

Sustainability Vision “Help Shape the Next 300 Years for Our Future Generations and the Planet”

Our corporate philosophy, Information Revolution—Happiness for everyone, embodies our determination to bring happiness to everyone, even to future generations 300 years from now. To create a world where people can live in harmony with the earth, we will fulfill our responsibility as a leader of the Information Revolution to realize a sustainable society.

Sustainability principles

SBG established the SoftBank Group Sustainability Principles as a guideline to appropriately advance sustainability activities. Based on these principles, we have identified our Strategic Material Issues reflecting the business characteristics and social demands of each Group company. We have also defined six activity themes for the Group to promote its sustainability initiatives autonomously.

Six activity themes—Our direction

- 1 Drive sustainable growth and innovation in society by uniting wisdom and knowledge
- 2 Take responsibility by responding to emerging issues that come with technological advancement
- 3 Ensure the growth of future generations and our business by creating higher-quality employment for all
- 4 Leverage breakthrough technologies to resolve environmental issues, including energy problems
- 5 Demonstrate highly transparent governance and integrity to win the further trust of our stakeholders
- 6 Maximize our potential as a group by joining forces with people around the world to make a positive impact on society

Identifying material issues (“Strategic Material Issues”)

SBG has classified issues to be addressed from two perspectives: importance to stakeholders and importance to the Group. Among these issues, we identified eight key issues as Strategic Material Issues to be prioritized.

Step 1 Identification of issues

Identify issues

Identify issues surrounding the Group’s main businesses by referring to external guidelines and the opinions of experts.

Step 2 Materiality analysis

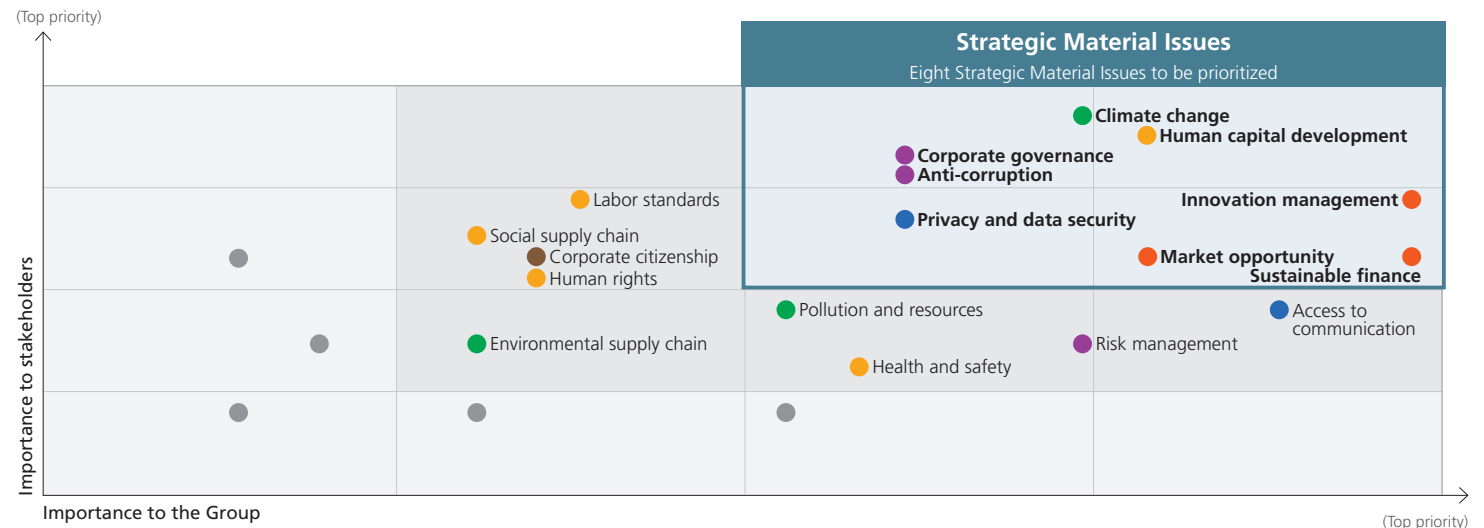
Analyze the importance of issues to stakeholders and the Group

Analyze the importance on two axes: importance to stakeholders and importance to the Group.

Step 3 Identification of material issues

Identify material issues to be prioritized

Identify Strategic Material Issues that the Group should prioritize.



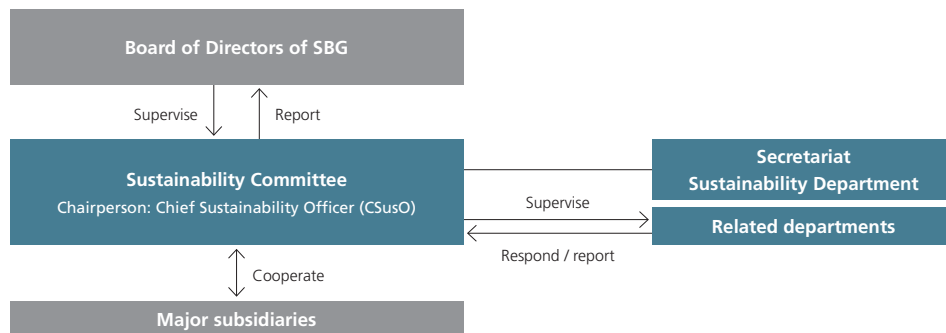
Note: The colors of each materiality indicate its association with the six activity themes.

Sustainability governance

Sustainability governance structure

SBG's Board of Directors has appointed the Chief Sustainability Officer (CSusO) and established the Sustainability Committee. The Committee is chaired by the CSusO (head of Investor Relations Department & head of Sustainability Department) and composed of three members including Board Director, Corporate Officer, Senior Vice President, CFO & CISO (head of Finance Unit & head of Administration Unit); Corporate Officer, Senior Vice President (head of Accounting Unit); and Corporate Officer, CLO & GCO (head of Legal Unit). The Committee discusses material ESG issues surrounding the Group and its promotion policies, while considering requests from our stakeholders, and reports to the Board for supervision.

Sustainability governance structure



Sustainability Committee

SBG's Sustainability Committee was established in June 2020 and usually holds meetings once a quarter. In addition to the Committee members, the heads of relevant departments attend the meetings to engage in cross-functional discussions based on specialized knowledge and multiple perspectives.

The Committee met three times in fiscal 2022 (July, September, and December). The discussions involved a variety of matters such as integrating ESG factors into the investment process, advancing tax transparency initiatives, developing an approach to AI ethics, and addressing risks related to climate change and human rights.

Committee members

As of March 31, 2023

Chairperson	Yotaro Agari (CSusO, Head of Investor Relations Department & Head of Sustainability Department)
Other members	Yoshimitsu Goto (Board Director, Corporate Officer, Senior Vice President, CFO & CISO, Head of Finance Unit, Head of Administration Unit) Kazuko Kimiwada (Corporate Officer, Senior Vice President, Head of Accounting Unit) Tim Mackey (Corporate Officer, CLO & GCO, Head of Legal Unit)


Committee activity

As of March 31, 2023

Meetings held	8 (2 in fiscal 2020, 3 in fiscal 2021, 3 in fiscal 2022)
Main discussion matters	<ul style="list-style-type: none"> Integrating ESG factors into the investment process Advancing tax transparency initiatives Developing an approach to AI ethics Responding to climate change Addressing human rights risks Strengthening ESG information disclosures Establishing ESG-related Group policies

Sustainability risk management

We incorporate sustainability risks into the corporate risk management process. See "Risk management" for further details of our risk management system and our risk management initiatives.

 See page 60 for our risk management.



Message from Our Chief Sustainability Officer (CSusO)

Yotaro Agari
CSusO,
Head of Investor Relations Department
Head of Sustainability Department

The past few years have brought major upheavals, the kind that only happen once every few decades. The COVID-19 pandemic caused a myriad of disruptions around the world for three years; Russia's invasion of Ukraine has increased geopolitical tensions; societies have grown more divided than ever; and central banks, seeking to control inflation, have changed tack in monetary policy. All these changes have created uncertainties, shrouding the economic and market outlook. Meanwhile, the effects of climate change are manifesting themselves globally, and the world has no time to lose in cutting greenhouse gas emissions.

In these complex and challenging times, it is even more essential that businesses embrace sustainability. Our long-cherished corporate philosophy, Information Revolution—Happiness for everyone, is synonymous with a commitment to sustainability and delivering sustainable growth to all our stakeholders.

For us, fiscal 2022 was another year of sustainability action.

Among other things, as a strategic investment holding company, we address sustainability challenges together with our investees and subsidiaries. Crucial to this is integrating ESG into the investment process, which enables active engagement with our investee companies. This year, we advanced the development of a new framework to understand investees' ESG risks and opportunities and to facilitate engagement.

I should also mention Arm's sustainability initiatives. In its response to climate change, Arm has committed to achieving net-zero carbon emissions by 2030, and in fiscal 2022 it made good progress along its road map toward this target. Arm has also committed to closing the digital divide to extend the benefits of technology to people and areas currently not connected. As part of this, Arm worked with partners to deliver connectivity in hard-to-reach places.

As for corporate governance, we remain committed as ever to improving board independence and diversity. Our corporate governance structures are designed to make management transparent and accountable to minority shareholders while ensuring our own uniqueness to create value.




Expectations for each sustainability issue increase with each passing year. We have also seen new sustainability themes emerge, AI ethics being one example.

My team and I will continue to strive to obtain necessary data and establish a solid framework for our various initiatives. We will also work to improve stakeholder communication so that we can deliver a more comprehensive outlook for the Group's sustainability initiatives and their outcomes.

External evaluations of sustainability (as of June 30, 2023)

The main external evaluations of the Group's sustainability are shown below.

Inclusion in ESG indexes

	Index name	Company name
Member of Dow Jones Sustainability Indices Powered by the S&P Global CDA	Dow Jones Sustainability World Index (DJSI World)	SoftBank Z Holdings
	Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific)	SoftBank Z Holdings
 FTSE4Good  FTSE Blossom Japan  FTSE Blossom Japan Sector Relative Index	FTSE4Good Index Series* ¹	SBG
	FTSE Blossom Japan Index* ¹	SoftBank
	FTSE Blossom Japan Sector Relative Index* ¹	Z Holdings
2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX	MSCI Japan ESG Select Leaders Index* ²	SoftBank Z Holdings
2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	MSCI Japan Empowering Women Index (WIN)* ³	SBG SoftBank Z Holdings

Major evaluations and accreditations

Sustainability Yearbook Member

SBG,^{*4} SoftBank,^{*5} Z Holdings*⁶

Selected as a "Sustainability Yearbook Member" by S&P Global in "The Sustainability Yearbook 2023," a listing of companies with outstanding sustainability.

Kurumin, Platinum Kurumin

SBG,
SoftBank

SBG received "Kurumin" certification and SoftBank received "Platinum Kurumin" certification as excellent childcare support companies.

CDP

SBG,
SoftBank

Earned a Climate Change Response Score of A- and a Supplier Engagement Rating of A by the CDP (a global environmental NGO)

Science-Based Targets (SBTs)

SoftBank

The goals detailed in SoftBank's "Carbon Neutral 2030 Declaration" were certified as Science-Based Targets (SBTs) as they are based on scientific evidence.

For further details, see each company's website:  SBG  SoftBank  Z Holdings

^{*1} FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SoftBank Group Corp., SoftBank Corp., and Z Holdings Corporation have been independently assessed according to the FTSE4Good Index Series, FTSE Blossom Japan Index series criteria, and have satisfied the requirements to become a constituent of those index series.
^{*2} THE INCLUSION OF SoftBank Corp. and Z Holdings Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SoftBank Group Corp., SoftBank Corp. and Z Holdings Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.
^{*3} THE INCLUSION OF SoftBank Group Corp., SoftBank Corp. and Z Holdings Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SoftBank Group Corp., SoftBank Corp. and Z Holdings Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.
^{*4} SBG was selected as among the top 15% companies in its industry.
^{*5} SoftBank was awarded a "Top 10% S&P Global ESG Score" in its industry.
^{*6} Z Holdings was awarded a "Top 5% S&P Global ESG Score" in its industry.

ESG in the investment business

Taking into account environmental, social, and governance standards in investing activities, we support the sustainable development of society at large while also enhancing the performance of our investments over the medium- to long-term. With this belief, we are undertaking the following initiatives.

Integrating ESG into the investment process

SBG revised its Portfolio Company Governance and Investment Guidelines Policy in May 2021, which originally set forth criteria on the governance of portfolio companies to be considered in the investment process. The revised Policy clearly states that environmental and social factors, in addition to governance, are to be assessed in the selection of investees and in post-investment monitoring. The Policy applies to SBG and its subsidiaries.*7 Each investment subsidiary decides and implements its own specific investment plans.

*7 Includes SoftBank Vision Funds and other investment subsidiaries managed by subsidiaries of SBG but excludes listed subsidiaries and subsidiaries that the Group is restricted from controlling for regulatory reasons and their subsidiaries.

Integrating ESG into SoftBank Vision Funds' investments

Described below are ways in which SoftBank Vision Funds integrate ESG into their investments.

Pre-Investment: assessing the risks of potential investments

SoftBank Vision Funds recognize four material themes in environmental and social fields that matter to the international community as well as to the Company's investment business: climate change, human rights (forced labor), discrimination/harassment, and AI ethics. As part of its due diligence, SoftBank Vision Funds evaluate the potential investment's status in addressing these material themes in environmental and social fields, as well as governance, to assess the risks, and use the results for investment decision-making.

Post-Investment: monitoring and engagement

SoftBank Vision Funds recognize the importance of continually monitoring the portfolio companies and engaging with them as necessary to prevent risks from materializing. Accordingly, it is exploring a systematic approach for such monitoring and engagement.

Investing in businesses that help address environmental and social challenges

SBG believes that investing in companies with innovative technology and business models can help address global challenges like climate change and economic inequalities, thereby contributing to a more sustainable world. SoftBank Vision Funds and other investment businesses of the Group have already invested in many businesses that contribute to social and environmental sustainability using AI.

Investments that help address environmental and social challenges

As of May 31, 2023



Note: These are examples of portfolio companies that help address environmental and social challenges.

Initiatives for the Maintenance and Preservation of the Global Environment


Maintenance and preservation of the global environment is our responsibility as global citizens and represents an important foundation supporting the Group’s sustainable development and growth.

We are working to reduce the negative impact of our business activities on the environment. We are also leveraging the strengths and advanced technologies of each Group company to address climate change and other environmental issues.

Basic policy on environmental initiatives


Environmental Policy

In May 2021, SBG established the Environmental Policy as a set of principles for conducting corporate activities in consideration of the global environment. The Company’s activities are in accordance with the Policy, which stipulates, among other guidance, that we comply with environment-related laws and regulations, respond to climate change, reduce environmental impact, conserve resources, and preserve biodiversity.

 For the full text of the Policy, see “Environment Initiatives” under “Sustainability” on our website.

Supplier Code of Conduct


SBG sets out our Supplier Code of Conduct, including compliance with environmental laws and regulations, managing and reducing waste, avoiding wasteful use of resources, and consideration of biodiversity, and requires our suppliers to work in accordance with the Code.

 For the full text of the Code, see “Social Initiatives” under “Sustainability” on our website.

Climate change


Climate-related information disclosures in accordance with the TCFD recommendations (Summary)

SBG recognizes the impact of climate change on our businesses and discloses its response to climate change in line with the TCFD recommendations.

 For the full text of our TCFD disclosures, see “Environment Initiatives” under “Sustainability” on our website.


Governance

SBG’s Board of Directors deliberates and makes decisions on overall climate-related actions, including identifying climate-related risks and opportunities, developing countermeasures, and setting the Group’s target for greenhouse gas emission reduction. In addition, the Sustainability Committee, chaired by the CSusO, discusses and examines climate-related actions, reports its findings to the Board of Directors, and is supervised by the Board as required.

 For further details on our sustainability governance, see page 33.

Risk management


SBG’s Risk Management Office plays a central role in gathering information on various risks from functions within the Company and from major Group companies, identifying material risks, and considering and monitoring countermeasures. Climate-related risks and countermeasures are also integrated into Enterprise Risk Management for continuous monitoring.

 For further details on our risk management, see page 60.

Strategies

SBG identifies, analyzes, and develops actions to manage climate-related risks and opportunities for SBG’s core business covering the Investment Business of Holding Companies and the SoftBank Vision Funds (the “Company’s Investment Businesses”).

SoftBank has disclosed its climate-related information in line with the TCFD recommendations, and Arm plans to make disclosures in line with the TCFD recommendations in fiscal 2024.

 For the TCFD disclosures by SoftBank, see its corporate website.

Risks and opportunities in the Company’s Investment Businesses

Summary of risks and opportunities

The following table shows a summary of the anticipated climate-related risks and opportunities for the Company’s Investment Businesses.

	Opportunities	Risks
New investments	▶ Expected returns from new investments in companies that provide climate-related technologies and services (e.g., climate tech)	▶ Reduced investment opportunities due to potential portfolio companies’ reluctance to accept the Company’s investments if its climate change response is inadequate
Existing investments	▶ Enhanced enterprise value of existing portfolio companies from their adequate response to climate change	▶ Decline in enterprise value of existing portfolio companies due to their inadequate response to climate change
Financing	▶ Expansion of financing opportunities by gaining investors’ support for the Company’s steady responses to climate change	▶ Decline in financing opportunities due to lower evaluation from investors if the Company’s climate change response is inadequate



Our recognized impact of risks and opportunities



Climate risks to the Company, both the transition and physical risks, are limited in our view. Although it is true that the Company could lose investment and financing opportunities if its response to climate change is deemed grossly inadequate, we are confident that it is possible to avoid those risks by maintaining steady efforts to reduce greenhouse gas emissions. Also, the Company’s existing investment portfolio has a low carbon footprint as it includes many AI companies for which greenhouse gas emissions are low and that have no large-scale production or complex supply chains.


Meanwhile, under our corporate philosophy “Information Revolution—Happiness for everyone,” we aim to contribute to the well-being of people through the superstructure of the ecosystem with entrepreneurs who process new technologies and business models. In a world increasingly beset by natural disasters and other climate risks, we can meet the demand for climate action and fulfill our corporate philosophy by proactively investing in businesses that offer the innovative climate solutions the world needs.


Responses to risks and opportunities

We are addressing the climate-related risks and opportunities through the following measures:

-  **Investments in climate tech, etc.** 

Invest in companies that provide climate-related technologies and services
-  **Responses in the investment process** 

Incorporate climate-related risk / opportunity assessments into the investment process
-  **Portfolio company engagement**

Engage with portfolio companies on climate change, including holding workshops for those companies
-  **Greenhouse gas emission reduction**

Reduce greenhouse gas emissions from our business activities, including switching to electricity derived from renewable energy sources

Metrics and targets

Seeking to further reduce greenhouse gas emissions from our business activities, SBG set a Group target to “Achieve Carbon Neutrality by FY2030” *1 in June 2022. To achieve the target, the entire Group is working on switching to electricity derived from renewable energy sources, using energy-efficient measures, and other measures.

 For our greenhouse gas emissions, see “ESG Data” under “Sustainability” on our website.

Targets and progress of greenhouse gas emission reduction

Group target*1 Achieve Carbon Neutrality by FY2030

SBG and its major subsidiaries’ targets and progress

To achieve the target, each of our major subsidiaries has also set aggressive targets for greenhouse gas emission reduction and is working to achieve those.

*1 Applies to greenhouse gas emissions (Scope 1 and 2) from the business activities of SBG and its major subsidiaries (in principle, “Principal Subsidiaries” in the Annual Securities Report, but there are some exceptions for reasons such as regulations)

*2 Applies to greenhouse gas emissions (Scope 1 and 2)

*3 Applies to greenhouse gas emissions (Scope 1, 2, and 3)

*4 Being audited as of June 30, 2023

	Targets	Progress in FY2022
SBG		Achieved Carbon Neutrality in FY2020 (and continues to be carbon neutral today)*2
SoftBank	<ul style="list-style-type: none"> ➤ Achieve Carbon Neutrality in its group by FY2030*2 ➤ Achieve Net Zero in its group by FY2050*3 	Converted 72.1% of the electricity used at base stations to renewable energy
Z Holdings	<ul style="list-style-type: none"> ➤ Achieve Carbon Neutrality in its group by FY2030*2 	Converted 52.7% of energy used by its group to renewable energy
Yahoo Japan	<ul style="list-style-type: none"> ➤ Convert 100% of its electricity use to renewable energy by FY2023 	Converted 82.9% of its electricity use to renewable energy
Arm	<ul style="list-style-type: none"> ➤ Convert 100% of electricity used by its group to renewable energy by 2023 ➤ Achieve Net Zero in its group by 2030*3 	Expected to confirm 100% of electricity used by its group has been converted to renewable energy*4

Businesses that contribute to climate change mitigation and adaptation Investments in Climate Tech Companies

We actively invest in Climate Tech Companies—companies providing breakthrough climate-related technologies and services to address climate change. With the growing demand for climate tech, investing in this sector can unlock growth in our investment business while also contributing to climate solutions.

Electricity storage solution for renewable energy / Energy Vault

Energy Vault develops and sells energy storage solutions to address grid resiliency and advance the transition to renewable energy. Its solutions allow utilities, independent power producers, and large energy users to manage their power portfolios and efficiently dispatch power.



Reducing carbon emissions in goods transport / Flock Freight

Flock Freight is a technology company that is creating a smarter, more sustainable supply chain. Its patented technology finds and fills trucks' empty spaces so shippers can save, carriers can earn more money, and goods can move terminal-free with more reliability and fewer emissions.



Producing a flexible solar cell that converts indoor light into electrical energy / Exeger Operations

Exeger Operations is the developer of a solar cell technology that can generate electricity with high efficiency in both natural and indoor artificial light. The material can be integrated into electronic devices such as remote controls and headphones, reducing carbon emissions from everyday consumer products.



The solar cell material and headphones that use the material

Promoting and expanding the use of renewable energy

U.S. Solar Power Project / SB Energy Global Holdings

To promote renewable energy, SB Energy Global Holdings and its subsidiaries operate a power generation business that boasts one of the largest solar power projects in the U.S. The project consists of five solar farms,^{*5} which collectively generate 1,328 MW.^{*5} SB Energy Global Holdings is currently constructing four additional solar farms in the U.S., which will collectively generate 2,048 MW.^{*5}

^{*5} Generation capacity in AC, as of the end of April 2023

Providing electricity services that contribute to CO₂ reduction / SB Power

SB Power is an electricity retailer that runs *Shizen Denki*, a service that discharges net-100% renewable energy^{*6} to households. In fiscal 2022, the service contributed to reducing carbon emissions by 38,000 tons.^{*7}

Households that subscribe to SB Power's *SoftBank Denki* service get free access to the *Eco Denki* App. They can use the app to monitor their past electricity bills and forecast their electricity bill for the month. They can also easily take advantage of the household energy-saving service where they can earn *PayPay Points* based on the amount of electricity they save at specified times. Through this service, SB Power supports users to reduce their electricity usage. In fiscal 2022, the service reduced household energy consumption by 18.01 million kWh, thereby cutting carbon emissions by 9,400 tons.

Currently, more than half of *SoftBank Denki* subscribers use this service.^{*8}



Eco Denki App screenshots

^{*6} By combining electricity supplied to customers with Non-fossil Fuel Energy Certificates that have a renewable energy designation, the service can supply electricity with a net-100% renewable energy ratio and net-zero CO₂ emissions.

^{*7} This figure is calculated by multiplying the amount of electricity used by *Shizen Denki* customers by the national average CO₂ emission factor and adding the amount of J-credits retired through support for forest conservation organizations.

^{*8} Accurate as of the end of April 2023

Taking renewable energy promotion to the next stage / SBG

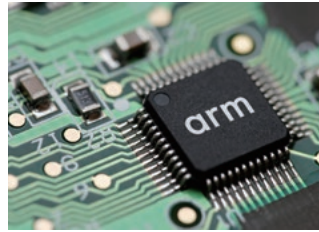
Following the Great East Japan Earthquake of 2011, we founded a renewable energy business called SB Energy (currently Terras Energy). Through this business, we have helped drive the renewable shift in Japan and abroad.

In April 2023, SBG transferred 85% of its shares in SB Energy to Toyota Tsusho Corporation, a company that holds Japan's largest wind-power business as one of its subsidiaries, to take the renewable shift to the next stage. The two corporate groups are now preparing to work together on renewable energy projects and electricity balancing services. Through such collaboration, the two corporate groups aim to maximize synergies in their renewable energy businesses.

Developing energy-efficient technology

Semiconductor architecture that improves energy efficiency **Arm**

With accelerated growth in shipments of Arm-based chips, Arm architecture is found in an ever-greater range of applications, from smartphones and home appliances to vehicles and servers. Arm recognizes its responsibility to develop energy-efficient designs and believes that it could be one of the solutions for helping to cut global energy consumption.




Arm has developed numerous technologies that combine exceptional processing with energy efficiency. One example is Arm *Ethos-U55*, which provides up to 90% energy reduction for machine workloads on IoT devices compared to its predecessor. Another is Arm *Cortex-A715*, which delivers 20% power efficiency improvements to consumer markets compared to its predecessor.

Establishment and operation of the Renewable Energy Council and the GDC Renewable Energy Council **SBG**

Together with local governments, SBG established the Renewable Energy Council and the Government-Designated Cities Renewable Energy Council in 2011. Led by 34 prefectures throughout Japan and the local governments of 20 designated cities, the two Councils share information to promote and expand the use of renewable energy and make policy recommendations to the Japanese government. As their secretariat, SBG is involved in the operation of both Councils from a neutral standpoint.

 See the Renewable Energy Council website for further details.

 See the Government-Designated Cities Renewable Energy Council website for further details.

Conserving natural capital

Conserving natural capital is an increasingly urgent task. We invest in businesses that offer technological solutions for conserving natural capital. These include FoodTech solutions such as cultivated (lab-grown) meat and meat alternatives, as well as AgriTech solutions such as resource-efficient farming technology.

Building a sustainable food system with cultivated meat **UPSIDE Foods**

UPSIDE Foods is a U.S.-based, industry-leading cultivated meat company that grows delicious meat from real animal cells, without the need to raise and slaughter billions of animals. In November 2022, UPSIDE Foods received the world's first green light from the U.S. Food and Drug Administration (FDA), a major step toward the company's vision to build a more delicious, humane, and sustainable food system.



Saving resources with indoor vertical farming **Plenty**

Plenty is an AgriTech start-up focused on indoor vertical farming. Its unique farming method uses advanced technology, including AI, to reduce water, land, and pesticide usage. Plenty's space-efficient farms can produce up to 350 times the yield per acre of conventional farms and bring food production to urban and suburban areas, reducing food-mile emissions and waste.



Indoor vertical farming

Promotion of a circular economy

The planet's limited resources should never be used wastefully. As part of our efforts to mitigate our environmental impact, we encourage reducing waste, as well as reusing products and recycling resources through our business activities. We also promote reuse through our e-commerce services. In this way, we are helping the transition toward a circular economy.

E-commerce services that contribute to a circular economy **Yahoo Japan**



YAHUOKU!

Since 1999, *YAHUOKU!* has provided one of Japan's largest online auction and flea market services. It contributes to a circular economy in that it provides a way for users to sell the things they no longer need to people who do need them.



PayPay Flea Market

PayPay Flea Market is a dedicated online flea market app, through which users trade goods for a fixed price. We believe that this app, together with *YAHUOKU!*, can lead to further growth of a sustainable second-hand market.

How We Serve People and Society as a Leader of the Information Revolution

We strive to create a diverse, inclusive workforce and a positive, respectful workplace.

As a leader of the Information Revolution, we channel the various strengths of our Group companies into addressing the social challenges of this age of information and globalization.

Initiatives related to human capital

The Group regards human resources as a source of value creation and important stakeholders for supporting its sustainable growth. Accordingly, we believe that creating an internal environment in which employees can challenge themselves and play an active role while making the most of their individuality and abilities will increase corporate value.

Human resource strategy

SBG's human resource strategy is to attract autonomous and professional human resources and support their growth and advancement, and we are making ongoing efforts to achieve these goals. For specific initiatives, see "Diverse human capital management" and thereafter.

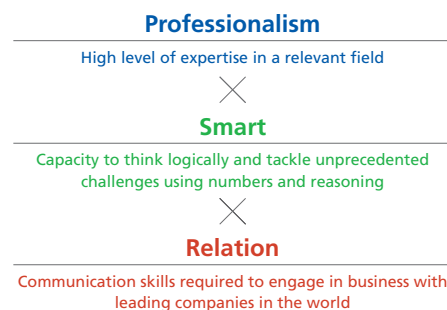
The human resource strategies of subsidiaries and Group companies are determined by each company, based on the *Cluster of No. 1 strategy* of growing together in a symbiotic ecosystem where decisions made by each company are respected.

Diverse human capital management

Professional recruitment emphasizing core competencies

SBG hires professionals based on three core competencies: professionalism, smart, and relation. We work to attract excellent and diverse human resources under a basic policy of assigning the most suitable person to each position, regardless of age, gender, nationality, or presence/absence of disability.

Three core competencies we seek in our employees



Diversity and inclusion

SBG is committed to assignments that allow employees, who are the driving force behind


corporate growth, to make the most of their individuality and abilities. We promote the hiring of human resources and appointment of managers regardless of age, gender, nationality, or disability, thereby creating a workplace rich in diversity where everyone can play an active role.

We are particularly committed to empowering women. As of March 31, 2023, 44.7% of all employees and 25.0% of managers were women. Each of them is engaged in their profession by making the best use of their advanced expertise. We will continue promoting the advancement of women.

Human resources data by gender

As of March 31, 2023

	Men	Women
Ratio of employees	55.3%	44.7%
Average age (years)	41.7	39.2
Average length of employment (years)	9.3	9.8
Ratio of managers	75.0%	25.0%

 For other data related to human capital, see "Social-related data" under "ESG Data" on our website.

As of March 31, 2023, 2.5% of our employees were people with disabilities,

compared to the legally mandated ratio of 2.3%. We are continuing our hiring activities with the aim of further improving the ratio of employees with disabilities.

Evaluation and compensation

SBG respects employees who actively take on challenges. To properly reward employees for their achievements, we conduct personnel evaluations and reflect the results of those evaluations in employees' salaries and bonuses under the principle of reward and punishment.

We also encourage employees to work with a sense of ownership. Accordingly, our human resource policy emphasizes contribution to enhancement of corporate value and includes providing stock-based compensation based on personnel evaluations.

In fiscal 2022, the indexed compensation levels for regular employees by gender were 68 for women compared to 100 for men in managerial positions, 85 for women in non-managerial positions, and 52 for women overall. We will continue promoting the appointment of women in the right positions and working to eliminate compensation differences.

Human resource development for autonomous and continuous growth

Career development

SBG emphasizes the importance of self-driven career development. By providing opportunities for individual awareness through ongoing one-on-one meetings with line managers and multifaceted 360-degree feedback from peers, we encourage employees to grow through self-review and self-reflection.

Education and training

SBG provides an environment allowing individual employees to voluntarily acquire the knowledge and skills necessary for their work. For example, we offer training programs, such as English conversation classes, that can be taken freely at any time, and SoftBank University, which operates within the Group. We have also allocated a talent development budget to each department so employees can take external training courses.

We also provide support for the advancement of professional personnel, such as lawyers, patent attorneys, certified public accountants, and certified tax accountants, by covering expenses related to the registration and maintenance of various professional qualifications required for job execution. In fiscal 2022, we provided such support to approximately 10% of our employees.



Group human resource development system

The Group offers a wide variety of opportunities for employees to play an active role within our organization. These include the Free Agent System, which allows employees to voluntarily arrange personnel transfers; SoftBank Academia, designed to discover and develop the next generation of Group management talent; and SoftBank InnoVenture, a program to train internal entrepreneurs to create a strategic assembly of synergistic group companies.

Dual employment

SBG also allows employees to engage in dual employment (side jobs) as an opportunity for personal growth through diverse experiences.

Work-style reform

Improving workplace environments

SBG respects and supports the efforts of employees to find a good work-life balance. Therefore, we introduced a "super-flex hour system" with no core hours and allow remote working to provide environments where employees can work regardless of time and place. This allows employees to choose their optimal work styles and maximize their individual performances.

To ensure proper time and attendance management, meanwhile, we deploy RPA (robotic process automation) technology to collect work hours and attendance information in a timely manner and link it to various data.

Childcare support

It is extremely important to provide working parents with opportunities to be involved in their children's development, and we believe proactive efforts must be made to foster the development of society. Among SBG's male employees whose spouses gave birth, around 88% took childcare leave in fiscal 2022.

Our efforts to support employees' work-life balance have achieved some success, and we aim to make further improvements in childcare support. To this end, we are taking measures to alleviate income-related concerns, such as subsidizing childcare and other expenses through Children and Families Agency (previously Cabinet Office) babysitter coupons and the appropriation of accumulated annual leave for postpartum leave and childcare leave at birth.

Well-being

As a pure holding company, SBG takes various initiatives to manage, maintain, and promote the health of its employees, who represent its greatest asset. In addition to regular medical examinations, in fiscal 2023 we introduced a system that allows employees to undergo optional medical examinations tailored to age group at the company's expense.

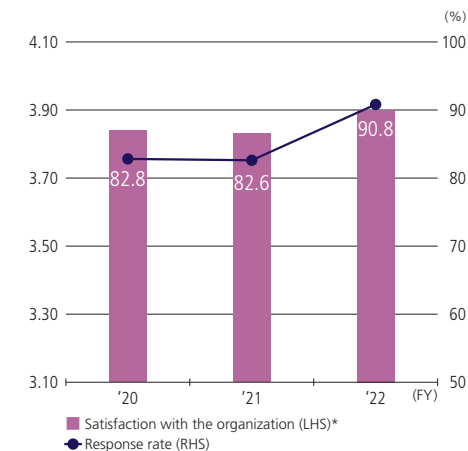
Meanwhile, we continue encouraging employees to take annual leave. In fiscal 2022, the annual leave utilization rate was approximately 61% (14.3 days). We aim to further improve the utilization rate in fiscal 2023.

Employee engagement

The Group conducts an annual satisfaction survey of all employees, and 30 domestic Group companies participated in the survey in fiscal 2022. This survey was developed to reflect the characteristics of the Group. Accordingly, responses regarding satisfaction with the organization (job, workplace, and supervisor) and the company each respondent belongs to are scored by item to identify issues at an early stage. Continuous monitoring of these results helps us build a strong organization and increase employee motivation.

More than 90% of SBG employees responded to the survey in fiscal 2022 and indicated a continued high level of satisfaction. We will continue actively working to improve employee engagement to realize more comfortable work environments.

SBG employee satisfaction



* Scored out of 5 (less than 3.00 = Low, 3.00 to 3.49 = Normal, 3.50 to 3.99 = High, 4.00 or higher = Very high)

Respect for human rights

We believe that respect for human rights should underpin all our business activities. On this belief, SBG has established the Human Rights Policy and have programs in place to instill human rights awareness throughout our organization, from officers to employees. As it requires cross-organizational collaboration to promote human rights initiatives, our HR, compliance, risk management, and sustainability teams, along with other specialized teams, coordinate inter-departmental efforts to manage human rights risks relevant to the Group.



See the full article of the Policy on our website (or via our Social Initiatives webpage).

Human rights due diligence Identifying human rights risks, providing human rights training

As part of our human rights due diligence, SBG conducted a survey to clarify the human rights risks relevant to our business activities and to gain insights into the corrective and preventive actions that might be necessary. The survey was conducted in February 2022 among directors, officers, and employees with a 77% response rate. The survey revealed human rights issues that had arisen in the past 12 months as well as human rights risks that might need to be addressed in the future. Some respondents noted issues and risks related to overwork, harassment, and gender-based discrimination or other forms of discrimination. Also highlighted

were human rights risks associated with AI and other technologies used or developed by our portfolio companies. In October 2022, we organized a workshop on corrective and preventive action for the risks found in the survey. The workshop was attended by 87.4% of officers to employees. We will continue using the survey insights, along with insights gained from regular employee satisfaction surveys, to guide corrective and preventive action, including ongoing training.

Protecting human rights in our supply chain

Our supply chain can only be sustainable if all our suppliers respect human rights.

That is why SBG's Supplier Code of Conduct includes stipulations on human rights, along with those on workplace safety, hygiene, and other matters, to inculcate high ethical standards in our suppliers.

SoftBank has included human rights due diligence in its supply chain management since fiscal 2020. As well as making its own supply chain sustainable, the company aims to promote supply chain sustainability across various industries. To that end, the company participates in a subcommittee of the Global Compact Network Japan.*¹ This subcommittee develops tools to help businesses overcome the practical hurdles to addressing human rights issues and other social and environmental challenges to sustainability.

*1 The Global Compact Network Japan is a Japanese network of businesses that participate in the UN Global Compact (the world's largest initiative for sustainability) of which the purpose is to solicit private-sector commitments to building a healthier global community.



See the full article of the Code on our website (or via our Social Initiatives webpage).

Contributing to AI ethics

As an organization that invests in AI, we are committed to promoting various initiatives on AI ethics throughout the Group.

AI ethics in our investment

Experts around the world are discussing best practices for AI, and we too are engaging in an ongoing conversation on this topic because we want to ensure that AI benefits everyone. AI ethics is an important consideration in our investments. When investing in AI businesses, we assess whether they have taken measures to define the purpose of AI and ensure its appropriate usage.

Group companies' initiatives

In July 2022, SoftBank established the SoftBank AI Ethics Policy to ensure that AI is used appropriately to deliver services that are safe for users. SoftBank's group companies also apply the policy. As of April 2023, the policy had been applied in 56 companies. To foster the responsible utilization of AI, SoftBank has implemented internal regulations and guidelines. Furthermore, the company will continue to strengthen its framework through measures such as establishing a committee of external experts in AI.

In July 2022, Z Holdings established the Z Holdings Group Basic Policy on AI Ethics to ensure user privacy rights and safe usage of AI. Z Holdings will develop increasingly detailed rules on AI ethics based on the advice of outside experts sitting on the Expert Panel on AI Ethics (established in June 2021) and other bodies.

AI talent development

For the benefits of AI to be fully enjoyed, it is important to improve AI literacy among developers and users. To that end, we are working to develop AI talent. SoftBank and Z Holdings provide AI training courses to build their AI talent and to share knowledge about AI. Believing that nurturing young AI talent in Japan is an urgent priority, SoftBank runs "AI Challenge," an AI training course for junior high and high schoolers.

Initiatives to resolve social issues through business

As an organization whose mainstay business is investing, we fulfill our social responsibility by investing in businesses that address social issues.

SoftBank Vision Funds' portfolio companies

Protecting major brands and consumers against cybercrime and fraud **Arkose Labs**

Arkose Labs protects major consumer brands and their customers against cyber-attacks that hijack accounts, logins, and other key points of user interaction with sites and apps. The Arkose Bot*² Manager solution detects and mitigates high-volume and high-risk attacks, trapping bots while protecting customer trust and business ROI.



*2 A type of remotely operated malware

Transforming surgery with next-generation surgical robotics **CMR Surgical**

CMR Surgical has developed the Versius, a next-generation surgical robot, aiming to make minimal access surgery available to everyone who needs it. It is a small and portable system that can easily be moved between almost any operating room, thereby allowing more people to undergo minimal access surgery.



Charting the future of digital medicine **Big Health**

Big Health is on a mission to help millions back to good mental health by creating clinical-grade, digital treatments for the most common mental health conditions, including insomnia and anxiety. The company's products, Sleepio and Daylight, are built on a proprietary formulation of cognitive behavioral therapy (CBT) that can be accessed anytime, anywhere, with comparable results to talk therapy or medication.



Investing in entrepreneurs

Investing in underrepresented entrepreneurs **SBIA**

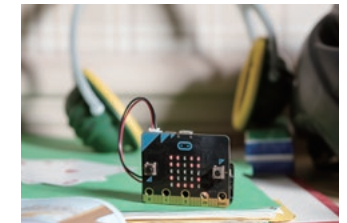
In 2019, SBIA launched the SoftBank Vision Fund Emerge program in the U.S. to promote diversity in tech by supporting and funding business owners who belong to groups historically underrepresented in the technology ecosystem. The program provides participant founders with the capital, tools, and networks needed to scale their business. Following its success, the program was expanded to Europe in 2020, and to date has partnered with 23 exceptional entrepreneurs.

Helping to nurture digital and entrepreneurial talent **SoftBank**

SoftBank is a scholarship partner of Kamiyama Marugoto College, a private technical college that opened in April 2023. In this role, the company has donated ¥1 billion toward effectively free tuition at the college. By supporting founders and providing courses in technology, SoftBank is helping to nurture the digital and entrepreneurial talent who will lead Japan in the future.

Positive social impacts through partnerships **Arm**

Arm is working to maximize its social impact by advancing business opportunities and closing the digital divide between those who have full access to digital technologies and the billions of people who currently do not. Arm believes responsible technology has the potential to solve complex global challenges and reduce inequalities. It is working together with employees and its ecosystem of social impact partners to build the connected future of computing for everyone, everywhere. For example: Arm has worked with the Micro:bit Educational Foundation*³ to help young people learn to code, and Arm has partnered with Jangala, which has connected 60,000 marginalized people to Wi-Fi through the deployment of their Big Box device through organizations working in humanitarian aid, education, healthcare, and disaster response worldwide.



BBC micro:bit: a pocket-sized computer

*³ The Micro:bit Educational Foundation is a not-for-profit organization that aims to inspire every child to create their best digital future.

Effective Governance—the Key to Realizing Our Vision

See “Corporate Governance” on our website for the latest information.

Based on the Corporate Governance Report filed with the Tokyo Stock Exchange on June 26, 2023.

Basic views

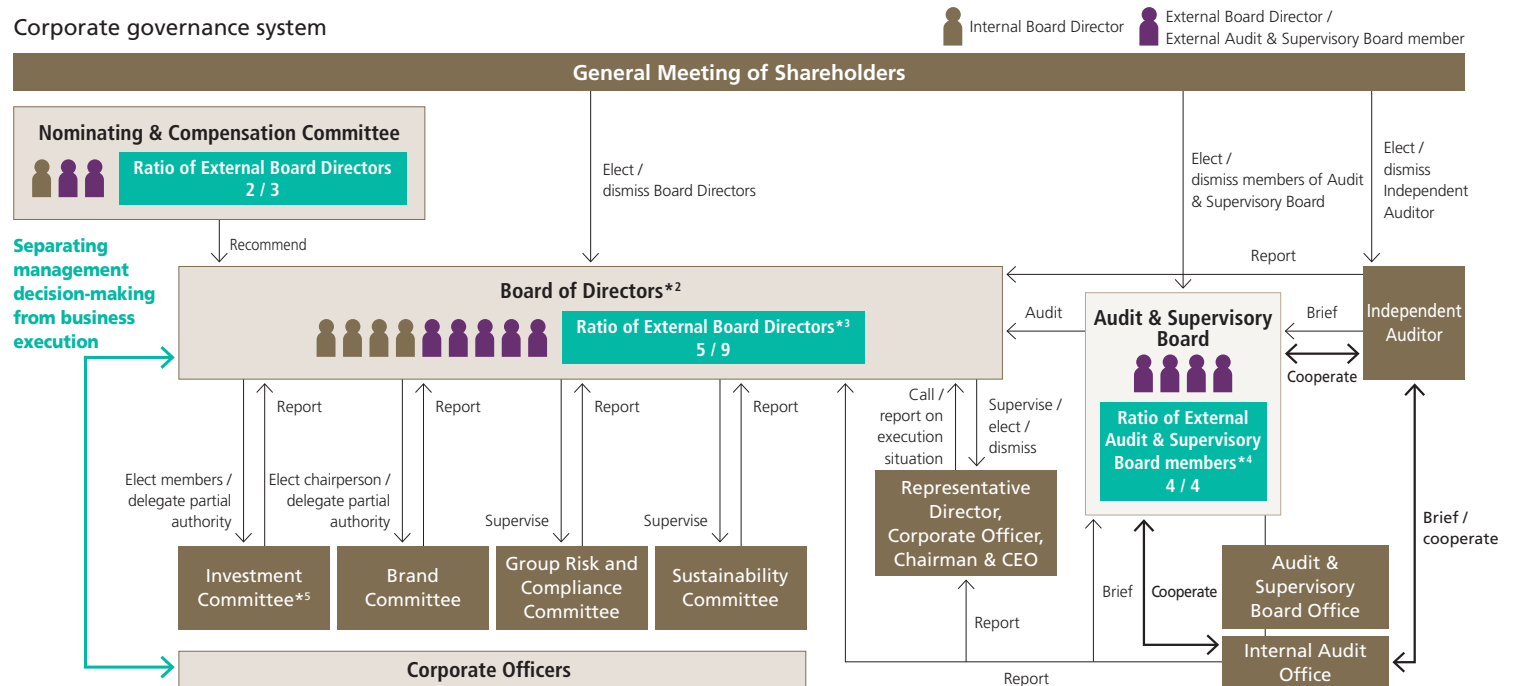
We are guided by a fundamental concept of “free, fair, and innovative” and a corporate philosophy of Information Revolution—Happiness for everyone. We aim to be a provider of essential technologies and services to people around the world while maximizing our corporate value. We recognize that it is vital to maintain effective corporate governance to realize this vision. We continue to strengthen governance by formulating the charter and regulations; the SoftBank Group Charter to share the Group’s fundamental concept and corporate philosophy, the Group Company Management Regulations of the SoftBank Group to set out the management policy and framework for the Group companies, and the SoftBank Group Code of Conduct to be complied with by the Company and its Board Directors and employees.

Our path to strengthening governance

1994	Registered as an OTC stock with the Japan Securities Dealers Association	2019	Established the Group Risk and Compliance Committee
1995	Appointed the first foreign national Board Director	2020	Formulated the Portfolio Company Governance and Investment Guidelines Policy; increased the number of External Board Directors; appointed the first female Board Director; established the Nominating & Compensation Committee and the Sustainability Committee; appointed a CSuSO and CRO*1; revised the Board of Directors structure (separation of the management decision-making function from the business execution function)
1998	Listed on the First Section of the Tokyo Stock Exchange	2021	Added environmental and social items to the above policy; achieved a 55.6% external ratio of Board Directors and a 100% external ratio of Audit & Supervisory Board members
1999	Invited a Board Director from outside the company (equivalent to a current External Board Director); transitioned to a pure holding company	2022	Transitioned from the First Section of the Tokyo Stock Exchange (TSE) to the Prime Market of the TSE
2002	External board directors system introduced in the Commercial Code (currently the Companies Act) of Japan		
	Started livestreaming of earnings results briefings		
2003	Started livestreaming of the Annual General Meeting of Shareholders		
2006	Companies Act of Japan enacted		
2012	Introduced a Corporate Officer system		
2015	Japan’s Corporate Governance Code entered into force		

*1 Chief Risk Officer

Corporate governance system



*2 Special Directors are put in place in accordance with Paragraph 1, Article 373 of the Companies Act.
*3 Of the five External Board Directors, four are designated as Independent Officers.

*4 Of the four External Audit & Supervisory Board members, three are designated as Independent Officers.
*5 Supervisory Committee is separately put in place to supervise matters such as investments and loans of certain subsidiaries.

Approach and policies on Group management

Based on its unique organizational strategy, the *Cluster of No. 1 strategy*, SBG is working to build a corporate group with diversified businesses in the information and technology sectors and increase its Net Asset Value (NAV). This is enabled by direct investments (including investments made through its subsidiaries) such as in SoftBank, Arm, and other Group companies, as well as investments in investment funds such as SVF1, SVF2, and LatAm Funds. In this process, each portfolio company will seek self-sustained growth. At the same time, SBG, as a strategic investment holding company, will help each portfolio company improve its corporate value by utilizing the Group’s network of companies while promoting collaboration among portfolio companies.

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

Board of Directors

SBG’s Board of Directors consists of members with a wealth of knowledge and experience in business management and a global perspective, in consideration of their nationality, ethnicity, gender, or age. The maximum number of Board Directors is set at 11 under the Articles of Incorporation. As of June 21, 2023, the Board of Directors consisted of nine members (five of whom are external) and included two foreign nationals and one female.

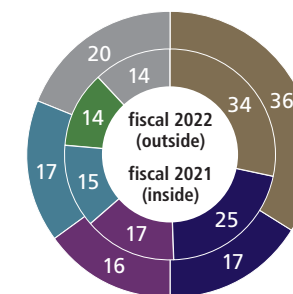
Agenda items for discussion at Board meetings are set forth in the Board of Directors Regulations. The Board discusses statutory matters, as well as critical matters related to business management, such as investments, loans, and borrowings that exceed a certain amount. In addition, Special Directors are put in place for the purpose of prompt decision-making in accordance with Paragraph 1, Article 373 of the Companies Act of Japan, 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.

Status of Board of Directors

SBG’s Board of Directors had a total of 14 meetings in fiscal 2021 and nine meetings in fiscal 2022 (both totals exclude meetings conducted by written resolution). During these meetings, the members mainly discussed the following topics. No topic relating to investments was discussed in any of the meetings held in fiscal 2022.

Category	Key topics
Governance	Board Director candidates and Board Directors compensation, reports from each committee, evaluation of the Board’s effectiveness, opinions of Audit & Supervisory Board members
Internal control (including that of subsidiaries)	Compliance (oversight of conflict-of-interest transactions and annual report on compliance), risk management, internal controls/audits, approval of transactions made by subsidiaries
Business reports	Reports on portfolio status and each business segment
Financing	Fundraising, shareholder return
Investments	Consideration of investment projects (e.g., capital commitment to investment funds)
Others	Shareholder meeting, disclosure, sustainability

Number of Board resolutions/reports



Summary of results of Board of Directors evaluation

From December 2022 to April 2023, SBG evaluated the overall effectiveness of its Board of Directors in the following manner.

Subjects	Masayoshi Son (Representative Director, Corporate Officer, Chairman & CEO), the Board Directors, and the Audit & Supervisory Board members
Evaluation method	Questionnaires and interviews were conducted with the target officers by an independent evaluator about topics that included the composition and operation of the Board and its support systems.
Evaluation results	One of the issues highlighted in the previous evaluation was the need to strengthen the Nominating & Compensation Committee. The officers confirmed that this task had been accomplished, in that the committee’s role and its annual activities had been clarified. They further noted that the Board had exercised its oversight role effectively, enabling swift decisions to be taken on risk management in response to the challenges in the external environment that SBG faced in fiscal 2022. According to the officers, such board effectiveness is underpinned by a positive board culture. This culture includes the trust and the checks and balances between Masayoshi Son and the Board of Directors. It also includes robust discussions held by the diverse board. The officers underscored the importance of preserving this board culture.

Skill matrix of Board Directors and Audit & Supervisory Board members

SBG believes it is important for the Board Directors and Audit & Supervisory Board members to have a wide range of viewpoints and experience, as well as a high level of expertise, to ensure diversity and active discussions and decision-making of the Board. As of June 21, 2023, the skill matrix (skill set expected by SBG) of the Board Directors and Audit & Supervisory Board members was as follows.

	Name	Areas of expertise particularly expected by SBG (up to three areas)					Academic background
		Corporate management	Banking / M&A	Finance / Accounting	Law / Governance	Technology	
Board Director	Masayoshi Son	✓	✓			✓	
	Yoshimitsu Goto	✓	✓	✓			
	Ken Miyauchi	✓	✓			✓	
	Rene Haas	✓	✓			✓	
	Masami Iijima	✓	✓		✓		
	Yutaka Matsuo		✓			✓	✓
	Keiko Erikawa	✓	✓			✓	
Audit & Supervisory Board member	Kenneth A. Siegel		✓		✓		✓
	David Chao	✓	✓			✓	
	Maurice Atsushi Toyama		✓	✓			
	Yuji Nakata		✓		✓		
	Soichiro Uno		✓		✓		
	Keiichi Otsuka		✓	✓			

Board Directors As of June 21, 2023 (numbers of shares held are as of March 31, 2023)

Nominating & Compensation Committee member

Representative Director, Corporate Officer, Chairman & CEO

Masayoshi Son

Years in office:
41 years 9 months
Number of shares held in SBG:
426,661 thousand shares

Sep 1981 Founded SOFTBANK Corp. Japan (currently SoftBank Group Corp.), Chairman & CEO
 Jan 1996 President & CEO, Yahoo Japan Corporation (currently Z Holdings Corporation)
 Oct 2005 Director, Alibaba.com Corporation (currently Alibaba Group Holding Limited)
 Apr 2006 Chairman of the Board, President & CEO, Vodafone K.K. (currently SoftBank Corp.)
 Jun 2015 Director, Yahoo Japan Corporation (currently Z Holdings Corporation)
 Sep 2016 Chairman and Executive Director, ARM Holdings plc
 Jun 2017 Chairman & CEO, SoftBank Group Corp.
 Mar 2018 Chairman and Director, Arm Limited (to present)
 Nov 2020 Representative Director, Corporate Officer, Chairman & CEO, SoftBank Group Corp. (to present)
 Apr 2021 Board Director, Founder, SoftBank Corp. (to present)



Board Director, Corporate Officer, Senior Vice President, CFO & CISO

Yoshimitsu Goto

Years in office:
3 years*6
Number of shares held in SBG:
279 thousand shares

Apr 1987 Joined The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
 Jun 2000 Joined SoftBank Corp. (currently SoftBank Group Corp.)
 Oct 2000 Head of Finance Department, SoftBank Corp. (currently SoftBank Group Corp.)
 Apr 2006 Director, Vodafone K.K. (currently SoftBank Corp.)
 Jul 2012 Corporate Officer, Senior Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
 Oct 2013 President & CEO and acting owner, Fukuoka SoftBank HAWKS Corp. (to present)
 Jun 2014 Board Director, SoftBank Corp. (currently SoftBank Group Corp.)
 Jun 2015 Corporate Officer, Senior Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
 Jun 2017 Corporate Officer, Senior Vice President, SoftBank Group Corp.
 Apr 2018 Corporate Officer, Senior Vice President & CFO & CISO, SoftBank Group Corp.
 Jun 2020 Board Director, Senior Vice President, CFO, CISO & CSusO, SoftBank Group Corp.
 Nov 2020 Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO, SoftBank Group Corp.
 Jun 2022 Board Director, Corporate Officer, Senior Vice President, CFO & CISO, SoftBank Group Corp. (to present)



*CISO: Chief Information Security Officer *CSusO: Chief Sustainability Officer

Board Director

Ken Miyauchi

Years in office:
35 years 4 months
Number of shares held in SBG:
2,002 thousand shares

Feb 1977 Joined Japan Management Association
 Oct 1984 Joined SOFTBANK Corp. Japan (currently SoftBank Group Corp.)
 Feb 1988 Board Director, SOFTBANK Corp. Japan (currently SoftBank Group Corp.)
 Apr 2006 Executive Vice President, Director & COO, Vodafone K.K. (currently SoftBank Corp.)
 Jun 2007 Representative Director & COO, SoftBank Mobile Corp. (currently SoftBank Corp.)
 Jun 2012 Director, Yahoo Japan Corporation (currently Z Holdings Corporation)
 Jun 2013 Representative Board Director, Senior Executive Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
 Apr 2015 President & CEO, SoftBank Mobile Corp. (currently SoftBank Corp.)
 Apr 2018 Board Director, SoftBank Group Corp. (to present)
 Jun 2018 President & CEO, SoftBank Corp.
 Apr 2021 Representative Director & Chairman, SoftBank Corp.
 Apr 2023 Director & Chairman, SoftBank Corp. (to present)



Board Director

Rene Haas

Years in office:
-
Number of shares held in SBG:
-

Jan 1999 Vice President of Sales, Tensilica
 Aug 2004 Vice President of Sales and Marketing, Scintera Networks
 Oct 2006 Vice President & General Manager, Computing Products Business Unit, NVIDIA Corporation
 Oct 2013 Vice President of Strategic Alliances, ARM Holdings plc
 Jan 2015 Executive Vice President & Chief Commercial Officer, ARM Holdings plc
 Jan 2017 President of Arm's IP Product Groups (IPG), ARM Holdings plc
 Feb 2022 CEO, Arm Limited (to present)
 Jun 2023 Board Director, SoftBank Group Corp. (to present)



Note: "Years in office" refers to the number of years until the conclusion of the General Meeting of Shareholders on June 21, 2023.
*6 Mr. Yoshimitsu Goto has been a Board Director for three years since June 2020 but has served as Board Director for a total of four years, including one year as Board Director from June 2014.

Independence standards and qualifications for External Board Directors

SBG elects Independent External Board Directors in accordance with the independence criteria set by the Tokyo Stock Exchange. The Board elects Independent External Board Director candidates who can contribute to increasing corporate value through their qualifications, ability, and deep knowledge in their fields of expertise. SBG also elects candidates for their ability to actively participate in constructive discussions and frankly express their opinions. 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 them actively participates in discussions at the Board meetings, and SBG makes management judgments and decisions based on these discussions.

Major activities of External Board Directors

Name	Major activities	Attendance rate and attendance of Board of Directors meetings for fiscal 2022
Masami Iijima	Makes remarks to supervise business judgments and decision-making based on his extensive knowledge and broad experience in corporate management and governance. Also, as Chairperson of the Nominating & Compensation Committee, leads objective discussions from an independent standpoint and plays an important role in consulting with the Board of Directors.	100% 9 of 9 meetings
Yutaka Matsuo	Makes remarks to supervise business judgments and decision-making based on his extensive knowledge and broad experience of AI and other technologies as a leading expert in the field, acquired through his engagement in AI research over many years. Also, as a member of the Nominating & Compensation Committee, expresses objective opinions from an independent standpoint and plays an important role in consulting with the Board of Directors.	100% 9 of 9 meetings
Keiko Erikawa	Makes remarks to supervise business judgments and decision-making based on her extensive knowledge and experience in corporate management and technology, acquired through her career as corporate manager and finance manager of a global digital entertainment company, to provide oversight and recommendations that contribute to SBG's management and decision-making process.	100% 9 of 9 meetings
Kenneth A. Siegel*7	Makes remarks to supervise business judgments and decision-making based on his extensive knowledge and experience in corporate M&As and strategic alliances, acquired through his career as an attorney at an international law firm, to provide oversight and recommendations that contribute to SBG's management and decision-making process.	77.8% 7 of 9 meetings
David Chao	Makes remarks to supervise business judgments and decision-making based on his extensive knowledge and broad experience in investment, technology, and corporate management, acquired through his long career as a manager of an investment company.	100% 8 of 8 meetings*8

*7 Reasons for non-designation as an Independent Officer: Mr. Siegel concurrently holds positions with Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho and Morrison & Foerster LLP. SBG did not designate him as an Independent Officer as the amount of compensation to be paid to these firms in the future is yet to be determined, regardless of whether there are any transactions between SBG and those firms.

*8 Attendance of meetings held after Mr. Chao assumed office on June 24, 2022.

*9 Mr. Masami Iijima resigned from the position of Director of Ricoh Company, Ltd. on June 23, 2023.

External Board Directors As of June 21, 2023 (numbers of shares held are as of March 31, 2023)

Independent Nominating & Compensation Committee member	External Board Director, Independent Officer
Masami Iijima	
Years in office: 5 years	Apr 1974 Joined MITSUI & CO., LTD. Apr 2008 Executive Managing Officer, MITSUI & CO., LTD. Jun 2008 Representative Director, Executive Managing Officer, MITSUI & CO., LTD. Oct 2008 Representative Director, Senior Executive Managing Officer, MITSUI & CO., LTD. Apr 2009 Representative Director, President and Chief Executive Officer, MITSUI & CO., LTD. Apr 2015 Representative Director, Chairman of the Board of Directors, MITSUI & CO., LTD. Jun 2016 Director, Ricoh Company, Ltd. (to present)*9 Jun 2018 Board Director, SoftBank Group Corp. (to present) Jun 2019 Counsellor, Bank of Japan (to present) Jun 2019 Director, Isetan Mitsukoshi Holdings Ltd. Apr 2021 Director, MITSUI & CO., LTD. Jun 2021 Counselor, MITSUI & CO., LTD. (to present) Jun 2021 Director (Audit & Supervisory Committee member), Takeda Pharmaceutical Company Limited Jun 2022 Director, Takeda Pharmaceutical Company Limited (to present)
Number of shares held in SBG: 1 thousand shares	



Independent Nominating & Compensation Committee member	External Board Director, Independent Officer
Yutaka Matsuo	
Years in office: 4 years	Apr 2002 Researcher, National Institute of Advanced Industrial Science and Technology Aug 2005 Visiting Scholar, Stanford University Oct 2007 Associate Professor, Graduate School of Engineering, the University of Tokyo Apr 2019 Professor, Graduate School of Engineering, the University of Tokyo (to present) Jun 2019 Board Director, SoftBank Group Corp. (to present)
Number of shares held in SBG: -	



Independent	External Board Director, Independent Officer
Keiko Erikawa	
Years in office: 2 years	Jul 1978 Founded KOEI Co., Ltd. (currently KOEI TECMO GAMES CO., LTD.), Senior Executive Director Apr 1994 Director, foundation for the Fusion Of Science and Technology (to present) Jun 2001 Chairman and CEO, KOEI Corporation (currently KOEI TECMO AMERICA Corporation) May 2007 Head Director, Association of Media in Digital (to present) Jun 2013 Chairman, Representative Director, KOEI TECMO GAMES CO., LTD. Jun 2013 Chairman, Representative Director, KOEI TECMO HOLDINGS CO., LTD. (to present) Jun 2014 Board Director, TECMO KOEI EUROPE LIMITED (currently KOEI TECMO EUROPE LIMITED) (to present) Apr 2015 Chairman Emeritus (Director), KOEI TECMO GAMES CO., LTD. (to present) Jun 2021 Board Director, SoftBank Group Corp. (to present)
Number of shares held in SBG: 213 thousand shares	



Independent	External Board Director
Kenneth A. Siegel	
Years in office: 2 years	Aug 1986 Joined Morrison & Foerster LLP Jan 1994 Partner, Morrison & Foerster LLP Aug 1996 Managing Partner, Morrison & Foerster Tokyo Office (Morrison & Foerster Gaikokuho Jimu Bengoshi Jimusho) (to present) Jan 2009 Member of Executive Committee, Morrison & Foerster LLP Jan 2009 Board Director, Member of Executive Committee, Morrison & Foerster LLP (to present) Jun 2021 Board Director, SoftBank Group Corp. (to present)
Number of shares held in SBG: -	



Independent	External Board Director, Independent Officer
David Chao	
Years in office: 1 year	Jun 1988 Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.) Jun 1989 Joined Apple Computer, Inc. (currently Apple Japan, Inc.) Aug 1993 Joined McKinsey & Company, Inc. May 1996 Co-Founder and CTO, Japan Communications Inc. Jan 1997 Co-Founder and General Partner, DCM Ventures (to present) Jun 2022 Board Director, SoftBank Group Corp. (to present)
Number of shares held in SBG: -	



Note: "Years in office" refers to the number of years until the conclusion of the General Meeting of Shareholders on June 21, 2023.

Corporate Officer system

SBG adopted a Corporate Officer system in July 2012 to further strengthen its business execution functions. In November 2020, SBG clarified the individuals responsible for business execution by separating the management decision-making function from the business execution function.

Corporate Officers As of June 21, 2023



Representative Director,
Corporate Officer,
Chairman & CEO
Masayoshi Son



Board Director,
Corporate Officer,
Senior Vice President,
CFO & CISO
Head of Finance Unit
Head of Administration Unit
*CISO: Chief Information Security Officer
Yoshimitsu Goto



Corporate Officer,
Senior Vice President,
Head of Accounting Unit
Kazuko Kimiwada

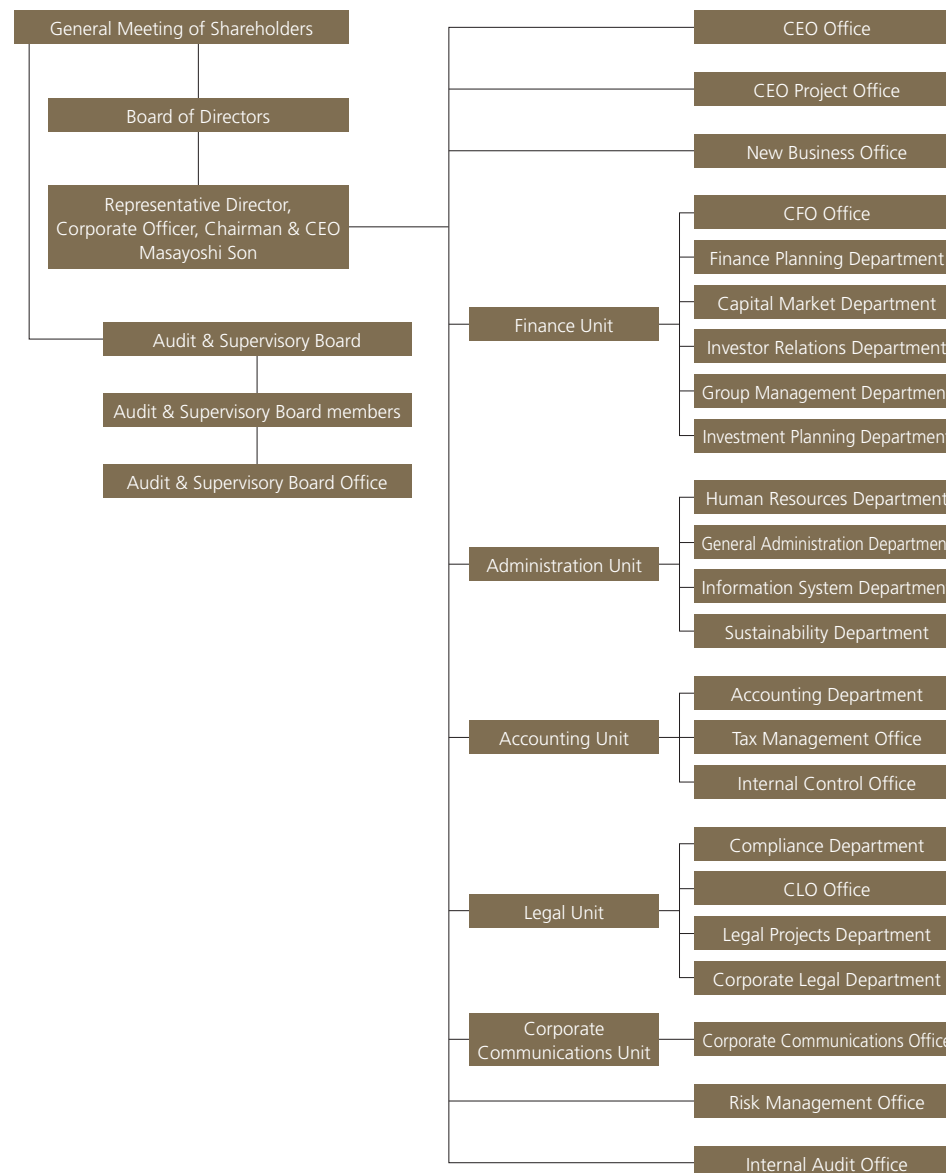


Corporate Officer,
CLO & GCO,
Head of Legal Unit
*CLO: Chief Legal Officer
*GCO: Group Compliance Officer
Tim Mackey



Corporate Officer,
Head of CFO Office,
Finance Unit
Seiichi Morooka

Organizational chart As of June 21, 2023



Audit & Supervisory Board members and the Audit & Supervisory Board

Audit & Supervisory Board members attend Board of Directors meetings, allowing them to monitor and verify decision-making by the Board and fulfillment of the Board's obligation to supervise the execution of duties by each Board Director. Moreover, to audit the execution of duties by the Board Directors of SBG, Audit & Supervisory Board members receive regular reports from and conduct interviews as necessary with Board Directors, employees, auditors of major subsidiaries, and other personnel. 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 a full-time Audit & Supervisory Board member since June 2015. The Audit & Supervisory Board meets once a month, in principle. At these meetings, the audit policy and plan are formulated and details of various internal and external meetings attended only by full-time members are reported to part-time members. In addition, the Audit & Supervisory Board explains details of the audit plan for each fiscal year, interim audit status, and audit results to the Board of Directors. Furthermore, the Audit & Supervisory Board determines the appropriateness of reappointing the Independent Auditor each fiscal year.

Major activities of External Audit & Supervisory Board members

Name	Major activities	Attendance rate and attendance for fiscal 2022	
		Board of Directors meetings	Audit & Supervisory Board meetings
Maurice Atsushi Toyama	Makes remarks based on his extensive knowledge and experience as a Certified Public Accountant, State of California, U.S.	100% 9 of 9 meetings	100% 12 of 12 meetings
Yuji Nakata	Makes remarks based on his extensive knowledge and experience, acquired through his career as head of risk management at a financial institution.	100% 9 of 9 meetings	100% 12 of 12 meetings
Soichiro Uno* ¹⁰	Makes remarks based on his extensive knowledge and experience as a lawyer.	88.9% 8 of 9 meetings	100% 12 of 12 meetings
Keiichi Otsuka	Makes remarks based on his extensive knowledge and experience as a Certified Public Accountant.	88.9% 8 of 9 meetings	91.7% 11 of 12 meetings

*¹⁰ Reasons for non-designation as an Independent Officer: although SBG judged that there is no potential conflict of interest between Mr. Soichiro Uno and ordinary shareholders, SBG did not designate him as an Independent Officer in accordance with the rules set by the firm (Nagashima Ohno & Tsunematsu), to which he belongs.

Audit & Supervisory Board members As of June 21, 2023 (numbers of shares held are as of March 31, 2023)

Independent
Full-time External Audit & Supervisory Board member, Independent Officer

Sep 1977 Joined San Francisco office of Price Waterhouse (currently PricewaterhouseCoopers)
Aug 1981 Certified Public Accountant, State of California, U.S.
Jun 2006 Partner, Aarata Audit Corporation (currently PricewaterhouseCoopers Aarata LLC)
Jun 2015 Full-time Audit & Supervisory Board member, SoftBank Corp. (currently SoftBank Group Corp.; to present)

Maurice Atsushi Toyama

Certified Public Accountant, State of California, U.S.

Years in office:
8 years

Number of shares held in SBG:
-



Independent
Full-time External Audit & Supervisory Board member, Independent Officer

Apr 1983 Joined Nomura Securities Co., Ltd.
Apr 2007 Executive Managing Director, Nomura Securities Co., Ltd.
Apr 2007 COO, Nomura Asia Holding N.V.
Apr 2008 Executive Managing Director, Nomura Holdings, Inc.
Nov 2008 Senior Managing Director, Nomura Securities Co., Ltd.
Apr 2016 Executive Managing Director, Nomura Holdings, Inc.
Apr 2017 Representative Executive Officer and Deputy President, Nomura Securities Co., Ltd.
May 2019 Executive Managing Director and Chief Risk Officer, Nomura Holdings, Inc.
Apr 2020 Senior Adviser, Nomura Institute of Capital Markets Research
Jun 2021 Full-time Audit & Supervisory Board member, SoftBank Group Corp. (to present)

Years in office:
2 years

Number of shares held in SBG:
-



External Audit & Supervisory Board member

Apr 1988 Joined Nagashima & Ohno Law Office (currently Nagashima Ohno & Tsunematsu), admitted to practice law in Japan
Nov 1993 Passed the bar examination of the State of New York, U.S.
Jan 1997 Partner, Nagashima & Ohno Law Office (currently Nagashima Ohno & Tsunematsu; to present)
Jun 2004 Audit & Supervisory Board member, SoftBank Corp. (currently SoftBank Group Corp.; to present)
Jun 2018 Director (Audit & Supervisory Committee Member), Dream Incubator Inc. (to present)
Jun 2019 Director (Audit & Supervisory Committee Member), Terumo Corporation (to present)

Soichiro Uno

Lawyer

Years in office:
19 years

Number of shares held in SBG:
-



Independent
External Audit & Supervisory Board member, Independent Officer

Nov 1978 Joined Price Waterhouse Accounting Office
Aug 1982 Registered as a Certified Public Accountant
Jul 1998 Representative Partner, Aoyama Audit Corporation
Sep 2006 Representative Partner, Aarata Audit Corporation (currently PricewaterhouseCoopers Aarata LLC)
Jun 2016 Audit & Supervisory Board Member, TBK Co., Ltd. (to present)
Jul 2016 Representative of Otsuka CPA Office (to present)
Jan 2017 Director, Shizuoka Bank (Europe) S.A. (to present)
Jun 2021 Audit & Supervisory Board member, SoftBank Group Corp. (to present)

Certified Public Accountant

Years in office:
2 years

Number of shares held in SBG:
-



Note: "Years in office" refers to the number of years until the conclusion of the General Meeting of Shareholders on June 21, 2023.

Independent Auditor

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 2022, the consecutive auditing period, the number of assistants for the audit duties, the policy for selection of the audit corporation, and evaluation of the audit corporation by the Audit & Supervisory Board for fiscal 2022 are as follows.

Names of Certified Public Accountants who executed audit duties

Designated Engagement Partner, Certified Public Accountant: Nozomu Kunimoto, Ayato Hirano, Yusuke Masuda

Consecutive auditing period

17 years

Composition of the assistants who supported the audit duties

Certified Public Accountants: 33, Others: 51

Policy for selection of the audit corporation and evaluation of the 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 considers 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 fiscal year. The Audit & Supervisory Board has determined that reappointment was appropriate for fiscal 2022. If the Audit & Supervisory Board determines that reappointment is inappropriate, it considers other candidates for Independent Auditor in accordance with such criteria, upon consideration of factors such as audits at other companies.

The Audit & Supervisory Board has resolved, as its decision-making policy of dismissal of or not reappointing the Independent Auditor, that the Independent Auditor can 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 of or not reappointing 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 that impairs the qualification or independency of the Independent Auditor.

Compensation for audits and other duties (fiscal 2022)

Compensation for auditing Certified Public Accountants and other assistants

	Compensation for audit certification (Millions of yen)	Compensation for non-audit duties (Millions of yen)
SBG	978	9
Consolidated subsidiaries	4,124	125
Total	5,102	134

Note: The non-audit duties for SBG consist of the preparation of comfort letters when issuing corporate bonds. The non-audit duties for consolidated subsidiaries of SBG mainly consist of supporting the formulation of SBG's business strategies.

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 (Millions of yen)	Compensation for non-audit duties (Millions of yen)
SBG	15	0
Consolidated subsidiaries	4,603	380
Total	4,618	380

Note: The non-audit duties for SBG consist of advisory services for taxation. The non-audit duties for the consolidated subsidiaries of SBG mainly consist of support services related to the acquisition of certifications and qualifications.

Other material compensation for audit certification duties

Not applicable.

Reasons for the Audit & Supervisory Board's consent to the Independent Auditor's compensation, 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 the consent prescribed in Paragraph 1, Article 399 of the Companies Act for the compensation paid to the Independent Auditor.

Cooperation between the Audit & Supervisory Board members, the Independent Auditor, and the Internal Audit Office

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

The Independent Auditor receives explanations from the Internal Audit Office on the audit plan and, when necessary, on the results of internal audits and other matters.

Committees that make decisions on matters delegated by the Board of Directors

Investment Committee

The purpose of the Investment Committee is to make decisions on matters for which it has been delegated authority by the Board of Directors, to carry out agile corporate activities. The Committee consists of four Board Directors or Corporate Officers elected by the Board (Masayoshi Son, Yoshimitsu Goto, Kazuko Kimiwada, and Tim Mackey). The agenda items for discussion in the Investment Committee are set forth in the Regulations of the Investment Committee. Such items include investments, loans, and borrowings under a certain amount. Resolutions of the Committee 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.

Brand Committee

The Brand Committee has been delegated authority by the Board of Directors to make decisions on and properly manage matters related to the SoftBank brand. The Committee has five members, including its chairperson, Yoshimitsu Goto (Board Director, Corporate Officer, Senior Vice President, CFO and CISO). The other four members, who are appointed by the chairperson, are Kazuko Kimiwada (Corporate Officer, Senior Vice President), Natsuko Oga (head of CLO Office), Takeaki Nukii (head of Corporate Communications Office), and Tatsuya Iida (head of General Administration Department). The Committee resolves matters set forth in the Regulations of the Brand Committee, including the licensing of the *SoftBank* brand. Resolutions are only approved by unanimous agreement, and all decisions made by the Committee are reported to the Board.

Voluntary committees

Nominating & Compensation Committee

The Nominating & Compensation Committee is a voluntarily established body that advises the Board of Directors and other decision-making bodies on nominations and compensation, thereby supporting effective decision-making. Nominating & Compensation Committee members are elected from among Board Directors, and a majority of its members are Independent External Board Directors to ensure their independence and objectivity. The Committee has three members: Masami Iijima (Committee Chairperson, Independent External Board Director), Yutaka Matsuo (Independent External Board Director), and Masayoshi Son (Representative Director, Corporate Officer, Chairman & CEO). During meetings, the members discuss the criteria for appointing and dismissing important officers and employees, candidates for nominating, general compensation policy, compensation in specific cases, and other important matters. They also discuss succession planning on an ongoing basis. The Committee holds regular meetings and irregular ones too when necessary. In fiscal 2022, it held three meetings, each with full attendance.

Group Risk and Compliance Committee (GRCC)

The purpose of the Group Risk and Compliance Committee (GRCC) is to supervise the risk management and compliance program of SBG and its Group companies and discuss important issues, promotion policies, and other matters on an ongoing basis. The Committee has three members, including its chairperson, Tim Mackey (Corporate Officer, Chief Legal Officer (CLO) & Group Compliance Officer (GCO)), who was appointed by the Board of Directors; Yoshimitsu Goto (Board Director, Corporate Officer, Senior Vice President, CFO and CISO) and Kazuko Kimiwada (Corporate Officer, Senior Vice President). The GRCC deliberates on matters related to the risk management and compliance activities of SBG and its Group companies as set forth in the GRCC Management Regulations. Its decisions are only approved by majority agreement. The Committee's agenda items and discussion results are reported to the Board on a regular basis (at least once a year) based on the Board of Directors Regulations.

Sustainability Committee

The purpose of the Sustainability Committee is to discuss important sustainability-related issues and promotion policies of SBG and its Group companies on an ongoing basis. The Committee has four members, including its chairperson, Yotaro Agari (Chief Sustainability Officer, head of Investor Relations Department and head of Sustainability Department), who has been appointed by the Board of Directors; Yoshimitsu Goto (Board Director, Corporate Officer, Senior Vice President, CFO and CISO); Kazuko Kimiwada (Corporate Officer, Senior Vice President); and Tim Mackey (Corporate Officer, CLO & GCO). The Committee deliberates on matters related to sustainability as set forth in the Sustainability Committee Operation Regulations. The Committee's agenda items and discussion results are reported to the Board as appropriate.

Policy on determining compensation amounts and calculation methods

Overview of the executive compensation system

The executive compensation policy of SBG is decided by resolution of the Board of Directors, accounting for the societal and relative status of each officer and the degree of his/her contribution to SBG, while referring to the results of compensation surveys conducted by professional organizations, to ensure that compensation levels are competitive enough to attract global talent who share the same aspirations. The individual amount of compensation is determined pursuant to the procedure described in "Organization and procedures for deciding executive compensation." For Board Directors whose main duties are as officers of subsidiaries and Group companies, compensation is determined by the compensation policy of each company, based on the *Cluster of No. 1 strategy*, and such compensation is paid by subsidiaries and Group companies. Compensation for External Board Directors and Audit & Supervisory Board members consists exclusively of fixed compensation because they are independent of business execution.

Components of executive compensation

	Component	Details	Overview
Aggregate compensation for Board Directors*11	Fixed compensation	Basic compensation	<ul style="list-style-type: none"> An annual amount is set on an individual basis and paid in fixed monthly cash installments. The amount of compensation is decided on an individual basis, taking into consideration whether officers are full-time or part-time, as well as their positions and the duties they are in charge of.
		Cash bonuses	Incentive for short-term performance <ul style="list-style-type: none"> Cash bonuses are paid every fiscal year as compensation for the execution of duties while in office.
		Share-based payment	Incentive to improve corporate value over the medium- to long-term <ul style="list-style-type: none"> Stock options using stock acquisition rights are provided with the aim to encourage executives to make continuous management effort, while sharing mutual interest with shareholders through increases in share prices. The content of stock acquisition rights includes normal stock options (with the exercise price calculated based on the market price at the time of allotment) and share-based stock options (with an exercise price of ¥1). The exercisable period will be set within a range of 10 years from the day following their allotment date.

*11 Excludes compensation for External Board Directors

*12 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 financial results, the stock price, and NAV (Net Asset Value).

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 aforementioned compensation policy and is found to be both rational and reasonable. The aggregate amount of compensation for Board Directors was capped at ¥5 billion in monetary compensation and ¥5 billion in share-based compensation,*13 while that for Audit & Supervisory Board members was capped at ¥160 million.*14

The compensation of the Board Directors for fiscal 2022 has been decided by Masayoshi Son (Representative Director, Corporate Officer, Chairman & CEO), based on the contents of discussions by the Nominating & Compensation Committee, which is a voluntary advisory body to the Board of Directors, within the range of authority entrusted to him by resolution of the Board of Directors. The Nominating & Compensation Committee shall review proposed compensation from multiple viewpoints, including consistency with the SBG compensation policy for ensuring further rationality and reasonableness, and report back to the Board of Directors on its deliberation details. The Board of Directors reconfirms that the deliberations are in line with the SBG compensation policy. To ensure independence, compensation for Audit & Supervisory Board members for fiscal 2022 was decided through consultation among Audit & Supervisory Board members after the conclusion of the Annual General Meeting of Shareholders in June 2022.

*13 Resolved at the 38th Annual General Meeting of Shareholders on June 20, 2018. SBG was served by 12 Board Directors (including three External Directors) at the time of the resolution.

*14 Resolved at the 41st Annual General Meeting of Shareholders on June 23, 2021. SBG was served by four Audit & Supervisory Board members (all four being External Audit & Supervisory Board members) at the time of the resolution.

Total amount of compensation by title (fiscal 2022)

Title	Number of people	Subtotals for each type of compensation (Millions of yen)			Total amount of compensation (Millions of yen)
		Fixed compensation (Basic compensation)	Performance-based compensation (Bonus)	Others	
Board Directors (excluding External Board Directors)	2	96	273	1	370
External Board Directors	6	193	–	–	193
External Audit & Supervisory Board members	4	90	–	–	90
Total	12	379	273	1	653

Total consolidated compensation paid to respective Board Directors whose total consolidated compensation is ¥100 million or more (fiscal 2022)

Name	Amount of consolidated compensation (Millions of yen)	Title	Company name	Subtotals for each type of consolidated compensation (Millions of yen)			
				Basic compensation	Bonus	Share-based payment	Others
Masayoshi Son	100	Board Director	SBG SoftBank Corp.	12	65	–	–
Yoshimitsu Goto	293	Board Director	SBG	84	208	–	1
Ken Miyauchi	470	Board Director	SoftBank Corp.	96	–	374*15	–
Kentaro Kawabe	388	Board Director	Z Holdings Corporation	97	99	193	–

*15 ¥319 million out of the share-based payment represents the amount to be paid in the form of restricted stock scheduled to be granted in fiscal 2023 and recognized in the consolidated income statement of the same fiscal year.

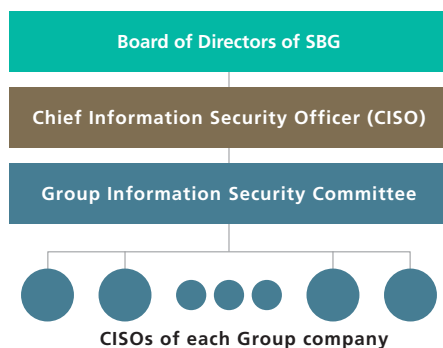
Information security

As a strategic investment holding company, SBG promotes initiatives to strengthen information security in the Group to realize and lead a safe and secure digital society.

Constructing an Information Security Governance System

To promote and strengthen information security in the Group, we have established an information security governance system with the appointment of Yoshimitsu Goto (Board Director of SBG) as Chief Information Security Officer (CISO).

Information Security Governance Structure



In the event of a serious information security incident in the Group, the department in charge shall respond to and restore the situation quickly and appropriately under the control of the CISO. To prevent any recurrence, we analyze the causes of information security

incidents to identify possible issues and reflect them in our information security strategy while working to improve security-related education for officers and employees.

Initiatives to strengthen information security

Collaboration with Group companies and portfolio companies

SBG regularly exchanges information on information security threats and countermeasures with Group companies and portfolio companies that do business globally. In addition to keeping abreast of the latest security-related technologies, we act quickly to introduce advanced services and systems offered by each company to ensure secure work environments.

NIST CSF compliance and external organization assessments

SBG implements measures that comply with NIST CSF,*¹⁶ a cybersecurity framework adopted by organizations and enterprises around the world, and has received security-related assessments by external organizations with expertise in the U.S. and other countries.

*16 NIST CSF is a cybersecurity framework (CSF) established by the National Institute of Standards and Technology (NIST) that consolidates standards, guidelines, and best practices for cybersecurity risk management.

Top prize at Cyber Index Awards 2022

SBG's Groupwide efforts related to cybersecurity and information disclosure

earned the top prize at Cyber Index Awards 2022, sponsored by Nikkei Inc.

For the latest information on SBG's information security, see "Information Security" on our website.

To learn more about the top prize at Cyber Index Awards 2022, see "News" on our website.

Policy for constructive dialogue with shareholders

To encourage constructive engagement with shareholders and investors (investors in stocks and bonds), SBG assigns IR duties to the Investor Relations Department, which has 16 members including the head of the department as of June 1, 2023. Under the supervision of Board Director, Corporate Officer and Senior Vice President, the department conducts IR activities in close coordination with related departments, including Accounting, Finance, Corporate Legal, and General Administration. Engagement with shareholders and investors is the responsibility of the Investor Relations Department and senior management, including Board Director, Corporate Officer and Senior Vice President.

Relaying stakeholders' feedback to the management and Board of Directors

To create a positive cycle of feedback, opinions and concerns from shareholders and investors are conveyed to the management and the departments concerned in a timely fashion, so that the management and departments will make

Number of meetings with institutional investors/analysts:

Fiscal 2020	Fiscal 2021	Fiscal 2022
668	624	661

Main themes of dialogue and shareholder concerns

1. SoftBank Vision Funds
2. Arm
3. Capital allocations
4. Sustainability

Stronger communication with international investors

- Video interview with CEO/CFO (short video format)
- Transcription of Q&A sessions at various earnings events



the necessary changes in their initiatives, disclosures, or messaging. Alongside this feedback cycle, the Board of Directors regularly hears reports on stakeholder feedback and shareholders' holding trends.

For the latest information, see "Investor Relations" on our website.

Being conscious of share price

In line with the TSE's request, SBG discloses on its website the status of its share price-conscious management practices.

See "Status of Implementation of Share Price-Conscious Management" on our website.

Initiatives for taxation

Tax Policy (enforced from July 29, 2022)

The Group's Tax Policy sets out the principles concerning taxation affairs to be observed by SBG and its subsidiaries when conducting business activities. The Policy was decided by a resolution of SBG's Board of Directors. It states the Group's system for the execution of operations and risk management related to taxation affairs, compliance with all relevant tax-related laws and ordinances when conducting business activities, endeavor to ensure appropriate payment of taxes and optimization of tax costs, and establishing favorable relationships with tax authorities. The Group will conduct its business activities in accordance with the laws and ordinances of each country and fulfill its tax obligations appropriately, thereby contributing to the economic and social development of the countries in which we operate.



See the full text of our Tax Policy on our website.

Policy

Governance

The Head of the Accounting Unit of SBG is the person responsible for the taxation affairs of the Group, and the Accounting Unit of SBG (the "Accounting Unit") shall be the organization responsible for overseeing operations related to the taxation affairs of the Group. Each Group company shall establish a department or appoint personnel specializing in taxation affairs ("Tax-related Department") and work closely with the Accounting Unit to conduct day-to-day management of taxation affairs. The Accounting Unit will regularly report on the status of execution of duties related to the Group's taxation affairs to the Board of Directors and the Audit & Supervisory Board of SBG, and will be supervised to ensure an appropriate system for the execution of operations related to taxation affairs.

Tax risk management

The Accounting Unit and the Tax-related Departments of Group companies will effectively utilize the knowledge of external experts to constantly stay abreast of the latest information on tax-related laws and ordinances in Japan and overseas, and international standards and the like, and endeavor to proactively foresee tax risks. In addition, they will strive to minimize risks by considering countermeasures for any foreseen tax risks. In the event that a significant tax risk of the Group materializes, each Group company shall immediately report to the Accounting Unit, and the Accounting Unit will promptly report to SBG's Board of Directors and Audit & Supervisory Board, and coordinate with Group companies as required, and endeavor to take appropriate action.

Compliance with laws and ordinances

The Group will comply with all relevant tax-related laws and ordinances when conducting business activities, and take measures based on the "Action Plan on Base Erosion and Profit Shifting" (BEPS Action Plan) set forth by the Organisation for Economic Co-operation and Development (OECD) to ensure appropriate payment of taxes. We will also take measures with respect to transfer pricing taxation to ensure compliance with OECD Transfer Pricing Guidelines, including the arm's length principle.

Appropriate payment of taxes and optimization of tax costs

The Group will comply with all tax-related laws and ordinances related to its business, and endeavor to ensure appropriate payment of taxes and optimization of tax costs by taking measures such as utilizing preferential tax treatment allowed under the tax laws of each country in which we operate and eliminating double taxation, thereby improving the Group's corporate value.

Relationship with tax authorities

The Group will establish sound and favorable relationships with tax authorities in Japan and overseas ("Authorities") and will sincerely explain the Group's tax status to the Authorities in a factual manner. In the event that any difference of opinion arises between the Group and the Authorities with respect to any particular matter, we will strive to resolve such differences of opinion through constructive discussions.

Competent Department

The Accounting Unit of SBG is in charge of this Policy.

Revision or Repeal

Any material revision or repeal of this Policy requires a resolution of the Board of Directors of SBG.

Characteristics of the Group's Taxation

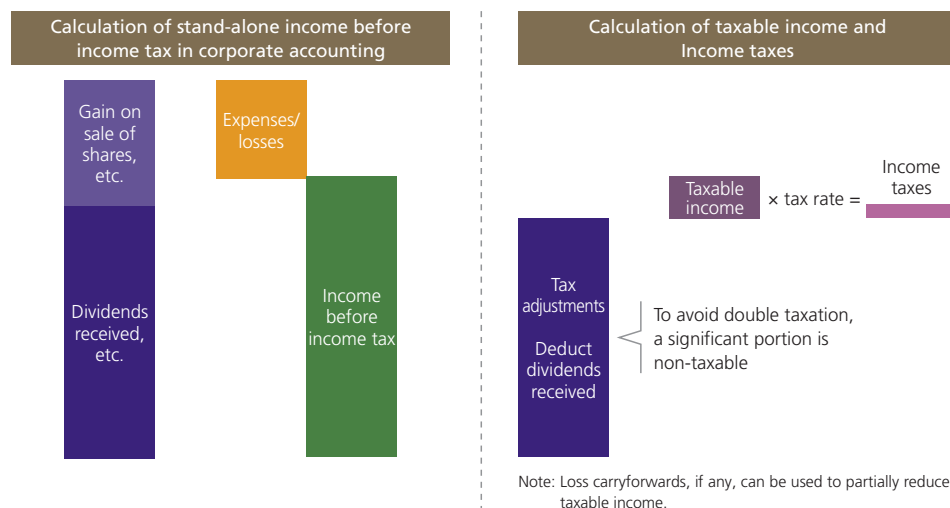
Income on the consolidated statement of profit or loss is not directly connected to SBG's stand-alone tax payment amount.

The consolidated statement of profit or loss of SBG presents the operating results for SBG and its subsidiaries as a group, while the stand-alone statement of profit or loss presents SBG's operating results as a stand-alone company. Moreover, the income on SBG's stand-alone statement of profit or loss is only the income for accounting purposes, which differs from the income used as the basis for calculating income taxes (taxable income). SBG has not introduced the Consolidated Tax Return Filing System (Japanese Group Relief System).

The majority of SBG's stand-alone operating revenue is dividends received from affiliates, a significant portion of which is non-taxable.

As a pure holding company, the majority of SBG's stand-alone operating revenue is dividends received from its subsidiaries and associates. These subsidiaries and associates pay income taxes on their respective income and then pay dividends from the remaining income. Therefore, a substantial portion of the dividends received falls outside the scope of taxation for SBG. On the other hand, one-time gains from the sale of shares held by SBG are taxable.

Illustration for calculation of SBG's stand-alone income before income tax and income taxes



Taxes related to SoftBank Vision Funds investment business are compliant with the tax systems of the relevant jurisdictions, including Japan.

Income taxes paid on a consolidated basis (net)

(Billions of yen)

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Consolidated	636.3	445.5	589.3	525.9
Japan	575.2	310.5	551.2	469.7
SBG and intermediate holding companies (wholly owned subsidiaries)	324.7	35.7	200.0	214.2
Operating companies, mainly SoftBank and Yahoo Japan Corporation	250.5	274.8	351.2	255.5
Overseas	61.1	135.0	38.1	56.2

Notes:

- The amounts are the net amount of tax payments and tax refunds.
- Income taxes paid on a consolidated basis match the net amount of "income taxes paid" and "income taxes refunded" in the consolidated statement of cash flows.
- Cash tax of ¥225.6 billion to be paid by SBG in the first quarter of fiscal 2023 based on fiscal 2022 taxable income is not included in fiscal 2022 income taxes paid in the table above.



Message from External Board Director

SBG’s Governance is All About Ensuring the Right Checks and Balances, While Leveraging Mr. Son’s Strengths

Masami Iijima
External Board Director, Independent Officer

We encourage investors to take a medium- to long-term view during our period of perseverance

As an external director, I take seriously the fact that our Net Asset Value (NAV), which Mr. Son has long emphasized as the most important performance indicator, has declined significantly over the past two years. I also sincerely listen to the criticisms and concerns of our shareholders who question our current endeavors. However, as someone with leadership experience, I know that running a business has both sunny and rainy days. We are going through a challenging period and I firmly believe that by weathering this storm, we will emerge even stronger. There will come a time when we can make a significant push once again, and I am confident that we are preparing ourselves for that moment. We have been working diligently to build a strong financial base, by monetizing our assets and curbing our investments throughout fiscal 2022. As a result, I can confidently say that our preparations are almost complete.

I would also like to emphasize that I do not see SBG moving in the wrong direction. If

you take SoftBank Vision Funds, for example, the investments might appear to be here and there—such as e-commerce, logistics, and fintech—but they are all based on a single strategy with AI at its core. We are currently in a challenging situation due to a complex interplay of various factors, such as the conflict in Ukraine, growing disputes between the U.S. and China, and turmoil in the financial markets. However, I believe in approaching our business with a medium- to long-term perspective. As stated in *SoftBank’s Next 30-Year Vision*, SBG aims to be a company that continues to grow for 300 years. I hope that as long as we continue to make progress over the medium- to long-term, through both ups and downs, we can achieve sustained growth.

The crucial balance of harnessing Mr. Son’s good qualities

Many might see Mr. Son as a so-called charismatic figure who dogmatically pushes through whatever he decides to do. But this is not the case. What surprised me when I joined the Board was that directors, both external and

internal, are very active in expressing their opinions at the Board meetings, and Mr. Son listens to them very carefully. On one occasion, he even graciously accepted the opinions of other directors by saying, “Let’s withdraw this proposal for now. Let’s continue the discussion.” I greatly admire this flexibility and the high regard Mr. Son has for the Board. When we struggle to speak up, he solicits everyone’s input, encourages open and constructive discussion, and collectively decides on the best course of action. It is a truly democratic operation.

One of the most important roles of external directors is to ensure that the company’s overall strategy is on the right track. SBG is a company founded by Mr. Son that is constantly adapting its business model and achieving consistent growth. Therefore, it is of the utmost importance to effectively harness Mr. Son’s ideas, energy, and foresight when considering the company’s growth. While it is important to prevent overreach, we must not be so rigid that we risk stifling progress. The remedy should not be worse than the disease. It is our important duty as external directors to strike the right balance between harnessing

the strengths of Mr. Son and the executive team, and carefully overseeing management in line with the overall strategy. I personally attach great importance to this task. Mr. Son has an incredible ability to quickly consolidate his thoughts and take action. It is therefore vital for the Board to take due account of his sense of urgency and agility, and at times to provide support, while also occasionally urging a slower pace. I believe this is where we need to exercise sufficient wisdom and care.

As the Chairperson of the Nominating & Compensation Committee, which was established in 2020 as an advisory body to the Board of Directors, I have taken on the responsibility of overseeing Mr. Son's succession plan. While acknowledging the unique position he holds as the owner and founder, it is important to recognize that this is an important issue. However, given that Mr. Son himself is still relatively young (he is 65 years old as of July 31, 2023) and remains highly motivated, especially during these challenging times, I strongly believe that he should continue to steer the company with steadfast leadership.

Evolving risk management and corporate governance

Following the Annual General Meeting of Shareholders in June 2023, I entered my sixth year as an external director. During my tenure, I have observed significant advancements in enterprise risk management (ERM). Reports on ERM are now reported approximately four times a year at the Board meetings, and we receive detailed explanations beforehand, indicating a well-established framework. I am also aware that efforts are being made to identify risks and develop mitigation measures.

Corporate governance has been further strengthened since my appointment. In particular, diversity has improved significantly. In June 2018, seven of the 12 directors were non-Japanese, so there was diversity in terms of ethnicity and nationality. However, at that time there were only three external directors, including myself, and no female directors. At present, five of our nine directors are external members, making up a majority, and we now have one female director, though that is perhaps still not enough. In addition, two of the nine directors are non-Japanese. I am proud to say that overall diversity of the Board, including gender, has increased significantly.

We should deepen discussions on investment and loan projects and sustainability

There is still room for improvement in the operation of the Board of Directors. While the Board reviews investments and loans above a certain threshold, decisions on projects below this threshold are made by the Investment Committee, to prioritize flexibility. However, with a view to improving the effectiveness of the Board, I believe that it would be beneficial to have further discussions at the Board level on individual investment and loan projects.

With regard to sustainability initiatives, these are reported at the Board meetings, but the time allocated for discussion is insufficient. I have suggested that, similar to ERM, we should receive detailed reports in advance to facilitate more in-depth Board discussions. I believe that the objective opinions of external directors would be valuable in further strengthening our commitment to sustainability. As an advisor to Mitsui and an external director for three

companies, including SBG, I have learned from the practices of multiple companies across various industries. By sharing the knowledge I have gained, I believe I can contribute even more than before.

Co-investment programs could become a new form of incentive

SoftBank Vision Fund 2 has a co-investment program, where Mr. Son holds a 17% stake in common equity. We discussed this implementation at the Board meeting after Mr. Son excused himself. We then made two points to Mr. Son. The first was that as Mr. Son holds 30% of SBG shares, it would be appropriate for him to benefit from the value appreciation of his shares as an investment return. We also mentioned that receiving incentives as a conventional fund manager would help avoid conflicts of interest and provide clarity. However, Mr. Son expressed a strong desire for shared responsibility and stated that he did not like the fact that fund managers receive performance-based compensation when they succeed but lose nothing when they fail. Instead, he preferred to focus wholeheartedly on investments, whether profitable or not, and to take both gains and losses proportionally.

Taking into account his strong conviction and with the assistance of legal opinions, we discussed this matter thoroughly. Although the current arrangement might be considered unconventional, we as a Board have accepted this structure in recognition of Mr. Son's endeavor to chart a new path that could potentially become a standard for future incentives. At present, the performance of SoftBank Vision Fund 2 has been unfavorable, resulting in significant losses for Mr. Son.

However, I do not expect this situation to persist indefinitely. This is a long-term fund with a maximum term of 14 years, including extension options. So I believe it should be looked at and assessed from a longer-term perspective.

Three challenges for growth

As we look ahead to our future growth, I believe there are three key challenges that we need to address. First, it is crucial to ensure the successful initial public offering of Arm and establish it as a solid pillar for our next phase of growth. Second, we need to revitalize SoftBank Vision Funds. With a portfolio of nearly 500 companies, it is essential that we carefully evaluate each investment, enhance their value, and rebuild our ecosystem. In the meantime, SoftBank is actively expanding its business under its *Beyond Carrier* growth strategy, which encompasses prominent businesses such as *PayPay*, *Yahoo! JAPAN*, and *LINE*. Therefore, I believe that the participation of Arm and SoftBank Vision Funds would contribute as new growth avenues in this pursuit. Lastly, the final challenge is the development of human capital. After all, it is people who truly determine the success or failure of an organization. With regard to Mr. Son's successor, I intend that the Board of Directors, acting on the advice of the Nominating & Compensation Committee, will select a successor candidate. This selected candidate, under Mr. Son's guidance, should receive the necessary nurturing and support to facilitate a smooth transition. By actively addressing these three challenges, SBG will be able to return to a path of growth. That is what I believe.

Commitment to Integrity

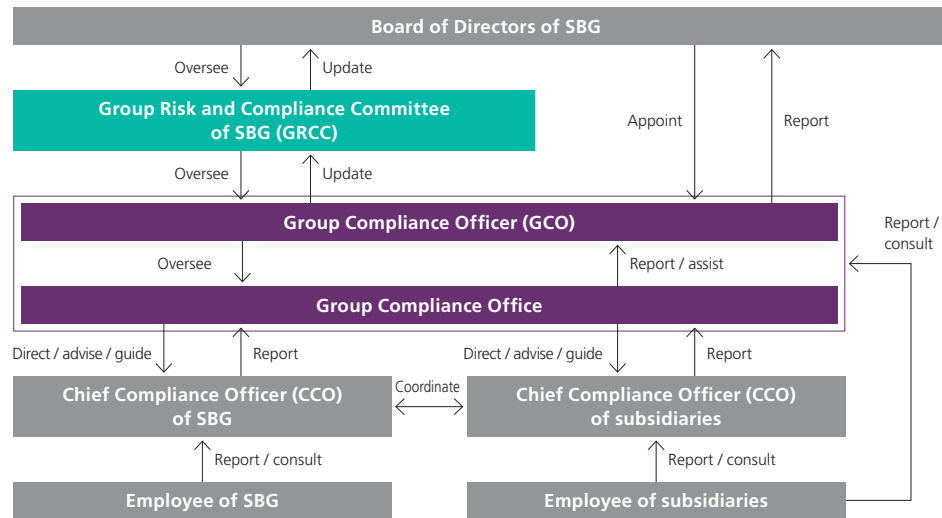
Compliance is our business foundation

We believe in a commitment to integrity that goes beyond legal and regulatory compliance must be the foundation of our business. We aim to create an organization where every officer and employee demonstrates the highest degree of ethical conduct in every action they take.

Organizational structure

The Board of Directors of SBG has appointed a Group Compliance Officer (GCO) as the chief officer responsible for compliance across the Company, and similarly, each subsidiary appoints a Chief Compliance Officer (CCO). The GCO and CCOs have the responsibility to implement systems designed to ensure compliance with applicable laws and regulations and to promote ethical conduct. The GCO and CCOs periodically report material incidents and risks together with activities of their ethics and compliance programs to their respective board of directors.

Group compliance structure



Ethics and compliance program and oversight

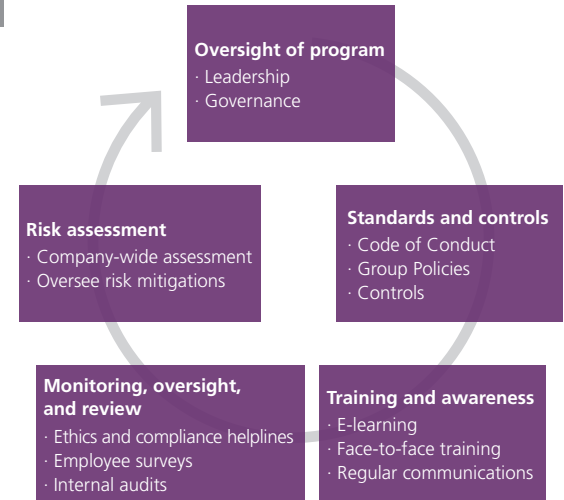
The Group Risk and Compliance Committee (GRCC) consists of Board Directors and Corporate Officers of SBG and provides oversight of the risk management and ethics and compliance programs of the Company. The GRCC assesses the key performance indicators that measure the effectiveness of the risk management and ethics and compliance programs such as risk assessments, risk mitigation, and incidents of noncompliance. SBG's Board of Directors receives regular separate reports on, and

evaluates and supervises the effectiveness of, the ethics and compliance programs.

Code of conduct and Group policies

SBG has established the "SoftBank Group Code of Conduct" as the standard that all the Company's officers and staff should follow. Our Code of Conduct sets out specific examples to guide the Company's officers and staff regarding ethical conduct, including Q&As, definitions, and red flags regarding various areas such as anti-corruption, prohibition on discrimination,

Structure of SBG's ethics and compliance program



confidentiality, conflicts of interest, antitrust laws, money laundering, insider trading, working environment, and whistleblowing. In addition, SBG has established the "Supplier Code of Conduct" to clarify the ethical standard we would like our suppliers to follow.

SBG implemented Group Policies that establish Group-wide minimum requirements for all subsidiaries and their officers and staff across key risk areas such as anti-corruption, competition law, conflicts of interest, insider trading, economic sanctions, information security, privacy, human rights, brand management,

corporate governance, the environment, risk management, and tax. In addition, SBG and some of its subsidiaries whose main business is investment activity are subject to further strict policies and rules with respect to investment conflicts and insider information governance. To ensure the effectiveness of these policies and rules, in 2022, SBG and its subsidiaries whose main business is investment activity introduced a system for the centralized management of insider information and investment conflicts to further strengthen the management structure.

SBG conducts annual reviews on all of the Group Policies and made certain revisions as appropriate in fiscal 2022. We will continue to periodically review and revise them.

Training and awareness

The Company conducts training and awareness-raising activities to ensure that officers and staff recognize risk areas and have the information they need to make the right choices.

The Company provides training for officers and staff regarding high-risk areas such as insider trading and conflicts of interest. SBG has introduced a global training system, which, in addition to providing the Code of Conduct training, provides Group companies in Japan and abroad with training that addresses different areas of risk for each of them.

As one example of the awareness-

Top page of the SoftBank Group Code of Conduct website



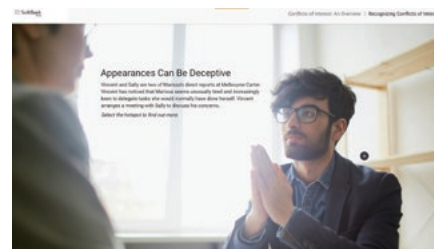
See the full text of our Supplier Code of Conduct on our website.

See the SoftBank Group Code of Conduct on our website for further details.



Top screen of intranet site, Compliance Awareness Month 2022

raising activities, SBG holds a Compliance Awareness Month annually for officers and staff of SBG and those at its major subsidiaries in Japan and overseas. SBG also periodically delivers animated communications featuring familiar



Compliance e-learning

compliance issues to enable its officers and staff to refresh and consolidate their knowledge about ethical behaviors. The use of animation is designed to make it easy to remember and understand.

Monitor, audit, and review

SBG has implemented global ethics and compliance helplines and receives reports and consultations from the Company's officers and staff, as well as third parties such as business partners, regarding compliance violations that involve the Company or its officers and staff. Reports and consultations can be made anonymously to the extent permitted by laws and regulations. We received frequent reports and requests for advice in fiscal 2022 from across the Company. The CCOs are responsible for setting up helplines for their respective companies. Significant substantiated cases must be escalated to the GCO.

SBG conducts an annual employee survey to measure its ethical culture and the effectiveness of its compliance program. SBG uses the results of the survey to improve our ethics and compliance programs for the next year.

Mitigating Impediments to Sustainable Growth

Risk management system

At SBG, the Risk Management Office spearheads Group-wide risk management activities cooperating with each Group company and department. The office is supervised by the Chief Risk Officer (CRO), who is appointed by the Board of Directors with responsibility for Group-wide risk management.

SBG established the Risk Management Policy to ensure a Group-wide understanding of the purpose of risk management and to clarify the basic roles of officers, employees, and risk managers. This policy applies to all officers and employees of SBG and the Group companies to encourage their active involvement in risk management activities. In accordance with SBG's Risk Management Regulations and the Group Company Management Regulations, which are set under the Risk Management Policy, SBG and the Group companies appoint risk managers. The risk managers are responsible for comprehensively identifying financial and non-financial risks that might arise during business activities and monitoring the progress and status of responses to such risks.

The Risk Management Office ensures the effectiveness of Group-wide risk management by receiving reports on important matters from the risk managers and confirming compliance with the regulations. The policy and regulations are periodically reviewed and approved by the Board of Directors of SBG and other bodies. The Risk Management Office quarterly reports identified risks that are material to the Group and their countermeasures to the Board of Directors and the Group Risk and Compliance Committee (GRCC), respectively. Accordingly, both governance bodies supervise the Risk Management Office. The GRCC consists of Board Directors and Corporate Officers of SBG and provides oversight of the risk management and ethics and compliance programs of the Company.

Risk management system



Risk management initiatives

The Risk Management Office works to strengthen risk management activities by identifying and addressing risks, with the aim of mitigating factors that adversely affect the Group's sustainable growth.

Risk identification

The Risk Management Office is pursuing the following initiatives to gain a comprehensive understanding of financial and non-financial risks facing the entire Group.

Prior confirmation of important agenda items

When important matters are to be resolved by SBG's Board of Directors, the Investment Committee, and other bodies, the Risk Management Office confirms the agenda items in advance and consults with the relevant departments, if necessary. It also ensures that risk-related information that needs to be considered is reflected in the agenda.

Portfolio risk analysis

The Risk Management Office performs risk analysis over the entire Group's investment portfolio from various perspectives. For example, the Risk Management Office monitors the impacts on SBG's financial ratios that are caused by changes in the external environment such as economic and monetary policies and other political conditions. The concentration of investments in specific countries, regions, and sectors is also monitored continuously.

Gathering risk-related information from each Group company and department of SBG

The Risk Management Office gathers information on various risks from the major Group companies and each department of SBG. When the risks materialize, the relevant Group companies and departments of SBG escalate the issues to the Risk Management Office in a timely manner.

Responding to risks

Based on the information gathered through the above initiatives, the Risk Management Office identifies material risks at the Group level by analyzing and assessing the impact and likelihood of each risk scenario. Material risks are reported to and discussed by the Board of Directors and the GRCC. Based on the results of those discussions, the Risk Management Office considers countermeasures and monitors the situation to confirm the effectiveness of those countermeasures.

Message from Our Chief Risk Officer (CRO)

Strengthening Risk Management as an Investment Company Under Unstable Market Conditions

Q Among the various risks that have materialized over the past year, which ones do you perceive as particularly material? Also, how have you responded to these risks?

As an investment firm focused primarily on AI-related companies, we are highly sensitive to the economic environment and the stock market. For example, the NASDAQ Composite Index, which consists mainly of high-tech companies, fell nearly 15% in the year ended March 31, 2023. Meanwhile, the total amount of investments made in the venture capital market peaked at the end of 2021 and has shrunk significantly since then. Under such market conditions, the value of public portfolio companies has declined, while the value of private portfolio companies has also decreased significantly due in part to weak business performance. In addition, we are greatly affected by exchange rate fluctuations because our investment business is centered on overseas companies. In fiscal 2022, the U.S. dollar-yen exchange rate fluctuated rapidly. If the yen was to appreciate sharply, our equity value of holdings would be adversely affected.

In this environment, the Risk Management Office continues working with the Finance departments to analyze the impact on LTV and cash position by conducting stress tests based on the assumption of major market events, such as the 2008 financial crisis, and reports the results of such analyses to the Board of Directors and the management team

on a quarterly basis.

Although we experienced a sharp markdown in our portfolio companies in fiscal 2022, we successfully maintained LTV and cash position, our key financial indicators, at favorable levels. We believe this is the result of our timely shift to a more defensive policy, under which we have made investments and sold assets in light of changing market conditions.

We are also keeping a close watch on the recent tightening of regulations amid escalating tensions between the U.S. and China. In particular, we expect U.S. regulations on investments and exports of semiconductors and other high-tech products to become stricter in the future for the purpose of national security. Given concerns about possible adverse effects on our investment activities and the businesses of our portfolio companies, we are working with specialized functional teams in Japan and overseas to grasp the situation.

Q A lot of attention is being paid to the impact of unstable market conditions on the portfolio companies of SVF. How specifically do you manage the risks of individual investments?

SVF conducts research into economic, market, and industry trends to determine the portfolio companies to be closely monitored. Furthermore, SVF performs other procedures such as participating in board meetings of portfolio companies to understand their management policies and issues and analyzing their earnings forecasts and financial plans. The results are

reported to SVF management for discussion on how to respond.

SVF is usually a minority shareholder with no direct control over the day-to-day management of the portfolio companies. However, in addition to voting rights on the board of directors at many portfolio companies, we have certain other rights, such as the right to veto dilutive financing, additional borrowing, or the sale of subsidiaries, and we strive to exercise these rights to the fullest extent possible.

Given the recent deterioration in the financing environment for our portfolio companies, they are encouraged to limit new investments for business expansion and to secure cash reserves to reduce their reliance on future financing. As of March 31, 2023, 94%* of SVF's private portfolio companies had more than 12 months of cash runway, indicating that they are prepared for an immediate crisis.

The risk management of individual investments is the primary responsibility of SVF's investment risk management team. However, information on matters identified as material risks is regularly shared with SBG's Risk Management Office and, if necessary, reported to SBG's Board of Directors.

Though this has been a volatile year, we have strengthened cooperation within SBG and the Group on a daily basis and aim to manage risks flexibly in response to any changes in the environment.



Kiyoshi Ichimura
CRO,
Head of Risk Management Office

Risk Factors

The material risks that the Company (SBG and its subsidiaries) believes could significantly affect investors' investment decisions as of June 21, 2023 are outlined below. The materialization of these risks could have an adverse effect on:

- NAV (Net Asset Value) = equity value of holdings – adjusted net interest-bearing debt*¹
- LTV (Loan to Value) = adjusted net interest-bearing debt ÷ equity value of holdings,*¹ the ratio of debt to asset holdings
- Financial condition and results of operations
- Distributable amount of SBG

These risks do not include all the risks that the Company could face, nor is there a guarantee that measures to address such risks will be fully effective. Forward-looking statements were determined as of June 21, 2023, unless otherwise stated.

*¹ See pages 20-21 for details on the calculation method of NAV and LTV.

(1) Group Overall

Under the Company's management system, the Company is engaged in a wide range of investment activities, with SBG, a strategic investment holding company, exercising overall control over its investment portfolio comprising SBG's subsidiaries, associates, and portfolio companies. The Company's material risks in the execution of its business are stated in subsections a. through c. below.

Additionally, please refer to "(2) SoftBank Vision Funds business," "(3) SoftBank business," and "(4) Arm business" for the material risks in the SoftBank Vision Funds segment, SoftBank segment, and Arm segment, respectively.

a. Investment Activities Overall

(a) Market environment

Based on its unique organizational strategy, the *Cluster of No. 1 strategy*, the Company is conducting investments particularly through investment funds (SVF1 and SVF2 as well as LatAm Funds) and strategic investments either directly by SBG or through its subsidiaries. Based on the investment theme of AI, the Company invests in companies expected to contribute to advances in the Information Revolution. Valuation of information and technology companies that leverage AI can vary significantly depending on the outlook for technological progress and market growth. Therefore, the Company's equity value of holdings may be substantially affected by these types of sector-specific factors, in addition to general macroeconomic and monetary policy trends.

In addition, given that most of the Company's portfolio companies are private companies, the portfolio companies' corporate valuations and prospects for monetization are also significantly affected by trends in the venture capital market covering private growth companies and the IPO market.

In other areas, the Company may be affected by foreign exchange rate movements in connection with its ownership of foreign currency-denominated assets and liabilities.

The Company aims to conduct stable financial management to withstand the impacts of market volatility. For details, see "Message from Our CFO" on pages 16-19.

(b) International conditions and regulatory trends

The Company invests in companies and other entities that operate not only in Japan, but also in countries and regions overseas, such as the U.S., China, India, Europe, and Latin America. Therefore, due to changes in political, military, or social circumstances and to the establishment of new laws, regulations, systems and other rules (hereinafter, "laws and regulations") and the strengthening thereof (including changes in interpretation and implementation) in those countries and regions, the investment activities of the Company and the business activities of portfolio companies may not develop as expected. Laws and regulations include, besides those related to investment, laws and regulations related to businesses such as AI, telecommunications services, internet advertising, e-commerce, automated driving, robotics, logistics, financial services and payments, and to other corporate business activities (including, but not limited to, laws and regulations related to business permits and licenses, economic security, import and export, personal information and privacy protection, the environment, product liability, fair competition, consumer protection, prohibition of bribery, labor management, intellectual property rights, prevention of money laundering, taxation, and foreign exchange). The investment activities of the Company and the business activities of portfolio companies are directly or indirectly affected by those laws and regulations. Recently, countries have been taking steps to implement stricter regulations from an economic security perspective, against the backdrop of factors such as the Russia-Ukraine conflict and intensified U.S.-China rivalry. For example, the introduction of laws and regulations to restrict investment in specific countries or companies could constrain the Company's investment activities, as well as cause the realization of investments to be delayed or the terms and conditions for the realization of investments to deteriorate. In addition, if heightened geopolitical risk results in supply chain disruptions, or if stricter trade regulations restrict the import or export of technology-intensive products and other items, the businesses and operating results of portfolio companies may be adversely affected.

Moreover, the investment activities of the Company may require approvals and permissions from the regulatory authorities of relevant countries, or the Company's involvement with portfolio companies may be restricted. If the necessary approvals and permissions cannot be obtained or other restrictions cannot be avoided, the Company may be unable to successfully implement its investment or divestment plans as it expects.

The Company collects information about the changes in the external environment described above and assesses the impact they may have on investment activities, while receiving advice from outside advisers. Concurrently, the Company works to address each of these regulations. In addition, the Company continuously monitors the concentration of investments in specific countries or regions, and business sectors, within its investment portfolio. By doing so, the Company identifies risks and reflects them in its management decisions.

(c) Business development of portfolio companies

The Company aims to maximize returns from a medium- to long-term perspective by making investments in high-growth-potential technology companies that are leveraging AI. However, portfolio companies may be unable to develop businesses as envisioned at the time of the investment decision, due to factors including the technologies and business models being unable to produce results as expected, the obsolescence of portfolio companies' technologies and business models, and intensified competitive environments. This may lead to a significant deterioration in business performance or a drastic revision of their business plans. Moreover, the Company may provide loans, loan guarantees, additional investment or other forms of financial support as deemed necessary to improve their shareholder value, if they are unable to develop businesses as anticipated. Providing such support could increase the Company's exposure to those portfolio companies. Nevertheless, the Company has a general policy of not making investments solely for the purpose of providing relief to the portfolio companies of investment funds.

Even after making investments, the Company has a system in place in which major risk factors of portfolio companies are continuously monitored, including financial and management information, key performance indicators, differences between business plans at the time of the investment decision and actual progress, and the status of corporate governance, and the necessary measures to address those risk factors are taken. For example, the Company implements measures such as providing advice and dispatching officers to improve the management of portfolio companies.

(d) Investment decisions

In the investment decision-making process, the Company may make investment decisions while misjudging the risks concerning such factors as the technology, business model, competitive environment, financial condition, compliance, and governance of an investment target, or the integrity of the founders and managers who have critical influence. In particular, the transparency, accuracy, and completeness of information on which the Company bases its investment decisions are relatively more likely to be inadequate at private companies, which are the Company's major portfolio companies.

In the investment decision-making process, the Company seeks to assess investment-related risks by conducting due diligence on important factors of the target, while obtaining the cooperation of, for example, outside financial, legal and tax advisers as necessary, in addition to referring to research and reviews by the relevant internal departments. Based on the results of such procedures, investment decisions are made by either the Board of Directors of SBG, the Investment Committee to which authority is delegated by the Board of Directors, or the Investment Committee of the fund management subsidiary.

b. Fund procurement

The Company utilizes a diverse range of procurement methods, such as loans from financial institutions and the issuance of bonds, as well as raising funds through asset-backed financing and selling assets.

For loans from financial institutions and bonds, if the procurement environment deteriorates due to factors such as changes in interest rates or credit rating, the Company may be unable to raise funds at the planned timing, scale, or conditions. In addition, various covenants may be attached to the debts. If these covenants are breached, the Company may forfeit the benefit of the term with respect to such obligations. Furthermore, in

connection with this forfeiture, the Company may be requested to make lump-sum repayments with respect to other obligations.

For asset-backed financing using public or private equities (excluding prepaid forward contracts), if the value of eligible equity holdings declines, the Company may be required to post additional cash collateral or incur prepayment obligations. The Company may also face difficulties in raising new funds and refinancing.

Regarding fundraising through the sale of asset holdings, the Company may be unable to sell assets at anticipated prices when necessary due to factors such as delays in scheduled IPOs, sluggish market liquidity, and contractual restrictions on asset sales.

To control risks related to fund procurement, the finance departments of SBG raise funds at times that are deemed appropriate based on careful monitoring of market conditions, striving to diversify factors such as procurement method, timing, and duration. Moreover, regarding covenants attached to loans from financial institutions and corporate bonds, as well as asset-backed financing, the finance departments increase the stability of each type of fund procurement by conducting prior reviews and implementing measures based on various anticipated scenarios. Through these measures, the finance departments strive to maintain a sufficient cash position with financial discipline.

c. Management team

The Company's major subsidiaries and investment funds are run autonomously by their respective CEOs and other leaders. However, unforeseen situations with respect to Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son, who plays a pivotal role in the Company's management, could impede the overall activities of the Company.

If such an unforeseen situation were to occur, the decision-making process could be affected. To minimize this impact, the Company has drawn up contingency plans. In addition, the Nominating & Compensation Committee periodically discusses medium- and long-term policies and succession plans.

(2) SoftBank Vision Funds business

SBG makes investments through investment funds such as SVF1, SVF2 and LatAm Funds in technology companies leveraging AI that are deemed to have high growth potential. SBG invests in these investment funds as a limited partner. Additionally, the Company's wholly owned subsidiaries who manage these funds (SBIA, which manages SVF1, as well as SBGA, which manages SVF2 and LatAm Funds, collectively the "Managers") are respectively entitled to receive management fees, performance-linked management fees, and performance fees, each of which is measured by reference to the investment activities of the investment funds.

The material risks at the investment funds and their Managers are stated in subsections a. through e. below. In this section (2), the phrase "portfolio companies" refers to the investees of the investment funds.

a. Business execution risks of portfolio companies

Many portfolio companies are seeking to leverage new technologies such as AI and big data to create new business models. There are various risks involved for these companies to develop their businesses as planned, earn profits, and establish a solid business foundation.

In particular, there is the risk that they are not able to develop technologies or implement business models as expected and provide products and services that meet customer needs and market practices; that unit

economics may not be strong enough to fully cover the cost of the platform and continued investment in technological advancement; that they lose out to other new entrants with the latest technologies or to incumbents with strong business foundations; that they are unable to adjust themselves to their expansion into adjacent businesses or different geographies and to changes in the economic or business environment; and that they are not able to secure profits if the customer acquisition costs, such as advertising and sales staffing, significantly exceed their original plans.

In addition, as the strategic importance of advanced technology in national security has been growing in recent years, and with a backdrop of a worsening relationship between the U.S. and China, it is possible that stricter regulations in various countries will be introduced, which may adversely affect the business development of the portfolio companies.

Furthermore, many portfolio companies have funding needs for business development. If the fund-raising environment deteriorates, it may not be possible to raise funds on the expected terms, resulting in the need to cut costs materially, which may impede growth, or to raise funds on terms that dilute the Company's share in the portfolio company.

At the Managers, the Investment Risk Department plays a central role in identifying these risks early and mitigating them through the investment approval process and ongoing post-investment monitoring.

b. Lack of opportunity to exit from investments

Due to the illiquid nature of many of the investments that the investment funds may acquire, as well as economic, legal, political, or other factors, there can be no assurance that the investment funds will be able to monetize such investments as originally planned. Additionally, the investment funds may be prohibited by contract or other limitations from selling certain securities for a period, which may mean that the investment funds are unable to sell investments at favorable market prices.

Approval of an exit strategy is a key part of the Managers' Investment Committees' considerations. Exit strategies are regularly reviewed and updated by the Managers' investment teams. Exit strategies are also stress tested under various market conditions by the investment risk team to allow for forward planning. In setting up a long-term fund structure, it was anticipated that multiple economic downturns could occur and that some investments may take longer to exit than others.

c. Securities issued by public companies

The investment funds' investment portfolios may contain securities issued by public companies. Such asset holdings are subject to risks that include increased obligations to disclose information regarding such companies, limitations on the ability of the investment funds to dispose of such securities at their discretion, increased likelihood of shareholder litigation and insider trading allegations being brought against such companies' executives and board members, including employees of the Managers. In addition, there may be increased costs associated with addressing each of the aforementioned risks.

The primary mechanism employed to mitigate the market risk following a liquidity event is to follow a deliberate plan for selling down the positions to minimize the market impact and to maximize the value of the proceeds. The Managers also examine whether to hedge the foreign-exchange risk should the securities be denominated in a currency whose exchange rate relative to USD is volatile.

Additionally, the operational and compliance risks that arise while managing the investment funds'

public securities positions are managed through an appropriate control framework involving the Managers' operation, compliance, and enterprise risk functions, including the investment risk teams. These controls include policies, staff training, whistleblower helplines, pre-trade approval processes, such as the approval of trading counterparties, and post-trade reconciliations and monitoring.

d. Concentration of investments in specific business fields

The investment funds hold investments in multiple companies in specific business fields, which may lead to a high level of concentration of investments in said business fields. In such business fields, a deterioration in the business environment, such as sluggish demand or intensified market competition (including competition among portfolio companies), could result in a deterioration in the results of operations, such as a decrease in the profitability of a portfolio company, an inability to develop a business in accordance with expectations at the time of the investment, or a deterioration in the market's valuation of said business fields. Such developments could adversely affect the results of operations or the fair value of portfolio companies.

Concentration risk is measured and reported by the respective Manager's investment risk team to senior management and considered by the relevant members of the Managers' Investment Committees and boards. Diversification is implemented or the risk is accepted through the investment process, including review by the Managers' respective Investment Committees.

e. Securing and retaining human resources

The Managers seek to maximize the equity value of the investment funds that they respectively manage, by carefully selecting investments and promoting growth after investment through the provision of a wide range of support. For the success of these investment activities, it is essential to secure and retain capable personnel who possess broad knowledge of technology and financial markets as well as specialized skills in managing investment businesses. The potential inability of the Managers to secure or retain an adequate number of capable personnel could have an adverse effect on the maintenance or expansion of the investment scale and future investment performance of the investment funds they manage.

In order to maintain their broad investment and management capabilities, the Managers provide various HR support programs and ensure the human capital in the firm has the requisite skill sets to meet business objectives. Efforts include regularly reviewing performance/organization design and training & development, to moving staff across the organization to ensure they fulfil their potential.

(3) SoftBank business

SoftBank Corp. and its subsidiaries (collectively herein (3), "SoftBank Corp.") mainly conduct telecommunications business, internet-related business, and financial business including cashless payments. The material risks at SoftBank Corp. are stated in subsections a. through e. below.

a. Changes in market environment and competition

The mobile communications market is undergoing major changes mainly driven by factors such as the strengthening of pro-competitive policies and new entrants from different industries, and users are also increasingly seeking more inexpensive and varied services. In order to address the market environment described above, SoftBank Corp. deploys services, products and sales methods that fit consumer preferences.

However, if SoftBank Corp. is unable to meet the expectations of consumers for price plans, voice and data communications quality and so forth, or if the service and products provided by SoftBank Corp. have significant defects, there are no assurances that SoftBank Corp. will be able to maintain its current number of subscribers. Moreover, the introduction, amendment, or change in interpretation or application of laws, regulations, systems, and so forth, could result in the effective restriction of services and products that SoftBank Corp. can deliver to its customers, or of sales methods and price plans, etc., causing SoftBank Corp. to experience a decline in revenue and to incur a larger financial burden.

In certain instances, SoftBank Corp.'s competitors may have a competitive advantage over SoftBank Corp. in terms of capital, services and products, technology development capabilities, price competitiveness, customer base, sales capability, brands, public recognition, or overall capability in all of these, for example. If these competitors were to sell services and products that harness these competitive advantages to a greater extent than at present, SoftBank Corp. may be placed at a disadvantage in sales competition, including price competition, may be unable to provide services and products, or acquire or retain customers, as anticipated, or may experience a decrease in ARPU.

Furthermore, in the telecommunications, internet and cashless payment related markets, newly emergent services and products offered by recently founded startup companies and new entrants can occasionally achieve widespread adoption by garnering the support of users. While SoftBank Corp. will strive to provide services and products that can garner user support by grasping the opinions and trends of users, the services and products of startup companies and new entrants could raise competition with SoftBank Corp.'s services and products. Moreover, it may be costly for SoftBank Corp. to develop the newly emergent services and products needed to demonstrate competitiveness.

SoftBank Corp. may conduct internal realignment for purposes such as streamlining overlapping business resources, speeding up decision-making, and generating greater synergies among businesses. However, if SoftBank Corp. is unable to sufficiently capture the expected benefits of realignment, SoftBank Corp. could face problems such as trouble with and delays in the integration of services to be rolled out, adverse effects on strategies and synergies, and disruptions associated with realignment.

b. Response to technology and business models

SoftBank Corp.'s primary business domain is the information technology industry, which is subject to rapid changes in technology and business models. For example, the field of generative AI, as exemplified by ChatGPT, has been evolving rapidly and is expected to have a significant impact on existing business models. SoftBank Corp. is constantly undertaking measures such as surveying the latest technology and market trends, conducting verification trials to introduce services with highly competitive technologies, and considering alliances with other companies. However, there are no assurances that the development of new technologies will proceed on time or results will be delivered as planned, or that common standards or specifications will be established, and commercial viability will be achieved. Even if the aforementioned measures are undertaken, SoftBank Corp. may be unable to develop or introduce outstanding services, technologies and business models in keeping with market trends due to the inability to appropriately adapt to changes in the market environment in a timely manner, such as the emergence of new technologies and business models, or due to the inability to deploy equipment and facilities rapidly and efficiently. In this case, SoftBank Corp.'s service offerings could lose competitiveness in the market, possibly curtailing the number of subscribers that SoftBank Corp. is able to acquire or retain, or reducing ARPU.

c. Leakage or inappropriate use of information and inappropriate use of products and services supplied by SoftBank Corp.

In its business operations, SoftBank Corp. handles customer information (including personal information) and other confidential information. SoftBank Corp. strives to build a framework to protect and manage information assets appropriately, including the appointment of a Chief Information Security Officer and education and training sessions on information security for officers and employees. However, this information could be leaked, lost, or involved in a similar incident, either intentionally or accidentally by SoftBank Corp. (including officers and employees of SoftBank Corp. and people related to subcontractors), or through malicious cyber-attacks, hacking, computer virus infections, or other form of unauthorized access or other means by a third party.

Moreover, if the products and services supplied by SoftBank Corp. are used inappropriately for crimes and so forth such as fraud and the like, it could impair public trust in SoftBank Corp. and SoftBank Corp.'s credibility.

Such an occurrence could reduce SoftBank Corp.'s competitiveness, and give rise to significant costs to SoftBank Corp. for payment of damages and modification of security systems, in addition to having an adverse impact on SoftBank Corp.'s credibility or corporate image and making it difficult to acquire or retain customers.

Moreover, in conjunction with the business integration of Z Holdings Corporation and LINE Corporation in March 2021, the volume of data such as personal information handled by SoftBank Corp. has increased dramatically. SoftBank Corp. is taking steps to strengthen its overall governance with regard to appropriate handling of personal information. Additionally, in SoftBank Corp.'s data integration with Yahoo Japan Corporation and LINE Corporation, SoftBank Corp. will strive to provide clear explanations premised on obtaining consent, and to ensure an appropriate integration process through measures premised on compliance with various international standards. Despite these measures, if the countermeasures and measures to strengthen governance fail to function effectively, there is a possibility of administrative sanctions on SoftBank Corp. from the authorities, impairment of public trust in SoftBank Corp., a decrease in demand for SoftBank Corp.'s services, the formulation and implementation of additional countermeasures, or the occurrence of data leaks.

d. Consignment of operations

SoftBank Corp. consigns in whole or part, to subcontractors, their customer sales activities, acquisition and retention of customers, and telecommunications network construction and maintenance for various services and products, along with the execution of other related operations. In addition, SoftBank Corp.'s information search services make use of other companies' search engines and paid search advertising distribution systems. While SoftBank Corp. strives to reduce risks in the supply chain, if these subcontractors (including their officers and employees, or related parties) are unable to execute operations in line with SoftBank Corp.'s expectations, or if a human rights infringement-related issue occurs, such as a case where the information of SoftBank Corp. or its customers is obtained without authorization or used outside of its purpose and so forth, it would also have a negative impact on SoftBank Corp.'s credibility or corporate image. This could hinder business development and the acquisition and retention of customers.

Furthermore, if these subcontractors should fail to comply with laws and regulations, SoftBank Corp. could be held accountable for non-fulfillment of its supervisory responsibility by, for example, receiving a warning or administrative guidance from the regulatory authorities, and SoftBank Corp.'s credibility or corporate image could deteriorate, making it difficult to acquire and retain customers.

e. Service disruptions or decline in quality due to faults in related systems and other factors

In the provision of various services by SoftBank Corp., including telecommunications networks, systems for customers, and the cashless payment service PayPay, there is a possibility that a major problem could occur if SoftBank Corp. were to become unable to continuously provide the services, or were to suffer a decline in the quality of the services, due to human error or problems with equipment or systems (including factors due to natural disasters and other unpredictable events), or cyber-attacks, hacking or other form of unauthorized access or other means by a third party. SoftBank Corp. has built redundancy into its networks, along with clearly defining restoration procedures in preparation for systems faults and other incidents. In the event of a system fault or other incident, SoftBank Corp. conducts restoration activities with appropriate capabilities in place, such as setting up an Incident Response Headquarters according to the scale of the incident. Even with these measures in place, SoftBank Corp. may be unable to avoid disruptions of services or declines in quality. If such disruptions of services or declines in quality were to become widespread or significant time were required to restore services, SoftBank Corp.'s credibility or corporate image could deteriorate, making it difficult to acquire and retain customers.

(4) Arm business

Arm's operations primarily consist of licensing semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies. Arm licenses its CPU and related technologies to semiconductor companies to design into computer chips. These chips are built into end products such as smartphones, digital TVs and electronics for cars, by systems companies. Arm's revenue includes licensing fees for Arm's technology, and royalty received on chips with Arm's products that the licensees have shipped. The material risks at Arm are stated in subsections a. through j. below.

a. Change in the industry business dynamic

Demand for Arm's technology and services is dependent on the semiconductor and electronics industries, which are volatile and competitive. The revenue Arm generates from licensing activities is largely dependent on the rate at which semiconductor and systems companies develop and adopt new generations of Arm's products, which is affected by the demand for these companies' chips and other products. Decreasing demand from systems companies for chips based on Arm's products would directly and adversely affect the amount of royalties Arm receives.

Arm's success depends substantially on the acceptance of its products and services by semiconductor and systems companies. There are competing architectures in the market and there is no certainty that the market will continue to accept Arm's products.

The semiconductor and electronics industries have also become increasingly complex and subject to increasing design and manufacturing costs. Many of Arm's customers utilize third-party vendors for electronic design automation tools and the manufacture of their semiconductor designs. Arm works closely with those third parties to ensure that its technology is compatible with their design tools and manufacturing processes. However, if Arm fails to optimize its products appropriately or if Arm's access to such tools and processes is hampered, then Arm's products may become less desirable.

In order to mitigate against these risks, Arm's management team regularly reviews its strategy and long-term product development plans to test that Arm is developing products to meet future needs. Arm works

with many partners and companies in the semiconductor and electronics industries and is well positioned to detect any change and act accordingly.

b. Competition

The market for Arm's products is intensely competitive and characterized by rapid changes in design and manufacture technologies, end user requirements, industry standards, and new products. Arm anticipates continued challenges from current and new competitors, including established technologies such as the x86 architecture, and by free, open-source technologies, including the RISC-V architecture.

Arm's competitors may devote greater resources to the development, promotion and sale of products, they may offer lower pricing and different customer engagement models and their performance, features and product quality may be more desirable than that of Arm. Arm may therefore have to invest substantial resources to further develop its ecosystem that allows it to compete with alternative architectures. If Arm is unable to anticipate or react to these competitive challenges, its competitive position could weaken.

Arm mitigates against these risks by working closely with leading semiconductor companies. Arm's established ecosystem includes many software and chip design engineers who understand how to build Arm-based chips and write software optimized for Arm processors. Arm invests in this ecosystem to help further reduce the total cost of developing and maintaining a portfolio of Arm-based chips.

c. Customer concentration

A significant portion of Arm's total revenue is generated from a limited number of key customers. As a result of this customer concentration, Arm is particularly susceptible to adverse developments affecting its key customers and their respective businesses.

In order to mitigate against this risk, Arm typically develops multiple processors each year, reducing the impact of a customer deciding not to move forward with Arm.

d. Fragmentation of the global market

The global market for Arm's products may be impacted by geopolitical factors. A shift towards geopolitical rivalry could lead to the fragmentation of the global semiconductor market, as certain countries want more end-to-end control of architecture, leading to increased architectural fragmentation and a reduced role for a global architecture. For Arm, this could lead to increased costs to support region specific products, reduced revenue as a result of lost investment in territories that no longer use Arm products and potential market loss and future licensing opportunities.

Arm mitigates against this risk by working with trade authorities to reduce the risk of any impact of new trade barriers and reviewing its strategy to ensure that it is developing products in line with the future needs of the industry.

e. Concentration on China

A significant portion of Arm's revenues are derived from Chinese semiconductor companies and original equipment manufacturers, or OEMs, and from non-Chinese semiconductor companies and OEMs that utilize Arm's products in chips and end products sold into China. Arm's failure to maintain China-sourced revenues, access new and existing markets in China or gain traction for new business areas in China, or Arm's loss of

market share in China, could materially and adversely affect Arm's results of operations and competitive position.

In the past decade, China has been a significant source of semiconductor industry revenues and growth. However, the near-term growth prospects of the Chinese semiconductor industry are unclear due to the uncertain effects of ongoing economic stress caused by the COVID-19 pandemic, trade and national security policies, and elevated levels of indebtedness. A prolonged downturn in the Chinese semiconductor industry or economy generally could materially and adversely affect Arm.

In addition, political actions including trade protection and national security policies currently do and could in the future limit or prevent Arm from transacting business in China.

Arm mitigates against these risks by ensuring that any U.S./China policy changes are kept under close review. In addition, Arm regularly reviews Arm China's*² sales pipeline and licensing contracts in order to monitor and manage developments in the Chinese market.

*² Arm China is a joint venture between SBG's subsidiary and Chinese investors, through which Arm accesses the Chinese market.

f. Changes in business model

Arm has in the past made and may in the future make changes to its business model. Arm can provide no assurance that customers will accept these changes. In such case, Arm may not realize the anticipated financial benefits of such changes as anticipated, on the expected timeline or at all.

In addition, increases in the number or value of licenses signed in the future may not materialize in the same way or at all under a new business model and, therefore, licensing revenue may be lower than expected. Further, the use of a new business model may have unexpected consequences for Arm, including making Arm's products less attractive to customers.

In order to mitigate against these risks, Arm undertakes extensive reviews in relation to its new business models, including undertaking discussions with its customers in advance of implementing key changes, in order to ensure that any risks are identified and managed appropriately.

g. Protection of IP rights

Arm's success and ability to compete depends significantly on protecting its intellectual property rights. Arm primarily relies on patent, copyright, trade secret and trademark laws, trade secret protection and contractual protections, such as confidentiality, invention assignment and license agreements with its employees, customers, partners and others to protect its intellectual property rights. The steps Arm takes to protect its intellectual property rights may be inadequate. Arm also may not be able to obtain desired patents. Arm's exposure to different legal jurisdictions may also impact its ability to exercise its contractual and other rights around intellectual property in such jurisdictions. If Arm is unable to successfully navigate the relevant legal and regulatory environment and/or enforce its intellectual property and/or contractual rights in relevant jurisdictions, its business, results of operations, financial condition and prospects could be materially and adversely impacted.

Litigation may be necessary to enforce Arm's patents and other intellectual property rights. Any such litigation could be costly and would divert the attention of management and technical personnel from normal business operations.

Arm is involved in pending litigation, including but not limited to a lawsuit with Qualcomm, Inc. and Qualcomm Technologies, Inc. (together "Qualcomm") and Nuvia, Inc. Arm can provide no assurances

regarding the outcome of the litigation or how the litigation will affect Arm's relationship with Qualcomm, which is currently a major customer of Arm. Arm's involvement in such litigation could cause significant reputational damage in the industry, in its relationship with Qualcomm and/or other third-party partners.

Arm mitigates against these risks by closely monitoring developments in relevant jurisdictions in relation to patents, litigation trends and incidence of claims.

h. Infringement of proprietary rights

Arm has in the past been and it may in the future be subject to claims by third parties alleging infringement, misappropriation or other violation of third-party intellectual property rights. Under Arm's customer agreements, it agrees in some cases to indemnify customers if a third party files a claim asserting that its products infringe such third party's intellectual property rights. Such claims can result in costly and time-consuming litigation, require Arm to enter into royalty or licensing arrangements, subject Arm to damages or injunctions restricting the sale of its products, invalidate a patent, require Arm to refund license fees to its customers or to forgo future payments or require Arm to redesign certain of its products.

Arm mitigates against these risks by designing and implementing its products without the use of intellectual property belonging to third parties, except under strictly maintained procedures and with the benefit of appropriate license rights.

i. Brand and reputation

Arm's brand and reputation are critical factors in its relationships with customers, employees, governments, suppliers, and other stakeholders. Arm's reputation can be impacted by catastrophic events, incidents involving unethical behavior or misconduct, product quality, security, or safety issues, allegations of legal noncompliance, internal control failures, corporate governance issues, data breaches, workplace safety incidents, environmental issues, the use of its technology for illegal or objectionable applications, marketing practices, the conduct of suppliers or representatives, and other issues that result in adverse publicity. If Arm fails to respond quickly and effectively to these corporate crises and other threats, the ensuing negative public reaction could significantly harm its brand and reputation. Arm's brand and reputation may also be damaged by the actions of third parties that are imputed to Arm, for example, through Arm China.

Arm mitigates against these risks by investing in the verification and validation of its products. Arm has rigorous quality assurance and verification and validation processes to reduce the risk of faults or bugs. Arm regularly gathers feedback from its customers and partners to determine whether the perception of Arm is changing, and ensure that corrective action can be taken early if customers are becoming less satisfied with its products or behavior.

j. Export restrictions and trade barriers

Arm's headquarters are in the U.K., and it currently operates in jurisdictions around the world, including the U.S., China, India, Canada, South Africa and Europe. Risks associated with these international operations include exposure to political, economic and financial conditions and expected and unexpected changes in legal and regulatory environments.

Arm is subject to governmental export and import requirements that could subject Arm to liability or restrict its ability to license its products. If the U.S. Department of Commerce were to broaden U.S. export restrictions

on foreign-origin items, this could subject more of Arm's products to U.S. export controls and restrictions. Furthermore, if the U.S. Government implemented expanded economic sanctions on certain customers and trading partners, that could impact Arm's freedom to license its products to designated countries or entities.

Trade relations between countries where Arm does business have recently been volatile and the U.S. government has imposed export sanctions on certain of Arm's trading partners and entities. These measures may increase costs and/or reduce distribution in key markets.

Arm mitigates against these risks by maintaining strong relationships with the U.S., U.K. and EU export control authorities in order to effectively monitor any policy and regulatory developments.

(5) Others

a. Compliance

The Company conducts investment activities pursuant to laws and regulations in each country. If the Company and its portfolio companies (including officers and employees) conduct activities in breach of those laws and regulations, regardless of whether they were aware of the breach or not, the Company and its portfolio companies may be subject to administrative sanctions or legal measures. As a result, the credibility and corporate image of the Company and its portfolio companies may be impaired, their contracts may be canceled by business partners, or a financial burden may be incurred. Furthermore, in countries and regions in which the Company and its portfolio companies conduct business activities, tax laws and regulations may be newly introduced or amended, or their interpretation or enforcement may be revised, leading to additional tax burdens. Views differing with that of tax authorities may also give rise to additional tax burdens.

The Company has established the SoftBank Group Code of Conduct, which applies to all officers and employees, in order to go beyond compliance with laws and regulations and conduct corporate activities based on high ethics. The Company also works to strengthen the Group compliance structure and carries out activities to increase the knowledge and awareness of officers and employees, such as training. In addition, the legal departments collect information on new or revised laws and regulations, while receiving advice from outside advisers.

b. Intellectual Property

Infringement of SBG's SoftBank brand by a third party could impair the corporate image or credibility of SBG and subsidiaries that employ the SoftBank brand. Additionally, infringement of the intellectual property of subsidiaries and portfolio companies by a third party could have a negative impact on these companies' business development and results of operations. On the other hand, if the Company and its portfolio companies were to unintentionally infringe on intellectual property rights held by a third party, the Company and such portfolio companies may be prevented from using the intellectual property or subjected to claims for compensatory damages, license fees, and so forth from the third party.

In light of the importance of SBG's brands in supporting sustained business growth, SBG strives to strategically obtain trademarks worldwide, while evaluating the intellectual property activities and strategies of subsidiaries and forming intellectual property partnerships with subsidiaries. Through these and other efforts, SBG aims to protect and utilize intellectual property throughout the Group as a holding company.

c. Litigation

The Company faces the possibility of lawsuits by third parties claiming compensatory damages for the alleged

infringement of rights or benefits. These third parties may comprise shareholders, portfolio companies, business partners, and employees (including current and past shareholders and employees of portfolio companies). Such lawsuits could hinder the Company's investment activities or may impair the Company's corporate image, as well as create a financial burden.

d. Sustainability

The Company believes that it is crucial to take the lead and implement essential activities to address Environmental, Social and Governance ("ESG") factors. However, the Company's ESG activities may diverge significantly from the expectations of internal and external stakeholders, including investors (for example, investors may judge that ESG factors are not sufficiently integrated into the Company's governance structure and management strategy, or that measures to address climate change or human capital, including diversity, are inadequate). In these cases, the Company's evaluation by stakeholders may deteriorate and adversely affect its investment and financing activities. In addition, the Company may be unable to adequately assess the opportunities and risks associated with the ESG aspects of portfolio companies. In these cases, portfolio companies may be unable to develop their businesses as expected by the Company. Additionally, if ESG-related regulations over investment companies are tightened, the pace of investment may slow down or the cost to address such regulations may increase.

SBG has a Sustainability Committee, which is chaired by the Chief Sustainability Officer ("CSusO") appointed by the Board of Directors. The Sustainability Committee regularly discusses ESG-related material issues and countermeasures, along with strengthening ESG-related response measures and disclosures. In investment activities, each investment entity analyzes the opportunities and risks associated with the ESG aspects of portfolio companies and carries out comprehensive investment evaluations.

e. Information security

Amid the rising threat of cyber-attacks around the world in response to recent international conditions, the Company and its portfolio companies may be unable to completely prevent cyber-attacks, hacking, computer virus infections, or other forms of unauthorized access or internal misconduct. The inability to prevent such events could lead to the leakage, alteration, or loss of information, or cause other such security incidents. Such occurrences may impair the credibility and corporate image of the Company and its portfolio companies and may hinder their business activities. The Company and its portfolio companies may also incur financial losses or additional cost outlays or other responses may be needed to address such occurrences.

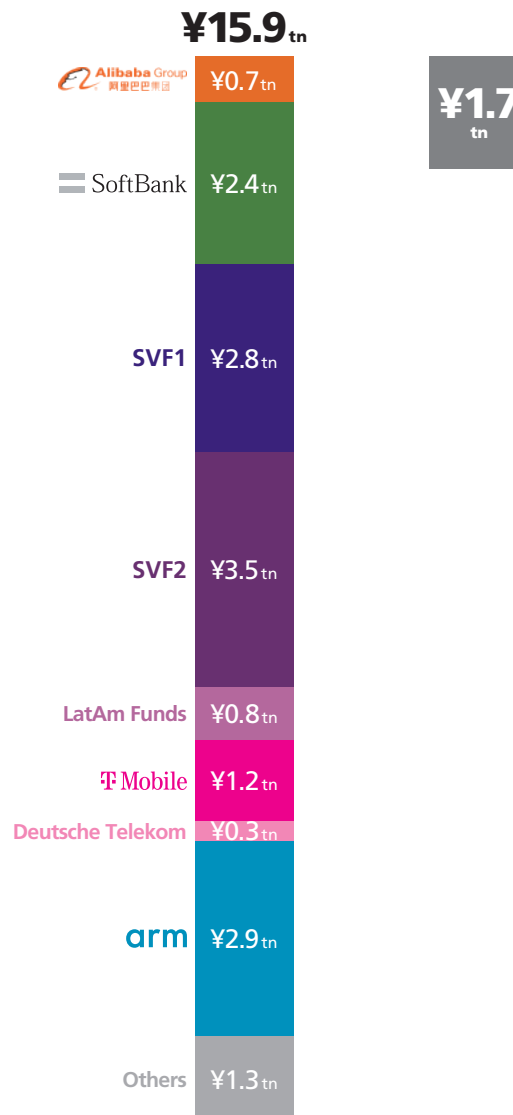
The Chief Information Security Officer (CISO), who is appointed by the Board of Directors, is responsible for the information security of the Company. Under the leadership of the CISO of SBG, the Company endeavors to protect information assets by identifying vulnerabilities and risk factors that could threaten information security and by implementing information security measures focused on organizational, physical, technical, and human dimensions according to risk.

Calculation of Equity Value of Holdings and Net Debt

As of March 31, 2023

Equity value of holdings

<p>Alibaba: Calculated by multiplying the number of Alibaba ADSs equivalent to the number of shares held by SBG by the ADS price, less the sum of the outstanding maturity settlement amounts (calculated by using the company's share price) of the prepaid forward contracts (floor contracts, collar contracts, forward contracts, and call spread) using Alibaba shares</p>
<p>SoftBank: Calculated by multiplying the number of shares held by SBG by the share price of SoftBank, less the equivalent amount of outstanding liabilities for margin loans, etc., using SoftBank shares</p>
<p>SVF1: SBG's share of the equivalent value of assets held by SVF1 + accrued performance fees, etc.</p>
<p>SVF2: SBG's share of the equivalent value of assets held by SVF2, etc.</p>
<p>LatAm Funds: SBG's share of the equivalent value of assets held by LatAm Funds + accrued performance fees</p>
<p>T-Mobile: The sum of (a) to (c), less (d) and (e) (a) Value of SBG's shareholding, including the number of shares subject to call options held by Deutsche Telekom (34,971,809 shares as of March 31, 2023), multiplied by the company's share price (b) Fair value of SBG's right to acquire T-Mobile's shares (48,751,557 shares) for no consideration under certain conditions (contingent consideration) (c) Fair value of the rights received in June 2020 in connection with the transaction whereby T-Mobile sold the company's shares to a trust that offered its Cash Mandatory Exchangeable Trust Securities, which allows a subsidiary of SBG to acquire T-Mobile shares under certain conditions (d) The amount of derivative financial liabilities related to unexercised call options held by Deutsche Telekom (e) Maturity settlement amount of the prepaid forward contracts (collar contracts) using T-Mobile shares (calculated by using the company's share price)</p>
<p>Deutsche Telekom: Calculated by multiplying the number of Deutsche Telekom shares held by SBG by the company's share price, less the maturity settlement amount of a collar transaction using Deutsche Telekom shares</p>
<p>Arm: The fair value of Arm shares held by SBG, calculated based on the fair value of all Arm shares calculated at SVF1, less the amount equivalent to the outstanding balance of the borrowings made through asset-backed finance using Arm shares (SBG's interest in outstanding shares: approximately 75%)</p>
<p>Others: the sum of (f) to (h) (f) Listed shares: calculated by multiplying the number of shares held by SBG by the share price of each listed share (g) Unlisted shares: calculated based on the fair value (or the carrying amount in SBG's balance sheet for those not measured at fair value) of unlisted shares, etc., held by SBG (h) SB Northstar: SBG's stake in SB Northstar's NAV plus the value of NVIDIA Corporation shares held by SBG multiplied by its share price</p>



Net debt

- Net debt = SBG net interest-bearing debt
- SBG net interest-bearing debt = Consolidated net interest-bearing debt – Net interest-bearing debt at self-financing entities, etc. – Other adjustments
 Consolidated net interest-bearing debt: Excludes bank deposits and cash position at PayPay Bank Corporation
- Net interest-bearing debt at self-financing entities, etc.: The sum of gross interest-bearing debt, less the sum of cash positions, of self-financing entities, such as SoftBank (including its subsidiaries such as Z Holdings Corporation and PayPay Corporation), SVF1, SVF2, LatAm Funds, and Arm, as well as SB Northstar
- Other adjustments: The sum of adjustments of (i) to (q)
 - (i) JPY Hybrid Bonds issued in September 2016: 50% deducted from interest-bearing debt (to be treated as equity), as the entire amount is recorded as a liability in the consolidated financial statements
 - (j) USD Hybrid Notes issued in July 2017: 50% added to interest-bearing debt (to be treated as a liability), as the entire amount is recorded as equity in the consolidated financial statements
 - (k) JPY Hybrid Loan borrowed in November 2017: 50% deducted from interest-bearing debt (to be treated as equity), as the entire amount is recorded as a liability in the consolidated financial statements
 - (l) JPY Hybrid Bonds issued in February and June 2021: 50% deducted from interest-bearing debt (to be treated as equity), as the entire amount is recorded as a liability in the consolidated financial statements
 - (m) Deduction of financial liabilities related to prepaid forward contracts (floor contracts, collar contracts, and forward contracts) using Alibaba shares
 - (n) Deduction of the equivalent amount of outstanding liabilities for margin loans, etc., using SoftBank shares
 - (o) Deduction of financial liabilities related to prepaid forward contracts (collar contracts) using T-Mobile shares
 - (p) Deduction of financial liabilities recorded as borrowings related to collar transactions using Deutsche Telekom shares
 - (q) Deduction of the amount equivalent to the outstanding balance of the borrowings made through asset-backed finance using Arm shares