

# About Us

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# Corporate Profile

<b>Company name</b>	Sompo Holdings, Inc.
<b>Head office</b>	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan
<b>Date of establishment</b>	April 1, 2010
<b>Business activities</b>	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.
<b>Capital</b>	100 billion yen
<b>Group CEO Representative Director, President and Executive Officer</b>	Kengo Sakurada
<b>Exchange listing</b>	Tokyo Stock Exchange (First Section)
<b>Shareholder registry administrator</b>	Mizuho Trust & Banking Co., Ltd.
<b>Employees</b>	514 (As of March 31, 2017)

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

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# Major ESG Data

## Group Employee Data

### Number of employees (by employment status)

	Male	Female	Total
Regular employees	21,261	27,283	48,544
Temporary employees	1,775	14,944	16,719
Total	23,036	42,227	65,263

### Number of employees (by region)

	Japan	Asia & Middle East	Europe	North America	Latin America	Total
Regular employees	42,274	2,481	134	1,708	1,947	48,544
Temporary employees	16,643	30	0	18	28	16,719
Total	58,917	2,511	134	1,726	1,975	65,263

\* Sampo International advances into several countries, and is counted in the North America region here.



## Group Businesses

### ▶ 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 218 cities in 30 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

# Group Management Philosophy

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## 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.

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## 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.

<b>▶ Corporate Governance Overview</b>	<b>▶ Management Structure of Corporate Governance</b>
<b>▶ Corporate Governance Report</b>	<b>▶ Group Tax Policy</b>
<b>▶ Business owner system Group CxO system</b>	

# Corporate Governance Overview

As of June 25,2018

<b>Organizational structure</b>	Company with an Audit & Supervisory Board
<b>Chairman of the Board of Directors</b>	Kengo Sakurada(Group CEO, Representative Director, President and Executive Officer)
<b>Number of Directors</b>	12, of which 4 are Outside Directors
<b>Number of Audit &amp; Supervisory Board Members</b>	5, of which 3 are Outside Audit & Supervisory Board Members
<b>Board of Directors meetings</b>	<p>Held 14 times  Attendance: 100% of Directors, 98.6% of Audit &amp; Supervisory Board Members</p> <ul style="list-style-type: none"> <li>* Orientation meetings for Outside Directors are held in conjunction with Board of Directors meetings to ensure effective Board of Directors meeting operation.</li> <li>* Please refer to Corporate Governance Policy 3 for details regarding Directors and Board of Directors meetings.</li> </ul> <p style="text-align: right;">(Fiscal 2017 Results)</p>
<b>Audit &amp; Supervisory Board meetings</b>	<p>Held 13 times  Attendance: 98.5%</p> <ul style="list-style-type: none"> <li>* Please refer to Corporate Governance Policy 4 for details regarding Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board meetings.</li> </ul> <p style="text-align: right;">(Fiscal 2017 Results)</p>
<b>Voluntary committee equivalent to Nomination Committee and Compensation Committee</b>	<p>Nomination and Compensation Committee</p> <ul style="list-style-type: none"> <li>* Comprising 5 committee members (4 outside directors, 1 internal director(Group CEO)) and chaired by an Outside Director.</li> <li>* Please refer to Corporate Governance Policy 6 for details regarding Nomination and Compensation Committee.</li> </ul>

<b>Appointment of Directors and Audit &amp; Supervisory Board Members</b>	<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>
<b>Number of Independent Directors and Independent Audit &amp; Supervisory Board Members</b>	<p>4 Outside Directors and 3 Outside Audit &amp; Supervisory Board Members</p> <p>* All Outside Directors and Audit &amp; 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 &amp; Supervisory Board Members is disclosed in the Corporate Governance Report.</p>
<b>Determination of compensation, etc.</b>	<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](#)

# Corporate Governance Policy

This policy establishes the framework and operational policy underpinning the basic views on corporate governance of the Sompo Holdings Group (hereinafter “the Group”).

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## 1. Basic Views on Corporate Governance

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

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

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

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## 2. Overall Governance Organization

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

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

The Group also utilizes business owner system, Group Chief Officer (hereinafter “Group CxO”) system, and executive officer system under the supervision of the Group CEO to enable agile and flexible decision-making and operation as well as ensuring the clarity of authority and responsibility.

To ensure transparency in the appointment and treatment of directors, the chairman and a majority of the

members of the Nomination and Compensation Committee, an advisory organ to the Board of Directors, are outside directors.

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## 3. Directors and the Board of Directors

### (1) Role of directors and the Board of Directors

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

The Board of Directors meeting, in principle, convenes on a monthly basis and comprises an appropriate number of members to realize swift decision-making.

Preliminary briefing sessions are held with outside directors to provide details about the discussion agenda with specific emphasis on the key agenda items. The integration of the Board of Directors meeting and preliminary briefing session, which includes communicating the opinions, questions, and other comments expressed by the outside directors at the preliminary briefing sessions to all attending directors before the Board of Directors meeting, is intended to facilitate constructive deliberations at the Board of Directors meeting and ensure the effectiveness of the Board of Directors operations. Steps including convening meetings of the outside directors and the Group CEO are implemented to facilitate open exchange of opinions between the outside directors and the chief executive.

The directors apply their accumulated knowledge and experience to the key issues for the Company to realize the proper execution of fair and effective executive management.

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

The number of directors shall not exceed 15, as stipulated in the Articles of Association. When establishing the stipulation that the number of directors shall not exceed 15, the Group took into account the need for swift and appropriate decisionmaking and the scope of duties to be performed by the Board of Directors. Outside directors are corporate managers or other people with extensive experience and a wide range of perspectives able to apply outside viewpoints to various issues, including legal affairs, consumer needs, and overseas business development.

To ensure full clarity of responsibility related to business matters in each fiscal year, a director's tenure ends at the close of the Ordinary General Meeting of Shareholders held within the latest fiscal year that is within one year of the appointment.

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

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

Audit & Supervisory Board members audit the work performance of the directors through such activities as auditing the construction and maintenance conditions of the Group internal control system and providing effective advice and recommendations to senior management that promotes the Group's sustainable growth and increases the corporate value over the medium- and long-term.

The Audit & Supervisory Board establishes the audit standards, basic policy on audits, and auditing programs to make the above auditing activities functional and effective and systematically conduct auditing operations.

The Audit & Supervisory Board sets an annual meeting schedule and endeavors to realize full participation of all members and coordinates activities. Such endeavors include distributing information materials before meetings to ensure members are fully prepared to conduct thorough reviews and deliberations.

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

The number of Audit & Supervisory Board members shall not exceed seven, as stipulated in the Articles of Association. The majority of Audit & Supervisory Board members are outside directors, which strengthens their independence from management.

The Group enhances effectiveness of monitoring by ensuring diversity among Audit & Supervisory Board members through the organic combination of informationgathering capabilities, Audit & Supervisory Board member independence, and full-time employment as well as stronger cooperation with accounting auditors and the inclusion of Audit & Supervisory Board members with accounting-related knowledge.

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

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## 5. Business Execution structure

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

## **(1) Group CEO**

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.

## **(2) Business owner**

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

## **(3) Group CxO**

Each Group CxO oversees group-wide operation of each function (Group CFO (finance), Group CRO (risk management), Group CIO (IT), Group CDO (digital), Group CHRO (human resource), Group CSO (strategy) and Group CBO (brand)) 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.

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## **6. Nomination and Compensation Committee**

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

### **(1) Role of the committee**

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

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

## **(2) Committee structure**

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

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## **7. Policies for Appointment of Officers**

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

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

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

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

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

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

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

## **(2) Policies for appointment of executive officers**

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

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## **8. Policies for Training of Officers**

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

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

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## **9. Policies on Decisions pertaining to Compensation for Officers**

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

### **(1) Basic policy on Compensation for Officers (Common to Group Companies)**

- a. The form and level of compensation for officers shall enable recruiting and retaining superior human resources as management of the Group.
- b. Compensation structure shall be consistent with business strategy and promote officers' incentive to improve performance for the sake of the Group's growth.
- c. Compensation shall reflect medium to long-term results and initiatives by officers as well as single-year results.

- d. Objectiveness, transparency and fairness that can fulfill accountability to stakeholders shall be achieved in compensation structure for the Company and major subsidiaries through deliberation process in the Nomination and Compensation Committee inside the Group.

## (2) Compensation structure for Officers

The Group sets policies on compensation for officers as follows. However, in cases there are reasonable grounds to believe that those policies should not be applied, the amount and composition of compensation are determined by the Board of Directors based on the recommendation of the Nomination and Compensation Committee.

The Nomination and Compensation Committee examines compensation budget for all directors and executive officers and makes recommendations to the Board of Directors on an annual basis. The amount of compensation for directors and executive officers are determined by the Board of Directors within the budget.

- a. Composition of compensation for directors and how it is determined

Compensation for directors shall consist of monthly compensation, performance-linked compensation and performance-linked stock compensation.

With regard to monthly compensation, performance-linked compensation and performance-linked stock compensation, fixed amount shall be determined for monthly compensation, while a base amount and the number of standard point (one point = one common share) shall be determined for performance-linked compensation and performance-based stock compensation depending on whether the person is an outside or internal director, or does or does not have authority to represent the Company.

Nevertheless, performance-linked compensation and performance-linked stock compensation will not be paid to outside directors.

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

Overview of performance-linked compensation and performance-linked stock compensation are described in d. and e. below.

- b. Composition of compensation for executive officers and how it is determined

Compensation for executive officers shall consist of monthly compensation, performance-linked compensation and performance-linked stock compensation. The amount and composition of compensation for the group CEO are examined and recommended by the Nomination and Compensation Committee, and determined by the Board of Directors based on the business environment and market level of compensation for executive officers, and group CEO's achievements and skills. The amount and composition of compensation for executive officers other than group CEO are determined based on the business environment and market level of compensation for executive officers and shall reflect the significance of duties, strategic positioning, achievements and skills. Fixed amount shall be determined for monthly compensation, while a base amount and the number of standard point (one point = one common share) shall be determined for performance-linked compensation and performance-linked stock compensation.

Overview of performance-linked compensation and performance-linked stock compensation are described in d. and e. below.

- c. Composition of compensation for Audit & Supervisory Board members and how it is determined

The form and level of compensation for Audit & Supervisory Board members shall commensurate with their duties and responsibilities and determined at a fixed amount through discussion between the Audit & Supervisory Board members depending on whether the Audit & Supervisory Board member is full-time or part-time while giving due consideration to their independence.

d. Performance-linked compensation

The Company has introduced performance-linked compensation system in order to align compensation for officers and business strategy and promote officer's incentive to improve performance for further growth of the Group. Below is overview of the system:

- Performance-linked compensation shall be determined by reflecting single-year corporate performance and individual performance to the base amount of performance-linked compensation.
- Performance metrics to evaluate corporate performance are adjusted consolidated profit and adjusted consolidated ROE, and coefficient is determined as a ratio of actual figures to targeted figures (projected figures in business plan). For performance metrics to evaluate individual performance, coefficient is determined depending on evaluation result in individual performance evaluation of officers.
- Coefficient for performance-linked compensation is calculated by multiplying the above-mentioned coefficient for company performance by coefficient for individual performance, and the amount of payment is calculated by multiplying base amount of performance-linked compensation by the coefficient for performance-linked compensation.
- For officers who serve as business owners or in charge of those businesses, sales and profit of the business are used as performance metrics to evaluate corporate performance.

e. Performance-linked stock compensation

The company had introduced performance-linked stock compensation system in order to increase the linking between compensation and increases in corporate value over the medium to long-term. Below is overview of the system:

- Performance-linked stock compensation shall be determined by reflecting the medium to long-term stock value and consolidated performance to the number of performance-linked stock compensation standard point in comparison to the market.
- Coefficient for stock value shall be determined by comparing 3-year growth rate of our stock value to the TOPIX growth rate.
- Coefficient for consolidated performance shall be determined by comparing our growth rate of consolidated net income over the past 3 business years to the growth rate of peer group (global companies centering around insurance companies).
- Coefficient for performance-linked stock compensation is calculated by adding on the above-mentioned coefficient for stock value with coefficient for consolidated performance, and the point to provide is calculated by multiplying the number of performance-linked stock compensation standard point by the coefficient for performance-linked stock compensation.

## 10. Information Disclosure

The Company fulfills its responsibility to explain financial and non-financial information, including management strategies, risks, and governance, through timely, appropriate, equitable, and accurate disclosure. Disclosure systems, including internal rules, shall be established to ensure that essential information is supplied appropriately and promptly.

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## 11. Supervision Policies for Group Companies

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

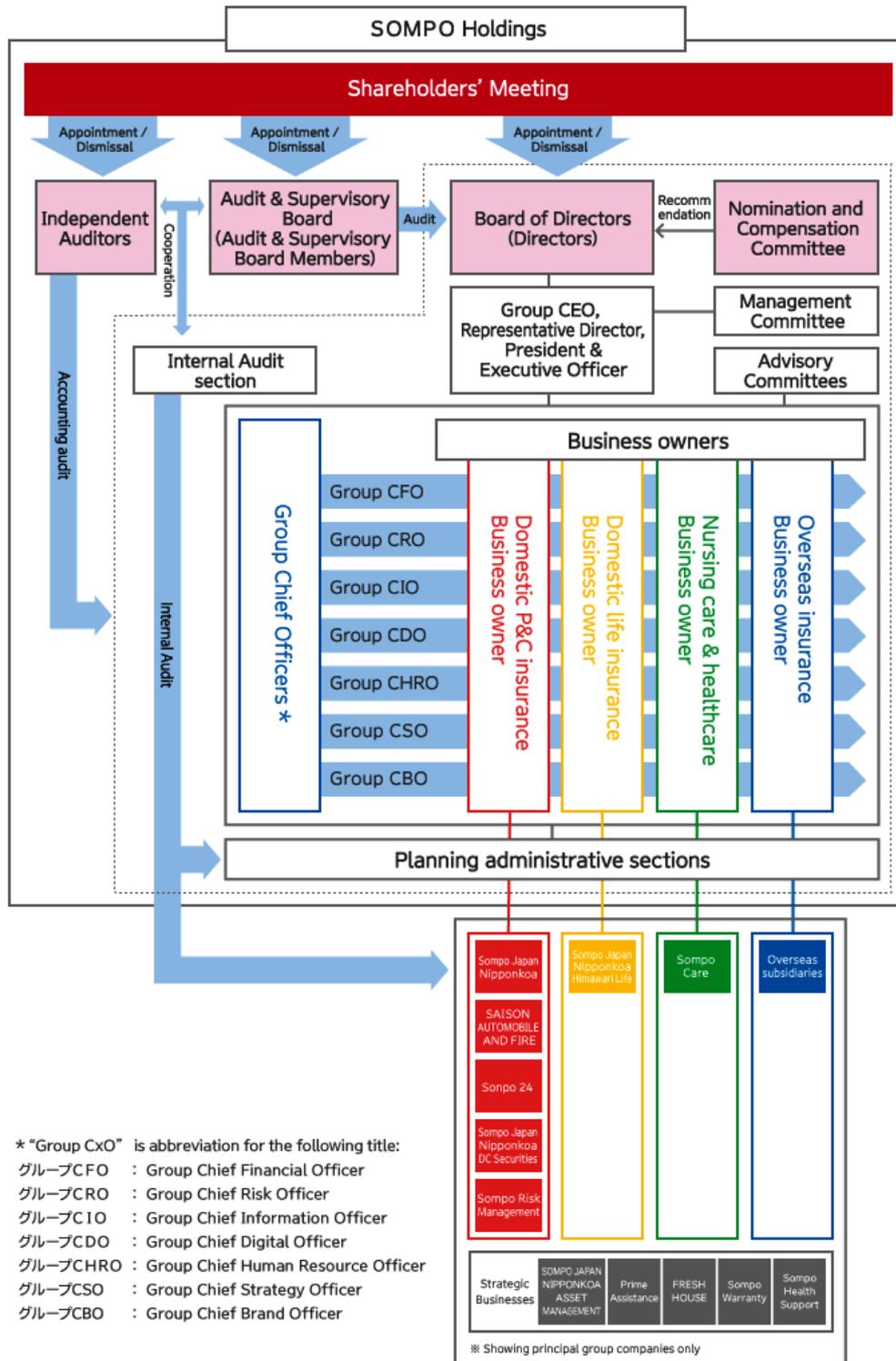
The Company shall formulate a common management vision and basic policies for the Group and notify these among Group companies. It shall supervise Group companies' management through monitoring and other means. The Company shall also establish appropriate systems, including risk management systems, regulatory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

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

# Management Structure of Corporate Governance

## Management Structure of Corporate Governance

As of October 1, 2018



# Corporate Governance Report

This is a translation of the Japanese language original for convenience purposes only, and in the event of any discrepancy, the Japanese language original shall be valid.

▶ [Corporate Governance Report \(PDF/508KB\)](#)

# Group Tax Policy

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## 1.Regulatory Compliance

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

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## 2.Approach to International Taxation

The SOMPO Holdings Group strives to mitigate any risk of damaging corporate value from 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 Holdings Group also ensures international income is allocated between parties on an appropriate basis.

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## 3.Optimization of Tax Burden

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

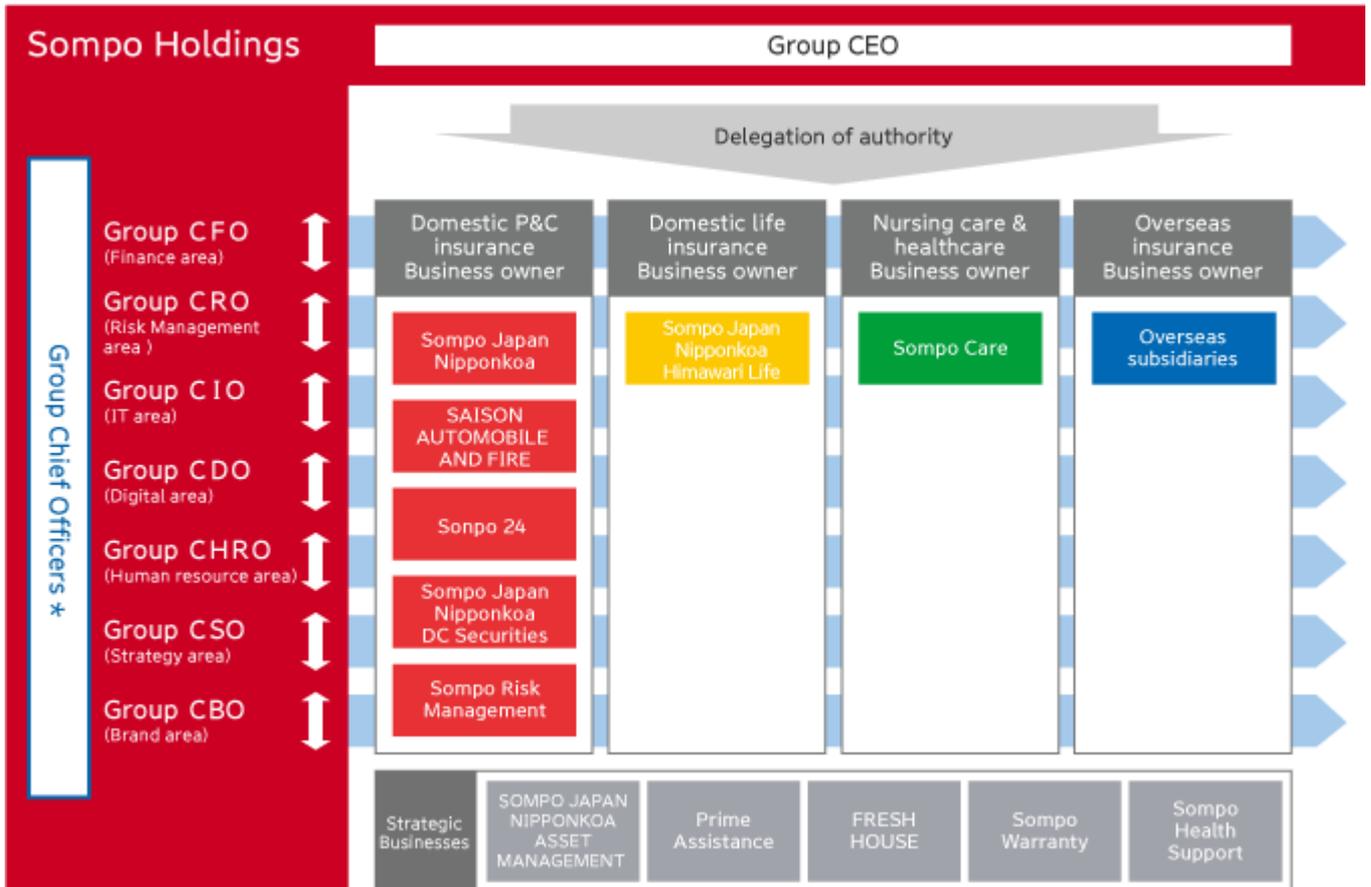
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## 4.Relationship with the Tax Authorities

The SOMPO Holdings Group seeks to maintain a positive relationship with the tax authorities by always ensuring its explanations of its positions are sincere, transparent and based on true facts. The SOMPO Holdings Group keeps proper and timely manners of filing tax returns, paying taxes and submitting information with regard to tax when requested by the tax authorities. Furthermore it will undertake measures for improvement of matters which are subject to the advice of the tax authorities to be agreed.

# 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 CIO (IT), Group CDO (digital), Group CHRO (human

resource), Group CSO (strategy) and Group CBO (brand)) 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 Chief Officers" 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 CIO : Group Chief Information Office
- Group CDO : Group Chief Digital Officer
- Group CHRO : Group Chief Human Resource Officer
- Group CSO : Group Chief Strategy Officer
- Group CBO : Group Chief Brand Officer

# Compliance System

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## 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.

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## 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.

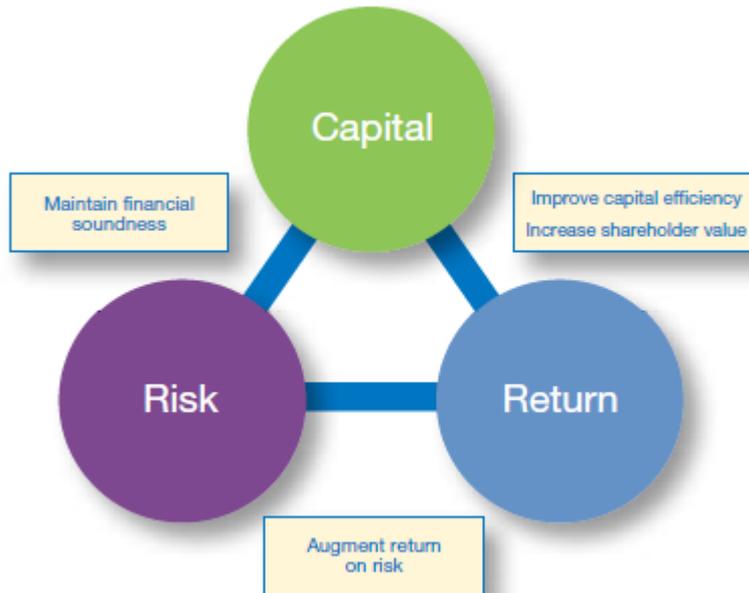
# Strategic Risk Management (ERM)

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.



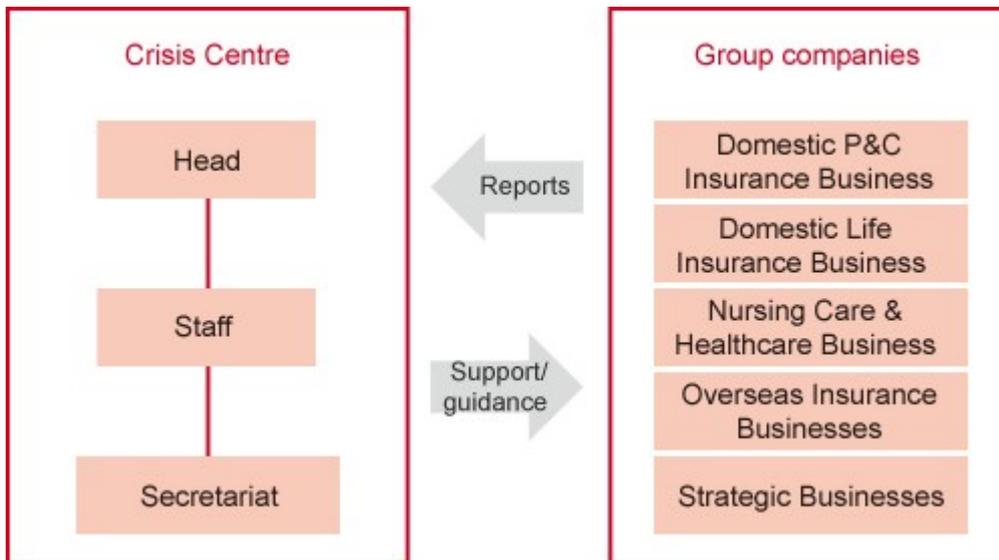
▶ **Strategic Risk Management(ERM)**

▶ **Strategic Risk Management(ERM) Development**

# 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.

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# 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 96.2% of revenues (domestic P&C insurance business, domestic life insurance business, overseas insurance business).

