

## Non-financial Activities



### Feature

# Attaining Appropriate Risk Management for Executing Management Strategy

## Risk Management at the SBI Group

### Risk Management in Support of Enhanced Corporate Value

At the SBI Group, which has achieved sustainable growth ever since its founding, the idea of business management and risk management based on risk appetite (what risks are taken and to what extent in order to realize the strategy) has taken root. Therefore, the Group sees its risk management role as identifying measures to avoid business disincentives and negative impacts on society while maintaining the Group's growth potential and providing these measures as a basis for management decisions. The Group recognizes that contributing to the promotion of its business strategy is an important role of risk management, and the Group's risk management is characterized in that it places the degree of contribution as an indicator for risk management KPIs.

The Group manages risk factors according to its business areas and regions, given the diversity of its businesses. Due to the reorganization of our current business segments, we have been able to develop measures tailored to the nature of the business, including risk management. In addition, the importance of geopolitical risk has increased in recent years, and the perspective of how geopolitical risk affects various risks that are linked to specific financial affairs, growth potential, and reputation is also an important theme of risk management.

### A Risk Management System That is Instrumental to Timely Business Decisions

The Group Risk Management Department, which forms the core of the Group's risk management system, comprises, in addition to employees of SBI Holdings, employees of Group companies in the financial business, such as those seconded from the SBI Shinsei Bank Group and those concurrently working for SBI SECURITIES. A special feature is that the department incorporates a wide variety of viewpoints based on the Group's strategy and culture as well as the business characteristics of the banking and securities businesses.

The Risk Management Department also promotes collaboration with other departments: in accounting and finance, it

works with the director in charge of accounting and finance, who is also in charge of the department; in sustainability risk, with the Sustainability Promotion Office; and in compliance, with the Legal & Compliance Department. In addition, information security risks and system risks are addressed in cooperation with the IT Management Department.

Also, the officers responsible for risk management and the Department maintain a system that enables close reporting and information sharing from time to time. In other words, detailed information is shared at flexible timings, such as weekly, focusing on matters where there have been some changes that could affect Group risk, and a system has been established to timely reflect this information in business strategy. Risk management plans are reported to the Board of Directors each period and progress reports are reported twice a year. Additionally, quantitative reports on risk information are presented separately each quarter. [▶ P.45](#)

### Risk Identification Process

The Company has developed a mechanism in which regular updates are made to the "top risks," a set of risks that span across the entire Group. These risks have been identified for the purpose of managing risk within the Group, which encompasses a diverse range of businesses.

In order to identify the top risks with major impacts upon the Group's growth potential, reputation, and finances, the Company adopts both a top-down and a bottom-up approach. In the top-down approach, a broad risk scenario is assumed from the business strategy for each period. In the bottom-up approach, various indicators for each risk category, such as market, credit and operational risk, are compiled for each business type, and items that are assumed as high-risk are identified. The Company has identified, for example, rising interest rate risk, regulatory risk, system risk and cybersecurity risk in Internet business as the top risks and reported on them for effective mitigation and management decision-making on the scope of risk appetite.

### The Three Pillars of Risk Management

In order to have this type of broadsweeping, comprehensive

risk management, the Company utilizes the risk management methods of heat maps, stress tests, and risk inspection meetings as the three pillars.

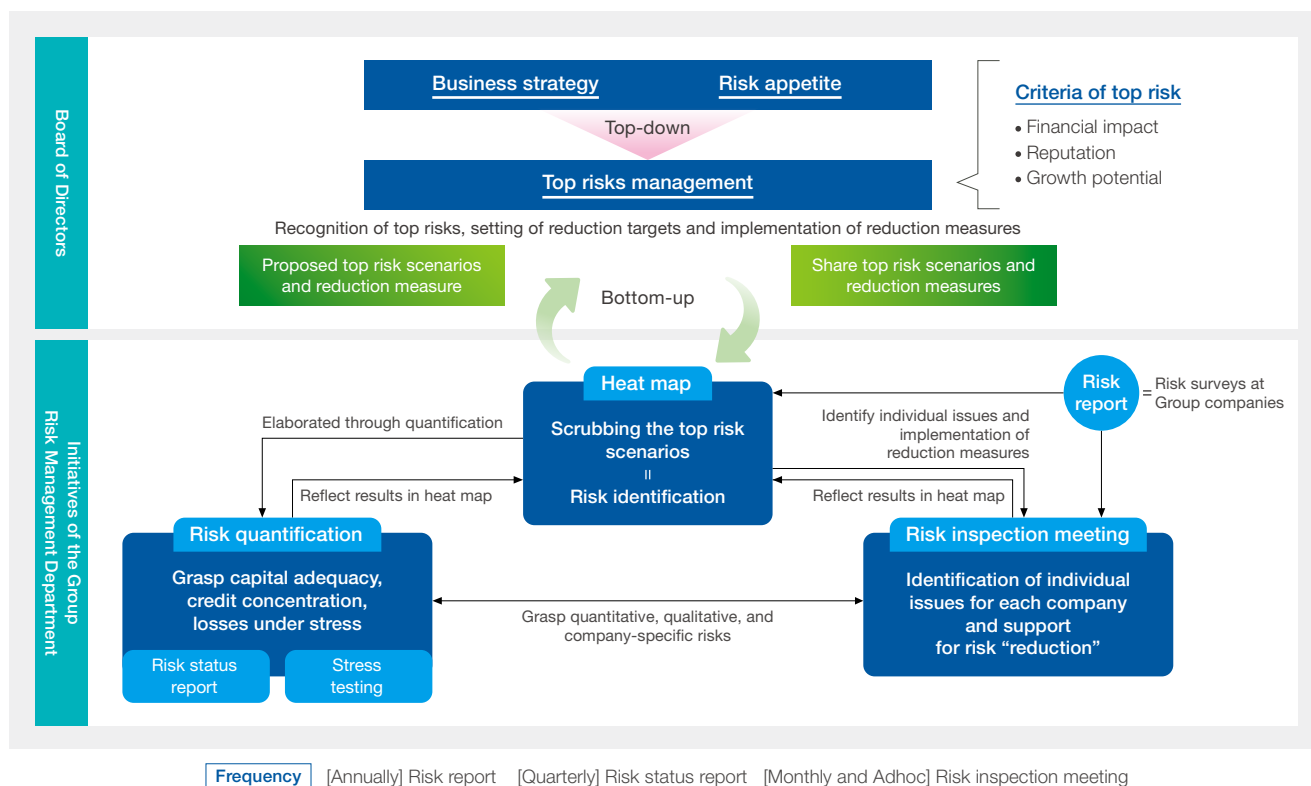
The heat map is a graphical representation of the results of various quantitative risk indicators and qualitative risk information collected from Group companies in accordance with their business type from a Group perspective. The Heat map is prepared on a regular basis in accordance with risk inspection meetings and various risk status reports from subsidiaries.

Stress tests are mainly conducted in fields that lend themselves to quantitative risk management and designed to calculate what type of financial losses may be incurred under stress scenarios.

A risk inspection meeting is an initiative that lessens risks carried by the Group while also supporting subsidiaries by providing advice and guidance on their internal control systems. This method starts by selecting subsidiaries for priority monitoring and holding separate dialogues with individual companies to get a concrete grasp of risks. Unlike the other two methods which involve broadly scoped management targets considered from a holistic view, the risk inspection meeting uses individualized micro points of view.

A multidisciplinary combination of these methods enable risk management that is both big-picture and dynamic, while not leaving out any individual issues.

### Big Picture View of the Group Risk Management Department



### Cybersecurity at the SBI Group

#### The SBI Group's Cybersecurity System

As a pioneer of Internet financial services in Japan, the SBI Group considers the enhancement of cybersecurity to be one of its most important management issues.

The Company, which has financial businesses within the Group – namely securities, banking, and insurance – has specified the SBI Group Cybersecurity Standard, which is a set of guidelines that apply to the entire Group. The SBI Group Cybersecurity Standard is based on various cybersecurity frameworks including the FISC Security Guidelines for the con-

struction of information systems by financial institutions, the framework from the National Institute of Standards and Technology (NIST) in the U.S., and the international cybersecurity standards known as the CIS Controls. This Standard has bolstered our comprehensive cybersecurity policy.

The SBI Group's cybersecurity system is overseen by the Executive Officer of SBI Holdings, who is the Group Information Security Manager with the IT Management Department as the core of its operation. Furthermore, the SBI Group CSIRT (Computer Security Incident Response Team) is also set up under the IT Management Department. The SBI Group CSIRT holds monthly meetings and also collaborates with external experts in cybersecurity, communicates with internal depart-

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ments and subsidiaries, and shares information with the Financial Information Sharing and Analysis Center (FISC), as well as the Japan Cybercrime Countermeasures Center (JC3). Through these measures, the SBI Group CSIRT works to enhance SBI Group’s resilience by preventing security incidents by analyzing latest threat trends and minimizing damage through rapid incident response.

The SBI Group holds four cybersecurity liaison meetings per year, attended by information security managers and persons responsible for information security among Group companies. These meetings are an opportunity to share information on cybersecurity measures, trends, and other matters across the Group. We recognize that these meetings are vital for raising the overall level of cybersecurity across the Group, as the size and scope of businesses vary from company to company.

Regarding collaboration with related internal departments, the IT Management Department and the Group Risk Management Department share information on a weekly basis. In the event of an incident, the two departments work together to implement a joint response plan. The departments have a close working relationship and communicates regularly. The IT Management Department, which specializes in IT security including counter cyberattacks, and the Group Risk Management Department, which manages general risks, collaborate to bolster security comprehensively and on multiple levels.

**Developing Human Resources for Enhanced Cybersecurity**

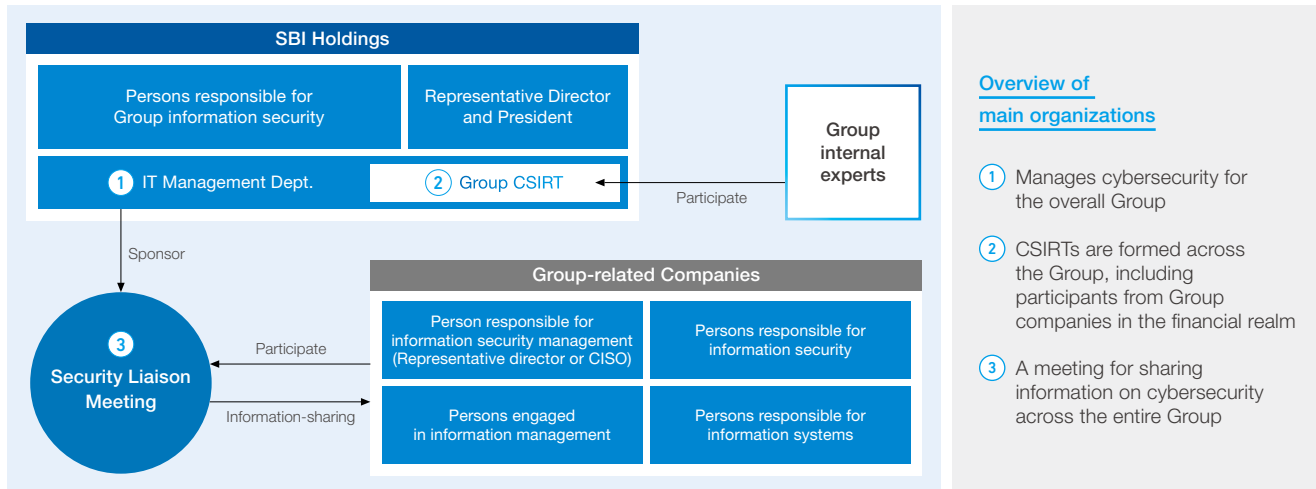
We believe that cybersecurity policy is not just for IT specialty departments, but rather, that it is essential that all employees understand the importance of cybersecurity and take preemptive measures on a regular basis. The Group has implemented a cybersecurity training program for the entire company, including the management team and individual managers; those engaged in development and operation of IT systems; those who plan, promote, or administer services; and employees involved in sales and operations. For those in

the management level, external experts are invited to visit and conduct training, and the Board of Directors regularly discusses and deliberates on cybersecurity issues at its meetings. For those engaged in systems operation and management at Group subsidiaries, seminars are regularly held inviting outside lecturers. In addition, an information-sharing portal dedicated to cybersecurity is used to communicate calls for vigilance about vulnerabilities and steps and countermeasures to be taken, which helps leveling out biases in knowledge regardless of a company’s size and field of business. For employees, the Company offers training against phishing emails and raises awareness towards risks of cyberattacks, as well as making e-learning on cybersecurity mandatory, which is essential for building a sense of ethics and sharing knowledge about the latest cybercrime, countermeasures, and how to deal with them.

**Putting In Place Cybersecurity That Encompasses the Whole Group**

For the Company group, which promotes advanced and diverse businesses and includes companies of various sizes and maturity levels, the presence of imbalances in cybersecurity frameworks among these companies, or in human resources and accumulated knowledge, is seen as a Group issue. Also, as digitalization progresses, cyberattacks are becoming more ingenious and sophisticated, making it difficult to provide complete protection against cyber-incidents using the existing arsenal of measures. As a measure to address these challenges, the Group has been constructing a common security platform that adopts the zero-trust security concept. By making use of this platform, individual companies are constructing an environment that enables a dynamic response against indications of an incident and their risks. The erection of a management framework like this is recognized as an effective method for putting in place a cybersecurity system at a Group characterized by the persistence of discontinuous growth.

**Outline of Cybersecurity System**



# Addressing Climate Change (Initiatives Based on TCFD Recommendations)

The SBI Group recognizes climate change as a vital issue confronting society and has declared its approval of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, and based on the disclosure framework recommended by this body, is making climate change disclosures in the four categories of “governance,” “strategy,” “risk management,” and “metrics and targets.” To grasp the financial impact of the risks and opportunities in “strategy” categories in the securities business and the investment business (private equity), which are major businesses of the SBI Group, we have conducted a resiliency check using scenarios published by international organizations.

In the banking business, SBI Shinsei Bank is already making disclosures based on the TCFD Recommendations. These disclosures can be viewed on the Bank’s website.

### Governance

SBI Holdings has established a Sustainability Committee under the Board of Directors, composed of Senior Managing Directors and chaired by the Representative Director, President & CEO. [▶ P.32](#)

### Risk Management

The SBI Group endeavors to provide proper assessment and management of risks that can obstruct business activities, including climate change, supported by a constant framework for risk management. To this end, the SBI Group has appointed a Risk Management Officer to oversee risk management and has established the Group Risk Management Department responsible for risk management at the Group level. Moreover, regarding the threat posed by climate change upon the entire Group, it is building an integrated assessment and management framework. [▶ P.36](#)

### Strategy: Identification of Risks/Opportunities and Scenario Analysis

In the scenario analysis, the SBI Group analyzed and examined the risks and opportunities and financial implications of two scenarios based on FY2020 data, assuming global mean temperature increases of 4°C and 1.5°C respectively by 2100 compared to before the Industrial Revolution.

### Risks and Opportunities (example)

Category	Type	Potential risks and opportunities		Timeline <sup>3</sup>	Impact		
		Securities business	Investment (private equity) business		4°C	1.5°C	
Risks	Transition Risks <sup>1</sup>	Laws and regulations	Increased costs due to the introduction of carbon taxes and other carbon pricing, as well as policies related to renewable energy use and energy conservation		Short to long term	–	Low
	Physical Risks <sup>2</sup>	Acute (increase in extreme weather)	Physical damage to offices due to extreme weather (typhoons, floods, high tides, etc.) and costs incurred in response to system failures		Medium to long term	High	Low
Opportunities	Development of a decarbonized society	<ul style="list-style-type: none"> <li>Increase in volume of financial instruments, such as shares issued by companies engaged in businesses that contribute to decarbonization</li> <li>Increase in opportunities to offer related businesses due to an increase in M&amp;A needs in relevant business areas</li> <li>Expanding business opportunities related to growing preference for ESG investment</li> </ul>	<ul style="list-style-type: none"> <li>Increase in earnings opportunities as the value of investee companies engaged in businesses that contribute to decarbonization increases</li> <li>Increase in opportunities to acquire fund investors through increased investment needs in venture capital (VC) funds</li> </ul>	Short to long term	Low	High	

<sup>1</sup> Business risks posed by actions taken by the government, enterprise, and consumers to solve climate change  
<sup>2</sup> Business risks posed by natural disasters owing to extreme weather, rising average temperatures, high tides, etc.  
<sup>3</sup> Assumes a time horizon of 0-3 years for short term, 4-10 years for medium term, and 11-20 years for long term

### Financial Impact Forecast for FY2030 (Compared to FY2020)

4°C scenario: ¥66 million  
 1.5°C scenario: ¥169 million  
 (For reference) SBI Holdings’ profit before income tax expense was ¥100,753 million in FY2022.

### Examples of SBI Group Initiatives to Resolve Environmental and Social Issues

- Support for the issuance of social impact bonds, including green bonds (SBI SECURITIES)
- Promoting sustainable finance and impact finance (SBI Shinsei Bank)
- Selecting portfolio companies in consideration of SDGs (SBI Investment)

### Metrics and Targets

Toward realizing the national target of carbon neutrality by 2050, the SBI Group targets net zero GHG emissions (Scope 1 and 2) by FY2050. Its interim target is a 33% reduction by FY2030 (compared to its FY2018 levels).

### Change in GHG emissions

(Units: t-CO<sub>2</sub>)

	FY2020	FY2021	FY2022
Scope 1	85	1,299	1,482
Scope 2	4,463	18,191	12,030
Total	4,548	19,490	13,512
Scope 3	–	–	1,286

Note 1: Scope for data collection: Disclose emissions at SBI Holdings’ and its Group companies’ main domestic facilities. Disclosures respectively cover Scope 1 (direct emissions from use of fossil fuels, etc.), Scope 2 (indirect emissions from use of purchased power and heat), and Scope 3 (emissions of others related to the operator’s activities) as defined by the GHG Protocol. SBI Shinsei Bank has been included since FY2021.

Note 2: For Scope 3, business travel (Category 6) and employee commuting (Category 7) are covered.  
 Note 3: Calculation method: based on electricity usage of SBI Holdings and its Group companies, the GHG emissions in the relevant range are calculated using actual emission factor by electric utility published by the Ministry of the Environment.

For full disclosure in accordance with the TCFD, please refer to the following website:

<https://www.sbigroup.co.jp/english/sustainability/environment/tcfd.html>

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## Achieving Sustainable Growth Through Stakeholder Engagement

We recognize that in order to increase the medium- to long-term corporate value of the SBI Group in an external business environment that is increasingly growing more uncertain, we must accurately identify the needs and expectations of various stakeholders by engaging with them through dialog and other methods, and reflect these results in our business activities.

### Customers



The SBI Group has set forth the “Customer-centric Principle” as its core management principle for business development and has put customer benefits first in its business activities. In addition, the Group has built one of the world’s first Internet-based financial ecosystems,

in which non-face-to-face transactions are characteristic between the service providers and consumers. It is precisely for this reason that the Group has made various considerations to allow customers to complete transactions with peace of mind and a sense of trust, including thorough protection of personal information.

#### Examples of Engagement

- Reducing stock brokerage commissions charged by SBI SECURITIES, and realizing Neo-securities initiatives within the first half of FY2023
- Achieved No.1 in the 2023 ORICON Customer Satisfaction® Survey, for Online Securities and Automobile Insurance Premiums (SBI SECURITIES, SBI Insurance)

### Shareholders and Investors



We are engaged in sound, highly transparent management by actively disclosing information to shareholders and investors, communicating through the General Meeting of Shareholders and financial results briefings, and striving to build better relationships. In addition to

the self-growth and propagation of corporate value of listed companies and manifestation of Group corporate value through the initial public offerings of unlisted companies, we will increase shareholder value through M&As, joint ventures, strategic alliances, and other such efforts.

#### Examples of Engagement

- Financial results briefings for institutional investors and analysts and individual meetings for institutional investors and analysts
- Information meetings for individual investors, as well as Current Management Information Briefing for shareholders

### Employees



As a comprehensive corporate group that innovates without getting caught up in preconceived notions, we have implemented various measures such as the provision of open employment opportunities and the establishment of a robust educational system that includes a

program for dispatching employees to the SBI Graduate School. In addition, through the realization of a fair evaluation and compensation system that rewards ambition and performance, we train employees to develop and pass down a unique corporate culture, and promote fostering a healthy work ethic.

#### Examples of Engagement

- Health and diversity management
- Development of employees at SBI Graduate School

### Partners (Service Providers)



The SBI Group is promoting open alliances in which win-win relationships are formed through partnerships with many non-Group companies across a variety of industries. Through these open alliances, we are collaborating

with diverse partners to create a system that can provide comprehensive services that cannot be achieved by a single company alone, in order to meet the diverse demands of various customers.

#### Examples of Engagement

- Neo-bank initiatives promoted by SBI Sumishin Net Bank
- Linkage by SBI SECURITIES to various common points issued by non-Group companies

### Local Communities



The SBI Group believes that a company is a part of society and that corporate activities have various impacts on it. In order to fulfill the role of the company as a social entity, we will work to find solutions to social

issues through our core business activities in a variety of different ways, thereby contributing to the maintenance and development of society.

#### Examples of Engagement

- Formulation of the SBI Group’s Basic Sustainability Principles and Materiality Measures
- Regional revitalization initiatives

### Global Environment



The SBI Group recognizes the importance of long-term coexistence between society and the natural environment, and that environmental issues have an impact on, and present both risks and opportunities to organizations and society. The SBI Group Environmental Policy

has been established based on this recognition. Based on this policy, we will continue to contribute to the maintenance and development of a sustainable society through our business activities.

#### Examples of Engagement

- Addressing Climate Change (Initiatives Based on TCFD Recommendations)
- Promoting sustainable finance and activities for increasing awareness of ESG investment

Toward the Realization of  
Management Strategy:

## The SBI Group's Human Resources Strategy

**We are Focused on Further Enhancing  
the Value of Our Human Resources,  
as a Source of Creativity and Competitiveness.**

**Katsumi Shiragami**

Executive Officer in Charge of Human  
Resources and General Affairs at SBI Holdings

### Approach to Human Resources

The SBI Group believes that people are the main source of creativity and differentiation that give us a competitive edge. The SBI Group is unique in that more than 90% of its human resources are mid-career hires and that 83.1% of mid-career hires at the SBI Holdings serve in management, thereby activating its mid-career human resources. These mid-career hires are able to work successfully alongside new graduates thanks to continuous training activities that help disseminate the SBI Group's management philosophy and corporate culture while allowing employees to acquire a broad overview of the Group as a whole. Furthermore, active communication by the CEO via books and other publications on management and business, is helping to raise employees' knowledge in areas such as humanities and business administration. We believe that these efforts are also contributing to a sense of unity within the Group.

We recognize that securing talented, global human resources is even more important in executing our management strategies. We are introducing evaluation, training, and compensation systems under a common global framework and are promoting them across the entire Group. In 2018, we established the Highly Specialized Professionals System, which enables us to respond differently from the existing framework in terms of salary treatment and working style, and we are focusing on securing human resources who can play strategically important roles. From April 2022, we implemented a significant increase in starting salary for new graduates and in the salary table up to the third year of employment. In addition, we introduced a remuneration system for all executives and employees that reflects the consolidated performance of the Group. The SBI Group will continue its efforts to enhance the value of its human resources, including the use of M&A and other methods to recruit talented people with abilities that enable them to make a strategic contribution.

### Diversity and Inclusion

The SBI Group recognizes that human rights are fundamental rights that all human beings equally and universally have, and that respecting these rights is a matter of course in corporate operations. In 2021, we clearly stated this belief in our "Human Rights Policy." We also believe that to remain as a company

that innovates without getting caught up in preconceived notions requires an environment in which diverse people can fully demonstrate their potential and stimulate each other to grow, regardless of race, nationality, gender, or other attributes. The SBI Group operates in 25 countries and regions, and overseas offices account for 21.7% of the total number of employees. Starting from March 2015, the upper-age limit on post-retirement re-employment was removed, as we are committed to actively promoting talented employees regardless of their attributes.

Recognizing that increasing diversity is important in the future, we have set goals of increasing the ratios of female managers and employees with foreign nationality to at least 20% and 40%, respectively, by 2025 and will work to maintain and improve the current ratios (24.7% and 37.7%\*, respectively, as of March 31, 2023).

\* The figure for the ratio of employees with foreign nationality is for the SBI Group on a consolidated basis, excluding the SBI Shinsei Bank Group

Please visit our website for more information on  
"SBI Group Human Rights Policy"



[https://www.sbigroup.co.jp/english/sustainability/social/human\\_rights.html](https://www.sbigroup.co.jp/english/sustainability/social/human_rights.html)

### Creating a Pleasant Work Environment

We believe that good physical and mental health is important for employees to always perform at their maximum potential. The SBI Group has instituted the Health Management Declaration stating the need to actively promote the creation of an environment that encourages employees to maintain and promote their health. In addition, we are devoting attention to the health of our employees by offering monthly individual health consultations with occupational health professionals. In accordance with each person's preferences, these are conducted in person, by phone, or in writing. SBI Wellness Bank, which was established in 2007 to actively contribute directly to society through the medical field, strives to maintain the health of officers and employees within the SBI Group through the Tokyo International Clinic, a medical corporation that it partners with and supports. Since 2016, we have been conducting legally mandated stress

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checks for our employees. We plan to carefully analyze the quantitative data obtained from the stress checks to understand the work characteristics and workplace environment of each Group company and consider more effective measures to maintain the health of our employees.

In addition to providing opportunities for self-actualization, we are striving to make effective use of employees and to put the right people in the right place through our career opening program. Many employees have utilized this program to make career changes by requesting transfers to their desired operating companies within the SBI Group, and in FY2022, 168 employees took advantage of this program.

We are also promoting the development of a comfortable working environment. Through a shortened-hours regular employee system, a staggered working hours system, and a parental and childcare leave system, the Company on its own has a 100% rate for mothers taking childcare leave, and a 33.3% rate for fathers taking childcare leave. Furthermore, to improve work efficiency and productivity, the entire Group is promoting the introduction of robotic process automation (RPA) to automate various routine tasks.

We conducted an engagement survey in 2023 in order to

strengthen the corporate ties with employees even more than before. The survey results were used to improve employees' engagement with the goal of putting in place an even more comfortable working environment.

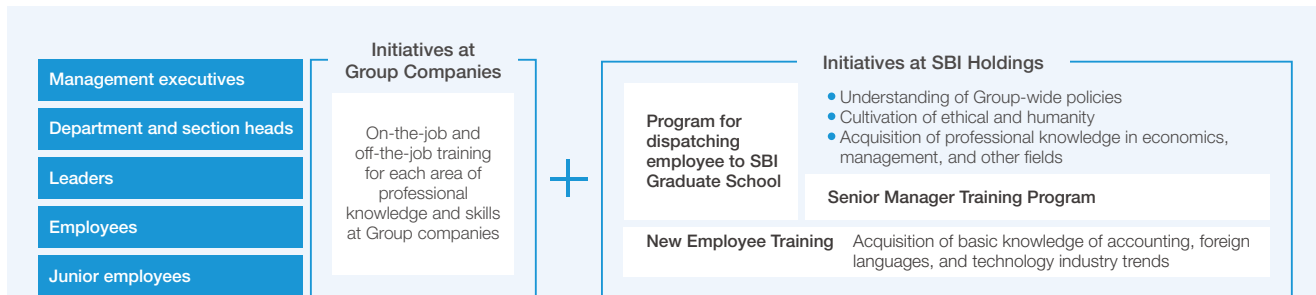
**Recognition for Employees that Rewards Performance**

Since our founding, we have maintained a policy of "giving a stipend to those with merit and a position to those with good judgement and insights," emphasizing not only results but also the process that leads to those results. In addition, in order to ensure fair and impartial evaluations, we conduct 360-degree evaluations, in which employees are evaluated not only by their superiors, but also by their subordinates and colleagues. In addition, in order to further enhance the cohesiveness of the Group and to additionally increase motivation and morale toward consolidated performance, the Company issues paid stock options to Directors of the Company and its subsidiaries and tax-qualified stock options to employees without cost.

**Approach to Human Resource Development**

The SBI Group is training future generations of skilled workers through a combination of on-the-job-training and courses at the

**The SBI Group's Human Resource Development Process**



**New Employee Training Program**

Our new employees spend the first year in the Company participating in an e-learning program from the SBI Graduate School with the goal of enabling them to understand basic theories and to acquire practical skills that will be used in their daily work. For new employees, we provide training to help them acquire knowledge and management perspectives as executives of the SBI Group from early on in their careers, by setting a report that is to be submitted every two weeks which is then evaluated by management executives, including the CEO.

**Senior Manager Training Program**

This program is designed for employees who aspire to be promoted to senior management positions. Our employees are required to take courses centered on moral philosophy for approximately a year at the SBI Graduate School and to complete it before being promoted to senior management positions.

**Employee Dispatch Program (SBI Graduate School MBA program)**

With the main goal of developing human resources that will lead the SBI Group in the future, we have a program that enrolls employees in the SBI Graduate School. Through this program, we expect our human resources to grow to be able to see and think

about things from a broader perspective through improved management and business abilities, as well as logical thinking.

**SBI Group's Single-subject and Diploma Program**

These programs are a part of our personnel measures with the goal of fostering employee self-development. Employees are permitted to learn at the SBI Graduate School while balancing work and their personal lives with a view towards a transition to the employee dispatch program (MBA program).

**Program Supporting the Acquisition of Qualifications**

If employees apply for this program beforehand, the Company may cover the expenses necessary for an employee to acquire a qualification.

**Career Open Program**

The program enables SBI Group employees to choose their career path and is divided into three categories: in-house recruitment, self-reporting, and business plan proposal.

**Procedures for Employment Transfer**

To facilitate employees' medium- and long-term career advancement, we have introduced an employment transfer program where temporary employees can become regular or direct employees.

SBI Graduate School, which opened in 2008 with the full support of the SBI Group. Employees who aspire to become senior managers must complete the SBI Group Senior Manager Training Program as a requirement for promotion. We have also established a program for employees wanting to study a wider range of management subjects by sending them to study at the SBI Graduate School. As of March 31, 2023, 157 individuals have obtained MBA degrees through this program. For new employees, in addition to the SBI Graduate School, we provide training by submission of assignments, which is unique to the

Company, to help our employees acquire knowledge and management perspectives as executives of the SBI Group from early on in their careers. New employees are required to submit a report every two weeks which is then evaluated by management executives, including the CEO. In this way, the Group focuses its efforts on human resources development through training time per employee that stands at 13 hours 23 minutes per year\*.

\* Employees of domestic consolidated subsidiaries (excluding SBI Shinsei Bank Group) are covered.

### Progress on the Human Resources Strategy

The Group has achieved rapid growth by pursuing its constantly evolving stance of “self-denial,” “self-transformation,” and “self-evolution.” Human resources give rise to creativity, and we thus position them as a major factor behind the differentiation that underlies our competitive strengths. Our human resources strategy seeks to get an accurate grasp of what those within the Company are saying as well as changes in the external environment, in addition to staying attune to the trend of the times. We also plan to build out the structures and initiatives in which employees exercise their talents to their fullest.

<b>2005</b>	Start of new graduate hiring program
<b>Oct. 2009</b>	Corporate dispatch system started for the MBA course at SBI Graduate School
<b>Mar. 2015</b>	Upper-age limit removed on post-retirement re-employment
<b>Oct. 2016</b>	Certification-acquisition support system introduced
<b>Aug. 2018</b>	Health Management Declaration instituted
<b>Oct. 2018</b>	Highly Specialized Professionals System established
<b>Apr. 2022</b>	Major increase in salary table for new graduate employees up to their third year
<b>June 2022</b>	Compensation system introduced in which Group consolidated earnings are reflected in all officers' and employees' compensation
<b>Oct. 2022</b>	Shorter-hours regular employee system introduced, staggered working hours formalized into a system
<b>Mar. 2023</b>	Applicable certificates expanded for certification support system
<b>Apr. 2023</b>	Employment referrals started
<b>Apr. 2023</b>	Engagement survey conducted at SBI Holdings

### Employee Data\*1

Employee Status (Consolidated)	FY2020	FY2021	FY2022
Number of employees	9,209	17,496	18,756
Percentage of employees at overseas business sites (%)	39.1	22.9	21.7
Ratio of employees with foreign nationality*2(%)	43.0	42.3	37.7

Status of Employment of Women		FY2020	FY2021	FY2022
Consolidated	Number of female employees	3,898	7,630	8,133
	Ratio of female employees (%)	42.3	43.6	43.4
	Number of female executive officers	13	20	22
	Ratio of female executive officers (%)	12.6	9.4	8.7
Domestic consolidated	Number of women hired	750	933	1,327
	Ratio of women among regular employees hired (%)	32.1	39.1	38.1
	Number of female managers	262	688	727
	Ratio of female managers (%)	16.0	18.3	18.4

Domestic Consolidated	FY2020	FY2021	FY2022
Average years of service (men)	5.2	10.1	10.2
Average years of service (women)	5.1	8.4	8.7
Average annual salary (men)	¥7,547,839	¥7,564,601	¥7,854,752
Average annual salary (women)	¥4,118,029	¥4,515,359	¥4,820,899
Turnover rate (%)	23.2	14.9	15.4
Annual amount of training time per employee*2	15hr 46min	15hr 38min	13hr 23min

Non-consolidated	FY2020	FY2021	FY2022
Average monthly overtime working hours	15hr 19min	17hr 41min	17hr 1min
Ratio of annual paid leave taken (%)	60.9	65.4	75.6
Ratio of childcare leave taken by female employees (%)	100	100	100
Ratio of mid-career hires among management (%)	84.4	81.1	83.1
Education and training expenses (yen)	¥58,170,000	¥56,410,000	¥60,781,642
Ratio of female managers (%)	24.6	26.5	24.7

\*1 Figures may not be continuous due to changes in calculation methods, M&A, etc., from FY2020 to FY2022.

\*2 Excluding SBI Shinsei Bank Group.

#### Target Figures for Human Resources (Through to 2025)

\*1 Non-consolidated  
\*2 Consolidated

Ratio of female managers\*1  
**20% or higher**

Ratio of employees with foreign nationality\*2  
**40% or higher**

Please visit our website for more information on “Enhancing Human Capital Value”

<https://www.sbigroup.co.jp/english/sustainability/social/employee.html>



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## Strengthening and Enhancing the Management Base to Support Sustainable Growth

The Group is actively engaged in constructing an organizational framework that can swiftly adapt to changes in the business environment, while ensuring the transparency and fairness of decision-making. Our focus lies in fostering robust corporate governance practices to drive the enhancement of corporate value.

### Results of Main Efforts for FY2022

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	96%
Number of Board of Statutory Auditors' meetings held per year	17
Average attendance rate at Board of Statutory Auditors' meetings for Outside Statutory Auditors	97%

### Major Items Discussed at the Board of Directors

- Issuance of new shares by third-party allotment and conclusion of an underwriting agreement on all shares
- Revision of risk assessment documents (including documents prepared by specified business operators) related to anti-money laundering measures, etc.
- SBI Sumishin Net Bank Stock Offering
- Appointment of members to the Management Advisory Committee
- Status reports on initiatives related to sustainability

### Corporate Governance System

The Company adopted an organizational structure incorporating the establishment of a Board of Statutory Auditors, which led to the formation of both a Board of Directors and a Board of Statutory Auditors. The Company's Board of Directors, consisting of 15 Directors, with 7 Independent Outside Directors (as of June 29, 2023), is strengthening its oversight of the appropriateness of the Company's management. The Board of Directors meets monthly, 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 the Senior Managing Director, 18 Executive Officers with expertise and insights aligned with the Directors are in charge of business execution. The Company clearly defines the functions and responsibilities of the Executive Directors, Executive Officers, and the Board of Directors, and has put in place an organizational structure capable of promptly and flexibly responding to sudden changes in the business environment.

Statutory Auditors are responsible for establishing a solid corporate governance system worthy of public trust, by means including auditing the Directors' performance of duties. Statu-

tory Auditors ensure collaboration with Outside Directors and Accounting Auditors and endeavor to realize a more effective corporate governance system.

The Board of Directors and the Board of Statutory Auditors are composed of diverse individuals, irrespective of race, nationality, gender, etc., who possess a high level of expertise and will contribute to the strengthening of the Company's corporate governance system. [▶ P.46](#)

### Improving the Effectiveness of the Board of Directors

#### 1. Method of Analysis and Evaluation

Between February and March 2023, 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 2023.

#### Items Included in Evaluation of Effectiveness

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

#### 2. Overview of Results of the Analysis/Evaluation

The evaluation found the Board of Directors to be sufficiently effective and functioning properly as a business execution and monitoring organization.

However, to further improve the Board's effectiveness, the evaluation noted the necessity to discuss such topics as the

### Overview of Organization (As of June 29, 2023)

Configuration	Company with Board of Statutory Auditors
Number of Directors (Independent Outside Directors)	15 (7)
Term of Directors	1 year
Average age of Directors	58.2
Number of Statutory Auditors (Outside Statutory Auditors)	4 (2)
Number of Directors registered as Independent Executives	9
Number of Management Advisory Committee members (Independent Outside Directors)	8 (7)
Involvement of Independent Outside Directors in remuneration decisions (Yes/No)	Yes

assurance of diversity and fairness of opportunity for its human capital and having an ongoing human resources development strategy, with an eye on new value creation. Other views expressed expectations for the activation of essential discussions regarding the fostering of strategies and actions to further drive DX in our financial business. Additionally, there are expectations for more concrete problem identification, continuous monitoring, and consideration of the interplay with our Group businesses in discussions related to management strategies integrating ESG and SDGs perspectives.

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 enhancement of sustainable corporate value.

**Director Training**

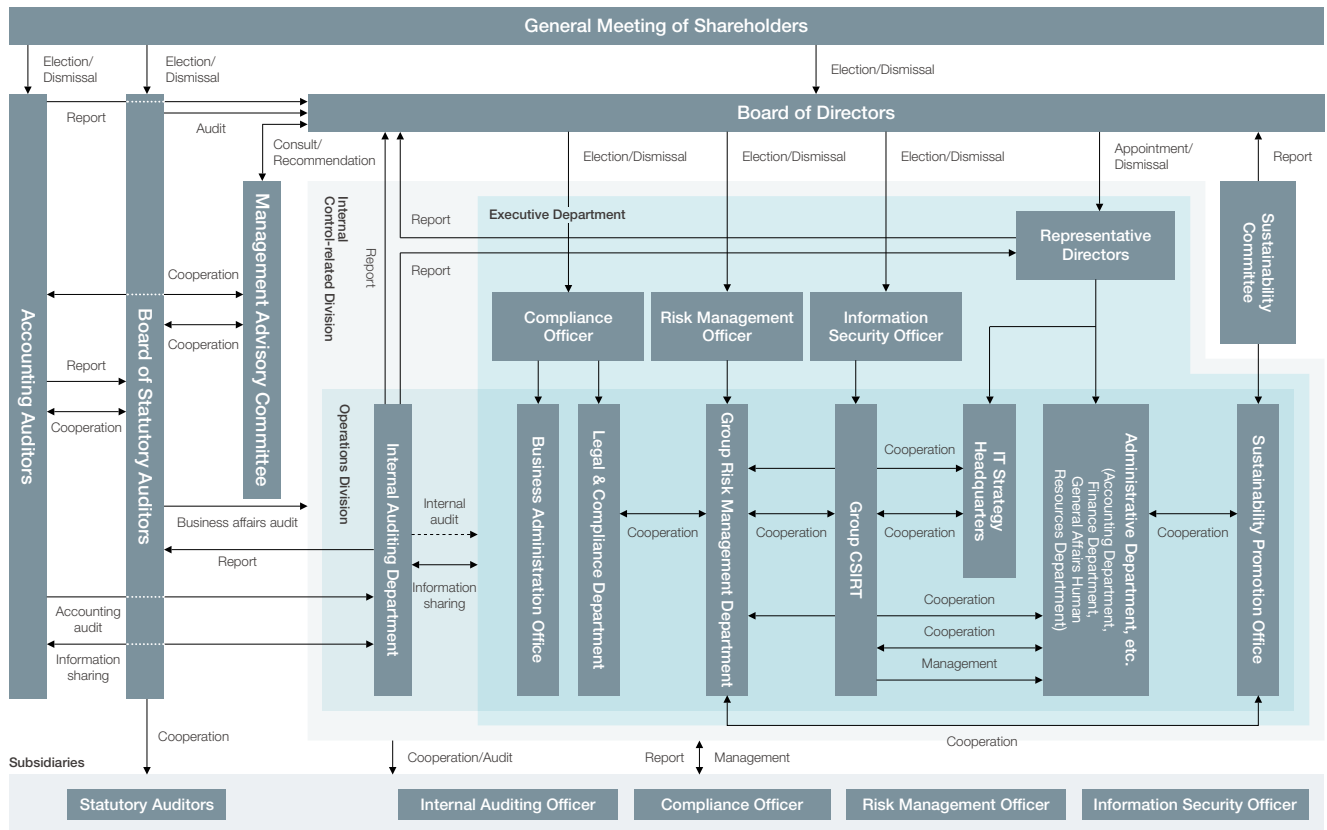
The Company maintains a training environment in which each Director and Statutory Auditor can acquire and revamp the knowledge required of management. In FY2022, the Company invited Masafumi Nomiya, Chief Operating Officer of Deloitte Tohmatsu Cyber LLC, to participate in cybersecurity training held in December.

- Key Themes Discussed During the Director Training**
- Supply chain attacks, ransomware attacks, cyberattacks related to world affairs, and other threats to be aware of
  - Patterns behind how cyberattacks are carried out
  - Efforts to strengthen responses to cyber threats



Attendees of Director training

**Outline of Corporate Governance Structure**



Non-financial Activities

Board of Directors and Statutory Auditors (As of June 29, 2023)

Directors

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

Name/Position	Principal responsibilities and concurrent offices held	Other information
 <p><b>Yoshitaka Kitao</b> Representative Director, Chairman, President &amp; CEO</p>	<p>Representative Director, Chairman and President of SBI Investment Co., Ltd. Representative Director and Chairman of SBI SECURITIES Co., Ltd. Representative Director &amp; President of SBI Pharmaceuticals Co., Ltd. Director of SBI VC Trade Co., Ltd. Representative Director &amp; Chairman of SBI Digital Asset Holdings Co., Ltd. Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. Representative Director &amp; President of SBI Capital Management Co., Ltd. Director and Chairman of SBI Asset Management Group Co., Ltd. Representative Director &amp; President of Regional Revitalization Partners Co., Ltd.</p>	<p>① 12/12 ② 4,007,960 ③ General management (financial assets and biotechnology) ④ Mr. Yoshitaka Kitao has demonstrated excellent management capabilities as Representative Director, President &amp; CEO since the Company's establishment, building a financial conglomerate focused on Internet-based financial services for the Financial Services Business, which covers a broad range of business activities including securities brokerage business, banking services business, insurance business, and a wide range of financial services businesses. He has also helped establish a strong business foundation for the SBI Group by leading business expansion in Japan and abroad.</p>
 <p><b>Masato Takamura</b> Representative Director, Senior Executive Vice President &amp; COO</p>	<p>Representative Director and President of SBI SECURITIES Co., Ltd. Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Outside Director of ASCOT Corp. Director of The Global Ltd.</p>	<p>① 12/12 ② 310,000 ③ General management (financial assets) ④ Mr. Masato Takamura has served as Representative Director and President of SBI SECURITIES Co., Ltd., and has greatly contributed to the growth of the securities businesses and has a wealth of experience and broad knowledge as a manager. In addition, he has been responsible for the Financial Services Business as Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. since June 2018.</p>
 <p><b>Tomoya Asakura</b> Director, Senior Executive Vice President</p>	<p>Representative Director &amp; President of SBI Asset Management Group Co., Ltd. Representative Director &amp; President of SBI Global Asset Management Co., Ltd. Representative Director &amp; President of Wealth Advisor Co., Ltd. Representative Director, Chairman &amp; CEO of SBI Asset Management Co., Ltd. Director of SBI Sumishin Net Bank, Ltd. Director of SBI Insurance Group Co., Ltd. Director of SBI Okasan Asset Management Co., Ltd. Director of Rheos Capital Works Inc.</p>	<p>① 9/9 ② 285,000 ③ General management (financial assets) ④ Mr. Tomoya Asakura, who has served as Representative Director &amp; President of SBI Global Asset Management Co., Ltd., has greatly contributed to growth in all aspects of asset management, including the information service business and the investment management business, and has a wealth of experience and broad knowledge as a manager.</p>
 <p><b>Shumpei Morita</b> Senior Managing Director</p>	<p>Representative Director of SBI Regional Bank Holdings Co., Ltd. Representative Director of SBI Regional Revitalization Banking System Co., Ltd. Outside Director of The Shimane Bank, Ltd. Director of SBI SAVINGS BANK Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of SBI Business Solutions Co., Ltd. Director of SBI Security Solutions Co., Ltd. Director of SBI Art Auction Co., Ltd. Director of SBINFT Co., Ltd.</p>	<p>① 12/12 ② 70,000 ③ Finance and accounting ④ After his appointment as a Director of the Company, Mr. Shumpei Morita provided support in relation to the accounting and financial aspects of the SBI Group's management strategy as CFO from October 2011. In addition to a highly ethical outlook, he possesses considerable professional knowledge regarding finance and accounting as a certified public accountant. Furthermore, as Representative Director of SBI Regional Bank Holdings Co., Ltd., he works on regional revitalization and value enhancement for regional financial institutions, in which SBI Regional Bank Holdings Co., Ltd. has invested.</p>
 <p><b>Satoe Kusakabe</b> Managing Director</p>	<p>Executive Managing Director, Director of Risk Management Department and in charge of IT Risk Management Department of SBI SECURITIES Co., Ltd. Director of SBI VC Trade Co., Ltd. Director of Japanext Co., Ltd. Director of SBI Remit Co., Ltd. Director of FXcoin Ltd. Director of SBI Zodia Custody Limited.</p>	<p>① 12/12 ② 2,000 ③ Internal control, legal affairs and compliance ④ Ms. Satoe Kusakabe has been engaged in corporate internal control and audit-related tasks as a certified public accountant and has a wealth of experience in that field. In addition, she has conducted duties mainly in the audit and risk management departments at the Company, as well as at SBI SECURITIES Co., Ltd. With the importance of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) on the rise, it can be expected that she will utilize her wealth of experience in the field to further strengthen and enhance the SBI Group's risk management function.</p>
 <p><b>Masayuki Yamada</b> Director</p>	<p>Statutory Auditor of SBI Asset Management Group Co., Ltd. Director of SBI Capital Management Co., Ltd. Director of SBI Art Auction Co., Ltd.</p>	<p>① 12/12 ② 14,030 ③ Internal control, legal affairs and compliance ④ Mr. Masayuki Yamada has served as an officer in charge of legal affairs and compliance in the SBI Group as an attorney at law admitted to the New York Bar (U.S.), and has a wealth of practical experience and a highly ethical outlook.</p>
 <p><b>Shinji Matsui</b> Director</p>	<p>Representative Director of SBI AutoSupport Co., Ltd. Representative Director &amp; President of SBI Benefit Systems Co., Ltd. Representative Director of SBI DC Support Co., Ltd. Representative Director of SBI Africa Co., Ltd.</p>	<p>① — ② 103,350 ③ General management (financial assets), overseas experience ④ Mr. Shinji Matsui has a wealth of experience and broad insight as a manager in the Financial Services Business, including serving as Representative Director &amp; President of SBI Benefit Systems and Representative Director of SBI AutoSupport for several years. He is also driving new business development in new overseas markets as Representative Director of SBI Africa.</p>
 <p><b>Motoaki Shiino</b> Director</p>	<p>General Manager of Corporate Communications, SBI Holdings, Inc. Director of SBI e-Sports Co., Ltd. Representative Director of SBI Non-Bank Holdings Co., Ltd.</p>	<p>① — ② 5,000 ③ Finance and accounting, public relations ④ As General Manager of Corporate Communications at SBI Holdings, Mr. Motoaki Shiino has deep familiarity with Group strategy from being in charge of public relations and investor relations at the SBI Group. Also, as a result of these efforts, he has gained a wealth of practical experience and a high level of expertise.</p>

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

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



Independent Outside Directors

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

Name/Position	Principal responsibilities and concurrent offices held	Other information
<p><b>Teruhide Sato</b></p> <p>Independent Outside Director</p> 	<p>Director of BEENEXT PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD.</p>	<p>①12/12 ②2,820 ③General management (advanced technology), overseas experience ④Mr. Teruhide Sato participated in launching CyberCash K.K. (currently, DG Financial Technology, Inc.) in Japan and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.), and has a wealth of experience and extensive knowledge, particularly in relation to Internet businesses in Asia.</p>
<p><b>Heizo Takenaka</b></p> <p>Independent Outside Director</p> 	<p>Director of 3DOM Alliance Inc. Outside Director of MAYA SYSTEM Inc. Director of XICA CO., LTD. President of Academy Hills Emeritus Professor at Keio University Non-executive chairman of Investcorp Japan, LLC</p>	<p>①12/12 ②— ③General management (financial assets), finance and accounting ④Mr. Heizo Takenaka has served successively as the Minister of State for Economic and Fiscal Policy, the Minister of State for Financial Services, the Minister of State for Internal Affairs and Communications, and in other posts and teaching at Keio University, while also serving as an outside director in private companies.</p>
<p><b>Yasuhiro Suzuki</b></p> <p>Independent Outside Director</p> 	<p>Representative Director and President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association Visiting Professor at Joho Keiei Innovation Senmonshoku Daigaku</p>	<p>①12/12 ②— ③General management (advanced technology) ④Mr. Yasuhiro Suzuki has served successively as Representative Director and President of Seven &amp; i Netmedia Co., Ltd., Director &amp; Executive Officer, CIO of Seven &amp; i Holdings Co., Ltd., and in other posts, and has a wealth of experience in a wide range of fields, including Internet businesses.</p>
<p><b>Hiroshi Ito</b></p> <p>Independent Outside Director</p> 	<p>Advisor of SBI Insurance Group Co., Ltd</p>	<p>①12/12 ②— ③General management (financial assets), risk management ④Mr. Hiroshi Ito has served successively in important positions such as Representative Director of Marsh Japan, Inc., which is a global-leading company that provides services related to insurance and risk management, and has expert knowledge in insurance fields that the SBI Group focuses on.</p>
<p><b>Kanae Takeuchi</b></p> <p>Independent Outside Director</p> 	<p>Freelance Announcer Outside Director of dip Corporation</p>	<p>①12/12 ②— ③Public relations ④One of the Company's most important challenges is to ensure that the Board of Directors heeds women's perspectives and strengthens its approach in this regard. Moreover, Ms. Kanae Takeuchi has played active roles, both in the past and presently, particularly in the media, and is well-suited to reflect the opinions of the stakeholders of the Company, including many individual shareholders, at Board meetings.</p>
<p><b>Junichi Fukuda</b></p> <p>Independent Outside Director</p> 	<p>Commissioned Lecturer at SBI Graduate School Lawyer at Uryu &amp; Itoga LPC Special advisor</p>	<p>①12/12 ②— ③Finance ④Mr. Junichi Fukuda has served successively as Vice-Minister of Finance and has extensive experience in the field of finance. He can be expected to bring constructive opinions to the SBI Group's financial business in general, especially in the fields of regional revitalization and expanding cooperation with regional financial institutions.</p>
<p><b>Hiroyuki Suematsu</b></p> <p>Independent Outside Director</p> 	<p>Specially Appointed Professor at the Tokyo NODAI Research Institute of Tokyo University of Agriculture Outside Director (Audit &amp; Supervisory Committee member) of TRE HOLDINGS CORPORATION Outside Director (Audit &amp; Supervisory Committee member) of Nexyz.Group Corporation</p>	<p>①12/12 ②— ③Agriculture, forestry and fisheries, and the food industry ④Mr. Hiroyuki Suematsu has successively served as Vice-Minister of Agriculture, Forestry and Fisheries and has extensive experience in agriculture, forestry and fisheries industry, and the food industries. He can be expected to bring constructive opinions to the SBI Group in many fields including the use of supply chain management with blockchains and operating the Osaka Dojima Exchange, Inc., which handles commodities futures.</p>

Statutory Auditors

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

Name/Position	Principal responsibilities and concurrent offices held	Other information
<p><b>Toru Ichikawa</b></p> <p>Outside Standing Statutory Auditor</p> 	<p>Outside Statutory Auditor of The Shimane Bank, Ltd.</p>	<p>①12/12-17/17 ②1,000 ③Finance and accounting, internal control, legal affairs and compliance ④Mr. Toru Ichikawa has served successively as chief inspector of the Financial Services Agency and has extensive experience in the financial field.</p>
<p><b>Takahiro Yoshida</b></p> <p>Standing Statutory Auditor</p> 	<p>Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd.</p>	<p>①— ②— ③Finance and accounting, financial sector in general ④Mr. Takahiro Yoshida has many years of experience at financial institutions, and he served as Executive Officer of the Group Treasury Department at SBI Shinsei Bank. He has a wealth of practical experience and a high moral perspective.</p>
<p><b>Yasuo Sekiguchi</b></p> <p>Outside Statutory Auditor</p> 	<p>Managing Director of Global Partners Consulting, Inc.</p>	<p>①11/12-16/17 ②— ③Finance and accounting, overseas experience ④Mr. Yasuo Sekiguchi is qualified as a Certified Public Accountant and Certified Tax Accountant and has a considerable degree of knowledge regarding finance and accounting.</p>
<p><b>Akemi Mochizuki</b></p> <p>Statutory Auditor</p> 	<p>Member of AKAHOSHI AUDIT CORPORATION Outside Director and Audit and Supervisory Committee member of TSUMURA &amp; CO. Outside Statutory Auditor of Asahi Kasei Corporation</p>	<p>①8/9-8/10 ②— ③Finance and accounting ④Ms. Akemi Mochizuki has a wealth of experience and a high level of knowledge as a certified public accountant over many years, as well as a high degree of professional knowledge and a wealth of experience regarding finance and accounting, in addition to auditing of companies.</p>

Note: The number of shares owned is as of March 31, 2023.

## Non-financial Activities

## Skills Matrix for Directors

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

## Messages from the Independent Outside Directors

### Heightened Importance of Discussions Regarding Strategy and Risk Management in an Era of Unprecedented Transformational Change

The current era is characterized by the intermixing of a variety of changes, including rapid technological growth, geopolitical transformation, and alterations to the macro-economy and social systems. In such times, we must maintain the self-evolution mentality instilled since the Group's founding as well as multi-dimensional discussions about long-term human resources strategy, preparations for medium-term growth fields, and short-term competitive strategies. Moreover, it is essential to step up our pursuit of highly effective risk management in each region and field of business so that the Company has sufficient foresight into the appearance of beyond-normal risks.

**Teruhide Sato**



### Intensifying the Focus on Implementing DX and Strengthening Cybersecurity

SBI Group, whose expansion is underpinned by a foundation of Internet finance, holds major competitive advantages based on its strengths in leading technologies. I foresee the SBI Group as energizing these advantages in the years ahead, to lead digital transformation (DX) in the finance industry. Furthermore, as a result of DX expansion, cybersecurity will become more important. It is incumbent upon the SBI Group not only to pursue its own growth as an entity, but also to contribute to resolving new types of issues facing society.

**Heizo Takenaka**



### With an Eye on Expanding Business Outside of Finance, Setting up Plans for New Scorers

**Yasuhiro Suzuki**

Combining organic growth with discontinuous growth through M&A, the SBI Group is expanding its business domain to achieve growth into a business Group that can no longer be defined within a framework of finance alone. Looking ahead, the Group's intent is to increase recognition of these types of expanding businesses, for which I see a need for initiatives to strengthen the SBI Group's branding. Also, while securing talent with a broad range of skills suitable for a diversified set of businesses and expanding Group businesses overseas, I think we must further discussions with the Company on strengthening their supervision.



### Raising the Level of Discussions on Sustainability

**Hiroshi Ito**

Under a challenging environment in which the Japanese economy is stagnant and decline in the younger population continues, looking ahead, I find it necessary to engage in discussions and create an appropriate organization in consideration of risk management of new business, overseas expansion, and human capital in each individual field of business. Also, due to the high representation among our shareholders of institutional investors from outside Japan, we will be increasingly asked to take action in non-financial areas such as sustainability and ESG. One example is the initiatives towards employees, who are viewed as major stakeholders, where we are looking forward to the Company making effective use of employee engagement measures to be implemented from FY2023.



### Sustainable Growth Through the Fostering of Management Talent by Leveraging Diversity

**Kanae Takeuchi**

Having a Board of Directors whose membership leverages a diversity of backgrounds allows the Company to have multifaceted discussions, in my view. SBI Group has a well-established atmosphere that encourages free and frank discussion and exchange of opinions, regardless of age or position. I believe that by continuing to pursue diversity to the greatest extent possible, we will be able to achieve synergy with President Kitao's strong leadership. For sustainable growth of the SBI Group from a long-term perspective, I believe it is desirable to activate essential discussions on constructive nurturing management diversity, including women.



### Fulfilling Our Various Responsibilities with a Good Balance between Execution and Supervision

**Junichi Fukuda**

"Decision-making on business execution" and "supervision of those who execute business" are cited as responsibilities borne by the Board of Directors. At the same time, at SBI Holdings, active discussions on future strategy and direction are also taking place based on the leadership of President Kitao. I believe that the Independent Outside Directors, each with their own specialized expertise, are adequately fulfilling their responsibilities to provide appropriate supervision of resolutions on proposals related to business execution. Looking ahead, it will be necessary to continue such initiatives in order to achieve sustainable growth.



### Appreciating the Aggressive Stance to Foster Sustainability Instilled since Its Founding

**Hiroyuki Suematsu**

Having no barriers with regards to gender or nationality, the SBI Group has a well-established approach to diversity in which proper evaluations are made based on ability. At Board of Directors meetings, Independent Outside Directors, who comprise almost half the Board and come from diverse backgrounds, bring to discussions viewpoints that shed light on the social implications of business. The SBI Group's approach, which has been aligned with the idea of sustainability since its founding, is well rooted in its business operations. I believe that the Group will face demands to spread this approach outside the Company and grow along with its stakeholders.



## Non-financial Activities

## Independent Outside Directors

Name	Reasons for Appointment	Attendance at Board of Directors' meetings
Teruhide Sato	Mr. Teruhide Sato participated in launching CyberCash K.K. (currently, DG Financial Technology, Inc.) in Japan and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.). He has a wealth of experience and extensive knowledge, particularly in relation to Internet businesses in Asia.	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 globally leading company that provides services related to insurance and risk management and is a subject matter expert in insurance fields, an area on which the SBI Group focuses.	12/12 (100%)
Kanae Takeuchi	One of the Company's most important challenges is to ensure that the Board of Directors heeds women's perspectives and strengthens its approach in this regard. Ms. Kanae Takeuchi has played active roles both in the past and presently and is well-suited particularly in the area of media to reflect the opinions of stakeholders of the Company, including individual shareholders, at Board of Directors' meetings.	12/12 (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.	12/12 (100%)
Hiroyuki Suematsu	Mr. Hiroyuki Suematsu successively served as Vice Minister of Agriculture, Forestry and Fisheries and has extensive experience in agriculture, forestry and fisheries industry, and the food industries. He can be expected to bring constructive opinions to the SBI Group in many fields including the use of supply chain management with blockchains and operating the Osaka Dojima Exchange, Inc., which handles commodities futures.	12/12 (100%)

## Management Advisory Committee

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

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

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

At the fourth meeting of the Management Advisory Committee for FY2022, held in March 2023, frank discussions were held regarding actions on cybersecurity via the Group's business partners and the need for greater involvement at the

Osaka headquarters from a business continuity plan (BCP) perspective. With risk management becoming even more important in the future, there was also an open exchange of views on how to deal with risks should they materialize.

Members of the Management Advisory Committee  
(As of June 29, 2023)

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

\* Independent Outside Directors of the Company

## Compensation for Directors

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

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

### Policy on Determining Compensation for Directors

- 1) The Company established the Management Advisory Committee, the majority of which is composed of Independent Outside Directors, in order to secure fairness and clarity in the processes for determining executive remuneration, etc. The policy on determining the amount and calculation method of executive remuneration, etc. is to be decided by the Board of Directors after receiving feedback from the Management Advisory Committee. The policy on determining the amount and calculation method of remuneration for Directors for FY2022 was decided by the Board of Directors after receiving a report and feedback from the Management Advisory Committee.
- 2) The amount of remuneration, which is made up of fixed basic remuneration as well as bonuses based on the Company's performance and restricted stock units for each Director (excluding Outside Directors), is decided by the Board of Directors after receiving feedback from the Management Advisory Committee, and is to be within the total remuneration limits approved at the General Meeting of Shareholders. Similarly, the amount of remuneration for each Outside Director, which is made up of fixed basic remuneration and bonuses, is decided by the Board of Directors, and is to be within the total remuneration limit approved at the General Meeting of Shareholders. However, when these decisions have been entrusted to the Representative Directors by the Board of Directors, the Representative Directors will determine the above remuneration matters.

The basic remuneration is paid by monthly monetary

remuneration and the amount of basic remuneration for each Director is decided based on the following:

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

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

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

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

### Total Compensation for Directors and Statutory Auditors, Total Compensation by Type, and Number of Corresponding Executives (FY2022)

Executive Classification	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Corresponding Executives
		Basic Compensation	Bonuses	Retirement Benefits	
Directors (Excluding Outside Directors)	801	210	481	110	9
Statutory Auditors (Excluding Outside Statutory Auditors)	7	7	—	—	2
Outside Directors and Outside Statutory Auditors	129	108	21	—	9

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

Since the SBI Group has a wide range of business areas, some investors have expressed difficulty in understanding the full picture. In response, we are working to make the corporate value of the whole Group more visible by promoting initial public offerings (IPOs) for our subsidiaries to clarify the business value of each operational unit. While increasing the capital procurement capability of each Group company, these IPOs enable the strengthening of their financials and afford them the opportunity to be self-reliant.

Meanwhile, to protect minority shareholders, we adhere to the arm's length principle to ensure the fairness and rationality

of transactions with each Group company and respect the independence of their management.

For example, the Group has entered into management agreements with each listed subsidiary and is limited to receiving reports on timely disclosure matters, including mainly consolidated performance management, business alliances with other companies and matters relating to the acquisition and disposal of investment securities (related to policy holdings). In addition, the Company has stipulated to its subsidiaries that it has the right to investigate cases that could damage the reputation of the Group, but the Company respects the independence of each subsidiary and leaves management control to them.



## Non-financial Activities

### Enhancing the Internal Control System

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

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

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

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

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

### Policy and Status of Strategic Shareholding

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

In a certain case where the Company's shares are held by a strategic shareholder, it will not engage in economically unreasonable transactions that are detrimental to the joint corporate and shareholder interests with the relevant company. Moreover, if the owner of strategic shareholdings in the Company indicates the intention to sell the shares, it is the basic policy of the Company to respond appropriately and not take any action that would obstruct the sale, such as by indicating that business transactions with the holder will be reduced.


As of March 31, 2023 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.

### Internal Auditing

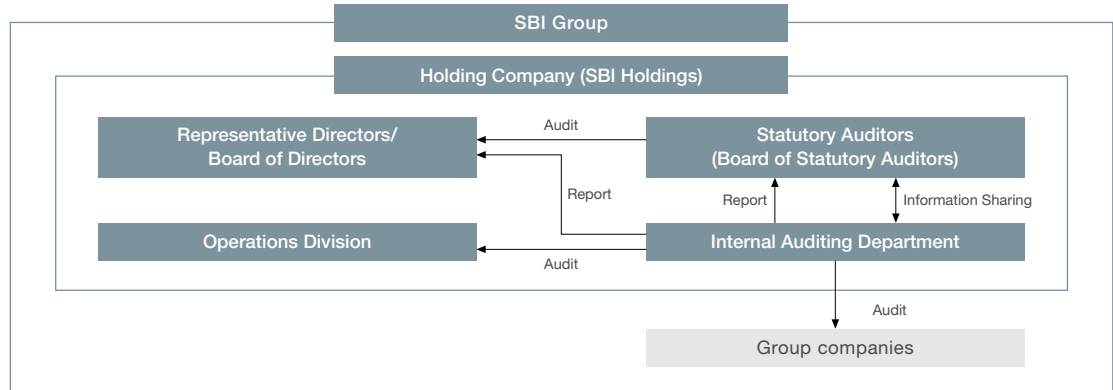
The Company has an internal audit division that operates as an organization independent from both business operation management and administration divisions. The internal audit division comprehensively and objectively evaluates the appropriateness of internal control systems which includes legal compliance, the appropriateness of business operations and the appropriate operation of internal controls, and proposes improvements for and follows up with any issues identified as a result of the audit. The internal audit division obtains assistance from Executive Officers and outside experts if necessary, when conducting audits. Audit results are reported to audited companies without delay after completion of individual audits, while audit results are also reported regularly at least every six months to the Statutory Auditors, the Representative Directors, and the Board of Directors.

The internal audit division is composed of a general manager and members who have specialist knowledge of audits (internal audits, accounting audits, internal control, etc.), and it conducts audit procedures with reference to general internal audit standards, etc. Audit targets are scored based on credit risk, market risk, liquidity risk, operational risk, and other risks. Based on the results, the audit frequency is determined. Internal audits are conducted by combining document audits, interviews, on-site inspections, etc., and audits are conducted on equity method associates as necessary, in addition to subsidiaries.

#### Internal Control and Internal Audit

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

**Outline of Internal Control System**



**Auditor Viewpoints**



**Toru Ichikawa**  
Outside Standing Statutory Auditor

**Building a High-level Auditing Structure by Strengthening Collaboration Among Group Companies**

While gathering information in a timely and appropriate manner by making use of my outside perspective as an Outside Statutory Auditor, I conduct audits from the perspective of the appropriateness and validity of business operations by accurately grasping the situation of the SBI Group as a Standing Statutory Auditor.

In FY2022, while giving particular consideration to information security risk and overseas facilities risk, I conducted operational audits in key auditing areas such as our stance on preventing money laundering and labor risk, as well as the management stance on the Group's risks.

The Group sets its governance such that information is regularly exchanged on an individual basis with Statutory Auditors at major subsidiaries, and explanations are heard on the status of actions taken against various risks. In addition, the Statutory Auditors of the Group assemble twice a year as the Group Statutory Auditors Liaison Committee. In conjunction with the increase in Group companies, the number of Statutory Auditors participating in the Liaison Committee has steadily increased, using it as a venue for gathering information and exchanging opinions. Furthermore, the Internal Auditing Department and the Accounting Auditors collaborate to verify the effectiveness of internal controls. Additional verification is provided twice per year by the Management Advisory Committee, which exchanges opinions based on the results of the audits by the Statutory Auditors.

Because interest has been mounting recently in sustainability management, even in auditing, we pay attention to whether the overall operations management of the Group is oriented towards achieving its sustainability growth targets. Although people in business execution play different roles, I would like to contribute along with them to the sustainable and healthy growth of the SBI Group and medium- to long-term increase in corporate value, which I recognize as responsibilities of Statutory Auditors. Thus, I seek to conduct audits towards the construction of a governance system prepared at a high level.



**Akemi Mochizuki**  
Statutory Auditor

**To Be a Business Group That Constantly Wafts a Fresh Breeze into Society**

Since my appointment as a Statutory Auditor at SBI Holdings in July 2022, I have been seeking to participate as much as possible in discussions led by the Standing Statutory Auditor with Company officers and employees relating to various business affairs in order to get a solid grasp of the status of the SBI Group. Certain discussions have given me the impression that the Company is maximizing its use of management resources to address risks.

In other words, I believe the Group makes full use of the resources it currently holds and reacts with great agility to changes in the business environment in order to handle these conditions on given occasions. However, in light of the current business environment, I imagine that speed is demanded even more than before – for making judgments, conducting business, while producing results as well. Given this, I feel it is now important more than ever before to have a control function that can be applied appropriately and a checking function that provides an accurate reaction.

As examples, I would consider the transformation of global monetary policy, inclusive of Japan, and the manifestation of geopolitical risk as potential future changes in the business environment. Considering the magnitude of the effects, creating a more evolved and sophisticated governance framework that facilitates prompt and appropriate judgments will become more necessary to a greater extent than before.

As an essential part of protecting a company, Statutory Auditors are expected to monitor the company from a proper perspective, based on forecasts with appropriate sensitivity in addition to foreknowledge, and to raise the level of this function. I believe the SBI Group is a corporate group that constantly wafts a fresh breeze into society by providing services that are one step ahead of the rest, based on a sensitivity and response to changes that may occur in the near future. Therefore, I would like to contribute to the Company's solid growth by fulfilling my role as a Statutory Auditor.