

Non-financial Activities

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

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

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

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.

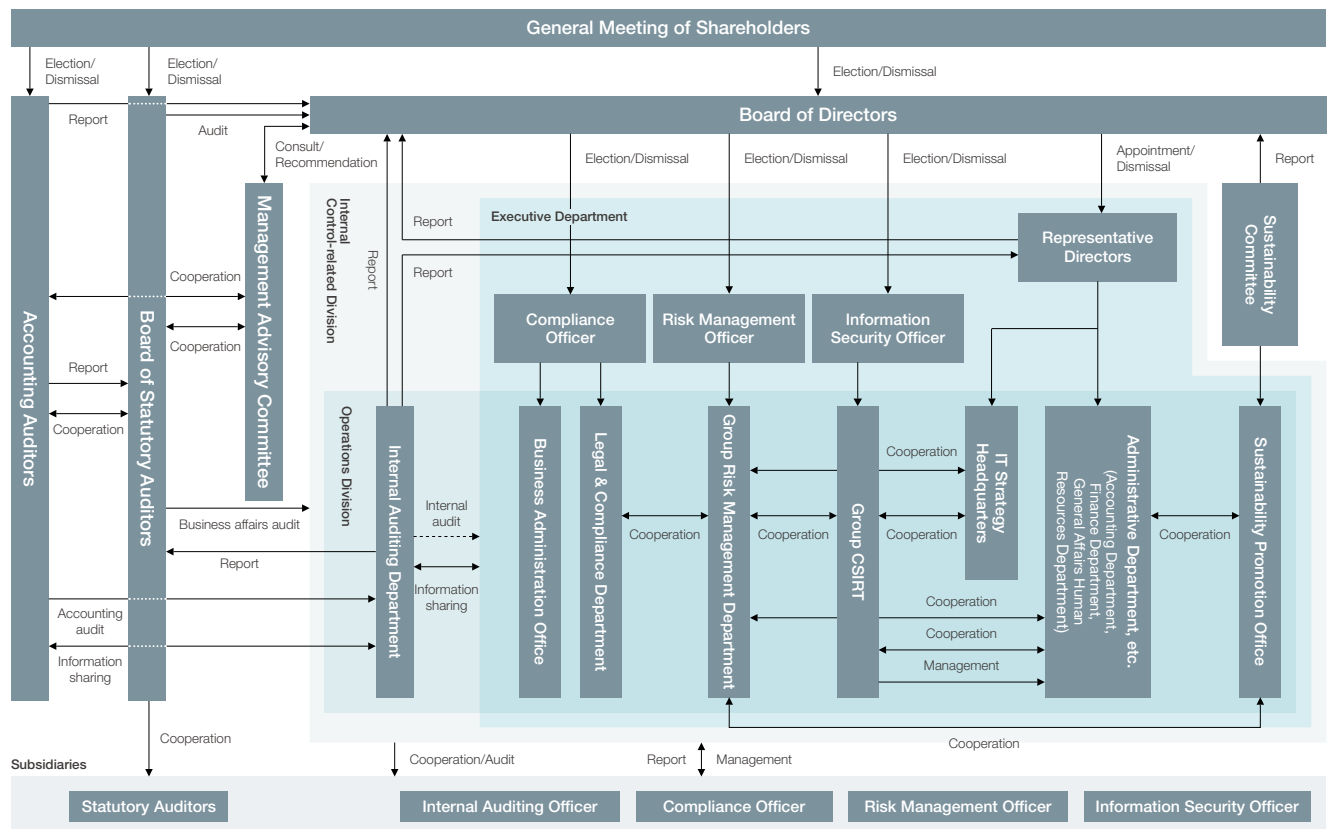
Key Themes Discussed During the Director Training

- 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
Yoshitaka Kitao Representative Director, Chairman, President & CEO 	Representative Director, Chairman and President of SBI Investment Co., Ltd. Representative Director and Chairman of SBI SECURITIES Co., Ltd. Representative Director & President of SBI Pharmaceuticals Co., Ltd. Director of SBI VC Trade Co., Ltd. Representative Director & Chairman of SBI Digital Asset Holdings Co., Ltd. Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. Representative Director & President of SBI Capital Management Co., Ltd. Director and Chairman of SBI Asset Management Group Co., Ltd. Representative Director & President of Regional Revitalization Partners Co., Ltd.	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 & 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.
Masato Takamura Representative Director, Senior Executive Vice President & COO 	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.	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.
Tomoya Asakura Director, Senior Executive Vice President 	Representative Director & President of SBI Asset Management Group Co., Ltd. Representative Director & President of SBI Global Asset Management Co., Ltd. Representative Director & President of Wealth Advisor Co., Ltd. Representative Director, Chairman & 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.	① 9/9 ② 285,000 ③ General management (financial assets) ④ Mr. Tomoya Asakura, who has served as Representative Director & 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.
Shumpei Morita Senior Managing Director 	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.	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.
Satoe Kusakabe Managing Director 	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 Japannext Co., Ltd. Director of SBI Remit Co., Ltd. Director of FXcoin Ltd. Director of SBI Zodia Custody Limited.	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.
Masayuki Yamada Director 	Statutory Auditor of SBI Asset Management Group Co., Ltd. Director of SBI Capital Management Co., Ltd. Director of SBI Art Auction Co., Ltd.	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.
Shinji Matsui Director 	Representative Director of SBI AutoSupport Co., Ltd. Representative Director & President of SBI Benefit Systems Co., Ltd. Representative Director of SBI DC Support Co., Ltd. Representative Director of SBI Africa Co., Ltd.	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 & 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.
Motoaki Shiino Director 	General Manager of Corporate Communications, SBI Holdings, Inc. Director of SBI e-Sports Co., Ltd. Representative Director of SBI Non-Bank Holdings Co., Ltd.	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.

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
Teruhide Sato Independent Outside Director 	Director of BEENEXT PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD.	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.
Heizo Takenaka Independent Outside Director 	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	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.
Yasuhiro Suzuki Independent Outside Director 	Representative Director and President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association Visiting Professor at Joho Keiei Innovation Senmonshoku Daigaku	①12/12 ②— ③General management (advanced technology) ④Mr. Yasuhiro Suzuki has served successively 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.
Hiroshi Ito Independent Outside Director 	Advisor of SBI Insurance Group Co., Ltd.	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.
Kanae Takeuchi Independent Outside Director 	Freelance Announcer Outside Director of dip Corporation	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.
Junichi Fukuda Independent Outside Director 	Commissioned Lecturer at SBI Graduate School Lawyer at Uryu & Itoga LPC Special advisor	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.
Hiroyuki Suematsu Independent Outside Director 	Specially Appointed Professor at the Tokyo NODAI Research Institute of Tokyo University of Agriculture Outside Director (Audit & Supervisory Committee member) of TRE HOLDINGS CORPORATION Outside Director (Audit & Supervisory Committee member) of Nexyz.Group Corporation	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.

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
Toru Ichikawa Outside Standing Statutory Auditor 	Outside Statutory Auditor of The Shimane Bank, Ltd.	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.
Takahiro Yoshida Standing Statutory Auditor 	Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd.	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.
Yasuo Sekiguchi Outside Statutory Auditor 	Managing Director of Global Partners Consulting, Inc.	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.
Akemi Mochizuki Statutory Auditor 	Member of AKAHOSHI AUDIT CORPORATION Outside Director and Audit and Supervisory Committee member of TSUMURA & CO. Outside Statutory Auditor of Asahi Kasei Corporation	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.

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

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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

Teruhide Sato

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.



Intensifying the Focus on Implementing DX and Strengthening Cybersecurity

Heizo Takenaka

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.



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

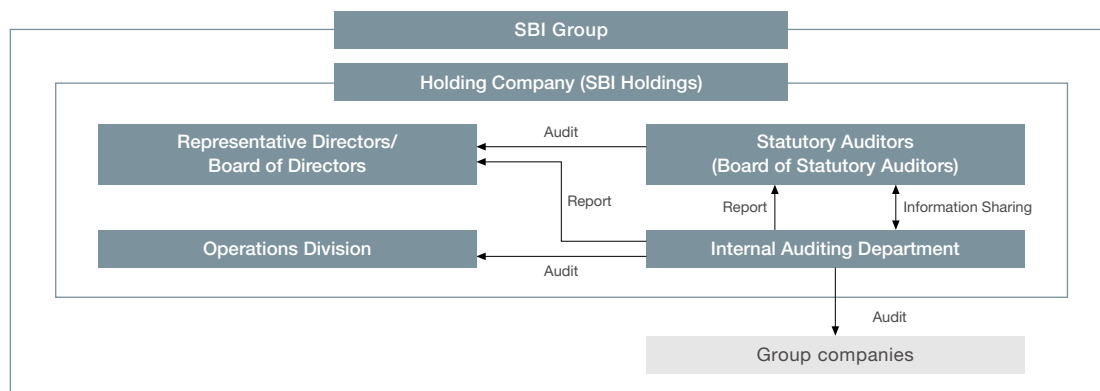
The Company has an internal audit division that operates as an organization independent from both business operation management and administration divisions. The internal audit division comprehensively and objectively evaluates the appropriateness of internal control systems which includes legal compliance, 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.