

# Governance

The Group is continuously strengthening its governance and enhancing effectiveness in order to achieve sustainable growth and further increase long-term corporate value.

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## Corporate Governance

Guided by the fundamental concepts of free, fair, and innovative, and our corporate philosophy of Information Revolution — Happiness for everyone, the Group aims to be a provider of essential technologies and services to people around the world while maximizing its corporate value.

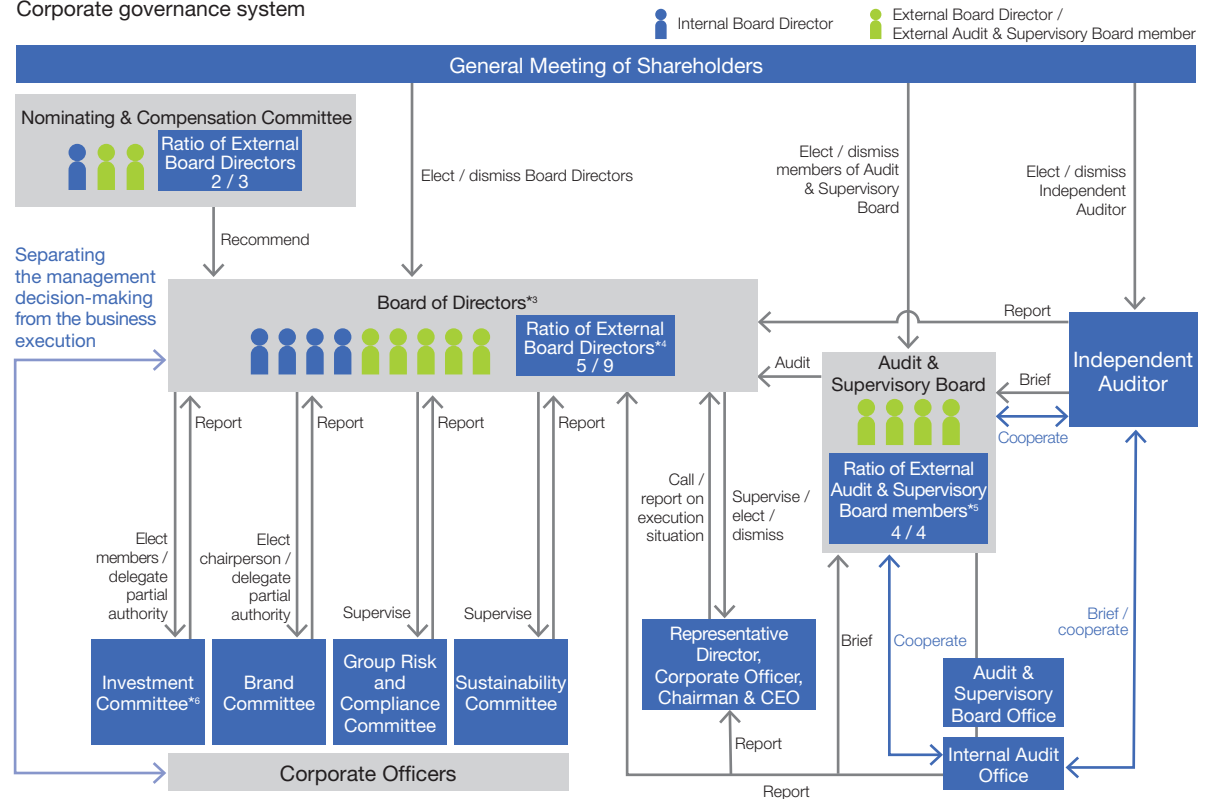
To realize this vision, we have formulated the SoftBank Group Charter to share our fundamental concept and corporate philosophy and have devised the Group Company Management Regulations of the SoftBank Group to set forth our management policy and management framework for Group companies. We have also established the SoftBank Group Code of Conduct, which prescribes policies

to be followed by the directors, officers, and employees of the Group, and works to continue strengthening governance. Further, we have formulated the SoftBank Group Sustainability Principles to set out matters necessary for the Group to appropriately carry out sustainability activities, and we will continue to meet the expectations of stakeholders, including shareholders and creditors, customers, business partners, employees, and local communities (governments, administrative agencies, regional communities, NPOs, NGOs, etc.) and fulfill our responsibilities as a company leading the Information Revolution with the goal of supporting a sustainable society.

### Our path to strengthening governance

1994	Registered as an OTC stock with the Japan Securities Dealers Association
1995	Appointed the first foreign national Board Director
1998	Listed on the First Section of the Tokyo Stock Exchange
1999	Invited a Board Director from outside the company (equivalent to a current External Board Director); transitioned to a pure holding company
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
2019	Established the Group Risk and Compliance Committee
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*1 and CRO*2; revised the Board of Directors structure (separation of the management decision-making function from the business execution function)
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
2022	Transitioned from the First Section of the Tokyo Stock Exchange (TSE) to the Prime Market of the TSE

### Corporate governance system



\*1 Chief Sustainability Officer

\*2 Chief Risk Officer

\*3 Special Directors are put in place in accordance with Paragraph 1, Article 373 of the Companies Act.

\*4 Of the five External Board Directors, four are designated as Independent Officers.










\*5 Of the four External Audit & Supervisory Board members, three are designated as Independent Officers.

\*6 Supervisory Committee is put in place to supervise matters such as investments and loans of the certain subsidiaries.

## Status of the Board of Directors and its Members

SBG's Board of Directors consists of individuals who provide a wealth of knowledge and experience in corporate management, legal affairs and governance, as well as bringing global perspective and other qualities. Board Directors have also been selected in consideration of their nationality, ethnicity, gender or age. The Board Directors appointed in fiscal 2022 have a variety of skills and backgrounds, including one female Director and two non-Japanese Directors, ensuring the diversity of the composition. Moreover, the Board's supervisory function has been strengthened from having a majority of External Board Directors.

### Board Directors (as of June 24, 2022)





Position / Name	External Board Directors	Independent Officers	Years in office "—" indicates less than one year	Number of shares held in SBG (in thousands) As of March 31, 2022	Skill matrix							Major activities or reasons for appointment of External Board Directors
					Corporate management	Banking / M&A	Finance / Accounting	Law / Governance	Technology	Academic background	Diversity	
 Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son			40 years 9 months	460,161	●	●			●			
 Board Director, Corporate Officer, Senior Vice President, CFO & CISO Yoshimitsu Goto			2 years*1	1,079	●	●	●					
 Board Director Ken Miyauchi			34 years 4 months	2,532	●	●			●			
 Board Director Kentarō Kawabe			1 year	0.2	●	●			●			
 External Board Director, Independent Officer Masami Iijima	●	●	4 years	1	●	●		●				<b>Major activities</b> 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.
 External Board Director, Independent Officer Yutaka Matsuo	●	●	3 years	—		●			●	●		<b>Major activities</b> 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.
 External Board Director, Independent Officer Keiko Erikawa	●	●	1 year	213	●				●		●	<b>Major activities</b> Uses 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.
 External Board Director Kenneth A. Siegel	●		1 year	—		●		●			●	<b>Major activities</b> Uses his extensive knowledge and experience in corporate M&A 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.
 External Board Director, Independent Officer David Chao	●	●	—	—	●				●		●	<b>Reasons for appointment</b> Has extensive knowledge and experience in investment, corporate management and technology, having worked for global IT companies and consulting firms, including a position as co-founder and general partner of a venture capital fund. SBG appointed Mr. Chao as External Board Director in June 2022 with the expectation that he would use his wealth of knowledge and experience to supervise and give advice for the further growth of the Group.

\*1 Mr. Yoshimitsu Goto has been a Board Director for 2 years since June 2020 but has served as Board Director for a total of 3 years, including one year as Board Director from June 2014.

## Status of the Audit & Supervisory Board and its Members

SBG's Audit & Supervisory Board comprises External Audit & Supervisory Board members who are highly specialized and knowledgeable, particularly in finance/accounting and law/governance. By attending Board of Directors meetings, the Audit & Supervisory Board members monitor and verify the status of the Board of Directors' decision making and the status of the execution of the Board of Directors' obligation to supervise each director. In addition, to audit the Board Directors' execution of duties, the Audit & Supervisory Board regularly receives reports from directors, employees, auditors of major subsidiaries, and other relevant parties and holds hearings as necessary.

### Audit & Supervisory Board Members (as of June 24, 2022)

Position / Name	External Audit & Supervisory Board Members	Independent Officers	Years in office "—" indicates less than one year	Number of shares held in SBG (in thousands) As of March 31, 2022	Skill matrix							Major activities of External Audit & Supervisory Board Members
					Corporate management	Banking / M&A	Finance / Accounting	Law / Governance	Technology	Academic background	Diversity	
 Full-time External Audit & Supervisory Board Member, Independent Officer Maurice Atsushi Toyama	●	●	7 years	—		●	●					Makes remarks based on his extensive knowledge and experience as a Certified Public Accountant, State of California, U.S.
 Full-time External Audit & Supervisory Board Member, Independent Officer Yuji Nakata	●	●	1 year	—		●		●				Makes remarks based on his extensive knowledge and experience, acquired through his career as head of risk management at a financial institution.
 External Audit & Supervisory Board Member Soichiro Uno	●		18 years	—		●		●				Makes remarks based on his extensive knowledge and experience as a lawyer.
 External Audit & Supervisory Board Member, Independent Officer Keiichi Otsuka	●	●	1 year	—		●	●					Makes remarks based on his extensive knowledge and experience as a Certified Public Accountant.

## Committees

As part of its efforts to strengthen corporate governance, SBG has established various committees.

Each of the respective committees discusses important issues and promotion policies, thereby building a system that ensures appropriate management decisions without compromising the efficiency of the Board of Directors. The committees include: the Nominating & Compensation Committee, which deliberates and submits its opinions to the Board of Directors regarding policies related to the election, dismissal, evaluation and compensation of the Board Directors; the Investment Committee, which makes decisions on investments, loans, and borrowings; the Brand Committee, which is responsible for decision-making and management of matters related to the SoftBank brand; the Group Risk and Compliance Committee (GRCC); and the Sustainability Committee.

Name of committee	Chairperson	Main roles	Number of members & composition
Nominating & Compensation Committee	Masami Iijima External Board Director, Independent Officer	Deliberates on Board Director election and dismissal criteria, candidate proposals, individual remuneration, and policies, etc. related to evaluation and remuneration, and makes recommendations to the Board of Directors	1 chairperson 2 members (including 2 External Board Directors out of total 3 members)
Investment Committee	—	Resolves matters stipulated in the Regulations of the Investment Committee, including investment, loans, and borrowings under a certain amount	3 members
Brand Committee	Yoshimitsu Goto Board Director, Corporate Officer, Senior Vice President, CFO & CISO Head of Finance Unit Head of Administration Unit	Decides matters stipulated in the Regulations of the Brand Committee, including management and licensing of the SoftBank brand	1 chairperson 4 members (Corporate Officer, Senior Vice President / head of CLO Office / head of the Corporate Communications Office / head of the General Administration Department)
Group Risk and Compliance Committee (GRCC)	Tim Mackey Corporate Officer, CLO & GCO Head of Legal Unit	Deliberates on policies, promotion systems and status of risk management and compliance activities of the Group, and other matters deemed necessary by the committee chairperson or members	1 chairperson 2 members (Board Director, Corporate Officer, Senior Vice President / Corporate Officer, Senior Vice President)
Sustainability Committee	Yotaro Agari CSUsO Head of Investor Relations Department Head of Sustainability Department	Deliberates over important issues, promotion policies, and related issues regarding sustainability at the Group	1 chairperson 3 members (Board Director, Corporate Officer, Senior Vice President, CFO & CISO / Corporate Officer, Senior Vice President / Corporate Officer, CLO & GCO)

\* As of June 24, 2022.

## Executive Compensation System

### 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 below 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.

### 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 above “Overview of the Executive Compensation System” and both rational and reasonable.

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

### Components of executive compensation

	Component	Details	Overview
Aggregate Compensation for Board Directors*1	Fixed compensation	Basic compensation	<ul style="list-style-type: none"> <li>An annual amount is set on an individual basis and paid in fixed monthly cash installments.</li> <li>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.</li> </ul>
	Performance-based compensation*2	Cash bonuses	<p><b>Incentive for short-term performance</b></p> <ul style="list-style-type: none"> <li>Cash bonuses are paid every fiscal year as compensation for the execution of duties while in office.</li> </ul>
		Share-based payment	<p><b>Incentive to improve corporate value over the medium to long term</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>

\*1 Excludes compensation for External Board Directors.

\*2 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).

The compensation of the Board Directors for fiscal 2021 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 SBG's Nominating & Compensation Committee shall review proposed compensation from multiple viewpoints, including consistency with its 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 its compensation policy.

To ensure independence, compensation for Audit & Supervisory Board members for fiscal 2021 was decided through consultation among the Audit & Supervisory Board members after the conclusion of the Annual General Meeting of Shareholders in June 2021.

### Evaluation of the Effectiveness of the Board of Directors

SBG conducts annual evaluations of the effectiveness of the Board of Directors. Most recently, from November 2021 to April 2022, SBG had an independent organization conduct a questionnaire and interviews with its Representative Director, Corporate Officer, Chairman & CEO, several Board Directors and External Board Directors and all of the Audit & Supervisory Board members from the perspective of the composition, operation and support systems of the Board of Directors, and conducted an evaluation of the effectiveness of the Board based on the results of the questionnaire and interviews. As a result of the evaluation, it was confirmed that, among the issues pointed out in the fiscal 2020 evaluation, the supervisory system for conflicts of interest, in particular, has been strengthened. Meanwhile, in the questionnaire and interviews, the need to improve the effectiveness of the Nominating & Compensation Committee and to examine how to discuss sustainability were noted as particularly important roles that the Board of Directors of SBG should fulfill. It was also pointed out that the Board needs to devise ways to ensure sufficient time for discussion at meetings.

The results of the evaluation were reported at the Board of Directors meeting held in April 2022, and the Board has confirmed that it will make improvements with regard to the indicated issues.

### Approach and Policies on Group Management

SBG is working to increase NAV (Net Asset Value)\*3 while building a corporate group that engages in a wide range of businesses in the information and technology sectors through direct investments,\*4 including those in Group companies, and investments in investment funds.\*5 In this process, each portfolio company will seek self-sustained growth, while SBG, as a strategic investment holding company, will support them in increasing their corporate value by leveraging the Group network to promote collaboration among the portfolio companies.

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

\*3 NAV = Equity value of holdings - Net debt.

\*4 Including investments made through subsidiaries.

\*5 SoftBank Vision Funds, etc.

## Compliance

The Group believes that it is essential that we conduct our business according to the highest ethical standards, not just in compliance with the law. All business activities are based on a relationship of trust with society, and any act that violates this trust could threaten the business continuity. Based on this idea, we place great importance on being an organization where each employee has a high regard for ethics in their daily work and the commitment to always act with integrity.

### ■ SoftBank Group Code of Conduct

As a strategic holding company, SBG established the SoftBank Group Code of Conduct to further reinforce the entire Group's ethics and compliance structure. The SoftBank Group Code of Conduct applies to everyone at the Group—the Group's directors, officers, and employees in every country, region, business unit and department. The SoftBank Group Code of Conduct sets out our five commitments, namely, our commitments to integrity and respect; being customer driven; transparency and robustness; diversity, inclusiveness and an engaging environment; and fair business practices. It also stipulates action statements, which provide direction in conducting business ethically, regarding the five commitments.

[See our website for further details.](#)

### ■ Supplier Code of Conduct

The Group conducts business in various areas and sectors across the globe and has built a diverse supply chain. We place importance on sustainability in these supply chains and believe that it is essential not only the Group to comply with laws, but also to ensure that suppliers conduct business based on high ethical standards. Therefore, SBG has formulated the Supplier Code of Conduct in May 2021, which sets forth the items that we expect our suppliers to comply with, and requires them to work in accordance with the ethical standards in each field of Environment, Labor, Health and safety, and Fair business. At the same time, SBG explicitly includes compliance with the Supplier Code of Conduct as a requirement in contracts upon commencement of business with suppliers.

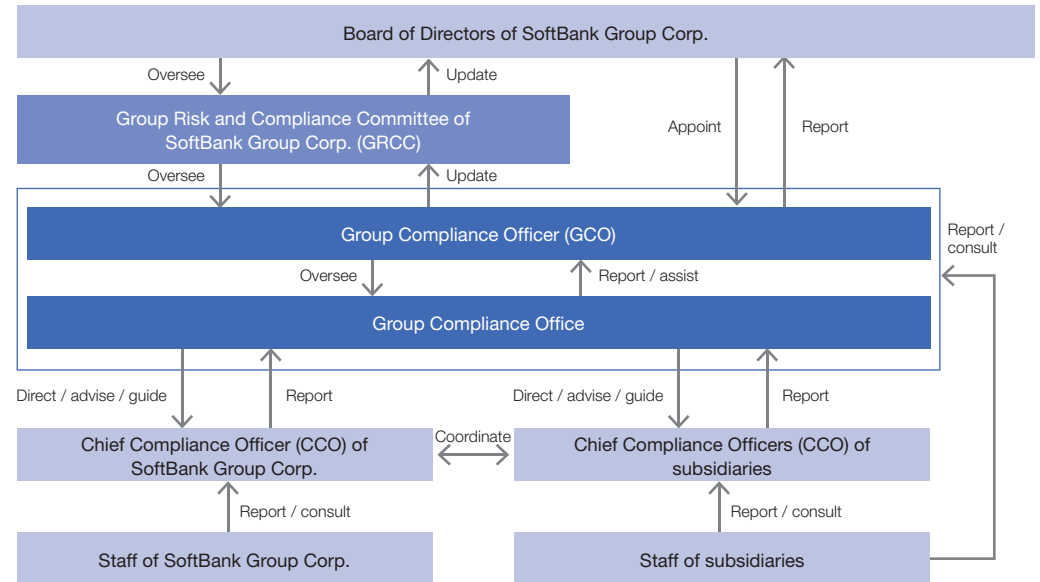
[See our website for the full text of our Supplier Code of Conduct.](#)



### ■ Group Compliance Structure

In order to concentrate authority over compliance and address issues quickly, SBG designated the Group Compliance Officer (GCO) as the officer responsible for compliance across the entire Group, and appointed Tim Mackey, who serves as Corporate Officer, CLO, and head of Legal Unit. Each Group company has also appointed a Chief Compliance Officer (CCO) who is responsible for compliance. The GCO and the CCOs of each Group company are responsible for planning and executing the necessary initiatives for the establishment and strengthening of the compliance structure to engage in corporate activities that adhere to high ethical standards, working in cooperation with compliance chiefs who undertake monitoring and education of each department in day-to-day operations. In addition, by sharing information on a regular basis at the CCO meeting, the GCO and CCOs work to identify and resolve compliance-related issues while promoting initiatives to raise compliance awareness throughout the Group.

Group compliance structure

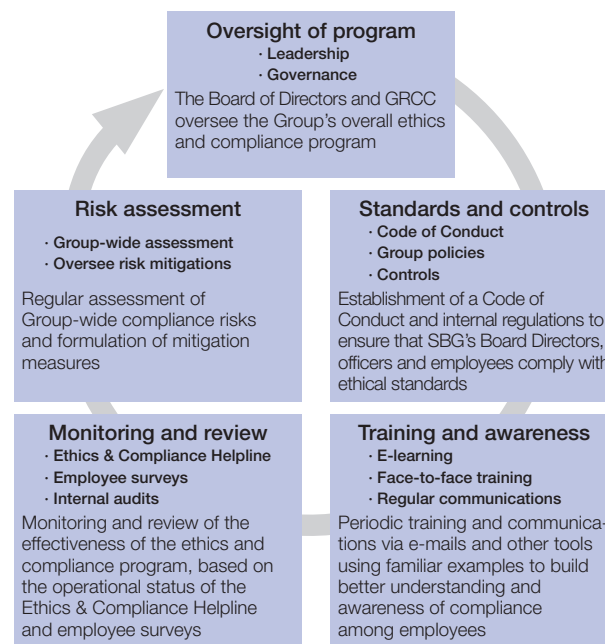


## Ethics and Compliance Program

The Group's ethics and compliance program encompasses a wide range of activities, including the formulation of the Code of Conduct and other internal regulations related to compliance; education and awareness-raising programs; addressing whistleblowing and misconducts; and risk assessment. Through these activities, we monitor and mitigate such compliance-related risks as insider trading, conflicts of interest, bribery and the management of confidential information. In recent years, we have reinforced our management frameworks, especially preventing insider trading and addressing conflicts of interest, with the introduction of Group-wide rules and systems as part of our internal control efforts in these areas.

SBG has established the Group Risk and Compliance Committee (GRCC) to oversee Group-wide risk management, as well as the ethics and compliance program. Comprising SBG Board Directors and Corporate Officers, the GRCC meets once a quarter in principle to oversee the Group-wide ethics and compliance program and discuss related material issues and implementation policy based on reports about program plans and progress. In accordance with the Board of Directors Regulations, the matters discussed by the GRCC are regularly reported to the Board of Directors and subject to its oversight.

Structure of SBG's ethics and compliance program



## Initiatives to Prevent Insider Trading

The Group has long had in place an appropriate framework to prevent insider trading as a publicly listed company. In recent years, we have strengthened our internal control system to more robustly address the regulatory and reputational risks associated with active investments. Specifically, to centrally manage the Group's risks related to insider trading and conflicts of interest, we established a new Group policy on the management of investment conflicts between Group companies and insider information related to investment and trading activities. The new policy supplements the existing Group policy on insider trading prevention.

Under the new Group policy, while respecting the independence of each Group company as required for regulatory reasons, we have established an organization to centrally manage insider information and investment conflicts, and have implemented a Group-wide management system to further reinforce our structure for managing insider information.

## Group Policies

SBG has established minimum requirements, referred to as the SoftBank Group Policies, which each Group company must comply with in high-risk compliance areas. The SoftBank Group Policies cover anti-corruption, competition law, conflicts of interest, management of investment conflicts, governance of portfolio companies, insider trading, economic sanctions, risk management, information security, privacy, brand management, human rights, the environment, and taxes.\*1

## Ethics & Compliance Helpline

The Group believes that creating a proper environment, in which employees feel safe to report/seek consultation on compliance-related problems and concerns, is a key to maintaining an ethical workplace. All Group directors, officers, and employees have access to multiple channels to report/seek consultation on problems and concerns. In addition to helplines at each Group company, the SoftBank Group Ethics & Compliance Helpline has been established by SBG as a secondary channel for all directors, officers, and employees at Group companies. Any directors, officers, and employees who may be uncomfortable using their company's helpline may report/seek consultation on their concerns via the SoftBank Group Ethics & Compliance Helpline, especially for situations that may have a serious adverse effect on the entire Group. Within the extent permitted by applicable laws, the SoftBank Group Ethics & Compliance Helpline can be used anonymously. Through the SoftBank Group Ethics & Compliance Helpline, directors, officers, and employees can report/seek consultation on compliance issues and concerns in the workplace, such as financial and accounting fraud, human rights infringement and harassment, any form of corruption (misappropriation, bribery, etc.), conflicts of interest, and insider trading. The Group conducts timely and appropriate investigations of whistleblowing cases, verifies the facts, and takes corrective and relief measures as necessary, disclosing and reporting matters as appropriate. We have no tolerance for any form of retaliation against directors, officers or employees who raise genuine concerns or participate in an investigation, nor do we tolerate retaliation against directors, officers or employees who refuse to participate in misconduct.

The SoftBank Group Ethics & Compliance Helpline is available to the Group directors, officers, employees, and external third parties. If you discover acts on the part of the Group or its directors, officers, and employees that violate laws or ethics or that might lead to such violations, please use the following link to report the issue or seek consultation.

[Click here to report/seek consultation with the SoftBank Group Ethics & Compliance Helpline.](#)

\*1 As of July 31, 2022.

## ■ Educational/Awareness Programs

The Group conducts training and compliance awareness-raising activities to ensure that directors, officers, and employees recognize high-risk compliance areas and have the information they need to make the right choices. In addition, based on the results of risk assessments, we provide training to directors, officers, and employees regarding risk areas, such as insider trading and conflicts of interest. SBG conducts annual training based on the SoftBank Group Code of Conduct for its officers and employees to deepen their understanding and ensure thorough compliance with the Code of Conduct. Furthermore, we have introduced a global training system and provide training on the SoftBank Group Code of Conduct and focus on certain high-risk areas for Group companies in Japan and overseas. As one example of our compliance awareness-raising activities, SBG and its major subsidiaries in Japan and overseas hold a Compliance Awareness Month annually. During Compliance Awareness Month, we conduct a variety of initiatives to enhance compliance awareness, including an employee survey that measures compliance awareness and compliance-related training. Moreover, we periodically deliver animated videos with newsletters, featuring everyday compliance issues to provide opportunities for the Group's directors, officers, and employees to learn about ethical behavior. In addition, the management and GCO deliver messages for employees regarding compliance based on the results of the employee survey.

### Training and awareness-raising activities conducted in fiscal 2021

Training	<ul style="list-style-type: none"> <li>• Training on the SoftBank Group Code of Conduct</li> <li>• Training on power harassment</li> <li>• Training on anti-corruption</li> <li>• Training on insider trading and conflicts of interest</li> </ul>
Distributing newsletters / animated videos	<ul style="list-style-type: none"> <li>• Helpline investigation process</li> <li>• Unconscious bias</li> <li>• How to show your identity on social media</li> <li>• Protecting company assets</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Compliance Awareness Month               <ul style="list-style-type: none"> <li>– Employee survey</li> <li>– Photo hunt</li> </ul> </li> </ul>



Top screen of intranet site,  
Compliance Awareness Month 2021




Compliance awareness e-learning

## ■ Anti-corruption Initiatives

Under the supervision of the Board of Directors, SBG promises in its Anticorruption Policy to conduct business ethically, to be intolerant of any form of bribery and corruption, and to comply with all applicable laws prohibiting bribery and corruption hereinafter "laws and regulations related to anti-corruption." Also, we ensure that all Group employees are fully aware of and observe the Anticorruption Policy to prevent corruption in any form which would constitute an ethics and compliance violation by the Group. Furthermore, we ask for the cooperation of our suppliers to prevent corruption through our Supplier Code of Conduct. Each Group company sets internal rules and procedures to efficiently reflect the Anticorruption Policy into the business process, considering laws and regulations related to anti-corruption. When SBG conducts transactions with a third party, in addition to corruption prevention measures, we confirm in advance whether there are any conflicts of interest with the business partner and whether the business partner is classified as a party subject to economic sanctions or anti-social forces.

When SBG or its subsidiaries make a new direct investment, we also seek to understand the risks related to compliance and internal controls by conducting due diligence not only on the business of the investee but also on the status of legal compliance as part of the investment decision-making process.

 [See our website for the full text of our Anticorruption Policy.](#)

## ■ Initiatives for Taxation

### ■ Tax Policy Disclosure

In July 2022, SBG established and disclosed its Tax Policy, which sets out the principles concerning tax affairs to be observed by the Group when conducting business activities. The policy stipulates the Group's system for the execution of operations and risk management related to tax 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 continue to 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 our website for the full text of our Tax Policy.](#)



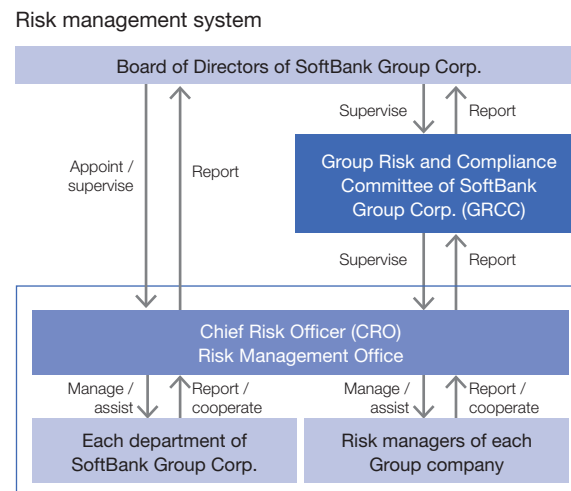
## Risk Management

Risk management, which protects the interests of stakeholders and mitigates factors that impede sustainable corporate growth, is essential to a company. There are a wide variety of risks to be managed by the Group, which operates its business globally. To address these risks, we comprehensively assess diverse risks based on the information we collect, examine countermeasures, and monitor the effectiveness of those.

### Risk Management System

SBG established the Chief Risk Officer (CRO) function to be responsible for managing Group-wide risks. CRO is appointed by SBG's Board of Directors. Supervised by the CRO, the Risk Management Office of SBG spearheads Group-wide risk management activities.

To ensure a Group-wide understanding of the purpose of risk management and to clarify the basic roles of officers, employees, and risk managers, SBG established the Risk Management Policy, which applies to all officers and employees of SBG and the Group companies ensuring their active involvement in risk management activities. In accordance with the Risk Management Regulations and Group Company Management Regulations of the SoftBank Group, which are set under the Risk Management Policy, SBG and the Group companies appoint risk managers. The risk managers are responsible for identifying and addressing risks that might arise during business activities. SBG's Risk Management Office ensures the effectiveness of Group-wide risk management by receiving reports on important matters from the risk managers and confirming proper compliance with both sets of regulations. The policy and regulations are periodically reviewed and approved by the Board of Directors of SBG and other committees.



SBG's Risk Management Office reports identified risks that are material to the Group and their countermeasures to SBG's Board of Directors and the Group Risk and Compliance Committee (GRCC) on a quarterly basis. Accordingly, both governance bodies supervise the Risk Management Office. The GRCC consists of Board Directors and Corporate Officers of SBG and works to enhance the risk management system across the Group.

### Risk Management Initiatives

The Risk Management Office of SBG works to strengthen risk management activities by identifying and responding to risks, with the aim of mitigating factors that obstruct the sustainable growth of the entire Group.

#### Risk Identification

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

#### Prior confirmation of important agenda items

When important matters are to be resolved by SBG's Board of Directors and other committees, 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, we monitor 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. We also monitor the concentration of investments in specific countries, regions, and sectors.

#### Collection of risk-related information from each Group company and department

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 issue to the Risk Management Office in a timely manner.

## Responding to Risks

Based on the information gathered through “Risk identification” on page 22, the Risk Management Office identifies material risks at the Group level by analyzing and assessing the impact and likelihood of each risk arising. Material risks are reported to and discussed by SBG’s 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.

## Major Risks Surrounding SBG and Our Responses

### Financial Risks

SBG mainly invests in companies that operate diverse businesses in information and technology fields utilizing artificial intelligence (AI) through SoftBank Vision Funds, SoftBank Latin America Funds and other vehicles. In order to sustain stable financial operations, we strive to adhere to the financial policy which is to maintain funds covering bond redemptions for the next two years and manage loan-to-value (LTV) \*1 below 25%. However, SBG’s ability to adhere to its financial policy may be threatened in the event of an unprecedented situation, such as a financial crisis or a sudden deterioration in the business of portfolio companies. In preparation for such drastic changes in the external environment, we conduct stress tests based on assumptions of large-scale market fluctuations, continuously monitor the concentration of investments in specific countries, regions and sectors, and systematically report the results of monitoring to senior management.

### Non-financial Risks

The Risk Management Office also focuses on understanding major non-financial risks and the status of responses to these risks through regular updates from each department of SBG and major Group companies.

We hold discussions with related parties on a variety of risks, including ESG responses, such as climate change and human rights, as well as succession plans and information security. We assess the materiality of each non-financial risk from the entire Group’s perspective and have a system in place to report to senior management on risks and measures that should be closely monitored by the entire Group.

Major risks	Response status
Large-scale market volatility	Stress test analysis
Concentration risks	Continually monitoring the degree of concentration in specific countries, regions, and sectors
Management succession plans	Continual discussion at the Nominating & Compensation Committee regarding the succession plan for Masayoshi Son Chairman & CEO
Delay in ESG responses	Discussions on material ESG issues led by the Sustainability Committee and the Board of Directors to reflect in various policies and measures
Information security risks	Under the guidance of the Chief Information Security Officer (CISO), identifying vulnerabilities and risks that threaten data security and implementing measures to defend organizational, physical, technical, and human data security

## Formulation and Execution of Business Continuity Plans (BCPs)

Amid recent world events, such as the COVID-19 pandemic and Russian invasion of Ukraine, a greater emphasis is being placed on companies formulating and executing appropriate business continuity plans (BCPs). SBG formulates BCPs for situations that could have a material impact on management and business activities, such as natural disasters like earthquakes or tsunamis, diseases that can cause pandemics, human-made disasters like terrorism and conflicts, and accidents, followed by regular reviews and updates. In addition, we put together regulations and manuals for emergency situations. In the event of an actual or forecast disaster, a Disaster Response Office will be established in line with the Disaster Management Regulations as we will strive to swiftly gain control of the situation.

For SBG employees, we raise awareness through regular drills and communications to be prepared for emergency situations. In addition, we also make efforts such as to set up environments where employees can work without coming into the office during an emergency and to deploy safety confirmation systems during crises. From the perspective of protecting information assets, we take measures to upgrade infrastructure for disaster prevention and back up data into remote locations as we strive to manage business continuity in the face of emergency.

\*1 An index calculated as net debt divided by the equity value of holdings of SBG.

## Information Security

As the use of digital technology expands across all fields, convenience and efficiency in our daily lives and business are increasing. At the same time, new risks are emerging as threats, including cyberattacks are becoming more sophisticated and complex. As a leader in the Information Revolution, the Group will establish and maintain strong information security within the Group during the development of a wide range of businesses. The Group will identify and manage information security risks surrounding the Group and take appropriate measures.

### Principles for Information Security

As its principles governing information security and privacy protection, SBG has established the Information Security Policy and the Privacy Policy. To ensure information security for the entire Group, compliance with both policies is required of not only the Group and its directors, officers, and employees, but also by third parties who conduct business on behalf of each Group companies, such as suppliers and contractors.

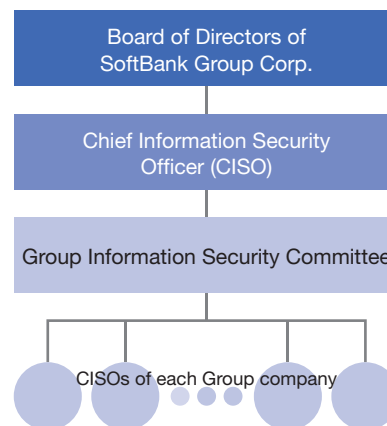
[See our website for the full text of our Information Security Policy.](#)

[See our website for the full text of our Privacy Policy.](#)

### Information Security Governance Structure

SBG has set up an information security governance structure to not only implement information security at SBG, but manage and oversee information security at Group companies. In the event of a serious information security incident involving SBG or a Group company, the department in charge quickly implements appropriate response and recovery procedures under the control of the Chief Information Security Officer (CISO), Yoshimitsu Goto, who is also an SBG Board Director. To prevent recurrences, we analyze the causes of information security incidents to identify future issues and reflect our findings in our information security strategy and improvements to security-related education for directors, officers, and employees.

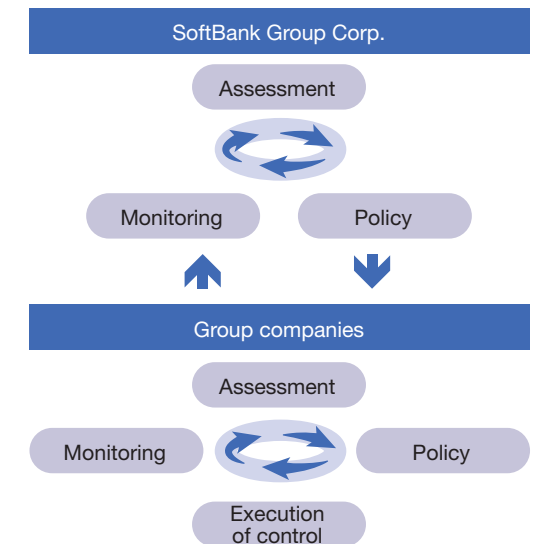
Information security governance structure



### Risk Management

SBG has established and implemented a risk management process to identify and manage risks related to information security. For identified material risks, we analyze the causes and their impacts, examine response policies, and encourage the Group companies to implement risk countermeasures. In addition, in order to identify potential risks at an early stage and prevent them from materializing, we collect information on threats and vulnerabilities relating to the infringement of information assets across the Group and share this information with Group companies. By monitoring the implementation of risk measures by the Group companies, evaluating their effectiveness and making improvements, we prevent the occurrence of unexpected incidents and minimize their impact throughout the Group.

Risk management process

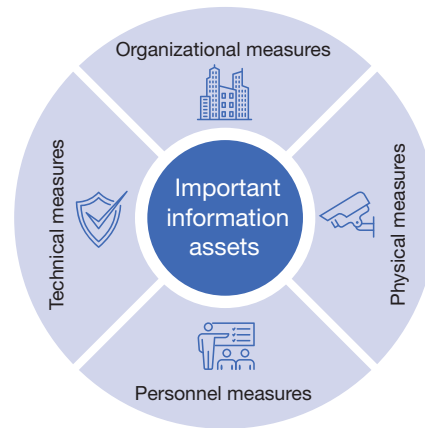


### Cooperation with Group Companies and Portfolio Companies

One of the strengths of the Group is that it has a wide variety of Group companies and portfolio companies that operate globally. By regularly sharing information on security threats and countermeasures among Group companies, we not only always keep abreast of the latest information of security measures, but also quickly introduce advanced services and systems developed by each company or portfolio company to maintain a secure work environment as a Group.

## Information Security Measures

To protect its important information assets, the Group implements measures from the following perspectives: “Organizational measures” to ensure appropriate control throughout the organization; “physical measures” to prevent the physical destruction or unauthorized removal of information assets; “technical measures” to prevent threats such as cyberattacks and internal fraud; and “personnel measures” to improve the information security awareness and capabilities of directors, officers, and employees and outsourced workers. We also continually evaluate and review information security measures to ensure that they are effective and reliable based on changes in the internal and external environment.



### Organizational Measures

To promote information security, SBG has developed various regulations based on its Information Security Policy, which is the Group’s highest document of rules related to information security systems. All Group directors, officers, and employees are required to comply with these rules and regulations. In addition, we have prepared a Group Information Security Governance Policy based on the Information Security Policy, which stipulates rules to be observed by the Group companies, their directors, officers, and employees. The Group companies have developed various regulations in accordance with this policy, which are managed as described under “Information Security Governance Structure” on page 24.

### Physical Measures

The Group has set up security areas and implemented access control using facial recognition, in addition to the use of surveillance cameras and security checks by security personnel, to prevent unauthorized intrusion into Group facilities and the physical destruction or unauthorized removal of information assets.

### Technical Measures

The Group has implemented technical measures to defend against such threats as increasingly sophisticated and complex cyberattacks and internal misconduct. To respond to current trends, such as the use of cloud computing and work-style reforms, SBG has adopted a network architecture that combines operational convenience and security. This network architecture is based on a Zero Trust approach, where access is allowed only when trust can be verified, achieving robust security that is independent of the operating environment. In addition to threat analysis by a third-party organization and 24/7 security monitoring by the Security Operation Center, regular penetration tests are conducted to analyze and address system vulnerabilities and thereby prevent risks from materializing. Furthermore, to prevent internal misconduct, we conduct behavioral analysis using operation records of information systems for officers, employees, and outsourced workers to detect high-risk behavior and take countermeasures. In fiscal 2021, in addition to the above measures, as part of countermeasures to increasingly prevalent malware,<sup>\*1</sup> we prohibited the sending and receiving of password-protected compressed files by email and built systems for recovering data when such incidents as malware infection occur, advancing efforts to create a secure environment in line with current conditions.

### The SoftBank Group’s Security Framework

Due in part to recent international conditions, the threat of cyberattacks has been growing worldwide, resulting in numerous cases in which companies have been targeted and seriously harmed.

SBG implements annual information security assessments, as well as cyber risk evaluations to all Group companies based on observational data acquired over the Internet. Group companies deemed to present high information security risk as a result of these assessments are directed to take countermeasures, submitting reports on the progress of such countermeasures.

Furthermore, we continually monitor for leaks of Group information assets to ordinary Internet sites and the dark web,<sup>\*2</sup> as well as the trading of information that could lead to cyberattacks or other security incidents. When signs of cybersecurity risk are detected, we swiftly implement countermeasures.

<sup>\*1</sup> A general term for malicious programs or software, including computer viruses and ransomware.

<sup>\*2</sup> Internet content built on specialized, highly anonymous networks that are not accessible from ordinary Internet browsers.

## Personnel Measures

The Group continuously educates its directors, officers, and employees as well as outsourced workers to improve their awareness and capabilities regarding information security. SBG has prepared an e-learning environment which allows them to take information security courses unrestricted by location or time. In addition to regular training, we have established a security portal website on our internal information website to present related regulations and guidelines, and to inform SBG officers and employees of the consultation desk in case of accidents.

This security training is also shared with Group companies to improve awareness and capabilities across the entire Group. The Group requires our director, officers, and employees, as well as outsourcing companies, to thoroughly comply with relevant laws and regulations and confidentiality rules.

### Training implemented in fiscal 2021 by SBG

Main training content	Targets	Participation
<ul style="list-style-type: none"> <li>Corporate information assets</li> <li>Handling personal information</li> <li>Information security precautions in operations</li> <li>Information security incident response</li> </ul> etc.	<ul style="list-style-type: none"> <li>Officers and employees</li> <li>Outsourced workers</li> </ul>	92%

## ■ Use of Cybersecurity Risk Management Framework

SBG implements measures to address growing cybersecurity risks as part of its information security countermeasures. The implemented measures are analyzed and evaluated according to NIST CSF,\*<sup>1</sup> a framework adopted by organizations and enterprises around the world. The results of these analyses are fed back into SBG's ongoing information security countermeasures. The evaluation is reviewed by external experts with information security expertise of the United States and other advanced countries at each stage of the implementation process.

## ■ Privacy and Personal Data

SBG's Privacy Policy sets forth policies to be followed by all Group directors, officers, and employees, and stipulates respect for all personal data,\*<sup>2</sup> including that of customers, business partners, and employees. Under this policy, Group companies establish their own internal rules and procedures for privacy protection. In the event a security breach or leak that may include personal data is detected, it is promptly reported to the information security officers of Group companies and to IT and other relevant departments, and steps are taken to identify the cause of the incident and prevent recurrences.

Under the Privacy Policy, SBG has established the Regulations on Handling of Personal Information to protect all personal information handled by the company. All officers, employees, and outsourced workers are required to comply with these regulations. To ensure widespread awareness of the proper management and handling of personal information, we regularly hold training for employees and outsourced workers.

### Developing Security Engineers and CSIRIT

SoftBank Corp.

SoftBank Corp. is focusing efforts on developing security engineers with the skills to deal with increasingly sophisticated and complex cyberattacks. These skills are built through security training and incident response drills. SoftBank Corp. has also created the SoftBank Computer Security Incident Response Team (SoftBank CSIRT), comprising more than 300 individuals from various departments. The SoftBank CSIRT prevents security incidents before they occur and minimizes damage through prompt incident response.



Participants in a cyberattack response drill

\*1 NIST CSF: A cybersecurity framework (CSF) established by an agency of the United States Department of Commerce National Institute of Standards and Technology (NIST). The NIST CSF integrates cybersecurity risk management standards, guidelines, and best practices.

\*2 Personal data comprises any data that can be used to identify an individual, including name, race, religion, contact information, personnel evaluations, medical data, criminal record or taxpayer ID number.