

Solving Challenges for the Maintenance and Development of Society

Efforts for Sustainable Coexistence with Society

Basic Approach

The SBI Group contributes to the maintenance and development of society while seeking harmony with various stakeholders as constituent members of society. The basis for this approach is not motivated by profits, but rather by the belief in contributing to a society that is fair, comfortable, environmentally friendly, and safe. In keeping with this belief, the Group aspires to be a strong and respected company that not only pursues commercialization opportunities and practices that uphold the principle of social justice, but also actively engages in direct social contribution activities. This section introduces the main points of the SBI Group's efforts in contributing to the solving of social challenges under such policies.

Toward the Achievement of the Sustainable Development Goals

The Sustainable Development Goals (SDGs), which form the core of the 2030 Agenda for Sustainable Development adopted by the United Nations in 2015, are attracting increasing interest in Japan and abroad as goals to be pursued by the global community. SDGs require government agencies, companies, and citizens to jointly address issues that the global community faces, such as climate change, economic inequality, sustainable consumption/

production, peace, etc. Since its establishment, the SBI Group has sought to fulfill its corporate social responsibility and contribute to the maintenance and development of society through the active pursuit of CSR activities, which subscribes to the goals outlined in the SDGs. In 2021, the Group company SBI Sumishin Net Bank announced its "Sustainability Declaration" targeting at the achievement of certain SDGs. The Group will continue to embrace the SDGs and respect other international norms, always engaging in business activities from a global perspective.



Main areas	Example of efforts	Social challenges (SDGs)
Contributing to society through main business activities By conscientiously recognizing the challenges facing the global society, we will contribute to the realization of a sustainable society through our businesses.	<ul style="list-style-type: none"> Contributing directly to regional revitalization by promoting local economic stimulation (→page 14) Contributing to the fostering of new industries and technological innovation Contributing to the medical and healthcare needs of people through the Biotechnology, Healthcare & Medical Informatics Business Efforts toward solving poverty in emerging countries Propagating renewable energy and regional development 	
Direct social contribution We will contribute to the maintenance and development of society through direct social contribution activities, by returning profits gained through our businesses to society.	<ul style="list-style-type: none"> Through its partnership with and support of the Tokyo International Clinic, SBI Wellness Bank contributes proactively to health management in the three areas of prevention, treatment, and age management. Support for abused children (SBI Children's Hope Foundation) Nurturing talented individuals through the SBI Graduate School so they may energize the economy and society in Japan and around the world 	
Enhancement of management foundation We aspire to become a company with "Corporate Virtue," through the appropriate and effective execution of our businesses.	<ul style="list-style-type: none"> Strengthening corporate governance (→page 30) Securing and nurturing talented individuals (→page 42) Environmental conservation initiatives (→page 49) 	

Examples of Contributing to Society through Business

Contributing to Regional Economies through Solving the Challenges Facing Regional Financial Institutions



The business climate confronting regional financial institutions is expected to remain challenging, so the SBI Group has built close working relationships with Japan's regional financial institutions over the past four years. We will support these regional financial institutions through regional revitalization projects that give back to local communities by promoting initiatives seeking to further strengthen the profitability of regional financial institutions going forward. If the asset management capabilities and product development capabilities of regional financial institutions improve because of the utilization of the SBI Group's wide-ranging operational resources, these institutions will be able to contribute to the steady accumulation of assets by local residents. If this in turn stimulates consumption and investment by local residents, it will lead to a revitalization of the regional economies. In this way, through its support for regional financial institutions, the SBI Group will contribute to the creation of a virtuous cycle that will contribute to regional revitalization.

Contributing to the Fostering of New Industries and Technological Innovation



One of the SBI Group's corporate missions is to become a "New Industry Creator," therefore we are engaged in the investment business to achieve this mission. Since the Group was founded, we have made focused investments in growth sectors that will become next generation core industries, such as IT, biotechnology, environment, energy, fintech, AI, and blockchain. In particular, we have set up funds in the IT sector, where technological advancements are rapid, that target key investment sectors in response to changes in the times and technology. In 2000, we established a venture capital fund that was the largest in Japan at the time (¥150.5 billion in total), contributing to the development of many domestic Internet-related companies. Since then, we have continued to invest in and support companies involved in businesses such as communications infrastructure, mobile communications, smartphones, fintech, AI, and blockchain. This culminated in April 2021 with the launch of the SBI 4+5 Fund, one of Japan's largest

venture capital funds with a total commitment of ¥100 billion.

In this way, we are actively assisting companies that will shape the society of the future and contribute to the fostering of new industries and technological innovations. (→page 17)

Contributing to the Medical and Healthcare Needs of People through Biotechnology, Healthcare & Medical Informatic Business



The SBI Group established its presence in the biotechnology sector in 2003 by investing in and supporting companies in this sector and has since established multiple funds to invest in and nurture promising startup companies and has supported other companies in the fields of life science, healthcare, and biotechnology. We will continue to actively invest in these fields, as interest is further heightened, owing to the COVID-19 pandemic.

In addition, the SBI Group has been engaged in the Biotechnology, Healthcare & Medical Informatics Business, through which we are helping to improve people's health and beauty primarily through the development and marketing of pharmaceuticals, health foods, and cosmetics using 5-Aminolevulinic Acid (5-ALA).

Propagation of Renewable Energy and Regional Development



As power generation from renewable energy sources increases worldwide, the effective implementation of regional resources such as solar, wind, geothermal, small-scale hydropower, and biomass is attracting interest in Japan as a crucial presence for future regional economies. In addition to solar power, SBI Energy is developing solar sharing operations (farming-type solar power generation) that generates solar power on farmland while agricultural activities continue, as well as small-scale hydropower and biomass power generation. Through power generation business operations like these, we are engaging in regional economic revitalization by promoting the use of local resources and natural energy. This helps increase energy self-sufficiency rates, contributing to regional sustainability through local production for local consumption.

Examples of Direct Social Contribution Efforts

Supporting Abused or Neglected Children



The SBI Group has been actively engaged in direct social contributions to return to society some of the profits earned through its businesses. In 2010, the SBI Children's Hope Foundation was authorized by the Office of the Prime Minister of Japan as a Public Interest Incorporated Foundation. The Foundation undertakes activities to support abused or neglected children to become self-reliant, and to improve their welfare. Its wide range of activities include the donation of funds to improve conditions at facilities that care for abused or neglected children, and the provision of practical training programs for care providers at the facilities. As of the fiscal year ended March 31, 2021, the cumulative donations amounted to approximately ¥1,080 million. The Foundation also supports the Orange Ribbon Campaign for prevention of child abuse, and officers and employees of the SBI Group are engaged in public awareness campaigns.

Contributing to Health Management



SBI Wellness Bank, which provides membership-based health management support services, is partnered with, and supports the operation of Tokyo International Clinic. The Clinic provides safe, high-quality medical care services, centering around premium comprehensive medical examinations across a wide range of medical fields, including internal medicine (cardiovascular, digestive organs, respiratory disease, endocrine), cranial nerve surgery, gynecology, breast surgery, dentistry, and plastic surgery. Furthermore, the Clinic is promoting optimal medical care for patients by establishing a framework for medical collaboration with the University of Tokyo Hospital and other institutions. SBI Wellness Bank cooperates with the Clinic to contribute to more proactive health management, by putting forward a total package covering the three areas of preventive care, medical treatment, and age management.

Providing a Stable and Fair Marketplace Exchange

Contributing to the development of Japan's PTS exchanges

The sustainable growth of capitalist society requires the establishment of a stock marketplace that allows for stable and fair marketplace exchange transactions. However, Japan's stock exchanges have yet to fully develop such a platform.

For example, in the United States, public exchanges such as the NYSE and NASDAQ account for only just over 50% of the total stock trading volume, and transaction costs are trending downward due to market competition from proprietary trading system (PTS) operators. Meanwhile, in Japan, as end of March 2021, there are only two PTS operators (Japannext Co., Ltd. and Chi-X Japan Limited), and combined they account for only some 8% of trading volume. By comparison, the Tokyo Stock Exchange (TSE) accounts for approx. 92% of trading volume.

A cited reason a PTS has yet to penetrate Japan is due to agency rules for trade orders (best execution policy). Each brokerage firm, following the rules stipulated in Japan's Financial Instruments and Exchange Act, is required to execute customer orders in the market with the best conditions, considering price, cost, and speed, among other factors. However, these criteria are left to the discretion of each brokerage company, and many believe that the TSE, with its large trading volume, is the best choice for execution. As a result, PTS alternatives are not currently actively utilized. In other words, in Japan, even if a PTS presents the best price (indicative quote), generally the transaction will be executed on the TSE unless the investor provides instructions to do otherwise. In the U.S., however, orders are sent to all markets including PTSs, and executing an order using another exchange while ignoring the best indicative quote is prohibited.

The SBI Group believes that this best execution policy needs to be revised in order to provide more fair opportunities to investors in Japan's market transactions. In addition, by developing the PTS as an alternative exchange in Japan and developing an environment for competition with commercial exchanges such as the TSE, the SBI Group believes that it will be possible to provide truly customer-centered services in compliance with fiduciary duty to the investment community. This is a manifestation of SBI Group's basic philosophy under its "Customer-centric Principle." Our specific initiatives to date include the establishment of Japannext Co., Ltd. in November 2006, an affiliate under the equity method, and Osaka Digital Exchange in April 2021 which is scheduled to become the third PTS in Japan.

Establishing Osaka Digital Exchange (ODX) to Invigorate the ST Market

ODX was established through joint investment from the SBI Group and SMBC Group (Investment ratio 6:4) and will first handle equity transactions in the spring of 2022, and then, from 2023, plans to begin handling security tokens (ST), the next generation of financial products.

ODX was established to play a role as the first ST exchange in Japan. To develop the market for STs, both a primary mar-

ket for token issuance and a secondary market for token trading are necessary. ODX will provide these functions, which will increase financing options for companies and invigorate Japan's capital markets.

In addition, by interconnecting with the Börse Stuttgart Group (Germany) and the SIX Group (Switzerland), in which the SBI Group has a stake in, and the digital exchange in Singapore that is established together with the SIX Group, the SBI Group endeavors to establish one of the world's largest digital asset corridors.

Today, Hong Kong-based investors and asset managers are exploring new financial bases given the geopolitical situation in Asia, including concerns over the collapse of the "one country, two systems" in Hong Kong. They require an alternative international financial center to Hong Kong in Asia, and the SBI Group is now working to crystallize such a concept in Osaka and Kobe. The Kansai region was selected not only to avoid overconcentration in Tokyo, but also to revitalize the local economies west of Kansai as part of the SBI Group's initiative to promote regional revitalization. ODX and Osaka Dojima Exchange, Inc., changed into a joint stock company in April 2021, and will form the heart of this next generation international financial center.

The SBI Group is also looking to aggressively attract fintech companies to Osaka and Kobe along with vendors providing financial, IT, and other related services. By making Osaka and Kobe a fintech hub, we will contribute to the realization of a next generation international financial center through the concentration of advanced technologies and talent with expertise in these technologies.

Furthermore, the SBI Group is cooperating with regional universities west of Kansai to form industrial clusters that will be utilized to promote the revitalization of local economies west of Kansai.

Endeavor to form one of the world's largest global corridors for ST

