Directors

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

Hideyo Uchiyama
Director (Outside Director)
Member of the Audit Committee

Scott Trevor Davis
Director (Outside Director)
Chair of the Nomination Committee
Member of the Compensation Committee

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

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

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

Realizing “A Theme Park for
Security, Health & Wellbeing”
Management Members

Directors

[As of July 1, 2020]

Kengo Sakurada
DOB: Feb. 11, 1958

Shinji Tsuji
DOB: Dec. 10, 1958

Scott Trevor Davis
DOB: Dec. 26, 1960

Sawako Nohara
DOB: Jan. 16, 1958

Hidenori Hanada
DOB: Aug. 15, 1958

Director
Chair of the Nomination Committee
Member of the Compensation Committee

Vice Chairman of The Osaka Chamber of Commerce and Industry
Chairman and Director of Resona Holdings, Inc.
Champion and Director of Resona Bank, Limited

Reasons for appointment
Having experience in finance, corporate management, and other areas in the banking business, he took office as director, president and representative executive officer of Resona Holdings, Inc., and representative director, president, and executive officer of Resona Bank, Limited, in 2013. Further, he has served in numerous key positions in the business community, including chairman of Osaka Bankers Association and vice chairman of The Osaka Chamber of Commerce and Industry. With his abundant knowledge and experience as a senior executive in major corporations, he is expected to reinforce the supervisory and decision-making functions of the Board of Directors. He has been in his current position since June 2020.

New appointment

Significant positions concurrently held
Vice Chairman of The Osaka Chamber of Commerce and Industry
Chairman and Director of Resona Holdings, Inc.
Champion and Director of Resona Bank, 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.

Significant positions concurrently held
Project Professor of the Graduate School of Media and Governance, Keio University
Member of the Board (Outside) of DAIICHI SANKYO COMPANY, LIMITED
Auditor of Tokyo Gas Co., Ltd., (Outside Auditor)

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.

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New appointment

**Takashi Nawa**
(DOB: Jun. 8, 1957)

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

Reasons for appointment
- Having practical experience in a major Japanese trading company and global consulting firms, he has acquired a broad perspective of the business environment.
- Thus, he is expected to provide management advice in light of broad perspectives.
- He has been in his current position since June 2014.

Significant positions concurrently held
- Member of the Board of ITOCHU Corporation (Outside Director)
- Director of FAST RETAILING CO., LTD. (Outside Director)
- Member of the Board of Ajinomoto Co., Inc. (Outside Director)

Misuzu Shibata
(DOB: Jul. 25, 1974)

New appointment

**Naoki Yanagida**
(DOB: Feb. 27, 1960)

Director (Outside Director)
Chair of the Audit Committee

Reasons for appointment
- He has abundant knowledge and experience as an audit supervisor, combining with his profound academic knowledge based on a global perspective, he is expected to reinforce the supervisory and decision-making functions of the Board of Directors.
- He has been in his current position since June 2020.

Significant positions concurrently held
- Professor of School of International Corporate Strategy, Hitotsubashi University Business School
- Member of the Board of NEC Capital Solutions Limited (Outside Director)
- Member of the Board of Ajinomoto Co., Inc. (Outside Director)

Hideyo Uchiyama
(DOB: Mar. 30, 1953)

New appointment

**Atsuko Muraki**
(DOB: Dec. 28, 1955)

Director (Outside Director)
Member of the Audit Committee

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 is expected to augment the supervisory and decision-making functions of the Board of Directors. She has been in her current position since June 2019.

Significant positions concurrently held
- Member of the Board of SPACE VALUE HOLDINGS CO., LTD. (Outside Director)
- Director of DELICA FOODS HOLDINGS CO., LTD. (Outside Director)
- Director of FAST RETAILING CO., LTD. (Outside Director)

**Isao Endo**
(DOB: May 8, 1956)

Director (Outside Director)
Member of the Audit Committee

Reasons for appointment
- He has abundant knowledge and experience as a legal expert, including experience working at the Financial Services Agency. With his professional knowledge and experience, he is expected to reinforce the supervisory and decision-making functions of the Board of Directors. He has been in his current position since June 2020.

Significant positions concurrently held
- Attorney at Law
- Director of DELICA FOODS HOLDINGS CO., LTD. (Outside Director)
- Director of SPACE VALUE HOLDINGS CO., LTD. (Outside Director)

Note: Misuzu Shibata’s registered name is Misuzu Koyama.
Management Members

Executive Officers

(As of July 1, 2020)

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
(Chairman and Chief Executive Officer, Sompo Japan 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
(Chairman and Chief Executive Officer, Sompo Himawari Life Insurance Inc.)
Yasuhiro Oba
(DOB: Sep. 30, 1965)

CEO of Nursing Care & Healthcare Business
Executive Officer
(Sompo Care Inc.)
Satoshi Kasai
(DOB: Dec. 22, 1962)

Senior Executive Vice President and Executive Officer
Chairman of Overseas M&A
(Special Advisor to Group CEO)
Nigel Frudd
(DOB: Oct. 4, 1950)

Group Chief Financial Officer and Group Co-Chief Strategy Officer
Executive Vice President and Executive Officer
Masahiro Hamada
(DOB: Dec. 18, 1964)

Group Co-Chief Strategy Officer
Executive Vice President and Executive Officer
(Chief Executive Officer, Sompo International Holdings Ltd.)
Mikio Okumura
(DOB: Nov. 23, 1965)

Group Chief Digital Officer
Executive Vice President and Executive Officer
Koichi Narasaki
(DOB: Jan. 4, 1958)

Group Co-Chief Digital Officer and Group Chief Information Officer
Executive Vice President and Executive Officer
Hiroshi Omata
(DOB: Oct. 6, 1962)

Group Chief Risk Officer
Senior Vice President and Executive Officer
Takashi Izuhara
(DOB: Mar. 23, 1964)

Sompo Holdings, Inc.
Executive Officers

(As of July 1, 2020)

Shinichi Hara
Group Chief Human Resource Officer
Executive Vice President and Executive Officer
(DOB: Apr. 14, 1965)

Yuji Kawauchi
Executive Vice President and Executive Officer
(General Manager, Global Business Planning Department)
(DOB: Dec. 24, 1965)

Yasunori Kuroda
Senior Vice President and Executive Officer
(General Manager, Accounting Department)
(DOB: Aug. 17, 1963)

Takuto Kobayashi
Senior Vice President and Executive Officer
(General Manager, Innovation for Aging & Wellness Department)
(DOB: Nov. 22, 1965)

Katsuyuki Tajiri
Senior Vice President and Executive Officer
(Retail Platform in Istanbul)
(DOB: Oct. 8, 1967)

Takato Udo
Senior Vice President and Executive Officer
(General Manager, Internal Audit Department)
(DOB: Aug. 4, 1962)

Koji Ishikawa
Senior Vice President and Executive Officer
(General Manager, Secretarial Department)
(DOB: Dec. 22, 1968)
The Sompo Group places great importance on strengthening relationships of trust with all stakeholders by constantly improving transparency and fairness of corporate governance and fulfilling its corporate social responsibility. The Board of Directors of Sompo Holdings formulated the Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the Company’s governance structure and governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

The Company has made solid progress in reinforcing the management structure of the Group, adopting a Business Owner system in fiscal 2016 and a Group Chief Officer (CxO) system in fiscal 2017. With its eye on the next stage, in June 2019 Sompo Holdings changed from a Company with an Audit & Supervisory Board structure to a Company with Committees structure, enabling it to more swiftly and proactively make decisions pertaining to business execution and realize the vision of the Group.

### Corporate Governance Reforms to Date

<table>
<thead>
<tr>
<th>Year</th>
<th>Reform Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Established a Nomination and Compensation Committee</td>
</tr>
<tr>
<td>2013</td>
<td>Started appointing female outside directors</td>
</tr>
<tr>
<td>2016</td>
<td>Introduced a Business Owner system</td>
</tr>
<tr>
<td>2017</td>
<td>Created position of Group COO</td>
</tr>
<tr>
<td>2019</td>
<td>Established Global ExCo</td>
</tr>
<tr>
<td>2020</td>
<td>Established Managerial Administrative Committee (MAC)</td>
</tr>
</tbody>
</table>

### Composition of the Board of Directors

Sompo Holdings swiftly makes decisions and actively implements them toward realizing the Group’s vision, taking advantage of diverse personnel located around the world to move forward with changes to its business portfolio and reforms to its corporate culture.

**Ratio of Outside Directors**
- As of July 2020, the number of outside directors was increased by one from the previous year, for a total of nine out of 12 directors (75%).
  
  Note: The number and ratio of outside directors has increased from six out of 12 directors since the Company was established (April 2010).

**Ratio of Female Directors**
- As of July 2020, the number of female directors was three out of 12 directors (25%).
  
  Note: There were zero female directors when the Company was established, representing an increase in the number and ratio since then.

**Ratio of Non-Japanese Directors**
- As of July 2020, the number of non-Japanese directors was one out of 12 directors (8%).
  
  Note: There was one non-Japanese director when the Company was established, for no change in the number or ratio since then.
Company with Committees Structure

Sompo Holdings transitioned to a Company with Committees Structure in June 2019. Separating management supervision from business execution allows the Company to reinforce the supervisory function of the Board of Directors and delegate significant authority to executive divisions for swifter business execution. The Company also established three legally mandated committees: the Nomination Committee, the Audit Committee, and the Compensation Committee. Such measures have formed a governance structure that achieves greater transparency and fairness.

Executive Compensation Structure Designed to Increase Corporate Value and Align Interests with Shareholders

The Company regards its executive compensation structure as an important aspect of corporate governance. Based on the Basic Policies on Executive Compensation, the executive compensation structure was designed from an objective perspective by the Compensation Committee, which is headed by an outside director. The Company’s Policies on Decisions Pertaining to Executive Compensation describe 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.

Global ExCo and MAC

Global ExCo, an advisory body to the Group CEO, discusses subjects that have a significant impact on management, such as Group-wide management strategies and business operation policies based on high-level insight and wide-ranging views from a global perspective. The decisions by the Global ExCo are promptly reflected in strategies at the individual business level and then translated into specific business decisions and actions to speed up the entire process.

Important matters related to operational management are discussed in detail by the MAC, an advisory body to the Group COO, and then implemented in operations. By utilizing the functions of these two deliberative bodies to their utmost, we will build a robust executive system that supports the growth of the entire Group.

Matrix-Style Management with Business Owner System and Group Chief Officer (CxO) System

Within the business execution framework, under the overall supervision of the Group CEO and Group COO, executives are delegated authority by the Board of Directors to make business decisions and execute business. The Business Owner system and the Group Chief Officer (CxO) system have been adopted to clarify authorities and responsibilities, and to facilitate dynamic and flexible decision-making and business execution.
The Company elected to adopt a Company with Committees structure in 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 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 as stipulated in the Articles of Incorporation, also serves as a director and the Group CEO.

As of the conclusion of the 10th General Meeting of Shareholders, nine of the 12 directors are outside directors (a majority), consisting of 11 Japanese people and one non-Japanese person, of whom nine are men and three are women. The average length of service (including time served as an Audit & Supervisory Board member) is 4.3 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 subsidiaries, depending on their business type and scale. 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 from among the outside directors. The chair of the Nomination Committee is chosen from among the outside directors on the committee. As of July 2020, the committee comprises five 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 subsidiaries, depending on their business type and scale. 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 from among the outside directors. The chair of the Compensation Committee is chosen from among the outside directors on the committee. As of July 2020, the committee comprises five 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 proposals regarding the appointment, dismissal, and non-reappointment of independent accounting auditors. It also exercises right of consent to decisions on auditor compensation and the like, formulates audit standards, basic policies for audits, and auditing plans, and conducts organization-wide audits.

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, selected from among its members, 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 2020, there are five members on the committee, four of whom are outside directors.
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 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 CEOs, 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 CEOs 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 CEOs 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 CEOs 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.
Management Structure of Corporate Governance

(As of July 1, 2020)

Shareholders’ Meeting

Appointment/Dismissal

Supervision

Audit Committee

Board of Directors

Nomination Committee

Compensation Committee

Independent Auditors

Group Chief Officers

Chairman of Overseas M&A

CEO of each business

CEO of Overseas Insurance and Reinsurance Business

CEO of Domestic P&C Insurance Business

CEO of Overseas Life Insurance Business

CEO of Nursing Care & Healthcare Business

Chairman of Overseas M&A

Group CEO

Group COO

Group CFO

Group CSO

Group CDO

Group CRO

Group CIO

Group CHRO

Group CBO

Accounting audit

Internal Audit section

Planning administrative sections

Internal audit

Global Executive Committee

Committees

Managerial Administrative Committee (MAC)

Sompo Japan

Overseas subsidiaries

Sompo Himawari Life Insurance

Sompo Care

Strategic operating companies

Note: Principal Group companies are listed.

Note: Group CEO and other abbreviated titles represent the following positions.

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

To realize growth in each business within the Group, Sompo Holdings draws up succession plans as part of a system to reliably and effectively promote high-quality personnel to key posts within the Group, such as Group CEO.

Succession plans are based on evaluation criteria decided beforehand by the Nomination Committee. Succession candidates for each position are selected broadly from incumbents within the Company based on clearly stated skills and experience required for the role and function of the position. The succession plans are drawn up using the diverse and deep insight of the members on the Nomination Committee, which also engages in proactive and constructive discussions about building up a pool of qualified and diverse candidates.

Nomination Committee

- Decide evaluation criteria for succession plans
- Clarify (1) roles and functions of each position, and (2) skills and experience required for each position
- Draw from a broad pool of succession candidates from inside and outside the Company for each position
- Discuss succession plans

Evaluation of Effectiveness of the Board of Directors

All directors are keenly aware of the need for efforts to increase the effectiveness of the Board of Directors and have established a cycle for transitioning to execution following debates held throughout the year.

To facilitate constructive and adequate discussions by the Board of Directors, preliminary briefings are given to all outside directors for each meeting, and the opinions, questions and answers, and other topics discussed at these briefings are referred to in discussions by the Board of Directors. Thanks to the coordination of these preliminary briefings and Board of Directors meetings, highly condensed discussions can take place, and the insight of outside directors can be directly reflected in meetings of the Board of Directors.

This framework consistently ensures the means to perceive underlying conditions in the executive divisions from an oversight perspective. In addition, a survey that includes a self-evaluation of each director is conducted once a year, creating an opportunity to analyze and evaluate the overall effectiveness of the Board of Directors as well as incorporate the opinions of directors into corporate governance.
Policies for the Appointment of Directors and Executive 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 “Outside Director Independence Criteria” based on standards required by financial instruments exchanges, and discloses these standards in its Corporate Governance Report and other materials.

Under the “Outside Director Independence Criteria,” 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.

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 describe 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. Initiatives and the magnitude of missions aimed at realizing transformation as well as executive compensation linked to the Company's performance are recognized as important facets 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 missions 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.

Further, with respect to the compensation of all of the Company's directors and executive officers, the Compensation Committee deliberates and determines the amounts and breakdown of the compensation of each director and executive officer based on the decision-making process and calculation methods stated below.

a. 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. For this reason, the Company does not use an approach whereby compensation is determined according to a traditional compensation table for each executive rank.
Set missions
Missions are set for each executive officer based on the future vision for the Sompo Group and the business environment.

Decide total compensation package
Total compensation is decided based on the specific mission and the track record and skills of each executive officer, while referring to compensation levels at peer groups and in the labor market.

Decide composition of compensation
Decisions are based on the nature of duties and responsibilities of each executive officer.

b. 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 Sompo Holdings

<table>
<thead>
<tr>
<th>Type of compensation</th>
<th>% of total</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed compensation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base salary (CEO)</td>
<td>37.5%</td>
<td>50.0–70.0%</td>
</tr>
<tr>
<td>Base salary (Other executive officers)</td>
<td>37.5%</td>
<td>50.0–70.0%</td>
</tr>
<tr>
<td><strong>Variable compensation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STI (annual bonus) (CEO)</td>
<td>37.5%</td>
<td>15.0–25.0%</td>
</tr>
<tr>
<td>STI (annual bonus) (Other executive officers)</td>
<td>37.5%</td>
<td>15.0–25.0%</td>
</tr>
<tr>
<td>LTI (restricted stock) (CEO)</td>
<td>25.0%</td>
<td>15.0–25.0%</td>
</tr>
<tr>
<td>LTI (restricted stock) (Other executive officers)</td>
<td>25.0%</td>
<td>15.0–25.0%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>62.5%</td>
<td>30.0–50.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Example of Compensation Composition by Position

<table>
<thead>
<tr>
<th>Group CEO</th>
<th>Executive officer (example)</th>
<th>Outside director</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTI (restricted stock) 25.0%</td>
<td>Fixed compensation 20.0%</td>
<td>Base salary 100.0%</td>
</tr>
<tr>
<td>Variable compensation 25.5%</td>
<td>Variable compensation 25.5%</td>
<td>Fixed compensation 25.0%</td>
</tr>
<tr>
<td>STI (annual bonus) 37.5%</td>
<td>STI (annual bonus) 20.0%</td>
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</tr>
<tr>
<td>Variable compensation 25.5%</td>
<td>Variable compensation 25.5%</td>
<td>Fixed compensation 25.0%</td>
</tr>
<tr>
<td>STI (annual bonus) 37.5%</td>
<td>STI (annual bonus) 20.0%</td>
<td></td>
</tr>
</tbody>
</table>

c. Approaches and calculation methods for respective types of compensation

- **Fixed Compensation (Base Salary)**
  The Company sets fixed compensation (base salary) that is in accordance with the responsibilities of the post assigned to each executive officer and which is 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.

- **Variable Compensation**
  Variable compensation is determined based on the achievement of the annual financial targets and strategic targets, and the financial performance of each executive officer in accordance with performance evaluation results.

  - **STI (annual bonus)**
    - Determined based on performance evaluation results and the achievement of individual financial targets.
    - Paid in June after the conclusion of the fiscal year.
  
  - **LTI (restricted stock)**
    - Determined based on performance evaluation results and the achievement of individual financial targets.
    - Stock is granted after retirement.
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. A summary is as follows. In 2019, the Company introduced a new system for annual bonuses. To ensure that compensation reflects degrees of achievement in relation to both financial performance and strategic performance targets associated with management plans in a balanced manner, the Company revised annual bonuses so that they comprise financial performance-linked compensation and strategic performance-linked compensation. Moreover, to provide stronger incentives the Company revised the range of variation of the coefficient that is applied based on the degree of achievement of strategic objectives, which are set in accordance with the mission of each executive, from 50%–125% to 0%–200%.

• 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 CEOs 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.

• The performance metrics for strategic targets are those agreed upon by the Group CEO, or other senior executives (such as Business CEOs 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.

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

<table>
<thead>
<tr>
<th>Performance Level</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results better than expected</td>
<td>200%</td>
</tr>
<tr>
<td>Results as expected</td>
<td>175%</td>
</tr>
<tr>
<td>Results worse than expected</td>
<td>150%</td>
</tr>
</tbody>
</table>

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.

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

**LTI (Restricted Stock)**

The Company believes that the long-term, sustained growth of the Group as a whole is important. At the General Meeting of Shareholders held in June 2016, the Company introduced a performance-linked stock compensation system to further clarify the link between the compensation of executives and the Group’s performance and share value. The aim of this compensation system is to encourage executives to contribute to the improvement of medium-to-long-term business performance and to the growth of corporate value, by having executives share not only the benefits of higher stock prices but also the risks of lower stock prices with shareholders.

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 on the Company’s rate of growth in consolidated net income compared with the rates of growth in consolidated net income 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 growth rates in consolidated net income over the same period of global peers with operations centered on the insurance business.
- With respect to the coefficient for performance-linked stock compensation, the average value over the past three fiscal years is divided by the figure of the base year and then reflected in the number of points granted.

<table>
<thead>
<tr>
<th>Business domain</th>
<th>Financial indicators (fiscal 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entire Group</td>
<td>Adjusted consolidated ROE</td>
</tr>
<tr>
<td>Domestic P&amp;C insurance business</td>
<td>Net premiums written, adjusted profit, ROR, net income, combined ratio</td>
</tr>
<tr>
<td>Overseas insurance business</td>
<td>Net premiums written, adjusted profit, ROR</td>
</tr>
<tr>
<td>Domestic life insurance business</td>
<td>Increase in adjusted EV, adjusted profit, ROR</td>
</tr>
<tr>
<td>Nursing care &amp; healthcare business</td>
<td>Sales, ordinary profit</td>
</tr>
</tbody>
</table>

**Target points for stock compensation**

Stock value

Market correlation index coefficient based on the Company’s share price performance relative to the performance of TOPIX

Consolidated performance

Global correlation index coefficient based on the Company’s rate of growth in net income relative to growth in net income at global insurance companies

Actual points for stock compensation

50% × 50% =

2. For Each Officer Classification—Total Compensation, Total Compensation by Type, and the Number of Eligible Executives

In the fiscal year ended March 31, 2020, for each officer classification, total compensation, total compensation by type, and the number of eligible executives were as follows.

<table>
<thead>
<tr>
<th>Officer classification</th>
<th>Total compensation (¥ million)</th>
<th>Total compensation by type (¥ million)</th>
<th>No. of eligible executives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed compensation (base salary)</td>
<td>STI (annual bonus)</td>
<td>LTI (restricted stock)</td>
</tr>
<tr>
<td>Directors (excluding outside directors)</td>
<td>126</td>
<td>120</td>
<td>5</td>
</tr>
<tr>
<td>Directors</td>
<td>104</td>
<td>104</td>
<td>—</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board members (excluding outside Audit &amp; Supervisory Board members)</td>
<td>15</td>
<td>15</td>
<td>—</td>
</tr>
<tr>
<td>Outside Audit &amp; Supervisory Board members</td>
<td>10</td>
<td>10</td>
<td>—</td>
</tr>
<tr>
<td>Executive officers</td>
<td>1,197</td>
<td>482</td>
<td>510</td>
</tr>
<tr>
<td>Total</td>
<td>1,454</td>
<td>733</td>
<td>516</td>
</tr>
</tbody>
</table>
Executives who received compensation totaling not less than ¥100 million from the Company and its consolidated subsidiaries were as follows.

<table>
<thead>
<tr>
<th>Name</th>
<th>Total compensation from the Company and its consolidated subsidiaries (¥ million)</th>
<th>Officer classification</th>
<th>Company category</th>
<th>Total compensation by type from the Company and its consolidated subsidiaries (¥ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Fixed compensation (base salary)</td>
</tr>
<tr>
<td>Kengo Sakurada</td>
<td>326</td>
<td>Director</td>
<td>The Company</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Executive Officer</td>
<td>Sompo Japan</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Director</td>
<td>Nipponkoa Insurance Inc.</td>
<td>—</td>
</tr>
<tr>
<td>Shinji Tsuji</td>
<td>100</td>
<td>Director</td>
<td>The Company</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Executive Officer</td>
<td>Sompo Himawari Life Insurance Inc.</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Director</td>
<td>Nipponkoa Insurance Inc.</td>
<td>—</td>
</tr>
<tr>
<td>Keiji Nishizawa</td>
<td>151</td>
<td>Director</td>
<td>The Company</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Executive Officer</td>
<td>Sompo Japan</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Director</td>
<td>Nipponkoa Insurance Inc.</td>
<td>78</td>
</tr>
<tr>
<td>John R. Charman</td>
<td>107</td>
<td>Executive Officer</td>
<td>The Company</td>
<td>107</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Director</td>
<td>Sompo International Holdings Ltd.</td>
<td>0</td>
</tr>
<tr>
<td>Nigel Frudd</td>
<td>839</td>
<td>Executive Officer</td>
<td>The Company</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Director</td>
<td>Sompo International Holdings Ltd.</td>
<td>90</td>
</tr>
</tbody>
</table>

Notes: 1. Regarding annual bonuses, with the exception of Nigel Frudd, compensation paid based on performance in the fiscal year ended March 31, 2019, has been included. Provisions to reserves in the fiscal year ended March 31, 2020, have not been included.

2. With respect to Kengo Sakurada and Shinji Tsuji, their directors’ compensation from the Company and its consolidated subsidiaries includes executive officers’ compensation received by directors who concurrently served as executive officers between April 1, 2019, and June 24, 2019, and their executive officers’ compensation from the Company and its consolidated subsidiaries includes directors’ compensation received by executive officers who concurrently served as directors between the end of the 9th General Meeting of Shareholders held on June 24, 2019, and March 31, 2020.

3. The compensation of John R. Charman and Nigel Frudd is paid in U.S. dollars. For John R. Charman, the foreign exchange rate at the time of the remittance of fixed compensation (base salary) is used. For Nigel Frudd, a foreign exchange rate of $1 = ¥108.83, which was the prescribed in-house foreign exchange rate on March 31, 2020, has been used.

4. Assuming the degree of achievement for performance-linked compensation was 100%, John R. Charman’s total compensation for the fiscal year ended March 31, 2020, is ¥380 million (fixed compensation: ¥141 million, annual bonus: ¥239 million, foreign exchange rate: $1 = ¥108.83). Further, the amount stated in the table is the amount of compensation paid since his appointment as an executive officer.

5. Nigel Frudd resigned as CEO of Sompo International Holdings Ltd. on January 1, 2020. Accordingly, in relation to said company a portion of performance-linked compensation for the fiscal year ended March 31, 2020, was paid in that period. Further, an amount equivalent to one-fourth of the base amount of performance-linked compensation for the fiscal year ended March 31, 2020, was paid as position-retirement compensation.

6. Assuming the degree of achievement for performance-linked compensation was 100%, Nigel Frudd’s total compensation for the fiscal year ended March 31, 2020, is ¥707 million (fixed compensation: ¥109 million, annual bonus: ¥598 million). Further, the amounts stated in the table are the amounts of compensation paid since his appointment as an executive officer.
Group Internal Controls Supporting Corporate Governance

The Sompo 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.

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 of these policies 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.

Developing the Group’s Internal Audit Framework

Sompo Holdings has established the Sompo Group Basic Policy on Internal Audits, which defines internal audits as processes for assessing the internal control framework and providing recommendations on methods for its improvement. Accordingly, the Company endeavors to develop an efficient and effective internal audit framework that spans the entire Group. Moreover, the Company makes efforts to enhance corporate value and meet the expectations of stakeholders by conducting risk-based internal audits that take into account business characteristics and management strategies.

Specifically, the Company enhances its monitoring functions and takes a flexible approach to the auditing of changing risks. In conjunction with these efforts, the Company supports Group companies in developing their own internal audit frameworks by evaluating the quality of internal audits and recommending ways of rectifying issues identified.
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

As cyber risks increase in step with the evolution of technologies and changes in environments, the Sompo Group is further strengthening its ability to respond to cyber risks. As part of such efforts, the Group has set up the Cybersecurity Group as a specialized organization tasked with systematically and comprehensively responding to cyber risks Group-wide. This team of experts has assumed the existing capabilities of the Sompo Holdings CSIRT (Computer Security Incident Response Team) and works with the cybersecurity managers of Group companies to manage security risks on a day-to-day basis and in emergencies. One of the new team’s main missions is to increase the level of maturity in the management of security risks throughout the Group. We view a transformation of cybersecurity that is focused on reforming security culture under the new organization as underpinning the digital transformation of businesses, which we are proceeding with in tandem with the latest advances in technologies, and as a critical factor for our success. For this reason, we will continue strengthening and moving forward with cybersecurity initiatives decisively. Furthermore, cybersecurity is a company’s social responsibility. The Cybersecurity Group will proactively embed security in domestic and overseas business strategies and in IT strategies. The transformation of security into a source of competitive superiority in each of its businesses will enable the Sompo Group to realize its management philosophy by providing security and safety to customers, business partners, and shareholders.
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, understand the Group’s management and other initiatives.

Corporate Website / Integrated Annual 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>

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.

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 2019>

<table>
<thead>
<tr>
<th>Event</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business strategy explanation meetings for institutional investors and analysts (IR meetings)</td>
<td>2 times</td>
</tr>
<tr>
<td>Financial results conference calls for institutional investors and analysts</td>
<td>2 times</td>
</tr>
<tr>
<td>Conferences sponsored by securities companies</td>
<td>3 times</td>
</tr>
<tr>
<td>One-on-one meetings with institutional investors</td>
<td>274 times</td>
</tr>
<tr>
<td>Information sessions for individual investors</td>
<td>8 times</td>
</tr>
</tbody>
</table>

Note: In February and March 2020, conferences sponsored by securities companies were cancelled due to the spread of COVID-19.