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## Corporate Governance Report

Last Update: June 25, 2021

### **SoftBank Group Corp.**

Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO

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TSE Securities Code: 9984

<https://group.softbank/en/>

## **I. Basic views on corporate governance, capital structure, corporate profile, and other basic information**

### **1. Basic views**

SoftBank Group Corp. ("SBG") and its subsidiaries (collectively, the "Company") are guided by a fundamental concept of "free, fair, and innovative," and a corporate philosophy of "Information Revolution

– Happiness for everyone." The Company aims to be a provider of essential technologies and services to people around the world while maximizing its enterprise value.

SBG, the holding company of the SoftBank Group (the "Group"), recognizes that it is vital to maintain effective corporate governance in order to realize this vision. SBG continues to strengthen governance within the Group by taking measures such as formulating the SoftBank Group Charter to share the Group's fundamental concept and corporate philosophy and devising Group Company Management Regulations of the SoftBank Group to set out the management policy and management framework for group companies, as well as establishing compliance with the SoftBank Group Code of Conduct to prescribe policies to be followed by the Company and its Board Directors and employees, among other matters. SBG has also formulated the SoftBank Group Sustainability Principles to set forth matters necessary for the Company to appropriately carry out sustainability activities to achieve a sustainable society, as well as the Supplier Code of Conduct, which sets forth the standards that the Company expects its suppliers to comply with, thereby aiming to contribute together with suppliers to achieving sustainable development and solving environmental and social issues. SBG will grow together with stakeholders, including customers, shareholders, creditors, business partners, employees, and local communities, by actively contributing to society through its businesses in an aim to achieve a sustainable society.

SBG's corporate governance system centers on the Board of Directors, Audit & Supervisory Board Members, and the Audit & Supervisory Board. Five of the 9 Board Directors are External Board Directors to ensure robust mutual monitoring between the Board Directors, and a majority of the members of the Nominating & Compensation Committee, which is a voluntary advisory body to the Board of Directors, are independent External Board Directors to ensure objectivity and transparency concerning the election, dismissal and compensation of Board Directors. Furthermore, all of the four Audit & Supervisory Board Members are External Audit & Supervisory Board Members to ensure independent auditing functions, thereby strengthening the monitoring of management.

## **Basic guidelines**

SBG stipulates the following basic guidelines for corporate governance based on the principles of Japan's Corporate Governance Code.

### **Securing the rights and equal treatment of shareholders (General principle 1)**

SBG strives to fully secure shareholder rights by developing an environment in which all shareholders, including minority and overseas shareholders, can effectively exercise their rights. SBG also treats all shareholders equally in accordance with their shareholdings, in compliance with laws and regulations.

### **Appropriate cooperation with stakeholders other than shareholders (General principle 2)**

SBG endeavors to build good relationships and cooperate appropriately with all stakeholders, including shareholders as well as customers, creditors, business partners, employees, and local communities, in order to contribute to creating enterprise value over the medium to long term. To this end, the Board of Directors and management team seek to establish a corporate culture where the opinions and positions of stakeholders are respected by formulating the SoftBank Group Sustainability Principles and the SoftBank Group Code of Conduct, and complying with these standards. SBG has also formulated the Supplier Code of Conduct and calls on suppliers of the Company to conduct business based on high ethical standards.

### **Ensuring appropriate information disclosure and transparency (General principle 3)**

SBG appropriately discloses both financial and non-financial information in compliance with relevant laws and regulations and the rules of the Tokyo Stock Exchange. Furthermore, SBG also strives to actively provide information beyond that required by laws and regulations and the Tokyo Stock Exchange when necessary by carefully considering the impact on investors and other stakeholders. In either case, the Board of Directors strives to ensure that SBG's information disclosure is always fair, clear, and useful.

### **Responsibilities of the Board (General principle 4)**

Given its fiduciary responsibility and accountability to shareholders, SBG's Board of Directors strives to maximize enterprise value by thoroughly engaging all Board Directors, including independent External

Board Directors, in timely and appropriate discussions of the Board meeting agenda to consider the entire group's management strategy over the medium to long term. The Board also strives to achieve proactive and bold management strategies while controlling risks. The Board of Directors, Audit & Supervisory Board Members, and Audit & Supervisory Board strive to ensure their transparency by carrying out highly effective oversight of management.

#### **Dialogue with shareholders (General principle 5)**

SBG proactively engages in constructive dialogues with shareholders and investors in order to contribute to maximizing enterprise value. Through these dialogues, SBG strives to further develop mutual understanding and foster relationships of trust, and to carry out management giving due consideration to their opinions.

### **Reasons for non-compliance with certain principles of Japan's Corporate Governance Code**

#### **Supplementary principle 4.1.2 Commitment of the Board of Directors to achieving the medium-term business plans**

SBG constantly reviews the entire group's medium-term business plans based on their progress and market trends and discussions are also held by the Board of Directors. However, SBG withholds its medium-term business plans from public disclosure.

With regard to its long-term management vision, SBG announced "SoftBank's Next 30-Year Vision" at its Annual General Meeting of Shareholders in 2010, its 30th anniversary year. Reaffirming its corporate philosophy, "Information Revolution – Happiness for everyone," and clarifying its vision and strategy for the next 30 years, SBG has made a commitment to its shareholders to become "the corporate group needed most by people around the world," as its vision through to 2040.

#### *Website*

VOD of "SoftBank's Next 30-Year Vision"

[https://group.softbank/en/news/webcast/20100625\\_01\\_en](https://group.softbank/en/news/webcast/20100625_01_en)

Presentation material of "SoftBank's Next 30-Year Vision"

[https://group.softbank/system/files/pdf/philosophy/vision/next30/press\\_20100625\\_01\\_en.pdf](https://group.softbank/system/files/pdf/philosophy/vision/next30/press_20100625_01_en.pdf)

#### **Principle 5.2 Establishing and disclosing business strategy and business plan**

SBG's basic policy is to maintain a sound financial status while both investing aggressively to ensure sustained growth and returning profits to shareholders. However, SBG withholds specific targets from public disclosure with regard to indexes such as profitability and capital efficiency.

SBG's Representative Director, Corporate Officer, Chairman & CEO clearly explains the Company's business strategy for achieving medium- to long-term growth at the Annual General Meetings of

Shareholders and at the quarterly earnings results briefings.

## **Disclosure based on the principles of Japan's Corporate Governance Code**

### **Principle 1.4 Cross-shareholdings**

SBG holds no shares under the cross-shareholdings structure.

### **Principle 1.7 Related party transactions**

Prior to their approval, all transactions at SBG are deliberated by specialist divisions such as the Accounting, Finance, and Legal divisions, based on internal regulations and according to the scale and materiality of the transaction. The process for approval is structured to enable Audit & Supervisory Board Members and the Internal Audit Office to check on the details at all times.

The Board of Directors Regulations stipulates that the Board must approve transactions conducted by Board Directors if these may compete or cause conflicts with the Company's interests. Each transaction is subject to approval by the Board of Directors and the transaction results are reported to the Board. SBG discloses related party transactions in its Annual Securities Report and non-consolidated financial statements attached to the Notice of the Annual General Meeting of Shareholders.

### **Principle 2.6 Roles of corporate pension funds as asset owners**

SBG has not participated in any specific corporate pension fund, but has introduced a defined contribution-type corporate pension plan to support stable asset building by its employees. SBG offers various relevant information through the intranet, and is working to monitor performance of funds in cooperation with the managing institution.

### **Principle 3.1 Full disclosure**

(i) Guided by a corporate philosophy of "Information Revolution – Happiness for everyone," SBG aims to be a provider of essential technologies and services to people around the world through its endeavors in various businesses in the information industry. SBG discloses this corporate philosophy and vision on its website.

SBG announced "SoftBank's Next 30-Year Vision" at its Annual General Meeting of Shareholders in 2010, its 30th anniversary year. It reaffirmed its corporate philosophy, "Information Revolution – Happiness for everyone," and clarified its vision and strategy for the next 30 years. SBG discloses a summary of the announcement on its website.

#### *Website*

Corporate Philosophy, Vision and Values

<https://group.softbank/en/philosophy>

Management Policy (Medium- to long-term strategies, important management issues, etc.)

[https://group.softbank/en/ir/investors/management\\_policy](https://group.softbank/en/ir/investors/management_policy)

VOD of "SoftBank's Next 30-Year Vision"

[https://group.softbank/en/news/webcast/20100625\\_01\\_en](https://group.softbank/en/news/webcast/20100625_01_en)

Presentation material of "SoftBank's Next 30-Year Vision"

[https://group.softbank/system/files/pdf/philosophy/vision/next30/press\\_20100625\\_01\\_en.pdf](https://group.softbank/system/files/pdf/philosophy/vision/next30/press_20100625_01_en.pdf)

(ii) SBG discloses its basic views on corporate governance and basic guidelines for corporate governance based on the principles of Japan's Corporate Governance Code, both on its website and in the Corporate Governance Report.

*Website*

Basic Views on Corporate Governance

[https://group.softbank/en/about/corporate\\_governance/framework](https://group.softbank/en/about/corporate_governance/framework)

*Corporate Governance Report*

"1. Basic views" under "I. Basic views on corporate governance, capital structure, corporate profile, and other basic information."

(iii) At SBG, Board Directors' compensation is intended to motivate Board Directors to increase enterprise value and grow profits, and to function as consideration for their performances. This compensation comprises basic compensation, cash bonuses, and share-based payments and is determined by a resolution of the Board of Directors within the aggregate amount approved by the General Meeting of Shareholders. Individual compensation is determined based on individual roles, responsibilities, performances, and other factors, taking the results of operations and management environment into account. SBG discloses this information on its website and in the Corporate Governance Report.

*Website*

Corporate Management

[https://group.softbank/en/about/corporate\\_governance/officer](https://group.softbank/en/about/corporate_governance/officer)

*Corporate Governance Report*

"Disclosure of policy on determining compensation amounts and calculation methods" under "II. Business management organization and other corporate governance systems regarding decision-making, execution of business, and oversight in management."

(iv) In electing and dismissing Board Director candidates, SBG's Board of Directors elects and dismisses Board Director candidates based on deliberations by the Nominating & Compensation Committee and in accordance with the Articles of Incorporation and the Board of Directors Regulations, and these candidates are proposed at the General Meeting of Shareholders. Criteria for electing and dismissing Board Director candidates include qualities and abilities that will contribute to increasing enterprise value and a deep knowledge of the candidate's respective field of specialization.

In electing Audit & Supervisory Board Member candidates, the Board of Directors elects candidates in accordance with the Audit & Supervisory Board Regulations and the Audit & Supervisory Board Members Audit Regulations with the approval of the Audit & Supervisory Board, and these candidates are proposed at the General Meeting of Shareholders. Criteria for the election of Audit & Supervisory Board Member candidates include independence and a fair, unbiased attitude. The Audit & Supervisory Board Members Audit Regulations stipulate that at least one of the Audit & Supervisory Board Members must have considerable knowledge of finance and accounting.

Decisions regarding Corporate Officer elections and dismissals are made by the Board of Directors, based on criteria including outstanding capabilities for executing their duties.

(v) SBG discloses the reasons for the appointment of each of the candidates for the Board of Directors and Audit & Supervisory Board in the Notice of the General Meeting of Shareholders in which the election of these candidates is proposed.

*Notice of the General Meeting of Shareholders*

"Notice of the General Meeting of Shareholders and Reference Materials for the Annual General Meeting of Shareholders"

<https://group.softbank/en/ir/investors/shareholders>

#### **Supplementary principle 4.1.1 Agenda items for resolution by the Board of Directors and scope of delegation to management**

SBG stipulates the agenda items for discussion in the Board of Directors for resolution in the Board of Directors Regulations, and discloses a summary of these in the Annual Securities Report and the Corporate Governance Report. In addition, Special Directors are put in place in accordance with Paragraph 1, Article 373 of the Companies Act, and matters related to "disposal and acceptance of important assets" and "borrowing in a significant amount" are resolved by the Board of Special Directors meeting for the purpose of prompt decision-making. The scope of matters to be delegated to the management is stipulated in the Internal Approval Regulations and other internal regulations.

The Investment Committee and the Brand Committee are decision-making bodies that have been delegated decision-making authority by the Board of Directors. The Investment Committee has the purpose of making decisions on matters for which it has been delegated authority by the Board of

Directors, in order to carry out corporate activities flexibly. The Committee comprises four Board Directors or Corporate Officers elected by the Board (Masayoshi Son, Yoshimitsu Goto, Marcelo Claure, and Rajeev Misra). The Brand Committee is a committee that has been delegated authority by the Board of Directors to make decisions on and properly manage matters related to the SoftBank brand. The Brand Committee comprises five members including the chairman (Board Director, Corporate Officer, Senior Vice President Yoshimitsu Goto), who has been selected by the Board of Directors, and four members (Corporate Officer, Senior Vice President Kazuko Kimiwada, the head of the Corporate Legal Department Natsuko Oga, the head of the Corporate Communications Office Takeaki Nukii, and the head of the General Administration Department Tatsuya Iida), who have been appointed by the chairman. The agenda items for discussion in the Investment Committee are set forth in the Regulations of the Investment Committee, while the agenda items for discussion in the Brand Committee are set forth in the Regulations of the Brand Committee. SBG discloses a summary of these in the Annual Securities Report and Corporate Governance Report.

*Annual Securities Report* (in Japanese only)

"4 Status of Corporate Governance"

[https://group.softbank/ir/financials/security\\_reports](https://group.softbank/ir/financials/security_reports)

*Corporate Governance Report*

"2. Matters regarding functions of business execution, auditing, oversight, nomination, and compensation decisions: overview of current corporate governance system" under "II. Business management organization and other corporate governance systems regarding decision-making, execution of business, and oversight in management."

#### **Principle 4.9 Independence standards and qualification for independent Board Directors**

SBG elects independent External Board Directors in accordance with the independence criteria set by the Tokyo Stock Exchange. The Board of Directors elects independent External Board Director candidates who can contribute to increasing enterprise value through their qualifications, ability, and deep knowledge in their fields of expertise. SBG also elects candidates for their ability to participate actively in constructive discussion and express their opinions frankly.

#### **Supplementary principle 4.11.1 Views on overall balance, diversity, and size of the Board of Directors**

SBG stipulates the maximum number of Board Directors at 11 in the Articles of Incorporation. The Board of Directors elects Board Director candidates who are considered the most suitable for the position, regardless of their nationality, ethnicity, gender, or age. There are 9 Board Directors serving, all of whom have a wealth of knowledge and experience regarding business management and a global perspective. Five of the 9 Board Directors are External Board Directors, two are non-Japanese, and one is a woman, thereby ensuring

constructive and lively discussion at the Board of Directors meetings from diverse perspectives.

*Website*

Corporate Governance System

[https://group.softbank/en/about/corporate\\_governance/structure](https://group.softbank/en/about/corporate_governance/structure)

#### **Supplementary principle 4.11.2 Status of concurrent positions of Board Directors and Audit & Supervisory Board Members as officers at other listed companies**

SBG's Board Directors and Audit & Supervisory Board Members ensure that their concurrent positions at other companies are limited to a small number and take care to see that these positions do not interfere with the performance of their duties. SBG discloses the main concurrent positions held by each Board Director and Audit & Supervisory Board Member in the Notice of the General Meeting of Shareholders.

*Notice of the General Meeting of Shareholders*

"Status of Corporate Officers" under "Notice of the General Meeting of Shareholders – Business Report"

<https://group.softbank/en/ir/investors/shareholders>

#### **Supplementary principle 4.11.3 Summary of results of the Board of Directors evaluation**

From November 2020 to April 2021, SBG had an independent organization conduct a questionnaire and interviews with its Board Directors (executive Board Directors and External Board Directors) and all of its Audit & Supervisory Board Members from the perspective of the composition, operation, and support systems of the Board of Directors, and conducted an evaluation of the effectiveness of the Board based on the results of the questionnaire and interviews.

As a result of the evaluation, it was confirmed that the Board of Directors is generally effective as a whole. Meanwhile, in the questionnaires and interviews, it was pointed out that the function of the Board of Directors of SBG as a forum for discussions of business strategies and business plans, as well as for the establishment and supervision of internal control systems, the supervision of conflicts of interest, and the management and supervision of group companies and investees was of particular importance. With respect to these functions, in view of the nature of SBG as a strategic investment holding company, it was recognized that it is necessary for SBG's Board of Directors to enhance the reporting of the overall status of SBG Group as a whole, including SBG's overall risk status and to consider what the form and substance of the supervisory system for conflicts of interest should be. In addition, it was pointed out that the information necessary for allowing Board members to engage in substantive considerations of or discussions of the agenda items regarding the board materials and the timing of provision thereof and the effectiveness of the supervision over the nomination and compensation of Board Directors and senior management allocated to the newly established Nominating & Compensation Committee both must be improved.

The results of the evaluation were reported at the Board of Directors meeting held in April 2021, and the Board has confirmed that it will make improvements with regard to the indicated issues.

SBG will continue to conduct evaluations of the effectiveness of the Board of Directors going forward in an effort to make the Board of Directors even more effective.

#### **Supplementary principle 4.14.2 Training policy for Board Directors and Audit & Supervisory Board Members**

SBG distributes the Board Directors' Handbook covering the responsibilities and obligations of Board Directors to its Board Directors to enable them to acquire important skills and knowledge needed to stay abreast of current developments; and SBG's full-time Audit & Supervisory Board Members also actively participate in national conferences of Audit & Supervisory Board Members held by the Japan Audit & Supervisory Board Members Association and other types of training.

#### **Principle 5.1 Policy for constructive dialogue with shareholders**

SBG works to promote constructive dialogue with shareholders and other investors by assigning IR duties to the Board Director, Corporate Officer, Senior Vice President and has established the Investor Relations Department as the responsible department. The department conducts IR activities in close coordination with related departments such as Accounting, Finance, Legal, and General Administration. SBG discloses this structure on its website and in its Corporate Governance Report.

The management and the Investor Relations Department respond to requests for dialogue from shareholders and other investors within reason, paying careful attention to the handling of material facts subject to insider trading regulations. In addition to individual discussions, SBG holds earnings results briefings and briefings for retail investors to explain the status of its businesses to shareholders and other investors.

The Investor Relations Department compiles the opinions received from shareholders and other investors through dialogue and periodically reports them to management.

#### *Website*

Disclosure system

[https://group.softbank/en/about/corporate\\_governance/ir\\_activities](https://group.softbank/en/about/corporate_governance/ir_activities)

#### *Corporate Governance Report*

"(2) Information disclosure system" under "V. Other 2. Other matters concerning the corporate governance system."

## 2. Capital structure

Foreign shareholding ratio

More than 20% and less than 30%

### Major shareholders

Name / Company name	Number of shares owned	Percentage (%)
Masayoshi Son	460,161,164	26.47
The Master Trust Bank of Japan, Ltd. (Trust Account)	229,159,500	13.18
Custody Bank of Japan, Ltd. (Trust Account)	110,388,200	6.35
JP MORGAN CHASE BANK 385632	30,929,118	1.78
JP MORGAN CHASE BANK 380763	29,066,400	1.67
STATE STREET BANK WEST CLIENT - TREATY 505234	23,937,173	1.38
Custody Bank of Japan, Ltd. (Trust Account 5)	23,872,300	1.37
SSBTC CLIENT OMNIBUS ACCOUNT	21,541,033	1.24
Custody Bank of Japan, Ltd. (Trust Account 6)	21,162,600	1.22
SON ESTATE LLC	20,000,000	1.15

Controlling shareholder (except for parent company) None

Parent company None

### Supplementary information

Status of major shareholders above is as of March 31, 2021.

## 3. Corporate profile

Listed stock market and market section	Tokyo Stock Exchange, First Section
Fiscal year-end	March
Type of business	Information & communication
Number of employees (consolidated) as of the previous fiscal year-end	More than 1,000
Net sales (consolidated) in the previous fiscal year	More than ¥1 trillion
Number of consolidated subsidiaries as of the previous fiscal year-end	More than 300

## 4. Policy on measures to protect minority shareholders in conducting transactions with controlling shareholder

None

## 5. Other special circumstances that may have material impact on corporate governance

### Approach to and policy concerning group management

Based on its unique organizational strategy, “Cluster of No. 1 Strategy,”\* SBG will make direct investment (including investment through its subsidiaries) in the Group companies (for example, SoftBank Corp., Arm Limited and Alibaba Group Holding Limited), as well as investment funds (for example, SoftBank Vision Fund L.P. and SoftBank Vision Fund II-2 L.P.), to build a corporate group that operates a diverse range of businesses in the information and technology sector, and to improve its net asset value (NAV). In this process, each investee will seek self-sustained growth, while SBG, as a strategic investment holding company, will support each investee company in its improvement of corporate value, by utilizing the network of group of companies as well as promoting collaboration among the investee companies.

Furthermore, the Company will confirm, or make reasonable efforts to ensure, that each investee company is operating under environmental, social, and corporate governance standards that are substantially equivalent to the standards set forth in the Policy on Governance and Investment Guidelines for Portfolio Companies of SBG.

\* The goal of the “Cluster of No. 1 Strategy” is to form a diverse group of companies with outstanding technologies and business models in specific fields. Under this strategy, the companies are encouraged to create synergies to continue evolving and growing together, based on capital relationships and a shared vision, while making decisions independently. As a strategic investment holding company, SBG will seek to provide guidance on decision-making of companies in the cluster. SBG, however, will largely not seek to acquire majority equity interests or integration of brands, as it places greater importance to preserving companies’ autonomy. By comprising such a diverse group of companies, SBG believes that it will be able to grow over the long term through flexible transformation and expansion of business lines.

### Significance of having listed subsidiaries

SBG holds 40.86% of the voting rights of SoftBank Corp. (First Section of the Tokyo Stock Exchange, stock code: 9434) as of March 31, 2021.

SBG believes that it is desirable, from the perspective of group management, for the roles and values of SBG, which is investing on a global scale through the listing of SoftBank Corp., and those of SoftBank Corp. as a core company in the Group's telecommunications business field, to be clearly separated, and for SoftBank Corp. to improve its corporate value with a more autonomous management perspective and growth strategy.

The subsidiaries of SoftBank Corp. that are listed on Japanese financial instruments exchanges are Z Holdings Corporation, SB Technology Corp., ITmedia Inc., Vector Inc., ValueCommerce Co., Ltd., ZOZO, Inc., ASKUL Corporation, eBook Initiative Japan Co., Ltd., and Cybertrust Japan Co., Ltd.

### Measures to ensure the effectiveness of the governance system of listed subsidiaries

SBG respects the independence of management of the listed subsidiaries, which conduct their operations based on independent decision-making and management judgments while adhering to the aforementioned the SoftBank Group Charter, Group Company Management Regulations of the SoftBank Group, the SoftBank Group Code of Conduct and the SoftBank Group Sustainability Principles.

## II. Business management organization and other corporate governance systems regarding decision-making, execution of business, and oversight in management

### 1. Organizational composition and operation

Organizational form	Company with Audit & Supervisory Board
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#### Board Directors

Maximum number of Board Directors stipulated in the Articles of Incorporation	11
Term of office of Board Directors stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	CEO
Number of Board Directors	9
Appointment of External Board Directors	Appointed
Number of External Board Directors	5
Number of Independent Officers	4

#### External Board Directors' relationships with SBG: 1

Name	Attribute	Relationship with SBG*											
		a	b	c	d	e	f	g	h	i	j	K	
Masami Iijima	From another company												
Yutaka Matsuo	Scholar								○		△		
Lip-Bu Tan	From another company												
Keiko Erikawa	From another company												
Kenneth A. Siegel	Lawyer								○				

\* Categories for "Relationship with SBG"

"○" when the Board Director presently falls or has recently fallen under the category "△" when the Board Director fell under the category in the past

"●" when a close relative of the Board Director presently falls or has recently fallen under the category

"▲" when a close relative of the Board Director fell under the category in the past

- Executive of SBG or its subsidiaries
- Non-executive director or executive of a parent company of SBG
- Executive of a fellow subsidiary company of SBG
- Party whose major client or supplier is SBG or an executive thereof
- Major client or supplier of SBG or an executive thereof

- f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from SBG besides compensation as a Board Director/Audit & Supervisory Board Member
- g. Major shareholder of SBG (or an executive of said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of SBG (which does not correspond to any of d, e, or f) (the Board Director himself/herself only)
- i. Executive of a company, between SBG and which External Board Directors/Audit & Supervisory Board Members are mutually appointed (the Board Director himself/herself only)
- j. Executive of a company or organization that receives a donation from SBG (the Board Director himself/herself only)
- k. Others

## External Board Directors' relationships with SBG: 2

### Masami Iijima

Designation as an Independent Officer: Applicable

Supplementary information on the relationship with SBG: Not applicable

Reason(s) for appointment:

#### Reason(s) for appointment as an External Board Director

After assuming the position of Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD. in April 2009, Board Director Masami Iijima led the company's management for six years and played a major role in its growth. In April 2015, he became Representative Director, Chairman of the Board of Directors of MITSUI & CO., LTD. He has extensive knowledge and experience related to corporate management and corporate governance, including contributions to management oversight and improvement of the effectiveness of the Board of Directors. Board Director Iijima has offered advice on SBG's long-term group strategies and played a vital role in business judgments and decision-making processes at the Board.

He has also expressed views from the standpoint of minority shareholders of SBG, led development of objective discussions from an independent perspective as Chairperson of the voluntary Nominating & Compensation Committee, and thus made significant contributions to the improvement of enterprise value of SBG through the supervisory function.

SBG expects that Board Director Iijima will use his wealth of knowledge and experience to supervise SBG and offer advice, and has therefore reappointed him as an External Board Director for the further growth of the Company.

#### Reason(s) for designation as an Independent Officer

Board Director Iijima is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange apply to him. SBG judged that there is no potential conflict of interest between Board Director Iijima and ordinary shareholders, and designated him as an Independent Officer in June 2018.

### Yutaka Matsuo

Designation as an Independent Officer: Applicable

Supplementary information on the relationship with SBG: Applicable

SBG has transactions related to research and development with the University of Tokyo, at which Board Director Matsuo serves as a professor. However, these transactions are extremely immaterial, accounting for less than 1% of operating expenses. In addition, in fiscal 2017 and 2018, SBG made donations to the university for the purposes of conducting research and operating endowed courses.

Reason(s) for appointment:

**Reason(s) for appointment as an External Board Director**

Performing research into artificial intelligence (AI) over many years, Board Director Yutaka Matsuo was a visiting scholar at Stanford University in August 2005 and, in April 2019, became a professor at the Graduate School of Engineering of the University of Tokyo. He has extensive knowledge and experience as a leading expert on AI, having served as a member of Government-led working groups. Although Board Director Matsuo does not have management experience, the Board believes that through his high level of expertise he can properly perform his duties as an External Board Director of SBG.

In addition to offering advice on SBG's long-term group strategies and playing a vital role in business judgments and decision-making processes at the Board, Board Director Matsuo has also expressed views from the standpoint of minority shareholders of SBG. Also at the voluntary Nominating & Compensation Committee, he has made objective comments from an independent perspective as a member of the committee, and thus made significant contributions to the improvement of enterprise value of SBG through the supervisory function.

SBG expects that Board Director Matsuo will use his wealth of knowledge and experience to supervise SBG and offer advice, and has therefore reappointed him as an External Board Director for the further growth of the Company.

**Reason(s) for designation as an Independent Officer**

Board Director Matsuo is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange apply to him. SBG judged that there is no potential conflict of interest between Board Director Matsuo and ordinary shareholders, and designated him as an Independent Officer in June 2019.

**Lip-Bu Tan**

Designation as an Independent Officer: Applicable

Supplementary information on the relationship with SBG: Not applicable

Reason(s) for appointment:

**Reason(s) for appointment as an External Board Director**

Since founding Walden International in December 1987, Board Director Lip-Bu Tan has been active as a global venture capitalist investing in start-up companies focusing in sectors including semiconductor / components, cloud / edge infrastructure, data management and security, AI / machine learning, Software 2.0, Quantum Computing, and Data Analytics & Manager. He assumed the position of CEO of Cadence Design Systems, Inc. in October 2008 and led the management of the company for 12 years, playing a vital role in its growth. Also, having served as a director of Hewlett Packard Enterprises and Schneider Electric

Corporation, he has extensive knowledge and experience related to investment, corporate management, and technology.

In addition to offering advice on SBG's long-term group strategies and playing a vital role in business judgments and decision-making processes at the Board, Lip-Bu Tan has also expressed views from the standpoint of minority shareholders of SBG and thus made significant contributions to the improvement of enterprise value of SBG through the supervisory function.

SBG expects that Board Director Lip-Bu Tan will use his wealth of knowledge and experience to supervise SBG and offer advice, and has therefore reappointed him as an External Board Director for the further growth of the Company.

**Reason(s) for designation as an Independent Officer**

Board Director Tan is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange apply to him. SBG judged that there is no potential conflict of interest between Board Director Tan and ordinary shareholders, and designated him as an Independent Officer in June 2020.

**Keiko Erikawa**

Designation as an Independent Officer: Applicable

Supplementary information on the relationship with SBG: Not applicable

Reason(s) for appointment:

**Reason(s) for appointment as an External Board Director**

Since founding KOEI Co., Ltd. (currently KOEI TECMO GAMES CO., LTD.), Board Director Keiko Erikawa has played a vital role in developing and strengthening the business foundation of the KOEI TECMO Group as a corporate manager and a finance manager, and therefore has extensive knowledge and experience related to corporate management and technology.

SBG expects that Board Director Erikawa will use her wealth of knowledge and experience to supervise SBG and offer advice, and has therefore appointed her as an External Board Director for the further growth of the Company.

**Reason(s) for designation as an Independent Officer**

Board Director Erikawa is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange apply to her. SBG judged that there is no potential conflict of interest between Board Director Erikawa and ordinary shareholders, and designated her as an Independent Officer in June 2021.

**Kenneth A. Siegel**

Designation as an Independent Officer: Not applicable

Supplementary information on the relationship with SBG: Applicable

Board Director Kenneth A. Siegel concurrently holds a managing partner post at Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho, and a post of Board Director, Member of Executive Committee at

Morrison & Foerster LLP. SBG has transactions including legal/advisory engagement with the firm.

Reason(s) for appointment:

**Reason(s) for appointment as an External Board Director**

After joining Morrison & Foerster LLP in August 1986, Board Director Kenneth A. Siegel became Partner of the firm in January 1994, and thereafter Managing Partner of Morrison & Foerster Tokyo Office (Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho) in August 1996. Having engaged in corporate acquisitions, joint venture deals, and strategic alliances, Board Director Siegel has extensive knowledge and experience as a lawyer. Although Board Director Siegel does not have management experience, SBG believes that through his high level of expertise he can properly perform his duties as an External Board Director of SBG.

SBG expects that Board Director Siegel will use his wealth of knowledge and experience to supervise SBG and offer advice, and has therefore appointed him as an External Board Director for the further growth of the Company.

**Reason(s) for non-designation as an Independent Officer**

Board Director Kenneth A. Siegel concurrently holds a managing partner post at Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho, and a post of Board Director, Member of Executive Committee at Morrison & Foerster LLP. SBG did not designate him as an Independent Officer as the amount of compensation to be paid to the firm in future is yet to be decided, regardless of whether there are transactions or not.

Voluntary establishment of committee(s) corresponding to a nominating committee or compensation committee	Established
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	Committee name	Committee members	Full-time members	Internal Board Directors	External Board Directors	External experts	Others	Chairman
Voluntary committee corresponding to Nominating Committee	Nominating & Compensation Committee	3	0	1	2	0	0	External Board Director
Voluntary committee corresponding to Compensation Committee	Nominating & Compensation Committee	3	0	1	2	0	0	External Board Director

**Supplementary information**

The Nominating & Compensation Committee deliberates on standards for election and dismissal, proposals of candidates, individual compensation, and policies concerning evaluation and compensation for Board Directors, and reports the results of the deliberation to the Board of Directors.

The Nominating & Compensation Committee members are elected by the Board of Directors from among Board Directors, and a majority of the Committee members are independent External Board Directors.

The Committee currently comprises three Board Directors (Masami Iijima (Chairman/Independent External Board Director), Yutaka Matsuo (Independent External Board Director), and Masayoshi Son (Representative Director, Corporate Officer, Chairman & CEO)).

### **Audit & Supervisory Board Members**

Establishment of Audit & Supervisory Board	Established
Maximum number of Audit & Supervisory Board Members stipulated in the Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

### **Cooperation between the Audit & Supervisory Board Members, Independent Auditor, and the Internal Audit Office**

#### **Cooperation between the Audit & Supervisory Board Members and the Independent Auditor**

The Audit & Supervisory Board Members receive regular briefings from the Independent Auditor (Deloitte Touche Tohmatsu LLC) on the audit plan, quarterly reviews, audit results, and other matters. The Audit & Supervisory Board Members and the Independent Auditor also cooperate as necessary by exchanging information and opinions, among other measures.

#### **Cooperation between the Audit & Supervisory Board Members and the Internal Audit Office**

The Audit & Supervisory Board Members receive briefings from the Internal Audit Office, which is responsible for SBG's internal audits. The briefings include the audit plan and the results of internal audits performed on each department of SBG and its major subsidiaries. The Audit & Supervisory Board Members and the Internal Audit Office also cooperate as necessary by exchanging information and opinions, among other measures.

## Cooperation between the Independent Auditor and the Internal Audit Office

The Independent Auditor receives briefings from the Internal Audit Office on the audit plan and, when necessary, on the results of internal audits and other matters. The Internal Audit Office receives regular briefings from the Independent Auditor regarding audit results and other matters. Moreover, both parties cooperate with each other as necessary by exchanging information and opinions, among other measures.

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	4
Number of Independent Officers	3

### External Audit & Supervisory Board Members' relationships with SBG: 1

Name	Attribute	Relationship with SBG*													
		a	b	c	d	E	f	g	h	i	j	k	l	m	
Maurice Atsushi Toyama	CPA														
Yuji Nakata	From another company										△				
Soichiro Uno	Lawyer										○				
Keiichi Otsuka	CPA														

\* Categories for "Relationship with SBG"

"○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category

"△" when the Audit & Supervisory Board Member fell under the category in the past

"●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category

"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- Executive of SBG or its subsidiary
- Non-executive director or accounting advisor of SBG or its subsidiaries
- Non-executive director or executive of a parent company of SBG
- Audit & Supervisory Board Member of a parent company of SBG
- Executive of a fellow subsidiary company of SBG
- Party whose major client or supplier is SBG or an executive thereof
- Major client or supplier of SBG or an executive thereof
- Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- Major shareholder of SBG (or an executive of said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of SBG (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- Executive of a company, between SBG and which External Board Directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- Executive of a company or organization that receives a donation from SBG (the Audit & Supervisory Board Member himself/herself only)
- Others

## External Audit & Supervisory Board Members' relationships with SBG: 2

### **Maurice Atsushi Toyama**

Designation as an Independent Officer: Applicable

Supplementary information on the relationship with SBG: Not applicable

Reason(s) for appointment:

#### **Reason(s) for appointment as an External Audit & Supervisory Board Member**

Audit & Supervisory Board Member Maurice Atsushi Toyama has extensive knowledge and experience as a certified public accountant of the State of California, U.S. SBG designated him as an External Audit & Supervisory Board Member in June 2015 to leverage his knowledge and experience to perform audits from a specialist perspective and to ensure a more independent perspective in the audits.

#### **Reason(s) for designation as an Independent Officer**

Audit & Supervisory Board Member Toyama is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange apply to him. SBG judged that there is no potential conflict of interest between Audit & Supervisory Board Member Toyama and ordinary shareholders, and designated him as an Independent Officer in June 2015.

### **Yuji Nakata**

Designation as an Independent Officer: Applicable

Supplementary information on the relationship with SBG: Applicable

Audit & Supervisory Board Member Yuji Nakata worked for Nomura Securities Co., Ltd. until April 2021. SBG has transactions related to overall financing with the company. However, these transactions are extremely immaterial, accounting for less than 0.1% of non-operating expenses.

Reason(s) for appointment:

#### **Reason(s) for appointment as an External Audit & Supervisory Board Member**

Audit & Supervisory Board Member Yuji Nakata has extensive knowledge and experience related to corporate management and risk management, having served as Representative Executive Officer and a risk management manager at financial institutions. SBG appointed him as an External Audit & Supervisory Board Member in June 2021 to have him conduct audits from a fair and objective standpoint based on his knowledge and experience and to ensure that audits are conducted from a more independent standpoint.

#### **Reason(s) for designation as an Independent Officer**

Audit & Supervisory Board Member Yuji Nakata is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange apply to him. SBG judged that there is no potential conflict of interest between Audit & Supervisory Board Member Nakata and ordinary shareholders, and designated him as an Independent Officer in June 2021.

## **Soichiro Uno**

Designation as an Independent Officer: Not applicable

Supplementary information on the relationship with SBG: Applicable

Audit & Supervisory Board Member Soichiro Uno concurrently holds a partner post at Nagashima Ohno & Tsunematsu. SBG has transactions including legal/advisory engagement with the firm.

Reason(s) for appointment:

### **Reason(s) for appointment as an External Audit & Supervisory Board Member**

Audit & Supervisory Board Member Soichiro Uno has extensive knowledge and experience as an attorney-at-law. SBG appointed him as an External Audit & Supervisory Board Member in June 2004 to have him audit from an expert standpoint based on his knowledge and experience and to ensure audits are conducted from an independent perspective. Although Audit & Supervisory Board Member Uno does not have management experience other than in the capacity as an officer, SBG believes that through his high level of expertise he can properly perform his duties as an External Audit & Supervisory Board Member of SBG.

### **Reason(s) for non-designation as an Independent Officer**

Audit & Supervisory Board Member Soichiro Uno concurrently holds a partner post at Nagashima Ohno & Tsunematsu. SBG did not designate Audit & Supervisory Board Member Uno as an Independent Officer as the amount of compensation to be paid to Nagashima Ohno & Tsunematsu in future is yet to be decided, regardless of whether there are transactions or not.

## **Keiichi Otsuka**

Designation as an Independent Officer: Applicable

Supplementary information on the relationship with SBG: Not applicable

Reason(s) for appointment:

### **Reasons for appointment as an External Audit & Supervisory Board Member**

Audit & Supervisory Board Member Keiichi Otsuka has extensive knowledge and experience as a certified public accountant. SBG appointed him as an External Audit & Supervisory Board Member in June 2021 to have him conduct audits from a professional standpoint based on his knowledge and experience and to ensure that audits are conducted from a more independent standpoint. Although Audit & Supervisory Board Member Otsuka does not have management experience other than as an external officer, SBG believes that through his high level of expertise he can properly perform audits of SBG as an External Audit & Supervisory Board Member of SBG.

### **Reason(s) for designation as an Independent Officer**

Audit & Supervisory Board Member Otsuka is deemed to be adequately independent since none of the items listed in Clause III 5-3-2 in the Guideline for Listing Controls issued by the Tokyo Stock Exchange apply to him. SBG judged that there is no potential conflict of interest between Audit & Supervisory Board Member Otsuka and ordinary shareholders, and designated him as an Independent Officer in June 2021.

## Independent Officers

Number of Independent Officers	7
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### Other matters related to Independent Officers

None

## Incentives

Incentive policies for Board Directors	Performance-linked compensation, stock options
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### Supplementary information

SBG has introduced performance-linked compensation comprising cash bonuses and share-based payment. As for share-based payment, SBG has allotted stock acquisition rights to be used as stock options for Board Directors of SBG. The intention is to give them incentives to improve business results and increase enterprise value. For details, please refer to "Disclosure of policy on determining compensation amounts and calculation methods."

Recipients of stock options	Internal Board Directors / Employees / Subsidiaries' Board Directors / Subsidiaries' employees
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### Supplementary information

SBG has allotted stock acquisition rights as stock options without compensation to Board Directors, Corporate Officers, and other employees of SBG, as well as to Board Directors, Corporate Officers, and other employees of major subsidiaries of SBG. The reasons for allotting such rights are, by linking the Company's business results and the benefits received by Board Directors and so forth, to give incentives to the recipients of the rights and thereby improve the business results of the Company and to align the interests of those persons with the interests of SBG's shareholders to the greatest extent possible.

## Board Director compensation

Disclosure of Board Directors' compensation	Selected Board Directors
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### Supplementary information

**Compensation for Board Directors and Audit & Supervisory Board Members with subtotals for each type of compensation and numbers of recipients for fiscal 2020**

	Number of recipients	Subtotals for each type of compensation (¥ million)			Total amount of compensation (¥ million)
		Fixed compensation (Basic compensation)	Performance-based compensation (Bonus)	Others	
Board Directors (excl. External Board Directors)	5	373	418	1	792
External Board Directors	4	122	-	-	122
Audit & Supervisory Board Members (excl. External Audit & Supervisory Board)	1	24	-	-	24
External Audit & Supervisory Board Members	3	52	-	-	52

Note:

"Board Directors (excluding External Board Directors)" included 2 Board Directors who resigned from their positions on the Board of Directors of SBG on June 25, 2020 and November 1, 2020 respectively, and 1 Board Director who resigned from the position on the Board of Directors of SBG on November 9, 2020 and was appointed as the Corporate Officer on the same day. "Total amount of compensation" and "Subtotals for each type of compensation" excluded amount of compensation as the Corporate Officer after resigning from the position on the Board of Directors.

### Compensation and other compensation paid to respective Board Directors for fiscal 2020

	Amount of consolidated compensation (¥ million)	Company name	Subtotals for each type of compensation (¥ million)			
			Basic compensation	Bonus	Share-based payment [of which undetermined amount]	Others
Masayoshi Son (Board Director)	100	SoftBank Group Corp.	39	2	-	-
		SoftBank Corp.	-	-	59 [-]	-
Ronald D. Fisher (Board Director)	917	SB Investment Advisers (US) Inc.	424	425	-	68
Yoshimitsu Goto (Board Director)	480	SoftBank Group Corp.	63	416	-	1
Ken Miyauchi (Board Director)	635	SoftBank Corp.	120	228	287 [-]	-
Simon Segars (Board Director)	1,882	Arm Limited	143	1,024	700 [700]	15
Marcelo Claire (Board Director)	1,795	SB Group US Inc.	807	-	-	987
Katsunori Sago (Board Director)	250	SoftBank Group Corp.	249	-	-	1
Rajeev Misra (Board Director)	931	SB Investment Advisers (UK) Limited	807	-	-	124

Notes:

1. Only Board Directors whose total consolidated compensation and other compensation is ¥100 million or more are listed.
2. Company name and subtotals for each type of compensation are stated based on the compensation agreements between each Board Director and the Company.
3. "Of which undetermined amount" included in share-based payment refers to an amount of cash-settled share-based payment that was calculated based on the share price on the last day of this fiscal year rather than on the share price on the settlement date, which basically shall be used to determine the amount, since such settlement date has not come yet. This amount is subject to share price fluctuations until the settlement date.
4. ¥228 million out of share-based payment to Ken Miyauchi from SoftBank Corp. will be granted on July 20, 2021 in the form of restricted stock and recorded in the consolidated statement of income for the following fiscal year.
5. Marcelo Claure, Katsunori Sago and Rajeev Misra resigned from their positions on the Board of Directors of SBG on November 9, 2020. On the same day, Marcelo Claure was appointed as the Corporate Officer, Executive Vice President & COO, Katsunori Sago was appointed as the Corporate Officer, Executive Vice President & CSO and Rajeev Misra was appointed as the Corporate Officer, Executive Vice President. "Amount of consolidated compensation" and "Subtotals for each type of compensation" excluded amount of compensation as the Corporate Officers after resigning from their positions on the Board of Directors.  
Katsunori Sago resigned from the position of the Corporate Officer, Executive Vice President & CSO on March 31, 2021.
6. Other compensation to Marcelo Claure represents mainly expenses related to relocations of his activity base, that were paid from SB Group US Inc.

Policy on determining compensation amounts and calculation methods	Established
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## Disclosure of policy on determining compensation amounts and calculation methods

### Overview of the executive compensation system

In order to realize the vision of "Information Revolution – Happiness for everyone," the executive compensation policy of SBG is decided by a resolution of the Board of Directors, accounting for the societal and relative status of each officer, as well as the degree of their respective contributions to SBG, while referring to compensation survey results conducted by professional organizations, so that the system provides compensation that is reasonably competitive and can attract global talent that share the same aspirations. Individual amount of compensation is determined pursuant to the procedure described in "Organization and procedures for deciding executive compensation" below.

For Board Directors whose main duties are as officers of subsidiaries and group companies, compensation is determined by respecting the compensation policy of each company, based on the "Cluster of No. 1 Strategy" for us to grow together through the bond of camaraderie, and such compensation is paid by subsidiaries and group companies.

### Components of the executive compensation

Total compensation paid to Board Directors (excluding External Board Directors) comprises basic compensation, which is fixed compensation, and performance-based compensation, which changes depending on the performance. The performance-based compensation comprises cash bonuses as an incentive for short-term performance and stock compensation (non-monetary compensation) as an incentive to improve our corporate value over the mid-to-long term, and their proportion is determined individually.

The compensation for External Board Directors and Audit & Supervisory Board Members consists exclusively of fixed compensation because they are independent of business execution.

### Details of fixed compensation

Basic compensation is set as an annual amount on an individual basis, and is paid in cash in monthly installments. The amount of compensation is decided on an individual basis, taking into consideration whether the officer is full-time and part-time, as well as their positions and the duties they are in charge of.

### Details of performance-based compensation

Cash bonuses as an incentive for short-term performance are paid every fiscal year, as compensation for the execution of duties while executive officers are in office.

Stock compensation (non-monetary compensation) as an incentive to improve corporate value over the mid-to-long term, is provided in the form of stock options using stock acquisition rights, with an aim to encourage executives to make continuous management effort, while sharing mutual interest with shareholders through share price increase. The contents of stock acquisition rights include normal stock options (with exercise price calculated based on the market price at the time of allotment) and share-based stock options (with exercise price of ¥1). The exercisable period will be set within the range of 10 years from the day following their allotment date.

The amount of cash bonuses and the number of stock acquisition rights allotted as stock compensation are decided based on multiple performance indicators for adequately rewarding the results achieved through business activities. Specifically, it is decided on an individual basis, and shall take into consideration individual performance based on each officer's ability and achievements, as well as company performance including consolidated results, the stock price and NAV (Net Asset Value).

[Key performance indicators as basis for performance-based compensation (for the fiscal year ended March 31, 2021)]

Net sales	Income before income taxes	Net income attributable to owners of the parent	Highest stock price
¥5,628,167 million	¥5,670,456 million	¥4,987,962 million	¥10,695

### Organization and procedures for deciding executive compensation

Executive compensation is paid within the range of the aggregate amount of compensation approved by the resolution of the General Meeting of Shareholders, subject to confirmation that it is in line with the SBG compensation policy stated in "Overview of the executive compensation system" above and is found to be both rational and reasonable.

Regarding the range of the aggregate amount of compensation, the monetary compensation and the stock

compensation paid to Board Directors were resolved at an amount not exceeding ¥5 billion per year, respectively, at the 38<sup>th</sup> Annual General Meeting of Shareholders held on June 20, 2018, and SBG was served by 12 Board Directors (including three External Directors) at the time of the resolution. The compensation paid to Audit & Supervisory Board Members was resolved at an amount not exceeding ¥160 million per year at the 41<sup>st</sup> Annual General Meeting of Shareholders held on June 23, 2021, and SBG was served by four Audit & Supervisory Board Members (including four External Audit & Supervisory Board Members) at the time of the resolution.

Compensation of Board Directors for the relevant fiscal year has been decided by Representative Director, Corporate Officer, Chairman & CEO (Masayoshi Son) who is the founder of SBG responsible for the business results of SBG as a whole, within the range of authority entrusted to him by the resolution of the Board of Directors following the Annual General Meeting of Shareholders for the previous fiscal year. Following the establishment on June 25, 2020 of the Nominating & Compensation Committee comprising Representative Director, Corporate Officer, Chairman & CEO, and Independent External Board Directors representing the majority of committee members, executive compensation thereafter shall be decided subject to consultation with this committee for ensuring further rationality and reasonableness. The Nominating & Compensation Committee shall have review of the proposed compensation from multiple viewpoints including the consistency with the SBG compensation policy and report back to the Board of Directors on its deliberation details.

To ensure independence, compensation of the Audit & Supervisory Board Members for the relevant fiscal year shall be decided by the consultation among the Audit & Supervisory Board Members, after the conclusion of the Annual General Meeting of Shareholders for the previous fiscal year.

### **Support system for External Board Directors and/or External Audit & Supervisory Board Members**

SBG seeks to ensure that all officers, including the External Board Directors and External Audit & Supervisory Board Members, can participate fully in the Board of Directors meetings having fully grasped the specific details of the agenda for discussion. The secretariat to the Board of Directors therefore provides them with materials for the Board of Directors meetings beforehand, including supplemental briefings and other information as required.

The Audit & Supervisory Board Office has been established to support the duties of all the Audit & Supervisory Board Members. The office comprises dedicated personnel who act under the directions of the Audit & Supervisory Board Members to gather information, investigate matters, and give other assistance.

### **Status of persons who retired from the position of President and Representative Director, etc.**

**Names of former Presidents and Representative Directors, etc., currently serving as Corporate Counselors or Advisers.**

Name	Position	Business outline	Working form	Retirement of the Representative Directors, etc.	Term
-	-	-	-	-	-

Number of relevant persons	0
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**Other matters**

SBG has the system of Corporate Counselor and Adviser. However, those who have retired from the President and Representative Directors, etc., are not currently in the position.

## **2. Matters regarding functions of business execution, auditing, oversight, nomination, and compensation decisions: overview of current corporate governance system**

### **1. Governance system**

#### **(1) Board of Directors**

SBG's Board of Directors consists of 9 Board Directors, including five External Board Directors. The Representative Director, Corporate Officer, Chairman & CEO serves as the chairman of the Board. The Board's purpose is to make important decisions on execution of duties and oversee Board Directors' execution of duties. SBG ensures adequate independence of each of the External Board Directors, who bring a wealth of knowledge and experience to the Board related to business management and other matters. Each of the External Board Directors participates actively in the discussions at the Board meetings and SBG makes management judgments and decisions based on these discussions.

Agenda items for discussion at the Board of Directors meetings are set forth in the Board of Directors Regulations. The Board discusses the following:

- i. Statutory matters
- ii. Critical matters related to business management, such as (a) fundamental management policy, business plans, and (b) matters such as investments and loans and borrowings, etc., exceeding a certain amount
- iii. Certain matters related to subsidiaries (excluding listed subsidiaries and their subsidiaries), such as investments and loans and borrowings, etc., exceeding a certain amount
- iv. Other matters

Furthermore, Special Directors are put in place in accordance with Paragraph 1, Article 373 of the Companies Act, and matters related to "disposal and acceptance of important assets" and "borrowing in a significant amount" are resolved by the Board of Special Directors meeting for the purpose of prompt decision-making.

Authority to decide matters other than these agenda items discussed by the Board of Directors is delegated to committees, Board Directors, and department managers to enable speed and flexibility in corporate activities.

To elect Board Directors, the Board of Directors selects candidates in accordance with SBG's Articles of Incorporation and the Board of Directors Regulations, and these candidates are proposed at the General Meeting of Shareholders.

SBG and each of its non-executive Board Directors Masami Iijima, Yutaka Matsuo, Lip-Bu Tan, Keiko Erikawa and Kenneth A. Siegel have concluded a contract to limit liability for damage stipulated in Paragraph 1, Article 423 of the Companies Act in accordance with Paragraph 1, Article 427 of the Companies Act. The amount of limit of liability for damage is stipulated in the relevant contract as ¥10 million or the minimum amount of limit of liability that the relevant laws and regulations stipulate, whichever is higher.

## Meeting attendance of External Board Directors

Attendance at the Board of Directors meetings during fiscal 2020 was as follows.

<b>Attendance at the Board of Directors meetings for fiscal 2020</b>	
	Meetings attended/Meetings held (attendance rate %)
Masami Iijima	14/14 (100%)
Yutaka Matsuo	14/14 (100%)
Lip-Bu Tan	8/8 (100%)
Yuko Kawamoto	8/8 (100%)

Notes:

1. Excludes the number of the meetings not held in person
2. The attendance data for Board Director Lip-Bu Tan and Board Director Yuko Kawamoto is since their appointment on June 25, 2020.

### (2) Nominating & Compensation Committee (Advisory Body to the Board of Directors)

This information is described in "Supplementary information" of "Voluntary establishment of committee(s) corresponding to a nominating committee or compensation committee" under "(2) Information disclosure system" in "1. Organizational composition and operation," under "II. Business management organization and other corporate governance systems regarding decision-making, execution of business, and oversight in management."

### (3) Investment Committee

The Investment Committee has the purpose of making decisions on matters for which it has been delegated authority by the Board of Directors, in order to carry out corporate activities flexibly. The Committee comprises four Board Directors or corporate officers elected by the Board (Masayoshi Son, Yoshimitsu Goto, Marcelo Claure, and Rajeev Misra).

The agenda items for discussion in the Investment Committee are set forth in the Regulations of the Investment Committee. The committee resolves the following matters:

- i. Matters such as investments and loans and borrowings under a certain amount
- ii. Certain matters related to subsidiaries (excluding listed subsidiaries and their subsidiaries), such as (a) investments and loans and borrowings, etc., under a certain amount, (b) issue and gratis issue of new stock or stock acquisition rights, etc. (except matters such as the issue of new stocks that will not alter the shareholding ratio), (c) issue of corporate bonds, (d) overseas business expansion, and (e) entry into new business fields
- iii. Other matters

The committee resolves through in-person, electronic or voice call meeting, and such decisions are only approved by majority agreement. If a proposal is rejected, it is brought to the Board of Directors. All resolutions of the committee are reported to the Board of Directors.

#### **(4) Brand Committee**

The Brand Committee is a committee that has been delegated authority by the Board of Directors to make decisions on and properly manage matters related to the SoftBank brand. The Committee comprises five members including the chairman (Board Director, Corporate Officer, Senior Vice President Yoshimitsu Goto), who has been selected by the Board of Directors, and four members (Corporate Officer, Senior Vice President Kazuko Kimiwada, the head of the Corporate Legal Department Natsuko Oga, the head of the Corporate Communications Office Takeaki Nukii, and the head of the General Administration Department Tatsuya Iida), who have been appointed by the chairman.

The agenda items for discussion at the Brand Committee are set forth in the Regulations of the Brand Committee. The Committee discusses the following:

- i. Certain matters related to the licensing of the SoftBank brand
- ii. Matters related to a consideration for use of the SoftBank brand
- iii. Cancellation of licensing of the SoftBank brand
- iv. Basic policy and important matters related to the management of the SoftBank brand
- v. Certain matters other than the above related to the SoftBank brand

The Brand Committee makes decisions through an electromagnetic means in principle, and such decisions are only approved by unanimous agreement from all members. All decisions made by the Committee are reported to the Board of Directors.

#### **(5) Group Risk and Compliance Committee**

The Group Risk and Compliance Committee has the purpose of supervising the risk management and compliance program of the Group, and continuously discussing their material issues, promotion policies, and the like. The Committee comprises three members including the chairperson (Corporate Officer, Chief Legal Officer & Group Compliance Officer Tim Mackey), who has been appointed by the Board of Directors, and two members (Board Director, Corporate Officer, Senior Vice President Yoshimitsu Goto, and Corporate Officer, Senior Vice President Kazuko Kimiwada).

The matters to be discussed by the Group Risk and Compliance Committee are set forth in the Group Risk and Compliance Committee Operation Regulations. The Committee discusses matters related to the Group's risk management and compliance activities: (i) overall policies such as basic policy and activity themes, (ii) policies, systems and status of promotion of individual activities related to material issues, and (iii) any other matter deemed necessary by the chairperson or a member.

The Group Risk and Compliance Committee reports to the Board of Directors periodically (at least once a year) on the matters to be discussed by the Committee, the results of the discussions, and the like, in accordance with the provisions of the Board of Directors Regulations.

#### **(6) Sustainability Committee**

The Sustainability Committee has the purpose of continuously discussing sustainability-related material issues, promotion policies, and the like of the Group. The Committee comprises four members including

the chairperson (Board Director, Corporate Officer, Senior Vice President Yoshimitsu Goto (concurrently serving as Chief Sustainability Officer)), who has been appointed by the Board of Directors, and three members (Corporate Officer, Senior Vice President Kazuko Kimiwada, Corporate Officer, Chief Legal Officer & Group Compliance Officer Tim Mackey, and the head of the General Administration Department Tatsuya Iida).

The matters to be discussed by the Sustainability Committee are set forth in the Sustainability Committee Operation Regulations. The Committee discusses: (i) overall policies such as the sustainability vision, basic policy, and activity themes, (ii) material issues, target setting, and policies of individual activities such as information disclosure policy, (iii) promotion systems for and operation policy of the sustainability activities, and (iv) any other matter deemed necessary by the chairperson or a member in connection with the items above.

The Sustainability Committee reports to the Board of Directors as necessary on the matters to be discussed by the Committee, the results of the discussions, and the like, in accordance with the provisions of the Board of Directors Regulations.

#### **(7) Audit & Supervisory Board Members and the Audit & Supervisory Board**

The Audit & Supervisory Board Members attend the Board of Directors meetings, allowing them to monitor and verify the decision-making of the Board and fulfillment of the Board's obligation to supervise the execution of duties by each Board Director. Moreover, the Audit & Supervisory Board Members receive regular reports from Board Directors, employees, Audit & Supervisory Board Members and other personnel of major subsidiaries and conduct hearings, as necessary, to audit the execution of duties by the Board Directors of SBG.

The Audit & Supervisory Board has been established to receive reports on, deliberate and resolve important matters related to audits. The Audit & Supervisory Board consists of four External Audit & Supervisory Board Members (two full-time members and two part-time members), and is chaired by Maurice Atsushi Toyama, who has served as full-time Audit & Supervisory Board Member since June 2015. SBG ensures adequate independence of each of the External Audit & Supervisory Board Members, who possess a wealth of knowledge and experience in their professional roles as a lawyer, certified public accountant or Representative Executive Officer and a risk management manager at financial institutions.

The Audit & Supervisory Board meets once a month, in principle. At these meetings, in addition to formulating the audit policy and plan, details of various internal and external meetings attended only by full-time members are reported to part-time members. The Audit & Supervisory Board also explains details of the audit plan for each fiscal year, interim audit status, and audit results to the Board of Directors. Furthermore, as described in "2. Audit by the Independent Auditor, (1) Status of audit by the Independent Auditor, iv. Policy for selection of audit corporation and evaluation of audit corporation by the Audit & Supervisory Board," the Audit & Supervisory Board determines whether or not the reappointment of the Independent Auditor is appropriate, each term. The Audit & Supervisory Board Office is established to support the duties of all the Audit & Supervisory Board

Members and the office comprises two dedicated personnel who act under the directions of the Audit & Supervisory Board Members to gather information, investigate financial statements, requests for approval, treasury stock and matters related to the General Meeting of Shareholders, among other matters, and give other assistance. SBG and each of its Audit & Supervisory Board Members have concluded a contract to limit liability for damage stipulated in Paragraph 1, Article 423 of the Companies Act in accordance with Paragraph 1, Article 427 of the Companies Act. The amount of limit of liability for damage is stipulated in the relevant contract as ¥10 million or the minimum amount of limit of liability that the relevant laws and regulations stipulate, whichever is higher.

### Meeting attendance of the External Audit & Supervisory Board Members

Attendance at the Audit & Supervisory Board meetings during fiscal 2020 was as follows.

	<b>Board of Directors</b> Meetings attended/Meetings held (attendance rate %)	<b>Audit &amp; Supervisory Board</b> Meetings attended/Meetings held (attendance rate %)
Maurice Atsushi Toyama	14/14 (100%)	13/13 (100%)
Soichiro Uno	14/14 (100%)	13/13 (100%)
Hidekazu Kubokawa	12/14 (85.7%)	13/13 (100%)

Note: Excludes the number of the meetings not held in person

### (8) Internal audits

The Internal Audit Office, which comprises ten staff members, conducts internal audits of the Company's internal departments and subsidiaries to check that duties are carried out legally and correctly based on laws and regulations, the Articles of Incorporation, and internal regulations, while maintaining its independence within the Company. The results of these internal audits are reported to the CEO, and briefings are also given to the Audit & Supervisory Board Members.

## **2. Audit by the Independent Auditor**

### **(1) Status of audit by the Independent Auditor**

SBG concluded an independent audit agreement with Deloitte Touche Tohmatsu LLC based on the Financial Instruments and Exchange Act. The names of the certified public accountants who executed audit duties in fiscal 2020, the number of assistants for audit duties, the policy for selection of audit corporation and evaluation of audit corporation by the Audit & Supervisory Board for the fiscal year are as follows:

i. Names of certified public accountants who executed audit duties

Designated Limited Liability Partner and Engagement Partners:

Masayuki Nakagawa, Naofumi Yamazumi, Ryo Sakai, Yusuke Masuda

ii. Consecutive auditing period

15 years

iii. Composition of assistants who supported audit duties

Certified public accountants: 23, Others: 32

iv. Policy for selection of audit corporation and evaluation of audit corporation by the Audit & Supervisory Board

The Audit & Supervisory Board sets criteria for appropriately selecting an Independent Auditor and appropriately evaluating the Independent Auditor in the Audit & Supervisory Board Members Audit Regulations. In accordance with such criteria, the Audit & Supervisory Board takes into account the system to ensure the proper execution of duties by the Independent Auditor, the independency required by the Independent Auditor, and its expertise including the possession of worldwide network resources, and determines whether the reappointment of the Independent Auditor is appropriate each year. The Audit & Supervisory Board has determined that reappointment was appropriate for this fiscal year. In the event that the Audit & Supervisory Board determines that reappointment is inappropriate, it considers other candidates for Independent Auditor in accordance with such criteria, upon taking into account factors such as audits at other companies.

The Audit & Supervisory Board has resolved, as its decision-making policy of dismissal or not reappointing of the Independent Auditor, that the Independent Auditor may be dismissed by the Audit & Supervisory Board with unanimity of Audit & Supervisory Board Members when the Independent Auditor corresponds to any of Paragraph 1, Article 340 of the Companies Act, and that, other than those cases above, the Audit & Supervisory Board shall submit a proposal on dismissal or not reappointing of the Independent Auditor to the Annual General Meeting of Shareholders when it is acknowledged that the execution of appropriate audit is difficult due to the occurrence of an event which impairs the qualification or independency of the Independent Auditor.

## **(2) Compensation for audits and other duties**

### i. Compensation for auditing certified public accountants and other assistants

- Compensation for audit certification duties

SBG: ¥770 million

Consolidated subsidiaries: ¥1,728 million

- Compensation for non-audit duties

SBG: ¥16 million

Consolidated subsidiaries: ¥333 million

The non-audit duties for SBG mainly consist of the preparation of comfort letters when issuing corporate bonds. The non-audit duties for the consolidated subsidiaries of SBG mainly consist of the preparation of comfort letters when issuing corporate bonds.

### ii. Compensation to the same network as SBG's auditing certified public accountants and other assistants (Deloitte Touche Tohmatsu Limited) (excluding "Compensation for auditing certified public accountants and other assistants")

- Compensation for audit certification duties

SBG: -

Consolidated subsidiaries: ¥3,472 million

- Compensation for non-audit duties

SBG: ¥76 million

Consolidated subsidiaries: ¥824 million

The non-audit duties for SBG mainly consist of advisory services for taxation and other matters. The non-audit duties for the consolidated subsidiaries of SBG mainly consist of advisory services in connection with new businesses.

### iii. Other material compensation for audit certification duties

Not applicable.

### iv. Reason(s) why the Audit & Supervisory Board gave its consent to the compensation of the Independent Auditor, etc.

The Audit & Supervisory Board, based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, reviewed and examined the plan details of the audit conducted by the Independent Auditor, the performance status of accounting audit duties, and the basis for calculating compensation estimates, and from the results, has given consent prescribed in Paragraph 1, Article 399 of the Companies Act for the compensation paid to the Independent Auditor.

### **3. Reasons for adoption of current corporate governance system**

SBG adopts the company with Audit & Supervisory Board system. As explained in “2. Matters regarding functions of business execution, auditing, oversight, nomination, and compensation decisions: overview of current corporate governance system,” its corporate governance system is built around the Board of Directors, the Audit & Supervisory Board Members, and the Audit & Supervisory Board.

The Board Directors carry out lively discussions at each Board of Directors meeting. Moreover, since five of the 9 Board Directors are External Board Directors, management benefits from diverse perspectives and the function for mutual monitoring between Board Directors are enhanced.

The Audit & Supervisory Board Members conduct strict audits of the Board Directors’ execution of duties from their specialist perspectives as a certified public accountant, a lawyer, or other professional. Moreover, since all of the four Audit & Supervisory Board Members are External Audit & Supervisory Board Members, SBG’s audit function is enhanced by ensuring more independent perspectives.

The current system is thus selected because SBG judges that it can ensure effective corporate governance.

### III. Implementation of measures for shareholders and other stakeholders

#### 1. Measures to vitalize the General Meeting of Shareholders and enable smooth exercise of voting rights

	Supplementary information
Early notification of General Meeting of Shareholders	SBG dispatched the Notice for the 41st Annual General Meeting of Shareholders held on June 23, 2021 on the statutory dispatch date, and posted it on its website eight days before being dispatched.
Scheduling AGMs avoiding the peak day	To allow a greater number of the shareholders to attend, SBG schedules the Annual General Meeting of Shareholders on off-peak days when meetings of many other companies are not concentrated.
Allowing electronic exercise of voting rights	A system for executing voting rights through the Internet has been in place since 2002, the 22nd Annual General Meeting of Shareholders.
Participation in electronic voting platform	SBG has participated in the Electronic Voting Platform for institutional and other investors since the start of the service in 2006, the 26th Annual General Meeting of Shareholders.
Providing convocation notice in English	SBG prepares an English translation of the full text of its Notice of Annual General Meeting of Shareholders.
Other	<p>Initiatives to promote understanding:</p> <p>At the Annual General Meeting of Shareholders, SBG uses video footage to report on its operations to help shareholders better understand the results of operations and the status of its businesses. Representative Director, Corporate Officer, Chairman &amp; CEO, who chairs the meeting, explains the Company's corporate philosophy and vision as well as its medium- to long-term business strategies in addition to reporting on legally mandated items.</p> <p>Moreover, the Notice of the General Meeting of Shareholders provides shareholders with a greater volume of information to use in exercising their voting rights. To facilitate easy reading, the information in the notice is illustrated with charts and color photographs.</p> <p>Disclosure of voting results:</p> <p>The voting results for proposals at the General Meeting of Shareholders are posted in an Extraordinary Report on EDINET, as well as being posted in both Japanese and English on SBG's website.</p> <p>Dissemination via the Internet:</p> <p>SBG provides live webcasts of the Annual General Meetings of Shareholders on its website. VOD is also available on the website after completion of the meeting.</p>

## 2. IR activities

	Supplementary information	Explanation by representative
Preparation and publication of disclosure policy	<p>SBG publishes its policy for IR activities on its website. The webpage titled "IR Activities" shows matters related to information disclosure, including the basic policy, disclosure standards, and methods. The page also lists measures to improve communications and the quiet periods for IR activities.</p> <p>For details, please refer to the website:  <a href="https://group.softbank/en/about/corporate_governance/ir_activities">https://group.softbank/en/about/corporate_governance/ir_activities</a></p>	
Regular briefings for retail investors	<p>SBG is vigorously working on IR activities targeting retail investors. Investor Relations Department personnel hold briefing sessions at branches of securities companies and other venues in Japan. In fiscal 2020, no sessions were held for retail investors due to the spread of COVID-19. SBG will consider holding online briefing sessions and other options in fiscal 2021.</p>	None
Regular briefings for analysts and institutional investors	<p>Earnings results briefings:            On the days when quarterly earnings results are announced, SBG holds earnings results briefings for analysts, institutional investors, and the media. The Representative Director, Corporate Officer, Chairman &amp; CEO delivers an overview of the earnings results and explains the Company's business strategies.</p> <p>Business briefings:            To help investors better understand the Company's businesses, business briefings are held as necessary.</p>	Yes
Regular briefings for overseas investors	<p>Overseas IR activities:            SBG's IR teams in Tokyo and overseas (U.S. and UK) explain its business and financial strategies to institutional investors, either in person or via conference calls. They also participate in conferences held by securities companies overseas to give presentations about the business strategies.</p> <p>Earnings results conference calls:            On the days when quarterly earnings results are announced, SBG conducts a conference call for institutional investors overseas. The Representative Director, Corporate Officer, Chairman &amp; CEO delivers an overview of the earnings results and explains the Company's business strategies.</p>	Yes

<p>Posting of IR materials on website</p>	<p>Others: SBG provides live webcasts of earnings results briefings and the Annual General Meetings of Shareholders in English on its website. VOD of the briefings are also available on the website after completion of the briefings.</p> <p>The following IR materials are posted on SBG's website. Items (a) through (h) are available in both Japanese and English.</p> <ul style="list-style-type: none"> <li>(a) Consolidated financial reports</li> <li>(b) Earnings results briefing presentation materials</li> <li>(c) Data sheets</li> <li>(d) Investors briefing presentation materials</li> <li>(e) Important news releases including timely disclosures</li> <li>(f) Corporate governance reports</li> <li>(g) Annual reports</li> <li>(h) Notices of the Annual General Meeting of Shareholders</li> <li>(i) Annual securities reports and quarterly reports</li> <li>(j) Reports to shareholders</li> </ul> <p>Please see the website for these materials: <a href="https://group.softbank/en/ir">https://group.softbank/en/ir</a></p>	
<p>Establishment of department in charge of IR</p>	<p>The Investor Relations Department is established to handle IR. As of June 1, 2021, 18 people in the department (including overseas locations) were engaged in IR activities.</p>	
<p>Other</p>	<p>SBG provides live webcasts of earnings results briefings on its IR website, as well as its official social media accounts.</p> <p>After the earnings presentation is concluded, the replay is promptly made available on SBG's IR website.</p>	

### 3. Measures to ensure due respect for stakeholders

	Supplementary information
Stipulation of internal rules for respecting the position of stakeholders	<p>SBG sincerely engages with the expectations from its customers, shareholders, creditors, business partners, employees, local communities, and all other stakeholders, and aims to grow together with them. To this end, SBG has formulated the SoftBank Group Sustainability Principles, the Human Rights Policy, the Environmental Policy and the Supplier Code of Conduct. The details can be viewed on SBG's website:</p> <p><a href="https://group.softbank/en/sustainability">https://group.softbank/en/sustainability</a></p>
Implementation of environmental activities, CSR activities etc.	<p>In the environment where issues surrounding the Group, such as concerns about climate change, growing inequalities, and issues of race and gender, are increasingly globalized, each group company is autonomously engaged in sustainability activities that leverage the nature and scope of their respective businesses. Details of specific activities can be viewed on SBG's website:</p> <p><a href="https://group.softbank/en/sustainability">https://group.softbank/en/sustainability</a></p>
Development of policies on information provision to stakeholders	<p>SBG strives to ensure timely and appropriate disclosure of information according to the statutory disclosure requirements based on the Financial Instruments and Exchange Act and other relevant acts and ordinances, and as required by the Rules on Timely Disclosure set by the Tokyo Stock Exchange. SBG also discloses critical information that is not subject to either statutory disclosure or timely disclosure requirements but could potentially affect investment decisions. This information is disclosed in a fair and prompt manner so as to give all the stakeholders equal access to it. SBG also works to enhance information disclosure to stakeholders through its annual reports, website, reports to shareholders, and other means. Most of these materials, with a few exceptions, are made available both in Japanese and English to narrow the information gap between disclosure in Japanese and English.</p>

## **IV. Matters related to the internal control system**

### **1. Basic views on the internal control system and the progress of system development**

The information below explains SBG's system to ensure the appropriateness of its operations and its implementation status.

#### **(1) System to ensure the appropriateness of operations**

##### **System to ensure that the execution of duties by Board Directors and employees is in compliance with laws, regulations, and the Articles of Incorporation of SBG**

SBG has established the SoftBank Group Code of Conduct to be followed by all Board Directors and employees to ensure that corporate activities are appropriate based not only on regulatory compliance but also on high ethical standards, and has established the following structure to continuously reinforce the compliance system:

1. A Chief Compliance Officer (CCO) is appointed. In addition to proposing and carrying out measures required to establish and enhance SBG's compliance system, the CCO periodically reports to the Board of Directors on compliance-related issues and the status of addressing those issues.
2. Internal and external hotlines (whistle-blowing system) are established for direct reporting and consultations by Board Directors and employees to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. SBG ensures that persons who have reported or consulted using the hotlines will not be treated disadvantageously for having done so by prohibiting such treatment of persons on such grounds in Whistle-blowing Regulations.
3. The Internal Audit Office carries out audits on the effectiveness of the system for compliance in line with laws, regulations, and the Articles of Incorporation, and the results of those audits are reported to the CEO. The Internal Audit Office also works in cooperation with the Audit & Supervisory Board Members by explaining the results of those audits to them.

##### **System for the storage and management of information regarding the execution of duties by Board Directors**

SBG has established the following system to appropriately store and maintain documents and other important information related to the execution of duties by Board Directors, including minutes and proposals of the Board of Directors meetings and requests for approval:

1. SBG determines retention periods and methods and measures to prevent accidents based on the Information Security Basic Regulations, etc. and classifies and appropriately stores these documents according to their degree of confidentiality.
2. SBG appoints a Chief Information Security Officer (CISO), and the CISO promotes the establishment and reinforcement of information security system of SBG.

##### **Regulations and systems related to risk management**

SBG has established the following systems to avoid or minimize risk and to implement necessary measures related to the variety of risks in its business operations:

1. Responsible departments are designated to address various risks, manage risks in each responsible department, and work to reduce risks and prevent the occurrence of risk events based on the SoftBank Group's Risk Management Rules. In addition, when an emergency situation arises, an Emergency Response Department will be established according to the designated escalation flow, and efforts will be made to minimize loss based on the instructions of the Emergency Response Department.
2. The Risk Management Office summarizes the status of risk evaluation, analysis, and response at each responsible department, and periodically reports its findings to the Board of Directors.
3. The Internal Audit Office carries out audits on the effectiveness of the risk management processes.

### **System to ensure the efficiency of Board Directors in the execution of their duties**

SBG has established the following structure to maintain an efficient management system:

1. SBG sets out the Board of Directors Regulations to clarify matters to be resolved by and reported to the Board of Directors and lays out the Internal Approval Regulations and other regulations related to institutional decision-making to clarify decision-making authority.
2. To strengthen functions for overseeing the execution of duties and enhance objectivity in management, the Board of Directors shall include External Board Directors who are independent of the Company.
3. To ensure that the Board Directors, including External Board Directors, can discuss matters fully at the Board of Directors meetings, SBG shall provide them with materials for the meeting in advance, and with additional or supplementary materials upon their request.
4. The scope of operations, authority and responsibilities necessary for operations are clearly defined in the Organization Management Regulations.

### **System to ensure appropriateness of the Company's operations**

SBG has formulated the SoftBank Group Charter to promote fundamental concepts and policies shared throughout the Company and Group Company Management Regulations of the SoftBank Group, which spell out the management policies and systems of group companies. In addition, the SoftBank Group Code of Conduct and the SoftBank Group Sustainability Principles are set out as policies with which the Company as well as its Board Directors and employees must comply. Based on the regulations, the following systems have been established, giving consideration to the scale and materiality of group companies:

1. A Group Compliance Officer (GCO) is appointed to promote the establishment and reinforcement of groupwide compliance system, as the person ultimately responsible for compliance throughout the Company. A Group Hotline has also been established to receive reports and provide consultation to Board Directors and employees of group companies to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. SBG ensures that persons who have

reported or consulted on the Group Hotline will not be treated disadvantageously for having done so by prohibiting such treatment of persons on such grounds in Group Company Management Regulations of the SoftBank Group.

2. CISO of SBG promotes the establishment and reinforcement of the group information security governance system of the entire Group.
3. The representatives of group companies must submit a Representative Oath pertaining to the financial reports submitted to SBG, thereby ensuring the accuracy of the annual securities report and other documents submitted by the Group.
4. The Internal Audit Office comprehensively judges the results of past internal audits and the financial position of group companies, and carries out internal audits of group companies deemed as having a high risk.
5. While group companies address risks in an effort to reduce and prevent any possible risks, in the event of emergency, group companies follow the escalation flow of SBG to minimize loss in accordance with SBG's instructions.

#### **System for excluding organized crime and other criminal elements**

SBG clearly states in the SoftBank Group Code of Conduct its policy of having absolutely no association with organized crime and other criminal elements that pose a threat to public order and safety. The General Administration Department is responsible for dealing with inappropriate requests from organized crime and other criminal elements and will firmly refuse those requests in a resolute manner in cooperation with the police and other external specialist institutions.

#### **System related to support personnel who assist the Audit & Supervisory Board Members, matters related to the independence of the relevant employees from the Board Directors, and matters related to ensuring the effectiveness of instructions given to the relevant employees**

SBG has established the Audit & Supervisory Board Office as an organization to support the work of the Audit & Supervisory Board Members, and assigns dedicated staff to this department. Directions and instructions to the support staff are issued by the Audit & Supervisory Board Members to ensure the effectiveness of the instructions, and any personnel changes, evaluations, or other such actions require the agreement of the Audit & Supervisory Board Members.

#### **System for reporting to the Audit & Supervisory Board Members**

Board Directors and employees of SBG shall report the following matters to the Audit & Supervisory Board Members:

1. Important matters related to the management, finances, or business execution of the Company
2. Matters related to the compliance system or use of the hotlines
3. The development status of internal control system
4. Matters that could cause significant damage to SBG

5. Matters related to violations of laws, regulations, or the Articles of Incorporation
6. Results of audits conducted by the Internal Audit Office
7. Other matters that the Audit & Supervisory Board Members deem necessary to be reported in order for them to execute their duties

**Other systems to ensure that the audits by the Audit & Supervisory Board Members are conducted effectively**

1. When the Audit & Supervisory Board Members deem it necessary, opportunities shall be provided for them to interview Board Directors or employees of the Company. In addition, the Audit & Supervisory Board Members periodically meet with the Independent Auditor and the Audit & Supervisory Board Members of major subsidiaries and other entities to exchange information and ensure cooperation.
2. SBG ensures that persons who have reported or consulted on matters related to compliance, including report or consultation to the Audit & Supervisory Board Members, will not be treated disadvantageously for having done so by prohibiting such treatment of persons on such grounds in Whistle-blowing Regulations and Group Company Management Regulations of the SoftBank Group.
3. SBG shall pay expenses related to the Independent Auditor, attorneys, and other professionals, and other expenses associated with the execution of duties by the Audit & Supervisory Board Members.

**(2) Overview of the implementation status of the system to ensure the appropriateness of the operations**

**Matters concerning compliance**

SBG continues to conduct compliance training for Board Directors and employees of the Company, as well as having the GCO share information, give advice, and so forth, as necessary to the CCO of group companies for enhancing the compliance system. In addition, SBG works to ensure the effectiveness of compliance of the entire group by establishing and operating hotlines so that Board Directors and employees of the Company can report and consult directly. The effects of these measures are reviewed to make improvements as necessary.

**Matters concerning risk management**

Based on the SoftBank Group's Risk Management Rules and Group Company Management Regulations of the SoftBank Group, the responsible departments at SBG and group companies manage risks and continuously work on reducing them and preventing their materialization. In addition, the Risk Management Office summarizes the status of risk evaluation and analysis, as well as countermeasures and responses to risks implemented in each responsible department and group company, and periodically reports its findings to the Board of Directors.

**Matters concerning group management**

In managing and overseeing group companies as a holding company, SBG has established compliance

with the SoftBank Group Charter, Group Company Management Regulations of the SoftBank Group, the SoftBank Group Code of Conduct and the SoftBank Group Sustainability Principles, which are applied to the Company. Reviewing as necessary such internal rules based on changes in the social environment and the status of the Company, SBG continuously works on enhancing and strengthening the Company's management system.

#### **Matters concerning internal audits**

The Internal Audit Office carries out audits on the effectiveness of the system for compliance with laws, regulations, and the Articles of Incorporation as well as the risk management process at SBG. In addition, the department continuously carries out audits of group companies deemed as having a high risk and reports the results of the audits to the CEO each time.

#### **Matters concerning the execution of duties by Board Directors and employees**

SBG ensures efficiency in the execution of duties by its Board Directors and employees based on internal regulations such as the Board of Directors Regulations and Internal Approval Regulations. SBG also ensures an environment where matters can be fully discussed at the Board of Directors meetings by Board Directors, including independent External Board Directors.

#### **Matters concerning the execution of duties by Audit & Supervisory Board Members**

The Audit & Supervisory Board Members attend SBG's important meetings and arrange opportunities to interview Board Directors and employees of the Company as necessary. In addition, they continue to enhance cooperation by holding regular meetings with the Independent Auditor and the Audit & Supervisory Board Members and other personnel of major subsidiaries. Through these efforts, the Audit & Supervisory Board Members ensure the effectiveness of audits.

## **2. Basic views on excluding organized crime and the progress of system development**

SBG's approach to excluding organized crime and other criminal elements, and its structures for doing so are as described in "1. Basic views on the internal control system and the progress of system development."

SBG clearly states in the SoftBank Group Code of Conduct its policy of having absolutely no association with organized crime and other criminal elements that pose a threat to public order and safety. The General Administration Department is responsible for dealing with inappropriate requests from organized crime and other criminal elements and will firmly refuse such requests in a resolute manner in cooperation with the police and other external specialist institutions.

## V. Other

### 1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	Not adopted
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#### Supplementary information

SBG has not adopted any anti-takeover measures.

### 2. Other matters concerning the corporate governance systems

#### (1) Group company management and oversight system

In its management and oversight of group companies as a holding company, SBG has formulated the SoftBank Group Charter, Group Company Management Regulations of the SoftBank Group, the SoftBank Group Code of Conduct and the SoftBank Group Sustainability Principles. In addition, SBG has set out the following policies with which the Company as well as its officers and employees must comply.

Compliance with:

- Anticorruption Policy
- Brand Management Policy
- Competition Law Compliance Policy
- Conflicts of Interest Policy
- Economic Sanctions Policy
- Human Rights Policy
- Information Security Policy
- Insider Trading Policy
- Privacy Policy
- Policy on Governance and Investment Guidelines for Portfolio Companies
- Environmental Policy

#### (2) Information disclosure system

SBG's basic approach to timely disclosure:

SBG strives to ensure fair and timely information disclosure as set forth in the basic guidelines for corporate governance.

SBG's internal system for timely disclosure:

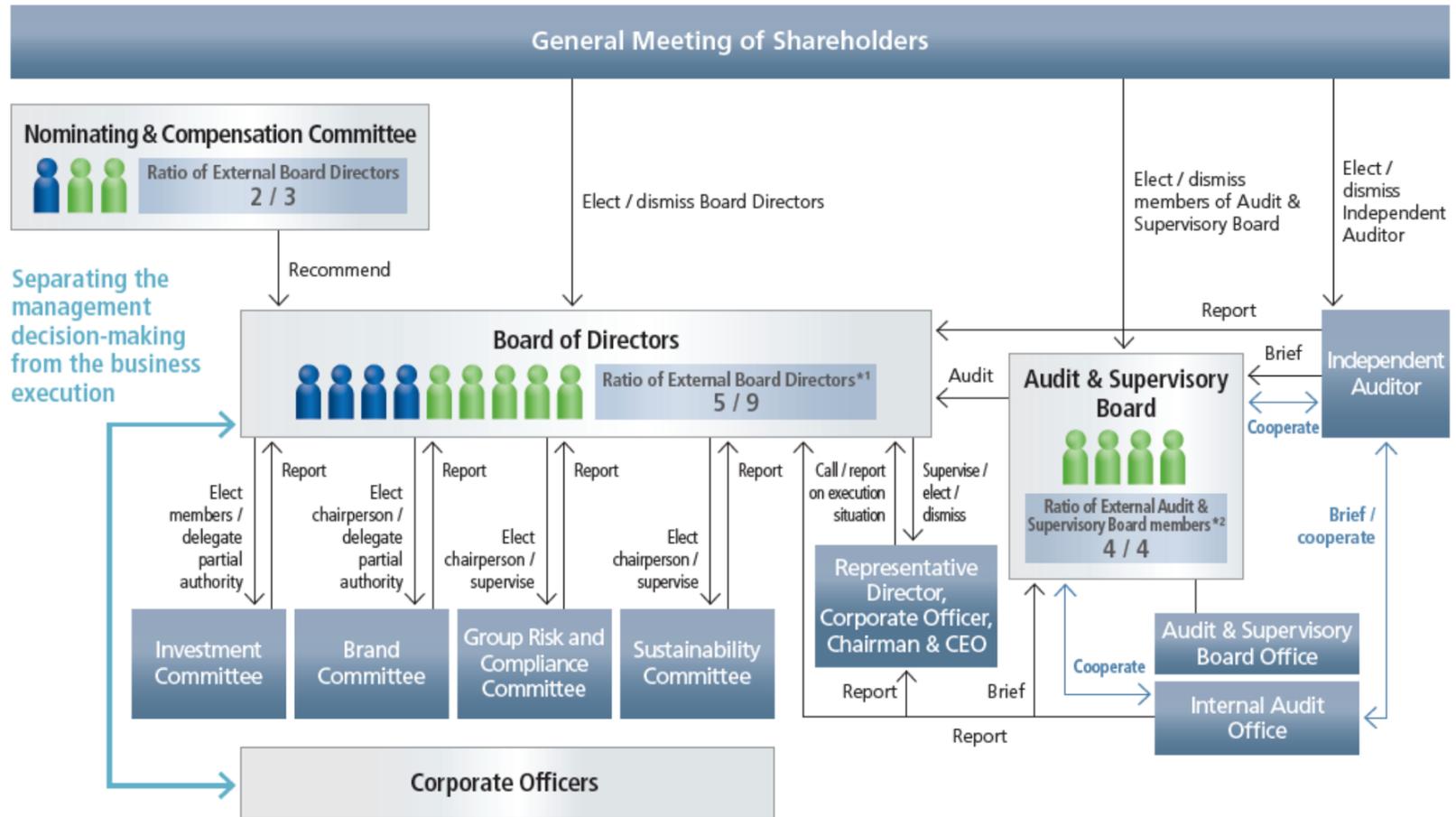
SBG conducts timely disclosure with the Investor Relations Department as the responsible department. Group Company Management Regulations of the SoftBank Group set out matters to be reported to the Investor Relations Department related to timely disclosure, including required reporting times and procedures. When timely disclosure is necessary, the Investor Relations Department prepares timely disclosure materials in close coordination with related departments such as Accounting, Finance, Legal, and General Administration and swiftly conducts timely disclosure under the approval of the Board Director, Corporate Officer, Senior Vice President in charge.

Matters subject to timely disclosure requirements related to earnings results are compiled into a

disclosure document by the Accounting Department and relevant departments based on information collected from group companies. The general manager of the Accounting Department is responsible for preparation of the disclosure document related to earnings results. The document is swiftly disclosed under the approval of the Corporate Officer, Senior Vice President in charge.

Corporate governance system

Internal Board Director External Board Director / External Audit & Supervisory Board member



\*1 Of the five External Board Directors, four are designated as Independent Officers.

\*2 Of the four External Audit & Supervisory Board members, three are designated as Independent Officers.