How Do We Ensure the Effectiveness of Our Governance?

Establishing effective corporate governance is essential to achieving sustainable growth in corporate value. This section provides an overview of our corporate governance system, our past initiatives to strengthen it, our stance on parent-subsidiary listings, and interview with our external director.

Interview with External Director

Maximizing corporate value by balancing effective governance with agile management

Naomi Koshi

External Director, SoftBank Corp.
Partner Lawyer, Miura & Partners
Co-Founder and CEO, OnBoard K.K.

Q: What role do you think is required of an external director?

I recognize that in addition to "supervising execution of duties by directors" as stipulated by the Companies Act, an equally important role of external directors is to work toward enhancing corporate value. The Company has set forth the *Beyond Carrier* strategy and positioned the acceleration of its growth as a leading AI company as a key agenda item for the Board of Directors. The Board of Directors, including external directors, is responsible for discussing strategies for new business fields, including AI, and presenting these strategies to shareholders in a clear and accessible manner. Additionally, because the Company has a parent company, protecting the interests of minority shareholders is also an important responsibility.

Q: How has the Board of Directors changed since external directors became the majority?

In June 2024, external directors came to comprise a majority of the Board of Directors, further enhancing its diversity. The current external directors are experts in a wide range of fields, including global management, AI and technology, accounting, finance, legal affairs, and the promotion of women in the workforce. This diverse background allows for active discussions from multiple perspectives, even on specialized and cutting-edge issues such as AI governance and security, where established solutions do not yet exist. I believe this is extremely important for advancing business while taking on risks.

Q: In the context of parent-subsidiary listings, what points do you focus on to protect minority shareholders and manage conflicts of interest?

Our relationship with our parent company, SoftBank Group Corp., brings strategic opportunities to the Company, such as our partnership with U.S.-based OpenAI. However, because both companies are listed, when conducting transactions with SoftBank Group Corp., we must ensure thorough governance that protects the interests of our minority shareholders, with a particular focus on conflicts of interest. When dealing with matters involving SoftBank Group Corp., we must negotiate contract terms from the perspective of SoftBank's growth and risks. Furthermore, especially with respect to matters concerning OpenAI, I believe it is necessary to not only consider conflicts of interest but also to carefully review the balance of risk and return in a field where business models have not yet been established, and make the best decisions to maximize our corporate value.

With respect to LY, while the Company is its parent, we must also be mindful that LY has responsibilities to its own minority shareholders. After I was appointed as an external director, there was an information security incident at LY, which caused concern not only among shareholders but also customers. Regarding this issue, I believe that as the parent company, we have a responsibility to ensure and strengthen the security of our Group companies (P106). On the business side, I think it is important to continue working together on initiatives such as AI.

The Company had established a Special Committee, consisting solely of external directors, to deliberate important matters where conflicts of interest could be a concern, such as transactions with the parent company or mergers and acquisitions. In June 2024, because external directors came to comprise a majority of the Board of Directors, it was determined that this function could be sufficiently fulfilled by the Board of Directors in accordance with the Corporate Governance Code, and the Special Committee was abolished. However, because I believed a forum for independent external directors alone to consider the interests of minority shareholders was extremely important, I proposed maintaining such an independent venue. As a result of this proposal, the "Independent External Directors' Meeting" was newly established. This new meeting effectively takes over the role of the Special Committee, and it is a mechanism that further strengthens the governance functions of external directors.

Q: Could you tell us about the challenges in promoting DE&I and what countermeasures are being taken?

Since being appointed as an external director, I have served as an advisor to the Company's Committee for the Promotion of Women in the Workforce. The Company has a goal of increasing the ratio of women in management positions to 20% or more by the end of FY2035. To achieve this goal, a strong commitment from top management is extremely important. At the Company, President & CEO Miyakawa serves as the chair of the Committee for the Promotion of Women in the Workforce and communicates a clear message. I also find it distinctive that the Company analyzes data and surveys in detail and identifies issues based on that analysis. As a result of data analysis, issues have been identified, such as a difference in the promotion rate to management positions despite no gender bias in the personnel evaluation itself, and this has led to countermeasures (P67).

Furthermore, a structural issue seen not only at the Company but across Japanese society is that the percentage of women who wish to become managers is lower than that of men. This is likely due to time constraints from household chores and childcare, as well as a sense of anxiety that "I may not be able to do the job." In response to this, the Company is strengthening its mentoring system, providing opportunities for women who are not yet managers to learn from mentors in management positions about how to do the job and the rewards it brings. As a result of these efforts, women are now aiming for promotions while raising children, even in job categories where there were previously few women in management positions. I am confident that if the Company promotes workstyle reforms and a shift in mindset among managers, enabling them to eliminate unconscious bias and assign and support challenging tasks, it will be fully capable of achieving its goal.

Q: From an external director's perspective, what are the characteristics of SoftBank's corporate culture?

The Company's corporate culture has two characteristics. The first is "the management's commitment to achieving goals, and the frontline sales capabilities that support it." The management team has a strong determination to achieve the targets of the Mid-term Plan without fail, even in a challenging external environment, and progress is reviewed by the Board of Directors. This "ability to see goals through to completion" has permeated every employee, which encourages proactive behavior. These execution capabilities are supported by the frontline sales capabilities that accurately identify customer issues and continue to provide value. In a Consumer segment meeting I attended at the beginning of the fiscal year, the Company-wide goals discussed by the Board of Directors were broken down into departmental goals, with the background and significance also shared. As a result, employees do not simply pursue the immediate numerical targets but act with a management mindset and a sense of ownership.

The second characteristic is "speed." In a rapidly changing business environment, quick decision-making is essential to seize opportunities. Despite being a large corporation, the Company has built a system that allows for decision-making at a speed that exceeds that of a startup, and it leverages its agility to adapt to change. At the same time, it is important to have a mechanism that ensures thorough risk assessment. I have been working to ensure that sufficient information, including risk-related information, is provided before Board of Directors meetings to facilitate earlier discussions. I believe that balancing agile decision-making with the supervision function, and optimizing the balance between risk-taking and risk management will lead to improved corporate value.

Q: What are your expectations for the next Mid-term Plan?

For growth from FY2026 and beyond, I expect the full-scale promotion of the *Beyond Carrier* strategy, particularly the expansion of AI-related businesses. Since business models in the AI field are still not established, it is important to present to shareholders a concrete path to profitability. Additionally, because large-scale AI investments may take time to generate returns, we must continuously review the appropriate balance between growth investment and shareholder returns. Drawing on my expertise as a lawyer, I will fulfill my duties as an external director by ensuring that the Company can boldly advance new businesses while taking on risks, from the perspectives of AI governance, security, contract terms, and other legal and risk management aspects.

Messages from New External Directors

Hideaki Karaki

Independent External Director

President, Hideaki Karaki CPA Office
Chair of the Contract Monitoring Committee, Japan International Cooperation Agency

For approximately 40 years as a certified public accountant, I have been engaged in accounting audits for Japanese and international companies, gaining knowledge and experience related to corporate governance systems as well as financial and accounting systems. Most recently, as a committee member of the Japanese Institute of Certified Public Accountants, I contributed to improving governance for the entire industry by working to establish the ideal form of quality management systems at auditing firms.

In accounting audits, it is essential to have a deep understanding of the audited company's business environment through discussions with management and site visits. Based on that, I identify potential issues as audit risks and discuss solutions with management. As an external director, I intend to apply this audit perspective to further strengthen the Company's governance by maintaining an "inquiring mind" and constructively debating the Company's business risks and potential issues at Board of Directors meetings.

I recognize SoftBank as a unique company that combines an unwavering mission to serve as a telecommunications infrastructure provider with a strong entrepreneurial spirit to rapidly launch new businesses. As a certified public accountant, I have seen many cases where top-down management becomes stronger in organizations with a strong entrepreneurial spirit, causing employees to become passive. However, through repeated dialogue with the Company's employees prior to my appointment, I became confident that a corporate culture that "welcomes open and candid discussion" is deeply rooted in the Company. I believe that this culture of accepting "healthy debate" enables me to actively make proposals as an external director regarding potential issues, utilizing my knowledge and experience, and contribute to enhancing corporate value and strengthening governance through constructive debate. I am committed to supporting the Company's sustainable growth with a more robust governance system.

Akiko Nakajo

Independent External Director

Advisor, Japan Institute for Health Security
Committee Member, Waseda University Strategic Policy Committee

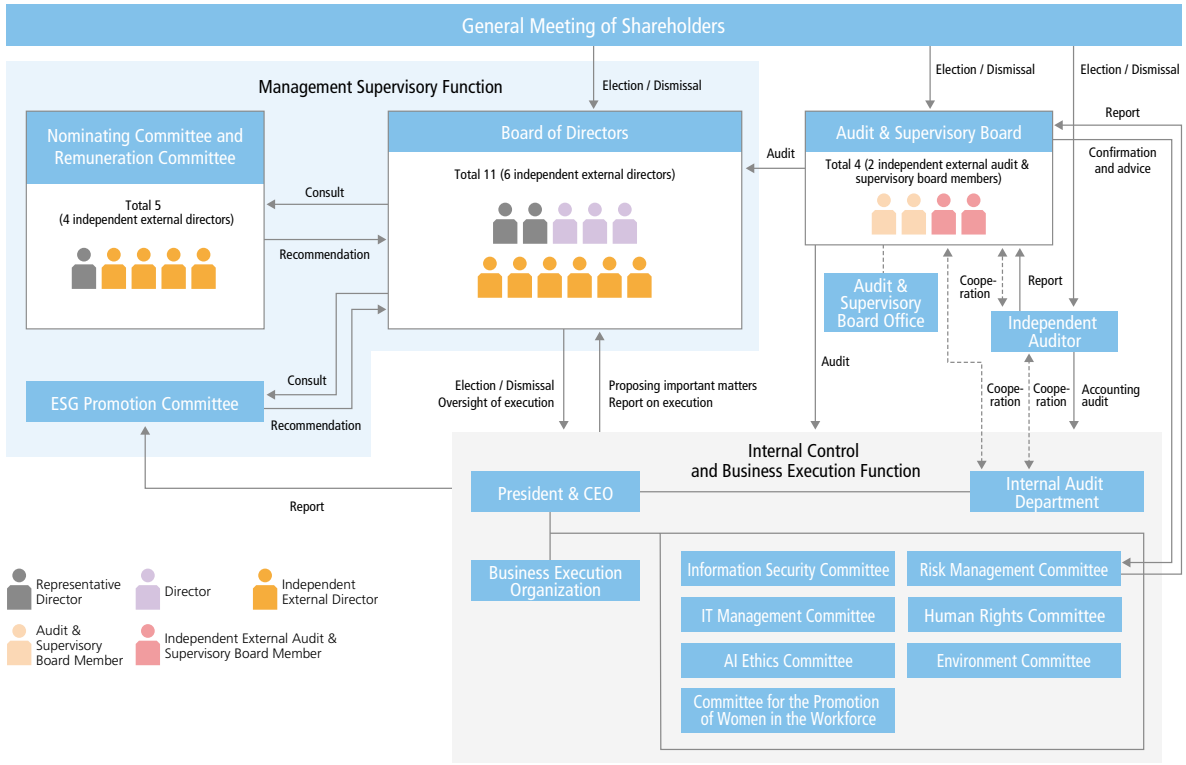
I have worked with the leading media and platforms of the day at the intersection of information and technology, serving as Deputy Head of Bloomberg L.P. Japan and Director of YouTube Japan at Google LLC. My mission is to use technology to build an ecosystem where users and business partners can gain concrete value. Drawing on these experiences, I aim to make proposals that enable SoftBank to swiftly roll out services while maintaining trust.

The Company aims to contribute to social development by embedding AI services deeply in the daily lives of users. To realize this, I believe there are issues the entire organization must address, such as establishing a robust governance system, thoroughly managing risks, and ensuring AI-related ethics and transparency. I intend to discuss these matters to improve the quality of management and governance and contribute to enhancing corporate value.

Even before my appointment, I felt that SoftBank possesses remarkable agility and continues to evolve without fear of failure. After my appointment, this impression has only strengthened, and I once again felt the "passion" that fills the Company. Under a bright and open corporate culture, each employee is full of vitality, and I believe this positive energy is the source of the Company's strength. I am delighted to have become a member of SoftBank as an external director. I will do my best to meet the expectations of our stakeholders.

Overview of Corporate Governance System

Corporate governance system (As of June 26, 2025)



Board of Directors

Number of meetings in FY2024 **12**

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.

P87

Audit & Supervisory Board

Number of meetings in FY2024 **16**

The Audit & Supervisory Board establishes an audit policy, plan, and priority audit items for each fiscal year and, in principle, meets once a month. To review the status of the execution of duties by Board Directors in light of the priority audit items, it receives regular reports from departments related to the internal control system and evaluates the appropriateness of business execution.

P98

Internal Audit Department

Number of meetings in FY2024 **17**

Established as an independent organization directly under the President & CEO, the Internal Audit Department formulates a risk-based annual audit plan and conducts internal audits of the overall duties of the Company. It also performs company-wide internal control audits of its subsidiaries and associates (mainly consolidated subsidiaries).

P98

Risk Management Committee

Number of meetings in FY2024 **2**

The Risk Management Committee meets semiannually and consists of members including the President & CEO, vice President, 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.

P100

Nominating Committee and Remuneration Committee

Number of meetings in FY2024
Nominating Committee **2**
Remuneration Committee **4**

Each committee is composed of a total of five members, including the President & CEO and 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.

P91

ESG Promotion Committee

Number of meetings in FY2024 **4**

Chaired by the President & CEO, the committee is composed of independent external directors and executive officers appointed by the chairperson. It monitors the progress of the Group's ESG activities (such as KPIs on material issues) and makes recommendations to the Board of Directors.

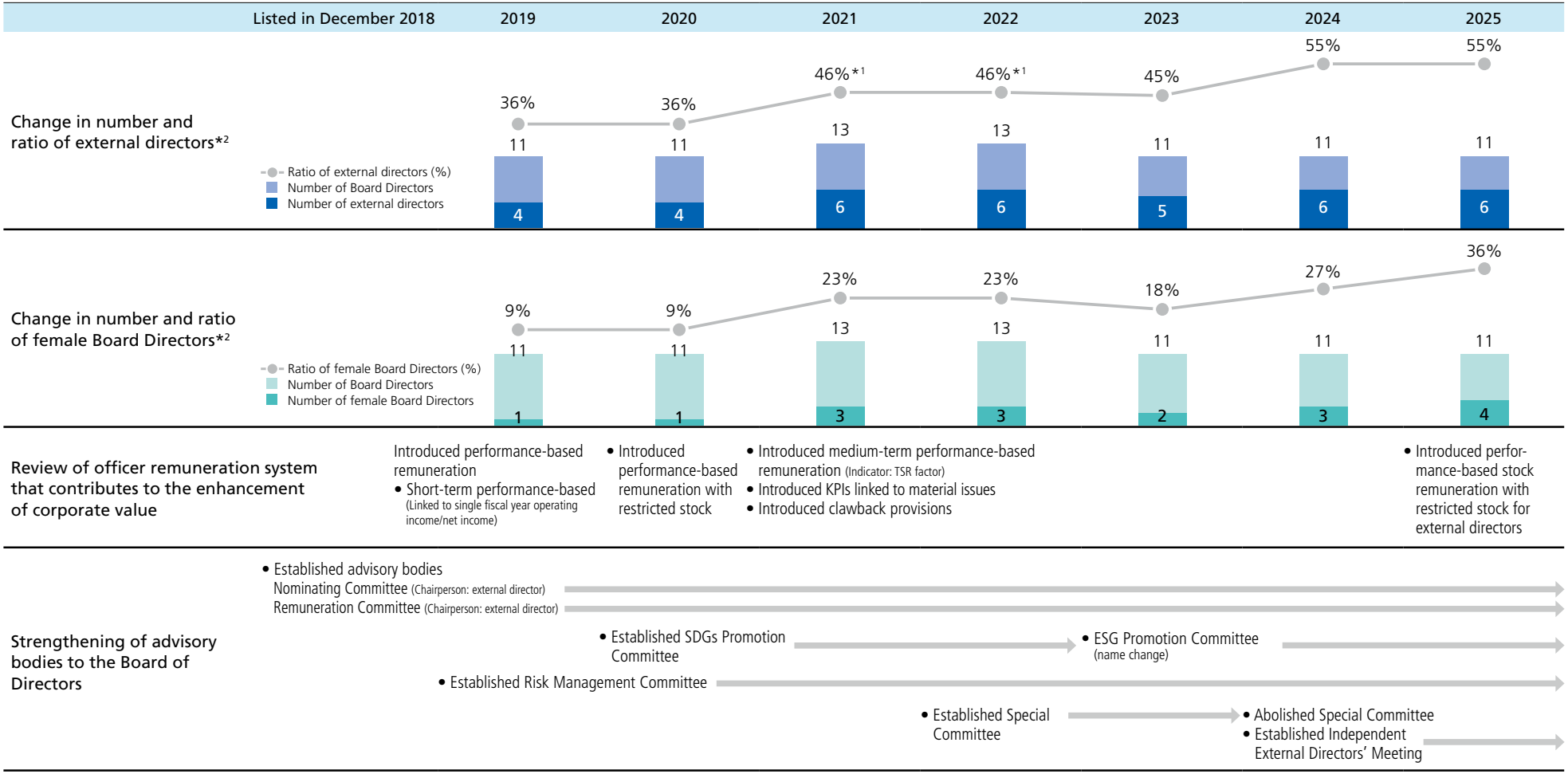
P58

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

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 (P59)) 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.

The Company has been increasing the ratio of independent external directors to a majority on its Board of Directors since June 2024, in order to ensure fairness and transparency in management, enhance corporate value, and make prompt and accurate decisions. In 2025, we appointed six of the 11 Board Directors (including four women) as independent external directors.



*1 Five members were independent external directors, ratio of independent external directors was 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.

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 Annual 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 2025, 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.

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.

Evaluation process

[Subjects of evaluation]

Five internal directors, six 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 2024 to June 2025

[Question Items]

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

Status of the response to issues in FY2023

1. Medium- to long-term strategies

To enhance corporate value over the medium- to long-term, we believe that aligning strategies across the Group and coordinating them with our financial strategy is essential. Based on the opinion that ongoing strategic discussions focusing on Group-wide synergies are necessary, we have continuously discussed strategies for each business and the Group as a whole. Furthermore, regarding post-investment evaluation, we have acted on the view that the supervisory function of the Board of Directors should be strengthened. This is achieved by better organizing post-investment management indicators and the information necessary for making exit decisions. Accordingly, we have reviewed the comparison between the initial investment plans and actual results, as well as any necessary countermeasures, on a quarterly basis.

In interviews, the following opinions were voiced:

- Vigorous discussions are being conducted with greater depth at Board meetings, strategic discussions, and roundtable meetings.
- Reorganization of the Financial segment is progressing.
- Post-investment progress is being managed quantitatively and being reported to and discussed by the Board.

2. Next-generation human resources strategies

To secure talent who will lead our next-generation businesses, we believe it is necessary to recruit and develop highly skilled personnel with cutting-edge technological expertise, in addition to making continuous investments in human capital and ensuring organizational diversity. Based on this view, we held in-depth discussions on securing next-generation core talent. Furthermore, in line with opinions that we need to identify and cultivate future leaders at an early stage to drive sustainable growth of the entire Group, we continuously reviewed and discussed the progress of our succession plan and specific action plans.

In interviews, the following opinions were voiced:

- Each business is preparing a succession plan, and its progress is being confirmed and discussed at the roundtable meetings.

3. Group governance and risk management

Regarding group governance and risk management, we have acted on opinions that the Board of Directors should provide continuous supervision from the perspective of ensuring the Group's sustainable growth and reliability. Accordingly, we have held discussions on the nature of capital relationships and reviewed the status of our response to information leakage issues. Furthermore, with new and unconventional risks such as geopolitical risks and economic security emerging, we have embraced the view that we must update our risk recognition and organize information in light of these changes. Based on this, we have discussed new risk themes, including economic security and AI data governance.

In interviews, the following opinions were voiced:

- Material risks are being managed on a sufficiently high level.
- A large number of subsidiaries are being appropriately organized and reported.

Overview of the results of the FY2024 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 FY2024 evaluation of the effectiveness of the Board of Directors, there was confirmation of the status of responses to the issues raised in the FY2023 evaluation and priority issues to be addressed going forward. Details of the priority issues to be addressed and initiatives based on the opinions expressed through interviews, etc., to further ensure the effectiveness and strengthen the functions of the Board of Directors, are as follows:

Priority issues

1. Medium- to long-term strategies
   - (Opinions of FY2024)
     It is necessary to formulate the next Mid-term Plan for the entire Group with AI strategy at its core.
   - (Initiatives)
     Hold in-depth discussions on the Group's overall growth strategy in preparation for formulating the next Mid-term Plan.
2. Next-generation human resources strategies
   - (Opinions of FY2024)
     It is necessary to deepen discussions regarding succession plans for the executive management layer and strategies for securing professional talent, and also to consider the optimization of the workforce composition across the entire Group.
   - (Initiatives)
     Hold ongoing discussions on the development policy for the executive management layer and the Group's human resource strategy in line with the next Mid-term Plan.
3. Group governance and risk management
   - (Opinions of FY2024)
     It is necessary to deepen discussions on the effectiveness of Group-wide governance and risk management, and to address risks in light of a changing environment.
   - (Initiatives)
     Hold ongoing discussions on the nature of Group-wide collaboration and our response policy in light of changes in the external environment, such as the increasing risk of cyberattacks and the global situation.

Overview of Principal Deliberations by the Board of Directors

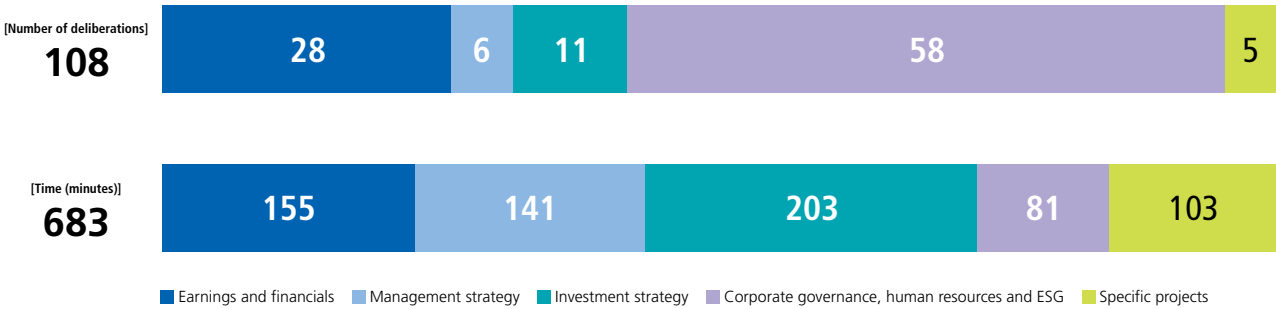
The Company's Board of Directors meets in principle once a month to continuously deliberate on key issues such as management strategy, finance, governance, ESG, and AI investments. In addition, the Board of Directors regularly holds strategic discussions after each meeting to deepen its understanding of medium- to long-term management issues and future directions. In FY2024, the Board of Directors and the strategic discussions together deliberated on 108 proposals and spent a total of 683 minutes.

Furthermore, we hold preliminary briefings for external directors and Audit & Supervisory Board Members prior to each Board of Directors meeting. The Board Director, Executive Vice President & CFO and others attend these briefings, where the relevant divisions provide detailed explanations of proposals and hold Q&A sessions to promote understanding. When issues are raised, we have an operational structure in place to address them before submitting them to the Board of Directors. In FY2024, a total of 2,435 minutes were spent on these preliminary briefings.

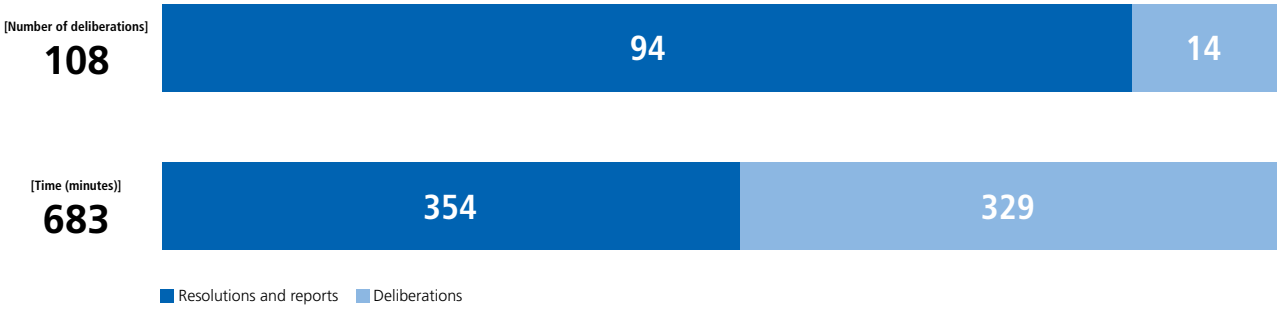
In addition to the growth strategies for both the Consumer and Enterprise segments, we engaged in continuous discussions on the medium- to long-term strategies of LY and PayPay, aiming to enhance the overall competitiveness of the Group. As part of our AI strategy, we promoted the development of Next-generation Social Infrastructure through discussions on the construction of an AI data center at Sharp Corporation's Sakai Plant and the introduction of the advanced corporate AI *Cristal intelligence*. We also worked to strengthen global communication infrastructure, including investments in international submarine cables.

On the financial front, decisions on capital policy were made swiftly, such as the issuance of Series 2 Bond-Type Class Shares and the application for a tender offer for treasury stock by LY. Through these deliberations by the Board of Directors and strategic discussions, we are striving to sustainably enhance corporate value and secure the trust of shareholders and stakeholders.

Overview of deliberations by agenda at Board of Directors meetings and strategic discussions



Number and time spent on deliberations at Board of Directors meetings and strategic discussions



Principal deliberations of the Board of Directors and strategic discussions (FY2024)

April:	**Management strategy /** Deliberation on Enterprise segment strategy
May:	**Management strategy /** Deliberation on Consumer segment strategy
June:	**Corporate governance /** Resolution concerning revision of the Board of Directors Rules **AI strategy /** Deliberation on construction of an AI data center at Sharp Corporation's Sakai Plant
July:	**Earnings and financials /** Resolution concerning application for a tender offer for treasury stock by LY
August:	**Earnings and financials /** Resolution concerning the issuance of Series 2 Bond-Type Class Shares
September:	**Specific project /** **Deliberation on investments in international submarine cables**
October:	**Management strategy /** Deliberation on medium- to long-term strategies Deliberations on LY's growth strategy
December:	**AI strategy /** Resolution concerning the construction of an AI data center at Sharp Corporation's Sakai Plant
January:	**AI strategy /** Resolution concerning the advanced enterprise AI *Cristal intelligence* **Management strategy /** Deliberations on PayPay's medium- to long-term strategies **Management strategy /** Deliberations on LY's medium- to long-term strategies
March:	**Financial results and finance /** Resolution concerning the budget plan for FY2025

System to Ensure Independence from the Parent Company

Guidelines on transactions with the controlling shareholder

The Group conducts transactions with companies within 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 from a management perspective and that its terms and conditions are appropriate compared to those of external transactions. For transactions of particular importance, we have a system in place to hold a "Independent External Directors' Meeting," comprised solely of independent external directors, to conduct a preliminary review from the perspective of protecting the interests of minority shareholders. 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.

Parent-subsidiary listings

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 without operating divisions, we believe the possibility of conflicts of interest between the Company and SoftBank Group Corp. is considered low.

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.

As of the end of FY2024, the Company had 229 subsidiaries, including several listed. The Group values the independence of its subsidiaries. It believes that each listed subsidiary should engage in business while being evaluated in the capital 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 Associates Management Regulations" for the purpose of managing the companies in which the Company invests, and requires prior approval 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 associates (including non-compete clauses). This ensures that the Company will not unfairly constrain their decision-making.

Policy on Governance of Listed Subsidiaries

The Group is engaged in a variety of businesses in the information and technology fields under the shared corporate philosophy of "Information Revolution — Happiness for everyone." While valuing and ensuring the independence of its subsidiaries, the Group aims to create synergies and continue to evolve and grow together with them, with a view to maximizing the corporate value of the Group. On the other hand, the Company makes decisions on its holding policy for each listed subsidiary on a case-by-case basis, taking into account their strategic positioning within the Group. In this context, SB Technology Corp. was made a wholly owned subsidiary in September 2024.

In terms of listed subsidiaries, the Company, from the standpoint of independence, values their proprietary management decision-making and respects their business activities based on their autonomous deliberations and determination of business strategies and relevant measures. As part of its Group management method, the Company has established the "Subsidiaries and Associates Management Regulations" for the purpose of managing investees, requiring prior approval or reporting to the Company regarding important decision-making at subsidiaries. At the same time, for listed subsidiaries, to minimize such approvals and reporting, 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 associates (including non-compete clauses). This ensures that the Company will not unfairly constrain their decision-making.

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

Listed subsidiaries

Company name	Significance of ownership	Ratio of independent external directors (as of the end of June 2025)
LY	LY provides national services such as *Yahoo! JAPAN*, one of the largest Internet services and *LINE*, a communication app in Japan. In June 2019, Z Holdings Corporation (formerly Yahoo Japan Corporation), the predecessor of LY, became a consolidated subsidiary of the Company. Through intra-group reorganization, LY aims to accelerate synergy creation, improve its product development and earning capabilities, and generate new value. Both the Company and LY believes that there are a wide range of synergies that can be created by the collaboration between our two companies, and the collaboration will be a key factor in our *Beyond Carrier* strategy to achieve growth in the non-telecom business fields. On the other hand, LY operates a highly neutral Internet media business and has a broad customer base that is not limited to users of the Company. The Company believes that securing a certain degree of independence of LY will contribute to the enhancement of its business relationships and ultimately to the increase of its corporate value. The Company believes that maintaining the independence and autonomy of LY as a listed company, optimally allocating management resources based on an integrated strategy, and maximizing synergies, will contribute to improving the corporate value of the Group as a whole.	 **66.7** % (4 out of 6 members)
Cybertrust Japan Co., Ltd.	Cybertrust Japan Co., Ltd. specializes in providing *Trust Services* focused on electronic authentication and security. The company was listed on the stock exchange in April 2021. *Trust Services* are highly public infrastructure in the digital society and are required to be provided in a neutral and impartial manner. The Company believes that maintaining the independence and autonomy of Cybertrust Japan Co., Ltd. as a listed company, while supporting its autonomous management that takes into account the interests of minority shareholders, will contribute to the sustainable growth of the company and the improvement of the corporate value of the Group as a whole.	 **42.9** % (3 out of 7 members)
ITmedia Inc.	ITmedia Inc. specializes in media management that provides IT-related information on the Internet. The Company made it a subsidiary in April 2018 for the purpose of pursuing business synergy and expanding businesses into a brand range of domains. The Company believes that maintaining the independence and autonomy of ITmedia Inc. as a listed company and a media company, while it collaborates with other companies in the Group will contribute to improving the corporate value of the Group as a whole.	 **55.6** % (5 out of 9 members)
eMnet Japan co. ltd.	eMnet Japan co. ltd. is mainly engaged in the Internet advertisement business. The Company made it a subsidiary in June 2021 for the purpose of collaborating as peers in the same industry and creating synergy. In contrast with the Company's customer base, which mainly comprises large companies, eMnet Japan co. ltd. has a broad reach in various regions mainly among small- to medium-sized enterprises. Therefore, the Company believes that maintaining the independence and autonomy of eMnet Japan co. ltd. as a listed company, while it collaborates with other companies in the Group through the mutual exchange of human resources and the mutual utilization of knowledge and technologies in the digital field, will contribute to improving the corporate value of the Group as a whole.	 **37.5** % (3 out of 8 members)

Nominating Committee and Remuneration Committee / Remuneration for Board Directors

Nominating Committee and Remuneration Committee

The Company has voluntarily established the Nominating Committee and the Remuneration Committee. As of June 30, 2025, each committee is composed of a total of five members, including 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.

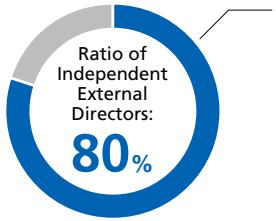
Main topics discussed at the Nominating Committee and the Remuneration Committee

(From September 2024 to May 2025)

[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 (FY2024)



4 Independent External Directors
Atsushi Horiba (Chair)
Takehiro Kamigama*
Kazuaki Oki*
Naomi Koshi

1 Internal Director
Junichi Miyakawa
(President & CEO)

Number of meetings held in FY2024

Nominating Committee	Remuneration Committee
2	4

*External Directors Takehiro Kamigama and Kazuaki Oki resigned as of June 26, 2025.

Determination process of remuneration and others

Meeting body	Remuneration Committee				Board of Directors
Date	December 20, 2024	February 27, 2025	March 26, 2025	April 24, 2025	May 15, 2025
Agenda items	Regarding compensation for external directors and revisions to the compensation system	Confirmation of short-term performance-based indicators	Confirmation of short-term performance-based indicators Partial change to director remuneration	Confirmation of short-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	Decision on partial changes to director remuneration Confirmation of recommendations of Remuneration Committee

Remuneration for Board Directors

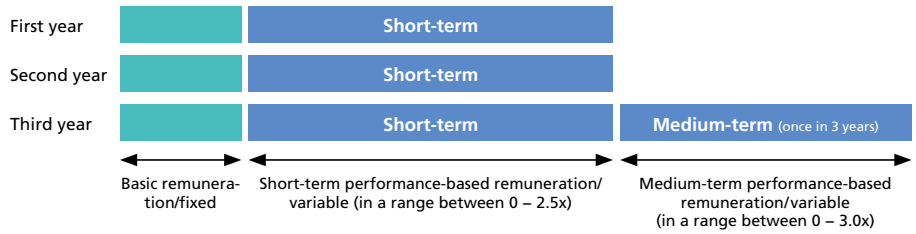
Outline of the policy and the method for determining the remuneration of Officers

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 sound relationships with stakeholders.

The process of determining the remuneration of Board Directors includes three 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 allocation 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 remuneration and individual amount and makes recommendations to the Board of Directors. It is our policy to pay only fixed remuneration to internal and external Audit & Supervisory Board Members who audit the Directors' execution of business. However, from FY2025, we have changed our policy to grant share-based remuneration to external directors who are in a position independent of 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.



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.

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.

Amount of short-term performance-based remuneration = **Base amount by position** × **Short-term performance target achievement factor (0 – 2.5x)** (Net income factor × 50% + Operating income factor × 50%) + Material issue factor + 0–5%

Performance targets (FY2024)

Indicators	Target (Millions of yen)	Result (Millions of yen)
Net income attributable to owners of the Company	500,000	526,133
Operating income	900,000	989,016

Materiality targets and results (FY2024)

Material issues	Indicators	Target	Result
Contributing to the global environment with the power of technology	Base station renewable energy ratio*1	90% or more	92.5%*2
Building high-quality social infrastructure	Expansion of 5G standalone (SA) coverage: Smartphone SA in key areas of all prefectures Number of major network accidents Number of major accidents involving information security	 Number of prefectures: 26 Zero Zero	 Number of prefectures: 21 1 Zero
Connecting people and information to create new excitement	Cumulative smartphone subscribers	Net additions of around 1 million subscribers per year	1.04 million net additions
Building society and industry through digital transformation (DX)	Revenue from business solution and others CAGR (compound annual growth rate)	10% or more	27% increase year on year*3
Developing a resilient management foundation	Inclusion in DJSI World*4	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.
*3 From the first quarter of FY2024, SB Technology Corp. and Cybertrust Japan Co., Ltd., etc., which were previously classified under "Other," have been transferred to the "Enterprise segment." Also, in the first quarter of FY2024, the Company has revised its business management categories and transferred certain products from "Mobile" and "Fixed-line" to "Business solution and others." As a result, the figures for the "Enterprise segment" and the breakdown of all service categories in the segment revenue for FY2023 have been retrospectively adjusted. The results for FY2024 are calculated based on figures after retrospective adjustments.
*4 Currently Dow Jones Best-in-Class World Index

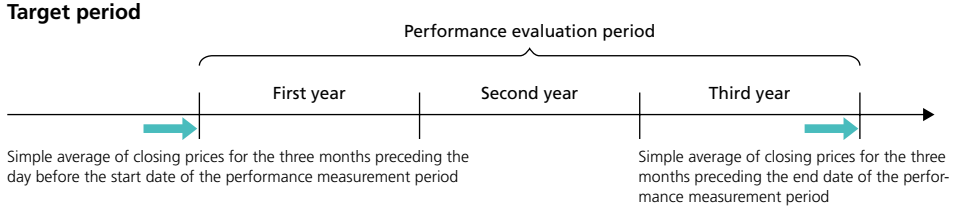
Medium-term performance-based remuneration (Share-based payment)

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, in accordance with the nature of duties performed by individual Board Directors and their actual performance. Total shareholder return (TSR*5) 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.

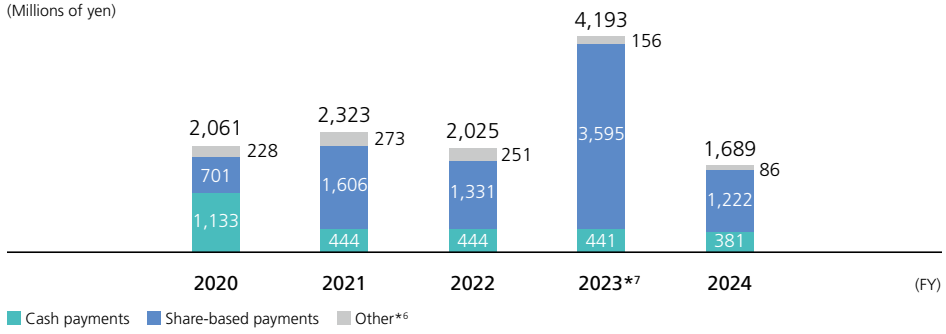
Amount of medium-term performance-based remuneration = **Base amount by position** × **TSR factor (0 – 3.0x)** Calculated based on relative TSR

*5 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

Target period



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

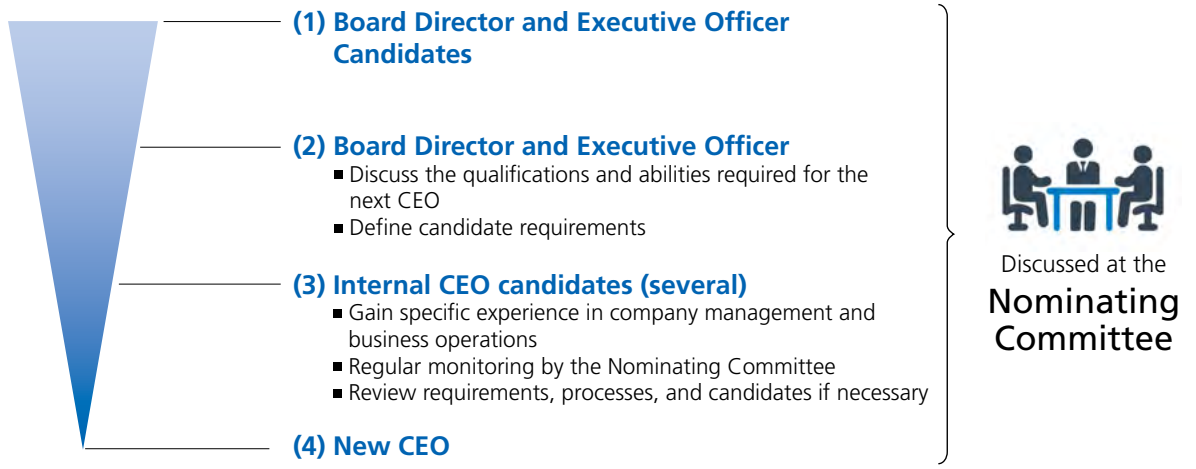


*6 Amount of expenses related to stock options
*7 The total remuneration for FY2023 includes the amount paid in accordance with medium-term performance-based remuneration, which is paid once every three years.

CEO Succession Plan / Skill Matrix (Skill Definition)

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



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. The aim is to structure 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 Mid-term 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 *Beyond Carrier* 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.

Skill Matrix of Board Directors and Audit & Supervisory Board Members (As of June 26, 2025)

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	Title / Position at 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, Representative Director, Chair of the Board of Director		M	◎			○		○	○
 Jun Shimba	Representative Director & COO		M	○				◎		
 Kazuhiko Fujihara	Board Director, Executive Vice President & CFO		M	○	◎				○	
 Masayoshi Son	Board Director, Founder		M	◎			○		○	
 Atsushi Horiba	External Director	Chairman, HORIBA, Ltd.	M	◎			○		○	○
 Naomi Koshi	External Director	Lawyer, Mayor (2 terms)	F			◎			○	○
 Maki Sakamoto	External Director	Vice president, The University of Electro-Communications	F				◎			
 Hiroko Sasaki	External Director	Founder, ChangeWAVE Inc.	F	○						◎
 Hideaki Karaki	External Director	Certified Public Accountant	M		◎				○	
 Akiko Nakajo	External Director	Managing Director, YouTube Japan, Google Japan G.K.	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.

Activities of External Directors and External Audit & Supervisory Board Members

The activities of each external director and external Audit & Supervisory Board Member for FY2024 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 Independent Officer	Lead Independent External Director Chair of Nominating and Remuneration Committees	91.7% (11/12)	Nominating Committee 100% (2/2) Remuneration Committee 100% (4/4)	46,900 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 and Nominating Committee by serving as Chair of the committees, and makes comments as appropriate.
Takehiro Kamigama*3 Independent Officer	External Director Nominating and Remuneration Committee Member	91.7% (11/12)	Nominating Committee 50% (1/2) Remuneration Committee 75% (3/4)	—	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 and Nominating Committee as a member of the committees, and makes comments as appropriate.
Kazuaki Oki*3 Independent Officer	External Director Nominating and Remuneration Committee Member	100% (12/12)	Nominating Committee 100% (2/2) Remuneration Committee 100% (4/4)	10,000 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 and Nominating Committee as a member of the committees, and makes comments as appropriate.
Naomi Koshi Independent Officer	External Director Nominating and Remuneration Committee Member	100% (12/12)	Nominating Committee 100% (2/2) Remuneration Committee 100% (4/4)	—	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 a minority shareholders' standpoint, to fully perform her role of management supervision. In addition, attends the Remuneration Committee and Nominating Committee as a member of the committees, and makes comments as appropriate.
Masaki Sakamoto Independent Officer	External Director	100% (12/12)	—	—	Makes necessary remarks based on her extensive knowledge and experience as a university professor specializing in informatics, and also expresses her opinions from minority shareholders' standpoint, to fully perform her role of management supervision.
Yuko Sasaki Independent Officer	External Director	100% (12/12)	—	2,700 shares	Makes necessary remarks based on her deep knowledge and experience in overall management as the manager of a company promoting organizational change and DE&I, and also expresses her opinions from minority shareholders' standpoint, to fully perform her role of management supervision.

Name	Position in the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Number of the Company shares held*2	Expected role and main activities
Shuji Kojima Independent Officer	External Audit & Supervisory Board Member	100% (12/12)	100% (16/16)	30,600 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 Independent Officer	External Audit & Supervisory Board Member	100% (12/12)	93.8% (15/16)	50,400 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 26, 2025
*3 External Director Takehiro Kamigama and Kazuaki Oki resigned on June 26, 2025.

Board Directors and Audit & Supervisory Board Members (As of June 26, 2025)

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

Yasuyuki Imai

Director & 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 & CEO, Representative Director, Chair of the Board of Director

○△

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.

Board Directors and Audit & Supervisory Board Members

○ 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.

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 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 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.

Hideaki Karaki

External Director
Newly appointed Officer Independent Officer

Mr. Karaki has extensive knowledge and experience in corporate accounting, cultivated over many years as a certified public accountant. The Company expects him to supervise the Company's management with his knowledge and experience, and give guidance on the Company's overall management.

Akiko Nakajo

External Director
Newly appointed Officer Independent Officer

Ms. Nakajo has served as Deputy Japan Representative, Bloomberg L.P. and as Managing Director, YouTube Japan, Google Japan G.K., and has extensive experience in corporate management and deep insight into the utilization of technology for corporate digital transformation (DX) and innovation. The Company expects her to supervise the Company's management based on her knowledge and experience,and give guidance on the Company's overall management.

Shuji Kojima

Full-time Audit & 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 & 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 & Supervisory Board Member

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

Yoko Kudo

External Audit & Supervisory Board Member
Independent Officer

Ms. 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.

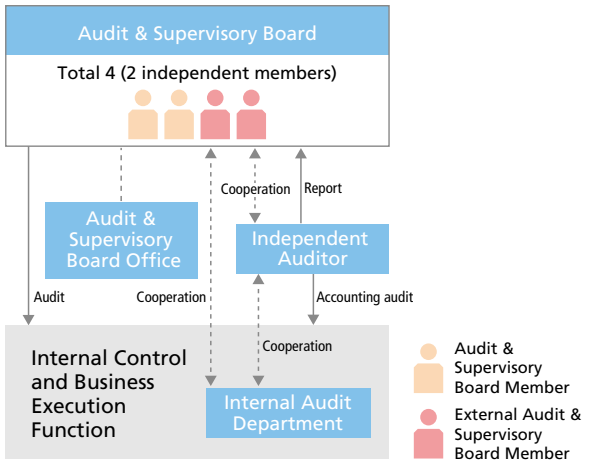
Status of Audit

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. In particular, in the "Audit of Group Management," we are working to increase the number of interviewees and the frequency of interviews.

The Audit & Supervisory Board Office has been established to support the duties of all Audit & Supervisory Board Members. The Office comprises four dedicated personnel who act under the direction of the Audit & Supervisory Board Members to gather information, investigate matters, and provide other 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 FY2024, the Audit & Supervisory Board met 16 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 associates (mainly consolidated subsidiaries), 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 two Representative Directors and 65 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 FY2024, to confirm the effectiveness of our responses to the Company's key risks, a total of 17 internal audits were conducted, including company-wide audits on topics such as "effectiveness of company-wide BCP" and "appropriateness of company-wide human resource allocation," in addition to audits focusing on legal compliance and operational effectiveness in each business and area.

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 25 personnel (as of the end of FY2024), 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.