

Corporate Governance

(Updated and filed on November 30, 2011)
Sony Financial Holdings Inc.

The status of Sony Financial Holdings' corporate governance is as follows:

I. Basic Stance on Corporate Governance, Capital Structure, Company Type and Other Basic Information

1. Basic Stance

Sony Financial Holdings Group has established its Corporate Vision and Corporate Philosophy as a basis for setting management strategy and expediting management decision-making initiatives.

<Corporate Vision>

The Sony Financial Holdings Group seeks to become the most highly trusted financial services group by customers. To this end, it will combine many different financial functions (savings, investment, borrowing, and protection) to provide high-value-added financial products and high-quality services that meet every customer's financial needs.

<Corporate Philosophy>

Put the Customer First

We will provide financial products and services that satisfy customers by embracing their individual views, to ensure that we help them lead prosperous lives with financial security.

Give Back to Society

We believe that a special commitment to the public good is demanded of a financial services enterprise. Conscious of this, we will realize our vision by upholding the highest level of ethics and a strong sense of purpose, and thereby give back to society. In addition, we will fulfill our responsibilities as a good corporate citizen and member of society.

Strive for Originality

We will constantly strive to come up with fresh ideas from basic principles as we pursue creativity and innovation, instead of merely following customs and convention.

Foster an Open Corporate Culture

We believe that every employee's contribution is important to develop our ideal of a financial services company. We will thus foster an open corporate culture where employees can freely express their individuality and demonstrate their abilities to the fullest.

One goal of our corporate vision is to become one of Japan's most trusted financial services groups. Although the group subsidiaries are different in history, scale of operations and business characteristics, Sony Financial Holdings works to achieve this goal in group-wide management by making the most effective use of the business characteristics of, and information available from, each group subsidiary.

In taking this approach, we place the utmost importance on the soundness and accuracy of our operations. To this end, we have designed a management structure to ensure group-wide compliance and risk management. Each group subsidiary has designed its own management structure to ensure its

compliance and risk management, but Sony Financial Holdings, as a holding company, continuously maintains an understanding of each subsidiary's conditions and promotes its compliance and risk management.

Sony Financial Holdings' Board of Directors is made up of nine members. From the perspective of group-wide efficiency in its business operations, one Sony Financial Holdings representative director and one executive officer serve as directors of its subsidiaries. Furthermore, the three representative directors of its subsidiaries serve as non-executive directors of Sony Financial Holdings. As Sony Financial Holdings is a listed company with a listed parent company, Sony Corporation, Sony Financial Holdings has appointed two outside directors to protect minority shareholders' interests. These outside directors concurrently serve as independent directors who need to be nominated to protect general shareholders' interests under the Securities Listing Regulations issued by the Tokyo Stock Exchange Group, Inc.

The Board of Statutory Auditors has five members, of whom three are outside statutory auditors. In line with the audit standards for statutory auditors and based on the audit policy and plans stipulated by the Board of Statutory Auditors, members are responsible for attending important meetings, including Board of Directors' meetings, and for examining operations and financial conditions of Sony Financial Holding as well as supervising the execution of duties by directors.

We carefully monitor each subsidiary's management in a respectful manner and promote management's control with a view toward maximizing the group's corporate value.

2. **Capital Structure**

Ratio of shares owned by foreign shareholders: 20% or more and less than 30%

Major Shareholders (Updated)

Name	Number of shares held	Percentage of shares held (%)
Sony Corporation	261,000,000	60.00
The Chase Manhattan Bank, N. A. London Secs Lending Omnibus Account	24,331,428	5.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,237,800	2.58
Japan Trustee Services Bank, Ltd. (Trust Account)	9,623,291	2.21
State Street Bank and Trust Company	4,935,574	1.13
State Street Bank and Trust Company 505103	3,746,159	0.86
Japan Trustee Services Bank, Ltd. (Trust Account9)	3,691,100	0.84
State Street Bank and Trust Company 505225	3,475,603	0.79
Government of Singapore Investment Corporation P. Ltd.	3,443,701	0.79
SAJAP	3,017,400	0.69

Parent company: Sony Corporation

(Listed on the Tokyo Stock Exchange, Osaka Securities Exchange and Overseas) (Code: 6758)

3. **Company Type**

Stock Exchange: The First Section of the Tokyo Stock Exchange

Fiscal Year End: March

Industry: Insurance

Number of employees (consolidated): more than 1,000

(Updated) Sales (consolidated): more than ¥1 trillion

Number of subsidiaries: Fewer than 10

4. Policy Concerning the Measures to Protect Minority Shareholders in Transactions with the Controlling Shareholder

The Sony Financial Holdings Group's policy is to develop its operations while maintaining a cooperative relationship with the Sony Group. At the same time, the Sony Financial Holdings Group conducts its operations independently based on its own management policies and management strategies. As its business fields differ from those of the Sony Group, Sony Financial Holdings believes that the Sony Financial Holdings Group succeeds in maintaining a certain degree of independence. When conducting transactions with its parent company, Sony Corporation (the controlling shareholder), ample care is taken to ensure that the necessity of and conditions for such transactions do not differ markedly from transactions conducted with third parties.

5. Other Special Issues That May Significantly Influence Corporate Governance

(1) Equity relationships with Sony Corporation

Sony Corporation has retained the ability to exert significant influence over all matters requiring approval by Sony Financial Holdings' shareholders, including the election or removal of directors and statutory auditors, the approval of mergers or other business combination transactions, the sale of material assets or businesses, amendments to Sony Financial Holdings' Articles of Incorporation, and the declaration of dividends. The interests of Sony Corporation with respect to Sony Financial Holdings' operations and other matters over which it may have influence may differ from the interests of Sony Financial Holdings' other shareholders.

(2) Senior management's concurrent positions with the Sony Group

Sony Financial Holdings has assigned Mr. Ryuji Yasuda (Outside Director of Sony Corporation) and Mr. Masaru Kato (Executive Vice President, Chief Financial Officer, Corporate Executive Officer of Sony Corporation) as Sony Financial Holdings' directors. In addition, Sony Financial Holdings has assigned Mr. Takemi Nagasaka (Senior Vice President, Senior General Manager, Accounting Division, Corporate Executive of Sony Corporation) as Sony Financial Holdings' statutory auditor.

Moreover, as for Sony Financial Holdings' subsidiaries, Sony Assurance Inc. has assigned Mr. Takayuki Nakagawa (Manager, Consolidation Accounting Department, Accounting Division of Sony Corporation) as its statutory auditor. Also, Sony Bank Inc. has assigned Mr. Hidemichi Takenaka (Planning Manager, Planning and Administration Department, Accounting Division of Sony Corporation) as its statutory auditor.

If the relationships between the Sony Financial Holdings Group and the Sony Group change due to such reasons including changes in the ratio of Sony Financial Holdings' shares held by Sony Corporation, such personnel relationships may change.

(3) Use of the "Sony" trademark and trade name

Sony Financial Holdings and its operating subsidiaries have entered into royalty agreements with Sony Corporation pursuant to which Sony Financial Holdings and its operating subsidiaries are permitted to use the "Sony" name. The Sony Financial Holdings Group's rights under these agreements to use the "Sony" name are conditioned upon, among other things, Sony Corporation's

continued ownership of the majority of Sony Financial Holdings' voting rights and, in the case of each of Sony Financial Holdings' operating subsidiaries, no decrease in Sony Financial Holdings' percentage ownership of the voting rights of such operating subsidiary. Pursuant to these agreements, the Sony Financial Holdings Group pays royalties to Sony Corporation and Sony Corporation retains pre-approval rights with respect to, among other things, any use of the relevant trademarks for purposes other than those expressly provided for in the agreements. Sony Financial Holdings believes its and its operating subsidiaries' identification with the Sony Group has contributed to the Sony Financial Holdings Group's brand awareness and its growth. The termination of this royalty agreements to use the "Sony" trademark and trade name led primarily by a decrease in Sony Corporation's equity ownership in Sony Financial Holdings could adversely affect its business operations, its marketing and its operating results.

II. Management Control Structure Pertaining to Management Decision-making, Execution and Supervision and Other Corporate Governance Structure

1. Board Composition and Operations of Organizational Structure;

Type of structure: Board of Statutory Auditors structure

[Directors]

Number of members of the Board of Directors stipulated in the Articles of Incorporation: 12

Term of members of the Board of Directors stipulated in the Articles of Incorporation: One year

Chairman of the Board of Directors: President

Number of the Board of Directors: Nine

Election of outside directors: Yes

(Updated) Number of outside directors: Two

(Updated) Number of outside directors who are appointed as independent directors: Two

Outside directors' relationships with the Company:

Yasushi Ikeda

Attribute	Attorney
Relationships with the company*	(d), (h)
Supplementary explanations	—
Reason for appointment	Mr. Yasushi Ikeda works as an attorney and partner at Miyake Imai & Ikeda. Sony Financial Holdings also regards him as eligible as an outside director as well as an independent director based on his independence and his absence of conflict of interest with the Company.

Isao Yamamoto

Attribute	From another company
Relationships with the company*	(d), (e),(h)
Supplementary explanations	—
Reason for appointment	Mr. Isao Yamamoto has wide experience as a securities analyst and is engaged the financial

	and M&A advisory business. Sony Financial Holdings regards him as eligible as an outside director as well as an independent director based on his independence and his absence of conflict of interest with the Company.
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*Choices relating to relationships with Sony Financial Holdings

- (a) From a parent company
- (b) From other affiliated company
- (c) Principal shareholder of the Company
- (d) Concurrent positions as outside directors or outside statutory auditors of other companies
- (e) Positions as executive directors or officers of other companies
- (f) Spouse of, a family member within third degree of kinship of or other quasi-relationships with executive directors or officers of the Company or the Company's specially related entity
- (g) Receives remuneration as an officer or other financial benefits from the parent company of the Company or its subsidiaries
- (h) Entered into a limited liability agreement with the Company
- (i) Other

[Statutory Auditors]

Existence of a Board of Statutory Auditors: Yes

Number of statutory auditors stipulated by the Articles of Incorporation: Five

Number of statutory auditors: Five

Cooperation between statutory auditors, accounting auditors and the internal audit division

Statutory auditors receive regular reports on audit plans and audit results from Sony Financial Holdings' accounting auditor (PricewaterhouseCoopers Aarata) and exchange information with the accounting auditor in a timely and appropriate manner. Statutory auditors of Sony Financial Holdings receive regular reports of internal audit plans and internal audit results from the internal audit division (Audit Department) and exchange information with this division in a timely and appropriate manner. The statutory auditors also receive reports on each subsidiary's internal audit results from subsidiaries' internal audit divisions.

Election of outside statutory auditors: Yes

Number of outside statutory auditors: Three

Number of outside statutory auditors who are appointed as independent directors: None

Outside statutory auditors' relationships with the Company:

Hiroshi Sano

Attribute	From another company
Relationships with the company*	(d)
Supplementary explanations	—
Reason for appointment	Sony Financial Holdings expects to benefit from his highly insightful perspective on corporate audits and viewpoint on corporate audits based on his business expertise in a wide range of fields.

Takemi Nagasaka

Attribute	From another company
Relationships with the company*	(a), (d)
Supplementary explanations	—
Reason for appointment	Mr. Takemi Nagasaka holds a CPA certificate and has worked in the accounting division of Sony Corporation for many years. Sony Financial Holdings expects to benefit from his highly insightful perspective on corporate audits and viewpoint on corporate audits based on his business expertise in the field of financing and accounting.

Hiroshi Ueda

Attribute	From another company
Relationships with the Company*	(d), (g)
Supplementary explanations	—
Reason for appointment	Sony Financial Holdings expects to benefit from his highly insightful perspective on corporate audits and viewpoint on corporate audits based on his business expertise both in Japan and internationally.

*Choices relating to relationships with Sony Financial Holdings.

- (a) From a parent company
- (b) From other affiliated company
- (c) Principal shareholder of the Company
- (d) Concurrent positions as outside directors or outside statutory auditors of other companies
- (e) Positions as executive directors or officers of other companies
- (f) Spouse of, a family member within third degree of kinship of or other quasi-relationships with executive directors or officers of the Company or the Company's specially related entity
- (g) Receives remuneration as an officer or other financial benefits from the parent company of the Company or its subsidiaries
- (h) Entered into a limited liability agreement with the Company
- (i) Other

[Independent Directors]

Number of independent directors: Two

Sony Financial Holdings has appointed two outside directors as independent directors.

[Incentive-related Matters]

Status of incentives granted to directors: Other

Supplementary explanations:

Sony Financial Holdings has established internal rules as to retirement benefits. Retirement benefits are based on 20% of the annual remuneration being received at the time of retirement. A defined portion of this amount (70% for representative directors, 80% for non-representative directors) is calculated as the regular retirement benefit paid in cash. The remainder (30% for representative

directors, 20% for non-representative directors) is calculated as a number of shares in the Company that is paid in cash by multiplying that number of shares by the average stock price during the year prior to the director's retirement.

[Compensation of Directors]

Disclosure for compensation of individual directors: None

Policy on compensation amount or calculation method: Yes

Method of disclosing policy on compensation amount calculation method:

The policy for determining the compensation of executive directors and outside directors stipulated by resolution of the Board of Directors is as follows. Directors with no executive duties, except outside directors, and non-executive statutory auditors are, in principle, paid no compensation.

The compensation of individual executive directors and outside directors is deliberated by the Compensation Advisory Committee and determined by resolution of the Board of Directors based on the committee's report.

(1) Executive Directors

The main responsibility of executive directors is to continuously increase corporate value as managers of SFH and the Sony Financial Holdings Group. Consequently, Sony Financial Holdings' basic policy is to determine compensation for executive directors, considering a balance between a fixed portion and a results-linked portion with a focus on securing talented human resources and ensuring that compensation serves as an effective incentive for improving business performance.

a) Compensation

Compensation consists of a fixed portion depending on position, such as president and representative director and executive vice president and representative director, and a results-linked portion depending on the performance of Sony Financial Holdings and the Sony Financial Holdings Group as a whole and individual responsibilities. The results-linked portion could range from 0% to 200% of the standard amount subject to achievement of management targets for Sony Financial Holdings and the Sony Financial Holdings Group and discharge of responsibilities.

b) Level

A suitable level of compensation shall be paid in order to secure talented individuals. In determining the level, consideration is given to the results of third-party surveys of the compensation levels of corporate managers and other information.

c) Retirement benefits

Sony Financial Holdings sets aside an amount equivalent to a defined portion of compensation for every year in office and pays the full amount upon retirement. A defined portion of the reserved amount is converted into shares of Sony Financial Holdings and granted, with the aggregate number of shares converted at the market price and paid upon retirement.

(2) Outside Directors

The main responsibility of outside directors is to enhance the transparency and objectivity of corporate management through the oversight and supervision of the performance of duties by executive directors. Consequently, Sony Financial Holdings' basic policy is to determine compensation for outside directors as fixed compensation with a focus on securing talented human resources and ensuring that supervision and oversight function effectively.

a) Compensation

Compensation is paid in a fixed amount according to the role.

b) Level

A suitable level of compensation shall be paid in order to secure talented individuals. In determining the level, consideration is given to the results of third-party surveys of the compensation levels of corporate managers and other information.

c) Retirement benefits

None

(3) Statutory Auditors

The main responsibility of statutory auditors is to ensure the transparency and objectivity of corporate management by conducting operational and accounting audits. Consequently, Sony Financial Holdings' policy is to determine compensation for statutory auditors as fixed compensation with a focus on securing talented individuals and ensuring that the audit function is working effectively.

a) Compensation

Compensation is paid in a fixed amount according to the role.

b) Level

A suitable level of compensation shall be paid in order to secure talented individuals. In determining the level, consideration is given to the results of third-party surveys of the compensation levels of statutory auditors.

c) Retirement benefits

A fixed amount is paid according to the role.

[Support Structure of Outside Directors/Statutory Auditors]

The Corporate Planning Department of Sony Financial Holdings transmits information to outside directors and outside statutory auditors and distributes Board of Directors meeting materials prior to the meetings.

2. Functions on Execution of Operation, Audits and Supervision, Nomination, Determining Compensation and Other (Updated)

Sony Financial Holdings is a company with a Board of Statutory Auditors. It appoints outside directors who work with the Board of Statutory Auditors, thereby strengthening corporate governance. An overview of the current corporate governance system is provided below.

(1) Board of Directors

(a) Sony Financial Holdings is a pure holding company that owns direct subsidiaries, Sony Life Insurance Co., Ltd., Sony Assurance Inc., and Sony Bank Inc. From the perspective of group-wide efficiency in business operations, one Sony Financial Holdings representative director and one executive officer serve as directors of its subsidiaries. Furthermore, the three representative directors of its subsidiaries serve as non-executive directors of Sony Financial Holdings.

(b) Sony Financial Holdings has appointed two outside directors to protect minority shareholders' interests. These outside directors concurrently serve as independent directors who need to be nominated to protect

general shareholders' interests under the Securities Listing Regulations issued by the Tokyo Stock Exchange Group, Inc.

- (c) The Board of Directors of Sony Financial Holdings delegates to the Executive Committee the authority to deliberate and determine the execution of certain daily activities. The Executive Committee is composed of standing directors, corporate executive officers, as well as executives and employees who are selected by resolution of the Board of Directors. This committee meets twice a month, in principle. Non-executive directors and statutory auditors may also attend meetings of the Executive Committee.

(2) Statutory Auditors

- (a) The Board of Statutory Auditors of Sony Financial Holdings has five members, of whom three are outside auditors.
- (b) The standing statutory auditor of Sony Financial Holdings cooperates with outside directors (independent directors), the director in charge of its Audit Department and employees in the Audit Department to enhance the supervisory function in corporate management.

(3) Internal Audits

Sony Financial Holdings has established an Audit Department, which is independent of the Company's operating divisions and is composed of dedicated internal audit personnel.

(4) Accounting Audits

Sony Financial Holdings has appointed PricewaterhouseCoopers Aarata as its accounting auditor.

(5) Determining Compensation

Sony Financial Holdings has formulated the Compensation Advisory Committee Regulations to clarify the policies, systems and the process for determining the compensation of the directors of Sony Financial Holdings and the representative directors of the companies under its umbrella: Sony Life Insurance Co., Ltd., Sony Assurance Inc., and Sony Bank Inc. Sony Financial Holdings has established the Compensation Advisory Committee to deliberate these matters. The committee consists of a small number of Sony Financial Holdings directors, including an outside director. Whenever necessary, the committee receives advice from its Board of Directors and comparable boards at its subsidiaries, and reports the results of its deliberations at each board meeting.

3. Reason for choosing current corporate governance structure

As Sony Financial Holdings is a pure holding company, the Group believes that the current structure, in which directors hold concurrent positions in the parent company and subsidiaries, is efficient from the perspective of group management. Furthermore, as Sony Financial Holdings is a subsidiary of a listed parent company, Sony Corporation, the Company has expanded its appointment of outside directors (independent directors as also prescribed by the Tokyo Stock Exchange) to ensure an outside perspective and to protect the interests of minority shareholders, thereby creating a structure in which outside directors and statutory auditors cooperate in management supervision. In addition to protecting the interests of minority shareholders, the Company believes that the current structure is optimal from the standpoints of ensuring Group management efficiency and enhancing corporate value.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Efforts Towards Activation of Shareholders' Meeting and Facilitation of Exercising Voting Rights (Updated)

(1) Early Delivery of Notice of Convocation for the General Meeting of Shareholders

Sony Financial Holdings sent the Notice of Convocation for the General Meeting of Shareholders 17 days before the meeting.

(The Company sent the Notice of Convocation on June 6, 2011, for the fiscal year ended March 31, 2011.)

(2) Setting the Date for the General Meeting of Shareholders on a Date That Avoids the Day When General Meetings Tend to be Concentrated

Sony Financial Holdings held its General Meeting of Shareholders on June 24, 2011.

(Most shareholder meetings for the fiscal year ended March 31, 2011, were held on June 29, 2011.)

(3) Exercise of Voting Rights Via Electronic Means

a. Sony Financial Holdings has introduced the exercise of voting rights over the Internet.

b. Sony Financial Holdings has introduced the exercise of voting rights via the electronic voting platform for institutional investors operated by ICJ, Inc.

(4) Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance the Environment for the Exercise of Voting Rights by Institutional Investors

Sony Financial Holdings participates in a platform for the electronic exercise of voting rights in order to enhance the environment for the exercise of voting rights by institutional investors. Furthermore, a portion of the convocation notice is translated into English, and the convocation notice is disseminated early.

(5) Provision of a Convocation Notice (Summary) in English

A portion of the convocation notice is translated into English.

2. IR Activities (Updated)

(1) Regular Meetings for Individual Investors

Explanations by representatives: Yes

Sony Financial Holdings held a web conference for individual investors in December 2010, and joined IR Festival 2011 for individual investors held by Tokyo Stock Exchange Group Inc. in March 2011.

Furthermore, Sony Financial Holdings will continue to hold meetings for individual investors.

(2) Regular Meetings for Analysts and Institutional Investors

Explanations by representatives: Yes

Every quarter, Sony Financial Holdings holds a teleconference with analysts and institutional investors on the day it announces quarterly financial results. Hosting the teleconference a director of Sony Financial Holdings and subsidiaries' senior executives in charge of finance. In addition, Sony Financial Holding holds a Corporate Strategy Meeting once a year.

(3) Regular Meetings for Overseas Investors

Explanations by representatives: Yes

Sony Financial Holdings visits overseas investors in each region once a year to hold one-on-one meetings in Europe and North America, where many institutional investors that are substantial shareholders of the Company are located, as well as in Asia, where the number of institutional investors that are substantial shareholders of the Company is expected to increase.

(4) Uploading IR Materials onto Website

Sony Financial Holdings uploads earnings releases, annual reports and other disclosure materials onto its website. Sony Financial Holdings has also enhanced disclosure in English to ensure there are no material disclosure gaps between the English and Japanese languages.

(5) IR-related Division

Sony Financial Holdings has established the Corporate Communications & Investor Relations Department.

3. Efforts to Adopt a Stakeholder Standpoint

(1) Provisions within Internal Regulations for Respecting the Standpoint of Stakeholders

The Sony Financial Holdings Group recognizes that taking stakeholders' concerns into account in management decision-making is an important part of ensuring sound business operations.

Accordingly, the Group has established an activity charter that it endeavors to follow in its operations.

(2) Environmental Protection and CSR Activities

The Sony Financial Holdings has established a CSR Basic Policy. Each of the companies in the Group conducts voluntary and fund-raising activities, has acquired ISO 14001 certification (the international standard for environmental management systems), has introduced a system to use green electricity and participates in various other social contribution and environmental activities.

IV. Basic Stance on Internal Control System and the Status of Establishment

Basic Policy on the Internal Control System

In accordance with the Companies Act of Japan and the Enforcement Regulations of the Companies Act of Japan, Sony Financial Holdings' Board of Directors has implemented the Basic Policy on Establishing the Internal Control System as described below. In line with this policy, Sony Financial Holdings has established and now operates an appropriate internal control system.

Basic Policy on Establishing an Internal Control System

1. System to ensure that the execution of duties by directors and employees is legally compliant and in accordance with the Articles of Incorporation

- (1) The Board of Directors has established a code of conduct as a basic policy for compliance and made this code clear to Sony Financial Holdings' executives, employees and subsidiaries of these.
- (2) The Board of Directors has created a compliance manual that provides specific compliance guidelines and a compliance program that defines specific plans.
- (3) The Board of Directors has created a compliance supervisory department to promote its compliance program. The compliance supervisory department regularly reports to the Board of Directors on the progress of the compliance program.
- (4) The Board of Directors has formulated the Basic Group Policy on Eradicating Anti-social Influences. This policy describes the firm stance the Group takes to counter anti-social influences and build the structure necessary to fulfill this policy.
- (5) The Board of Directors has established an internal hotline system and has informed Sony Financial Holdings' executives, employees and subsidiaries about the system. This system allows employees or others who become aware of business policies, operations or other activities that contravene (or

are in danger of contravening) laws and regulations to report directly to a hotline desk. The system prohibits any action from being taken against employees or others who provide such notification.

- (6) The Board of Directors has established an internal audit supervisory department, which is independent from other operating departments. The internal audit supervisory department liaises and cooperates with the statutory auditors and the accounting auditor; monitors and verifies, from an independent and an objective viewpoint, the implementation and operational status of the internal control system; and reports regularly to the Board of Directors on the status of internal audits.
- (7) The Board of Directors has formulated internal audit regulations, which define the basic policy regarding internal audits, and informs Sony Financial Holdings' executives, employees and subsidiaries of these.

2. System for preserving and managing information related to the execution of duties by directors

Sony Financial Holdings has established record-keeping regulations to ensure that documents pertaining to the execution of duties by directors, such as records of decisions at Board of Directors and Executive Committee meetings, are appropriately preserved and managed in accordance with these regulations and laws.

3. Systems on regulations related to risk management

- (1) The Board of Directors has formulated the fundamental principles for risk management activities as a basic policy for group risk management and informs Sony Financial Holdings' executives, employees and subsidiaries of these.
- (2) The Board of Directors has established a risk management supervisory department to manage risks appropriately for Sony Financial Holdings and its subsidiaries, in accordance with each entity's scale, characteristics and type of business. This department reports regularly to the Board of Directors on the status of risk management.
- (3) The Board of Directors evaluates the capital adequacy of subsidiaries to ensure that their levels of capitalization are sufficient in light of the risks the Sony Financial Holdings Group directly faces and to implement appropriate capital allocations. If necessary, the Board of Directors takes measures designed to strengthen capital bases.
- (4) The Board of Directors formulates contingency plans to build a system that enables the Sony Financial Holdings Group to respond rapidly to a crisis and take measures to minimize the impact of these risks. The Board of Directors makes these plans known to Sony Financial Holdings' executives, employees and subsidiaries of these.

4. Systems to ensure the efficient execution of duties by directors

- (1) The Board of Directors formulates approval regulations, organizational and task-sharing regulations and other internal provisions and has created an appropriate structure for the efficient execution of duties.
- (2) The Board of Directors formulates business plan control regulations, which are employed to control non-consolidated and consolidated medium-term business plans and annual business plans.
- (3) The department in charge of business planning reports regularly to the Board of Directors regarding

the progress of group-wide plans.

5. System to ensure the appropriateness of operations by Sony Financial Holdings and the corporate group, including Sony Financial Holdings' parent company and subsidiaries

- (1) In addition to exercising shareholder rights, as a financial holding company Sony Financial Holdings ensures the appropriateness of its subsidiaries' operations by exercising management control in accordance with the management control agreements made between Sony Financial Holdings and its subsidiaries.
- (2) Sony Financial Holdings deliberates and examines the appropriateness and compliance of group-wide transactions, alliances or new businesses by subsidiaries that have the potential to significantly impact the management of the Group before the commencement of those transactions. Such issues are resolved by or reported to the Board of Directors.
- (3) Sony Financial Holdings' Audit Department takes responsibility for ensuring that subsidiaries have appropriate internal control systems in place and monitors and verifies the results of internal and third-party audits of subsidiaries.
- (4) Sony Financial Holdings and its subsidiaries submit management information about the Group as needed to Sony Financial Holdings' parent company and interact with the parent company's internal audit departments.

6. Items pertaining to employees who are requested to assist statutory auditors in their duties

If directors receive requests by statutory auditors for employees to be allocated to assist them in their duties, the directors assign such personnel without delay.

7. Independence from directors of employees assigned as mentioned directly above

Statutory auditors must agree to the appointment, removal and evaluations of employees assigned to assist them in their duties.

8. System for directors and employees to report to statutory auditors, and other reporting system

- (1) If directors or employees are requested to provide business reports to statutory auditors, they do so without delay.
- (2) If directors or employees receive notification via the internal hotline system, they report immediately to the statutory auditors.

9. Other systems to ensure the effectiveness of audits by statutory auditors

Representative directors endeavor to forge and deepen relationships with statutory auditors based on mutual understanding and trust by fostering an environment that is necessary for audits by statutory auditors.

Basic Policy on Eradicating Anti-social Influences

Sony Financial Holdings has formulated a Basic Group Policy on Eradicating Anti-social Influences, described below, and has built the structures to take a firm stance on countering anti-social influences.

Basic Group Policy on Eradicating Anti-social Influences

1. The Sony Financial Holdings Group recognizes the importance of strictly avoiding any association with

anti-social elements from the perspectives of social responsibility, compliance and corporate defense. It has therefore implemented frameworks to shut out anti-social influences.

2. The Sony Financial Holdings Group strictly rejects unfounded demands by anti-social influences. Furthermore, the Group has put in place a framework for acting firmly, on an organizational basis, against those who make unfounded demands.
3. The Sony Financial Holdings Group works closely with the police and external specialist entities, even during ordinary times, to ensure appropriate assistance and cooperation should it be threatened by anti-social influences.

Structures for Eradicating Anti-social Influences

- The Sony Financial Holdings Group has established a department for dealing with anti-social influences and appointed a person responsible for preventing unfounded demands.
- The Sony Financial Holdings Group collects information on anti-social influences by cooperating with external specialists.

V. Other

1. Takeover Defense: No

2. Other Corporate Governance Structures

The Sony Financial Holdings Group's internal system for the timely disclosure of corporate information is outlined below.

1. Formulation of Rules and Regulations Related to Timely Disclosure by the Sony Financial Holdings Group
The Company has established a code of conduct for compliance with all laws and regulations related to disclosure. The Company also promotes timely disclosure in accordance with the stock listing regulations prescribed by the Tokyo Stock Exchange and has formulated Regulations on Timely Disclosure outlining its system for the gathering of information that requires disclosure and has constructed a system for the promotion of appropriate disclosure by the Company and the Sony Financial Holdings Group.
2. System for the Timely Disclosure of Corporate Information by the Sony Financial Holdings Group
Based on its Regulations on Timely Disclosure, the Company has established the Disclosure Committee, to which has been ascribed the roles indicated below.

A system is in place so that when important items arise, the Company's officers and employees and people at subsidiaries who are responsible for handling important information for disclosure (people at these subsidiaries who are appointed by directors and whose role is to gather important corporate information related to these subsidiaries) report promptly to the Disclosure Committee.

The Company has established the Financial Group Guidelines for Reporting Important Information to define important corporate information that should be disclosed and made available to the Company's officers and employees and people at subsidiaries who are responsible for handling important information for disclosure.

Roles of the Disclosure Committee

- (1) To assist the president and representative director in designing, implementing, evaluating and maintaining a system for timely disclosure

(2) To promptly and comprehensively gather important corporate information related to Group companies; ensure that disclosure is timely and verify the accuracy of information that is disclosed in a timely manner, as well as its sufficiency, clarity, public nature and fairness of public announcement; deliberate proactively; determine who holds the authority for disclosure; and provide necessary information

The Company's president and representative director chairs the Disclosure Committee, which comprises standing directors and general managers from each division. However, Disclosure Committee attendance may be augmented, as necessary, by other officers and employees of the Company and its Group companies to ensure broad-based and accurate reporting, as well as to confirm opinions that are expressed.

As a listed company, the Company complies with related regulations and conforms with regulations regarding the accuracy, fairness and timely disclosure of important items in accordance with the stock listing regulations prescribed by the Tokyo Stock Exchange. In such ways, the Group does its utmost to ensure optimal disclosure.

Reference: Organizational Chart

