

Governance



Director
Member of the Audit Committee

Hidenori Hanada

Director
(Outside Director)
Member of the Audit Committee

Hideyo Uchiyama

Director
(Outside Director)
Chair of the Nomination Committee
Member of the Compensation Committee

Scott Trevor Davis

Director
(Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee

Tamami Murata

Group COO and Group CBO
Director,
Deputy President and
Representative Executive Officer

Shinji Tsuji



Director
(Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee
Isao Endo

Director
(Outside Director)
Member of the Audit Committee
Atsuko Muraki

Director
(Outside Director)
Chair of the Audit Committee
Naoki Yanagida

Director
Member of the Audit Committee
Masaki Hanawa

Group CEO
Director,
President and
Representative Executive Officer
Kengo Sakurada

Director
(Outside Director)
Chair of the Compensation Committee
Member of the Nomination Committee
Sawako Nohara

Management Members

Directors

(As of July 1, 2019)



Director
Kengo Sakurada
(DOB: Feb. 11, 1956)

Summarized resume

Joined The Yasuda Fire & Marine Insurance Co., Ltd., in April 1978. In addition to his experience in business integration, business alliances, corporate planning, sales, and systems in the P&C insurance business, he has experience working at international financial institutions. He became representative director and president of Sompo Japan Insurance Inc. in 2010 and assumed the position of representative director and president of the Company in 2012. He has served in his current position since June 2019 (Group CEO, director, president and representative executive officer).



Director
Shinji Tsuji
(DOB: Dec. 10, 1956)

Summarized resume

Joined The Yasuda Fire & Marine Insurance Co., Ltd., in April 1979. Thanks to his experience in accounting, public relations, CSR, and sales in the P&C insurance business, he was responsible for the corporate management of Group companies as well as accounting and finance at the Company. He became representative director of the Company in 2014. He became Group CFO (Chief Financial Officer) in 2017, and then Group COO (Chief Operating Officer) in January 2019. He has concurrently served as Group CBO (Chief Brand Officer) since April 2019. He has been in his current position since June 2019 (Group COO, Group CBO, deputy president and representative executive officer).



Director
Member of the Audit Committee
Masaki Hanawa
(DOB: Feb. 16, 1958)

Summarized resume

Joined The Yasuda Fire & Marine Insurance Co., Ltd., in April 1981. He has extensive insight into business management generally stemming from his experience in corporate planning as well as accounting and finance in the P&C insurance and life insurance businesses. He became an executive officer of Sompo Japan Insurance Inc. in 2010 and a director of said company in 2014. He became a full-time Audit & Supervisory Board member at the Company in June 2016. He has held his current position since June 2019.



Director
Member of the Audit Committee
Hidenori Hanada
(DOB: Aug.15, 1958)

Summarized resume

Joined The Nippon Fire & Marine Insurance Co., Ltd. in April 1981. He has deep insight with respect to the fields of finance and accounting as a result of many years of experience in the accounting section of the domestic P&C insurance business. He became an executive officer of the Company and Sompo Japan Nipponkoa Insurance Inc. in 2016. He became a full-time Audit & Supervisory Board member of the Company in June 2018. He has held his current position since June 2019.



Director
(Outside Director)
Chair of the Compensation Committee
Member of the Nomination Committee
Sawako Nohara
(DOB: Jan. 16, 1958)

Attendance at Board of Directors meetings (fiscal 2018)

12 of 14 Board of Directors meetings

Significant positions concurrently held

President of IPSe Marketing, Inc.
Project Professor of the Graduate School of Media and Governance, Keio University
Director of JAPAN POST BANK Co., Ltd. (Outside Director)
Auditor of Tokyo Gas Co., Ltd., (Outside Auditor)
Member of the Board (Outside) of DAIICHI SANKYO COMPANY, LIMITED

Reasons for appointment

With her abundant experience as a company manager and broad knowledge of the IT industry, as well as deep insight gained through participation in policymaking during her term as an officer in government-related committees, including as a private-sector member of the Industrial Competitiveness Council, she is expected to provide appropriate advice on the management of the Company from diversified and professional perspectives. Further, she is expected to provide valuable advice on the initiative on women's empowerment in the workplace, which is one of the most important strategies of the Company. She has been in her current position since June 2013.



Director
(Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee
Isao Endo
(DOB: May 8, 1956)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 Board of Directors meetings

Significant positions concurrently held

Chairman of Roland Berger Ltd.
Director of Ryohin Kaikaku Co., Ltd. (Outside Director)
Director of NIPPON STEEL NISSHIN CO., LTD. (Outside Director)

Reasons for appointment

With his broad insight based on his practical experience at a global consulting firm and academic knowledge as a graduate school professor as well as abundant experience as a company manager, he is expected to provide appropriate advice on the management of the Company, especially based on deep and diversified perspectives gained through his practical research on *Gemba Power*. He has been in his current position since June 2014.

Directors

(As of July 1, 2019)



Director
(Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee

Tamami Murata

(DOB: Jan. 18, 1960)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 Board of Directors meetings

Significant position concurrently held

Attorney at Law

Reasons for appointment

She has abundant knowledge and experience as a legal expert. Based on her expertise resulting from this knowledge and experience, she is expected to provide appropriate advice on the management of the Company. Further, she is expected to provide valuable advice on the initiative on women's empowerment in the workplace, which is one of the most important strategies of the Company. She has been in her current position since June 2014.



Director
(Outside Director)
Chair of the Nomination Committee
Member of the Compensation Committee

Scott Trevor Davis

(DOB: Dec. 26, 1960)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 Board of Directors meetings

Significant positions concurrently held

Professor of the Department of Global Business, College of Business, Rikkyo University
Member of the Board of Bridgestone Corporation (Outside Director)

Reasons for appointment

With his broad knowledge as an erudite scholar, he is expected to provide appropriate advice on the management of the Company, especially through his research on strategic management and CSR at the university. Moreover, he is expected to provide diversified advice from global perspectives. He has been in his current position since June 2014.



Director
(Outside Director)
Chair of the Audit Committee

Naoki Yanagida

(DOB: Feb. 27, 1960)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 meetings of the Board of Directors as an outside Audit & Supervisory Board member

Significant positions concurrently held

Attorney at Law

Audit & Supervisory Board Member of YKK CORPORATION (Outside Audit & Supervisory Board Member)

Reasons for appointment

He has abundant knowledge and experience as a legal expert. He became an outside Audit & Supervisory Board member of the Company in 2014. His expert knowledge and experience will help improve the supervisory and decision-making functions of the Board of Directors. He has been in his current position since June 2019.



Director
(Outside Director)
Member of the Audit Committee

Hideyo Uchiyama

(DOB: Mar. 30, 1953)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 meetings of the Board of Directors as an outside Audit & Supervisory Board member

Significant positions concurrently held

Certified Public Accountant

Executive Advisor of ASAHI Tax Corporation

Audit & Supervisory Board Member of OMRON Corporation (Outside Auditor)

Director of Eisai Co., Ltd. (Outside Director)

Reasons for appointment

He has abundant experience as a manager at one of Japan's leading auditing corporations and at a global consulting firm, in addition to his professional knowledge and experience as a certified public accountant. He was appointed an outside Audit & Supervisory Board member of the Company in 2017. His abundant knowledge and experience is expected to augment the supervisory and decision-making functions of the Board of Directors. He has been in his current position since June 2019.



Director
(Outside Director)
Member of the Audit Committee

Atsuko Muraki

(DOB: Dec. 28, 1955)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 meetings of the Board of Directors as an outside Audit & Supervisory Board member

Significant positions concurrently held

Member of the Board of ITOCHU Corporation (Outside Director)

Director of Sumitomo Chemical Co., Ltd. (Outside Director)

Reasons for appointment

She has held important posts such as vice-minister, deputy director-general, and director-general of the Equal Employment, Children and Families Bureau in the Ministry of Health, Labour and Welfare as well as director-general for Policies of the Cabinet Office. She became an outside Audit & Supervisory Board member of the Company in 2017. Her sharp insight and abundant experience are expected to benefit the supervisory and decision-making functions of the Board of Directors. She has been in her current position since June 2019.

Management Members

Executive Officers

(As of July 1, 2019)



Group Chief Executive Officer
President and Representative Executive Officer

Kengo Sakurada

(DOB: Feb. 11, 1956)



Group Chief Operating Officer and
Group Chief Brand Officer
Deputy President and Representative
Executive Officer

Shinji Tsuji

(DOB: Dec. 10, 1956)



CEO of Domestic P&C Insurance Business
Executive Officer
(President and Chief Executive Officer,
Sompo Japan Nipponkoa Insurance Inc.)

Keiji Nishizawa

(DOB: Feb. 11, 1958)



CEO of Overseas Insurance and
Reinsurance Business
Executive Officer
(Executive Chairman of the Board of Directors,
Sompo International Holdings Ltd.)

John R. Charman

(DOB: Oct. 22, 1952)



CEO of Domestic Life Insurance Business
Executive Officer
(President and Chief Executive Officer,
Sompo Japan Nipponkoa Himawari Life
Insurance, Inc.)

Yasuhiro Oba

(DOB: Sep. 30, 1965)



CEO of Nursing Care & Healthcare Business
Executive Officer
(Chief Executive Officer, Sompo Care Inc.)

Satoshi Kasai

(DOB: Dec. 22, 1962)



Senior Executive Vice President and
Executive Officer
(Chairman of Overseas M&A)
(Executive Director & CEO,
Sompo International Holdings Ltd.)

Nigel Frudd

(DOB: Oct. 4, 1958)



Group Chief Financial Officer and
Group Chief Information Officer
Executive Vice President and
Executive Officer

Masahiro Hamada

(DOB: Dec. 18, 1964)



Group Chief Strategy Officer
Executive Vice President and
Executive Officer

Mikio Okumura

(DOB: Nov. 23, 1965)



Group Chief Digital Officer
Executive Vice President and
Executive Officer

Koichi Narasaki

(DOB: Jan. 4, 1958)

Executive Officers

(As of July 1, 2019)



Group Chief Risk Officer
Senior Vice President and
Executive Officer

Takashi Izuhara

(DOB: Mar. 23, 1964)



Group Chief Human Resource Officer
Executive Vice President and
Executive Officer

Shinichi Hara

(DOB: Apr. 14, 1965)



Executive Vice President and
Executive Officer
(General Manager, Global Business
Planning Department)

Yuji Kawauchi

(DOB: Dec. 24, 1965)



Senior Vice President and
Executive Officer
(General Manager, Accounting
Department)

Yasunori Kuroda

(DOB: Aug. 17, 1963)



Senior Vice President and
Executive Officer
(General Manager, Innovation for Aging &
Wellness Department)

Takuto Kobayashi

(DOB: Nov. 22, 1965)



Senior Vice President and
Executive Officer
(Retail Platform in Istanbul)

Katsuyuki Tajiri

(DOB: Oct. 8, 1967)



Senior Vice President and
Executive Officer
(General Manager, Office of Group CEO)

Takato Udo

(DOB: Aug. 4, 1962)



Senior Vice President and
Executive Officer
(General Manager, Secretarial Department)

Koji Ishikawa

(DOB: Dec. 22, 1968)

Corporate Governance

Supervisory Framework

The Company has elected to adopt a Company with Committees structure as of June 2019 as part of efforts to strengthen corporate governance 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 authority to executive officers. The Company also established three legally mandated committees: the Nomination Committee, the Audit Committee, and the Compensation Committee. This has put into place a governance system with improved transparency and fairness.

Board of Directors

The Board of Directors performs its duties as stipulated by law or the Articles of Incorporation, establishes important items for management defined in the Rules of Board of Directors, and serves a supervisory function overseeing the state of business execution. The chairman of the Board of Directors, who is appointed by the Board of Directors as stipulated in the Articles of Incorporation, also serves as a director and the Group CEO.

As of the conclusion of the 9th General Meeting of Shareholders, seven of the 11 directors are outside directors (a majority), consisting of 10 Japanese people and one non-Japanese person, of whom eight are men and three are women. The average length of service (including time served as an Audit & Supervisory Board member) is 4.6 years.

Nomination Committee

The Nomination Committee defines policy and standards for the appointment of directors and executive officers, determines the list of candidates, and is involved in the appointment of directors and executive officers at major subsidiaries. In addition, the committee deliberates on the appointment and dismissal of the Group CEO based on a personal performance evaluation for the purpose of enhancing transparency and corporate governance. The Nomination Committee consists of at least three directors, a majority of whom are among the outside directors. The chair of the Nomination Committee is an outside director. As of July 2019, the committee comprises four outside directors.

Compensation Committee

The Compensation Committee determines the evaluation, compensation scheme, and compensation amounts of directors and executive officers, and is involved in deciding the compensation scheme of directors and executive officers at major subsidiaries. In addition, the committee conducts a personal performance evaluation of the Group CEO to enhance transparency and objectivity in the compensation-deciding process, and to improve corporate governance. The Compensation Committee consists of at least three directors, a majority of whom are outside directors. The committee chair is selected from the outside directors. As of July 2019, the committee comprises four outside directors.

Audit Committee

The Audit Committee audits—from a legal compliance and appropriateness perspective—the performance of duties by directors and executive officers, produces audit reports, and determines the proposals to be presented at the General Meeting of Shareholders regarding the appointment, dismissal, and non-reappointment of independent accounting auditors. The Audit Committee consists of at least three members selected



from among directors who do not have any executive roles, and the majority of members are outside directors. In principle, the committee chair is an outside director, and the committee has at least one full-time Audit Committee member and at least one Audit Committee member who has expert knowledge of finance and accounting. As of July 2019, there are five members on the committee, three of whom are outside directors.

Evaluation of Effectiveness of the Board of Directors

To fully exercise the functions of the Board of Directors, the Company convenes and integrates meetings of the Board of Directors and preliminary briefing sessions to promote open and unrestricted discussions. The Company creates opportunities for the Group CEO and outside directors to exchange their opinions, while issuing questionnaires to Board members. By implementing such improvements, the Company has built

a governance structure unrestricted by precedent.

In fiscal 2018, the Board of Directors discussed and made decisions about reforming the business portfolio and advancing each business. At the same time, the Company decided to adopt the globally recognized Company with Committees structure, which calls for committees to be membered by a majority of outside directors, with the aim of reaching the next stage. In the process, outside Board members actively voiced opinions about issues and governance system improvements in terms of sustainable growth and the improvement of

corporate value, such as “the realization of ‘A Theme Park for Security, Health & Wellbeing’” and the process for facilitating “the delegation of authority to executive officers from the Board of Directors.” In these ways, the policies determined through active management debates are steadily being utilized in the management of the Company.

This dynamic plan-do-check-act (PDCA) cycle has been functioning effectively, and the Company believes it meets the expectations of its shareholders and other stakeholders.

Business Execution Framework

In this time of heightened volatility, uncertainty, complexity, and ambiguity (VUCA), a flexible and responsive management system is of utmost importance.

To achieve such a management system, the Sompo Holdings Group has built a matrix-style management system comprising vertical and horizontal axes under the overall supervision of the Group CEO and Group COO. On the vertical axis, Business Owners, who are heads of business segments, are delegated substantial authority to allow them to perform swift decision-making and business execution. On the horizontal axis, Group Chief Officers, who are the highest authority in their respective functional areas, oversee their area of responsibility on a Group-wide basis to ensure decision-making that is best for the Group and exercise functions laterally across the Group.

Business Owner System

Business Owners are responsible for advancing plans for the entirety of their respective business segments while also helping build “A Theme Park for Security, Health & Wellbeing,” in order to contribute to the realization of the Group Management Philosophy and implement the Group’s management plans. Accordingly, Business Owners are endowed with significant authority, related to areas such as business strategy formulation, investment decision-making, and human resource assignment, as required, to accomplish those objectives.

Since the introduction of the Business Owner system in April 2016, Business Owners have been leading their business segments in implementing dynamic growth strategies and in taking flexible and responsive action to address issues through swift decision-making and business execution.

Group CxO System

Under the Group CxO system, Group Chief Officers act as the highest authority for the Group in their respective functional areas. In this capacity, they exercise their functions in the Group’s best interests, acting laterally across the Group based on the Group’s strategies and on their roles and responsibilities.

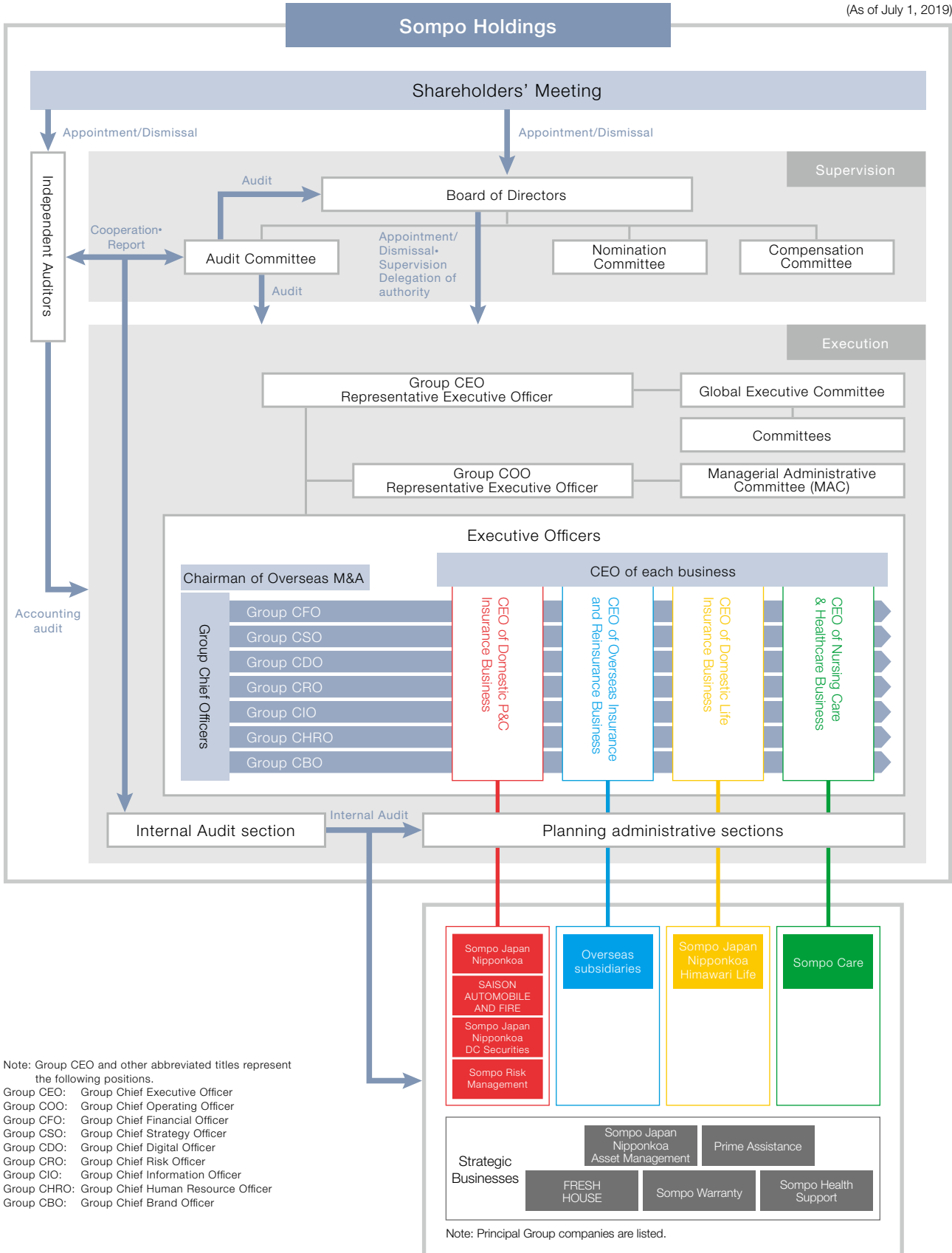
The Group CxO system was introduced in April 2017 to serve as a framework designed to promote strong, mission-driven leadership. The roles and functions as well as the skills and experience required of each Group Chief Officer are defined in the Group’s function portfolio.

The roles and functions of Group Chief Officers as well as the number of officers and the fields for which officer positions exist are not set but will rather be flexibly revised as the operating environment of the Group or the management issues it faces change.

Executive Officers (Appointed by the Board of Directors)	
Representative Executive Officers	
 <p>Group CEO, Director, President and Representative Executive Officer Kengo Sakurada (Concurrently serving as Director)</p>	 <p>Group COO, Group CBO, Director, Deputy President and Representative Executive Officer Shinji Tsuji (Concurrently serving as Director)</p>
CEOs of Businesses	
Domestic P&C Insurance Business	Overseas Insurance Business
 <p>CEO of Domestic P&C Insurance Business Executive Officer Keiji Nishizawa (Sompo Japan Nipponkoa Insurance Inc. President and Chief Executive Officer)</p>	 <p>CEO of Overseas Insurance and Reinsurance Business Executive Officer John R. Charman (Sompo International Holdings Ltd. Executive Chairman of the Board of Directors)</p>
Domestic Life Insurance Business	Nursing Care & Healthcare Business
 <p>CEO of Domestic Life Insurance Business Executive Officer Yasuhiro Oba (Sompo Japan Nipponkoa Himawari Life Insurance. President and Chief Executive Officer)</p>	 <p>CEO of Nursing Care & Healthcare Business Executive Officer Satoshi Kasai (Sompo Care Inc. Chief Executive Officer)</p>
Executive Officers and Group Chief Officers	
 <p>Senior Executive Vice President and Executive Officer (Chairman of Overseas M&A) Nigel Frudd (Sompo International Holdings Ltd. Executive Director & CEO)</p>	 <p>Group CFO, Group CIO Executive Vice President and Executive Officer Masahiro Hamada</p>
Overseas M&A	Finance / IT
 <p>Group CSO Executive Vice President and Executive Officer Mikio Okumura</p>	 <p>Group CDO Executive Vice President and Executive Officer Koichi Narasaki</p>
Strategy	Digital
 <p>Group CRO Senior Vice President and Executive Officer Takashi Izuwara</p>	 <p>Group CHRO Executive Vice President and Executive Officer Shinichi Hara</p>
Risk Management	Human Resources

Management Structure of Corporate Governance

(As of July 1, 2019)



Policies for the Appointment of Officers

The appointment of officers at the Company is conducted in accordance with the following policies for the appointment of officers. Director candidates selected by the Nomination Committee are elected by resolution of the General Meeting of Shareholders, and executive officer candidates selected by the Nomination Committee are appointed by the Board of Directors.

(1) Policies for the Appointment of Directors

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

From this perspective, to facilitate objective decision-making with respect to management issues from a diverse and independent focus and perspective, the Board of Directors elects outside directors, who form a majority on the Board, with due consideration paid to diversity, including gender and nationality,

who have a wide range of knowledge and experience thanks to their backgrounds in corporate management, academia, and the legal profession, and who have specialized knowledge in finance and accounting.

Additionally, the appointment of directors is conducted based on the selection criteria that incorporate the Comprehensive Guidelines for Supervision of Insurance Companies. The Company formulated outside director independence criteria as a standard for the appointment of outside directors.

For the purpose of carrying out substantive discussions, the number of directors is limited to 15 in accordance with the Articles of Incorporation.

(2) Policies for the Appointment of Executive Officers

The Company has formulated a “desired image for executive officers” and “policies for the appointment of executive officers” to define required basic skills and qualifications as well as the balance between experience and achievements, as criteria and policies for the appointment of executive officers.

Standards Regarding the Independence of Outside Directors

The Company has defined “Standards Regarding the Independence of Outside Directors” based on standards required by financial instruments exchanges, and discloses these standards in its Corporate Governance Report and other materials.

Under the “Standards Regarding the Independence of Outside Directors,” the Company determines the independence of outside directors based on the matters set forth below:

1. Personal relationships: A kinship between the candidate and any officer or employee of the Group, status of mutual appointments of officers between the Company and the company that the candidate is originally from.
2. Capital relationships: The holding of shares in the Company by the candidate and the status of shareholding by the Group.
3. Business relationships: Business transactions or donations between the Group and the candidate.
4. Significant interests other than the above.

When an outside director is appointed, the Nomination Committee examines his or her independence, submits a proposal for the appointment of the director in question to the General Meeting of Shareholders, and files a notification that said director is an independent director as prescribed by each financial instruments exchange.

To facilitate worthwhile discussions on the Group’s business strategies and management issues from an independent and multifaceted focus and perspective, the Company elects a diverse range of independent outside directors, with due consideration paid to diversity, including gender and nationality, who have extensive knowledge and experience in corporate management, academia, and the legal profession, and who have specialized knowledge in finance and accounting. As a result, these outside directors are able to candidly, dynamically, and constructively contribute to deliberations and discussions at meetings of the Board of Directors, Nomination Committee, Audit Committee, and Compensation Committee.

Support System for Outside Directors

Prior to meetings of the Board of Directors, the Corporate Legal Department of the secretariat of the Board of Directors and the administrative departments behind each proposal meet to brief outside directors. The Human Capital Department acts as the secretariat for the Nomination Committee and the Compensation Committee, and the

Audit Committee Office acts as the secretariat for the Audit Committee in support of outside directors.

All outside directors receive a variety of documents for reference, including the Group Journal, Integrated Report, Customer Feedback White Paper, CSR Communication Report, and IR briefing materials.

Sompo Holdings' Executive Compensation Structure

The Company regards its executive compensation structure as an important aspect of corporate governance. The executive compensation structure has been configured with the aim of increasing corporate value and sharing interests with shareholders. The aforementioned structure is based on the basic policies outlined below, and has been designed from an objective perspective by the Compensation Committee,

which is chaired by an outside director.

The Company's Policies on Decisions Pertaining to Executive Compensation describes the Basic Policies on Executive Compensation, the composition of compensation and how it is determined for each position, and the details of each type of compensation.

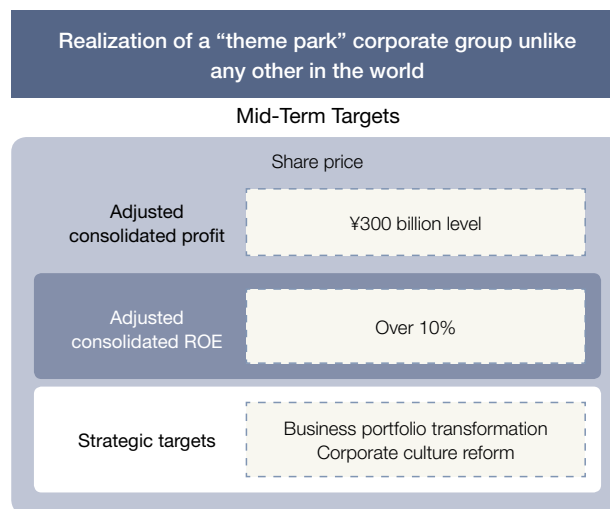
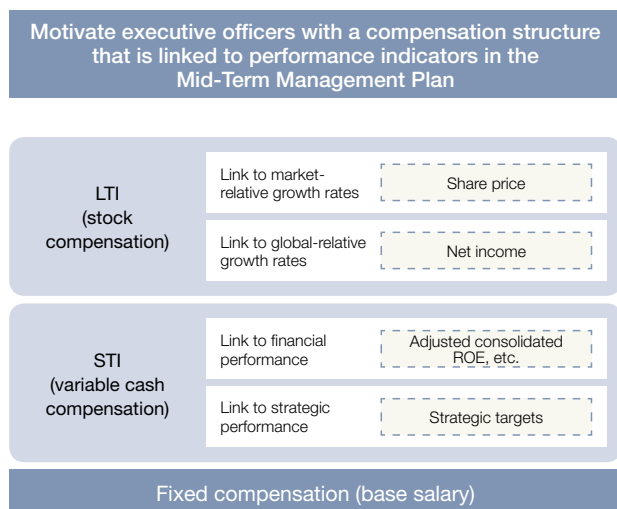
Basic Policies on Executive Compensation (Common to Group Companies)

- (1) The composition and level of executive compensation shall enable the recruitment and retention of superior executive human resources as members of management of the Group.
- (2) The compensation structure shall be consistent with business strategies and promote incentives for executives to improve performance for the sake of the Group's growth.
- (3) Compensation shall reflect medium-to-long-term results and initiatives by executives as well as single-year results.
- (4) Compensation shall also be determined based on the magnitude of challenging missions undertaken for the future and their outcomes. Consideration may also be made for fixed factors according to roles and positions of executives.
- (5) Objectiveness, transparency, and fairness that can fulfill accountability to stakeholders shall be achieved in the compensation structure for the Company and major subsidiaries through a review process in the Compensation Committee inside the Group.

1. Overview of Executive Compensation Structure

The Company considers the current Mid-Term Management Plan as an opportunity for transforming each business and the entire Group. Executive compensation linked to the Company's

performance is recognized as an important facet of corporate governance underpinning this transformation initiative.



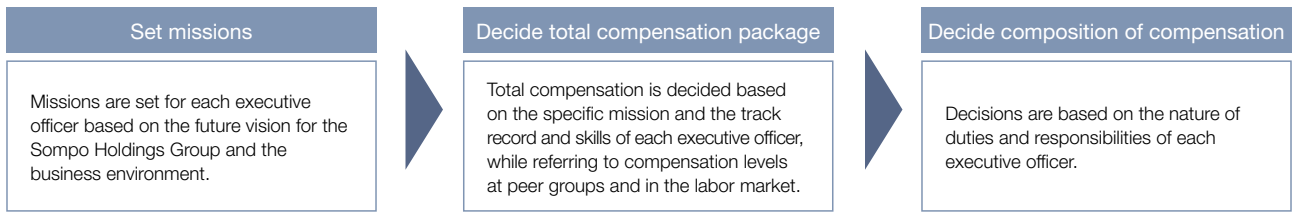
The Company, based on the principle of being mission-driven and results-oriented, is of the opinion that each executive officer should demonstrate and act in accordance with their own duties and mission. Compensation for these executive officers is not a fixed amount based on their duties or position, but decided in accordance with the magnitude of the mission they are undertaking for the future and the outcome of their efforts. The structure for executive compensation was designed with this philosophy in mind.

To realize this, the Company determines standard amounts for total compensation packages based on a post grading system that sets grades for each post, with the Group CEO at the top grade, in accordance with the duties of each executive

officer post. The magnitude of the mission assigned to each post is mirrored in the standard amount of the total compensation package for each executive officer, which is decided for each fiscal year.

(1) Decision-making process for total compensation packages

The Company sets compensation levels on an individual basis with consideration made to the magnitude of the mission assigned to each executive officer and their own personal performance. This is in contrast to an approach whereby compensation is determined according to a traditional compensation table for each executive rank.



(2) Composition of executive compensation

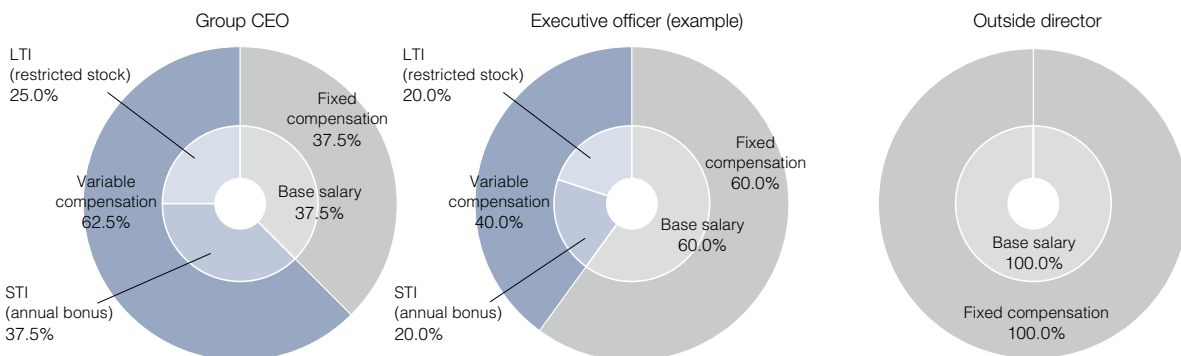
Executive officer compensation consists of a fixed component (base salary) based on the duties and responsibilities of each executive officer and a variable component linked to performance. Variable compensation comprises an annual bonus, which is compensation linked to short-term performance paid out on a fiscal-year basis in accordance with performance

during each year, and restricted stock, which is compensation linked to long-term performance in order to increase the association between compensation and growth in corporate value over the medium-to-long term. This composition is designed to motivate executive officers to make decisions based on longer-term earnings with a greater awareness of the share price, instead of focusing solely on a single fiscal year.

Outline of Executive Compensation Structure at Sampo Holdings

	Type of compensation	% of total		Remarks
		CEO	Other executive officers	
Fixed compensation	Base salary	37.5%	50%–70%	<ul style="list-style-type: none"> Set for each individual in accordance with the responsibilities and duties of their assigned post Cash compensation paid monthly
Variable compensation	STI (annual bonus)	37.5%	15%–25%	<ul style="list-style-type: none"> In addition to a set standard amount, payment amount is decided based on annual performance and achievements Assessment of each executive officer's achievement of financial targets and strategic targets Paid in cash in June after the conclusion of the fiscal year
	LTI (restricted stock)	25.0%	15%–25%	<ul style="list-style-type: none"> Number of shares granted based on medium-to-long-term performance in order to align management with the interests of shareholders and facilitate the longer-term growth of the Group Reference is made to the profit growth rates of peer companies and share price performance relative to TOPIX over the past three fiscal years Points based on a trust agreement are awarded in September after the conclusion of the fiscal year; Stock is granted after retirement
	Subtotal	62.5%	30%–50%	
Total		100%	100%	

Example of Compensation Composition by Position



■ Fixed Compensation (Base Salary)

The Company sets fixed compensation (base salary) in accordance with the responsibilities of the post assigned to each executive officer, and paid in equal amounts each month, in principle.

The amount of fixed compensation (base salary) is set at a level deemed fair in light of prevailing compensation levels on the market, referring to a survey of executive compensation conducted by a third-party compensation consulting firm, with a standard amount for the total compensation package based on the post grading system, as well as a base amount that

depends on the nature of the duties and responsibilities of each executive officer while considering the mission of each post.

■ STI (Annual Bonus)

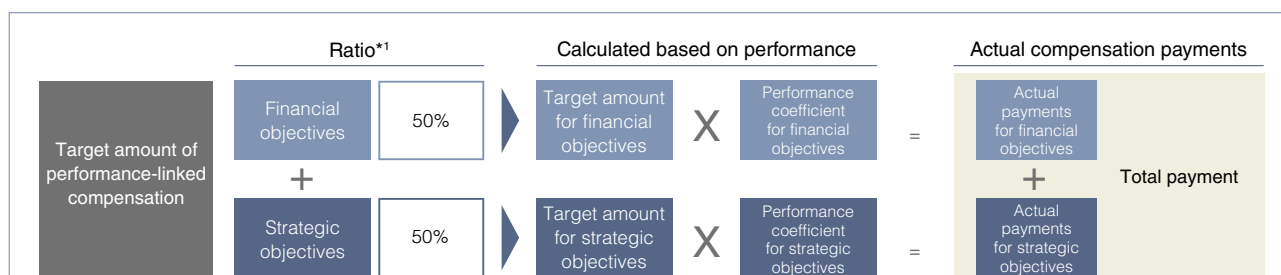
The Company has put in place a performance-linked compensation structure that rewards executive officers based on the business contributions they made in a single fiscal year, as well as establishing a framework that incentivizes executive officers to improve performance for the sake of the Group's growth, while aligning the executive compensation structure to business strategies.

Corporate Governance

- The annual bonus is determined by reflecting the degree of achievement toward financial targets and strategic targets in a single fiscal year in the base amount of performance-linked compensation.
- The target amount of performance-linked compensation is defined as the amount to be paid when financial targets and strategic targets are achieved. This base amount is determined for each executive officer individually.
- The annual bonus consists of financial performance-linked compensation and strategic performance-linked compensation. The ratio of the two components is determined by the Compensation Committee in accordance with the nature of

the mission assigned to each executive officer.

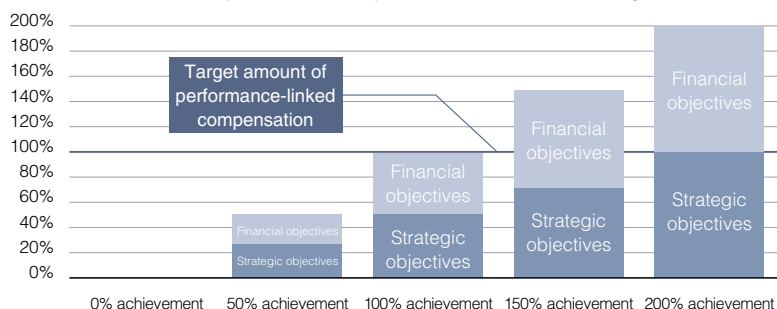
- The performance metrics for financial targets include adjusted consolidated ROE in the fiscal year, and the coefficient is determined as a ratio of actual performance to target performance (numerical targets in the business plan).
- The performance metrics for strategic targets are those agreed upon by the Group CEO, or other senior executives (such as Business Owners) in charge of evaluating performance, in accordance with the mission assigned to the executive officer in question, and the coefficient is set according to the degree of achievement.



*1 The ratio of financial objectives to strategic objectives starts at 50:50, and is then adjusted for each executive officer in accordance with their duties.

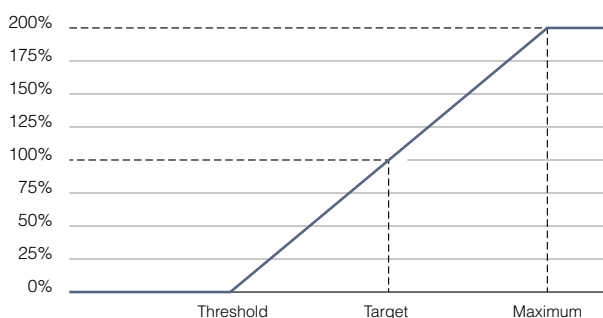
Examples of Performance-Linked Compensation Payment Level by Achievement Percentage*2

The actual payment for STI fluctuates between 0% and 200% of the target amount for STI depending on the level of achievement of financial targets and strategic targets by each executive officer.



*2 The chart on the right shows a ratio of 50:50 for financial objectives to strategic objectives, with achievement percentages equally distributed between both for illustration purposes.

Assessment of Financial Target Achievement



Notes:

1. If the targeted financial performance is achieved, the financial target coefficient is 100% in the calculation of the target amount of compensation. The payment amount scales to the achievement of financial targets, proportionally ranging from 0% to 100%, and from 100% to 200%.
2. The graph above is an example of the relationship between target achievement and actual payment.

Assessment of Achievement of Strategic Objectives

Level	Achievement
Results better than expected	200%
	175%
	150%
Results as expected	125%
	100%
Results less than expected	75%
	50%
	25%
	0%

Note:

A coefficient is applied based on the achievement of strategic targets set for each executive officer. This coefficient is 100% if the strategic target is achieved, and scales from 0% for minimum to 200% for maximum achievement.

Indicators Used for Performance-Linked Compensation

The table on the right shows a summary of financial targets used to determine performance-linked compensation. Financial targets are set for each business that is overseen by an executive officer. Strategic objectives are set for each executive officer.

Business domain	Financial indicators (fiscal 2019)
Entire Group	Adjusted consolidated ROE
Domestic P&C insurance business	Net premiums written, adjusted profit, ROR,* net income, combined ratio
Overseas insurance business	Net premiums written, adjusted profit, ROR*
Domestic life insurance business	Increase in adjusted EV, adjusted profit, ROR*
Nursing care & healthcare business	Sales, ordinary profit

* ROR = Return on risk. The aim is to continuously improve the quality of capital, advance capital policy that enables the proactive generating of return, and maximize corporate value.

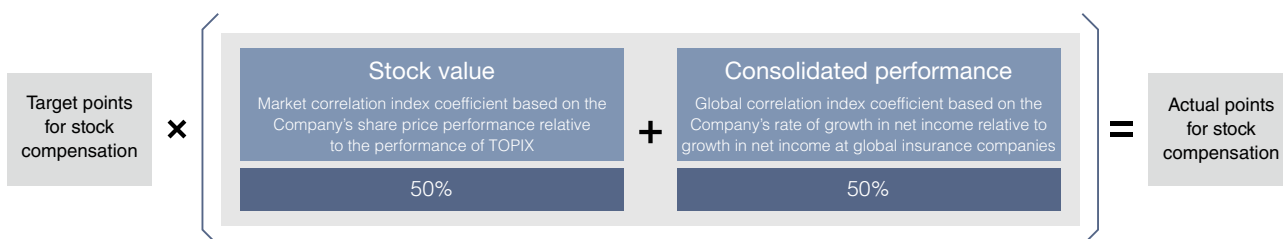
■ LTI (Restricted Stock)

Performance-linked stock compensation mirrors the Company's medium-to-long-term performance. This stock-based compensation depends on the Company's share price performance relative to TOPIX (stock value), as well as the Company's rate of growth in net income compared with growth rates at global peers with operations centered on the insurance business (consolidated performance).

- Performance-linked stock compensation is determined using market comparisons for medium-to-long-term stock value

and consolidated performance, expressed as a number of standard points for performance-linked stock compensation.

- The coefficient for stock value is determined by referring to the Company's share price performance relative to TOPIX over the past three fiscal years.
- The coefficient for consolidated performance is determined by comparing the Company's growth rate in consolidated net income over the past three fiscal years with the profit growth rates of global peers with operations centered on the insurance business.



2. Amount of Compensation Paid to Executives (Fiscal 2018)

Officer classification	Total compensation (¥ million)	Total compensation by type (¥ million)				No. of eligible executives
		Fixed compensation (base salary)	STI (annual bonus)	LTI (restricted stock)	Retirement benefits, etc.	
Directors (excluding outside directors)	541	283	141	116	—	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	62	62	—	—	—	3
Outside officers	Outside directors	56	—	—	—	4
	Outside Audit & Supervisory Board members	42	—	—	—	3
Total	701	443	141	116	—	18

Notes: 1. For directors (excluding outside directors), total compensation, total compensation by type, and the number of eligible executives includes one director who resigned on March 31, 2018, and one director who resigned at the end of the 8th General Meeting of Shareholders held on June 25, 2018.

2. For Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members), total compensation, total compensation by type, and the number of eligible executives includes one Audit & Supervisory Board member who resigned at the end of the 8th General Meeting of Shareholders held on June 25, 2018.

3. Total compensation for directors (excluding outside directors) includes ¥479 million as compensation as executive officers for directors who are serving concurrently as executive officers (¥243 million in fixed compensation (base salary), ¥131 million in annual bonus, and ¥104 million in restricted stock). A total of eight people receive executive officer compensation.

4. Fixed compensation (base salary) is paid in cash.

5. Annual bonus is paid in cash as 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. (However, this excludes provisions to reserves for the previous fiscal year.)

6. Restricted stock is the amount of provision to reserves for stock benefits posted as the portion for the current fiscal year, based on performance in the previous fiscal year.

7. Executives who receive compensation totaling more than ¥100 million from the Company and its consolidated subsidiaries are listed below.

Name	Total compensation from the Company and its consolidated subsidiaries (¥ million)	Officer classification	Company category	Total compensation by type from the Company and its consolidated subsidiaries (¥ million)			
				Fixed compensation (base salary)	STI (annual bonus)	LTI (restricted stock)	Retirement benefits, etc.
Kengo Sakurada	248	Director	The Company	110	82	56	—
		Director	Sompo Japan Nipponkoa Insurance Inc.	—	—	—	—
Keiji Nishizawa	150	Director	The Company	—	—	—	—
		Director	Sompo Japan Nipponkoa Insurance Inc.	78	31	40	—

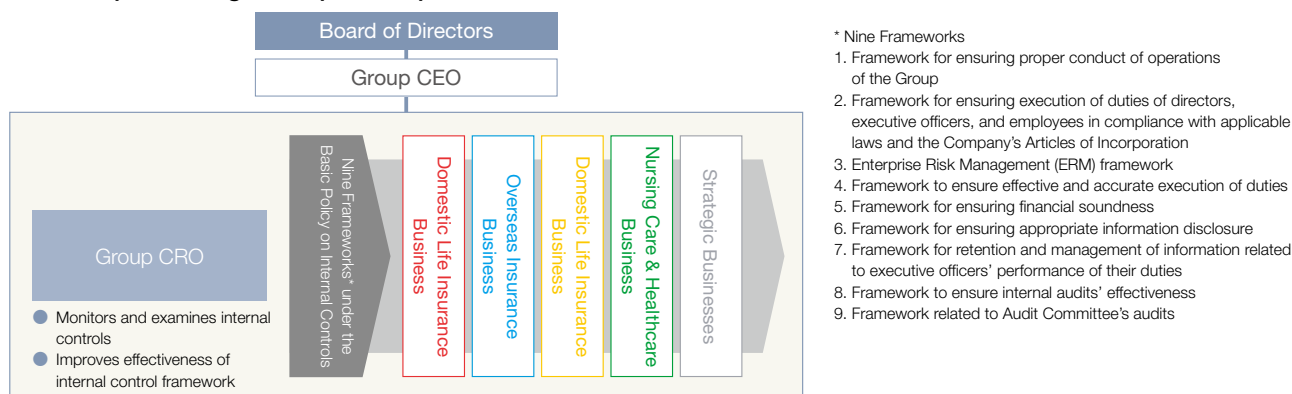
Corporate Governance

Group Internal Controls Supporting Corporate Governance

The Sampo Holdings Group has established the Basic Policy on Internal Controls to guide the development and ongoing improvement of the Group-level internal control framework and form business foundations for ensuring appropriate Group operations and improving corporate value.

To ensure that the nine frameworks described under the Basic Policy on Internal Controls can function efficiently and effectively, the Board of Directors appropriately monitors and reviews the status and issues of the Group's internal controls, with the aim of enhancing the framework.

The Sampo Holdings Group's Group Internal Control Framework



Commitment to Compliance

The Group has formulated various policies, such as the Group Basic Policy on Compliance as well as the Group Compliance Code of Conduct, and is raising awareness among Group officers. We also anticipate various compliance-related risks and work to prevent such risks from manifesting themselves so that each Group company can increase the effectiveness of compliance initiatives based on these policies.

For example, in regions where overseas countries' laws (laws and regulations other than those of Japan or the country in which we do business) apply, we use the Group's internal and external networks to gather information regarding revisions to laws and regulations in countries and regions around the world, and then confirm categories requiring responses. We provide this information to Group companies in Japan and overseas, supporting their readiness in terms of compliance. In addition, we are working to introduce data analytics to

identify potential risks of inappropriate actions by employees.

While the Group has positioned the insurance business at its core, it has been expanding into such new business areas as nursing care and healthcare. The Company has also been carrying out initiatives to create new businesses and transform existing businesses through partnerships and the use of digital technology. When developing frameworks, it is necessary to consider not only the relevant laws but also the characteristics, scale, and operating conditions of each Group company as well as the potential risks they face. As such, in addition to requiring reports from each Group company, our members participate in Group companies' meetings, and vice versa. We work to understand the conditions at each Group company and share information via company visits, helping us support the development of frameworks at Group companies.

Developing the Group's Internal Audit Framework

Sampo Holdings has established the Sampo Holdings Group Basic Policy on Internal Audits, which defines internal audits as a process for verifying the appropriateness and effectiveness of the internal control framework. Moreover, the policy clearly states that internal audits are not merely meant to detect and identify issues in internal administrative processes or other areas, but should rather go further to analyze issues and

provide recommendations on methods for improvement. Based on these provisions, we shall develop an efficient and effective Group internal audit framework.

The Company identifies issues at each Group company by monitoring the implementation status of internal audits and supports them in developing their own internal audit frameworks by evaluating the quality of internal audits periodically.

IT Governance

Evolving the IT systems of Group companies requires processes based on the regulations of each country and industry in which we operate. Other management processes are also kept in line with international standards. Group synergies are also being pursued by reducing system costs and risks by standardizing

systems and appropriately assigning and training IT personnel. By upgrading our IT architecture to reflect present and future digital trends, we will update system infrastructure in order to execute strategic digital projects.

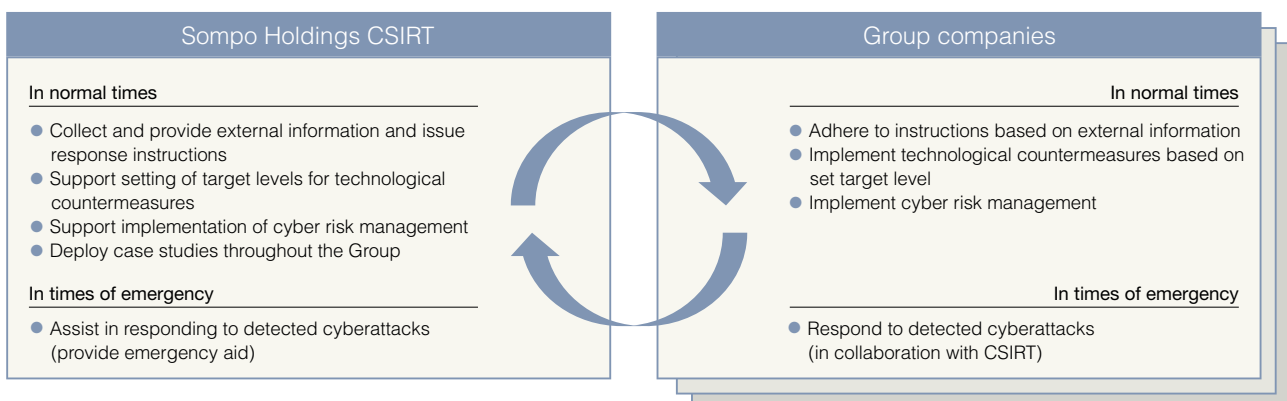
Responses to Cyber Risks—CSIRT

The Group has set up Sampo Holdings CSIRT* as a specialized organization tasked with systematically responding to ever-growing cyber risks for the entire Group. We are ceaselessly increasing the sophistication of our responses to cyber risks by supporting preparations for cyber risk management at each Group company and collecting external information.

Sampo Holdings CSIRT plays a central role in implementing the following initiatives, and individuals are assigned at each Group company to take charge of these initiatives.

- Collect external information (threats, vulnerabilities) and share with Group companies and issue response instructions
- Integrate information pertaining to detected cyberattacks within the Group and support responses to such attacks
- Support the setting of target levels for technological countermeasures based on probability and potential impact of risks at each Group company
- Assist creation of business continuity plans, employee education, as well as planning and implementation of employee drills

* CSIRT: Computer Security Incident Response Team



Information Disclosure

The Group has established a basic disclosure policy and strives to disclose information in an appropriate and timely manner to ensure that its various stakeholders, including customers, shareholders, and other investors, have a correct understanding of the Sompo Holdings Group's management and other initiatives.

Corporate Website / Integrated Report

The Company's corporate website is a source of corporate data as well as information on Group businesses, topics of interest to shareholders and other investors, and CSR activities. We also post timely news releases on this website. The English version of the website provides a variety of information for people overseas.

URL

<https://www.sompo-hd.com/en/>

In addition to the corporate website, the Company publishes its integrated annual report (in Japanese and English), which provides easy-to-understand explanations of the Group's profile, management policies, and operating performance.



Regular Briefings for Investors and Analysts

The Company holds regular briefings for investors and analysts. Presentation materials used in these briefings are made available to all interested parties on the Company's corporate website.

IR meetings are held twice annually with the Group CEO and other members of senior management in attendance, in principle, and include presentations and question and answer sessions. The Company also arranges for members of senior management, including the Group CEO, to take part in discussions with domestic and overseas investors on an individual

basis. In addition, we provide a wide range of opportunities for discussions with Business Owners with regard to specific business themes.

Through such discussions, the Company is able to explain its management policies and other topics in an appropriate manner to investors, while also providing the Board of Directors and members of senior management with timely feedback on investor interests and concerns, which contributes to the formulation of management strategies and the execution of operations.

Briefings, etc., Held in Fiscal 2018

Business strategy explanation meetings for institutional investors and analysts (IR meetings)	2 times
Financial results conference calls for institutional investors and analysts	2 times
Small, theme-specific meetings with Business Owners, etc.	3 times
Conferences sponsored by securities companies	5 times
One-on-one meetings with institutional investors	268 times
Information sessions for individual investors	12 times