguchi
Outside
Statutory Auditor

Helping to Achieve Credibility as a Cornerstone of Sustainable Growth

I feel that the SBI Group, as a financial conglomerate, is expected to provide one-stop financial services not only in Japan but also overseas in the future. By providing digital assets and other new financial products to customers at an early stage, I also understand that we see ourselves as an entity that can play a role different from other financial institutions.

In the future, it will be vital for the SBI Group to establish trust as the main element behind sustainable growth. For this reason, in FY2021, we focused on: 1) auditing the information security management and systems risk management systems, 2) auditing the system for AML/CFT, 3) auditing our response to address labor risks, 4) auditing our response to address the risk of having overseas sites, and 5) auditing the SBI Group's management system. Because we are Outside Statutory Auditors and not standing auditors, in order to collect information proactively, we hold interviews with Representative Directors and attend important meetings for reports by the financial auditing firm. In addition, we regularly request reports and exchange views with executive officers and general managers.

As the role of Statutory Auditors becomes even more important with the strengthening of corporate governance, we will continue to strive to conduct audits while maintain our independency.