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## Basic Policy on Corporate Governance

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## Section 1 General Provisions

### 1. Purpose of This Basic Policy

This policy sets out the basic approach of Sony Financial Group Inc. (hereinafter the “Company”) with regard to its corporate governance for the purpose of ensuring that the SFGI Group (hereinafter the “Group”) meets the expectations and upholds the trust of its stakeholders while realizing sustainable growth and increasing its corporate value over the medium to long term.

### 2. Sony Financial Group’s Corporate Philosophy

The Company has positioned the Group’s corporate philosophy as the core approach to determining the Group’s management strategy and decision-making.

#### Sony Financial Group’s Corporate Philosophy

##### Our Vision

**Pursuing lives filled with emotion, together.**

##### Our Values

**◆Keeping in sync with you.**

Staying close to the needs and perspectives of our customers.

**◆Cultivating our own identity.**

Drawing on our own moving experiences as well as the respect and refinement of our own personalities.

**◆Taking a step forward.**

Embracing the challenge of taking a step forward.

**◆Continuing to uphold fairness.**

Accumulating sincerity and fair judgment.

##### Our Foundation

**Three concepts that support lives filled with emotion**

**Kando for Life**

Filled with Emotion

**Asset for Life**

Financial Well-Being

**Health for Life**

Energy and Vibrance

### **3. Basic Stance on Corporate Governance**

- The Company strives to meet the expectations and earn the trust of all stakeholders by making effective use of the Group's various management resources and realizing its corporate philosophy. The Group pursues the increase of its corporate value and aims to contribute to the development of a sustainable society by sustainably creating social and economic value through its business activities.
- The Company is cognizant of the highly public nature of its financial business as a financial holding company, and in striving to conduct management with a high degree of transparency, has established a governance structure with an emphasis on ensuring the soundness and appropriateness of the Group's management.

## **Section 2 Corporate Governance Structure**

### **1. Management Structure**

The Company has adopted the structure of a company with nominating committee, etc. as provided under the Companies Act, in order to strengthen the supervisory function of the Board of Directors by separating the execution and supervision of the holding company, and to establish an effective governance system. Further, the Board of Directors is composed mainly of multiple highly independent outside Directors, and utilizes the respective Nominating, Audit, and Remuneration Committees to provide highly effective management oversight, thereby reinforcing the effectiveness of governance to build and maintain a sound and transparent management framework.

### **2. Board of Directors**

#### **(1) Roles**

- The Board of Directors recognizes its fiduciary responsibility and is charged with the mission of realizing sustainable corporate growth and increasing corporate value over the medium to long term for the Group.
- The Board of Directors determines matters such as the basic policies of management, which are considered to be matters exclusively for determination by the Board of Directors under laws and regulations, in addition to supervising the execution of duties by Directors and Corporate Executive Officers.

#### **(2) Composition and term of office**

The Board of Directors consists of 12 or fewer members (with one-year terms of office). The Board of Directors is composed of diversified members who have a broad range of knowledge and experience. To reinforce the supervisory function and obtain general management advice for the Group, the Company appoints multiple highly independent outside Directors.

#### **(3) Evaluation of effectiveness of the Board of Directors**

To improve the function and effectiveness of the Board of Directors, an evaluation of the Board is conducted at least once per year by a third party.

### **3. Nominating Committee, Etc.**

#### **(1) Nominating Committee**

##### **① Roles**

The Nominating Committee determines the content of proposals submitted to the General Meeting of Shareholders regarding the appointment and dismissal of the Company's Directors, as well as the formulation of the policies, criteria, and rules, etc., regarding the appointment and dismissal of Directors. Furthermore, in response to matters referred by the Board of Directors or the President and Corporate Executive Officer, or at the request of a committee member, regarding the appointment and dismissal of the Company's Corporate Executive Officers, the selection and dismissal of the President and Corporate Executive Officer, and the succession plan for the Company's President and Corporate Executive Officer, the Nominating Committee deliberates and passes resolutions on its opinions and reports them to the Board of Directors.

##### **② Composition**

The Nominating Committee shall consist of three or more Directors, a majority of which shall be outside Directors.

#### **(2) Compensation Committee**

##### **① Role**

The Compensation Committee shall pass necessary resolutions regarding the content of individual compensation, etc., received by Directors and Corporate Executive Officers, and the policies, etc., regarding the determination of compensation, etc., for Directors and Corporate Executive Officers.

##### **② Composition**

The Compensation Committee shall consist of three or more Directors, a majority of which shall be outside Directors.

#### **(3) Audit Committee**

##### **① Role**

The main role of the Audit Committee shall be to audit the legality and appropriateness of the execution of duties by Directors and Corporate Executive Officers by requesting business reports from the Company and Group subsidiaries, and investigating their business operations and financial status, as well as by exercising its authority to appoint and dismiss an independent auditor.

##### **② Composition**

The Audit Committee shall consist of three or more Directors, a majority of which shall be outside Directors. Moreover, the Audit Committee shall comprise Audit Committee Members who possess specialist expert knowledge and wide-ranging operational experience related to finance, accounting, and legal affairs.

#### **4. Corporate Executive Officers**

- The Company has formulated the Basic Policy Regarding Selection of Candidates for Corporate Executive Officers, and making reference to this policy, shall appoint as Corporate Executive Officers persons who, as members of the Company's management, are capable of making decisions on, and assuming an overarching role in, the execution of business delegated by the Board of Directors with a view to realizing the Group's sustainable growth and increase in corporate value over the medium to long term.
- Corporate Executive Officers shall observe laws and regulations, the Articles of Incorporation, and the Corporate Executive Officer Regulations, and other internal regulations, as well as the resolutions, etc. of the General Meeting of Shareholders and the Board of Directors, and shall conduct business execution as prudent managers under the supervision of the Board of Directors, perform their duties faithfully and loyally, and strive for the development of the Company.

#### **5. Independent Auditor**

- The Audit Committee shall evaluate independent auditor candidates based on factors such as their independence, expertise, communication ability, and appropriateness of audit fees in accordance with the Criteria for Evaluation and Selection of an Independent Auditor, resolved by the Audit Committee, to determine a candidate.
- The Audit Committee shall continue to evaluate the appropriateness of the independent auditor based on the latter's work, the appropriateness of their audits, and the evaluation and selection criteria.

#### **6. Selection of Directors**

##### **(1) Basic Policy**

The Company has formulated the Basic Policy on the Selection of Director Candidates, and making reference to this policy, shall select director candidates who possess the requisite knowledge, experience, capacity for judgment and other suitable characteristics necessary for conducting decision-making and performing management oversight concerning overall Group management.

##### **(2) Policy on Selection of Outside Director Candidates**

Outside Director candidates shall satisfy the independence requirements of the Companies Act and the standards for independent directors provided by the Tokyo Stock Exchange, as well as the criteria for independence, etc. stipulated in the Company's Basic Policy on the Selection of Outside Director Candidates.

#### **7. Director Training**

Upon their appointment, the Company provides opportunities for Directors to acquire knowledge related to laws and regulations, corporate governance, and other areas necessary for appropriately

fulfilling their roles and responsibilities. In particular, when outside Directors are newly appointed, the Group creates opportunities to provide the information necessary to foster an understanding of its businesses, management strategy, management issues and other matters, as well as creating such opportunities as necessary after their appointment.

## **8. Executive Compensation**

### **(1) Basic Policy**

The Company has formulated the Policy Regarding Determination of Compensation, Etc., of Directors and Corporate Executive Officers for the individual compensation, etc. for Directors and Corporate Executive Officers, and the Compensation Committee, with a majority consisting of independent outside Directors, shall determine the individual compensation, etc., making reference to this policy.

## **9. Ensuring the Appropriateness of Group Management**

- The Company has formulated the Basic Policy on Establishing an Internal Control System to ensure compliance, risk management and the reliability of financial reporting, as well as to monitor the creation of frameworks and the status of operations in these respects.
- The Company enters into Management Control Agreements with Group subsidiaries, and ensures the appropriateness of Group management by requiring their conformance with Basic Group policies and prior approval by, and reporting to, the Company of important decisions made by individual subsidiaries.
- The Company requires resolution by the Board of Directors in the event of any competitive and conflict-of-interest transactions by Directors or Corporate Executive Officers. Furthermore, in the event of internal Group transactions (including transactions with Sony Group Corporation and/or other Sony Group companies) that have the potential for individual Group companies to affect Group management, the appropriateness and legality of such transactions must be confirmed.

### **Section 3 Securing Shareholder Rights and Fairness**

#### **1. Securing Shareholder Rights**

The Company shall establish an environment in which shareholders can exercise their rights appropriately.

#### **2. General Meeting of Shareholders**

(1) The Company shall endeavor to establish an environment that enables shareholders to exercise their rights appropriately at the General Meeting of Shareholders.

- The Company shall set an appropriate schedule in regard to the General Meeting of Shareholders, such as the date of holding the General Meeting of Shareholders, in terms of aspects such as enhancing constructive dialogue with shareholders and disclosure of accurate information to assist shareholders in making decisions.
- The Company shall endeavor to dispatch the notices of convocation of the General Meeting of Shareholders early to provide time for shareholders to give sufficient consideration to the content of the proposals.
- The Company shall strive to utilize electronic methods, such as posting notices of convocation of the General Meeting of Shareholders on the Company's website, and so forth, and establishing an environment that enables voting rights to be exercised electronically.

(2) The Company shall analyze the status of approval and disapproval of each proposal at the General Meeting of Shareholders, and consider the appropriate response.

### **Section 4 Capital Strategy**

#### **1. Basic Stance on Capital Strategy**

- Recognizing the highly public nature of its financial businesses, the Company and its Group companies ensure and maintain sufficient amounts of capital commensurate with fluctuations in the external environment and the various risks they face.
- Considering the characteristics of their respective businesses and their capital sufficiency, the Group companies strive to consistently enhance their capital efficiency. In addition, the Company works to consistently enhance the capital efficiency of the Group.
- With regard to shareholder returns, the Company's basic policy is to provide stable dividends, taking into consideration such factors as the balance with funds for investing in growth, and the Company aims to steadily increase dividend amounts over the medium to long term as Group earnings increase.
- When raising funds, the Board of Directors makes its decisions following ample deliberation on the use of funds and the impact on such factors as return on equity, and provides sufficient explanation to shareholders.

#### **2. Policy Regarding Cross-Shareholdings**

- The Company and its Group companies do not hold shares for the purpose of cross-shareholding



investment (hereinafter, “Cross-Shareholdings”). However, this excludes investments having a recognized strategic significance, such as business tie-ups, that contribute to enhancing the corporate value of individual Group companies.

- In the event that the Company and its Group companies hold Cross-Shareholdings, they regularly review the objectives of such holdings and the effect of investment, and report these results to their respective Boards of Directors. Based on these reports, the respective Boards of Directors consider the liquidation of such holdings through such methods as sale or transfer in the event that the significance of holding them has been lost.
- With regard to the exercise of voting rights in relation to Cross-Shareholdings, the Company and its Group companies make comprehensive decisions to vote for or against individual proposals from the perspective of whether appropriate governance structures are in place at investee companies, whether appropriate decisions are being made to enhance corporate value over the medium to long term, and from the perspective of enhancing the corporate value of individual Group companies.

## **Section 5 Cooperation with Stakeholders**

### **1. Code of Conduct**

Recognizing the highly public nature of its financial businesses, the Group has formulated a code of conduct to earn the trust of all its stakeholders by ensuring that all executives and employees conduct business activities ethically and in good faith.

### **2. Sustainability**

With the highest level of ethics and a strong sense of purpose, the Group gives due consideration to the impact of our business activities on the interests of stakeholders, including customers, shareholders, employees, business partners and local communities, as well as the global environment. Through dialogue, the Group also strives to build trust with its stakeholders. Furthermore, the Group strives to increase corporate value by engaging in business activities that generate both social and economic value to contribute to developing a sustainable society.

### **3. Promotion of Diversity**

To enhance its competitiveness as a company, the Group seeks to maximize the capabilities of individual employees with diverse values, regardless of gender, nationality or disability status. To this end, the Group aims to cultivate an environment and systems that promote the active participation of women and the employment of people with disabilities.

### **4. Internal Hotline System**

The Company and its Group companies have individually established internal hotlines that are independent from operational chains of command. Furthermore, the anonymity of those who contact

the hotlines is maintained, and necessary measures are taken to ensure that whistleblowers are not subjected to adverse treatment. The Group's executives and employees are able to choose where to make their reports: hotlines at individual Group companies or the Company's external hotline.

## **Section 6 Enhancement of Disclosure and Communication with Shareholders**

### **1. IR Activities**

The Company conducts sincere and proactive investor relations (IR) activities to build relationships of trust with shareholders, investors, and others, led by the President and Representative Corporate Executive Officer. The Company receives useful opinions and requests from shareholders, investors and others through its IR activities, and these are regularly passed on as feedback to the Board of Directors and others. The Company has established its IR Policy based on this approach.

## **Section 7 Other**

### **1. Revision or Abolition**

The formulation of this basic policy, as well as its revision or abolition, shall be determined by resolution of the Board of Directors.