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Corporate Profile

Company name	Sompo Holdings, Inc.
Head office	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan
Date of establishment	April 1, 2010
Business activities	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations.
Capital	100 billion yen
Group CEO Representative Director, President and Executive Officer	Kengo Sakurada
Exchange listing	Tokyo Stock Exchange (First Section)
Shareholder registry administrator	Mizuho Trust & Banking Co., Ltd.
Employees	514 (As of March 31, 2017)

▶ **Directors, Audit & Supervisory Board Members and Executive Officers**

▶ **Organization Chart**

▶ **History**

Major ESG Data

Group Employee Data

Number of employees (by employment status)

	Male	Female	Total
Regular employees	18,425	20,572	38,997
Temporary workers	4,738	20,128	24,866
Total	23,163	40,700	63,863

Number of employees (by region)

	Japan	Asia & Middle East	Europe	North America	Latin America	Total
Regular employees	34,392	1,964	678	5	1,958	38,997
Temporary workers	24,780	20	40	0	26	24,866
Total	59,172	1,984	718	5	1,984	63,863

* Sompo Canopus is active in several countries, and is counted in the Europe region here.



▶ Overview

We are developing a range of businesses centered on the domestic P&C insurance business, including domestic life insurance, Nursing care&Healthcare, and overseas insurance.

▶ Vision & Strategy

Build a "Theme park for the security, health and wellbeing of customers"

▶ Domestic P&C Insurance

Providing high-quality P&C insurance products and services that respond to diversifying risks.

▶ Domestic Life Insurance

Providing insurance that meets the customer's life stage, such as medical and cancer insurance, life insurance, education endowment insurance, and annuities.

▶ Nursing care & Healthcare

Providing a wide range of high-quality nursing care and healthcare services to support the "security, health and wellbeing" of customers.

▶ Overseas Insurance

With a global business network covering 228 cities in 32 countries and regions, we are developing business globally, from developed to emerging countries.

▶ Strategic Businesses

Going beyond insurance to develop a wide range of businesses that support customer security, health, and wellbeing.

▶ List of Group Companies

For further information, please refer to our website.
<http://www.sompo-hd.com/en/csr/>

Group Management Philosophy

Group Management Philosophy

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

Group Action Guidelines

To provide the highest possible quality of service to our customers we will:

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

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

Corporate Governance

The Group considers continually improving the transparency and fairness of the Group's corporate governance and fulfilling its corporate social responsibility as essential to maintaining strong relations of trust with stakeholders.

The Group formulated its Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the governance structure and the governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

▶ **Corporate Governance Overview**

▶ **Management Structure of
Corporate Governance**

▶ **Corporate Governance Report**

▶ **Business owner system
Group CxO system**

Corporate Governance Overview

As of April 1,2017

Organizational structure	Company with an Audit & Supervisory Board
Chairman of the Board of Directors	Kengo Sakurada
Number of Directors	12, of which 4 are Outside Directors
Number of Audit & Supervisory Board Members	5, of which 3 are Outside Audit & Supervisory Board Members
Board of Directors meetings	<p>Held 14 times Attendance: 98.9% of Directors, 100% of Audit & Supervisory Board Members</p> <ul style="list-style-type: none"> * Orientation meetings for Outside Directors are held in conjunction with Board of Directors meetings to ensure effective Board of Directors meeting operation. * Please refer to Corporate Governance Policy 3 for details regarding Directors and Board of Directors meetings. <p style="text-align: right;">(Fiscal 2016 Results)</p>
Audit & Supervisory Board meetings	<p>Held 13 times Attendance: 100%</p> <ul style="list-style-type: none"> * Please refer to Corporate Governance Policy 4 for details regarding Audit & Supervisory Board Members and Audit & Supervisory Board meetings. <p style="text-align: right;">(Fiscal 2016 Results)</p>
Voluntary committee equivalent to Nomination Committee	<p>Nomination and Compensation Committee</p> <ul style="list-style-type: none"> * Comprising 5 committee members (4 Outside Directors, 1 Internal Directors) and chaired by an Outside Director. * Please refer to Corporate Governance Policy 5 for details regarding Nomination and Compensation Committee.

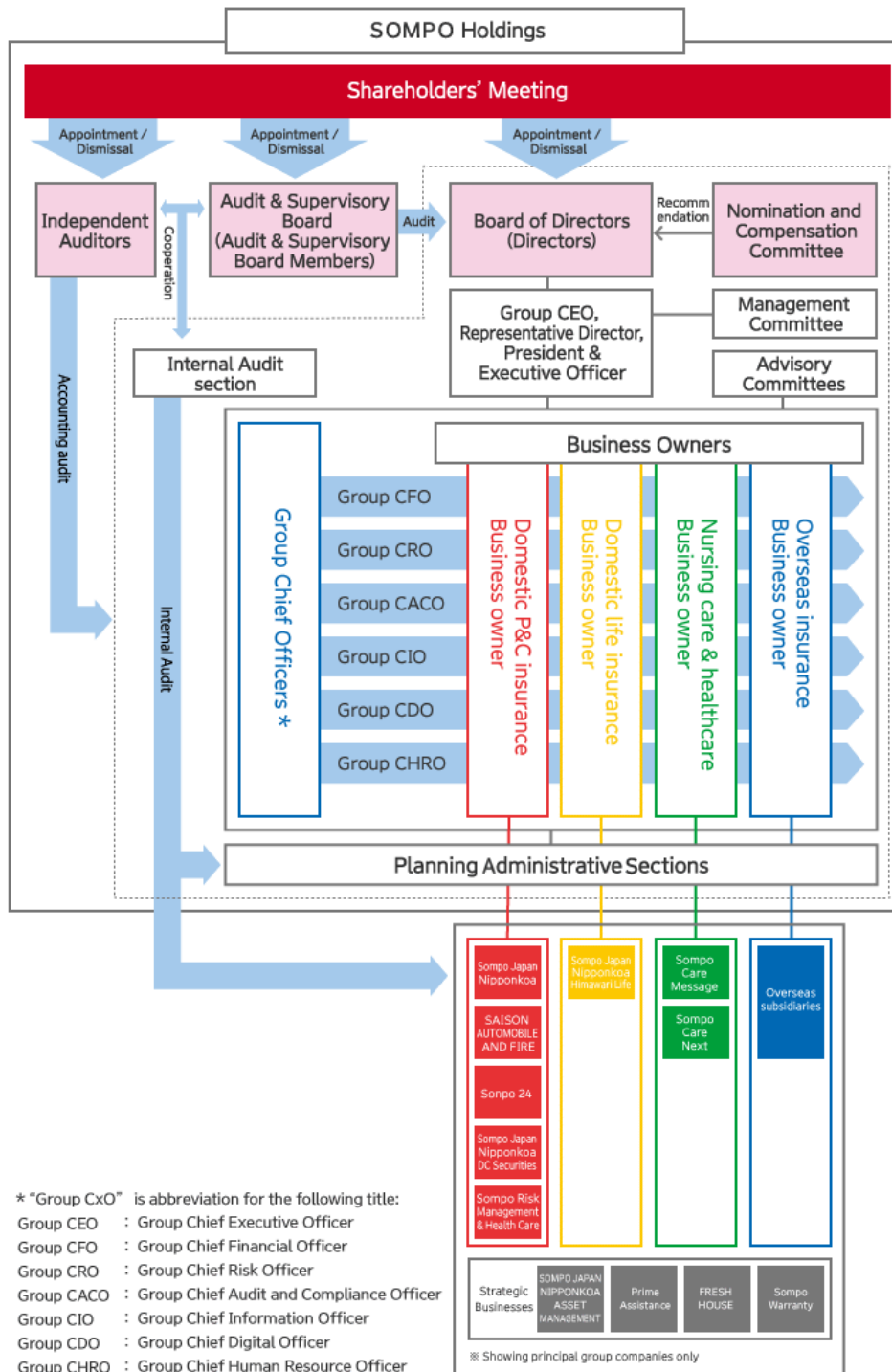
and Compensation Committee	
Appointment of Directors and Audit & Supervisory Board Members	<p>Formulates policies for appointment of officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, functioning as an advisory body to the Board of Directors</p> <p>* Please refer to Corporate Governance Policy 7 for details regarding policies for appointment of officers.</p>
Number of Independent Directors and Independent Audit & Supervisory Board Members	<p>4 Outside Directors and 3 Outside Audit & Supervisory Board Members</p> <p>* All Outside Directors and Audit & Supervisory Board Members are independent as defined by the Financial Instruments and Exchange Act.</p> <p>* Standards regarding Independence of Outside Directors and Outside Audit & Supervisory Board Members is disclosed in the Corporate Governance Report.</p>
Determination of compensation, etc.	<p>Formulates policies on decisions pertaining to compensation for officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, functioning as an advisory body to the Board of Directors</p> <p>* Please refer to Corporate Governance Policy 9 for details regarding policies on decisions pertaining to compensation for officers.</p>

▶ [Corporate Governance Policy](#)

Management Structure of Corporate Governance

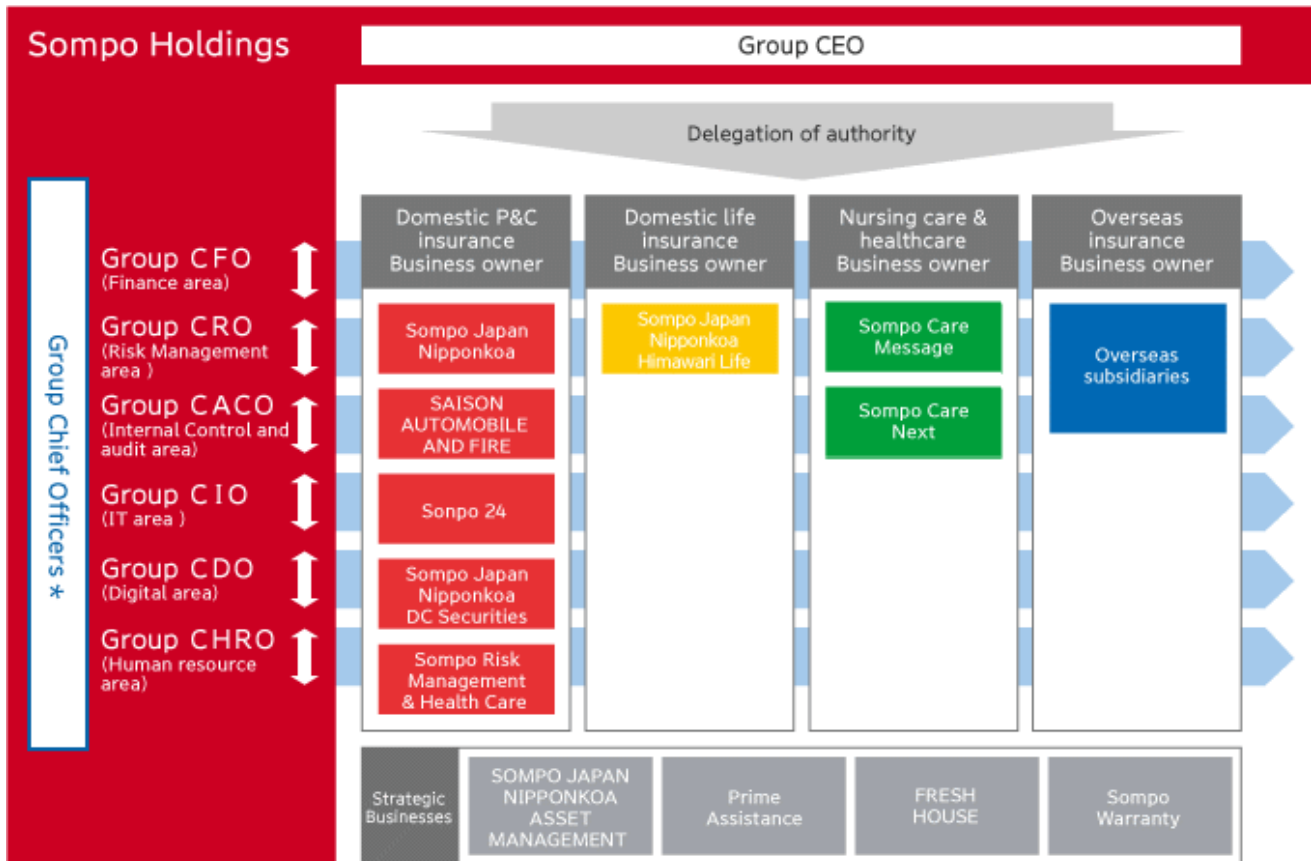
Management Structure of Corporate Governance

As of July 1, 2017



Business owner system and Group CxO system

The Group adopts business owner system and Group CxO system to enable agile and flexible decision-making and business execution under the supervision of the Group CEO in the Group's best interest, and increase corporate value of the Group.



Group CEO oversees overall operation of the Group as a Chief Executive Officer of the Group by strategically assigning business owners 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.

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

Under the Group CxO system, each Group CxO oversees group-wide operation of each function (Group CFO (finance), Group CRO (risk management), Group CACO (internal control and audit), Group CIO (IT), Group CDO (digital), and Group CHRO (human resource)) 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 CxO" is abbreviation for the following title:

Group CEO : Group Chief Executive Officer

Group CFO : Group Chief Financial Officer

Group CRO : Group Chief Risk Officer

Group CACO: Group Chief Audit and Compliance Officer

Group CIO : Group Chief Information Office

Group CDO : Group Chief Digital Officer

Group CHRO: Group Chief Human Resource Officer

Compliance System

Sompo Holdings Group's Commitment to Compliance

Sompo Holdings has established this 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.

Sompo Holdings Group Basic Policy on Compliance (Overview)

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.

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.
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Sompo Holdings Group Compliance Code of Conduct

Officers and employees of Sompo Holdings Group shall conduct themselves in accordance with the following Code of Conduct, which is based on Sompo Holdings Group Basic Policy on Compliance.

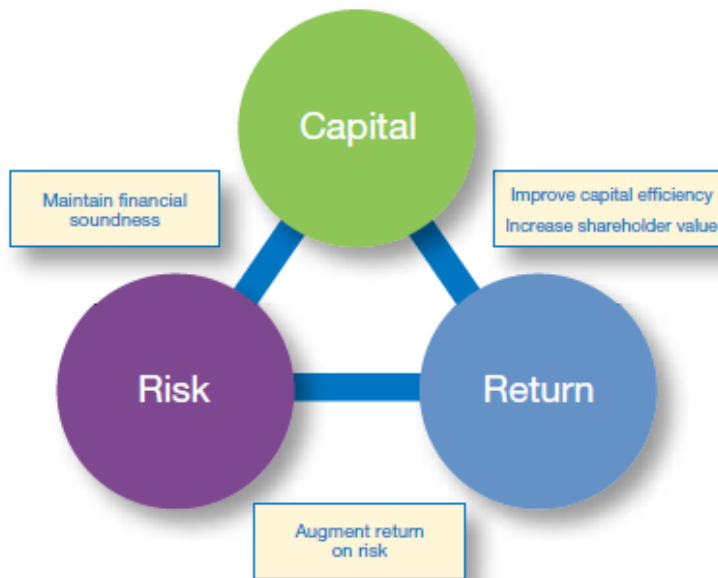
1. Act with integrity and good sense in compliance with laws and rules and company rules, and in accord with societal norms and corporate ethics.
2. Refrain from conduct unduly detrimental to the company's interests.
3. Always act based on a clear distinction between public and private.
4. Act in accord with common sense without improperly giving or accepting money, gifts, hospitality or other personal benefits in performing duties.
5. Adequately safeguard and refrain from divulging confidential information and customer information acquired during the course of work.
6. Adequately safeguard nonpublic material information acquired in the performance of duties and refrain from using such information in managing company or personal assets or in other personal financial activities (insider trading).
7. Take appropriate actions in response to other personnel's compliance infractions without overlooking or concealing them.
8. Respond organizationally and with firm resolve to organized crime forces that threaten the safety and order of civil society.
9. Act with respect for people in all situations, never discriminating against or harassing anyone.

Strategic Risk Management (ERM)

Through value judgements based on the customer’s perspective, the Group maintains financial soundness and aims to improve corporate value to continue providing high-quality services that contribute to customer security, health, and wellbeing.

With the aim of maximizing Group corporate value, SOMPO HOLDINGS engages in Strategic Risk Management* to improve profitability against risks, augment capital efficiency, and ensure financial soundness through the appropriate control of capital and the risk-return balance. Strategic Risk Management is used to identify significant risks from a variety of sources throughout the Group, which has established an integrated risk control system to analyze, assess, and control risks while maintaining the ability to accurately respond to risks when they occur.

* Our ERM framework is referred to within the Group as Strategic Risk Management.



▶ Strategic Risk Management(ERM)

▶ Strategic Risk Management(ERM) Development

Strategic Risk Management(ERM)

1. PDCA Cycle of Strategic Risk Management

The Group implements Strategic Risk Management to maximize the Group's corporate value by minimizing unforeseen losses while effectively utilizing its capital, increasing its profits under appropriately control of risks.

To achieve these objectives, we have formulated our "Group Risk Appetite Statement," which serves as a guideline for risk taking. We have constructed and implement a PDCA cycle (an iterative four-step management plan-do-check-act cycle) for Strategic Risk Management to operate our business based on this guideline.

Plan: Each business unit formulates a business plan based on the Group Risk Appetite Statement. The Group conducts quantitative validation of the appropriateness of such factors as Group-wide capital efficiency (ROE), financial soundness (ESR) and return on risk (ROR), thereby determining optimal business plans as the Group. The Group also allocates its capital to each business unit based on growth potential and profitability.

Do: Each business unit takes risks within its allocated capital, aiming to achieve the profit targets in its business plan.

Check, Act: The Group periodically monitors changes in the business environment and progress on plans, and revises business plans and capital allocation as necessary.

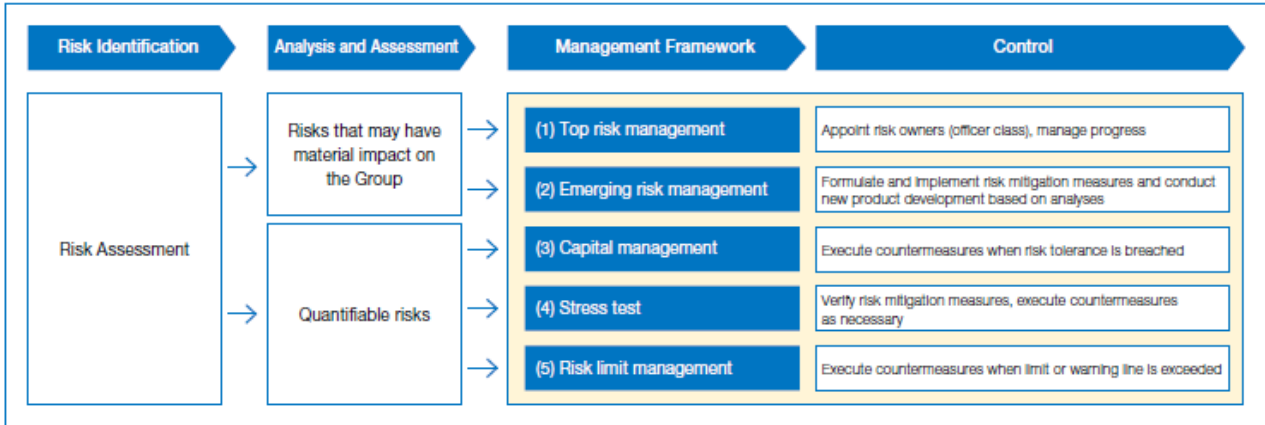
Group Risk Appetite Statement



2. Risk Control System

Sompo Holdings has created and operates a stringent risk control system that enables comprehensive identification of and responses to risks affecting the Group based on risk assessments.

Stringent Risk Control System Serving as Cornerstone of ERM



(1) Top Risk Management

Top risks are defined as "risks that may have significant impact on the Group." A risk owner (officer class) is appointed for each risk and officers are responsible for implementing countermeasures and process management.

Top risks are selected through both a top-down approach, which is based on the recognition of the business environment by management and outside directors, and a bottom-up approach, which is based on risk assessment.

(2) Emerging Risk Management

Emerging risks are defined as "risks that could materialize or change due to changes in the operating environment and other factors and may exert a significant impact on the Group in the future." Specific risks are identified based on risk assessment, reports from external institutions, and other measures, and appropriate risk management is performed.

It is important to consider emerging risks in terms of not only mitigating losses but also future business opportunities, such as development of new insurance products and services. We are thus monitoring, researching, and studying risks on a Group-wide basis.

(3) Capital Management

Regarding the risk tolerance for financial soundness necessary for executing Group strategies, the Group uses value at risk (VaR)—a risk indicator—to measure the estimated level of damage that the Group may suffer for a holding period of one year, and manage such risk in order to maintain financial soundness equivalent to an AA rating.

We regularly monitor the status of risk and capital of the Group and each business unit. A

system has been established so that when there is a risk of breaching risk tolerance, the Group will formulate and implement measures aimed at reducing risk or reinforcing capital.

(4) Stress Test

To accurately understand and manage events having a major impact on Group management, scenario stress tests, reverse stress tests, and sensitivity analyses are conducted on a Group-wide basis to analyze the degree of impact on capital and risk. A system has been established to implement countermeasures as necessary.

Scenario Stress Tests	<p>The Company evaluates the possible impact of stress scenarios with the potential to significantly affect management, such as large-scale natural catastrophes and financial market disruptions, with the aim of verifying the sufficiency of capital and the efficacy of risk mitigation measures. Moreover, Sompo Holdings regularly verifies the appropriateness of stress scenarios to ensure that it is able to respond effectively to changes in the business environment.</p>
Reverse Stress Tests	<p>Reverse stress tests are conducted to identify specific events that breach risk tolerance and prepare actions in advance.</p>
Sensitivity Analyses	<p>Sensitivity analyses are conducted to understand the impact of major risk factor fluctuations on capital and risk and to verify the appropriateness of internal models through comparisons with actual business performance.</p>

(5) Risk Limit Management

To avoid huge losses due to the occurrence of specific events, we have set Group-wide limits that are consistent with risk tolerance with regard to credit risks, reinsurance counterparty risks, and overseas natural catastrophe risks. Risks are managed to ensure that they do not exceed these limits.

As a preventive management measure, warning lines have been set, and a system for formulating and implementing countermeasures in the event that risks exceed the warning lines has been established.

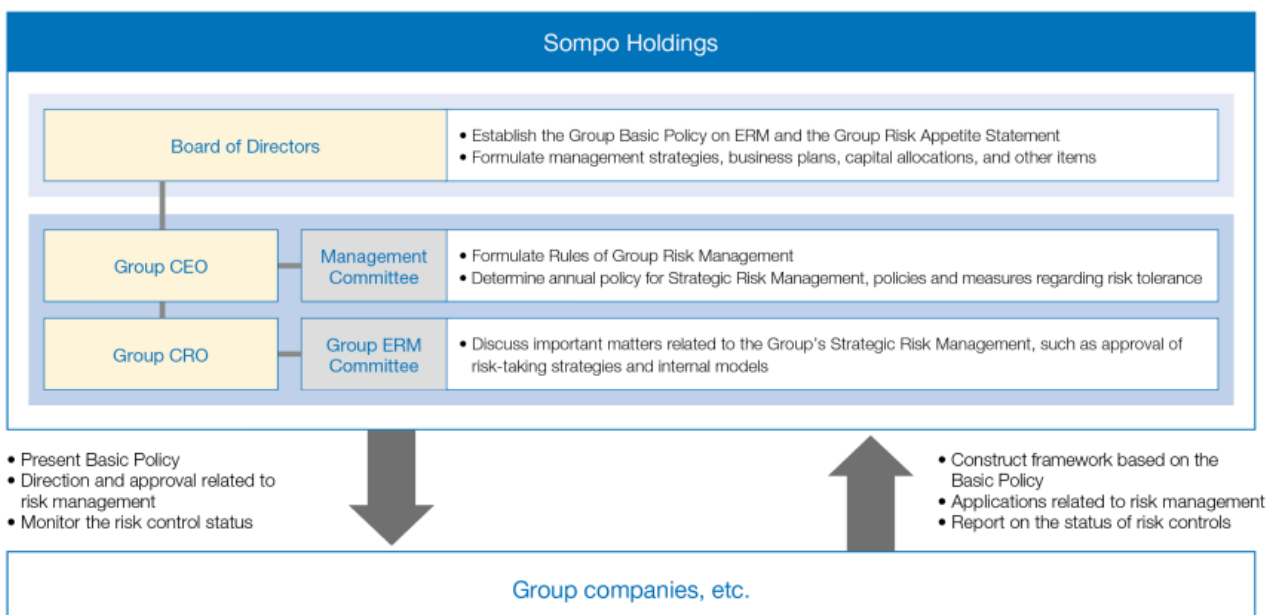
Strategic Risk Management(ERM) Development

In the volatile, uncertain, complex, and ambiguous (VUCA) world, the Group needs to look forward and address risks continuously. Also, the portfolio of the Group is being transformed by the full-fledged entry into the nursing care business and the expansion of overseas business. In response to increasingly diverse and complex risks, the Group recognizes the need to enhance Strategic Risk Management continuously.

In FY2017, under the Group CxO system, the Group CRO is promoting the practice of Strategic Risk Management and enhancing Strategic Risk Management further in Group-wide basis. In the expanding overseas insurance business, the Group is constructing and enhancing the globally integrated ERM framework by measures such as sending staffs to Sampo International, which manages our European and North American business, and to other major places of operation, fostering close relationships with overseas entities through personnel exchanges, and having management of overseas entities to participate in the Group ERM Committee to incorporate their global expertise. In the nursing care & healthcare business, the Group is enhancing the risk management framework based on the characteristics of the nursing care business and constructing a framework to prevent material risk from occurring. As an initiative to reinforce the cross-segment function, the Group CRO is constructing a system to control the Group's risk portfolio proactively, through coordination with the Group CFO.

Furthermore, to embed ERM culture throughout the Group and strengthen the human resources that underpin Strategic Risk Management, the Group is enhancing the use of the ROR indicator in the performance appraisal system, sending a message from management and providing various training sessions tailored to the roles of employees.

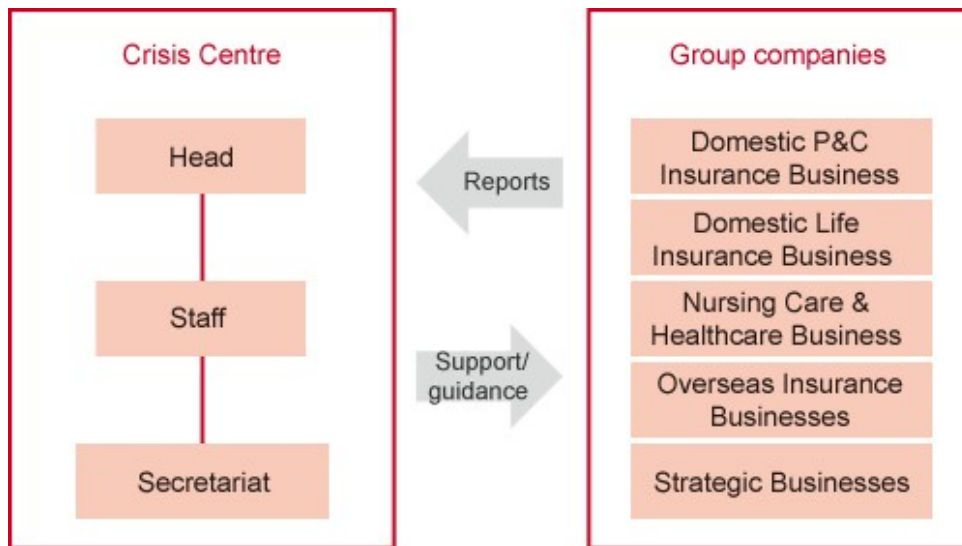
Strategic Risk Management (ERM) Frameworks



Our Risk Management (Business Continuity Systems)

The Group has adopted its own basic policy on the establishment of Business Continuity Programs (BCP) to ensure the continuation of critical functions in each business area and fulfill our social mission, even in the event of a major natural disaster or other type of crisis. In accordance with this policy, each Group company establishes its own systems to ensure business continuity and quick recovery after an incident by creating crisis management and response systems, and continuously reviewing them through training and self-monitoring.

Sompo Holdings serves as the supervisory body for critical responses within the Group. In the event of a crisis, it sets up the Crisis Center, headed by the Group CEO. The center gathers and assesses crisis information and makes necessary decisions while working with Group companies to ensure their business continuity.



Sompo Japan Nipponkoa, our core business company, has identified three functions as critical in fulfilling its social responsibility as a property and casualty insurance company: processing of insurance claims, insurance payouts, and policy changes and renewals. The company has adopted business continuity plans aimed at recovering and restoring these critical functions within 24 hours, even in the event of a natural disaster or other crises.

We work to improve the efficiency of business continuity systems through various hands-on trainings, and make improvements as necessary based on self-monitoring as well as evaluations by external consultants.

For normal times, Sompo Japan Nipponkoa has established a crisis management promotion headquarters, headed by the President, and it works to further improve business continuity systems. When a crisis occurs, it then becomes the Crisis Center and takes command of the situation.

▶ [Risk Management \(Business Continuity Systems\)](#)

Value Chain

Through engagement with all stakeholders, we aim to provide sustainable value to all them that have an impact on our business activities.

Here we introduce the value chain of the Group insurance-related business activities that account for 95% of revenues (domestic P&C insurance business, domestic life insurance business, overseas insurance business).

