




Board of Directors and Statutory Auditors

(As of June 30, 2019)

Directors

Name	Position	Responsibilities and other significant concurrent offices held	Attendance at Board Meetings	Number of Company's shares owned
 <p>Yoshitaka Kitao</p>	Representative Director, President & CEO	Representative Director and Chairman of SBI Investment Co., Ltd. Representative Director and Chairman of SBI SECURITIES Co., Ltd. Representative Director & President of SBI Pharmaceuticals Co., Ltd. Representative Director & President of SBI Digital Asset Holdings Co., Ltd. Representative Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. Director and Chairman of SBI Capital Management Co., Ltd. Representative Director & President of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Representative Director of SBI NEO FINANCIAL SERVICES Co., Ltd.	12/12	3,907,960
 <p>Katsuya Kawashima</p>	Representative Director, Senior Executive Vice President & COO Executive Assistant to the President, Senior Head of Asset Management Business	Representative Director and President of SBI Investment Co., Ltd. Representative Director and President of SBI Capital Management Co., Ltd. Director of SBI SECURITIES Co., Ltd. Director of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Representative Director and President of Money Tap Co., Ltd.	12/12	737,870
 <p>Takashi Nakagawa</p>	Representative Director, Senior Executive Vice President Senior Head of Human Resources, General Affairs, and Risk Management	Director of SBI Investment Co., Ltd. Director of SBI Investment KOREA Co., Ltd.	12/12	42,000
 <p>Masato Takamura</p>	Representative Director, Senior Executive Vice President Senior Head of Financial Services Business	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.	12/12	250,000
 <p>Shumpei Morita</p>	Senior Managing Director Senior Head of Accounting, Finance, and Digital Asset Business	Director of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI Capital Management Co., Ltd. Director of SBI Digital Asset Holdings Co., Ltd.	12/12	70,000
 <p>Masayuki Yamada</p>	Director Legal & Compliance	Statutory Auditor of SBI GLOBAL ASSET MANAGEMENT Co., Ltd.	12/12	14,030
 <p>Satoe Kusakabe</p>	Director AML/CFT	Director of SBI SECURITIES Co., Ltd.	Appointed in June 2019	2,000
 <p>Masaki Yoshida</p>	Director	Representative Director of YOSHIDAMASAKI INC. Representative Director and Chairman of Watanabe Entertainment Co., Ltd. A Member of The Rikkyo University Advisory Committee Advisor of KLab Inc.	12/12	10,000

Independent Outside Directors

Name	Position	Responsibilities and other significant concurrent offices held	Attendance at Board Meetings	Number of Company's shares owned
 Teruhide Sato	Independent Outside Director	Director of BEENEXT PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD. Komisaris of PT Tokopedia Director of Sen Do Technology Joint Stock Company	11/12	2,820
 Heizo Takenaka	Independent Outside Director	Chairman & Director of Pasona Group Inc. Outside Director of ORIX Corporation Outside Director of MAYA SYSTEM Inc. President of Academy Hills Professor of Faculty of Global and Regional Studies at Toyo University Emeritus Professor at Keio University	12/12	—
 Yasuhiro Suzuki	Independent Outside Director	Representative Director and President of digitalshiftwave Co., Ltd.	12/12	—
 Junko Kubo	Independent Outside Director	Special brand ambassador for World Terakoya Movement of the National Federation of UNESCO Associations in JAPAN	Appointed in June 2019	—

Statutory Auditors

Name	Position	Responsibilities and other significant concurrent offices held	Attendance at Board Meetings	Attendance at Statutory Auditor Meetings	Number of Company's shares owned
 Atsushi Fujii	Standing Statutory Auditor	Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI Investment Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd. Statutory Auditor of SBI Digital Asset Holdings Co., Ltd.	12/12	16/16	48,980
 Toru Ichikawa	Outside Standing Statutory Auditor	Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd. Statutory Auditor of SBI Digital Asset Holdings Co., Ltd.	12/12	16/16	1,000
 Minoru Tada	Statutory Auditor	Statutory Auditor of SBI SECURITIES Co., Ltd.	12/12	15/16	26,510
 Yasuo Sekiguchi	Outside Statutory Auditor	Managing Director of Global Partners Consulting, Inc.	12/12	16/16	—

Note 1: The number of shares owned is as of March 31, 2019.

Note 2: For the reasons why the Company selected these individuals for Director, please see the Convocation Notice.
http://www.sbigroup.co.jp/english/investors/share/pdf/21th_convocation_notice_en.pdf

Realizing an Organizational Structure that can Respond Promptly to Changes in the Business Environment, with a Highly Effective Corporate Governance System

Basic Concept of 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 in the course of business activities, and is working to ensure transparency and fairness in its decision-making, and 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.

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 twelve Directors, with four Independent Outside Directors (as of the end of June 2019), 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 oversee the status of business execution. In addition to Executive Directors including the President, Senior Executive Vice Presidents and

Senior Managing Directors, twelve 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.

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

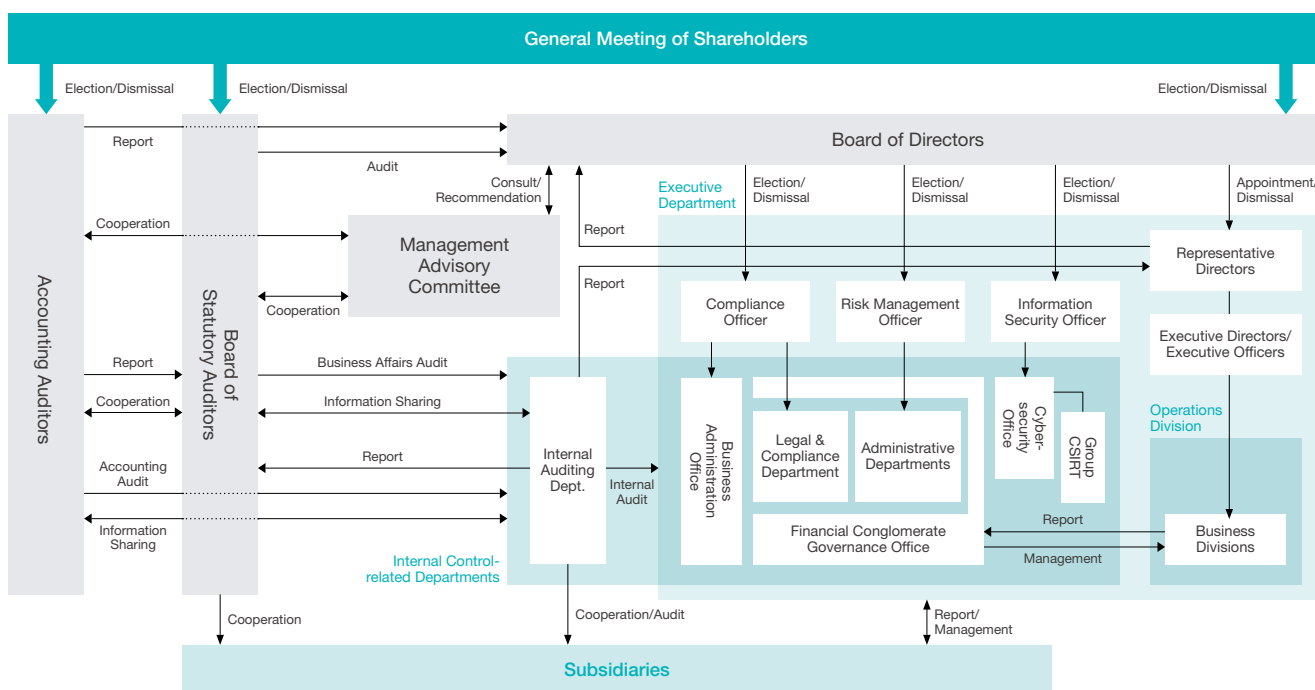
Compliance with the Corporate Governance Code

The Company has published the Corporate Governance Principles in accordance with the Corporate Governance Code (introduced in June 2015, and revised in June 2018 and has released the policy in full on its website.



http://www.sbigroup.co.jp/english/investors/management/governance_policy.html

Outline of Corporate Governance Structure (As of June 30, 2019)



Overview of Organization

Configuration	Company with Board of Statutory Auditors
Number of Directors (Outside Directors)	12 (4)
Term of office of Directors	1 year
Average age of Directors	54.7 years old
Number of Statutory Auditors (Outside Statutory Auditors)	4 (2)
Number of Directors registered as Independent Executives	6
Involvement of Outside Directors in compensation decisions (Yes/No)	Yes
Number of Ordinary Board of Directors meetings held per year	12
Attendance rate at Board of Directors meetings for Outside Directors	97.2%

Improving the Effectiveness of the Board of Directors

■ **Evaluation of the Board of Directors:** The Company conducted a self-assessment for all Directors and Statutory Auditors regarding the effectiveness of the Board of Directors from February to March 2019. The Company analyzed and evaluated the effectiveness of the Board of Directors, based on the results of the self-assessment and discussions held during the March 2019 Board of Directors meeting. 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 found that to further improve the effectiveness of the Board of Directors, it is necessary to balance prompt execution and appropriate decision-making by reviewing the structure of the Board of Directors, including the number of Directors, to ensure the diversity that shareholders expect, as well as hold open discussions while enhancing the Board's objectivity and transparency. Among opinions expressed in the evaluation was the opinion that, in the midst of major reforms to governance, the role of the Board of Directors is likely to continue to gradually change, and thus, the Board of Directors should be operated with transparency and a strong focus on risk management.

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

Items Evaluated in the Effectiveness Evaluation

1. Structure and composition of organizations such as the Board of Directors
2. Operation of the Board of Directors
3. Agenda, deliberation and decision-making of the Board of Directors
4. Supervisory system of the Board of Directors
5. Relationships with shareholders and other stakeholders
6. Others
7. Self-evaluation

■ **Establishment of 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, through utilizing the efforts

of several Independent Outside Directors. Previously, the Outside Director Liaison Committee, comprised primarily of three Independent Outside Directors, met periodically and worked to share information and opinions from an objective perspective to contribute proactively to discussions at meetings of the Board of Directors. From June 27, 2019, it was decided to further strengthen its supervisory function, to ensure an appropriateness of management and to increase transparency of management, and that a third or more of the Board of Directors will be Independent Outside Directors, in accordance with the Company's independence standards. Moreover, it was decided to replace the Outside Director Liaison Committee with the Management Advisory Committee as the voluntary advisory body to the Board of Directors, and that it comprise a majority of Independent Outside Directors.

This 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.

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 an increase in 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 capital cost to the Company. The Company will, in principle, move to 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, 2019 the Company is 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 the venture capital fund, are in principal included as operational investment securities in the Company's Consolidated Financial Statements.

Compensation for Directors

The compensation for Directors, in principle, is set after the Representative Director has discussed his thoughts regarding the amount with the Independent Outside Directors, and is decided by the Board of Directors within the total compensation amount approved at the General Meeting of Shareholders.

A compensation system including restricted stock units has been 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 an amount of regular shares or treasury shares.

Policy on Determining Compensation for Directors

- 1) The policy for determining the amount and calculation method of Director compensation is to be decided by the Board of Directors after receiving feedback from the Management Advisory Committee, which is made up of a majority of Independent Outside Directors.
- 2) The amount of compensation, which is made up of fixed basic compensation as well as bonuses based on the Company's performance and restricted stock units, for each Director (excluding Outside Directors) is to be decided by the Board of Directors after receiving feedback from the Management Advisory Committee, and is to be within the total compensation limits approved at the General Meeting of Shareholders. Similarly, the amount of compensation for each Outside Director, which is made up of fixed basic compensation and bonuses, is to be decided by the Board of Directors, and is to be within the

total compensation limit approved at the General Meeting of Shareholders. However, when these decisions have been entrusted to the Representative Directors, the Representative Directors will determine the above compensation matters. The amount of basic compensation for each Director will be decided based on the following:

- The maximum amount of employee salary
- Compensation paid to Directors of the same rank in the past
- The Company's business performance outlook
- The prevailing rate of compensation for directors
- The degree of contribution to the Company's business performance
- The circumstances of accession to office
- Other matters

Amounts paid to each Director as bonuses and restricted stock units will be 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 particular quantitative targets are set.

- 3) Compensation of Statutory Auditors is on a fixed basic remuneration basis, while the amount paid to each Statutory Auditor will be decided based on Statutory Auditor discussions, and is to be within the total compensation amount approved at the General Meeting of Shareholders.

Note: Under certain circumstances, however, such as significantly worsened business performance, the Board of Directors can decide to take such measures as a reduction in Director compensation or a reduction for a set period.

Total Compensation for Directors and Statutory Auditors, Total Compensation by Type, and Number of Corresponding Executives (FY2018)

Executive classification	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)			Number of corresponding executives
		Basic compensation	Bonuses	RS units	
Directors (Excluding Outside Directors)	805	280	525	—	12
Statutory Auditors (Excluding Outside Statutory Auditors)	13	13	—	—	1
Outside Directors and Statutory Auditors	102	90	12	—	8

Total Consolidated Compensation over ¥100 million by Director (FY2018)

Name	Executive classification	Company name	Total compensation by type (Millions of yen)			Total Consolidated Compensation (Millions of yen)
			Basic compensation	Bonuses	RS units	
Yoshitaka Kitao	Representative Director	SBI Holdings, Inc.	57	150	—	252
	Representative Director	SBI SECURITIES Co., Ltd.	20	—	—	
	Representative Director	SBI Investment Co., Ltd.	25	—	—	
Katsuya Kawashima	Representative Director	SBI Holdings, Inc.	20	100	—	156
	Representative Director	SBI Investment Co., Ltd.	36	—	—	
Takashi Nakagawa	Representative Director	SBI Holdings, Inc.	45	75	—	120
Masato Takamura	Director	SBI Holdings, Inc.	—	75	—	126
	Representative Director	SBI SECURITIES Co., Ltd.	51	—	—	
Tomoya Asakura	Director	SBI Holdings, Inc.	26	55	—	100
	Representative Director	Morningstar Japan K.K.	19	—	—	

The SBI Group as Viewed by Independent Outside Directors

Teruhide Sato
Independent Outside
Director



Human Resource Management in Anticipation of the Next Growth Stage

Owing to CEO Yoshitaka Kitao's exemplary vision and strong leadership, the SBI Group is well on its path to fintech 2.0, the next stage of evolution. With the current considerable changes in technology, securing and nurturing the next generation of leaders will be vital to building a corporate group that will continue to grow over the next ten to twenty years and beyond. I believe that we can build a solid managerial foundation over the long-term by making a continued concerted effort to develop Group human resource strategies, such as selecting the next generation of leaders and giving them managerial experience as Directors and Presidents of various Group companies, and subsequently fostering them in leadership positions within SBI Holdings.

Heizo Takenaka
Independent Outside
Director



Expectations for a Framework that Realize Further Objectivity and Transparency, with the Increased Involvement of the Independent Outside Directors

Since the SBI Group is a large scale organization that covers a wide range of businesses, I believe that there is a good balance of Outside Directors and Internal Directors, who are well-versed in Company matters, and that the current configuration of the Board of Statutory Auditors, with Independent Auditors who maintain their independence, is appropriate. The SBI Group, until now, had utilized an Outside Director Liaison Committee, for Outside Directors to appropriately be involved in important decisions related to the appointment and compensation of Directors, where each Outside Director can share information and opinions from an independent standpoint. However, with the current major governance reforms in Japan, it is more desirable to further strengthen the functions and independence of the governance structure, and therefore I expect the newly established Management Advisory Committee, which consists of a majority of Independent Outside Directors, to meet this challenge.

Yasuhiro Suzuki
Independent Outside
Director



Responding to the Further Advancement of Systems that are a Source of Growth

I believe that at the SBI Group, the leadership of internal executives, including the Group's CEO Yoshitaka Kitao, and the advice and oversight of Outside Directors is effective. We consistently receive compliance status reports and the development of risk management systems at meetings of the Board of Directors, and I believe that appropriate active discussions are being held. I believe that responding to technological advances will be a source of growth for the SBI Group in the future, and currently, the Group is rapidly responding with systems to fintech issues, and is working to respond to security risks. I will continue to help contribute to the further development of the SBI Group by sharing my knowledge and advice.

Junko Kubo
Independent Outside
Director



Contributing to Increasing Corporate Value by Ascertaining the Needs of Diverse Stakeholders

I believe that my role is management supervision for the SBI Group from a female perspective, and from a viewpoint similar to that of individual consumers and investors, as well as exchanging opinions with other Directors who have expertise in finance to contribute to increasing the corporate value of the SBI Group. The majority of shareholders of the Group are Japanese and foreign institutional investors, and I understand that the Company's ratio of female managers is not that significant. I believe that by ascertaining the needs of diverse stakeholders and becoming even more diverse in the future, the SBI Group will further approach the Group's CEO Yoshitaka Kitao's vision of a "strong and respected company".

Establishment and Operation of 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 developing 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 decided to appoint an Officer in charge of compliance, and the Legal and Compliance Dept., as the Compliance Department, has been established under the direct control of that individual. The Company has established 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 Dept. and Statutory Auditors, which are independent of both executive and management departments.

The Company has established a stringent compliance system of checks and balances among 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, holds regular meetings to exchange information throughout the Group.

Whistle-blowing System

For more information on the whistle-blowing system, please refer to "Corporate Governance Principles," Section II:4. (3).



http://www.sbigroup.co.jp/english/investors/management/governance_policy.html

Establishing a Risk Management System

The SBI Group has business operations spanning the globe focused on financial services. Thus, it has established a Risk Management Department, and 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 reporting to applicable organizations and disclosing pertinent information.

To handle information management and systemic risks, the SBI Group appointed an Officer responsible for information security in 2018, and established the Cybersecurity Office to promote

cross-Group information security measures, and conducted Group security self-assessments as part of endeavors to improve and maintain the Group-wide information security level.

Business Risk

For more information about potential risk, please see the "Risk" section on the SBI Group website.



<http://www.sbigroup.co.jp/english/investors/management/risk.html>

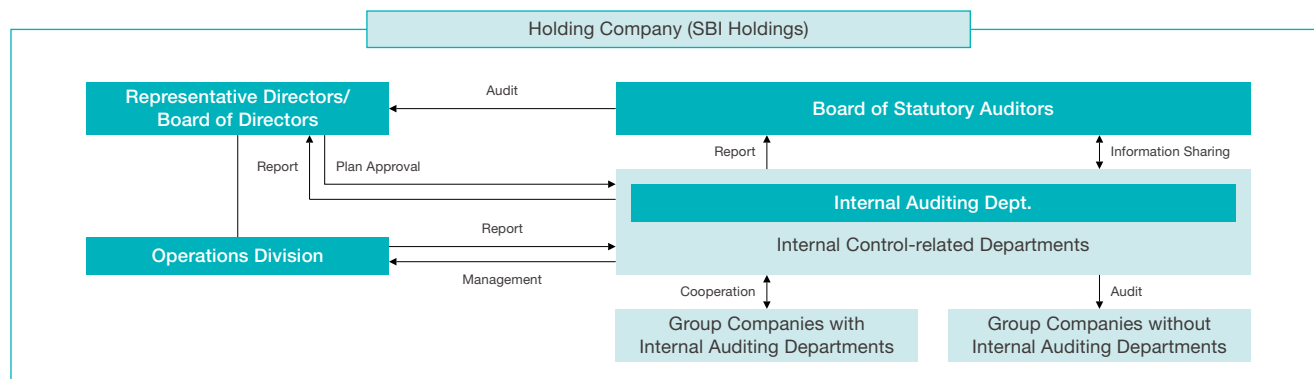
Internal Auditing

The Internal Auditing Dept. comprehensively and objectively evaluates the appropriateness of internal management conditions, such as the appropriate operation of internal control systems, compliance and business operations. Also, the department makes proposals on and follows up measures to remedy and improve issues found during the auditing process. The results of audits are to be 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 will be made to relevant departments.

In addition, the Internal Auditing Dept. and the Board of Statutory Auditors act in cooperation, with the Department regularly reporting to and exchanging opinions with the Board after each internal audit has been completed as well as incorporating the requests of the Board into its auditing themes and selection of audit targets.

The Internal Auditing Dept. consists of a general manager and members with expert knowledge of internal auditing, accounting auditing and internal control, and it conducts its audits according to generally accepted internal auditing standards. First, targets are grouped according to capital relationships and so on, then they are given a score according to various types of risk, such as credit risk, market risk, liquidity risk and operational risk, and 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



COLUMN

Auditor Viewpoints



Atsushi Fujii
Standing
Statutory Auditor

Strengthening the Effectiveness of Corporate Audits by Statutory Auditors to Enhance the Corporate Governance Structure

As a Standing Statutory Auditor of the SBI Group's holding company, an important aspect of my responsibilities is auditing how effectively the controlling functions of SBI Holdings over each Group company are working from a management perspective. The SBI Group's focus may be financial, but it has a wide range of business interests, including biotechnology. Thus, I believe it is an important managerial issue for the Company to have a Group-wide system to ensure that each company is conducting their business properly, while abiding by the law and appropriately managing risks according to changes in the business environment. To aid in this, my duty as a Standing Statutory Auditor is to ascertain how effectively the Group's internal control functions are working, by exchanging opinions with Executive Directors, regularly holding hearings with each of the department heads responsible for Group internal control, attending important meetings, and carrying out daily auditing activities. Moreover, I verify from an independent standpoint, whether the appropriate oversight and necessary guidance and support are occurring in response to the business activities and the risk situations that need to be managed by each company. I will continue working to improve the effectiveness of audits by Statutory Auditors, and to strengthen the Group's corporate governance structure.



Toru Ichikawa
Outside Standing
Statutory Auditor

Strengthening Risk Management and Monitoring for an Effective Group Governance

The Internal Auditing Dept. explains the results of individual internal audits and the progress of audit plans almost every month at meetings of the Board of Directors, and the Statutory Auditors exchange information with the head of the Internal Auditing Dept. every month, creating an unusually close working relationship in terms of audits. As an outside auditor, I am not directly involved in the execution of business. I maintain an independent perspective and conduct audits that include business oversight, in addition to focusing on accounting and legal aspects, while also attending Board of Directors meetings.

I believe strengthening risk management is a future issue of the SBI Group because its businesses are so wide ranging. The SBI Group is not a pure financial institution, but is a financial conglomerate with securities, banking and insurance companies under its auspices. I want to carry out my auditing with a view to further raising the bar regarding compliance management and qualitative risk management, as I can see comprehensive risk management will be even more necessary in the future. In addition, I would like to strengthen the monitoring not only of profitability, but also of other overall aspects for investments in large-scale projects, or investments in entire business groups classified as similar businesses.

Focusing on Nurturing Talented Human Resources and Creating a Working Environment of Respect for Diversity

Approach to Human Resources, the Source of Growth

The SBI Group considers people to be the source of its creativity and the main driver of differentiation that becomes a competitive advantage. To secure human resources, in addition to recruiting experienced mid-career personnel, the Group hires new university graduates. These new university graduates play key roles in fostering and passing on the SBI corporate culture with some individuals fast-tracked to become Directors of Group companies, while others make strong contributions as mid-level employees at their respective organizations.

More than 90% of the Group's employees are mid-career hires. We strive to foster talented individuals capable of understanding and putting into practice our corporate culture, through continuous provision of training and other measures to ensure that these employees do not adopt a myopic view focused only on their own departments, and are capable of implementing initiatives with Group-wide synergies in mind.

Employee Development and Proactive Promotion

To nurture the talent who will become responsible for the future, the SBI Group has implemented various measures, and has thoroughly pursued a stance of proactively appointing and promoting superior human resources, regardless of age.

For employees who seek to become senior managers, in April 2015, the SBI Group initiated the Senior Manager Training Program, utilizing the SBI Graduate School, which was established in April 2008 with the full support of the SBI Group. Completion of this training is a requirement for promotion to senior management positions. The training curriculum, which takes about one year, consists of specified compulsory courses and

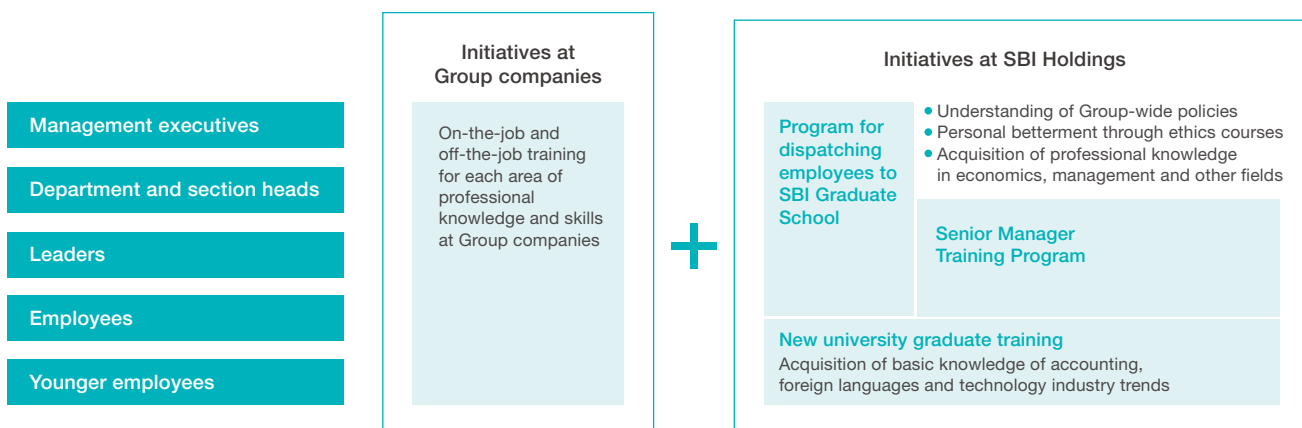


New university graduate training

elective courses from the SBI Graduate School MBA curriculum. A total of 405 employees have completed this training program as of March 31, 2019. Furthermore, a two-year or three-year program for dispatching employees to SBI Graduate School has been established for employees who wish to study a wider range of management subjects, and 86 individuals have obtained MBA degrees through this program as of March 31, 2019. The Group contributed approximately ¥78 million in education and training expenses in FY2018, mainly for these training costs.

In 2018, the Group established a system that makes it possible to offer salary and working arrangements that differ from those under the existing employment framework to further strengthen the Group's ability to respond to global management issues and contribute to the recruitment and retention of highly skilled personnel responsible for work requiring specialized

The SBI Group's Personnel Development Process



expertise in positions such as attorneys, accountants, AI development and blockchain engineers.

The Group strives for fair and impartial evaluation of employees, and utilizes comprehensive and multifaceted evaluations with input from not only superiors, but also subordinates and colleagues, by the adoption of a 360-degree feedback system.

Utilization of Diverse Human Resources

The SBI Group emphasizes the importance of individual character, professional background and skill, regardless of nationality, age, gender or the presence of a mental or physical disability, and applies this to the recruitment process. In Japan, we started recruiting new university graduates in 2006. We also recruit new graduates in Asia, as well as many other international students, and stepped up recruitment of mid-career foreign nationals with advanced technological abilities for positions including at systems departments. The Group is becoming increasingly nationally diverse, as we pursue global development to shift "from Japan's SBI to the World's SBI." Employees at overseas business offices now account for 26.2% of Group employees.

SBI Holdings continuously recruits women, and in FY2018, female employees accounted for 33.5% of all employees. The percentage of female employees across the Group is 44.3%.

Furthermore, in March 2015 the Company abolished the age limit for re-employment of those who have reached the mandatory retirement age. Through such initiatives, SBI Holdings aspires to be a company where diverse human resources can thrive.

Percentage of Employees at Overseas Business Sites (Consolidated)

FY2015	FY2016	FY2017	FY2018
13.6%	18.3%	22.1%	26.2%

Status of Employment of Women (Non-consolidated)

	FY2015	FY2016	FY2017	FY2018
Number of female employees	60	67	72	75
Ratio of female employees	34.5%	35.8%	36.5%	33.5%
Number of women hired	15	11	15	4
Ratio of women among regular employees hired*1	36.6%	22.9%	21.7%	6.9%
Number of female managers	15	21	23	27
Ratio of female managers*2	18.3%	20.4%	22.8%	22.3%

*1 Includes SBI Holdings employees and seconded employees

*2 The ratio of female managers to all managers

Efforts to Create Appealing Workplaces

The SBI Group is creating a workplace environment that plays a positive role in recruiting and retaining talented people, and is striving to increase productivity through work-style reforms.

The SBI Group considers it important for employees to be in good physical and mental health in order to always perform at their best. For this reason, in August 2018, the Group instituted the Health Management Declaration, which states that the Group will actively work to create an environment that encourages employees to maintain and promote their health.

In the area of employee career development, we provide opportunities for self-actualization, and have introduced a career opening system*3 for the purpose of energizing organizations by making effective use of human resources and putting the right people in the right place. Employees can request transfers to their desired operating companies within the Group organizations through this system, which more than 120 employees have utilized to make career changes to date.

To further increase the SBI Group's cohesion as well as employee desire and motivation to improve consolidated business performance, the Company issues paid-in stock options to Directors of the Company and its subsidiaries, and free-of-charge qualified stock options to employees of the Company and its subsidiaries. Furthermore, to help employees prepare for life post-retirement, the Group introduced a corporate defined-contribution pension plan in 2002.

To increase productivity, the SBI Group is actively proceeding with Group-wide introduction of robotic process automation (RPA)*4, pursuing improvement in business process efficiency and productivity through automation of various routine business processes. At SBI Holdings (non-consolidated), average monthly overtime is 20 hours 50 minutes per person, and the annual paid leave utilization rate is 63.2%.

*3 A job posting system within the Group companies for employees to apply for transfers

*4 The use of artificial intelligence (AI) or machine learning, a technology by which AI learns through repetition, for the purpose of performing mainly back-office, white-collar tasks

Average Years of Service and Turnover Rate (Non-consolidated)

	FY2015	FY2016	FY2017	FY2018
Average years of service (men)	6.26	6.26	6.16	5.22
Average years of service (women)	6.05	6.02	5.86	6.03
Turnover rate	8.99%	9.50%	10.70%	10.53%

Recognizing the Organizational and Societal Impact and Opportunities of Environmental Issues, and Contributing to Maintain and Develop a Sustainable Society

Institution of the SBI Group Environmental Policy

The SBI Group recognizes the importance of long-term coexistence between society and the natural environment, and that environmental issues have impact on, and present both risks and opportunities to, organizations and society. Accordingly, by resolution of the Board of Directors, the Company has instituted the SBI Group Environmental Policy for the purpose of contributing to the maintenance and development of a sustainable society through business activities.

1. Providing products and services that promote environmental consideration
2. Compliance with environmental laws and regulations, and ethical conduct
3. Reducing environmental impact through business activities
4. Environmental education and awareness-raising activities
5. Improving initiatives through dialogues

The SBI Group Environmental Policy (in Japanese only)



<https://www.sbigroup.co.jp/csr/environment.html>

Initiatives at SBI Group Companies

Toward the Proliferation of Renewable Energy

The introduction of renewable energy for the purpose of reducing environmental impact is accelerating globally. In Japan, the introduction of natural energy sources that effectively utilize local resources is attracting attention as a critical element of the energy mix for future generations. SBI ENERGY is developing solar power, small-scale hydropower, biomass, small-scale wind power and other types of electric power plants in addition to the agricultural solar power plants (solar sharing) that it has already begun to operate in Sosa City, Chiba Prefecture, and Tono City, Iwate Prefecture. Through these businesses, SBI ENERGY will contribute to the development of sustainable communities through environmental conservation, improvement of the energy self-sufficiency rate and vitalization of local economies.

To contribute to the diffusion and expansion of renewable energy use and reduction of environmental impact on society as a whole, SBI Social Lending uses a social lending mechanism to provide loans to solar power operators that own solar power plants already in operation, including developers of solar power plants and biomass power plants. The cumulative amount of loans reached approximately ¥23.9 billion as of March 31, 2019.

Promoting Issuance of Green Bonds

In March 2019, SBI SECURITIES became a registered issuance supporter on the Green Bond^{*1} Structuring Division of the "Green Bond Issuance Promotion Platform." This platform is connected with the Financial Support Programme for Green Bond Issuance, which is promoted by the Green Finance Promotion Organization under the sponsorship of the Ministry of the Environment.

The Financial Support Programme for Green Bond Issuance is a mechanism by which the Ministry of the Environment provides subsidies to support external costs that occur in addition to ordinary bond issuance procedures, in order to promote the issuance of green bonds in Japan. As a registered supporter, SBI SECURITIES will promote greater use of green bonds in Japan's capital markets and, by extension, expansion of the market for social benefit bonds by applying its expertise in green bonds.

^{*1} Green bonds: Bonds that companies, municipalities and other entities issue to procure funding required for environment-friendly projects

Contributing to Solving Water Problems by Using LIMEX Business Cards

Water problems continue to worsen due to population growth, aggravation of climate change and water pollution, and it is said that more than two billion people around the world are compelled to drink unsafe water. Although the SBI Group does not engage in business activities that require large amounts of water, we are promoting the use of environment-friendly business cards to contribute even in a small way to solving this problem. In FY2018, we began using LIMEX, a new material made mainly from limestone, for the business cards of Group company officers and employees.

LIMEX, a substitute for paper and plastic, can be manufactured using nearly no water. For instance, each box of 100 business cards made of LIMEX helps preserve approximately 10 liters of water resources. LIMEX business cards have been introduced at Group companies such as SBI Holdings, SBI Investment and SBI Insurance Group, and going forward we will contribute to solving water problems by expanding their introduction to the entire Group.

Change in CO₂ Emissions ^{*2, 3}

(Unit: t-CO₂)

FY2016	FY2017	FY2018
1,916	2,309	2,128

^{*2} Scope of data: These figures are Scope 2 emissions (indirect emissions from the use of purchased electricity and heat) as defined by the GHG Protocol from SBI Holdings and Group company domestic business sites having office floor space of 1,000 m² or more (at the fiscal year-end)

^{*3} Calculation method: CO₂ emissions within the scope of data collection are calculated based on SBI Holding's electricity use and the CO₂ emission coefficient (actual emissions coefficient) for each power company published by the Ministry of the Environment

The SBI Group's contributions to the further development of regional communities along with stakeholders



So Takahashi
CEO
TRANBI

Endeavoring to Solve the Nationwide Successor Problem

Startup Company

What gave me the idea for TRANBI's business of matching business buyers and sellers on a website was my own experience. When I returned to Nagano to succeed the family business, I was confronted by a harsh reality that faces many local SMEs. I was astonished to learn that more companies than I had imagined go out of business due to the lack of a successor. The existing M&A brokers prioritized large deals and were of no help to SMEs. I recognized this problem, and launched the TRANBI website in 2011.

TRANBI received an investment from the SBI Group in June 2018, shortly after we opened an office in Tokyo, in an attempt to expand the business in earnest. In addition to financial assistance, SBI generously provided finance-related networks and expertise that significantly contributed to our business growth. One year after that investment, we have established ties with more than 100 financial institutions, and have been able to strengthen our technological capabilities thanks to an introduction to another startup company in which the SBI Group had invested. We also share with the SBI Group an understanding that SME business succession (see "Glossary" on p. 107) is a major social issue, and I feel we have acquired a dependable partner as we pursue further business expansion.



Noboru Miyanari
Investment Department,
SBI Investment Seconded from
Yamaguchi Financial Group

A Desire to Apply Experience Gained at the SBI Group in Subsequent Work

Regional Financial Institution

In recent years, the Yamaguchi Financial Group (YMFG) has been seconding employees to various companies on temporary assignments, and I have been dispatched to the SBI Group since August 2018. One purpose of secondment is to study the corporate culture of a different organization and apply it to reforms at YMFG, and another is to take advantage of the new knowledge and experience gained in one's own upskilling.

Since the start of my assignment, I have been involved in both new investments in startup companies and management assistance for existing investee companies at SBI Investment. Some of SBI Investment's strengths that I have observed during this time are that it has specialists in a variety of industries, that it has a vast domestic and overseas network and that it looks to the future and actively invests in companies that engage in innovative businesses. Although early on I mainly accompanied my manager, now I increasingly work on my own. Each day is a stimulating learning experience as I meet various corporate managers, and learn about leading-edge technologies. YMFG has also begun focusing on investing in companies that contribute to regional vitalization. I intend to acquire the ability to provide significant solutions that satisfy customers and utilize them in my work post secondment.



Yoshinori Kimura
Chief Executive Officer
SBI FinTech Incubation

Pursuing Open Innovation for Regional Financial Institutions and Fintech Ventures

SBI Group Company

SBI FinTech Incubation was established in February 2017 to support the adoption of new fintech services at regional financial institutions by leveraging the SBI Group's accumulated knowledge and experience in the fintech field.

Currently, financial institutions are under pressure to migrate to open innovation and, under the revised Banking Act enacted in May 2017, banks are obligated to make efforts to implement open APIs. Under these circumstances, SBI FinTech Incubation is proceeding with the development and dissemination of a Fintech Platform that includes an open API infrastructure. Introducing this Fintech Platform, which links various services provided by domestic and overseas fintech startups to financial institution's systems, makes it possible for the financial institutions to rapidly introduce smartphone-based customer services at lower cost. The true objective of open API is to encourage financial institutions to embrace open innovation through greater collaboration with outside parties. We are considering the benefits to financial institutions of introducing the Fintech Platform in terms of what added value they can provide to customers, and we ourselves are developing and working to disseminate new services as necessary.