

# Chapter 3

# ESG Strategy



# Human Capital Strategy

We believe that “human resources are the drivers of business growth,” and have positioned human resource strategy as an important management strategy. This section explains how our human resource strategy contributes to the enhancement of our corporate value, together with introducing our philosophy and initiatives.



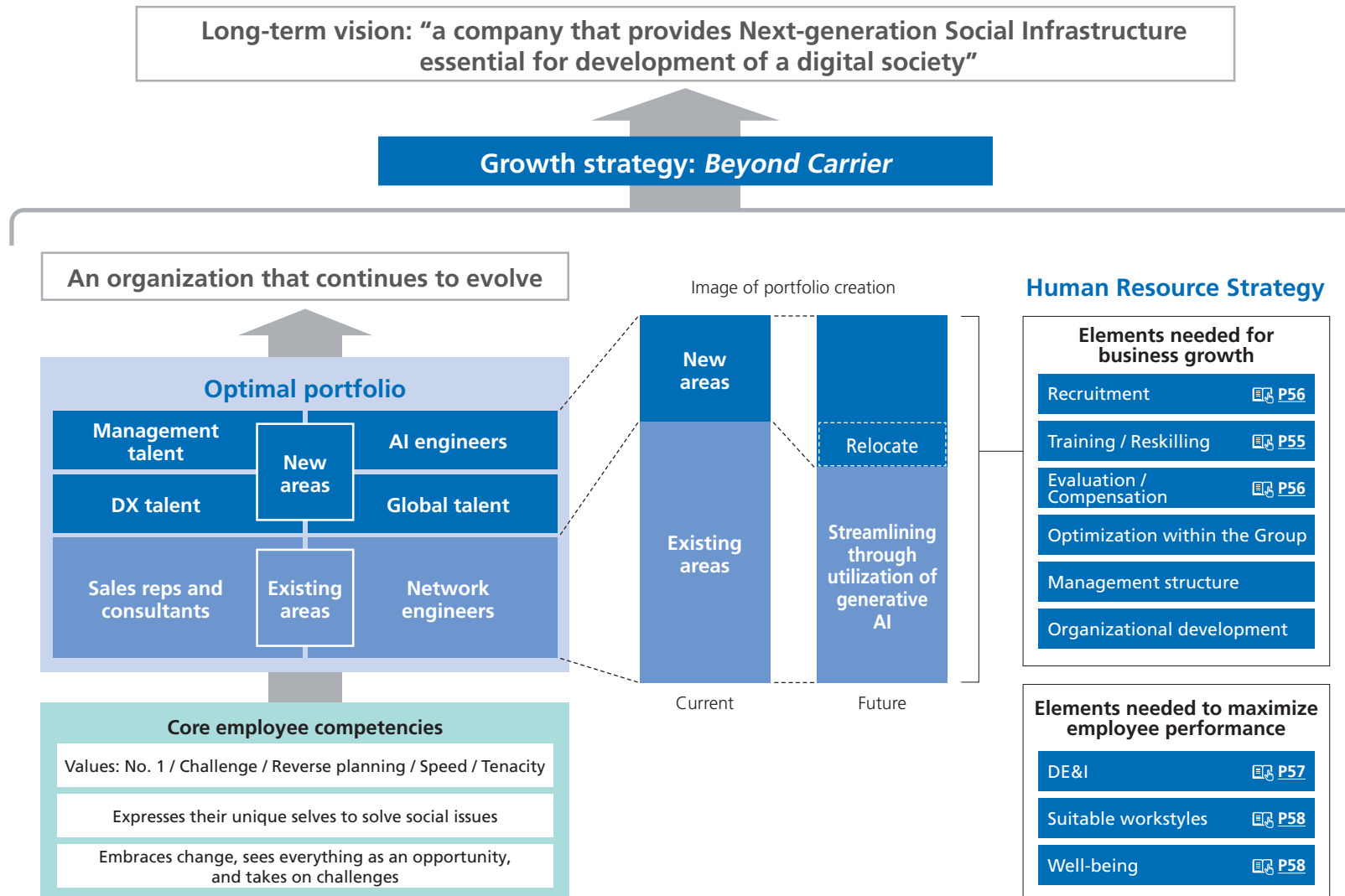
# Human Resource Strategy SoftBank's HR strategy: Information Revolution — Happiness for everyone

Our human resources mission is to connect people to business and achieve growth in both. Talent is key to driving the Company's business growth, and we believe it is important to facilitate the creation of opportunities and an environment where every employee can showcase their individuality and capabilities. In addition, our Medium-term Management Plan calls for the provision of Next-generation Social Infrastructure that supports a society that coexists with AI, meaning our immediate challenge is to secure the human resources and develop the organizations needed for

this. We believe that closely integrating our business strategies with a human resource strategy starting with an optimal HR portfolio will become the driving force powerfully advancing our Medium-term Management Plan.

Going forward, we will proceed with our human resource strategy aimed at creating a positive cycle of employee growth and Company growth, striving to be a corporate group that is constantly evolving.

## HR strategy overview



## Human Resource Strategy

# Measures Supporting Autonomous Growth Training / Reskilling

### Becoming Japan's leading company in utilizing generative AI

Generative AI is of paramount importance to the Company for future business growth, and tools that utilize generative AI have become indispensable in our operations. In May 2023, we launched our proprietary generative AI service, *Smart AI-Chat*, and established guidelines for AI governance to create an environment where all employees can fully utilize generative AI. We also provide learning opportunities through instructional videos and seminars on how to use AI.

We also hold Generative AI Utilization Contests, which awards ¥10 million to the best idea. We have already received approximately 160,000 proposals, and some of these many unique ideas from our employees are actually put into practical use to improve operational efficiency. In addition, for the purpose of exploring the commercialization of ideas submitted to the contest, we have established a new organization, the AI Project Promotion Office, that reports directly to the CEO, as well as worked closely with SoftBank InnoVenture. Through these initiatives, we aim to become the leading company in Japan in utilizing generative AI.

#### Various initiatives

##### Building a platform for effective use of AI

*Smart AI-Chat*  
Establishment of governance rules

##### Generative AI learning opportunities

Expansion of training programs and learning content

##### Utilization contest

Total of 160,000 ideas submitted

### In-house entrepreneurship program

Through our in-house entrepreneurship program, "SoftBank InnoVenture," we encourage employees who aspire to tackle social issues with their own ideas to propose new business ventures. We also offer a program called "Innoventure Lab," where employees can acquire a broad knowledge of new businesses. This program allows Group employees to come together and form teams.



[Registered users]

Over **5,800**

**22** ideas already commercialized

(as of March 31, 2024)

### SBU Tech

SBU Tech (SoftBank University Tech) provides technology-focused learning content to ensure that not only engineers but all employees can acquire digital literacy. This enables them to perceive the *Beyond Carrier* growth strategy as their personal goal and take action towards transformation. Drawing on Japan's Ministry of Economy, Trade and Industry's guidelines for developing digital talent, we have systematized training in the categories of IT, AI, and statistics. We also support learning for the "JDLA Deep Learning for GENERAL" and "JDLA Deep Learning For ENGINEER" certifications of the Japan Deep Learning Association, as well as host seminars by external experts.

### Providing career development opportunities

We offer various opportunities to support career development, fostering an environment where employees can achieve personal growth and self-fulfillment. We have a number of schemes that employees across the Group can utilize. For example, our job posting system recruits members when a new business or company is launched, while our free-agent system allows employees to request transfers to their desired departments or Group companies. In addition, in February 2021 we launched the SoftBank-style internal secondary job system to match the needs of employees eager for growth opportunities and chances to demonstrate their abilities with organizations requiring external perspectives, experiences, and expertise. Moreover, with the aim of acquiring a wide range of experiences and skills that can contribute to one's primary role, employees are allowed to have another job, providing that it does not affect their work at SoftBank.

#### Other measures

[Group-wide JP and FA schemes]

Cumulative **2,791** employees transferred

[Second job outside of the Group]

Cumulative **1,699** employees

[SoftBank-style internal secondary job]

Cumulative **363** employees

(as of March 31, 2024)

(Note) JP: job posting; FA: free agent



**Taku Hiraoka**

Vice President, Head,  
iPaaS Business Development  
Division, IT Unit

The main purpose of the Generative AI Utilization Contest, for which I serve as a judge, is to foster a culture within SoftBank of contemplating how to utilize generative AI. When the contest first started, many of the ideas from employees were difficult to realize, possibly because it was not clear what could be done with generative AI. However, with each iteration of the contest, employees became more familiar with how to use generative AI, and we have seen an increase in the number of ideas that should be put to immediate use. Also, a breakdown of the ideas submitted indicates that 80% are related to new business development, while 20% are focused on operational improvements. I feel this is a result unique to SoftBank, which encourages challenges. The iPaaS Business Development Division also considers the utilization of generative AI to be a crucial mission. We are focused on developing products that anyone can easily use and aim to help build a society in which generative AI is broadly utilized.

# Human Resource Strategy

## Recruitment Recruitment

### New graduate recruitment initiatives

In Japan, the labor shortage has worsened, and the job market continues to be a seller's market for talent. The competition has become increasingly intense especially in the IT industry. Given this situation, our approach to new graduate recruitment is proactive, focusing on targeted individual outreach rather than simply expanding the applicant pool and waiting for responses. In particular, we are focused on internships, as data indicates they help minimize mismatches, reduce turnover rates, and increase active participation rates. With the COVID-19 pandemic now behind us, in FY2023 we took in a record number of internees under our "JOB-MATCH internship program," which are directly linked to employment. On top of this, we continue to implement our "regional development internship program" aimed at solving issues in regional communities.

JOB-MATCH internship program  
**Work experience + direct hiring**

Applications: Approx. **6,900**  
Participants: **439**

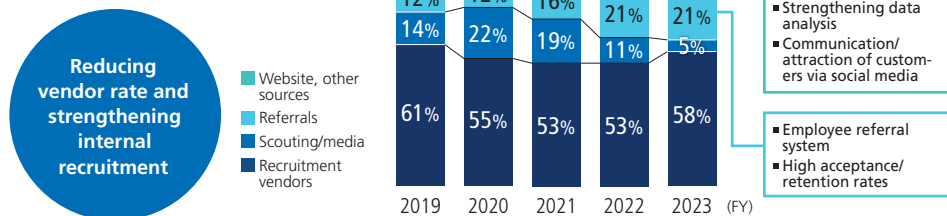
Regional development internship program  
**Regional development + solving issues**

Applications: Approx. **2,600**  
Participants: **31**  
(FY2023 figures)

### Mid-career recruitment initiatives

To recruit experienced workers (mid-career recruitment), we are strengthening our internal recruiting capabilities. In particular, we are expanding "referral recruitment," where employees introduce potential candidates. Given the difficulty of finding personnel with high-potential and immediately impactful talent, having employees recommend candidates suitable for the job increases the quality of the applicant pool, helps prevent post-hire mismatches, and reduces the cost of mid-career recruitment. At the same time, we are actively engaging in direct sourcing, a recruitment method where recruiters directly approach candidates. Also, by analyzing data, we refine the content that candidates are interested in, and enhance our recruitment website.

#### Proportion of mid-career recruitment methods



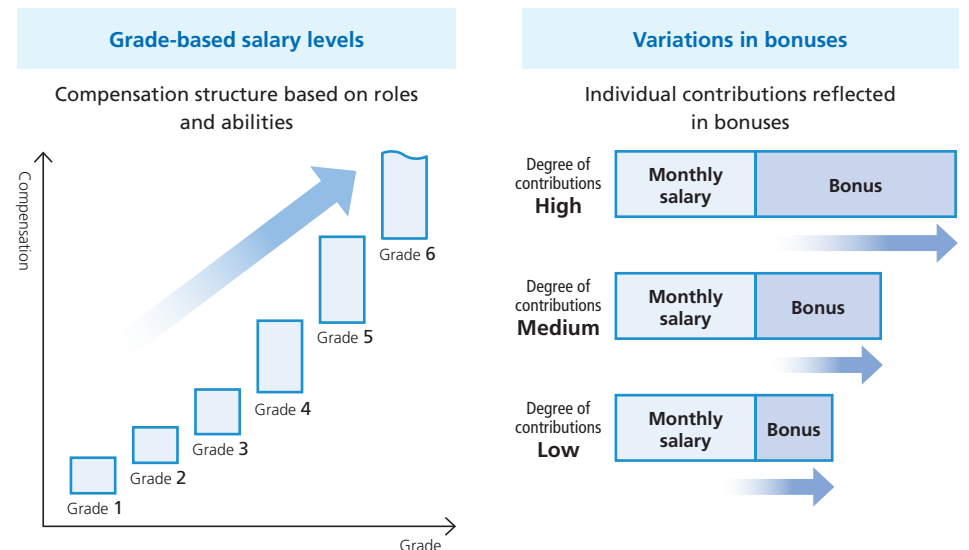
(Note) In FY2023, the proportion of vendor recruitment temporarily increased due to a reorganization of our recruitment structure.

## Rewarding High Market Value Employees Evaluation / Compensation

### Compensation and evaluation

We have adopted a mission-grade system whereby each employee's scope and grade are based on their mission and work style, rather than personal factors such as age or gender. We evaluate employees based on three aspects: the mission they undertake, their daily work performance (process), and their achievements and contributions to the organization. These evaluations determine their grade and compensation.

On the other hand, certain roles such as AI engineering, business development, and investment planning have seen a significant increase in market value, with the job-to-applicant ratio in Japan for these jobs currently at 13 times. For these high market value employees, we set individualized competitive compensation packages, even for new graduates. We have also introduced a professional contract system so that we can offer a high level of compensation on fixed-term contracts for projects requiring advanced skills and experience.



## Human Resource Strategy

# Promotion of DE&I

DE&amp;I

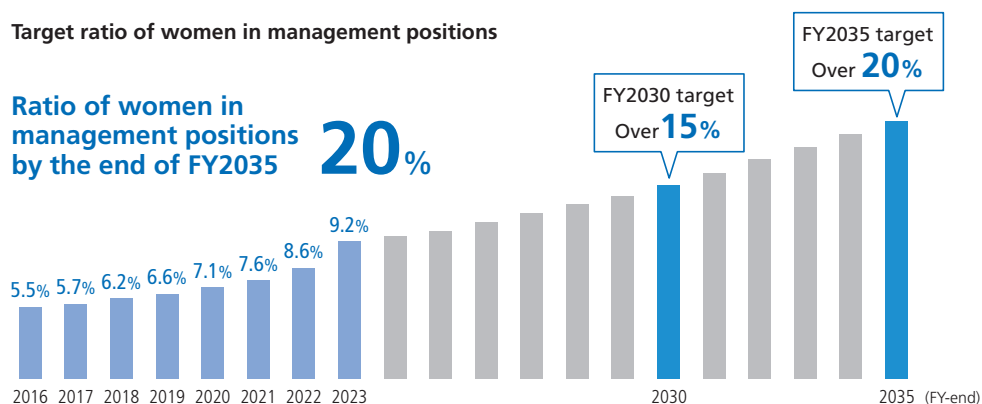
### Empowerment of women

We embrace individual diversity, regardless of age, gender, sexual orientation, gender identity, gender expression, nationality, or disability, and aim to promote diversity, equity, and inclusion (DE&I) so all employees can fully harness their abilities. As a first step, we are particularly focused on promoting the active participation of women. To that end, we have set a target of over 20% for the ratio of women in management positions by the end of FY2035. To achieve this goal, we have established the “Committee for the Promotion of Women in the Workforce,” to be chaired by the President & CEO and comprising external directors Naomi Koshi and Hiroko Sasaki, as well as some external experts as advisors. This committee deliberates on Company-wide policies for promoting women’s advancement. We are continuously taking measures from multiple perspectives to empower women in the workplace, and the progress of each initiative is monitored in meetings spearheaded by those on the frontline. Successful cases from each department are also shared during these meetings. For example, a Company-wide survey revealed that the percentage of women who aspire to hold a management position is lower than that of men. We are therefore running workshops to encourage women to take on the challenge of a managerial role, as well as a mentor program that provides opportunities for female employees to consult with role models. As a result, the number of female employees aspiring to managerial positions has gradually increased. In addition, to eliminate unconscious bias in evaluations and assignments, we conducted training for managers in FY2023 on the topics of nurturing female subordinates and addressing unconscious bias. During our annual promotion assessment, we have a process in place to check for any disparities in promotion rates between men and women in an effort to ensure that unconscious bias does not hinder growth opportunities for women. As a result of these initiatives, while our initial simulation suggested that the percentage of women in management positions would be around 15% by the end of FY2035, the degree of women’s advancement is rising annually, making the 20% target increasingly attainable.

#### Target ratio of women in management positions

Ratio of women in management positions by the end of FY2035

20%



### Paternity leave

At SoftBank, we support motivated employees who wish to balance their work and parenting responsibilities at home. This is why we have agreed with the declaration organized by Work-Life Balance Co., Ltd. to encourage paternity leave of 100%. We are creating a workplace environment where all employees can easily take childcare leave, primarily by having senior management strongly recommend paternity leave in their official messages to employees, and also by providing training to managers about the significance of such leave and how best to manage subordinates when leave is being taken.

For employees, we have put together a handbook that contains childcare support information and provides details about schemes and application procedures. We also post testimonials from employees who have taken childcare leave on the Company’s internal portal site, while the HR division reaches out individually to employees who have recently become parents and proactively encourages them to take childcare leave.

Also, many of our childcare support systems go beyond Japan’s statutory requirements, including paid leave when a spouse gives birth, childcare leave, kids’ leave, and shorter and flexible working hours for childcare. As a result of these initiatives, the percentage of male employees taking childcare leave reached 68% in FY2023, with the number of takers increasing yearly. Going forward, we will continue with various efforts to build a workplace environment that makes it easier for male employees to take childcare leave.

I took one year of childcare leave starting in September 2022. Paternity leave is encouraged Company-wide, so I was able to consult my supervisor about it without hesitation. As for my work, I transitioned to a supportive role shortly before going on childcare leave and handed over my main responsibilities to other team members. You would think that childcare leave is mostly about looking after one’s child, but I realized how hard the household chores can be—which I hadn’t been involved with much before. At first, the days would fly by really quickly as I was unfamiliar with these tasks, but my wife and I managed to share the burden of household chores and childcare, making me grateful that I took the leave. After returning to work, I have been making use of flexible work hours and working remotely when needed for child care. Having access to these systems means I can work with peace of mind and maintain a better work-life balance.



**Yasuhiko Kitagami**

Mobile & Network Division,  
Technology Unit

## Human Resource Strategy

# Well-being & Engagement

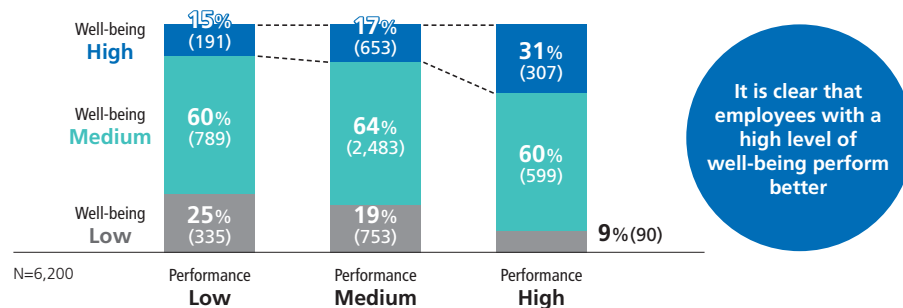
Well-being

Suitable workstyles

### Engagement surveys

It is said that employees with a high level of well-being not only exhibit higher levels of creativity, productivity, and sales, but also have lower turnover rates and fewer workplace accidents. We have confirmed that a state of well-being leads to improved performance for SoftBank employees as well. In August 2023, to further promote employee fulfillment and workplace engagement, we combined and revamped our annual employee satisfaction (ES) survey and monthly pulse survey into a single “engagement survey” to be conducted both annually and monthly. By continuously monitoring the survey results, we can link employee vitality to the improved performance of the Company and the retention of talented human capital that supports the sustained growth of our businesses.

### Well-being and performance



### Health and productivity management initiatives

Our health and productivity management philosophy is to be a vibrant organization in which every single employee is both physically and mentally healthy. Guided by this, we support the maintenance and improvement of employee health by monitoring health management indicators with the following three approaches: (1) health management; (2) safe and secure workplace environments; and (3) maintaining and improving health. More specifically, from a health management point of view, not only do we endeavor to have employees undertake a regular health checkup once a year, but we also recommend that they undergo stress checks in order to detect and prevent any issues at the earliest possible time. And in terms of safe and secure workplace environments, we have established a Wellness Center, developed a healthy office environment, launched a peer supporter system, and provided onsite influenza vaccinations. To maintain and improve health, we support the health of employees by promoting a number of initiatives. For example, we aim to improve diet, encourage regular exercise, lower the percentage of smokers, improve mental health, address sleep issues, improve women’s health issues, and raise the level of health literacy.

We look at employee health management from a business perspective as well, and as a company actively engaged in promoting health management, we have been selected for the second year running in the “Health & Productivity Stock Selection” by Japan’s Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange. Also, for the sixth year in a row, we have been recognized in the “White 500 in the large enterprise category” of the “Certified Health & Productivity Management Outstanding Organizations Recognition Program.” The companies listed in the White 500 are jointly curated by METI and Nippon Kenko Kaigi. Furthermore, our health initiatives have been ranked the highest in the DBJ Employees’ Health Management Rated Loan Program of the Development Bank of Japan.

### SoftBank’s workstyle reforms

To maximize results by working efficiently and effectively, the Company has implemented the “Super Flextime System” and promotes flexible working styles, unconstrained by time or place, such as remote working and using satellite offices throughout the country. Even after the COVID-19 pandemic, around 70% of employees continue to work remotely. At the same time, recognizing the importance of workplace interactions for teamwork and innovative discussions, we aim to maximize individual and organizational performance through a best-mix approach combining office, home, and satellite office work.

In the “Nikkei Smart Work Award 2024,” we garnered a significantly higher score for our efforts to implement diverse and flexible working styles, and as a result, we received the Human Resources Utilization Award. The Nikkei Smart Work Awards recognize companies that are implementing workstyle reforms to lead the way in sustainable growth.

#### [Work location options]

Offices across Japan  
+  
More than **600** satellite offices

#### [Percentage of employees working remotely]

Around **70%** of all employees



**Oriie Harada**

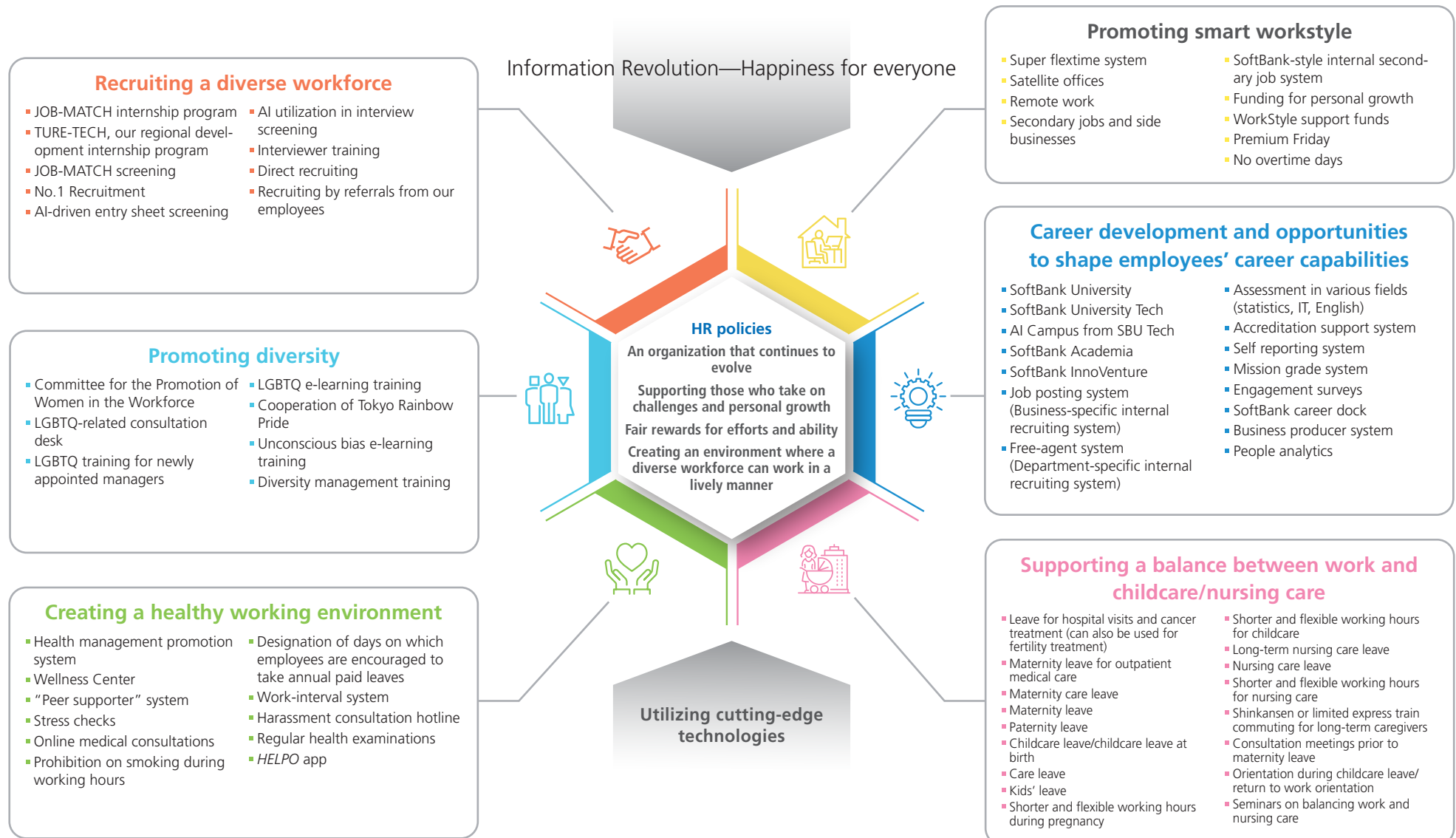
HR Division,  
Corporate Unit

We have significantly overhauled the previous ES survey and pulse survey and combined them into a new engagement survey, which now allows us to monthly visualize whether employees feel fulfilled, both personally and professionally, and whether the organization is energized. This survey was independently developed by SoftBank, taking into account our core values in light of current trends. While the survey still retains its original functionality, by measuring organization status monthly, it will allow us to swiftly analyze issues and take actions for improvement. We will continue to promote the use of the survey so that its results can benefit employee self-management and dialogue-based management. It will also help us to identify and address organizational issues to accelerate our businesses, and enhance both organizational and individual engagement.

## Human Resource Strategy

# SoftBank's Human Resource Initiatives

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

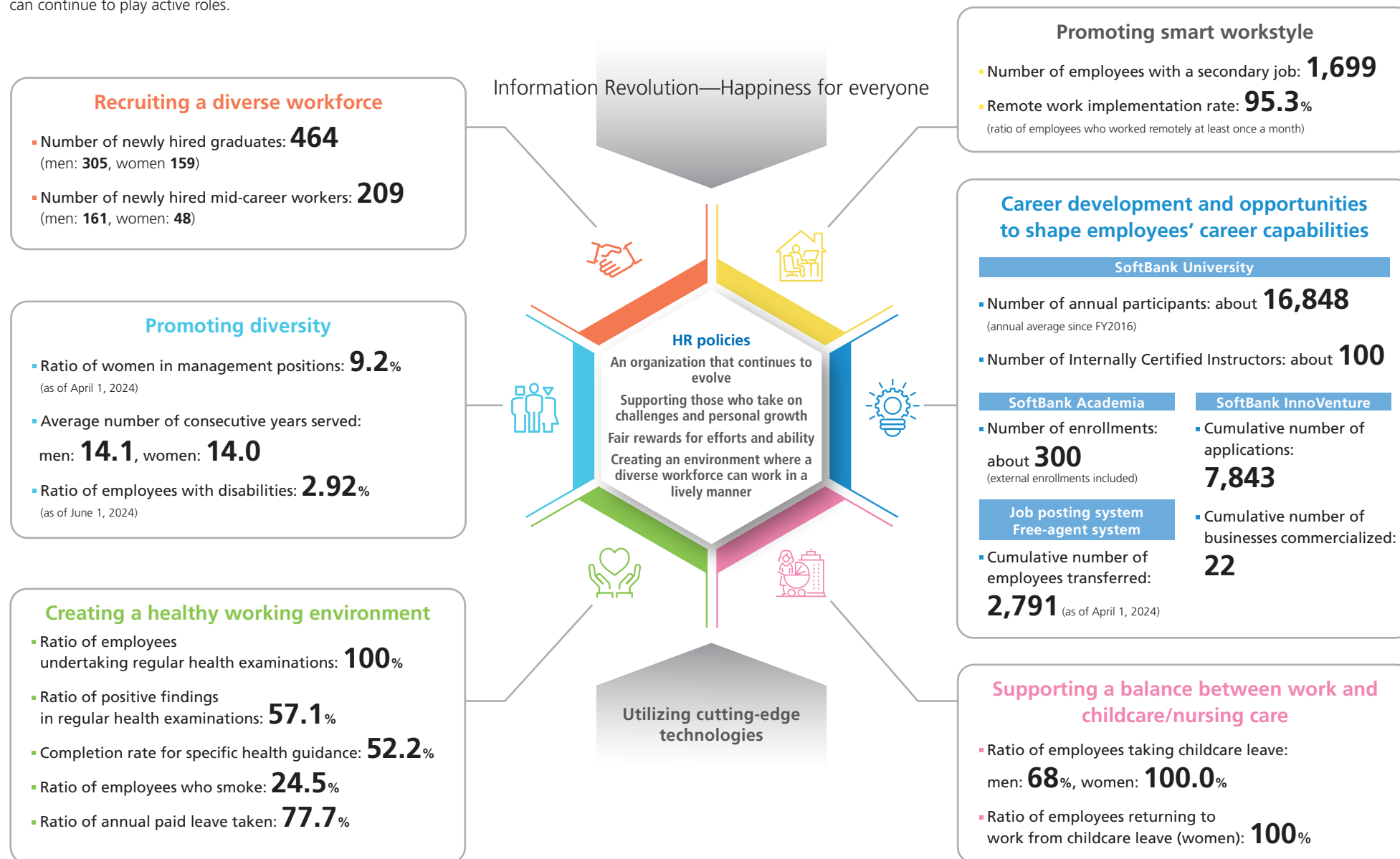




## Human Resource Strategy

# List of Achievements

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



(Note) Figures are as of March 31, 2024 or for FY2023 unless otherwise indicated; except for "Development of careers and professional capabilities," figures are for SoftBank Corp.

# Establishing Effective Governance

Establishing effective corporate governance is essential to sustainably enhancing our corporate value. Effective June 2024, we have further strengthened our corporate governance by appointing independent external directors to constitute the majority of our Board of Directors. In this section, an external director will explain the background to this initiative, as well as elucidate our efforts in areas such as risk management and human rights.



## Corporate Governance

### Message from External Director

(Note) Please see the video “[Interview with External Director](#)” on our website for details.



#### Q: What topics are being discussed by the Nominating Committee?

The Nominating Committee is continuously discussing the importance of ensuring an appropriate and stable corporate governance system and the corresponding composition of the Board of Directors. In the course of this process, we consider the balance of knowledge, experience, and abilities of each director, and take into consideration the Corporate Governance Code stipulated by the Tokyo Stock Exchange, as well as the requirements of proxy advisory firms and ESG rating agencies.

#### Q: Why did Mr. Ken Miyachi step down as Chairman of the Board in June 2024?

In December 2020, the Nominating Committee recommended to the Board of Directors that Mr. Miyakawa, who was CTO at the time, should be appointed as the new CEO as SoftBank focused on new areas such as AI and 5G going forward. Subsequently, in April 2021, Mr. Miyakawa replaced Mr. Miyachi as CEO. We felt it was necessary to preserve the strengths of the management structure that had existed at that time, so we asked Mr. Miyachi to continue overseeing the entire Group as Director & Chairman. I believe it is important for a smooth management transition to have this kind of support structure in place, rather than the sudden departure of a leader who had previously held decision-making authority. In June 2024, three years after the Miyakawa regime took over, Mr. Miyachi stepped down as Director & Chairman completing the transition of the management structure.

#### Q: What is the background behind external directors becoming the majority of SoftBank's Board of Directors?

As discussions continued on the Board of Directors structure, including the appointment of additional external directors, at our December 2023 meeting, the Nominating Committee reaffirmed our policy of increasing the ratio of external directors to a majority. At the shareholders' meeting held in June 2024, a proposal to appoint six out of 11 directors as independent external directors\* was approved, resulting in 54.5% of all directors being independent. In addition, three of the six external directors are women, ensuring a good balance in terms of diversity. To implement this change in the Board of Directors structure, we conducted vigorous and thorough discussions to identify requisite abilities and skills for the Company's directors and the type of talents necessary for enhancing the corporate value of the Company.

\* In accordance with the independence standards set by the Tokyo Stock Exchange

#### Q: What is important for strengthening the governance system?

To achieve a stable corporate government system it is necessary to avoid losing all of your external directors at once, so the interval at which external directors are replaced is an important point. And with regard to the selection of external directors, I believe it is important not only to focus on reinforcing skills not found within the Company, but also to select those who can express their opinions as an advisor with a third-party perspective based on their area of expertise and experience, thereby broadening the perspective of the entire Board of Directors.

Furthermore, with regard to governance, recognizing that there are concerns about the listing of the parent company and its subsidiary in particular, we have been expressing our opinions at meetings of the Board of Directors and committees from the perspective of avoiding any suspicion of a conflict of interest. Going forward, as SoftBank builds the next-generation of social infrastructure to support a digital society, our social responsibilities will become even greater. For that reason, I think it is important to go back to the basics of governance by ensuring that each and every employee has a strong awareness of the responsibilities.

#### Q: What is important for enhancing corporate value?

While shareholder returns are extremely important for us as a publicly listed company, I believe that growth investments in AI and 5G, which we are focusing on, are equally important, and an appropriate balance between shareholder returns and growth investments is the key to enhancing corporate value. With regard to AI, all employees, not just those in the R&D Department, should be aware of “what AI means to SoftBank,” and the entire Company should work together to keep pace with the world's needs.

## Corporate Governance

# Messages from New External Directors



**Maki Sakamoto**  
Independent External Director

Vice-president, The University of Electro-Communications  
Professor, Department of Informatics, Graduate School of Informatics and Engineering, The University of Electro-Communications

As a specialist in informatics, I have been dedicated to the research and development in AI that understands human language and emotions since 2000. My activities extend beyond research and development, including serving on the board of directors of the Japanese Society for Artificial Intelligence and pursuing a deeper understanding of cognitive information processing. This includes studying the human brain and psychology as part of my approach to achieving AI that can comprehend human emotions. With a profound respect for using technology to enrich society and industry, I have engaged in joint research with many companies and licensing of patented technologies. In 2018, I founded a university spin-off venture jointly funded by Keio Corporation and myself, where I gained experience in managing a company as its Director COO.

In the future, where everything is connected to the internet and AI is widely adopted, a vision that transcends the conventional perspective of a telecommunication carrier becomes essential, as depicted in SoftBank's *Beyond Carrier* strategy. I believe that the further strengthening of the telecommunications business, together with unprecedented collaboration, knowledge and ideas across business and technology, would catalyze SoftBank's medium- to long-term growth. It is quite challenging to stay ahead in the ever-changing landscape of AI. However, I am confident in SoftBank's ability to accomplish this due to their determination to continuously embrace advanced challenges. Although I am relatively new in my role as an external director, I am energized by the tremendous expectations from shareholders and other stakeholders for the AI area. It is my ambition to utilize the AI knowledge I have cultivated over the years to contribute to enhancing SoftBank's corporate value.



**Hiroko Sasaki**  
Independent External Director

President & CEO, ChangeWAVE Group, Inc.  
President & CEO, HYS Corporation  
Representative Director of Human Capital Management Promotion Association

Throughout my professional career, I have consistently engaged in "transformation" amidst rapid structural shifts. At the Bank of Japan, I dealt with the disposal of non-performing loans during the financial crisis, and at a foreign consulting firm, I supported corporate reforms to weather Japan's "lost 30 years." Then, after working in the Transformation Office of Sony Corporation (currently Sony Group Corporation), I became convinced that the so-called "outsider's element" could be the first drop that triggers the ripple effect of breaking fixed concepts and altering behaviors. Ever since, I have established my own companies and have worked with more than 400 companies on corporate transformation, human capital management, and DE&I initiatives over the last 15 years.

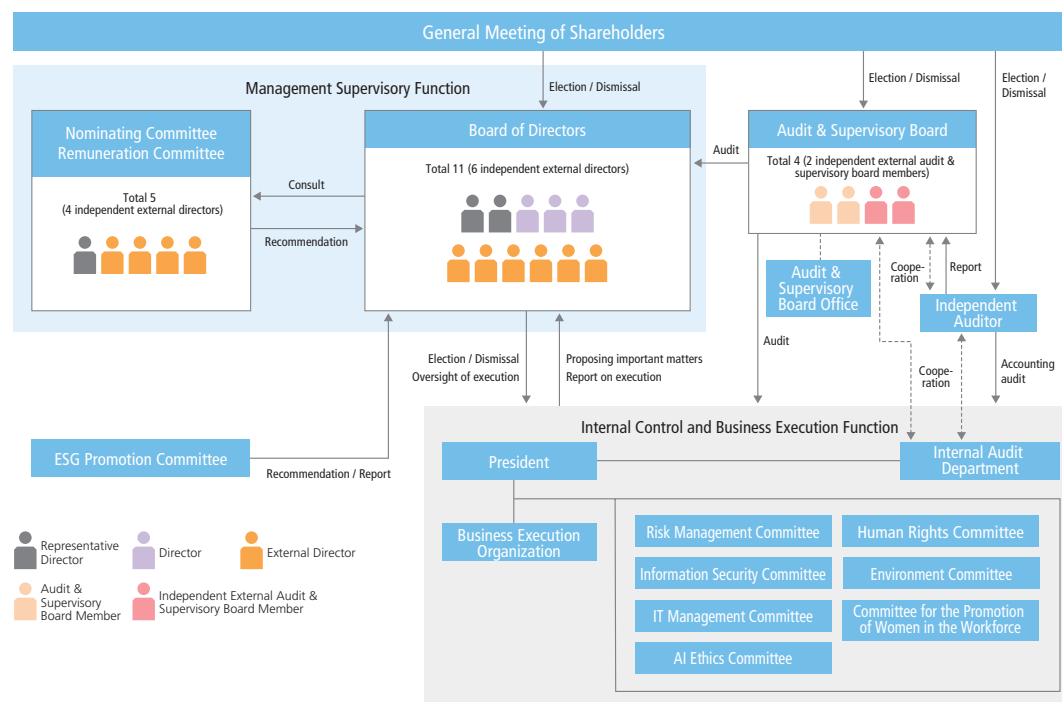
The primary role of an independent external director is to contribute to better decision-making by providing a different perspective to the board of directors as part of the inclusive "diversity" and thereby reducing blind spots in management decisions. In particular, with regard to the creation of innovation and the enhancement of corporate value through the promotion of DE&I, I have continued to take on challenges in the field over an extended period, hovering between the perspectives of the nation and local governments, the perspectives of corporate managers, and the perspectives of the parties involved. By continuously raising unbiased questions from such standing and sharing my real-life experiences, I aim to contribute to SoftBank's further evolution and enhanced corporate governance.

Despite being recently appointed, I perceive SoftBank to be an organization penetrated by a crystal-clear managerial vision and unmatched execution speed, forming a corporate group with exceptional managerial and organizational strengths. Alongside anticipating SoftBank's ambitious endeavors to further enhance such organizational capabilities and drive accelerated self-innovation that encapsulates increased diversity, I aim to contribute to this transformative journey.

## Corporate Governance

# Overview of Corporate Governance System

Corporate governance system (As of June 20, 2024)



### Nominating Committee and Remuneration Committee

Number of meetings in FY2023  
 Nominating Committee **4**  
 Remuneration Committee **3**

Each committee is composed of the President & CEO and at least three independent external directors and chaired by an independent external director to ensure its independence. Both committees deliberate and determine recommendations to be submitted to the General Meeting of Shareholders. The Nominating Committee deals with the election and dismissal of Board Directors and the nomination of Representative Directors, while the Remuneration Committee handles remuneration for Board Directors. [P68](#)

### ESG Promotion Committee

Number of meetings in FY2023 **4**

Chaired by the President & CEO, the committee is made up of independent external directors and executive officers appointed by the chairperson. It deliberates the policy on ESG promotion activities for the entire Group and determines recommendations. It also reviews progress in implementing the policy and decides on what to report. [P86](#)

### Board of Directors

Number of meetings in FY2023 **13**

The Board of Directors consists of 11 Board Directors, six of whom are independent external directors, with a majority of the Board Directors consisting of independent external directors. It decides on matters required by law or the Articles of Incorporation as well as on important matters related to business execution by the Company in accordance with the Board of Directors Rules. In addition, the Board of Directors supervises each Board Director's business execution. [P66](#)

### Audit & Supervisory Board

Number of meetings in FY2023 **17**

The Audit & Supervisory Board establishes an audit policy and plan as well as priority audit items for each fiscal year and meets once a month in principle to receive regular reports from each department related to the internal control system to review the status of the execution of duties by Board Directors in light of priority audit items, thereby evaluating the appropriateness of business execution. [P75](#)

### Internal Audit Department

Number of meetings in FY2023 **19**

Established as an independent organization directly under the President & CEO, the Internal Audit Department conducts internal audits of the overall duties of the Company as well as company-wide internal control audits of its subsidiaries and affiliates (mainly consolidated subsidiaries), by setting the goal of "achieving management goals and increasing value" and by formulating a risk-based annual audit plan based on the philosophy of "audits that contribute to management." [P75](#)

### Risk Management Committee

Number of meetings in FY2023 **2**

The Risk Management Committee meets semiannually and consists of members including the CEO, representative directors, the CFO, and others. Audit & Supervisory Board Members and related directors also attend its meetings. The committee determines the severity of risks and who should take responsibility (risk owners), issues instructions for what measures are to be taken, and reports on the progress thereof to the Board of Directors. [P76](#)

(Note) The Special Committee was abolished on June 20, 2024, after the Company's Board of Directors became comprised of a majority of independent external directors.

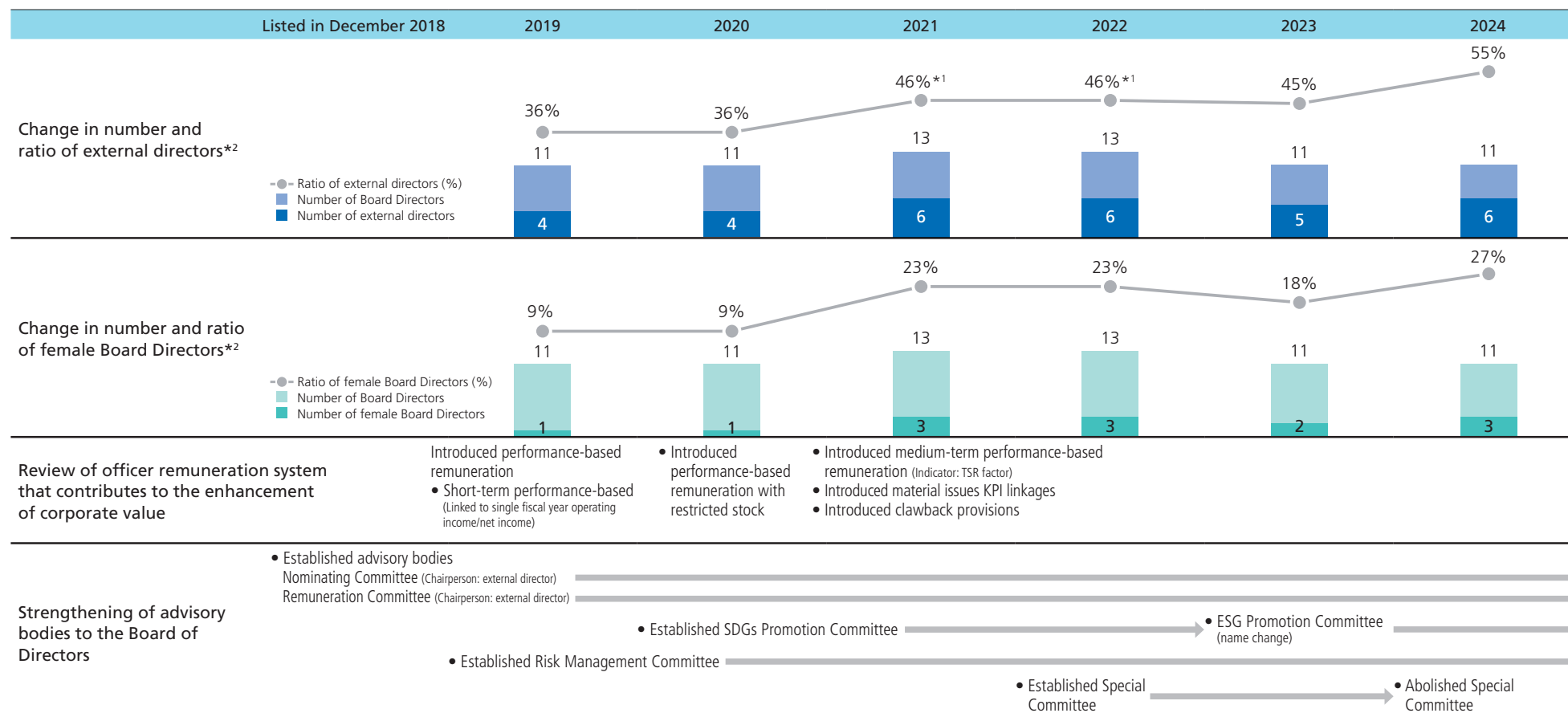
## Corporate Governance

# Evolution of Corporate Governance System

Since being listed in December 2018, the Company has been constantly working to strengthen its corporate governance. In 2020, we introduced a system to grant restricted stock as a form of performance-based remuneration for some Board Directors and executive officers as an incentive to work toward the sustainable enhancement of the Company's corporate value and to promote further sharing of value with investors and shareholders. Furthermore, in 2021, we adopted total shareholder return (TSR) as an indicator to determine medium-term performance-based remuneration and additionally incorporated materiality targets (targets adopted from the six material issues identified for the Company's sustainable growth) into our index for determining short-term performance-based remuneration. In addition, in order to promote the integration of our growth strategy

and sustainability, we established the ESG Promotion Committee (formerly SDGs Promotion Committee) in 2020, chaired by the President & CEO. As an advisory body to the Board of Directors, the committee makes recommendations on sustainability activities to the Board of Directors, and also reports on its activities four times a year as well as on an ad hoc basis when necessary.

In 2024, we made six of the 11 Board Directors (including three women) independent external directors in order to ensure fairness and transparency in management, maintain the soundness of the Company, and make accurate and timely decisions.



\*1 Five members are independent external directors, ratio of independent external directors is 38%.

\*2 The changes in the number and ratio of external directors and female directors are as of the end of June of each year.

## Corporate Governance

# Board of Directors

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

As of June 2024, there are 11 Board Directors serving, including six independent external directors, who hold constructive and lively discussions from diverse perspectives, including outside perspectives. Furthermore, the Company has introduced an executive officer system for ensuring clarification of the management supervisory function and strengthening the business execution function of the Board of Directors, as well as expediting management.

### Main topics discussed at the Board of Directors meetings in FY2023

- Corporate management
- Financial matters
- Matters related to the construction of new data centers
- Matters related to investment in the construction of AI computing infrastructure
- Matters related to results and forecasts of business performance and business KPIs
- Matters related to affiliated companies
- Matters related to risk management

### Evaluation of effectiveness of Board of Directors

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

of the effectiveness of the Board of Directors have been continuously conducted once each year since FY2018. The following is a summary of the method and results of the evaluation of the effectiveness of the Board of Directors for FY2023.

### Evaluation process

Subjects of evaluation
Six internal directors, five external directors, and four Audit & Supervisory Board Members
Method of evaluation
Method of evaluation: Questionnaire-based survey (in a signed form) and/or interview Evaluation period: December 2023 to June 2024



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

### Status of the response to issues in FY2022

In terms of the recommendation to further deepen the discussions on medium- to long-term priority issues, we were able to set the annual activity plan of the Board of Directors, improve the frequency and granularity of information sharing, and deepen our discussions on priority themes including the business portfolio and medium- to long-term financial and human capital strategies. As for strengthening the monitoring of the Group's governance and risk management systems, we conducted a systemic reorganization of potential risk, after which the status of the Group subsidiaries was clearly and systematically reported, including prior explanations. Also, to utilize the knowledge of the external directors and Audit & Supervisory Board Members, we held "friendly get-togethers," where relevant officers participated according to the theme being discussed, and facilitated a proactive exchange of opinions. As a result, we were able to deepen the understanding and raise awareness of the essential issues and the ever-changing business environment that are the basis for the discussions at the board meetings.

### Overview of the results of the FY2023 evaluation of the effectiveness of the Board of Directors

It was confirmed that the Company's Board of Directors has been making improvements every year toward the vision of corporate governance envisaged by the Company, and that a high level of effectiveness has been ensured overall. In addition, in the course of the FY2023 evaluation of the effectiveness of the Board of Directors, there was confirmation of the status of the response to the issues raised in the FY2022 effectiveness evaluation and priority issues to be addressed going forward. Furthermore, it was confirmed that the following items should be prioritized in order to further ensure the effectiveness of the Board of Directors and improve its functions.

### Priority issues

- **Medium- to long-term strategies:**
  - (1) Overall Group strategy (continue the overall Group strategy that pursues medium- to long-term synergy and discuss such Group strategy relative to financial strategies on future investments)
  - (2) Post-evaluation of investments (strengthen the board's post-investment oversight by providing information required for post-investment management metrics and exit decisions in a more organized manner)
- **Next-generation human resources strategies:**
  - (1) Strengthen investments in human capital and deepen discussions on hiring and nurturing next-generation, core human resources and ensuring diversity, to secure talent with state-of-the-art technical expertise who will be the next generation of business
  - (2) Confirm the specific action plan for succession planning at the board, in order to discover and nurture appropriate talent capable of leading a broad range of businesses at an early stage
- **Group governance and risk management:**
  - (1) Continue discussions on the capital relationships with alliance partners and confirm the status of responses to the problem of information leakages at the board
  - (2) Have discussions at the board by sorting through information on new risks emerging as a result of the changing times, as well as geopolitical and economic security

## Corporate Governance

# System to Ensure Independence from the Parent Company

### Guidelines on transactions with the controlling shareholder

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

### Listing of a parent company and its subsidiary

The Company listed its shares on the First Section of the Tokyo Stock Exchange (now the Prime Market) in December 2018. Prior to that, the Company was a primary operating company in the telecommunications business field in Japan, as a subsidiary of SoftBank Group Corp. There are two main reasons why we became a public company.

First, through the listing of our shares, we expect the respective roles and values of SoftBank Group Corp. and the Company to be clearly defined. SoftBank Group Corp. is a strategic investment company that aims to maximize the corporate value of the entire SoftBank Group through global investment activities including the SoftBank Vision Fund. SoftBank Group Corp. invests in companies with excellent AI business models and services from around the world, focusing on the impact of AI on creating new industries. The Company, on the other hand, operates various businesses built on a relatively stable telecommunications business, mainly in Japan. As the nature of the two businesses differ, the expected investment results from investing in each company

will also differ. By listing our shares independently, we believe we will be able to provide investment opportunities that balance stable shareholder returns with growth as an operating company that leverages its position as a SoftBank Group company. In addition, since SoftBank Group Corp. is an investment company and does not have any operating division, we believe there is little possibility of a conflict of interest arising between the Company and SoftBank Group Corp.

Second, due to the difference in business nature between SoftBank Group Corp. and the Company, the two companies need different management resources and have different management decision points. Through the listing of our shares, we are able to speed up our decision-making process and maximize our corporate value through greater autonomous and transparent management, while receiving direct market evaluation.

On the other hand, as of the end of FY2023, the Company had 239 subsidiaries, including several listed subsidiaries. The Group values the independence of its subsidiaries. It believes that each listed subsidiary should engage in business while being evaluated in the stock market, and that autonomous management that takes into consideration the interests of minority shareholders will contribute to the growth of each company. While ensuring the independence of listed subsidiaries, we aim to create synergies and continue to evolve and grow together, thereby maximizing the corporate value of our Group. The Company has established the Subsidiaries and Affiliates Management Regulations for the purpose of managing the companies in which the Company invests, and requires prior approval of or reporting to the Company regarding important decision-making at subsidiaries. With respect to listed subsidiaries, from the perspective of their independence, the Company limits the items that require such prior approval only to the conclusion of contracts that include clauses that are binding on non-contracting parties such as SoftBank Group Corp. and its subsidiaries and affiliates (including non-compete clauses), so that the Company will not unfairly constrain their decision-making.

### Abolition of the Special Committee and implementation of the Independent External Directors' Meeting

With SoftBank Group Corp. as our parent company, we have ensured that at least one-third of the Board of Directors is made up of independent external directors, and had previously established a Special Committee comprised solely of independent external directors to deliberate and examine important transactions that could potentially lead to conflicts of interest between the controlling shareholder and minority shareholders, while ensuring independence and transparency.

In June 2024, we appointed six independent external directors, who now constitute a majority of the Board of Directors. Anticipating a fundamental improvement in the Board of Directors' supervisory function, particularly in protecting minority shareholders, we have abolished the Special Committee. Moving forward, we will newly implement the "Independent External Directors' Meeting."

The purpose of the "Independent External Directors' Meeting" is to further stimulate discussion at the Board of Directors meetings, including from the perspective of protecting the interests of minority shareholders. As with the former Special Committee, the Independent External Directors' Meeting will involve preliminary discussions from the perspective of protecting the interests of minority shareholders, while also providing a forum for all independent external directors to exchange opinions and share information openly, with the aim of improving the effectiveness of the Board of Directors.

Special Committee Number of meetings in FY2023: 2



#### 5 Independent External Directors

Atsushi Horiba (Chair)  
Takehiro Kamigama  
Kazuaki Oki  
Kyoko Uemura  
Naomi Koshi

#### Observers

Shuji Kojima (Independent External Audit & Supervisory Board Member)  
Yoko Kudo (Independent External Audit & Supervisory Board Member)



## Corporate Governance

# Nominating Committee and Remuneration Committee

The Company has voluntarily established the Nominating Committee and the Remuneration Committee. As of June 30, 2024, each committee is composed of the President & CEO and four independent external directors and chaired by an independent external director to ensure its independence. Both committees deliberate and determine recommendations to be submitted to the General Meeting of Shareholders. The Nominating Committee deals with the election and dismissal of Board Directors and the nomination of Representative Directors, while the Remuneration Committee handles remuneration for Board Directors.

### Main topics discussed at the Nominating Committee and the Remuneration Committee

(From September 2023 to May 2024)

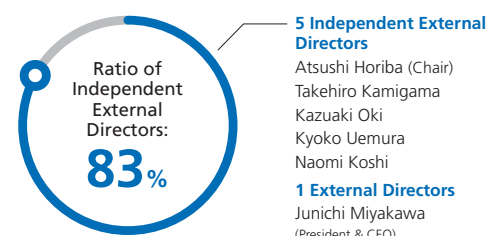
#### [Nominating Committee]

Structure of the Board of Directors, election of Board Directors, nomination of Representative Directors, Board Director expertise in relation to skill matrix

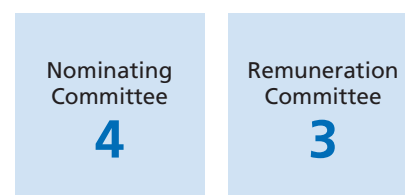
#### [Remuneration Committee]

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

### Composition of the Nominating and Remuneration Committees (FY2023)



### Number of meetings held in FY2023



### Determination process of remuneration and others

Meeting body	Remuneration Committee			Board of Directors
Date	February 21, 2024	March 25, 2024	April 25, 2024	May 23, 2024
Agenda	Confirmation of short-term performance-based indicators Confirmation of medium-term performance-based indicators Determination of the remuneration for the Director & Chairman	Confirmation of short-term performance-based indicators Confirmation of medium-term performance-based indicators	Approval and determination of remuneration amount for each officer Confirmation of disclosure documents Confirmation and determination of recommendations of Remuneration Committee Review and determination of policy for determining amount of remuneration, etc. for each Board Director	Determination of the remuneration for the Director & Chairman Confirmation and determination of recommendations of Remuneration Committee Review and determination of policy for determining amount of remuneration, etc. for each Board Director

# Remuneration for Board Directors

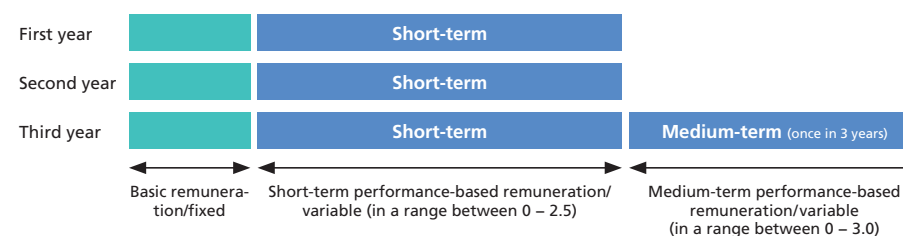
## Outline of the policy and the method for determining the remuneration of Officers

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

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

## Structure of the remuneration of Board Directors

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



## Corporate Governance

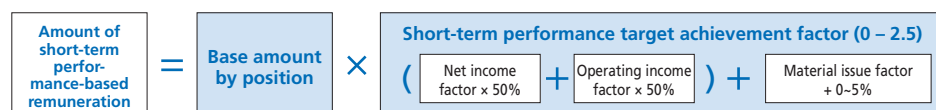
### Basic remuneration (Cash payments)

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

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

Short-term performance-based remuneration is paid annually in a certain period of time after the end of each fiscal year to eligible Board Directors in the form of restricted shares that are subject to transfer restrictions until their retirement. Under the basic policy of the Company, the composition ratio between the basic remuneration and the short-term performance-based remuneration is, in principle, 1:1.9 to 1:3.2, in accordance with the nature of duties performed by individual Board Directors and their actual performance. The short-term performance-based remuneration fluctuates in a range of 0 to 2.5 times the base amount by position.

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



#### Performance targets (FY2023)

Indicators	Target (Millions of yen)	Result (Millions of yen)
Net income attributable to owners of the Company	420,000	489,074
Operating income	780,000	876,068

#### Materiality targets and results (FY2023)

Material issues	Indicators	Target	Result
Contributing to the global environment with the power of technology	Base station renewable energy ratio*1	80% or more	81.8%*2
	Expansion of 5G standalone (SA) coverage:		
Building high-quality social communication networks	Smartphone SA in key areas of all prefectures	Number of prefectures: 10	Number of prefectures: 3
	Number of major network accidents	Zero	2
	Number of major accidents involving information security	Zero	Zero
Building society and industry through digital transformation (DX)	Solutions and other sales: CAGR (compound annual growth rate)	10% or more	15.7%
Developing a resilient management foundation	Inclusion in DJSI World	Successfully included	Successfully included

\*1 Measure to achieve carbon neutrality by FY2030.

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

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

Medium-term performance-based remuneration is paid once every three years in a certain period of time after the end of each fiscal year to eligible Board Directors in the form of restricted shares that are subject to transfer restrictions until their retirement. Under the basic policy of the Company, the composition ratio between the basic remuneration and the medium-term performance-based remuneration is, in principle, 1:1.1 to 1:2.1\*3, in accordance with the nature of duties performed by individual Board Directors and their actual performance. The medium-term performance-based remuneration fluctuates in a range of 0 to 3.0 times the base amount by position. Total shareholder return (TSR) is used as a performance-linked indicator that determines medium-term performance target achievement, in order to further promote value sharing with stakeholders and to raise awareness among Board Directors of medium- to long-term share price improvements. The amount of medium-term performance-based remuneration is determined by multiplying the base amount as determined by position, by a TSR factor (0 to 3.0 times) corresponding to relative TSR in the past three years.



\*3 From May 2024 onward

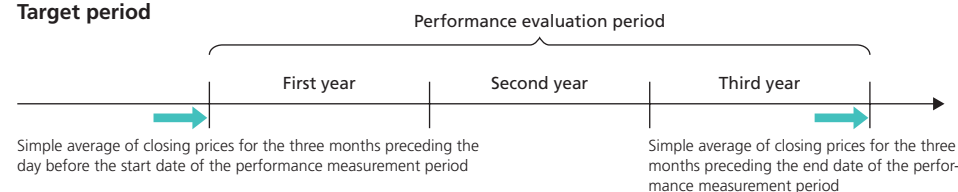
#### Relative TSR over performance measurement period from FY2021 to FY2023

Indicators	Result
(1) The Company's TSR*4	156.51
(2) Growth rate of TOPIX stock price index including dividends*5	147.61
(3) Relative TSR ((1) ÷ (2) × 100)	106.03

\*4 The Company's TSR = (Simple average of the closing prices of the Company's common stock on the Tokyo Stock Exchange for the three months preceding the end date of the performance measurement period + Cumulative amount of dividends of surplus per share paid by the Company during the performance measurement period) / Simple average of the closing prices of the Company's common stock on the Tokyo Stock Exchange for the three months preceding the day before the start date of the performance measurement period × 100

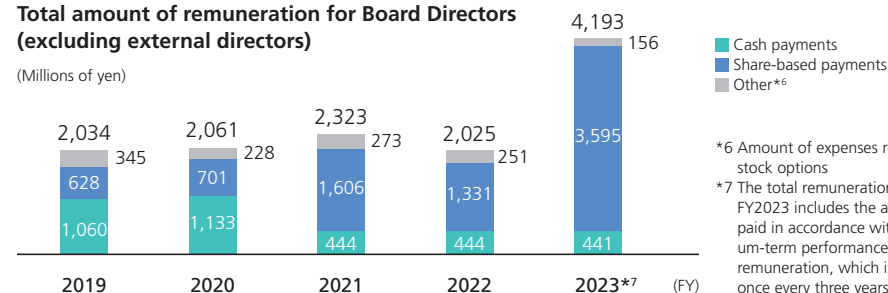
\*5 Growth rate of TOPIX stock price index including dividends = Simple average of the closing prices of the TOPIX stock price index including dividends for the three months preceding the end date of the performance measurement period / Simple average of the closing prices of the TOPIX stock price index including dividends for the three months preceding the day before the start date of the performance measurement period × 100

#### Target period



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

(Millions of yen)



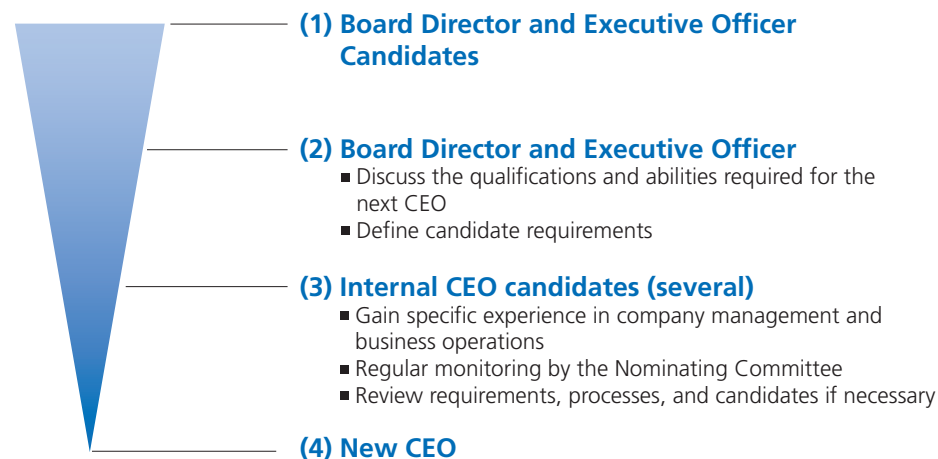
\*6 Amount of expenses related to stock options

\*7 The total remuneration for FY2023 includes the amount paid in accordance with medium-term performance-based remuneration, which is paid once every three years.

## Corporate Governance

# CEO Succession Plan

Candidates to succeed the CEO are appointed as Board Directors and Executive Officers, whereby future successors are developed and their suitability are overseen. For CEO succession, the Nominating Committee discusses the qualifications and abilities required of the next CEO 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 360-degree evaluations and internal and external communications. Through this protocol, it is ensured that the most appropriate successor can be nominated.



## Skill Matrix (Skill Definition)

To achieve long-term corporate value enhancement, we have defined the skills required of Board Directors and Audit & Supervisory Board Members as follows, with a view to structuring the Board of Directors and Audit & Supervisory Board to ensure a balance of knowledge, experience, and abilities, as well as diversity in the areas of management, finance, legal/risk, digital/technology, sales/marketing, global, and sustainability.
















Item	Sub-item	Description
Management	Corporate Management	Based on the Group's shared corporate philosophy of "Information Revolution – Happiness for everyone," extensive and deep knowledge and experience in corporate management are required to formulate and implement management strategies and plans over the medium- and long-term, and to supervise the effectiveness of such strategies and plans.
Finance	Finance / Accounting / Banking / Investment	Extensive and deep knowledge and experience in finance, accounting, banking, investment, etc. are required to achieve the financial targets set forth in the Group's Medium-term Management Plan, to formulate and implement strategies for achieving both growth and high shareholder returns, and to supervise these strategies appropriately.
Legal / Risk	Legal / Risk / Labor-management / Compliance	Extensive and deep knowledge and experience in legal affairs, risk management, labor-management, compliance, etc. are required to implement and supervise appropriate risk management, including compliance with domestic and foreign laws and regulations related to the management and business of the Group.
Digital / Technology	Information & Communications technology / High-tech	Extensive and deep knowledge and experience in advanced technologies in the information technology field in addition to the information and communications technology as a core business are required to realize the Group's vision of becoming "the corporate group needed most by people around the world," and a corporation that provides Next-generation Social Infrastructure essential for the development of a digital society, as well as to promote the growth strategy <i>Beyond Carrier</i> and aim to maximize corporate value.
Sales / Marketing	Business Strategy / Marketing / Sales	Extensive and deep knowledge and experience in business strategy, marketing and sales are required to plan and accurately implement the Group's various businesses both in Japan and overseas, and to improve profit.
Global	Global Business	Extensive and deep knowledge and experience in overseas business management and the business environment are required to plan and accurately implement the Group's global business.
Sustainability	Sustainability Strategy / ESG	Extensive and deep knowledge and experience in sustainability management that supports corporate sustainability, including environment (including climate change), society, and governance, are required to contribute to the creation of a sustainable society and to formulate, integrate, and promote strategies for the Group to continue to grow sustainably, as well as to supervise these strategies appropriately.

## Corporate Governance

# Skill Matrix of Board Directors and Audit & Supervisory Board Members (As of June 20, 2024)

As the guiding force of the Company's management, the Board of Directors makes decisions on important matters and supervises the status of business operations by each Board Director by grasping issues and risks associated with the execution of strategies from multiple perspectives. The Audit & Supervisory Board confirms the appropriateness of the status of Board Directors' execution of their duties. Based on such functions, the Company appoints the Board Directors and Audit & Supervisory Board Members with a high level of specialized knowledge, experience, and insight, bearing in mind the balance of knowledge, experience, and abilities as well as diversity.

◎ Primary Skills ○ Supplementary Skills

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

(Note) This table does not show all of the skills possessed by each Board Director/Audit & Supervisory Board Member.

## Corporate Governance

## Activities of External Directors and External Audit &amp; Supervisory Board Members

The activities of each external director and external Audit & Supervisory Board Member for FY2023 are as follows.

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

Name	Position in the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Number of the Company shares held	Expected role and main activities
Shuji Kojima*5 <small>Independent Officer</small>	External Audit & Supervisory Board Member	100% (11/11)	100% (13/13)	2,400 shares	Makes necessary remarks to ensure the appropriateness of decision making from an expert perspective based on extensive knowledge and experience related to human resources, compliance, risk management, and finance and accounting.
Yoko Kudo <small>Independent Officer</small>	External Audit & Supervisory Board Member	100% (13/13)	94.1% (16/17)	2,100 shares	Makes necessary remarks to ensure the appropriateness of decision-making from an expert perspective based on extensive knowledge and experience concerning finance and accounting.

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

\*2 As of June 20, 2024

\*3 External Director Kyoko Uemura resigned on June 20, 2024.

\*4 As of June 20, 2023

\*5 Information on Audit & Supervisory Board Member Shuji Kojima is as of his appointment on June 20, 2023.

## Corporate Governance

Board Directors and Audit & Supervisory Board Members (As of June 20, 2024)

○ Nominating Committee Member  
 ● Chair of Nominating Committee

△ Remuneration Committee Member  
 ▲ Chair of Remuneration Committee

**Yasuyuki Imai**

Director &amp; Chairman



After a stint with KAJIMA CORPORATION that started in April 1982, Mr. Imai joined SOFTBANK Corp. (currently SoftBank Group Corp.) in April 2000. Since taking office as the Company's Corporate Officer in October 2007, he has served in prominent positions at the Company, primarily head of the Enterprise segment. Since becoming the Company's Representative Director & COO in April 2017, he has contributed to the Company's growth. He has supervised the entire Group as the Company's Director & Chairman since April 2024.

**Junichi Miyakawa**

President &amp; CEO

○△



Mr. Miyakawa became Representative Director & President of KK Momotaro Internet in December 1991 and has served as president and representative director of several telecommunications companies, including Nagoya Metallic Communications Corp. (currently the Company) in June 2000. He has extensive knowledge of cutting-edge technologies, and has contributed to the growth of the Company primarily as the head of the technology unit since taking office as Director & Executive Vice President (CTO) of Vodafone K.K. (currently the Company) in April 2006. Before joining the Group, he established and managed his own telecommunications company, and more recently, has served as President of multiple Group companies, accumulating a proven track record in management. From April 2021, he assumed a leadership role as President & CEO of the Company, directing management and business operations with the aim of further growing the Company's core telecommunications business while expanding into areas outside of telecommunications.

**Jun Shimba**Representative Director  
& COO

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

**Kazuhiko Fujihara**Board Director,  
Executive Vice President  
& CFO

After a stint with Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation) that started in April 1982, Mr. Fujihara joined SOFTBANK Corp. (currently SoftBank Group Corp.) in April 2001. Since taking office as the Company's Managing Executive Officer (CFO) in April 2006, he has consistently played a key role in the overall management of the Company as the person responsible for the financial area, mainly management planning, finance, accounting, and purchasing, and contributed to the Company's growth. In April 2018, he was appointed as Board Director, Executive Vice President & CFO of the Company. He is a certified public accountant in the State of Illinois in the US.

**Masayoshi Son**

Board Director, Founder



Mr. Son founded SOFTBANK Corp. (currently SoftBank Group Corp.) in September 1981. He became Chairman of the Board, President & CEO of Vodafone K.K. (currently the Company) in April 2006 and has been serving as Board Director, Founder of the Company since April 2021. As the founder of SoftBank Group Corp., Mr. Son has extensive knowledge and experience in corporate management, business strategy, M&A, etc.

## Corporate Governance

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

## Atsushi Horiba



Lead Independent External Director

Independent Officer



Having served as Representative Director of HORIBA, Ltd. for 32 years since 1992, Mr. Horiba has been leading the growth of the HORIBA group and therefore has a wealth of management experience. The Company expects him to supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company.

## Takehiro Kamigama



External Director

Independent Officer



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

## Kazuaki Oki



External Director

Independent Officer



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

## Naomi Koshi



External Director

Independent Officer



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

## Maki Sakamoto

External Director

Newly appointed Officer Independent Officer



Ms. Sakamoto specializes in informatics as a professor at the University of Electro-Communications and has extensive knowledge and experience in AI and other technologies. 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.

## Hiroko Sasaki

External Director

Newly appointed Officer Independent Officer



Ms. Sasaki founded her own companies with a vision to transform companies and has extensive management experience, including assisting hundreds of companies with organizational transformation, management human resource development, and resolving issues facing people trying to maintain a career while burdened with nursing care. She has also served as a member of expert committees on the promotion of diversity at several large companies, and the Company expects her to give advice on the overall management of the Company.

## Shuji Kojima

Full-time Audit &amp; Supervisory Board Member (External)

Independent Officer



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

## Eiji Shimagami

Full-time Audit &amp; Supervisory Board Member



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

## Kazuko Kimiwada

Audit &amp; Supervisory Board Member



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

## Yoko Kudo

External Audit &amp; Supervisory Board Member

Independent Officer



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

## Corporate Governance

# Status of Audit

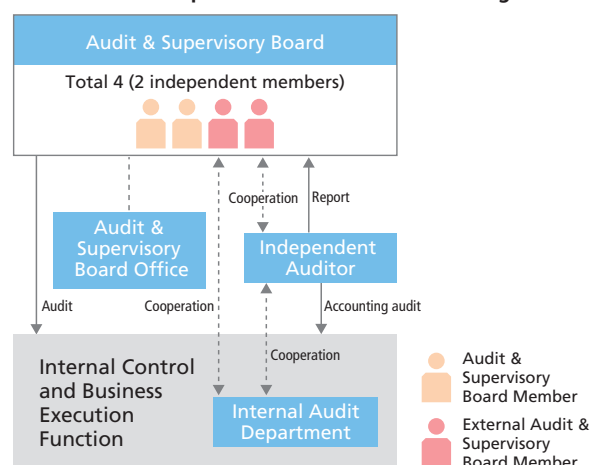
### Management of the Audit & Supervisory Board

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

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

The Audit & Supervisory Board Office has been established to support the duties of all Audit & Supervisory Board Members. The Office comprises five dedicated personnel who act under the direction of the Audit & Supervisory Board Members to gather information, investigate matters, and provide other assistance. In addition, the external directors, Audit & Supervisory Board, and its Members work together through active discussions and exchanges of opinions as necessary at Board of Directors meetings. In FY2023, the Audit & Supervisory Board met 17 times, with each meeting taking an average of about two hours.

### Structure and cooperation framework of auditing



### Overview of the internal audit activities

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

The annual audit plan is submitted to the Board of Directors for resolution each year. The process of formulating the plan not only incorporates the perspective of company-wide risks recognized by the three Representative Directors and 59 members of management (board directors, external directors, unit heads, executive officers, division heads, etc.), but also takes into consideration the opinions of the Audit & Supervisory Board Members and Independent Auditor (Deloitte Touche Tohmatsu LLC).

In addition, at the end of the first half of the fiscal year, management interviews are conducted again to review the annual audit plan on a rolling basis, which enhances internal audits in line with changes in the management and business environment and risks surrounding the Company.

In FY2023, a total of 19 internal audits were conducted. These included an internal audit of the effectiveness of our ESG activities, which was conducted in continuation with the SDGs audit conducted in 2021, in response to the growing expectations and interest of stakeholders for companies to take on initiatives addressing social issues. Furthermore, internal audits focusing on legal compliance and operational effectiveness were also conducted.

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

The Internal Audit Department specializes in conducting internal audits (the Internal Control Division and Compliance Department are responsible for evaluating the internal control reporting system and compliance investigations, respectively). It

has a total of 26 personnel (as of the end of FY2023), all of whom are dedicated to internal audit work. In conducting internal audits, the Department complies with the International Professional Practices Framework (IPPF) established by The Institute of Internal Auditors, based on the Internal Audit Regulations approved by the Board of Directors.

In addition, ensuring the independence of internal audits is included as an item in the internal quality evaluation conducted annually to determine compliance with the IPPF standards within the organization, and the results of the evaluation are reported to the Board of Directors. Moreover, in accordance with IPPF standards, the Company has undergone external quality evaluations once every five years since 2013, for a total of three evaluations, and has received a “generally conforms” (GC) evaluation for all of them.

In the most recent evaluation conducted in FY2023, there were no issues raised in any of the items checked.

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

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

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



# Risk Management

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

## Risk management structure

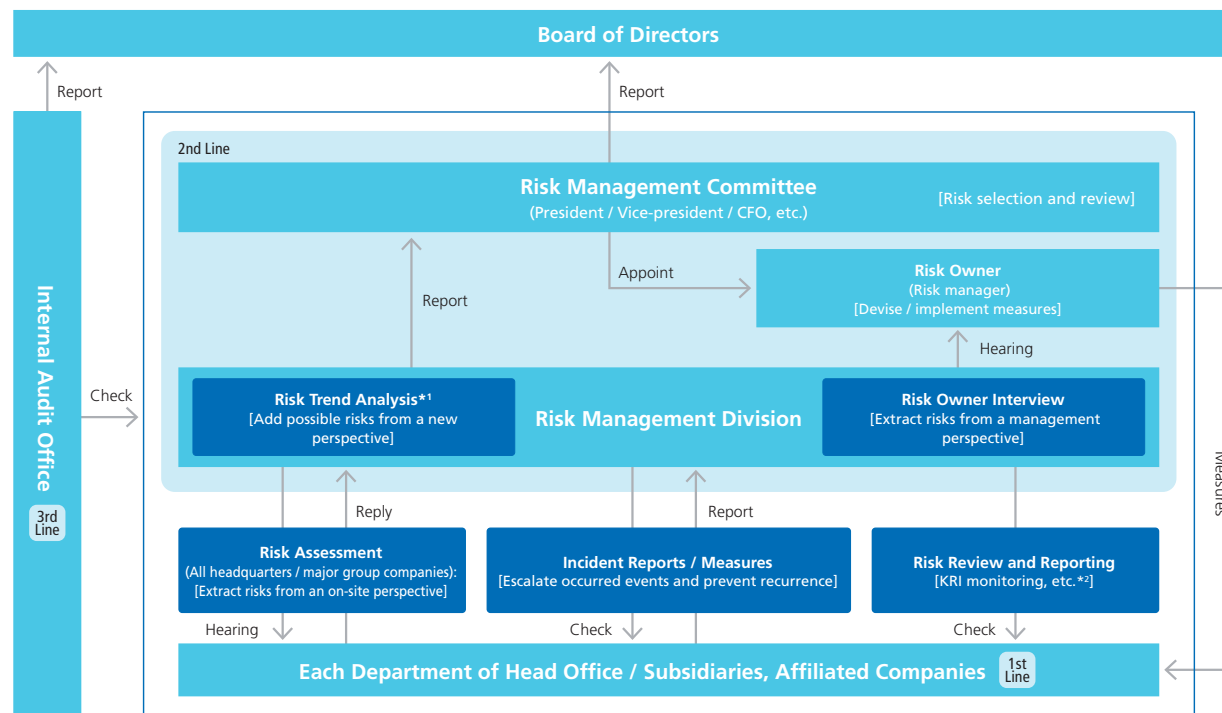
In order to identify company-wide risks from various angles and prevent the materialization of risks, we have established a management system based on the concept of a three-line model. The first line is where each department in the head office conducts reviews that includes risks when devising various measures and policies on the ground, while also carrying out risk management in their own departments. The second line is where the Risk Management Division, an organization independent from business departments, headed by a the head of the Risk Management Division charged with overseeing risk management, conducts company-wide and comprehensive identification of risks and confirmation of the status of measures taken (conducted twice a year), and reports to the Risk Management Committee. The Risk Management Committee, which includes the President, COO, CFO, etc. as members and in which the Audit & Supervisory Board Members and heads of the relevant departments also participate, determines the level of importance and the risk manager (risk owner) for each risk, gives instructions to take measures, etc. and through the head of the Risk Management Division, reports the status to the Board of Directors. The committee also supervises

risks that may have a significant impact on the Group with a Director experienced in information security (Representative Director, President & CEO Junichi Miyakawa) playing a central role.

The Internal Audit Office conducts an independent audits the entire risk management system and situation from a position independent from the first and second lines.

In conjunction with this, the head of the Risk Management Division reports the content of reviews by the Risk Management Committee, including the risk identification process, to external (non-executive) directors and auditors who supervise the execution of company operations, and seeks their opinion on risk management methods and points for improvement, etc., which is reflected into measures, etc. for risk management countermeasures.

In addition, we establish a reporting system for subsidiaries and affiliated companies, and conduct periodic checks of business-related risks identified by each subsidiary and affiliated company and countermeasure status, from the standpoint of risk management for the Group overall.



\*1 Risk trend analysis: a technique where the latest news and public information is analyzed to provide material for identifying risks from new perspectives.

\*2 KRI: Key Risk Indicators

(Note) The head of the Risk Management Division and the head of the Internal Audit Office independently report on risk management and audits to the Board of Directors based on their respective capacities.

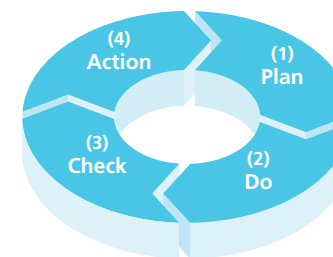
(Note) We are working to further improve our risk management system through by outside evaluation of risk management by a third-party organization. This includes verification concerning evaluation of our risk management system and risk management process (conducted this fiscal year) in accordance with ISO 31000 (JISQ31000), as well as outside evaluation of risk management through an internal control reporting system as stipulated by the Financial Instruments and Exchange Act and evaluation of internal control (conducted once a year) that complies with SSAE18.

(Note) Please refer to "[risk management](#)" on our website for details.

# Risk Management

## Risk management methods

When devising various policies and measures, not only are we reviewing potential risks in conjunction with business opportunities, we are also implementing a PDCA cycle, as illustrated below, on a regular basis to identify, select, and assess a wide range of risks for the Group, through which we are working to uncover, mitigate, and prevent increasingly complex and diverse risks before they occur.



### PDCA cycle

<b>(1) Plan</b>	The Risk Management Division conducts risk assessments using a risk classification table (compiled from risk scenarios relevant to SoftBank and its subsidiaries and affiliates), interviews with the heads of each division in the company and the management of our principal subsidiaries and affiliates, interviews with each risk owners for the fiscal year, and the Risk Management Committee identifies risks that have a significant impact on the Company based both on perspectives from the field and from the perspective of management and appoints risk owners. We do this to conduct a more multifaceted risk analysis aimed at identifying risks from various viewpoints by collecting information by means of providing information beforehand, such as external environment reports that include risks and opportunities, and raising questions that include short-term and medium- to long-term viewpoints.
<b>(2) Do</b>	Risk owners review and implement measures, etc. for risks based on those that the Risk Management Committee has determined to have a significant impact on the Company.
<b>(3) Check</b>	The Risk Management Division monitors the status of measures by risk owners on a monthly basis, and reports to management and the Risk Management Committee. Based on these reports, the Risk Management Committee checks the implementation status, etc. of measures, reviews risks, and checks the necessity, etc. of additional measures.
<b>(4) Action</b>	Risk owners examine and implement improvements and additional measures, etc. for any additional measures that are determined to be necessary by the Risk Management Committee.

### Yearly schedule

P Plan  
 D Do  
 C Check  
 A Action

FY	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
<b>Disclosure</b>			★ Securities Report									
<b>Board of Directors*3</b>							Reporting on status of measures <span style="color: #00A0C0; font-weight: bold;">C</span>		Input on measure status reporting, risk-related information through training, etc. <span style="color: #00A0C0; font-weight: bold;">C</span>			
<b>Risk Management Committee</b>							Around October <span style="color: #00A0C0; font-weight: bold;">C</span> Risk Management Committee (interim report)				Around February <span style="color: #00A0C0; font-weight: bold;">P</span> Risk Management Committee (risk selection and review)	
<b>Risk Owner</b>		<span style="color: #00A0C0; font-weight: bold;">D</span> Devise and implement measures to address risks							<span style="color: #00A0C0; font-weight: bold;">A</span> Devise/implement additional measures to address priority risk			
							<span style="color: #00A0C0; font-weight: bold;">P</span> Risk owner interview					
<b>Risk Management Division</b>					<span style="color: #00A0C0; font-weight: bold;">C</span> Checks on the status of measures (first half)			<span style="color: #00A0C0; font-weight: bold;">C</span> Checks on the status of measures (second half)				
	<span style="color: #00A0C0; font-weight: bold;">C</span> KRI monitoring (monthly)											
<b>Department of Head Office / Subsidiaries, Affiliated Companies</b>				<span style="color: #00A0C0; font-weight: bold;">P</span> Risk assessment								

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

## Risk Management

# Addressing Risks That Have Significant Impact on the Company

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

### Risk related to management strategy

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

(Note) Please refer to "[addressing risks that have significant impact on the Company](#)" on our website for details.

## Risk Management

### Risk related to management strategy

Risk items	Typical risk examples	Risk reduction measures
<b>f. Corporate acquisition, business alliances, establishment of joint ventures, organizational restructuring within the Group</b>		
<ul style="list-style-type: none"> <li>Investment and loans</li> </ul>	<ul style="list-style-type: none"> <li>Risk of investee companies being unable to perform as expected; risk of business partnerships and joint ventures not producing expected results</li> </ul>	<ul style="list-style-type: none"> <li>Conduct sufficient due diligence when considering each investment to make investment decisions in accordance with the prescribed approval process</li> </ul>
<b>g. Dependence on other companies' management resources</b>		
<b>(a) Outsourcing</b> <ul style="list-style-type: none"> <li>Inappropriate management of information by outsourced companies</li> </ul>	<ul style="list-style-type: none"> <li>Risk of outsourced companies being unable to perform work as expected</li> <li>Risk of infringing on customers' human rights as a result of an outsourced company fraudulently acquiring Group and customer information or using it for other purposes</li> </ul>	<ul style="list-style-type: none"> <li>Conduct periodic audits of outsourced companies' work</li> <li>Evaluate and select the supplier in accordance with our purchasing rules</li> </ul>
<b>(b) Use of other companies' facilities</b> <ul style="list-style-type: none"> <li>Other companies' management resources</li> </ul>	<ul style="list-style-type: none"> <li>Risk of becoming unable to continue using communication line facilities owned by other operators</li> </ul>	<ul style="list-style-type: none"> <li>Use multiple operators' communication line facilities</li> </ul>
<b>(c) Procurement of various equipment</b> <ul style="list-style-type: none"> <li>Supply disruptions</li> <li>Delivery delays</li> </ul>	<ul style="list-style-type: none"> <li>Risk of supply disruptions, delivery delays, etc. in the procurement of telecommunication equipment, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Build networks by procuring equipment from multiple suppliers</li> </ul>
<b>h. Use of the SoftBank brand</b>		
<ul style="list-style-type: none"> <li>Brand use</li> </ul>	<ul style="list-style-type: none"> <li>Risk that our actions negatively impact the trust or interests of SoftBank Group Corp. and we become unable to use the SoftBank brand</li> </ul>	<ul style="list-style-type: none"> <li>Bolster the system for checking prior to using the brand, release materials related to brand use, and conduct training</li> </ul>
<b>i. Service interruption or degradation due to related system failure</b>		
<ul style="list-style-type: none"> <li>System failures</li> </ul>	<ul style="list-style-type: none"> <li>Risk of becoming unable to continuously provide service for customer-facing systems, the PayPay cashless payment service etc. due to human error, equipment/system problems, cyber attack by a third party, hacking, or other unauthorized access</li> </ul>	<ul style="list-style-type: none"> <li>Add redundancy to the network and clarify recovery procedures in case of failure or other accidents</li> </ul>
<b>j. Training and securing human resources</b>		
<ul style="list-style-type: none"> <li>Human resources (hiring, training)</li> <li>Labor management (overwork, etc.)</li> <li>Human rights</li> <li>Diversity</li> </ul>	<ul style="list-style-type: none"> <li>Risk of being unable to secure engineers or other human resources necessary for business operation as planned</li> <li>Risk of reducing society's trust and confidence in SoftBank due to being unable to meet social demands for consideration for basic human rights</li> <li>Risk of reducing society's trust and confidence in SoftBank due to being unable to meet social demands for respecting diversity and demonstrating their full potential</li> </ul>	<ul style="list-style-type: none"> <li>Adopt a remuneration system that considers the expertise of human resources with high market value</li> <li>Establish a human rights policy and human rights due diligence process; conduct risk assessments</li> <li>Ensure company-wide awareness of efforts related to diversity; conduct training</li> </ul>
<b>k. Climate change</b>		
<ul style="list-style-type: none"> <li>Increasing damage from natural disasters</li> <li>Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Risk of higher restoration and maintenance costs due to an increase in disaster-affected facilities and worsening of damage</li> <li>Risk of financial losses due to impacts on supply chains from the loss of biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Promote redundancy of core networks and secure communications in the event of a disaster, etc.</li> <li>Conduct risk assessment on the impacts that business has on biodiversity</li> </ul>

(Note) Please refer to "[addressing risks that have significant impact on the Company](#)" on our website for details.



## Risk Management

### Identification and assessment of negative human rights impacts

As part of our human rights due diligence, we have been conducting assessments to identify human rights risks in key segments since FY2020. The key themes, targeted segments, and assessment results for the FY2023 assessment are as follows.

Key themes in assessment	Targeted segments
<ol style="list-style-type: none"> <li>1. Basic attitude toward human rights and major initiatives</li> <li>2. Prohibit forced labor, trafficking in persons and child labor (avoidance of complicity in human rights abuses)</li> <li>3. Prohibition of harassment and discrimination</li> <li>4. Reduction of working hours</li> <li>5. Appropriate wages and benefits</li> <li>6. Employees' freedom of association and right to organize</li> <li>7. Respect for the environment and local communities</li> </ol>	<ol style="list-style-type: none"> <li>1. Value chain               <ol style="list-style-type: none"> <li>(1) Key suppliers</li> <li>(2) Sales agents operating <i>SoftBank</i> stores and <i>Y!mobile</i> stores</li> </ol> </li> <li>2. Our Group companies: Own business (the Group), joint ventures (affiliates, etc.)</li> <li>3. Investment targets at the time of considering investment</li> <li>4. Employees of the Company</li> </ol>
(Note) Please refer to " <a href="#">human rights self-assessment items</a> " for details.	(Note) Please refer to " <a href="#">list of assessment results</a> " for details.

### Human rights assessment by segment

#### Human rights assessment for the value chain

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

(Note) Please refer to "[results of human rights assessments on the value chain](#)" for details.

#### Human rights assessment for Group companies

Self-assessments on human rights were conducted for our Company and 145 domestic and overseas subsidiaries, and 28 affiliated companies. As a result, no apparent human rights impacts were found. On the other hand, for the 15 companies (including 2 affiliates) where potential human rights risks were identified, we did not only requested improvements, but also provided support for improvement initiatives by providing manuals describing risk mitigation procedures, necessary survey forms, and educational content for employees at each company. We will continue to implement the self-assessments on a regular basis and strive to further reduce risks through continuous monitoring and improvement proposals.

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

In addition to conducting human rights assessments for existing business activities, we also conduct human rights assessments from the perspective of respecting human rights when launching new

businesses. The assessment items cover important issues related to human rights, such as prohibition of forced labor, prohibition of discrimination, prohibition of harassment, respect for the right to organize, and prohibition of child labor, and passing the assessment has become one of our investment criteria.

(Note) Please refer to "[human rights assessment when considering joint venture investment](#)" for details.

### Human rights assessment for our employees

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

<b>Conduct HR interviews/roundtable discussions with employee</b>	<p>The HR Division conducted HR interviews with employees from FY2015 to FY2021 to understand the condition of employees (cumulative total of 26,100 employees). If any risks related to human rights were identified, we promptly took remedial action in cooperation with the relevant divisions. Furthermore, since FY2022 we have held talks between the HR department head and employees at nine major business locations nationwide (a total of 166 employees have attended). We will continue to place importance on dialogue with employees to understand and improve the actual situation onsite.</p>
<b>Conducted human rights survey for employees</b>	<p>Every year, we conduct training and provide educational content to employees on human rights, with a focus on discrimination and harassment. In addition, all employees are informed of a consultation service in the event of human rights violations, and efforts are made to prevent human rights violations before they occur. In cases where human rights violations do occur, we handle them strictly in accordance with the regulations. Furthermore, we conduct an annual survey of all employees to identify any actual or potential human rights violations. In FY2023, a survey was conducted to 26,500 employees, and no responses were received requesting remedy for human rights violations in the workplace. However, based on the results of the survey, we have identified eight issues (five of which are key issues) that could become human rights risks, and we are working with the divisions in charge to examine and implement measures to reduce these risks. The results of this survey and risk mitigation measures are made available to employees. We will continue to respect the human rights of our employees through continuous surveys and monitoring.</p>

(Note) Please refer to "[question items in survey on human rights for employees](#)" for details.

### Response to customer harassment

In order to maintain a healthy relationship with our customers and ensure an appropriate working environment for employees at both the Company and our subcontractors, we have developed "Our Approach to Customer Harassment." Based on a manual published by Japan's Ministry of Health, Labour and Welfare, we have defined actions that constitute customer harassment and outlined how we will respond to such actions.

We are implementing various measures to address customer harassment, including the establishment of a consultation service and the distribution of response manuals to stores and call centers.

(Note) Please refer to "[our approach to customer harassment](#)" on our website for details.

## Risk Management

# Information Security and AI Governance

## Information security

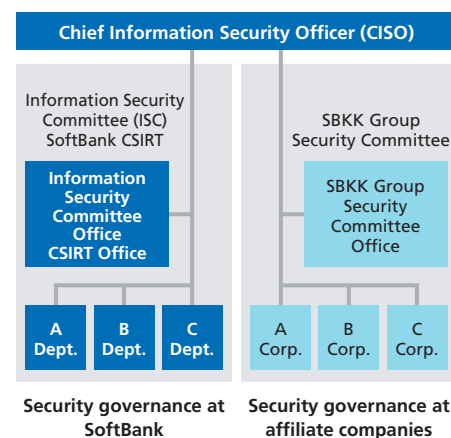
### Policy

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

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

### Information security governance

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



### Security measures

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

(Note) Please refer to "[information security](#)" on our website for details.

### Continuous security enhancement

In response to the spread of digital devices, advances in AI and increasingly sophisticated cyberattacks, we strive to continuously strengthen security by adopting the latest technologies, improve the security mindset of our employees through education, and train specialists in the field of security.

#### (1) Monitoring technology

While the early detection of incidents is becoming increasingly difficult due to the growing complexity of attack techniques in recent years, the number of detected incidents is on the rise each day. SoftBank strives to improve the quality of monitoring by continuously upgrading detection methods, implementing analysis and solutions by referring to threat intelligence (information useful to detecting and blocking attacks), and automating response operations so that no signs of attack are missed.

#### (2) Monitoring of threats and attacks

By monitoring communication log data collected from digital devices, such as PCs and smartphones, and machines such as servers, we anticipate and determine threats from multiple angles: suspicious communications inside or outside of our organization, potential malware infections, and others. We have built information sharing processes with security organizations we belong to and with security vendors to ensure we are aware of the latest trends by reviewing incidents at other companies and reports on vulnerabilities and attacks.

We aim to detect sophisticated and complex attacks as early as possible by implementing Security Information and Event Management (SIEM), a tool to detect the latest attacks, whereby various data logs can be collected and correlation analysis be performed.

## Risk Management

### (3) Monitoring of telecommunication networks security

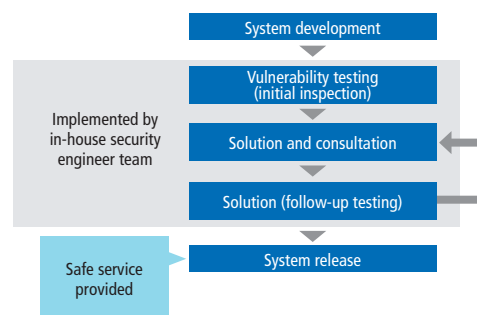
Since telecommunications networks serve as social infrastructure, expectations for their reliability and quality are higher than ever before. SoftBank, as a telecommunications provider, performs different kinds of monitoring to provide a stable telecommunications network. Monitoring security is one part of this effort.

What 5G networks can bring include not only higher speeds but also ultra-low latency and massive device connectivity. It is expected that 5G will enable a variety of use cases like remote operations and autonomous driving. SoftBank is building an even more stringent security monitoring system to respond to changes in data traffic caused by DDoS attacks and to counter cyberattackers' attempts to access 5G equipment.

### (4) Security testing

If SoftBank launches services with deficient equipment or latent vulnerabilities, our network and system could be subject to attacks, potentially resulting in harm to customers. Our security engineer team carries out complete vulnerability testing and issues instructions to address any vulnerabilities detected so that we can provide safe services.

Since new vulnerabilities can emerge even after the release of a service we continue vulnerability testing and follow-ups to minimize security risks.



### (5) Enhancement of internal security environment

We are responding to sophisticated attacks by utilizing various security solutions including MDM (Mobile Device Management) and EDR (Endpoint Detection and Response). Additionally, we carry out simulation exercises on targeted attack e-mails, to help strengthen our internal network security.

Some solutions and technologies that we have internally implemented and verified effectiveness are offered to enterprise customers as security services.

## AI governance

Under our *Beyond Carrier* strategy, we are working to provide innovative services and promote DX by going beyond just being a traditional telecommunications carrier and leveraging cutting-edge technologies such as AI and IoT. Among these cutting-edge technologies, AI has been widely used in all industries in recent years and is expected to see more diverse applications and become increasingly sophisticated in the future. On the other hand, depending on how it is used, it is possible that AI could yield discriminatory assessments or selection, disseminate misinformation or false information, and infringe on the rights of others. This highlights the need for ethical considerations and caution when using the technology.

In light of this, in July 2022, we formulated the “SoftBank AI Ethics Policy” for the purpose of ensuring the appropriate use of AI and delivering safe and reliable services to customers. More specifically, the policy sets out six main guidelines: (1) human-centeredness; (2) respect for fairness; (3) pursuit of transparency and accountability; (4) ensuring safety; (5) privacy protection and security; and (6) development of AI human resources and literacy. We will operate our business and develop services in accordance with these guidelines.

In addition, we have put in place a framework to adopt this policy adopted throughout the Group, and as of July 2024, 74 Group companies have decided to implement it.

Furthermore, in April 2024, we established the “AI Ethics Committee” comprising AI experts from within and outside the Company. This committee discusses and provides recommendations on various ethical issues concerning AI. The very first AI Ethics Committee meeting was held in July 2024 and attended by Senior Vice President & CISO Tadashi Iida, who served as chair, as well as external experts and committee members from within the Company. After sharing information about how SoftBank is utilizing AI and its governance efforts, the committee engaged in candid discussions on a wide range of topics, including AI-related risks and countermeasures, how rules are being formulated in Japan and overseas, and the application of SoftBank’s policy at Group companies.

As AI technology rapidly evolves and its associated challenges become more complex on a global scale, we will continue to incorporate the broad-ranging perspectives and insights of external experts in an effort to achieve objective and highly effective AI governance based on the perspectives of users.



# Environmental Initiatives

Being in the telecommunications business and other businesses that consume a lot of electricity, we believe that it is our responsibility as a company to help resolve climate change issues in order to create a sustainable society. This section provides details on our environment-related goals and explains key initiatives we are undertaking to achieve them.



**NET  
ZERO**

# Environmental Initiatives

SoftBank supports the TCFD recommendations (📄 P86) and the Paris Agreement, a new international framework for reducing greenhouse gas (GHG) emissions post-2020 which replaces the Kyoto Protocol, and aims to proactively disclose information related to climate change and achieve reduction targets. In addition, the Company has set “contributing to the global environment with the power of technology” as a material issue. To achieve this goal, we will promote the efficient use of electricity by utilizing cutting-edge technology, as well as the introduction, diffusion, and expansion of renewable energy to realize a prosperous society through the widespread adoption of natural energy.

## Group-wide Net Zero Initiatives

In light of the impact of global risks on the Company, SoftBank recognizes the need to actively address climate change measures, natural capital, and the transition to a circular economy. As a measure against climate change, SoftBank declared “Carbon Neutral 2030” in May 2021, aiming to reduce Scope 1 and 2 GHG emissions—emissions from business processes and energy consumption—to zero by FY2030 through the use of AI, IoT and other cutting-edge technologies for energy conservation. On top of this, in August 2022, we announced our “Net Zero” goal of achieving net zero emissions for the entire supply chain, including Scope 3, by 2050. Furthermore, to accelerate decarbonization across society, in June 2023 we expanded our “Net Zero” initiatives to include Group companies\*.

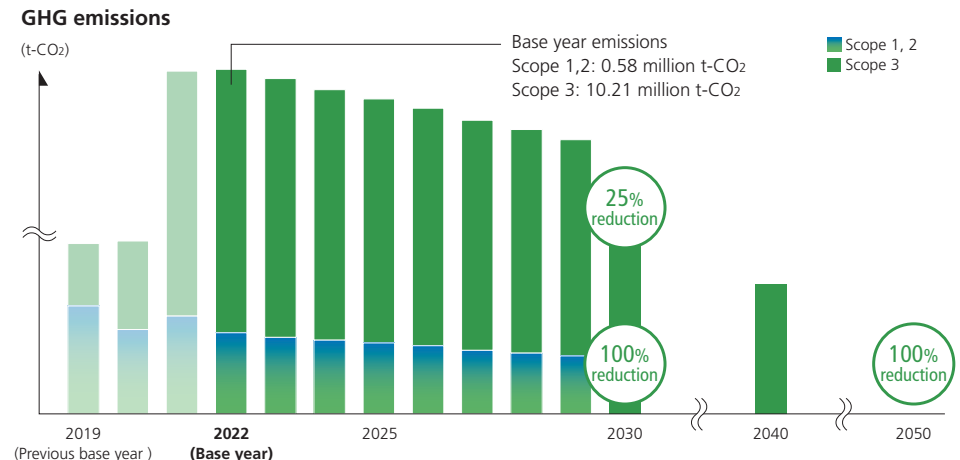
At the same time, with respect to our greenhouse gas emissions reduction targets, in addition to the short-term targets that have already been certified, our long-term targets were certified as science-based targets (SBT Net-Zero) by the Science Based Targets initiative (SBTi), an international climate change initiative.

\*Covers consolidated subsidiaries

### Transition plan to Net Zero by 2050

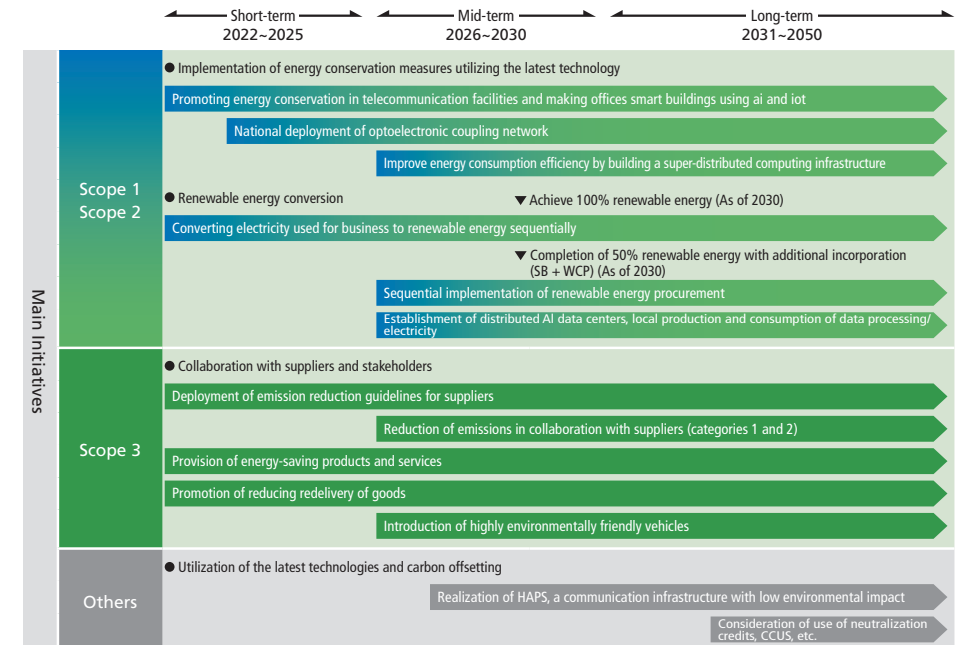
SoftBank Corp. has developed a transition plan to achieve our “Carbon Neutral 2030” and “Net Zero” targets. Our main initiatives to tackle Scope 1 and Scope 2 emissions are the implementation of energy-saving measures through cutting-edge technology and the use of renewable energy for electricity. In the case of Scope 3 emissions, we will hold briefings for suppliers and develop guidelines to promote purchasing activities aimed at achieving net zero.

In addition to the transition plan disclosed here, we will continue to actively disclose information following the recommendations of various disclosure guidelines and initiatives.



(Note 1) The SBT net zero and short-term SBT targets have been certified by SBTi, and the base year emissions and reduction targets are stated based on the certified content.

(Note 2) The transition plan is as of June 2024 and may be revised based on future business strategies.



## Environmental Initiatives

# Disclosure Based on TCFD Recommendations

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



With the growing risk of climate change due to global warming, there is a broad trend to assess the financial impact of climate change on a company's business. The TCFD (Task Force on Climate-related Financial Disclosures) is an international initiative established by the Financial Stability Board (FSB) in 2015 to encourage companies to disclose information on the financial implications of the risks and opportunities that climate change presents to their businesses.

We believe that assessing climate-related risks and opportunities in our business activities and proactively disclosing and enhancing information in line with the framework of "governance, strategy, risk management, and indicators and targets" recommended by the TCFD is important for the sustainable growth of the company.

### Governance

#### Supervisory structure by the Board of Directors

We regard contribution to the realization of a sustainable society as an important management issue, and have identified material issues to be addressed to this end, one of which is "contribute to the mitigation of climate change through technology and business." The ESG Promotion Committee was established in March 2020 as an advisory body to the Board of Directors to promote measures related to this materiality. The committee is chaired by the President & CEO who assumes the position of Chief ESG Promotion Officer. The committee, under the supervision of the Board of Directors, has final responsibility for overall sustainability activities, including strategies related to climate change-related risks and opportunities.

#### Role of management

The ESG Promotion Committee, chaired by the President & CEO and comprising directors and members designated by the Chair, convenes four times a year. The committee discusses important issues such as "Carbon Neutral 2030," which calls for reducing greenhouse gas emissions from electricity and other sources used in business operations to zero by FY2030. The rate of introduction of renewable energy and other measures to achieve carbon neutrality are partially linked to executive compensation.

In addition, the Environment Committee has been established under the oversight of the Executive Officer in Charge of ESG promotion as an organization to manage climate-related risks, promote internal initiatives, and carry out business operations. The Environment Committee is chaired

by the General Manager of the CSR Division and consists of environmental managers from each of our business units and major Group companies. It promotes specific measures to achieve "Carbon Neutral 2030."

### Strategy

In order to consider strategies for adapting to future events related to climate change, we have selected business risks related to the natural environment across the entire organization and conducted two scenario analyses: the rapid achievement of a decarbonized society in the 1.5°C scenario, and the progression of global warming due to insufficient climate change measures in the 4°C scenario. We identified the financial impacts that are expected to occur by 2050, particularly those affecting businesses along the value chain, including upstream and downstream, and identified the risks involved. Additionally, by multiplying the risk intensity evaluated based on our criteria that comprehensively assess financial impact, consumer perspectives, public interest, and human life by the likelihood of these risks materializing, we evaluated the magnitude of business risks as high, medium, or low, based on the timing of occurrence. As a result, while there are no immediate significant business risks, we recognize that in the medium-term, acute physical risks from damage to telecommunications facilities and reputational risks due to inadequate information disclosure, and in the long-term, chronic physical risks from the depletion of water and other resources could have a significant impact on our financial plans.

#### Climate change-related risks and opportunities

Under the 1.5°C global warming scenario, we identified that while reputational and technological risks are limited, there are potential regulatory risks such as carbon taxes associated with increased electricity use. In the 4°C scenario, while the risks from sea level rise and temperature rise are limited, we found that there is a potential risk of more frequent base station outages due to power outages caused by heavy rainfall. In terms of risk countermeasure and opportunities, we have decided upon "Carbon Neutral 2030," in which all electricity and other energy used in our business activities will be renewable energy by FY2030, and have set materiality KPIs regarding the promotion of renewable energy for base station power and the provision of electricity from renewable energy sources. As an interim target of the "Carbon Neutral 2030," we set and achieved the target of completing the conversion of at least 80% of base station electricity to renewable energy by FY2023.

## Environmental Initiatives

### Impact on business strategies and financial planning

Under the 1.5°C scenario, we assumed that there would be no acute or chronic physical risks from climate change at a level that would affect our business. However, we also assumed that the policies and laws and regulations for climate change countermeasures would be strengthened, and we estimated the potential impact if carbon taxes comparable to those in Europe were imposed. We will continue to monitor trends in carbon tax regulations in Japan. In the 4°C scenario, it is generally assumed that there would not be strengthening of policies and laws and regulations, including the strengthening of climate change countermeasures, and that transition risks in the areas of technology, markets and reputation would not materialize. However, assuming that there will be physical impacts of climate change, such as increased severity of extreme weather, we estimated the potential financial impact that may occur in the future based on the damage to SoftBank from torrential rains that triggered special rainfall warnings over the past 10 years. Based on our analysis of the financial impact of such disasters, including recovery costs, we have secured an appropriate budget and are prepared to respond quickly in the event of an emergency.

### Identified risks and opportunities

Classification	Business risk	Anticipated impacts	Scenario	External scenarios	Magnitude of risks*1,2			Response measures/opportunities					
					Short-term	Mid-term	Long-term						
Physical risks	Acute	Worsening damage due to intensified natural disasters associated with ecosystem degradation	1.5°C scenario	IPCC SSP1-1.9	Small	Small	Small	<ul style="list-style-type: none"> <li>Reinforcement of power supply, installation of generators and long-life batteries</li> <li>Improved wind pressure resistance of antenna support columns</li> <li>Redundant backbone network</li> <li>Construction of a highaltitude communication network in the stratosphere</li> </ul>					
			4°C scenario	IPCC SSP5-8.5	Small	Small	Medium						
	Chronic	Expansion of water-stressed areas	1.5°C scenario	IPCC SSP1-1.9	Small	Small	Small						
			4°C scenario	IPCC SSP5-8.5	Small	Small	Medium						
Transition Risks	Market/reputation	Changes in customer behavior and preferences			Small	Medium	Medium	<ul style="list-style-type: none"> <li>Promotion of renewable energy power supply</li> <li>Expansion of remote services and e-commerce markets to reduce human mobility</li> <li>Expansion of businesses related to the sharing economy</li> <li>Expansion of the market for energy-efficient solutions</li> <li>Proactive information disclosure</li> <li>Contribution to the reduction of CO<sub>2</sub> emissions in society as a whole</li> <li>Encourage people to change their behavior through online fundraising, etc.</li> <li>Net zero emissions (Scope 1, 2, 3) (FY2050)</li> <li>Carbon neutrality (Scope 1, 2) (FY2030)</li> <li>Conversion to energy-saving equipment</li> <li>Improve efficiency of electricity use through the use of AI and IoT</li> </ul>					
									Insufficient evaluation of information disclosure	The impact of lost orders, boycotts, as well as on talent acquisition, funding, and stock prices	1.5°C scenario	IEA:NZE/SDS/STEPS	Small
	Tightening of regulations	Increased costs due to the introduction of new tax systems, tightening of regulations, rising litigation risks, etc.	Small	Small	Small								
						Transition to decarbonization technologies	Increased development costs, resulting delays impacting finances, and failures in investments						

\*1 Magnitude of risks: impact is described in large, medium, and small

\*2 Time horizon: short-term (-2023), medium-term (-2025), long-term (2026-)

## Environmental Initiatives

### Risk management

Climate change-related risks are selected and reviewed by the Environment Committee under the supervision of the Executive Officer in Charge of ESG Promotion. The identified risks are analyzed, taking into consideration various external factors, and evaluated by the Executive Officer in Charge of ESG Promotion. As a result of the scenario analyses in FY2023, it was confirmed that there are no significant risks related to changes in strategy.

### Integration into the Company-wide risk management process

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

Climate change risks managed by the Environment Committee are integrated into Company-wide risk management, and through regular risk management cycles, we are working to reduce and prevent risks.

### Metrics and targets

To manage the risks and opportunities that climate change poses to the Company, we manage environmental impact data, including greenhouse gas emissions (Scope 1, 2, 3). In FY2023, GHG emissions were 520,662 t-CO<sub>2</sub> for Scope 1, 2 and 9,808,155 t-CO<sub>2</sub> for Scope 1, 2, 3.

### Targets and performance

As a target towards carbon neutrality, SoftBank aims to reduce greenhouse gas emissions from electricity used in business activities to zero by FY2030. We will promote the reduction of greenhouse gas emissions from all of our facilities and equipment to achieve net zero emissions from FY2030 onward. The carbon neutrality target covers Scope 1 (direct greenhouse gas emissions by the Company itself) and Scope 2 (indirect emissions from the use of electricity, heat and steam supplied by other companies) for SoftBank and its major subsidiaries (representing 100% of consolidated revenue). In June 2023, we announced our goal of achieving “Net Zero” emissions by FY2050 on a Group-wide consolidated basis, which means eliminating all greenhouse gas emissions (supply chain emissions) related to our business activities, including Scope 1, 2, 3 emissions. In June 2024, the greenhouse gas reduction targets of this initiative were certified as science-based targets (SBTs) by the Science Based Targets initiative (SBTi), an international climate change initiative.

Category	Coverage	Unit	FY2023			
			Actual	Target	Evaluation*1	Reduction rate (%) from base year (FY2022)
Greenhouse gas emissions	Scope 1	t-CO <sub>2</sub>	6,369	8,000	○	54.5
	Scope 2		514,293	539,000	○	9.1
	Scope 3		9,287,493	9,660,000*2	○	0.9
	Scope 1, 2 total		520,662	547,000	○	10.2
	Scope 1, 2, 3 total		9,808,155	10,207,000	○	1.4
Greenhouse gas emissions (Scope 1, 2)	Carbon dioxide (CO <sub>2</sub> ) from energy sources	t	519,874	—	—	—
	Carbon dioxide (CO <sub>2</sub> ) from non-energy sources	t	0	—	—	—
	Methane (CH <sub>4</sub> )	t-CO <sub>2</sub>	67	—	—	—
	Nitrous oxide (N <sub>2</sub> O)	t-CO <sub>2</sub>	9.22	—	—	—
	Hydrofluorocarbons (HFCs)	t-CO <sub>2</sub>	712	—	—	—
	Perfluorocarbons (PFCs)	t-CO <sub>2</sub>	0	—	—	—
	Sulfur hexafluoride (SF <sub>6</sub> )	t-CO <sub>2</sub>	0	—	—	—
	Nitrogen trifluoride (NF <sub>3</sub> )	t-CO <sub>2</sub>	0	—	—	—

(Note 1) Boundary includes SoftBank Corp. and its major subsidiaries

(Note 2) Our greenhouse gas emissions (Scope 1, 2, 3), energy consumption, industrial waste, and water consumption during FY2023 were verified by the Japan Quality Assurance Organization, a third-party institution (Limited guarantee level in accordance with ISO 14064-3 and ISAE 3000).

\*1 Evaluation is as follows: ○: progress as planned, △: issues remain, ×: plan not achieved

\*2 Targets are set taking into account the expansion of coverage

Environmental Initiatives

# Disclosure Based on TNFD Recommendations

SoftBank registered early as a TNFD Adopter in December 2023. We will strive for proactive information disclosure based on the information disclosure framework indicated in the TNFD Final Recommendations.



All of SoftBank’s corporate activities rely on land and resources, benefiting from ecosystem services provided by biodiversity and natural capital, while simultaneously impacting the environment in some way. The Company recognizes the importance of biodiversity conservation and supports the international community’s goal of achieving “Nature Positive.” We consider reducing the impact of our corporate activities on ecosystems as one of our material issues and are promoting initiatives related to the conservation of biodiversity and natural capital. Furthermore, in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD), we will further assess risks and opportunities related to biodiversity through the LEAP approach\*1 and engage in proactive information disclosure.

\*1 The LEAP approach: an integrated assessment process for evaluating nature-related risks and opportunities as indicated by the TNFD

## Governance

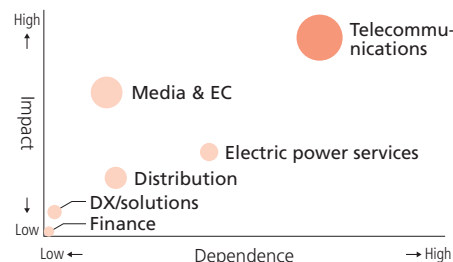
The Company established the ESG Promotion Committee as an advisory body to the Board of Directors, with the President & CEO assuming the role of Chief ESG Promotion Officer, holding ultimate responsibility for the overall sustainability activities under the supervision of the Board of Directors. In FY2024, the ESG Promotion Committee set the promotion of initiatives related to biodiversity and natural capital conservation as a KPI for our materiality.

## Strategy

As a result of narrowing down (scoping) businesses based on their scale and ENCORE\*2 (Table 1), and visualizing the evaluation results in a heatmap (Tables 2 and 3), we identified the telecommunications business as needing prioritized detailed analysis due to its high dependency and impact. We recognized that the construction and operation of base stations and other telecommunications facilities depend on the landslide prevention and soil conservation functions of forests, but also have a high potential for impacting terrestrial ecosystems.

\*2 ENCORE: the dependency and impact analysis online tool featured in TNFD

**Table 1: Dependence/impact considering the scale of operations of each business**



**Table 2: Heatmap “Dependence”**

	Bio-remediation	Climate regulation	Dilution by air and ecosystems	Filtration	Flood and storm protection	Ground-water	Mass stabilization and erosion control	Surface water	Water flow maintenance	Water quality
Telecommunication	Low	High	Low	Low	High	Low	Low	Low	Low	Low
Electric power services	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
DX/solutions	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Distribution	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Media & EC	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Finance	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low

**Table 3: Heatmap “Impact”**

	Disturbances	Freshwater ecosystem use	GHG emissions	Marine ecosystem use	Non-GHG air pollutants	Soil pollutants	Solid waste	Terrestrial ecosystem use	Water pollutants	Water use
Telecommunication	Low	Low	Low	Low	Low	High	High	High	High	Low
Electric power services	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
DX/solutions	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Distribution	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Media & EC	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Finance	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low

(Note) Tables 1 to 3 are intended for prioritizing the scoping of businesses, aiming to achieve relative and objective evaluation results based on business scale and ENCORE.

## Environmental Initiatives

We examined Company-wide operations and selected business risks related to the natural environment and identified businesses with high dependence on and impact on biodiversity. We conducted scenario analysis, a method for improving response to risk uncertainty, to evaluate the magnitude of these risks, aligning with the Company's criteria that comprehensively assess financial impacts, consumer perspectives, public considerations, and human life. By combining the intensity of evaluated risks with the likelihood of their manifestation, we evaluated the magnitude of business risks considering the timing of occurrence as high, medium, or low.

### Risk analysis results

Classification	Business risks	Anticipated impacts	Magnitude of risks		
			Short-term	Mid-term	Long-term
Physical risks	Acute Worsening damage due to intensified natural disasters associated with ecosystem degradation	Increased disaster preparedness and recovery costs for equipment, and revenue loss due to prolonged service outages	Small	Small	Medium
	Chronic Expansion of water-stressed areas	Impact on the procurement and securing of water for business operations	Small	Small	Medium
Transition risks	Market/reputation Changes in customer behavior and preferences	The delay in responding to market changes leads to a decline in brand image and loss of business opportunities	Small	Medium	Medium
		Insufficient evaluation of information disclosure	The impact of lost orders, boycotts, as well as on talent acquisition, funding, and stock prices	Small	Medium
	Resource shortage	Increased demand and depletion of raw materials such as rare metals leading to supply shortages and higher procurement costs	Small	Small	Medium
	Policy and law Tightening of regulations	Increased costs due to the introduction of new tax systems, tightening of regulations, rising litigation risks, etc.	Small	Small	Small
	Technology Impact on the transition to sustainable new technologies	Increased development costs, transition delay impacting finances, and failures in investments	Small	Small	Small

### Identification of priority areas

We used IBAT (Integrated Biodiversity Assessment Tool) to confirm the proximity of areas with significant biodiversity to base stations and data centers distributed across Japan, which serve as central facilities in the Next-generation Social infrastructure plan. For the evaluation, we referred to the LEAP approach, as demonstrated in the TNFD framework.

Although we have installed a large number of base stations, the scale of the facilities themselves is small. The results of the surveys on the proximity between the installation locations and areas with significant biodiversity confirmed that there are no base stations that urgently require measures from the perspectives of installation conditions, biodiversity significance, or integrity.

Given the expected surge in power demand for data centers due to the proliferation of AI, the Company is advancing a Next-generation Social Infrastructure initiative that will distribute environmentally friendly green data centers across Japan. Data centers are large in scale and require consideration of their impact on the surrounding natural environment. The data center in Tomakomai City, Hokkaido Prefecture, which is scheduled to open in FY2026, is expected to expand in the future to 700,000 m<sup>2</sup>, the largest in Japan, with a capacity of over 300 megawatts. It is located approximately 3 km northeast of Lake Utonai, a Ramsar Convention wetland, and is recognized as a significant area for biodiversity. We believe it is crucial to proceed with construction with sufficient understanding and cooperation from relevant government agencies, local residents, and the community.

### Risk countermeasures and opportunities

Actions taken to reduce business risk can also be significant business opportunities. It is said that by utilizing cutting-edge technologies such as AI, IoT, and big data, and by analyzing vast amounts of environmental data through AI's learning function, it is possible to predict the impact on the global environment. The use of cutting-edge technology in environmental issues is attracting attention around the world because it enables us to take various countermeasures based on such predictions. We are striving to maximally utilize cutting-edge technologies such as AI and IoT, which are our strengths, as well as synergies between Group companies in order to contribute to the conservation of biodiversity.

### Risk and impact management

Risks related to the earth environment, such as biodiversity and climate change, are integrated into Company-wide risk management. Through regular risk management cycles, we are working to reduce and prevent risks. The Risk Management Committee determines the level of importance of each risk and the persons responsible for dealing with it (risk owner), issues instructions on countermeasures, and reports the status to the Board of Directors.

### Metrics and targets

To provide telecommunications services widely and stably as a social infrastructure, it may be necessary to install communication facilities such as base stations in key biodiversity areas.

To contribute to the conservation of biodiversity when installing facilities in key biodiversity areas designated by the country or international treaties, SoftBank has set a target for FY2030 to implement forest conservation in an area that is at least twice the area where the telecommunications facilities are installed in nature reserves or other areas that are important to biodiversity.

(Note) Please refer to "[mitigation of impacts associated with land development](#)" on our website for details.