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## Corporate Governance Report

Last Update: June 24, 2022

**SoftBank Corp.**

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<https://www.softbank.jp/en/corp/>

The corporate governance of SoftBank Corp. (the “Company”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

The Group is guided by a philosophy of “Information Revolution — Happiness for everyone,” a corporate philosophy common to the Group. Toward the realization of the vision of becoming “the corporate group needed most by people around the world,” the Company aims to create a new social infrastructure and realize an ideal society where everyone can spend their time conveniently, comfortably and safely by the domestic telecom business foundation that it has built up so far and providing products and services that utilize the latest digital technology.

The Group recognizes that it is vital to maintain effective corporate governance in order to realize this vision. The Company shares its fundamental concept and corporate philosophy and continues to strengthen corporate governance within the Group based on various rules with which group companies and their officers and employees must comply.

#### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

##### **Supplementary principle 4.1.(2) Medium- to long-term management plan**

The Company always prepares the entire group’s business plans from a medium-term perspective, which are discussed by the board of directors. The plan is analyzed and reviewed as needed based on progress and market trends, and the results are reflected in the next plan.

While the Company believes that external disclosure of such medium-term business plans should enable deeper dialogue with stakeholders including shareholders, it also believes in the importance of maintaining the agility and flexibility of management, in order to promptly respond to changes in the business environment such as deregulation and changes in the competitive environment. In consideration of the balance between the aforementioned matters, the Company is reviewing the public disclosure of medium-term business plans.

**Principle 4.6 Business execution and oversight of the management; Principle 4.8 Effective use of independent external directors; Supplementary principle 4.8.(3) Listed company with a controlling shareholder**

With SoftBank Group Corp. as the parent company, the Company strives to ensure independence and transparency by having independent external directors account for at least one-third of the total number of directors. In important transactions with controlling shareholders including the parent company, the board of directors deliberates and examines such transactions based on the opinions of independent external directors from the perspective of protecting the interests of minority shareholders, thereby continuously striving to strengthen the effectiveness of management oversight.

In addition, the Company has established a special committee consisting of five independent external directors as an advisory body to the board of directors for the purpose of deliberating and examining important transactions and actions that may cause conflicts of interest between the controlling shareholder and minority shareholders. At the special committee, each independent external director expresses his/her opinions and holds discussions from the perspective of protecting the interests of minority shareholders.

The structure of the committee (as of June 24, 2022) is as follows.

Chair: Independent external director Atsushi Horiba

Members: Independent external directors Takehiro Kamigama, Kazuaki Oki, Kyoko Uemura, Reiko Hishiyama

Observers: External director Naomi Koshi, independent external audit & supervisory board members Yasuharu Yamada, Yoko Kudo

The Company will continue to consider the number of independent external directors required, taking into account the industry, size, business characteristics, institutional design, and the environment surrounding the Company as a whole.

**[Disclosure Based on the Principles of the Corporate Governance Code]**

**Principle 1.3 Basic strategy for capital policy**

The Company's basic capital policy is to balance the return of profits to shareholders and the necessary investment toward sustainable growth while maintaining a sound financial structure. To this end, the Company believes that it is important to generate stable adjusted free cash flow<sup>\*1</sup>, which is the source of growth and shareholder returns.

Adjusted free cash flow is used for shareholder returns, growth investment such as M&A, and repayment of interest-bearing debt, taking into consideration the balance between future growth as an enterprise and stability of the financial base.

As for shareholder returns, the Company's policy is to implement shareholder returns by considering performance trends, financial condition and total shareholder return ratio including share buybacks on a comprehensive basis while paying attention to the stability and sustainability of dividends. Based on this policy, during the period from the fiscal year ended March 31, 2021 through the fiscal year ending March 31, 2023, the Company aims to pay stable and continuous per-share dividends, and to flexibly implement share buyback programs, with a target ratio of total shareholder return to net income attributable to owners of the Company of approximately 85%<sup>\*2</sup>.

\*1 Adjusted free cash flow = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof)

\*2 Total amount of dividends paid and treasury stock retired during the three years from the fiscal year ended March 31, 2021 through the fiscal year ending March 31, 2023 / total amount of net income attributable to owners of the Company during the same three years

**Principle 1.4 Cross-shareholdings**

The Company may hold shares under a so-called "cross-shareholdings" structure when it has an important purpose in terms of management strategy other than pure investment purposes, such as anticipating a business alliance or business synergies to sustainably increase enterprise value.

Every year the Company verifies that the shares are held according to the purpose, and appropriately disposes of shares for which either the dilution of purpose of holding or the absence of economic rationality, or both, are found, after taking into consideration the share price and market trends.

As a verification method, every year the Company individually confirms the continuation of business relationships according to the purpose of holding, and calculates the percentage of the amount the issuing company contributed to the Company's profit in relation to the investment amount of the cross-shareholding from the viewpoint of economic rationality. If the significance of the holding is diluted or the percentage of the amount contributed to the Company's profit is less than 50% of the Company's non-consolidated three-year average ROA, the stock is considered for sale. Stocks whose market value has declined by 30% or more from their book value are also considered after close examination of their dealing with misconduct from the standpoint of governance. The Company then reports to the board of directors on the appropriateness of cross-shareholdings.

The exercise of voting rights related to the shares in these cross-shareholdings is handled appropriately after comprehensively considering whether the proposal will contribute to the sustainable improvement of corporate activities.

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

The Board of Directors Rules stipulate that the board of directors must approve transactions conducted by directors if these may compete or cause conflicts with the Company's interests. Each transaction is subject to approval by the board of directors, and the transaction results are reported to the board of directors.

In addition, related party transactions are monitored regularly based on the Related Party Regulations, while the status of transactions is disclosed in the Annual Securities Report and non-consolidated financial statements.

Among these transactions, particularly important transactions are subject to approval by the board of directors after consultation with and report from the special committee consisting solely of independent external directors.

#### **Supplementary principle 2.4.(1) Ensuring diversity when promoting core personnel**

The Company strives to create opportunities and build an environment in which diverse human resources, regardless of age, gender, nationality or disability, can demonstrate their individuality and capabilities. Positions and treatment are determined based on fair evaluation of roles, performance and capabilities.

United with a common vision toward realizing the corporate philosophy, all employees are aiming to create an organization that can generate innovation as they leverage each other's strengths and communicate freely. (Website) <https://www.softbank.jp/en/corp/philosophy/human-resource/diversity/>

#### **Human resource development policies to ensure diversity and internal environment policies, and their status**

Since its foundation, the Company has expanded its businesses under a corporate philosophy of "Information Revolution – Happiness for everyone." Utilizing diverse human resources has become increasingly necessary as the Beyond Carrier strategy accelerates and the Company's business advances along multiple paths. Along with business diversification, it has also become necessary to change the human resource approach for each business. Under these circumstances, to sustain the growth and success of its businesses and to build a work environment where working individuals can grow together with the Company and lead to self-realization, the Company has set policies to be cherished as a company and promotes various HR initiatives.

The Company issued the health management declaration in 2018, in which with the belief that the physical and mental well-being of each individual employee is the driving force behind realizing the visions of both the company and the individuals, the Company positions the maintenance and improvement of employee health as an important management issue and declares it will take measures for health management. In its signature style, the Company actively utilizes cutting edge AI and ICT to promote health management that maintains and enhances the well-being of its employees and their families. The Company is developing a work environment in which all employees can continue to work comfortably, by providing support systems

that enable them to balance work and family life even if they encounter various life events such as childcare and nursing care.

Details are disclosed in the Integrated Report.

(Integrated Report) [https://www.softbank.jp/en/corp/ir/documents/integrated\\_reports/](https://www.softbank.jp/en/corp/ir/documents/integrated_reports/)

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

The Company has not joined a specific corporate pension fund but has introduced a defined contribution corporate pension plan.

In addition, to support asset formation by employees, the Company provides learning opportunities for selecting investment management institutions and investment products. Specifically, the Company holds seminars for new employees on basic knowledge of systems and investment precautions to start asset management. Furthermore, the Company has introduced Life Planning Support as a benefit program, and as part of this program, holds seminars twice a year for all employees to learn the basics of life planning, including the necessity and methods of life planning, to encourage them in asset formation.

### **Principle 3.1 Full disclosure**

(i) Guided by the corporate philosophy of “Information Revolution – Happiness for everyone,” the Company aims to be a provider of essential technologies and services to people around the world through its endeavors in various businesses in the information and technology industries. The Company discloses these endeavors on its website.

(Website) <https://www.softbank.jp/en/corp/aboutus/philosophy/>

(ii) The Company discloses its basic views on and basic guidelines for corporate governance based on the principles of Japan’s Corporate Governance Code in the Corporate Governance Report.

(iii) Directors’ remuneration at the Company primarily comprises basic remuneration and performance-based remuneration and is intended to motivate directors to increase enterprise value and grow profits, and to function as consideration for their performances. This remuneration is deliberated by the remuneration committee within the aggregate amount approved by the General Meeting of Shareholders, and remuneration shall be resolved by the board of directors giving the greatest possible respect to recommendations made by the remuneration committee. The decisions on the amount of individual remuneration are entrusted to the representative director, president & CEO within a resolution of the board of directors, on the condition that the greatest possible respect should be paid to the recommendations made by the remuneration committee. The remuneration committee deliberates on details regarding the system such as the remuneration determination process, in addition to basic remuneration and performance-based remuneration. Individual remuneration is determined based on individual roles, responsibilities, performances, and other factors, taking the results of operations and management environment into account.

(iv) In electing directors and dismissing director candidates of the Company, recommendations are made to the board of directors following deliberations by the nominating committee. The board of directors gives the greatest possible respect to the recommendations made by the nominating committee and elects director candidates in accordance with the Articles of Incorporation and the Board of Directors Rules, proposing them for election and dismissal at the General Meeting of Shareholders. Criteria for electing director candidates include qualities and abilities that will contribute to increasing enterprise value and a deep knowledge of the candidate’s respective field of specialization.

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

(v) The Company discloses the reasons for the appointment of the candidates for director and audit & supervisory board member in the Notice of the General Meeting of Shareholders in which the election of these candidates is proposed. In addition, when the board of directors resolves the appointment and dismissal of management executives, the Company swiftly discloses it on its website.

### **Supplementary principle 3.1.(3) Sustainability initiatives**

Under the corporate philosophy of “Information Revolution – Happiness for everyone,” the Group aims to be a corporate group that provides services and technologies most needed by people around the world, and is working to maximize enterprise value by engaging in various businesses in the information and technology fields based on the telecommunications business. In addition, the Group, which provides social infrastructure such as 5G, aims to contribute to the resolution of various social issues through its core business, and is engaged in initiatives for enhancing sustainability based on the six materiality themes that the Group has defined as priority issues it should address to realize the SDGs (Sustainable Development Goals) set forth by the United Nations, under the concept of “a world where all things, information and minds are connected.”

Details are disclosed in the Sustainability Report, Integrated Report and others.

(Sustainability Report) <https://www.softbank.jp/en/corp/sustainability/reports/>

(Integrated Report) [https://www.softbank.jp/en/corp/ir/documents/annual\\_reports/](https://www.softbank.jp/en/corp/ir/documents/annual_reports/)

#### **(1) Sustainability initiatives at the Company**

The Company believes in the necessity of disclosing non-financial information for constructive dialogue with investors with the aim of increasing enterprise value over the medium to long term. The Company discloses its efforts for sustainability on its website and in its Sustainability Report and Integrated Report.

(Website) <https://www.softbank.jp/en/corp/sustainability/>

#### **(2) Investment in human capital**

To sustain the growth and success of its businesses and to build a work environment where working individuals can grow together with the Company and lead to self-realization, the Company has set policies that as a company it must value and promotes various HR initiatives. The Company discloses its efforts on its website and in its Integrated Report.

(Website) <https://www.softbank.jp/en/corp/hr/personnel/>

#### **(3) Investment in intellectual property**

In conformity with its SoftBank Code of Conduct, the Company’s basic policy is to enhance enterprise value and contribute to the development of various industries by respecting the intellectual property of others and proactively creating, protecting and utilizing the intellectual property, and the Company promotes intellectual property activities. The Company discloses its organization and initiatives for intellectual property on its website and in its Sustainability Report.

(Website) <https://www.softbank.jp/en/corp/aboutus/governance/intellectual-property/>

#### **(4) Response to climate change**

The Company has identified “contributing to the global environment with the power of technology” as one of the priority issues (materiality) in the Company’s management and is focusing on initiatives and response to global environmental problems including climate change. In April 2020, the Company announced its support for recommendations released by the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with these recommendations, the Company will proactively strive to enhance its disclosure in keeping with the framework of “governance, strategy, risk management, indicators and targets” that the TCFD has prescribed for companies. In May 2021, the Company issued the “Declaration of Carbon-neutral 2030.” The Company will switch to the use of essentially renewable energy for 100% of the power used in its business activities by 2030, which is the year targeted for the achievement of the SDGs. Also, through energy conservation efforts that utilize cutting-edge technologies such as AI and IoT, the Company is advancing to

achieve net zero greenhouse gas emissions. The Company discloses its risks related to climate change and environmental impact data such as greenhouse gas emissions in its Sustainability Report.

**Supplementary principle 4.1.(1) Determination of scope of delegation to management and disclosure thereof**

The board of directors has established the Board of Directors Rules and makes decisions on matters stipulated by laws and regulations and the Articles of Incorporation, as well as important matters concerning the Company and the Group, such as M&A, organizational restructuring, and acquisition and disposal of significant assets.

In addition, the Company has introduced an executive officer system to speed up decision-making and execution, and is promoting the delegation of authority to an appropriate extent by allowing executive officers to make decisions on business execution matters other than those stipulated in the Board of Directors Rules.

**Supplementary principle 4.1.(3) Succession plan for CEO; Supplementary principles 4.3.(2), 4.3.(3) Appointment/dismissal of CEO**

The Company considers the criteria and policies for the appointment and dismissal of the CEO, who plays a particularly central role in the management team, and the formulation and implementation of succession plans as the most important strategic decision-making process in the Company.

(1) CEO appointment and dismissal process

The appointment and dismissal of the CEO is decided by a resolution of the board of directors based on the recommendations of the voluntary nominating committee, which is composed mainly of independent external directors.

The nominating committee shall periodically, or as necessary, confirm the suitability of the current CEO with respect to the requirements for CEO qualifications, and when the CEO retires, it shall make recommendations to the board of directors regarding the CEO's successor.

For the CEO replacement in April 2021, the nominating committee narrowed down candidates from a wide range of options based on the qualifications required of the next CEO, which had been discussed by the committee since 2018. The committee members were provided with opportunities for direct contact with those candidates to deepen their understanding of the candidates, and the committee narrowed down the list of candidates in light of the qualifications required of the next CEO and made recommendations to the board of directors. The board of directors discussed and approved the proposed appointment after sharing the process up to that point and the results of deliberations.

(2) Succession plan for the CEO

Candidates to succeed the CEO are appointed as directors and executive officers, whereby future successors are developed and their suitability are overseen.

For CEO succession, after discussing the qualifications and abilities required of the next CEO, such as the ability to form a vision and knowledge of technology and finance, the nominating committee defines candidate requirements based on the strategy and selects several internal candidates. While allowing candidates to gain specific experience through actual company management and business operations, the nominating committee regularly monitors and, if necessary, reviews the requirements, processes and candidates, also taking into consideration internal 360-degree evaluations and various internal and external communications. Through this protocol, it is ensured that the most appropriate successor can be nominated for the business environment at that time.

**Principle 4.2 Roles and responsibilities of the board of directors**

The board of directors, while welcoming proposals from management based on sound entrepreneurial spirit, fully analyzes and examines the reasons for and contents of the submitted proposals from multifaceted perspectives. In addition, independent external directors ensure objectivity and further enhance the supervisory function by expressing their own opinions through free and vigorous discussions from the

perspectives of neutrality and independence. In light of the above, the board of directors works for sustainable growth and makes rational decisions through an appropriate deliberation process while all directors in attendance observe the duty of care of a good manager to ensure transparency and fairness. In addition, all directors are requested to achieve the target rate of attendance at board of directors meetings, which is set at 75% or higher.

Policies regarding remuneration for directors are determined by the board of directors, with maximum respect for the recommendations of the remuneration committee, which is chaired by an independent external director and consists of the CEO and four independent external directors. Remuneration consists of basic remuneration and performance-based remuneration, and aims to enable steady profit growth, stable cash flow generation, and sustainable growth and medium- to long-term enhancement of enterprise value while building good relationships with stakeholders. Remuneration is determined so as to raise the motivation of directors and officers to contribute to improving performance not only in the short term but also in the medium to long term, while restraining excessive risk-taking. Details are disclosed on pages 55 to 61 in the Reference Materials of the Notice of the 36th Annual General Meeting of Shareholders.

#### **Principle 4.9 Independence standards and qualification for independent directors**

The Company elects independent external directors in accordance with the independence criteria set by the Tokyo Stock Exchange. The independent external director candidates to be elected are persons who can contribute to increasing enterprise value through qualifications, ability, and deep knowledge in their fields of expertise. In addition, those who can participate actively in constructive discussion and express their opinions frankly at the board of directors meetings are also elected. Independent external director candidates are elected by a resolution of the board of directors based on discussions at nominating committee meetings.

#### **Supplementary principle 4.10.(1) Independence, authority and roles of the nominating and remuneration committees**

The Company has voluntarily established a nominating committee and a remuneration committee as advisory bodies to the board of directors. The nominating committee deliberates and makes recommendations to the board of directors on matters concerning the election and dismissal of directors and the nomination of representative directors, and the remuneration committee deliberates and makes recommendations to the board of directors on matters concerning directors' remuneration. The board of directors shall give the greatest possible respect to the recommendations made by both committees. Currently, four out of five members of both committees are independent external directors to ensure independence.

The structures of the committees (as of June 24, 2022) are as follows.

##### **Nominating committee**

Chair: External director Atsushi Horiba

Members: Representative director, president & CEO Junichi Miyakawa, external directors Takehiro Kamigama, Kazuaki Oki, Kyoko Uemura

##### **Remuneration committee**

Chair: External director Atsushi Horiba

Members: Representative director, president & CEO Junichi Miyakawa, external directors Takehiro Kamigama, Kazuaki Oki, Kyoko Uemura

The activities of the committees during the fiscal year ended March 31, 2022 are as follows.

##### **Nominating committee**

The nominating committee held a total of three meetings to discuss the board structure, election of directors, election of external directors, nomination of representative directors, and skill matrix of directors.

##### **Remuneration committee**

The remuneration committee held a total of six meetings to discuss the approval and determination of remuneration by position, confirmation of performance-linked indicators, confirmation of disclosure

documents, and confirmation of individual remuneration amounts (re-entrustment to the representative director & chairman).

**Supplementary principle 4.11.(1) Views on overall balance of knowledge, etc., diversity, and size of the board of directors**

The Company stipulates the maximum number of directors at 15 in the Articles of Incorporation. The board of directors elects director candidates who are considered the most suitable for the position, with their nationality, ethnicity, gender, or age also taken into consideration, based on discussions by the nominating committee.

At present, there are 13 directors serving, all of whom have a wealth of knowledge and experience regarding business management. Five independent external directors have been elected, and they hold constructive and lively discussions at the board of directors meetings from diverse perspectives, including outside perspectives. The Company discloses the skill matrix that identifies the skills possessed by directors and reasons of appointment on pages 11 to 19 and 22 in the Reference Materials of the Notice of the 36th Annual General Meeting of Shareholders.

[https://cdn.softbank.jp/en/corp/set/data/ir/stock/shareholders/2022/pdf/sbkk\\_agm36\\_notice\\_en.pdf](https://cdn.softbank.jp/en/corp/set/data/ir/stock/shareholders/2022/pdf/sbkk_agm36_notice_en.pdf)

**Supplementary principle 4.11.(2) Status of concurrent positions of external directors and external audit & supervisory board members**

The Company's directors and audit & supervisory board members ensure that the number of their concurrent positions at other companies is limited to three and take care to see that these positions do not interfere with the performance of their duties.

The Company discloses the main concurrent positions held by each director and audit & supervisory board member on pages 53 to 54 in the Reference Materials of the Notice of the 36th Annual General Meeting of Shareholders.

[https://cdn.softbank.jp/en/corp/set/data/ir/stock/shareholders/2022/pdf/sbkk\\_agm36\\_notice\\_en.pdf](https://cdn.softbank.jp/en/corp/set/data/ir/stock/shareholders/2022/pdf/sbkk_agm36_notice_en.pdf)

**Supplementary principle 4.11.(3) Analysis and evaluation of the overall effectiveness of the board of directors**

In order to further ensure its effectiveness and to improve its functions, the Company's board of directors analyzes and evaluates the effectiveness of the board of directors every year. With the support of an independent organization, the Company's board of directors has been carrying out evaluations of the effectiveness of the board of directors continuously once each year since 2018.

A summary of the method and results of the evaluation of the effectiveness of the Company's board of directors for FY2021 are as follows.

■ Evaluation method

- (1) Subjects of evaluation: Five internal directors, six external directors, and four audit & supervisory board members
- (2) Method of evaluation: Questionnaire-based survey (in a signed form) and interview
- (3) Evaluation period: From December 2021 to June 2022
- (4) Evaluation process

The effectiveness evaluation for FY2021 was carried out as follows.

- December 2021: Review of the key points of the evaluation and the items to be included in the questionnaire, based on advice from the independent organization
- January 2022: Distribution and collection of the questionnaire (compiled and analyzed by the independent organization)
- February 2022: Individual interviews based on the results of the analysis of the questionnaire (conducted by the independent organization)



- March to May 2022: Discussions at the Company's board of directors on the issues to be addressed and the strategic direction for improvement, based on an identification of such issues and associated recommendations presented by the independent organization
- June 2022: Decision at the board of directors on the issues to be addressed and the strategic direction for improvement identified as a result of the evaluation of the effectiveness of the board of directors for FY2021

■ Question items

The major question items in the questionnaire for FY2021 are as follows. Each question is rated on a 5-point scale, with a free comment box provided for each item.

1. Strategies and implementation thereof
2. Risk and crisis management
3. Corporate ethics
4. Business restructuring (mergers, acquisitions, divestitures or business alliances)
5. Group governance
6. Management evaluation, remuneration, and succession planning
7. Dialogue with stakeholders
8. Structure and operation of the board of directors

■ Initiatives undertaken during FY2021 in response to the effectiveness evaluation for FY2020

The following initiatives were undertaken in FY2021 based on the issues identified in the effectiveness evaluation of FY2020.

- Activation of strategy discussions

Based on the opinion that there was not enough time for discussion on strategies, the allocation of time to agenda at the board of directors meetings was reviewed, and regular meetings were held between external directors and the chairman and the CEO to make opportunities to frankly exchange the opinions on such as the themes which should be discussed at the board of directors.

In the effectiveness evaluation for FY2021, while there was an opinion that the time for strategy discussions increased and discussions, with external directors attended, were active and improved, there was also an opinion that not only discussion on short-term strategies but also discussions from a medium- to long-term perspective are necessary.

- Strengthening group risk management

Based on the opinion that it is necessary to consider strengthening risk management for Group companies in line with the expansion of the Group, the Company has established a system that requires timely reporting of major incidents, in addition to regular quarterly status reports, to enable continuous monitoring by the board of directors.

In the effectiveness evaluation for FY2021, while there was an opinion that significant improvement was made as the board of directors could grasp the status of Group companies in a timely manner, there was also an opinion that there was room for further improvement in the establishment and operation of a system to share information in a timely manner, given the deep hierarchy of Group companies.

■ Overview of the results of the evaluation of the effectiveness of the board of directors for FY2021

Based on the results of the questionnaire and interviews, the Company's board of directors confirmed that the vision of corporate governance envisaged by the Company has largely been materialized, with its effectiveness adequately ensured. On the other hand, the board of directors confirmed that the following items should be prioritized to further ensure the effectiveness and to improve the functions of the board of directors.

1. Deepen discussion on medium- to long-term strategies

The board of directors needs to engage in discussions on medium- to long-term growth strategies incorporating the sustainability strategy and the human capital strategy, from Group-wide cross-sectional perspectives without being constrained by the framework of existing business segments.

2. Strengthen group governance and risk management

While the Company should have deep understanding of each Group company's business characteristics and respect its independence, it is necessary to consider a system that enables the board of directors to supervise information on risks of the entire Group so that material risks specific to each of the Group companies are

noticed and recognized across the Group and the board of directors is able to discuss responses to such material risks as necessary.

### 3. Response to parent-subsiary listings (ensuring independence with respect to conflict of interest transactions)

In light of the fact that the supervision of conflict of interest transactions associated with parent-subsiary listings is a corporate governance issue that the Company should structurally and continuously address, the special committee consisting solely of independent external directors has been established from FY2022 to deliberate and examine important transactions that may cause conflicts of interest between the controlling shareholder and minority shareholders, and make a report to the board of directors. From the perspective of protecting the interests of minority shareholders and ensuring independence, the special committee needs to function effectively.

The Company's board of directors will remain engaged in initiatives to enhance its effectiveness, in view of the aforementioned issues, the strategic direction of the Company and the business environment it faces.

### **Supplementary principle 4.14.(2) Training policy for directors and audit & supervisory board members**

The Company's training programs for directors and audit & supervisory board members are designed to enable directors and audit & supervisory board members to properly fulfill their respective roles by providing them with knowledge and information appropriate to their circumstances as described below. Such training programs aim to have them make appropriate management decisions and exercise supervisory functions, and thus to enhance enterprise value.

#### ■ Major initiatives

- (1) Opportunities for directors and audit & supervisory board members to acquire and improve knowledge
  - The Company distributes the Handbook covering their responsibilities and obligations to directors and audit & supervisory board members every year.
  - The Company regularly conducts training regarding important topics related to compliance for directors and audit & supervisory board members.
  - The Company provides audit & supervisory board members with opportunities such as seminars and training sessions held by Public Interest Incorporated Association Japan Audit & Supervisory Board Members Association, as well as meetings to exchange information with audit & supervisory board members of listed companies.
- (2) Opportunities for external directors and external audit & supervisory board members to acquire and improve knowledge

[At the time of appointment]

- Briefings are held on basic matters related to the Companies Act and corporate governance, as well as the Company's management strategies, business operations, and operating structure.

[After appointment]

- Pre-meeting briefings for the board of directors are held monthly to explain not only the agenda but also shared matters related to business operations.
- The chairman and the CEO hold regular roundtable meetings with external directors to deepen mutual understanding through free discussions.
- External directors and audit & supervisory board members hold regular information exchange meetings to deepen mutual understanding through information sharing and opinion exchange.

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

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

The management executives, including directors, and the Investor Relations Department respond to dialogue from shareholders and other investors within reason. In the dialogue, the Company respects the Fair Disclosure Rules and pays careful attention to the handling of material facts subject to insider trading regulations.

In addition to individual discussions, the Company holds earnings results briefings and briefings for retail investors to explain the status of its businesses to shareholders and other investors. The Investor Relations Department compiles the opinions received from shareholders and other investors through dialogue and periodically reports them to management.

**Principle 5.2 Establishing and disclosing business strategies and business plans**

The Company's basic capital policy is to balance the return of profits to shareholders and the necessary investments toward sustainable growth while maintaining a sound financial structure. To this end, the Company believes that it is important to generate stable adjusted free cash flow\*<sup>1</sup>, which is the source of growth and shareholder returns. Specifically, the Company will generate stable adjusted free cash flow in excess of ¥600 billion, taking into consideration mainly network-related capital investments and strategic business investments, in order to meet the demand for shareholder returns and to improve its financial structure.

Regarding growth investments, in order to enhance its enterprise value, the Company continues to invest in new businesses in addition to capital investments related to the telecommunications business. When making investments, the Company sets a hurdle rate that is significantly higher than its weighted average cost of capital (WACC: approximately 5% \*<sup>2</sup>), and makes it a condition that this rate be exceeded.

Regarding shareholder returns, based on the concept of total shareholder return, which combines dividends and share buybacks, the Company intends to implement continuous and stable shareholder returns, taking into consideration performance trends, financial conditions, and other factors.

\*1 Adjusted free cash flow = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof)

\*2 Weighted average cost of capital for the fiscal year ended March 31, 2021

## 2. Capital Structure

Foreign Shareholding Ratio	10 % or more and less than 20%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
SoftBank Group Japan Corporation	1,914,858,070	40.68
The Master Trust Bank of Japan, Ltd. (Trust Account)	481,832,900	10.24
Custody Bank of Japan, Ltd. (Trust Account)	142,992,800	3.04
STATE STREET BANK WEST CLIENT - TREATY 505234	58,062,000	1.23
SMBC Nikko Securities Inc.	47,692,514	1.01
JP MORGAN CHASE BANK 385632	45,237,590	0.96
JP MORGAN CHASE BANK 385781	35,374,069	0.75
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	31,509,118	0.67
STATE STREET BANK AND TRUST COMPANY 505103	31,421,009	0.67
JPMorgan Securities Japan Co., Ltd.	30,878,275	0.66

Controlling Shareholder (except for Parent Company)	—
Parent Company	SoftBank Group Corp.
Listed Stock Market	Tokyo Stock Exchange

Supplementary Explanation	<ul style="list-style-type: none"> <li>• SBG owns 100% of the shares of SoftBank Group Japan Corporation.</li> <li>• Although the Company holds 79,843,467 shares of treasury stock as of March 31, 2022, it is excluded from the list of principal shareholders presented above. (Percentage of the Number of Shares Owned is 1.67%)</li> </ul>
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## 3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market
Fiscal Year-End	March
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

#### **4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

The Company recognizes that related party transactions including transactions with the parent company group are transactions that may have an impact on the financial position or the results of operations by using the advantageous position of the related party. As such, in implementing related party transactions, the Company carries out important transactions upon approval of the board of directors each time, by paying particular attention to whether such transactions are rational from a managerial standpoint of the Group and whether the terms and conditions of the transactions are appropriate compared to external transactions, in accordance with the Related Party Regulations and Related Party Transactions Management Manual. Of these transactions, those constituting especially important transactions are referred to the Special Committee comprised solely of Independent External Directors, which then reports its findings to the Board of Directors.

Even with regard to related party transactions that do not fall under important transactions, the Finance and Accounting Division monitors the aggregate amount and details of such transactions once a year in principle.

In addition, the Board of Directors Rules stipulate that the board of directors must approve transactions conducted by directors if these may compete or cause conflicts with the Company's interests. Each transaction is subject to approval by the board of directors and the transaction results are reported to the board of directors.

#### **5. Other Special Circumstances Which May Have Material Impact on Corporate Governance**

##### **Parent companies of the Company**

##### **(1) Relationship with the parent companies**

SoftBank Group Corp., which is a parent company of the Company, holds 40.68% of the voting rights of the Company (as of March 31, 2022) through its subsidiary SoftBank Group Japan Corporation. Three of 13 directors and one of four audit & supervisory board members of the Company concurrently serve as directors and a managing executive officer of SoftBank Group Corp., respectively.

##### **(2) Views and policy of the parent companies on group management**

Please refer to the Corporate Governance Report of SoftBank Group Corp. for the views and policy of the company on group management.

Among investees of SoftBank Group Corp. and its subsidiaries (the "SoftBank Group"), the Company collaborates with companies that possess cutting-edge technologies and companies that provide solutions to expand new businesses, and enjoys the benefits of belonging to the SoftBank Group.

##### **(3) Measures to ensure independence from the parent companies**

The Company took measures to ensure independence from the parent companies, such as the removal of matters to be resolved by and matters to be reported to the parent companies in advance, the reduction of personnel relationships such as concurrent positions of officers and employees, and the elimination of borrowings and debt guarantees from the parent companies, in preparation for listing in December 2018. In addition, the Company has appointed five independent external directors and two independent external audit & supervisory board members in accordance with the independence standards established by the Tokyo Stock Exchange.

Further, the Company has established the special committee, consisting of five independent external directors, as an advisory body to the board of directors for the purpose of deliberating and examining important transactions and actions that may cause conflicts of interest between the controlling shareholder and minority shareholders.

As a result, the Company has been able to establish systems that enable independent business operation through minimized involvement of the parent companies.

##### **Listed subsidiaries of the Company**

##### **(1) Views and policy of the Company on group management**

The Company has several listed subsidiaries that are engaged in a variety of businesses in the information and technology fields under the shared corporate philosophy of “Information Revolution — Happiness for everyone.” While valuing and ensuring the independence of its subsidiaries, the Company aims to create synergies and continue to evolve and grow together with them, with a view to maximizing the enterprise value of the Group.

(2) Measures to ensure the effectiveness of the corporate governance systems of listed subsidiaries

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 (including non-compete clauses) non-contracting parties, such as SoftBank Group Corp. and its subsidiaries and affiliates, so that the Company will not unfairly constrain their decision-making.

In addition to the above, each subsidiary, before using the SoftBank brand, asks for prior approval of the Company and enters into an agreement that stipulates conditions of use and other compliance issues. The purpose of this is to maintain and improve the brand image, and it does not unfairly constrain the decision-making of each subsidiary.

(3) Significance of having listed subsidiaries

The Company believes that it is desirable for each listed subsidiary to conduct its business while receiving recognition in the stock market and to carry out autonomous management that takes into account the interests of minority shareholders, which will contribute to the growth of each subsidiary. At this time, the Company deems that it is desirable for each listed subsidiary to remain listed.

\* For more information on the listed subsidiaries of Z Holdings Corporation, please refer to the Corporate Governance Report of Z Holdings Corporation.

• Z Holdings Corporation

Z Holdings Corporation is a holding company whose subsidiaries include Yahoo Japan Corporation, one of the largest Internet service providers in Japan, and became a consolidated subsidiary of the Company in June 2019.

The Company believes that maintaining the independence and autonomy of Z Holdings Corporation as a listed company, while it collaborates as a member of the Group in various business fields including non-telecommunications business, optimally allocating management resources based on an integrated strategy, and maximizing synergies, will contribute to improving the enterprise value of the Group as a whole.

• SB Technology Corp.

SB Technology Corp. is the core ICT services company of the Group. The Company believes that maintaining the independence and autonomy of SB Technology Corp. as a listed company, while it effectively uses its management resources such as the SoftBank brand and collaborates with other companies in the Group as a member of the Group, will contribute to improving the enterprise value of the Group as a whole.

• ITmedia Inc.

ITmedia Inc. specializes in media management that provides IT-related information on the Internet. The Company believes that maintaining the independence and autonomy of ITmedia Inc. as a listed company and a media company, while it collaborates with other companies in the Group as a member of the Group, will contribute to improving the enterprise value of the Group as a whole.

• Vector Inc.

Vector Inc. is mainly engaged in the App Pass business (started the contracted operation of the Company’s App Pass service in January 2019), the software sales business, and the site advertisement sales business. The Company believes that maintaining the independence and autonomy of Vector Inc. as a listed company, while

it collaborates with other companies in the Group as a member of the Group, will contribute to improving the enterprise value of the Group as a whole.

- eMnet Japan co. ltd.

eMnet Japan co. ltd. is mainly engaged in the Internet advertisement business. The Company believes that maintaining the independence and autonomy of eMnet Japan co. ltd. as a listed company, while it collaborates with other companies in the Group as a member of the Group, will contribute to improving the enterprise value of the Group as a whole.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with audit & supervisory board members
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#### [Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	15
Term of Office of Directors stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	13
Appointment of External Directors	Appointed
Number of External Directors	6
Number of Independent Directors	5

#### External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Atsushi Horiba	From another company									○			
Takehiro Kamigama	From another company									○			
Kazuaki Oki	CPA												
Kyoko Uemura	Lawyer												
Reiko Hishiyama	Scholar	△								○			
Naomi Koshi	Lawyer									○			

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category, and "△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category, and "▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit & supervisory board member

g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between the Company and which external directors/audit & supervisory board members are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others



External Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Atsushi Horiba	○	<p>Although the Company has business relationships, such as service outsourcing and telecommunications services, with HORIBA, Ltd., where Mr. Atsushi Horiba serves as Representative Director, the amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue. Therefore it does not raise any issues regarding his independence.</p>	<p>Having served as Representative Director of HORIBA, Ltd. for approximately 30 years from 1992 to date, Mr. Horiba has been leading the growth of 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. He is elected as external director so he can contribute to the Group's further growth and strengthening corporate governance.</p>
Takehiro Kamigama	○	<p>Although the Company has business relationships, such as telecommunications services, with TDK Corporation, where Mr. Takehiro Kamigama served as Mission Executive, the amount of transactions accounts for less than 0.1% of the Company's revenue. Therefore it does not raise any issues regarding his independence.</p> <p>Although the Company also has business relationships, such as telecommunications services, with Gama Expert, Inc., where Mr. Kamigama serves as Representative Director, the amount of transactions accounts for less than 0.1% of the Company's revenue. Therefore it does not raise any issues regarding his independence.</p>	<p>Having served as Representative Director of TDK Corporation for 12 years from 2006, Mr. Kamigama has a wealth of management experience to demonstrate leadership in enhancing profitability of TDK's business and expanding 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. He is elected as external director so he can contribute to the Group's further growth and strengthening corporate governance.</p>

Kazuaki Oki	○	—	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. He is elected as external director so he can contribute to the Group's further growth and strengthening corporate governance.
Kyoko Uemura	○	—	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 of the Company. She is elected as external director so she can contribute to the Group's further growth and strengthening corporate governance.
Reiko Hishiyama	○	<p>Ms. Reiko Hishiyama worked at JAPAN TELECOM CO., LTD. (currently the Company) from January 1991 to March 2005. However, it has been more than 10 years since she left the company, and the Company judges that this does not affect her independence as External Director.</p> <p>Although the Company has business relationships, such as the establishment of a base station and telecommunications services, with Waseda University, where Ms. Hishiyama serves as a professor, the amount of transactions accounts for less than 0.1% of the Company's operating expenses or revenue. Therefore it does not raise any issues regarding her independence.</p>	Ms. Hishiyama is a professor of the Faculty of Science and Engineering at Waseda University, and her research interests include management system engineering. She has a wealth of knowledge and experience in the area of cutting-edge technology such as AI and IoT. The Company expects her to supervise the Company's management based on her knowledge and experience and give advice on the overall management of the Company. She is elected as external director so she can contribute to the Group's further growth and strengthening corporate governance.

Naomi Koshi		<p>Although the Company has business relationships, such as legal advisory services, with Miura &amp; Partners, where Ms. Naomi Koshi serves as a partner lawyer, the amount of transactions accounts for less than 0.1% of the Company's operating expenses. Therefore it does not raise any issues regarding her independence.</p>	<p>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 of the Company. She is elected as external director so she can contribute to the Group's further growth and strengthening corporate governance.</p>
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**[Voluntary Establishment of Committee(s)]**

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Status of Establishment of Voluntary Committee, Composition of Committee and Attributes of Committee  
Chair (Chairperson)

	Voluntary committee corresponding to a nominating committee	Voluntary committee corresponding to a remuneration committee
Name of committee	Nominating committee	Remuneration committee
Total number of members	5	5
Number of full-time members	0	0
Number of internal directors	1	1
Number of external directors	4	4
Number of internal experts	0	0
Number of other members	0	0
Committee chair (chairperson)	External director	External director

Supplementary Explanation

The voluntary nominating committee and remuneration committee are comprised of the CEO and four independent external directors (the four independent external directors serving as committee members are elected by a resolution of the board of directors), deliberate on matters regarding the election and dismissal of directors, the nomination of representative directors, and remuneration of directors, and make recommendations to the board of directors. The board of directors treats the recommendations from these committees as matters to be discussed at the board of directors meetings while giving the greatest possible

**[Audit & Supervisory Board]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation	6
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Independent Auditors and Internal Audit Departments

**Cooperation between the audit & supervisory board members and the independent auditor**  
The audit & supervisory board members receive briefings from the independent auditor (Deloitte Touche Tohmatsu LLC) on the audit policy and audit plan, and exchange opinions. The audit & supervisory board members receive reports on the main items to be audited and the method and results of audit, regarding the audit during and at the end of the fiscal year (including quarterly review). Full-time audit & supervisory board members cooperate with the independent auditor mainly by exchanging information and opinions with the

independent auditor on a monthly basis, as well as attending the accounting audits conducted by the independent auditor.

**Cooperation between the audit & supervisory board members and the Internal Audit Department**

The 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 an investigation as necessary.

In particular, the audit & supervisory board members confirm the progress of the internal audit plan and exchange opinions with the Internal Audit Department every month such as by holding regular meetings attended by full-time audit & supervisory board members. In addition, the general manager of the Internal Audit Department reports the internal audit plan and results, among other matters, to the audit & supervisory board members semi-annually, and provides explanation regarding the report of audit results to representative directors as appropriate, through sharing of materials each time.

**Cooperation between the independent auditor and the Internal Audit Department**

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

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

External Audit & Supervisory Board Member’s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	G	h	i	j	k	l	m
Yasuharu Yamada	From another company													
Yoko Kudo	CPA													

\* Categories for “Relationship with the Company”

\* “○” when the audit & supervisory board member presently falls or has recently fallen under the category, and “△” when the audit & supervisory board member fell under the category in the past

\* “●” when a close relative of the audit & supervisory board member presently falls or has recently fallen under the category, and “▲” when a close relative of the audit & supervisory board member fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. audit & supervisory board member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof

- h. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
- i. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)
- k. Executive of a company, between the Company and which external directors/audit & supervisory board members are mutually appointed (the audit & supervisory board member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the audit & supervisory board member himself/herself only)
- m. Others

External Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Yasuharu Yamada	○	—	<p><b>Reason of appointment as external audit &amp; supervisory board member</b> Mr. Yamada has extensive knowledge and experience relating to risk management and compliance at financial institutions as well as considerable expertise of finance and accounting. The Company designated him as an external audit &amp; supervisory board member to leverage his knowledge and experience to perform audits from a specialist perspective and to ensure a more independent perspective in the audits.</p> <p><b>Reason of designation as independent audit &amp; supervisory board member</b> Mr. Yamada is deemed to be adequately independent since none of the items listed in clause III 5.(3)-2 of the Guidelines concerning Listed Company Compliance, etc., issued by the Tokyo Stock Exchange applies to him. Judging that there is no potential conflict of interest between Mr. Yamada and ordinary shareholders, the Company designated him as an independent audit &amp; supervisory board member.</p>
Yoko Kudo	○	—	<p><b>Reason of appointment as external audit &amp; supervisory board member</b> Ms. Kudo has extensive knowledge and experience as a CPA in the State of California. The Company designated her as an external audit &amp; supervisory board member to leverage her knowledge and experience to perform audits from a specialist perspective and to ensure a</p>

			<p>more independent perspective in the audits.</p> <p><b>Reason of designation as independent audit &amp; supervisory board member</b></p> <p>Ms. Kudo is deemed to be adequately independent since none of the items listed in clause III 5.(3)-2 of the Guidelines concerning Listed Company Compliance, etc., issued by the Tokyo Stock Exchange applies to her. Judging that there is no potential conflict of interest between Ms. Kudo and ordinary shareholders, the Company designated her as an independent audit &amp; supervisory board member.</p>
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**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Directors/Audit & Supervisory Board Members	7
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Other Matters Relating to Independent Directors/Audit & Supervisory Board Members

None

**[Incentives]**

Incentive Policies for Directors	Stock options plan / performance-based remuneration plan
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Supplementary Explanation

The Company and the Group have allotted stock acquisition rights to be used as stock options for officers and employees, in order to provide them incentives to improve business results.

In addition, the Company has introduced a plan to grant restricted stock as performance-based remuneration in order to incentivize certain directors and executive officers to sustainably increase the enterprise value of the Company and promote further sharing of value with shareholders.

Recipients of Stock Options	Internal directors / employees / subsidiaries' directors / subsidiaries' employees
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#### Supplementary Explanation

The Company and the Group have allotted stock acquisition rights to be used as stock options for directors, executive officers, and other employees of the Company, as well as directors, executive officers and other employees of subsidiaries of the Company. The stock option plan is aimed at providing incentives for participants to increase the performance of the Company and its subsidiaries and maximizing shareholder value.

In addition, the Company pays performance-based remuneration in the form of restricted stock to certain directors and executive officers of the Company who play a key role in enhancing the performance and enterprise value of the Company and the Group.

#### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected directors
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#### Supplementary Explanation

<Total remuneration for directors and audit & supervisory board members with subtotals for each type of remuneration and numbers of recipients (FY2021)>

Title	Total remuneration (¥ millions)	Subtotals for each type of remuneration (¥ millions)			Number of recipients
		Basic remuneration	Performance-based remuneration (Note 1)	Other (Note 2)	
Directors (excluding external directors)	2,323	444	1,606	273	6
Audit & supervisory board members (excluding external Audit & supervisory board members)	18	18	-	-	1
External directors	75	75	-	-	6
External audit & supervisory board members	29	29	-	-	2



Notes:

1. Performance-based remuneration is scheduled to be granted on July 20, 2022 as restricted-stock remuneration, which will be accounted for (expensed) in FY2022.
2. "Other" represents the amounts accounted for (expensed) in FY2021 concerning the stock options allotted as non-monetary payment in March 2018 and July 2021, which are different from the amounts to be gained as a result of the exercise or sale of the stock options.

<Total remuneration and other compensation paid to respective directors (FY2021) (Note 1)>

Name	Total consolidated remuneration (¥ millions)	Title	Company name	Subtotals for each type of remuneration (¥ millions)		
				Basic remuneration	Performance-based remuneration	Other
Ken Miyauchi	539	Director	SoftBank Corp.	96	380	63
Junichi Miyakawa	647	Director	SoftBank Corp.	120	475	52
Jun Shimba	398	Director	SoftBank Corp.	84	270	44
Yasuyuki Imai	422	Director	SoftBank Corp.	84	294	44
Kazuhiko Fujihara	278	Director	SoftBank Corp.	60	187	31
Kentaro Kawabe	381	Director	Z Holdings Corporation	85	296 (Note 2)	-

Notes:

1. Only directors whose total consolidated remuneration and other compensation is ¥100 million or more.
2. The amount is performance-based remuneration for FY2021 paid from Z Holdings Corporation and represents the total amount of bonus and share-based payment.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company shall determine the remuneration of the Company's directors and audit & supervisory board members by verifying whether the amount is at a level that is highly competitive with the remuneration of the executives at the Japanese and overseas companies with largely comparable scale of business, based on the survey of domestic executive remuneration carried out by a third party organization.

The remuneration of directors shall be intended as incentive for achieving sustainable growth as well as enhancement of corporate value over the medium to long term, along with the creation of constant earnings growth, stable cash flows and sound relationship with stakeholders, while ensuring to restrain excessive risk-taking but to enhance motivation of directors to contribute to improving corporate performance not only over the short term, but also medium to long term.

The basic remuneration shall be determined by position on an annual basis, specifically at ¥96 million for the representative director & chairman, ¥120 million for the representative director, president & CEO, ¥84 million for the representative director, and ¥60 million for the board director & executive vice president, which shall be paid in cash in monthly installments. The performance-based remuneration shall consist of short-term performance-based remuneration and medium-term performance-based remuneration, which shall be paid wholly in the form of restricted stock. The amount of the medium-term performance-based remuneration shall be determined based on the Company's performance over a three-year term, and the determined remuneration shall be paid to the grantee directors after the finalization of performance for the three-year evaluation period. Under the basic policy of the Company, the composition ratio between the basic remuneration and the short-term performance-based remuneration shall, in principle, be 1:2.3-3.2, while the short-term performance-based remuneration shall fluctuate in a range of 0 to 2.5 times the base amount by position. The composition ratio between the basic remuneration and the medium-term performance-based remuneration shall, in principle, be 1:1.7-2.1, while the medium-term performance-based remuneration shall fluctuate in a range of 0 to 3.0 times the base amount by position. If any material revision or amendment occurs to the figures in the financial statements that are used as the basis for calculating performance-based remuneration, the Company may take measures such as acquiring the allotted shares without compensation, taking the job responsibility of the relevant grantee director into account.

As for external directors, who are independent from business execution, audit & supervisory board members and external audit & supervisory board members, who audit the execution of duties by directors, the policy is to pay them only basic remuneration.

#### [Supporting System for External Directors and/or External Audit & Supervisory Board Members]

The Company seeks to ensure that all officers, including the external audit & supervisory board members, can participate fully in the board of directors meetings having fully grasped the specific details of the agenda for discussion. The secretariat to the board of directors therefore provides them with materials for the board of directors meetings beforehand, including supplemental briefings and other information as required. The audit & supervisory board office has been established to support the duties of all the audit & supervisory board members, including the external members. The office comprises dedicated personnel who act under the directions of the audit & supervisory board members to gather information, investigate matters, and give other

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

As of the date of submission of this document, an overview of the Company's institutional establishment is as follows.

- The board of directors consists of 13 directors, including six external directors, and their terms of office shall 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.

<External directors' attendance at board of directors meeting>

Atsushi Horiba:	Attended 11 out of 12 board of directors meetings held in FY2021 (attendance rate of 91.7%)
Takehiro Kamigama:	Attended 12 out of 12 board of directors meetings held in FY2021 (attendance rate of 100%)
Kazuaki Oki:	Attended 12 out of 12 board of directors meetings held in FY2021 (attendance rate of 100%)

Kyoko Uemura:	Attended 12 out of 12 board of directors meetings held in FY2021 (attendance rate of 100%)
Reiko Hishiyama:	Attended 10 out of 10 board of directors meetings held after her appointment on June 21, 2021 (attendance rate of 100%)
Naomi Koshi:	Attended 10 out of 10 board of directors meetings held after her appointment on June 21, 2021 (attendance rate of 100%)

Note: The number of board of directors meetings by written resolution is excluded.

- The nominating committee, the remuneration committee, the special committee and the SDGs promotion committee are established voluntarily as advisory bodies to the board of directors. The nominating committee and the remuneration committee comprise the CEO and four independent external directors (elected by a resolution of the board of directors) to ensure independence of the committees. The special committee comprises five independent external directors (elected by a resolution of the board of directors) and deliberates and examines important transactions and actions that may cause conflicts of interest between the controlling shareholder and minority shareholders. The SDGs promotion committee is headed by the representative director, president & CEO, who is the chief SDGs promotion officer. In addition, the risk management committee, the information security committee, the human rights committee, the environment committee and the advancement of women promotion committee are established as internal committees.

- The audit & supervisory board consists of four members, two of whom are external members.

In addition, the Company has introduced the executive officer system to clarify the management supervisory function and further strengthen the business execution function of the board of directors while ensuring speedier management.

- The Company has concluded a contract with directors (excluding executive directors) and audit & supervisory board members to limit liability for damages stipulated in Paragraph 1, Article 423 of the Companies Act in accordance with Paragraph 1, Article 427 of the Companies Act. The maximum amount of liability for damages is the minimum amount of liability for damages stipulated by relevant laws and regulations.

<Overview of the implementation status of systems to ensure the appropriateness of operations>

#### 1. Matters concerning compliance

The Company continues to conduct compliance training for board directors and employees, as well as the offering of information and giving of advice, etc., as necessary, for enhancing the compliance system. In addition, the Company works to ensure the effectiveness of compliance of the Company through setting and operating hotlines so that board directors and employees of the Company and its subsidiaries can report and consult directly. Effects of these measures are reviewed and improved, as necessary.

#### 2. Matters concerning risk

Based on the Risk Management Regulations, the risk management department summarizes the status of risk evaluation, analysis and response at each unit, and regularly reports its findings to the Risk Management Committee consisting of board directors. The Risk Management Committee determines the degree of importance and owners of the risks, and confirms and promotes measures developed and taken by the risk owners, thereby reducing risks and preventing the occurrence of risk events. The Risk Management Committee then regularly reports its findings to the Board of Directors. The Group companies also continuously work on reducing risks and preventing the occurrence thereof. In addition, the Company is working to strengthen its information management system through continued efforts such as holding awareness-raising activities with the aim to prevent inappropriate information management and divulging of confidential information.

#### 3. Matters concerning internal audits

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

#### 4. Matters concerning the execution of duties by board directors and employees

The Company ensures efficiency of the execution of duties by its board directors and employees based on internal regulations such as the Rules of the Board of Directors, Internal Approval Regulations and Organization Management Regulations. The Company also ensures an environment where matters can be

fully discussed at the Board of Directors meetings by board directors.

#### 5. Matters concerning duties of audit & supervisory board members

Audit & supervisory board members attend the Company's important meetings and arrange opportunities to interview board directors and employees of the Company and the Group, as necessary. In addition, they continue to enhance cooperation by holding regular meetings with the independent auditor and audit & supervisory board members, etc. of major subsidiaries. Through these efforts, audit & supervisory board members ensure the effectiveness of audits.

#### **Status of internal audits and audit & supervisory board member audits**

The Internal Audit Department consisting of 27 members conducts internal audits of the overall duties of the Company as an organization directly under the CEO, and also conducts audits mainly of subsidiaries as a parent company. The Internal Audit Department mainly evaluates business compliance with laws and regulations and effectiveness of internal control, and reports the results of internal audits to the CEO and the board of directors of the Company while explaining them to the audit & supervisory board members.

The audit & supervisory board consists of four members, two of whom are external members (two full-time members and two part-time members).

The internal audit & supervisory board members consist of one full-time member and one part-time member. The full-time internal audit & supervisory board member has extensive knowledge and experience in the fields of corporate governance and compliance accumulated through serving as an executive officer, CCO, and head of the General Affairs Division of the Company, as well as in corporate management accumulated through serving as the president of a Group company. The part-time internal audit & supervisory board member is a certified public accountant and has extensive knowledge and experience in accounting, including many years in charge of the accounting unit of SoftBank Group Corp. The external audit & supervisory board members consist of one full-time member and one part-time member, both of which are fully independent. The full-time external audit & supervisory board member has extensive experience in heading compliance and risk management divisions of a financial institution. The part-time external audit & supervisory board member has extensive knowledge and experience as a certified public accountant.

The audit & supervisory board members, including the external audit & supervisory board members, attend board of directors meetings to monitor and verify the status of decision-making by the board of directors and the fulfillment of its supervisory duties over each director. They also audit the execution of duties by the directors, etc., as well as the directors and the audit & supervisory board members of major subsidiaries, through regular interviews and other means.

The audit & supervisory board establishes an audit policy, audit plan and priority audit items for each fiscal year. It meets once a month in principle, receives regular reports from each department related to the internal control system to confirm the status of the execution of duties by directors based on the priority audit items, and confirms the appropriateness of business execution. In addition, the audit & supervisory board receives quarterly reports on the progress and results, etc. of audits from the independent auditor, and exchanges information and opinions with them. It also receives explanations of individual matters from directors, etc. as necessary.

#### **Status of audit by the independent auditor**

(a) Name of the independent auditor

Deloitte Touche Tohmatsu LLC.

(b) Consecutive auditing period

21 years

(c) Certified public accountants who executed the audit duties of the Company

Designated engagement partners: Mr. Tomoyasu Maruyama, Mr. Takafumi Shimodaira, Mr. Yusuke Masuda

- (d) Composition of assistants for the audit duties of the Company  
29 certified public accountants and 65 others

**Relationship with external directors**

The Company has six external directors.

The Company has business relationships, such as service outsourcing and telecommunications services, with HORIBA, Ltd., where external director Atsushi Horiba serves as Representative Director. However, the amount of transactions in each business accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible. In addition, the Company has business relationships, such as the ordering of information and telecommunication related equipment and telecommunications services, with Sumitomo Electric Industries, Ltd., where Mr. Horiba serves as Outside Director. However, the amount of transactions in each business accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible. The Company has business relationships, such as telecommunications services, with TDK Corporation, where external director Takehiro Kamigama served as Mission Executive. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company also has business relationships, such as telecommunications services, with OMRON Corporation, where Mr. Kamigama serves as External Director. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company also has business relationships, such as the establishment of a base station and telecommunications services, with Yamaha Motor Co., Ltd., where Mr. Kamigama serves as External Director. However, the amount of transactions in each business accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible. The Company also has business relationships, such as office engineering work and telecommunications services, with KOKUYO Co., Ltd., where Mr. Kamigama serves as External Director. However, the amount of transactions in each business accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible. The Company also has business relationships, such as telecommunications services, with Gama Expert, Inc., where Mr. Kamigama serves as Representative Director. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company also has business relationships, such as telecommunications services, with MABUCHI MOTOR CO., LTD., where external director Kyoko Uemura serves as External Director and Audit & Supervisory Committee Member. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company also has business relationships, such as telecommunications services, with MS&AD Insurance Group Holdings, Inc., where Ms. Uemura serves as External Auditor. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company also has business relationships, such as the establishment of a base station and telecommunications services, with Waseda University, where external director Reiko Hishiyama serves as a professor. However, the amount of transactions in each business accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible. The Company also has business relationships, such as telecommunications services, with ASAHI INTELLIGENCE SERVICE CO., LTD., where Ms. Hishiyama serves as External Director. However, the amount of transactions accounts for less than 0.1% of the Company's revenue, and it is therefore negligible. The Company also has business relationships, such as web conferencing systems and telecommunications services, with V-Cube Inc., where external director Naomi Koshi serves as External Director. However, the amount of transactions in each business accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible. The Company also has business relationships, such as legal advisory services, with Miura & Partners, where Ms. Koshi serves as a partner lawyer. However, the amount of transactions accounts for less than 0.1% of the Company's operating expenses, and it is therefore negligible.

Other than the above, there are no special interests between the Company and companies at which the Company's external directors hold significant concurrent positions.

**Relationship with external audit & supervisory board members**

The Company has two external audit & supervisory board members.

The Company has business relationships, such as service outsourcing and telecommunications services, with Ernst & Young ShinNihon LLC, where external audit & supervisory board member Yoko Kudo served as Head of Non-audit Engagement Acceptance & Continuance Department, Professional Practice Division. However, the amount of transactions in each business accounts for less than 0.1% of the Company's operating expenses or revenue, and it is therefore negligible.

Other than the above, there are no special interests between the Company and companies at which the Company's external audit & supervisory board members hold significant concurrent positions.

**Quorum of directors**

The Company's Articles of Incorporation stipulate that the quorum of directors shall not exceed 15.

**Requirement for resolution relating to election of directors**

The Company stipulates in its Articles of Incorporation that a resolution for the election of directors shall be made by a majority of the voting rights with the attendance of shareholders collectively holding at least one-third of the voting rights who are entitled to exercise their voting rights. The Articles of Incorporation also stipulate that no accumulative voting shall be used for the election of directors.

**Decision-making body for dividend of surplus, etc.**

The Company stipulates in its Articles of Incorporation that a decision on the dividend of surplus and other matters specified in each item of Paragraph 1, Article 459 of the Companies Act can be made by a resolution of the board of directors, unless otherwise specified by laws and regulations. The purpose of such stipulation is to make flexible decisions in accordance with the Company's basic policy concerning dividend of surplus, etc.

**Exemption of directors and audit & supervisory board members from liability**

Pursuant to the provision of Paragraph 1, Article 426 of the Companies Act, the Company stipulates in its Articles of Incorporation that directors (including former directors) and audit & supervisory board members (including former audit & supervisory board members) may be exempted from liability for damages due to negligence of their duties to the extent provided in laws and regulations by a resolution of the board of directors, and pursuant to the provision of Paragraph 1, Article 427 of the Companies Act, the Company may conclude a contract with directors (excluding executive directors, etc.) and audit & supervisory board members to limit liability for damages due to negligence of their duties to the amount provided for in the laws and regulations. The purpose of such stipulation is to develop an environment where directors and audit & supervisory board members can fully demonstrate their abilities in executing their duties to fulfill their expected roles.

**Requirement for special resolution relating to General Meeting of Shareholders**

The Company stipulates in its Articles of Incorporation that the resolution prescribed in Paragraph 2, Article 309 of the Companies Act shall be made by two-thirds or more of the voting rights with the attendance of shareholders collectively holding at least one-third of the voting rights who are entitled to exercise their voting rights. The purpose of such stipulation is to conduct smooth operation of the General Meeting of Shareholders.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has established the board of directors as a decision-making body for important matters and an oversight body for the status of business execution. The board of directors also plays a role of steering management to improve the long-term enterprise value. At present, the board of directors consists of 13 directors, including six external directors, and makes management decisions following “appropriate investigation” and “thorough consideration.”

In addition, the Company has established the audit & supervisory board to conduct efficient and effective audits regarding the status of execution of duties by directors. The audit & supervisory board consists of four audit & supervisory board members, including two external audit & supervisory board members, and formulates the “audit policy,” “audit plan” and “audit method.” audit & supervisory board members carry out audit activities in accordance with this policy and plan.

Moreover, the Company has introduced the executive officer system to ensure clarification of the management supervisory function, strengthening the business execution function of the board of directors, and expediting management.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Status of Measures to Vitalize the General Meeting of Shareholders and Enable Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company delivered the Notice for the 36th Annual General Meeting of Shareholders held on June 23, 2022 on the statutory date, and posted it on its website six business days before the delivery.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	To allow a greater number of the shareholders to attend, the Company schedules the Annual General Meeting of Shareholders on off-peak days when meetings of many other companies are not concentrated.
Allowing Electronic Exercise of Voting Rights	A system for executing voting rights through the Internet has been in place since 2019 (the 33rd Annual General Meeting of Shareholders).
Participation in Electronic Voting Platform	The Company has used the Voting Platform for institutional and other investors since 2019 (the 33rd Annual General Meeting of Shareholders).
Providing Convocation Notice in English	The Company prepares an English translation of the full text of its Notice of Annual General Meeting of Shareholders.
Other	<p>Initiatives to promote understanding:</p> <p>At the Annual General Meeting of Shareholders, the Company uses video footage to report on its operations to help shareholders better understand the results of operations and the status of its businesses. The chairman of the meeting introduces the Company’s medium- to long-term business strategies in addition to reporting on legally mandated items. Moreover, the Notice of volume of information to be used in exercising their voting rights. To facilitate easy reading, the information in the notice is illustrated with charts and color photographs.</p> <p>Disclosure of voting results:</p> <p>The voting results for proposals at the General Meeting of Shareholders are posted in an Extraordinary Report on EDINET and posted on the Company’s website in both Japanese and English.</p>

	<p>Distribution via the Internet: The Company provides live webcasts of the Annual General Meeting of Shareholders on its website. The footage is also available on the website after the meeting.</p> <p>Measures to prevent the spread of the novel coronavirus: The Company took measures to prevent the infection and spread of the novel coronavirus, with the safety of its shareholders as the top priority, at the 36th Annual General Meeting of Shareholders.</p>
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## 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	<p>The Company's policy is to disclose statutory disclosure documents, as well as voluntary disclosure documents including non-financial information, while paying attention to making them accurate and highly useful in laying the foundation for constructive dialogues with shareholders. The Company publishes its policy for IR activities on its website. The webpage titled "IR Activities" shows matters related to information disclosure, including the basic policy, disclosure standards, and disclosure methods. The page also lists information disclosure materials, the quiet periods for IR activities and the status of IR activities. For details, please refer to the website: <a href="https://www.softbank.jp/corp/ir/governance/ir_activities/">https://www.softbank.jp/corp/ir/governance/ir_activities/</a></p>	
Regular Investor Briefings for Retail Investors	<p>The Company provides clear and highly useful information to individual shareholders and retail investors. Since information is disclosed to a large number of shareholders and investors, the primary means of disclosure is on the website. At the same time, the Company focuses on dialogue also by holding online conferences and briefings with live Q&amp;A sessions online and at head offices of securities companies in Japan.</p>	Yes
Regular Investor Briefings for Analysts and Institutional Investors	<p>When earnings results are announced, the Company holds earnings results briefings for analysts, institutional investors, and the media. The President &amp; CEO and the CFO explain a summary of earnings results and management strategy on a regular basis. The Company livestreams earnings results briefings for analysts and institutional investors on its website. The footage is posted on the website soon after the briefings.</p>	Yes
Regular Investor Briefings for Overseas Investors	<p>The Company's delegates visit institutional investors outside Japan to explain the business status, strategy, measures and outlook. With regard to disclosure of materials in English, the Company works to keep the disparity in disclosure, in</p>	Yes



	terms of timeliness and volume of information, with the Japanese materials within reasonable range. The Company provides live webcasts of earnings results briefings in English on its website. The footage becomes available on the website after the briefings.	
Posting of IR Materials on Website	The Company's IR materials are posted on its website.	
Establishment of Department and/or Manager in Charge of IR	The Investor Relations Department is established to handle IR. As of June 24, 2022, the department consists of 13 people to manage IR activities.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company states in the Sustainability Principles its aim to grow together with all stakeholders, including customers, shareholders, employees, and business partners, by contributing to the realization of a prosperous and happy society through its business activities, as indicated in the corporate philosophy of "Information Revolution - Happiness for everyone."
Implementation of Environmental Activities, CSR Activities, etc.	<p>Under the Sustainability Principles, all directors, officers and employees of the Company and Group companies make various efforts to contribute to solving social issues through SDGs-oriented business activities and corporate activities, in order to continue sustainable growth together with society.</p> <p>To develop a system to promote sustainability activities, the Company has established the SDGs promotion committee (chaired by Junichi Miyakawa) as an advisory body to the board of directors. The committee makes suggestions to the board of directors regarding sustainability activities.</p> <p>Also, as an execution structure at the Company and Group companies, representative director, president &amp; CEO Junichi Miyakawa serves as the chief SDGs promotion officer, executive vice president &amp; CHRO Fumihiro Aono serves as the SDGs promotion officer, and a person in charge of SDGs promotion is appointed in each of the Company's departments and Group companies to promote sustainability activities.</p> <p>Main activities: formulating policies and strategies under the SDGs (establishing materiality and KPIs), solving social issues through ICT (promotion of digital transformation, regional revitalization, educational support, etc.), providing and supporting various communication services in the event of a large-scale disaster and conducting activities conducive to reconstruction, supporting countermeasures against the novel coronavirus, and addressing global environmental protection including climate change and resource management</p> <p>For more information on the SDGs, please refer to the following website: Sustainability -A world where all things, information and minds are connected-</p> <p><a href="https://www.softbank.jp/en/corp/sustainability/">https://www.softbank.jp/en/corp/sustainability/</a></p>

Development of Policies on Information Provision to Stakeholders	The Company strives to ensure timely and appropriate disclosure of information according to the statutory disclosure requirements based on the Financial Instruments and Exchange Act and other relevant acts and ordinances, and as required by the Rules on Timely Disclosure set by the Tokyo Stock Exchange. The Company also discloses critical information that is not subject to either statutory disclosure or timely disclosure requirements but could potentially affect investment decisions. This information is disclosed in a fair and prompt manner so as to give all the stakeholders equal access to it.
Other	The Company aims to maintain and improve the health of its employees in accordance with its basic mental and physical health policy. The Company also positions the maintenance and improvement of employee health as an important management issue, as the physical and mental well-being of each individual employee is the driving force behind realizing the dreams and ambitions of both the company and the individuals. President & CEO Junichi Miyagawa has issued the health management declaration, under which, in its signature style, the Company actively utilizes cutting edge AI and ICT to promote health management that maintains and enhances the well-being of its employees and their families.

#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development

###### **Development status of internal control system (including development status of risk management system)**

The Company makes decisions on the following matters at the board of directors meetings in accordance with the Companies Act and an ordinance of the Ministry of Justice with regard to the system to ensure that the execution of duties by directors is in compliance with laws, regulations, and the Articles of Incorporation and the system to ensure the appropriateness of operations.

###### 1. Systems to ensure that the execution of the duties of board directors and employees is in compliance with laws, regulations, and the Articles of Incorporation of the Company

The Company has established the code of conduct to be followed by all board directors and employees to ensure that corporate activities are appropriate based not only on regulatory compliance, but also on high ethical standards, and has established the following structure to continuously reinforce the compliance system:

- (1) A chief compliance officer (CCO) is appointed. The CCO proposes and carries out measures required to establish and enhance the Company's compliance system.
- (2) A department in charge of compliance is established to assist the CCO.
- (3) A compliance officer and a compliance manager shall be placed in each business unit for thorough compliance.
- (4) Internal and external hotlines (compliance reporting desk) are established for direct reporting and consultations by board directors and employees, to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. The Company ensures that persons who have reported or consulted on the hotlines will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted on the hotline in the Compliance Regulations.

(5) Audit & Supervisory Board Members and the Audit & Supervisory Board request measures for improvements to the Board of Directors, if they identify issues in the system for compliance with laws, regulations, and the Articles of Incorporation..

## 2. System for the storage and management of information regarding the execution of duties by board directors

The Company has established the following system to appropriately store and maintain information related to the execution of duties by board directors:

(1) The Company determines retention periods and methods and measures to prevent accidents, based on the Information Management Regulations, and classifies and appropriately stores these documents according to their degree of confidentiality.

(2) A chief information security officer (CISO) has been appointed as the person responsible for information security management, and persons responsible for information security are placed in each business unit to establish a system to store and manage information, based on the Basic Regulations for Information Security.

(3) The Chief Data Officer Office has been established and a chief data officer (CDO) has been appointed. In addition, policies and rules have been set out to manage and strategically utilize internal and external data, and the internal management system for handling secrecy of communication and personal information has been strengthened.

## 3. Regulations and system relating to managing the risk of loss

The Company has established the following system to avoid and minimize risk and to implement necessary measures related to the variety of risks in its business operations:

Based on the Risk Management Regulations, the risk management department summarizes the status of risk evaluation, analysis and response at each unit, and regularly reports its findings to the risk management committee consisting of representative directors and other committee members. The risk management committee determines the degree of importance and owners of the risks, and confirms and promotes measures developed and taken by the risk owners, thereby reducing risks and preventing the occurrence of risk events. The risk management committee then regularly reports its findings to the board of directors. When an emergency situation arises, an Emergency Response Department will be established and efforts will be made to minimize the damage (loss) based on the instructions of the Emergency Response Department.

## 4. System to ensure the efficiency of board directors in the execution of their duties

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

(1) The Company has set out the Rules of the Board of Directors to clarify matters to be decided and reported on by the Board of Directors, and the Internal Approval Regulations and other regulations relating to institutional decision-making to clarify decision-making authority.

(2) To strengthen functions for overseeing the execution of duties and enhance objectivity in management, the board of directors includes external directors who are independent of the Company.

(3) To ensure that the board directors can discuss matters fully at board of directors meetings, they are provided with materials for the meeting in advance, and with additional or supplementary materials upon their request.

(4) The scope of operations and responsibilities necessary for operations are clearly defined in the Organization Management Regulations.

## 5. System to ensure appropriateness of operations of the Company and the Group consisting of its parent and subsidiaries

The Company shares fundamental concepts and policies throughout the Group and reinforces the management system and compliance in accordance with the SoftBank Charter of Corporate Behavior, etc. In addition, the following systems have been established to apply rules shared by the Group to board directors and employees of the Group:

- (1) The CCO establishes and reinforces the compliance system of the Group. For practicing compliance, CCO gives advice, instructions, and orders to the CCOs of each Group company to ensure that such activities comply with the Group's basic compliance policy. The compliance reporting desk has also been established to receive reports and provide consultation to board directors and employees of the Group to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities. The Company ensures that persons who have reported or consulted on the Hotline will not be treated disadvantageously by prohibiting the disadvantageous treatment of persons on the grounds of having reported or consulted on the Hotline in the Compliance Regulations.
- (2) The Group Security Committee, composed of the persons responsible for information security in each Group company, has been established to report and share information on trends, plans and other matters related to information security. This Committee is headed by the CISO, who is responsible for information security in the Company.
- (3) The representative of each Group company must submit a Representative Oath pertaining to the financial reports submitted to the Company, thereby ensuring the accuracy of the annual securities report and other reports submitted by the Group.
- (4) The internal audit unit comprehensively judges the results of past internal audits, financial position, and carries out internal audits of the Company and the Group companies deemed as having high risk.
- (5) While the Group addresses risk in an effort to reduce and prevent any possible risks, in the event of emergency, an immediate report to the Company is requested in accordance with the Risk Management Regulations. In addition, the Company will coordinate closely with each Group company according to the situation to minimize damage (loss).

#### 6. System for excluding antisocial forces

The Company clearly states in the Regulations on Countermeasures against Antisocial Forces its policy of having absolutely no association with antisocial forces that pose a threat to public order and safety. The Company establishes an internal system to counter antisocial forces and has a responsible division in place to carry out overall management. For dealing with inappropriate requests from antisocial forces, the Company will firmly refuse those requests in a resolute manner in cooperation with the police and other external specialist institutions.

#### 7. Matters relating to support staff that assists the Audit & Supervisory Board Members upon request for such placement from Audit & Supervisory Board Members, matters relating to the independence from the board directors, and matters relating to ensuring the effectiveness of instructions given to the relevant employees

The Company has established the Assistant to Audit Department as an organization to support the work of the audit & supervisory board members, and has assigned dedicated staff to this department. The appointment of the support staff is notified to the audit & supervisory board members, and any personnel changes, evaluations, or other such actions require the agreement of the audit & supervisory board members. In addition, directions and instructions to the support staff are issued by the audit & supervisory board members to ensure the effectiveness of the instructions.

#### 8. System for reporting to the audit & supervisory Board Members by board directors and employees and other systems for reporting to the audit & supervisory board members

Board directors and employees will report the following matters to the audit & supervisory board members or the audit & supervisory board promptly (or immediately for any urgent matters including facts that may potentially cause severe damage to the Company):

- (1) Matters related to the compliance system or use of the compliance reporting desk.
- (2) Matters related to finances (including financial reporting and actual results against planned budget).
- (3) Matters related to human resources (including labor management).
- (4) The status of work related to risk matters on information security.

- (5) The status of work related to large-scale disaster and network disruption, etc.
- (6) The development status of internal control.
- (7) The status of work related to external fraud investigations.
- (8) Matters related to violations of laws, regulations, or the Articles of Incorporation.
- (9) Results of audits conducted by the Internal Audit Unit.
- (10) Other matters which could materially harm the Company or matters that the audit & supervisory board members have decided that need to be reported in order for them to execute their duties.

9. Other systems to ensure that the audits by the audit & supervisory board members are conducted effectively

(1) When the audit & supervisory board members deem it necessary, opportunities shall be provided for them to interview board directors or employees of the Group. In addition, the audit & supervisory board members periodically meet with the independent auditor and the audit & supervisory board members of major subsidiaries and other entities for an exchange of information and to ensure cooperation, and also attend important meetings.

(2) The Company ensures a system that persons who have reported or consulted with the audit & supervisory board members will not be treated disadvantageously on the grounds of having reported or consulted with the audit & supervisory board members.

(3) The Company shall pay expenses relating to the independent auditor, the attorneys and other professionals, and other expenses associated with the execution of duties by the audit & supervisory board members.

## 2. Basic Views on Excluding Antisocial Forces and the Progress of System Development

### 1. Basic guidelines for relationships with antisocial forces

The Company's approach to excluding antisocial forces is described in "1. Basic Views on Internal Control System and the Progress of System Development."

The Company clearly states in the Regulations on Countermeasures against Antisocial Forces its policy of having absolutely no association with antisocial forces that pose a threat to public order and safety. The Company establishes an internal system against antisocial forces and has a responsible division in place to carry out overall management. For dealing with unfair requests from antisocial forces, the Company will firmly refuse those requests in a resolute manner in cooperation with the police and other external specialist institutions.

### 2. Development status of internal system for excluding antisocial forces

The Company has established departments responsible for development of an internal system related to antisocial forces and overall management, and response to unfair requests from antisocial forces.

In addition, the Company cooperates with external specialist institutions, such as the National Center for Removal of Criminal Organizations, in responding to antisocial forces and gathering information.

Furthermore, the Company posts Regulations on Countermeasures against Antisocial Forces, as well as Dos and Don'ts for Responding to Antisocial Forces and Q&As Concerning Antisocial Forces as specific

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

At present, no concrete measures have been set.

## 2. Other Matters Concerning Corporate Governance System

### **Information disclosure system**

#### 1. Basic policy on timely disclosure

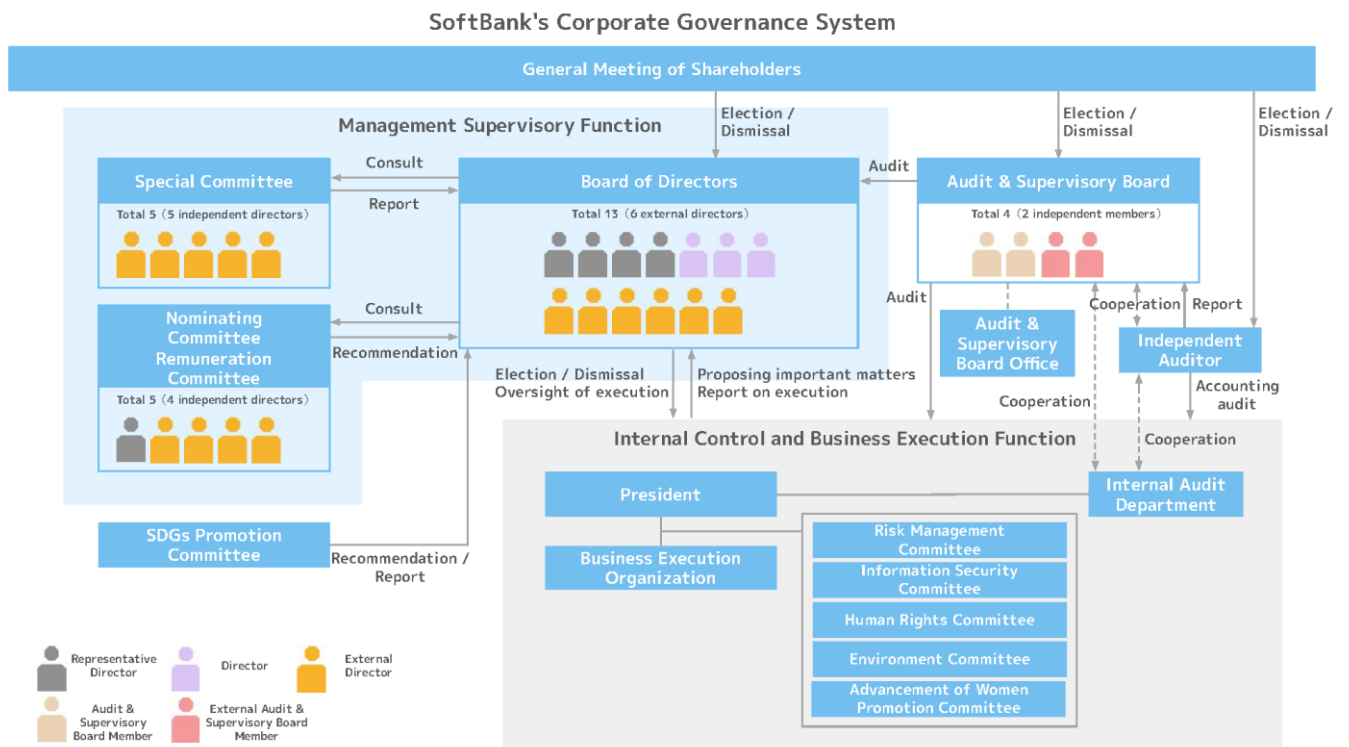
The Company appropriately discloses both financial and non-financial information in compliance with relevant laws and regulations and the rules of the Tokyo Stock Exchange. Furthermore, the Company also strives to actively provide more information than required by laws and regulations and the Tokyo Stock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

#### 2. Internal system for timely disclosure

The Company conducts timely disclosure with the Investor Relations Department as the responsible department. The IR Rules set out matters to be reported to the Investor Relations Department related to timely disclosure, including required reporting times and procedures. When timely disclosure is necessary, the Investor Relations Department prepares timely disclosure materials in close coordination with related departments such as Business Divisions, Accounting, Finance, Legal, and General Administration and swiftly conducts timely disclosure under the supervision of the Director, Executive Vice President & CFO in charge.

Matters subject to timely disclosure requirements related to earnings results are compiled into a disclosure document by the department in charge of accounting and relevant departments based on information collected from group companies. The general manager of the Finance and Accounting Division is responsible for preparation of the disclosure document related to earnings results. The document is swiftly disclosed under the approval of the Director, Executive Vice President & CFO in charge.

**Chart of corporate governance system (reference)**



**Overview of timely disclosure system (chart)**

