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Corporate Governance

Basic concept

Concept and Policy

Based on its Management Philosophy, the Sompo Group has positioned SOMPO's Purpose at the core of its management strategy as it tackles a wide range of social issues from a medium- to long-term perspective.

Sompo Holdings, as the holding company of all Group companies, considers continuous improvement of transparency and fairness of the Group's corporate governance and fulfillment of corporate social responsibility through business as essential for maintaining strong relations of trust with stakeholders. The Board of Directors has accordingly established this Policy to clarify basic policies regarding the overall vision for the governance structure and the development of governance framework. We continue to make efforts to enhance corporate governance in pursuit of the best corporate governance.

Web For further details, please visit the website: [Corporate Governance Policy](#)

Sompo Holdings, Inc. (hereinafter "the Company") has changed its governance structure to "Company with committees," effective June 2019, as part of efforts to strengthen corporate governance structure by separating management supervision from business execution in order to reinforce the supervisory function of the Board of Directors and to accelerate business execution by delegating substantial authorities from the Board of Directors to executive functions. The Company also established three committees – Nomination Committee, Audit Committee, and Compensation Committee – and established governance structure that works to improve transparency and fairness. In addition, executive officers make executive decisions and perform duties on the matters delegated from the Board of Directors under the comprehensive supervision by the Group CEO, while Business Segment System and Group Chief Officer (hereinafter "Group CxO") system are in place to ensure agile and flexible decision-making and business execution, with clearly defined authorities and responsibilities.

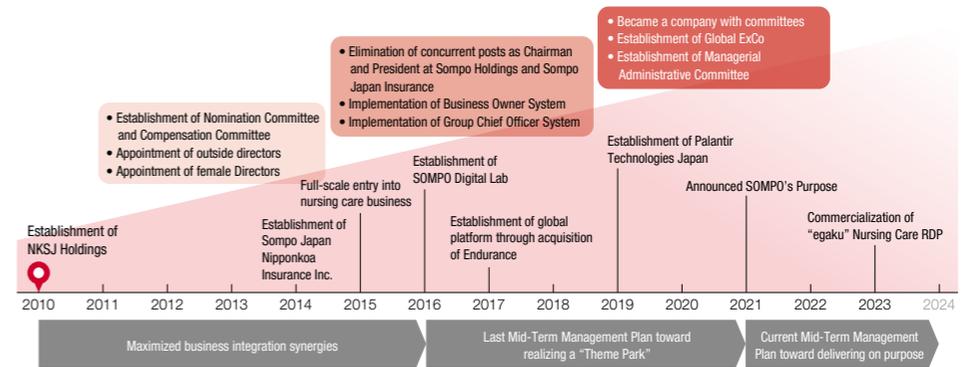
The Board of Directors sets the basic policy and the basic policies for Group management and for internal control which forms the foundation of Group management, appoints Executive Officers, and supervises the performance of duties by Directors and Executive Officers. Additionally, the Board of Directors delegates executive decisions to Executive Officers in principle, as far as the laws permit, to further strengthen the supervisory function of the Board of Directors and accelerate business execution.



History of governance

Concept and Policy Structure

Sompo Holdings was established in 2010 as a holdings company and decided to transform to realize "A Theme Park for Security, Health & Wellbeing" to address the challenge of realizing sustainable growth as a Group that conducts business mainly in Japan which faces population decline, population aging, and low economic growth. In 2021, we officially proclaimed our Purpose: With "A Theme Park for Security, Health & Wellbeing," create a society in which every person can live a healthy, prosperous and happy life in one's own way. Our Purpose identifies what kind of value we will provide to society. Again and again, it is SOMPO's governance that has clearly indicated the direction in which the Group should move and has led the transformations to achieve this.



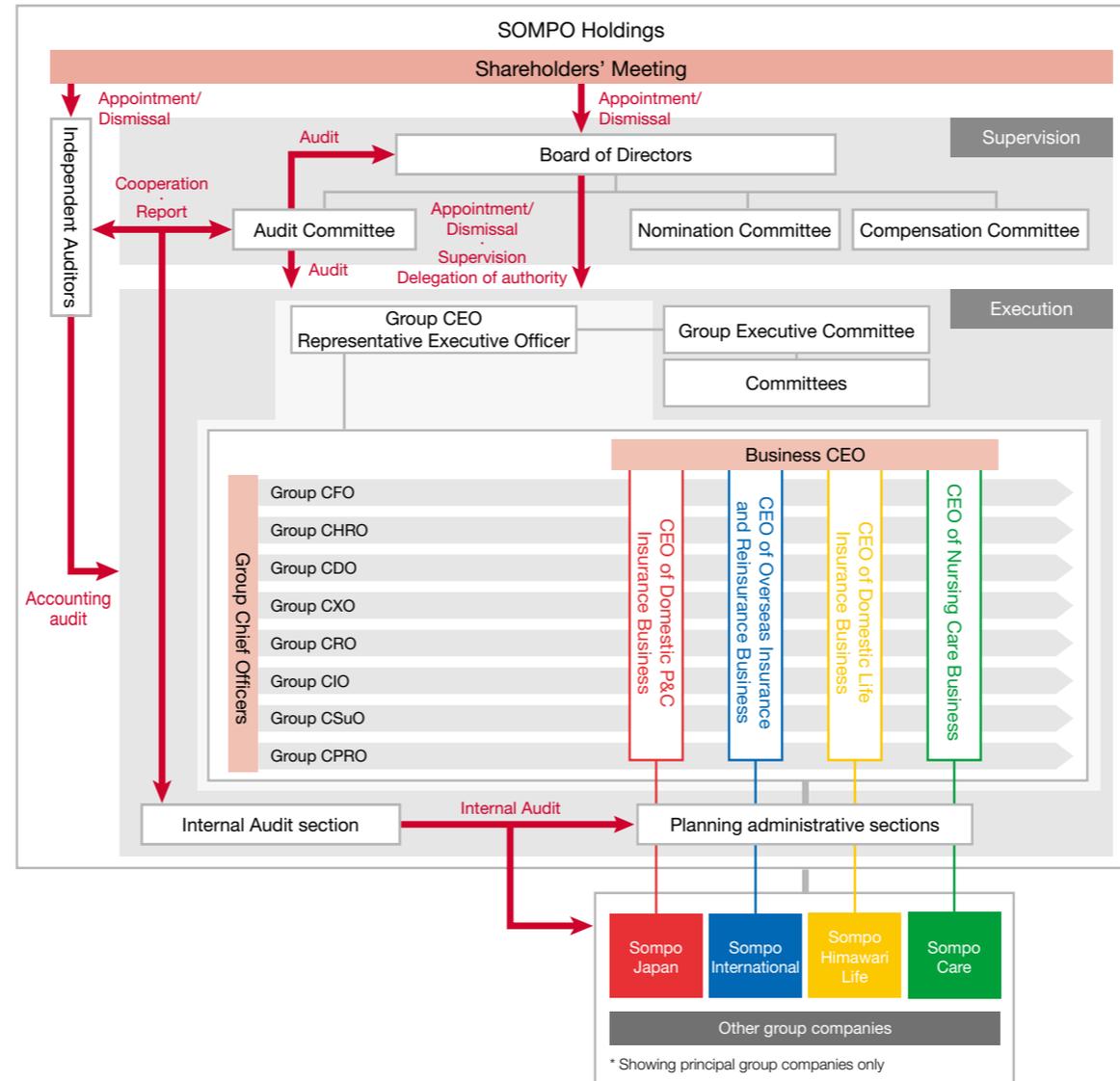
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Overview of corporate governance structure (After April 2024)

*As of February 29, 2024

Structure



Group CEO and other abbreviated titles represent the following positions:
 Group ExCo : Group Executive Committee
 Group CEO : Group Chief Executive Officer
 Group CFO : Group Chief Financial Officer
 Group CHRO : Group Chief Human Resource Officer
 Group CDO : Group Chief Digital Officer
 Group CXO : Group Chief Transformation Officer
 Group CRO : Group Chief Risk Officer
 Group CIO : Group Chief Information Officer
 Group CSuO : Group Chief Sustainability Officer
 Group CPRO : Group Chief Public Relations Officer

* Showing principal group companies only

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Characteristics of the Board of Directors

*As of February 29, 2024

Structure Activity and Result

Function and role of the Board of Directors

The Board of Directors fulfills its responsibilities as stipulated by laws and regulations and the Articles of Incorporation. It also makes decisions on important business matters as set forth in the Rules of Board of Directors, whilst also aiming to exercise its supervisory function regarding business execution.

To enhance its supervisory function, the Board has a majority of independent directors, and to ensure a considerable degree of diversity among its members, gender, nationality, and other factors are also taken into consideration. The governance structure is designed to enhance transparency and fairness by appointing company managers, academics, and those with specialized knowledge of law, finance, and accounting.

Efforts to ensure and improve the effectiveness of the Board of Directors

To guarantee and improve the effectiveness of the Board, we have established a cycle of constantly engaging in discussions and utilizing opinions to share timely and appropriate information about the Company's business over the course of the year with the following specific initiatives.

Preliminary briefing sessions for the Board of Directors

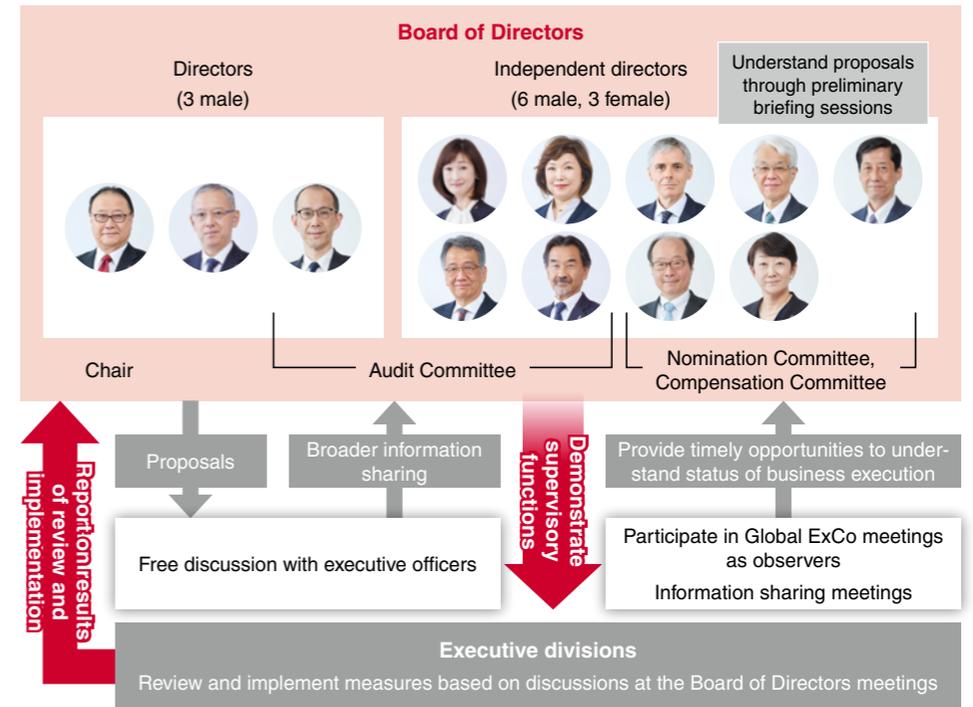
In order to ensure that the discussions of the Board of Directors are constructive and productive, preliminary briefing sessions are held for all outside directors before every meeting of the Board. During the Board meetings, discussions are informed by the opinions and questions raised at these sessions.

Integrating preliminary briefings and Board meetings in this way allows for discussions to be both efficient and substantial, and ensures that the knowledge and perspectives of outside directors are also directly reflected in how the Board operates.

Giving scope to the supervisory function of the Board of Directors

We actively undertake initiatives that help the Board demonstrate its supervisory function, such as by strengthening information sharing so that the directors can better understand how business is being executed. This ensures sufficient communication is maintained without creating a sense of distance between the Board of Directors and the executive divisions.

A virtuous cycle created by demonstrating the supervisory function of the Board of Directors



- Specific initiatives**
- Business execution reports made by business CEOs and Group CxOs at the Board of Directors
 - Providing observer access to directors to sit in on various committee meetings, such as the Global Executive Committee and the Managerial Administrative Committee
 - Holding information-sharing meetings to provide timely updates to outside directors regarding items of business execution, without restricting the discussions solely to Board agenda items
 - Holding free discussions about information concerning business operations
 - Having outside directors and representative executive officers exchange opinions etc.

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Board of Directors performance

In fiscal 2022, the Board of Directors met a total of 14 times (attendance rate: 100%). The main agenda items of the Board of Directors in fiscal 2022 are outlined below.

Topic	Details
Evaluating and increasing the value of non-visible assets such as branding and engagement	Reviewed the progress of work-style reform initiatives, performance appraisal indicators, the grand design for the realization of human resources and organizational reform, and the Group's brand strategy.
Policies for handling ESG-related issues	Reviewed the progress and structure of initiatives in SDGs management, such as Value Creation Cycle efforts aimed at realizing our Purpose, and materiality KPIs including climate change response.
New value creation through DX and RDP	Reviewed the Nursing Care Real Data Platform (RDP) and initiatives to create new value utilizing digital and data in each business.
Policy on constructive communication with the capital markets	Reviewed the summary of IR activities for fiscal 2021 and the IR implementation plan for fiscal 2022, including further expansion of investor communication to enhance corporate value.
Business portfolio and policy on synergies between businesses	Decided on the business plan for fiscal 2023 and reviewed initiatives to build a Conglomerate Premium and the Group's capital policy.
Policy on measuring the benefits of purpose management	Reviewed the progress of the Mid-Term Management Plan and the status of efforts to visualize unrealized financial value including human capital in order to enhance corporate value.
Risk management policy, including a cybersecurity framework	Reviewed the status of the Group's cybersecurity system and risk control.

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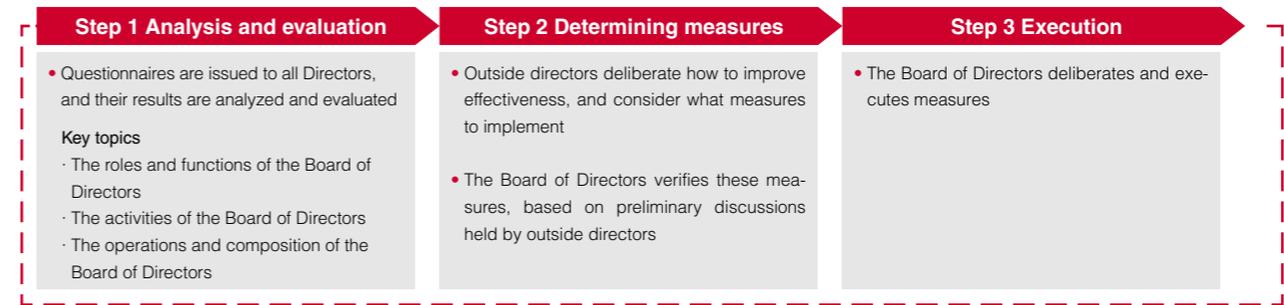
Evaluating the effectiveness of the Board of Directors

Activity and Result

Improving the effectiveness of the Board of Directors through PDCA cycles

As part of its efforts to improve the effectiveness of the Board of Directors, every year the Company issues a questionnaire, which includes a self-evaluation section, to each Director. We use the results of these questionnaires to analyze and evaluate the effectiveness of the Board of Directors as a whole. We also work to improve the functionality of the Board of Directors, and strengthen corporate governance. To this end, we actively incorporate the opinions of Directors, verify measures for any identified issues and for the further evolution of the Company, and carry out PDCA cycles for the execution of concrete initiatives that enhance the functionality of the Board of Directors.

PDCA cycles to improve the effectiveness of the Board of Directors



FY2022 evaluation results and FY2023 initiatives

<p>Main assessments of FY2022 initiatives</p>	<ul style="list-style-type: none"> Opinions were actively exchanged during the preliminary briefings held in conjunction with Board meetings, and as such, the sessions were assessed to be extremely valuable. Discussions during the Board meetings were assessed to have become more substantial than before, but at the same time, there was feedback suggesting that additional information and insights from other directors who did not attend the preliminary session would have been useful and that more clarification is needed regarding which points are to be discussed during the board meeting. 	<ul style="list-style-type: none"> Alongside the continued practice of expanded free discussions introduced in the previous fiscal year and the executive division reports and continual Board discussions, the on-site visits to each business were assessed to be useful in better understanding how business is being carried out. The balance between in-person and online Board meetings in the post-COVID era, as well as efforts to go paperless, were assessed to be contributing to really effective Board management. To allocate enough time for discussions on important future topics, it was suggested that free discussion time be further utilized and that the timely sharing of information needs to be continued going forward.
<p>Response to the assessments in FY2023 (As of June 2023)</p>	<p>The following are the topics that the Company's directors believe management ought to start or continue, discussing in more depth, as well as initiatives that might be effective in enabling the Board to function better.</p> <p>The Company will bear these items in mind and continue to take measures to enhance the Board's effectiveness.</p> <p>Topics that ought to be discussed in more depth by management:</p> <ul style="list-style-type: none"> Evaluating and increasing the value of non-visible assets such as branding and engagement Policies for handling ESG-related issues Policy on constructive communication with the capital markets New value creation through DX and RDP <p>Key initiatives to enable the Board of Directors to function better</p> <ul style="list-style-type: none"> Issue-driven, focused discussions dedicated to important topics Clarifying what matters should be deliberated at Board meetings and using preliminary briefing sessions effectively 	<ul style="list-style-type: none"> Business portfolio and policy on synergies between businesses Policy on measuring the benefits of purpose management Risk management policy, including a cybersecurity framework <p>Establishing mechanisms to help the Board understand the Company's operations, including on-site visits</p> <ul style="list-style-type: none"> Ensuring communication and information sharing between outside directors and statutory committees

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Nomination Committee

Activity and Result

The Nomination Committee aims to improve transparency and fairness in the Group's governance by introducing a third-party perspective to deliberations concerning the appointment and dismissal of Directors and Executive Officers at all Group companies. The Group is currently promoting transformation – or qualitative change – with the goal of achieving our Purpose. Improving diversity among Group officers is critical both to realizing our Purpose and to developing our global business – not just in insurance but in wide-ranging sectors, including Nursing Care & Seniors, and Digital. The Nomination Committee works to improve diversity among Group officers both when appointing individual directors and executive officers and when formulating the Succession Plan.

In fiscal 2022, based on the reorganization of the composition of the Board of Directors (reducing the total number of directors by 2 and the number of outside directors by 1), we selected candidates for the Board of Directors and the head of the Sompo International Tokyo Office. In addition, for the purpose of more effectively implementing the business strategy of the entire Group, we set up opportunities for the direct exchange of opinions between the Nomination Committee and each Business CEO in appointing Directors and Executive Officers of the major Group companies. Through its deliberations, the Nomination Committee intends to establish a diverse portfolio of Group officers, and contribute to realizing our Purpose and to improving corporate value.

Nomination Committee performance

In fiscal 2022, the Nomination Committee met a total of 10 times (attendance rate: 100%). Its main agenda items are listed below.

Topic	Details
Formulating the Succession Plan	<ul style="list-style-type: none"> • Certain key positions are critical for bringing about the further transformation and growth of the Sompo Group; in the Succession Plan, the Committee has established a system that will produce high-quality individuals from diverse backgrounds in a stable and effective way. • A total of 86 key positions in the Group, including the position of Group CEO, are governed by the Succession Plan. • When selecting succession candidates, the Committee draws up various criteria for consideration, such as the proportion of positions held by women, to ensure a diverse pool of talented personnel.
Appointing Director candidates	<ul style="list-style-type: none"> • After considering the criteria for the appointment of Directors and the balance of the Board of Directors as a whole, the Committee resolved an issue related to the appointment of Director candidates to be submitted to the Annual General Meeting of Shareholders.
Appointing Executive Officers	<ul style="list-style-type: none"> • The Committee resolved an issue related to the appointment of Executive Officers.
Appointing Directors at Sompo Japan Insurance and Sompo Himawari Life Insurance	<ul style="list-style-type: none"> • The Committee resolved an issue related to the appointment of Director candidates at Sompo Japan Insurance and Sompo Himawari Life Insurance.

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Audit Committee

Activity and Result

The Audit Committee consists of five directors, four of whom are independent directors. Under our highly independent and objective structure consisting mainly of them, we conduct audit activities with the mission of protecting stakeholders' interests through information sharing and active exchange of opinions among the Audit Committee and cooperation with the Internal Audit Department. Audits are conducted mainly through meetings with executive officers and other members of the Board of Directors. In fiscal 2022, we visited several Group companies to gain a deeper understanding of the actual business conditions through direct interviews with on-site staff members, thereby ensuring highly effective audits.

Under the Mid-Term Management Plan launched in fiscal 2021, the Company is aggressively pushing new initiatives – such as solutions that utilize real data – to achieve its goal of becoming “A Theme Park for Security, Health & Wellbeing,” and our audits have therefore become broader in scope. In this fiscal year, the final year of the Mid-Term Management Plan, I believe we can contribute to the enhancement of corporate value by drawing on the knowledge, expertise, and diverse backgrounds of each Member of the Audit Committee to conduct effective and high-level audits in a wide range of business areas in accordance with our auditing objectives in order to ensure the appropriateness of our efforts to achieve our Purpose.

Going forward, the Audit Committee will work to improve appropriate communication with the executive divisions and streamline its auditing methods based on timely and accurate information gathering and active discussions among the committee members, and will continue its efforts to meet stakeholder expectations by conducting audits of the highest quality.

Audit Committee performance

The Audit Committee formulates basic policies for audits and auditing plans, carries out audits year-round in accordance with these plans, and provides audit reports and a summary of its auditing activities at the end of each fiscal year. A report is provided to the Audit Committee following the completion of each audit activity, enabling the Committee to regularly verify the progress of the auditing plan. The Committee's year-round auditing activities include: attending important meetings and verifying important decisions; collecting information through meetings with Representative Executive Officers, through meetings with Business CEOs and Group CxOs, through meetings with general managers of departments and offices, and through site visits to Group companies in Japan and overseas; and providing feedback and suggestions regarding management operations.

In fiscal 2022, the Audit Committee met a total of 13 times (attendance rate: 97.6%). Our auditing activities for fiscal 2022 are outlined below.

Topic	Details
Audit Committee Responsibility System	<ul style="list-style-type: none"> The Audit Committee Responsibility System, which is continuing from the preceding fiscal year, was introduced with the aim of conducting audits of greater depth. Each Business CEO and Group CxO is assigned a primary auditor from among the members of the Audit Committee. Audit Committee members other than the primary auditor also actively participate, and after the audit, the committee has a lively exchange of opinions.
Collaborating with the Internal Audit Department	<ul style="list-style-type: none"> In order to strengthen collaboration with the Internal Audit Department, as in the preceding fiscal year, the General Manager of the Internal Audit Department attends meetings between Audit Committee members and officers, and is present at site visits to Group companies both in Japan and overseas. The Internal Audit Department also discusses the results of internal audits with Audit Committee members and participates in the lively exchange of opinions as described above.
Collaborating with Independent Accounting Auditors	<ul style="list-style-type: none"> We established a plan for year-round meetings with Ernst & Young ShinNihon LLC on the Overseas Insurance and Reinsurance Business and other businesses, and we work to mutually improve audit quality by ensuring frequent communications and engaging in lively exchanges of opinion, including requesting the provision of information from the viewpoint of an independent accounting auditor.
Measures to improve audit activities	<ul style="list-style-type: none"> The Audit Committee and other meetings were held both face-to-face and using video conferencing as appropriate to increase efficiency and ensure sufficient time for discussion. We visited several Group companies to gain a deep understanding of the actual business conditions through direct interviews with on-site staff members.

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Compensation Committee

Activity and Result

The Compensation Committee aims to improve transparency and fairness in the Group's governance by introducing a third-party perspective to deliberations about compensation for Directors and Executive Officers at all Group companies. It is imperative that the executive compensation structure not only imparts positive effects on governance, but also provides real incentives for Group officers to contribute to the enhancement of corporate value. From this perspective, we discussed revisions to Sompo Holdings' executive compensation system, and the following specific measures were taken effective April 2023: 1. Revision of the compensation levels; 2. A decrease in the fixed compensation ratio (increase in the variable compensation ratio); 3. Use of metrics for brand value and engagement as evaluation metrics in the strategic targets for performance-linked compensation; 4. Revision of long-term incentive program (changed from stock trust method to phantom stock method). These revisions will be implemented in the executive compensation plans of the major Group companies in fiscal 2024.

Two of the key questions concerning our Group's executive compensation structure are: "what compensation package should we award to the Group CEO?" and "how can we properly evaluate this?" In fiscal 2022, the Compensation Committee carefully deliberated the Group CEO's strategic goals and initiatives, and assessed the Group CEO's overall compensation, fixed compensation, and performance-linked compensation. The Committee will continue to discuss the Sompo Group's executive compensation structure, with a view to increasing its incentivizing effects to contribute to the enhancement of corporate value.

Compensation Committee performance

In fiscal 2022, the Compensation Committee met a total of 11 times (attendance rate: 100%). Its main agenda items are listed below.

Topic	Details
Revising executive compensation structures at Sompo Holdings	<ul style="list-style-type: none"> • Discussions were held to increase the incentivizing effects of the executive compensation structure of the Company, and the following revisions were implemented as of April 2023: <ol style="list-style-type: none"> 1. Revision of the compensation levels 2. A decrease in the fixed compensation ratio (increase in the variable compensation ratio) 3. Use of metrics for brand value and engagement as evaluation metrics in the strategic targets for performance-linked compensation 4. Revision of long-term incentive program (changed from stock trust method to phantom stock method)
Policy for handling differences in executive compensation between Japan and overseas	<ul style="list-style-type: none"> • Regarding differences in executive compensation between Japan and overseas, we conducted a study of our attractiveness to Directors and Executive Officers using assessments from an outside consulting firm and other sources. • We confirmed that going forward, we will make efforts to raise our attractiveness to Directors and Executive Officers outside of the Group to form a more competitive Director and Executive Officer portfolio.
Performance-linked compensation of the Group CEO	<ul style="list-style-type: none"> • The Committee assessed the Group CEO's initiatives in fiscal 2022, and determined the payment rates and payment amounts for performance-linked compensation.
Strategic goals and base amount of compensation of the Group CEO	<ul style="list-style-type: none"> • The Committee approved the Group CEO's fiscal 2023 strategic goals of 1. Business portfolio transformation; 2. Engagement, and Diversity & Inclusion; and 3. Improving corporate value. <ol style="list-style-type: none"> 1. Promote the transformation of the Sompo Group's business portfolio with the aim of realizing SOMPO's Purpose. 2. Engagement, and Diversity & Inclusion: Accelerate inclusion and diversity efforts with the aim of "creating innovation" and "improving employee happiness and job satisfaction," and realize an organizational and corporate culture in which diverse employees accept each other, respect each others' "My Purpose," and are able to fully demonstrate their individual strengths. 3. Improving corporate value: Enhance brand value by globally disseminating SOMPO's Purpose, Real Data Platform, and promotion of sustainability management, and enhance corporate value by increasing recognition amongst stakeholders. • The base amount of compensation for fiscal 2023 was determined based on the above strategic goals.
Performance-linked compensation of Executive Officers	<ul style="list-style-type: none"> • The Committee assessed the fiscal 2022 initiatives of Executive Officers. • It determined the performance-linked compensation payment rates and payment amounts.
Strategic goals and base amount of compensation of Executive Officers	<ul style="list-style-type: none"> • The Committee approved the fiscal 2023 strategic goals of all Executive Officers at Sompo Holdings and, based on these strategic goals, determined the base amount of compensation for fiscal 2023.



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Director structure

Structure

Name	Reappointment/ new appointment	Positions	Tenure	Nomination Committee	Audit Committee	Compensation Committee	Expected roles, skills and areas of expertise								
							1) Business strategy	2) Global management	3) ESG, SDGs	4) Transformation strategies	5) Digital	6) HR strategy	7) Finance, accounting	8) Corporate governance	9) Legal, risk management
Kengo Sakurada	Reappointment	Director	13 years	—	—	—	●	●	●	●	●	●	●	●	●
Mikio Okumura	Reappointment	Director	1 year	—	—	—	●	●	●	●	●	●	●	●	●
Scott Trevor Davis	Reappointment	Independent Director	9 years	● (Chairman)	—	●	●	●	●	●	—	●	—	●	—
Kazuhiro Higashi	Reappointment	Independent Director	3 years	●	—	● (Chairman)	●	●	●	●	—	●	●	●	●
Isao Endo	Reappointment	Independent Director	9 years	●	—	●	●	●	—	●	●	●	●	—	—
Takashi Nawa	Reappointment	Independent Director	3 years	●	—	●	●	●	●	●	●	●	—	●	—
Meyumi Yamada	Reappointment	Independent Director	2 years	●	—	●	●	●	●	●	—	●	●	●	—
Misuzu Shibata	Reappointment	Independent Director	3 years	—	● (Chairman)	—	●	●	●	—	—	—	—	●	●
Kumi Ito	Reappointment	Independent Director	2 years	—	●	—	●	●	—	●	●	●	●	—	—
Masayuki Waga	Reappointment	Independent Director	1 year	—	●	—	●	●	●	—	●	●	●	●	●
Toru Kajikawa	New appointment	Independent Director	—	—	●	—	●	●	—	—	—	●	●	●	●
Satoshi Kasai	Reappointment	Director	1 year	—	●	—	●	●	—	●	—	●	—	●	—

*Details of each skill and area of expertise are as follows.

Items 1) and 2): Skills and areas of expertise where all Directors are expected to provide useful advice and supervision to the executive sector

Items 3) through 9): Skills and areas of expertise where each Director is expected to provide useful advice and supervision to the executive sector based on professional knowledge gained through his or her specific insight and experience

The above tables show skills and areas of expertise particularly expected for each director and do not indicate all of the skills and areas of expertise possessed by each director.

*As of July 1, 2023

Corporate Governance

Policies for appointment of Directors and Executive Officers

Concept and Policy

The Company appoints Directors and Executive Officers in accordance with the Policies for Appointment of Directors and Executive Officers outlined below. Candidates Directors are selected by the Nomination Committee and approved at the General Shareholders Meeting. Candidate Executive Officers are selected by the Nomination Committee and approved by the Board of Directors.

Policies for the appointment of Directors

The Company not only supervises and guides its subsidiaries, but also formulates a Group-wide management strategy that encompasses the business strategies of subsidiaries engaged in P&C insurance and various other businesses. The Company is responsible for ensuring the execution and realization of these strategies. The Board of Directors is comprised primarily of outside directors, so that it can draw on diverse and independent viewpoints and carry out objective evaluations of management issues. When appointing outside directors, nationality, gender, and other forms of diversity are considered.

Additionally, Directors are appointed according to criteria outlined in the Comprehensive Guidelines for Supervision of Insurance Companies. Outside directors are appointed according to 1) "Competency Requirements," 2) "Criteria for the Independence of Outside directors," and 3) "Requirements for Terms of Office." For the purpose of carrying out substantive discussions, the number of Directors is limited to 15, in accordance with the Articles of Incorporation.

*In this policy, "gender" refers to all gender-related events, knowledge, and values, including the existence of the gendered division of labor and LGBTQ.

1) Competency Requirements

The Company appoints outside directors who have a wide range of knowledge and experience in various fields. They may include corporate executives, academic experts, and professionals who have expert knowledge of law, or of finance and accounting. Outside directors are required to be able to devote the time and effort necessary to properly fulfill the role and responsibilities of Director.

2) Criteria for the Independence of Outside directors

The Company will assess the independence of outside directors from the Company based on the criteria below.

- Personal Relationships: kinship between the candidate and any officer or employee of the Group; status of mutual appointments of Directors and Executive Officers between the Company and the company which the candidate is originally from.
- Capital Relationships: the holding by the candidate of shares in the Company, and the status of shareholding by the Group.
- Business Relationships: business transactions or donations between the Group and the candidate.
- Significant interests other than the above.

3) Requirements for Terms of Office

If the total terms of office as the outside director or Audit & Supervisory Board Member of the Company exceeds eight years, the Company will carefully consider whether there are any positive reasons for reappointment. Reappointment is not prevented if such reasons are found.

Policies for the composition of Executive Officers and criteria for their appointment

1) Policies for the composition of Executive Officers

The Company systematically develops managerial talent based on the Succession Plan. Regarding the composition of Executive Officers as a whole, the Company places importance on the diversity – including gender, age, experience, and nationality – and the balance of the management team.

2) Criteria for appointing Executive Officers

The Company appoints Executive Officers in accordance with the following criteria:

- The candidate is able to realize transformation based on the Group Management Philosophy and purpose.
- The candidate is able to develop the next generation of leaders who will drive the Group's transformation.
- The candidate is able to foster a Group culture that fills employees with confidence and pride, and encourages them to boldly take on challenges with high aspirations.
- The candidate is driven by their own mission and able to take action accordingly.
- The candidate has a high level of expertise and insight regarding the mission and roles they are tasked with.
- The candidate has experience and a track record regarding the mission and roles they are tasked with.
- The candidate understands the importance of diversity and is able to leverage it to create value.
- The candidate has the ability to make fair and impartial judgments and to achieve goals.
- The candidate has a fair and honest personality.

Outside director support system

Structure

Prior to meetings of the Board of Directors, outside directors are provided with explanations by the Corporate Legal Department of the Secretariat of the Board of Directors, and by the departments in charge of each agenda item. Additionally, the Human Capital Department provides assistance to outside directors as the Secretariat of the Nomination Committee and the Compensation Committee, and the Audit Committee Office provides assistance to outside directors as the Secretariat of the Audit Committee.

The Company also makes efforts to provide outside directors with various types of information, including the Integrated Annual Report, Annual Securities Report, and IR presentation materials.

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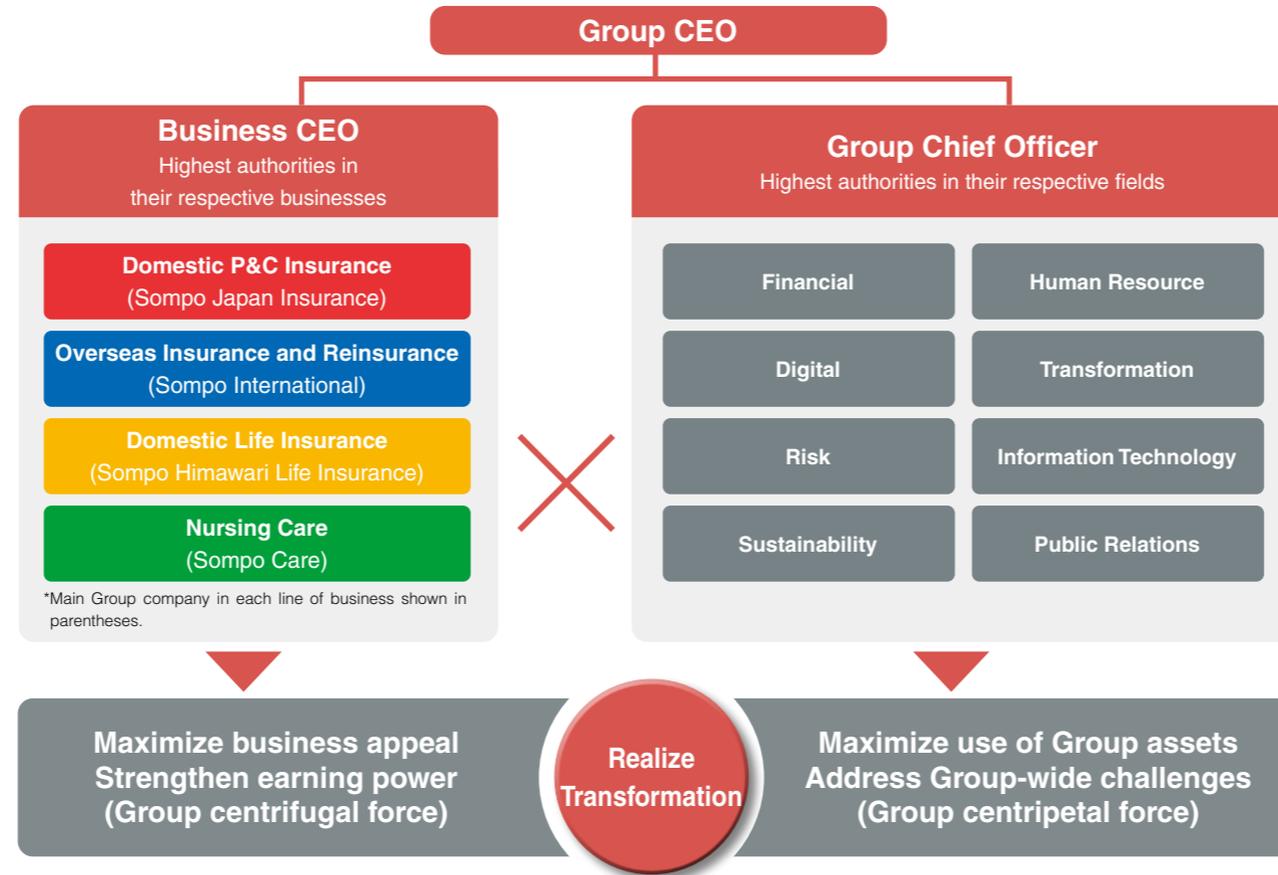
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Executive structure (After April 2024)

*As of February 29, 2024

Structure

We employ a matrix-style executive framework that is a combination of the Business Segment System and Group Chief Officer (CxO) systems. It enables the Company to make agile and flexible decisions and conduct business even in such rapidly changing times.



Business Segment System

With this system, the business CEOs drive the Group's growth and expansion by formulating business policies, accomplishing business plans, and improving the quality of business operations as the managers of each business.

Group CxO system

This system enables the Group CxOs – all of whom possess a high degree of expertise in their respective business domains – to exert as much influence required throughout the Group to help realize SOMPO's Purpose and enhance corporate value.

Directors and executive officers with diverse array of backgrounds

The directors and executive officers hailing from diverse backgrounds keep their respective missions in mind when engaging in discussions and making high-quality decisions for the purpose of achieving the transformation of the Group. To that end, we strongly emphasize diversity in our human resources portfolio when formulating a succession plan and appointing directors and executive officers.

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Business execution structure

Executive Officers

Executive officers are responsible for making decisions and executing business operations delegated by the Board of Directors. They execute business operations in accordance with the Group's management strategies within the scope of their duties in accordance with laws and regulations, the Articles of Incorporation, and internal rules. Senior Vice Presidents, having received a partial delegation of business execution authority from the executive officers, are in charge of the execution of business operations.

Group CEO

Group CEO oversees overall operation of the Group as a Chief Executive Officer of the Group by strategically assigning business CEO that are the heads of each business segment and Group CxOs that are the heads of each function of the Group to realize agile and flexible business operation under discontinuous changes in business environment.

Business CEO

The Group adopts the business segment system where the heads of each business segment (domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care) are delegated authority as business CEO for business strategy proposals, investment decisions, and personnel deployment to enable agile and flexible decision-making and business execution in each business segment that is close to customers.

Group CxO

Under the Group CxO system, each Group CxO oversees group-wide operation of each function (Group CFO (finance), Group CHRO (human resource), Group CDO (digital), Group CXO (transformation), Group CRO (risk management), Group CIO (IT), Group CSuO (sustainability), and Group CPRO (public relation)) as a head of each function in the Group to enable agile and flexible decision-making, and group-wide business execution in the Group's best interest.

Group ExCo

Global ExCo and the Managerial Administrative Committee (MAC) will be restructured to Group ExCo (chaired by Group CEO) April 2024.

(Reference) Committees until the end of FY2023

Global ExCo

Global ExCo is the advisory board for the Group CEO and the highest level of the executive committee. It meets six times a year in principle to discuss topics that have a significant impact on management, including Group-wide management strategies and business operation policies.

Global ExCo is chaired by the Group CEO and its membership also includes the Group COO, Business CEOs, Chairman of Overseas M&A, the Group CFO, Group CSO, and Group CHRO.

Managerial Administrative Committee (MAC)

As an advisory body to the Group COO, the Managerial Administrative Committee (MAC) deliberates on the execution of business strategies and important matters related to the management of the Company and Group companies.

It is chaired by the Group COO and its membership also includes the Group CxOs and Business CEOs.

Committees

Group ERM Committee

Established as a subcommittee of the Global ExCo*, the Group ERM Committee holds cross-group management discussions on important issues in the Group's strategic risk management and major risks surrounding the Group.

Global Transaction Committee

Established as a subcommittee of the Global ExCo*, the Global Transaction Committee conducts flexible and substantive discussions regarding investment considerations in the Overseas Insurance and Reinsurance Business and integrated management of acquired companies.

Investment Committee

The Investment Committee evaluates investment activities undertaken by the Group for business expansion, new business development, and other purposes from a professional and impartial perspective.

*Group ExCo (after April 2024)

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Name	Current title
Mikio Okumura	Group CEO, Director, President and Representative Executive Officer
Koji Ishikawa	CEO, Domestic P&C Insurance Business Senior Vice President and Executive Officer
James Shea	CEO, Overseas Insurance and Reinsurance Business Senior Vice President
Yasuhiro Oba	CEO, Domestic Life Insurance Business Senior Vice President and Executive Officer
Takamitsu Washimi	CEO, Nursing Care Business Senior Vice President and Executive Officer
Masahiro Hamada	Group CFO Senior Executive Vice President and Executive Officer
Shinichi Hara	Group CHRO Senior Executive Vice President and Executive Officer in charge of Legal Affairs and Internal Audit
Koichi Narasaki	Group CDO Senior Executive Vice President and Executive Officer
Katsuyuki Tajiri	Senior Executive Vice President in charge of Corporate Strategy and Overseas M&A General Manager, Office of Group CEO General Manager, Global Strategy Office
Kazufumi Watanabe	Group CXO, Executive Vice President and Executive Officer
Yoshihiro Uotani	Group CRO, Executive Vice President and Executive Officer

*The official name of each position is as follows

Group CEO : Group Chief Executive Officer

Group CFO : Group Chief Financial Officer

Group CHRO : Group Chief Human Resource Officer

Group CDO : Group Chief Digital Officer

Group CXO : Group Chief Transformation Officer

Group CRO : Group Chief Risk Officer

Group CIO : Group Chief Information Officer

Group CSuO : Group Chief Sustainability Officer

Group CPRO : Group Chief Public Relations Officer

*Executive structure and the officers are as of April 1, 2024

Name	Current title
Albert Chu	Group Co-CDO, Senior Vice President
Yoshiyasu Suzuki	Group CIO, Senior Vice President and Executive Officer General Manager, IT Strategy Planning Department
Ryoko Shimokawa	Group CSuO, Senior Vice President and Executive Officer
Hirofumi Shinjin	Group CPRO, Senior Vice President and Executive Officer
Kenneth Reilly	Executive Vice President, General Manager, Global Business Department
Hiroshi Horie	Executive Vice President in charge of Compliance
Yuji Kawauchi	Executive Vice President in charge of Overseas Business, Wellbeing
Yasuki Kume	Executive Vice President, Deputy Head of Wellbeing
Tsutomu Yamaguchi	Senior Vice President, Group Deputy CFO
Yohei Namiki	Senior Vice President in charge of Wellbeing General Manager, Wellbeing Business Department
Yuko Nakagawa	Senior Vice President in charge of Wellbeing



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Corporate Governance

Executive compensation structure

*As of February 29, 2024

Structure

The Company regards its executive compensation structure as an important aspect of corporate governance. The goal of the executive compensation structure is to increase corporate value and to share interests with shareholders. The executive compensation structure is formulated by the Compensation Committee, which is chaired by the independent director, and incorporates objective points of view. It is based on the basic policies outlined below. The Company's Policies on Decisions Pertaining to Executive Compensation describes the Basic Policies on Executive Compensation, the composition of executive compensation, how compensation is determined for each position, and the details of each type of compensation.

Basic Policies on Executive Compensation (applicable to all Group companies)

- a. The level and system of compensation shall ensure that top talent can be acquired and retained for the senior management of the Sompo Group.
- b. The executive compensation structure shall be consistent with the Group business strategy. It shall incentivize Directors and Executive Officers to improve their performance with the goal of achieving Group growth.
- c. Compensation shall reflect not just single-fiscal-year performance, but also reflect medium- to long-term results and the initiatives of Directors and Executive Officers.
- d. Compensation shall be determined in accordance with the scale of future-oriented missions undertaken by Directors and Executive Officers, and with the results of these missions. Compensation may take fixed factors associated with specific job titles or positions into consideration.
- e. The Company's Compensation Committee shall deliberate the compensation structures of the Company and its key subsidiaries, to ensure they have the objectivity, transparency, and fairness to fulfill accountability to stakeholders.

Overview of executive compensation structure

The Company considers the current Mid-Term Management Plan to be a period for realizing the transformation of the entire Group and each of its businesses. The Company regards performance-linked compensation for officers, the scale of the mission for realizing this transformation, and related initiatives as important elements of corporate governance, which underpins this transformation.

Scale of mission and approach to realizing a transformation and earnings-linked executive compensation structure



The Company believes that all officers should demonstrate and act in accordance with their own duties and mission, based on the principles of being mission-driven (having a sense of mission and job satisfaction, and working with a sense of personal involvement) and of being results-oriented. The executive compensation structure is not designed to award officers a fixed compensation amount based only on their duties or position; instead, compensation is determined in accordance with the scale of the future-oriented mission they are undertaking, and with the results of these missions.

The Company assigns a grade to each position according to its responsibilities, with Group CEO being the position with the highest grade. The standard amount of total compensation packages for each position are determined according to these grades. The base amount of the total compensation package for each officer is determined every fiscal year, and reflects the scale of the mission assigned to the officer in question.

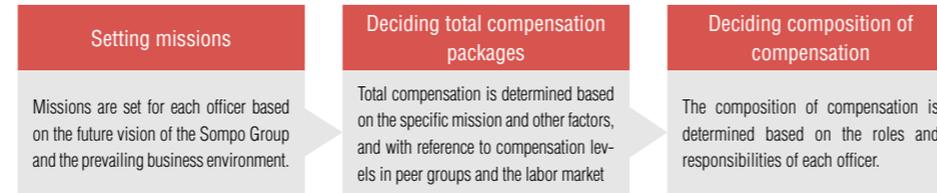
The Compensation Committee deliberates and determines the amount and composition of compensation for each Director and Executive Officer at the Company, in accordance with the decision-making process and calculation methods described below.

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(1) Decision-making process for total compensation packages

The Company sets compensation levels for each officer on an individual basis, according to the scale of the mission assigned to each officer and their own personal performance. The Company does not adopt the conventional approach of determining compensation according to a table that assigns different amounts of compensation for each officer rank.



(2) Composition of compensation for officers

Compensation for officers consists of: fixed compensation (monthly salary), which is based on the duties and responsibilities of each officer; and variable compensation, which is linked to performance. Variable compensation comprises: performance-linked cash compensation, which is compensation linked to short-term performance paid out every fiscal year in accordance with fiscal-year performance; and performance-linked stock compensation, which is compensation linked to long-term performance, and whose goal is to increase the association between compensation and medium- to long-term growth in corporate value. The composition of compensation is designed to incentivize officers to make decisions based not only from a single-fiscal-year perspective but from medium- and long-term perspectives, and to take Company performance and share price into consideration.

Overview of executive compensation system

	Type of compensation	% of total		Comments
		Group CEO	Other officers	
Fixed compensation	Monthly salary	33.4%	50-70%	<ul style="list-style-type: none"> Set for each officer in accordance with the roles and duties of their position Cash compensation paid monthly
Variable compensation	Performance-linked cash compensation	33.3%	15-25%	<ul style="list-style-type: none"> A base amount is set; actual payment is determined based on annual performance Based on an assessment of each officer's level of achievement for financial and strategic goals Paid in cash in June after the conclusion of the fiscal year
	Stock price-linked compensation	33.3%	15-25%	<ul style="list-style-type: none"> Payment amount is determined in accordance with the share price in order to share value with shareholders and promote medium- and long-term growth of the Group Payment in cash at any time after a certain period has elapsed since the granting of units up until retirement and also upon retirement
	Subtotal	66.6%	30%-50%	
Total		100%	100%	

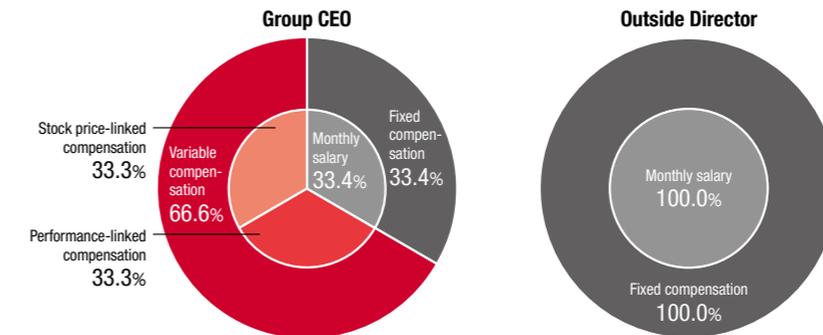
(3) Approaches and calculation methods for each of type of compensation

1) Fixed compensation (monthly salary)

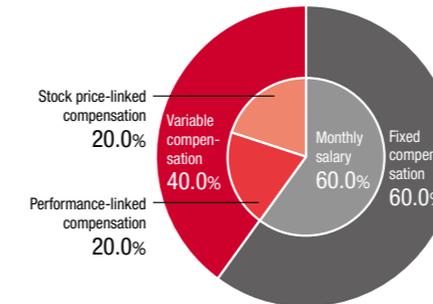
The Company sets fixed compensation (monthly salary) in accordance with the responsibilities of each officer's position. In principle, an equal amount is paid each month.

An appropriate level of fixed compensation (monthly salary) is set according to the following parameters: the standard amount of fixed compensation is based on the total compensation package for the grade assigned to the officer's position; the base amount takes into consideration the mission of the individual officer, and the nature of the officer's roles and responsibilities. Reference is also made to market compensation levels, as quantified by officer compensation surveys conducted by third-party compensation consulting firms.

Examples of compensation structure by position



Executive Officer (example)



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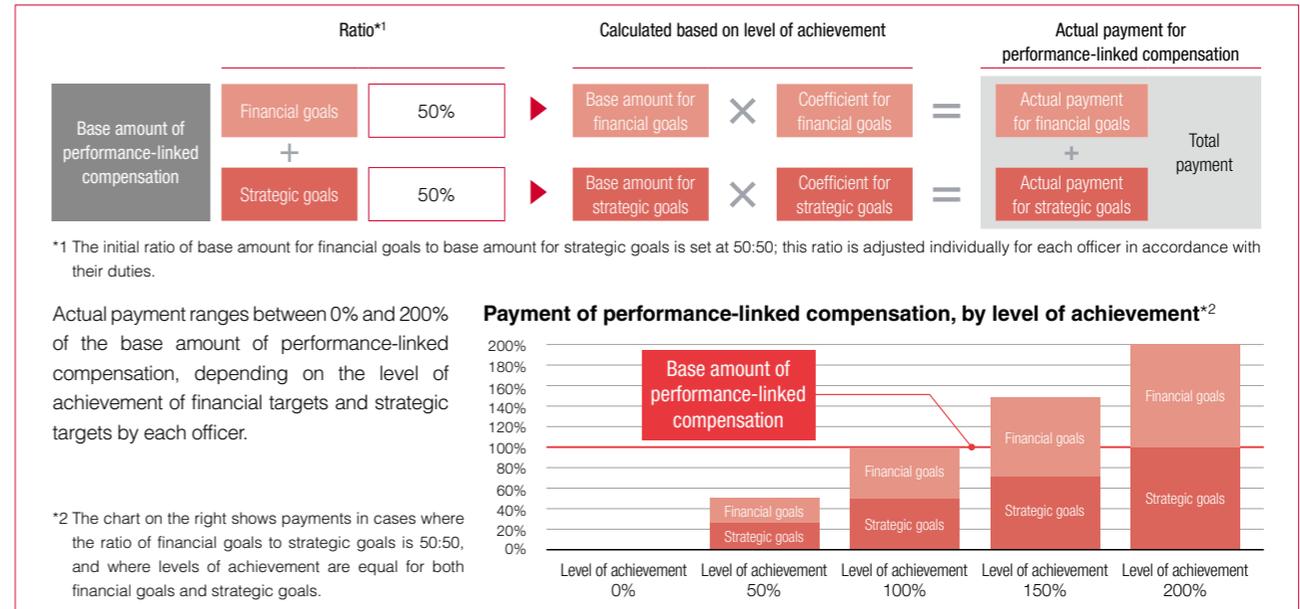
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2) Performance-linked compensation

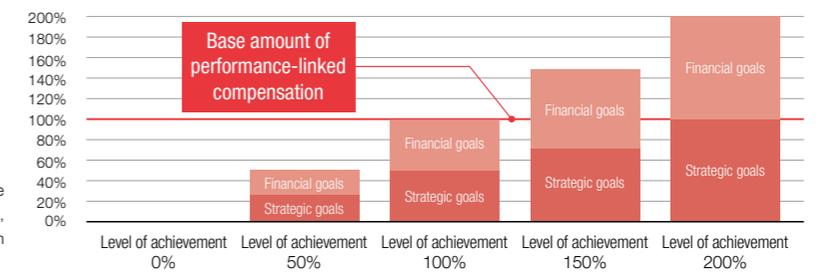
The Company operates a performance-linked compensation system that rewards officers for the contributions they made to each business's single-fiscal-year performance.

In order to ensure that performance-linked compensation reflects both the financial performance and the strategic performance goals associated with management plans in a balanced manner, the Company adopts a performance-linked compensation system that comprises "financial performance-linked compensation" and "strategic performance-linked compensation." To provide stronger incentives, the Company applies a coefficient to the base amounts of performance-linked compensation. This coefficient varies according to the level of achievement of strategic goals set for the mission assigned to each officer, ranging from 0% to 200%.

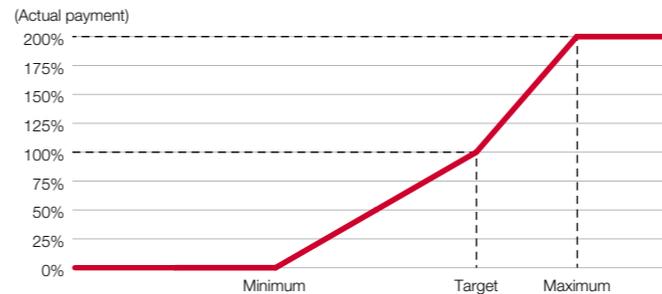
- To determine performance-linked compensation, the Company first sets a base amount of performance-linked compensation. This base amount is then multiplied by a coefficient that reflects the level of achievement of single-fiscal-year financial goals and strategic goals.
- The base amount of performance-linked compensation is defined as the amount to be paid if financial goals and strategic goals are fully achieved. The base amount is determined individually for each officer.
- Performance-linked compensation comprises financial performance-linked compensation and strategic performance-linked compensation. The allocation ratio of these two compensations is determined by the Compensation Committee in accordance with the nature of the mission assigned to each officer.
- The performance indicators adopted as the financial goals include adjusted consolidated ROE, among others, for the fiscal year, and the coefficient is determined according to the actual results versus the targets in the business plan.
- The performance indicators adopted as the strategic goals are the metrics agreed on by the Group CEO, business CEO, or other director or executive officer responsible for their evaluation in accordance with the mission of each director and executive officer, and the coefficient is determined according to the level of achievement.
- Of the performance indicators adopted as the strategic goals, an engagement indicator for all directors and executive officers and a brand value indicator for some directors and executive officers have been set as mandatory components for measuring Unrealized Financial Value.



Payment of performance-linked compensation, by level of achievement*2



Financial goals



The financial goal coefficient is 100% when the targeted financial performance is achieved; in this case, the base amount of compensation will be paid. Depending on the level of achievement of financial goals, actual payment will range from 0% to 200% of the base amount.
*The graph above indicates the relationship between level of achievement and actual payment.

Strategic goals

Description	Level of achievement
Results better than expected	200%
	175%
	150%
	125%
Results as expected	
	100%
Results worse than expected	75%
	50%
	25%
	0%

The coefficient is determined in accordance with the level of achievement of strategic goals established for each officer; this coefficient is then multiplied with the base amount. A coefficient of 100% is used when strategic targets have been fully met; 200% is the maximum and 0% the minimum.

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Indicators used for performance-linked compensation

The table on the right summarizes the financial indicators used to determine performance-linked compensation. Financial indicators are set for each business; strategic goals are set for each officer.

Business domain	Financial indicators for FY2023
Entire Group	Adjusted profit, Adjusted consolidated ROE
Domestic P&C Insurance Business	Adjusted profit, Net income
Overseas Insurance and Reinsurance Business	Adjusted profit
Domestic Life Insurance Business	Adjusted profit, Increase in adjusted EV
Nursing Care & Seniors Business	Adjusted profit
Digital Business	Adjusted profit, Revenue

*1 Net income for the Domestic P&C Insurance Business is the standalone figure for Sompo Japan Insurance.
 *2 In the Nursing Care & Seniors Business, the financial indicator adopted for the president of Sompo Care is adjusted profit at Sompo Care (standalone basis).
 *3 Adjusted profit and sales in the digital business are for Palantir Technologies Japan (standalone basis).

3) Stock price-linked compensation

The Company believes it is vital that the Group as a whole grows sustainably over the long term. For the purpose of maintaining the link between compensation for directors and executive officers and stock value, as well as further raising the awareness and talent retention that contributes to stronger earnings and greater corporate value over the medium-to-long term, we discontinued the previous performance-linked stock compensation plan and introduced a new stock price-linked compensation (phantom stock, or PS), effective from April 1, 2023.

For this compensation, PS offering the same economic value as cash stock is issued to the directors and executive officers. An overview of this system is as follows.

- The number of units granted is determined by multiplying the stock price-linked compensation base amount, which varies depending on the magnitude of the mission of each director and executive officer, by the previous year's strategic goal evaluation coefficient and dividing it by the Company's share price.

$$\left[\text{Stock price-linked compensation base amount} \times \text{Strategic goal evaluation coefficient from previous FY} \right] \div \text{Company's closing share price on the grant date} = \text{Number of units granted}$$

- The units granted will vest at the end of the fiscal year three years after the grant date. Once vested, they will be categorized into PS 1 and PS 2. If the director or executive officer resigns voluntarily before the vesting date, the units will not be eligible for vesting.
- PS 1 and PS 2 units will be divided evenly (50% each) and be subject to the following.
 - PS 1: After vesting, an amount based on the current share price at any time up until retirement, along with an equivalent cumulative dividend amount, will be paid in cash.
 - PS 2: Upon retirement, an amount based on the share price calculated with a prescribed method, along with an equivalent cumulative dividend amount, will be paid in cash.
- The payment amount will be determined as follows.

Payment based on the exercise of rights for PS 1 at any time

$$\left[\text{Number of PS 1 units designated by the director or executive officer} \times \text{Closing share price on the day the director or executive officer indicated their intention to receive PS 1} \right] + \text{Equivalent cumulative dividend amount}$$

Payment based on the exercise of rights for PS 1 and PS 2 upon retirement

$$\left[\text{Number of unexercised PS 1 and PS 2 units up until the day of retirement} \times \text{Share price at the time of retirement (calculated based on a prescribed method)} \right] + \text{Equivalent cumulative dividend amount}$$

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Total compensation, total compensation by type, and number of eligible officers for each officer category, in FY2022

The total compensation, total compensation by type, and the number of eligible officers for each officer classification in the current fiscal year are outlined below.

Officer category	Total compensation (million yen)	Compensation by type (million yen)				No. of eligible executives
		Fixed compensation (monthly compensation)	Retirement benefits, etc.	Performance-linked compensation		
				Cash compensation	Non-cash compensation	
				Performance-linked cash compensation	Performance-linked stock compensation	
Directors (excluding outside directors)	78	73	—	2	2	5
Outside directors	187	187	—	—	—	10
Executive Officers	1,725	779	—	642	302	19
Total	1,990	1,040	—	645	305	31

*1 The amounts for total compensation, total compensation by type, and the number of eligible directors and executive officers include: one executive officer who resigned on March 31, 2021; six executive officers who resigned on March 31, 2022, and one director who resigned at the end of the 12th Annual General Meeting of Shareholders held on June 27, 2022.

*2 Compensation for the two directors who concurrently serve as executive officers and the one director who concurrently served as executive officer up until March 31, 2022, is separated into director compensation and executive officer compensation; the compensation for each position is included in the applicable total compensation amount. For this reason, the total number of eligible directors and executive officers differs from the combined number for each classification.

*3 Performance-linked cash compensation is paid in cash, and is the total of: compensation based on performance in the previous fiscal year and provisions to reserves for compensation based on performance in the current fiscal year. It excludes provisions to reserves for the previous fiscal year. Performance-linked stock compensation prior to revisions to the Company's Policies on Decisions Pertaining to Executive Compensation is non-cash compensation, and is the total of: the amount of provisions to reserves for stock benefits recorded for the current fiscal year, based on performance in the previous fiscal year.

*4. All compensation for Directors and Executive Officers is compensation from the insurance holding company. There is no compensation from the parent of the insurance holding company.

Total consolidated compensation for each officer in FY2022

Executives who received compensation totaling 100 million yen or more are listed below.

Name	Total compensation from the Company and its consolidated subsidiaries (million yen)	Officer category	Company category	Total compensation by type from the Company and its consolidated subsidiaries (million yen)			
				Fixed compensation (monthly compensation)	Retirement benefits, etc.	Performance-linked compensation	
						Cash compensation	Non-cash compensation
				Performance-linked cash compensation	Performance-linked stock compensation		
Kengo Sakurada	477	Director	Sompo Holdings, Inc.	6	—	2	1
		Executive Officer		127	—	209	130
Mikio Okumura	308	Director	Sompo Japan Insurance Inc.	—	—	—	—
		Director	Sompo Holdings, Inc.	4	—	—	1
		Executive Officer		99	—	127	75
James Shea	721	Director	Sompo International Holdings Ltd.	—	—	—	—
		Executive Officer	Sompo Holdings, Inc.	267	—	—	—
John R. Charman	915	Director	Sompo International Holdings Ltd.	160	—	293	—
		Executive Officer	Sompo Holdings, Inc.	—	—	278	—
		Director	Sompo International Holdings Ltd.	—	—	636	—

*1 The amounts of performance-linked compensation show compensation paid in the current fiscal year; provisions to reserves in the current fiscal year are not included.

*2 For compensation paid in foreign currencies, the amounts show yen equivalents.

*3 James Shea resigned as Executive Officer on March 31, 2023 and was appointed Senior Vice President on April 1, 2023.

*4 John R. Charman resigned as Executive Officer on March 31, 2022.



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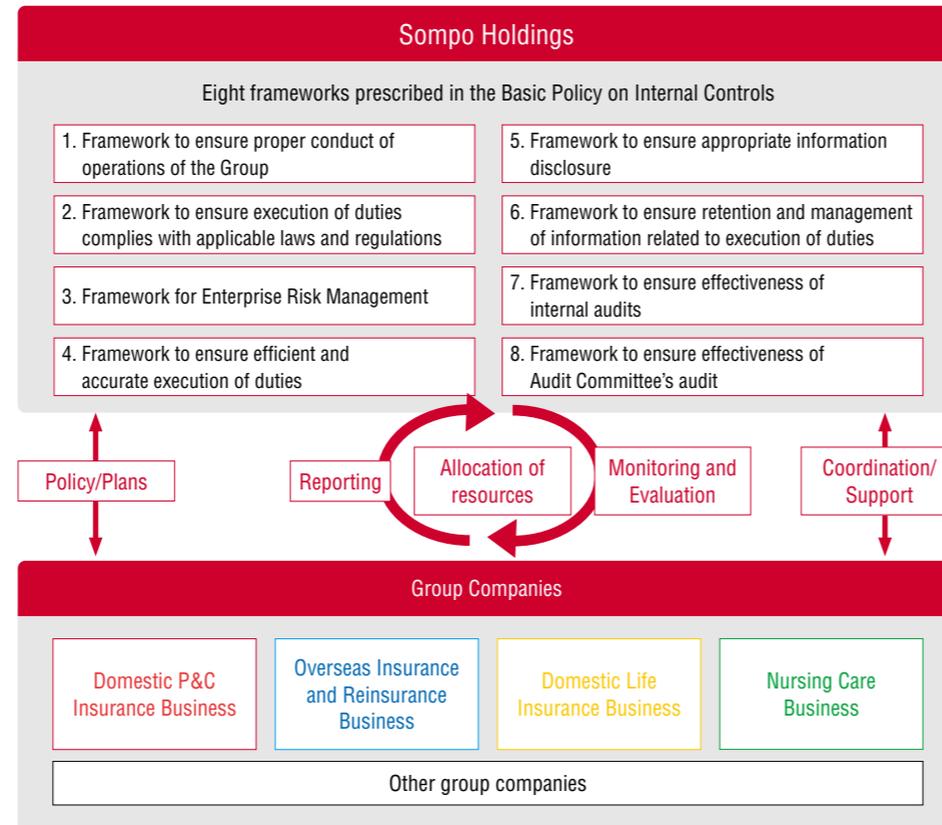
Group internal controls to support corporate governance

Concept and Policy

The Board of Directors has established eight frameworks in the Basic Policy on Internal Controls as a foundation for improving corporate value and for ensuring the proper conduct of operations within the Group.

In addition, to ensure that the Group's controls function both effectively and efficiently, the Company enters into management contracts with each Group company, properly understands and checks the situation at each company, and continuously works to enhance and strengthen internal control systems at a Group level.

Group internal controls systems



Web For further details, please visit the website: [Basic Policy on Internal Controls](#)



16.1, 16.5, 16.6

Basic concept and policy

Concept and Policy

As part of its commitment to compliance, the Sompo Group has formulated various policies and codes of conduct, such as the Sompo Group Basic Policy on Compliance, and established compliance systems, and raised awareness of these policies among Group officers and employees. We are a company that seeks to maintain a healthy social presence; to this end, rather than viewing compliance simply as complying with laws and regulations, we have been working to develop a culture that encourages each employee to act autonomously and independently in accordance with corporate ethics and social norms.

Basic Policy on Compliance

The Company Group shall comply with laws and regulations in accordance with the following policy and realize corporate activities that are in conformity with social norms and corporate ethics.

Basic Policy on Compliance (Overview)

1. Compliance as the major premise for business operations

With the deep awareness that profits gained by disregarding compliance is not sustainable, we will set compliance as the precondition for our business operations.

2. Nurturing and enhancing compliance awareness of officers and employees

We will nurture and enhance the awareness that compliance must be taken seriously so that officers and employees will comply with laws and regulations and act in conformity with social norms and corporate ethics.

3. Systematic efforts to ensure compliance

With the deep awareness that continuous and perpetual efforts are needed to ensure compliance, we will systematically work toward the realization of it.

4. Early detection of issues and prompt actions

We will establish an early detection system in order to be prepared for any occurrence of compliance issues in association with business operations, and take prompt and appropriate actions if any issue occurs.

Web For specific compliance-related policies, please visit the website (in Japanese): [Management of Conflict of Interest Transactions](#), [Protection of Customer Information](#), and [Response to Anti-social Forces](#)



Compliance

Sompo Group Compliance Code of Conduct

The Group has established the Sompo Group Basic Policy on Compliance (collectively, “Basic Policy”) with the aim of being a corporate group trusted by society by remaining constantly aware of the important public mission and social responsibility of its businesses and providing customers with the highest-quality services and sense of security through appropriate corporate activities that comply with laws and regulations, societal norms, and corporate ethics.

The Sompo Group Compliance Code of Conduct (collectively, “the Code of Conduct”) clearly shows the actions required to ensure that all officers and employees (“Employees”) of the Sompo Group understand the importance of compliance and act in ways that consider compliance seriously. All Employees must act in compliance with the Code of Conduct.

Web For further details, see the following: [Sompo Group Compliance Code of Conduct](#)

Sompo Group Compliance Code of Conduct

1. Compliance with Laws, Regulations and Internal Rules

We will act with integrity and good sense in compliance with laws, regulations and internal rules, and based on social norms and corporate ethics.

2. Respect for Human Rights

We will respect human rights in every aspect of our business activities.

3. Maintain and Promote a Healthy and Safe Working Environment

We will aim to maintain and promote a healthy and safe working environment in which Employees can have peace of mind and demonstrate their abilities fully without any concerns that threaten their mental or physical safety.

4. Protection of Company Assets

We will only use the assets of the Group for the Group’s business activities and properly protect them.

5. Proper Document Creation and Management

We will properly create and manage documents, emails, and data, etc. related to our transactions and operations in accordance with laws, regulations and internal rules.

6. Fair and Free Competition

We will construct and maintain a sincere relationship with customers, competitors, and outsourcing partners, etc., and pursue fair and free competition.

7. Prohibition of Bribery

To contribute to the maintenance and development of an orderly free competitive market, we will promote fair business activities with high ethical sense and will not engage in bribery.

8. Prohibition of Conflict of Interest

Under situations where the interests of Employees conflict with the interests of the company, we will take actions with preference to the interests of the company in accordance with related laws, regulations and internal rules.

9. Protection and Management of Personal and Confidential Information

We will properly deal with personal information, confidential information that we obtain and data, etc. that we create in connection with our business in accordance with laws, regulations and internal rules.

10. Protection of Intellectual Property

We will protect intellectual property possessed by the Group, and will not infringe it possessed by third parties.

11. Prohibition of Insider Trading

By strictly prohibiting insider trading by Employees, we will ensure investors’ trust in the securities market.

12. Elimination of Relationships with Organized Crime Forces

We will strive not to have any relationship with organized crime forces, maintain public confidence, and realize a safe society and sound corporate management.

13. Prevention of Money Laundering and Terrorist Financing

We will strive to ensure that the Group’s products and services are not used to transfer proceeds from crime, to finance terrorists, or to proliferate weapons of mass destruction.

14. Appropriate Political Activities

As a corporation, we will conduct fair business activities while maintaining an appropriate relationship with politics. In addition, we will clarify the distinction between public and private regarding personal political activities of Employees.

15. Appropriate Financial Reporting, Tax Processing Based on Laws and Regulations

We will accurately record financial information and appropriately report and disclose such information in a timely and appropriate manner so that shareholders, investors, and other stakeholders can make decisions fairly and equitably, and also aim to maintain and improve tax compliance in accordance with tax related laws and regulations.

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Initiatives

Structure Activity and Result

We coordinate with Group companies so that they can increase the effectiveness of their compliance initiatives, and we have been working to evolve our compliance frameworks based on Group strategies and external environments. In response to increased social awareness of data protection, for example, we are implementing measures to address privacy risks and working on improving the early detection of warning signs, such as screening potential conduct risks.

In addition, in our internal reporting and consultation (whistleblowing) system, which is an important mechanism for early detection of problem events, we are working to strengthen protections for whistleblowers and those seeking consultation. In addition to enforcing confidentiality, we have established a system based on the relevant laws and regulations of each country. This provides a system for internal reporting and consultation that can be used promptly in the event of problems that are difficult to resolve in the workplace. In fiscal 2022, there were 261 internal reports or consultations, and we are working to revitalize the system so that users can seek consultation with confidence.

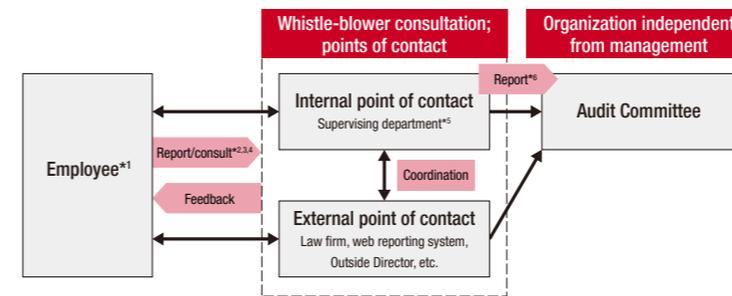
While the Group has insurance business at its core, it has expanded into new business areas such as the Nursing Care Business and Digital Business. We have also been working to create new businesses and transform existing businesses through partnerships and the use of new digital technologies and data. When developing compliance frameworks, it is necessary to consider not only the relevant laws, but also the business characteristics, scale, and operating conditions of each Group company, as well as the potential risks they face. As such, we mutually participate in Group company meetings, and vice-versa; we also hold Chief Compliance Officer meetings, attended by the heads of the Compliance Departments in each business. This is a forum to share examples of effective initiatives undertaken by each business, and to exchange opinions on the issues we face. In this way, through our efforts to understand conditions at the Group and share information, we support the development of compliance frameworks at Group companies.

Whistle-blowing and consultation system

- With the aim of preventing misconduct, including violations of laws and regulations, as well as harassment and other problematic behavior, and maintaining and enhancing corporate value through self-regulation, the Sompo Group maintains a whistle-blowing system for internal reporting and consultation by establishing external hotlines in addition to internal hotlines at each Group company, and by continuously informing employees of these hotlines.
- Each Group company has a system in place in accordance with the relevant laws and regulations of each country. In Japan, we have a system in place in accordance with the revised Whistleblower Protection Act (effective June 2022), and overseas, we have a system in place based on both local laws and Group system development standards.

System for receiving reports and consultations	<ul style="list-style-type: none"> • Reports and consultations are handled by a specific person in charge (“Response Person”), who is obliged to maintain confidentiality. • Reports and consultations received through external hotlines will be appropriately forwarded to the supervisory division, taking into consideration the intentions of the whistle-blowing or consulter. • The results of the investigation will be reported back to the whistleblower or consulter by the internal or external hotlines as appropriate.
Protection of reports and consulters	<p>We are working to strengthen protections for whistleblowers and those seeking consultation, and we have prepared an internal reporting and consultation system that can be used quickly and safely when problems that are difficult to resolve at work occur.</p> <ul style="list-style-type: none"> • We require our Response Person to maintain strict confidentiality. • We prohibit any attempt to identify the whistleblower or person seeking consultation, or any disadvantageous treatment of them, and clearly stipulate the disciplinary measures to be taken against those who violate the rules.

Flow of procedures after receiving reports or consultations



*1 This includes persons who have resigned from their jobs within one year, and persons who are employed by other companies and engaged in work for SOMPO in Japan (eligibility varies depending on circumstances in each country).
 *2 Anonymous reporting is also accepted.
 *3 Email, telephone, and other reporting and consultation methods are available (available methods vary depending on circumstances in each country).
 *4 Consultations regarding how to use the system and how whistleblowers and consulters are protected are also available (scope of consultation available varies depending on circumstances in each country).
 *5 The supervisory department is responsible for leading investigations and corrective actions in cases, as well as analyzing trends and formulating countermeasures.
 *6 Significant reports (including reports in which directors and executive officers are suspected to be involved) shall be reported to the Audit Committee which is an independent body from the management, and response policies shall be determined by the Audit Committee.

Examples of receiving reports and consultations

- Work environment
- Harassment
- Violation of human rights
- Violation of laws and rules
- etc.

Information on how to contact customers and stakeholders is available on each company's website.

Number of whistle-blowing cases

Item	FY2021	FY2022	Companies covered		
			Consolidated companies in Japan		Overseas consolidated companies
			Sompo Japan	Other group companies	
Number of whistle-blowing cases	256	261	●	●	●
Number of reports and consultations regarding human rights violations, including harassment	175	180	●	●	●



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Compliance

Compliance training

The Sompo Group systematically implements compliance-related education and training to ensure that officers and employees comply with laws and regulations and act in accordance with social norms and corporate ethics.

Item	FY2019	FY2020	FY2021	FY2022	Companies covered		
					Consolidated companies in Japan		Overseas consolidated companies
					Sompo Japan	Other group companies	
Ratio of employees who received compliance training	90.7%	93.9%	94.2%	92.8%	●	●*	●

*Excluding the data of Sompo Care Inc.

Developing the Group's internal audit framework

We have established the Sompo Group Basic Policy on Internal Audits, which defines internal audits as processes for assessing the internal control framework and providing recommendations on methods for its improvement. Accordingly, we endeavor to enhance corporate value and meet the expectations of stakeholders by developing an efficient and effective Group-wide internal audit framework, and by conducting risk-based internal audits that take into account the characteristics and strategies of our businesses.

Specifically, we have expanded our monitoring functions and adopted a flexible approach to the auditing of evolving risks. In conjunction with these efforts, we help Group companies develop their own internal audit frameworks mainly by evaluating the quality of their internal audits, including verification by external evaluation agencies, and by recommending ways to rectify any issues they have identified.

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Compliance

Establishment of Group Tax Policy

Concept and Policy

In recent years, the environment surrounding taxation has been characterized as follows;

1. The progress of the BEPS project by the OECD has brought tax compliance into the spotlight on a global scale.
2. In Japan, there are calls for large companies to enhance and improve their corporate governance with respect to taxation, and the importance and necessity of active involvement and guidance by top management and the formulation of a "global transfer pricing policy (transfer pricing strategy for the entire group)" are pointed out as examples of such efforts.

Against these backgrounds, we established the Group Tax Policy in August 2018 as a practical guideline for the entire SOMPO Group, including overseas Group companies.

Group Tax Policy

1. Regulatory Compliance

The Sompo Group sets out a basic principle of "Compliance with applicable laws and regulations relevant to its business activities in each country." The Group aims to maintain and improve its tax compliance in accordance with tax related laws, regulations and standards published by international organizations, such as OECD, EU and UN guidelines, as well as the domestic laws, regulations and standards of each country and region, and fulfills its corporate social responsibility by properly paying its taxes.

2. Approach to International Taxation

The Sompo Group strives to mitigate any risk of damaging corporate value by exposing the Group to tax penalties and/or double taxation, based on understanding the purpose of the BEPS initiative led by the OECD.

International transactions between intra-group entities are conducted at an arm's length price. The Sompo Group also ensures international income is allocated between parties on an appropriate basis.

3. Optimization of Tax Burden

In order to maximize corporate value, the Sompo Group aims to minimize tax risks and to make appropriate and effective use of tax mitigation measures in accordance with each jurisdiction's laws and morals. The Sompo Group does not perform tax avoidance by, for example, utilizing excessive tax saving practices based on interpretations and/or applications that deviate from the actual content, meaning and/or intention of the relevant laws and regulations.

4. Relationship with the Tax Authorities

The Sompo Group seeks to maintain a positive relationship with the tax authorities of each country by ensuring that its explanations of its positions are always sincere, transparent and based on true facts.

The tax filing and payment practices of the Sompo Group will be timely and appropriate, and tax-related information will be submitted to the tax authorities when it is requested. On this basis, in cases where it is agreed with the tax authorities that there is a need for corrective and remedial measures, such measures will be appropriately taken by the Sompo Group.

Tax Management System of SOMPO Group

Structure

In principle, the head of each region's domestic tax department is responsible for managing tax issues in each region. However, since global transactions within the group affect multilateral, tax management is conducted to consider the tax systems of multiple countries and examine tax issues from multiple perspectives.

Specifically, the global tax sections in Japan, US and UK handle any tax issues on a global basis, and regular meetings by the three sections are held to exchange information closely and discuss various global tax-related issues. The appropriate solutions are then presented to the CFOs and/or each business unit as necessary.

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ERM

Our basic approach to ERM

Concept and Policy

Through the practice of Enterprise Risk Management (ERM), which is a framework for risk management, the Sompo Group aims to minimize unexpected losses, improve profits by effectively utilizing capital, and maximize corporate value, based on the Sompo Group Basic Policy on ERM established by the Board of Directors.

To ensure the effectiveness of its ERM, the Company has established the Sompo Group Risk Appetite Statement, which serves as a guideline for risk taking, and has put in place systems for capital allocation and other ERM functions. Furthermore, to support ERM, the Group integrates and manages various risks of the Group, and to keep up with changes in the business environment, the Group constantly monitors and develops responses to ERM-related issues.

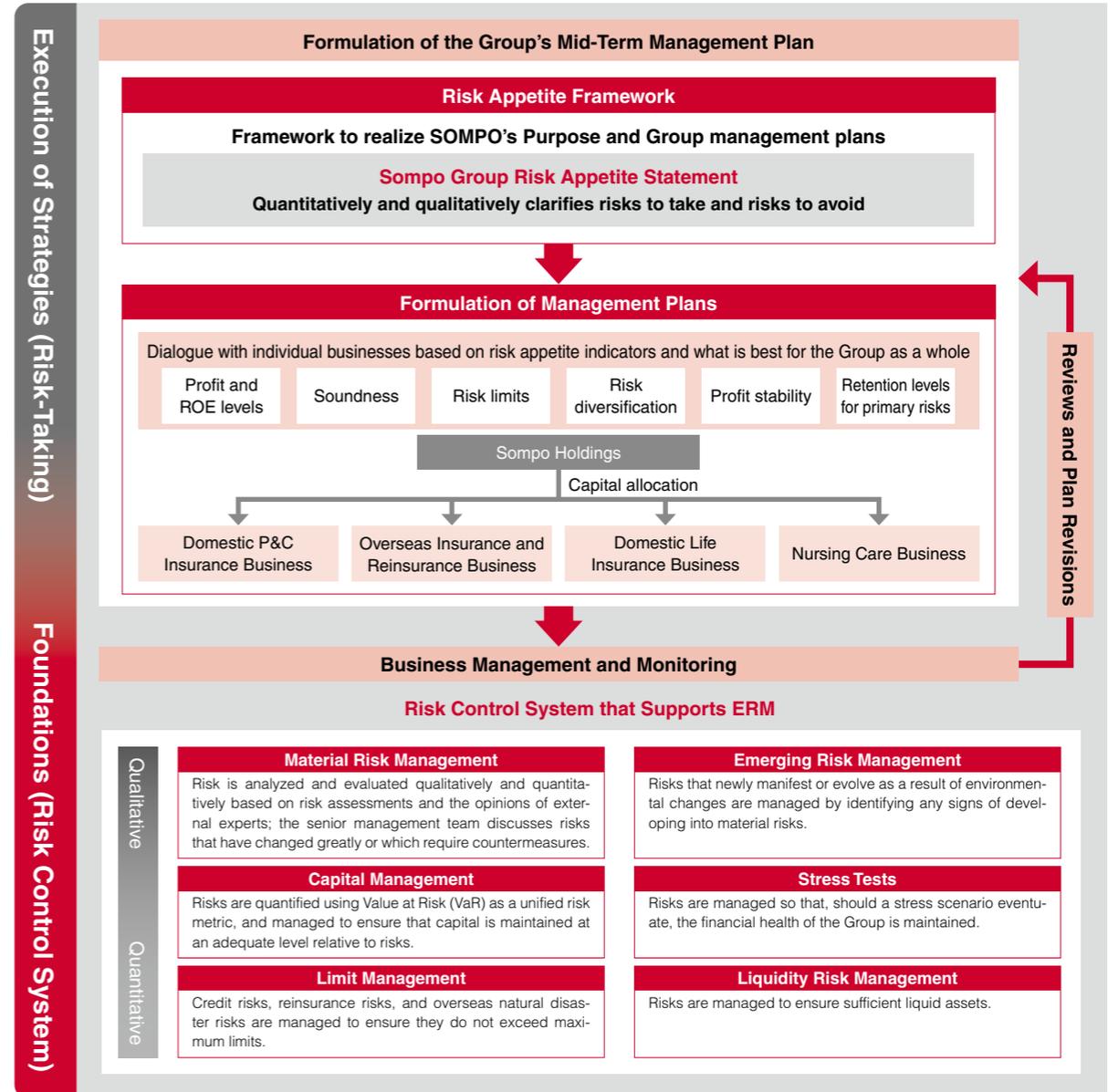
ERM as the “Compass of Management”

Structure

The increased severity and frequency of natural disasters caused by climate change, heightened geopolitical risks, the threat of cyberattacks, and the rapid advancement of AI and other digital technologies, among other factors, are increasing uncertainty in our business environment.

As we accelerate scale and diversification initiatives centering on the insurance business, we are also committed to creating new customer value in order to contribute to addressing issues in society and improving prospects for profit growth over the long-term. To achieve this, we make use of the ERM framework, also known as the “compass of management,” to guide the Group in the best direction by not only avoiding losses before they happen, but by reducing opportunity losses, such as missed investments in new businesses. We make sure of this by (1) accurately analyzing and grasping the Group’s current position (multifaceted analysis), (2) sensitively detecting potential future risks (accurately understanding and addressing key risks), and (3) clearly indicating which course the Group ought to take (recommendation of an optimal business portfolio).

Overview of the Sompo Group’s Enterprise Risk Management



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ERM

Pursuing resilience from two aspects

Structure

The COVID-19 pandemic that emerged in 2019 served as a valuable lesson for companies about the importance of resilience in the face of operational disruptions and interruptions. Even in the wake of the pandemic, with geopolitical divisions widening and cyberattacks becoming more sophisticated due to emerging technologies, our ERM will require "resilience" from two aspects: risk portfolio and operations.

The first aspect involves the building of a resilient portfolio that is supportive of management discussions to continually review risks that should be taken and the risks to be avoided by quantifying the impacts on financial soundness, profitability, and capital efficiency, taking into account the rapidly changing internal and external business environment.

The second aspect is the establishment of resilient operations, which involves visualizing how increasingly diverse and complex risks will affect the Group and establishing operations to ensure that our businesses and services can continue even when risks materialize.

Pursuing these two aspects of resilience in our ERM will contribute to the sustained growth of the Group.

ERM of the Sompo Group

Activity and Result

The Group ERM framework aims to maximize corporate value while balancing capital, risk, and return. To effect this, it has two main components: the "Risk Appetite Framework," which supports conscious risk-taking in pursuit of strategic objectives, and the "Risk Control System," which contributes to stabilizing the foundations of our business.

1. Risk appetite framework

The "Risk Appetite Framework" is a system for increasing the certainty of achieving the Group's strategic goals – as set forth in the Management Philosophy, SOMPO's Purpose, and the Group's Management Plan – by taking risks based on the Sompo Group Risk Appetite Statement. This clearly states the risks the Group will take and the risks it will avoid. We formulate a Group's Management Plan and allocate capital to each business, after dialogue with the respective management teams, based on risk appetite indicators and the perspective of overall Group optimization.

2. Risk control system

For effective risk control, Sompo Group uses a "Risk Control System" that identifies, analyzes, and evaluates the various risks surrounding the Group.

We define risks that could have a significant impact on business as "material risks" and we comprehensively identify and evaluate these risks based on risk assessments and the insights of experts. We use concrete scenarios to form assumptions of how we might be impacted by a material risk, evaluate the probability of occurrence and the degree of impact (in three categories: economic loss, business continuity, and reputational damage) from both qualitative and quantitative points of view, and then discuss the adequacy of our countermeasures.

Additionally, the Group defines "emerging risks" as risks that have the potential to emerge or change, through changes in the environment or other factors, such that they would have a significant impact on the Group in the future. We manage emerging risks appropriately by monitoring any signs that they may develop into material risks.

Through Capital Adequacy Management, Stress Testing, Risk Limit Management, and Liquidity Risk Management, we strive to minimize unexpected losses and stabilize profits.

Web For further details on the Risk Appetite Framework and the Risk Control System, please visit the website: [ERM Framework](#)

Initiatives to foster and embed a risk culture

Activity and Result

To respond quickly to changes in a highly uncertain business environment, it is essential for every executive and employee to accurately identify risks and opportunities, which are becoming increasingly diverse and complex, and then take appropriate action. To address this, the Group is working to foster and embed a sound "risk culture" that supports the Enterprise Risk Management (ERM) framework.

Specifically, the CRO regularly communicates the Group's vision and the latest risk information to ensure that each employee has an ERM mindset. We also promote understanding and dialogue on ERM through training and other means so that appropriate risk assessment can be conducted at each workplace, thereby enhancing corporate value and resolving social issues.

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ERM

— Risk management and business continuity

Basic concept

Concept and Policy

The Sompo Group recognizes that, in order to fulfill its social mission and role in times of crisis, continuous and unremitting efforts are required to ensure the continuation and early recovery of important operations in each line of business, and we are working to systematically improve our systems in a manner designed to achieve this.

The most recent damage estimates for an earthquake directly hitting the Tokyo metropolitan area announced by the Tokyo Metropolitan Disaster Prevention Council in May 2022 predict that major infrastructure will be shut down or severely restricted for a longer period than previously expected. The Group is therefore working to improve the reliability of business continuity by establishing alternate bases outside the Tokyo metropolitan area and strengthening infrastructure such as communications and emergency power supplies to key locations.

We are constantly updating our countermeasures based on the latest information on potential threats. These threats include weather disasters (typhoons, torrential rain, floods, etc.), which are expected to become more severe due to climate change, earthquakes in the Nankai Trough, and eruptions of Mt. Fuji.

Initiatives

Activity and Result

Preparing alternate business continuity bases: Establishment of an interim alternate base in the Kansai region

The headquarters and other important offices of Group companies are concentrated in the Tokyo metropolitan area. Believing that the suspension of functions in Tokyo could have a significant impact on business continuity, no matter how well we have prepared, the Group is preparing alternate business continuity bases, mainly in the Kansai region.

For example, in the case of Sompo Japan Insurance Inc., if a major earthquake in the Tokyo metropolitan area forces a shutdown of the head office functions, a system and manuals are in place at the interim base in Osaka to take over crisis response and critical operations, and annual drills are held to prepare for this.

In addition, the Group has established a system in which crisis response personnel are stationed at all times in the Kansai region to oversee the Group's crisis response.

Occurrence of a major earthquake, etc.



Strengthening communication countermeasures: Introduction of Starlink satellite communications

In the event of a large-scale earthquake, communications may stop or become severely overloaded, rendering not only telephone calls but also the Internet unusable. The Sompo Group has therefore deployed the Starlink satellite communications system, which became a hot topic at the start of the conflict in Ukraine, at the Group's alternate base in Nishitokyo City, which will enable the Group to carry out some of its important operations.



Starlink kit

Deployment of emergency power sources: Deployment of EVs at Sompo Care's nursing care facilities

Anticipating that power may not be supplied to its nursing care facilities in the event of a disaster, Sompo Care is proceeding with the deployment of electric vehicles (EVs) and hybrid vehicles (PHVs) that can be used as emergency power sources. (50 vehicles as of November 2023)

This will ensure the minimum amount of electricity required to operate the facilities and protect the precious lives of the residents.



Deployment of emergency power supply

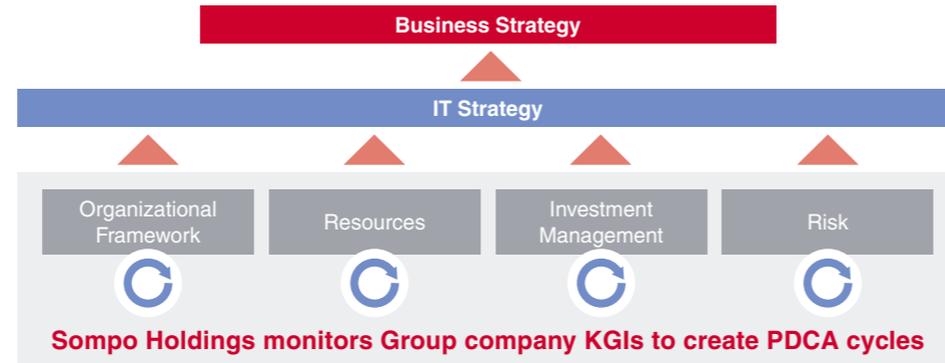
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IT Governance/Cybersecurity

Basic approach to IT Governance

Concept and Policy Structure

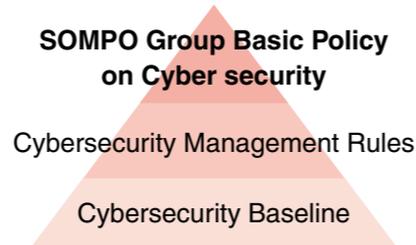
Each entity's system implementation, operation processes are aligned in accordance with each country and industry regulations. By continuously improving the PDCA cycle via KGI monitoring and aligning to international standards, we strive to optimize the IT processes to support the Group-wide business and IT strategy.



Basic approach to cybersecurity

Concept and Policy

Recognizing that it is the social responsibility of enterprises to build a safe and secure society by devoting themselves to cybersecurity, the Sompo Group has established the "SOMPO Group Basic Policy on Cyber security" as the cornerstone to continuously improve the efficiency and effectiveness of its cyber risk management. The risk related to cyberattacks is positioned as an important risk to be managed in the Group, and under the leadership of management, we are promoting Group-wide cybersecurity measures.



Visualizing the status of cybersecurity measures

Recognizing that it is of the utmost importance to establish a corporate culture that respects cybersecurity and to continuously improve our ability to respond to cyberattacks, which are becoming increasingly sophisticated and ingenious every day, the Group is working together to improve and maintain its cybersecurity management system. We have formulated basic concepts and standards for cybersecurity based on global standard frameworks such as the NIST* CSF (Cyber Security Framework), and each Group company is working to strengthen its cybersecurity and resilience measures and systems under their respective roles and responsibilities. To ensure the continuous improvement of these initiatives in a PDCA cycle, we have built a "Cyber Metrics" tool to quantitatively monitor and visualize the status of cybersecurity measures at Group companies, and we use it to ascertain and manage the status of measures at each company. Through a series of these ongoing initiatives, we aim to turn security into a competitive advantage in Group management by linking it not only with Group defense and operational risk mitigation, but also with various strategies such as cyber insurance and the promotion of digital transformation.

*NIST: National Institute of Standards and Technology

Image of visualization of cybersecurity countermeasures by Cyber Metrics



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Cybersecurity

Promotion structure

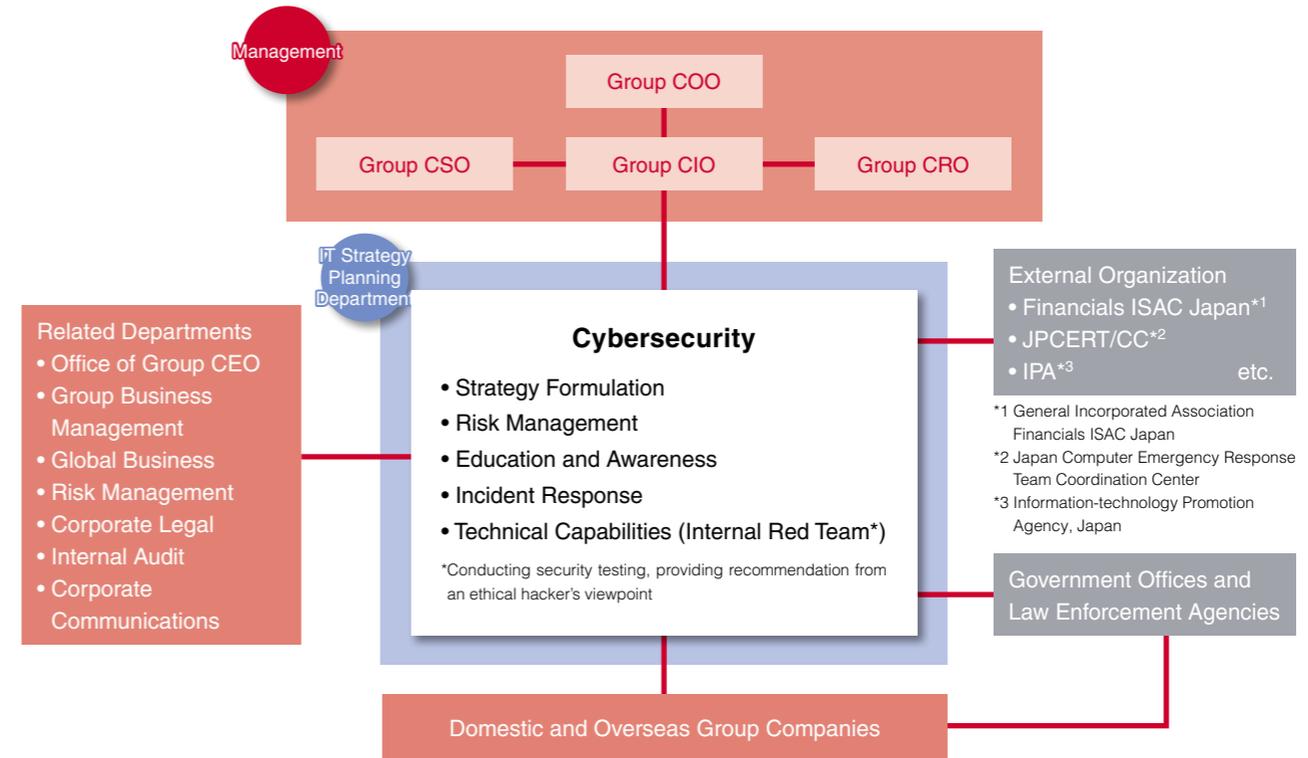
Structure

A team of cyber experts that transcends departmental boundaries

Cybersecurity is a domain in which the environment is constantly changing, and knowledge and application of cutting-edge technologies are required. We have therefore established a Cyber Center of Excellence (COE) structure within SOMPO Holdings, and this specialized team is playing a central role in promoting effective enhancement of the structure based on a division of roles among the companies. The policy and direction have been decided based on discussions by relevant executives, led by the Group CIO. In particular, in addition to the IT departments, the Office of Group CEO, Group Business Management Department, Risk Management Department, and other related departments are working together to strengthen resilience, which requires action that transcends departmental boundaries. Similarly, in preparation for the occurrence of security incidents, we have established HD-CSIRT (Computer Security Incident Response Team) within Sompo Holdings. In this way, we have an organizational structure in place that enables quick and timely actions, including information sharing, decision-making, and forensic investigations, in response to a variety of emergencies. HD-CSIRT also collaborates with other companies in the industry and security-related organizations to improve the level of maturity not only of the Group but also of the entire security community.

Global risk response framework

Cyber risk knows no borders. To address this global risk, we have established cybersecurity response centers overseas as well as in Tokyo. These cyber units at overseas bases are staffed by highly knowledgeable and skilled “white hat hackers” who conduct various security tests, train each company’s security personnel, and conduct research and investigations of cyber technology. We also conduct cyber patrol activities to monitor Internet assets regardless of country or region. During normal (non-emergency) times, security personnel monitor the safety of assets within the Group to find urgent vulnerabilities and identify suspected information leaks, monitor the behavior of attackers, and raise awareness and provide technical support to the entire Group.



Monitoring work by the SOC (Security Operation Center) team

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Cybersecurity

Initiatives

Activity and Result

Nurturing cybersecurity personnel

Cybersecurity measures sometimes require expertise. For this reason, we have established the Cyber Lab, a cybersecurity R&D center, within Sompo Holdings to support and train each company's cybersecurity personnel through cybersecurity-related technical research and hands-on training. The Cyber Lab hosts regular "Cyber Tech Talks" to share knowledge about cybersecurity. At these events, our global network of cybersecurity personnel shares its knowledge and expertise and promotes the cultivation of future talent while learning from each other in a spirit of mutual encouragement. This Cyber Tech Talk initiative is based on the idea that in order to respond to cyber risks that are spreading on a global scale, it is necessary to have a network where the Group's cybersecurity personnel can connect and interact with each other. The goal is to create an environment where information can be exchanged beyond the boundaries of one's organization, country, region, or language.



Cyber Tech Talk at the Cyber Lab

Adapting to new technologies

The Group is also actively researching new technologies, such as AI and Web 3.0, in order to incorporate and utilize them. Similarly, with regard to security, we work with the relevant departments to formulate procedures, rules, and guidelines for the safe use of new technologies and take the necessary measures to introduce innovations in a safe manner. New technologies can be applied not only to business applications but also to security. In addition to researching how new technologies can be used in cyberattacks and other threats, we conduct research and investigation on a daily basis so that we can stay alert to changes in various IT environments and always adopt the latest security measures. The Cyber Lab is also used as a base for this research and investigation. The Cyber Lab has a dedicated network environment that is isolated from the normal business environment, making it possible to conduct technical verification and similar activities safely.



Cyber Lab set up at the headquarters in Shinjuku

Fostering a culture of security and security education

To ensure cybersecurity, it is essential to foster a "security culture" in which each employee understands the importance of cybersecurity and is aware of how to use IT assets safely.

The Group implements educational programs at multiple levels, from employees to management. We are also working to acquire knowledge related to cyberattacks and raise awareness at Group companies through e-learning, phishing email training, cyber incident drills, and newsletters. In recent years, we have been focusing on strengthening resilience across the entire business and in management; for example, in our cyber incident exercises, we have introduced ransomware attack scenarios that incorporate more hands-on elements.



Security newsletter distributed to Group company personnel

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ESG Risk Management



Basic concept and policy

Concept and Policy

By providing services and products that contribute to security, health, and wellbeing, the Sompo Group aims to promote the realization of a resilient and sustainable society as a solutions provider. As stated in our Group Sustainability Vision and other policies, we incorporate considerations for climate change, human rights, and local communities into our business processes, and engage in underwriting, investments, and loans in a way that takes into account the environment, society, and governance.

The Group's ESG principles on underwriting, investments, and loans are as follows.

Policy for ESG-related Underwriting, Investment and Loan

Advancing the Energy Transition

As the most significant challenge humankind faces, we believe the world – and the financial services sector – must take meaningful climate action today. Therefore, we commit to net zero emissions in our underwriting, investments, and operations by 2050.

We promote the transition through our insurance of and investments in renewable energy and other innovative green technologies.

We will not underwrite new insurance or make new investments in or loans for new or existing coal power plants or thermal coal mine projects*¹. We also will not underwrite new insurance or make new investments in or loans for oil and gas extraction projects in the oil sands or the Arctic National Wildlife Refuge (ANWR).

We will not insure or make investments or loans to companies whose primary business is coal*², or oil and gas extraction projects in the ANWR, unless they establish a GHG reduction plan by January 2025*³.

We have been a signatory to the United Nation's Principles for Sustainable Insurance (PSI) and Principles for Responsible Investment (PRI) for several years, and in order to more proactively realize the goals of the Paris Agreement, the Group has recently joined the Net Zero Asset Owner Alliance (NZAOA), and the Net Zero Asset Managers Initiative (NZAM). We aim to support our customers on their sustainability journey, working with them to reduce their carbon footprint.

Advancing Social Equity

Under the Group Policy for Human Rights, the Group acts with a commitment to respecting the fundamental human rights of all stakeholders in the global marketplace.

With the aim of enabling each and every employee to maximize his or her strengths, we have positioned diversity and inclusion as an important management strategy for growth, and are working to build a system and corporate culture to realize this goal.

In addition, when underwriting insurance and making investments and loans, and when entering into new partnerships with each of our business partners (brokers, reinsurers, investment managers, lessees, vendors, etc.), we take into consideration our Group's Sustainability related vision and policies.

Aspiring for Excellence in Governance

Based on the Group Sustainability Vision, the Group will make business decisions based on high ethical standards, respecting international codes of conduct and considering the interests of all stakeholders, including customers, employees, local communities, and shareholders.

In addition, we will proactively and fairly disclose transparent information to society regarding our progress toward achieving our goals, etc., in accordance with TCFD and other disclosure standards.

*1 We may carefully consider and respond to cases where there are innovative technologies such as Carbon Dioxide Capture, Utilization, and Storage (CCS, CCUS), carbon recycling, ammonia co-firing, or other innovative technologies in place that are expected to reduce GHG emissions and contribute to the realization of the Paris Agreement.

*2 Defined as companies that derive at least 30% of their revenues from coal-fired power generation, thermal coal mines, or oil sands, or electric utilities companies that generate at least 30% of their energy from coal.

*3 We will not apply restrictions to insurance that supports the health and wellbeing of individuals, e.g. workers' compensation insurance.

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ESG Risk Management

Sensitive projects and sectors

Concept and Policy

When considering underwriting, investments, and loans, we identify businesses that require attention because of their potential negative impact on the environment and society as shown in the table below. In identifying specific project within the target businesses, we conduct assessments based on dialogue with stakeholders and in collaboration with Sompo Risk Management.

Underwriting

With respect to insurance underwriting projects that may have a negative impact on the environment and society, in addition to anti-social forces, to which underwriting is prohibited, we identify businesses to be targeted as shown in the table below, evaluate their negative impact on the environment and society, and carefully respond; for example, when necessary, the Sustainability Department will discuss countermeasures from an ESG perspective with the Sales Department and Underwriting Department.

Investment and loans

With respect to investment and loan projects that may have a negative impact on the environment and society, in addition to cluster bomb manufacturers, to which investment and loans are prohibited, we identify projects to be targeted as shown in the table below, evaluate their negative impact on the environment and society, and carefully respond.

List of sensitive projects/sectors

Category	Related to
Environmental	<ul style="list-style-type: none"> ■ Projects with negative impact on UNESCO World Heritage Sites ■ Projects with negative impact on Ramsar-listed wetlands
Social	<ul style="list-style-type: none"> ■ Human rights violations Projects on Child labor and Forced labor ■ Inhumane weapons Nuclear, biological or chemical weapons, anti-personnel mines and other inhumane weapons

ESG risk response structure

Structure

ESG risk management through the ERM framework

The Sompo Group considers ESG-related risk to be one of its material sustainability risks, with the potential to exert a significant impact on the Group, and manages it within its ERM framework.

Incorporating ESG factors into business processes

When there are concerns recognized as highly important in businesses such as underwriting, investments, and loans, after collecting information from and exchanging opinions with stakeholders, the Group Sustainable Management Committee and its subordinate organizations hold discussions and regularly update the list of projects that pose an ESG risk, identify businesses and sectors that require attention, and revise various relevant policies. In fiscal 2022, the list of projects that pose an ESG risk was updated to 67 projects.

