

Strengthening and Enhancing the Management Base to Support Sustainable Growth

SBI 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 enhancing appropriate corporate governance practices to drive the enhancement of corporate value.

Results of Main Efforts for FY2023

Number of Ordinary Board of Directors' meetings held per year	12
Average attendance rate at Board of Directors' meetings for Independent Outside Directors	96.4%
Average attendance rate at Board of Directors' meetings for Outside Statutory Auditors	93.3%
Number of Board of Statutory Auditors' meetings held per year	14
Average attendance rate at Board of Statutory Auditors' meetings for Outside Statutory Auditors	100%

Major Issues Discussed at the Board of Directors

- Issuance of ordinary corporate bonds
- Incentive program expansion
- Report on capital and business alliance with Mynavi Corporation
- Report on results of initiatives by the Group Risk Management Department
- Status reports on investor communications
- Status reports on initiatives related to sustainability

Corporate Governance System

SBI Holdings 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 27, 2024), 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. Notably, in addition to Executive Directors, including the President, Senior Executive Vice Presidents, and the Senior Managing Director, 19 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.

At the same time, Statutory Auditors are responsible for establishing a solid corporate governance system worthy of public trust, by means including auditing the Directors' per-

formance of duties. Statutory Auditors ensure collaboration with Independent 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 to be 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. [▶ P48](#)

Overview of Organization (As of June 27, 2024)

Configuration	Company with Board of Statutory Auditors
Number of Directors (Independent Outside Directors)	15 (7)
Term of Directors	1 year
Average age of Directors	59.2
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

Improving the Effectiveness of the Board of Directors

1. Method of Analysis and Evaluation

Between February and March 2024, SBI Holdings 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 2024.

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
- All others
- 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.

On the other hand, to further improve the effectiveness of

the Board of Directors, considering the rapid advancement of technology, including AI, the evaluation noted the need to secure talents specialized in such technologies as well as to build a system that allows for more prompt and detailed discussions on cybersecurity.

Moreover, it has been pointed out that there is a need for more comprehensive action in compliance risk management and continuous monitoring of post-merger integration (PMI) process in response to the increased risks due to diversification of businesses and the expansion of Group's scale.

The Board of Directors is continuing to strengthen its effectiveness based on the outcome of this analysis and evaluation and will ensure that it contributes to the enhancement of sustainable corporate value.

Director Training

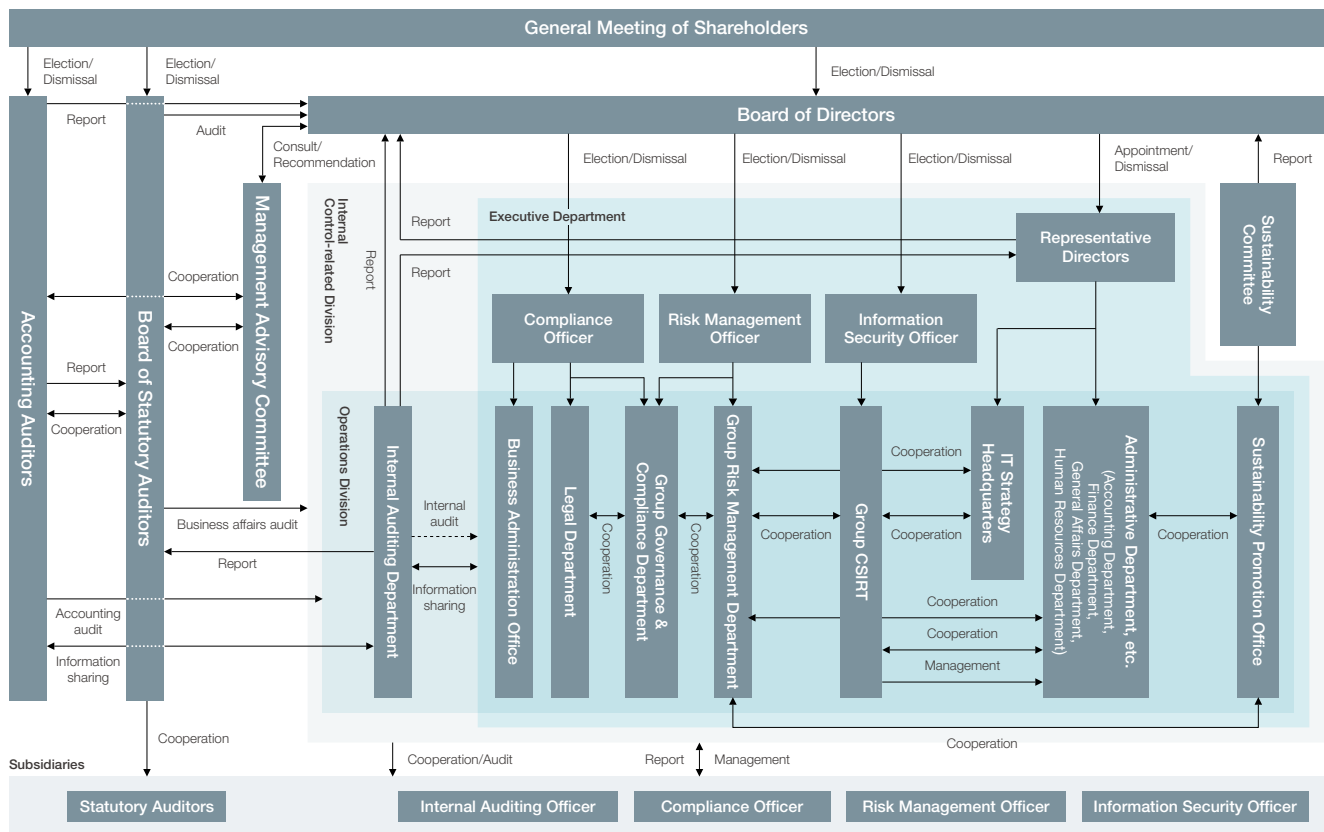
SBI Holdings maintains a training environment in which each Director and Statutory Auditor can acquire and update the knowledge required for effective management. During FY2023, we invited Keisuke Hanyuda, Managing Director/CEO of Owls Consulting Group, Inc., who conducted training in January 2024 on the semiconductor-related business, a new field of entry for the Company.

- Key Themes Discussed During the Director Training**
- Financial assistance policies towards the semiconductor industry in Japan
 - Semiconductor industrial policies in various countries around the world
 - Business strategy in the semiconductor market worldwide



Attendees of Director training

Outline of Corporate Governance Structure



Non-financial Activities

Board of Directors and Statutory Auditors (As of June 27, 2024)

Directors

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

Name/Position	Principal responsibilities and concurrent offices held	Other information
 <p>Yoshitaka Kitao Representative Director, Chairman, President & CEO</p>	<p>Representative Director, Chairman & President of SBI Investment Co., Ltd. Representative Director & 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 & Chairman of SBI FINANCIAL SERVICES Co., Ltd. Representative Director & President of SBI Capital Management Co., Ltd. Director & Chairman of SBI Asset Management Group Co., Ltd. Representative Director & President of Regional Revitalization Partners Co., Ltd.</p>	<p>① 12/12 ② 4,327,960 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.</p>
 <p>Masato Takamura Representative Director, Senior Executive Vice President & COO</p>	<p>Representative Director & President of SBI SECURITIES Co., Ltd. Representative Director & 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. Director of SBI Regional Revitalization Services Co., Ltd.</p>	<p>① 12/12 ② 450,000 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>Tomoya Asakura Director, Senior Executive Vice President</p>	<p>Representative Director & President of SBI Asset Management Group Co., Ltd. Representative Director & President of SBI Global Asset Management Co., Ltd. Representative Director, Chairman, & CEO of SBI Asset Management Co., Ltd. Representative Director & President of Wealth Advisor Co., Ltd. Director of SBI Insurance Group Co., Ltd. Director of SBI Okasan Asset Management Co., Ltd. Director of SBI Alternative Asset Management Co., Ltd. Director of SBI RHEOS HIFUMI Inc. Director of SBI Crypto Asset Holdings Co., Ltd.</p>	<p>① 12/12 ② 355,000 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 in growing the overall asset management business, including the information service business and the investment management business, and has a wealth of experience and broad knowledge as a manager.</p>
 <p>Shumpei Morita 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 ② 150,000 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 his high ethics, he possesses considerable professional knowledge regarding finance and accounting. Furthermore, as Representative Director of SBI Regional Bank Holdings Co., Ltd., he works on regional revitalization and value enhancement of regional financial institutions, in which SBI Regional Bank Holdings Co., Ltd. has invested.</p>
 <p>Satoe Kusakabe Managing Director</p>	<p>Managing Director and in charge of 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.</p>	<p>① 12/12 ② 9,600 ③ Risk management 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>Masayuki Yamada Director</p>	<p>General Counsel, Legal Department of SBI Holdings, Inc. Statutory Auditor of SBI Asset Management Group Co., Ltd. Director of SBI Capital Management Co., Ltd. Director of SBI Ventures Two Co., Ltd. Director of SBI Incubation Co., Ltd. Director of SBI Capital Co., Ltd.</p>	<p>① 12/12 ② 39,030 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>Shinji Matsui Director</p>	<p>Representative Director of SBI AutoSupport Co., Ltd. Representative Director & President of SBI Benefit Systems Co., Ltd. Representative Director of SBI Africa Co., Ltd. Director of SS Trading Co., Ltd. Director of Benefit Solutions Co. Ltd.</p>	<p>① 10/10 ② 115,050 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.</p>
 <p>Motoaki Shiino Director</p>	<p>Head of Corporate Communications Dept. of SBI Holdings, Inc. Representative Director of SBI Non-Bank Holdings Co., Ltd. Director of SBI Digital Community Co., Ltd.</p>	<p>① 10/10 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/pdf/governance_policy240314.pdf





Independent Outside Directors

① Attendance at Board Meetings ② Number of Company's shares owned ③ Main fields 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.	①11/12 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 	Emeritus Professor at Keio University Director of XICA CO., LTD. Non-executive chairman of Investcorp Japan, LLC	①10/12 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 & President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association Visiting Professor at Joho Keiei Innovation Senmonshoku Daigaku Outside Director of Vertex Co., Ltd Professor at Tokyo City University, Gotoh Educational Corporation	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. Member of the Finance Committee of Tokyo American Club	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— ③Financial sector in general 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	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 fields 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.	①12/12-14/14 ②1,000 ③Finance, accounting, internal control, legal affairs, compliance, and risk management 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.	①9/10-10/10 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.	①12/12-14/14 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 & Audit & Supervisory Committee member of TSUMURA & CO. Outside Statutory Auditor of Asahi Kasei Corporation	①10/12-14/14 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, 2024.

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		●			●			●

Management Advisory Committee

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

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

The committee places greater focus on enhancing the Company's corporate governance framework, by increasing the objectivity and transparency of the Board of Directors decisions through appropriate involvement in the Board's functions and deliberation processes, which include the selection of potential candidates for Directorship and Statutory Auditors positions, 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 second meeting of the Management Advisory Committee for FY2023 held in September 2023, the Company gave a briefing and discussions were held on information

security risk management systems, including a broad exchange of views on measures to strengthen security measures in newly established and acquired companies under the SBI Group, as well as in client companies.

Members of the Management Advisory Committee (As of June 27, 2024)

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 under 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 the Amount of Ways to Calculate the Compensation for Directors

- 1) SBI Holdings 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 for determining the amount and calculation method of executive remuneration, etc., is decided by the Board of Directors after receiving feedback from the Management Advisory Committee. The policy for determining the amount and calculation method of remuneration for Directors for FY2023 was decided by the Board of Directors after receiving a report and feedback from the Management Advisory Committee.
- 2) The amount of remuneration, which consists 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 composed 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 determines the above remuneration matters.

The basic remuneration is paid as monthly monetary

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

- The maximum amount of employee salary
- Remuneration paid to executives of the same rank in the past
- The Company's business performance outlook
- The prevailing level of compensation for Directors
- The degree of contribution to the Company's business performance
- The conditions of appointment
- 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 (FY2023)

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)	775	214	461	100	9
Statutory Auditors (Excluding Outside Statutory Auditors)	13	13	—	—	2
Outside Directors and Outside Statutory Auditors	123	109	14	—	9

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

Since the SBI Group has a wide range of business fields, 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 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 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, SBI Holdings 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

SBI Holdings believes that it is important to have an internal control system in place and to conduct business through a sound internal control system in order to enhance its corporate governance. With the goal of enhancing the internal control system, the Representative Director (Chief Ethics Officer) works to ensure that all employees understand that compliance with laws and ethical behavior are essential in realizing the corporate mission.

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

In addition, in case of finding violations of laws, regulations, the Articles of Incorporation, or other important compliance-related matters, the Company maintains a whistle-blowing system for direct reporting to 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 enhance knowledge and awareness of the employees regarding compliance issues.

Furthermore, 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.

Our Approach to Corporate Ethics

The SBI Group points to having “sound ethical values” as the first principle of its corporate missions to conduct its businesses by undertaking judgments on actions based not only on whether they conform to the law or profit the Company, but also whether they are socially equitable. The Company’s Representative Director, Yoshitaka Kitao, serves as the Chief Ethics Officer and works to ensure that all employees understand that compliance with laws and ethical behavior are a prerequisite for realizing the corporate missions. The Code of Conduct is designated as the highest ethical and normative rule regarding the Group compliance, and the Compliance Standards are designated as expressing the basic parameters of actual compliance under the Code. We have also put in place an ordered structure of related rules.

Policy and Status of Strategic Shareholding

The Company acquires and holds the shares of other companies with taking into consideration that profits can be gained in the future by selling those shares when entering into business alliances or collaborations that are likely to contribute to the SBI Group’s business development and 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 as well. 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 in principle, sells 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 does 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 to take any action that would obstruct the sale, such as by indicating that business transactions with the holder will be reduced in future.

As of the end of March, 2024, the Company has not been 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 the Representative Directors and the Board of Directors without delay after completion of individual audits or at least once every six months, including reporting regularly to the Statutory Auditors.

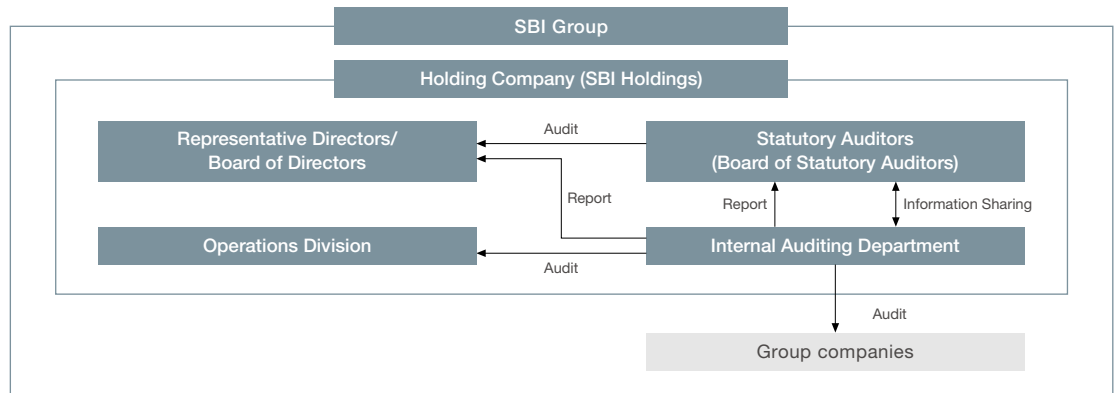
The internal audit division is composed of a general manager and members who have specialist knowledge of audits (internal audits, accounting audits, internal control, etc.), and it conducts audit procedures with reference to general internal audit standards, etc. Audit targets are scored based on credit 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



Takahiro Yoshida
Standing Statutory Auditor

Enhancing Group Governance to Ensure Sustainable Growth

Amid the continuing intensification of geopolitical risks, verification of the business activities of the SBI Group from an economic security perspective has become essential. The business environment has also entered into an extremely difficult phase to forecast, as the Bank of Japan recently changed its monetary policy by eliminating negative interest rates, while Europe and the U.S. are both expected to lower their interest rates sometime this year. Under such a business environment, my goal is to contribute to the stable and sustainable growth of the SBI Group by consistently applying a fair and impartial stance as a Statutory Auditor, so that the Group can continue to pursue its business activities sustainably.

In addition, I see the further enhancement of the SBI Group’s governance systems as a vital priority at a time when the Group is working to expand its business activities briskly. In FY2023, we held individual meetings with auditors of major Group subsidiaries on a regular basis as well as examined their explanations pertaining to actions addressing various risks and about anticipating future risks. We also held the Group Statutory Auditors Liaison Committee twice, at which Statutory Auditors from SBI Group companies were briefed by each officer in charge about current efforts related to cybersecurity as well as addressed issues pertaining to human resources and related countermeasures. At the meeting, information was also gathered and opinions were exchanged among Group auditors.

We will continue our efforts to coordinate audit functions throughout the Group, while also holding regular meetings with Directors, Executive Officers, and other key individuals in order to monitor business execution, obtain information about the status of actions taken to address various risks, and make recommendations based on our audit activities.



Yasuo Sekiguchi
Outside Statutory Auditor

Expecting to Roll Out the Businesses Demanded by Society

In FY2023, in order to monitor whether SBI Holdings, as a parent company, exercises its guidance and supervisory functions, the Board of Statutory Auditors conducted investigations on five key auditing fields. Specifically, the Board investigated (1) the cybersecurity risk management system, (2) systems for AML/CFT, (3) the status of actions addressing human resources risks, (4) the status of actions addressing risks at overseas offices, and (5) the SBI Group’s risk management system. We judged that the Group’s risk-related management systems have generally been working well up to now.

As a non-standing statutory auditor, I have attended discussions with the representative director and auditing firm. For discussions with other Executive Officers, I have read all records of meetings prepared by the Standing Statutory Auditors and raised questions when necessary. In this way, I have made a concerted effort to understand current conditions. From my perspective, I believe the SBI Group has established its present governance system at a satisfactory level.

In recent years, the SBI Group has been championing the idea of “going beyond finance with finance at its core,” and it is expected to develop the kinds of businesses demanded by society while continuing to regard the financial business as its core. As these new businesses develop, it is expected that a variety of unprecedented risks arising and the role of Statutory Auditors will become even more important as a result. In response, I am deepening my understanding of the new businesses, and based on my experience as a certified public accountant, I would like to add my own contribution to the Group from the perspective of governance.