Corporate Governance Report

Last Update: January 4, 2019

Sompo Holdings, Inc.
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Note: This is a translation of the Japanese language original for convenience purposes only, and in the event of any discrepancy, the Japanese language original shall prevail.

The corporate governance of Sompo 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 Holdings 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. Further

information on the Group's Corporate Governance Policy may be viewed on the Company website at https://www.sompo-hd.com/en/company/governance/overview/policies/

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 Directors. The Group also utilizes the business owner system, Group Chief Officer system (hereinafter "Group CxO system"), and the executive officer system under the under the supervision of the Group CEO to enable agile and flexible decision-making and operation as well as ensuring 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 shareholders, 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 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 is as follows.
<Sompo Japan Nipponkoa Insurance Inc.: Policy for Conformance to the Japanese version of the 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
(6) Posting net losses consecutively for a certain period of time
(7) Design of corporate governance
3. Disclosure of voting records
The Company considers it important to contribute to the enhancement of corporate value, damage prevention, and sustainable growth of invested companies through such activities as constructive dialogues and provision of risk management with investee companies in order to fulfill its stewardship responsibilities.
Positioning the exercise of voting rights as part of these activities, the Company discloses aggregate voting records, examples of dialogues held with investee companies, and cases of exercising the right of dissent for a more accurate understanding of its activities.
Upon comprehensive consideration of the impact on the overall activity mentioned above of the Company to fulfill its stewardship responsibilities, the Company does not disclose voting records on an individual agenda item basis.

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 2.6 Demonstration of Functions as a Corporate Pension Asset Owner
The Company's key subsidiaries in Japan, including Sompo Japan Nipponkoa Insurance Inc. and Sompo Japan Nipponkoa Himawari Life Insurance, Inc., employ defined-contribution pension plans to reduce future risks in corporate accounting and to support free asset building in accordance with economic rationality and individual employees' life plans. Based on its high degree of specialized expertise, the Company's subsidiary Sompo Japan Nipponkoa DC Securities Inc. is designated as the asset-management agency. It provides employees of individual companies that have adopted these plans with thorough member training using e-learning and encourages use of the matching-contribution program, among other efforts to promote the pension plans.

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 Company's management strategy and medium-term management plans are presented on the Company website.
https://www.sompo-hd.com/en/ir/strategy/

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.
As the decision-making policy and process for setting director remuneration amounts, the Company makes the policies on decisions pertaining to remuneration for officers and describes in section "9. Policies on Decisions pertaining to Compensation for Officers" of the Corporate Governance Policy on the Company website.
https://www.sompo-hd.com/en/company/governance/overview/policies/

The reasons for selecting a candidate for director and policies for appointment of officers are presented in the

reference materials provided with the Notice of Convocation of the General Meeting of Shareholders for discussions and election at the Meeting. Decisions on selection and dismissal of executive officers are made by the Board of Directors following review by the Nomination and Remuneration Committee based on the content of the director selection policies and other considerations.
https://www.sompo-hd.com/en/ir/stock/meeting/

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 under the Group CEO, the Group COO, 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.
<Main items for resolution by the Board of Directors Meeting other than items stipulated by law and the Articles of Incorporation>
-Important matters concerning Group management policy
-Matters related to the exercise of voting rights at the General Meeting of Shareholders of Sompo Japan Nipponkoa Insurance, Inc. and Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
-Important matters concerning business administration activities
-Other important matters, such as the establishment or dissolution of subsidiaries

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 on the Company website.
https://www.sompo-hd.com/en/company/governance/overview/policies/

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
In order to fully exercise the supervisory function and the function to encourage appropriate risk taking in the execution of business, the Company convenes integrated meetings of the Board of Directors and preliminary briefing sessions meetings with open and unrestricted discussions.
In addition, outside of the Board of Directors, the Company employs means, such as discussions of the roles of the holding company in Group management, exchanging opinions only with group CEO and outside directors, self-assessment and summarizing by the Group Chief Officer, exchange of opinions between representative directors and *kansayaku*, and director surveys to secure opportunities to assess and identify issues regarding the efficacy of the Board of Directors, which serves as the core of Group governance, from a wide range of angles. By implementing the necessary improvements based on these efforts, the Company

builds a governance structure to improve transparency and objective decision-making processes and supervisory functions.
Under such a governance framework, in fiscal 2017, the Board of Directors has made timely and appropriate decisions on large frameworks and growth strategies like building a robust growth foundation for overseas insurance businesses and utilizing digital technologies to realize innovation. In this process, opinions on the roles that the Company should play to facilitate the Group's sustained growth and further increase corporate value—such as deciding on the Company's participation in accordance with stages and environments based on an understanding of each operating company's situation and allocating the necessary resources and supporting transformation of each business's business model—are exchanged through a wide range of opportunities. The content of such exchange of opinions is reflected and utilized steadily in narrowing down items to be discussed by the Board of Directors, reviewing roles, and functions within the Group, formulating business plans, and other activities.
The Company considers this dynamic plan-do-check-act (PDCA) cycle to be functioning effectively, and going forward, the Company believes that continuing discussions from a broad range of perspectives and points of view, and providing the results as feedback for the Group as a whole, will enable more advanced governance and responding to the expectations of our shareholders and other stakeholders.

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 on the Company website.
https://www.sompo-hd.com/en/company/governance/overview/policies/

Principle 5.1 Policy for Constructive Dialogue with Shareholders
The Company, to a reasonable extent, proactively responds to requests from shareholders and engages in positive and constructive dialogue.
To further promote constructive dialogue with shareholders, the Board of Directors decides the matter for carrying out the Investor Relations framework and Investor Relations activities. The Company sets an Investor Relations Action Plan and reports to the Board of Director in addition to the summary of last year.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
JP Morgan Chase Bank 380072	25,602,523	6.72%
The Master Trust Bank of Japan, Ltd. (Trust account)	22,625,500	5.94%
Japan Trustee Services Bank, Ltd. (Trust account)	18,924,400	4.96%
Sompo Holdings Employee Shareholders Association	8,906,009	2.34%
Government of Norway	8,684,144	2.28%
The Dai-ichi Life Insurance Company, Limited	8,181,600	2.15%
Nippon Express Co., Ltd.	8,001,221	2.10%
Japan Trustee Services Bank, Ltd. (Trust account 5)	7,392,000	1.94%
State Street Bank West Client – Treaty 505234	6,790,276	1.78%
Trustee Services Bank, Ltd. (Trust account 7)	6,672,600	1.75%

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

Supplementary Explanation

Major Shareholders mentioned above are based on the shareholder's list as of March 31, 2018.
*1 In addition to the above, the Company holds 34,176 thousand shares of treasury stock (8.23% of total shares issued and outstanding).
*2 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 shareholder register, the shares are listed in the name of Mizuho Trust & Banking Co., Ltd., Dai-ichi Life Insurance Retirement Benefit Trust).
*3 The number of shares held by Nippon Express Co., Ltd., includes 1,600,000 shares contributed by that company as trust assets for a retirement benefit trust (In the shareholder register, the shares are listed in the name of Mizuho Trust & Banking Co., Ltd., Nippon Express Retirement Benefit Trust).
*4 While the Report on Major Shareholders (Change Report) provided for public viewing on October 20, 2016, indicated that Sumitomo Mitsui Trust Bank, Limited and three of its joint shareholders owned 19,256,000 shares of Company stock (4.64% of total shares issued and outstanding) as of October 14, 2016, they were not included under Status of Major Shareholders above because the Company was unable to confirm the effective number of shares owned.
*5. While the Report on Major Shareholders (Change Report) provided for public viewing on January 11, 2017, indicated that First Eagle Investment Management, LLC owned 30,642,000 shares of Company stock (7.38% of total shares issued and outstanding) as of December 30, 2016, it was not included under Status of Major Shareholders above because the Company was unable to confirm the effective number of shares owned.
*6. While the Report on Major Shareholders provided for public viewing on March 7, 2017, indicated that Mizuho Bank, Ltd., and four of its joint shareholders owned 20,995,000 shares of Company stock (5.05% of total shares issued and outstanding) as of February 28, 2017, they were not included under Status of Major Shareholders above because the Company was unable to confirm the effective number of shares owned.
*7. While the Report on Major Shareholders (Change Report) provided for public viewing on March 22, 2017, indicated that Blackrock Japan Co., Ltd., and nine of its joint shareholders owned 25,059,000 shares of Company stock (6.03% of total shares issued and outstanding) as of March 15, 2017, they were not included under Status of Major Shareholders above because the Company was unable to confirm the effective number of shares owned.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Insurance
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

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

None

5. Other Special Circumstances which may have Material Impact on Corporate Governance

None

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

1. Organizational Composition and Operation

Organization Form	Company with Kansayaku Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	12
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Sawako Nohara	From another company											
Isao Endo	From another company											
Tamami Murata	Attorney at law											
Scott Trevor Davis	Academic											

* Categories for "Relationship with the Company"

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

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

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Sawako Nohara	○	Representative Director, President of IPSe Marketing, Inc. Project Professor, Keio University Graduate School of Media and Governance Board Member of Nissha Co., Ltd. Director of Japan Post Bank Co., Ltd. Statutory Auditor of Tokyo Gas Co., Ltd.	Nominated with the expectation of providing Company management with pertinent advice from diverse and expert perspectives based on experience as a manager and abundant experience in the IT industry, as well as deep insight gained through participation in policymaking during her term as an officer in government-related committees, including as a private sector member of the Industrial Competitiveness Council, and of providing valuable recommendations with regard to the Company's important strategy of promoting women. Appointed as an independent director as concern is judged not to exist for a conflict of interest with general shareholders from the perspectives of a personal, capital, transaction, or other interests or relationships.
Isao Endo	○	Chairman of Roland Berger Ltd. Director of Ryohin Keikaku Co., Ltd. Director of Nisshin Steel Co., Ltd.	Nominated with the expectation of providing Company management with pertinent advice from his broad insight based on his practical experience at a global consulting firm and academic knowledge as a graduate school professor, in addition to abundant experience as a company manager. Appointed as an independent director as concern is judged not to exist for a conflict of interest with general shareholders from the perspectives of a personal, capital, transaction, or other interests or relationships.
Tamami Murata	○	Attorney at law	Nominated with the expectation of providing Company management with pertinent advice from a knowledgeable and experienced professional perspective based on the abundant knowledge and experience in the legal field, and of providing valuable recommendations with regard to the Company's important strategy of promoting women. Appointed as an independent director as concern is judged not to exist for a conflict of interest with general shareholders from the perspectives of a personal, capital, transaction, or other interests or relationships.

Scott Trevor Davis	○	Professor of the Department of Global Business, College of Business, Rikkyo University Director of Bridgestone Corporation	Nominated with the expectation of providing Company management with pertinent advice from wide-ranging knowledge as an academician, gained particularly through university research in strategic management and CSR, and multifaceted advice from a global perspective. Appointed as independent director as concern is judged not to exist for a conflict of interest with general shareholders from the perspectives of a personal, capital, transaction, or other interests or relationships.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

Role of Nomination and Remuneration Committee

The Nomination and Remuneration Committee is established as an advisory body to the Board of Directors intended to improve transparency and fairness regarding director and executive officer nomination and remuneration. 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 remuneration amounts and the remuneration structure and contributes to the appointment and treatment of subsidiary directors based on the subsidiary business content and scope.

Participation in evaluation of performance and the selection and dismissal process for the Group CEO and executives

Based on the executive performance evaluation system, the Company's executive officers, including the Group CEO, and business owners are subject to performance evaluations based on clear indication of their missions and evaluation of the state of performance of their own missions. The results of this evaluation are reflected in annual decisions on reappointment of executives. The individual performance evaluation of the Group CEO is conducted in the Nomination and Remuneration Committee through discussions among its outside Director

members only, and then the Chair of the Nomination and Remuneration Committee makes a decision on the results of the evaluation, and this decision is communicated to the Group CEO and reported to the Board of Directors. This process, through which outside Directors and the Group CEO periodically discuss and evaluate the state of performance of the roles and mission of Group top management, secures objectivity, timeliness, and transparency in the process of reappointment of the Group CEO.

Section of Committee members

The committee comprises 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. At the time of the submission of this report, the committee comprises five members with four outside directors and one internal director (the Group CEO).

[*Kansayaku*]

Establishment of *Kansayaku* Board	Established
Maximum Number of *Kansayaku* Stipulated in Articles of Incorporation	7
Number of *Kansayaku*	5

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

Relationship of *Kansayaku* and internal audit department

Kansayaku formulate auditing programs and implement audits and endeavor to conduct efficient audits by working closely with internal audit department and regularly exchanging opinions and information.

For sharing recognitions, the Internal Audit Department attends the meeting of reporting the audit results to *kansayaku* by the accounting auditor.

All of the results of audit department's audits are reported to *kansayaku* and, as deemed necessary, the *kansayaku* request audits and other measures as part of the auditor's audits.

***Kansayaku* and accounting auditor collaboration**

Kansayaku regularly meet with the accounting auditors to mutually deepen understanding of the content of the audits, including risk awareness and auditing programs, and exchange opinions after receiving the details of the audit implementation status.

The quality of the audits by the accounting auditors is maintained by consenting to the decision for the accounting auditors' audit fee after verifying that adequate time will be able to be provided for the audits.

Steps have also been taken to provide a supportive environment for the accounting auditor, including enabling access to senior management personnel and promoting collaboration with the internal audit and other departments.

The *Kansayaku* Board sets standards to ensure appropriate assessments of the accounting auditors. The board evaluates the auditors for quality control, including evaluating the independence and expertise required of the accounting auditors, and also, as the primary unit responsible for the Company's corporate governance, evaluates for the functioning and execution status of the auditors operations.

Relationship between the internal control department and the *kansayaku*, internal audit department, and accounting auditors

During the audits and other activities, the *kansayaku*, internal audit department, and accounting auditors exchange opinions and information with the internal control departments, including the executive management department, accounting department, and other departments. The internal control departments use the results of the opinion and information exchanges and the audits to strengthen the internal controls.

Appointment of Outside *Kansayaku*	Appointed
Number of Outside *Kansayaku*	3
Number of Independent *Kansayaku*	3

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Naoki Yanagida	Attorney at law													
Hideyo Uchiyama	CPA													
Atsuko Muraki	Other													

* Categories for "Relationship with the Company"

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

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

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent *Kansayaku*	Supplementary Explanation of the Relationship	Reasons of Appointment
Naoki Yanagida	○	Attorney at law Director of Alpine Electronics, Inc. (Outside Director, Audit and Supervisory Committee Member) Audit and Supervisory Board Member of YKK Corporation (External Audit & Supervisory Board Member)	Nominated with the expectation of reflecting in Company auditing his abundant specialized knowledge and experience as a legal professional. Appointed as an independent *kansayaku* as concern is judged not to exist for a conflict of interest with general shareholders from the perspectives of a personal, capital, transaction, or other interests or relationships
Hideyo Uchiyama	○	Certified public accountant Executive Advisor of ASAHI Tax Corporation	Nominated with the expectation of reflecting in Company auditing his abundant experience as a manager at one of Japan's leading auditing

		Audit & Supervisory Board Member of OMRON Corporation (Independent Audit & Supervisory Board Member) Director, Eisai Co., Ltd.	corporations and a global consulting firm in addition to his professional knowledge and experience as a certified public accountant. Appointed as an independent *kansayaku* as concern is judged not to exist for a conflict of interest with general shareholders from the perspectives of a personal, capital, transaction, or other interests or relationships
Atsuko Muraki	○	Member of the Board of ITOCHU Corporation (Outside Director) Director, Sumitomo Chemical Co., Ltd.	Nominated with the expectation of reflecting in Company auditing her high level of knowledge and abundant experience based on having held important posts such as Vice-Minister, Deputy Director-General, and Director-General of the Equal Employment, Children and Families Bureau in the Ministry of Health, Labour and Welfare, as well as Director-General for Policies of the Cabinet Office. Appointed as an independent *kansayaku* as concern is judged not to exist for a conflict of interest with general shareholders from the perspectives of a personal, capital, transaction, or other interests or relationships

[Independent Directors/*Kansayaku*]

Number of Independent Directors/*Kansayaku*	7

Matters relating to Independent Directors/*Kansayaku*

The Company will determine the independence from the Company of outside directors and outside *kansayaku* based on the matters set forth below:
1. Personal Relationships: A kinship between the candidate and any officer or employee of the Group, 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 and the status of shareholding by the Group.
3. Business Relationships: Business transactions or donations between the Group and the candidate.
4. Significant interests other than the above.
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 the final determination by the Board of Directors, the proposal for appointment will be submitted to the 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 financial instruments exchange.
In the case of a candidate for outside *kansayaku*, the *Kansayaku* Board will take into consideration these standards in determining whether to consent to a proposal being submitted to the General Meeting of Stockholders of the Company for the appointment of a *kansayaku*. Upon receiving this consent, the Board of Directors will submit the proposal for appointment to the General Meeting of Stockholders and submit notification of such outside *kansayaku* as an independent auditor as prescribed by each financial instruments exchange.

(1) Personal Relationships

1) The candidate is or was an executive director (Note 1), an executive officer or an employee of the Company or its subsidiary at present or in the past 10 years (in 10 years prior to his/her appointment if the candidate was an executive director or audit & supervisory board member).

2) The candidate is a relative (Note 3) of a person who is or was an executive director, an executive officer or an important employee (Note 2) of the Company or its subsidiary at present or in the past 5 years.

3) The candidate is a director, an audit & supervisory board member, an accounting advisor, an operating officer or an executive officer of (i) a company that accepts director(s) (full-time or independent) from the Company or its subsidiary, (ii) its parent company or (iii) its subsidiary.

(2) Capital Relationships

1) The candidate is a director, an audit & supervisory board member, an accounting advisor, an operating officer, an executive officer or an employee of a company in which the Company owns 10% or more of the voting rights.

2) The candidate is a relative of a person who is a director, an audit & supervisory board member, an accounting advisor, an operating officer or an executive officer of a company in which the Company owns 10% or more of the voting rights.

3) The candidate owns or owned 10% or more of the voting rights of the Company at present or in the past five years (if the shareholder is a corporation, the candidate is or was a director, an audit & supervisory board member, an accounting advisor, an operating officer, a board member, an executive officer or an employee of the subject company, its parent company or a significant subsidiary (Note 4) of the subject company).

4) The candidate is a relative of a person who owns or owned 10% or more of the voting rights of the Company at present or in the past five years (if the shareholder is a corporation, the candidate is a relative of the person who is or was a director, an audit & supervisory board member, an accounting advisor, an operating officer, a board member or an executive officer of the subject company).

(3) Business Relationships

1) The candidate makes or made payments of 2% or more of the Company's consolidated gross annual sales (based on the current fiscal year or the average of the past three fiscal years) to the Company or its subsidiary (if the payer is a corporation, the candidate is or was an executive director, an operating officer, and executive officer or an employee of the subject company, its parent company or a significant subsidiary).

2) The candidate receives or received payments of 2% or more of the candidate's consolidated gross annual sales (based on the current fiscal year or the average of the past three fiscal years) from the Company or its subsidiary (if the recipient is a corporation, the candidate is or was an executive director, operating officer, an executive officer or an employee of the subject company, its parent company or a significant subsidiary).

3) The candidate is a board member (should be limited to a person who executes business) or other member who executes business of a public interest incorporated foundation, a public interest incorporated association, or a non-profit corporation, etc. who receives donations or grants exceeding 10 million yen per year based on the average of the past three fiscal years from the Company or its subsidiaries.

4) The candidate is a director, an audit & supervisory board member, an accounting advisor, an operating officer, an executive officer or an employee of (i) a financial institution, (ii) other large creditor, (iii) its parent company or (iv) a significant subsidiary, from which the Company obtains or has obtained financing (the financing is indispensable, which the Company depends on to the extent that such financing has little or no substitute) at present or in the past three years.

5) The candidate is an employee, a partner or a staff member of a certified public accountant (or a tax accountant) or an audit corporation (or a tax accounting corporation), who serves as an accounting auditor of the Company or its subsidiary, or a person who was any of the above in the past three years, and who actually is or was engaged in auditing (excluding supplementary involvement) for the Company or its subsidiary (including those who are currently retired).

6) The candidate is a relative of (i) a certified public accountant (or a tax accountant) or (ii) an employee or a partner of an audit corporation (or a tax accounting corporation), who serves as an accounting auditor of the Company or its subsidiary.

7) The candidate is a relative of a staff member of a certified public accountant (or a tax accountant) or an audit corporation (or a tax accounting corporation), who serves as an accounting auditor of the Company or its subsidiary, and who actually is engaged in auditing (excluding supplementary involvement) for the Company or its subsidiary, or a person who was an employee, a partner or a staff member of a certified public accountant (or a tax accountant) or an audit corporation (or a tax accounting corporation), who served as an accounting auditor of the Company or its subsidiary, in the past three years, and who actually was engaged in auditing (excluding supplementary involvement) for the Company or its subsidiary during the subject period

of time.
8) The candidate is a consultant such as an attorney or a certified public accountant other than the above 5) who receives financial or other property benefits of 10 million yen or more per year (based on the average of the past three years) exclusive of officer's compensation, and a person who is and was an employee, a partner, an associate or a staff member of a consulting firm or other specialized advisory firm such as a legal office or an audit corporation other than the above 5), who received payments of 2% or more of the firm's consolidated gross annual sales (based on the average of the past three fiscal years) from the Company or its subsidiary.

(4) Significant Interests

A person who can be recognized to have significant interests other than the above (1) through (3).

Notes:
1. "Executive director" means the director as set forth in each item of Article 363, Paragraph 1 of the Companies Act and other directors who executed business of the subject company (the same applies to the following).
2. "Important employee" means a person who falls under the "important employee" as set forth in Article 362, Paragraph 4, Item 3 of the Companies Act (the same applies to the following).
3. "Relative" refers to a spouse, a relative within the second degree of kinship or a relative who lives together (the same applies to the following).
4. "Significant subsidiary" refers to a subsidiary that is described as a significant subsidiary in (i) the items of e.g., "Status of Significant Parent Company and Subsidiaries" in the business reports associated with the subject company's most recent fiscal year (Article 120, Paragraph 1, Item 7 of the Ordinance for Enforcement of the Companies Act), or other materials that are generally published by the subject company (the same applies to the following).
5. The past tense as described in the above (2) 3) and 4), and (3) 1), 2) and 8) (e.g., a person who "was") refers to within the past five years.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Other

Supplementary Explanation

Remuneration for directors, executive officers, and *kansayaku* shall in the case of remuneration of directors and executive officers be determined by the Board of Directors after consultation with the Nomination and Remuneration Committee, and in the case of remuneration of *kansayaku* be determined through discussion between the *kansayaku*, in accordance with the policies on decisions pertaining to remuneration for officers.
In the 6th Ordinary General Meeting of Shareholders held on June 27, 2016, the Company has decided to establish a new performance-linked stock remuneration plan, "Board Benefit Trust".

Recipients of Stock Options	None

Supplementary Explanation

None

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

Aggregate totals for director and *kansayaku* remuneration and totals by category of remuneration and other remunerations are reported in the financial statements and business reports.
The Company discloses individually the amount of the remuneration of the director total consolidated

remuneration is ¥100 million or more.
In fiscal 2017, Kengo Sakurada was paid ¥248 million (including base remuneration of ¥192 million paid in cash and performance-based stock remuneration of ¥56 million), Shinji Tsuji was paid ¥101 million (including base remuneration of ¥83 million paid in cash and performance-based stock remuneration of ¥18 million), and Keiji Nishizawa was paid ¥160 million (including base remuneration of ¥133 million paid in cash and performance-based stock remuneration of ¥26 million).

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Group regards remuneration for officers as important matters from the viewpoints of improvement in business performance and corporate value, and sets policies on remuneration for officers as follows:

(1) Basic policy on Remuneration for Officers (Common to Group Companies)
a) The form and level of remuneration for officers shall enable recruiting and retaining superior human resources as management of the Group.
b) Remuneration structure shall be consistent with business strategy and promote officers' incentive to improve performance for the sake of the Group's growth.
c) Remuneration shall reflect medium to long-term results and initiatives by officers as well as single-year results.
d) Objectiveness, transparency and fairness that can fulfill accountability to stakeholders shall be achieved in remuneration structure for the Company and major subsidiaries through deliberation process in the Nomination and Remuneration Committee inside the Group.

(2) Remuneration structure for Officers
The Group sets policies on remuneration for officers as follows. However, in cases there are reasonable grounds to believe that those policies should not be applied, the amount and composition of remuneration are determined by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee.
The Nomination and Remuneration Committee examines remuneration budget for all directors and executive officers and makes recommendations to the Board of Directors on an annual basis. The amount of remuneration for directors and executive officers are determined by the Board of Directors within the budget.
a) Composition of remuneration for directors and how it is determined
Remuneration for directors shall consist of monthly remuneration, performance-linked remuneration and performance-linked stock remuneration.
With regard to monthly remuneration, performance-linked remuneration and performance-linked stock remuneration, fixed amount shall be determined for monthly remuneration, while a base amount and the number of standard point (one point = one common share) shall be determined for performance-linked remuneration and performance-based stock remuneration depending on whether the person in an outside or internal director, or does or does not have authority to represent the Company.
Nevertheless, performance-linked remuneration and performance-linked stock 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.
Overview of performance-linked remuneration and performance-linked stock remuneration are described in d) and e) below.
b) Composition of remuneration for executive officers and how it is determined
Remuneration for executive officers shall consist of monthly remuneration, performance-linked remuneration and performance-linked stock remuneration. The amount and composition of remuneration for the group CEO are examined and recommended by the Nomination and Remuneration Committee, and determined by the Board of Directors based on the business environment and market level of remuneration for executive officers, and group CEO's achievements and skills. The amount and composition of remuneration for executive officers other than group CEO are determined based on the business environment and market level of remuneration for executive officers and shall reflect the significance of duties, strategic positioning,

achievements and skills. Fixed amount shall be determined for monthly remuneration, while a base amount and the number of standard point (one point = one common share) shall be determined for performance-linked remuneration and performance-linked stock remuneration
Overview of performance-linked remuneration and performance-linked stock remuneration are described in d) e) below.
c) Composition of remuneration for *kansayaku* and how it is determined
The form and level of remuneration for *kansayaku* shall commensurate with their duties and responsibilities and determined at a fixed amount through discussion between the *kansayaku* depending on whether the *kansayaku* is full-time or part-time while giving due consideration to their independence.
d) Performance-linked remuneration
The Company has introduced performance-linked remuneration system in order to align remuneration for officers and business strategy and promote officer's incentive to improve performance for further growth of the Group. Below is overview of the system:
- Performance-linked remuneration shall be determined by reflecting single-year corporate performance and individual performance to the base amount of performance-linked remuneration.
- Performance metrics to evaluate corporate performance are adjusted consolidated profit and adjusted consolidated ROE, and coefficient is determined as a ratio of actual figures to targeted figures (projected figures in business plan). For performance metrics to evaluate individual performance, coefficient is determined depending on evaluation result in individual performance evaluation of officers.
- Coefficient for performance-linked remuneration is calculated by multiplying the above-mentioned coefficient for company performance by coefficient for individual performance, and the amount of payment is calculated by multiplying base amount of performance-linked remuneration by the coefficient for performance-linked remuneration.
- For officers who serve as business owners or in charge of those businesses, sales and profit of the business are used as performance metrics to evaluate corporate performance.
e) Performance-linked stock remuneration
The company had introduced performance-linked stock remuneration system in order to increase the linking between remuneration and increases in corporate value over the medium to long-term. Below is overview of the system:
- Performance-linked stock remuneration shall be determined by reflecting the medium to long-term stock value and consolidated performance to the number of performance-linked stock remuneration standard point in comparison to the market.
- Coefficient for stock value shall be determined by comparing 3-year growth rate of our stock value to the TOPIX growth rate.
- Coefficient for consolidated performance shall be determined by comparing our growth rate of consolidated net income over the past 3 business years to the growth rate of peer group (global companies centering around insurance companies).
- Coefficient for performance-linked stock remuneration is calculated by adding the above-mentioned coefficient for stock value to coefficient for consolidated performance, and the point to provide is calculated by multiplying the number of performance-linked stock remuneration standard point by the coefficient for performance-linked stock remuneration.

[Supporting System for Outside Directors and/or *Kansayaku*]

The support system is structured for the Corporate Legal Department to assist the outside directors, and the Audit Department to assist outside *kansayaku*.
The Company maintains a system for the Corporate Legal Department overseeing the secretariat of the Board of Directors and departments with jurisdiction over issues to be covered at a Board of Directors meeting to hold preliminary briefings to the outside directors and outside *kansayaku* in advance of the meetings.
The Company provides a variety of information sources for the outside directors and outside *kansayaku*, including the Group Journal, Integrated Report, White Paper of Customer Feedback, CSR Communication Report, and IR Briefing Materials.

[Information about who were formerly presidents/CEOs, etc.]

Name,etc.of *sodanyaku* or *komon*, etc. who were formerly presidents/CEOs, etc.

Name	Job title and position	Responsibility	Working form and condition	Date when former role as President/CEO, etc. ended	Term
-	-	-	-	-	-

Number of *sodanyaku* or *komon*, etc. who were formerly presidents/CEOs, etc. in total	None

Supplementary Explanation

In some cases, the Company appoints former Group CEOs, presidents, or chairpersons of the Board of Directors as special advisors. However, these special advisors have no roles or authority with regard to advising on management. Instead, these appointments are intended to carry out external activities, such as those related to business associations, social contribution activities, and cultural activities. They are appointed to one-year terms through a resolution of the Board of Directors. The Company has no such special advisors at present.

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

The Group considers continually improving the transparency and fairness of the Group's corporate governance as essential to maintaining strong relations of trust with stakeholders. The Board of Directors has accordingly established the Corporate Governance Policy and endeavors to clarify basic policies regarding the formation of the overall vision for the governance structure and the governance framework.

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. 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 independent directors and the chief executive.

The Company's Board of Directors comprises 12 members, four of which (one-third) are outside directors. Current members include 11 Japanese nationals and 1 non-Japanese, and 10 men and 2 women.

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.

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 Shareholders held within the latest fiscal year that is within one year of the appointment. The average term of office of directors as of the time of conclusion of the eighth Ordinary General Meeting of Shareholders was 3.5 years.

***Kansayaku* and a *Kansayaku* Board**

Kansayaku 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 *Kansayaku* 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 *Kansayaku* Board sets an annual meeting schedule and endeavors to realize for full participation of all

members and coordinates activities, such as distributing information materials before meetings, to ensure members are fully prepared to conduct thorough reviews and deliberations.
A majority of the *Kansayaku* Board members, specifically, three out of five members, are outside *kansayaku*. Current members include five Japanese nationals—four men and one woman. One of the standing *kansayaku* has many years of experience in the Company's accounting section, while one of the outside *kansayaku* is a certified public accountant with many years of experience with an audit firm. This individual provides an outstanding amount of knowledge on financial and auditing. The Company has established the *Kansayaku* Board's Office to enhance the effectiveness of the *kansayaku's* audits and assigns exclusive personnel with the supplemental knowledge and experience required by the *kansayaku* to assist the *kansayaku* in carrying out their duties.
The *Kansayaku* Board additionally commissions an external legal expert to serve as an advisor who is independent from the execution of operations to protect the interests of the Company and shareholders.
As stipulated in the Companies Act, the term of office of a *kansayaku* expires at the time of conclusion of the Ordinary General Meeting of Shareholders for the final fiscal year ending within four years after his or her appointment.
Conclusion of contracts limiting liability
Pursuant to the provisions of Article 427, Paragraph 1, of the Companies Act, the Company concludes with outside directors and outside *kansayaku* contracts limiting liability for damages as described under Article 423, Paragraph 1, of that Act. The amount of such limit on liability is the minimum limit on liability stipulated in Article 425, Paragraph 1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

The Company is a company with a *Kansayaku* Board and maintains and promotes effective oversight and auditing functions by maintaining corporate *kansayaku* and a *Kansayaku* Board that are independent from the important management decisions and business execution activities of the Board of Directors.
The Company also utilizes the business owner system, Group CxO system and the executive officer system under the under the supervision of the Group CEO to enable agile and flexible decision-making and operation as well as ensuring the clarity of authority and responsibility.
Through these and other efforts, the Company is seeking to construct a highly effective system of corporate governance.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Notice of Convocation of the 8th Ordinary General Meeting of Shareholders was sent on May 30, 2018.
Scheduling AGMs Avoiding the Peak Day	The 8th Ordinary General Meeting of Shareholders was held on June 25, 2018.
Allowing Electronic Exercise of Voting Rights	The Company enables the exercise of voting rights via the Internet.
Participation in Electronic Voting Platform	Participation in the Electronic Voting Platform for Foreign and Institutional Investors for submission of voting rights.
Providing Convocation Notice in English	The Company provides an English-language version of the Notice of Convocation via the Company homepage.
Other	The Company provides the Notice of Convocation of the Ordinary General Meeting of Shareholders, IR meeting materials, and other information via the Company homepage to promote participation in the General Meeting of Shareholders and the smooth exercise of voting rights.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Board of Directors has established a Disclosure Policy, which is available from the Company's website.
Regular Investor Briefings for Individual Investors	None
Regular Investor Briefings for Analysts and Institutional Investors	Briefings are held twice annually after announcing the midyear and full fiscal year results.
Regular Investor Briefings for Overseas Investors	Briefings are held more than once annually for overseas institutional investors in the United States, Europe, Asia, or other regions.
Posting of IR Materials on Website	Web page for investor relations materials English-language IR materials are available at https://www.sompo-hd.com/en/ir/ Information for investors available on the web site: Stock market price quotes, stock market price historical data, share information, dividend information, credit ratings information, IR materials (including video), Integrated Report, CSR Communications Report, Annual Report, financial data, financial results, financial statements, quarterly financial statements, Notice of Convocation of the Ordinary General Meeting of Shareholders, notices of resolutions, monthly business results reports, etc. (Many of the materials are also available in English.) In addition to providing information via the web site, the Company also distributes news releases and other communications to analysts, institutional investors, and other stakeholders.
Establishment of Department and/or Manager in Charge of IR	IR Department: Officers are appointed from the Corporate Planning Department IR Officer in Charge: Masahiro Hamada, Group CSO Director IR Operations Contact: Yukinori Kuroda, Corporate Planning Department TEL: +81-3-3349-3913
Other	IR Meetings are held twice annually with the Group CEO, CFO and senior management, in principle, in attendance and include presentations and question and answer sessions. The Company arranges for senior management, including the Group CEO, to visit and engage in dialogue with overseas investors several times a year. In Japan, the executive officer of the IR Department arranges for dialogue

	with shareholders as needed. These dialogues enable the Company to explain it management policies and other topics in a timely manner while also allowing the Company senior management to receive timely feedback on shareholder interests and concerns, which contributes to forming management strategy and executing operations.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Group Basic Management Policy states that the Group will engage in active dialogue with stakeholders to fulfill its social responsibility as a corporation and contribute to realizing a sustainable society.
Implementation of Environmental Activities, CSR Initiatives etc.	The Company established the Group CSR Vision as a guideline for the Group's contributions to the realization of a resilient, sustainable society. The Company recognizes that the social issues of climate change, a super aging society, and inequality are growing, and thus identifies the themes that we should intensively address as the Group CSR Material Issues and quantifies related targets in the Group CSR-KPI targets. https://www.sompo-hd.com/en/csr/system/ The Group addresses global environmental issues following the precepts of the Group Environmental Policy and engages activities to reduce CO_2 emissions, while also developing and marketing such products as Weather Index Insurance to mitigate drought damage for farmers in developing countries. The Group provides information about these and other activities via its website and e-mail delivery of news releases for analysts and institutional investors. <the Group CSR Materiality> Based upon the Group CSR Vision, the Group has established the following Three Key Strengths to advance initiatives that take advantage of the Group's strengths. <Our Key Strengths> 1. Developing and providing innovative products and services using financial expertise and digital technologies to provide innovative solutions for social issues. 2. Promoting the development of advanced human skills by fostering partnerships with stakeholders representative of broad sectors of civil society. 3. Promoting the quality of life and its enrichment by the application throughout all our operations of our expertise and resources in the arts and culture. The Group has identified Five CSR Material Issues that the Group must address based on its CSR Vision to realize a resilient and sustainable society through providing products and services that contribute to security, health, and wellbeing. <Five Material Issues> 1. Providing Solutions for Disaster Preparedness 2. Contributing to Health and Welfare 3. Promoting the Manageability of Global Environmental Issues 4. Empowering Community and Society 5. Supporting Diversity and Inclusion in Private and Public Life
Development of Policies on Information Provision to	The Sompo Holdings Group Basic Policy on Disclosure stipulates the Company shall actively endeavor to distribute information to stakeholders

Stakeholders	even when not stipulated by law or other regulation and that the information shall be relevant, accurate, easy to understand, and provided in a timely manner.
Other	**Promoting diversity** The Group Personnel Vision states that promoting diversity is a key element to fulfilling the Group Management Philosophy to "provide the highest possible quality of service to our customers." The Group respects and values the individuality and diversity of each employee and seeks to encourage all employees to fulfill their potential. The Diversity Promotion Headquarters is established with the aims of stepping up activities to promote diversity throughout the group and a workforce that value all personnel as individuals, regardless of gender, nationality, or other characteristics. Particular effort is given to empowering women in the workplace and measures are implemented to promote female advancement to managerial and executive positions. One of these measures is to provide role models and encourage the desire for career advancement among female employees. Accordingly, two outside directors and one outside *kansayaku* at the Company are women, and one executive officer and two outside directors at Sompo Japan Nipponkoa Insurance Inc. are women. The Group is also implementing specific measures to achieve targets for women in managerial positions. The Group has set a target for 30% of managerial positions to be held by women by the end of fiscal 2020. The Group is creating a company culture that is supportive of the career advancement of women through measures to cultivate female management personnel, including the optional Career Advancement Training program to train women employees to serve as section, branch, or Company managers in the future, and Mirai Juku 28, which is intended to provide career-building support in response to life events, as well as the Mentor System in which an executive or general manager other than a direct supervisor serves as a mentor providing career development support. As a result of these efforts, the number of women holding management position has risen from 305 women or 5.0% of managerial positions in July 2013 when the targets were set to 931 people or 20.7 % as of April 1,2018. In March 2018, the Company was chosen for the 2017 Nadeshiko List, established jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, in recognition of its efforts to promote women's empowerment in the workplace. Sompo Japan Nipponkoa Insurance Inc. also have received the Prime Minister's Award to Commend Leading Companies Where Women Shine, presented by the Cabinet Office. As mentioned above, the Company has received recognition from outside parties every year. The Company is also taking active steps to further advance diversity and globalization. The Company appointed its first non-Japanese executive director in July 2015, and an internal recruitment program was launched to bring employees from overseas Group companies to Sompo Japan Nipponkoa Insurance Inc. and other companies. **Fulfilling social responsibility through proper payment of taxes** The Company will fulfill its corporate social responsibility through striving to bear an appropriate tax burden in compliance with applicable tax laws in the countries and regions in which it does business, while respecting the standpoints of various stakeholders.

IV. Matters Related to the Internal Control System

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

The Company, by resolution of its Board of Directors, adopts the Basic Policy on Internal Controls to ensure the proper operations of the Sompo Holdings Group (hereinafter the "Group") and contribute to enhancement and quality improvement of corporate governance based on relevant laws and regulations and the Group's management philosophy. The Company shall strive to appropriately capture and validate the Group's control status based on the Basic Policy and enhance its systems.

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

As set forth below, the Company shall establish the systems required to ensure that the operations of the Company Group 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 Sompo Holdings Group Basic Policy on the Business Management of Group Companies and manage its Group companies appropriately, either directly or through Group companies, by such means as entering into business management agreements. The Company shall also exercise its shareholder rights appropriately.

(3)The Company shall establish approval and reporting systems concerning Group companies' business strategies and other important matters that affect Group operations.

(4)The Company shall formulate various basic policies that prescribe the Company Group's control framework and disseminate them to Group companies, requesting compliance therewith. The Company shall also have its Group companies establish systems based on these basic policies, such as by causing them to formulate their own rules according to their actual business operations.

(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 business management of the Company Group.

(6)The Company shall prescribe the Sompo Holdings Group Basic Policy on Management of 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 of Directors, Executive Officers, and Employees in Compliance with Applicable Laws and the Company's Articles of Incorporation

As set forth below, the Company shall establish the systems required to ensure that the Company Group's 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 the Group Company's 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 meetings of the Board of Directors.

(2)The Company shall prescribe the Sompo Holdings Group Basic Policy on Compliance and the Sompo Holdings Group 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 Company Group and conduct ongoing education and training based on compliance manual to disseminate these basic policies, the code of conduct, and the compliance manual.

(3)The Company shall prescribe the Group Compliance Promotion Policy for each business year, systematically promote compliance related efforts, and monitor the status of compliance promotion.

(4)The Company shall establish systems in the Company Group for internal reporting and internal whistle blowing for misconduct and other such incidents and properly rectify or otherwise respond to such matters.

(5)The Company shall prescribe the Sompo Holdings Group Basic Policy on Response to Customer Feedback and establish effective systems for responding to customer feedback, such as proactively analyzing customer feedback to improve operational quality.

(6)The Company shall prescribe the Sompo Holdings Group Basic Policy on Proper Management of Customer Services and establish systems to ensure proper customer services, such as maintaining and improving the quality of products and services provided to customers.

(7)The Company shall prescribe the Sompo Holdings Group Basic Policy on Customer Information Management and appropriately manage customer information, such as by appropriately obtaining and using customer information.

(8)The Company shall prescribe the Sompo Holdings Group Security Policy and establish appropriate management systems for information assets, such as clarifying basic measures to be taken to ensure the security of information assets in the Company Group.
(9)The Company shall prescribe the Sompo Holdings Group Basic Policy on Managing Conflict-of-Interest Transactions and establish systems for preventing conflict-of-interest transactions that unduly harm customer interests, such as managing transactions that are typically found to unduly harm customer interests.
(10)The Company shall prescribe the Sompo Holdings Group Basic Policy on Response to Antisocial Forces and establish systems for responding to antisocial forces, such as by dealing 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 Sompo Holdings 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 Company Group's corporate value.
(1)To ensure the effectiveness of Strategic Risk Management, the Company shall establish systems for Strategic Risk Management, such as the Group Risk Appetite Statement to work as a guideline for risk taking 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.
(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 the 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 the Company Group's Officers and Employees execute their duties properly and efficiently.
(1)The Company shall formulate the Company Group's management plans and share these plans with its Group companies.
(2)The Management Committee shall confer on matters pertaining to the performance of the Company Group's key operations and seek to improve the efficiency and effectiveness of Board of Directors' deliberations.
(3)The Company shall clearly identify the Company Group's matters in which their Board of Directors is to be involved by designating matters over which their Board of Directors have decision-making authority and matters to be reported to their Board of Directors. The Company shall also determine executive officers and other personnel's decision-making authority consistent with the matters thus designated.
(4)The Company shall establish the Company Group's rules and clearly define their internal organizational units' objectives and scope of responsibilities and shall determine for each organizational unit the division of its duties, executives, and scope of operational authority.
(5)The Company shall prescribe the Sompo Holdings Group Basic Policy on IT Strategy and establish adequate and accurate Group IT systems to achieve highly reliable, convenient, and effective business operations, such as by formulating IT system strategies and establishing Group IT system governance.
(6)The Company shall prescribe the Sompo Holdings Group Basic Policy on Outsourcing Management and ensure proper operations in association with outsourcing by the Company Group, such as by managing outsourced companies according to processes from the start to termination of outsourcing.
(7)The Company shall prescribe the Sompo Holdings Basic Policy on Asset Management and manage assets with sufficient consideration of risk management based on safety, liquidity, and profitability in light of the characteristics of the Company Group's funds being managed.
(8)The Company shall prescribe the Sompo Holdings Group Basic Policy on Establishing Business Continuity Systems and ensure the stability and soundness of the Group's operational foundation in times of emergency, such as by establishing systems to ensure the continuity or early restoration of the Group's key operations during times of crisis, including major natural disasters.
(9) In order to make improvements by inspecting the status of establishing and operating the Company Group's internal control system, the Company shall set up the Group ERM/Internal Control Committee. The Company shall also establish Task-Specific Committees as advisory organs for the Group Chief Officer or the

Business Owner in order to deliberate each task from expert and technical perspectives.
5. System for Ensuring the Financial Soundness and Adequacy of Financial Reporting
(1)The Company shall prescribe the Sompo Holdings Group Basic Policy on Managing Financial Soundness and Actuarial Matters and establish management systems to ensure financial soundness.
(2)The Company shall prescribe the Sompo Holdings Group Basic Policy for Internal Controls over Financial Reporting and, to ensure adequacy and reliability of the Company Group's financial reporting on a consolidated basis, determine a framework for establishment, operation, and evaluation of internal controls over the Company Group's financial reporting and to establish requisite systems within the Company Group.
6. System for Ensuring Appropriate Information Disclosure
The Company shall prescribe the Sompo Holdings Group Basic Policy on Disclosure and set up a department that controls disclosure matters 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 the Company Group's directors and executive officers' performance of their duties, the Company shall prescribe rules dictating methods for retaining and managing information related to the Company Group's directors and executive officers' execution of their duties, including minutes of the meetings of the Board of Directors and other important meetings and documentation related thereto. The Company shall also establish the system required to retain and manage such information.
8. System to Ensure Internal Audits' Effectiveness
To ensure the effectiveness of the Company Group's internal audits, the Company shall prescribe the Sompo Holdings Group Basic Policy on Internal Audits, which shall define matters, such as securing independence concerning internal audits, establishing rules and developing plans, and establishing internal audit systems that are efficient and effective for the Group as a whole.
9. System Related to *Kansayaku*' Audits
The Company shall establish the following systems to improve the effectiveness of the *kansayaku*' audits:
9-1. Matters relating to employees who assist *kansayaku* in the performance of their duties
The Company shall establish an *kansayaku*' office and, at *kansayaku*' requests, appoint personnel with the requisite knowledge and experience to serve as Staff of the Audit & Supervisory Board (employees to assist with *kansayaku*' duties) assigned exclusively to audit duty. The Company shall also prescribe the Rules Regarding Staff of the Audit & Supervisory Board and ensure their independence from executive functions and the effectiveness of instructions issued by the *kansayaku* to the Staff of the Audit & Supervisory Board as follows.
(1)The Company shall ensure the Staff of the Audit & Supervisory Board's independence from directors by making decisions regarding Staff appointments, dismissal, and remuneration subject to the approval of standing Members and by seeking a standing Members' approval for the Staff's personnel evaluations.
(2)In conducting their duties, Staff of the Audit & Supervisory Board shall follow the instructions and orders of the *kansayaku* only and not receive instructions or orders from directors, executive officers, or other non-audit personnel.
(3)Staff of the Audit & Supervisory Board shall have the authority to collect information required in relation to their duties ordered by *kansayaku*.
9-2. System for Reporting to *Kansayaku*
(1)The Company shall, under the Audit & Supervisory Board's approval, prescribe matters that are to be reported to *kansayaku* 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 *kansayaku*.
(2)The Company shall not unfavorably treat such Officers and Employees who have submitted such reports to *kansayaku* because of such submission. The same shall apply to the Officers and Employees of Group companies.
(3)When *kansayaku* 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 *kansayaku* on the progress in addressing the matter cited by the *kansayaku*.
9-3. Other Systems to Ensure that *Kansayaku*' Audits are Conducted Effectively
(1) *Kansayaku* 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 *kansayaku* to appropriately and fully exchange opinions with directors, executive officers, internal audit sections, accounting auditors, and other persons required to appropriately perform the duties of the k*ansayaku*. Officers and Employees shall submit reports on matters concerning the performance of their duties at the request of the *kansayaku*.
(3)The Company shall respond to *kansayaku*' 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 *kansayaku* to cooperate with the *kansayaku* of Group companies and collect information from Officers and Employees of Group companies at the request of the *kansayaku*.
(5) The internal audit section will cooperate with the *kansayaku* on the audit or assist in the audit, in accordance with requests.
(6)When *kansayaku* 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 *kansayaku*.

2. Basic Views on Eliminating Anti-Social Forces

The Company seeks to continually earn the trust of society and maintain sound corporate management and has established the Sompo Holdings Group Basic Policy on Response to Antisocial Forces which stipulates maintaining an absolutely uncompromising stance on undue claims and other activities by antisocial forces that disrupt or threaten the safety of civil society, rejecting all overtures, and blocking all relations with antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
None

2. Other Matters Concerning Corporate Governance System

Overview of the system for timely disclosure

1. Basic stance

The Company maintains a system for disclosure in line with its Sompo Holdings Group Basic Policy on Disclosure. The policy is to provide information to about the Group's business conditions and various activities that is accurate, easy to understand, and provided in a timely manner as well as highly impartial and beneficial to various stakeholders including our shareholders, investors, and policyholders of subsidiary insurance companies.

The Company proactively complies with the Companies Act, Financial Instruments and Exchange Act, Insurance Business Act, and similar corporate laws (hereinafter "laws") as well as the regulations of the Financial Instruments Exchanges on which the Company is listed, and distributes information to stakeholders even when not stipulated by law or other regulation. The Company also endeavors to provide accurate, easy to understand, and timely information that is appropriate for the stakeholder that will be receiving the information.

2. Execution framework for disclosure operations

(1) System for disclosure

As mandated by law, the Company maintains a Corporate Legal Department that serves as a supervisory office for disclosure compliance.

Each of the Company's departments immediately reports all important information (information that is potentially required to be disclosed) to the Corporate Legal Department. The Company's direct subsidiaries similarly report any important information they become aware of related to their company or their subsidiary and affiliate companies to the Corporate Legal Department and the departments with jurisdiction.

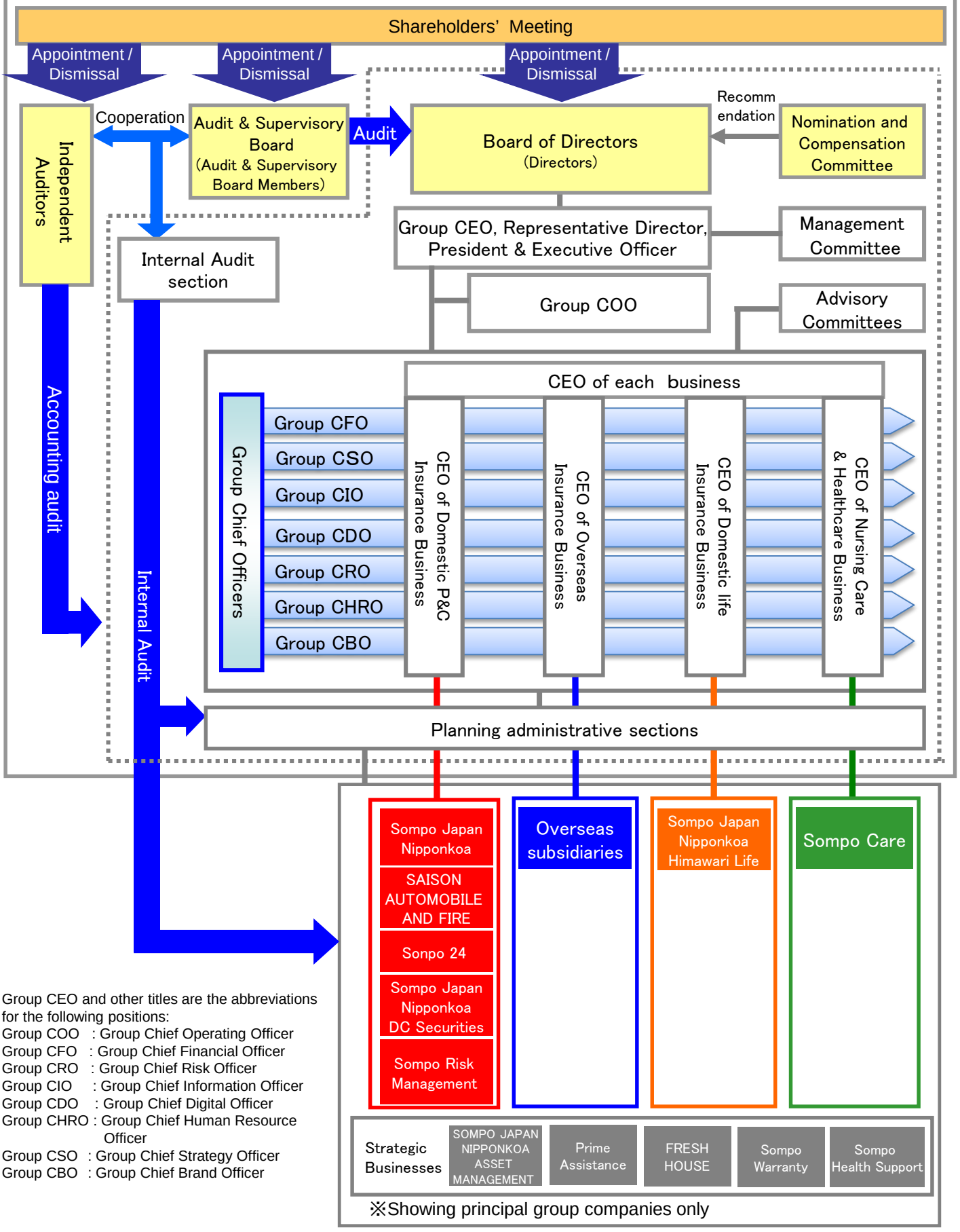
The Corporate Legal Department makes a decision whether or not to disclose and determines the actual contents.

(2) Disclosure system monitoring

The Company, as stipulated in the Sompo Holdings Group Basic Policy on Internal Audits, maintains an internal auditing system for the Company and Group companies. The Company's Internal Auditing Department conducts internal audits to verify the appropriateness of business operations, including the disclosure of information, monitors the internal auditing activities of Group companies, and reports major issues to the Board of Directors.

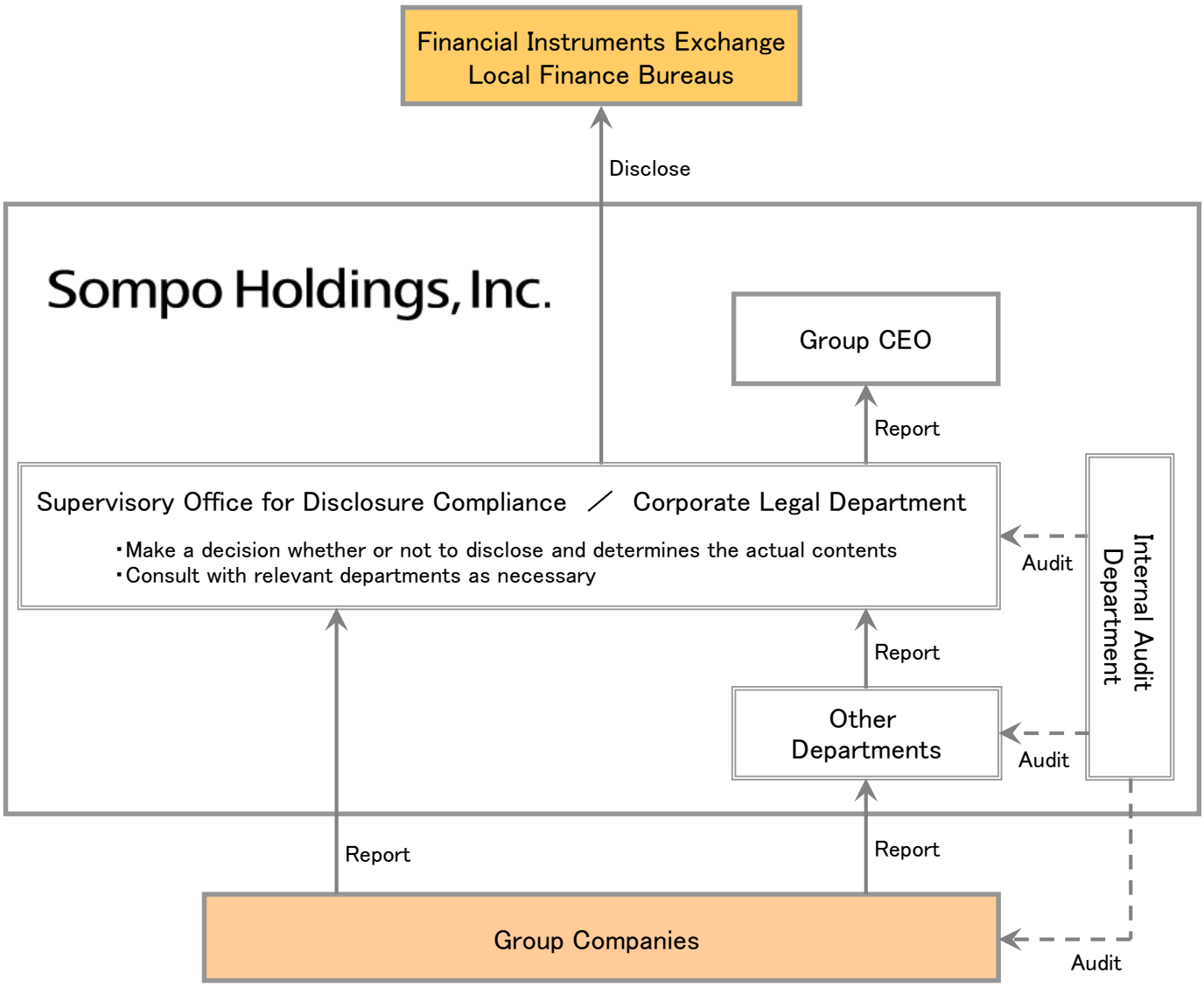
Sompo Holdings

As of January 1, 2019



Group CEO and other titles are the abbreviations for the following positions:

Group COO : Group Chief Operating Officer
Group CFO : Group Chief Financial Officer
Group CRO : Group Chief Risk Officer
Group CIO : Group Chief Information Officer
Group CDO : Group Chief Digital Officer
Group CHRO : Group Chief Human Resource Officer
Group CSO : Group Chief Strategy Officer
Group CBO : Group Chief Brand Officer


Financial Instruments Exchange
Local Finance Bureaus
Disclose
Sompo Holdings, Inc.
Group CEO
Report
Supervisory Office for Disclosure Compliance ／ Corporate Legal Department
・Make a decision whether or not to disclose and determines the actual contents
・Consult with relevant departments as necessary
Audit
Internal Audit Department
Report
Other Departments
Audit
Report
Report
Group Companies
Audit