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Securities code: 8630

June 3, 2016

Notice to Stockholders

Sompo Japan Nipponkoa Holdings, Inc.
1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Kengo Sakurada, Group CEO,
Representative Director, President and
Executive Officer

Notice of Convocation of the 6th General Meeting of Stockholders

Thank you all for your continued patronage.

The 6th General Meeting of Stockholders of Sompo Japan Nipponkoa Holdings, Inc. (the "Company" or "we") will be held as shown below and your attendance is cordially requested.

If you are unable to attend on this date, you may exercise your voting rights either in writing (the Voting Rights Exercise Form) or via the Internet. In this case, please review the "Reference Documents for General Meeting of Stockholders" (on pages 6 through 34), and exercise your voting rights in accordance with the "Instructions concerning the Exercising of Voting Rights" (on pages 4 and 5).

Details of the Meeting

1. Date and Time: June 27, 2016 (Monday) at 10 a.m.

2. Location: 1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Sompo Japan Nipponkoa Insurance Inc., Head Office, 2nd floor conference room

3. Purpose of the Meeting of Stockholders:

Matters to be Reported

1. The business report, the consolidated financial statements and the audit reports by the accounting auditors and the audit & supervisory board for Fiscal Year 2015 (April 1, 2015 to March 31, 2016)

2. The financial statements for Fiscal Year 2015 (April 1, 2015 to March 31, 2016)

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Matters to be Resolved

Proposal No. 1	Disposition of Retained Earnings
Proposal No. 2	Partial Amendment to the Articles of Incorporation
Proposal No. 3	Appointment of Thirteen Directors
Proposal No. 4	Appointment of One Audit & Supervisory Board Member
Proposal No. 5	Decisions Pertaining to Amounts and Details of Stock Compensation Plan

4. Matters related to Exercise of Voting Rights:

(1) In the event that a stockholder exercises his/her/its voting rights using the Voting Rights Exercise Form and does not indicate his/her/its approval or disapproval of each proposal, the absence of such indication shall be treated as a vote for approval.

(2) If duplicate votes are exercised by using both the enclosed Voting Rights Exercise Form and the Internet, the vote cast using the Internet shall be treated as the effective vote.

(3) If any stockholder casts duplicate or multiple votes via the Internet, the last vote cast shall be treated as the effective vote.

(4) In the event that a stockholder exercises his/her/its voting rights through proxy, in accordance with Article 18 of Articles of Incorporation of the Company, proxy eligibility shall be limited to one (1) of the stockholders having voting rights of the Company and the proxy shall submit a documentation proving the power of proxy (such as letter of proxy) to the reception counter at the meeting.
As a further means to prove the power of proxy, one of the following documents shall be submitted in addition to the letter of proxy which is signed and sealed by the proxy grantor:
1) the Voting Rights Exercise Form sent by the Company to the proxy grantor;
2) an original copy of the certificate of registered seal of the proxy grantor (in this case, the proxy grantor is required to affix the same registered seal to the relevant documentation such as letter of proxy); or
3) a copy of the official identification document issued by governmental agencies such as driving license or health insurance card by which the name and address of the proxy grantor can be confirmed.

-- End

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Of the documents to be attached to the notice of convocation, the following are posed on our website in accordance with laws and regulations and Article 16 of Articles of Incorporation of the Company and accordingly those are not included in this notice of convocation:

1. Consolidated Statement of Changes in Net Assets;
2. Notes to Consolidated Financial Statements;
3. Non-consolidated Statement of Changes in Net Assets; and
4. Notes to Non-consolidated Financial Statements.

If we need to amend the reference documents for general meeting of stockholders, business reports, consolidated financial statements, or financial statements, the amended contents will be posted on our website.

【Our Website】	**http://www.sompo-hd.com/ (Japanese)** **http://www.sompo-hd.com/en/ (English)**

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Instructions concerning the Exercising of Voting Rights

You may exercise your voting rights by any one of the three methods set out below.

General Meeting of Stockholders	**Attending the General Meeting of Stockholders** Please bring and submit the enclosed Voting Rights Exercise Form to the reception desk of the meeting. You are cordially requested to bring this notice of convocation.
Mail	**Mailing Document (the Voting Rights Exercise Form)** Please mark your approval or disapproval with respect to each proposal on the enclosed Voting Rights Exercise Form, and return it **so that it is received by us by 5 p.m. on June 24, 2016 (Friday).**
Internet	**Via Internet** Please go to the website for exercising voting rights shown below, enter the "Voting Rights Exercise Code" and the "Password", which you will find on the right side sheet of your Voting Rights Exercise Form, and indicate your approval or disapproval with respect to each proposal in accordance with the instructions on the screen **by 5 p.m. on June 24, 2016 (Friday).** 【Website for exercising voting rights】 **http://www.it-soukai.com/ (Japanese only)**

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Points to Note:

(1) In order to prevent unauthorized access by third parties or the falsifying of information in relation to exercising your voting rights, you are requested to change the password on the website for exercising voting rights.

(2) The stockholders will be responsible for the costs (such as internet connection charges, telephone charges, packets communication charges) he/she/it incurs in accessing the website for exercising voting rights.

(3) It might not be possible to exercise voting rights via computer or smartphone depending on the user environment.

(4) It might not be possible to exercise voting rights via mobile phone depending on the type of the mobile phone and the like.

[Contact Information]
For inquiries, please contact the following:

Stock Transfer Agency Department
Mizuho Trust & Banking Co., Ltd.

1. For inquiries with respect to the exercise of voting rights via internet:
   Telephone: **0120-768-524** (Toll Free (from within Japan only))
   Hours of Operation: 9:00 a.m. - 9:00 p.m. (excluding Saturdays, Sundays and national holidays)

2. For inquiries with respect to administration of shares other than item 1 above:
   Telephone: **0120-288-324** (Toll Free (from within Japan only))
   Hours of Operation: 9:00 a.m. - 5:00 p.m. (excluding Saturdays, Sundays and national holidays)

【To Institutional Investors】

Institutional investors may use the “Electronic Voting Platform” operated by ICJ, Inc. as a means to exercise their voting rights.

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Reference Documents for General Meeting of Stockholders

Proposals and Reference Matters Thereof

Proposal 1: Disposition of Retained Earnings

The Company strives to improve capital efficiency including through investments in growing business fields while maintaining financial soundness, and concerning the stockholder returns, the Company has a basic policy of paying stable dividends, with the option of stock buybacks depending on capital conditions. Moreover, the Company's medium-term target for a total payout ratio (see Note 1) is at a level of 50% of adjusted consolidated profit (see Note 2) (excluding the domestic life insurance business).
With respect to the year-end dividend of this period, the Company proposes, taking into consideration matters such as financial conditions and the future operating environment, as follows.

Matters concerning year-end dividend:

1. Matters concerning allocation of assets to be distributed to stockholders, and the total amount thereof:

   Amount per share of common stock of the Company: ¥40
   Total amount: ¥16,166,500,560
   As a result of this, the amount of annual dividend of the current period will be 80 yen per share, inclusive of the amount of interim dividend of 40 yen per share.

2. Effective Date of dividend of retained earnings:

   June 28, 2016

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Notes:

1. Total payout ratio = (total dividend + total stock buybacks) / adjusted consolidated profit (excluding domestic life insurance business)
2. The adjusted consolidated profit shall be the total amount of profit on an adjusted base of the Company group. The adjusted consolidated ROE for the current period calculated based on the adjusted consolidated profit is 7.8%.

* The calculation method for adjusted profit is as follows.

Business Segment	Definition of Business in the Calculation of Adjusted Profit	Method of Calculation of Adjusted Profit
Domestic P&C Insurance Business	Total of Sompo Japan Nipponkoa Insurance Inc., SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, and Sonpo 24 Insurance Company Limited (each on a non-consolidated basis)	Net income during the period ＋Provisions for catastrophic loss reserve (after tax) ＋Provisions for reserve for price fluctuation (after tax) －Gains/losses on sales of securities and impairment losses on securities (after tax) －Special factors
Domestic Life Insurance Business	Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	Growth in embedded value (EV) during the period －Capital transactions such as equity issuance －Changes in EV attributable to fluctuation of interest rates, etc.
Overseas Insurance Business	Overseas insurance subsidiaries	Net income for the period
Financial and Other Services Business	Financial services, nursing care & healthcare, and other services	Net income for the period

* The calculation method for the adjusted consolidated ROE is as follows.

Adjusted consolidated profit ÷ [consolidated net assets (excluding life insurance subsidiaries' net assets) + catastrophic loss reserve (after tax) + reserve for price fluctuation (after tax) + life insurance subsidiaries' Embedded Value (EV)]

*All values in the denominator are the average of the fiscal-year opening and closing balances.

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Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reasons for amendment

The Company will entail a structural shift to the best customer service provider predicated on the themes of “security, health, and wellbeing.” It will also signal a major change in focus towards establishing a globally competitive position. To this end, in order to further strengthen the “SOMPO” brand in terms of its focus on “security, health, and wellbeing,” the Company proposes to change its name to “Sompo Holdings, Inc.” effective as from October 1, 2016 by making amendment to Article 1 (Company Name) of current Articles of Incorporation of the Company.
With respect to the effectuation date of the above partial amendment to the Articles of Incorporation, the Company proposes to establish a supplementary provision and to delete it after the lapse of the effectuation date.

2. Particulars of amendment

The particulars of amendment are as set forth below.

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Comparative Table of
Current Articles of Incorporation and Proposed Amendment

(Underlined sections represent amendments)

Current Articles of Incorporation	Proposed Amendment to Articles of Incorporation
(Company Name) Article 1 The Company shall be called Sompo Japan Nipponkoa Holdings Kabushiki Kaisha. 2. In English, the Company will be indicated as Sompo Japan Nipponkoa Holdings, Inc.	(Company Name) Article 1 The Company shall be called Sompo Holdings Kabushiki Kaisha. 2. In English, the Company will be indicated as Sompo Holdings, Inc.
Articles 2 through 42 (omitted for brevity)	Articles 2 through 42 (unchanged)
New Provision	Supplementary provision 1. The amendment to Article 1 shall be effectuated on October 1, 2016. This supplementary provision shall be deleted after the lapse of the date of effectuation of amendment to Article 1.

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Proposal 3: Appointment of Thirteen Directors

The term of offices of all of twelve directors will expire at the end of this General Meeting of Stockholders. Accordingly, approvals for the appointment of thirteen directors are requested, increasing the number of directors by one to reinforce the management system, in an effort to establish the newly-adopted business owner system and expand business going forward.
The candidates for the positions of directors are listed below:

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Candidate No.	Name	Current Position and Responsibilities at the Company	Others
1	Kengo Sakurada	Group CEO, Representative Director, President and Executive Officer Overall management of the Group's operations (CEO)	Reappointment
2	Shinji Tsuji	Representative Director, Deputy President and Senior Managing Executive Officer Group CFO (Chief Financial Officer), Investment Management Department, Accounting Department, Internal Audit Department (assistant)	Reappointment
3	Shigeru Ehara	Director, Senior Managing Executive Officer Overseas Insurance Business owner, Global Business Planning Department, Global Reinsurance Department, China & East Asia Regional Headquarters, General Manager of China & East Asia Regional Headquarters	Reappointment
4	Shoji Ito	Director, Managing Executive Officer Assistant to the President	Reappointment
5	Masato Fujikura	Managing Executive Officer Group CRO (Chief Risk Officer), Global Business Management Department, Corporate Legal Department, Risk Management Department	New appointment
6	Koichi Yoshikawa	Managing Executive Officer Internal Control Department, Internal Audit Department	New appointment
7	Mikio Okumura	Executive Officer Nursing care & Healthcare Business owner, Nursing care & Healthcare Business Department	New appointment
8	Keiji Nishizawa	Director Domestic P&C Insurance Business owner, Assistant to President	Reappointment
9	Kaoru Takahashi	Director Domestic Life Insurance Business owner, Assistant to President	Reappointment
10	Sawako Nohara	Director	Reappointment Outside Director Candidate Independent Outside Director
11	Isao Endo	Director	Reappointment Outside Director Candidate Independent Outside Director
12	Tamami Murata	Director	Reappointment Outside Director Candidate Independent Outside Director
13	Scott Trevor Davis	Director	Reappointment Outside Director Candidate Independent Outside Director

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Candidate for directors (thirteen individuals)

Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
1	Kengo Sakurada (Feb. 11, 1956) Reappointment	<Summarized Resume, Position> Apr. 1978 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Jul. 2005 Executive Officer, General Manager, Financial Institutions Department of Sompo Japan Insurance Inc. (“Sompo Japan”) Apr. 2007 Managing Executive Officer of Sompo Japan Jun. 2007 Director, Managing Executive Officer of Sompo Japan Apr. 2010 Director, Managing Executive Officer of the Company Jul. 2010 Director, Executive Officer of the Company Representative Director, President and Chief Executive Officer of Sompo Japan Jun. 2011 Director of the Company Apr. 2012 Representative Director, President and Executive Officer of the Company Sep. 2014 Representative Director, Chairman and Executive Officer of Sompo Japan Nipponkoa Insurance Inc. (“Sompo Japan Nipponkoa”) Apr. 2015 Representative Director, Chairman of Sompo Japan Nipponkoa Jul. 2015 Group CEO, Representative Director, President and Executive Officer of the Company (current position) Director, Chairman of Sompo Japan Nipponkoa Apr. 2016 Director of Sompo Japan Nipponkoa (current position) <Responsibilities in the Company> Overall management of the Group’s operations (CEO) <Significant positions concurrently held> Director of Sompo Japan Nipponkoa < Number of years in office as director> 6 years <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 14 out of 15 (93%) <Reasons for selection as a candidate for director> In addition to his experience in business integration, business alliance, corporate planning, sales and systems in the P&C insurance business, Mr. Kengo Sakurada has global experience at international financial institutions. He took office as Representative Director and President of Sompo Japan in 2010, as Representative Director and President of the Company in 2012, as Representative Director, Chairman of Sompo Japan Nipponkoa in 2014, and as Director of Sompo Japan Nipponkoa in 2016. Mr. Sakurada has knowledge of overall management of insurance holding companies and global business management. With his abundant experiences and achievements, he is expected to reinforce supervisory and decision-making functions of the Board of Directors and the Company believes that his knowledge would be necessary for the future global development and advancement to new business fields. Accordingly, he was re-selected as a candidate for director.	16,741 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
2	Shinji Tsuji (Dec. 10, 1956) Reappointment	<Summarized Resume, Position> Apr. 1979 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2008 Executive Officer and General Manager, Customer Service Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2009 Managing Executive Officer of Sompo Japan Jun. 2011 Director, Managing Executive Officer of the Company Apr. 2012 Director, Senior Managing Executive Officer of the Company Apr. 2014 Representative Director, Deputy President and Senior Managing Executive Officer of the Company (current position) Apr. 2016 Director of Sompo Japan Nipponkoa Himawari Life Insurance, Inc. ("Sompo Japan Nipponkoa Himawari Life") (current position) <Responsibilities in the Company> Group CFO (Chief Financial Officer), Investment Management Department, Accounting Department, Internal Audit Department (assistant) <Significant positions concurrently held> Director of Sompo Japan Nipponkoa Himawari Life < Number of years in office as director> 5 years <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 14 out of 15 (93%) <Reasons for selection as a candidate for director> In addition to his experience in accounting, public relations, CSR and sales in the P&C insurance business, Mr. Shinji Tsuji is responsible for corporate management of domestic group companies at the Company, and took office as Representative Director of the Company in 2014. Mr. Tsuji has knowledge of corporate management and overall finance of insurance holding companies and the P&C insurance companies. With his abundant experiences and achievements, he is expected to reinforce supervisory and decision-making functions of the Board of Directors. Accordingly, he was re-selected as a candidate for director.	17,750 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
3	Shigeru Ehara (Dec. 18, 1958) Reappointment	<Summarized Resume, Position> Apr. 1981 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2011 Executive Officer, General Manager, Commercial Risk Solutions Department of Sompo Japan Insurance Inc. (“Sompo Japan”) Apr. 2013 Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Managing Executive Officer of NIPPONKOA Insurance Company, Limited (“NIPPONKOA”) Jun. 2013 Director, Executive Officer of the Company Apr. 2014 Director, Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of Sompo Japan Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of NIPPONKOA Sep. 2014 Director, Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of the Company Director, Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of Sompo Japan Nipponkoa Insurance Inc. (“Sompo Japan Nipponkoa”) Dec. 2014 Director, Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa Jan. 2016 Director, Managing Executive Officer, General Manager, Global Business Planning Department of the Company Director, Managing Executive Officer, General Manager, Global Business Planning Department of Sompo Japan Nipponkoa Apr. 2016 Director, Senior Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of the Company (current position) Director, Senior Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of Sompo Japan Nipponkoa (current position) <Responsibilities in the Company> Overseas Insurance Business owner, Global Business Planning Department, Global Reinsurance Department, China & East Asia Regional Headquarters, General Manager of China & East Asia Regional Headquarters <Significant positions concurrently held> Director, Senior Managing Executive Officer of Sompo Japan Nipponkoa < Number of years in office as director> 3 years <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 15 out of 15 (100%) <Reasons for selection as a candidate for director>	4,950 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
		With his experience in overseas business, product development, reinsurance, and sales in the P&C insurance business, Mr. Shigeru Ehara is responsible for M&As and growth strategy in the overseas business at the Company. He took office as Director of the Company and of Sompo Japan in 2013. Mr. Ehara has knowledge on overseas business and corporate product fields including reinsurance in insurance holding companies and in the P&C insurance business. With his abundant experiences and achievements, he is expected to reinforce supervisory and decision-making functions of the Board of Directors. Accordingly, he was re-selected as a candidate for director.	

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
4	Shoji Ito (Jan. 20, 1960) Reappointment	<Summarized Resume, Position> Apr. 1984 Joined The Nippon Fire & Marine Insurance Co., Ltd. Apr. 2013 Executive Officer, General Manager, Chiba Branch of Sompo Japan Insurance Inc. ("Sompo Japan") Executive Officer, Branch General Manager, Chiba Branch of NIPPONKOA Insurance Company, Limited ("NIPPONKOA") Oct. 2013 Executive Officer, Branch General Manager, Chiba Branch of Sompo Japan Sep. 2014 Executive Officer, Branch General Manager, Chiba Branch of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) Jun. 2015 Director, Managing Executive Officer of the Company (current position) <Responsibilities in the Company> Assistant to the President <Significant positions concurrently held> Director, Managing Executive Officer of Sompo Japan Nipponkoa < Number of years in office as director> 1 year <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 12 out of 12 (100%) <Reasons for selection as a candidate for director> With his experience in corporate planning, business integration, claims service and human resources in the P&C insurance business, Mr. Shoji Ito took office as Director of the Company and of Sompo Japan Nipponkoa in 2015. With his abundant experiences and achievement regarding overall management including claim service and human resources in insurance holding companies and in the P&C insurance business, he is expected to reinforce supervisory and decision-making functions of the Board of Directors. Accordingly, he was re-selected as a candidate for director.	1,975 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
5	Masato Fujikura (Sep. 26, 1958) New appointment	<Summarized Resume, Position> Apr. 1981 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2012 Executive Officer, General Manager, Reinsurance Department of Sompo Japan Insurance Inc. (“Sompo Japan”) Apr. 2013 Executive Officer, General Manager, Reinsurance Department of NIPPONKOA Insurance Company, Limited (“NIPPONKOA”) Apr. 2014 Managing Executive Officer, General Manager, The Americas Regional Headquarters of Sompo Japan Managing Executive Officer, General Manager, The Americas Regional Headquarters of NIPPONKOA Sep. 2014 Executive Officer, General Manager, The Americas Regional Headquarters of the Company Managing Executive Officer, General Manager, The Americas Regional Headquarters of Sompo Japan Nipponkoa Insurance Inc. (“Sompo Japan Nipponkoa”) Apr. 2015 Managing Executive Officer, General Manager, The Americas Regional Headquarters of the Company Apr. 2016 Managing Executive Officer of the Company (current position) Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) <Responsibilities in the Company> Group CRO (Chief Risk Officer), Global Business Management Department, Corporate Legal Department, Risk Management Department <Significant positions concurrently held> Director, Managing Executive Officer of Sompo Japan Nipponkoa <Reasons for selection as a candidate for director> With his experience in overseas business, reinsurance (risk management), finance, product development and sales in the P&C insurance business, Mr. Masato Fujikura took office as Director of Sompo Japan Nipponkoa in 2016. With his abundant experiences and achievement regarding overall management in the P&C insurance business, he is expected to reinforce supervisory and decision-making functions of the Board of Directors. Accordingly, he was newly selected as a candidate for director.	3,350 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
6	Koichi Yoshikawa (Feb. 23, 1963) New appointment	<Summarized Resume, Position> Apr. 1985 Joined Koa Fire & Marine Insurance Co., Ltd. Apr. 2014 Executive Officer, General Manager, Corporate Marketing Department VII of Sompo Japan Insurance Inc. (“Sompo Japan”) Executive Officer, General Manager, Corporate Marketing Department VII of NIPPONKOA Insurance Company, Limited (“NIPPONKOA”) Sep. 2014 Executive Officer, General Manager, Corporate Marketing Department VII of Sompo Japan Nipponkoa Insurance Inc. (“Sompo Japan Nipponkoa”) Apr. 2016 Managing Executive Officer of the Company (current position) Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) <Responsibilities in the Company> Internal Control Department, Internal Audit Department <Significant positions concurrently held> Director, Managing Executive Officer of Sompo Japan Nipponkoa <Reasons for selection as a candidate for director> With his experience in human resources and sales in the P&C insurance business and corporate planning in the life insurance business, Mr. Koichi Yoshikawa took office as Director of Sompo Japan Nipponkoa in 2016. With his abundant experiences and achievement regarding overall management in the P&C insurance business and life insurance business, he is expected to reinforce supervisory and decision-making functions of the Board of Directors. Accordingly, he was newly selected as a candidate for director.	3,500 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
7	Mikio Okumura (Nov. 23, 1965) New appointment	<Summarized Resume, Position> Apr. 1989 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2006 Joined FinTech Global Incorporated Dec. 2007 Member of the Board, Head of Investment Banking Division of FinTech Global Incorporated Apr. 2015 Executive Officer, General Manager, Corporate Planning Department Apr. 2016 Executive Officer of the Company (current position) <Responsibilities in the Company> Nursing care & Healthcare Business owner, Nursing care & Healthcare Business Department <Reasons for selection as a candidate for director> In addition to his experience in corporate planning in the P&C insurance business and experience in overseas business, Mr. Mikio Okumura also has experiences in operating an overseas subsidiary and an investment bank. Moreover, he has experiences in corporate planning, new business and nursing care business in the Company. With his abundant experiences and achievement regarding overall management in various corporations including insurance holding companies, he is expected to reinforce supervisory and decision-making functions of the Board of Directors. Accordingly, he was newly selected as a candidate for director.	800 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
8	Keiji Nishizawa (Feb. 11, 1958) Reappointment	<Summarized Resume, Position> Apr. 1980 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager, Personal Lines Planning & Development Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2010 Managing Executive Officer of Sompo Japan Jun. 2010 Director, Managing Executive Officer of Sompo Japan Oct. 2011 Director, Managing Executive Officer, General Manager, Automobile Underwriting Department of Sompo Japan Nov. 2011 Director, Managing Executive Officer of Sompo Japan Jun. 2012 Director, Executive Officer of the Company Apr. 2013 Director, Senior Managing Executive Officer of Sompo Japan Senior Managing Executive Officer of NIPPONKOA Insurance Company, Limited ("NIPPONKOA") Apr. 2014 Representative Director, Senior Managing Executive Officer of Sompo Japan Sep. 2014 Representative Director, Senior Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Director, Deputy President and Senior Managing Executive Officer of the Company Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Nipponkoa Oct. 2015 Director, Deputy President and Senior Managing Executive Officer, General Manager, New Business Development Department of the Company Jan. 2016 Director, Deputy President and Senior Managing Executive Officer of the Company Apr. 2016 Director of the Company (current position) Representative Director, President and Chief Executive Officer of Sompo Japan Nipponkoa (current position) <Responsibilities in the Company> Domestic P&C Insurance Business owner, Assistant to President <Significant positions concurrently held> Representative Director, President and Executive Officer of Sompo Japan Nipponkoa < Number of years in office as director> 4 years <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 15 out of 15 (100%)	6,000 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
		<Reasons for selection as a candidate for director> With his experience in corporate planning, human resources, product development, sales, claims service and IT systems in the P&C insurance business, Mr. Keiji Nishizawa is responsible for new business development and IT systems at the Company. He took office as Director of the Company in 2012, as Representative Director of Sompo Japan in 2014 and as Representative Director and President of Sompo Japan Nipponkoa in April 2016. Mr. Nishizawa has knowledge of overall business management in insurance holding companies and in the P&C insurance business. With his abundant experiences and achievements, he is expected to reinforce supervisory and decision-making functions of the Board of Directors. Accordingly, he was re-selected as a candidate for director.	

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
9	Kaoru Takahashi (May 13, 1956) Reappointment	<Summarized Resume, Position> Apr. 1979 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager, Human Resources Department of Sompo Japan Insurance Inc. (“Sompo Japan”) Apr. 2010 Managing Executive Officer of Sompo Japan Jun. 2010 Director, Managing Executive Officer of Sompo Japan Director of Sompo Japan Himawari Life Insurance Co., Ltd. (“Sompo Japan Himawari Life”) Apr. 2012 Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Apr. 2013 Deputy President and Senior Managing Executive Officer of NIPPONKOA Insurance Company, Limited (“NIPPONKOA”) Sep. 2014 Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. (“Sompo Japan Nipponkoa”) Apr. 2015 Representative Director, President and Chief Executive Officer of Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (“Sompo Japan Nipponkoa Himawari Life”) (current position) Jun. 2015 Director of the Company (current position) Mar. 2016 Director of Hulic Co., Ltd. (current position) <Responsibilities in the Company> Domestic Life Insurance Business owner, Assistant to President <Significant positions concurrently held> Representative Director, President and Chief Executive Officer of Sompo Japan Nipponkoa Himawari Life External Director of Hulic Co., Ltd. < Number of years in office as director> 1 year <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 12 out of 12 (100%) <Reasons for selection as a candidate for director> With his experience on corporate planning, human resources and sales in the P&C insurance business, Mr. Kaoru Takahashi took office as Representative Director of Sompo Japan in 2012 and as Representative Director and President of Sompo Japan Nipponkoa Himawari Life in 2015. Mr. Takahashi has knowledge of overall business management in insurance holding companies and in the P&C insurance business. With his abundant experiences and achievements, he is expected to reinforce supervisory and decision-making functions of the Board of Directors. Accordingly, he was re-selected as a candidate for director.	40,400 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
10	Sawako Nohara (Jan. 16, 1958) Reappointment Outside Director Candidate Independent Outside Director	<Summarized Resume, Position> Dec. 1988 Joined LIFE SCIENCE LABORATORIES, LTD. Jul. 1995 Joined InfoCom Research, Inc. Apr. 1996 Senior Researcher of InfoCom Research, Inc. Jul. 1998 Head of the E-Commerce Business Development Group of InfoCom Research, Inc. Dec. 2000 Director of IPSe Marketing, Inc. Dec. 2001 Representative Director, President of IPSe Marketing, Inc. (current position) Jun. 2006 Member of the Board of NEC Corporation Nov. 2009 Project Professor, Keio University Graduate School of Media and Governance (current position) Jun. 2012 Audit & Supervisory Board Member of Sompo Japan Insurance Inc. Jun. 2013 Director (outside) of the Company (current position) Jun. 2014 Outside Board Member of Nissha Printing Co., Ltd. (current position) Outside Director of Japan Post Bank Co., Ltd. (current position) <Significant positions concurrently held> Representative Director, President of IPSe Marketing, Inc. Project Professor, Keio University Graduate School of Media and Governance Outside Board Member of Nissha Printing Co., Ltd. Outside Director of Japan Post Bank Co., Ltd. < Number of years in office as director> 3 years <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 15 out of 15 (100%) <Reasons for selection as a candidate for outside director> With her abundant experience as a company manager and broad knowledge related to the IT industry, Ms. Sawako Nohara has provided appropriate advice on the management of the Company from diversified and professional perspectives. At the same time, she has provided valuable advice on the initiative on women's empowerment in the workplace, which is also one of the important strategies of the Company. Accordingly, she was re-selected as a candidate for outside director.	0 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
11	Isao Endo (May 8, 1956) Reappointment Outside Director Candidate Independent Outside Director	<Summarized Resume, Position> Apr. 1979 Jointed Mitsubishi Electric Corporation Oct. 1988 Jointed The Boston Consulting Group Inc. Oct. 1992 Jointed Andersen Consulting Oct. 1996 Partner of Andersen Consulting Sep. 1997 Partner and Director of Booz Allen Hamilton May 2000 Managing Partner of Roland Berger Ltd. Apr. 2006 Chairman of Roland Berger Ltd. (current position) Professor of the Graduate School of Commerce, Waseda University May 2011 Director of Ryohin Keikaku Co., Ltd. (current position) Mar. 2013 Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. (current position) Jun. 2014 Director of the Company (current position) Director of Nisshin Steel Co., Ltd. (current position) <Significant positions concurrently held> Chairman of Roland Berger Ltd. Director of Ryohin Keikaku Co., Ltd. (Outside Director) Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. (Outside Auditor) Director of Nisshin Steel Co., Ltd. (Outside Director) < Number of years in office as director> 2 years <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 14 out of 15 (93%) <Reasons for selection as a candidate for outside director> With his broad knowledge as an erudite scholar and abundant experience as a company manager as well as at consulting firms, Mr. Isao Endo has provided appropriate advice on the management of the Company, especially through his practical research on “field capabilities” at the university. Accordingly, he was re-selected as a candidate for outside director.	200 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
12	Tamami Murata (Jan. 18, 1960) Reappointment Outside Director Candidate Independent Outside Director	<Summarized Resume, Position> Apr. 1988 Admitted to the Japanese Bar Aug. 2001 Attorney at law at Murata Law Office (current position) Apr. 2008 Executive Vice President of Daini Tokyo Bar Association Jun. 2014 Director of the Company (current position) <Significant positions concurrently held> Attorney at law < Number of years in office as director> 2 years <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 15 out of 15 (100%) <Reasons for selection as a candidate for outside director> Ms. Tamami Murata has abundant knowledge and experience as an attorney at law and provided appropriate advice on the management of the Company with her professional viewpoints based on her knowledge and experience. At the same time, she has provided valuable advice on the initiative on women's empowerment in the workplace, which is also one of the important strategies of the Company. Despite lack of experience in participation in corporate management other than by serving as outside director or audit & supervisory board member, she was re-selected as a candidate for outside director due to the reasons mentioned above.	0 Shares

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Candidate No.	Name (Date of Birth)	Summarized Resume, Position, Responsibilities, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
13	Scott Trevor Davis (Dec. 26, 1960) Reappointment Outside Director Candidate Independent Outside Director	<Summarized Resume, Position> Apr. 2001 Professor of the International Business Administration Department, the International School of Economics and Business Administration of Reitaku University May 2004 Director of Ito-Yokado Co., Ltd. Sep. 2005 Director of Seven & I Holdings Co., Ltd. (current position) Mar. 2006 Audit & Supervisory Board Member of Nissen Co., Ltd. Apr. 2006 Professor of the Department of Global Business, College of Business, Rikkyo University (current position) Mar. 2011 Director of Bridgestone Corporation (current position) Jun. 2014 Director of the Company (current position) <Significant positions concurrently held> Director of Seven & I Holdings Co., Ltd. (Outside Director) Professor of the Department of Global Business, College of Business, Rikkyo University Director of Bridgestone Corporation (Outside Director) < Number of years in office as director> 2 years <Record of Attendance at Meetings of the Board of Directors in Fiscal 2015> 15 out of 15 (100%) <Reasons for selection as a candidate for outside director> Mr. Scott Trevor Davis has broad knowledge as an erudite scholar and provided appropriate advice on the management of the Company, especially through his research on strategic management and CSR at the university. Moreover, he has provided diversified advice from global perspectives. Despite lack of experience in participation in corporate management other than by serving as outside director or audit & supervisory board member, he was re-selected as a candidate for outside director due to the reasons mentioned above.	0 Shares

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Notes:

1. There are no special interests between each candidate and the Company.
2. Ms. Sawako Nohara, Mr. Isao Endo, Ms. Tamami Murata and Mr. Scott Trevor Davis are candidates for outside directors.
   The Company has prescribed the “Standards regarding Independence of Outside Directors / Audit & Supervisory Board Members” (see pages 29 to 30). None of the above candidates fall within any of the categories for examination listed in the above-referred standards and each candidate is considered to be independent. Each of the above candidates is an “independent director/auditor” which is specified by Tokyo Stock Exchange, Inc. as being unlikely to have a conflict of interest with general stockholders.
3. Ms. Sawako Nohara served as Independent Audit & Supervisory Board Member of our subsidiary in the past.
4. Ms. Sawako Nohara will have completed three years of service as outside director of the Company at the end of this General Meeting of Stockholders. Mr. Isao Endo, Ms. Tamami Murata and Mr. Scott Trevor Davis will have completed two years of service as outside directors of the Company at the end of this General Meeting of Stockholders.
5. The Company has entered into a contract for limitation of liability, in accordance with Article 427, Paragraph 1 of the Companies Act, with Ms. Sawako Nohara, Mr. Isao Endo, Ms. Tamami Murata and Mr. Scott Trevor Davis, respectively, that limits his or her liability under Article 423, Paragraph 1 of the Companies Act to the Minimum Liability Amount stipulated in Article 425, Paragraph 1 of the Companies Act. If they are reappointed as outside directors, the Company intends to continue said contract with each of them.

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Proposal 4: Appointment of One Audit & Supervisory Board Member

The term of office of Mr. Eiichi Yoshimitsu, audit & supervisory board member, will expire at the end of this General Meeting of Stockholders. Accordingly, approval for the appointment of one audit & supervisory board member is requested.
The consent of Audit & Supervisory Board has been obtained. The candidate for the position of audit & supervisory board member is listed below:

Candidate for audit & supervisory board member (one individual)

Name (Date of Birth)	Summarized Resume, Position, Significant Positions Concurrently Held and Others	Number of Shares of the Company Owned by Candidate
Masaki Hanawa (Feb. 16, 1958) New appointment	<Summarized Resume, Position> Apr. 1981 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2010 Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Insurance Inc. (“Sompo Japan”) Jan. 2011 Executive Officer, General Manager, Corporate Planning Department & Service Quality Management and Enhancement Department of Sompo Japan Apr. 2011 Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Apr. 2012 Managing Executive Officer of Sompo Japan Apr. 2013 Managing Executive Officer of NIPPONKOA Insurance Company, Limited (“NIPPONKOA”) Apr. 2014 Director, Managing Executive Officer of Sompo Japan Sep. 2014 Director, Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. (“Sompo Japan Nipponkoa”) Apr. 2016 Senior Advisor of Sompo Japan Nipponkoa (current position) <Reasons for selection as a candidate for audit & supervisory board member> Mr. Masaki Hanawa has experiences in corporate planning and accounting and finance in the P&C insurance business and life insurance business. In addition, he has broad knowledge on overall management at both businesses. He was newly selected as a candidate for audit & supervisory board member because he is expected to reflect his abundant knowledge and experiences on the Company’s audit.	23,758 Shares

Note: There is no special interest between the candidate and the Company.

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■ Policies for Appointments of Officers

The Company has prescribed the "Policies for Appointments of Officers" by resolution of the Board of Directors based on the advice of the Nomination and Compensation Committee, an advisory organ to the Board of Directors. The content of the Policy is set forth as follows.

<Policies for Appointments of Officers>

The appointment of directors, executive officers, and Audit & Supervisory Board members is conducted in accordance with the following policies for appointment of officers. Directors and executive officers are nominated by the Board of Directors based on discussions with the Nomination and Compensation Committee.
Furthermore, in the event that the Board of Directors' appointment of an Audit & Supervisory Board member is determined by resolution at the General Meeting of Stockholders, an opportunity will be provided in advance for the Board of Directors to discuss the candidate with the Audit & Supervisory Board to seek its approval.

1. Policies for appointment of directors and Audit & Supervisory Board members

   The Company supervises and guides its subsidiaries, formulating management strategies for subsidiaries engaged mainly in the P&C insurance business, as well as comprehensive management strategies for the entire Group. The Company is responsible for the execution and realization of these strategies.
   From this perspective, the Board of Directors appoints directors based on familiarity with the Company's business, ensuring a balance between experience and achievements without bias for an area of specialization. To facilitate objective decision making with respect to management issues from a diverse and independent focus and perspective, the Board of Directors includes multiple outside directors with a wide range of knowledge and experience having backgrounds in corporate management, academia, and the legal profession.
   The Audit & Supervisory Board consists of Audit & Supervisory Board members appointed on the basis of their solid knowledge of finance and accounting and in consideration of an overall balance of backgrounds in corporate management experience and the legal profession.
   Furthermore, the appointment of directors and Audit & Supervisory Board members is based on appointment criteria in consideration of Comprehensive Guidelines for Supervision of Insurance Companies.
   The Group formulated outside director independence criteria as a standard for the appointment of outside directors and outside Audit & Supervisory Board members.
   It shall be noted that, for the purpose of carrying out substantive discussions, the number of directors shall be limited to 15, and audit & supervisory board members shall be limited to 7, pursuant to the provisions of the Articles of Incorporation.

2. Policies for appointment of executive officers
   The Group formulated a "desired image for executive officers" and "Policies for appointment of executive officers" to identify the basic skills and qualifications required and define the balance between experience and achievements when appointing executive officers. In compliance with the policies, executive officers are

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appointed.

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■ Standards regarding Independence of Outside Directors / Audit & Supervisory Board Members

The Company has prescribed the "Standards regarding Independence of Outside Directors / Audit & Supervisory Board Members" by resolution of the Board of Directors based on the advice of the Nomination and Compensation Committee, an advisory organ to the Board of Directors. The content of the Standards is set forth as follows.

<Standards regarding Independence of
Outside Directors / Audit & Supervisory Board Members>

The Company will determine the independence from the Company of outside directors and outside audit & supervisory board members based on the matters set forth below:

1. Personal Relationships: A kinship between the candidate and any Group officer or employee, status of mutual appointments of officers between the Company and the company which the candidate is originally from.
2. Capital Relationships: The holding of shares in the Company by the candidate or the company which the candidate is originally from, holding of shares by the Group.
3. Business Relationships: Business transactions or donations between the Group and the candidate or the company which the candidate is originally from.
4. Other interests.

In the event that a candidate for outside director falls within any of the categories listed below, the Nomination and Compensation Committee, a committee primarily constituted of outside directors, will examine his/her independence. Following final determination by the Board of Directors, a proposal for appointment will be submitted to a general meeting of stockholders of the Company and the Company will submit notification of such outside director as an independent director as prescribed by each relevant Financial Instruments Exchange.

In the case of a candidate for outside audit & supervisory board member, the Audit & Supervisory Board will take into consideration these standards in determining whether to consent to a proposal being submitted to a general meeting of stockholders of the Company for the appointment of audit & supervisory board member.

(1) The candidate is a spouse, or a relative within the third degree of kinship, of an executive director, executive officer, or employee who holds the position of general manager or higher of the Company or any of its subsidiaries.
(2) The candidate is originally from a company (Note 2) with which the Company has a "mutual appointment relationship of outside director/audit & supervisory board member" (Note 1).
(3) The Company and its subsidiaries hold 5% or more of the shares in the company which the candidate is originally from (Note 3).
(4) The candidate or the company which the candidate is originally from (Note 3) holds 5% or more of the shares in the Company.
(5) The company which the candidate is originally from (Note 3) is a major business partner (Note 4) for the Company and its subsidiaries.

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(6) The Company and its subsidiaries are major business partners (Note 4) for the candidate or the company which the candidate is originally from (Note 3).
(7) The candidate or an organization to which the candidate belongs is an accounting auditor of the Company or any of its subsidiaries.
(8) The candidate or an organization which the candidate is originally from has received donations from the Company and its subsidiaries totaling 10 million yen or more per year.
(9) Any other important interests that give rise to doubts as to the independence of the candidate.

Notes:

1. "Mutual appointment relationship of outside director/audit & supervisory board member" means appointing a person as an outside director/audit & supervisory board member of the Company from a company in which a person originally from the Company currently serves as an outside director/audit & supervisory board member.
2. "Person from a company" means, with respect to any company, a person who currently serves as an executive director, executive officer, or employee holding the position of general manager or higher of such company, or a person who has experience of holding such position in the past 10 years.
3. "Company which a person is originally from" means a company in which the person currently serves as an executive director, executive officer or employee holding the position of general manager or higher, or in which the person has experience of holding such position in the past 10 years.
4. "Major business partner" means a counterparty in transactions where the amount of such transactions accounts for 2% or more of the consolidated sales (or, in the case of loan transactions, 2% or more of the consolidated assets) of either party to such transactions.
   Provided that i) in the case of transactions between the candidate personally and the Company and its subsidiaries, this means that an amount of payment (such as remuneration) from the Company and its subsidiaries is 10 million yen or more per year, and ii) in the event that the candidate belongs to an organization that provides professional services (such as lawyers and accountants), this means that an amount of payment (such as remuneration) from the Company and its subsidiaries to such an organization is 10 million yen or more per year.

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Proposal 5: Decisions Pertaining to Amounts and Details of Stock Compensation Plan

Currently, remuneration for directors (excluding outside directors) of the Company consists of basic remuneration and stock compensation-type stock option. Among them, the maximum amount of monetary remuneration related to the basic remuneration is as approved at the 1st General Meeting of Stockholders held on June 27, 2011.
Separately from the basic remuneration, this is a proposal to adopt a new stock compensation plan in place of the stock compensation-type stock option of the above remuneration.
This plan is a performance-linked stock compensation plan where the Company's shares will be acquired through a trust established based on the underlying funds contributed by the Company and where the Company's shares and the money equivalent in amount to the value of the Company's shares converted at market value of the Company's shares will be distributed to directors (excluding outside directors) and executive officers of the Company and directors (excluding outside directors) and executive officers of the major group companies of the Company (collectively the "Company's Group Directors") in accordance with the Rules of the Stock Benefit Trust for Directors determined by the Board of Directors of the Company and the major group companies (the "Group") (the trust established through such money trust, the "Trust").
Subject to the approval of this proposal, the stock compensation-type stock option approved at the 1st General Meeting of Stockholders held on June 27, 2011 will be abolished, and new stock acquisition rights as the stock compensation-type stock option will not be issued to the directors of the Company.

1. Reason for the proposal and why the remuneration, etc. is appropriate
This is a proposal to adopt a performance-linked stock compensation plan, "Board Benefit Trust (BBT)," (the "Plan"), for the purpose of increasing awareness of contribution to improve medium- to long-term performance and increase corporate value, by clarifying further the relationship between the remuneration to Company's Group Directors and the performance/stock value, and by having the officers share with the stockholders not only the benefits arising from rising share prices but also the risks associated with falling share prices. The Company regards this proposal as appropriate for this purpose.
As for amounts and details of remuneration, etc. to the directors of the Company, the amount of the remuneration, etc. of the directors (not more than ¥400 million per year, which does not include the employee salary for directors serving concurrently as employees) and the amount of the remuneration to the directors (excluding outside directors) of the Company by stock compensation-type stock option (not more than ¥100 million per year, which does not include the employee salary for directors serving concurrently as employees), were approved at the Company's 1st Annual General Meeting of Stockholders held on June 27, 2011. The Company proposes to abolish the amount of remuneration paid by stock compensation-type stock option, and to pay to the directors (excluding outside directors) under a new stock compensation plan within the framework of 2. below. In addition, the Company would like to ask you to entrust the detail of the Plan to the Board of Directors of the Company within the framework of 2. below.
At present, the number of the directors of the Company to which the Plan is applied

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is eight. However, subject to the approval of the Proposal 3, the number of the directors of the Company to which the Plan is applied will be nine.

2. Amount and detail of the remuneration, etc. under the Plan

(1) Detail of the Plan

The Plan is a performance-linked stock compensation plan where the Company's shares will be acquired through a trust established based on the underlying funds contributed by the Company and where the Company's shares and the money equivalent in amount to the value of the Company's shares converted at market value of the Company's shares (the "Company's shares, etc.") will be distributed to the Company's Group Directors in accordance with the Rules of the Stock Benefit Trust for Directors determined by the Board of Directors of the Group. The timing of distribution of the Company's shares, etc. to the Company's Group Directors will be in principle at the time of retirement of the Company's Group Directors.

(2) Persons to whom the Plan is applied

Persons to whom the Plan is applied will be the Company's Group Directors.

(3) Maximum amount of contribution to the Trust by the Company

The Company will adopt the Plan for three fiscal years from the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2019 (such three-fiscal year period and each succeeding three-fiscal year period shall be respectively referred to as the "Subject Period") and for each Subject Period thereafter. As a fund for the Trust to acquire shares ahead of distribution to the Company Group Officers for the initial Subject Period based on the Plan, the Company will contribute ¥300 million (This does not include the employees salary for directors serving concurrently as employees.) for the directors of the Company, for a total of ¥2,000 million for the Company's Group Directors as the maximum amount (This does not include the employee salary for directors serving concurrently as employees.) to the Trust.

Even after the initial Subject Period, until the end of the Plan, the Company will make an additional contribution to the Trust as the fund to acquire shares as described above for each Subject Period. The amount of such additional contribution will be ¥300 million (This does not include the employee salary for directors serving concurrently as employees.) for the directors of the Company, for a total of ¥2,000 million for the Company's Group Directors as the maximum amount (This does not include the employee salary for directors serving concurrently as employees.).

However, when making such additional contribution, if there remain the Company's shares (excluding the Company' shares equivalent to the points granted to the Company's Group Directors that are undistributed to the Company's Group Directors) and funds (the "Remaining Shares, etc.") in the trust assets at the last day of the Subject Period immediately preceding the Subject Period for which the additional contribution will be made , the total of the amount of the Remaining Shares, etc. (for shares, the market value at the last day of the immediately preceding Subject Period) and the amount of funds additionally contributed will be within the maximum amount approved at this General Meeting of Stockholders.

(4) Acquisition method of the Company's shares and the number of shares acquired by the Trust

The acquisition of the Company's shares by the Trust will be performed through

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the stock market, using the funds contributed as described in (3) above. For the initial Subject Period, up to 780 thousand shares shall be acquired, without delay after setting the Trust (in August 2016 as scheduled).

(5) Specific contents of the Company's shares, etc. distributed to the Company's Group Directors

For each fiscal year, the Group will grant the number of points to the Company's Group Directors calculated by comparing the stock value and the consolidated performance with the market, based on the basis point granted according to the duties and responsibilities and the like of the Company's Group Directors. The points granted to the Company's Group Directors will be converted to one share of common stock of the Company per one point when distributing the Company's shares, etc. as described in (6) below.

The total number of points per fiscal year granted to the directors of the Company will be 40 thousand points (equivalent to 40 thousand shares of common stock of the Company) for a total of 260 thousand points to the Company's Group Directors (equivalent to 260 thousand shares of common stock of the Company) at maximum. This has been determined by comprehensively taking into account the current levels of compensation of the Company's Group Directors, the Company's stock prices, developments in the number of the Corporate Group Officers, future outlook and other factors, and has been determined to be appropriate.

However, regarding the Company's shares, if a stock split, an allotment of shares without contribution or a reverse stock split is performed after the resolution of this Proposal, the conversion rate of shares of common stock of the Company per point will be rationally adjusted according to the rate and other factor of such event.

(6) Timing of distribution to the Company's Group Directors

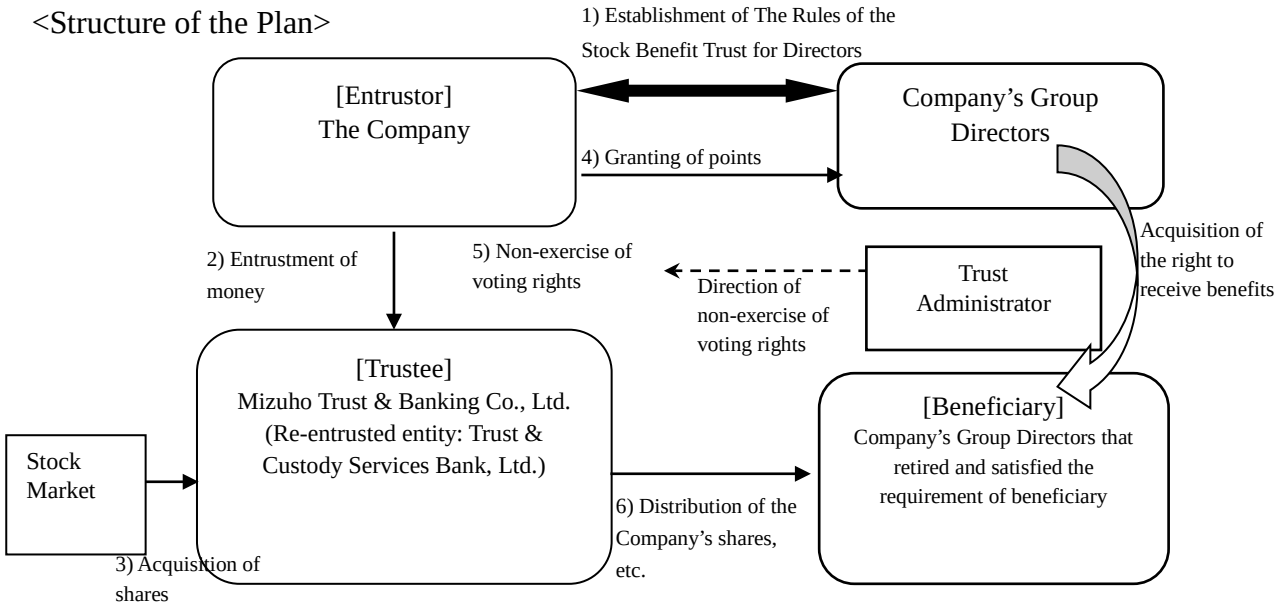
When a Company's Group Director retires and satisfies the requirements of beneficiaries defined in the Rules on Distribution of Shares for Officers, such Company's Group Director is eligible to receive in principle the Company's shares from the Trust after the retirement according to the accumulated points granted before the retirement by performing the designated procedure of determining a beneficiary. However, when he/she satisfies the requirements defined in the Rules on Distribution of Shares for Officers, he/she may receive the payment of money converted by market value for a certain percentage in place of distribution of the Company's shares.

In order to pay money, there are cases when the Company's shares will be sold by the Trust.

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(For reference) Structure of the Plan

<Structure of the Plan>



1) The Group will obtain the approval of officers' compensation concerning the Plan by a resolution of this General Meeting of Stockholders, and establish the Rules of the Stock Benefit Trust for Directors within the framework approved by this General Meeting of Stockholders.
2) The Company will entrust funds within the framework approved by this General Meeting of Stockholders in 1).
3) The Trust will acquire the Company's shares through the stock market using the fund entrusted in 2).
4) The Company will grant points to the Company's Group Directors in accordance with the Rules of the Stock Benefit Trust for Directors.
5) The Trust will, in accordance with the directions of the trust administrator who is independent from the Company, not exercise voting rights with regard to the Company's shares in the Trust.
6) The Trust will distribute the Company's shares to the Company's Group Director who retired and satisfied the requirements of beneficiaries defined in the Rules on Distribution of Shares for Officers (the "Beneficiary"), according to the number of points granted to such Beneficiary. However, when the Company's Group Director satisfies the requirement defined in the Rules on Distribution of Shares for Officers, money equivalent to the market value of the Company's shares for a certain percentage will be provided to such Company's Group Director in place of distribution of the Company's shares.

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Attachments

Attachment(1)

Fiscal 2015 Business Report
For the Period from April 1, 2015 through March 31, 2016

I. Matters Concerning the Current Status of the Insurance Holding Company

(1) Progress and Results of Business of the Corporate Group

Main Substance of Business of the Corporate Group

At the end of the fiscal year ended March 31, 2016, the Group consisted of Sompo Japan Nipponkoa Holdings, Inc. (the "Company" or "Sompo Japan Nipponkoa Holdings, Inc." or "we"), 94 companies that are consolidated subsidiaries, and 2 companies that are affiliates accounted for under the equity-method and others. The Group engages in the domestic property and casualty ("P&C") insurance business, domestic life insurance business, overseas insurance business and financial and other services business. The Group's main business is the domestic P&C insurance business.

Financial and Economic Environment, and Progress and Results of the Corporate Group for the Fiscal Year under Review

The global economy during the period under review showed signs of weakness as seen by a slowdown in emerging countries, despite a modest recovery overall mainly in developed countries. Weakness continued in the Japanese economy as consumer spending lacked strength, despite a continued moderate recovery trend due mainly to improvement in employment and income conditions. The P&C insurance industry showed signs of improvement in the business environment due primarily to revisions in products and premium rates, despite the impact of typhoons and other natural disasters in Japan.

(Activities of the Company)

The Company has reviewed its organizations in order to enhance response capabilities on a Group global basis, and operates as a holding company by optimally allocating management resources and managing and advising each company within the Group. In addition, the Company is working to further improve corporate governance to achieve the continuous growth of the Group and increase corporate value over the medium- to long-term.

Based on the group management philosophy of "contributing to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible, at all times carefully considering the interests of our customers when making decisions that shape our business", the Group aims to build a globally competitive organization, powered by a stable position among customers as the

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best customer service provider.

Even though FY2015 was the final year of the Management Plan (the previous medium-term management plan) of the Group formulated by the Company in November 2012, the Group recorded adjusted consolidated profit of 215.5 billion yen and adjusted consolidated ROE of 7.8%, thereby achieving the numerical management targets of adjusted consolidated profit of 180.0 to 210.0 billion yen and adjusted consolidated ROE of 7.0% or more (see Note 1) for the fiscal year ended March 31, 2016.

(Domestic P&C Insurance Business)

In the domestic P&C insurance business, Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") places greatest emphasis on its business strategy target of being the best customer service provider in Japan, and the entire company is working together to achieve this goal. Efforts are also being made to further reinforce the payment structure to provide prompt, timely, and appropriate insurance payments. In addition, we commenced the Future Innovation Project in April 2015 in order to establish a business process to swiftly respond to changes in the future operating environment and market, and continue providing services of the highest quality to customers. With the establishment of SOMPO System Innovations Inc. as a company that develops systems for the above-referred project in October 2015, we will accelerate initiatives.

In addition, SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited are developing a direct marketing business model and have responded to increasingly diverse customer needs.

(Domestic Life Insurance Business)

In the domestic life insurance business, Sompo Japan Nipponkoa Himawari Life Insurance, Inc. ("Sompo Japan Nipponkoa Himawari Life") launched a new medical insurance product "Shin Kenko no Omamori Heart" in April 2015. The Company started accepting applications on the Internet for the medical insurance products "Shin Kenko no Omamori" and "Feminine" for women in July 2015 in an effort to enhance customers' convenience.

In addition, in February 2016, Sompo Japan Nipponkoa Himawari Life agreed to take initiatives jointly with Fitbit Inc. of the United States to support the healthy and active life of customers of Sompo Japan Nipponkoa Himawari Life and started testing of operation.

(Overseas Insurance Business)

In the overseas insurance business, as a key part of the Group's growth strategy, the Company is allocating management resources mainly in countries and regions where profitability and growth can be expected.

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Ever since 2014, the Company has steadily expanded the insurance underwriting business of the specialty field mainly in the UK Lloyd's insurance market. The Company, having reorganized reinsurance business in the Group in November 2015, will continue to aggressively develop the overseas insurance business by using Sompo Japan Canopius Reinsurance AG as a platform to expand its reinsurance business.

(Financial and Other Services Business)

In the area of financial and other services business, we are developing the nursing care & healthcare business, the assistant business and the home remodeling business in addition to asset management business and the defined contribution pension plan business.

Particularly in the nursing care & healthcare business, the Company converted Watami no KAIGO Co., Ltd. into a wholly-owned subsidiary and renamed it Sompo Care Next Inc. in December 2015. In addition, the Company made Message Co., Ltd., a leading nursing care service provider, a subsidiary in March 2016, making a full-scale entry into the operation of nursing care business. The Company regards the nursing care & healthcare business as an important business along with the domestic P&C insurance business, the domestic life insurance business and the overseas insurance business from FY2016, and will aim to provide nursing care services of the highest quality by leveraging the Group's extensive networks and the management resources and know-how accumulated through the Group businesses.

(CSR)

From the perspective of corporate social responsibility (CSR), the Group conducts various initiatives across the Group while reviewing material issues with an eye to the new Mid-Term Management Plan and the latest trends of the international community among other factors. In FY2015, we were approved to become a member of the Business Call to Action (BCtA) alliance led by the United Nations Development Programme as the provision of the weather index insurance in Southeast Asia was appreciated, and Sompo Japan Nipponkoa received the Environmental Minister's Award of Principles for Financial Action for the 21st Century by the Ministry of the Environment.

(Diversity)

From the perspective of diversity, the Group has established the Group Personnel Vision and is focusing on empowering women across the Group and utilizing human resources on a global basis. Sompo Japan Nipponkoa promotes diversity with local communities through cross-industrial exchanges throughout Japan and comprehensive partnerships with local governments for the career advancement of women. These initiatives were highly rated,

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and Sompo Japan Nipponkoa received the Excellence Award in the Working Women's Empowerment Grand Prize Award sponsored by the Japan Productivity Center.
In addition, we have commenced the Exchange Program in which staff members of the Group companies overseas undergo on-the-job training at the Group companies in Japan, and have been conducting cross-border appointment of personnel.

Performance over the Period under Review

Consolidated financial results of the Company for the period under review were as follows.
Ordinary income for this period was 3,256.1 billion yen, representing a decrease of 26.1 billion yen when compared to the previous period. This was reflected by underwriting income of 3,021.0 billion yen, 203.2 billion yen of investment income, and 31.8 billion yen of other ordinary income. Meanwhile, ordinary expenses for the period were 3,039.3 billion yen, representing a decrease of 34.7 billion yen when compared to the previous period. This was reflected by underwriting expenses of 2,526.6 billion yen, investment expenses of 28.2 billion yen, operating, general and administrative expenses of 465.0 billion yen and 19.3 billion yen of other ordinary expenses.
Subtracting ordinary expenses from ordinary income resulted in an ordinary profit of 216.8 billion yen, representing an increase of 8.5 billion yen when compared to the previous period. Net income attributable to stockholders of the parent after extraordinary gain, extraordinary losses and income taxes amounted to 159.5 billion yen, representing an increase of 105.3 billion yen when compared to the previous period.
Non-consolidated financial results of the Company for the period were as follows. The Company had dividends from its subsidiaries of 125.0 billion yen and received management and administration fees of 5.7 billion yen, resulting in operating income of 130.7 billion yen. Ordinary profit amounted to 125.0 billion yen, representing an increase of 91.9 billion yen when compared to the previous period. Net profit amounted to 125.0 billion yen, representing an increase of 91.9 billion yen when compared to the previous period.
Sompo Japan Nipponkoa (on a non-consolidated basis) had net premiums written of 2,218.4 billion yen, representing an increase of 37.1 billion yen when compared to the previous period. Ordinary profit amounted to 178.0 billion yen, representing a decrease of 17.0 billion yen when compared to the previous period, and net income amounted to 126.2 billion yen, representing an increase of 81.2 billion yen when compared to the previous period, due mainly to a record of merger-related cost of 87.1 billion yen to extraordinary losses in the previous period.
The financial results of Sompo Japan Nipponkoa (on a non-consolidated basis) include the results of NIPPONKOA before the merger.

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Sompo Japan Nipponkoa Himawari Life had a balance of retained policies of 21,642.1 billion yen as a total of both individual insurance and individual annuities, representing an increase of 599.0 billion yen when compared to the previous period. New policies amounted to 2,240.3 billion yen, representing a decrease of 148.3 billion yen when compared to the previous period. Ordinary profit amounted to 22.5 billion yen and net income amounted to 11.6 billion yen.

Overview of Asset Management

Total consolidated assets at the end of the period amounted to 10,186.7 billion yen. The unrealized gains on securities available for sale, net of tax (net assets), which is unrealized gains on securities available for sale less income taxes, etc., were 825.9 billion yen.

With respect to income and expenses from investment for the period, investment income amounted to 203.2 billion yen after adding and subtracting, inter alia, interest and dividend income, gains on sale of securities, as well as transfers of interest and dividend income on deposits of premiums, etc., while investment expenses such as losses on sales of securities and impairment losses on securities amounted to 28.2 billion yen.

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Issues to be Addressed

We expect intermittent and substantial changes in the environment surrounding the Group, such as decreasing population and a rapidly aging society in Japan, the increasing frequency of large-scale natural disasters, the exponential evolution of technology and accompanying changes in customer behavior. In order to achieve sustainable growth, the Group will be required to quickly identify and flexibly and swiftly respond to such changes.

For the purpose of realizing our Group Management Philosophy that aims to provide the highest quality services that contribute to the security, health, and wellbeing of our customers through sustainable growth even amid such changes in the environment, in May 2016, we formulated the new Mid-Term Management Plan that set FY2020 as the final year as the new growth strategy.

Based on the growth cycle that was realized in the previous Mid-Term Management Plan, we will aim to evolve into a group that has both robust and agile capabilities to respond to intermittent environmental changes under the new Mid-Term Management Plan.

The Group will work together as a whole to achieve the numerical management targets of the new Mid-Term Management Plan of adjusted consolidated profit of 180.0 to 220.0 billion yen and adjusted consolidated ROE of 8% or more (see Note 1) for the fiscal year ending March 31, 2019.

For the purpose of realizing the new Mid-Term Management Plan, on October 1, 2016, the Company will change its name to “Sompo Holdings, Inc.” to further strengthen the “SOMPO” brand in terms of its focus on “security, health, and wellbeing.” In conjunction with this, on April 1, 2016, the Company changed its Group management system to establish a robust and agile management framework that can cope with intermittent environmental changes. Under the newly adopted Group management system, the heads of each business segment (domestic P&C insurance, domestic life insurance, nursing care & healthcare, and overseas insurance) are delegated authority as business owners for business strategy proposals, investment decisions, and talent deployment. We have introduced this “business owner system” where the business segments, which are closer to customers, will cope with major environmental changes through agile decision-making and business execution.

We will make ongoing efforts as a Group to increase corporate value by providing the highest quality services that contribute to security, health, and wellbeing of customers.
We very much look forward to the further support of all of our stockholders in the future.

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Notes:

1. The calculation method for adjusted profit and adjusted consolidated ROE is presented below.
   The calculation method for adjusted profit is as follows.

		New Mid-Term Management Plan	(Reference) Previous Mid-Term Management Plan
Adjusted profit by business segment	Domestic P&C Insurance Business[*1]	Net income for the period ＋Provisions for catastrophic loss reserve (after tax) ＋Provisions for reserve for price fluctuation (after tax) －Gains/losses on sales of securities and impairment losses on securities (after tax) －Special factors (e.g. dividend from subsidiaries)	Net income for the period ＋Provisions for catastrophic loss reserve (after tax) ＋Provisions for reserve for price fluctuation (after tax) －Gains/losses on sales of securities and impairment losses on securities (after tax) －Special factors
	Domestic Life Insurance Business	Net income for the period ＋Provision of capital reserve (after tax) ＋Adjustment of underwriting reserve (after tax) ＋Deferral of acquisition cost (after tax) －Depreciation of acquisition cost (after tax)	Growth in embedded value (EV) during the period －Capital transactions such as equity issuance －Changes in EV attributable to fluctuation of interest rates, etc.
	Nursing Care & Healthcare, etc.[*2]	Net income for the period	Net income for the period
	Overseas Insurance Business	Net income for the period (including major non-consolidated subsidiaries)	Net income for the period (excluding non-consolidated subsidiaries)
Adjusted consolidated profit		Total of above adjusted profits	Total of above adjusted profits
Adjusted consolidated net assets		Consolidated net assets (excluding life insurance subsidiary's net assets) ＋Catastrophic loss reserve in domestic P&C insurance (after tax) ＋Reserve for price fluctuation in domestic P&C insurance (after tax) ＋Domestic life insurance adjusted net assets [*3]	Consolidated net assets (excluding life insurance subsidiary's assets) ＋Catastrophic loss reserve in domestic P&C insurance (after tax) ＋Reserve for price fluctuation in domestic P&C insurance (after tax) ＋Life insurance subsidiary's EV
Adjusted consolidated ROE		Adjusted consolidated profit ÷ Adjusted consolidated net assets (All values in the denominator are the average of the fiscal-year opening and closing balances.)	Adjusted consolidated profit ÷ Adjusted consolidated net assets (All values in the denominator are the average of the fiscal-year opening and closing balances.)

*1 The domestic P&C insurance business is the total of Sompo Japan Nipponkoa, SAISON AUTOMOBILE AND FIRE, Sonpo 24, Sompo Japan Nipponkoa Insurance Services, and Sompo Japan Nipponkoa DC Securities.

*2 Nursing Care & Healthcare, etc. is the total of Message, Sompo Care Next, Cedar, Sompo Risk Management & Health Care, SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT, Prime

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Assistance, Product Warranty Japan, and FRESHHOUSE.

*3 Adjusted net assets of domestic life insurance business = Net assets of domestic life insurance business (Japanese Accounting Standards, after tax) + contingency reserve (after tax) + reserve for price fluctuation (after tax) + adjustment of underwriting reserve (after tax) + non-depreciated acquisition cost (after tax)

2. The monetary amounts, number of shares owned and the like in this Business Report (including the tables set forth below) have been rounded off to the nearest unit displayed. Ratios such as percentages of ownership of shares have been rounded to the nearest unit displayed.

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(2) State of Progress in Assets and Income (Loss) of the Corporate Group and the Insurance Holding Company

A. Trends in Assets and Income (Loss) of the Corporate Group

Category	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015 (Current Period)
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Ordinary income	2,843,226	3,008,339	3,282,343	3,256,186
Ordinary profit	104,783	112,391	208,309	216,853
Net income attributable to stockholders of the parent	43,618	44,169	54,276	159,581
Comprehensive income	319,047	149,965	469,485	(116,689)
Net assets	1,283,488	1,390,153	1,829,852	1,652,839
Gross assets	9,178,198	9,499,799	10,253,431	10,186,746

B. Trends in Assets and Income (Loss) of the Insurance Holding Company

Category	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015 (Current Period)
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Operating income	39,124	27,581	36,568	130,741
Dividends received	36,720	24,675	32,907	125,000
Subsidiaries, etc., engaged in the insurance business	36,720	24,675	31,900	124,500
Other subsidiaries, etc.	—	—	1,007	500
Net income (loss) for the period	36,980	24,951	33,070	125,024
Net income (loss) per share for the period	¥89.11	¥60.43	¥80.94	¥308.85
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Gross assets	917,834	905,183	914,729	1,077,485
Stocks, etc., of subsidiaries, etc., engaged in the insurance business	875,453	875,453	853,953	821,651
Stocks, etc., in other subsidiaries, etc.	4,322	4,322	4,322	100,026

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(3) Status of Major Offices of the Corporate Groups

A. Status of the Insurance Holding Company

(As of March 31, 2016)

Name of Office	Location	Date of Establishment
Head Office	1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	April 1, 2010

B. Status of Subsidiary Corporations, etc.

(As of March 31, 2016)

Business Segment	Name of Company	Name of Office	Location	Date of Establishment
Domestic P&C insurance business	Sompo Japan Nipponkoa Insurance Inc.	Head Office	1-26-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo	Jul. 21, 1976
	SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Head Office	3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo	Sep. 22, 1982
	Sonpo 24 Insurance Company Limited	Head Office	3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo	Jul. 24, 2000
	Sompo Japan Nipponkoa Insurance Services Inc.	Head Office	2-1-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo	Jul. 1, 2011
Domestic life insurance business	Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	Head Office	6-13-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo	Oct. 1, 2011
Overseas insurance business	Sompo Canopius AG	Head Office	Freigutstrasse 16, 8002, Zurich, Switzerland	Sep. 2, 2015
	Yasuda Maritima Seguros S.A.	Head Office	Rua Cubatão, 320, Paraíso São Paulo-SP, CEP04013-001-Brazil	Oct. 21, 2014
Financial and other services business	Message Co., Ltd.	Head Office	522-1, Nishi-shi, Minami-ku, Okayama-shi	Jul. 1, 2014
	Sompo Care Next Inc.	Head Office	1-1-3, Haneda, Ota-ku, Tokyo	Nov. 11, 1992
	Healthcare Frontier Japan Inc.	Head Office	1-2-3, Kanda Awajicho, Chiyoda-ku, Tokyo	Aug. 23, 2005
	SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.	Head Office	2-2-16, Nihonbashi, Chuo-ku, Tokyo	Nov. 24, 2009
	Sompo Japan Nipponkoa DC Securities Inc.	Head Office	1-25-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo	May 10, 1999

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(4) Status of Employees in the Corporate Group

A. Status of the Insurance Holding Company

Category	End of Previous Period	End of Current Period	Increase (Decrease) in Current Period	At the End of the Current Period		
				Average Age	Average Years of Service	Average Monthly Salary
Employees	440 persons	488 persons	48 persons	43.4	18.3	648 thousand yen

Notes:

1. The number of employees is the number of those who are employed including those who are concurrently serving with a consolidated subsidiary of the Company. Persons seconded from the Company to another company have been excluded, and persons seconded from another company to the Company have been included.
2. Years of service at consolidated subsidiaries of the Company have been included in the average years of service.
3. The average monthly salary is the average monthly salary as of March 2016 (including overtime allowances) and does not include bonuses.

B. Status of the Corporate Group

Business Segment	End of Previous Period	End of Current Period	Increase (Decrease) in Current Period
	No. of employees	No. of employees	No. of employees
Domestic P&C insurance business	28,210	27,483	(727)
Domestic life insurance business	2,719	2,788	69
Overseas insurance business	4,394	4,563	169
Financial and other services business	763	10,492	9,729
Total	36,086	45,326	9,240

Notes:

1. The number of employees is the total of those at the Company and the consolidated subsidiaries of the Company (collectively referred to in this paragraph as the “Group”). This also is the number of employees excluding those seconded from the Group to outside of the Group, and including those seconded from outside of the Group into the Group.
2. The number of employees of the Company is included in the financial and other services business.
3. The increase in the number of employees in the financial and other services business is due to factors such as making Message Co., Ltd. and its affiliates, and Sompo Care Next Inc. consolidated subsidiaries of the Company.

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(5) Status of Major Lenders to the Corporate Group

None.

(6) Status of Funding to the Corporate Group

None.

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(7) Status of Capital Investment

A. Gross Capital Investment

Business Segment	Amount
	(Millions of yen)
Domestic P&C insurance business	14,071
Domestic life insurance business	813
Overseas insurance business	4,782
Financial and other services business	403
Total	20,070

Note: The amount of the Company's capital investment is included in that of the financial and other services business.

B. New Installation, etc. of Significant Equipment

None.

(8) Status of Significant Parent Company and Subsidiaries, etc.

A. Status of Parent Company

None.

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B. Status of Subsidiaries, etc.

(As of March 31, 2016)

Company Name	Location	Major Lines of Business	Date of Establishment	Common Stock	Percentage of Voting Rights of Subsidiaries, etc. Held By the Company	Others
(Consolidated subsidiaries)						
Sompo Japan Nipponkoa Insurance Inc.	Shinjuku-ku Tokyo	Domestic P&C insurance	Feb. 12, 1944	¥70,000 million	100.0%	—
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Toshima-ku Tokyo	Domestic P&C insurance	Sep. 22, 1982	¥26,610 million	99.5% (99.5%)	—
Sonpo 24 Insurance Company Limited	Toshima-ku Tokyo	Domestic P&C insurance	Dec. 6, 1999	¥19,000 million	100.0% (100.0%)	—
Sompo Japan Nipponkoa Insurance Services Inc.	Shinjuku-ku Tokyo	Domestic P&C insurance	Feb. 28, 1989	¥1,845 million	100.0% (100.0%)	—
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	Shinjuku-ku Tokyo	Domestic life insurance	Jul. 7, 1981	¥17,250 million	100.0%	—
Sompo America Holdings Inc.	Delaware (USA)	Overseas insurance	Jan. 2, 2013	US$1,140 thousand (¥128 million)	100.0% (100.0%)	Note 2
Sompo Japan Insurance Company of America	New York (USA)	Overseas insurance	Aug. 9, 1962	US$13,742 thousand (¥1,548 million)	100.0% (100.0%)	—
Sompo Canopius AG	Zurich (Switzerland)	Overseas insurance	Apr. 17, 2012	CHF100 thousand (¥11 million)	100.0% (100.0%)	Note 3, Note 4
Canopius Managing Agents Limited	London (UK)	Overseas insurance	Aug. 27, 1980	£308 thousand (¥49 million)	100.0% (100.0%)	—
Sompo Japan Canopius Reinsurance AG	Zurich (Switzerland)	Overseas insurance	Jan. 26, 2006	CHF100,000 thousand (¥11,674 million)	100.0% (100.0%)	Note 5
Canopius US Insurance, Inc.	Illinois (USA)	Overseas insurance	Sep. 5, 2006	US$3,500 thousand (¥394 million)	100.0% (100.0%)	—
Sompo Japan Nipponkoa Insurance Company of Europe Limited	London (UK)	Overseas insurance	Aug. 20, 1993	£173,700 thousand (¥28,125 million)	100.0% (100.0%)	—

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Company Name	Location	Major Lines of Business	Date of Establishment	Common Stock	Percentage of Voting Rights of Subsidiaries, etc. Held By the Company	Others
Sompo Japan Sigorta Anonim Sirketi	Istanbul (Turkey)	Overseas insurance	Mar. 30, 2001	TRL45,498 thousand (¥1,809 million)	90.0% (90.0%)	—
Sompo Japan Nipponkoa (Asia) Holdings Pte. Ltd.	Singapore (Singapore)	Overseas insurance	Aug. 1, 2008	S$790,761 thousand (¥65,878 million)	100.0% (100.0%)	—
Tenet Sompo Insurance Pte. Ltd.	Singapore (Singapore)	Overseas insurance	Dec. 14, 1989	S$418,327 thousand (¥34,850 million)	100.0% (100.0%)	—
Berjaya Sompo Insurance Berhad	Kuala Lumpur (Malaysia)	Overseas insurance	Sep. 22, 1980	MYR118,000 thousand (¥3,377 million)	70.0% (70.0%)	—
Sompo Japan Nipponkoa Insurance (China) Co., Ltd.	Dalian (China)	Overseas insurance	May 31, 2005	500,000 thousand yuan (¥8,695 million)	100.0% (100.0%)	—
Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited	Hong Kong (China)	Overseas insurance	Mar. 25, 1977	HK$270,000 thousand (¥3,923 million)	97.8% (97.8%)	—
Yasuda Marítima Seguros S.A.	Sao Paulo (Brazil)	Overseas insurance	Oct. 8, 1943	950,246 thousand real (¥29,752 million)	99.9% (99.9%)	—
Yasuda Marítima Saude Seguros S.A.	Sao Paulo (Brazil)	Overseas insurance	Jun. 12, 2001	94,607 thousand real (¥2,962 million)	100.0% (100.0%)	—
Message Co., Ltd.	Okayama-city Okayama	Financial and other services (Nursing care & healthcare)	May 26, 1997	¥3,925 million	94.6%	Note 6
Sompo Care Next Inc.	Ota-ku Tokyo	Financial and other services (Nursing care & healthcare)	Nov. 11, 1992	¥5,095 million	100.0%	Note 7
Healthcare Frontier Japan Inc.	Chiyoda-ku Tokyo	Financial and other services (Nursing care & healthcare)	Apr. 12, 1991	¥1,286 million	100.0%	—
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.	Chuo-ku Tokyo	Financial and other services (Asset management)	Feb. 25, 1986	¥1,550 million	100.0%	—
Sompo Japan DC Securities Inc.	Shinjuku-ku Tokyo	Financial and other services (Defined contribution pension plan)	May 10, 1999	¥3,000 million	100.0% (100.0%)	—

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Company Name	Location	Major Lines of Business	Date of Establishment	Common Stock	Percentage of Voting Rights of Subsidiaries, etc. Held By the Company	Others
(Affiliates accounted for under the equity-method)						
Hitachi Capital Insurance Corporation	Chiyoda-ku Tokyo	Domestic P&C insurance	Jun. 21, 1994	¥6,200 million	20.6% (20.6%)	—
Universal Sompo General Insurance Company Limited	Mumbai (India)	Overseas insurance	Jan. 5, 2007	Rs3,500,000 thousand (¥5,950 million)	26.0% (26.0%)	—

Notes:

1. This table shows the details of significant consolidated subsidiaries and affiliates accounted for under the equity-method.
2. Sompo Japan Nipponkoa Holdings (Americas) Inc. changed its company name to Sompo America Holdings Inc. on June 4, 2015.
3. Canopius Holdings Limited moved its head office location from Bermuda, overseas territory of UK, to Switzerland, and became the top-tier holding company of the Sompo Canopius Group, taking the place of Canopius Group Limited, which used to be the Company's consolidated subsidiary. Canopius Holdings Limited also changed its company name to Sompo Canopius AG.
4. Canopius Group Limited was liquidated on December 22, 2015, and ceased to be a consolidated subsidiary of the Company.
5. Canopius Reinsurance Limited moved its head office location from Bermuda, overseas territory of UK, to Switzerland as of November 23, 2015, and changed its company name to Sompo Japan Canopius Reinsurance AG.
6. The Company acquired shares of Message Co., Ltd. through a tender offer on January 28, 2016 and March 7, 2016, making it a consolidated subsidiary of the Company.
7. The Company made Watami no KAIGO Co., Ltd. a wholly-owned subsidiary on December 1, 2015, and changed its company name to Sompo Care Next Inc., making it a consolidated subsidiary of the Company.
8. The yen value displayed in parentheses under the "Common Stock" column is the amount translated at the market exchange rate as of the end of the current period.
9. The figures stated in parentheses in the column of "Percentages of Voting Rights of Subsidiaries, etc. Held by the Company" represent the indirect ownership ratio that is included in the total.

Overview of Important Business Alliances

1. Comprehensive Business Alliance Between Sompo Japan Nipponkoa Insurance Inc. and The Dai-ichi Life Insurance Company, Limited

   Pursuant to a comprehensive business alliance with The Dai-ichi Life Insurance Company, Limited, Sompo Japan Nipponkoa Insurance Inc. has entered into agreements for agency in business and conduct of administrative work. The Dai-ichi Life Insurance Company, Limited handles P&C insurance products of Sompo Japan Nipponkoa Insurance Inc. and the agencies of Sompo Japan

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Nipponkoa Insurance Inc. handle life insurance products of The Dai-ichi Life Insurance Company, Limited.

2. Business Alliance with Credit Saison Co., Ltd. by Sompo Japan Nipponkoa Insurance Inc. and SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED

   Pursuant to a business alliance with Credit Saison Co., Ltd., Sompo Japan Nipponkoa Insurance Inc. and SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED develop and provide P&C insurance products to Saison cardholders.

3. Business Alliance between the Company and SOHGO SECURITY SERVICES CO., LTD.

   Under the business alliance formed between the Company and SOHGO SECURITY SERVICES CO., LTD., emergency aid services at the time of an accident are provided by SOHGO SECURITY SERVICES CO., LTD. to automobile insurance policyholders of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED.

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(9) Status of Assignment and Acceptance of Assignment of Businesses, etc.

Date of Assignment of Business, etc.	Status of Assignment of Business, etc.
December 1, 2015	The Company acquired 100% of the issued shares of Watami no KAIGO Co., Ltd., making it a wholly-owned subsidiary, and changed its company name to Sompo Care Next Inc.
March 7, 2016	The Company acquired 91.1% of the issued shares of Message Co., Ltd., making it a subsidiary. The Company holds a total of 94.6% of the shares of Message Co., Ltd., including 3.5% of the issued shares of Message Co., Ltd. held by Sompo Japan Nipponkoa Insurance Inc., a consolidated subsidiary of the Company.

(10) Other Important Matters Relating to the Present Condition of the Corporate Group

1) The Company is planning to change its company name to “Sompo Holdings, Inc.” and its Group name to be “Sompo Holdings Group” as of October 1, 2016.
2) The Company and Sompo Japan Nipponkoa Insurance Inc., a consolidated subsidiary of the Company, made a decision, at the meeting of the Board of Directors held on December 11, 2015, to suspend the policy to apply the equity-method of accounting to SCOR SE, a reinsurance company in France.

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II. Matters Relating to Company Executives

(1) Overview of Company Executives

(As of March 31, 2016)

Name	Position and Responsibilities in the Company	Significant Positions Concurrently Held	Others
Masaya Futamiya	Director, Chairman Responsibilities in the Company: Overall Management	Representative Director, President and Chief Executive Officer of Sompo Japan Nipponkoa Insurance Inc.	Note 1
Kengo Sakurada	Group CEO, Representative Director, President Responsibilities in the Company: Overall Management of the Group, (Chief Executive Officer)	Director, Chairman of Sompo Japan Nipponkoa Insurance Inc.	Note 2
Shinji Tsuji	Representative Director Responsibilities in the Company: Group CFO (Chief Financial Officer), Public Relations Department, Corporate Social Responsibility Department, Corporate Management Department, Investment Management Department Accounting Department, Internal Audit Department (joint management)	—	—
Keiji Nishizawa	Director Responsibilities in the Company: Group CIO (Chief Information Officer), IT Strategy Planning Department, Internal Audit Department (assistant)	Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc.	Note 3
Shoichiro Takemoto	Director Responsibilities in the Company: Group CRO (Chief Risk Officer), Global Business Management Department, Corporate Legal Department, Internal Control Department, Risk Management Department, Internal Audit Department (joint management)	Director, Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc.	Note 4
Shigeru Ehara	Director General Manager, Global Business Planning Department Responsibilities in the Company: Global Business Planning Department, Europe Regional Headquarters	Director, Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc.	Note 5
Shoji Ito	Director Responsibilities in the Company: Assistant to President	Director, Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc.	—

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Name	Position and Responsibilities in the Company	Significant Positions Concurrently Held	Others
Kaoru Takahashi	Director Responsibilities in the Company: Assistant to the President (Domestic Life Insurance Business)	Representative Director, President and Chief Executive Officer of Sompo Japan Nipponkoa Himawari Life Insurance, Inc. External Director of Hulic Co., Ltd.	—
Sawako Nohara	Director (outside)	Representative Director, President of IPSe Marketing, Inc. Project Professor, Keio University Graduate School of Media and Governance Outside Board Member of Nissha Printing Co., Ltd. (Outside Director) Outside Director of Japan Post Bank Co., Ltd. (Outside Director)	Note 6
Isao Endo	Director (outside)	Chairman of Roland Berger Ltd. Professor of the Graduate School of Commerce, Waseda University Director of Ryohin Keikaku Co., Ltd. (Outside Director) Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. (Outside Auditor) Director of Nisshin Steel Co., Ltd. (Outside Director)	Note 6
Tamami Murata	Director (outside)	Attorney at law	Note 6
Scott Trevor Davis	Director (outside)	Director of Seven & I Holdings Co., Ltd. (Outside Director) Professor of the Department of Global Business, College of Business, Rikkyo University Director of Bridgestone Corporation (Outside Director)	Note 6
Eiichi Yoshimitsu	Audit & Supervisory Board Member (Full-Time)	Independent Audit & Supervisory Board Member of Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Outside Auditor)	—
Toshiyuki Takata	Audit & Supervisory Board Member (Full-Time)	—	—
Chikami Tsubaki	Independent Audit & Supervisory Board Member	Certified Public Accountant Statutory Auditor of HEIWA REAL ESTATE CO., LTD. (Outside Auditor)	Note 6 Note 7

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Name	Position and Responsibilities in the Company	Significant Positions Concurrently Held	Others
Haruo Kasama	Independent Audit & Supervisory Board Member	Attorney at law Director of Japan Post Holdings Co., Ltd. (Outside Director) Audit & Supervisory Board Member of SUMITOMO CORPORATION (Outside Auditor) Audit & Supervisory Board Member of Kewpie Corporation (Outside Auditor)	Note 6
Naoki Yanagida	Independent Audit & Supervisory Board Member	Attorney at law Outside Audit & Supervisory Board Member of Alpine Electronics, Inc. (Outside Auditor)	Note 6

Notes:

1. Mr. Masaya Futamiya retired from the position of President and Chief Executive Officer of Sompo Japan Nipponkoa Insurance Inc. as of March 31, 2016 and his position in the said company is changed from Representative Director, President to Representative Director, Chairman as of April 1, 2016.
2. Mr. Kengo Sakurada's position in Sompo Japan Nipponkoa Insurance Inc. changed from Director, Chairman to Director as of April 1, 2016.
3. Mr. Keiji Nishizawa assumed the position of Representative Director, President and Executive Officer of Sompo Japan Nipponkoa Insurance Inc. as of April 1, 2016.
4. Mr. Shoichiro Takemoto resigned from the position of Director of Sompo Japan Nipponkoa Insurance Inc. as of March 31, 2016 and retired from the position of Managing Executive Officer.
5. Mr. Shigeru Ehara assumed the position of Director, Senior Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. as of April 1, 2016.
6. Each of Ms. Sawako Nohara, Mr. Isao Endo, Ms. Tamami Murata, Mr. Scott Trevor Davis, Ms. Chikami Tsubaki and Mr. Haruo Kasama is an "independent director/auditor" which is specified by Tokyo Stock Exchange, Inc. as being unlikely to have a conflict of interest with general stockholders.
7. Ms. Chikami Tsubaki is a specialist in finance, accounting, auditing, and international accounting standards, with experience acquired over many years of actual practice as a certified public accountant. She has a considerable level of experience in connection with finance and accounting.
8. The Company has introduced an executive officer system in order to accelerate decision-making and to clarify an accountability system.
   The total number of executive officers is fifteen including those who concurrently serve as directors.

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(2) Remuneration, etc., for Officers

Category	Number of Officers for Payment	Total Remuneration, etc.	Total Amount Per Type of Remuneration	
			Basic Remuneration	Stock Compensation-type Stock Option
Directors	13	¥323 million	¥273 million	¥49 million
Audit & Supervisory Board Members	5	¥102 million	¥102 million	―
Total	18	¥426 million	¥376 million	¥49 million

Notes:

1. The number of officers for payment includes one director who resigned as of March 31, 2015.
2. Total remuneration, etc. and total amount per type of remuneration, etc. include remuneration, etc. of one director who resigned as of March 31, 2015.
3. The total amount of remuneration, etc. of directors includes ¥217 million as remuneration of executive officers for directors who are serving jointly as executive officers (¥177 million in basic remuneration and ¥39 million in stock compensation-type stock options). The remuneration of executive officers is being paid to a total of eight persons.
4. Basic remuneration of directors includes ¥46 million as performance-linked remuneration based on the performance of the previous fiscal year.
5. The amount of reserve for performance-linked remuneration based on the performance of the current fiscal year is ¥39 million.
6. Officers who receive remuneration, etc. of ¥100 million or more in total from the Company and its consolidated subsidiaries are listed as follows.

Name	Officer Category	Company Category	Total Amount Per Type of Remuneration		Total amount of consolidated remuneration, etc.
			Basic Remuneration	Stock compensation-type stock options	
Masaya Futamiya	Director	The Company	¥14 million	¥1 million	¥100 million
	Director	Sompo Japan Nipponkoa Insurance Inc.	¥65 million	¥18 million	
Kengo Sakurada	Director	The Company	¥71 million	¥18 million	¥104 million
	Director	Sompo Japan Nipponkoa Insurance Inc.	¥13 million	¥1 million	

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7. The maximum amounts of remunerations determined by resolutions of the General Meeting of Stockholders are as set out below.

Category	Maximum Amount of Remuneration
Directors	・Basic remuneration not more than ¥400 million per year (of which the amount to outside directors shall be not more than ¥100 million per year) ・Stock compensation-type stock options not more than ¥100 million per year In each case, the amount of remuneration, etc. of directors does not include the portion paid as employee salary to directors serving concurrently as employees.
Audit & Supervisory Board Members	Basic remuneration not more than ¥110 million per year

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Policies on Decisions Pertaining to the Amounts of Remuneration of Officers, or the Method of Calculation Thereof

The Company determines its "Policies on Decisions Pertaining to Remuneration for Officers" by resolution of the Board of Directors, based on the results of consultation with the nomination and compensation committee which is an advisory organ to the Board of Directors. The following is the content thereof:

<Policies on Decisions Pertaining to Remuneration for Officers>

Remuneration for directors, executive officers, and audit & supervisory board members shall in the case of remuneration of directors and executive officers be determined by the Board of Directors after consultation with the nomination and compensation committee, and in the case of remuneration of audit & supervisory board members be determined through discussion between the audit & supervisory board members, in accordance with the policies on decisions pertaining to remuneration for officers.

1. Basic Policy

Remuneration for directors and executive officers shall be in the form of a remuneration structure that gives them continuous incentive toward improving the Company's performance and contributes to improving corporate value over the long term, and shall be a level of remuneration that enables recruiting of superior human resources, as indicated in items 2. and 3. below. Objectiveness and transparency will be achieved by determining the specific level after deliberation by the nomination and compensation committee composed primarily by outside members.

In principle the same structure shall be used for the structure of remuneration of directors and executive officers of subsidiaries.

Remuneration of audit & supervisory board members shall be in the form of a remuneration structure and level that is consistent with their duties and responsibilities, while taking into consideration their independence.

2. Remuneration for Directors

Remuneration of directors shall consist of basic remuneration and stock compensation-type stock options.

Basic remuneration shall consist of monthly remuneration and performance-linked remuneration. Monthly remuneration shall be determined at a fixed amount depending on whether the person is an outside or internal director, or does or does not have authority to represent the company.

Performance-linked remuneration shall be determined in accordance with the performance of the Company, and shall be determined using the benchmarks of the adjusted consolidated profit, net income for the period (consolidated) and the rate of increase or decrease in net assets per share.

Stock compensation-type stock options shall be awarded in order to increase the linking between remuneration and increases in corporate value over the long term.

Nevertheless stock compensation-type stock options and performance-linked remuneration will not be paid to outside directors.

Remuneration as a director and remuneration as an executive officer shall be totaled and paid together to those directors who are serving concurrently as executive officers.

3. Remuneration for Executive Officers

Remuneration of executive officers shall consist of basic remuneration and stock compensation-type stock options.

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Basic remuneration shall consist of monthly remuneration and performance-linked remuneration. Monthly remuneration shall be determined at a fixed amount based on the position of the executive officer. Performance-linked remuneration shall be determined in accordance with corporate performance and individual performance. Corporate performance-linked remuneration shall be determined using the benchmarks of the adjusted consolidated profit, net income for the period (consolidated) and the rate of increase or decrease in net assets per share. Individual performance-linked remuneration shall be determined in accordance with the performance evaluation of executive officers.
Stock compensation-type stock options shall be awarded in order to increase the linking between remuneration and increases in corporate value over the long term.

4. Remuneration for Audit & Supervisory Board Members

Remuneration of audit & supervisory board members shall be determined at a fixed amount through discussion between the audit & supervisory board members, depending on whether the audit & supervisory board member is full time or independent.

-- End

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(3) Contracts for Limitation of Liability

Name	Overview of the Contracts for Limitation of Liability
Sawako Nohara (Director (outside))	The Company entered into, with each of outside directors and independent audit & supervisory board members, a contract for limitation of liability under Article 423, paragraph 1 of the Companies Act, in accordance with Article 427, paragraph 1 of the Companies Act. The maximum liability pursuant to said contract is the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act.
Isao Endo (Director (outside))	
Tamami Murata (Director (outside))	
Scott Trevor Davis (Director (outside))	
Chikami Tsubaki (Independent Audit & Supervisory Board Member)	
Haruo Kasama (Independent Audit & Supervisory Board Member)	
Naoki Yanagida (Independent Audit & Supervisory Board Member)	

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III. Matters Relating to Outside Directors / Independent Audit & Supervisory Board Members

(1) Concurrently Held Positions and Other Circumstances of Outside Directors / Independent Audit & Supervisory Board Members

(As of March 31, 2016)

Name	Concurrently Held Positions and Other Circumstances
Sawako Nohara (Director (outside))	Representative Director, President of IPSe Marketing, Inc. Outside Board Member of Nissha Printing Co., Ltd. Outside Director of Japan Post Bank Co., Ltd.
Isao Endo (Director (outside))	Chairman of Roland Berger Ltd. Director of Ryohin Keikaku Co., Ltd. (Outside Director) Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. (Outside Auditor) Director of Nisshin Steel Co., Ltd. (Outside Director)
Tamami Murata (Director (outside))	—
Scott Trevor Davis (Director (outside))	Director of Seven & I Holdings Co., Ltd. (Outside Director) Director of Bridgestone Corporation (Outside Director)
Chikami Tsubaki (Independent Audit & Supervisory Board Member)	Statutory Auditor of HEIWA REAL ESTATE CO., LTD. (Outside Auditor)
Haruo Kasama (Independent Audit & Supervisory Board Member)	Director of Japan Post Holdings Co., Ltd. (Outside Director) Audit & Supervisory Board Member of SUMITOMO CORPORATION (Outside Auditor) Audit & Supervisory Board Member of Kewpie Corporation (Outside Auditor)
Naoki Yanagida (Independent Audit & Supervisory Board Member)	Outside Audit & Supervisory Board Member of Alpine Electronics, Inc. (Outside Auditor)

Notes:

1. There are no significant capital relationships or business transactions between the Company and the companies in which outside officers hold concurrent positions.
2. Japan Post Insurance Co., Ltd., a subsidiary of Japan Post Holdings Co., Ltd. is engaged in the same type of business as Sompo Japan Nipponkoa Himawari Life Insurance, Inc., the Company's subsidiary.

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(2) Main Activities of Outside Directors / Independent Audit &Supervisory Board Members

Name	Term of Office	Record of Attendance at Meetings of the Board of Directors and Meetings of the Audit & Supervisory Board	Remarks Made at Meetings of the Board of Directors and Meetings of the Audit & Supervisory Board and Other Activities
Sawako Nohara (Director (outside))	2 years and 9 months	Meetings of the Board of Directors: Attended 15 times out of 15 meetings	Based on her experience as a company manager, she makes valuable remarks and statements at meetings of the Board of Directors on a broad range of matters such as the need for business process innovations by utilizing ICT, and the effectiveness of utilizing outside human resources in each of the business fields. As chairperson of the Nomination and Compensation Committee, she organizes opinions to be expressed to the Board of Directors regarding the nomination policy and the assessment and compensation structure of officers of the Group, and she also makes valuable remarks and statements on such issues. Further, she expresses valuable opinions from time to time to the representative director and others through means other than meetings of the Board of Directors.
Isao Endo (Director (outside))	1 year and 9 months	Meetings of the Board of Directors: Attended 14 times out of 15 meetings	Based on his professional experience and knowledge as a learned scholar and company manager, he makes valuable remarks and statements at meetings of the Board of Directors on a broad range of matters such as the need for evaluation index and PDCA cycle to increase the value of the business, and the importance of establishing business models that maximize business value. As a member of the Nomination and Compensation Committee, he also makes valuable remarks and statements regarding the nomination policy and the assessment and compensation structure of officers of the Group. Further, he expresses valuable opinions from time to time to the representative director and others through means other than meetings of the Board of Directors.
Tamami Murata (Director (outside))	1 year and 9 months	Meetings of the Board of Directors: Attended 15 times out of 15 meetings	Based on her professional knowledge as a legal expert, she makes valuable remarks and statements at meetings of Board of Directors on a broad range of matters such as the points requiring attention in promoting compliance and the importance of brand strategy appealing to stakeholders. As a member of the Nomination and Compensation Committee, she also makes valuable remarks and statements regarding the nomination policy and the assessment and compensation structure of officers of the Group. Further, she expresses valuable opinions from time to time to the representative director and others through means other than meetings of the Board of Directors.

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Name	Term of Office	Record of Attendance at Meetings of the Board of Directors and Meetings of the Audit & Supervisory Board	Remarks Made at Meetings of the Board of Directors and Meetings of the Audit & Supervisory Board and Other Activities
Scott Trevor Davis (Director (outside))	1 year and 9 months	Meetings of the Board of Directors: Attended 15 times out of 15 meetings	Based on his professional knowledge as a learned scholar, he makes valuable remarks and statements at meetings of Board of Directors on a broad range of matters such as the need for diversity and fostering human resources when implementing human resource strategies, and the importance of strategic investment to overseas business. As a member of the Nomination and Compensation Committee, he also makes valuable remarks and statements regarding the nomination policy and the assessment and compensation structure of officers of the Group. Further, he expresses valuable opinions from time to time to the representative director and others through means other than meetings of the Board of Directors.
Chikami Tsubaki (Independent Audit & Supervisory Board Member)	2 years and 9 months	Meetings of the Board of Directors: Attended 15 times out of 15 meetings Meetings of the Audit & Supervisory Board: Attended 13 times out of 13 meetings	Based on her professional knowledge as a certified public accountant, she makes valuable remarks and statements at meetings of Board of Directors and meetings of the Audit & Supervisory Board on a broad range of matters such as initiatives for internal control and effects on human resource planning in new business fields, and accounting audit procedures for a large-scale system development. Further, she expresses valuable opinions from time to time to the representative director and others through means other than meetings of the Board of Directors and meetings of the Audit & Supervisory Board.
Haruo Kasama (Independent Audit & Supervisory Board Member)	2 years and 9 months	Meetings of the Board of Directors: Attended 15 times out of 15 meetings Meetings of the Audit & Supervisory Board: Attended 13 times out of 13 meetings	Based on his professional knowledge as a legal expert, he makes valuable remarks and statements at meetings of the Board of Directors and meetings of the Audit & Supervisory Board on a broad range of matters such as the importance of education and training for management personnel in preparation for expanding into new business fields, and legal risks related to the overseas business expansion. Further, he expresses valuable opinions from time to time to the representative director and others through means other than meetings of the Board of Directors and meetings of the Audit & Supervisory Board.

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Name	Term of Office	Record of Attendance at Meetings of the Board of Directors and Meetings of the Audit & Supervisory Board	Remarks Made at Meetings of the Board of Directors and Meetings of the Audit & Supervisory Board and Other Activities
Naoki Yanagida (Independent Audit & Supervisory Board Member)	1 year and 9 months	Meetings of the Board of Directors: Attended 15 times out of 15 meetings Meetings of the Audit & Supervisory Board: Attended 13 times out of 13 meetings	Based on his professional knowledge as a legal expert, he makes valuable remarks and statements at meetings of the Board of Directors and meetings of the Audit & Supervisory Board on a broad range of matters such as the importance of efficient resource allocation based on the common value shared within the Company and each company of the Group, and standards for audit by the Audit & Supervisory Board members in light of their legal role and obligations. Further, he expresses valuable opinions from time to time to the representative director and others through means other than meetings of the Board of Directors and meetings of the Audit & Supervisory Board.

Note: The Company has a nomination and compensation committee as an advisory organ to the Board of Directors.

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(3) Remuneration of Outside Directors / Independent Audit & Supervisory Board Members

	Number of Payees	Remuneration, etc., from Insurance Holding Company	Remuneration, etc., from Parent Company, etc., of Insurance Holding Company
Total remuneration, etc.	7	¥94 million	―

Note: The following are the details of remuneration, etc. from the insurance holding company:
Directors (outside): 4 individuals ¥54 million
Independent Audit & Supervisory Board Members:
3 individuals ¥40 million

(4) Opinion of Outside Directors / Independent Audit & Supervisory Board Members

None.

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IV. Equity Shares

(1) Number of Shares

(As of March 31, 2016)

Total number of authorized shares	1,200,000 thousand shares
Total number of shares outstanding	415,352 thousand shares

(2) Total Number of Stockholders at the End of the Current Fiscal Year: 46,317

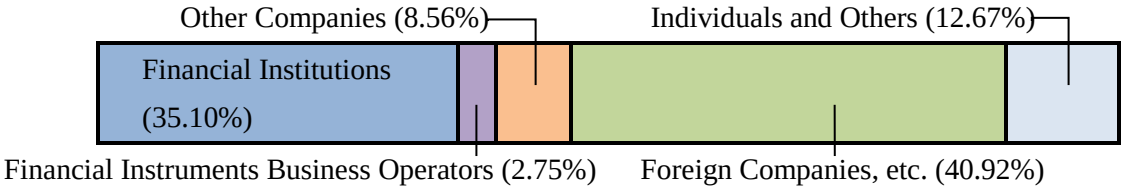
(3) Major Stockholders

(As of March 31, 2016)

Name of Stockholder	Investment in the Company	
	Number of Shares Held	Portion of Shares Outstanding
	Thousands	%
STATE STREET BANK AND TRUST COMPANY	23,789	5.9
Japan Trustee Services Bank, Ltd. (Trust account)	19,491	4.8
The Master Trust Bank of Japan, Ltd. (Trust account)	18,424	4.6
The Dai-ichi Life Insurance Company, Limited	10,227	2.5
Sompo Japan Nipponkoa Holdings Employee Stockholders Association	9,804	2.4
Nippon Express Co., Ltd.	8,001	2.0
STATE STREET BANK AND TRUST COMPANY 505225	6,391	1.6
THE BANK OF NEW YORK MELLON SA/NV 10	5,628	1.4
Japan Trustee Services Bank, Ltd. (Trust account 7)	5,355	1.3
STATE STREET BANK WEST CLIENT - TREATY 505234	4,883	1.2

Notes:
1. In addition to the above, the Company holds 11,189 thousand shares of treasury stock.
2. The portion of shares outstanding is calculated after deducting treasury stock.
3. The number of shares held by The Dai-ichi Life Insurance Company, Limited includes 4,492 thousand shares contributed by that company as trust assets for a retirement benefit trust (In the stockholder register, the shares are listed in the name of Mizuho Trust & Banking Co., Ltd., Dai-ichi Life Insurance Retirement Benefit Trust).

Types of Stockholders



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V. Matters Relating to Stock Acquisition Rights

(1) Number of Stock Acquisition Rights That Executives of the Insurance Holding Company Hold as of the Last Day of the Fiscal Year

	Overview of Content of Stock Acquisition Rights	Number of Holders of Stock Acquisition Rights
Directors (excluding outside directors)	The 23rd issue of stock acquisition rights of NKSJ Holdings, Inc. ・Number of stock acquisition rights: 22 ・Type and number of shares underlying stock acquisition rights: 550 shares of common stock (25 shares per stock acquisition right) ・Amount to be paid-in at the time of exercise of each stock acquisition right: ¥1 per share ・Period during which the stock acquisition rights can be exercised: From August 17, 2010 to August 16, 2035 ・Major conditions of exercise of stock acquisition rights: As stated in Note 1	1
	The 24th issue of stock acquisition rights of NKSJ Holdings, Inc. ・Number of stock acquisition rights: 67 ・Type and number of shares underlying stock acquisition rights: 6,700 shares of common stock (100 shares per stock acquisition right) ・Amount to be paid-in at the time of exercise of each stock acquisition right: ¥1 per share ・Period during which the stock acquisition rights can be exercised: From November 1, 2011 to October 31, 2036 ・Major conditions of exercise of stock acquisition rights: As stated in Note 1	3
	The 25th issue of stock acquisition rights of NKSJ Holdings, Inc. ・Number of stock acquisition rights: 221 ・Type and number of shares underlying stock acquisition rights: 22,100 shares of common stock (100 shares per stock acquisition right) ・Amount to be paid-in at the time of exercise of each stock acquisition right: ¥1 per share ・Period during which the stock acquisition rights can be exercised: From August 14, 2012 to August 13, 2037 ・Major conditions of exercise of stock acquisition rights: As stated in Note 1	4

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	The 26th issue of stock acquisition rights of NKSJ Holdings, Inc. ・Number of stock acquisition rights: 128 ・Type and number of shares underlying stock acquisition rights: 12,800 shares of common stock (100 shares per stock acquisition right) ・Amount to be paid-in at the time of exercise of each stock acquisition right: ¥1 per share ・Period during which the stock acquisition rights can be exercised: From August 13, 2013 to August 12, 2038 ・Major conditions of exercise of stock acquisition rights: As stated in Note 1	6
	The 27th issue of stock acquisition rights of NKSJ Holdings, Inc. ・Number of stock acquisition rights: 159 ・Type and number of shares underlying stock acquisition rights: 15,900 shares of common stock (100 shares per stock acquisition right) ・Amount to be paid-in at the time of exercise of each stock acquisition right: ¥1 per share ・Period during which the stock acquisition rights can be exercised: From August 15, 2014 to August 14, 2039 ・Major conditions of exercise of stock acquisition rights: As stated in Note 1	6
	The 28th issue of stock acquisition rights of Sompo Japan Nipponkoa Holdings, Inc. ・Number of stock acquisition rights: 120 ・Type and number of shares underlying stock acquisition rights: 12,000 shares of common stock (100 shares per stock acquisition right) ・Amount to be paid-in at the time of exercise of each stock acquisition right: ¥1 per share ・Period during which the stock acquisition rights can be exercised: From August 17, 2015 to August 16, 2040 ・Major conditions of exercise of stock acquisition rights: As stated in Note 1	8
Directors (outside)	—	—
Audit & Supervisory Board Members	—	—

Notes:

1. Each of the holders of stock acquisition rights (the “Holder of Stock Acquisition Rights”) may exercise his or her stock acquisition rights during the stock acquisition rights exercise period, and only within a period of 10 days from the day following the date on which he or she has lost his or her position as either a director or an executive officer.
   Moreover, the Holder of Stock Acquisition Rights is to exercise in one transaction all

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of the stock acquisition rights that he or she holds, as to the stock acquisition rights (stock compensation-type stock options) that he or she received pursuant to his or her position as a director or an executive officer of the Company, and shall not be allowed to exercise only a part thereof.

2. This table shows the stock acquisition rights that the Company has granted to executives of the Company as consideration for execution of duties.
3. As to a director of the Company who was a director or an executive officer of Sompo Japan Insurance Inc., NIPPONKOA Insurance Company, Limited, Sompo Japan Nipponkoa Insurance Inc. or Sompo Japan Nipponkoa Himawari Life Insurance, Inc., at the time of grant of these stock acquisition rights, the allocation was made to such director of the Company on the basis of his/her being director or executive officer of Sompo Japan Insurance Inc., NIPPONKOA Insurance Company, Limited, Sompo Japan Nipponkoa Insurance Inc. or Sompo Japan Nipponkoa Himawari Life Insurance, Inc., as the case may be. The number of the stock acquisition rights, as well as the type and number of the underlying shares, held by directors of the Company (excluding outside directors) as of the last day of this fiscal year are as set out below.

   The 23rd issue of stock acquisition rights of NKSJ Holdings, Inc.
   1,072 (26,800 shares of common stock)
   The 24th issue of stock acquisition rights of NKSJ Holdings, Inc.
   355 (35,500 shares of common stock)
   The 25th issue of stock acquisition rights of NKSJ Holdings, Inc.
   255 (25,500 shares of common stock)
   The 26th issue of stock acquisition rights of NKSJ Holdings, Inc.
   175 (17,500 shares of common stock)
   The 27th issue of stock acquisition rights of NKSJ Holdings, Inc.
   166 (16,600 shares of common stock)
   The 28th issue of stock acquisition rights of Sompo Japan Nipponkoa Holdings, Inc. 140 (14,000 shares of common stock)

4. At the time of establishment of the Company, stock acquisition rights that Sompo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited had issued were extinguished as of April 1, 2010, and the stock acquisition rights of the Company (from the 1st issue of stock acquisition rights through the 22nd issue of stock acquisition rights) were issued on the same date to the holders of the extinguished stock acquisition rights as replacement therefor. The number of stock acquisition rights held by the executives of the Company as of the last day of this fiscal year, as well as the type and number of the underlying shares, are as set out below.

   ・The 11th issue of stock acquisition rights of NKSJ Holdings, Inc.:
   13 (3,250 shares of common stock)
   ・The 12th issue of stock acquisition rights of NKSJ Holdings, Inc.:
   13 (3,250 shares of common stock)
   ・The 13th issue of stock acquisition rights of NKSJ Holdings, Inc.:
   26 (6,500 shares of common stock)
   ・The 14th issue of stock acquisition rights of NKSJ Holdings, Inc.:
   24 (6,000 shares of common stock)
   ・The 15th issue of stock acquisition rights of NKSJ Holdings, Inc.:
   197 (4,925 shares of common stock)
   ・The 16th issue of stock acquisition rights of NKSJ Holdings, Inc.:
   342 (8,550 shares of common stock)
   ・The 17th issue of stock acquisition rights of NKSJ Holdings, Inc.:
   14 (3,150 shares of common stock)
   ・The 18th issue of stock acquisition rights of NKSJ Holdings, Inc.:

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13 (2,925 shares of common stock)

・The 19th issue of stock acquisition rights of NKSJ Holdings, Inc.:

10 (2,250 shares of common stock)

・The 20th issue of stock acquisition rights of NKSJ Holdings, Inc.:

12 (2,700 shares of common stock)

・The 21st issue of stock acquisition rights of NKSJ Holdings, Inc.:

19 (4,275 shares of common stock)

・The 22nd issue of stock acquisition rights of NKSJ Holdings, Inc.:

23 (5,175 shares of common stock)

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(2) Stock Acquisition Rights, etc., in the Insurance Holding Company That Have Been Granted to Employees, etc., During the Fiscal Year

	Overview of Content of Stock Acquisition Rights	Number of Grantees of Stock Acquisition Rights
Employees	The 28th issue of stock acquisition rights of Sompo Japan Nipponkoa Holdings, Inc. ・Number of stock acquisition rights: 80 ・Type and number of shares underlying the stock acquisition rights: 8,000 shares of common stock (100 shares per stock acquisition right) ・Amount to be paid-in at the time of exercise of each stock acquisition right: ¥1 per share ・Period during which the stock acquisition rights can be exercised: From August 17, 2015 to August 16, 2040 ・Major conditions of exercise of stock acquisition rights: As stated in Note 1	8
Officers and Employees of Subsidiary Corporations	The 28th issue of stock acquisition rights of Sompo Japan Nipponkoa Holdings, Inc. ・Number of stock acquisition rights: 667 ・Type and number of shares underlying the stock acquisition rights: 66,700 shares of common stock (100 shares per stock acquisition right) ・Amount to be paid-in at the time of exercise of each stock acquisition right: ¥1 per share ・Period during which the stock acquisition rights can be exercised: From August 17, 2015 to August 16, 2040 ・Major conditions of exercise of stock acquisition rights: As stated in Note 1	47

Notes:

1. Each of the holders of stock acquisition rights (the “Holder of Stock Acquisition Rights”) may, as to the stock acquisition rights granted to him or her pursuant to his or her position as executive officer of the Company, director and executive officer of Sompo Japan Nipponkoa Insurance Inc., director and executive officer of Sompo Japan Nipponkoa Himawari Life Insurance, Inc., director of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD., director of Prime Assistance Inc. or director of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, exercise such stock acquisition rights during the stock acquisition rights exercise period, and only within a period of 10 days from the day following the date on which he or she has lost his or her position as either a director or an executive officer.
   Moreover the Holder of Stock Acquisition Rights is to exercise in one transaction all

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of the stock acquisition rights that he or she holds, as to the stock acquisition rights (stock compensation-type stock options) that he or she has received pursuant to his or her position as director and executive officer of the Company, director and executive officer of Sompo Japan Insurance Inc., director and executive officer of Sompo Japan Nipponkoa Insurance Inc., director and executive officer of Sompo Japan Nipponkoa Himawari Life Insurance, Inc., director of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD., director of Prime Assistance Inc. and director of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and shall not be allowed to exercise only a part thereof.

2. This table shows the stock acquisition rights that the Company has granted to employees of the Company as consideration for execution of duties, as well as the stock acquisition rights that have been granted to officers and employees of Sompo Japan Nipponkoa Insurance Inc., Sompo Japan Nipponkoa Himawari Life Insurance, Inc., SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD., Prime Assistance Inc. and SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED pursuant to a setoff of the claims for remuneration as consideration for execution of duties in the relevant company and the duty to pay in the payment for the stock acquisition rights.
3. This table does not include the 140 stock acquisition rights that were granted to directors of the Company who were directors or executive officers of Sompo Japan Nipponkoa Insurance Inc. or Sompo Japan Nipponkoa Himawari Life Insurance, Inc. at the time of grant of the stock acquisition rights pursuant to a setoff of the claims for remuneration as consideration for execution of duties in the relevant company, and the duty to pay in the payment for the stock acquisition rights.
4. The total number of the stock acquisition rights granted by the Company as of the last day of the current fiscal year is 8,198, with the type and number of the underlying shares being 674,300 shares of common stock.

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VI. Matters Relating to Accounting Auditor

(1) Status of Accounting Auditor

Name	Remuneration, etc., in Connection With the Relevant Fiscal Year	Others
Ernst & Young ShinNihon LLC Designated Member with limited liability: Yuji Ozawa Designated Member with limited liability: Norio Hashiba Designated Member with limited liability: Makoto Kubodera	¥31 million	1) Reasons for the Audit & Supervisory Board's consent to the remuneration, etc. for accounting auditors Upon all required examination on the appropriateness of contents of the audit plan designed by the accounting auditor, status of the audit duty execution by the accounting auditor, the basis for calculating the estimated remuneration and other matters, the Audit & Supervisory Board of the Company has made a decision to consent to the amount of remuneration, etc. for the accounting auditor. 2) Details of non-audit services provided by the accounting auditor for which the Company pays fees The Company entrusts to the Accounting Auditor the advisory services concerning development of ERM system as services other than the services stipulated in Article 2, paragraph 1 of the Certified Public Accountants Act (non-audit services). 3) Matters regarding the business suspension order that the accounting auditor have received in the last two years Description of the Business Suspension Order issued as of December 22, 2015 by the Financial Services Agency a. Party to which the business suspension order was issued

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Name	Remuneration, etc., in Connection With the Relevant Fiscal Year	Others
		Ernst & Young ShinNihon LLC b. Description of the sanction ・Three-month (from January 1, 2016 to March 31, 2016) business suspension order that bans the above party from taking on any new business contracts c. Reasons for the order ・Misstatement in negligence of due care by employees ・Substantially inappropriate operation of the audit firm

Notes:
1. The auditing agreement between the Company and the accounting auditor does not classify between audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act. Moreover, this distinction cannot substantively be made, so the total has been stated.
2. The total amount of cash and other property benefits that the Company and its subsidiary corporations are to pay to the accounting auditor is ¥418 million.

(2) Contract for Limitation of Liability

None.

(3) Other Matters Concerning the Accounting Auditor

A. Policy on Decisions pertaining to Dismissal or Not Reappointing the Accounting Auditor

If the Audit & Supervisory Board of the Company determines that the accounting auditor falls under any case prescribed in each item of Article 340, paragraph 1 of the Companies Act, the Audit & Supervisory Board dismisses the accounting auditor pursuant to unanimous consent of all Audit & Supervisory Board Members. The Audit & Supervisory Board verifies, through its full-year audit activities, the compliance with the auditing standards and quality control standards for audit established by the Business Accounting Council, in which the expertise, professional ethics, independence, an audit implementation system, a quality control system, and the duty performance status of the accounting auditor are included. As a result of the audits, if the Audit & Supervisory Board finds that the accounting auditor cannot properly perform its duties or it is deemed necessary for

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other reasons, the Audit & Supervisory Board, in accordance with the provisions prescribed in Article 344 of the Companies Act, determines the content of a proposal for dismissal or not reappointing the accounting auditor, and submit the proposal to the General Meeting of Stockholders.

B. Examination of Financial Statements of Significant Subsidiary Corporations, etc. of the Insurance Holding Company, by a Certified Public Accountant or an Accounting Corporation Other Than the Accounting Auditor of the Insurance Holding Company

Among significant subsidiary corporations of the Company, Message Co., Ltd., Sompo Care Next Inc. and overseas subsidiary corporations are audited by accounting corporations other than the accounting auditor of the Company.

VII. Basic Policy on what the Persons Controlling Financial and Business Policy Decisions ought to be

None.

VIII. Systems to Ensure the Appropriate Performance of the Business Operations and the Status of Implementation of the System

The Company's Board of Directors has resolved the Basic Policy on Internal Control based on relevant laws and regulations, and the Sompo Japan Nipponkoa Group (the "Group") Management Philosophy for the purpose of ensuring that the Group business operations are appropriately performed and that corporate governance is continually reinforced and qualitatively improved. The details thereof are as follows. Under this Basic Policy, the Company continuously seeks to monitor and verify the Group's control systems and works to improve related structures.

Basic Policy on Internal Controls

1. System for Ensuring Proper Conduct of Operations of the Group

As set forth below, the Company shall establish systems required to ensure that its operations and the operations of its Group companies are conducted properly.

(1) The Company shall present the Group Management Philosophy, the Group Action Guideline, the Group Vision, the Group Basic Management Policies, the Group Personnel Vision, and the Group CSR Vision to its Group companies.
(2) The Company shall prescribe the Management of Group Companies and appropriately manage its Group companies. As to its directly owned subsidiaries, the Company shall enter into management agreements with them and appropriately exercise its shareholder's rights. As to other Group companies, the Company shall manage them directly or through the directly owned subsidiaries.
(3) The Company shall establish systems for approval and reporting of its Group companies' business strategies and other important matters that affect Group operations.
(4) The Company shall appropriately manage the Group by formulating various basic policies that prescribe the Group's control framework and disseminating thereof. The

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Company shall also have its Group companies formulate their own rules suited to their business operations and establish systems based on these basic rules and shall establish a system for having matters pertaining to the execution of duties by their directors and other board members of its Group companies reported.

(5) The Company shall establish systems for information collection, inspections, and examinations required for management decisions. The Company shall also seek to activate management discussions through such means as reliably providing information to independent directors, and ensure the adequacy of management decisions on important matters regarding Group management.

(6) The Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy on Intra-Group Transactions, appropriately monitor and review material intragroup transactions and other such matters, and ensure the fairness and soundness of intragroup transactions.

2. System for Ensuring Execution of Duties in Compliance with Applicable Laws and the Firm's Articles of Incorporation

As set forth below, the Company shall establish systems required to ensure that its own and its Group companies' directors, executive officers, and employees ("Officers and Employees") execute their duties in compliance with applicable laws and the firm's Articles of Incorporation.

(1) The Company shall verify that its own and its Group companies' Officers and Employees are executing their duties in a legally compliant manner through such means as reporting on the state of directors' execution of their duties at Board of Directors meetings.

(2) The Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy on Compliance, and the Compliance Code of Conduct to establish compliance systems. The Company shall also issue a compliance manual with standards of conduct for Officers and Employees of the Group, and conduct ongoing education and training based on compliance manual to disseminate these basic policies, the code of conduct, and compliance manual.

(3) The Company shall establish a department that controls compliance matters across the board and manage the progress of compliance programs that formulate plans in response to compliance issues. Additionally, Compliance Committee shall confer on the Group's compliance promotion systems and methods and monitor the states of compliance promotion.

(4) The Company and its Group companies shall establish systems for internal reporting, internal whistle-blowing, and internal audits of misconduct and other such incidents, and properly rectify or otherwise respond to such matters.

(5) The Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy on Response to Customer Feedback and establish effective systems for responding to customer feedback.

(6) The Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy on Providing Appropriate Services to Customers and ensures to establish systems to maintain and improve the quality of products and services.

(7) The Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy on the Establishment and Maintenance of Customer Information Management System and appropriately manage customer information.

(8) The Company shall prescribe the Security Policy to ensure appropriate management systems for information assets.

(9) The Company shall prescribe Sompo Japan Nipponkoa Group Basic Policy on Managing Conflict-of-Interest Transactions, and appropriately manage conflict-of-interest transactions with the potential to unduly harm customers' interests.

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(10) The Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy on Response to Antisocial Forces and establish systems for responding to such antisocial forces. The Company shall deal with antisocial forces resolutely to reject undue claims from and sever relationships with antisocial forces by cooperating with specialized agencies.

3. Strategic Risk Management Frameworks

The Company shall prescribe the Group Basic Policy on ERM and implement the Strategic Risk Management, i.e. an ERM designed to minimize unforeseen losses while effectively utilizing its capital, increasing its profits under appropriate control of risks, and maximizing the Group's corporate value.

(1) To ensure the effectiveness of the Strategic Risk Management, the Company shall establish and promote the frameworks for Strategic Risk Management such as the Group Risk Appetite Statement to work as a guideline for risk takings in capital budgeting.
The Company shall also appropriately manage risks that may confront the Group as a whole, through the adequate assessment of the risks inherent to a group structure and of the outline of various risk characteristics that exist within the Group.
The Company shall establish the Group ERM Promotion Committee and the Risk Management Committee for this purpose.
(2) The Company shall have its Group companies develop and implement the appropriate frameworks for strategic risk management including assessment and evaluation of risks, according to their scope, scale and characteristics of operations.

4. System to Ensure Effective and Accurate Execution of Duties

As set forth below, the Company shall delegate authority for execution of job duties, prescribe rules regarding decision-making and reporting, establish a command and control structure, and effectively utilize management resources to ensure that its own and its Group companies' Officers and Employees execute their duties properly and efficiently.

(1) The Company shall formulate the Group's mid-term management plans and fiscal year plans and share these plans with its Group companies.
(2) The Executive Management Meeting shall confer on matters pertaining to the performance of the Group's key operations and seek to improve the efficiency and effectiveness of Board of Directors' deliberations.
(3) The Company and its Group companies shall clearly identify matters in which the Board of Directors is to be involved by designating matters over which the Board of Directors has decision-making authority and matters to be reported to the Board of Directors. They shall also determine executive officers and other personnel's decision-making authority consistent with the matters thus designated.
(4) The Company and its Group companies shall establish rules and clearly define internal organizational units' objectives and scope of responsibilities, and shall determine for each organizational unit division of its duties, executives, and scope of operational authority.
(5) To achieve highly reliable, convenient, and effective business operations, the Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy on IT system Strategy and IT system Risk Management and establish adequate and accurate Group IT systems.
(6) The Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy on Establishing Business Continuity Systems and establish systems to ensure the

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continuity or early restoration of the Group's key operations during times of crisis, including major natural disasters, and ensure the stability and soundness of the Group's operational foundation in times of emergency.

5. System for Ensuring the Financial Soundness and Adequacy of Financial Reporting

(1) The Company shall prescribe the Basic Policy on Managing Financial Soundness and Actuarial Matters and establish management systems to ensure financial soundness.
(2) The Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy for Establishing Internal Controls over Financial Reporting and, to ensure adequacy and reliability of its financial reporting on a consolidated basis, determine a framework for establishment, operation, and evaluation of internal controls over the Group's financial reporting and establish requisite systems within its own and its Group companies.

6. Systems for Ensuring Appropriate Information Disclosure

The Company shall prescribe the Disclosure Policy and set up a department that controls disclosure matters and the Disclosure Committee based on laws and regulations to establish systems for timely and appropriate disclosure of information concerning its business activities.

7. System for Retention and Management of Information Related to Directors and Executive Officers' Performance of their Duties

To appropriately retain and manage information related to its own and its Group companies' directors and executive officers' performance of their duties, the Company shall prescribe rules dictating methods for retaining and managing information related to its own and its Group companies' directors and executive officers' execution of their duties, including minutes of Board of Directors and other important meetings and documentation related thereto. The Company shall also establish system required to retain and manage such information.

8. System to Ensure Internal Audits' Effectiveness

To ensure the effectiveness of its own and its Group companies' internal audits, the Company shall prescribe the Sompo Japan Nipponkoa Group Basic Policy on Internal Audits and establish systems required thereby. Said basic policy shall define matters related to internal audit sections' independence from audited organizational sections, planning and conduct of internal audits, and Group companies' compliance duties with respect to internal audits.

9. System Related to Audit & Supervisory Board Members' Audits

The Company shall establish the following systems to improve the effectiveness of Audit & Supervisory Board Members' audits:

9-1. Matters relating to employees who assist Audit & Supervisory Board Members in the performance of their duties

The Company shall establish an Audit & Supervisory Board Members' office and, at Audit & Supervisory Board Members' requests, appoint personnel with the requisite knowledge and experience to serve as Staff of Audit & Supervisory Board (employees to assist with Audit & Supervisory Board Members' duties) assigned exclusively to audit duty. The Company shall also prescribe rules regarding Staff of Audit & Supervisory

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Board and ensure their independence from executive functions and the effectiveness of instructions issued by Audit & Supervisory Board Members to the Staff of the Audit & Supervisory Board as follows.

(1) The Company shall ensure Staff of Audit & Supervisory Board's independence from directors by making decisions regarding Staff's appointment, dismissal and compensation subject to the approval of a standing Members and by seeking a standing Members' approval of Staff's personnel evaluations.
(2) In conducting their duties, Staff of Audit & Supervisory Board shall follow the instructions and orders of Audit & Supervisory Board Members only and not receive instructions or orders from directors, executive officers, or other non-audit personnel.
(3) Staff of Audit & Supervisory Board shall have the authority to collect information required in relation to their duties ordered by Audit & Supervisory Board Members.

9-2. System for Reporting to Audit & Supervisory Board Members

(1) The Company shall, under the Audit & Supervisory Board's approval, prescribe matters that are to be reported to Audit & Supervisory Board Members by Officers and Employees (including gross violations of laws or Articles of Incorporation or other improprieties in connection with execution of duties that potentially may cause a material loss for the company) and the timing of such reports. Officers and Employees shall unfailingly submit reports in accord with such prescriptions and other reports requested by Audit & Supervisory Board Members. Provided, however, that none of such Officers and Employees who have submitted such reports to Audit & Supervisory Board Members shall be treated unfavorably because of such submission.
(2) When Audit & Supervisory Board Members express opinions on directors or executive officers' execution of their duties or recommend improvements thereof, the director or executive officer in question shall report back to the Audit & Supervisory Board Members on progress in addressing the matter cited by the Audit & Supervisory Board Members.

9-3. Other Systems to Ensure that Audit & Supervisory Board Members' Audits are Conducted Effectively

(1) Audit & Supervisory Board Members may attend and express their opinions to the Board of Directors, Executive Management Meeting and other important meetings.
(2) The Company shall ensure that there are opportunities for Audit & Supervisory Board Members to appropriately and fully exchange opinions with directors, executive officers, internal audit sections, accounting auditors and other persons required to appropriately perform the duty of Audit & Supervisory Board Members. Officers and Employees shall submit reports on matters concerning the performance of their duties at the request of Audit & Supervisory Board Members.
(3) The Company shall respond to Audit & Supervisory Board Members' requests concerning access to the minutes of important meetings and other important documents (including electromagnetic records).
(4) The Company shall ensure that there are opportunities for Audit & Supervisory Board Members to cooperate with the Audit & Supervisory Board Members of Group companies and collect information from Officers and Employees of Group companies at the request of Audit & Supervisory Board Members.
(5) When Audit & Supervisory Board Members submit a request for the coverage of costs arising in connection with the execution of their duties, it shall be appropriately processed according to the request made by the Audit & Supervisory Board Members.

-- End

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Overview of the Status of Implementation of the System to Ensure the Appropriate Performance of the Business Operations is outlined as follows.

(1) Internal Control System as a Whole

In order to inspect the status of development and implementation of its internal control system and in efforts to improve the system, the Company has established the Internal Control Committee, made up of Officer-level personnel, as an advisory organ to the Board of Directors. The Committee inspects the status of the fulfillment of functions of the Group's internal control system based on the events, occurring both inside and outside of the Group, to which the effectiveness in the application of internal control may potentially be questioned. The Committee also monitors the status of initiatives toward enhancing and strengthening the internal control system, and provides advice to the Board of Directors on how to improve the system if necessary.

(2) System to Control the Group Companies

- The Company carries out management of the Group companies in order to enhance corporate value of the Group as a whole by way of approving important matters such as management plans for the Group companies, receiving reports from the Group companies including the progress of the plan and occurrence of risk events, and taking effective measures as needed in accordance with the approval and reporting system.
- The Company strives to ensure appropriate business operations of the Group companies by verifying the status on the development and implementation of the systems for each of the Group companies that are established based on various basic policies of the Group, and providing guidance to each of the companies as needed.

(3) Compliance System

- The Company sets out policies for promoting the Group's compliance annually, and makes all of the Group companies to be thoroughly aware of such policies. Each company of the Group takes its own initiatives to enhance compliance in a systematic manner based on the established policies.
- The Company and Group companies endeavor to detect legal violations and other inappropriate events at an early stage by developing structures such as the internal reporting system and internal audit system.
- In regard to internal reporting, the Company has established the Compliance Hotline, a third-party body, as an internal reporting contact point for the entire Group. The Company strives to increase its effectiveness by making the entire Group to be thoroughly aware of this internal reporting contact point as well as the rules on how to put into place the internal reporting system including the prohibition on treating whistleblowers unfavorably.
- Each of the Group companies, upon finding any inappropriate event, takes appropriate measures within the company where such event occurred. The Company also verifies the appropriateness of the countermeasures taken, and provides assistance and guidance as required upon receiving reports on the relevant event.
- The Company convenes meetings of the Compliance Committee on a regular basis, deliberates on the progress in the compliance enhancement including the status of measures to address compliance challenges, and examines the efficiency of the efforts

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taken place.

(4) System Regarding Enterprise Risk Management (ERM)

- The Company makes the Group companies to be thoroughly aware of its management strategies and Group Basic Policy on ERM. Each company of the Group establishes strategic risk management systems suitable for the nature of its operation, corporate scale and characteristic, such as developing basic policies and rules pursuant to the Group Basic Policy on ERM.
- The Company sets out its business plan taking the Group Risk Appetite Statement into consideration, and allocates its capital to each business unit based on the growth potential and profitability. Each business unit manages its business in accordance with risk tolerance of allocated capital in an attempt to achieve profit objectives established in the business plan. The Company carries out ERM based on the principle of the PDCA cycle, in which changes in the operating environment and progress in plans are periodically reviewed and the plans and capital allocations are revised as needed.
- The Company identifies significant risks arising from various sources based upon the fundamental of risk assessment, builds and operates risk control processes which performs analysis, evaluation and control. For especially significant risks, risk owners (Director class) are identified in an effort to clarify the scope of responsibility in terms of the implementation of response measures and its progress in order to improve the effectiveness of risk control processes.
- The Group ERM Promotion Committee is tasked with holding management discussions regarding executing and increasing the efficacy of ERM. The Risk Management Committee is tasked with holding management discussions regarding the establishment and maintenance of risk management positions that function on a Group basis.

(5) Structure for the Execution of Duties by Directors

- The Company sets out mid-term management plans and fiscal year plans for the Group, which are shared by the Group companies. Each company of the Group sets out its own mid-term management plans and fiscal year plans that are consistent with plans made on a Group basis, so as to ensure the Group-wide cohesiveness.
- Matters that may significantly affect the Group management, such as subsequent mid-term management plan and decisions on policies for M&A, are duly deliberated at meetings of the relevant subject-specific committees and the Executive Management Meeting in order to enhance the efficiency and effectiveness of resolutions by the Board of Directors.

(6) Audit System by the Audit & Supervisory Board Members

- In order to ensure the effectiveness of audit by the Audit & Supervisory Board Members, the Company establishes an Audit & Supervisory Board Members' office that is independent from commands and orders given by Directors, etc., and appoints exclusive staff.
- The Company formulates rules concerning the reporting to the Audit & Supervisory Board Members, who receive reports from Officers and Employees on primarily the status of their duty execution periodically. In addition, reports are made promptly on matters requested by the Audit & Supervisory Board Members.
- The Company ensures opportunities for the Audit & Supervisory Board Members to

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express opinions by attending the Executive Management Meeting and other important meetings that are deemed necessary by themselves.

- The Company ensures opportunities for the Audit & Supervisory Board Members to exchange information with the accounting auditor and internal audit sections on the audit results, etc., which helps the Audit & Supervisory Board Members to conduct audit in an efficient and effective manner.
- The Company convenes periodic meetings where the Audit & Supervisory Board Members meet with Representative Directors to exchange opinions regarding the recognition of the Group's important issues. The Audit & Supervisory Board Members also perform onsite audit, etc. at the Group companies, and exchange information with the representative, etc. and audit & supervisory board members of the respective companies.

IX. Matters Concerning Specified Wholly-Owned Subsidiary

(1) Name and Address of the Specified Wholly-Owned Subsidiary

Name	Address
Sompo Japan Nipponkoa Insurance Inc.	1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

(2) Total Carrying Value as of March 31, 2016 of Shares of the Specific Wholly-Owned Subsidiary Held by the Company and its Wholly-Owned Subsidiaries, etc.

¥727,669 million

(3) Total Amount Recorded Under Assets on the Company's Balance Sheets as of March 31, 2016

¥1,077,485 million

X. Matters Regarding Transactions with the Parent Company, etc.

None.

XI. Matters Relating to Accounting Advisors

None.

XII. Others

None.

Attachment (2)

Consolidated Balance Sheet

For the fiscal year 2015 (As of March 31, 2016)

(Millions of yen)

Assets:	
Cash and deposits	550,571
Receivables under resale agreements	77,998
Monetary receivables bought	11,383
Money trusts	114,770
Securities	7,408,124
Loans	609,808
Tangible fixed assets:	404,675
Land	174,173
Buildings	134,110
Leased assets	66,595
Construction in progress	1,826
Other tangible fixed assets	27,969
Intangible fixed assets:	146,589
Software	8,308
Goodwill	113,976
Other intangible fixed assets	24,304
Other assets	858,938
Net defined benefit asset	719
Deferred tax assets	8,639
Allowance for possible credit losses	(5,474)
Total assets	10,186,746
Liabilities:	
Underwriting funds:	7,644,560
Reserve for outstanding losses and claims	1,244,361
Underwriting reserves	6,400,198
Corporate bonds	133,675
Other liabilities	501,276
Net defined benefit liability	124,124
Reserve for retirement benefits to directors	114
Reserve for bonus payments	27,575
Reserve for bonus payments to directors	180
Reserves under the special laws:	62,487
Reserve for price fluctuation	62,487
Deferred tax liabilities	39,911
Total liabilities	8,533,906

Net assets:	
Common stock	100,045
Capital surplus	411,086
Retained earnings	364,888
Treasury stock	(36,975)
Total shareholders' equity	839,045
Unrealized gains and losses on securities available for sale	825,912
Deferred gains and losses on hedges	10,510
Foreign currency translation adjustments	(7,965)
Remeasurements of defined benefit plans	(24,648)
Total accumulated other comprehensive income	803,808
Stock acquisition rights	1,486
Non-controlling interests	8,498
Total net assets	1,652,839
Total liabilities and net assets	10,186,746

Attachment (3)

Consolidated Statement of Income

For the fiscal year 2015 (April 1, 2015 to March 31, 2016)

(Millions of yen)

Ordinary income:	3,256,186
Underwriting income:	3,021,030
Net premiums written	2,552,193
Deposits of premiums by policyholders	120,312
Interest and dividend income on deposits of premiums, etc.	45,897
Life insurance premiums written	297,696
Reversal of reserve for outstanding losses and claims	1,599
Other underwriting income	3,330
Investment income:	203,257
Interest and dividend income	163,248
Investment gains on money trusts	5,838
Investment gains on trading securities	3,195
Gains on sales of securities	64,804
Gains on redemption of securities	373
Gains on derivatives	4,385
Other investment income	7,309
Transfer of interest and dividend income on deposits of premiums, etc.	(45,897)
Other ordinary income:	31,898
Investment gains on the equity method	270
Other ordinary income	31,628
Ordinary expenses:	3,039,332
Underwriting expenses:	2,526,649
Net claims paid	1,461,666
Loss adjustment expenses	134,363
Net commissions and brokerage fees	489,674
Maturity refunds to policyholders	244,766
Dividends to policyholders	79
Life insurance claims paid and other payments	80,216
Provision for underwriting reserves	108,087
Other underwriting expenses	7,793
Investment expenses:	28,212
Investment losses on money trusts	123
Losses on sales of securities	961
Impairment losses on securities	19,799
Losses on redemption of securities	90
Investment losses on special account	822
Other investment expenses	6,414

Operating, general and administrative expenses	465,091
Other ordinary expenses:	19,379
Interest paid	5,707
Provision for allowance for possible credit losses	224
Losses on bad debt	24
Other ordinary expenses	13,422
Ordinary profit	216,853
Extraordinary gains:	14,551
Gains on disposal of fixed assets	14,490
Other extraordinary gains	60
Extraordinary losses:	20,075
Losses on disposal of fixed assets	4,530
Provision for reserves under the special laws:	8,933
Provision for reserve for price fluctuation	8,933
Other extraordinary losses	6,611
Net income before income taxes	211,330
Income taxes	16,989
Deferred income taxes	34,081
Total income taxes	51,071
Net income	160,258
Net income attributable to non-controlling interests	677
Net income attributable to shareholders of the parent	159,581

Attachment (4)

Non-Consolidated Balance Sheet

For the fiscal year 2015 (As of March 31, 2016)

(Millions of yen)

Assets:	
Current assets:	155,515
Cash and bank deposits	4,787
Prepaid expenses	4
Deferred tax assets	111
Accounts receivable	150,611
Fixed assets:	921,970
Tangible fixed assets:	153
Buildings	132
Tools, furniture and equipment	20
Investments and other assets:	921,817
Investments in subsidiaries and affiliates	921,677
Deferred tax assets	1
Others	138
Total assets	1,077,485
Liabilities:	
Current liabilities:	108,137
Short-term loans payable to subsidiaries and affiliates	107,100
Accounts payable	515
Accrued expenses	25
Income taxes payable	42
Consumption taxes payable	121
Reserve for bonus payments	293
Reserve for bonus payments to directors	39
Others	0
Total liabilities	108,137
Net assets:	
Shareholders' equity:	967,861
Common stock	100,045
Capital surplus:	776,449
Capital reserves	25,045
Other capital surplus	751,403
Retained earnings:	128,341
Other retained earnings:	128,341
Retained earnings carried forward	128,341
Treasury stock	(36,975)
Stock acquisition rights	1,486
Total net assets	969,348
Total liabilities and net assets	1,077,485

Attachment (5)

Non-Consolidated Statement of Income

For the fiscal year 2015 (April 1, 2015 to March 31, 2016)

(Millions of yen)

Operating income:	
Dividends received from subsidiaries and affiliates	125,000
Fees received from subsidiaries and affiliates	5,741
Total operating income	130,741
Operating expenses:	
Operating, general and administrative expenses	5,699
Total operating expenses	5,699
Operating profit	125,042
Non-operating income:	
Gains on forfeiture of unclaimed dividends	34
Interest on refund	3
Others	0
Total non-operating income	38
Non-operating expenses:	
Interest paid	33
Others	5
Total non-operating expenses	39
Ordinary profit	125,041
Extraordinary gains:	
Gains on reversal of stock acquisition rights	60
Total extraordinary gains	60
Extraordinary losses:	
Losses on retirement of fixed assets	0
Total extraordinary losses	0
Net income before income taxes	125,102
Income taxes	124
Deferred income taxes	(47)
Total income taxes	77
Net income	125,024

Attachment(6) [English Translation of the Auditors' Report Originally Issued in Japanese Language]

Independent Auditor's Report

May 18, 2016

The Board of Directors
Sompo Japan Nipponkoa Holdings, Inc.

Ernst & Young ShinNihon LLC

Yuji Ozawa
Certified Public Accountant
Designated and Engagement Partner

Norio Hashiba
Certified Public Accountant
Designated and Engagement Partner

Makoto Kubodera
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Sompo Japan Nipponkoa Holdings, Inc. (the "Company") applicable to the fiscal year from April 1, 2015 through March 31, 2016.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Sompo Japan Nipponkoa Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Attachment (7) [English Translation of the Auditors' Report Originally Issued in Japanese Language]

Independent Auditor's Report

May 18, 2016

The Board of Directors
Sompo Japan Nipponkoa Holdings, Inc.

Ernst & Young ShinNihon LLC

Yuji Ozawa
Certified Public Accountant
Designated and Engagement Partner

Norio Hashiba
Certified Public Accountant
Designated and Engagement Partner

Makoto Kubodera
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Sompo Japan Nipponkoa Holdings, Inc. (the "Company") applicable to the 6th fiscal year from April 1, 2015 through March 31, 2016.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 6th fiscal year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Attachment (8)

Certified Copy of the Audit Report of the Audit & Supervisory Board

Audit Report

The Audit & Supervisory Board has prepared this audit report following deliberation on the basis of audit reports as prepared by each audit & supervisory board member in respect of the duties as performed by the directors of the Company during the 6th fiscal year from April 1, 2015 to March 31, 2016 and hereby reports as follows:

1. Audit Methods and Contents of Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board established the audit policy and audit plans, etc., received reports from each audit & supervisory board member on audit field work performed and audit results, and also received reports from directors, etc. and the accounting auditor concerning the status of the performance of their duties, and requested explanations if and when needed.

(2) Each audit & supervisory board member, in conformity with general audit standards set out by the Audit & Supervisory Board and in accordance with the audit policy and audit plans, communicated with directors and employees from internal audit and other departments and strove to collect information and developed the environment for audit, and conducted audit as follows:

(i) We attended the Board of Directors meetings and other pertinent meetings, received reports from directors and employees concerning the status of the performance of their duties, and requested explanations if and when needed, gained access to important approval documents, and examined the status of business operations and assets. As for subsidiaries, we requested communications and an exchange of information with directors and audit & supervisory board members of subsidiaries, and received business reports from subsidiaries if and when needed.

(ii) We received reports periodically from directors and employees concerning the contents of Board of Directors resolutions relating to the establishment of the system to ensure that directors comply with the laws and regulations and the articles of incorporation in the performance of their duties and other systems stipulated by Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as necessary to ensure that business operations of companies are performed appropriately as well as the status of the system developed under the said Board of

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Directors resolutions (the internal control systems). We requested explanations concerning the said reports if and when needed and made remarks and statements with respect thereto. With respect to the internal control systems pertaining to the financial reporting under the Financial Instruments and Exchange Act, we received reporting concerning the evaluation of the relevant internal control systems and the status of audit from directors, etc. and ERNST &YOUNG SHINNIHON LLC, and requested explanations if and when needed.

(iii) We have monitored and inspected whether the accounting auditor has maintained its independent position and conducted proper auditing and received reports from the accounting auditor on the status of the performance of its duties and requested explanations if and when needed. We have also received the notification from the accounting auditor that it has developed the "internal system for ensuring the appropriate execution of duties (matters listed in each item of Article 131, the Ordinance for Company Accounting) in accordance with "Quality Control Standards for audit" (Business Accounting Council, October 28, 2005), and requested explanations if and when needed.

(iv) With respect to the business improvement order issued to ERNST &YOUNG SHINNIHON LLC by the Financial Services Agency on December 22, 2015, we received reports from the firm that they submitted a business improvement plan to the Agency on January 29, 2016, and requested explanations if and when needed. In addition, we received reports from the firm about the results acquired from voluntary inspections, etc. based on the administrative punishment, the status of quality control and independence secured in their financial business division, which supervises auditing for financial institutions, and other efforts they are making for the business improvement plan, and requested explanations if and when needed.

On the basis of the above-described audit methods, we have examined the financial statements (balance sheet, statement of income (loss), statement of changes in net assets and notes to non-consolidated financial statements) for the relevant fiscal year, supplementary schedules thereof and the consolidated financial statements (consolidated balance sheet, consolidated statement of income (loss), consolidated statement of changes in net assets and notes to consolidated financial statements) for the relevant fiscal year.

2. Audit Results

(1) Audit Results for the Business Report, etc.

(i) The business report and supplementary schedules thereof properly represent conditions

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

at the Company in accordance with relevant laws and regulations and the Company's articles of incorporation.

(ii) There are no inappropriate behaviors or serious violations of the laws, regulations or the Company's articles of incorporation relating to directors' performance of their duties.

(iii) The contents of the Board of Directors resolution concerning the internal control systems are appropriate. Further, there are no matters to be raised regarding the statements in the business report and performance of duties by directors with respect to the internal control systems, including the internal control systems pertaining to the financial reporting under the Financial Instruments and Exchange Act.

(2) Audit Results for the Financial Statements and Supplementary Schedules thereof

The audit methods used and results obtained by the accounting auditor, ERNST & YOUNG SHINNIHON LLC, are appropriate.

(3) Audit Results for the Consolidated Financial Statements and Supplementary Schedules thereof

The audit methods used and results obtained by the accounting auditor, ERNST & YOUNG SHINNIHON LLC, are appropriate.

May 19, 2016

The Audit & Supervisory Board, Sompo Japan Nipponkoa Holdings, Inc.

Toshiyuki Takata, Audit & Supervisory Board Member (full-time)
Eiichi Yoshimitsu, Audit & Supervisory Board Member (full-time)
Chikami Tsubaki, Independent Audit & Supervisory Board Member
Haruo Kasama, Independent Audit & Supervisory Board Member
Naoki Yanagida, Independent Audit & Supervisory Board Member

Attachment (9)

Consolidated Statement of Changes in Net Assets

For the fiscal year 2015 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	438,306	222,682	(19,067)	741,967
Cumulative effects of changes in accounting policies		(27,041)	15,624		(11,417)
Restated balance	100,045	411,265	238,306	(19,067)	730,550
Changes during the period:					
Dividends			(32,487)		(32,487)
Net income attributable to shareholders of the parent			159,581		159,581
Acquisition of treasury stock				(18,555)	(18,555)
Disposal of treasury stock		(162)		647	485
Changes in the scope of consolidation			(511)		(511)
Changes in interest of the parent related to transactions with non-controlling interests		(16)			(16)
Net changes in items other than shareholders' equity					
Total changes during the period	–	(179)	126,581	(17,907)	108,494
Balance at the end of the period	100,045	411,086	364,888	(36,975)	839,045

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	1,048,718	8,085	26,046	(3,235)	1,079,614	1,550	6,720	1,829,852
Cumulative effects of changes in accounting policies			(139)		(139)		1	(11,555)
Restated balance	1,048,718	8,085	25,906	(3,235)	1,079,474	1,550	6,721	1,818,297
Changes during the period:								
Dividends								(32,487)
Net income attributable to shareholders of the parent								159,581
Acquisition of treasury stock								(18,555)
Disposal of treasury stock								485
Changes in the scope of consolidation								(511)
Changes in interest of the parent related to transactions with non-controlling interests								(16)
Net changes in items other than shareholders' equity	(222,806)	2,425	(33,871)	(21,413)	(275,665)	(63)	1,777	(273,951)
Total changes during the period	(222,806)	2,425	(33,871)	(21,413)	(275,665)	(63)	1,777	(165,457)
Balance at the end of the period	825,912	10,510	(7,965)	(24,648)	803,808	1,486	8,498	1,652,839

Attachment (10)

Notes to the Consolidated Financial Statements

Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

Sompo Japan Nipponkoa Holdings, Inc. (the “Company”) prepares the consolidated financial statements in accordance with the “Ordinance on Accounting of Companies” (Ordinance of the Ministry of Justice No. 13, 2006) and the “Ordinance for Enforcement of the Insurance Business Act” (Ordinance of the Ministry of Finance No. 5, 1996) pursuant to the provision of Article 118 of the “Ordinance on Accounting of Companies”.

The definitions of subsidiaries and affiliates, etc. conform to Article 2 of the “Ordinance on Accounting of Companies”.

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 94 companies
   Name of major consolidated subsidiaries
   Sompo Japan Nipponkoa Insurance Inc.
   SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
   Sonpo 24 Insurance Company Limited
   Sompo Japan Nipponkoa Insurance Services Inc.
   Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
   Message Co., Ltd.
   Sompo Care Next Inc.
   Healthcare Frontier Japan Inc.
   SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.
   Sompo Japan Nipponkoa DC Securities Inc.
   Sompo America Holdings Inc.
   Sompo Japan Insurance Company of America
   Sompo Canopius AG
   Canopius Managing Agents Limited
   Sompo Japan Canopius Reinsurance AG
   Canopius US Insurance, Inc.
   Sompo Japan Nipponkoa Insurance Company of Europe Limited
   NIPPONKOA Management Services (Europe) Limited
   Sompo Japan Sigorta Anonim Sirketi
   Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd.
   Tenet Sompo Insurance Pte. Ltd.
   Berjaya Sompo Insurance Berhad
   Sompo Japan Nipponkoa Insurance (China) Co., Ltd.
   NIPPONKOA Insurance Company (China) Limited
   Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited
   Yasuda Maritima Seguros S.A.
   Yasuda Maritima Saude Seguros S.A.

   Message Co., Ltd. and its 9 group companies are included in the scope of consolidation during the fiscal year ended March 31, 2016 because they became consolidated subsidiaries through the acquisition of shares.
   Sompo Care Next Inc. is included in the scope of consolidation during the fiscal year ended March 31, 2016 because it became consolidated subsidiaries through the acquisition of shares. Watami no Kaigo Co., Ltd. changed its name to Sompo Care Next Inc. on December 1, 2015.

Canopius Group Limited is excluded from the scope of consolidation during the fiscal year ended March 31, 2016 because the liquidation procedure has been completed on December 22, 2015.
NIPPONKOA Insurance Company (Europe) Limited is excluded from the scope of consolidation during the fiscal year ended March 31, 2016 because it has dissolved on August 14, 2015.
Sompo Japan Nipponkoa Holdings (Americas) Inc. changed its name to Sompo America Holdings Inc. on June 4, 2015, and Canopius Reinsurance Limited changed its name to Sompo Japan Canopius Reinsurance AG on November 23, 2015, respectively.

(2) Names of major non-consolidated subsidiaries
Names of major non-consolidated subsidiaries

Sompo Japan Nipponkoa Insurance (Thailand) Public Company Limited

Sompo Japan Nipponkoa Corporate Member Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of the Sompo Japan Nipponkoa Group ("SOMPO HOLDINGS") in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of the Company, they are excluded from the scope of consolidation.

2. Application of the equity method
(1) Number of affiliates accounted for under the equity method: 2 companies

Hitachi Capital Insurance Corporation

Universal Sompo General Insurance Company Limited

(2) The non-consolidated subsidiaries and affiliates (Sompo Japan Nipponkoa Insurance (Thailand) Public Company Limited and Sompo Japan Nipponkoa Corporate Member Limited, etc.) do not have a material impact on the consolidated financial statements in terms of net income or loss and retained earnings, etc. to the extent of the equity position of the Company even if they are excluded from the scope of the equity method, and they do not have a material impact as a whole. Therefore they are excluded from the scope of the equity method.

(3) The Company holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. ("J.E.R.") through its domestic consolidated property and casualty insurance subsidiaries. As J.E.R. is engaged in public business and the Company is not considered to have a material impact on J.E.R.'s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.

3. The fiscal year of consolidated subsidiaries
The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements.
Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

4. Accounting policies

(1) Valuation policies and methods for securities

(a) Trading securities are carried at fair value.
Cost of sale is calculated based on the moving-average method.

(b) Bonds held to maturity are carried at amortized cost based on the moving-average method.

(c) Policy reserve matching bonds are carried at amortized cost based on the moving-average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve Matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.21).
The outline of risk management policy in relation to policy reserve matching bonds is as follows.
Domestic consolidated life insurance subsidiary sets up the sub-category for individual insurance depending on line of business and investment policy, etc., and follows the management policy to match the duration of the policy reserve in the sub-category with the duration of policy reserve matching bonds within a certain range.

(d) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.

(e) Securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) are carried at fair value based on the market price and other factors at the end of the fiscal year. Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.

(f) Securities available for sale which are considered extremely difficult to figure out their fair value are carried at cost based on the moving-average method.

(g) Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.

(h) Securities managed as trust assets in individually operated money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

(2) Valuation policies and methods for derivative transactions
Derivative transactions are carried at fair value.

(3) Depreciation methods of significant depreciable assets

(a) Tangible fixed assets (excluding leased assets)
Depreciation of tangible fixed assets (excluding leased assets) held by the Company and its domestic consolidated subsidiaries is calculated by using the declining-balance method, except for buildings (excluding fixtures attached to

buildings) acquired on or after April 1, 1998 whose depreciation is calculated by using the straight-line method.
Depreciation of tangible fixed assets (excluding leased assets) held by the foreign consolidated subsidiaries is mainly calculated by using the straight-line method.

(b) Intangible fixed assets
Amortization of software for internal use held by the consolidated subsidiaries is calculated by using the straight-line method based on the estimated useful lives.

(c) Leased Assets
Leased assets under finance lease transactions that are not deemed to transfer ownership of the leased assets to the lessee for the domestic consolidated subsidiaries have been depreciated using the straight-line method over the period of the lease.

(4) Accounting policies for significant reserves

(a) Allowance for possible credit losses
In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible credit losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.
For claims against debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated collectable amounts by the disposal of collateral and by guarantees.
For claims against debtors that are highly likely to go bankrupt in the future, allowances are provided based on the amount considered necessary according to overall solvency assessment of the debtor, after deduction of estimated collectable amounts by disposal of collateral and by guarantees.
For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is calculated based on historical credit loss experience for a certain period in the past.
The departments responsible for respective assets assess relevant claim in accordance with the internal standards for self-assessment of assets. The asset auditing department independently reviews the results and allowances are provided based on the reviewed results.
The other consolidated subsidiaries determine mainly the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Reserve for retirement benefits to directors
In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(c) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, with the amount to be paid estimated at the end of the fiscal year.

(d) Reserve for bonus payments to directors

In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, with the amount to be paid estimated at the end of the fiscal year.

(e) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock, etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

(5) Methods of accounting procedures for retirement benefits

(a) Allocation method of projected retirement

Benefit formula method is mainly used for calculating retirement benefit obligation as the method for attributing projected retirement benefits to the end of the current consolidated fiscal year.

(b) Amortization method of actuarial difference and prior service costs

Actuarial difference is mainly amortized from the following fiscal year by using the straight-line attribution method over certain years (10 to 11 years) within the average remaining service years of employees in each fiscal year when the difference occurs.

Prior service costs are mainly amortized by using the straight-line method over certain years (5 years) within the average remaining service years of employees at the time of occurrence.

(6) Significant hedge accounting

Generally the consolidated subsidiaries apply the exceptional treatment for certain interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds to the extent that such transactions meet the conditions required for the application of the exceptional treatment.

The deferred hedge accounting method is applied to interest rate swaps to hedge interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No. 26, hereafter "Industry Audit Practice Committee Report No. 26").

The consolidated subsidiaries apply the fair value hedge accounting method to equity swaps for hedging the future stock price fluctuation risks.

Generally the fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet the conditions required for application of the assignment accounting. Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied

to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary.

Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the hedge to the date of assessment.

However, when the significant conditions are shared among the hedged item and the hedging instrument and its effectiveness is obviously considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the assignment accounting, the assessment of the hedge effectiveness is omitted.

The hedge effectiveness of interest rate swaps based on Industry Audit Practice Committee Report No. 26 is assessed by monitoring the interest rates which impact the calculation of theoretical prices of both insurance liabilities as hedged item and interest rate swaps as hedging instrument which are grouped by different remaining periods.

(7) Method and period of amortization of goodwill

Goodwill is amortized in equal installments over 10 to 20 years.

Immaterial amounts of goodwill are amortized at one time.

(8) Accounting methods for consumption taxes

The Company and its domestic consolidated subsidiaries account for consumption taxes by using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses mainly under the tax-included method.

Non-deductible consumption taxes relating to assets are mainly included in other assets and amortized in equal installments over 5 years.

(Changes in accounting policies)

The Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan Statement No. 21, September 13, 2013, the “Business Combinations Accounting Standard”), the “Accounting Standard for Consolidated Financial Statements” (Accounting Standards Board of Japan Statement No. 22, September 13, 2013, the “Consolidation Accounting Standard”) and the “Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan Statement No. 7, September 13, 2013, the “Business Divestitures Accounting Standard”) effective from the fiscal year ended March 31, 2016. Under these accounting standards, the Company has implemented new accounting methods where differences due to changes in the Company’s ownership interests in subsidiaries continuously under control are accounted for as capital surplus and where acquisition-related costs are accounted for as expenses for the fiscal year when the costs incurred. Regarding business combinations occurring at or after the beginning of the fiscal year ended March 31, 2016, the Company has accounted separately for amounts of impact on the balance at the beginning of the period on which the revision is conducted, and has also changed the method which be noted the balance at the beginning of the period reflected amounts of impact on this revision if the reviewed allocation of acquisition costs due to the finalization of the provisional accounting treatment were implemented in the next year of the business combination. In addition, the Company changed the presentation of net income and other related items, and minority interests are now presented as non-controlling interests.

In accordance with the transitional accounting treatments prescribed in paragraph 58-2 (3) of the Business Combinations Accounting Standard, paragraph 44-5 (3) of the Consolidation Accounting Standard and paragraph 57-4 (3) of the Business Divestitures Accounting Standard, the cumulative effect up to the beginning of the fiscal year ended March 31, 2016 by applying retroactively those new accounting standards to all the past years was added, or subtracted from, capital surplus and retained earnings.

The effects of those accounting standards on the beginning of the fiscal year ended March 31, 2016 were a decreased in goodwill of 12,160 million yen and capital surplus of 27,041 million yen and an increased in retained earnings of 15,624 million yen. As a result, ordinary profit and net income before income taxes for the fiscal year ended March 31, 2016 increased by 964 million yen each.

Due mainly to reflection of cumulative effects in net assets at the beginning of the fiscal year ended March 31, 2016, capital surplus at the beginning of the period in consolidated statement of changes in net assets decreased by 27,041 million yen and retained earnings at the beginning of the period increased by 15,624 million yen.

(Additional information)

“Act on Partial Amendment to the Income Tax Act, etc.” (Act No. 15, 2016) was passed by the Diet on March 29, 2016, which stipulates a reduction in the corporate tax rate to be enforced from the fiscal year beginning on or after April 1, 2016.

Accordingly, the effective statutory income tax rate to calculate deferred tax assets and deferred tax liabilities has been changed from previous 28.8%. The rate for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2016 and April 1, 2017 is 28.2%, whereas the rate for temporary differences expected to be reversed in the fiscal year beginning April 1, 2018 onwards is 27.9%.

As a result of this change in the corporate tax rate, the net amount of deferred tax liabilities (net of deferred tax assets) decreased by 2,108 million yen, underwriting reserves decreased by 547 million yen, deferred income taxes increased by 7,575 million yen and net income attributable to shareholders of the parent decreased by 7,029 million yen.

Notes to the consolidated balance sheet

1. Accumulated depreciation of tangible fixed assets amounts to 427,809 million yen and advanced depreciation of tangible fixed assets amounts to 19,585 million yen.

2. Investments in non-consolidated subsidiaries and affiliates are as follows.

Securities (stocks)	27,379 million yen
Securities (equity interests)	2,881 million yen

3. (1) Loans to borrowers in bankruptcy and overdue loans amount to 50 million yen and 404 million yen, respectively.
Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96, paragraph (1), item (iii) (the maximum amount transferable to allowance for possible credit losses) or Article 96, paragraph (1), item (iv) of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.
Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments has been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

(2) Loans overdue for three months or more amount to 10 million yen.
Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.

(3) Restructured loans are not included in loans.
Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

(4) The total of loans to borrowers in bankruptcy, overdue loans, loans overdue for three months or more and restructured loans amount to 465 million yen.

4. Breakdown of pledged assets is securities of 260,588 million yen, deposits of 25,568 million yen and tangible fixed assets of 9,602 million yen. These are collateral for the borrowings which are included in other liabilities and securities which are put into as deposited assets for overseas operation and others. Secured debts are composed of the borrowings of 7,211 million yen and deposits received of 96 million yen, which are included in other liabilities.
Other than those mentioned above, stocks of subsidiaries and affiliates of 2,794 million yen are pledged as collateral, but the entire amount is eliminated for the preparation of the consolidated financial statements.

5. Securities include 81,948 million yen of lending securities under loan agreements.

6. The amount of loan commitments outstanding is 9,189 million yen.

7. Of the securities received as collaterals under derivative transactions, those which SOMPO HOLDINGS holds rights to dispose of by sale or provision of collateral at its discretion amount to 39,724 million yen. All of those are retained by SOMPO HOLDINGS.

8. Amounts are rounded down to the unit noted.

Notes to the Consolidated Statement of Income

1. Main components of operating expenses are as follows.

Agency commissions, etc.	476,352 million yen
Salaries	226,049 million yen

Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statement of income.

2. Significant items in other extraordinary losses are 6,439 million yen of special premium to be paid out in conjunction with Special Measures for Life Plan Support of Sompo Japan Nipponkoa Insurance Inc. which is consolidated subsidiaries, and 109 million yen of losses on step acquisition.

3. Amounts are rounded down to the unit noted.

Notes to the consolidated statement of changes in net assets

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	-	-	415,352
Total	415,352	-	-	415,352
Treasury stock				
Common stock	7,314	4,108	232	11,189
Total	7,314	4,108	232	11,189

Notes)

1. Breakdown of increase in treasury stock of common stock of 4,108 thousand shares is as follows.
   Increase due to acquisition of treasury stock in accordance with approval by board of directors: 4,094 thousand shares
   Increase due to purchase of shares less than a full trading unit: 13 thousand shares

2. Breakdown of decrease in treasury stock of common stock of 232 thousand shares is as follows.

Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 231 thousand shares
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Japan Nipponkoa Holdings, Inc.	Stock acquisition rights for stock options	1,486
Total		1,486

3. Dividends
(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 22, 2015	Common stock	16,321	40	March 31, 2015	June 23, 2015
The board of director's meeting held on November 18, 2015	Common stock	16,166	40	September 30, 2015	December 9, 2015

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders to be held on June 27, 2016	Common stock	16,166	Retained earnings	40	March 31, 2016	June 28, 2016

4. Amounts are rounded down to the unit noted.

Notes on financial instruments

1. Overview of financial instruments

(1) Our policy to manage financial instruments

As SOMPO HOLDINGS is mainly engaged in insurance businesses and recognizes the characteristic of investment fund for the insurance company, SOMPO HOLDINGS manages the investment asset taking into consideration safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities related to life insurance and savings-type insurance, SOMPO HOLDINGS intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

(2) The nature and risk of financial instruments

As financial instruments which SOMPO HOLDINGS holds are mainly securities such as bonds and stocks, SOMPO HOLDINGS is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

In addition, the securities and the loans which SOMPO HOLDINGS holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, SOMPO HOLDINGS utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

Please refer to the note on “(6) Significant hedge accounting” in “4. Accounting policies” in “Significant Accounting Policies for the Preparation of the Consolidated Financial Statements” for derivative transactions which hedge accounting is applied to.

(3) The risk management systems regarding financial instruments

The Company has established the risk management systems to appropriately identify, evaluate and control risks and accurately respond when risks emerge through strategic risk management (ERM) designed to maximize Group’s corporate value, as described below.

With the aim of maintaining strategic risk management, the company’s board of directors has established the “Group Basic Policy on ERM”, which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the company established Group ERM promotion committee and others. Moreover, the Risk Management Department was established to promote the Company’s efforts to develop and enhance its risk management systems.

Through the investment risk model, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment asset information on a daily basis and quantifies investment risks. Further, the company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on Group’s operations, and performing stress tests to assess and measure risks comprehensively.

As to credit risks, in order to avoid concentrating the risks on specific borrowers, the

Company has set credit limits and manages the risks appropriately for the whole Group. As to liquidity risks, the Company has developed systems for its insurance subsidiaries to forecast payments for claims, etc. upon occurrence of liquidity risk scenarios, such as outbreak of catastrophe, and to ensure liquidity assets so as to adequately secure enough to cope with these payments.
Each Group member has basic policies and rules on risk management formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, insurance subsidiaries place considerable emphasis on managing various types of risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

(4) Supplemental explanation about the fair value of financial instruments
Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied.

2. Fair value of financial investments
Carrying amount, fair value and unrealized gains and losses as of March 31, 2016 are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Note 2 for details.)

	Carrying amount (millions of yen)	Fair value (millions of yen)	Unrealized gains and losses (millions of yen)
(1) Cash and deposits	550,571	550,571	-
(2) Receivables under resale agreements	77,998	77,998	-
(3) Monetary receivables bought	11,383	11,383	-
(4) Money trusts	114,770	114,770	-
(5) Securities:			
Trading securities	270,966	270,966	-
Bonds held to maturity	1,223,479	1,558,625	335,145
Policy reserve matching bonds	143,026	168,786	25,760
Securities available for sale	5,693,975	5,693,975	-
(6) Loans	609,808		
Allowance for possible credit losses(*1)	(102)		
	609,706	630,272	20,565
Total assets	8,695,880	9,077,351	381,471
(1) Corporate bonds	133,675	143,688	10,013
Total liabilities	133,675	143,688	10,013
Derivative transactions(*2):			
Hedge accounting is not applied to	1,665	1,665	-
Hedge accounting is applied to	39,484	39,484	-
Total derivative transactions	41,150	41,150	-

(*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(*2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

Notes)
1. Calculation methods for the fair value of financial instruments

Assets

(1)Cash and deposits

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(4) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and their fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and others.

(5) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges, the price quoted by counterparties and others.

(6) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto. For the loans categorized as loans to borrowers in bankruptcy legally or substantially and borrowers who are highly probable to go bankrupt in the future, the fair values are the carrying amount less current estimated credit losses. Because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges and others.

Derivative transactions

The fair value of forward foreign exchanges is calculated by using forward exchange rate.

The fair value of currency swaps is based on the price quoted by counterparties. In

addition, currency swaps such as forward foreign exchanges to which assignment accounting is applied are accounted for together with foreign currency denominated corporate bonds that are subject to hedging. Therefore, their fair value is included in the fair value of the corporate bonds.
The fair value of currency option transactions is based on the price quoted by counterparties.
The fair value of interest rate futures is based on the closing price at major exchanges.
The fair value of interest rate swaps is based on the price calculated by discounting future cash flow to the present value.
The fair value of equity index futures is based on the closing price at major exchanges.
The fair value of bond futures is based on the closing price at major exchanges.
The fair value of weather derivatives is calculated based on the contract term and other elements of the contract.
The fair value of earthquake derivatives is calculated based on the contract term and other elements of the contract.

2. The financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Securities."

Category	Carrying amount (millions of yen)
Domestic stocks	46,274
Foreign securities	21,550
Others	7,976
Total	75,802

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.
As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.
As others are investments mainly in real estate or in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

Note on per share information

Net assets per share	4,064.83 yen
Net income per share	394.21 yen

Notes on business combinations

1. Business combination through acquisitions

(1) Summary of business combination

(a) Name of acquiree

Watami no Kaigo Co., Ltd.

(b) Business type of acquiree

Pay nursing homes with long-term care business; residential pay nursing homes business; day service business; home-visit care (home assistance service) business; home-visit nursing care business; in-home care support business; serviced rental housing for the elderly business

(c) Major reason for business combination

The management philosophy of Sompo Japan Nipponkoa Group (“SOMPO HOLDINGS”) is to provide services of the highest quality that contribute to the security, health and wellbeing of its customers, and thereby contribute to the society as a whole. SOMPO HOLDINGS has been proactively working to expand into various business sector based on the insurance sector, and its goal is to always be the best customer service provider both at home and abroad.

At present, the Japanese nursing care service market is expected to dramatically expand due to the increasing aging population. According to the future estimates issued by the Ministry of Health, Labour and Welfare, the population aged 75 and above, which comprises the main users of nursing care services, is expected to increase from 15.9 million in 2014 to more than 20 million in 2025. Especially, it is predicted that the elderly population in Tokyo and other metropolitan areas will increase rapidly, with an increasing demand for nursing care services.

Based on such social background, SOMPO HOLDINGS has been focusing on the nursing care sector and has accumulated know-how on the nursing care business by consolidating Cedar Co., Ltd. as its related company in 2012 and by entering into capital and business alliance with Message Co., Ltd. in March 2015. SOMPO HOLDINGS decided to make a full-scale entry into the operation of nursing care business by acquisition of all shares of Watami no Kaigo Co., Ltd. (“Watami no Kaigo”).

Watami no Kaigo operates one hundred and eleven (111) pay nursing homes with long-term care that are mainly located in Tokyo metropolitan area (as of end of March 2015). For the future, SOMPO HOLDINGS intends to provide Watami no Kaigo’s nursing care services that place importance on the dignity and independent living of the elderly and meals that values daily health and pleasure, together with the staffs of Watami no Kaigo, so that we can attain higher customer satisfaction.

SOMPO HOLDINGS will strive to build a new business model that contributes to the higher “security, health and wellbeing” in the nursing care business by leveraging its management resources and know-how obtained through SOMPO HOLDINGS’ extensive network and group businesses, and will provide comprehensive services that fulfill various nursing care demands.

In Japan, which is now entering into a "super-aged society" unprecedented anywhere else in the world, SOMPO HOLDINGS will further enhance and accelerate its efforts in nursing care businesses and will provide nursing care services of the highest quality possible to many more elderly and their families in order to realize Japan as a happy country of longevity which we can be proud of

in the world.

(d) Date of business combination
December 1, 2015

(e) Legal form of business combination
Acquisition of shares by cash

(f) Name of the entity after business combination
Sompo Care Next Inc.

(g) Percentage of voting rights acquired
100.0%

(h) Major reason for determination of the acquirer
The Company was determined as the acquirer because the Company acquired shares of Watami no Kaigo by cash.

(2) The period of financial result of the acquiree included in the consolidated financial statements
From January 1, 2016 to March 31, 2016

(3) Sorts and amounts of the acquisition cost

Sorts of cost	Cash	20,830 million yen
Acquisition cost		20,830 million yen

(4) Contents and amounts of major acquisition-related costs

Advisory fee and others	279 million yen

(5) Amount of goodwill, reason for recognizing goodwill, method and period of amortization

(a) Amount of goodwill
22,534 million yen

(b) Reason for recognizing goodwill
The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed.

(c) Method and period of amortization
Straight-line amortization over 15 years

(6) Amounts of assets acquired and liabilities assumed on the day of business combination

Total assets:	83,311 million yen
Tangible fixed assets:	60,205 million yen
Total liabilities:	85,015 million yen
Other liabilities:	84,608 million yen

(7) Approximate amounts of influence and their calculation method on the consolidated statement of income for the fiscal year ended March 31, 2016, assuming that the business combination was completed on the commencement date of the fiscal year

Ordinary income:	26,870 million yen
Ordinary profit:	(2,192) million yen
Net income attributable to shareholders of the parent:	(2,372) million yen

（Calculation methods for approximate amounts）
Approximate amounts of influence are the differences between the amount of ordinary income, ordinary profit and net income attributable to shareholders of the parent based on the assumption that the business combination was completed on the commencement date of the fiscal year and their corresponding amounts in the consolidated statement of income of the acquirer. Goodwill recognized at business combination has been amortized based on the assumption that this goodwill was incurred on the commencement date of the fiscal year.

Please note that this note is unaudited.

2. Business combination through acquisitions

(1) Summary of business combination

(a) Name of acquiree

Message Co., Ltd.

(b) Business type of acquiree

In-home service business, rental, administration and operation of residences for the elderly, and management of fee-based homes for the elderly, etc. pursuant to the Long-Term Care Insurance Act

(c) Major reason for business combination

The Company has been accumulating experiences in the nursing care business, utilizing the management resources and know-how of SOMPO HOLDINGS. The Company came to believe that it would be important to strengthen business initiatives in the promising nursing care service market and acquire a top class position in the nursing care sector promptly through expansion of business size, enhanced operational efficiency and improved service quality. The Company decided to acquire the shares of Message Co., Ltd. ("Message") which was a very competitive service provider in terms of business size as well as a corporation with comprehensive nursing care services, including a broad range of both facility-based services and at-home services, available to meet various needs of customers.

Making Message a consolidated subsidiary of the Company through the transactions would make it possible to directly invest the management resource and know-how of the Company, which is accumulated through the wide network and various group activities of SOMPO HOLDINGS, into Message and thereby promoting business in the nursing care market as one group.

(d) Date of business combination

March 7, 2016

(e) Legal form of business combination

Acquisition of shares by cash

(f) Name of the entity after business combination

Message Co., Ltd.

(g) Percentage of voting rights acquired

Percentage of voting rights held prior to the business combination	3.5%
Percentage of additional voting rights acquired on the date of business combination	91.1%
Percentage of voting rights held after the business combination	94.6%

(h) Major reason for determination of the acquirer

The Company was determined as the acquirer because the Company acquired shares of Message by cash.

(2) The period of financial result of the acquiree included in the consolidated financial statements

As the deemed acquisition date is March 31, 2016, financial result of the acquiree prior to the deemed acquisition date is not included.

(3) Sorts and amounts of the acquisition cost

Sorts of cost	Fair value of common stock of Message held before the business combination	2,193 million yen
	Cash paid for the additional voting rights acquired	57,061 million yen

Acquisition cost 59,254 million yen

(4) Contents and amounts of major acquisition-related costs

Advisory fee and others 220 million yen

(5) Difference between acquisition cost of the acquiree and total acquisition cost of individual transactions leading to acquisition

Losses on step acquisitions 109 million yen

(6) Amount of goodwill, reason for recognizing goodwill, method and period of amortization

(a) Amount of goodwill

33,055 million yen

(b) Reason for recognizing goodwill

The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed.

(c) Method and period of amortization

Straight-line amortization over 10 years

(7) Amounts of assets acquired and liabilities assumed on the day of business combination

Total assets:	55,852 million yen
Tangible fixed assets:	19,177 million yen
Total liabilities:	27,235 million yen
Other liabilities:	25,859 million yen

(8) Approximate amounts of influence and their calculation method on the consolidated statement of income for the fiscal year ended March 31, 2016, assuming that the business combination was completed on the commencement date of the fiscal year

Ordinary income:	78,918 million yen
Ordinary profit:	3,058 million yen
Net income attributable to shareholders of the parent:	854 million yen

（Calculation methods for approximate amounts）

Approximate amounts of influence are the differences between the amount of ordinary income, ordinary profit and net income attributable to shareholders of the parent based on the assumption that the business combination was completed on the commencement date of the fiscal year and their corresponding amounts in the consolidated statement of income of the acquirer. Goodwill recognized at business combination has been amortized based on the assumption that this goodwill was incurred on the commencement date of the fiscal year.

Please note that this note is unaudited.

Attachment (11)

Non-consolidated Statement of Changes in Net Assets

For the fiscal year 2015 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity						Stock acquisition rights	Total net assets
	Common stock	Capital surplus		Retained earnings	Treasury stock	Total shareholders' equity		
		Capital reserves	Other capital surplus	Other retained earnings Retained earnings carried forward				
Balance at the beginning of the period	100,045	25,045	751,565	35,804	(19,067)	893,394	1,550	894,944
Changes during the period:								
Dividends				(32,487)		(32,487)		(32,487)
Net income				125,024		125,024		125,024
Acquisition of treasury stock					(18,555)	(18,555)		(18,555)
Disposal of treasury stock			(162)		647	485		485
Net changes in items other than shareholders` equity							(63)	(63)
Total changes during the period	–	–	(162)	92,536	(17,907)	74,466	(63)	74,403
Balance at the end of the period	100,045	25,045	751,403	128,341	(36,975)	967,861	1,486	969,348

Attachment (12)

Notes to the financial statements

Notes on significant accounting policies

1. Valuation policies and methods for securities
Stocks of subsidiaries and affiliates are carried at cost based on the moving-average method.

2. Depreciation methods of fixed assets
Depreciation of tangible fixed assets is calculated by using the declining-balance method, except for buildings (excluding fixtures attached to buildings) whose depreciation is calculated by using the straight-line method.

Useful lives of major tangible fixed assets are as follows.

Buildings	8 to 38 years
Furniture and equipment	4 to 15 years

3. Accounting policies for reserves
(1) Reserve for bonus payments
In order to provide for employees' bonus payments, reserve for bonus payments is recorded, based on the estimated amounts to be paid at the end of the period.
(2) Reserve for bonus payments to directors
In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, based on the estimated amounts to be paid at the end of the period.

4. Accounting methods for consumption taxes
The Company accounts for consumption taxes by using the tax-excluded method.

Notes to the balance sheet

1. Accumulated depreciation of tangible fixed assets amounts to 161 million yen.

2. Guaranteed obligations
Sompo Japan Nipponkoa Holdings, Inc. ("the Company") jointly and severally guarantees 5,827 million yen for acceptances and guarantees of the main bank related to liability of refunds of residency deposits to residents of the nursing home managed by Sompo Care Next Inc. which is a consolidated subsidiary of the Company, jointly and severally guarantees 44,526 million yen for rent payments based on building lease contracts, and jointly and severally guarantees 763 million yen for lease payments based on lease contracts.

3. Monetary claims and monetary debts owed by or to subsidiaries and affiliates (excluding the amount presented separately in the balance sheet)

Short-term monetary claims	120,172 million yen
Long-term monetary claims	40 million yen
Short-term monetary debts	335 million yen

Note to the statement of income

Transactions with subsidiaries and affiliates

Results of operating transactions	
Operating income	130,741 million yen
Operating expenses	492 million yen
Results of non-operating transactions	33 million yen

Note to the statement of changes in net assets

Type and number of treasury stock at the end of the period

Common stock	11,189,780 shares

Note on tax effect accounting

Major components of deferred tax assets are as follows.

Deferred tax assets:	
Deemed dividends	13,391 million yen
Reserve for bonus payments	101 million yen
Stock options	54 million yen
Others	19 million yen
Subtotal	13,567 million yen
Valuation allowance	(13,453) million yen
Total deferred tax assets	113 million yen
Net deferred tax assets	113 million yen

Revision to the amount of deferred tax assets regarding a change of tax rate for the corporate tax, etc. is as follows.

"Act on Partial Amendment to the Income Tax Act, etc." (Act No. 15, 2016) was passed by the Diet on March 29, 2016, which stipulates a reduction in the corporate tax rate, etc. to be enforced from the fiscal year beginning on or after April 1, 2016.

Accordingly, the effective statutory income tax rate to calculate deferred tax assets has been changed from previous 33.1%. The rate for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2016 and April 1, 2017 is 30.9%, whereas the rate for temporary differences expected to be reversed in the fiscal year beginning April 1, 2018 onwards is 30.6%.

As a result of this change in the corporate tax rate, deferred tax assets decreased by 8 million yen and net income decreased by 8 million yen.

Note on related-party transaction

Subsidiaries and affiliates

(Millions of yen)

Type	Name of company	Holding/held ratio of voting rights	Relationship with related party	Description of transactions	Transaction amount	Item	Balance at the end of the period
Subsidiary company	Sompo Care Next Inc.	Ownership Direct 100.0%	Guaranteed obligations	Guarantee for lease payments (Note 1)	763	—	—
				Guarantee for acceptances and guarantees (Note 2)	5,827	—	—
				Guarantee for the amount corresponding to rent payments based on building lease contracts (Note 3)	44,526	—	—

Notes)

1. The Company jointly and severally guarantees lease payments. The Company does not receive a guarantee commission.
2. The Company jointly and severally guarantees acceptances and guarantees of the main bank related to liability of refunds of residency deposits to residents of the nursing home managed by Sompo Care Next Inc. The Company does not receive a guarantee commission.
3. The Company jointly and severally guarantees rent payments. The Company does not receive a guarantee commission.

Note on per share information

Net assets per share	2,394.73 yen
Net income per share	308.85 yen

Notes on business combinations

1. Business combination through acquisitions

   The Company made Watami no Kaigo Co., Ltd. ("Watami no Kaigo") into a subsidiary through acquisition of shares by cash.

   Watami no Kaigo changed its name to Sompo Care Next Inc. on December 1, 2015.

2. Business combination through acquisitions

   The Company made Message Co., Ltd. into a subsidiary through acquisition of shares by cash.

Details of these transactions are specified in the consolidated financial statements.

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<Reference>

Corporate Governance Policy of Sompo Japan Nipponkoa Holdings, Inc. (the "Company")

This policy establishes the framework and operational policy underpinning the basic views on corporate governance of the Sompo Japan Nipponkoa Group (hereinafter "the Group").

1. Basic Views on Corporate Governance

We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.

Following the principles of the Group management philosophy, the Group considers value creation for stakeholders in the administration of its business and maintains and enforces the Group Action Guidelines as the standard of behavior for the Group employees in Japan and worldwide with the business objectives of realizing sustainable business growth to increase corporate value and fulfilling its mission to be the best customer service provider both at home and abroad.

The Group considers continually improving the transparency and fairness of the Group's corporate governance and fulfilling its corporate social responsibility as essential to maintaining strong relations of trust with stakeholders. The Board of Directors has accordingly established the Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the governance structure and the governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

2. Overall Governance Organization

The Company has elected to be a company with an Audit & Supervisory Board and maintains and promotes effective oversight and auditing functions using a system of corporate governance comprising the Board of Directors, which makes important management decisions and oversees business execution, and Audit & Supervisory Board members and an Audit & Supervisory Board that are independent from the Board of Directors.

The Company also utilizes business owner system and executive officer system to enable swift decision-making and to ensure the clarity of authority and responsibility.

The Board of Directors sets the Basic Policy on Internal Controls, which serves as the foundation for the Basic Policy for Group Management. These policies provide the framework for a highly transparent governance structure for the Company and Group companies.

To ensure transparency in the appointment and treatment of directors, the chairman and a majority of the members of the Nomination and Compensation Committee, an advisory organ to the Board of Directors, are outside directors.

3. Directors and the Board of Directors

(1) Role of directors and the Board of Directors

The Board of Directors performs its duties as stipulated by law, establishes important items for management, and serves a supervisory function overseeing the conditions of business execution.

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The Board of Directors meeting, in principle, convenes on a monthly basis and comprises an appropriate number of members to realize swift decision-making.
Preliminary briefing sessions are held with outside directors to provide details about the discussion agenda with specific emphasis on the key agenda items. The integration of the Board of Directors meeting and preliminary briefing session, which includes communicating the opinions, questions, and other comments expressed by the outside directors at the preliminary briefing sessions to all attending directors before the Board of Directors meeting, is intended to facilitate constructive deliberations at the Board of Directors meeting and ensure the effectiveness of the Board of Directors operations. Steps including convening meetings of the outside directors and the Group CEO are implemented to facilitate open exchange of opinions between the outside directors and the chief executive.
The directors apply their accumulated knowledge and experience to the key issues for the Company to realize the proper execution of fair and effective executive management.

(2) Directors numbers, composition, and term of office

The number of directors shall not exceed 15, as stipulated in the Articles of Association. When establishing the stipulation that the number of directors shall not exceed 15, the Company took into account the need for swift and appropriate decision-making and the scope of duties to be performed by the Board of Directors.
Outside directors are corporate managers or other people with extensive experience and a wide range of perspectives able to apply outside viewpoints to various issues, including legal affairs, consumer needs, and overseas business development.
To ensure full clarity of responsibility related to business matters in each fiscal year, a director’s tenure ends at the close of the Ordinary General Meeting of Stockholders held within the latest fiscal year that is within one year of the appointment.

4. Audit & Supervisory Board Members and Audit & Supervisory Board

(1) Role of the Audit & Supervisory Board members and Audit & Supervisory Board

Audit & Supervisory Board members audit the work performance of the directors through such activities as auditing the construction and maintenance conditions of the Group internal control system and providing effective advice and recommendations to senior management that promotes the Group’s sustainable growth and increases the corporate value over the medium- and long-term.
The Audit & Supervisory Board establishes the audit standards, basic policy on audits, and auditing programs to make the above auditing activities functional and effective and systematically conduct auditing operations.
The Audit & Supervisory Board sets an annual meeting schedule and endeavors to realize full participation of all members and coordinates activities. Such endeavors include distributing information materials before meetings to ensure members are fully prepared to conduct thorough reviews and deliberations.

(2) Audit & Supervisory Board member numbers, composition, and term of office

In order to perform their role and duties, the Audit & Supervisory Board members, number of which shall not exceed seven, as stipulated in the Articles of Association compose the Audit & Supervisory Board. In accordance with the Companies Act, the majority of Audit & Supervisory Board members are outside directors, which strengthens their independence from management.
The Group enhances effectiveness of monitoring by ensuring diversity among Audit & Supervisory Board members through the organic combination of information gathering

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capabilities, Audit & Supervisory Board member independence, and full-time employment as well as stronger cooperation with accounting auditors and the inclusion of Audit & Supervisory Board members with accounting-related knowledge.

To ensure independence from management, and in accordance with the Companies Act, Audit & Supervisory Board members' term of office expires at the conclusion of the General Meeting of Stockholders in the final fiscal year that ends within four years of their appointment.

5. Nomination and Compensation Committee

The Nomination and Compensation Committee is established as an advisory organ to the Board of Directors intended to improve transparency and fairness regarding director and executive officer nomination and compensation.

(1) Role of the committee

The committee sets director and executive officer appointment policy and appointment standards, determines individuals to propose as candidates, conducts director and executive officer evaluations and submits recommendations to the Board of Directors for director compensation amounts and the compensation structure, and contributes to the appointment and treatment of subsidiary directors based on the subsidiary business content and scope.

In addition, the committee conducts the Group CEO performance evaluation to improve the transparency of corporate governance.

(2) Committee structure

The committee is comprised of members appointed from the Company's directors with outside directors representing the majority of members in order to ensure the independence and neutrality of the members. The committee chairperson is an outside director elected by the committee members.

6. Business Owner System

The Group adopts a Group management system where the heads of each business segment (domestic P&C insurance, domestic life insurance, nursing care &healthcare, and overseas insurance) are delegated authority as business owners for business strategy proposals, investment decisions, and talent deployment. Under the system, the business segments, which are closer to customers, will cope with major environmental changes through agile decision-making and business execution.

The Group CEO and Chief Officer such as Group CFO, CRO, CIO and CDO realize cross-functional management among business segments. That enables the business segments to establish and strengthen their core-competence and organic and mutual links for entire group's improvement of corporate value.

7. Policies for Appointment of Officers

The appointment of directors, executive officers, and Audit & Supervisory Board members is conducted in accordance with the following policies for appointment of officers. Directors and executive officers are nominated by the Board of Directors based on discussions with the Nomination and Compensation Committee.

Furthermore, in the event that the Board of Directors' appointment of an Audit & Supervisory Board member is determined by resolution at the General Meeting of Stockholders, an opportunity will be provided in advance for the Board of Directors to discuss the candidate with the Audit & Supervisory Board to seek its approval.

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(1) Policies for appointment of directors and Audit & Supervisory Board members

The Company supervises and guides its subsidiaries, formulating management strategies for subsidiaries engaged mainly in the P&C insurance business, as well as comprehensive management strategies for the entire Group. The Company is responsible for the execution and realization of these strategies.

From this perspective, the Board of Directors appoints directors based on familiarity with the Company's business, ensuring a balance between experience and achievements without bias for an area of specialization. To facilitate objective decision making with respect to management issues from a diverse and independent focus and perspective, the Board of Directors includes multiple outside directors with a wide range of knowledge and experience having backgrounds in corporate management, academia, and the legal profession.

The Audit & Supervisory Board consists of Audit & Supervisory Board members appointed on the basis of their solid knowledge of finance and accounting and in consideration of an overall balance of backgrounds such as those who have corporate management experience and the specialized knowledge related to legal profession, etc. Furthermore, the appointment of directors and Audit & Supervisory Board members is based on appointment criteria in consideration of Comprehensive Guidelines for Supervision of Insurance Companies.

The Group formulated outside director independence criteria as a standard for the appointment of outside directors and outside Audit & Supervisory Board members.

(2) Policies for appointment of executive officers

The Company formulated a "desired image for executive officers" and "Policies for appointment of executive officers" to identify the basic skills and qualifications required and define the balance between experience and achievements when appointing executive officers. In compliance with the policies, executive officers are appointed.

8. Policies for Training of Officers

To facilitate a detailed understanding of the business environment surrounding the Company, training is conducted for newly appointed outside directors and outside Audit & Supervisory Board members covering a variety of topics, including the current state of the Company and the P&C insurance industry, risk management, overseas businesses, and the life insurance business. Outside directors also continuously and practically enrich their understanding of our businesses through the various opportunities of communication with business departments. In addition, corporate officer study groups are held regularly for executive directors so they can acquire knowledge outside their areas of responsibility. Executive directors and Audit & Supervisory Board members also attend seminars and meetings held by various associations and organizations and participate in executive training.

In addition to executive officers, the aforementioned training cultivates management-oriented thinking and leadership through education programs in conjunction with outside specialized companies with the intent of cultivating the next generation of managers.

9. Policies on Decisions pertaining to Compensation for Officers

Compensation for directors, executive officers, and Audit & Supervisory Board members shall in the case of compensation of directors and executive officers be determined by the Board of Directors after consultation with the Nomination and Compensation Committee, and in the case of compensation of Audit & Supervisory Board members be determined through discussion between the Audit & Supervisory Board members, in accordance with the policies on decisions pertaining to compensation for officers.

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(1) Basic policy

Compensation for directors and executive officers shall be in the form of a compensation structure that gives them continuous incentive toward improving the Company's performance and contributes to improving corporate value over the long term, and shall be a level of compensation that enables recruiting of superior human resources, as indicated in items (2) and (3) below. Objectiveness and transparency will be achieved by determining the specific level after deliberation by the Nomination and Compensation Committee composed primarily by outside members.

In principle the same structure shall be used for the structure of compensation of directors and executive officers of subsidiaries.

Compensation of Audit & Supervisory Board members shall be in the form of a compensation structure and level that is consistent with their duties and responsibilities, while taking into consideration their independence.

(2) Compensation for directors

Compensation of directors shall consist of basic compensation and stock compensation-type stock options.

Basic compensation shall consist of monthly compensation and performance-linked compensation. Monthly compensation shall be determined at a fixed amount depending on whether the person is an outside or internal director, or does or does not have authority to represent the Company.

Performance-linked compensation shall be determined in accordance with the performance of the Company, and shall be determined using the benchmarks of the adjusted consolidated profit, net income for the period (consolidated) and the rate of increase or decrease in net assets per share.

Stock compensation-type stock options shall be awarded in order to increase the linking between compensation and increases in corporate value over the long term. Nevertheless, stock compensation-type stock options and performance-linked compensation will not be paid to outside directors.

Compensation as a director and compensation as an executive officer shall be totaled and paid together to those directors who are serving concurrently as executive officers.

(3) Compensation for executive officers

Compensation of executive officers shall consist of basic compensation and stock compensation-type stock options. Basic compensation shall consist of monthly compensation and performance-linked compensation. Monthly compensation shall be determined at a fixed amount based on the position of the executive officer. Performance-linked compensation shall be determined in accordance with corporate performance and individual performance. Corporate performance-linked compensation shall be determined using the benchmarks of the adjusted consolidated profit, net income for the period (consolidated) and the rate of increase or decrease in net assets per share. Individual performance-linked compensation shall be determined in accordance with the performance evaluation of executive officers.

Stock compensation-type stock options shall be awarded in order to increase the linking between compensation and increases in corporate value over the long term.

(4) Compensation for Audit & Supervisory Board members

Compensation of Audit & Supervisory Board members shall be determined at a fixed amount through discussion between the Audit & Supervisory Board members, depending on whether the Audit & Supervisory Board member is full time or part-time.

10. Information Disclosure

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The Company fulfills its responsibility to explain to stakeholders financial and non-financial information, including management strategies, risks, and governance, through timely, appropriate, equitable, and accurate disclosure. Disclosure systems, including internal rules, shall be established to ensure that essential information is supplied appropriately and promptly. As one aspect of this, the Disclosure Committee shall be established to discuss material issues regarding disclosure.

11. Supervision Policies for Group Companies

To improve the entire Group's corporate value, the Company shall take steps to supervise the entire Group under the business owner system. To achieve the above, the Company shall establish structures, including internal rules, to ensure its ability to conduct appropriately the business management of companies within the Group.

The Company shall formulate a common management vision and basic policies for the Group and notify these among Group companies. It shall supervise Group companies' management through monitoring and other means. The Company shall also establish appropriate systems, including risk management systems, regulatory compliance systems, conflict of interest control systems, customer information management systems, and internal audit systems, in order to ensure effectiveness of the internal control systems of Group companies.

Group companies shall formulate their own basic policies and business plans on the basis of the Group's basic policies and plans.

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Corporate Governance Report of Sompo Japan Nipponkoa Holdings, Inc. (abridged)

The corporate governance of Sompo Japan Nipponkoa Holdings, Inc. (the "Company") is described below.

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

1. Basic Views

(1) Management Philosophy etc.

Sompo Japan Nipponkoa Group (hereinafter "the Group") has established the following Group Management Philosophy, Group Action Guidelines, and Group Vision.

Group Management Philosophy

We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.

Group Action Guidelines

To provide the highest possible quality of service to our customers we will:
1. treat each and every customer with sincerity, and act in the knowledge that our every action as an individual shapes our entire reputation as a company;
2. act with initiative, set ourselves the highest goals, and always learn from our actions;
3. strive to be both prompt and clear in our dealings and activities; and,
4. act with the utmost integrity.

Group Vision

Our goal is to always be the best customer service provider both at home and abroad.

(2) Basic Views on Corporate Governance

Following the principles of the Group management philosophy, the Group considers value creation for stakeholders in the administration of its business and maintains and enforces the Group Action Guidelines as the standard of behavior for the Group employees in Japan and worldwide with the business objectives of realizing sustainable business growth to increase corporate value and fulfilling its mission to be the best customer service provider both at home and abroad.

The Group considers continually improving the transparency and fairness of the Group's corporate governance and fulfilling its corporate social responsibility as essential to maintaining strong relations of trust with stakeholders. The Board of Directors has accordingly established the Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the governance structure and the governance framework. We continue to improve our corporate governance and aim the best.

The Group has elected to be a company with *Kansayaku* Board and maintains and promotes effective oversight and auditing functions using a system of corporate governance comprising the Board of Directors, which makes important management decisions and oversees business execution, and *Kansayaku* and a *Kansayaku* Board that are independent from the Board of

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Directors. The Group also utilizes the business owner system and executive officer system to enable swift decision-making and to ensure the clarity of authority and responsibility.
The Board of Directors sets the Basic Policy on Internal Controls, which serves as the foundation for the Basic Policy for Group Management. These policies provide the framework for a highly transparent governance structure for the Company and Group companies. To ensure transparency in the appointment and treatment of directors, the chairman and a majority of the members of the Nomination and Remuneration Committee, an advisory organ to the Board of Directors, are outside directors.

(3) View on the Corporate Governance Code

We understand that the Corporate Governance Code (the "Code") is established in order to contribute to company's sustainable corporate growth and the increase of corporate value in the medium term by improving the system for transparent, fair, prompt, and decisive decision-making based on the perspective of all stakeholders, including the company's stockholders, customers, employees and local communities.
In the spirit of the Code, the Group constantly seeks to improve its corporate governance to promote the Group's ongoing growth and the enhancement of corporate value in the medium term.

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

The Group complies with all principles of the Code.

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

Principle 1.4 Cross-Shareholdings

Policy on Cross-Shareholdings

-The Company's subsidiary Sompo Japan Nipponkoa Insurance Inc. engages in cross-shareholdings for the purposes of receiving investment return in the form of dividend income and share price appreciation, fortifying relations with the insurance sales channels and business partners, and maintaining and strengthening insurance transactions with corporate clients.
-The Board of Directors annually examines the rationale for continuing to maintain the primary cross-shareholding accounts. The examination considers the future use of the shares based on the cross-shareholding objectives, such as supporting insurance transactions and strengthening alliances, reviews the long-term outlooks for unrealized gains from value appreciation and the share value, and sets quantitative risk and return assessment benchmarks for the associated insurance transactions and share values.
-As part of the Group's capital policy, the Company implements a management policy of allocating a portion of the capital buffer realized from the continuous selling of cross-shareholdings to growth business investment, such as overseas M&A, to support the maintenance of financial soundness and improve capital efficiency. These activities are conducted in accordance with the midterm and annual retention and disposal plans for cross-shareholdings established by the Board of Directors. Exercising voting rights for cross-shareholdings
-The Company's subsidiary Sompo Japan Nipponkoa Insurance Inc. maintains a Policy for Conformance to the Japanese version of the Stewardship Code. The Policy for the Exercise of Voting Rights and the execution results are as follows.

Sompo Japan Nipponkoa Insurance Inc.: Policy for Conformance to the Japanese version of the

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Stewardship Code (abridged)

1. Basic Policy on Exercise of Voting Rights

Sompo Japan Nipponkoa Insurance Inc. exercises its voting rights following a basic policy of supporting the sustainable growth of the invested company and as deemed appropriate in consideration of the invested company's activities to address environmental issues, corporate governance status, compliance structure, and other areas.

2. Policy on Discussions

The discussion of items considered as requiring careful examination from various perspectives, such as the significance related to raising corporate value, includes a thorough examination of the purpose and objectives.

Final decisions for such discussion items are determined based on the dialogue with the invested company and other information. Items given special attention include the following.

(1) Transfer of important assets

(2) Share transfers related a merger or wholly owned subsidiary

(3) Provision of retirement benefits to officers of companies with a capital deficiency or poor business performance

(4) Capital increase from a third-party allocation with an advantageous placement

(5) Introduction of hostile acquisition defensive measures

3. Disclosure of exercising the right to dissent

Sompo Japan Nipponkoa Insurance Inc. believes it is important to conduct constructive dialogue and as deemed necessary provide risk management to raise the corporate value of invested companies and promote damage prevention and sustainable growth. As such, Sompo Japan Nipponkoa Insurance Inc. believes that merely tabulating the exercise of voting rights does not necessarily accurately represent the Sompo Japan Nipponkoa Insurance Inc.'s responsibility for stewardship and therefore discloses information associated with the exercise of voting rights, including cases of exercising the right of dissent.

Principle 1.7 Related Party Transactions

When the Company engages in transactions or other dealings defined as a related party transaction, the Company conducts proper oversight, which shall include consulting with experts as considered necessary and presenting the transaction for approval and/or reporting the transaction at the Board of Directors Meeting attended by outside directors and outside *kansayaku* in compliance with all laws, regulations, and Company internal rules. The execution of such a transaction shall be properly disclosed as a material fact base as stipulated by law.

Principle 3.1 Full Disclosure

The Company has established the Group Management Philosophy, Group Action Guidelines, and Group Vision and publically communicates its management strategy and medium-term management plans to realize the vision for the corporate group.

The basic philosophy on corporate governance is based on the principles of the Corporate Governance Code, which are presented in the section "1. Basic Views, (2) and (3)" of this report.

The decision-making policy and process for setting director remuneration amounts are presented in "9. Policies on Decisions pertaining to Compensation for Officers" of the Corporate Governance Policy.

The reasons for selecting a candidate for director are presented in the Reference Documents for General Meeting of Stockholders provided with the "Notice of Convocation of the

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General Meeting of Stockholders."

Supplementary Principle 4.1.1 Roles and Responsibilities of the Board (Scope and content of matters delegated to management)

The roles and responsibilities of the Company's Board of Directors are stipulated by law and the Articles of Incorporation, and matters to be resolved the Board of Directors Meeting are stipulated in the Company's "Rules and Regulations for the Board of Directors." Decisions regarding other matters of business execution are delegated to management such as the Group CEO and business owners, and the content of such matters is clearly stipulated in the internal rules, including the basic policies and the managerial decision rules.

Principle 4.8 Effective Use of Independent Directors

The Company maintains a structure comprising eight internal directors involved in the execution of business and appoints an additional four outside directors. At present, the number of independent outside directors is one-third or higher of the total.

The Company appoints outside directors with experience as corporate managers, academicians, lawyers, and other professions and with extensive knowledge in such areas as information and communications technology, overseas operations, compliance, CSR, and retail (practical experience) to provide active and meaningful guidance for the execution of the Group's management strategies.

Principle 4.9 Independence Standards and Qualification for Independent Directors

The Company has established "Standards regarding Independence of Outside Directors / *Kansayaku*" based on the recommendations of the Nomination and Remuneration Committee and by resolution of the Board of Directors in accordance with the standards required for Financial Instruments Exchange.

The Company selects individuals with experience as corporate managers, academicians, and lawyers and with extensive knowledge in a wide range of fields with the aim of enabling valuable discussion incorporating objective and multiple viewpoints and perspectives on the Group's management strategy and management issues. The independent outside directors contribute to frank, active, and constructive deliberations and discussions at meetings of the Board of Directors and meetings of the Nomination and Remuneration Committee.

Supplementary Principle 4.11.1 Policy and Procedure regarding the Board of Directors Skillset and the Appointment of Directors

The Company's views on the overall balance of knowledge, experience, and capabilities and the diversity and scope of the Board of Directors as well the policy and procedure for selecting a candidate for director are presented in sections "3. Directors and Board of Directors" and "7. Policies for Appointments of Officers" of the Corporate Governance Policy.

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Supplementary Principle 4.11.2 Concurrent Positions of Directors and *Kansayaku*

In the event a director or *kansayaku* would be holding a concurrent position at another company, the Board of Directors determines the appropriateness of the appointment upon verifying the appropriateness of such positions as stipulated by law and by verifying the business content, volume of duties, and other conditions of the concurrent position. The Company seeks candidates with minimum of concurrent positions.

Supplementary Principle 4.11.3 Evaluation of the Effectiveness of the Board of Directors

The Company conducts "Evaluations of the Effectiveness of the Board of Directors."
For the appointment of individuals for directors, the Board of Directors considers the balance of experience and record of the director in their field of expertise and that it does not present a bias with the core operations of the Company. Individuals appointed to be outside directors are considered for their wide-ranging knowledge and experience in various fields. For the appointment of individuals for *kansayaku*, the Board of Directors considers the overall balance of elements including the appropriateness of their financial and accounting knowledge and their experience and knowledge of corporate management and legal issues.
The Company evaluates that through the configuration described above the Board of Directors fulfills its function fully and improves effectiveness through measures including "holding integrated Board of Directors meeting and preliminary briefing session" and "holding meetings with open and unrestricted discussions" to ensure the Board fulfills fully its supervisory function and function to encourage appropriate risk taking in the execution of business.
The Board of Directors endeavors to continually enhance the effectiveness of the Board guided by reflecting on whether its actions are functioning to promote the Company's sustaining growth and increase corporate value in the medium-term.

Supplementary Principle 4.14.2 Policy on Director and *Kansayaku* Training

The Company's policy on training directors and *kansayaku* is presented in section "8. Officers Training Policy" of the Corporate Governance Policy.
http://www.sompo-hd.com/en/company/governance/overview/policies/.

Principle 5.1 Policy for Constructive Dialogue with Stockholders

The Company, to a reasonable extent, proactively responds to requests from stockholders and engages in positive and constructive dialogue.
To further promote constructive dialogue with stockholders, the Board of Directors decides the matter for carrying out the IR framework and IR activities. The Company sets an Investor Relations Action Plan and reports to the Board of Directors in addition to the summary of last year.

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