

Section 4

Our Sustainability

We will provide a workplace where individual abilities can be maximized and seek to improve the well-being of our employees through efficient workstyles. At the same time, we will strengthen governance through constructive dialogue with stakeholders and implement initiatives to address the increasing complexity and diversity of risks, including information security. Furthermore, we will address global environmental issues by making full use of technology to realize a sustainable society.



Human Resource Strategy



Message from the Head of Human Resources Division

Supporting the success of diverse workforce and leveraging human capital

Yasuyuki Genda

Vice President, Head of HR Division

The everlasting mission of SoftBank's HR division is to connect “people” and “business” and achieve growth in both. Human resources are key to driving the Company forward and we believe the creation of opportunities and an environment in which every employee in a diverse workforce can showcase their individuality and capabilities is crucial to the enhancement of corporate value over the medium to long term. Also, by closely aligning our medium-to-long-term business strategy with the human resource strategy, we aim to promote a human resource strategy that is always attuned to the needs of the social environment and the Company. For example, we need to consider the kinds of people and organizations we will require in the future and in an ever-changing world, as well as the type of HR portfolio we should be sketching out. The recent trend toward remote work, changing views of work, and accelerating use of technology have brought about changes in the relationship between companies and individuals. In light of these developments, in 2023 we undertook a review of our HR Policy. We have added a new item of the following: Creating an environment where a diverse workforce can work vigorously, based on the concept that the sustained health and well-being of employees is correlated with improved performance and the utilization of human capital. The other three items essentially remain the same, but we have changed the expression, so they are easier to understand (📄 P43). With this perspective in mind, we are pursuing a human resource strategy with an emphasis on nurturing employees as “capital” instead of just managing them as “resources.”

Supporting employees who challenge themselves

To maximize human capital, we are encouraging the autonomous career formation of employees. For example, as part of the free-agent system that we implement once a year, we collaborate with Group companies, including Yahoo Japan and LINE, to help employees move to another Group company or department they desire, thus providing them with opportunities for success. We also have a job posting system in place to recruit personnel when launching a new business or strengthening growth businesses. At present, between 300 and 400 people are using these systems annually to transfer to another position within the Group. In addition, we have the SoftBank InnoVenture program through which employees can propose new businesses and the InnoVenture Lab program for pursuing new business ventures. And through the SoftBank University program, employees that have been accredited as internally certified instructors are sharing their expertise to effectively train personnel. We also launched AI Campus from SBU Tech in 2021, a program that systemizes AI-related learning content, to provide a wide range of learning opportunities to motivated employees, from basic knowledge to highly specialized skills.

Encouraging the best mix of workstyles

At present, roughly 75% of the Company's employees are working from home. In an employee questionnaire regarding remote working, over 80% of respondents indicated that their

productivity had increased or remained the same. This confirms that our employees can continue to work from home.

On the other hand, we are rediscovering the importance of gathering in the office, particularly in terms of building relationships with new colleagues, having the opportunity to communicate and collaborate mainly through discussions to generate new ideas, and fostering an organizational culture. Therefore, we have not set any uniform rules on how often employees should come into the office—it is up to each organization and individual employee to adopt a working style under which they can unleash their full potential, considering the unique characteristics of their own business.

Aiming for well-being throughout the Company

With the aim of maximizing human capital, we set up a Well-being Promotion Office. In the past, our focus had been on health checkups and providing support to smokers wanting to quit. Now, however, we are implementing a number of initiatives based on the belief that if our employees are physically and mentally healthy and always full of energy, their performance will improve, leading to the effective utilization of human capital.

Empowering women's advancement from equity perspective

At SoftBank, we consider diversity, equity, and inclusion (DE&I) to be a key management issue and we are especially focused on the advancement of women in the workplace. Some people may think that women are being favored, but it should be noted that equality and equity are distinctly different concepts. The latter means supporting individuals to rectify imbalances, based on the recognition that we do not all start from the same place. The number of female employees who express the desire to become a manager is lower than their male counterparts, which is attributable to such reasons as the unconscious bias that tends to associate leadership roles with men. To overcome these challenges, we have established the Committee for the Promotion of Women in the Workforce. Whilst seeking advice from external experts, our initial goal is to achieve 20% or higher in the ratio of women in management positions by FY2035.

Human Resource Strategy

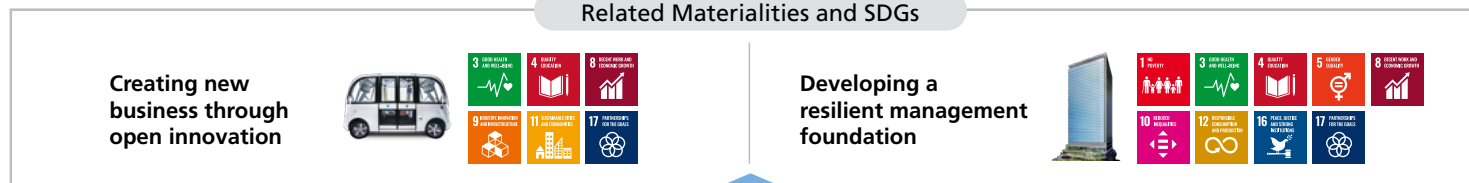
SoftBank HR strategy “Information Revolution—Happiness for everyone”

Under our corporate philosophy of “Information Revolution—Happiness for everyone,” our HR mission is to connect people and business and achieve growth for both, aiming to become a company where people gather and can work with fulfillment. We also support the potential of those who take on challenges and follow a personnel policy that rightly rewards competence and achievement, creating a vitality that is unique to our company.

Information Revolution—Happiness for everyone

People who come together under this philosophy can work with fulfillment

Related Materialities and SDGs



Human Resource Policies

An organization that continues to evolve



Supporting those who take on challenges and growth



Fair rewards for efforts and ability



Creating an environment where a diverse workforce can work vigorously

Utilizing Cutting-Edge Technologies

Promoting diversity

P44

In addition to furthering the advancement of women, by promoting an understanding of employees with disabilities and sexual minorities like the LGBTQ community and by supporting the active participation of senior employees, we aim to create an innovative organization in which employees from all walks of life, regardless of gender, age, nationality, or disability, are able to showcase their individuality and capabilities.

Workstyle reforms and health and productivity management

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Under the slogan of “Smart & Fun!” we are promoting workstyle reforms to increase productivity by making full use of IT to work in smart and fun ways and engage in more creative and innovative activities. In addition to achieving the best mix of work from home and office, we also help employees maintain and improve their health.

Systems and environment where everyone can take on challenges

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We encourage employees to actively make new business proposals, and as a way of providing opportunities for personal growth and self-realization, we have introduced a job posting system to recruit members to new businesses, plus an in-house entrepreneurship program. We also support the self-directed career development of employees through SoftBank University.

Human Resource Strategy

Promoting Diversity

Initiatives on diversity, equity, and inclusion (DE&I)

We are working to offer opportunities and develop workplace environments in which every employee in a diverse workforce can demonstrate their individuality and capabilities, regardless of age, gender, nationality, or disability. Appointments and compensation are determined based on fair evaluations according to role, achievements, and qualifications. The Chief Human Resources Officer, or CHRO, is responsible for promoting diversity throughout the Company, while the Diversity Promotion Section within the Human Resources Division leads the implementation of unconscious bias e-learning program to be completed by all employees, as well as diversity management training sessions for those in management positions. Other all-encompassing initiatives are also implemented, such as a mentoring program and workshops for female employees. We are also committed to promoting normalization so that employees can work vibrantly and equally regardless of whether they have a disability or not. For example, we are creating workplace environments in which employees with lower limb disabilities can move around more easily. We are also considerate of LGBTQ employees and have taken steps to ensure that same-sex partners can receive the benefits of Company schemes as spouses. Also, with the aim of promoting awareness of DE&I, every year between February and March we celebrate Diversity Week.

Ratio of women to total number of employees



(FY2022)

Women's activity promotion committee

We have set a target of at least 20% for the ratio of women in management positions to be achieved by FY2035, and to achieve this goal we have established the Committee for the Promotion of Women in the Workforce, to be chaired by the president and comprising Naomi Koshi External Director and external experts as advisors. The committee discusses policies and new initiatives geared towards promoting and advancing the active participation of women and keeps tabs on how each initiative is progressing. It also holds meetings to share information about cases of success in each division to roll out initiatives on a Company-wide basis.



Online meeting of the Committee for the Promotion of Women in the Workforce

In a survey conducted in September 2022, the percentage of respondents expressing the desire to become a manager was 61% for male employees and 37% for female. At the fourth meeting of the Committee for the Promotion of Women in the Workplace held in December 2022, opinions were actively exchanged regarding the results of this survey. It was also noted that even though a mentoring program and other systems are gradually being rolled out, an old boys' network* persists in the Company. As for future initiatives, the committee put forward different role models and demonstrated what leadership should look like, and also emphasized the importance of establishing an environment in which women in various positions can forge a career.

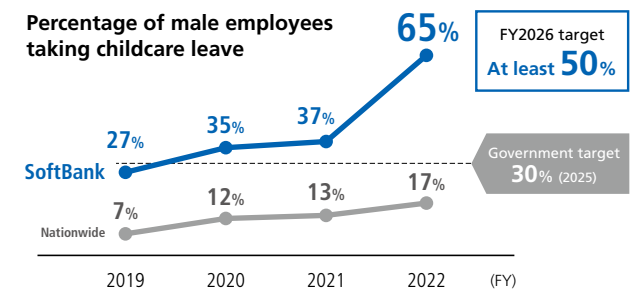
*An old boys' network refers to the unique culture and customs traditionally maintained in male-dominated organizations or communities

Initiatives for closing the gender pay gap

Not only do we endeavor to pay fair salaries and wages irrespective of gender, but we are also aiming to eliminate the gender pay gap. Once a year we undertake a comparison of salaries or salaries plus bonuses paid to all the Company's regular and non-permanent employees in order to gain an understanding of the situation. Even though we have adopted the same pay structure for both men and women, total compensation between men and women currently differs mainly because of the Company's ranking structure. Given this situation, we continue to promote the advancement of women in the Company.

Encouraging men to take childcare leave

At SoftBank we are establishing a framework to support employees who want to keep working while also meeting their parenting responsibilities at home. We want to make sure that employees who are raising children have a desire to grow and are highly motivated to carry out their work. We aim to prevent situations where parenting becomes a hindrance and leads to resignation or the inability to demonstrate one's full potential. We have established a workplace environment in which employees, irrespective of gender, can find the right balance between work and their private life. As a result of sending notices to male employees encouraging them to take childcare leave when their child is born, the percentage of men taking childcare leave is steadily increasing, reaching 65% in FY2022, which is higher than the Japanese government's target.



Human Resource Strategy

Systems and Environment where Everyone can Take on Challenges

Nurturing digital professionals

Japan's Digital Literacy Council has defined a standard of digital literacy called Di-Lite that all business professionals should acquire to be digitally literate. We are using Di-Lite as a reference to have all employees, regardless of their type of work, consider digitalization to be a matter of personal responsibility. And so that they can use digitalization to further their careers, we are endeavoring to enhance the programs that help them obtain qualifications in the fields of IT, AI, and statistics, and improving training content within the scope of the Di-Lite syllabus. In the IT field, we are providing training for mainly levels 1 and 2 as defined under the ITSS*1 for the purpose of raising the overall level in the Company. As of the end of FY2022, 2,055 employees had obtained the IT Passport*2 qualification, while 1,178 employees*4 held the Fundamental Information Technology Engineer*3 qualification. In the AI field, we have also kicked off the AI Campus from SBU Tech program to provide AI-focused training. We are currently expanding the educational materials and training program for three different levels: employees that have a basic understanding of AI; employees who can utilize AI; and employees who can implement AI. In FY2021 we launched an e-learning module with the aim of improving fundamental knowledge of AI and approximately 8,000 employees completed the course. As the next step, in FY2022, we successively rolled out various programs designed to enhance skills for utilizing AI in business. They included a case study training for AI product proposals, AI development experiences, training to improve AI project implementation, and

an AI planning improvement program that incorporated app-based learning. In total, 5,168 employees took part in these programs. Also, as of the end of FY2022, 1,531 employees hold the JDLA G certification (generalist)*5, and 111 hold the JDLA E certification (engineer)*6.

Qualification	No. of employees qualified*4
IT Passport*2	2,055
Fundamental Information Technology Engineer*3	1,178
JDLA G (generalist)*5	1,531
JDLA E (engineer)*6	111

ChatGPT contest

Within SoftBank Group companies, we held a *ChatGPT* and other generative AI applications contest to invite ideas on how to improve quality and efficiency of operations in general in various industries. In the inaugural edition of the contest, which began in May 2023, we received over 52,000 ideas during the 10-day submission period. Total prize money of ¥25 million has been awarded to the most outstanding entries. We plan to hold the contest every month to promote the generation of ideas and their practical applications..

Job-posting and free-agent systems

We have a number of schemes for employees ready to take on a new challenge. For example, we have a job posting system to recruit personnel when starting a new business or establishing a new company, and a free-agent system that allows employees to transfer to a different company by their own initiative. These systems are implemented jointly with some Group companies, thereby creating a mechanism to promote the performance of personnel outside of the Group.

Job-posting and free-agent systems
Approx. 2,100 employee transfers

(FY2015–FY2022)

SoftBank InnoVenture

Through our in-house entrepreneurship program, SoftBank InnoVenture, we solicit a wide range of creative and innovative ideas from within and outside of the Company and offer support up until the scaling-up phase after commercialization. We also provide the InnoVenture Lab program through which employees can acquire broad-ranging knowledge of new businesses and the methods used to review business plans.

SoftBank InnoVenture
21 ideas commercialized

(2011 to July 1, 2023)

*1 ITSS: An acronym for IT Skill Standards, an indicator of the skills framework for IT professionals

*2 IT Passport: A national examination to verify basic knowledge of IT

*3 Basic Information Technology Engineer: A national accreditation that recognizes individuals who have achieved a certain level of knowledge and skills as an IT engineer

*4 Based on employee self-declarations

*5 JDLA G: An examination that assesses whether a person possesses a basic knowledge of deep learning and the ability and knowledge of determining appropriate utilization strategies for business applications

*6 JDLA E: An examination that certifies whether individuals understand the theory of deep learning and have the ability and knowledge to select appropriate methods for implementation

Human Resource Strategy

Workstyle Reforms and Health & Productivity Management

Realizing diverse workstyles

We are implementing a smart working style to boost productivity by leveraging IT so employees can work in smart and fun ways under the slogan of "Smart & Fun!" We are also freeing up more time for employees with the introduction of a "super flexitime system" to enable employees to work more efficiently and with greater focus. With this system, we want employees to invest in their own personal growth by devoting more time to self-development and interaction with colleagues. By doing so, employees and the Company should become more innovative and creative and rise to even greater heights in terms of achievements. Also, for the purpose of maximizing the performance of organizations and individual employees, we are promoting a working style with the best mix of work locations, which might include the Company's offices, a satellite office, or at home. As a result, we won the grand prize for the first time in the 2023 Nikkei Smart Work Awards in recognition of our efforts to boost productivity and achieve sustainable growth by implementing workstyle reforms. We earned the highest possible overall ranking of five stars and the highest rating of S++ in three evaluation categories: human resources utilization capability, innovation capability, and market development capability.



Promotion of health and productivity management

Guided by our Health Management Declaration, we aim to be a vibrant organization in which every single employee is both physically and mentally healthy. To that end, we established a Well-being Promotion Office that reports directly to the CHRO. Based on the health management indicators shown below, we are creating an environment in which employees can engage in their work with a healthy mind and body. We collaborate with a Wellness Center staffed with an occupational physician, health nurse, and full-time counsellor to support the maintenance and improvement of employee health by monitoring each indicator with the following three approaches: (1) health management; (2) safe and secure workplace environments; and (3) maintaining and improving health. The percentage of employees with abnormal findings in regular health checkups, and the percentage of employees that smoke were identified as priority issues in FY2022. With the aim of maintaining the Company's 100% participation rate in health checkups, we called on employees to schedule their checkup and we also launched an app-based diet program that utilizes the results of genetic analysis. Moreover, efforts to reduce the number of smokers in the Company have yielded some results, including multiple employees successfully quitting by making use of subsidies to cover the cost of visiting a smoking cessation clinic. Our achievements in lifestyle improvement and the disclosure of information related to health management were recognized with our first-ever appearance in the 2023 Health & Productivity Stock Selection. The companies in this list are selected from among the top 500 companies with the highest levels of health and productivity management (in the large enterprise category) based on the results of METI's FY2022 Survey on Health and Productivity Management.

Health and productivity management indicators

	FY2022 result	FY2023 target
Presenteeism*1	85.0%	Above 90.0%
Absenteeism*2	4.1 days	4.5 days or less

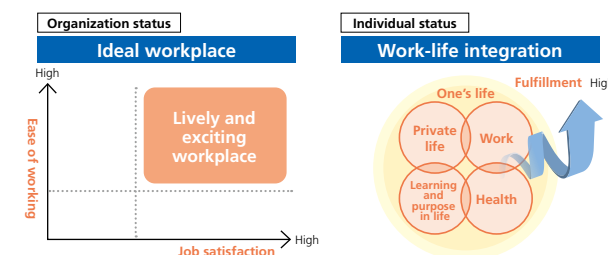
*1 Presenteeism: Data up until FY2020 based on the number of days when a decrease in work efficiency was felt due to ill health based on the results of a health awareness survey of the Company; calculation based on the number of respondents who answered "one or two days a month" or "hardly ever"; data from 2021 collected using the "Single-Item Presenteeism Question" developed by the University of Tokyo

*2 Absenteeism: Absent from work or on leave due to injury or illness

Using technology to secure HR, optimally allocate personnel, and gauge conditions

We are propelling a human resource strategy with the use of cutting-edge technology. In order to ensure more objective and uniform standards in the selection of new graduates, in combination with human evaluations, we have introduced an AI system that automatically evaluates newly submitted videos by learning from evaluations by experienced recruiters and video data submitted during the internship selection process. With this technology, we have been able to reduce the time needed to screen video interviews by more than 80%. Also, we have incorporated our proprietary-developed people analytics method to help us place an employee in a position that suits them the best by referencing not only information in their CV, like age and skillset, but also their "personality fit score," which measures how well the person's personality matches each department. In addition to an employee satisfaction survey conducted every year, we have developed and rolled out our very own "pulse survey" to measure the day-to-day fulfillment of our employees. From FY2023 we plan to integrate it into our engagement survey to be conducted annually and monthly to measure and improve the degree of activity in the organization. With this survey, alongside traditional metrics, we will look to periodically measure and visualize the state of individual employees and the organization. This will help us drive further improvements in employee work-life integration (life fulfillment, including work and private life), workplace vitality, and employee engagement.

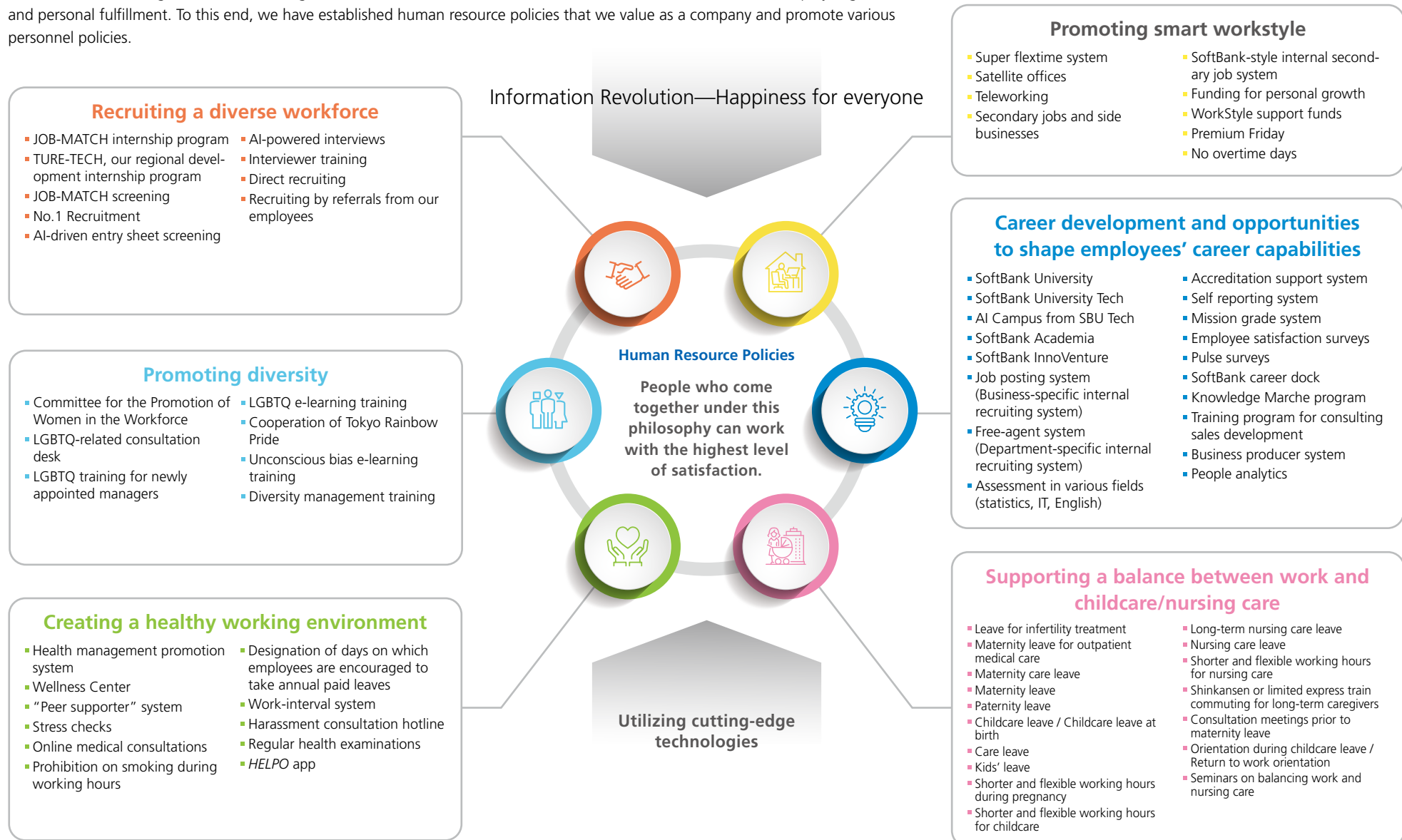
Degree in which both individuals and the organization are growing and feeling fulfillment in their work



Human Resource Strategy

SoftBank's Human Resource Initiatives

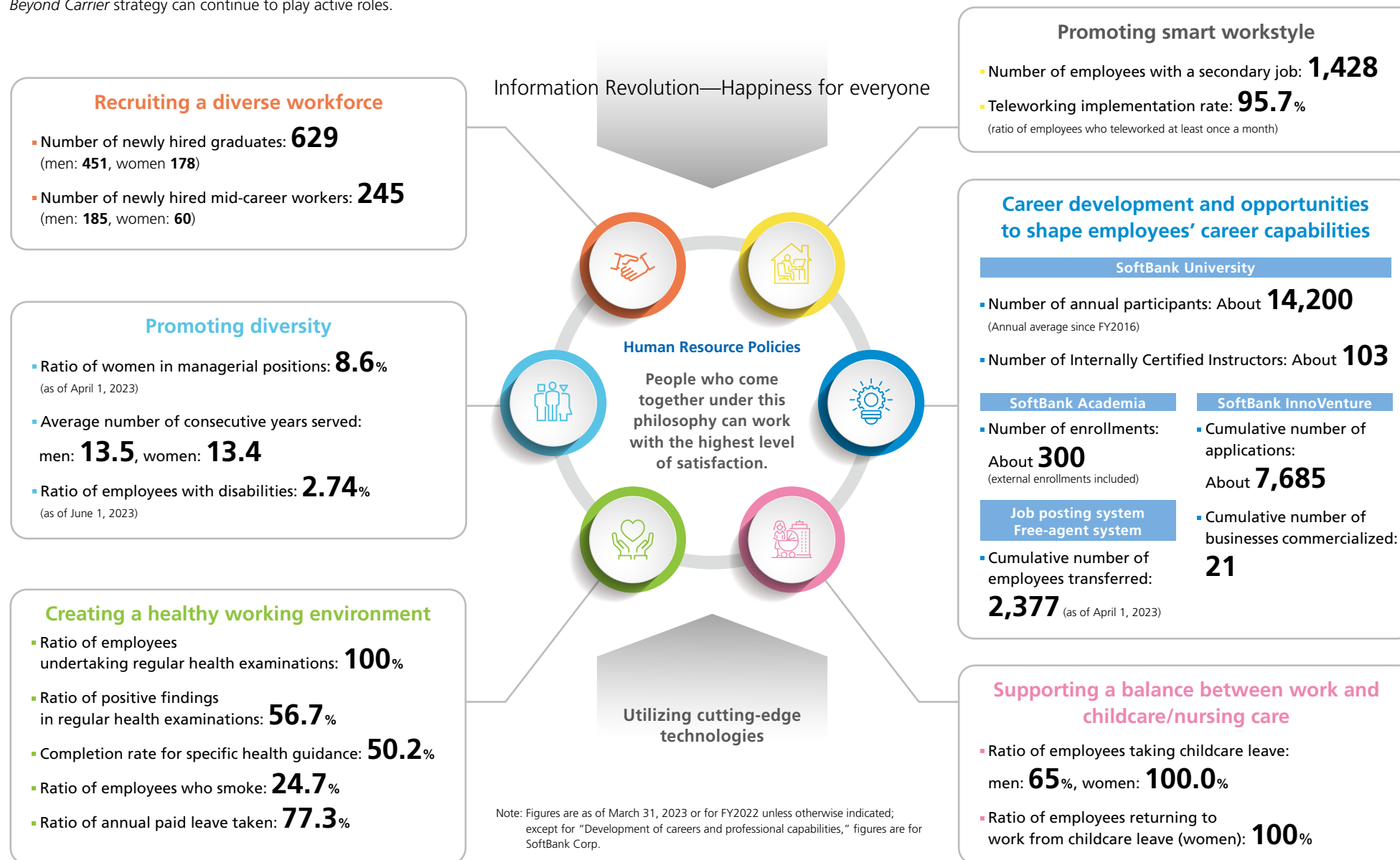
In addition to achieving sustained business growth and success, we aim to build a work environment conducive to employee growth and personal fulfillment. To this end, we have established human resource policies that we value as a company and promote various personnel policies.



Human Resource Strategy

List of Achievements

By executing HR initiatives unique to SoftBank, we aim to be a company in which employees who implement the *Beyond Carrier* strategy can continue to play active roles.



Corporate Governance

Message from External Director

Representing
60% of
shareholders



Kyoko Uemura

External Director
(Independent Officer)
Member of Nominating Committee,
Remuneration Committee,
and Special Committee

Q: What role are you expected to play as an independent external director?

My most important role is monitoring and checking. Given that both the Company and its parent, SoftBank Group Corp., are publicly listed, accountability and transparency of transactions between the two entities must be ensured. I also think I am expected to provide opinions from an objective standpoint and contribute to the enhancement of corporate value. Considering that the parent company holds roughly 40% of the Company's shares, I believe that I am in a position to represent the other 60% of our shareholders, who are by no means a minority. In addition, as we are a speedy company that moves quickly once we have made a decision, I purposely raise opinions that differ from internal views and encourage discussion from various

angles, including risks. I closely scrutinize the risks and profitability of new businesses, particularly those not in the telecommunications industry, and check that the Company is not disadvantaged in transactions with the parent company and the subsidiary.

Q: What is your view of the parent-subsidiary listing?

As the parent company, SoftBank Group Corp. is a strategic investment company that oversees the Group companies in its investment portfolio. SoftBank Corp., on the other hand, is an operating company that aims to sustain growth in its mainstay telecommunications business whilst also expanding into domains outside of telecommunications. As long as this

distinction is maintained, I believe it makes sense for both companies to be listed and evaluated separately by the market. In the US, case law recognizes that controlling shareholders have a fiduciary duty to act in the best interests of minority shareholders. They also bear the risk of liability for damages. In contrast, Japan does not have such provisions or judicial precedents, and legally, controlling shareholders are under no obligation to be liable for the shareholders of a listed subsidiary. The difference is that there is enhanced disclosure of information about parent-subsidiary transactions. Therefore, external directors need to strictly check whether transparency is ensured with regard to transactions between parents and subsidiaries.

Q: The Special Committee was established in February 2022 to mainly check parent-subsidiary transactions. What has it been discussing?

At the meetings of the Special Committee held in FY2022, we discussed the transactions (executed in October 2022) that made PayPay a subsidiary. Voting rights in PayPay are now held by the Company, Z Holdings, and SVF II Piranha (DE) LLC (SVF2), a subsidiary of SoftBank Group Corp. The conversion of preferred shares in PayPay was expected to change the voting rights ratios of each company, so we made it a priority to confirm the background and reasons for the change especially in terms of whether it would disadvantage the Company. This matter was complicated and some aspects of it were hard to follow, but we were allocated plenty of time for briefings prior to the meetings of the Board of Directors. I understand each shareholder had different views, but I voted to approve the transactions based on the perspective of maximizing the Company's own interests and corporate value, rather than the interests of SoftBank Group Corp., the parent company or Z Holdings.

Corporate Governance

Q: As the parent company of Z Holdings, do you think SoftBank should be more involved in its management?

Being a publicly traded company, I believe we should principally respect management independence. It is certainly obvious that the user ID integration between *Yahoo! JAPAN* and *LINE* has been delayed, which probably caused some disappointment among investors. However, both Yahoo Japan and LINE have hitherto expanded their businesses with freewheeling thinking, and each has a sizeable user base. They have both grown into big companies with a user-first approach. Based on such a history, only these two companies can break down what has been built up if necessary and rebuild it so that a chemical reaction can occur between the two companies. It is my opinion that both companies should identify the nature of the problem on their own and transform themselves with the consent of both parties. Even though rebuilding something that already exists takes time, I believe it to be a phase that requires a non-transient, lasting transformation, even if it comes at the expense of losing opportunity gains in the meantime. It may be tempting to intervene given the Company's corporate culture of emphasizing speed, but the platform businesses of Yahoo Japan and LINE have been built on user trust. Although there may be some differences of opinion with our internal directors, we cannot afford to lose users by placing too much emphasis on speed, so I believe we should not demand anything too hasty.

Q: What has the Board been discussing in regard to the recently announced medium-term management plan?

I am all for the direction of focusing on DX and AI toward the long-term vision of becoming "a company that provides next-generation social infrastructure essential for development of a digital society." I personally even wonder if it could be brought forward a little more. On the other hand, there was a lot of discussion about future financial strategies, given that

there is such a large growth opportunity and that a good amount of funds will be needed. We fund our dividends with free cash flow generated from our core telecommunications business, and since going public we have been focused on achieving both growth and a high level of shareholder returns. From the perspective of seizing greater growth opportunities and maximizing corporate value, I think the Company needs to consider an optimal capital structure and how it can best balance growth investments with shareholder returns. We will continue to seek discussion and consideration.

Q: What are the challenges to further strengthening governance?

I truly admire SoftBank's ability to gather cutting-edge information from around the world and formulate business strategies with a forward-looking approach. However, if the parent-sub-sidiary listing situation is to be maintained, I believe the number of external directors needs to be increased. I do not believe that the views of the external directors are necessarily all correct, but with the current composition of the Board of Directors, if there is a difference of opinion between the external and internal directors, the external directors would still lose in the final



verdict. The Company is required to uphold stricter-than-usual corporate governance, which is why I believe it would be best to have most external directors on the Board to present a broad range of views. External directors cannot match the expertise of the people within the Company, nor can we create management strategies. However, I believe that it is important to build consensus among external directors, who have diverse views, by asking them why the Company is doing what they are doing, rather than which of the proposed management strategies is right or wrong, until they are convinced of the reasons for doing so.

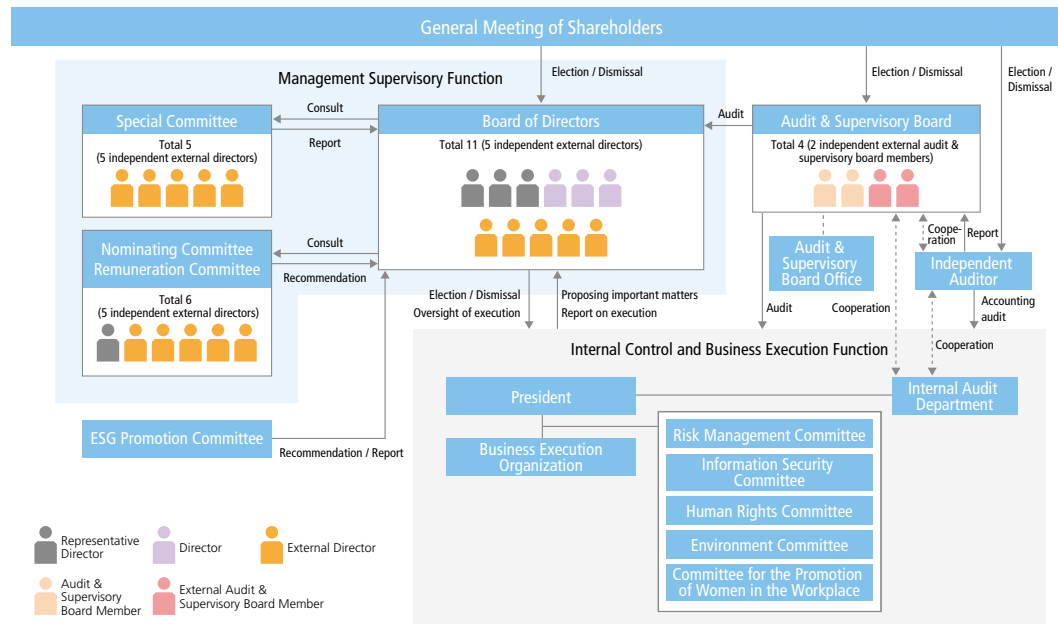
Q: Lastly, what message do you have for shareholders?

From what I have seen over the past five years, we are a very forward-looking company to drive to change. Also, it does not always adhere to a top-down approach, but rather allows people to make individual decisions. I think it is quite rare in Japan to find a company with such a vigorous spirit of taking on new challenges. I strongly feel that the entire organization values speed and is determined to take some risks and continue to evolve. And I believe that this is the very source of the Company's strength, and that people and funds are attracted to a place that is always looking forward to new and exciting things. We are now taking a more aggressive approach in the face of enormous growth opportunities in generative AI and the like. I hope that you will continue to have high expectations for our business, and we would like to ask for your unwavering support.

Corporate Governance

Overview of Corporate Governance System

Corporate governance system (As of June 20, 2023)

**Special Committee** Number of meetings in FY2022 **3**

Comprised of five independent external directors, the Special Committee deliberates and reviews important transactions between the Company and its controlling shareholder or its subsidiary, etc. where there may be a conflict of interest between the controlling shareholder and minority shareholders, etc. and submits its opinions to the Board of Directors. [P54](#)

Nominating Committee and Remuneration Committee Number of meetings in FY2022
Nominating Committee **2**
Remuneration Committee **6**

Each committee is composed of the President & CEO and five independent external directors and chaired by an independent external director to ensure its independence. Both committees

deliberate and determine recommendations to be submitted to the General Meeting of Shareholders. The Nominating Committee deals with the election and dismissal of Board Directors and the nomination of Representative Directors, while the Remuneration Committee handles remuneration for Board Directors. [P55](#)

ESG Promotion Committee Number of meetings in FY2022 **4**

Chaired by the President & CEO, this committee is made up of members that the chair appoints from among the Board Directors and executive officers. It deliberates the policy on ESG promotion activities for the entire Group and determines recommendations. It also reviews progress in implementing the policy and decides on what to report. [P11](#)

Board of Directors Number of meetings in FY2022 **12**

The Board of Directors consists of 11 Board Directors, five of whom are independent external directors. It makes management decisions following appropriate investigation and thorough consideration. It also decides on matters required by law or the Articles of Incorporation as well as on important matters related to business execution by the Company in accordance with the Board of Directors Rules. In addition, the Board of Directors supervises each Board Director's business execution. [P53](#)

Audit & Supervisory Board Number of meetings in FY2022 **16**

The Audit & Supervisory Board establishes an audit policy and plan as well as priority audit items for each fiscal year and meets once a month in principle to receive regular reports from each department related to the internal control system to review the status of the execution of duties by Board Directors in light of priority audit items, thereby evaluating the appropriateness of business execution. [P61](#)

Internal Audit Department Number of audits in FY2022 **22**

Established as an independent organization directly under the President & CEO, the Internal Audit Department conducts internal audits of the overall duties of the Company as well as company-wide internal control audits of its subsidiaries (mainly consolidated subsidiaries), by setting the goal of "achieving management goals and increasing value" and by formulating a risk-based annual audit plan based on the philosophy of "audits that contribute to management." [P61](#)

Risk Management Committee Number of meetings in FY2022 **2**

The Risk Management Committee meets semiannually and consists of members including the CEO, representative directors, the CFO, and others. Audit & Supervisory Board Members and related directors also attend its meetings. The committee determines the severity of risks and who should take responsibility (risk owners), issues instructions for what measures are to be taken, and reports on the progress thereof to the Board of Directors. [P62](#)

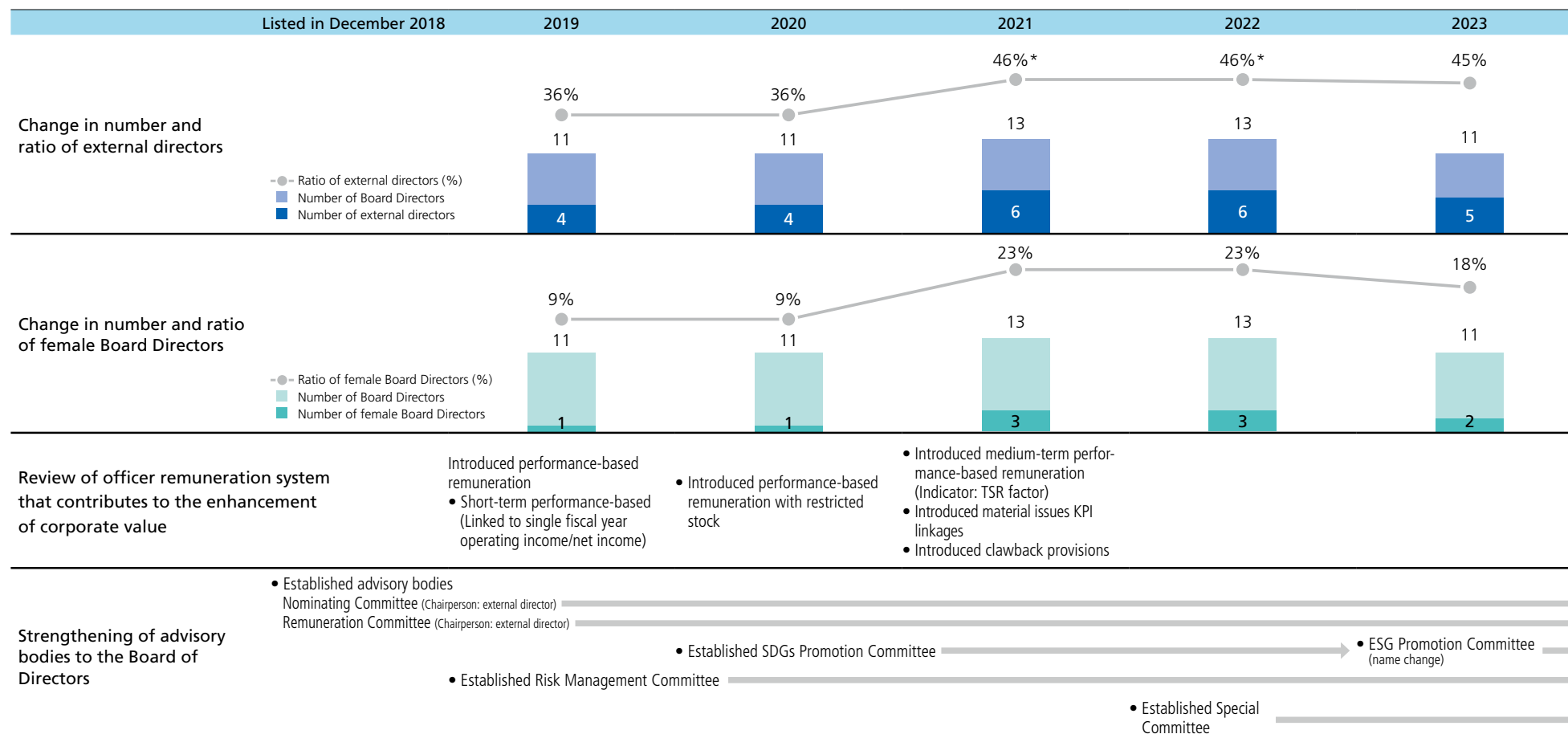
Corporate Governance

Evolution of Corporate Governance System

Since being listed in December 2018, the Company has been constantly working to strengthen its corporate governance. In 2023, in order to facilitate more strategic and flexible decision-making, the number of Board Directors was reduced by two to 11, including five external directors (two of whom are women). In addition, in order to promote the integration of our growth strategy and sustainability, the SDGs Promotion Committee established in 2020 was renamed the ESG Promotion Committee, and is chaired by the President & CEO. As an advisory body to the Board of Directors, the committee makes recommendations on sustainability activities to the Board of Directors, and also reports on its activities four times a year as well as on an ad hoc basis when necessary.

Meanwhile, in 2020, we introduced a system to grant restricted stock as a form of

performance-based remuneration for some Board Directors and executive officers as an incentive to work toward the sustainable enhancement of the Company's corporate value and to promote further sharing of value with investors and shareholders. For the system, in 2021, we adopted total shareholder return (TSR) as an indicator to determine medium-term performance-based remuneration and additionally incorporated materiality targets (targets adopted from the six material issues identified for the Company's sustainable growth) into our index for determining short-term performance-based remuneration. In addition, in 2022, we established the Special Committee to deliberate and review important transactions and acts where there may be a conflict of interest between the controlling shareholder and minority shareholders.



(Note) Five members are independent external directors, ratio of independent external directors is 38%.

(Note) The changes in the number and ratio of external directors and female directors are as of the end of June of each year.

Corporate Governance

Board of Directors

The Company's Board of Directors is a decision-making body for important matters and an oversight body for the status of business execution. It also plays a role in steering management to improve long-term corporate value. The Company's Articles of Incorporation stipulates that the number of Board Directors must be 15 or less. Their terms of office last until the conclusion of the Ordinary General Meeting of Shareholders held with respect to the final fiscal year ending within one year after election. The Board of Directors elects, as candidates for Board Director, those who are considered the most suitable for the position in consideration of their nationality, ethnicity, gender, and age, based on discussions by the Nominating Committee.

As of June 2023, there are 11 Board Directors serving, including five independent external directors, who hold constructive and lively discussions from diverse perspectives, including outside perspectives. Furthermore, the Company has introduced an executive officer system for ensuring clarification of the management supervisory function and strengthening the business execution function of the Board of Directors, as well as expediting management.

Main topics discussed at the Board of Directors meetings in FY2022

- Corporate management
- Financial matters
- Matters related to a series of transactions to make PayPay a consolidated subsidiary
- Matters related to results and forecasts of business performance and business KPIs
- Matters related to risk management

Evaluation of effectiveness of Board of Directors

In order to ensure its further effectiveness and to improve its functions, an analysis and evaluation of the effectiveness of the Board of Directors is carried out each year by the Board. With the support of an independent organization, these evaluations

of the effectiveness of the Board of Directors have been continuously conducted once each year since FY2018. The following is a summary of the method and results of the evaluation of the effectiveness of the Board of Directors for FY2022.

Evaluation process

Subjects of evaluation								
Five internal directors, five external directors, and four audit & supervisory board members								
Method of evaluation								
Means: Questionnaire-based survey (in a signed form) and interview Evaluation period: January 2023 to June 2023								
▼								
Question items								
<table border="0"> <tr> <td>1. Strategies and implementation thereof</td> <td>5. Group governance</td> </tr> <tr> <td>2. Risk and crisis management</td> <td>6. Management evaluation, remuneration, and succession planning</td> </tr> <tr> <td>3. Corporate ethics</td> <td>7. Dialogue with stakeholders</td> </tr> <tr> <td>4. Business restructuring (mergers, acquisitions, divestitures or business alliances)</td> <td>8. Structure and operation of the Board of Directors</td> </tr> </table>	1. Strategies and implementation thereof	5. Group governance	2. Risk and crisis management	6. Management evaluation, remuneration, and succession planning	3. Corporate ethics	7. Dialogue with stakeholders	4. Business restructuring (mergers, acquisitions, divestitures or business alliances)	8. Structure and operation of the Board of Directors
1. Strategies and implementation thereof	5. Group governance							
2. Risk and crisis management	6. Management evaluation, remuneration, and succession planning							
3. Corporate ethics	7. Dialogue with stakeholders							
4. Business restructuring (mergers, acquisitions, divestitures or business alliances)	8. Structure and operation of the Board of Directors							

Status of the response to issues in FY2021

- Worked to increase opportunities for discussion of medium- to long-term strategy.
- Ensured that important risk information considering the business characteristics of each Group company was promptly reported, and strengthened monitoring by the Board of Directors concerning the Group's risk management.
- The system for protecting the interests of minority shareholders was strengthened by having the Special Committee deliberate and review important transactions that could pose a conflict of interest between the controlling shareholder and minority shareholders.

Overview of the results of the FY2022 evaluation of the effectiveness of the Board of Directors

It was confirmed that the Company's Board of Directors has been making improvements every year toward the vision of corporate governance envisaged by the Company, and that a high level of effectiveness has been ensured overall. In addition, in the course of the FY2022 evaluation of the effectiveness of the Board of Directors, there was confirmation of the status of the response to the issues raised in the FY2021 effectiveness evaluation. Furthermore, it was confirmed that the following items should be prioritized in order to further ensure the effectiveness of the Board of Directors and improve its functions.

Priority issues

- Further deepening of discussions of medium- to long-term strategy:
 - (1) Business portfolio strategy (Eliminate overlapping businesses under the Group umbrella and clarify priority businesses for growth. Strengthen business portfolio strategy through post evaluation of investments)
 - (2) Financial strategy (Financial strategy to achieve optimal equity structure consistent with the above business portfolio strategy)
 - (3) Strengthen the process of theme setting and discussion at Board of Directors meetings on key issues such as human resources strategy (development and appointment of core human resources based on medium- to long-term strategy)
- Strengthen monitoring related to the Group's governance and Risk Management Structure (systematically organize potential risks associated with future Group reorganization and strengthen the monitoring structure for such risks)
- Devise ways to better utilize the knowledge of external officers (agenda setting)

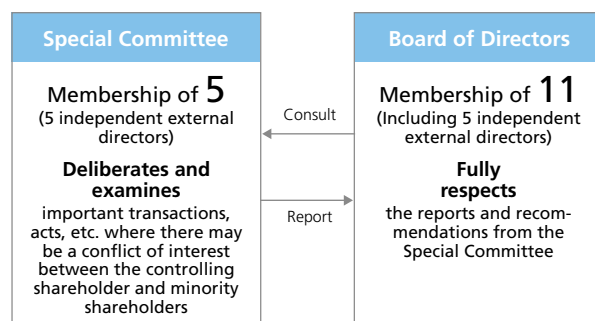
Corporate Governance

System to Ensure Independence from the Parent Company

Role and composition of the Special Committee

The Company, which lists SoftBank Group Corp. as its parent company, has traditionally made Director appointments that result in independent external directors forming more than a third of the Company's Board composition in an effort to secure independence and transparency. The Company remains committed to enhancing the effectiveness of its management supervision. For example, for important transactions with the controlling shareholder, typically the parent company, Board-level deliberations take the opinions of independent external directors into consideration from the perspective of protecting minority shareholder interests.

As part of these efforts, the Company has established a special committee. The Special Committee deliberates and reviews important transactions between the Company and its controlling shareholder or its subsidiary, etc. where there may be a conflict of interest between the controlling shareholder and minority shareholders, etc., and submits its opinions to the Board of Directors. As an advisory body to the Board of Directors, the Special Committee is composed of five independent external directors. The Committee Chair appoints two observers from among the independent external Audit & Supervisory Board Members to enhance the Committee's impartiality and transparency, and to ensure that diverse views are reflected in the deliberations and reviews. In FY2022, the Committee met three times to deliberate, review, and report on matters such as the conversion of PayPay into a consolidated subsidiary and the additional investment in our affiliates.



Composition of the Special Committee

Number of meetings in FY2022: **3** (of which 1 was held in writing)



5 Independent External Directors

Atsushi Horiba (Chair)
 Takehiro Kamigama
 Kazuaki Oki
 Kyoko Uemura
 Reiko Hishiyama

Observers

Naomi Koshi (External Director*)
 Yasuharu Yamada (Independent External Audit & Supervisory Board Member)
 Yoko Kudo (Independent External Audit & Supervisory Board Member)

*Designated as an independent officer effective June 20, 2023, and at the same time appointed as a member of the Special Committee for FY2023.

Guidelines on transactions with the controlling shareholder

The Group conducts transactions with each company in the parent company group. In light of its independent perspective, the Company has established Related Party Regulations and a Related Party Transactions Management Manual for transactions with related parties, including SoftBank Group Corp. The Board of Directors approves each important transaction on a case-by-case basis to ensure that the transaction is rational in terms of the Group's management and that the terms and conditions of the transaction are appropriate compared to those of external transactions. Among such transactions, those of special importance are referred to the Special Committee for consultation and reporting. Even with regard to related party transactions that do not fall under the category of especially important transactions, the Finance and Accounting Division monitors the aggregate amount and details of such transactions once a year in principle.

Listing of a parent company and its subsidiary

The Company listed its shares on the First Section of the Tokyo Stock Exchange in December 2018. Prior to that, the Company was a primary operating company in the telecommunications

business field in Japan, as a subsidiary of SoftBank Group Corp.

There are two main reasons why we became a public company. First, through the listing of our shares, we expect the respective roles and values of SoftBank Group Corp. and the Company to be clearly defined. SoftBank Group Corp. is a strategic holding company that aims to maximize the corporate value of the entire SoftBank Group through global investment activities including the SoftBank Vision Fund. Second, due to the difference in business nature between SoftBank Group Corp. and the Company, the two companies need different management resources and have different management decision points. Through the listing of our shares, we are able to speed up our decision-making process and maximize our corporate value through greater autonomous and transparent management, while receiving direct market evaluation.

On the other hand, as of the end of FY2022, the Company had 239 subsidiaries, including several listed subsidiaries. The Group values the independence of its subsidiaries. It believes that each listed subsidiary should engage in business while being evaluated in the stock market, and that autonomous management that takes into consideration the interests of minority shareholders will contribute to the growth of each company. While ensuring the independence of listed subsidiaries, we aim to create synergies and continue to evolve and grow together, thereby maximizing the corporate value of our Group. The Company has established the Subsidiaries and Affiliates Management Regulations for the purpose of managing the companies in which the Company invests, and requires prior approval of or reporting to the Company regarding important decision-making at subsidiaries. With respect to listed subsidiaries, from the perspective of their independence, the Company limits the items that require such prior approval only to the conclusion of contracts that include clauses that are binding on non-contracting parties such as SoftBank Group Corp. and its subsidiaries and affiliates (including non-compete clauses), so that the Company will not unfairly constrain their decision-making.

Corporate Governance

Nominating Committee and Remuneration Committee

The Company has voluntarily established the Nominating Committee and the Remuneration Committee. As of June 30, 2023, each committee is composed of the President & CEO and five independent external directors and chaired by an independent external director to ensure its independence. Both committees deliberate and determine recommendations to be submitted to the General Meeting of Shareholders. The Nominating Committee deals with the election and dismissal of Board Directors and the nomination of Representative Directors, while the Remuneration Committee handles remuneration for Board Directors.

*Naomi Koshi became a member of both committees from FY2023.

Main topics discussed at the Nominating Committee and the Remuneration Committee

(From September 2022 to May 2023)

[Nominating Committee]

Structure of the Board of Directors, election of Board Directors, nomination of Representative Directors, skill matrix of Board Directors

[Remuneration Committee]

Remuneration by position, performance-linked indicators, disclosure documents, individual remuneration amounts

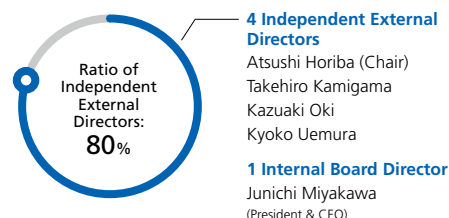
Composition of Nominating Committee

Number of meetings held in FY2022: **2**



Composition of Remuneration Committee

Number of meetings held in FY2022: **6**
 (of which 1 were held in writing)



Determination process of remuneration and others

Meeting body	Remuneration Committee				Board of Directors	
	January 30, 2023	February 24, 2023	March 27, 2023	April 21, 2023	March 27, 2023	April 21, 2023
Agenda	Confirmation of performance-based remuneration indicators	Confirmation of performance-based remuneration indicators Confirmation of the proposed remuneration for the Chairman	Confirmation of performance-based remuneration indicators Confirmation of remuneration amount for each officer	Confirmation of the proposed remuneration for the CTO Approval and determination of remuneration amount for each officer Confirmation of disclosure documents Confirmation and determination of recommendations of Remuneration Committee Review and determination of policy for determining amount of remuneration, etc. for each Board Director	Determination of the remuneration for the Chairman	Determination of the remuneration for the CTO Confirmation and determination of recommendations of Remuneration Committee Review and determination of policy for determining amount of remuneration, etc. for each Board Director

Remuneration for Board Directors

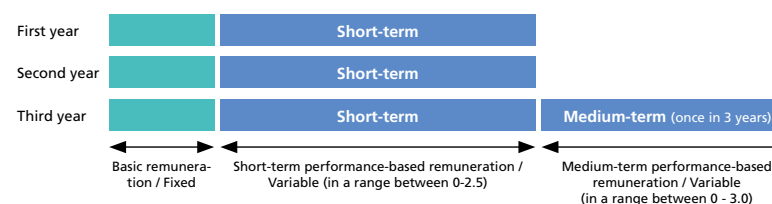
Outline of the policy and the method for determining the remuneration of Officers

The Company's policy for the remuneration of Board Directors and Audit & Supervisory Board Members is to set the remuneration at a competitive level compared to that of corporate executives in Japan and abroad whose businesses are of a generally similar or larger scale, based on a survey of remuneration of corporate executives in Japan conducted by a third-party organization. The idea is to motivate these officers to contribute to improving business performance not only in the short-term but also in the medium- to long-term without excessive risk-taking. Such performance improvement can be achieved by constant earnings growth, stable cash flows, and sustainable corporate growth as well as medium- to long-term corporate value growth while maintaining friendly relations with stakeholders.

The process of determining the remuneration of Board Directors includes 3 steps. First, the Human Resources Division formulates the policy for determining remuneration. Second, the method devised in line with this policy is referred to the Remuneration Committee for consultation. With input from the Committee, the Board of Directors approves the method. To determine the amounts of remuneration of individual Board Directors, the General Meeting of Shareholders decides on the cap on the total amount of remuneration. The President & CEO then decides on the amounts while respecting the recommendations of the Remuneration Committee as well as the resolutions of the Board of Directors. The Remuneration Committee, in line with the executive remuneration policy, reviews the total amount of remuneration as well as the amount of individual remuneration, and makes recommendations to the Board of Directors. It is also part of the remuneration policy to pay only fixed remuneration to external directors, who are independent of business execution, as well as to internal and external Audit & Supervisory Board Members, who audit the Board Directors' business execution. Under the Group's payment policy, the remuneration of Board Director Masayoshi Son and Board Director Kentaro Kawabe are to be excluded from the scope of actual payment since the remuneration of Directors who concurrently hold posts in the Group companies is paid from the main company.

Structure of the remuneration of Board Directors

Remuneration for Board Directors (excluding external directors) consists of fixed basic remuneration and short-term and medium-term performance-based remuneration to provide incentives for improving the Company's short-term performance and enhancing medium- to long-term corporate value.



Corporate Governance

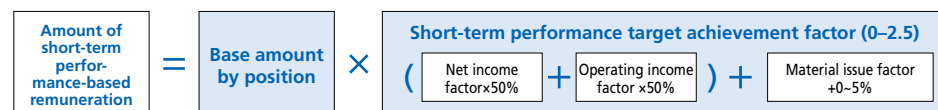
Basic remuneration (Cash payments)

The basic remuneration shall be based on the annual amount as determined by position, and paid in cash on a monthly basis.

Short-term performance-based remuneration (Share-based payments)

Short-term performance-based remuneration is paid annually in a certain period of time after the end of each fiscal year to eligible Board Directors in the form of restricted shares that are subject to transfer restrictions until their retirement. Under the basic policy of the Company, the composition ratio between the basic remuneration and the short-term performance-based remuneration is, in principle, 1:2.3 to 1:3.2, in accordance with the nature of duties performed by individual Board Directors and their actual performance. The short-term performance-based remuneration fluctuates in a range of 0 to 2.5 times the base amount by position.

Net income attributable to owners of the Company and operating income (both on a consolidated basis) as well as material issue targets are used as performance-linked indicators for the achievement of short-term performance targets.



Performance targets (FY2022)

Indicators	Target (Millions of yen)	Result (Millions of yen)
Net income attributable to owners of the Company	530,000	531,366
Operating income	1,000,000	1,060,168

Materiality targets (FY2022)

Material issues	Indicators	Target	Result
Contributing to the global environment with the power of technology	Base station renewable energy ratio*1	70% or more	71.8%*2
	5G rollout plan: population coverage	More than 90.6%	More than 90.6%
Building high-quality social communication networks	Number of major network accidents	Zero	Zero
	Number of major accidents involving information security	Zero	Zero
Building society and industry through digital transformation (DX)	Solutions and other sales: CAGR (compound annual growth rate)	10%	15.00%

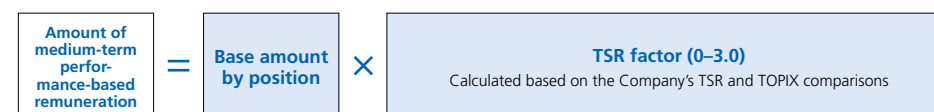
*1 Measure to achieve carbon neutrality by FY2030.

*2 In calculating the amount to be paid, the Company uses the figure determined as of the Company's predetermined record date.

Medium-term performance-based remuneration (Share-based payment)

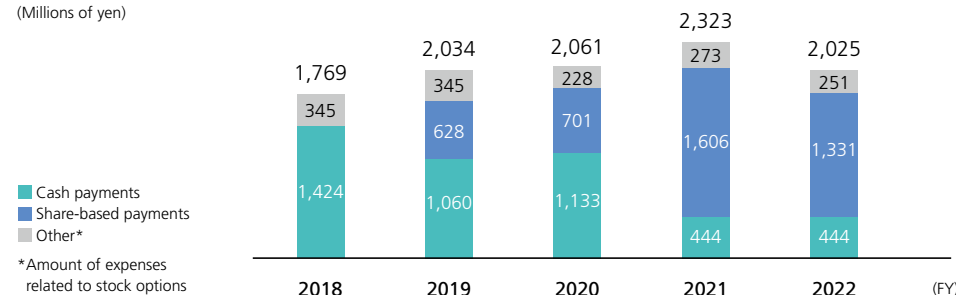
Medium-term performance-based remuneration is paid once every three years in a certain period of time after the end of each fiscal year to eligible Board Directors in the form of restricted shares that are subject to transfer restrictions until their retirement. Under the basic policy of the Company, the composition ratio between the basic remuneration and the medium-term performance-based remuneration is, in principle, 1:1.7 to 1:2.1, in accordance with the nature of duties performed by individual Board Directors and their actual performance. The medium-term performance-based remuneration fluctuates in a range of 0 to 3.0 times the base amount by position.

The total shareholder return (TSR) is used for a performance-linked indicator that determines medium-term performance target achievement, in order to further promote value sharing with stakeholders and to raise awareness among Board Directors of medium- to long-term share price improvements. The factor is calculated based on the Company's actual TSR and TOPIX comparisons for the past three years.



Total amount of remuneration for Board Directors (excluding external directors)

(Millions of yen)



Request for return of Board Directors' remuneration, etc.

With regard to the performance-based portion of the remuneration, etc. of Board Directors, the Company may demand the return of the remuneration, etc., without compensation, in light of the responsibilities of the Board Director concerned, if the Board of Directors of the Company recognizes that the Board Director has violated laws or regulations, the internal rules of the Company, or contracts entered into between the Company and the Board Director in any material respect, if the Board of Directors recognizes that there has been a material revision or correction to the figures of financial statements on which the calculation of the performance-based remuneration was based; or if the Board of Directors deems that it is appropriate for all or part of the performance-based remuneration to be acquired by the Company without compensation.

Corporate Governance

Skill Matrix of Board Directors and Audit & Supervisory Board Members (As of June 20, 2023)

The Company's Board of Directors makes decisions on important matters and supervises the status of business execution by each Board Director with a multifaceted understanding of issues and risks associated with strategy implementation. The Audit & Supervisory Board confirms the appropriateness of the status of the execution of duties by Board Directors. Based on such functions, we appoint Board Directors and Audit & Supervisory Board Members with a high level of specialized knowledge, experience, and insight, bearing in mind the balance of knowledge, experience, and abilities as well as the diversity in the composition of the Board.

Primary Skills ◎ Supplementary Skills ○

Name	Position and Title in the Company	Major career	Gender	Management	Finance	Legal / Risk	Digital / Technology	Sales / Marketing	Global
		Major career / credentials of External Officers	Male : M Female: F	•Corporate Management	•Finance •Accounting •Banking •Investment	•Legal •Risk •Labor - Management •Compliance	•Information & Communications technology •High-tech	•Business Strategy •Marketing •Sales	•Global Business
Ken Miyauchi	Chairman		M	◎				○	○
Junichi Miyakawa	President & CEO		M	◎			○		○
Jun Shimba	Representative Director & COO		M	○				◎	
Yasuyuki Imai	Representative Director & COO		M	○				◎	
Kazuhiko Fujihara	Board Director, Executive Vice President & CFO		M	○	◎				○
Masayoshi Son	Board Director, Founder		M	◎			○		○
Atsushi Horiba*1	Independent External Director	Chairman, HORIBA, Ltd.	M	◎			○		○
Takehiro Kamigama	Independent External Director	Chairman, TDK Corporation	M	◎			○		○
Kazuaki Oki	Independent External Director	Certified Public Accountant	M		◎				○
Kyoko Uemura	Independent External Director	Lawyer	F		○	◎			
Naomi Koshi*2	Independent External Director	Lawyer, Mayor (2 terms)	F			◎			○
Eiji Shimagami	Full-time Audit & Supervisory Board Member		M			◎			
Shuji Kojima	Full-time Audit & Supervisory Board Member (External)	President, Mizuho Dream Partner, Ltd.	M		○	◎			
Kazuko Kimiwada	Audit & Supervisory Board Member		F		◎				○
Yoko Kudo	Audit & Supervisory Board Member (External)	Certified Public Accountant in the state of California	F		◎				○

*1 Appointed as the lead independent external director on June 20, 2023. *2 Designated as an independent officer on June 20, 2023. (Note) This table does not show all of the skills possessed by each Board Director/Audit & Supervisory Board Member

Corporate Governance

Activities of External Directors and External Audit & Supervisory Board Members

The activities of each external director and external Audit & Supervisory Board Member for FY2022 are as follows.

Name	Position in the Company	Attendance at Board of Directors meetings*1	Attendance at Nominating & Remuneration Committee meetings	Number of the Company shares held*2	Major activities and overview of duties relating to expected roles
Atsushi Horiba*3 <small>Independent Officer</small>	External Director Chair of Nominating and Remuneration Committees Chair of Special Committee	92.3% (12/13)	Nominating Committee 100% (2/2) Remuneration Committee 100% (6/6)	3,400 shares	Makes necessary remarks based on his deep knowledge and experience in overall management as the manager of the world's leading analytical equipment manufacturer, and also expresses his opinions from a minority shareholders' standpoint, to fully perform his role of management supervision. In addition, attends the Remuneration Committee, Nominating Committee, and Special Committee by serving as Chair of the committees, and makes comments as appropriate.
Takehiro Kamigama <small>Independent Officer</small>	External Director Nominating and Remuneration Committee Member Special Committee Member	100% (13/13)	Nominating Committee 100% (2/2) Remuneration Committee 83% (5/6)	—	Makes necessary remarks based on his deep knowledge and experience in overall management as the manager of the world's leading comprehensive electronics components manufacturer, and also expresses his opinions from a minority shareholders' standpoint, to fully perform his role of management supervision. In addition, attends the Remuneration Committee, Nominating Committee, and Special Committee as a member of the committees, and makes comments as appropriate.
Kazuaki Oki <small>Independent Officer</small>	External Director Nominating and Remuneration Committee Member Special Committee Member	100% (13/13)	Nominating Committee 100% (2/2) Remuneration Committee 100% (6/6)	1,000 shares	Makes necessary remarks from a professional perspective based on his extensive knowledge and experience as a certified public accountant, and also expresses his opinions from a minority shareholders' standpoint, to fully perform his role of management supervision. In addition, attends the Remuneration Committee, Nominating Committee, and Special Committee as a member of the committees, and makes comments as appropriate.
Kyoko Uemura <small>Independent Officer</small>	External Director Nominating and Remuneration Committee Member Special Committee Member	100% (13/13)	Nominating Committee 100% (2/2) Remuneration Committee 83% (5/6)	2,100 shares	Makes necessary remarks from a professional perspective based on her extensive knowledge and experience as a lawyer, and also expresses her opinions from a minority shareholders' standpoint, to fully perform her role of management supervision. In addition, attends the Remuneration Committee, Nominating Committee, and Special Committee as a member of the committees, and makes comments as appropriate.
Reiko Hishiyama*4 <small>Independent Officer</small>	External Director Special Committee Member	84.6% (11/13)	—	500 shares	Makes necessary remarks based on her extensive knowledge and experience as a university professor specializing in cutting-edge technologies such as AI and IoT, and also expresses her opinions from a minority shareholders' standpoint, to fully perform her role of management supervision. Also serves as a member of the Special Committee.
Naomi Koshi*5	External Director	100% (13/13)	—	—	Makes necessary remarks from a professional perspective as a lawyer, as well as her extensive knowledge and experience in areas such as municipal government and promotion of women's career advancement, and also expresses her opinions from minority shareholders' standpoint, to fully perform her role of management supervision.

Name	Position in the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Number of the Company shares held	Expected role and main activities
Yasuharu Yamada*4 <small>Independent Officer</small>	Full-time Audit & Supervisory Board Member	100% (13/13)	100% (16/16)	—	Makes necessary remarks to ensure the appropriateness of decision making from an expert perspective based on extensive knowledge and experience concerning risk management and compliance.
Yoko Kudo <small>Independent Officer</small>	External Audit & Supervisory Board Member	100% (11/11)	100% (12/12)	—	Makes necessary remarks to ensure the appropriateness of decision-making from an expert perspective based on extensive knowledge and experience concerning finance and accounting.

*1 The number of meetings of the Board of Directors by written resolution is excluded.

*2 As of June 20, 2023

*3 Appointed as the lead independent external director on June 20, 2023.

*4 Information on External Director Reiko Hishiyama and Audit & Supervisory Board Member Yasuharu Yamada is as of their appointment on June 23, 2022. They both resigned on June 20, 2023.

*5 Designated as an independent officer effective June 20, 2023, and at the same time appointed as a member of the Nominating Committee, Remuneration Committee and Special Committee for FY2023.

Corporate Governance

Board Directors and Audit & Supervisory Board Members (as of June 20, 2023)

○ Nominating Committee Member △ Remuneration Committee Member
 ● Chair of Nominating Committee ▲ Chair of Remuneration Committee

**Ken
Miyauchi**

Chairman



After a stint with the Japan Management Association that started in February 1977, Mr. Miyauchi joined SOFTBANK Corp. (currently SoftBank Group Corp.) in October 1984. Since his appointment as Director & Vice President of SOFTBANK BB Corp. (currently the Company) in January 2003, he has worked to grow the fixed-line and mobile communications businesses, and was appointed President & CEO of the Company in April 2015.

Based on the *Beyond Carrier* strategy, Mr. Miyauchi not only grew the domestic telecommunications business, but also spearheaded business expansion into new fields centered on the Internet. In April 2023, he was appointed Director & Chairman of the Company, since then he has supervised the entire Group.

**Junichi
Miyakawa**

President & CEO

○△



Mr. Miyakawa became Representative Director & President of KK Momotaro Internet in December 1991 and has served as president and representative director of several telecommunications companies, including Nagoya Metallic Communications Corp. (currently the Company) in June 2000.

Mr. Miyakawa has extensive knowledge of cutting-edge technologies and was appointed as Director & Executive Vice President (CTO) of Vodafone K.K. (currently the Company) in April 2006. He has been primarily responsible for overseeing businesses in the technology domain. After accumulating a wealth of management experience, including through serving as president of several Group companies in recent years, he was appointed as President & CEO of the Company in April 2021.

**Jun
Shimba**

Representative Director
& COO



Mr. Shimba joined SOFTBANK Corp. (currently SoftBank Group Corp.) in April 1985 and was appointed as Managing Executive Officer of Vodafone K.K. (currently the Company) in April 2006. He has held a number of important roles in the Company, mainly overseeing businesses in the Consumer segment field, and was appointed as Representative Director & COO of the Company in April 2017.

**Yasuyuki
Imai**

Representative Director
& COO



After a stint with KAJIMA CORPORATION that started in April 1982, Mr. Imai joined SOFTBANK Corp. (currently SoftBank Group Corp.) in April 2000. In October 2007, he was appointed as Managing Corporate Officer.

Mr. Imai has held a number of important roles at the Company, primarily overseeing businesses in the Enterprise segment field, and was appointed as Representative Director & COO of the Company in April 2017.

**Kazuhiko
Fujihara**

Board Director,
Executive Vice President
& CFO



After a stint with Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation) that started in April 1982, Mr. Fujihara joined SOFTBANK Corp. (currently SoftBank Group Corp.) in April 2001. Since his appointment as Managing Executive Officer (CFO) of Vodafone K.K. (currently the Company) in April 2006, Mr. Fujihara has continuously been overseeing the governance field with a focus on management planning, finance, accounting, and purchasing. In April 2018, he was appointed as Board Director, Executive Vice President & CFO of the Company.

**Masayoshi
Son**

Board Director, Founder



Mr. Son founded SOFTBANK Corp. (currently SoftBank Group Corp.) in September 1981. He became Chairman of the Board, President & CEO of Vodafone K.K. (currently the Company) in April 2006 and has been serving as Board Director, Founder of the Company since April 2021.

As the founder of SoftBank Group Corp., Mr. Son has extensive knowledge and experience in corporate management, business strategy, M&A, etc.

Corporate Governance

Board Directors and Audit & Supervisory Board Members (as of June 20, 2023)

○ Nominating Committee Member
 ● Chair of Nominating Committee
 ▲ Remuneration Committee Member
 ▼ Chair of Remuneration Committee
 □ Special Committee Member
 ■ Chair of Special Committee

Atsushi Horiba

External Director **Independent Officer**



Having served as Representative Director of HORIBA, Ltd. for 31 years from January 1992, Mr. Horiba has been leading the growth of the HORIBA group and therefore has a wealth of management experience. The Company expects him to supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company.

Takehiro Kamigama

External Director **Independent Officer**



Having served as Representative Director of TDK Corporation for 12 years from June 2006, Mr. Kamigama has a wealth of management experience to demonstrate leadership in enhancing profitability of TDK's business and expanding its business fields. The Company expects him to supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company.

Kazuaki Oki

External Director **Independent Officer**



Mr. Oki has extensive knowledge and experience as a certified public accountant. The Company expects him to supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company.

Kyoko Uemura

External Director **Independent Officer**



Ms. Uemura has extensive knowledge and experience as a lawyer. The Company expects her to supervise the Company's management based on her knowledge and experience and give advice on the overall management and risk management of the Company.

Naomi Koshi

External Director **Independent Officer**



In addition to her extensive knowledge and experience as a lawyer in Japan and overseas, Ms. Koshi engages in a broad range of activities including municipal government initiatives and support measures for the promotion of women's career advancement. The Company expects her to supervise the Company's management based on her knowledge and experience and give advice on the overall management and risk management of the Company.

Eiji Shimagami

Full-time Audit & Supervisory Board Member



Mr. Shimagami served as the Company's Vice President, CCO, and Human Resources & General Affairs Unit, General Affairs Division Head until March 2017, and has extensive knowledge and experience related to governance, compliance, and risk. In addition, he served in positions including president of a group company and has extensive knowledge and experience in corporate management. The Company expects him to conduct audits based on his professional and multifaceted knowledge and experience.

Shuji Kojima

Full-time Audit & Supervisory Board Member (External) **Newly appointed Officer** **Independent Officer**



Mr. Kojima has extensive knowledge and experience relating to human resources, compliance, and risk management at financial institutions, as well as considerable expertise in finance and accounting. The Company expects him to conduct audits based on his professional knowledge and experience, as well as from a more independent standpoint.

Kazuko Kimiwada

Audit & Supervisory Board Member



Ms. Kimiwada has extensive knowledge and experience as a certified public accountant, and serves as Executive Corporate Officer, Head of Accounting Unit at SoftBank Group Corp. The Company expects her to conduct audits based on her professional knowledge and experience.

Yoko Kudo

External Audit & Supervisory Board Member **Independent Officer**



Ms. Yoko Kudo has extensive knowledge and experience in finance and accounting as a certified public accountant in the State of California. The Company expects her to conduct audits based on her professional knowledge and experience, as well as from a more independent standpoint.

Corporate Governance

Status of Audit

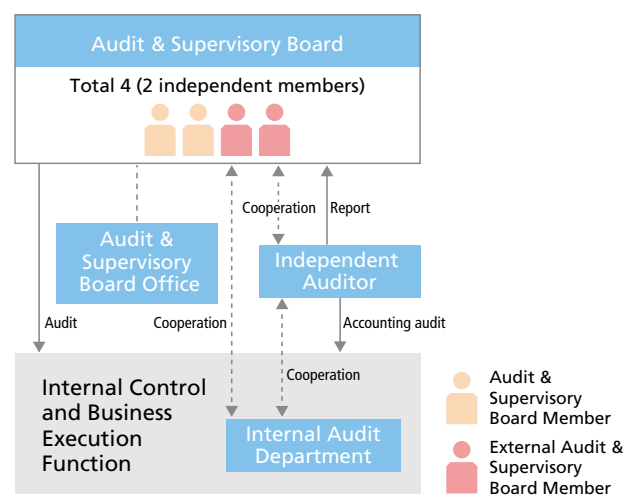
Management of the Audit & Supervisory Board

The Company has established an Audit & Supervisory Board to conduct efficient and effective audits regarding the status of execution of duties by Board Directors. It consists of four expert Audit & Supervisory Board Members rich in knowledge and expertise, including two external Audit & Supervisory Board Members.

The Audit & Supervisory Board meets once a month in principle. It examines risks and issues in the five areas of Board Directors, business execution, subsidiaries, internal audits, and accounting audits. It also sets annual activity plans, and makes proposals and recommendations to Board Directors and executive departments on matters recognized through audit activities.

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

Structure and cooperation framework of auditing



assistance. In addition, the external directors, Audit & Supervisory Board, and its Members work together through active discussions and exchanges of opinions as necessary. In FY2022, the Audit & Supervisory Board met 16 times, with each meeting taking an average of about two hours.

Overview of the internal audit activities

Established as an independent organization directly under the President & CEO, the Internal Audit Department conducts internal audits of the overall duties of the Company as well as company-wide internal control audits of its subsidiaries, by setting the goal of “achieving management goals and increasing value” and by formulating a risk-based annual audit plan based on the philosophy of “audits that contribute to management.”

The annual audit plan is submitted to the Board of Directors for resolution each year. The process of formulating the plan not only incorporates the perspective of company-wide risks recognized by the three Representative Directors and 47 members of management, but also takes into consideration the opinions of the Audit & Supervisory Board Members and Independent Auditor (IA). In addition, at the end of each half year, management interviews are conducted again to review the annual audit plan, which enhances internal audits in line with changes in the management and business environment and risks surrounding the Company. In FY2022, a total of 22 internal audits were conducted from perspectives including sales strategy and legal compliance.

Structure, independence, and audit quality of the internal audit system

The Internal Audit Department is specialized for conducting internal audits. It has a total of 26 personnel (as of the end of FY2022), all of whom are dedicated to internal audit work. In conducting internal audits, the Department complies with the

International Professional Practices Framework (IPPF) promulgated by The Institute of Internal Auditors. In addition, ensuring the independence of internal audits is included as an item in the internal quality evaluation conducted annually to determine compliance with the IPPF standards within the organization. The results of the evaluation are reported to the Board of Directors. Moreover, in accordance with IPPF standards, the Company undergoes an external quality evaluation once every five years. The results have all been “generally conforms” (GC).

Cooperation among Audit & Supervisory Board Members, the Independent Auditor (IA), and the Internal Audit Department

Audit & Supervisory Board Members receive explanations of auditing policies and plans from the IA, and exchange information and opinions with the IA regarding those matters. They receive reports on the main items to be audited as well as the audit method and results regarding the audits during and at the end of the fiscal year (including the quarterly review). Full-time Audit & Supervisory Board Members cooperate with the IA by exchanging information and opinions with the IA on a monthly basis, as well as attending the accounting audits conducted by the IA. Audit & Supervisory Board Members regularly provide opportunities to exchange information with the Company’s Internal Audit Department and Internal Control Division, cooperating organically with them, including requesting them to conduct investigations as necessary.

The IA receives explanations of audit plans from the Internal Audit Department, and the Internal Audit Department receives regular explanations of audit results and other information from the IA.

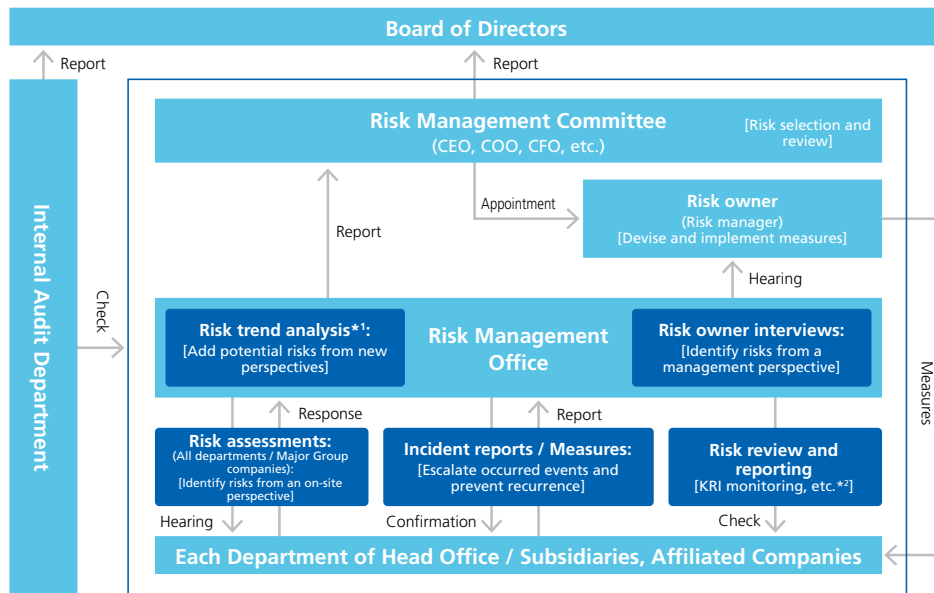
Risk Management

At SoftBank, we work to mitigate and prevent risks by building an organizational structure to identify risks throughout the Company and implement preventive measures and executing periodical risk management cycles.

Risk management structure

In order to identify Company-wide risks from various angles and prevent them from materializing, SoftBank has a management system in place. Each department in the head office constantly examines possible risks when formulating various measures. In addition, the Risk Management Office, which is an organization independent from business departments, conducts Company-wide and comprehensive identification of risks and confirmation of the status of measures taken twice a year, and reports to the Risk Management Committee.

The Risk Management Committee, which includes the CEO, COO, CFO, etc. as members and in which the Audit & Supervisory Board members and heads of the relevant departments also participate, determines the level of importance and who is responsible (risk owner) for each risk, gives instructions to take measures, etc., and reports to the Board of Directors. The committee also supervises risks that may have a significant impact on the Group with a Director experienced in information security (President & CEO Junichi Miyakawa) playing a central role. Furthermore, the Internal Audit Department conducts an independent audit of the entire risk management structure and situation. In addition, we regularly check the business-related risks identified by our subsidiaries and affiliates and the status of their countermeasures.



*1 Risk trend analysis: A technique used by risk managers to predict future events such as accidents and business losses

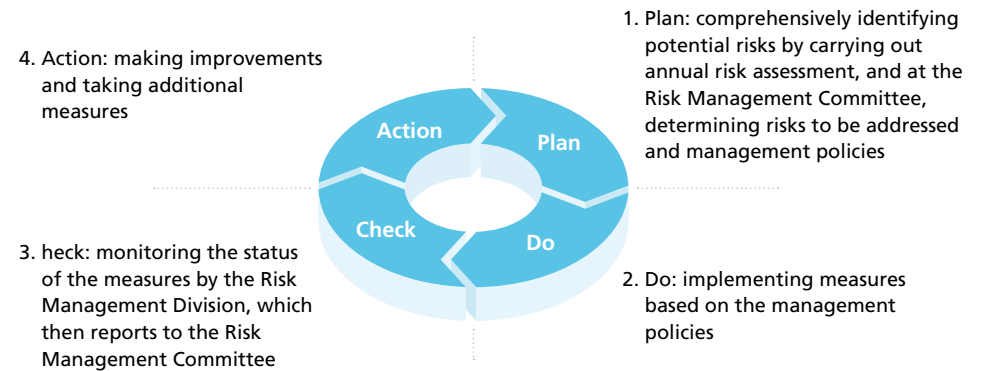
*2 KRI: Key risk indicators

(Note) The CHRO (Chief Human Resources Officer) and the head of the Internal Audit Department independently report on risk management and audits to the Board of Directors based on their respective responsibilities.

(Note) We are working to further improve our risk management structure through outside evaluation of internal control by a third-party organization that complies with the internal control reporting system as stipulated by the Financial Instruments and Exchange Act and S5AE18.

Risk management methods

By implementing the PDCA cycle for risk management on a regular basis, we are working to mitigate and prevent risks that are growing more complex and diverse.



Yearly schedule

	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY Disclosure			★ Securities Report									
Board of Directors*3						Reporting on status of measures	C		Input on measure status reporting, risk-related information, etc.			C
Risk Management Committee							around October C Risk Management Committee (interim report)				around February P Risk Management Committee (Risk selection and review)	
Risk Owner											A Devise/Implement additional measures to address priority risk	
Risk Management Division							C Checks on the status of measures (first half)				C Checks on the status of measures (second half)	
Department of Head Office / Subsidiaries, Affiliated Companies												C KRI monitoring (monthly)
												P Risk assessment

*3 "Board of Directors" above includes advance briefings for External Directors and Audit & Supervisory Board Members.

Risk Management

Addressing Substantial Risks

We are working to mitigate and prevent risks by selecting those that have a significant impact on our business activities based on the likelihood of occurrence (probability) and the magnitude of potential effect (impact), determining which risks should be prioritized, and implementing countermeasures.

Risk related to management strategy

Risk item	Typical risk example	Risk reduction measure
a. Changes to economic conditions, regulatory or market environments, and competition with other companies		
<ul style="list-style-type: none"> ▪ Domestic political conditions ▪ Competitors' situations ▪ Customer expectations 	<ul style="list-style-type: none"> ▪ Amendments to laws ▪ Economic fluctuations ▪ Demographic changes ▪ Product/service defects 	<ul style="list-style-type: none"> ▪ Risk of increased competition in the telecommunications industry due to new entrants from other industries and the rapid spread of services from startups competing with the Group's services ▪ Risk of providing products or services with major defects that cause damage to customers
b. Adapting to technology and business models		
<ul style="list-style-type: none"> ▪ Technological innovation 	<ul style="list-style-type: none"> ▪ Risk of the Group being unable to respond appropriately or in a timely manner to changes in the market such as the emergence of new technologies or business models 	<ul style="list-style-type: none"> ▪ Adopt services, products, and sales methods that suit consumer orientation ▪ Thorough quality control during manufacturing and development stages ▪ Research the newest technology and market trends, conduct verification testing to introduce technically superior services, consider alliances with other companies, etc.
c. Leakage or Inappropriate use of information (including privacy information) and inappropriate use of products and services provided by the Group		
<ul style="list-style-type: none"> ▪ Leakage or loss of information due to cyber attacks ▪ Inappropriate use of information assets ▪ Inappropriate use of products/services 	<ul style="list-style-type: none"> ▪ Risk of information leakage, loss, etc. due to intentional or negligent actions of the Group or unauthorized access such as cyber attacks by a third party ▪ Risk of losing society's confidence and trust in the Group due to an error arising from inadequate management and utilization of our information assets resulting in social criticism ▪ Risk of lowered confidence and trust due to misuse (crimes, etc. such as fraud) of apps or payment services provided by the Group 	<ul style="list-style-type: none"> ▪ Limit work areas related to confidential information and establish access control rules; monitor and prevent unauthorized access due to cyber attacks from outside the company; separate and isolate access and networks according to information security levels ▪ Establish guidelines and conduct training ▪ Periodic monitoring of unauthorized use
d. Destabilization of the international situation		
<ul style="list-style-type: none"> ▪ Procurement of equipment, facilities, etc. 	<ul style="list-style-type: none"> ▪ Risk of delays in transportation of telecommunications business equipment and facilities due to regulations and restrictions imposed on aircraft, ships, and so forth by countries in conflict or other countries involved 	<ul style="list-style-type: none"> ▪ Monitoring, information gathering, decentralization and diversification of suppliers
e. Stable provision of network services		
(a) Telecommunication network failures	<ul style="list-style-type: none"> ▪ Risk of being unable to maintain telecommunications service quality due to increased network traffic or an inability to secure necessary frequency bands 	<ul style="list-style-type: none"> ▪ Bolster the telecommunication network based on predictions of future traffic
(b) Unpredictable circumstances such as natural disasters	<ul style="list-style-type: none"> ▪ Risk of a natural disaster, pandemic, etc. preventing normal operation of telecommunication networks or information system 	<ul style="list-style-type: none"> ▪ Introduce network redundancy, establish an emergency recovery system, and implement countermeasures for power outages at network centers and base stations

(Note) Please visit our website for more information about [risks related to laws, regulations, and compliance](#), [risks related to finance and accounting](#), [other risks](#), and [emerging risks](#)

Risk Management

Risk related to management strategy

Risk item	Typical risk example	Risk reduction measure
f. Corporate acquisition, business alliances, establishment of joint ventures, organizational restructuring within the Group		
<ul style="list-style-type: none"> Investment and loans 	<ul style="list-style-type: none"> Risk of investee companies being unable to perform as expected 	<ul style="list-style-type: none"> Conduct sufficient due diligence when considering each investment to make investment decisions in accordance with the prescribed approval process
g. Dependence on other companies' management resources		
(a) Outsourcing <ul style="list-style-type: none"> Inappropriate management of information by outsourced companies 	<ul style="list-style-type: none"> Risk of outsourced companies being unable to perform work as expected Risk of infringing on customers' human rights as a result of an outsourced company fraudulently acquiring Group and customer information or using it for other purposes 	<ul style="list-style-type: none"> Conduct periodic audits of outsourced companies' work Evaluate and select the supplier in accordance with our purchasing rules
(b) Use of other companies' facilities <ul style="list-style-type: none"> Other companies' management resources 	<ul style="list-style-type: none"> Risk of becoming unable to continue using communication line facilities owned by other operators 	<ul style="list-style-type: none"> Use multiple operators' communication line facilities
(c) Procurement of various equipment <ul style="list-style-type: none"> Supply disruptions Delivery delays 	<ul style="list-style-type: none"> Risk of supply disruptions, delivery delays, etc. in the procurement of telecommunication equipment, etc. 	<ul style="list-style-type: none"> Build networks by procuring equipment from multiple suppliers
h. Use of the <i>SoftBank</i> brand		
<ul style="list-style-type: none"> Brand use 	<ul style="list-style-type: none"> Risk that our actions negatively impact the trust or interests of SoftBank Group Corp. and we become unable to use the <i>SoftBank</i> brand 	<ul style="list-style-type: none"> Bolster the system for checking prior to using the brand, release materials related to brand use, and conduct training
i. Service interruption or degradation due to related system failure		
<ul style="list-style-type: none"> System failures 	<ul style="list-style-type: none"> Risk of becoming unable to continuously provide service for customer-facing systems, the <i>PayPay</i> smartphone payment system, etc. due to human error, equipment/system problems, cyber attack by a third party, hacking, or other unauthorized access 	<ul style="list-style-type: none"> Add redundancy to the network and clarify recovery procedures in case of failure or other accidents
j. Training and securing human resources		
<ul style="list-style-type: none"> Human resources (hiring, training) Labor management (overwork, etc.) Human rights Diversity 	<ul style="list-style-type: none"> Risk of being unable to secure engineers or other human resources necessary for business operation as planned Risk of reducing society's trust and confidence in SoftBank due to being unable to meet social demands for consideration for basic human rights Risk of reducing society's trust and confidence in SoftBank due to being unable to meet social demands for respecting diversity and demonstrating their full potential 	<ul style="list-style-type: none"> Adopt a remuneration system that considers the expertise of human resources with high market value Establish a human rights policy and human rights due diligence process; conduct risk assessments Ensure company-wide awareness of efforts related to diversity; conduct training
k. Climate change		
<ul style="list-style-type: none"> Increasing damage from natural disasters 	<ul style="list-style-type: none"> Risk of higher restoration and maintenance costs due to an increase in disaster-affected facilities and worsening of damage 	<ul style="list-style-type: none"> Promote redundancy of core networks and secure communications in the event of a disaster, etc.

(Note) Please visit our website for more information about [risks related to laws, regulations, and compliance](#), [risks related to finance and accounting](#), [other risks](#), and [emerging risks](#)

Risk Management

Human Rights

We have established the “[SoftBank Human Rights Policy](#)” and follow international human rights principles such as the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We also value the diversity of the people we work with and prohibit discrimination and human rights violations in all of our services, products, and business activities. Furthermore, we require our suppliers and business partners to respect and refrain from violating human rights in accordance with these principles.

Promotion system

Under the concept of the “SoftBank Human Rights Policy” approved by the Board of Directors, SoftBank’s human rights promotion activities are centered on the Human Rights Committee, which is chaired by the President & CEO, and whose members include directors and general managers in charge of businesses and departments. The “Human Rights Committee” promotes our human rights activities through daily operations such as managing human rights due diligence, investigating and addressing potential human rights violations, and enhancing internal awareness of human rights through the planning and implementation of human rights-related training programs. Matters deliberated by the “Human Rights Committee” are discussed and reported at the Board of Directors meetings.

Human rights due diligence

In accordance with the United Nations Guiding Principles on Business and Human Rights, we have established a human rights due diligence process to identify and evaluate human rights issues that may arise as a result of our business activities in order to ensure that we respect the human rights of all stakeholders affected by our business activities.

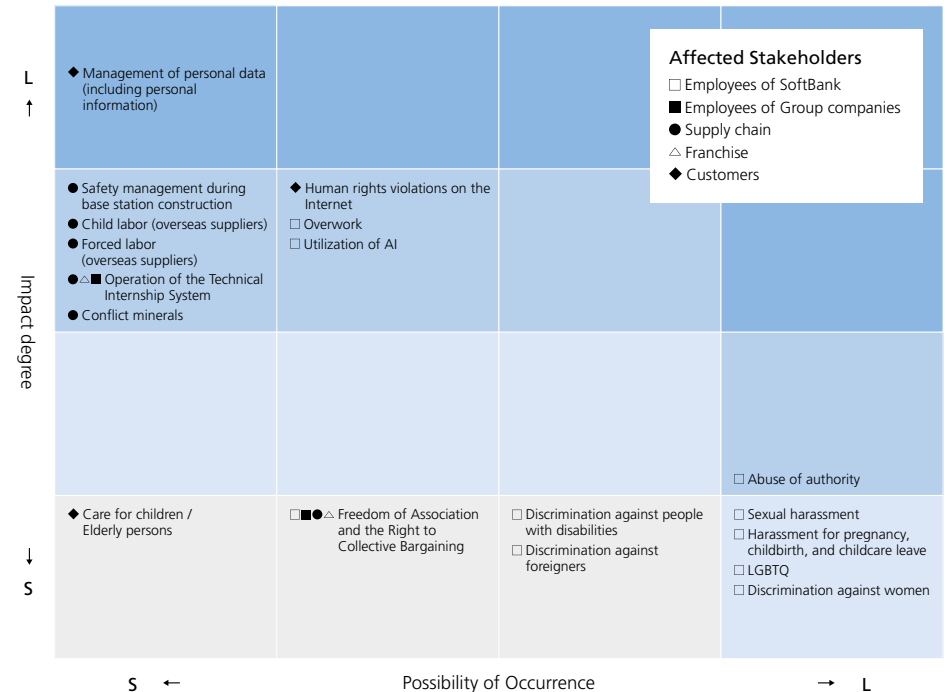
Human rights due diligence process



Mapping human rights risks

We have mapped human rights issues that are at risk of negative impacts due to our business activities, and consider the following items to be human rights risks that we should address as high priority. For these risks, we identify and assess the real or potential human rights impacts based on our human rights due diligence process. For potential risks, we take appropriate measures to reduce them, and for human rights risks that are actually occurring, we work to resolve the problems by removing negative impacts and, if necessary, implement appropriate remedies for victims. In addition, we review mapping items on an ongoing basis.

Human rights risks mapping



Risk Management

Key themes in assessment and targeted segments

As part of our human rights due diligence, we have been conducting assessments to identify human rights risks in key segments. The key themes, targeted segments, and results for the FY2022 assessment are as follows.

Key themes in assessment	<ol style="list-style-type: none"> 1. Basic attitude toward human rights and major initiatives 2. Commitments: Human Rights Policy 3. Prohibit forced labor, trafficking in persons and child labor (avoidance of complicity in human rights abuses) 4. Prohibition of Harassment 5. Prohibition of discrimination 6. Reduction of long working hours 7. Employees' Freedom of Association and Right to Organize <p>(Note) See self-assessment items on human rights for more details.</p>
Targeted segments	<ol style="list-style-type: none"> 1. Value chain <ol style="list-style-type: none"> (1) Major suppliers (2) Sales agents operating <i>SoftBank</i> stores and <i>Y!mobile</i> stores 2. Our Group companies: Own business (SoftBank Corp. and subsidiaries), joint ventures (affiliates, etc.) 3. Investment targets at the time of considering investment 4. Employee of the Company <p>(Note) See the list of assessment results for details.</p>

Assessment results by targeted segment

Human rights assessment for the value chain

As part of our value chain initiatives, FY2020 and onwards, we have been conducting ongoing self-assessments of our major suppliers and sales agents who operate *SoftBank* stores and *Y!mobile* stores, which are our main sales channels and points of contact with customers etc., regarding their human rights initiatives and whether they are complicit in human rights abuses. In cases where human rights risks are identified in this assessment, efforts are being made to resolve and correct the problem. The assessment will be conducted regularly, and we will continue to monitor and propose improvements in order to further reduce risks.

(Note) See [major supplier human rights assessment results](#) for details.

Human rights assessment for Group companies

Self-assessments on human rights were conducted for our Company and 159 domestic and overseas subsidiaries, and 22 affiliated companies. As a result, no apparent human rights impacts were found. On the other hand, for the 22 companies (including 5 affiliates) where potential human

rights risks were identified, we did not only requested improvements, but also provided support for improvement initiatives by providing manuals describing risk mitigation procedures, necessary survey forms, and educational content for employees at each company. We will continue to implement the self-assessments on a regular basis and strive to further reduce risks through continuous monitoring and improvement proposals.

Human rights assessment for investment targets at the time of considering investment

In addition to human rights assessments for existing business activities, we also conduct human rights assessments for new business activities from the perspective of respect for human rights. The assessment items cover important issues related to human rights, such as prohibition of forced labor, prohibition of discrimination, prohibition of harassment, respect for the right to organize, and prohibition of child labor, and passing the assessment has become one of our investment criteria.

(Note) See [items of human rights assessment when considering investments in joint ventures](#) for details.

Human rights assessment for our employees

As part of our human rights due diligence, we conduct personnel interview measures and surveys with employees and take direct or indirect remedial measures when problems are found.

Conduct HR interviews / roundtable discussions with employee	<p>The Human Resources Department conducted HR interviews with employees from FY2015 to FY2021 to understand the condition of employees (cumulative total of 26,100 employees). If any risks related to human rights were identified, we promptly took remedial action in cooperation with the relevant divisions. Additionally, in FY2022, roundtable discussions were held between the Head of the Human Resources Division and employees at nine major business sites nationwide (117 participants in total). The person in charge of the Human Resources Department also interacts directly with employees to facilitate quick implementation of improvement initiatives.</p> <p>We will continue to place importance on dialogue with employees to understand and improve the actual situation onsite.</p>
Conducted human rights survey for employees	<p>Every year, we conduct training and provide educational content to employees on human rights, with a focus on discrimination and harassment. In addition, all employees are informed of a consultation service in the event of human rights violations, and efforts are made to prevent human rights violations before they occur. In cases where human rights violations do occur, we handle them strictly in accordance with the regulations.</p> <p>Furthermore, we conduct an annual survey of all employees to identify any actual or potential human rights violations. In FY2022, a survey was conducted to 25,500 employees, and no responses were received requesting remedy for human rights violations in the workplace.</p> <p>However, based on the results of the survey, we have identified nine issues (four of which are key issues) that could become human rights risks, and we are working with the divisions in charge to examine and implement measures to reduce these risks.</p> <p>The results of this survey and risk mitigation measures are made available to employees. We will continue to respect the human rights of our employees through continuous surveys and monitoring.</p>

(Note) See [question items in survey of employees on human rights](#) for details.

Risk Management

Information Security and AI Governance

Information security

Policy

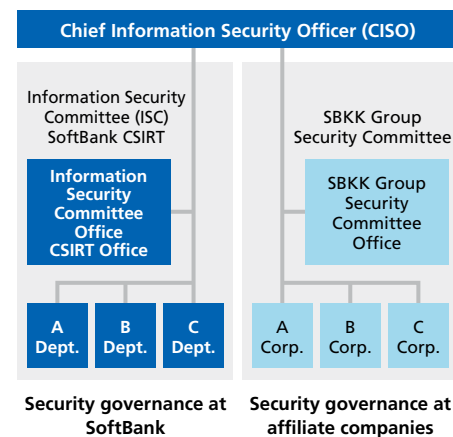
We have formulated and continue to adhere to our Information Security Policy so that we can keep the trust of our customers and the wider community by implementing sweeping and advanced solutions to counter the risk of information leaks. In addition, we take the utmost care in handling the personal data of our customers, in accordance with our "Privacy Policy," and give due consideration to the rights of our customers. Furthermore, we have taken the initiative in protecting privacy by ensuring compliance with various laws and regulations, guidelines set by the government, and other standards, as well as by joining a certified personal information protection organization as a designated business operator.

Meanwhile, security risks have become increasingly diversified and advanced, highlighted by the sophistication of cyber attacks, the increase in persistent attacks by international hacker groups, attacks targeting teleworking environments, and cases of internal fraud. We constantly monitor and study these kinds of threats, but at the same time, we proactively employ cutting-edge technology to develop advanced security environments, while also working to further enhance our 24-hour, 365-day security surveillance and rapid response framework. Furthermore, we run training sessions to instill a heightened level of security awareness among all employees, while constantly keeping our security policies and rules up to date in step with the times.

We also conduct information security assessments for new business activities. These assessments cover important matters relating to information security, such as the status of technical, human, organizational, and physical countermeasures, and passing the assessment is one of SoftBank's investment criteria.

Information security governance

We have established the Information Security Committee (ISC), chaired by the Chief Information Security Officer (CISO) and comprising managers of information security from each department, to promote information security measures across the entire Company. Moreover, through the creation of the SoftBank Computer Security Incident Response Team (SoftBank CSIRT), we are making every effort to prevent the occurrence of security incidents and to minimize damage by swiftly responding to incidents. We have also created the SBKK Group Security Committee, which is chaired



by the CISO and comprised of the information security managers at affiliate companies in an effort to collaborate closely on the implementation of policies and various measures within the Group.

Security governance

To protect the facilities that provide customer information and telecommunication services and to ensure the safe use of our products and services, we have established five levels of security areas in our facility environment and strictly manage them at each level. In addition, security analysts monitor security 24 hours a day, 365 days a year at the Security Operation Center (SOC). Furthermore, we are constantly advancing our information security measures by collaborating internally and with other organizations, and by reviewing our measures using the National Institute of Standards and Technology's (NIST) Cybersecurity Framework (CSF) and the Center for Internet Security's (CIS) CIS Controls.

(Note) See [information security](#) for details.

AI governance

Under our *Beyond Carrier* strategy, we are working to provide innovative services and promote DX by going beyond just being a traditional telecommunications carrier and leveraging cutting-edge technologies such as AI and IoT.

Among these cutting-edge technologies, AI has been widely used in all industries in recent years and is expected to see more diverse applications and become increasingly sophisticated in the future.

On the other hand, some have pointed out that the technology requires ethical considerations and caution, such as its potential of leading toward discriminatory evaluation and selection, depending on how it is utilized.

Against this backdrop, we have formulated the SoftBank AI Ethics Policy in order to provide safe and secure services to our customers through appropriate use of AI.

Specifically, we have established guidelines in the six areas of principle of human-centeredness, respect for fairness, pursuit of transparency and accountability, ensuring safety, privacy protection and security, and development of AI human resources and literacy, and will conduct business operations and service development in accordance with these guidelines.

Furthermore, we have established a system to apply this policy to Group companies, and as of June 1, 2023, 56 companies have decided to adopt the policy and have established internal rules and guidelines that stipulate more specific rules. We will continue to strengthen the system by collaborating within the Group, including by establishing an external committee consisting of experts in AI governance.

Environmental Initiatives

Group-wide Net Zero Initiatives



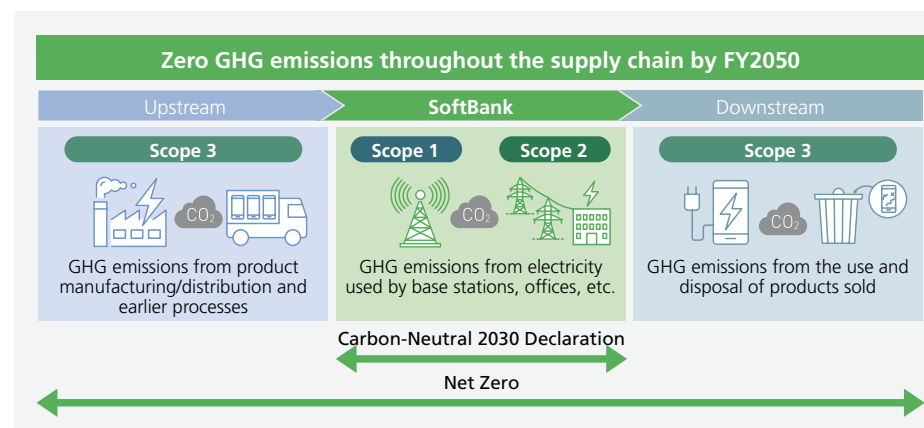
SoftBank made its Carbon-Neutral 2030 Declaration in May 2021, aiming to reduce Scope 1 and 2 GHG emissions—emissions from business processes and energy consumption—to zero by FY2030 through the use of AI, IoT and other cutting-edge technologies for energy conservation. On top of this, in August 2022, we announced our “Net Zero” goal of achieving net zero emissions for the entire supply chain, including Scope 3, by FY2050. Furthermore, to accelerate decarbonization across society, in June 2023 we expanded our Net Zero initiatives to include Group companies*1. At the same time, we submitted a letter of commitment to obtain the science-based SBT Net Zero certification under the international climate change initiative SBTi*2 with respect to our greenhouse gas emissions reduction targets*2.

In addition, SoftBank participated in the Ministry of the Environment’s FY2022 Model Project for Promoting Decarbonization of the Entire Supply Chain of Large Corporations. As part of the project, we studied emissions reduction measures aimed at achieving net zero emissions by 2050 and formulated a roadmap to 2050. Based on this roadmap, we are working with related parties within and outside the Group to promote effective initiatives aimed at net zero emissions.

*1 Consolidated Group companies

*2 SBTi (Science Based Targets initiative)

*3 SoftBank Corp.’s short-term targets received SBT verification in June 2021.



SoftBank’s primary initiatives aimed at net zero emissions

<p>Scope 1 Direct GHG emissions from the company itself (fuel burning and industrial processes)</p>	<p>[Renewable energy]</p> <ul style="list-style-type: none"> Convert all electricity usage to renewable energy sources*4 by FY2030 Sign long-term renewable energy procurement contracts to switch to renewable energy with additionality for at least 50% of the electricity used by the Company*5 by FY2023
<p>Scope 2 Indirect emissions from the purchase of electricity, heat or steam</p>	<p>[Energy efficiency]</p> <ul style="list-style-type: none"> Utilize AI and IoT to promote electricity usage efficiency and energy savings Reduce environmental impacts by developing next-generation batteries Improve electricity usage efficiency with super-distributed computing infrastructure (xIPF) <p>[Data center initiatives]</p> <ul style="list-style-type: none"> Deploy distributed AI data centers that utilize green energy
<p>Scope 3 Indirect emissions other than those in Scope 1 and 2 (emissions from other companies associated with the activities of the Company)</p>	<ul style="list-style-type: none"> Develop emission reduction guidelines for business partners Participate in the Ministry of the Environment’s model project to promote decarbonization across the entire supply chain in order to establish emission reduction plans Reduce GHG emissions related to commuting by promoting telework

*4 Includes the use of non-fossil certificates designated as renewable energy

*5 Total for SoftBank Corp. and Wireless City Planning Inc.

Environmental Initiatives

Support for TCFD Recommendations

In April 2020, SoftBank announced its support for the TCFD Recommendations. Based on the TCFD Recommendations, we are proactively working to implement and enhance disclosure.



Governance

We regard contribution to the realization of a sustainable society as an important management issue, and have identified material issues to be addressed to this end, one of which is “Contribute to the mitigation of climate change through technology and business.” We have established the ESG Promotion Committee as an advisory body to the Board of Directors to promote measures related to climate change. SoftBank’s President and CEO assumes the position of Chief ESG Promotion Officer and, under the supervision of the Board of Directors, has final responsibility for overall sustainability activities, including strategies related to climate change-related risks and opportunities. In addition, to advance internal climate change-related initiatives, we have established the Environment Committee under the direction of the Chief ESG Promotion Officer and the Executive Officer in Charge of ESG Promotion. The Environment Committee is chaired by the General Manager of the CSR Division, consists of environmental managers from our business units and Group companies, and promotes specific measures to achieve Carbon-Neutral 2030.

Strategy

SoftBank operates a telecommunications business that includes base stations and uses a large volume of electricity. Accordingly, we recognize that our businesses could be subject to significant risks associated with climate change. To consider strategies for adapting to possible future events caused by climate change, SoftBank conducts scenario analyses of two scenarios: a 1.5°C scenario in which decarbonization proceeds

rapidly, and a 4°C scenario in which climate change countermeasures stall and global warming advances further. We have identified risks that are expected to occur by 2050 and which will have a particularly large financial impact on businesses, including upstream and downstream areas of the value chain.

Climate change-related risks and opportunities

Under a 1.5°C global warming scenario, the scenario analysis identified that while reputational and technological risks are limited, there are potential regulatory risks such as carbon taxes associated with increased electricity use. In the 4°C scenario, while the risks from sea level rise and temperature rise are limited, we identified the risk of more frequent base station outages due to power outages caused by heavy rainfall. In terms of risk countermeasure and opportunities, we have decided upon Carbon-Neutral 2030, in which all electricity and other energy used in our business activities will be renewable energy by FY2030, established a plan to promote the use of renewable energy for base station power, and set a KPI regarding the provision of electricity from renewable energy sources for one of our material issues. As an interim goal of the Carbon-Neutral 2030 Declaration, we plan to complete the conversion of at least 70% of base station electricity to renewable energy by FY2022, and to move toward achieving carbon neutrality in FY2030.

Impact on business strategies and financial planning

Under the 1.5°C scenario, we assumed that there would be no acute or chronic physical risks from climate change at a level that would affect our business, but that policies, laws and regulations to combat climate change would be strengthened, and we estimated the impact of a carbon tax comparable to that imposed in Europe. We will continue to monitor trends in carbon taxes regulations in Japan. In the 4°C scenario, we assumed that there would not be strengthening of policies, laws and regulations, including the strengthening of climate change countermeasures, and that transition risks in the areas of technology, markets and reputation would not materialize.

However, we estimated the potential financial impact that may occur in the future based on the restoration costs of 770 million yen we incurred in FY2019, when we suffered the most damage from torrential rains that triggered special rainfall warnings. Based on our analysis of the financial impact of disaster recovery costs, we have secured an appropriate budget and are prepared to respond quickly.

Risk management

Climate change-related risks are selected and reviewed by the Environment Committee under the supervision of the Executive Officer in Charge of ESG Promotion. The identified risks are analyzed, taking into consideration various external factors, and evaluated by the Executive Officer in Charge of ESG Promotion. As a result of the scenario analyses in FY2022, it was confirmed that there are no significant risks related to changes in strategy

Integration into the Company-wide risk management process

In order to identify and prevent the manifestation of Company-wide risks, we have established a management system that analyzes risks from various angles within the Company. Each division includes risks in considerations when proposing measures at the applied business level. In addition, the Risk Management Division periodically identifies Company-wide and comprehensive risks, checks the status of countermeasures, and reports the results to the Risk Management Committee. The Risk Management Committee determines the level of importance of risks and the person responsible for dealing with them (risk owner), issues instructions on countermeasures, and reports the status to the Board of Directors. The Internal Audit Department confirms these overall risk management systems and conditions from an independent standpoint. Climate change risks managed by the Environment Committee are integrated into Company-wide risk management, and through regular risk management cycles, we are working to reduce and prevent risks

Environmental Initiatives

Disclosure Based on TCFD Recommendations

Identified risks and opportunities

Risk type	Category	Identified risks	Scenario	External scenario	Financial risks*1,2			Response measures/ opportunities
					Short-term	Medium-term	Long-term	
Transition risk	Policy and legal	Increased tax burden due to introduction of carbon tax	1.5°C scenario	IEA: NZE/SDS/STEPS	Small	Small	Small	<ul style="list-style-type: none"> Achieve Net Zero target (FY2050) Achieve carbon neutrality (FY2030)
	Technology	Impact on business promotion due to delay in introduction of energy-saving technologies			Small	Small	Small	<ul style="list-style-type: none"> Switch to energy-saving equipment Improve efficiency of electricity use through the use of AI and IoT
	Market	Impact on sales due to delays in providing decarbonization services			Small	Small	Small	<ul style="list-style-type: none"> Promotion of renewable energy power supply Expansion of remote services and e-commerce markets to reduce travel Expansion of businesses related to the sharing economy Expansion of the market for energy-efficient solutions
	Reputation	Damage to brand image and impact on stock price if decarbonization efforts are deemed insufficient			Small	Small	Small	<ul style="list-style-type: none"> Proactive information publication Contribution to the reduction of CO₂ emissions in society as a whole Encourage people to change their behavior through online fundraising, etc.
Physical risk	Acute	Increased repair costs due to increased base station damage	1.5°C scenario	IPCC SSP1-1.9	Small	Small	Small	<ul style="list-style-type: none"> Reinforcement of power supply, installation of generators and long-life batteries
			4°C scenario	IPCC SSP5-8.5	Small	Small	Small	<ul style="list-style-type: none"> Improve wind resistance of antenna support columns Backbone network redundancy Construction of a high-altitude communication network in the stratosphere
	Chronic	Increased air conditioning costs due to rising temperatures	1.5°C scenario	IPCC SSP1-1.9	Small	Small	Small	<ul style="list-style-type: none"> Switch to energy-saving equipment Improve efficiency of electricity use through the use of AI and IoT
			4°C scenario	IPCC SSP5-8.5	Small	Small	Small	

*1 Financial risk: Impact on consolidated operating income is described in three levels (large, medium and small).

*2 Time horizons: Short-term (2023), medium-term (–2025), and long-term (2026–)

Metrics and targets

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To manage the risks and opportunities that climate change poses to the Company, we manage environmental impact data, including greenhouse gas emissions (Scope 1, 2, and 3). In FY2022, Scope 1 and 2 greenhouse gas emissions totaled 579,919 t-CO₂, and Scope 3 emissions totaled 9,368,649 t-CO₂. Coverage is essentially 99.4% of consolidated revenue.

Targets and performance

Our main goal is to achieve carbon neutrality by reducing greenhouse gas emissions from electricity used in our business activities to net zero by FY2030. We used renewable energy for 30% of base station power in FY2020, 50% in FY2021, and 70% in FY2022, and we are working to gradually shift to renewable energy. In addition, we will promote the reduction of greenhouse gas emissions from all of our other facilities and equipment to achieve net zero greenhouse gas emissions from FY2030 onward.

The carbon neutrality target covers Scope 1 (direct greenhouse gas emissions by the company itself) and Scope 2 (indirect emissions from the use of electricity, heat and steam supplied by other companies) for SoftBank and its major subsidiaries (representing 100% of consolidated revenue).

In June 2023, we announced our goal of achieving Net Zero emissions by FY2050 on a Group-wide consolidated basis, which means eliminating all greenhouse gas emissions (supply chain emissions) related to our business activities, including Scope 1, 2, and 3 emissions. At the same time, we are committed to SBT's long-term goal (SBT NetZero) and will promote initiatives to acquire certification.