

Message from Our CFO

## We Will Adhere to Our Financial Policies Even in Unstable Conditions. For the Time Being, We Will Practice Prudent Capital Management and Take a More Conservative Approach.



### Yoshimitsu Goto

Board Director,  
Corporate Officer,  
Senior Vice President,  
CFO & CISO  
Head of Finance Unit  
Head of Administration Unit  
SoftBank Group Corp.

### Change in external environment

An awareness of macroeconomic dynamics is critical for all investment companies. Even in the context of the past 5–10 years, we have just experienced a year of significant developments in the global environment. In the U.S., monetary policy is being tightened to counter inflation, leading to ongoing increases in interest rates, while oil prices continue to soar amid heightened geopolitical risks associated with Russia's invasion of Ukraine. These developments have had a significant impact on the stock market across the board with the NASDAQ Composite Index and the S&P 500 declining since the beginning of 2022. In addition, the NASDAQ Golden Dragon China Index, which consists of Chinese stocks listed in the U.S., has fallen by half over the past year due to changes in policy and regulations in both the U.S. and China.

Under these conditions, the value of SBG's equity holdings declined significantly to ¥23.2 trillion as of March 31, 2022, from ¥30.4 trillion a year earlier. However, had this change in the financial market occurred three years earlier, when Chinese stocks accounted for around 70% of our investment portfolio, our equity value of holdings would have declined even further. As we have continued to diversify our portfolio, the weighting of Chinese stocks in our portfolio has decreased, leading to a comparatively smaller decline. We also issue corporate bonds, but the bonds outstanding are fixed rate and thus not affected by the rising interest rates in the U.S. That said, some of our portfolio companies have business models that are directly affected by interest rate trends, and we need to take a careful approach to mitigate the impact. However, such companies make up only a small portion of our overall portfolio.

Meanwhile, in the capital markets, we see an ongoing risk-off sentiment. This uncertainty looks to be here to stay due to rising geopolitical risk and policy developments in China, as well as monetary policy trends in other countries. Therefore, over the next 6–12 months, we will closely monitor risk factors, be prepared for further downside and continue to practice prudent management and take a more conservative approach.

### Fiscal 2021 summary: Adhering to our financial policies, we continued to invest steadily and deliver returns to shareholders

In fiscal 2021, we steadily invested and delivered returns to shareholders, while continuing to firmly adhere to our financial policies amidst unstable market conditions.

### Adherence to financial policies

Our financial policies reflect our long-standing pledge to investors and have not changed. We will continue to adhere to three key financial policies: operating at an LTV of below 25% in normal times (with an upper threshold of 35% even in times of emergency); retaining funds to cover at least two years of bond redemptions; and securing continuous dividend income from SVF1, SVF2, and other subsidiaries. Our LTV as of March 31, 2022, was 20.4%, providing us with sufficient financial buffer. Our cash position was ¥2.9 trillion,\*<sup>1</sup> which, given our bond redemption schedule over the next two years, is well in excess of our liquidity requirement.

\*1 This figure refers to cash and cash equivalents + short-term investments recorded as current assets + undrawn commitment line (which stood at ¥124.7 billion as of March 31, 2022) on a stand-alone basis for SBG (excluding SB Northstar).

### NAV


NAV, the most important indicator in evaluating SBG as an investment company, stood at ¥18.5 trillion as of March 31, 2022, reflecting a decline in the share prices of listed portfolio companies. Over the long term, we expect NAV to fluctuate but trend higher. That said, our

current NAV per share is far greater than SBG's share price. Closing this gap remains a key agenda for management.

### Financial activities

We were able to continue to raise funds under our stable financial management approach. We fully leveraged the value of owned assets utilizing our equity stakes in Alibaba, Arm, T-Mobile, and Deutsche Telekom, to raise a total of \$22.3 billion (net) in fiscal 2021. Most notably, in March 2022, we raised \$8.0 billion in capital by using unlisted Arm shares. In fiscal 2021, we redeemed totaling ¥1.2 trillion\*<sup>2</sup> (\$10.8 billion)\*<sup>3</sup> of corporate bonds and raised ¥2.3 trillion (\$20.2 billion)\*<sup>3</sup> from

the market, for a net amount of approximately ¥1.0 trillion (\$9.4 billion)\*<sup>3</sup> after accounting for redemptions. This was accomplished by issuing of a full range of corporate bonds in Japan and overseas, including senior, subordinated, and hybrid bonds, while at the same time, meeting the needs of those investors who are expecting the bonds to be rolled over.

 \*2 See "Redemption of corporate bonds" on page 120 and "Proceeds from issuance of corporate bonds" on page 119.  
\*3 Converted using the average exchange rate of each quarter.

### Investment activities

We exited investments while pursuing new investments, leading to further diversification of our portfolio. We also continued to buyback our

shares. In conclusion, we accomplished what we wanted to achieve.

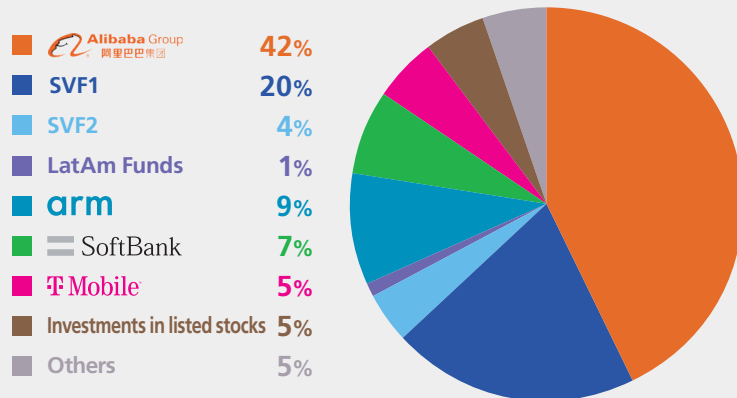
With the environment still favorable in the first half of fiscal 2021, we invested a combined \$44.2 billion at SVF1 and SVF2 and \$4.3 billion at the SoftBank Latin America Funds, which represents a cumulative total of nearly \$50.0 billion over fiscal 2021. However, starting in the third quarter, as the stock market began to deteriorate, we significantly reduced the speed of new investments. In response to changes in the financial environment, we took flexible and agile measures to manage LTV levels. Our management shares the view that we must adhere to our financial policies regardless of the macroeconomic environment. Our CEO and

finance team engaged in meaningful discussions and decided on priority measures to take, and steadily implemented those measures, which allowed us to reaffirm our financial security. We also made steady progress in the sale and monetization of investments and distributions from fund operations, with a total of \$15.2 billion in distributions received from SVF1 and SVF2. These distributions, together with our asset-backed finance and cash positions, provided sources of funds for reinvestment in our investment fund businesses.

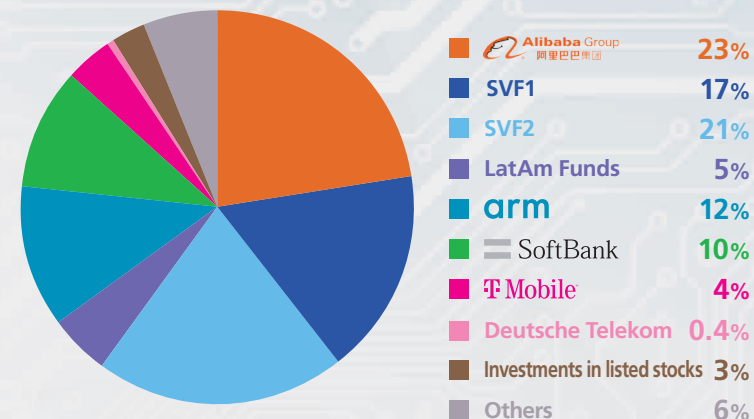
We are also mindful of the diversification of our portfolio. As of March 31, 2022, Alibaba shares accounted for approximately 23% of our total holdings, a significant reduction from

## Further portfolio diversification

Breakdown of equity value of holdings (excluding asset-backed finance)

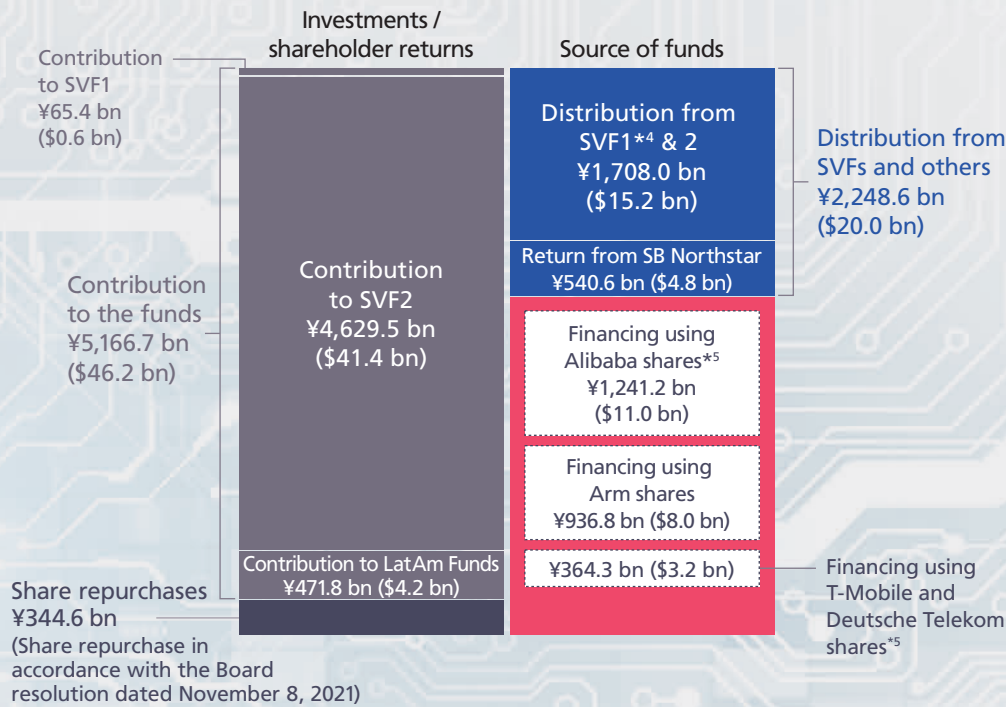


As of March 31, 2021



As of March 31, 2022

### Fiscal 2021 investment and recovery cycle



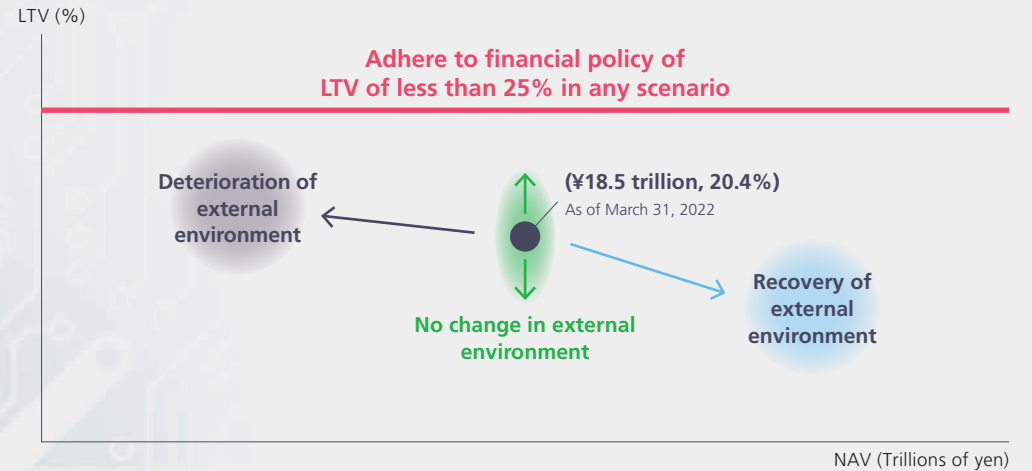
Note: Converted at the average exchange rate of each quarter.  
 \*4 Includes distribution to the SVF1 incentive scheme (\$1 billion).  
 \*5 Includes financing through prepaid forward contracts and margin loans (net).

more than 60% in the past. On the other hand, SoftBank Vision Funds increased their weighting in our portfolio. The number of investments in our investment fund business increased to 475,\*6 reflecting good progress in the diversification of our portfolio.

\*6 As of March 31, 2022 (May 6, 2022, for SVF2 only). Includes fully exited companies and 15 companies that are post-investment committee approval but pre-investment closing.

In November 2021, we announced a share buyback program of up to ¥1.0 trillion over a one-year period. We are executing this program in a flexible manner, in consideration of factors such as new investment opportunities and NAV discount level, among others, while strictly adhering to our financial policies. As of June 30, 2022, eight months after the announcement, we had bought back shares totaling ¥638.1

### Financial management policy for fiscal 2022 (illustrated)



Scenario	Assumptions	Actions to be taken
<b>No change in external environment</b>	Uncertainty in the external environment continues, and the equity value of holdings <b>remains unchanged</b> from FYE 2021.	Continue to invest and repurchase shares in accordance with our monetization and capital allocation policies
<b>Recovery of external environment</b>	The external environment recovers and the equity value of holdings <b>increases</b> from FYE2021.	Consider using leverage to accelerate investments while maintaining the level of LTV
<b>Deterioration of external environment</b>	The external environment further deteriorates, and the equity value of holdings <b>decreases</b> from FYE2021.	<b>Maintain LTV of &lt; 25% by significantly slowing new investments relative to monetization</b>

billion, an indication of the steady progress of the program.

### Responding flexibly to macroeconomic dynamics while adhering to our financial policies

Amid a persistently uncertain investment environment, in fiscal 2022 we will pursue two

pillars of our financial strategy: adherence to our financial policies, and flexible and agile financial management able to respond to any changes. We believe that the right thing to do is not to change our financial policies. No matter how the environment changes in the future, we will adhere to the three financial policies mentioned earlier.

As an investment company, over the past few years we have firmly established a cycle of investment, followed by monetization and reinvestment. Let us look back at the past two years. In fiscal 2020, we conducted a large-scale share buyback and strengthened our balance sheet using funds obtained from our ¥4.5 trillion monetization program completed amid deteriorating market conditions due to COVID-19. This resulted in an LTV of 12.2% at the fiscal year-end. In fiscal 2021, we made new investments and bought back additional shares by using funds generated through distributions and monetization from our investment fund business. Despite deteriorating market conditions, we ended the year with an LTV of 20.4%. As mentioned earlier, as we continue our cycle of investment/monetization/reinvestment, we must continue to operate prudently and respond flexibly and nimbly to any changes in the external environment while assessing risk factors and being prepared for further downside.

In February 2022, we announced the termination of the agreement to sell Arm to NVIDIA Corporation, and the preparations for a public listing of Arm, with careful consideration being taken to the best timing for the IPO. Positioning ourselves as a “Vision Capitalist for the Information Revolution,” we have long supported, through our investments, IT- and AI-driven companies that we believe will succeed in the future. By creating a new ecosystem revolving around Arm that provides core infrastructure for IT and AI, we will be even better positioned to lead the Information

Revolution. Since our acquisition of Arm, the company has made good progress with R&D and grown substantially, posting adjusted EBITDA\*7 of \$1.0 billion in fiscal 2021.

Accordingly, we believe that pursuing a listing at this stage will be beneficial for us and our shareholders. Following a successful re-listing, the proportion of our equity value of holdings represented by listed shares would increase, which we also expect would positively impact our credit rating.

\*7 Derived from financial information based on, but not necessarily fully compliant with, IFRS. Subject to change as unaudited and provisional.

## Stepping up essential ESG initiatives

In fiscal 2021, we further advanced our ESG initiatives. We began by establishing a Group policy on ESG areas of high importance to SBG. Some of our major Group companies are independent, publicly listed companies with their own policies. While understanding and respecting such policies, we established a new Environmental Policy and Supplier Code of Conduct to clearly state our policies as a Group. We will continue actively developing Group ESG policies going forward.

We also promote ESG initiatives in our investment business. Many of our portfolio companies are already working to address climate change, recycle resources, ensure diversity and inclusion, and eliminate inequality and discrimination. We believe that an important challenge for the future is how to


integrate ESG seamlessly into our investment criteria. Companies that lack an ESG perspective are more likely to deliver poor growth over the medium to long term, so investing in such companies could adversely affect our investment performance. It is important that we address social needs head on. We will not simply incorporate ESG into our investment criteria; we will continue to monitor the ESG efforts of those companies we choose to invest in and engage with them as necessary.

With respect to the environmental (E) aspect of ESG, in June 2022 we disclosed information in line with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), along with the Group’s greenhouse gas emission reduction targets. SBG has already achieved Carbon Neutrality, and several major subsidiaries have set their own targets. We will continue working together as a Group to promote these initiatives.


Regarding the social (S) aspect of ESG, we are stepping up efforts related to human rights, including identifying human rights risks. We have also remained proactive in addressing the spread of COVID-19. For example, we conducted a nationwide vaccination program and developed a “mobile PCR testing vehicle.” Another focus is human capital, which is becoming more important these days. We believe that continuously improving the quality of our human resources will drive our future growth – people are the most valuable form of capital in the investment business. For this reason, we help all individual employees to enhance their skills and become global talent.

As for the governance (G) aspect, the Board of Directors, which is the core of SBG’s governance, includes global corporate executives and top-notch academics with highly diversified skillsets, as evidenced by the Board’s skills matrix. Another feature of our Board is its independent directors, who account for more than 50% of members.

While these activities have already been highly rated by third-party ESG evaluation organizations,\*8 we plan to further enhance our essential initiatives. We will continue to promote ESG to enhance our vision while considering social demands and making sure for continuous improvements.

 \*8 See page 39 for the external evaluations of sustainability.

As of June 24, 2022, Yotaro Agari, Global Head of Investor Relations, was appointed as Chief Sustainability Officer and Head of the Sustainability Department.

 See page 57 for his message.

Sustainability: Our Basic Approach

# 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 for 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 leader in the Information Revolution to realize a sustainable society.**

## Sustainability principles

We established the SoftBank Group Sustainability Principles as a guideline to appropriately advance sustainability activities. Based on these principles, we have identified material issues (“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 the 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 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 prioritize.

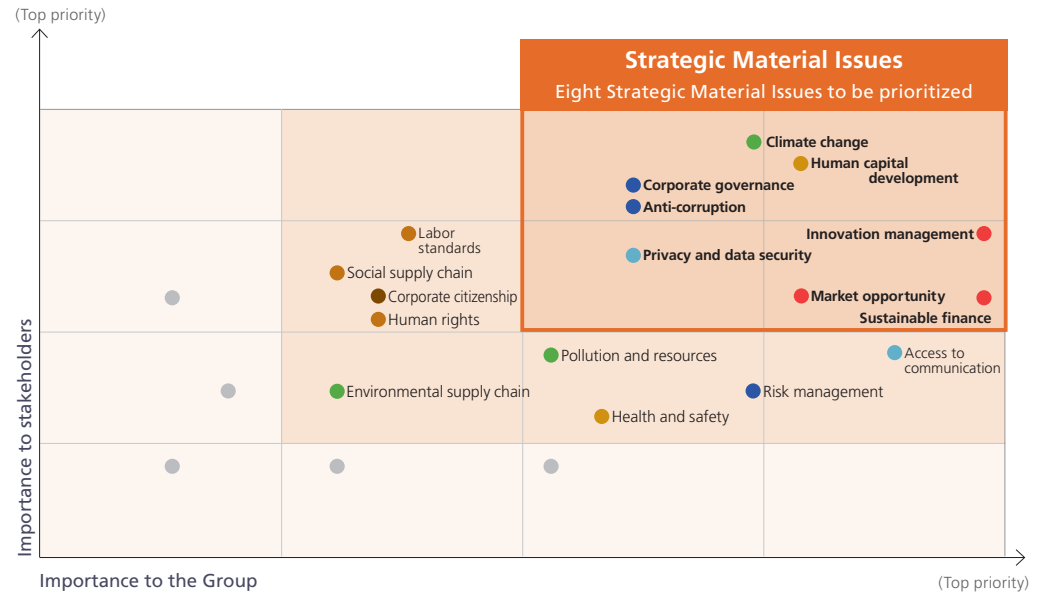


Identify issues surrounding the Group’s main businesses by referring to external guidelines and opinions of experts.

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

Identify Strategic Material Issues that the Group should address with particular priority.

### Strategic Material Issues



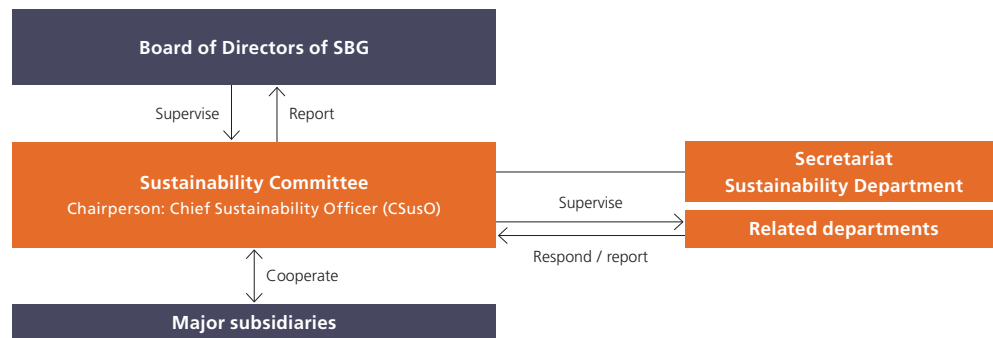
Note: The colors of each materiality indicate its association with the six activity themes.

## Sustainability governance structure

The Board of Directors has appointed Chief Sustainability Officer (CSusO) and established the Sustainability Committee. The Committee is chaired by 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 taking into account the requests from our stakeholders, and reports to the Board for supervision.

### Sustainability governance structure



## Status of the Sustainability Committee

SBG's Sustainability Committee was established in June 2020 and meets around once a quarter. The heads of relevant departments within the company also attend the meetings to engage in cross-departmental discussions based on expertise and multiple perspectives.

The Committee was held three times in

fiscal 2021 (October 2021, December 2021, and March 2022). Its discussions included the Group's response to climate change and human rights risks, which are material issues for the Group, and revisiting the value creation story based on its corporate philosophy and strategies.

### Members

As of June 24, 2022

<b>Chairperson</b>	Yotaro Agari (head of Investor Relations Department & head of Sustainability Department)
<b>Members</b>	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)

### Operations

As of March 31, 2022

<b>Meetings held</b>	5 times in total (2 times in fiscal 2020, 3 times in fiscal 2021)
<b>Main matters discussed to date</b>	<ul style="list-style-type: none"> <li>Integrating ESG factors into the investment process</li> <li>Strengthening ESG information disclosure</li> <li>Establishing ESG-related Group policies</li> <li>Responding to climate change</li> <li>Responding to human rights risks</li> </ul>

## Sustainability in the investment business

### Integrating ESG into the investment process

SBG believes that encouraging its portfolio companies to engage in ESG initiatives will contribute to the sustainable development of society and the sustainable growth of the Group. With this in mind, we revised our Portfolio Company Governance and Investment Guidelines Policy in May 2021 and set forth criteria on 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.\*<sup>1</sup>

In evaluating the environmental and social factors of investees, each investment subsidiary develops its own management plan, which includes environmental and social issues and specific evaluation methods for addressing such issues. Some of our investment subsidiaries have already started evaluating the environmental and social initiatives of potential investees at due diligence processes and are studying how to utilize the evaluation results in investment decisions and post-investment monitoring.

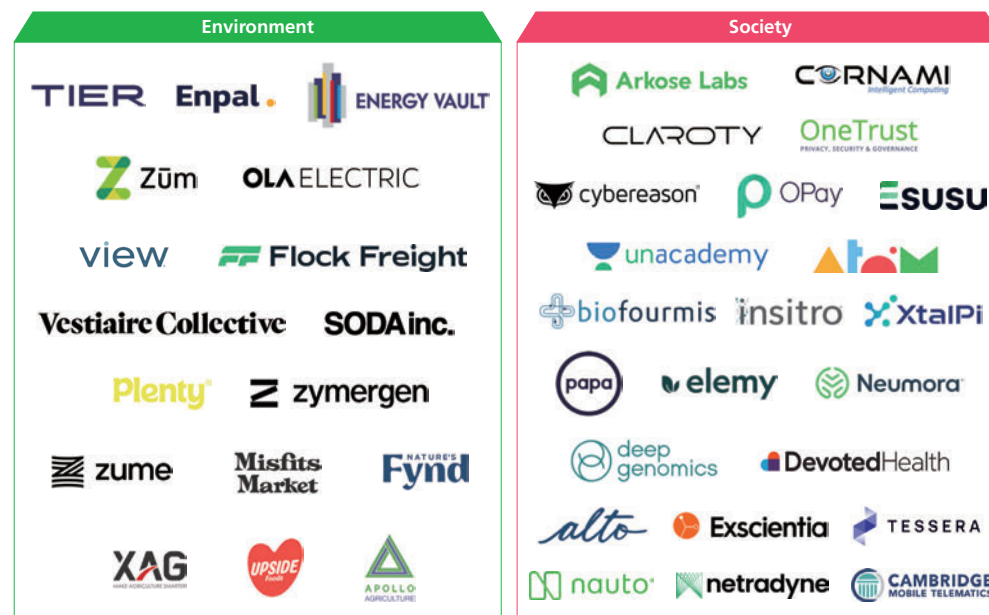
\*<sup>1</sup> Includes SoftBank Vision Funds and investment subsidiaries managed by subsidiaries of SBG but excludes listed companies and subsidiaries that the Group is restricted from controlling for regulatory reasons and their subsidiaries.

### Environmental and social contributions through the business of portfolio companies

SBG, as a “Vision Capitalist for the Information Revolution,” contributes to resolving issues, such as climate change and educational and economic inequalities, and achieving sustainability on a global scale, by investing in companies with innovative technologies and business models. The following shows examples of SoftBank Vision Funds’ portfolio companies that contribute to solving environmental and social issues.

📄 See pages 42 and 47 for more on businesses of our portfolio companies.

#### Portfolio companies that contribute to solving environmental and social issues (SoftBank Vision Funds)



Note: These are examples of portfolio companies that contribute to solving environmental and social issues.

### Discovering, fostering, and investing in outstanding underrepresented founders

SBG has been working to discover, foster, and invest in exceptional underrepresented founders through Emerge, an accelerator program to foster underrepresented founders, and the SB Opportunity Fund, which invests in the businesses of underrepresented founders in the U.S.

📄 See page 47 for more information on the Emerge and the SB Opportunity Fund.

## Sustainability bonds

Funds raised through the issuance of sustainability bonds by subsidiaries of the Company are used to promote businesses that help resolve environmental and social issues.

### HAPS Bond (SoftBank)

In January 2022, SoftBank issued a total of ¥30 billion in sustainability bonds (nicknamed “HAPS Bond”) to fund capital expenditures, R&D, and other areas related to high altitude platform station (HAPS) business.

HAPS are unmanned aircraft systems flown in the stratosphere that act as airborne base stations. They are operated to construct stable Internet environments that deliver connectivity to mountainous areas, remote islands, developing countries, and other areas and regions lacking access to traditional telecommunications networks.



HAPS image

### Green bonds (Z Holdings)

In July 2021, Z Holdings issued ¥20 billion in green bonds as a means of raising funds for projects that contribute to solving environmental issues. Funds raised are to be allocated to expenditures for constructing, refurbishing, acquiring, and operating energy-efficient data centers to be used by the Z Holdings Group, as well as to the procurement of renewable energy-based electricity to be used at data centers.






Environmentally conscious next-generation data center

## External evaluations of sustainability\*2

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

### Inclusion in ESG indexes

Index name	Company name
Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&P Global CSA	Dow Jones Sustainability World Index (DJSI World) Z Holdings
	Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific) SoftBank Z Holdings
 FTSE4Good	FTSE4Good Index Series*4 SBG
 FTSE Blossom Japan	FTSE Blossom Japan Index*4 SoftBank
 FTSE Blossom Japan Sector Relative Index	FTSE Blossom Japan Sector Relative Index*4 Z Holdings
<b>2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</b>	MSCI Japan ESG Select Leaders Index*5 SoftBank Z Holdings
<b>2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</b>	MSCI Japan Empowering Women Index (WIN)*6 SBG SoftBank Z Holdings

### Major evaluations and accreditations

**The Sustainability Yearbook Member**  
SBG, SoftBank,\*3 Z Holdings

**Sustainability Yearbook Member 2022**  
S&P Global

Selected as “The Sustainability Yearbook Member” by S&P Global in “The Sustainability Yearbook 2022,” a listing of companies with outstanding sustainability.

**CDP**  
SBG  
SoftBank

 **CDP**  
DISCLOSURE INSIGHT ACTION

Received an A– score in the overall rating and the Supplier Engagement Rating in the field of climate change by CDP, an international environment-related NGO.

**Kurumin, Platinum Kurumin**  
SBG  
SoftBank



SBG granted “Kurumin” certification and SoftBank granted “Platinum Kurumin” certification as excellent child-care support companies.

**Science Based Targets (SBT)**  
SoftBank

 **SCIENCE BASED TARGETS**  
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The goals detailed in SoftBank’s “Carbon Neutral 2030 Declaration” were certified as Science Based Targets (SBT), as they are based on scientific evidence.

For more details, see each website:  SBG  SoftBank  Z Holdings

\*2 As of April 1, 2022

\*3 SoftBank was also selected as an “Industry Mover” for improving its score the most from the previous year.

\*4 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.

\*5 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 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.

\*6 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.




# Global Environment Conservation Initiatives

**Maintaining and protecting the global environment is our responsibility as a global citizen 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

In May 2021, SBG established its Environmental Policy as a set of principles for conducting corporate activities in consideration of the global environment. We promote our activities in accordance with this policy, which stipulates, among others, that we comply with environment-related laws and regulations, respond to climate change, reduce environmental burden, conserve resources, and conserve biodiversity.


We also set out environmental ethical standards in our Supplier Code of Conduct, including compliance with environmental laws and regulations, waste management and reduction, effective use of materials, and consideration for biodiversity, and require our suppliers to work in accordance with this code.

 For the full text of our Environmental Policy, see "Environmental Initiatives" under "Sustainability" on our website.

 For the full text of our Supplier Code of Conduct, see "Social Initiatives" under "Sustainability" on our website.

## Climate-related information disclosures in accordance with the TCFD recommendations

Natural disasters caused by climate change are becoming more serious every year, and urgent action is required to mitigate and adapt to such events. We keenly recognize the importance of addressing climate change and disclose information on the following four items in accordance with the recommendations of the TCFD.\*<sup>1</sup>

 \*1 Task Force on Climate-related Financial Disclosures. For the full text of our climate-related information disclosures in accordance with the TCFD recommendations, see "Environmental Initiatives" under "Sustainability" on our website.

## Disclosure items in accordance with the TCFD recommendations

<b>Governance</b>	Organizational governance of climate-related risks and opportunities
<b>Risk management</b>	Identifying, assessing, and managing climate-related risks
<b>Strategies</b>	Impact of climate-related risks and opportunities on our business
<b>Metrics and targets</b>	Metrics and targets for assessing and managing climate-related risks and opportunities

### Governance

**Board of Directors:** SBG's Board of Directors makes decisions on important sustainability issues for the entire Group. The Board deliberates and decides matters, including identifying climate-related risks and opportunities, developing countermeasures, and setting Group targets for greenhouse gas emission reduction and oversees the Company's response to climate change.

**Chief Sustainability Officer (CSusO):** The Board of Directors has appointed a CSusO who is in charge of executing operations related to sustainability. The CSusO is responsible for developing policies, setting targets, and promoting initiatives related to sustainability. As for climate-related actions, the CSusO also plays a leading role in, among others, identifying risks and opportunities, planning actions, and setting Group targets regarding greenhouse gas emission reduction.

**The Sustainability Committee:** The Sustainability Committee, chaired by the CSusO (head of Investor Relations Department and Sustainability Department), consists of three members, Board Director, Corporate Officer, Senior Vice President, CFO & CISO (head of Finance Unit and head of Administration Unit), Corporate Officer, Senior Vice President (head of Accounting Unit), and Corporate Officer, CLO and GCO (head of Legal Unit). The committee continually discusses

material sustainability-related issues for the Group and how to respond to them, and reports its findings to the Board of Directors. The Board oversees the committee upon receiving those reports. The committee also discusses and considers climate-related actions, including identifying climate-related risks and opportunities, planning of actions, and setting Group targets for greenhouse gas emission reduction.

### 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 gathered regularly as part of the Group-wide risk management process.

In 2021, SBG established an internal working group ("TCFD WG") to hold cross-functional discussions on climate-related risks. Based on the results of the discussions, the Sustainability Committee and the Board of Directors identified climate-related risks and deliberated and decided countermeasures. We will incorporate the identified climate-related risks and countermeasures into our Group-wide risk management and sustainability-related risk management processes and monitor them on an ongoing basis.

## Strategies

### Consideration process of climate change impacts and actions

SBG identified risks and opportunities, examined the impact, and considered countermeasures, among others, at the TCFD WG for our investment businesses, which is our core business covering the Investment Business of Holding Companies, SoftBank Vision Funds,

and Latin America Funds (the “Company’s Investment Businesses”). Based on the study, the Sustainability Committee and the Board of Directors discussed the assessment of the impact of climate change on the Company\*2 and considered countermeasures.

\*2 The “Company” refers to SBG and subsidiaries at the Company’s Investment Businesses in the “Strategies” section on this page.

### Risks and opportunities in the Company’s Investment Businesses

Climate-related risks and opportunities anticipated in the Company’s Investment Businesses are summarized below.

Classification	Opportunities	Risks
<b>New investments</b>	<ul style="list-style-type: none"> <li>Expected returns from new investments in companies that provide climate-related technologies and services (e.g., climate tech)</li> </ul>	<ul style="list-style-type: none"> <li>Reduced investment opportunities due to potential portfolio companies’ concern to accept investments if our climate change response is inadequate</li> </ul>
<b>Existing investments</b>	<ul style="list-style-type: none"> <li>Enhanced corporate value of existing portfolio companies due to their adequate response to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Reduced corporate value of existing portfolio companies due to their inadequate response to climate change</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Expanded financing opportunities by gaining investors’ support for our steady responses to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Reduced financing opportunities due to lower evaluation from investors if our climate change response is inadequate</li> </ul>

### Opportunities

As the entire world works to address climate change, demand for technologies that help combat climate change is expected to grow further. Some AI-driven companies provide technologies and services that help address climate change, such as climate techs. Our portfolio already includes those companies in a variety of sectors, including energy, transportation, and agriculture. As we proactively invest in these areas, where we

expect the market to keep expanding, we might be able to boost our investment returns.

In our existing portfolio companies, we see opportunities to enhance their corporate value by reducing greenhouse gas emissions and providing services and products that help combat climate change. We also believe that steady progress in our climate-related initiatives will help gain the support of investors who value climate action, thereby expanding financing opportunities.

### Risks

If our efforts to address climate change are materially inadequate, investee candidates who value investors’ actions against climate change might avoid accepting our investments, which could lead to reduced investment opportunities. This might also lead to a lower reputation from investors who value companies’ climate change responses and a decline in financing opportunities.

Moreover, other climate-related risks, such as natural disasters and tighter environmental regulations could worsen the financial condition of our portfolio companies, resulting in a decline in the equity value of our holdings of SBG.

### The Company’s recognized impact of risks and opportunities

If our climate change responses are significantly inadequate, there is a risk of reduced investment and financing opportunities as described above. However, we believe that such risks can be avoided if we steadily take action against climate change, including greenhouse gas emission reduction. As for climate-related risks in existing portfolio companies, many AI companies we invest in have relatively small greenhouse gas emissions and do not have large production facilities or complex supply chains. Therefore, we assume limited impacts from both transition risk and physical risk.

At the same time, we aim to contribute to the well-being of people by driving the deployment of AI and other disruptive technologies, guided by our corporate philosophy of Information Revolution—Happiness for everyone. As

increasingly serious natural disasters adversely affect people’s lives in various ways, we believe that proactive investment in providers of technologies and services that help address climate change will enable us to realize our corporate philosophy and contribute significantly to solving climate change.

### Responses to risks and opportunities

We are taking the following measures to address the identified climate-related risks and opportunities.


- Consideration of 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 through workshops
- Greenhouse gas reduction**  
 Reduce greenhouse gas emissions from our business activities

## Metrics and targets

### Group target: Achieve Carbon Neutrality by fiscal 2030

Seeking to further reduce greenhouse gas emissions from our business activities, in June 2022 we set a new Group target\*<sup>3</sup> to achieve Carbon Neutrality by fiscal 2030 and reach virtually zero greenhouse gas emissions from business activities. To that end, we are actively using renewable electricity across the Group and promoting power- and energy-saving measures at head offices and data centers.

\*<sup>3</sup> Applies to greenhouse gas emissions (Scope 1 and 2) from the business activities of SBG and major subsidiaries

 For more information on greenhouse gas emissions, see "ESG Data" on our website.

## Initiatives for climate change mitigation

### One Planet Private Equity Funds membership (SBIA)

SBIA, which manages SoftBank Vision Funds, is a founding member of the One Planet Private Equity Funds (OPPEF), a private equity fund initiative on climate change. The initiative aims to promote investment and asset management that takes climate-related risks into account in partnership and collaboration with institutional investors around the world.

### Examples of investments in companies that contribute to climate change mitigation

Through our investment business, we have made a number of investments that are actively working to reduce carbon emissions.

#### SoftBank Vision Funds

##### Electricity storage solution for renewable energy (Energy Vault)

Energy Vault has developed a system to store electricity in proprietary "blocks" stacked in tower-like structures by using gravitational potential energy and kinetic energy. This system offers a low-cost solution for energy storage and it contributes to the further dissemination of renewable energy.



##### Solar panel lease at low price for housing (Enpal)

Enpal is a leasing company that provides residential solar systems. It contributes to the further spread of solar energy through leasing solar systems with no up-front costs. It has already provided solar systems in around 14,000 homes and aims to install them in a million homes over the next 10 years.



##### Leading decarbonization of micro-mobility industry (TIER Mobility)

TIER Mobility provides a sharing service for e-bikes, e-mopeds, and other light electric vehicles in over 20 countries and 200 cities in Europe and Middle East. The first micro-mobility provider to be fully carbon-neutral, TIER Mobility is leading the decarbonization in the sector.



##### Realizing carbon-neutral commute for students (Züm)

Züm is reducing CO<sub>2</sub> emissions in student transportation in the U.S. by deploying a fleet that includes electric school buses. Having achieved carbon-neutrality in 2021, Züm has pledged that 100% of its on-road fleet will consist of electric vehicles by 2025.



#### SB Opportunity Fund

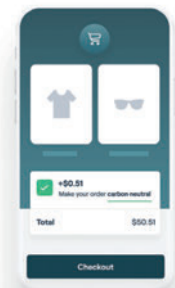
##### Capturing CO<sub>2</sub> in the air on building and factory rooftops (Noya)

Noya retrofits cooling towers on office buildings and factories so that they can capture atmospheric CO<sub>2</sub>. The company then purchases the captured CO<sub>2</sub> and uses it for industrial purposes, creating a sustainable cycle.



##### Making carbon offsets accessible to everyone (Cloverly)

Cloverly is a carbon offset app. It calculates the carbon footprint of the user's online purchases and other everyday transactions and then allows the user to purchase carbon credits to offset the emissions associated with the transactions. Through these carbon offsets, the app encourages consumers to support projects for reducing or capturing CO<sub>2</sub>.



## Renewable energy business (SB Energy, SB Energy Global Holdings, SB Power)

Through its renewable energy-related businesses, we are working to promote and expand the use of renewable energy. Meanwhile, SB Energy has strengths in the development, ownership, and operation of renewable energy power plants, which represent the upstream element in the sector. Using these strengths, it also engages in midstream and downstream businesses focusing on power utilization.

SB Energy operates 50 solar photovoltaic and wind power plants in Japan and Mongolia, with a generating capacity of around 773 MW,\*<sup>4</sup> enough to meet the annual power consumption of around 270,000 ordinary Japanese households. In addition, SB Energy Global Holdings and its subsidiaries own and operate four solar photovoltaic power plants in the U.S., with a total generating capacity of around 1,300 MW.\*<sup>4</sup>

SB Power, which engages in the retail electricity business, provides *Shizen Denki*, an electricity service for households with a virtually 100% renewable energy ratio.\*<sup>5</sup> In fiscal 2021, it achieved an annual CO<sub>2</sub> emission reduction effect of approximately 19,000 tons\*<sup>6</sup> through the service.



Miyagi Osato Solar Park

\*<sup>4</sup> As of April 2022

\*<sup>5</sup> By combining electricity supplied to customers with non-fossil certificates designated for renewable energy, SB Power can supply electricity with a virtually 100% renewable energy ratio and virtually zero CO<sub>2</sub> emissions.

\*<sup>6</sup> The CO<sub>2</sub> emission reduction effect is calculated by multiplying the amount of electricity used by *Shizen Denki* users by the national average CO<sub>2</sub> emission factor and adding J-Credits generated from support for activities by forest conservation groups.

## Establishment and operation of Renewable Energy Council and 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.



Visit the official website of the Renewable Energy Council to learn more (available only in Japanese).



Visit the official website of the Government-Designated Cities Renewable Energy Council to learn more (available only in Japanese).

## Conserving biodiversity

We recognize that preserving biodiversity is an important issue that underpins sustainable corporate management. In consideration of biodiversity, therefore, we are working to prevent and reduce the negative impacts of our business activities on the ecosystem.

### Examples of portfolio companies that contribute to biodiversity conservation



Production of drones that contribute to increased-agricultural productivity



Production of versatile fungi-based proteins



Production of cultured meat using animal cells

## Promotion of a circular economy

To ensure the efficient and effective use of our finite resources, we strive to reduce the environmental impact of our business activities by conserving resources, controlling waste generation, and promoting the reuse and recycling of products and materials. We are also helping build a circular economy through our reuse business, which includes flea market services.

### Examples of subsidiaries and portfolio companies that contribute to a circular economy



- Operation of *YAHUOKU!* (online auction and flea market service)
- Operation of *PayPay Flea Market* (online flea market service)



Production of food containers made of new materials to replace plastic

# Our Initiatives to Society: As a Leader of the Information Revolution

**We strive to create an environment where all people are respected and challenged to be their best selves. As a leader in the Information Revolution, we will optimize the strengths of each Group company in contributing to the resolution of social issues that have emerged because of the development of information technology and the advance of globalization.**

## Respect for human rights

Under the corporate philosophy of Information Revolution—Happiness for everyone, we aim to properly develop and improve the power of the Information Revolution for the well-being of people. Accordingly, we recognize the importance of respecting human rights for all people in every aspect of our business activities. With this in mind, we have established our Human Rights Policy, which stipulates basic matters pertaining to human rights, and are conducting ongoing education and awareness activities through training and other programs to work on its dissemination and raise awareness of human rights among directors, officers, and employees. In addition, since it requires cross-departmental collaboration in the protection of and respect for human rights, SBG has established a system that can deal with human rights risks peculiar to the Group by coordinating with specialized teams in various fields, such as HR, compliance, risk management, and sustainability.

## Identifying human rights risks

### Human rights survey

In February 2022, as part of its human rights due diligence, SBG conducted a human rights survey to directors, officers, and employees to better understand human rights risks in business activities and consider preventive and remedial measures, with a response rate of approximately 77%. From the responses, we confirmed human rights issues that had occurred within the last 12 months and ascertained potential

human rights risks that could occur in the future. Responses included references to overwork, harassment, discrimination based on gender or other grounds, and human rights risks associated with AI and other technologies used or developed by our portfolio companies. For the identified human rights risks, we will continue to take measures to prevent an occurrence of such risks by providing ongoing training and other measures, while exploring countermeasures based on the findings from regular monitoring through employee satisfaction surveys.

## Protecting human rights in supply chain

It is essential that human rights are respected throughout our supply chain to ensure sustainable supply chain.

As such, SBG established the Supplier Code of Conduct that stipulates those matters with which suppliers are asked to comply. Our goals are to ensure the promotion of business activities that comply with high ethical standards. This includes respecting the human rights of workers and ensuring a safe and sanitary working environment.

SoftBank implements human rights due diligence in its supply chain as part of its response to human rights. In fiscal 2021, the company conducted self-assessments with major suppliers and distributors operating *SoftBank* and *Y!mobile* shops. Although no cases of human rights violations were identified, SoftBank requested distributors where potential human rights risks were observed to develop human rights policies and LGBTQ+ considerations, among others. The company

also requested the other distributors to promote further efforts to respect human rights.

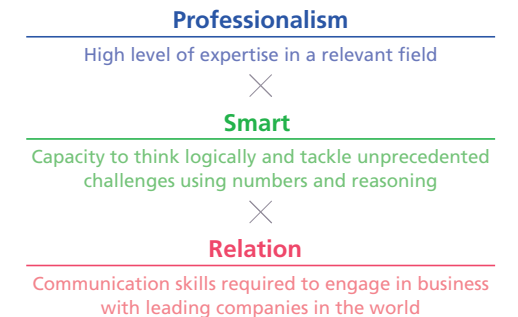
## Human resources strategy

SBG expects each of its employees to be a professional and strive to excel in their fields. In our hiring and career development activities, we are looking for people who share our vision, which continues to stand the test of time since our founding; thrive on change; and can continually improve themselves.

## SBG hiring policy and career development

SBG hires professionals based on the three core competencies: professionalism, smart, and relation, regardless of age, gender, nationality, etc. We have established a system for self-driven career development to enhance these three core competencies so that in-house training as well as external training programs can be selected and attended by employees themselves. Other assistance includes covering the costs necessary for retaining qualifications. In addition, we have established a system for second jobs to help employees realize their career goals.

## Three core competencies we seek in our employees



## Promoting diversity and inclusion

SBG believes the driving force for the growth of the entire Group is each employee being able to fully express their individualities and abilities. By advancing the hiring and promotion to management positions of individuals regardless of their age, gender, nationality, or disability, we are creating a workplace rich in diversity where everyone can play an active role.

### Empowerment of women

We are promoting diversity as a driving force underpinning the growth of the entire Group, with a particular focus on women empowerment.


#### SBG

SBG has traditionally hired and promoted employees based on their abilities without regard to gender. Approximately 44% of all employees and 22% of managers are female. Females occupy a wide range of positions, from Board Directors to junior managers, approximately 11% of the Board Directors, 18% of senior managers, and 28% of junior managers. Each of them is engaged in duties by making the best use of their expertise.

#### Data relating to women empowerment

Ratio of female employees Approx. <b>44%</b>	Ratio of female managers Approx. <b>22%</b>
Ratio of female employees (new hires) Approx. <b>52%</b>	Average years of employment Men: <b>9.44</b> years Women: <b>9.26</b> years

Note: As of March 31, 2022

 For more data on human resources and diversity, see "ESG Data" on our website.

#### SoftBank Investment Advisers

In November 2021, Lydia Jett became the first female investor to hold the rank of managing partner at SoftBank Investment Advisers (SBIA), which manages the SoftBank Vision Fund. In the past year, 40% of promotions to Investment Partner and Managing Partner in the last round were female. By promoting women to more senior roles, SBIA is helping to bridge the gender gap in the investment community.

#### SoftBank

SoftBank has positioned the promotion of diversity as a management priority. With the objective of promoting the advancement of women in its workforce, the company has set targets of roughly doubling women's representation in management from 7.1% in fiscal 2021 to 15% in fiscal 2030 and to have roughly tripled the ratio to 20% by fiscal 2035. Toward achieving these targets, the Advancement of Women Promotion Committee, which comprises executives and outside experts, was established in July 2021. In addition to further expanding previous initiatives, such as programs for female employees and unconscious bias training for all employees, the company is introducing and promoting new measures based on the discussions at the Advancement of Women Promotion Committee.

## Creating a healthy working environment for employees

SBG is working to identify and reduce occupational health and safety risks to maintain a healthy working environment where all employees can work in good physical and mental health. As part of those efforts, SBG conducts labor risk assessments, which include regular employee health checkups and stress checks, monitoring and forecasting long working hours, and checks for harassment as part of employee satisfaction surveys. As part of its effort to optimize working hours for employees, we simulate monthly and annual working hours for individual employees by using an attendance tracking system, act in response to employees expected to work overtime, and continuously report working hours to management.

### Vaccinations at workplaces for safe and secure working environments

To contribute to an earlier rollout of vaccinations against COVID-19 in Japan, from June 2021, SBG cooperated with its Group companies in administering approximately 240,000\*1 doses of vaccine at a total of 13 sites nationwide to employees of Group companies, their families, business partners, healthcare workers, and local residents. The management of vaccinations at workplaces was achieved efficiently by utilizing digital solutions. These included smooth reception and registration of vaccination completion procedures using the *HELPO* healthcare app provided by Group company Healthcare Technologies; health consultations where doctors and others respond via chat 24 hours a day, 365 days a year; and the effective filling of slots canceled on the same day by utilizing a vaccination slot notification service provided by Yahoo Japan. SBG also grants special paid leave to employees who need to take time off due to side effects, etc. By creating a working environment where employees can work with peace of mind, SBG is contributing to the early dissipation of COVID-19 infections in Japan.



Vaccinations site at workplace

\*1 Total number of first to third vaccinations as of May 31, 2022. Includes the Tokyo Nogizaka Vaccination Center and the WeWork Minato Mirai Site, which cooperated as vaccination sites.

## Best mix of work styles for the post-COVID era

### SBG

SBG has systems in place to ensure the safety of its employees. As one example, a system was introduced that allowed its employees to work from home as the spread of COVID-19 infections became more pronounced. In a post-pandemic future, we are aiming for an optimal mix of work styles, with a focus on in-office work while also making effective use of remote work and super flextime system, in a bid to better respond whenever an emergency strikes, including natural disasters such as earthquakes and typhoons, and pandemics, while ensuring the safety of our employees.

### SoftBank

Arising from our belief that maximizing the performance of the organization and individual employees will lead to an increase in corporate value, SoftBank is promoting the best mix of work styles that combines, for example, in-office work, remote work, and satellite office work. Rather than setting a uniform company-wide frequency of office attendance, the company is, on an organizational-wide basis, practicing work styles that allow the organization and individual employees to demonstrate their capabilities to the full based on business characteristics and other factors.

### Yahoo Japan

Since 2014, Yahoo Japan has had in place its *Office Anywhere* program, whereby employees can freely choose where they work, and since 2020 the company has been promoting new work styles that are not tied to time and place, such as removing the limit on the number of times used. From April 2022, the company expanded the means of commuting and the areas where employees can live, abolished the cap on one-way transportation expenses, and increased the *Office Anywhere* allowance to improve the working environment by enabling employees to choose their work styles more proactively than before. The company will also maximize performance by improving employee well-being, hiring talented people, and promoting work styles that match diverse values.

### PayPay

PayPay has institutionalized its Work From Anywhere at Anytime (WFA), new work style that allows employees to work freely anytime and anywhere in Japan if they are in an environment where performance can be demonstrated. As there are no restrictions placed on time and place, WFA can realize an efficient work style according to the situation. Continuing WFA even after COVID-19 infections have subsided, the company will make ongoing improvements for better work styles.

### Contribution to early subsiding of COVID-19 infections—Providing flexible testing

The SB Coronavirus Inspection Center developed a mobile PCR testing vehicle that enables the flexible provision of saliva PCR testing. By making highly accurate PCR testing available regardless of location, the company is supporting the building of a test system that utilizes screening tests in the post-COVID era. We are aiming to contribute to the early normalization of economic activities through a variety of measures including prevention of the spread of COVID-19 and revitalization of local economies.



## Toward establishment of AI ethics

Since its foundation, SBG has consistently invested in the technologies that have driven the Information Revolution, such as the Internet and mobile technologies, with AI currently becoming pivotal to that revolution. Of the myriad technologies that humankind has produced thus far, it is believed that AI will bring innovation to many more industries and has the potential to contribute to the realization of human well-being to an unprecedented extent. In contrast, misuse of AI could have negative consequences on human rights, including infringements of people's self-determination. SBG will seek to establish Group-wide AI ethics as the responsibility of a company that invests in AI, to ensure AI is utilized for people's well-being.

### Principles of AI ethics

SBG is advancing studies toward the establishment of its basic principles that will guide the Group's AI ethics. In establishing the principles, we are collaborating with Yutaka Matsuo, a leading expert in AI and deep learning in Japan and an SBG Board Director, and with domestic and overseas Group companies that are responsible for major businesses, while discussing the AI ethics for which we should be aiming. By

clarifying common principles that should be used as guidelines, we will help build a society where people can use AI with peace of mind.

### AI talent development

For society to enjoy the benefits of AI to the maximum extent, we believe that it is important to improve AI literacy on both the developer and user sides. We are therefore working to develop AI talent for the Group as a whole.

Aiming for AI skill acquisition for all its employees, including not only engineers but also AI users and service planners, SoftBank launched *AI Campus* within *SoftBank University*—its unique organization for talent development—and is focusing on providing programs for employees to acquire AI skills. In fiscal 2021, the company launched an e-learning course to learn about AI basics for beginners, and accelerate the increase of AI talent with AI-related knowledge and skills.

Having established *Z AI Academia*, a community to develop human resources with expertise in AI across Group companies, Z Holdings is promoting knowledge sharing within the Group and business collaboration utilizing AI. Not only researchers and engineers but also various occupations such as product managers and producers who utilize AI are included among those eligible for training, and the company is focusing on developing AI-savvy talents.

## Initiatives to resolve social issues through business

We believe that a socially responsible organization is one that creates a positive social impact. As an organization whose mainstay business is investing, we fulfill our social responsibility by investing in businesses that address social issues.

### SoftBank Vision Funds

#### Quality education for all (Unacademy)

Unacademy is India's largest online learning platform. Designed with the goal of democratizing access to high-quality education, the platform provides content to prepare students for specific examinations and more than a million video lessons that are free to view.



#### Curing disease through a new genome engineering technology (Tessera Therapeutics)

Tessera Therapeutics has developed a new biotechnology that can write and rewrite DNA into the genome, creating an opportunity to cure diseases at their source.



#### High-quality and affordable healthcare for seniors (Devoted Health)

Devoted Health provides high-quality and affordable healthcare to seniors in the U.S. At a time when healthcare is all too often confusing and impersonal, Devoted Health provides a seamless service, making healthcare easier and better suited to the person's needs.



#### Using predictive AI to reduce driver error and make the roads safer (Nauto)

Nauto uses a dual-facing camera and external sensors to detect and warn the driver of risks associated with distracted driving and tailgating, etc., preventing traffic accidents before they occur.



## Group companies in Japan

### Providing affordable broadband in Africa (SoftBank)

SoftBank and Smart Africa Secretariat\*2 are working to bridge the digital divide in Africa by providing affordable broadband to areas with poor Internet connectivity.

### Supporting local and regional economies through a payment app (PayPay)

To support local and regional economies hit hard by the COVID-19 pandemic, PayPay, in collaboration with local governments, is offering a campaign "Support Your Town Project" on its electronic payment app to encourage users to support local businesses.

\*2 An alliance of 32 African countries, international organizations, and global private-sector players tasked with Africa's digital agenda

## Helping entrepreneurs drive the Information Revolution

We are working to build a more diverse and inclusive society.

### Emerge: A program for underrepresented founders

In 2019, SBIA launched Emerge, a seed stage investment program designed to help underrepresented founders access the capital, network connections, and strategic insights to grow their businesses. In achieving selection for the program, founders receive direct funding from SBIA, alongside capital commitments from other leading VCs. In addition to direct investment, members of the Emerge cohort gain access to workshops on a range of business growth areas and mentoring sessions, as well as dialogue with operating specialists from across the Group's ecosystem. Each cohort culminates with a live showcase event where founders can pitch their business to potential investors. In 2022, SBIA is expanding the program's geographic coverage to Europe, the Middle East, and India to reach even more underrepresented entrepreneurs.

### SB Opportunity Fund: Supporting underrepresented founders in the U.S.

Amid ongoing issues of racial injustice in the U.S., we launched the \$100 million SB Opportunity Fund in 2020 to support Black, Latinx, and Native American founders. SB Opportunity Fund has already invested in more than 70 start-ups and will invest in many more in the years to come.



Sustainability: Governance

# Ensuring Effective Governance Is Vital to Realize 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 29, 2022.

## 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

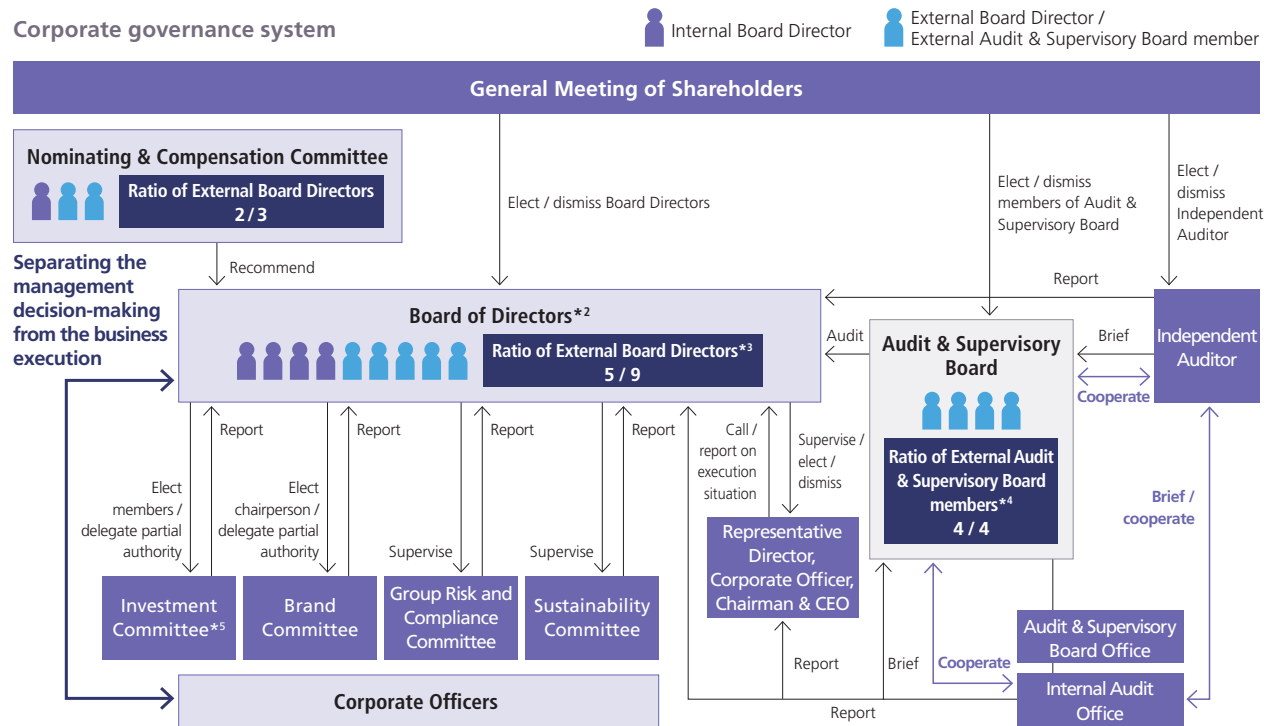
the charter and regulations; the SoftBank Group Charter to share the Group's fundamental concept and corporate philosophy, the Group Company Management Regulations of the SoftBank Group to set out the management policy and framework for the Group companies, and the SoftBank Group Code of Conduct to be 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
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 and CRO*1; 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

\*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 put in place to supervise matters such as investments and loans of the 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 Alibaba, 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 24, 2022, the Board of Directors consisted of nine members (five of whom are external) and includes two foreign nationals and one female.

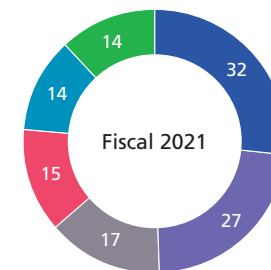
Agenda items for discussion at Board meetings are set forth in the Board of Directors

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 (excluding meetings conducted by written resolution) and mainly discussed the following topics.

Number of Board resolutions/reports



Items	Main details
Governance	Executive compensation, reports from each committee, evaluation of the Board's effectiveness
Internal control (including that of subsidiaries)	Compliance (oversight of conflict-of-interest transactions and insider information management), risk management, internal controls/audits, approval of transactions made by subsidiaries, and other audit reports from the Audit & Supervisory Board
Business reports	Reports on portfolio status and each business segment
Financing	Fundraising, shareholder return
Investments	Consideration of investment projects (e.g., commitment to investment funds)
Others	Shareholder meeting, disclosure, sustainability

## Summary of results of Board of Directors evaluation

From November 2021 to April 2022, SBG evaluated the overall effectiveness of its Board of Directors in the following manner.

Subjects	Representative Director, Corporate Officer, Chairman & CEO, some of the Board Directors, and all 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	Evaluators confirmed that the supervision system for conflicts of interest had been strengthened, among matters cited in the previous evaluation.
Comments from evaluators	Matters that need to be strengthened by the Board of Directors: <ul style="list-style-type: none"> <li>The need to increase the effectiveness of the Nominating &amp; Compensation Committee and the need to consider how best to engage in discussions on sustainability</li> <li>The need to devise ways to ensure sufficient time for deliberations at the Board meetings</li> </ul>

## 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 24, 2022, the skill matrix (skill set desired 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)						
		Corporate management	Banking / M&A	Finance / Accounting	Law / Governance	Technology	Academic background	Diversity
Board Director	Masayoshi Son	✓	✓			✓		
	Yoshimitsu Goto	✓	✓	✓				
	Ken Miyauchi	✓	✓			✓		
	Kentaro Kawabe	✓	✓			✓		
	Masami Iijima	✓	✓		✓			
	Yutaka Matsuo		✓			✓	✓	
	Keiko Erikawa	✓				✓		✓
	Kenneth A. Siegel		✓		✓			✓
	David Chao	✓				✓		✓
Audit & Supervisory Board member	Maurice Atsushi Toyama		✓	✓				
	Yuji Nakata		✓		✓			
	Soichiro Uno		✓		✓			
	Keiichi Otsuka		✓	✓				

## Board Directors As of June 24, 2022 (Numbers of shares held are as of March 31, 2022)

### Nominating & Compensation Committee member

Representative Director,  
Corporate Officer,  
Chairman & CEO

### Masayoshi Son

Years in office:

40 years 9 months

Number of shares held in SBG:

460,161 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 & CSIO

### Yoshimitsu Goto

Years in office:

2 years\*<sup>6</sup>

Number of shares held in SBG:

1,079 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 & CSIO, SoftBank Group Corp.  
Jun 2020 Board Director, Senior Vice President, CFO, CSIO & CSUsO, SoftBank Group Corp.  
Nov 2020 Board Director, Corporate Officer, Senior Vice President, CFO, CSIO & CSUsO, SoftBank Group Corp.  
Jun 2022 Board Director, Corporate Officer, Senior Vice President, CFO & CSIO, SoftBank Group Corp. (to present)



Board Director

### Ken Miyauchi

Years in office:

34 years 4 months

Number of shares held in SBG:

2,532 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. (to present)



Board Director

### Kentaro Kawabe

Years in office:

1 year

Number of shares held in SBG:

0.2 thousand shares

Dec 1996 Director, Dennotai Corporation  
Sep 1999 CEO, Dennotai Corporation  
Aug 2000 Joined Yahoo Japan Corporation (currently Z Holdings Corporation)  
May 2009 Representative Director, GyaO Corporation (currently GYAO Corporation)  
Apr 2012 Corporate Officer, Chief Operating Officer, President of Media Business Group, Yahoo Japan Corporation (currently Z Holdings Corporation)  
Jun 2018 President and Representative Director, President Corporate Officer, CEO, Yahoo Japan Corporation (currently Z Holdings Corporation)  
Sep 2018 Board Director, SoftBank Corp. (to present)  
Oct 2019 President and Representative Director, President Corporate Officer, CEO, Yahoo Japan Corporation  
Jan 2020 Executive Director, ZOZO, Inc. (to present)  
Mar 2021 President and Representative Director, Co-CEO, Z Holdings Corporation (to present)  
Jun 2021 Board Director, SoftBank Group Corp. (to present)  
Apr 2022 Director, Yahoo Japan Corporation (to present)



Note: "Years in office" refers to the number of years until the conclusion of the General Meeting of Shareholders on June 24, 2022.

\*6 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.

## 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 or reasons for appointment of External Board Directors

Name	Major activities or reasons for appointment	Attendance rate and attendance of Board of Directors meetings for fiscal 2021
Masami Iijima	Activities 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% 14 of 14 meetings
Yutaka Matsuo	Activities 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% 14 of 14 meetings
Keiko Erikawa	Activities 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.	92% 11 of 12 meetings
Kenneth A. Siegel*7	Activities Uses 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.	100% 12 of 12 meetings
David Chao	Reasons for appointment 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.	—

\*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.

### External Board Directors As of June 24, 2022 (Numbers of shares held are as of March 31, 2022)

Independent	Apr 1974	Joined MITSUI & CO., LTD.
Nominating & Compensation Committee member	Apr 2008	Executive Managing Officer, MITSUI & CO., LTD.
	Jun 2008	Representative Director, Executive Managing Officer, MITSUI & CO., LTD.
External Board Director, Independent Officer	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)
	Jun 2018	Board Director, SoftBank Group Corp. (to present)
	Jun 2019	Director, Isetan Mitsukoshi Holdings Ltd. (to present)
	Jun 2019	Counsellor, Bank of Japan (to present)
	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 (to present)

Years in office:  
4 years

Number of shares held in SBG:  
1 thousand shares

Independent	Apr 2002	Researcher, National Institute of Advanced Industrial Science and Technology
Nominating & Compensation Committee member	Aug 2005	Visiting Scholar, Stanford University
	Oct 2007	Associate Professor, Graduate School of Engineering, the University of Tokyo
External Board Director, Independent Officer	Apr 2019	Professor, Graduate School of Engineering, the University of Tokyo (to present)
	Jun 2019	Board Director, SoftBank Group Corp. (to present)

#### Yutaka Matsuo

Years in office:  
3 years

Number of shares held in SBG:  
-

Independent	Jul 1978	Founded KOEI Co., Ltd. (currently KOEI TECMO GAMES CO., LTD.), Senior Executive Director
External Board Director, Independent Officer	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)

Years in office:  
1 year

Number of shares held in SBG:  
213 thousand shares

External Board Director	Aug 1986	Joined Morrison & Foerster LLP
Kenneth A. Siegel	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)

Years in office:  
1 year

Number of shares held in SBG:  
-

Independent	Jun 1988	Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)
External Board Director, Independent Officer	Jun 1989	Joined Apple Computer, Inc. (currently Apple Japan, Inc.)
	Aug 1993	Joined U.S. McKinsey & Company (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)

Years in office:  
-

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 24, 2022.

## 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 24, 2022



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



Corporate Officer,  
Executive Vice President  
**Rajeev Misra**



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



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



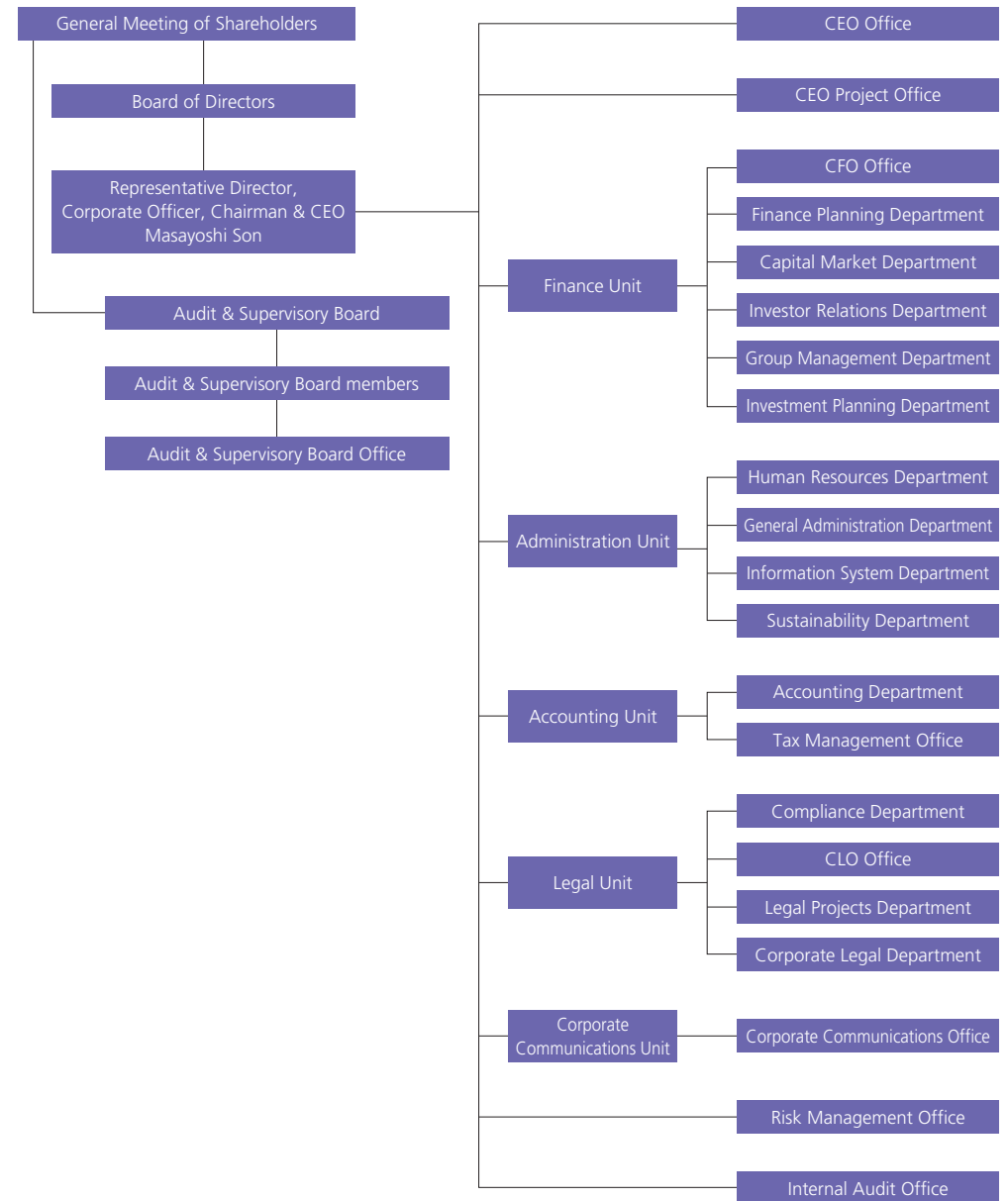
Corporate Officer,  
CLO & GCO  
Head of Legal Unit  
\*CLO: Chief Legal Officer  
\*GCO: Group Compliance Officer  
**Tim Mackey**



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

## Organizational chart

As of June 24, 2022



## 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 2021	
		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% 14 of 14 meetings	100% 14 of 14 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% 12 of 12 meetings	100% 11 of 11 meetings
Soichiro Uno**	Makes remarks based on his extensive knowledge and experience as a lawyer.	100% 14 of 14 meetings	100% 14 of 14 meetings
Keiichi Otsuka	Makes remarks based on his extensive knowledge and experience as a Certified Public Accountant.	92% 11 of 12 meetings	100% 11 of 11 meetings

\*8 Reasons for non-designation as an Independent Officer: Mr. Uno concurrently holds a partner post at Nagashima Ohno & Tsunematsu. SBG did not designate him as an Independent Officer as the amount of compensation to be paid to the firm in the future is yet to be determined, regardless of whether there are any transactions between SBG and the firm.

### Audit & Supervisory Board members As of June 24, 2022 (Numbers of shares held are as of March 31, 2022)

Independent	Years in office	Number of shares held in SBG	Biography
Maurice Atsushi Toyama	7 years	-	Certified Public Accountant, State of California, U.S.
Yuji Nakata	1 year	-	External Audit & Supervisory Board member, Lawyer
Keiichi Otsuka	1 year	-	Certified Public Accountant

#### Maurice Atsushi Toyama

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

Years in office:

7 years

Number of shares held in SBG:

-



Independent	Years in office	Number of shares held in SBG	Biography
Soichiro Uno	18 years	-	External Audit & Supervisory Board member, Lawyer
Keiichi Otsuka	1 year	-	Certified Public Accountant

#### Yuji Nakata

Years in office:

1 year

Number of shares held in SBG:

-



Independent	Years in office	Number of shares held in SBG	Biography
Soichiro Uno	18 years	-	External Audit & Supervisory Board member, Lawyer
Keiichi Otsuka	1 year	-	Certified Public Accountant

#### Soichiro Uno

Lawyer

Years in office:

18 years

Number of shares held in SBG:

-



Independent	Years in office	Number of shares held in SBG	Biography
Keiichi Otsuka	1 year	-	Certified Public Accountant

#### Keiichi Otsuka

Certified Public Accountant

Years in office:

1 year

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 24, 2022.

## 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 2021, 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 2021 are as follows.

#### Names of Certified Public Accountants who executed audit duties

Designated Engagement Partner, Certified Public Accountant: Naofumi Yamazumi, Ryo Sakai, Yusuke Masuda

#### Consecutive auditing period

16 years

#### Composition of the assistants who supported the audit duties

Certified Public Accountants: 19, Others: 24

#### 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 2021. 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 2021)

### 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	860	106
Consolidated subsidiaries	2,622	417
Total	3,482	523

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

### 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	–	97
Consolidated subsidiaries	3,257	763
Total	3,257	860

Note: The non-audit duties for SBG mainly consist of advisory services for taxation and other matters. The non-audit duties for the consolidated subsidiaries of SBG mainly consist of system-related assistance.

#### Other material compensation for audit certification duties

Not applicable.

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

The Audit & Supervisory Board, based on the Practical Guidelines for Cooperation with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association, reviewed and examined the plan details of the audit conducted by the Independent Auditor, the performance status of accounting audit duties, and the basis for calculating compensation estimates, and from the results, has given 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 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 three Board Directors or Corporate Officers elected by the Board (Masayoshi Son, Yoshimitsu Goto, and Rajeev Misra). 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 makes decisions on matters set forth in the Regulations of the Brand Committee, including the licensing of the SoftBank brand. Decisions 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, which is a voluntary advisory body to the Board of Directors, deliberates on standards for appointment and dismissal of Board Directors, proposals for candidates, individual compensation, and policies for evaluation and compensation for Board Directors, and reports the results of deliberations to the Board of Directors. It also conducts discussions on successors on an ongoing basis. Nominating & Compensation Committee members are elected by the Board from among Board Directors, and a majority of its members are Independent External Board Directors. The Committee currently consists of three Board Directors: Masami Iijima (Committee Chairperson, Independent External Board Director), Yutaka Matsuo (Independent External Board Director), and Masayoshi Son (Representative Director, Corporate Officer, Chairman & CEO).

### 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 Sustainability 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.

### 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

### Components of executive compensation

	Component	Details	Overview
Aggregate Compensation for Board Directors*11	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*12
	Share-based payment	Incentive to improve corporate value over the medium to long term <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>	

\*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).

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,\*<sup>9</sup> while that for Audit & Supervisory Board members was capped at ¥160 million.\*<sup>10</sup>

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 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 2021 was decided through consultation among Audit & Supervisory Board members after the conclusion of the Annual General Meeting of Shareholders in June 2021.

\*9 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.

\*10 Resolved at the 41st Annual General Meeting of Shareholders on June 23, 2021. Resolved to cap compensation at ¥160 million. 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 2021)

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	258	1	355
External Board Directors	6	183	–	–	183
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board members)	1	6	–	–	6
External Audit & Supervisory Board members	5	80	–	–	80
Total	14	365	258	1	624

### Total consolidated compensation paid to respective Board Directors whose total consolidated compensation is ¥100 million or more (fiscal 2021)

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 (of which undetermined amount)	Others
Masayoshi Son	100	Board Director	SBG SoftBank Corp.	12	50	–	–
Yoshimitsu Goto	293	Board Director	SBG	84	208	–	1
Ken Miyauchi	539	Board Director	SoftBank Corp.	96	–	443	(–)
Kentaro Kawabe	344	Board Director	Z Holdings Corporation	66	208	71	(–)
Ronald D. Fisher	126	–	SB Investment Advisers (US) Inc.	110	–	–	16
Simon Segars	1,151	–	Arm Limited	34	1,116	-3	(-3)

## Information Security

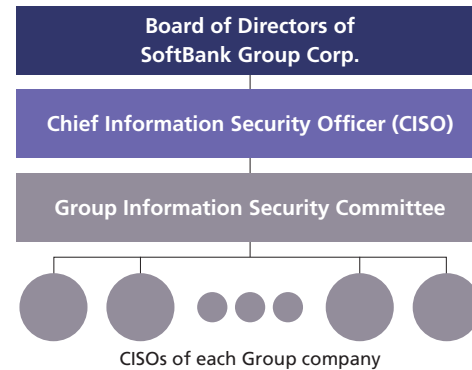
As a strategic investment holding company, SBG promotes initiatives to strengthen information security in the Group to realize and lead a safe and secure digital society.

### 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).

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

### Information Security Governance Structure



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 a wide variety of 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,<sup>\*13</sup> a cybersecurity framework adopted by organizations and enterprises around the world. We have also received security-related assessments by external organizations with expertise in NIST CSF in the U.S. and other countries.

<sup>\*13</sup> 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.

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

## Policy for constructive dialogue with shareholders

SBG assigns IR duties to its Board Director, Corporate Officer, and Senior Vice President and has established the Investor Relations Department as the responsible department. The department conducts IR activities in close coordination with related departments, including Accounting, Finance, Corporate Legal, and General Administration.

The management and the Investor Relations Department respond to requests for dialogue from shareholders and other investors. We always try to provide explanations with as much detail as possible. To that end, the management or the IR Department holds meetings with shareholders or other investors according to the purpose of dialogue, and if necessary, a full-time Audit & Supervisory Board member or the head of a relevant department joins such meetings. In addition to individual discussions, SBG holds earnings results briefings and investor briefings to explain the status of its businesses. The Investor Relations Department compiles the

### Primary Activities

- Number of meetings with institutional investors/analysts : 624 (fiscal 2021)
- Constructive dialogue with shareholders (Major discussion topics)
  - Investment and financial strategies
  - ESG initiatives
  - Disclosure enhancements
- Strengthened information dissemination to overseas investors
  - Video interview with CEO (short video format)
  - Transcription of Q&A sessions at various earnings events



For the latest information, see the IR section of our website.

opinions of shareholders and other investors obtained in the dialogue and periodically reports them to management.

### Message from Our Chief Sustainability Officer (CSusO), Global Head of Investor Relations

I am pleased to say that I assumed the roles of CSusO and head of the Sustainability Department in June 2022, in addition to serving as head of the Investor Relations Department. The aim of the dual role in the IR and Sustainability Departments is to move forward with sustainability initiatives, which are becoming increasingly important, in a more agile manner, and to communicate the results and progress of our efforts after better understanding the expectations of investors and other stakeholders. Our corporate philosophy and vision are a precursor of views on sustainability. I believe that promoting sustainability will lead to our sustainable growth.

I will also enhance IR initiatives. Despite the persistent unstable market environment, we appropriately control financial risks through flexible and agile operations. We will strive to disclose easy-to-understand information for equity/credit investors to understand our posture. In addition, we will pursue IR activities that are the best mix of in-person and virtual activities suitable for a "post Covid-19" environment.

### Yotaro Agari

CSusO  
Global Head of Investor Relations  
Head of Sustainability Department



Message from Lip-Bu Tan

## Enabling Further Success Amid a Challenging Environment

Mr. Lip-Bu Tan resigned from the position of External Board Director of SBG on June 24, 2022. The following is a message from Lip-Bu Tan upon his resignation.



**Lip-Bu Tan**

Former External Board Director of SoftBank Group Corp.

SBG appointed Lip-Bu Tan as an External Board Director in June 2020 given his extensive background in technology investing, dating back to his founding of the venture capital firm Walden International in 1987 (he resigned from the Board on June 24, 2022). He also served as CEO of Cadence Design Systems, a successful electronic design tool provider, beginning in 2008, later serving as its executive chair of the board.

### Board holds lively discussions from diverse perspectives

Although I am leaving the SBG Board, I would like to share how the SBG Board works from my two years of duty.

Over the past two years, most of the Board meetings were online rather than in person. Even so, we have managed the best we can. Our meetings have been constructive and interactive with many questions from the Board members. The meetings are carefully run to ensure all the members are provided with reasonable and easy-to-understand explanations so that they can actively participate. As a result, the Board makes decisions via consensus.

One of the functions of the Board is to provide supervision, guidance, and advice for Masa and the rest of the management team. Rather than making decisions that direct specific investments, which is the role of Masa, the Board members focus more on the policy, overall governance, financial management, and

strategic direction of the company. The Board's functions are clearly defined. While Masa and the management team are responsible for the day-to-day operation of the company, we help them to do the right thing, take part in strategy and some financial discussions, and pass resolutions. We are responsible for protecting shareholder value and making sure that conflicts of interest are addressed. All our current Board members are proactive and vocal, asking many questions from different perspectives and approaches until fully satisfied. We ensure that management gives us the necessary information, and then we make decisions as a Board.

### How SBG addresses challenges posed by changes in circumstances

Turning to the external environment, the global situation is challenging—not only for SBG but also for every other company. For some companies, the supply chain is a big problem because of the Russia-Ukraine situation. Although that issue does not immediately affect SBG, it is still facing some challenges as an investment company, including the deteriorating U.S.-China relationship, inflation, rising interest rates, and the slowdown in the IPO market.

In such circumstances, as an investment company, SBG must carefully manage cash flow

and liquidity. As SBG uses capital raised through borrowings for investments, these require close attention particularly with interest rates rising and challenges in the IPO market. Now the Board is more cautious of making new investments and is considering slowing the pace. We must ensure that the level of debt is comfortably managed and the company can service the interest and principal payments. So far, Goto-san (CFO Yoshimitsu Goto) and the team have done well and weathered such challenges. I believe that the Board will continue to monitor this activity closely after my departure.

Although making decisions on specific investments is not a role of the Board, I was able to oversee that, using my knowledge and experience at Walden. I am personally bullish on disruptive technologies. Walden invests heavily in AI, machine learning, computational biology, drug discovery, and crypto—I believe these are good areas in which to invest. But we must be mindful that there's a sea change under way in terms of valuation at the entry point. Nobody wants to invest based on valuations that are too high when the public market is under downward pressure.

Regarding SVFs, SVF1 is substantial with about \$100 billion of committed capital. The fund's investment amount in each portfolio company tends to be large, and there is a limit to the number of good opportunities in which we

can invest at such a scale. Moreover, there is a learning curve associated with these investments. SVF2 is more focused on early-stage companies, and its portfolio is more diverse. In some ways, this is positive, but we are not the only game in town. Many other venture firms and hedge funds are employing a similar strategy. For this reason, SBG needs to further strengthen our investment evaluation capabilities. It must differentiate itself, detailing what makes it unique in terms of what it can provide besides money.

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## Retaining the right talent

The key to the success of an investment business is to retain the right talent and the right team. The best venture firms have little turnover because they understand the importance of retaining rainmakers, or excellent deal makers. This is a people-oriented business, and when you have a big home run hitter, you do not want that person to leave. This is something I have discussed with Masa. He understands the importance of building a team culture and making sure that everyone works well together. That is an ongoing effort at SBG.

It is also important to provide an incentive for the team so that they can reap the fruits of their hard work. Typical PE funds, including Walden, have a standard 20% carry interest, but as a corporation, SBG does not have such a mechanism. Masa has tried to create an incentive scheme tailored to SBG by introducing a co-investment program. This structure is unique in the industry as SBG is in a unique situation. I should emphasize that this structure encourages

Masa and other management to take appropriate risks to achieve success, while adequately incentivizing them. The Board spent a lot of time on this proposal to ensure that conflicts of interest were properly addressed. For instance, we excluded public company shares from the scheme because the program is intended for less mature investments with room to improve their value. That makes the investments fair for SBG's shareholders. After a thorough review and ensuring that conflicts of interest were properly addressed by structuring the program pro-rata with the company without any cherry-picking, the Board approved the program.

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## Promoting sustainability management as a global company

Sustainability and governance are increasingly important topics for public companies across the globe. Companies are also stepping up their emphasis on ESG such as diversity of employment in terms of race/ethnicity and gender. Investment in climate technologies is also becoming a key area of focus. The Russia-Ukraine situation was a wake-up call for many industries to turn their attention to alternative energy resources, such as solar and wind.

SBG should lead by example in this area. Some of its investment strategies already focus on climate technologies, including electric vehicles. What really matters is to make change in a substantial and significant way rather than just preparing a nice and good-looking report. Then actions will speak for themselves. SBG could be even more proactive by working

together with its portfolio companies to achieve improvements in the climate area. It also must make such efforts and improvements visible. Such initiatives could set a good example in Japan and the Asia/Pacific region.

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## Continue fine-tuning the Board

In the past two years of my tenure, I believe SBG has made solid progress strengthening its corporate governance by improving the balance and diversity of the Board. But you need to continue fine-tuning. Masa is brilliant; he's a visionary. But he still needs people to provide safeguards, give him advice, and make him even more successful. Poor choices made too quickly can have negative consequences for the company. Therefore, it is essential to bring the right talent onto the Board of Directors and Audit & Supervisory Board. As a technology investor, having people knowledgeable of the market and technology trends would be helpful.

Enhancing diversity is also a continuing agenda item. SBG is as much a global company as a Japanese company. There is a need to build a more diverse Board with more female and international members and people from more diverse industry backgrounds. I feel that it is constantly evolving on this front. Masa is open-minded, and SBG is moving in the right direction.

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## Creating a succession plan is a key issue

CEO succession planning is one of the Board's most important responsibilities. This is an

ongoing effort, not something that happens overnight. Ideally, you want to promote from within so you can maintain the culture. Masa is now in his mid-60s, about the same age as me, and succession planning is something that needs to be addressed, albeit not with immediate urgency.

I just went through succession and transition at Cadence starting with recruiting my successor. I groomed him and invited him to my board for mentoring and coaching. Eventually, the board and I agreed that he was the best to take over my position and strategy. Customers and all our major shareholders need to be comfortable with the transition. Continuity is important to them. So, I have stayed on as the executive chair of the board to provide that continuity for the shareholders. This process takes time, so it is important to identify a successor and groom that person to allow the company to continue. Moreover, not only customers and shareholders but also non-shareholders must be comfortable with the transition.

Similarly, Masa needs to think about grooming his successor. He would continue to provide leadership, but much of the day-to-day work could be handled by his No. 2. Masa is still young; you have a few more years, but that needs to be addressed in the next few years.

We would all like to see SBG become increasingly successful. I am convinced that the Board will continue to help Masa to be more successful, safeguard him, and give him appropriate advice. He is brilliant—a visionary. We always try to help Masa, and he knows that all of us are here to support him.

Compliance

# Commitment to Integrity

## Compliance is our business foundation

We believe that going beyond legal and regulatory compliance, a commitment to integrity 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

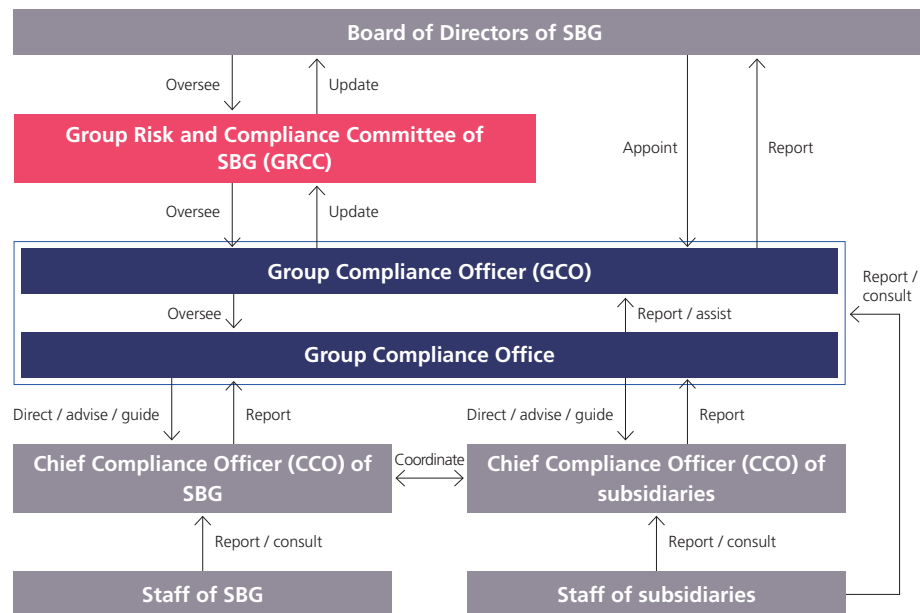
The Board of Directors of SBG has appointed a Group Compliance Officer (GCO) as the chief officer responsible for compliance across the Company, and similarly, each subsidiary appoints a Chief Compliance Officer (CCO). The GCO and CCOs have the responsibility to implement systems designed to ensure

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.

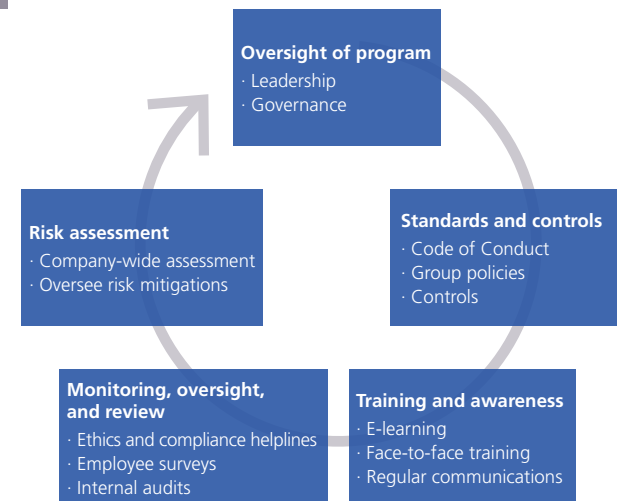
## Ethics and compliance program and oversight

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 and risk management programs.

Group compliance structure



Structure of SBG's ethics and compliance program



## 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, 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, and risk management. 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.

SBG continues to review and revise our Code of Conduct and Group Policies as appropriate.

### Top page of the SoftBank Group Code of Conduct website



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

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

## Training and awareness

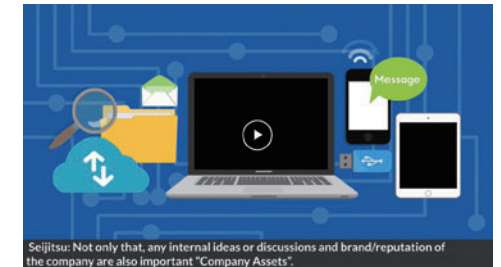
The Company conducts training and awareness-raising activities to ensure that officers and staff recognize risk areas and have the information they need to make the right choices.

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 and provides training on the Code of Conduct and certain high-risk areas to Group companies in Japan and abroad.

As one example of the awareness-raising activities, SBG holds a Compliance Awareness Month annually for officers and employees of SBG and those at its major subsidiaries in Japan and overseas. SBG also periodically delivers e-mail communications featuring familiar compliance issues to enable its officers and employees to refresh and consolidate their knowledge about ethical behaviors.



Top screen of intranet site, Compliance Awareness Month 2021



Compliance awareness e-learning

## 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 2021 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. In fiscal 2021, SBG conducted a global employee survey not only for SBG but also for its subsidiaries in Japan and overseas and used the results of the survey to improve our ethics and compliance programs.

Message from Our Group Compliance Officer (GCO)

## *Kokorozashi takaku* Achieving World-Class Compliance and Governance

### Becoming GCO & CLO

Before I became a lawyer, I spent a few years working in marketing for Fukuoka Dome (now Fukuoka PayPay Dome), having studied at a Japanese university. That was even before SoftBank acquired the Hawks baseball team (now the Fukuoka SoftBank Hawks). I began my legal career as an attorney at the Tokyo office of a U.S. law firm. The focus of my work was advising Japanese trading companies, power companies, and some corporates, doing a mix of M&A, capital markets, and project finance. I also handled several large-scale theme park development transactions.

My career at SBG began after I was seconded to the company in 2017. Following the secondment, I was offered a full-time role as

Group Deputy General Counsel. In September 2020, I was selected to be Group Compliance Officer (GCO), and in December of that year, I assumed the additional role of Chief Legal Officer (CLO) for the Group. In these roles, I manage the Group's Legal and Compliance functions, but my responsibilities go further than that. I see one of my roles as acting as an ambassador for SBG. Particularly as someone who has a command of both Japanese and English, a strong grasp of the organization's business strategy and corporate culture, and who works closely on a day to day basis with our overseas teams. It is an exciting job, for sure, although sometimes it is a bit like a roller-coaster. Then again, I should be used to that, having worked on numerous theme park projects!

By way of example of some of the challenges, perhaps I should mention one of the first things I felt the need to do on becoming GCO. When I joined the company, Compliance was a team housed within the Legal Department. After becoming GCO, I wanted to underscore the importance of Compliance and to clarify the responsibility of such function, so we elevated the team within the organization to a full department and built out the depth of the team's coverage.

to impress upon my team the importance of adopting a "here's how" mindset, and I encourage them to take pride in their work and to always consider what would most benefit SoftBank as a whole. When they have misgivings about a plan proposed by a business unit, the initial reaction should not always be to refuse point-blank. The mindset they should have is to work out what is "right" and to say, "Well, you can't do it that way, but here's how you could do it." Granted, of course, when the time comes to say "no," you must say it loud and clear—that is a fundamental of Compliance.

### Ever tighter compliance

For regulatory and other reasons, several of our Group companies must operate very independently from SBG despite it being the parent company. Examples include our listed subsidiaries and U.K.-based SoftBank Investment Advisers (SBIA), which manages the SoftBank Vision Funds. SBIA is classified as an authorized and regulated entity by the U.K.'s Financial Conduct Authority. So we respect the autonomy of our Group companies, while at the same time, because our Group's investing activities are largely delegated to our subsidiaries, SBG coordinates closely with its Group companies to build an integrated Group-wide program of Compliance. And this task is being managed increasingly effectively. For example, if a group company has adopted a particularly robust aspect of its Compliance program, we will co-opt that and roll it out across the entire group.

### Tim Mackey

Corporate Officer,  
CLO & GCO  
Head of Legal Unit

\*CLO: Chief Legal Officer

\*GCO: Group Compliance Officer

### A strength of SBG

From a Compliance standpoint, one of SBG's strengths is the esteem that every employee feels in working for the company. Employee esteem is crucial for corporate integrity. I try

The insider trading policy is a good example. SBG has world-class rules and systems for managing insider information. The current groupwide measures were in fact modeled on the practices of a handful of our regulated subsidiaries.

Another example is the management conflicts of interest. When a director has a conflict of interest, the matter is always considered in detail and resolved by the Board of Directors in line with Japanese law. In other words, if it is determined, with consideration of the opinion of outside counsel, that the matter constitutes a conflict of interest, then the matter cannot be executed by the deal side until it has been presented to the Board, explaining why it is reasonable, proper, and there is a necessity to take such actions, and the Board would then deliberate and decide if the proposed matter or transactions can proceed.

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## Using marketing tactics for compliance training

Back when I was working at a law firm, I sent my clients a regular newsletter called *Tim's Times*. I tried to make it an engaging read for the audience because we all know that no one will read a dull newsletter.

We believe that the same goes for Compliance training, so one technique we now use is visual media such as animated videos as part of our in-house Compliance training. We try to make these both interesting and memorable, much like a TV ad. To that end, our Compliance team tries to think like a

marketing team. We want employees who take the training to recall the Compliance message when the moment of truth comes. Recently, for example, the head of the Accounting Unit, Kazuko Kimiwada (Corporate Officer, Senior Vice President), narrated a voice-over for one of our animated video trainings, along with other in-house volunteers. When I showed the video to Masa Son, he loved it and strongly supported how it would improve our Compliance culture. The videos are proving very popular among our employees, mostly because of the fun in hearing their colleagues, voice-over narration, but in turn it has definitely raised the value and recognition of our Compliance training.

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## Getting across the meaning of *kokorozashi takaku*

The SoftBank Group Code of Conduct is titled, in Japanese, *kokorozashi takaku*. This is also Masa Son's personal motto. The slogan is well known by our workforce, but there is a concern about whether employees truly understand the meaning behind the phrase. SBG's core philosophies, expressed in the original Japanese, might resonate with the Japanese audience, but those from other countries may not understand it in the same way. SoftBank has obviously gone global at quite a pace, so it is essential that we tailor our message to resonate with our global audience.

*Kokorozashi takaku* has been translated into English as "Aim High." To me, frankly this translation fails to convey Masa Son's original meaning. *Kokorozashi* connotes a public-

spirited attitude. When one hears the word in Japanese, one thinks of a samurai forging his way in life and contributing to society. Unfortunately, the English words "Aim High" alone do not do proper justice to this mindset, so our stakeholders interpret them in all kinds of ways depending on, among other things, their culture. "Aim" may sometimes be interpreted as referring to one's personal goals and in other cultures to corporate or social goals. "High" may also be interpreted in a similarly broad manner. To some, it may be a reference to striving for high integrity or high performance, to others, the motto may be interpreted as instructing one to aim solely for high profit, high returns, and the like.

Last year, when I visited some of our Group companies, I spoke with the company's Legal and Compliance teams about what *kokorozashi* means. When you recognize that the kanji character for *kokorozashi* is made up of two parts, the kanji character for heart, or mind, and the character for samurai, and you think about what you know about the samurai, then from that foundation, you can start comprehending the real meaning of *kokorozashi takaku*. It implies that the goal of creating a better society (and corporate culture) should be each individual's life goal.

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## Leaving a legacy for a 300-year organization

Our goal for the medium to long term is to set in place world-class governance and a high-integrity Compliance culture at SoftBank. To

that end, every employee needs to understand they are creating their own legacy. Personally, I hope to establish a legacy as GCO that, when the time comes to pass on the baton, I can look back on with pride. At the very least, one needs to take it one step at a time. When SBG is still going strong in 300 years, then the current team's time here will seem short indeed. It would be really great though if, several decades from now, future employees recall the team that helped build world-best class Compliance and governance all those years ago. It is with that *kokorozashi takaku* spirit that we tackle each day as it comes.



# Mitigating Factors That Adversely Affect the Enterprise's Sustainable Growth

## Risk Management System

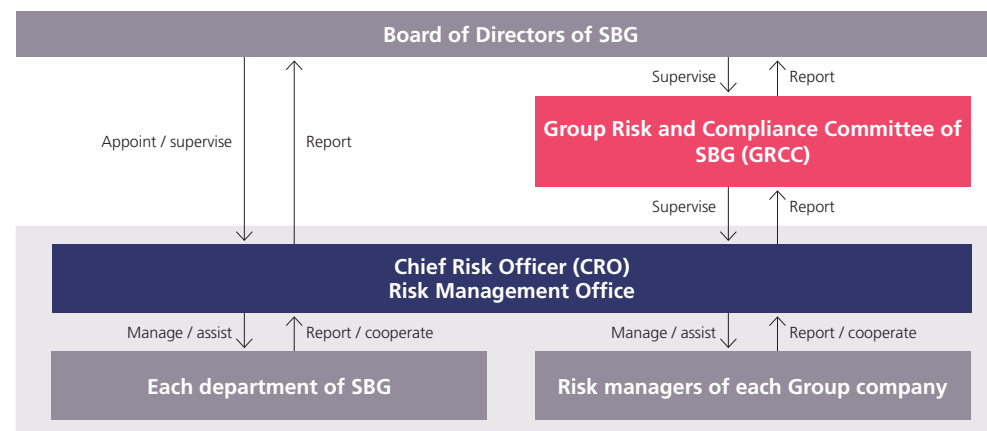
At SBG, the Board of Directors appoints a Chief Risk Officer (CRO) who is responsible for risk management. We also have a Risk Management Office, supervised by the CRO, that spearheads Group-wide risk management activities.

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, 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. The 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.

The Risk Management Office reports identified risks that are material to SBG and the Group companies and their countermeasures to the 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 key Board Directors and Corporate Officers of SBG and works to enhance the risk management system across the Group.

### Risk management system



## Risk management initiatives

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

### 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.

### 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 issue 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 risk materialization. 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)

## Constantly strengthening risk management to increase resilience and ensure 300 years of growth

### Q What is the purpose of risk management?

**A** We work to strengthen risk management activities with the aim of “mitigating factors that adversely affect the enterprise’s sustainable growth.” Through SVF1, SVF2, and LatAm Funds, SBG invests primarily in unlisted companies that seek to transform the world through the use of AI. Investments in unlisted companies target high returns and thus entail medium- to long-term risks, so failure to respond appropriately to changes in the external environment might result in missed profit opportunities and/or losses. Conditions for investment are particularly uncertain considering various factors, highlighting the increasing importance of risk management. These factors include the recent escalation of the U.S.-China conflict, the Chinese government’s tightening of regulations on emerging companies, the accelerating monetary tightening in the U.S., and the chaotic situation in Russia and Ukraine.

Under such circumstances, SBG’s Risk Management Office conducts ongoing stress tests for large-scale crisis and concentration risk analysis of specific sectors and regions. For example, we analyze the impact of a potential worldwide market event like the Global Financial Crisis on our NAV, LTV,\* and the availability of funds to redeem bonds for the next two years, assuming several factors including negative impacts on the bond market and the recovery period in the equity market. For unlisted stocks, we also consider scenarios in which their valuation declines to the same extent as listed stocks during a market crisis.

 \*See pages 18 and 19 for NAV and LTV.

### Q What non-financial risks do you focus on and how are they addressed?

**A** Through regular collaboration with the relevant departments of SBG and major Group companies, the Risk Management Office focuses on understanding the risks that threaten the sustainable growth of the entire Group and how they are being addressed. In

particular, the succession plan of President Son, which is of great interest to all stakeholders, is discussed regularly by the Nominating & Compensation Committee. In addition to information security and talent retention, we discuss various risks with stakeholders, including climate change, human rights, and other ESG matters. We also assess the materiality of various non-financial risks from the Group perspective and report risks that the Group should focus on and measures to address those risks to the Board of Directors and the GRCC, supporting management’s decision-making.

### Q Are there any mechanisms you have devised to manage risks given that the investments are made in a wide range of sectors and regions?

**A** Under the Risk Management Policy, which applies to all officers and employees of SBG and the Group companies, each Group company appoints a risk manager and establishes an appropriate risk management system that considers the nature and size of its business. In addition, the Risk Management Office works with key Group companies to gather information on a regular basis. Especially for investment funds, such as SVF1, SVF2, and LatAm Funds, the Risk Management Office works to enhance its reporting systems for understanding and analyzing the status of new investments and post-investment monitoring. From the perspective of our Group-wide portfolio analysis, we strive to understand the degree of concentration in specific sectors and regions, and conduct stress tests based on scenarios that reflect the different risk characteristics of each industry and region.

Aiming to be a corporate group that can continue growing for 300 years, we invest in a variety of companies that use AI to transform the world. We will further enhance our resilience by strengthening risk management so we can deal with the transitory changes that we will face in the future.



Kiyoshi Ichimura

CRO,  
Head of Risk Management Office

## Risk Management: Risk Factors

# Risk Factors

SBG is a strategic investment holding company that manages an investment portfolio formed through investments, made either directly or through investment funds, in a large number of companies. The investment portfolio encompasses SBG's subsidiaries and associates ("Group companies") and investments not included in the former (collectively, "portfolio companies," including Group companies). These portfolio companies operate in a wide range of markets globally. Accordingly, a variety of risks accompany the execution of SBG's investment activities and the portfolio companies' business activities. The major risks that SBG believes could significantly affect investors' investment decisions as of June 24, 2022 are outlined below. However, these risks do not include all the risks that SBG and portfolio companies could face, and additional risks may arise in the future. Forward-looking statements were determined as of June 24, 2022, unless otherwise stated.

**(1) Business Model**

Based on its unique organizational strategy, the *Cluster of No. 1 strategy*, SBG endeavors to enhance NAV\*<sup>1</sup> through its investment portfolio consisting of companies engaged in diverse businesses in the information and technology field harnessing artificial intelligence (AI). SBG's portfolio includes investments made through direct investments (including investments made through subsidiaries), such as in Group companies (for example, SoftBank Corp., Arm, and Alibaba), as well as those made through investment funds (SVF1, SVF2, and SoftBank Latin America Funds ("LatAm Funds")).

For this reason, SBG's investment portfolio is significantly affected by market trends in each sector of the information and technology field where portfolio companies operate. It is also significantly exposed to the market environment surrounding initial public offerings (IPOs), as investments are made primarily in unlisted companies in the investment businesses of SBG (including investments made through subsidiaries), SVF1, SVF2, and LatAm Funds. Due to these impacts, a decrease in the equity value of SBG's holdings could lead to a decline in NAV and deterioration in LTV.\*<sup>2</sup> In parallel, the recording of valuation losses on assets such as SBG's equity holdings could cause SBG's consolidated results of operations and financial position to deteriorate, thereby adversely affecting SBG's ability to make new investments and the success of its financial strategies.

SBG recognizes that building a diverse investment portfolio is a crucial management priority; however, as Alibaba shares accounted for just over 20% of the equity value of SBG's holdings as of March 31, 2022, fluctuations in the investment value of Alibaba shares could affect the equity value of SBG's holdings as well as its NAV and LTV.

\*1 NAV (Net Asset Value) = equity value of holdings – adjusted net interest-bearing debt. See page 18 for the assumptions used to calculate the equity value of holdings and net debt.

\*2 LTV (Loan To Value) = adjusted net interest-bearing debt ÷ equity value of holdings. See page 19 for the assumptions used to calculate the equity value of holdings and net debt.

**(2) Fund Procurement**

SBG aims to meet the funding requirements for new investments on an ongoing basis, through measures such as selling equity assets, receiving dividends from portfolio companies, obtaining distributions from investment funds, and raising funds through asset-backed financing. This also applies to SBG's wholly owned subsidiaries that procure funds for SBG. However, if SBG is unable to dispose of equity assets or procure funds when the funds are

needed for new investments, it could miss investment opportunities and its ability to continue to increase NAV may be compromised. For certain asset-backed financing using equity holdings, in the event that the value of its eligible holdings declines due to a deterioration in the stock market or other factors, SBG may be required to post additional cash collateral or incur prepayment obligations. In addition, SBG could find it difficult to raise new funds.

SBG may also raise funds through sources including loans from financial institutions and the issuance of bonds to meet the funding needs of its investment activities. For this financing, if interest rates rise due to changes in monetary policies or in financial markets, or SBG's creditworthiness declines due to a decrease in the value of owned assets or a deterioration in its results of operations, which could lead to a downgrade in SBG's credit ratings, SBG's financing costs could increase, thereby adversely affecting SBG's consolidated and non-consolidated results of operations. Further, an inability to raise funds at the planned timing, scale, or conditions could adversely affect SBG's investment activities and financial position.

SBG (including wholly owned subsidiaries that procure funds) may raise new funds, refinance, sell some of its assets, or take other measures to secure resources to repay its debt. SBG strives to maintain a sufficient cash position in a stable manner with financial discipline, by raising funds at times it deems appropriate based on careful monitoring of market conditions. However, if faced with prolonged unfavorable funding conditions, SBG may be forced to dispose of equity assets on unfavorable terms or to execute unplanned equity asset disposals in order to secure resources for repayment, which could adversely affect the equity value of SBG's holdings, NAV, and consolidated and non-consolidated results of operations.

Various covenants may be attached to SBG's debt, including loans from financial institutions and corporate bonds. If the possibility of a breach of any of these covenants arises and SBG is unable to take steps to avoid such breach, SBG may forfeit the benefit of the term with respect to such obligations and, accordingly, may also be requested to make lump-sum repayments with respect to other obligations. As a result, SBG's creditworthiness may decline, and its financial position could be significantly adversely affected.

**(3) Management Team**

SBG is managed under the leadership of a management team centered on Masayoshi Son, who serves as Representative Director, Corporate Officer, Chairman & CEO of SBG. The major portfolio companies and investment funds, in which SBG invests, are run autonomously by management teams led by their respective CEOs and other leaders. For example, Junichi Miyakawa serves as President & CEO of SoftBank Corp., and Rene Haas serves as CEO of Arm. In addition, Rajeev Misra (Corporate Officer, Executive Vice President of SBG) serves as CEO of the managers of SVF1, SVF2, and LatAm Funds.

SBG has adopted the management structure described above. Moreover, if an unforeseen situation were to befall key members of the management team, the decision-making process could be affected. To minimize this impact, SBG has drawn up contingency plans, including action guidelines and proactive measures. Furthermore, SBG's Nominating & Compensation Committee regularly discusses medium- and long-term policies and succession plans. However, there is no assurance that these measures will be successful. Unforeseen situations with respect to members of the SBG Group's management, particularly Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son, could impede the overall activities of SBG.

#### **(4) Investment Activities Overall**

SBG engages in investment activities such as corporate acquisitions, establishment of subsidiaries and joint ventures, and investments in operating companies (including listed and unlisted companies), holding companies (including companies that effectively control other companies through various contracts), and investment funds. These investment activities are subject to risks such as those stated in subsections a. through d. below, and if these risks materialize, the asset value of portfolio companies (i.e., the equity value of SBG's holdings) could decrease, resulting in a decrease in NAV and deterioration of LTV. In parallel, the recording of valuation losses on assets, such as SBG's equity holdings, could adversely affect its consolidated results of operations and financial position.

Among the portfolio companies, there are risks associated with investment funds and SoftBank Corp. that are considered to be highly material because they could have a particularly large impact on consolidated operating results. For information on those risks, see "(5) Investments Made through Investment Funds" and "(6) SoftBank Corp. Group."

##### **a. Trends in the external environment, including political circumstances, monetary and fiscal policies, and international conditions**

SBG invests in 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 the external environment, such as changes in political, military, or social circumstances, monetary and fiscal policies, and international conditions (for example, stricter regulations and trends surrounding the economic security of various countries, due to factors such as the Russia-Ukraine conflict or intensified U.S.-China rivalry), the investment activities of SBG and the business activities of portfolio companies may not develop as expected. For example, SBG's execution and realization of investments could be delayed, the terms and conditions for recovering investments could deteriorate, or the businesses and results of operations of each portfolio company could be adversely affected by a decrease in demand for, or a stagnation in the supply of, their services and products. Further, with respect to investments in unlisted companies with low liquidity, if market conditions deteriorate sharply or other similar issues arise, SBG may not be able to sell its interests in such companies at the timing, scale, or conditions desired by SBG. As a result, the equity value of SBG's holdings, NAV, LTV, and consolidated and non-consolidated results of operations may be adversely affected.

Apart from this, SBG's foreign currency-denominated investments in overseas companies could incur losses due to changes in foreign exchange rates. Further, in the preparation of SBG's consolidated financial statements, the local currency-based revenues, expenses, assets, and liabilities of Arm and other overseas Group companies are converted into Japanese yen. Consequently, fluctuations in foreign exchange rates could adversely affect SBG's consolidated results of operations and financial position.

In addition, SBG collects information about the changes in the external environment described above and considers the impact they may have on investment activities. Concurrently, SBG continuously monitors the concentration of investments in specific countries or regions, and business sectors, within its investment portfolio. Through these and other efforts, SBG strives to identify risks, and has a system in place to report the results of this risk identification process to management.

##### **b. Investment regulations**

The investment activities of SBG may require approvals and permissions from regulatory authorities of relevant countries, or the involvement of SBG in portfolio companies may be restricted. In addition, new or stricter

regulations on investment activities may be enacted in relevant countries. SBG addresses each of these regulations by ensuring close cooperation with concerned parties, including external advisers. However, if the necessary approvals and permissions cannot be obtained or other restrictions cannot be avoided, SBG may be unable to successfully implement its investment or divestment plans as expected.

For example, with respect to certain U.S. investments, SBG has entered into national security agreements with the companies that are considered covered investments (herein subsection b, the "covered companies") and the relevant regulatory authorities and agencies of the U.S. government. Pursuant to these national security agreements, SBG and the covered companies have agreed to implement measures to safeguard U.S. national security. Implementing these measures could result in increased costs or constraints on business operations within the U.S.

##### **c. Decrease in the asset value of portfolio companies**

Even after making investments, SBG has a system in place in which major risk factors of portfolio companies are continuously monitored and reported to management, 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. In addition, based on the findings of the monitoring, SBG takes the necessary measures to improve the management of portfolio companies, such as providing necessary advice, dispatching human resources at various levels (including officers and managers), and introducing business partners.

However, portfolio companies may be unable to develop businesses as envisioned by SBG at the time of the investment decision, due to factors including the obsolescence of portfolio companies' technologies and business models and intensified competitive environments, in addition to the changes in the external environment described in "a. Trends in the external environment, including political circumstances, monetary and fiscal policies, and international conditions." This may lead to a significant deterioration in business performance or a drastic revision of their business plans. There is also a possibility that the portfolio companies may increase their capital, which could result in a significant dilution of the per-share value of such portfolio companies' shares. In such cases, the asset value of portfolio companies may decrease, and SBG may record valuation losses on financial assets such as shares or impairment losses on goodwill, property, plant and equipment, and intangible assets acquired through investment, and may not receive the expected returns, such as profit sharing, from portfolio companies or be able to recover the investment. Consequently, the equity value of SBG's holdings and NAV could decrease, thereby leading to a deterioration of LTV. In parallel, the recording of valuation losses on assets such as SBG's equity holdings could adversely affect its consolidated results of operations and financial position.

In addition, SBG may provide loans, loan guarantees, additional investment or other forms of financial support to portfolio companies as deemed necessary to improve their shareholder value, if they are unable to develop businesses as envisioned at the time of the investment decision, are unable to create desired synergies with other portfolio companies, or need more funds than anticipated for business development. This could increase SBG's exposure to those companies. Nevertheless, SBG has a general policy of not making investments solely for the purpose of providing relief to the portfolio companies of investment funds.

Moreover, on a non-consolidated basis, any decline in the value of assets that were acquired through investment activities, including equity interests, could cause SBG to recognize a valuation loss, and a deterioration in the results of operations of portfolio companies could result in an inability to receive dividends from portfolio companies as expected, which could adversely affect SBG's results of operations and the distributable amount.

**d. Investment decisions**

SBG may make direct investments (including investments through subsidiaries) without going through investment funds. In the investment decision-making process for these cases, SBG seeks to appropriately estimate the investment target's equity value and to assess risks related to the target's businesses, finances, corporate governance, compliance, and internal controls, by conducting due diligence on the target's business, technology, business model, market size, business plan, competitive environment, financial condition, and legal compliance, etc. For this purpose, SBG obtains the cooperation of, for example, outside financial, legal and tax advisers, as necessary, in addition to the cooperation of relevant internal departments. Moreover, an objective review of the adequacy of the due diligence findings is carried out by a dedicated review department. Based on the results of such reviews, investment decisions are made by the Board of Directors or the Investment Committee to which authority is delegated by the Board of Directors.

However, even with such a prudent investment decision-making process in place, there is still a possibility of overestimating the corporate value, technology, business model, or market size of an investment target, or underestimating risk. Investment decisions could also be made while misjudging the integrity of founders and managers who have crucial influence. Consequently, after making an investment, the asset value of the investment (i.e., the equity value of SBG's holdings) could decrease, thereby leading to a decrease in NAV and deterioration of LTV. In parallel, the recording of valuation losses on assets such as SBG's equity holdings could adversely affect its consolidated results of operations and financial position.

**(5) Investments Made through Investment Funds**

SBG makes investments through investment funds such as SVF1, SVF2 and LatAm Funds to companies leveraging AI in the information and technology sector. SBG invests in these investment funds as a limited partner. Also, the 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 and performance fees, each of which is measured by reference to the investment activities of the investment funds.

The investment funds and their Managers are subject to particular material risks, including those stated in subsections a. through i. below. The Managers have established a Risk Management Framework ("RMF") to embed risk management in their business and decision-making procedures globally, but it may not be able to fully avoid the emergence of such risks. If any of these risks were to emerge, they could adversely affect the value of the investment portfolio of the investment funds, thereby deteriorating the financial results of the investment funds and the Managers. A decrease in the value of investments in the investment funds could also adversely affect the equity value of SBG's holdings and thereby lead to a decline in NAV and deterioration in LTV, therefore adversely affect SBG's consolidated results of operations and financial position.

In this section (5), the term "portfolio companies" refers to the investees of the investment funds.

**RMF of the Managers**

This framework covers all aspects of risk management (both operational and investment) and sets a framework for identifying, assessing, and mitigating risks.

The principles underlining the Managers' respective RMFs are:

- "Tone from the top" (i.e., the Board is ultimately responsible for risk management and risk should be considered in key business decisions)

- The establishment of an effective risk culture across the organization which supports the business to meet investors' expectations, the firm's strategic objectives, and regulatory requirements
- Identifying and mitigating risks in a forward-looking manner, allowing management to take proactive action as required to safeguard assets of limited partners and the Managers' reputation
- Ensuring that material existing or emerging risks are actively identified, measured, mitigated, monitored, and reported
- Meeting the risk management requirements of local and Group company regulators

**a. Impact on the results of operations**

All entities that comprise the investment funds are consolidated by SBG. Investments held by the investment funds are measured at fair value at the end of every quarter. With respect to unlisted companies, fair value is measured by combining multiple methods, such as the price of recent transactions, discounted cash flow, and market comparable companies. Fair value of listed companies is determined by the market price at which they trade. A decline in the fair value of the investments—due to factors such as a deterioration in the results of operations of portfolio companies or a downturn in financial markets and economic conditions—could lead to a deterioration in the results of operations of the respective investment funds, which could have an adverse effect on SBG's consolidated results of operations and financial position. Further, on a non-consolidated basis, a deterioration in the results of operations of each fund could cause SBG to record a valuation loss on investment made as a limited partner, which could have an adverse effect on its results of operations and distributable amount.

The portfolio companies in which the respective investment funds have invested that SBG is deemed to control under IFRS, are treated as subsidiaries of SBG. The results of operations as well as assets and liabilities of said subsidiaries are reflected in SBG's consolidated financial statements. Therefore, a deterioration in the results of operations of said portfolio companies that are subsidiaries could have an adverse effect on SBG's consolidated results of operations and financial position. Gain and loss on investments in said subsidiaries that are recognized at the investment funds are eliminated in consolidation.

To ensure the appropriateness of fair value measurements, the investment funds have a robust valuation process, which is overseen by the Managers' respective Valuation and Financial Risk Committees ("VFRCs"). The VFRCs follow the Managers' Global Valuation Policy which is in line with IFRS 13 Fair Value Measurement and the International Private Equity and Venture Capital Valuation Guidelines to value the relevant investment fund's investments on a quarterly basis. In addition to this, independent valuations of SVF1's portfolio companies are conducted on a semi-annual basis by independent third-party valuation firms who have been appointed and engaged by SVF1's investor advisory board. SBIA is required to consider (to the extent appropriate in accordance with SBIA's regulatory obligations) all valuations received from such independent third-party valuation firms.

**b. Investment performance**

Net proceeds from the investment performance of the investment funds are distributed to their respective limited partners. If the investment funds experience a deterioration in investment profitability and are unable to generate investment performance as planned, SBG could be unable to receive performance-based distributions as a limited partner in accordance with its expectations or could be unable to recover its capital contributions.

In addition, as net proceeds from the investment performance of SVF1 are distributed to SBIA as performance fees, SBIA may be unable to receive performance fees in accordance with expectations. Further, as the SBIA

receives performance fees on the realization of gains, including after the disposition of investments, receipt of dividends from investments, and monetization of shares, SBIA could make more speculative investments than they would otherwise make in the absence of such performance-based fees. Performance fees paid to SBIA by SVF1 are subject to a clawback provision (a provision requiring the return of performance fees received in the past), which is triggered under certain conditions based on future investment performance. Therefore, if the investment performance at the time of liquidation of SVF1 does not exceed a certain level, the amount of performance fees that have been received by SBIA up until then could be reduced, or SBIA may not be able to receive performance fees.

#### **c. Lack of opportunity to exit from investments**

Due to the illiquid nature of many of the investments that the investment funds may acquire, the Managers are unable to predict with complete certainty what the exit strategy will ultimately be for any given positions. Accordingly, there can be no assurance that the investment funds will be able to realize such investments in a timely manner. Consequently, the timing of cash distributions to investors is uncertain and unpredictable. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political, or other factors. 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 take advantage of favorable market prices.

Approval of an exit strategy is a key part of the Managers' Investment Committees' considerations and 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.

#### **d. Non-controlling investments and limited rights as shareholder**

The investment funds may hold non-controlling interests in certain portfolio companies and, therefore, may have a limited ability to protect its interests in such companies and to influence such companies' management. In addition, the investment funds may invest alongside financial, strategic, or other third-party co-investors (including Group companies) through joint ventures or other entities which may have larger or controlling ownership interests in such entities or portfolio companies. In such cases, the investment funds will rely significantly on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the relevant investment fund is not affiliated and whose interests may at times conflict with the interests of the relevant investment fund.

#### **e. Securing and retaining human resources**

The Managers seek to maximize the equity value of the investment funds that it respectively manages, 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 Managers have broad investment and management capabilities, and aim to ensure staff retention through various HR support programs; from training and development to moving staff across the organization to ensure they fulfil

their potential. However, 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 it manages.

#### **f. Regulation of new technologies or business models**

The investment funds' portfolio includes companies that are advancing the use of or are conducting research and development in relation to new technologies such as AI and big data and companies that are rolling out new business models that are different from existing business models. The business fields in which these types of new technologies and business models are offered may be subject to specific and strict regulations and licensing regimes in many countries and regions. With the development of related laws, the introduction of, or changes in, regulations could have an adverse effect by creating financial burdens or restrictions on portfolio companies' business development and their results of operations by, for example, requiring portfolio companies to change, suspend, or discontinue the deployment of technologies, business models, or related research and development plans. Licenses and permits required to provide certain technology related services are subject to various conditions and there is no assurance that investment funds' portfolio companies will be able to satisfy such conditions.

#### **g. Concentration of investments in specific business fields**

The investment funds hold investments in multiple companies in specific business fields, which in some cases leads 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 and, as required, by SVF1's investor advisory board.

#### **h. Securities and debt issued by listed companies**

The investment funds' investment portfolios may contain securities and debt issued by listed companies. Such investments may subject the investment funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies resulting from the availability of quoted market prices, increased obligations to disclose information regarding such companies, limitations on the ability of the investment funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including employees of the Managers, and increased costs associated with each of the aforementioned risks. In addition, securities traded on a public exchange are subject to such exchange's right to suspend or limit trading in certain or all securities that it lists. Such a suspension could render it temporarily impossible for the investment funds' positions to be liquidated, and thereby expose such funds to losses.

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. In some cases, the Managers will also reduce its exposure by entering derivative contracts (for example, by selling a covered call option). 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.

The operational and compliance risks that arise while managing the investment funds' listed securities positions are managed through an appropriate control framework involving the Managers' middle office, compliance, and operational risk functions, including the investment risk teams. These controls include pre-trade approval processes, such as the approval of trading counterparties, and post-trade reconciliations and monitoring.

#### i. SPAC

To potentially pursue a wider range of investment opportunities, SBG's subsidiaries may form a special purpose acquisition company ("SPAC") for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses that the company has not yet identified at the time of the offering and it aims to complete such business combination within two years from the closing of each offering. However, investment in a SPAC as sponsor entails risks, such as litigation risk due to the failure to identify and address risks of a target company prior to business combination, or the risk of failure in finding a SPAC target thus no business combination will occur. Such risks may result in a decline in the sponsor's reputation.

### (6) SoftBank Corp. Group

SoftBank Corp. and its subsidiaries (Z Holdings Corporation, for example) (collectively herein (6), "SoftBank Corp.") mainly conduct telecommunications, internet advertising, and e-commerce businesses. There are risks associated with SoftBank Corp. that are considered to be highly material, including those stated in subsections a. through c. below. If the following risks materialize, SoftBank Corp.'s results of operations could deteriorate, which could result in a decrease in asset value (i.e., the equity value of SBG's holdings), and thereby lead to a decrease in NAV and deterioration of LTV. In parallel, the recording of impairment losses on goodwill, property, plant and equipment, and intangible assets acquired through investment and the incorporation of SoftBank Corp.'s performance could also adversely affect SBG's consolidated results of operations and financial position.

#### a. Leakage and inappropriate use of information

In its business operations, SoftBank Corp. handles customer information (including personal information) and other confidential information. This information could be leaked or lost, or may be used inappropriately in breach of laws and regulations or policies, or involved in a similar incident, either intentionally or accidentally by SoftBank Corp. (including officers and employees and people related to subcontractors) or through a cyberattack, hacking, computer virus infection or other form of unauthorized access by a third party with malicious intent or through other means. Such an occurrence could reduce SoftBank Corp.'s competitiveness and impose significant costs on 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 retain and acquire customers. These outcomes could adversely affect SoftBank Corp.'s business development, financial position, and results of operations.

The business integration of Z Holdings Corporation and LINE Corporation has led to a dramatic increase in the

amount of data, including personal information, handled by SoftBank Corp. Looking ahead, SoftBank Corp. will work to strengthen governance regarding the appropriate handling of personal information. However, if such measures to strengthen governance do not function effectively, SoftBank Corp. could be subject to administrative sanctions by the authorities, sustain damage to its credibility, or suffer a decline in demand for its services. In addition, SoftBank Corp. may need to formulate and implement additional measures or may experience a leakage of data or an event with the risk of such a leakage, and so forth. Consequently, these outcomes could affect SoftBank Corp.'s business development, financial position, and results of operations.

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. SoftBank Corp. maintains and controls this level of information security through various measures. Specifically, SoftBank Corp. implements physical security control measures such as restricting access to work areas that involve customer information and other confidential information, and establishing room access management rules specific to those restricted areas. SoftBank Corp. has strengthened its AI-based predictive detection (behavior detection) system for internal misconduct. Certain conditions, such as the use of business PCs and the intranet and the status of access to internal servers by officers and employees, are monitored. SoftBank Corp. also conducts monitoring and defensive measures against unauthorized access via cyberattacks from outside the company. Moreover, SoftBank Corp. partitions and sets apart access rights and networks to be used for various types of information, according to the information security level. Furthermore, SoftBank Corp. has established policies and rules on the management and strategic use of data from within and outside the company, thereby strengthening the internal management system concerning matters such as the confidentiality of telecommunications and the handling of personal information. Additionally, as it develops business in Japan and overseas, SoftBank Corp. undertakes the necessary responses to laws and regulations concerning the protection of personal information and related matters in each country.

#### b. Steady provision of services

##### (a) Capacity enhancement of telecommunications networks

To maintain and enhance the quality of its telecommunications services, SoftBank Corp. needs to, and systematically plans to, increase the capacity of its telecommunications networks (by securing required spectrum, for example) based on the forecast of future network traffic (communication volume). However, if the actual traffic is significantly higher than expected, or if SoftBank Corp. fails to increase network capacity in a timely manner, the quality and reliability of its services and corporate image may deteriorate, which may adversely affect its ability to retain and acquire customers. Moreover, additional capital investment may be required, which may adversely affect the business development, financial position and results of operations of SoftBank Corp.

##### (b) Service disruptions or decline in quality due to system faults and other factors

If human error, equipment or system problems, cyberattacks by third parties, hacking or other unauthorized access occurs in the various services provided by SoftBank Corp., such as telecommunications networks and systems for customers, there is a possibility that a serious problem could occur, including an inability to provide services continuously or a decline in the quality of services. SoftBank Corp. has taken measures such as building redundancy into systems, clearly defining restoration procedures in preparation for incidents such

as system faults, and creating appropriate capabilities that facilitate rapid recovery from system faults and similar problems should they occur. Even with these measures in place, if such disruptions or a decline in quality are not avoided and/or if significant time is required to restore services, SoftBank Corp.'s credibility or corporate image could deteriorate, making it difficult to retain and acquire customers. This could adversely affect SoftBank Corp.'s business development, financial position and results of operations.

(c) Natural disasters, accidents and other unpredictable events

SoftBank Corp. constructs and maintains telecommunications networks, information systems, and other systems necessary for the provision of various services, including internet and telecommunications services. In the past few years, there has been a heightened risk of sustaining damage from major natural disasters, such as earthquakes and typhoons, owing to factors such as the increased likelihood of the occurrence of a Nankai Trough earthquake or an earthquake directly under the Tokyo metropolitan area and the progression of climate change. Natural disasters such as earthquakes, typhoons, floods, tsunamis, tornadoes, heavy rainfall, heavy snowfall, or volcanic activity; the amplification of those natural disasters due to climate change in recent years; other unexpected disruptions such as fires or power outages or shortages; and unpredictable events such as terrorist attacks or the spread of infectious diseases could interfere with the normal operation of telecommunications networks, information systems, and other systems. This could hinder the provision of various services by SoftBank Corp. In order to ensure that it can provide a stable telecommunications environment even in the aforementioned circumstances, SoftBank Corp. has introduced measures to build redundancy into networks and mitigate power outages at network centers and base stations. In addition, SoftBank Corp. has implemented measures such as strategically placing network centers, data centers, and other key facilities throughout Japan, as part of efforts to mitigate the impact of the aforementioned circumstances on the provision of various services. Even with these measures in place, if the provision of various services is hindered, and these impacts become widespread and/or if significant time is required to restore services, SoftBank Corp.'s credibility or corporate image could deteriorate, making it difficult to retain and acquire customers. Moreover, significant costs may be incurred by SoftBank Corp. for recovery and repair of telecommunications networks, information systems, and other systems. This could adversely affect SoftBank Corp.'s business development, financial position and results of operations.

**c. Dependence on management resources of other companies**

(a) Consignment of operations

SoftBank Corp. consigns certain sales activities, retention and acquisition of customers, and network construction and maintenance mainly for telecommunications services, and execution of other related operations in whole or part to subcontractors. In addition, SoftBank Corp.'s information search services make use of other companies' search engines and paid search advertising placement systems. When selecting suppliers, including subcontractors, SoftBank Corp. evaluates and selects suppliers in accordance with its purchasing rules. At the time of commencement of new business transactions, SoftBank Corp. concludes a basic contract for business transactions that incorporates its Supplier Ethics and Rules of Conduct. Even after commencement of business transactions, SoftBank Corp. strives to reduce risks in the supply chain by establishing a PDCA cycle that includes conducting risk assessments through sustainability procurement surveys, assessing suppliers and identifying issues, and conducting interviews with suppliers. If these

subcontractors (including officers and employees and related parties) are unable to execute operations in line with SoftBank Corp.'s expectations, or if they cause problems involving human rights violations, such as the unauthorized acquisition of information concerning SoftBank Corp. and its customers, or the use of such information for purposes other than intended, SoftBank Corp.'s business development could be adversely affected.

As these subcontractors carry SoftBank Corp.'s services and products, damage to the credibility or corporate image of these subcontractors due to events like those described above would also have a negative impact on SoftBank Corp.'s credibility or corporate image, which could affect the retention and acquisition of customers. As a result, SoftBank Corp.'s business development, financial position, and results of operations could be adversely affected.

Furthermore, if these subcontractors should commit any acts in breach of laws and regulations, SoftBank Corp. could be investigated and held accountable for non-fulfillment of its supervisory responsibility by, for example, receiving a warning or administrative guidance from the relevant regulatory authorities. SoftBank Corp.'s credibility or corporate image could deteriorate as a result, making it difficult to retain and acquire customers. Consequently, SoftBank Corp.'s business development, financial position, and results of operations could be adversely affected.

(b) Use of facilities, etc. of other companies

SoftBank Corp. makes use of certain telecommunications lines and facilities owned by other operators when constructing the telecommunications networks required for providing telecommunications services. While SoftBank Corp. uses the telecommunications lines and facilities of multiple operators, in principle, SoftBank Corp.'s business development, financial position, and results of operations could be adversely affected if it becomes difficult to continue to use the facilities of these operators, or if usage agreements are revised on disadvantageous terms for SoftBank Corp., by, for example, increasing utilization or connection fees for those facilities.

(c) Procurement of various equipment

SoftBank Corp. procures telecommunications equipment, network devices, and so forth (including but not limited to radio equipment for mobile phone base stations, for example). As a general rule, SoftBank Corp. has adopted a policy of procuring equipment from multiple suppliers to build its network. Even so, SoftBank Corp. expects that it may remain highly dependent on specific suppliers for equipment. SoftBank Corp. may be unable to switch suppliers or equipment in a timely manner without requiring large cost outlays should problems occur with the procurement of equipment in a case where SoftBank Corp. relies heavily on a specific supplier. Such problems could include supply interruptions, delivery delays, order volume shortfalls, and defects. Suppliers may also cease to provide the maintenance and inspection services required for telecommunications equipment to maintain performance. Either of these situations could impede SoftBank Corp.'s provision of services, making it difficult to retain and acquire customers; cause SoftBank Corp. to incur additional costs for changing a supplier; or lead to a decline in sales of telecommunications equipment. This could adversely affect SoftBank Corp.'s business development, financial position and results of operations.



## (7) Laws, Regulations and Systems

SBG conducts investment activities pursuant to laws, regulations, systems and so forth (“laws and regulations”) in each country. Moreover, portfolio companies conduct business activities in compliance with laws and regulations in various fields in each country. Specifically, these laws and regulations cover an expansive range of areas. Among them are laws and regulations pertaining to investments and various laws and regulations pertaining to businesses such as telecommunications services, internet advertising, e-commerce, energy, AI, robotics, ride sharing, finance and settlement services, and other corporate business activities (including but not limited to laws and regulations related to business permits, national security, import and export activities, protection of personal information and privacy, the environment, product liability, fair competition, consumer protection, anti-bribery, labor affairs, intellectual property, prevention of money laundering, taxation, and foreign exchange). SBG and its portfolio companies are affected by these laws and regulations both directly and indirectly.

Revisions to laws and regulations, the enforcement of new laws and regulations, or new interpretations and applications of laws and regulations (including amendments thereof) could hinder SBG’s investment activities or its portfolio companies’ business activities. For example, SBG may be unable to develop its investment activities and portfolio companies may be unable to develop their business activities in accordance with expectations, new investments or businesses may be restricted, or recovery of investments may be delayed or become impossible. In addition, incurring a new or increased financial burden could adversely affect SBG’s consolidated and non-consolidated results of operations. The legal department of SBG collects information on new or revised laws and regulations, mainly related to investment activities, and receives advice from outside advisers.

Furthermore, in countries and regions in which SBG or its portfolio companies conduct business activities, tax laws and regulations may be newly introduced or amended, or their interpretation or enforcement may be revised. Views differing with that of tax authorities may give rise to additional tax burdens. In these cases, SBG’s consolidated and non-consolidated results of operations or financial position could be adversely affected.

Apart from this, SBG has been undertaking measures to strengthen its Group compliance structure for complying with laws and regulations and to facilitate an improvement in the knowledge and awareness of officers and employees through training sessions and other means. In spite of such efforts, if SBG 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, SBG and its portfolio companies may be subject to administrative sanctions or guidance by government agencies (including deregistration, revocation of licenses and fines), or may face cancellation of business agreements by business partners. As a result, the credibility and corporate image of SBG and its portfolio companies may be impaired, or its business activities may be hindered. In addition, SBG may incur a financial burden, which could adversely affect SBG’s results of operations and the asset value of its portfolio companies.

## (8) 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 portfolio companies such as Arm by a third party could have a negative impact on these companies’ business development and results of operations. On the other hand, if portfolio companies were to unintentionally infringe on intellectual property rights held by a third party, 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 all

cases, the equity value of SBG’s holdings, NAV, LTV, and consolidated and non-consolidated results of operations could be adversely affected.

## (9) Litigation

SBG 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 (including current and past shareholders of portfolio companies), portfolio companies, customers, business partners, and employees (including current and past employees of portfolio companies). Such lawsuits could hinder SBG’s investment activities or may impair SBG’s corporate image, as well as create a financial burden that could adversely affect SBG’s consolidated and non-consolidated results of operations.

## (10) Sustainability

SBG believes that it is crucial to take the lead and implement essential activities to address Environmental, Social, and Governance (“ESG”) factors. SBG has a Sustainability Committee chaired by the Chief Sustainability Officer (“CSusO”), the manager responsible for sustainability. The Sustainability Committee strives to mitigate and avoid ESG risks by regularly discussing ESG-related matters and countermeasures, while strengthening ESG-related disclosure. In investment activities, SBG has adopted a Group policy of formulating management plans for evaluation processes at each investing entity and carrying out comprehensive investment evaluations, in order to analyze the opportunities and risks associated with the sustainability aspects of portfolio companies. However, SBG’s ESG activities may diverge significantly from the expectations of stakeholders. In these cases, SBG’s public approval may deteriorate and adversely affect its investment and financing activities. In addition, SBG may be unable to adequately assess the opportunities and risks associated with the sustainability aspects of portfolio companies. In these cases, portfolio companies may be unable to develop their businesses as expected. This could have the effect of reducing the equity value of SBG’s holdings.

## (11) Information Security

SBG has a Chief Information Security Officer (CISO) who is responsible for information security. Under the leadership of the CISO, SBG identifies vulnerabilities and risks that could threaten information security, and implements information security measures focused on organizational, physical, personnel-related and technical dimensions according to risk. Through these efforts, SBG endeavors to protect its information assets.

However, even with these measures in place, SBG may be unable to completely prevent cyberattacks, 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 information security incidents.

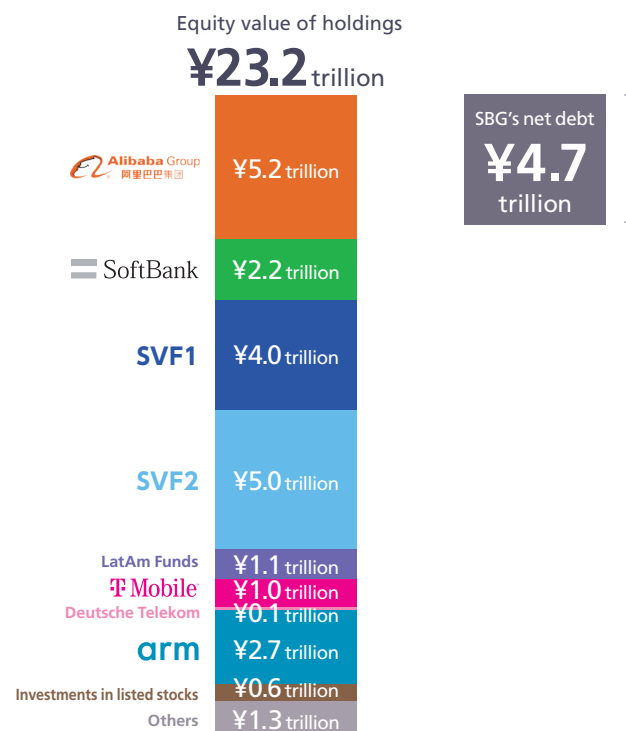
Such occurrences may impair the credibility and corporate image of SBG and its portfolio companies and may hinder their business activities. SBG and its portfolio companies may incur financial losses or additional cost outlays or other responses may be needed to address such occurrences, which could adversely affect SBG’s consolidated and non-consolidated results of operations.

# Calculation of Equity Value of Holdings and Net Debt

As of March 31, 2022

## Equity value of holdings

- Calculated by multiplying the number of Alibaba ADSs equivalent to the number of shares held by SBG by the ADS price; less (a) and (b) below.
  - (a) 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.
  - (b) equivalent amount of debt outstanding for margin loans using Alibaba shares.
- Calculated by multiplying the number of shares held by SBG by the share price of SoftBank Corp., less the equivalent amount of debt outstanding for margin loans using SoftBank Corp., shares.
- SBG's share of the equivalent value of assets held by SVF1 + performance fees accrued, etc.
- SBG's share of the equivalent value of assets held by SVF2, etc.
- SBG's share of the equivalent value of assets held by SoftBank Latin America Funds + performance fees accrued.
- The sum of (c) to (e), less (f) to (h) below.
  - (c) value of SBG's shareholding, including the number of shares subject to call options held by Deutsche Telekom (56,124,954 shares as of March 31, 2022), multiplied by the company's share price.
  - (d) fair value of SBG's right to acquire T-Mobile shares (48,751,557 shares) for no consideration under certain conditions (contingent consideration).
  - (e) fair value of the rights received in connection with the transaction in which T-Mobile sold the company's shares to Trust that offered its Cash Mandatory Exchangeable Trust Securities, which allows a subsidiary of SBG to acquire T-Mobile shares under certain conditions.
  - (f) the amount of derivative financial liabilities related to unexercised call options held by Deutsche Telekom.
  - (g) of the total borrowing amount of the margin loan using T-Mobile shares, the amount that is considered as asset-backed financing non-recourse to SBG (\$1.49 billion, which is a portion of the total borrowing amount of \$2.06 billion less the maximum amount guaranteed by SBG (\$0.57 billion), because SBG guarantees a portion of the borrowing on an exceptional basis. As a precondition for SBG to fulfill its guarantee obligations, the lenders are obligated to first recover the amount to the maximum extent possible from Alibaba shares pledged as collateral for such borrowing.).
  - (h) maturity settlement amount of the prepaid forward contracts (collar contracts) using T-Mobile shares (calculated by using the company's share price).
- 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.
- The fair value of Arm shares held by SBG (75.01% of outstanding shares), which is calculated based on the fair value of all shares of Arm calculated at SVF1, minus the amount equivalent to the outstanding debt balance of the borrowings made through asset-backed finance using Arm shares.
- SBG's share of SB Northstar's NAV plus the value of NVIDIA Corporation shares held by SBG multiplied by its share price.
- The sum of (i) and (j) below.
  - (i) Listed shares: calculated by multiplying the number of shares held by SBG by the share price of each listed share.
  - (j) Unlisted shares: calculated based on the fair value (or the carrying amount in SBG's balance sheet for those not measured at fair values) of unlisted shares, etc. held by SBG.



## 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
- Net interest-bearing debt at self-financing entities, etc.: the sum of gross interest-bearing debt minus the sum of cash positions of self-financing entities, such as SoftBank Corp., (including its subsidiaries such as Z Holdings Corp.), SVF1, SVF2, SoftBank Latin America Funds, Arm, and PayPay Corporation, as well as SB Northstar.
- Other adjustments: the sum of adjustments of (k) to (u) below.
  - (k) JPY Hybrid Bonds issued in September 2016: deducting 50% from interest-bearing debt (to treat it as equity), as the entire amount is recorded as a liability in the consolidated financial statements.
  - (l) USD Hybrid Notes issued in July 2017: adding 50% to interest-bearing debt (to treat it a liability), as the entire amount is recorded as equity in the consolidated financial statements.
  - (m) JPY Hybrid Loan borrowed in November 2017: deducting 50% from interest-bearing debt (to treat it as equity), as the entire amount is recorded as a liability in the consolidated financial statements.
  - (n) JPY Hybrid Bonds issued in February and June 2021: deducting 50% from interest-bearing debt (to treat it as equity), as the entire amount is recorded as a liability in the consolidated financial statements.
  - (o) deducting the amount equivalent to the outstanding margin loans using Alibaba shares.
  - (p) deducting the financial liabilities relating to prepaid forward contracts (floor contracts, collar contracts, and forward contracts) using Alibaba shares.
  - (q) deducting the equivalent amount of debt outstanding for margin loans using SoftBank Corp. shares.
  - (r) deducting the loan amount that is considered as asset-backed financing non-recourse to SBG, which is a portion of the margin loan using T-Mobile shares pledged as collateral (refer to (g)).
  - (s) deducting the financial liabilities relating to prepaid forward contracts (collar contracts) using T-Mobile shares.
  - (t) deducting the financial liabilities recorded as borrowings relating to collar transactions using Deutsche Telekom shares.
  - (u) deducting the amount equivalent to the outstanding debt balance of the borrowings made through asset-backed finance using Arm shares.