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## **SUMITOMO LIFE INSURANCE COMPANY**

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SUMITOMO LIFE INSURANCE COMPANY (hereinafter “the Company”) prepares and discloses on a voluntary basis the report in accordance with “Corporate Governance Report” as prescribed by the Tokyo Stock Exchange, from the viewpoint of enhancing information disclosure.

In addition, Corporate Governance Code is not directly applicable to the Company since it is not a listed company. However, based on the recognition that corporate governance is a common issue regardless of corporate structures, the Company responds to this issue on a voluntary basis. The Company also responds on a voluntary basis to “Reasons for not implementing each principle in the Corporate Governance Code” and “Disclosure based on each principle in the Corporate Governance Code” in this report.

The following is an overview of Corporate Governance of the Company.

### **I. Fundamental Policy Concerning Corporate Governance and Basic Information about Capital Structure, Corporate Attributes, etc.**

#### **1. Fundamental Policy, etc.**

Management policy

The Company’s management policy culminates in “Management Policy,” as our corporate philosophy representing the fundamental spirit of management, and “CSR Management Policy” as our universal mission shown in the “Management Policy” rearranged from the viewpoint of CSR, as well as “Sumitomo Life’s Brand Vision” which indicates the company’s goal to be realized over the medium- to long-term from the customers’ viewpoint.

Institutional design

The Company strives for further improvement of supervision functions, transparency and fairness of management by separating supervision functions and execution functions of management institutionally. The Company also chooses to be Company with Committees from the viewpoint of striving to speed up decision-making through delegating authority to Executive Officers.

Structure and roles, etc. of the Board of Directors

The number of the Board of Directors shall be 15 people or less as prescribed in the Articles of Incorporation, and the number equivalent to one third or more shall be Outside Directors, from the viewpoints of active reflection of external knowledge to management and diversity of Directors.

The Board of Directors takes responsibility for sustainable corporate growth and enhancement of corporate value over the medium- to long-term through realizing efficient and effective corporate governance.

Major roles of the Board of Directors are to determine matters concerning basic policies of management and the internal control systems, which are considered to be the exclusive prerogatives of the Board of Directors in laws and regulations, and to supervise the execution of duties by Executive Officers and Directors.

Corporate Governance Guidelines

Based on the recognition that effective practice of corporate governance contributes to ensure sustainable corporate growth and enhancement of corporate value over the medium- to long-term, the Company establishes and discloses basic policies concerning the corporate governance of the Company and the “Corporate Governance Guidelines,” which stipulate the operation policies based on the basic policies.

Based on the recognition that effective corporate governance does not remain unchanged, the Corporate Governance Guidelines are timely evaluated for whether a revision or repeal is needed at the Board of Directors based on factors such as changes in social conditions and economic environment, and they are reviewed through resolutions of the Board of Directors as necessary.

#### **[Reasons for not implementing each principle in the Corporate Governance Code]**

**[Supplementary Principle 4-1 (3)]**

- In the appointment of Executive Officers, Representative Executive Officer and Executive Officers with Special Titles, the Company shall make clear reasons for the appointment of such candidates and carry out deliberations at the Nominating Committee, and resolve the appointment at the Board of Directors based on the response from the Nominating Committee.

- Thus, when appointing particular candidates from a given group of candidates, the Nominating Committee and the Board of Directors shall confirm reasons for the appointment of such candidates and also confirm the ability of fulfilling duties of the positions.
- Since the system is held to select an appropriate person including CEO through the entire process for appointment, planning of successors is not developed under the current circumstances.
- However, planning of successors including CEO will be considered in the future including whether such planning is needed.

[Supplementary Principle 4-11 (3)]

- With regard to the self-evaluation of the Board of Directors, the Company plans to have discussions at “Outside Directors Council” consisting of all Outside Directors, however, it is not implemented at present.
- Based on meeting status, etc. of the Outside Directors Council, disclosures on summarized results, etc. will be considered in the future.

[Disclosure based on each principle in the Corporate Governance Code]

[Principle 1-4: So-called relationship investment]

(Policies concerning relationship investment)

- The Company holds securities held for policy if it is deemed necessary for its growth over the medium- to long-term.
- With regard to securities held for policy, the Company pays attention to the soundness and ensures the economic rationality by appropriately understanding risks and pursuing reasonable profits corresponding to such risks, etc.

(Criteria for exercising voting rights concerning securities held for policy)

- The Company takes into consideration management conditions of investee companies from the viewpoint of enhancing their corporate value over the medium- to long-term, and appropriately determines approval or disapproval for each proposal.

[Principle 1-7: Related party transactions]

- With regard to competitive transactions and transactions in conflict of interests between Executive Officers and Directors and the Company, a prior approval of the Board of Directors is required by laws and regulations. It is also clarified in the Board of Directors Regulations that they are matters of resolutions by the Board of Directors.
- In addition, it is clarified in the Board of Directors Regulations that the fact that competitive transactions and transactions in conflict of interests arise is a matter to be reported at the Board of Directors, and it is appropriately supervised by the Board of Directors.

[Principle 3-1: Enhancement of information disclosure]

- (i) Management policy and Medium-Term Business Plan are disclosed on the Company’s website and in the Disclosure Report.
- (ii) Fundamental policy concerning corporate governance is as aforementioned. The fundamental policy concerning corporate governance is established in “Corporate Governance Guidelines” and disclosed on the Company’s website.
- (iii) Policies to determine compensations, etc. of Executive Officers and Directors are disclosed on the Company’s website.  
The Company is a Company with Committees, and the compensations, etc. of Executive Officers and Directors are determined at the Compensation Committee.
- (iv) Policies for appointment of Executive Officers, policies for appointment of candidates for Directors, and policies for appointment of Audit Committee Members are disclosed on the Company’s website.  
The Company is a Company with Committees, and proposals for appointment of Directors are determined at the Nominating Committee. Appointment of Executive Officers is resolved at the Board of Directors upon deliberations at the Nominating Committee.  
The appointment of Audit Committee Members is resolved at the Board of Directors based on policies for appointment of Audit Committee Members.
- (v) Reasons for nominating candidates for Directors and reasons for appointment of Executive Officers are disclosed on the Company’s website.

[Supplementary Principle 4-1 (1)]

- From the viewpoint of supporting Executive Officers for their speedy and decisive decision-making, the Company in principle delegates the authority on business execution decisions to Executive Officers, excluding matters for which delegation of the authority from the Board of Directors to Executive Officers is prohibited by laws and regulations.
- This policy is specified in “Corporate Governance Guidelines.”

[Principle 4-8: Effective utilization of Independent Outside Directors]

- The number of Outside Directors shall be equivalent to one third or more of the number of Directors of the Company. It is specified in “Corporate Governance Guidelines.”
- Currently, there are six Outside Directors out of eleven Directors; thus Outside Directors have a majority.

[Principle 4-9: Criteria for assessing independence and qualification of Independent Outside Directors]

- The Company establishes “Criteria for Independence of Outside Directors” based on the resolution of the Board of Directors.
- Details of the criteria are described below, and they are disclosed on the Company’s website.

[Supplementary Principle 4-11 (1)]

- The Company stipulates an approach to the structure, etc. of the Board of Directors in “Corporate Governance Guidelines.”

[Supplementary Principle 4-11 (2)]

- For the appointment of candidates for Outside Directors, the Company confirms the ability of fulfilling duties as Outside Directors of the Company.
- The status of concurrent positions of Outside Directors is disclosed in the Business Report.

[Supplementary Principle 4-14 (2)]

- Capturing the opportunity of revisions to important laws and regulations, etc., the Company shall, as necessary, support learning of knowledge necessary for Directors to fulfill their duties accurately through measures such as conducting trainings with the use of internal and external human resources.
- Especially, with regard to Outside Directors assuming their positions, the Company shall make efforts to provide knowledge necessary for Directors of the Company to fulfill their duties, including management conditions and line of business of the Company, details of regulations required by laws and regulations and others.
- These policies are stipulated in “Corporate Governance Guidelines.”

[Principle 5-1: Policy for constructive dialogue with Members]

- The Company holds a Policyholder Conference annually as a place to hear opinions from Policyholders (Members). Participation to a Policyholder Conference is based on an open application system, and the date and time, etc. of the conference are posted on the website, etc. The result of the conference is reported to the Board of Directors.
- With regard to Policyholder Representatives, a questionnaire is attached to the Policyholder Representatives Newsletter published three times a year, and courteous answers are given to questions received.
- Systems and initiatives for dialogue with Members are stipulated in “Corporate Governance Guidelines.”

2. **Capital Structure**

The Company is a mutual company, and there are no shareholders. Accordingly, no matter is applicable to this item.

3. **Corporate Attributes**

Fiscal Year-end	March
Sector	Insurance
Number of Employees (Consolidated) at End of Previous Fiscal Year	Not less than 1,000 persons
Sales (Consolidated) in Previous Fiscal year	Not less than 1 trillion yen
Number of Consolidated Subsidiaries at End of Previous Fiscal Year	Not less than 10, but below 50

4. **Guidelines for the Protection of Minority Shareholders When Making Transactions with Controlling Shareholders**

The Company is a mutual company, and there are no shareholders. Accordingly, no policy is stipulated applicable to this item.

5. **Other Special Circumstances that may have a Material Impact on Corporate Governance**

No matter is applicable to this item.

## CORPORATE GOVERNANCE

### II. Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-Making, Execution, Oversight and Other Matters

#### 1. Items Concerning Institutional Structure, Organizational Operation, etc.

Organization Form	Company with Committees
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#### [Directors]

Number of Directors in the Company's Articles of Incorporation	15 or less
Term of Directors specified in the Company's Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman
Number of Directors	11
Elected Outside Directors	Elected
Number of Outside Directors	6
Number of Outside Directors that fulfills the "Criteria for Independence of Outside Directors"	6

#### Relationship with the Company (1)

Name	Attribution	Relationship with the Company (*1)									
		a	b	c	d	e	f	g	h	i	j
Tohru Motobayashi	Attorney at law										
Tsuguoki Fujinuma	Certified public accountant										
Masami Ohinata	Academic										
Takehiko Sugiyama	Academic										
Toru Yamashita	Comes from other company										
Kimitoshi Yabuki	Attorney at law										

#### \*1 Selection criteria regarding relationship with the Company

- A business executor of the Company or its subsidiary
- A business executor or a non-executive director of a parent company of the Company
- A business executor of a sister company of the Company
- An individual whose major business client is the Company or a business executor of individual
- A major business client of the Company or a business executor of business client
- A consultant, accounting specialist, or legal specialist who receives a substantial amount of money or assets other than officers' remuneration from the Company
- A business executor of a business client (that does not fall under any of (d), (e), or (f) of the Company [This applies to the individual only.]
- A business executor of a company whose external officers are mutually assigned [This applies to the individual only.]
- A business executor of a company to which the Company donates products, services, or money [This applies to the individual only.]
- Other

#### Relationship with the Company (2)

Name	Committee to which they belong			Independent Director	Supplementary Information in Regard to Applicable Items	Reason(s) for Appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Tohru Motobayashi	○		○	○	—	The Company appoints Mr. Tohru Motobayashi as an Outside Director because the Company expects that his abundant knowledge, experience and insight as an expert of laws will be reflected in the management of the Company. He meets the "Criteria for Independence of Outside Directors" established by the Company.

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Tsuguoki Fujinuma		○	○	○	—	<p>The Company appoints Mr. Tsuguoki Fujinuma as an Outside Director because the Company expects that his abundant knowledge, experience and insight in the field of corporate accounting will be reflected in the management of the Company. He meets the “Criteria for Independence of Outside Directors” established by the Company.</p>
Masami Ohinata	○		○	○	<p>The Company provides grants related to child raising support to Ai-Port Station, a Non-Profit Organization where Ms. Masami Ohinata serves as a Representative Director. Apart from this, there is no special interest.</p>	<p>Ms. Masami Ohinata is an expert in the field of social security, and the Company appoints her as an Outside Director because the Company expects that her abundant knowledge, experience and insight as a scholar and an educator will be reflected in the management of the Company. She meets the “Criteria for Independence of Outside Directors” established by the Company.</p>
Takehiko Sugiyama		○	○	○	—	<p>Mr. Takehiko Sugiyama is an expert in economics, and the Company appoints him as an Outside Director because the Company expects that his abundant knowledge, experience and insight as a scholar and an educator will be reflected in the management of the Company. He meets the “Criteria for Independence of Outside Directors” established by the Company.</p>

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Toru Yamashita	○	○		○	<p>The Company has transactions with the company to which Mr. Toru Yamashita belongs. However, the transactions are based on general terms and conditions, and the transaction amounts account for an insignificant portion of consolidated net sales.</p>	<p>The Company appoints Mr. Toru Yamashita as an Outside Director because the Company expects that his abundant knowledge, experience and insight as a representative director and president of a company that provides IT systems will be reflected in the management of the Company. He meets the “Criteria for Independence of Outside Directors” established by the Company.</p>
Kimitoshi Yabuki	○	○		○	—	<p>The Company appoints Mr. Kimitoshi Yabuki as an Outside Director because the Company expects that his abundant knowledge, experience and insight as an expert of laws will be reflected in the management of the Company. He meets the “Criteria for Independence of Outside Directors” established by the Company.</p>

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[Various committees]

Composition of members and attribution of the chairman of each committee

	Total number of committee members	Full time member(s)	Internal Director(s)	Outside Director(s)	Chairman
Nominating Committee	6	2	2	4	Outside Director
Compensation Committee	6	2	2	4	Outside Director
Audit Committee	5	1	1	4	Outside Director

[Matters related to Executive Officers]

Number of Executive Officers	14
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Status of concurrent positions

Name	Existence or nonexistence of the authority of representation	Existence or nonexistence of a concurrent position as a Director			Existence or nonexistence of a concurrent position as an employee
			Nominating Committee	Compensation Committee	
Yoshio Sato	Exists	Exists	○	○	None
Masahiro Hashimoto	Exists	Exists	○	○	None
Yukio Noro	Exists	Exists	×	×	None
Masaya Honjo	Exists	Exists	×	×	None
Hidenori Shinohara	None	None	×	×	None
Masato Inui	None	None	×	×	None
Ryo Oshita	None	None	×	×	None
Hiroshi Fujii	None	None	×	×	None
Masayuki Aoto	None	None	×	×	None
Hisato Kogawa	None	None	×	×	None
Toshimatsu Araki	None	None	×	×	None
Masahito Fujito	None	None	×	×	None
Shinzo Kono	None	None	×	×	None
Hideharu Matsumoto	None	None	×	×	None

[Audit structure]

Existence or Nonexistence of Directors and Employees to Assist Duties of Audit Committee	Exists
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Matters related to independence of such Directors and employees from Executive Officers

<ul style="list-style-type: none"> <li>- The Secretariat of Audit Committee is established as an organization under the direct control of the Audit Committee.</li> <li>- A prior consent of the Audit Committee shall be obtained for the quorum and budget of the Secretariat of Audit Committee, as well as transfer, salaries, evaluations and reward and punishment of staff of the Secretariat of Audit Committee.</li> </ul>
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Status of cooperation among Audit Committee, Accounting Auditor and Internal Audit Division

<ul style="list-style-type: none"> <li>- The Audit Committee defines measures to enhance cooperation such as a measure that the Internal Audit Division shall, as necessary, report the necessary matters to the Audit Committee, in various regulations including Basic Policy for Internal Control, since it performs organizational audits through the internal control system.</li> <li>- In Basic Policy for Internal Control, the directive command authority from the Audit Committee to the Internal Audit Division is prescribed.</li> <li>- In the Audit Regulations, there is an effort to enhance cooperation between the Audit Committee and the Accounting Auditor, including the provisions to hold regular meetings between the Audit Committee and the Accounting Auditor.</li> <li>- With regard to cooperation between the Accounting Auditor and the Internal Audit Division, the provisions in the Internal Audit Regulations prescribe that a close cooperation with the Accounting Auditor shall be ensured. In Audit Report Meetings held three times a year, the Internal Audit Department reports to the Accounting Auditor the internal audit plan and results of internal audit, and the Accounting Auditor reports to the Internal Audit Department the status of audit execution, etc. Thus, efforts are made for close</li> </ul>
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cooperation.

[Independent Directors]

Number of Independent Directors	6
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Other Matters Relating to Independent Directors/Audit & Supervisory Board Members

The Company defines “Criteria for Independence of Outside Directors” by the resolution of the Board of Directors, and it is confirmed that candidates for Outside Directors fulfill the said criteria upon their nomination. Details of “Criteria for Independence of Outside Directors” are as follows:

**[Criteria for Independence of Outside Directors]**

Aiming at ensuring appropriateness and further enhancement of corporate governance, “Criteria for Independence of Outside Directors” are defined from the viewpoint of focusing on independence of Outside Directors as follows:

At the Company, Independent Outside Directors shall not be applicable to any of the items in the criteria.

1. A business executor of the Company, its subsidiaries or affiliates (including those who were such business executors within the past 10 years). However, if he/she served as an Audit & Supervisory Board Member within the past 10 years, this also includes a person who was a business executor within 10 years before assuming the position as an Audit & Supervisory Board Member.
  - \* A business executor refers to all officers and employees excluding Outside Directors and Audit & Supervisory Board Members.
2. A business executor of a major business client of the Company or its subsidiaries (including those who were such business executors within the past 5 years).
  - \* A major business client refers to a company with transaction amounts that account for 2% or more of consolidated net sales (consolidated insurance premiums and other investment income for the Company) at either of the companies for any of the last three fiscal years.
3. A person who currently serves as employees, etc. of an audit firm, which is the Accounting Auditor of the Company or its subsidiaries (including those who were engaged in audit assignments of the Company or its subsidiaries as such employees in the last three years).
4. Attorneys at law, certified public accountants, tax accountants or other consultants themselves or organizations to which they belong that receive a substantial amount of money or other property benefits from the Company or its subsidiaries.
  - \* A substantial amount of money or other property benefits refer to more than 10.00 million yen annually on average for the last three fiscal years (excluding compensation for Outside Directors/Audit & Supervisory Board Members).
5. Spouses or relatives in the second degree to the person listed below (excluding an insignificant person).
  - Officers and employees of the Company
  - A person applicable to either of the above 2. to 4.

[Incentives]

Implementation of Measures to Grant Incentives to Directors and Executive Officers	Introduction of performance linked compensation
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Supplementary Information regarding Applicable Item

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The Grantees of Stock Options as Stock-linked Compensation	—
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Supplementary Information regarding Applicable Item

Since the Company is a mutual company, stock options are not implemented.

[Director Compensation]

Disclosure Status	No disclosure of individual director compensation.
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Supplementary Information regarding Applicable Item

- For Directors, the total amount of compensation is disclosed. There are no Directors who receive compensation exceeding 100.00 million yen.
- The total amount of compensation is disclosed by describing in the Business Report, and the same content is also posted on the website of the Company.



Existence or Nonexistence of Policies that Determine the Amount or Calculation Method of Compensation	Exists
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Disclosure of Policies that Determine the Amount or Calculation Method of Compensation

- The Compensation Committee establishes “Policy regarding the determination of contents of individual compensation, etc. for Executive Officers and Directors,” and it is posted on the website of the Company.

[The Support System for Outside Directors]

- The Support System for the Board of Directors
  - Secretariat of the Board of Directors is defined as General Affairs Department.
  - With regard to Outside Directors, staff of General Affairs Department explains in advance the agenda of Board of Directors meetings and provides support for contributing to active discussions at the Board of Directors meetings.
  - In addition, when Outside Directors take their office, the Company makes efforts to provide information related to the Company’s management conditions and line of business, contents of the regulations by laws and regulations, and other knowledge that is required when performing their duties as Directors of the Company.
- The Support System for Nominating Committee and Compensation Committee
  - Secretariats of both committees are defined as Personal Department.
  - To members of committees who are Outside Directors, staff of Personal Department explains in advance the agenda of both of the committee meetings and provides support for contributing to active discussions at the committee meetings.
- The Support System for Audit Committee
  - As a secretariat for the Audit Committee, Secretariat of Audit Committee is established as an organization under the direct control of the Audit Committee.
  - In addition, from the viewpoint of ensuring the effectiveness of audits through the internal control system, Audit Committee Members who are Outside Directors are assigned as full-time Audit Committee Members in order to enhance cooperation with internal related departments.
  - With regard to Audit Committee Members who are Outside Directors, staff of the Secretariat of Audit Committee explains in advance agenda of Audit Committee meetings and provides support for contributing to active discussions in Audit Committee meetings.
- Expenses incurred for executing duties
  - Outside Directors may receive advice from external experts on costs of the Company, if such advice is necessary to execute their duties.

2. Items Concerning Functions such as Execution of Business, Audit and Supervision, Nomination, and Compensation Determination (Overview of the current state of Corporate Governance Structure)

- Overview of Corporate Governance Structure of the Company is as follows:
- Directors and the Board of Directors
    - Major roles of the Board of Directors are to determine matters concerning basic policies of management and internal control systems, which are considered to be the exclusive prerogatives of the Board of Directors in laws and regulations, and to supervise the execution of duties by Executive Officers and Directors.
    - From the viewpoint of supporting Executive Officers for their speedy and decisive decision-making, the Company in principle delegates the authority on business execution decisions to Executive Officers, excluding matters for which delegation of the authority from the Board of Directors to Executive Officers is prohibited by laws and regulations.
    - Based on the viewpoints of active reflection of external knowledge to management and diversity of Directors, the majority of the Board of Directors is currently Outside Directors.
    - From the viewpoints of ensuring sustainable corporate growth and enhancing corporate value over the medium- to long-term, Outside Directors shall provide advice based on their knowledge and appropriately reflect external knowledge to the Board of Directors, based on opinions from various stakeholders.
  - Nominating Committee
    - Nominating Committee establishes the “Policy for appointment of candidates for Directors,” and determines contents of agenda of Board of Policyholder Representatives Meeting on appointments and

<p>dismissals of Directors. It also carries out deliberations on the following matters after receiving consultations from the Board of Directors and provides response to the Board of Directors.</p> <ol style="list-style-type: none"> <li>1. Matters related to policies for appointment of Audit Committee Members</li> <li>2. Matters related to policies for appointment of Executive Officers, as defined in the Companies Act</li> <li>3. Matters related to appointment and dismissal of Executive Officers</li> <li>4. Matters related to appointment and discharge of the Representative Executive Officer</li> <li>5. Matters related to appointment and discharge of Executive Officers with Special Titles</li> <li>6. Matters related to policies for appointment of Executive Officers, as defined in our internal regulation</li> <li>7. Matters related to appointment and dismissal of Appointed Actuary</li> <li>8. Other matters that the Board of Directors deems necessary</li> </ol> <p><input type="checkbox"/> Audit Committee</p> <ul style="list-style-type: none"> <li>- The Audit Committee performs audits on the execution of duties of Directors and Executive Officers, and prepares an audit report. It also establishes policies of determination of dismissal or non-reappointment of the Accounting Auditor and criteria for evaluating the Accounting Auditor, and determines the contents of agenda for appointment and dismissal and non-reappointment of the Accounting Auditor to be submitted to Board of Policyholder Representatives Meeting.</li> <li>- The Audit Committee carries out deliberations on matters related to internal control systems prescribed by the Insurance Business Act and other matters that the Board of Directors deemed necessary upon receiving consultations from the Board of Directors and provides response to the Board of Directors.</li> </ul> <p><input type="checkbox"/> Compensation Committee</p> <ul style="list-style-type: none"> <li>- The Compensation Committee establishes “Policy regarding the determination of contents of individual compensation, etc. for Executive Officers and Directors” and determines individual compensation, etc. for Executive Officers and Directors. It also carries out deliberations on the following matters upon receiving consultations from the Board of Directors and provides response to the Board of Directors.</li> <ol style="list-style-type: none"> <li>1. Matters related to policies of compensations, etc. for Executive Officers, as defined in the Companies Act</li> <li>2. Matters related to basic policies of compensations, etc. for employees (excluding Executive Officers, as defined in our internal regulation)</li> <li>3. Matters related to policies of compensations, etc. for Appointed Actuary</li> <li>4. Other matters that the Board of Directors deems necessary</li> </ol> </ul> <p><input type="checkbox"/> Outside Directors Council</p> <ul style="list-style-type: none"> <li>- In the Company, the Outside Directors Council is established consisting of all the Outside Directors, in order to facilitate free and active exchange of opinions regarding management strategy and business development over the medium- to long-term and other important matters on management among Outside Directors or between Outside Directors and the Representative Executive Officer, from the viewpoint of reflecting knowledge of Outside Directors on management.</li> </ul>
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3. Reasons for Operating Under the Current Corporate Governance Structure

<p>The Company chooses to be Company with Committees in order to further improving supervision functions, transparency and fairness of management by separating supervision functions and execution functions of management institutionally, from the viewpoint of striving to speed up decision-making through delegating authority to Executive Officers.</p>
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**III. Implementation of Measures Related to Members, Policyholder Representatives and Other Stakeholders**

1. Measures to Revitalize the Board of Policyholder Representatives Meeting and Facilitate the Exercise of Voting Rights

	Supplementary Information
Early Distribution of Convocation Notice of the Board of Policyholder Representatives Meeting	<p>The Company sends a convocation notice three weeks or more before the date of Board of Policyholder Representatives Meeting to allow Policyholder Representatives to consider the contents of proposals sufficiently.</p>

Scheduling of the Board of Policyholder Representatives Meeting avoiding the date on which corporate stakeholder meetings are concentrated	The Company convened the Board of Policyholder Representatives Meeting on July 2, 2015.
Exercise of Voting Rights through Electromagnetic Means	One of the requirements of candidates for Policyholder Representatives which are set in the criteria for appointment of candidates for Policyholder Representatives is the ability to participate sufficiently in activities as Policyholder Representatives, such as attendance to Board of Policyholder Representatives Meetings. Accordingly, attendance to Board of Policyholder Representatives Meetings is a principle, so electromagnetic method to exercise voting rights is not adopted. However, for Policyholder Representatives who cannot attend Board of Policyholder Representatives Meetings due to unavoidable reasons, the method to exercise voting rights in writing is adopted.
Adoption of a Platform for Electronic Exercising of Voting Rights and Other Measures to Improve the Environment for Exercise of Voting Rights by Institutional Investors	As mentioned above, an electromagnetic method to exercise voting rights is not adopted. In addition, institutional investors shall not become Policyholder Representatives.
Providing Convocation Notice of the Board of Policyholder Representatives Meeting (Summary) in English	Since Members of the Company are Policyholders and representatives of Members are Policyholder Representatives, it is not necessary to prepare for overseas investors, etc. Accordingly, an English version is not provided.
Other	A convocation notice is also posted on the website of the Company on the sending date of the convocation notice. At the Board of Policyholder Representatives Meeting, the Company makes efforts to provide visually facilitate explanations by using a big screen with slides, etc.

2. IR Activities

Since the Company is a mutual company and there are no shareholders, IR activities targeting shareholders are not performed. However, the following IR activities are performed targeting institutional investors in Japan and overseas who hold bonds, etc. issued by the Company.

	Supplementary Information
Preparing and disclosing of Disclosure Policy	“Basic policy on information disclosure” is prepared as disclosure policies addressed to stakeholders including Members (Policyholders). It is disclosed in the Disclosure Report and posted on the website of the Company.
Holding of Periodic Conferences for Analysts and Institutional Investors	For domestic and overseas institutional investors who hold bonds, etc. issued by the Company, IR activities such as explanation of financial results are performed.
Posting of IR Materials on Website	Major performance, Disclosure Report, materials of financial results, etc. are posted.
Establishment of a Section (Post) for IR	A person in charge of IR is assigned in the Corporate Planning Department.
Other	English versions of company overview, materials of financial results, Annual Report, etc. are posted on the website of the Company. <a href="http://www.sumitomolife.co.jp/english/">http://www.sumitomolife.co.jp/english/</a>

3. Measures to Respect the Position of Stakeholders

Supplementary Information	
Internal Rules, etc. to Respect the Position of Stakeholders	The Company’s management policy culminates in “Management Policy,” as our corporate philosophy representing the fundamental spirit of management, and “CSR Management Policy” as our universal mission shown in the “Management Policy” rearranged from the viewpoint of CSR, as well as “Sumitomo Life’s Brand Vision” which indicates the company’s goal to be realized over the medium- to long-term from the customers’ viewpoint. In addition, “Sumitomo Life Group Code of Conduct” is established as a code of conduct for each of officers and employees of the Company and its Group companies to practice the management policy at the action level.
Implementation of Environmental Conservation Activities, CSR Activities, etc.	In order to contribute to realize a rich and bright longevity society through sound management and development of the insurance business, the Company is promoting CSR activities. In addition, based on the recognition that a commitment to environmental protection is one of the important management issues, the “Sumisei Environmental Policy” is established as concrete action policies for the global environment. Specific activities are posted on the website of the Company and also disclosed in the Disclosure Report.
Establishment of Policies, etc. Concerning Supplying Information to Stakeholders	“Basic policy on information disclosure” is prepared, and it is disclosed in the Disclosure Report and posted on the website of the Company.

**IV. Items Related to Internal Control Systems**

1. Basic Policy Concerning Internal Control Systems and Overview of their Implementation

<p>From the viewpoint of ensuring the soundness and appropriateness of management, the Company is working on “Enhancement of Internal Control Structure.” Pursuant to the provisions of Article 53-30, Paragraph 1, Item 1-e of the Insurance Business Act, the Board of Directors established “Basic Policy for Internal Control.” Based on this policy, the Company strives for enhancement of risk management, compliance framework and internal audit function, and carries out initiatives for the internal control system to function effectively, including development of the system to effectively implement audits by the Audit Committee.</p> <p><b>[Basic Policy for Internal Control]</b></p> <p>The Company’s management policy culminates in “Management Policy,” as our corporate philosophy representing the fundamental spirit of management, and “CSR Management Policy” as our universal mission shown in the “Management Policy” rearranged from the viewpoint of CSR, as well as “Sumitomo Life’s Brand Vision” which indicates the company’s goal to be realized over the medium- to long-term from the customers’ viewpoint.</p> <p>In accordance with the management policy consisting of these, the Board of Directors establishes this policy as basic policies for development of the internal control system aimed at ensuring the soundness and appropriateness of business, pursuant to the provisions of Article 53-30, Paragraph 1, Item 1-b and e of the Insurance Business Act. The Board of Directors determines this policy and ensures the acknowledgement on the part of officers and employees as well as implements disclosure according to laws and regulations.</p> <p>The Company establishes the internal control system in accordance with this policy, verifies its effectiveness at the Board of Directors, implements necessary improvements, and discloses the overview of the operational status of the internal control system.</p> <p><b>1. System for the execution of duties of Audit Committee</b></p> <p><b>1) Matters related to Directors and employees to assist duties of Audit Committee</b></p> <ol style="list-style-type: none"> <li>a. The Secretariat of Audit Committee is established as an organization under the direct control of the Audit Committee.</li> <li>b. In the Secretariat of Audit Committee, Head of Secretariat of Audit Committee and employees (hereinafter, collectively “Staff”) are assigned to assist the Audit Committee under the directive command of the Audit Committee or Audit Committee Members designated by the Audit Committee.</li> <li>c. Prior consent from the Audit Committee shall be obtained on the following matters related to the Secretariat of Audit Committee:             <ol style="list-style-type: none"> <li>(1) The quorum and budget</li> <li>(2) Transfer, salaries, evaluations and reward and punishment of Staff</li> </ol> </li> </ol>
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**2) System related to reporting to Audit Committee**

- a. The reporting system to the Audit Committee is ensured through the following methods:
  - (1) Attendance of Audit Committee Members to important meetings
  - (2) Reporting to the Audit Committee or full-time Audit Committee Members from Directors, Executive Officers, Audit & Supervisory Board Members, Executive Officers and other employees of the Company and its Group companies (refers to what is provided in the “Group Companies Business Management Policy”) or those who received reports from these people.
- b. Matters that require reporting to the Audit Committee are the following:
  - (1) Matters determined by those in positions above Executive Officers in charge (including Executive Officers in charge; hereinafter, the same applies)
  - (2) Facts that may incur substantial damage on the Company (including facts at the Group companies)
  - (3) Significant facts of violations of laws and regulations or the Articles of Incorporation (including facts at the Group companies)
  - (4) Reporting status in the whistle-blowing system (including the reporting status at domestic subsidiaries)
  - (5) Implementation status and results of internal audit (including those of the Group companies)
  - (6) Other matters that the Audit Committee requests reporting
- c. The person who made a report listed in b. shall not be treated disadvantageously.

**3) Matters related to policies for procedures for prepayment or reimbursement of costs arising from execution of duties of Audit Committee Members (limited to those related to the execution of duties of Audit Committee) and other treatments of expenses or obligations arising from execution of the duties**

The Audit Committee records budgets in advance for expenses permitted as necessary to execute the duties. In addition, expenses paid on emergency or on a temporary basis are borne by the Audit Committee except when it is deemed not necessary for the execution of duties of the Audit Committee.

**4) Other systems to ensure effective implementation of audits by Audit Committee**

- a. Full-time Audit Committee Members are assigned in the Audit Committee, and they are, in principle, Internal Directors.
- b. Prior consent of the Audit Committee shall be obtained for appointment of General Manager of Internal Audit Planning Department and General Manager of Internal Audit Department (hereinafter, collectively “Head of Internal Audit Division”).
- c. The Audit Committee or Audit Committee Members nominated by the Audit committee give directions to Head of Internal Audit Division to report or investigate when it is necessary to carry out audit duties. When there are directions by the Audit Committee or Audit Committee Members nominated by the Audit committee, Head of Internal Audit Division follows such directions and takes necessary measures.
- d. In addition to the preceding three paragraphs and the above a., b., and c., “Audit Regulations” are also noted, and systems are ensured necessary to perform effective audits by Audit Committee, such as system for mutual communication and information exchange between the Audit Committee and the Representative Executive Officer, etc.

**2. System to ensure the appropriateness of business****1) System to ensure that Executive Officers and employees execute their duties compliant with laws and regulations and the Articles of Incorporation**

- a. Appropriate business activities are promoted in line with high corporate ethics through the management policy and “Sumitomo Life Group Code of Conduct,” which defines the basic principles of behavior of officers and employees.
- b. Based on “Legal Compliance Policy,” which defines the basic framework for compliance with laws and regulations, “Insurance Solicitation Management Policy” for ensuring proper insurance soliciting, and “Internal Audit Policy,” compliance with laws and regulations is achieved thoroughly as follows:
  - (1) Compliance Control Department centrally manages matters related to compliance with laws and regulations concerning the entire company.
  - (2) Self-purifying function is enhanced by establishing the whistle-blowing system and by protecting whistleblowers.
  - (3) Executive Officers in charge of Compliance Control Department report on important matters related to compliance with laws and regulations to the Board of Directors, and promote communication with the Audit Committee.
- c. For appointment of Executive Officers, knowledge, experience and social credibility, etc. of candidates are appropriately taken into consideration.

- d. With regard to anti-social forces that threaten the order and safety of civil society, the relationship with such forces are cut off and eliminated based on “Policy on Handling of Anti-social Forces” by systematically handling them in a resolute attitude.

**2) System for preservation and management of information related to the execution of duties of Executive Officers**

Based on “Information Preservation Regulations,” which defines the information to be preserved and the preservation period, preservation and management of information are performed, and information shall be available for viewing within the preservation period.

**3) Regulations concerning management of risks of losses and other systems**

- a. Based on “Comprehensive Risk Management Policy,” which defines the basic framework for comprehensive risk management of the entire company, and based on each risk management policy according to types of risks, risk management is performed as follows:
  - (1) Risk Management Control Department performs comprehensive risk management of the entire company, and each Risk Management Division performs management of each risk.
  - (2) Executive Officers in charge of Risk Management Control Department report on important matters related to risk management to the Board of Directors, and promote communication with the Audit Committee.
- b. The Company responds to crisis based on “Crisis Management Regulations,” which defines handling of situation at the time of crisis that cannot be handled with ordinary risk management. In addition, in case that business is difficult to be continued in the ordinary manner due to occurrence of crisis, measures are taken based on “Business Continuity Plan (BCP)” for continuing important business.

**4) System to ensure the efficient execution of duties by Executive Officers**

- a. Based on internal rules such as “Organization Regulations,” which defines the organizational and administrative segregation of duties and “Administrative Authority Regulations,” which defines the approval method and positions, the Company makes efforts for the appropriate and efficient segregation of roles and mutual checking function.
- b. Based on “Management Plan Regulations,” which defines the framework for management plans, the Company establishes management plans and executes business, and makes necessary improvements by reviewing the plans on a regular basis.

**5) System to ensure the appropriateness of business in a corporate group consisting of a mutual company and its real subsidiaries**

- a. “Sumitomo Life Group Code of Conduct” is established in order to ensure the appropriateness of business in the corporate group by performing fair business activities on the part of the Company and its Group companies in line with high corporate ethics.
- b. Based on “Group Companies Business Management Policy” and agreements on business management, business management of Group companies is carried out including the following matters:
  - (1) Report to the Board of Directors or Executive Management Committee on the management status, etc. of Group companies
  - (2) Development of regulations for risk management at subsidiaries and establishment and review on a regular basis of risk management plans at Group companies
  - (3) Establishment and review on a regular basis of business management plans of Group companies and annual business plans for subsidiaries
  - (4) Development of regulations for compliance with laws and regulations and establishment and review on a regular basis of compliance programs at subsidiaries
- c. Officers and employees of the Company are dispatched as Audit & Supervisory Board Members or Directors of Group companies if necessary, to verify the effectiveness of the internal control system of Group companies.

**6) System to ensure customer protection**

Based on each management policy aimed at the protection and the improvement of convenience for our customers, the Company manages businesses related to insurance contracts including payments of insurance claims, protects customers’ information and manages conflict of interests not to harm customers’ interests.

**7) System to ensure the effectiveness of internal audit**

In order to ensure the effectiveness of internal audit, “Internal Audit Policy” is established, and internal audit is performed as follows:

- (1) Internal Audit Planning Department and Internal Audit Department which are independent from each organization, etc. where internal audit is performed (hereinafter, collectively referred to as

## CORPORATE GOVERNANCE

“Internal Audit Division”) verify the appropriateness and effectiveness of the internal control structure, etc., and detect issues and problems, evaluate the internal control structure, etc., and provide suggestions and follow-up for improvement.

- (2) Executive Officers in charge of Internal Audit Division report important matters related to internal audit to the Board of Directors, and promote communication with the Audit Committee.

### 2. Basic Policy and Overview of Implementation toward Elimination of Anti-social Forces

The Company establishes a code of conduct to cut off and eliminate relationship with anti-social forces in the “Sumitomo Life Group Code of Conduct,” which is a code of conduct for each officer and employee of the Company and its Group companies to practice the management policy at the action level. In addition, “Policy on Handling of Anti-social Forces” is established to determine roles, responsibilities and organizational structure, etc. of the management.

## V. Other

### 1. Existence or Nonexistence of Takeover Defense Measures

Since the Company is a mutual company and an acquisition is not expected, anti-takeover measures are not introduced.

### 2. Other Items Concerning Corporate Governance Systems

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## [Management Structure]

