

Corporate Governance

Realizing a Highly Effective Corporate Governance System

Results of Main Efforts for the Fiscal Year Ended March 31, 2021

Number of Ordinary Board of Directors' meetings held per year	12
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

- Approval of compliance program
- Acquisition of Medical Data Vision Co., Ltd.'s shares
- Revision of Basic Policy on Corporate Governance
- Updating report on risk assessment related to AML measures, etc. (documents prepared by specific business operators, etc.) and approval of AML/CFT program introduced in the SBI Group

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 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/investors/management/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 15 Directors, with seven Independent Outside Directors (as of the end of June 2021), 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.

The Statutory Auditors are responsible for establishing a solid 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.

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

Overview of Organization (As of June 30, 2021)

Configuration	Company with Board of Statutory Auditors
Number of Directors (Independent Outside Directors)	15 (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	7
Number of Management Advisory Committee members (Independent Outside Directors)	9 (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 2021, the Company conducted a self-assessment for all Directors and Statutory Auditors 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 2021.

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
- Self-evaluation
- Other

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 the fiscal year ended March 31, 2021, the Company invited Mr. Katsuyuki Tainaka, from Mori Hamada & Matsumoto, to provide training on green bonds in November 2020.

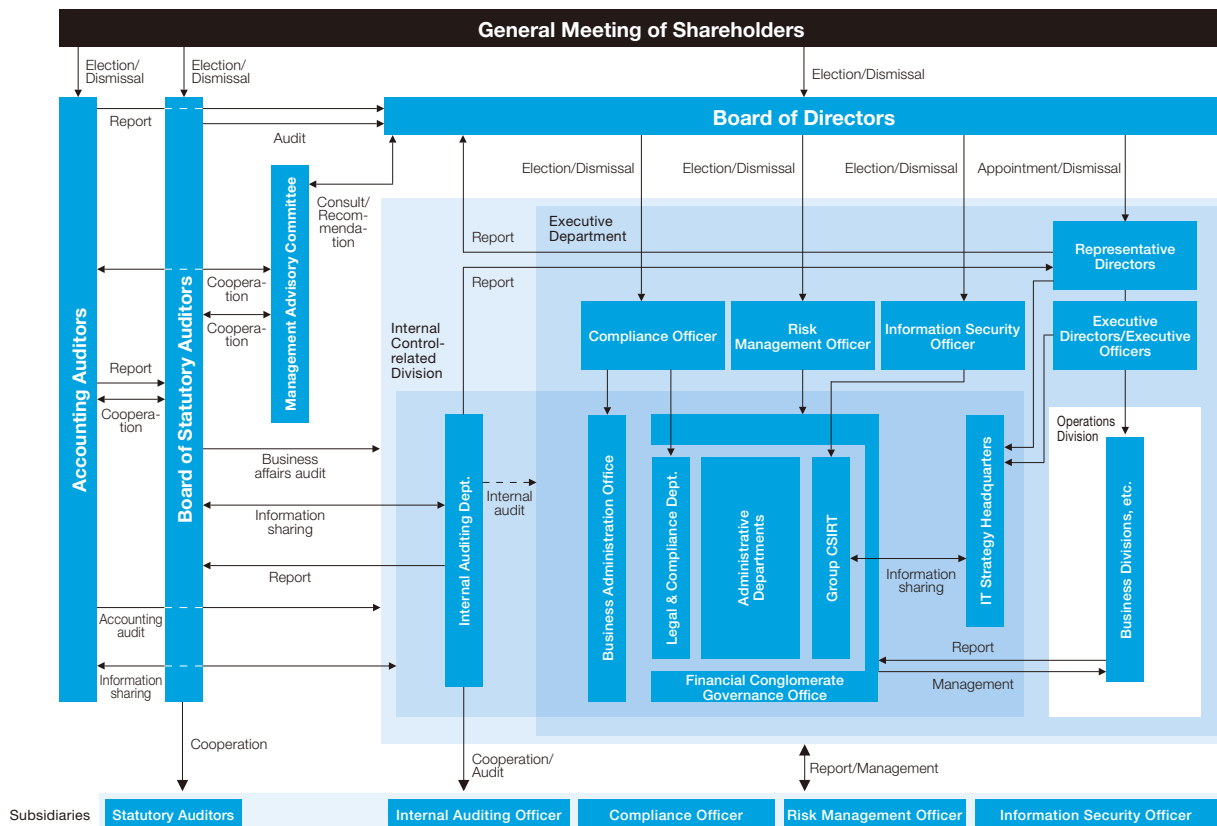
Key Themes Discussed During the Director Training

- Background behind the increased issuance of green bonds
- Expected effects of issuance and precautions to take
- Four core components of Green Bond Principles (GBP)
- Process from issuance to redemption
- External review and subsidized projects



Attendees of director training

Outline of Corporate Governance Structure



Reasons for Appointment as Outside Director

Name	Reasons of 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.	12/12 (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.	12/12 (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.	12/12 (100%)
Hiroshi Ito	Mr. Hiroshi Ito successively served 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 is a subject matter expert in insurance fields, which the SBI Group focuses on.	10/10 (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 meetings of the Board of Directors.	10/10 (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.	—
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.	—

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. On June 27, 2019, it was decided to further strengthen its supervisory function, to ensure an appropriateness of management and to increase management transparency, 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 establish the Management Advisory Committee as the voluntary advisory body to the Board of Directors, and that it be comprised of a majority of Independent Outside Directors. Like the former Outside Director Liaison Committee, this committee will share information and opinions from an objective perspective, while also 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 fourth Management Advisory Committee meeting for FY2020 held in December 2020, management strategy towards digitalization and going green was discussed from the standpoints of both risk and opportunity. It was a meaningful exchange of views regarding the importance of future organizational response to various ESG issues.

The Members of the Management Advisory Committee (As of June 29, 2021)

Chairman of the Management Advisory Committee	Heizo Takenaka*
Member of the Management Advisory Committee	Teruhide Sato*
Member of the Management Advisory Committee	Hirofumi Gomi
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

The compensation for Directors, in principle, 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 including 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 the fiscal year ended March 31, 2021 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 to be 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 to be 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 remunera-

tion and the amount of basic remuneration for each Director will be decided based on the following:

- The maximum amount of employee salary
- Remuneration paid to executives 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 assumption of office
- Other matters

Bonuses are paid annually in principle, 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 particular 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 is made up of only 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 (FY2020)

Executive classification	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)		Number of corresponding executives
		Basic compensation	Bonuses	
Directors (excluding Outside Directors)	584	191	393	8
Statutory Auditors (excluding Outside Statutory Auditors)	13	13	–	1
Outside Directors and Outside Statutory Auditors	83	75	8	8

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 that it is difficult to attain an understanding of the full picture. In response to this, we work to make the corporate value of the Group as a whole more visible by promoting initial public offerings for our subsidiaries so that the business value of each operational unit becomes clear. While increasing the capital procurement capability of each Group company, these public stock offerings enable them to strengthen their financial standing and to be self-reliant. At the same time, in order to protect minority shareholders, we adhere to the arm's length principle to ensure the fairness and rationality of transactions with each company in the Group and respect the independence of their management.

For Morningstar Japan, which is listed on the TSE First Section, we maintain a basic policy of ensuring that transactions with the

SBI Group are objective and apply the same conditions as to transactions with other business associates, using fair market prices, and ensuring that transactions are appropriate, as determined by the Board of Directors. We also endeavor to make it a priority of internal auditing and audits by Statutory Auditors to ensure that the conditions of transactions within the Group are determined comparably to general transaction conditions.

In addition, for SBI Insurance Group, which is listed on the TSE Mothers market, we maintain 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 other than controlling shareholders.

Establishing an 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 Department, 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 Department, 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.

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 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, 2021 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.

Whistle-blowing System

The SBI Group has established a whistle-blowing system enabling reporting by Group company employees (including non-regular employees) whenever they discover actions, whether organizational or individual, that violate laws or regulations. To ensure ease of use for whistle blowers, a secondary point of contact has been established at the Company's Board of Statutory Auditors, and we take ample care in ensuring the confidentiality of whistle blowers and in the handling of the information. In order to ensure that the whistle blower is protected after making a report, the Group investigate as appropriate to determine whether they have received any unfavorable treatment.

Whistle-blowing System

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



https://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 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 Strategy Headquarters 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

Business Risk

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



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

Internal Auditing

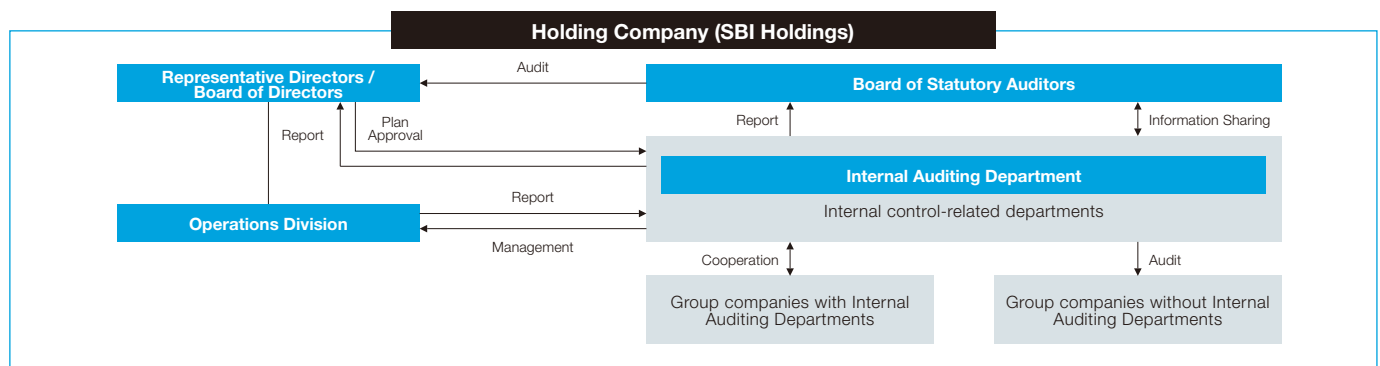
The Internal Auditing Department comprehensively and objectively evaluates the appropriateness of internal management conditions, such as the appropriate operation of internal control systems,

compliance, and business operations. 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 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 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 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

Further Strengthening and Elevating Corporate Governance in Preparation for Future Growth

As a Statutory Auditor, I hope to play an important role in the sustainable growth of the SBI Group using my fair and neutral standing to fulfill my responsibilities to stakeholders, and in particular, to shareholders.

Under the strong leadership of President Kitao, the Company, together with Group companies, has developed into a financial services powerhouse in Japan, especially in the financial services and asset management businesses. Amid the recent trend of greater focus on ESG and the SDGs, the Company will not be able to meet stakeholder expectations simply by pursuing its own profitability. At the same time while addressing these societal needs, everyone working for the Group must have high ethical values in accordance with the mission statement, particularly because the Group is involved mainly in the finance business. Therefore, human resource development and training will become even more important in the future.

To grow into a true leader in the Japanese finance industry, in name and in reality, the SBI Group must not only pursue proper profitability as a for-profit company, but also build upon its already strong corporate governance framework and engage in highly transparent corporate management.



Minoru Tada
Statutory Auditor

Aspiring to Strengthen Internal Control and Increase Corporate Value through Diversity

The SBI Group has adopted to be a company with a Board of Statutory Auditors framework to structure its corporate governance system. I believe this framework is functioning effectively through close collaboration between the Internal Auditing Department, and the Accounting Auditors. On the other hand, the Group maintains many overseas business locations, which will likely increase in the future. As such, I recognize that we need to strengthen our governance framework further. With overseas travel restricted due to the COVID-19 pandemic, the Group may need to consider using external resources to accomplish this, such as local professionals, depending on the situation.

Also, one of the challenges facing the Group is working to promote greater diversity and inclusion. For example, the Company needs to make itself more diverse by actively promoting talented women to managerial positions to transition away from a male-dominated culture. Moreover, from a global perspective, management with a focus on the SDGs will become essential not just in Japan, but around the world.

The society is becoming more aware of the importance and need to strengthen corporate governance. For this reason, the role of Statutory Auditors will become even more important. I will continue to be committed to carrying out independent audits as an Outside Statutory Auditor.



Yasuo Sekiguchi
Outside Statutory Auditor