

# The SBI Children's Hope Foundation **PROFILE**

For the Future and Hope of Children





## Dedicated to Giving Children a Brighter Future

Today, child welfare in Japan faces grave challenges as more and more abused children are being placed in children's homes, and thus chronic overcrowding persists with many needy children placed on waiting lists to receive care. Japan's greatest asset for the future is our children, but many are being abused by their parents either physically or mentally, as well as being insufficiently nurtured.

Children, the most vulnerable members of society with no political rights or economic resources, are completely dependent on their parents and thus deserve their love and support. Unfortunately, many children who should be loved by their parents are being abused by them, which is of deep concern for us, as such a situation create a critical problem for child welfare as well as for the future of Japan. If we do not act as quickly as possible, Japan as a society may very well pay an enormous price to itself in the future.

The SBI Children's Hope Foundation was established by the SBI Group as part of its social contribution activities. Our mission is to provide assistance for abused and neglected children.

Prior to the formation of this foundation, the SBI Group was engaged in activities to improve child welfare through the SBI Child Welfare Limited Liability Intermediate Corporation and other channels. These activities led to the conclusion that child welfare can be performed more effectively with the support of individuals and organizations from outside the group. Therefore, the SBI Group established The SBI Children's Hope Foundation.

Children are Japan's greatest human capital. Child welfare is a critical social issue because properly nurturing children is vital to social and economic progress. However, government funding is often inadequate. Making matters worse, there is very little interest in this issue in the private sector.

Owing to this situation, The SBI Children's Hope Foundation has an enormous role to fill. Fortunately, we are able to make full use of the knowledge, experience and relationships gained through the SBI Group's business operations to contribute towards solving child welfare problems as well as making other contributions to society.

Child welfare and other social contributions present a great challenge for our recently established foundation. We will tackle these challenges with a strong sense of commitment to improving child welfare. With this commitment and a focus on doing whatever possible to fulfill our mission, I am confident that the foundation will have many accomplishments in the years to come that will produce meaningful benefits for children's welfare.

Yoshihisa Tabuchi

Chairman  
SBI Children's Hope Foundation

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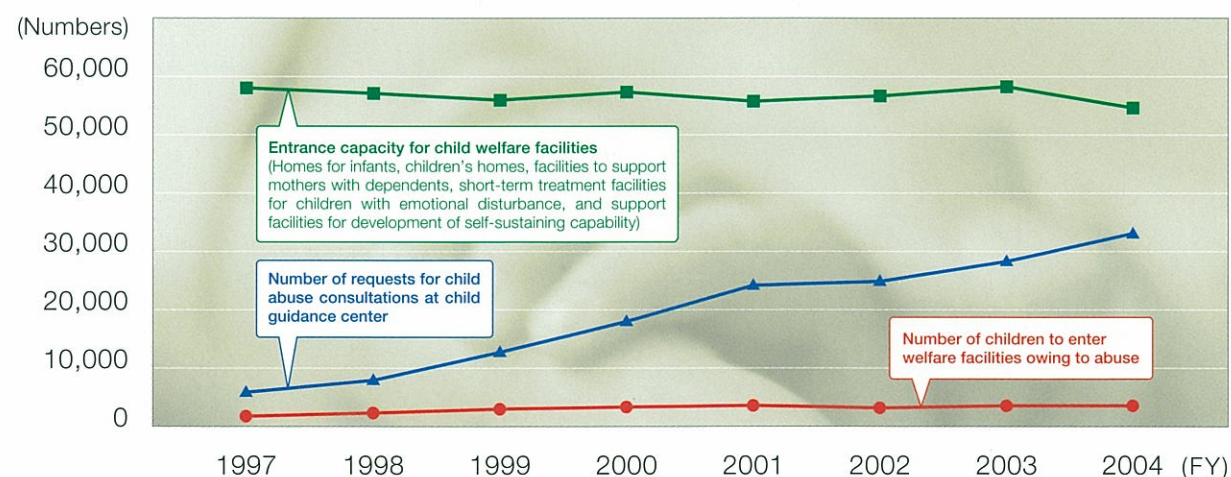
## Child Welfare Today —

### A Shortage of Children's Homes Due to Rapid Growth in Numbers of Abused and Neglected Children

Japan's child welfare is facing serious problems. The number of abused and neglected children is rising year after year. Cases involving abused children increased from 1,101 in 1990 to 34,472 in fiscal 2005, a growth rate of about 31 times. Accompanying this growth was a steady increase in requests for consultations at child guidance centers.

Although Japan's population of children has been declining for some time, the number of children placed in children's homes continues to climb. Today, Japan has 558 children's homes (as of December 2005), but this space is inadequate to handle the ever-increasing volume of children who require care. The facilities operate above capacity and children must wait for an admission.

#### ■ Number of Requests for Child Abuse Consultations and Condition of Child Welfare Facilities in Japan

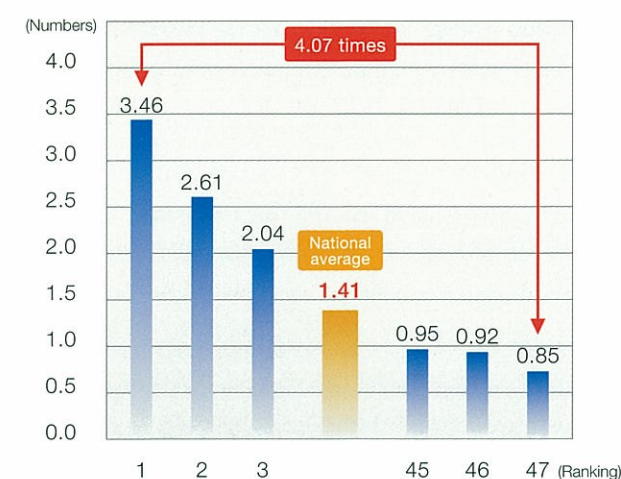


Public sector support is inadequate. In fiscal 2004, Japan's national government budgeted ¥85.6469 trillion for social security benefits of which only 4.0% went towards expenses related to children and households. This is miniscule compared with the 70.8% of the budget that went to elderly care. Obviously, abused and neglected children cannot receive adequate care with this level of funding. Among municipalities, there are big differences in commitments to child welfare. This is particularly true of child guidance centers which are funded by local governments.

#### ■ Number of Child Welfare Officers per 100,000 Residents

by prefectures

There are big differences in child guidance centers that each municipality funds.

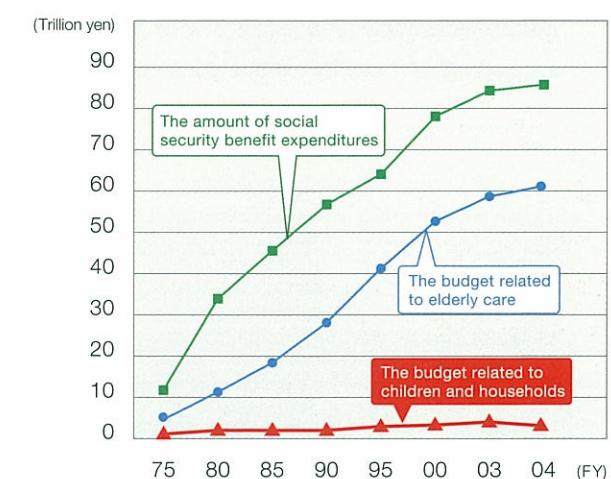


Population : October 1, 2002 (Population census)  
Number of district child welfare officers :  
Material from Zenkoku Jido Fukushi Shukan leaders' meeting

#### ■ Shifts in Social Security Benefit Expenditures

Comparison of the budget related to elderly care and related to children and households

The budget related to children and households is only 4.0% for social security benefits, which is inadequate for support.



Note : Social security benefit expenditures in 2004  
(The National Institute of Population and Social Security Research)

Major shifts in Japanese households and communities are a primary cause of the growth in child abuse. Child-rearing burdens for mothers are increasing because of the decline of support for child care in households and communities. As nuclear families replace extended families as the mainstream in Japan, couples with children are becoming more isolated. This trend creates growing concerns about the ability to nurture children.

Children are the weakest members of society who completely depend on their parents for social and economic support, and thus requires unconditional love from their parents. Unfortunately, there are a growing number of parents in Japan who refuse to extend this love and abuse their children instead.

Children who are not nurtured properly at home often have difficulties as they grow older. The younger a child is, the greater is the risk to the child's life and mental well-being. Many things are needed to make these children self-reliant and allow them to enjoy a normal childhood. Above all, they require healthy relationships, the best possible living environment, and measures to rebuild their lives within a household and community.



## Events Leading to the Establishment of The SBI Children's Hope Foundation

The SBI Group recognizes that children are Japan's greatest human capital. Based on this awareness, the SBI Group is focusing on the serious social issue of child welfare and is engaged in direct social contribution activities.

### Determination of fundamental policy for child welfare assistance

In January 2002, Softbank Finance Directors approved a resolution to donate approximately 1% of group company net income above ¥300 million to child welfare-related facilities. Since then, all group companies have also adopted this policy.

### Full-fledged start of contributions

Social contribution activities grew in tandem with the Company's business operations. In fiscal 2004, SBI Holdings (formerly Softbank Investment), SBI E\*TRADE SECURITIES and SBI Securities donated ¥167 million to a total of 174 children's homes and welfare organizations.

### Establishment of SBI Child Welfare Limited Liability Intermediate Corporation

In December 2004, SBI Group companies jointly established SBI Child Welfare Limited Liability Intermediate Corporation to create a unified base for conducting the group's social contribution activities more proactively. The next step consisted of visits to child welfare facilities and local governments throughout Japan to determine the best ways to provide assistance. Members of the new company also visited companies outside the SBI Group to ask for their participation.

### Receiving financial assistance from outside the SBI Group

To provide means for venture capital-backed companies and their owners to contribute, the intermediate corporation created a framework for accepting stock options as donations.

### Establishment of the foundation

It is through these activities that we acquired an acute awareness of the seriousness and complexity of Japan's child welfare problems. We also recognized many other issues, including staffing, legal systems, education, self-reliance, etc., and that not all of these problems can be solved simply by investing in buildings and equipment. For these reasons, The SBI Children's Hope Foundation was established in October 2005 after obtaining approval from Japan's Ministry of Health, Labour and Welfare.

### Increasing Activities through The SBI Children's Hope Foundation

The SBI Children's Hope Foundation donated ¥155 million for the fiscal year ended March 31, 2006, and ¥260 million for the fiscal year ended March 31, 2007.

## The Role of The SBI Children's Hope Foundation

The foundation is dedicated to promoting the desire to support abused children and improving the quality of child welfare, which originated with a single corporate group, among many companies in Japan. The foundation also conducts public service activities to ensure that this desire is passed on to future generations.

Improving child welfare facilities is naturally a central objective of the foundation. However, our activities also target the sound development of children. We want to give troubled children the opportunity to pursue their dreams so that they can become productive members of society as adults.

Our activities also reflect the SBI Group, which uses venture capital investments to nurture the development of Japan's IT industry. Many venture capital portfolio companies share our awareness of the need to support abused children and child welfare, as well as to contribute to society. We plan to notify companies large and small in all types of industries of the importance and urgency of our mission.

As the business of the SBI Group expands along with a growing number of stakeholders outside of Japan, this presents opportunities for us to further enlarge the scope of our activities, as we have lofty ambitions to contribute to the improvement of the quality of child welfare. Our name expresses our desire for all children to have the opportunity to pursue their dreams and hopes. We are devoted to making any contribution possible, no matter how big or small, in accomplishing this goal.

An Advisory Committee made up of child welfare professionals, retired child welfare government officials and other experts, are given the authority of deciding where our assistance goes. This ensures that decisions are made from a completely neutral standpoint. Committee members examine recommendations from prefectures and major cities as well as applications from various welfare facilities to determine the aid recipients.

### Donation to rebuild welfare facilities

The Foundation donated funds to help rebuild children's homes that had been destroyed by fire. The home sent a letter of thanks and an invitation to attend the new building dedication ceremony. This kind recognition made us very happy. After the facility reopened, we paid a visit. The children gave us a guided tour and happily showed us their new rooms.



### Providing furnishings and equipment

The Foundation also donates money to help install or repair essential equipment such as transport vehicles, computers, TVs, desks, toilets, heaters, and bathtubs. The children always react with joy when, for example, a new tub is installed in a bathroom or a study room is equipped with new furnishings.





## Unique Framework of How The SBI Children's Hope Foundation Receives Donations

The SBI Children's Hope Foundation receives donations mainly in three ways.

- ① Cash
- ② Private Equity
- ③ Stock Option

Typically, charitable organizations receive all of their donations in the same form, as cash. The SBI Children's Hope Foundation receives donations in three ways: cash, as well as stock shares in privately-owned companies and stock options. We established this unique donation framework for the purpose of making it easier for companies and their executives to submit donations, whatever their liquidity situation.

Gifts of stock in private companies are sold immediately after the company conducts a public offering (IPO). With stock options, we wait until the company becomes publicly-held and then exercise the options and sell the stock that were received. Accepting stock and stock options allows individuals who might have limited cash liquidity to still help children in need by contributing to the foundation. Often, stock and stock options increase greatly in value after the donation as a company grows and eventually becomes publicly-held. Consequently, these donations can eventually be of greater value than a one time cash donation.

The SBI Children's Hope Foundation is the first foundation in Japan to use this unique donation framework. I believe that our ability to benefit from the growth of venture capital-backed companies which may generate greater value as they go public will allow us to fulfill our mission with even greater effectiveness.

### ■ Our unique donation framework



## An Age Where Companies Have a CSR Commitment

There is a saying, "one year is proper for growing grain, a decade is proper for growing a tree, and a lifetime is proper for the development of a human being. (--by Kuan Chung)" I believe this expresses the importance of nurturing human capital. In a country such as Japan, with few natural resources, human capital becomes of particular importance. Japan's economic prosperity is directly linked to its skilled and diligent labor force, and the future is also dependent on its people. Japan cannot hope for a prosperous future unless we dedicate ourselves to nurturing human capital.

The SBI Children's Hope Foundation receives many inquiries from children's homes and welfare organizations throughout Japan about receiving our assistance. We want to extend as much support as possible in order to help improve the quality of child welfare. Accomplishing this requires that we receive the support from a larger number of generous individuals and companies that are also dedicated to helping troubled children.

Companies have social responsibilities to a diverse range of stakeholders. This means that the direct social contributions of companies represent much more than merely short-term charitable activities. These activities also play a part in the stable, sustained, and long-term growth of companies. We have already entered an age where all companies, including small and venture capital-backed companies, must carefully examine their responsibilities as corporate citizens. I hope that more companies will select our foundation as a way to fulfill their responsibility.

Yoshitaka Kitao

Director, The SBI Children's Hope Foundation  
Representative Director & CEO, SBI Holdings, Inc.

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## Profile of the Foundation

<b>Name</b>	The SBI Children's Hope Foundation
<b>Address</b>	Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku, Tokyo, 106-6019, Japan
<b>Objective</b>	Contribute to the improvement of child welfare by notifying companies of the importance and urgency of the need to support child welfare
<b>Main activities</b>	<ul style="list-style-type: none"> <li>(1) Contribute to the improvement of conditions at child welfare-related facilities such as children's homes, homes for infants, short-term treatment facilities for children with emotional disturbance, homes to make children self-reliant, and other facilities and associated programs</li> <li>(2) Support businesses, organizations, charitable groups, and other entities to improve the quality of child welfare</li> <li>(3) Programs to assist children at welfare facilities and nurture children to advance to higher education and find jobs in order to become self-reliant adults</li> <li>(4) Programs to improve the quality of other child welfare activities</li> <li>(5) Notifying companies of the importance and urgency of the need to support child welfare</li> <li>(6) Other activities needed to fulfill the objective of The SBI Children's Hope Foundation</li> </ul>
<b>Established</b>	October 6, 2005
<b>Directors</b>	<p>Yoshihisa Tabuchi, <i>Chairman</i></p> <p>Yoshitaka Kitao, <i>Representative Director &amp; CEO, SBI Holdings, Inc.</i></p> <p>Nobuo Ishihara, <i>President, Research Institute for Local Government</i></p> <p>Teijiro Furukawa, <i>Chairman Board of Directors, Onshi Zaidan Boshi Aikku-kai</i></p> <p>Hiroshi Tasaka, <i>Representative, Think Tank SophiaBank</i></p> <p>Junichiro Yamada, <i>President, Yamada &amp; Partners Certified Public Tax Accountants Co.</i></p>
<b>Auditors</b>	<p>Takashi Ejiri, <i>Partner, Asahi Law Offices</i></p> <p>Yoshitaka Kato, <i>CPA Senior Partner, YUSEI Audit &amp; Company</i></p>

## Programs of the Foundation

### Programs to Improve Child Welfare Facilities

#### Facility Improvement Activities

<b>Objective</b>	Improve child welfare facilities by providing expenses to update equipment and other items that have become worn out or all or part of expenses to replace equipment and other items
<b>Eligibility</b>	Children's homes, homes for infants, support facilities for development of self-sustaining capability, homes to make children self-reliant, short-term treatment facilities for children with emotional disturbance, facilities to support mothers with dependents, and other facilities

#### Emergency response activities

<b>Objective</b>	Provide all or part of the expenses needed to rebuild child welfare facilities following damage caused by a natural disaster, fire, accident, or other event so that the occupants can quickly return to their daily life
<b>Eligibility</b>	The above eligible facilities that have been severely damaged by a natural disaster, fire, accident, or other event and require rapid repairs

### Programs to Support Children in Welfare Facilities

#### Support for independence of children at welfare facilities

<b>Objective</b>	Provide expenses for sports, artistic activities, academic works, and other extra-curricular activities that help children at welfare facilities to develop into self-reliant and productive adults
<b>Eligibility</b>	Children at children's homes, support facilities for development of self-sustaining capability, homes to make children self-reliant, short-term treatment facilities for children with emotional disturbance, facilities to support mothers with dependents, and other facilities

#### Support for higher education

<b>Objective</b>	Provide expenses to assist children at welfare facilities with academic, sports, artistic, and other talents to take those skills to a higher level
<b>Eligibility</b>	Talented children at children's homes, support facility for development of self-sustaining capability, homes to make children self-reliant, short-term treatment facilities for children with emotional disturbance, facilities to support mothers with dependents, and other facilities

### Programs to Support Child Welfare Organizations

<b>Objective</b>	Support for activities, events, and other programs of non-profit organizations, foundations, events, and other entities that are devoted to improving the quality of child welfare, particularly by focusing around child abuse prevention, but can not receive support from the central or local governments
<b>Eligibility</b>	Non-profit organizations, foundations, and other entities devoted to improve the quality of child welfare as well as organizations and individuals who hold events and conferences to conduct the same objective





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**The list of the Directors and Auditors in the “Profile of the Foundation” has been updated as follows.**

**Directors (as of August 31, 2018)**

Yoshihisa Tabuchi, *Chairman*

Yoshitaka Kitao, *Representative Director, President & CEO*

Junichiro Yamada, *Founder, Yamada & Partners Certified Public Tax & Accountants’Co.*

Hiroaki Dan, *Chairman, The Nihon Ki-in Foundation.*

Hiroshi Hatakeyama, *Director, Imperial Gift Foundation Keifuku-Ikuji-Kai.*

Yasunori Ebine, *President, Taiju Research & Consulting Inc.*

Katsuya Kawashima, *Representative Director, Senior Executive Vice President & COO*

**Auditors (as of August 31, 2018)**

Takashi Ejiri, *Lawyer, Natori Law Office*

Ryoichi Komatsu, CPA, *Senior Partner, Grant Thornton Taiyo LLC.*

**The SBI Children’s Hope Foundation**