In April 2016 the Group redefined its CSR Material Issues to reflect recent international and business developments. The new material issues are now guiding PDCA-driven efforts to further increase performance in accordance with a new set of CSR key performance indicators (CSR-KPIs).

### Background

On April 1, 2010, Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. merged to form Sompo Japan Nipponkoa Holdings, Inc. (initially named NKSJ Holdings, Inc.). The new joint holding company, drawing on the CSR initiatives of the two companies, formulated the Group CSR Vision, which served as the basis for identifying the Group’s CSR Material Issues in FY2011 and FY2012, and for advancing initiatives to meet the Group’s new CSR-KPIs in FY2013 and FY2014.

### Social and Organizational Context

The year 2015 was an important year for setting a new international agenda on sustainability: In September 2015 a summit of UN leaders adopted the SDGs with a target date of 2030, and the following December, the COP21 adopted the Paris Agreement. The following year, FY2016, also marked the start of the Group’s new Medium-Term Management Plan, in which we set out to transform our business structure to provide services under a “security, health, and wellbeing.”

Based on these international developments and organizational changes, we redefined our material issues with the objective of furthering both social sustainability and Group growth.

### Social Context

- **International developments in FY2015**
  - September 2015: SDGs (target date 2030) adopted by a UN summit
  - December 2015: Paris Agreement adopted by COP21

- **Domestic developments in FY2015**
  - June 2015: Japan’s Corporate Governance Code goes into effect (Stewardship Code from February 2014)

### Our Group Environmental Changes

- Launched the FY2016-2020 Medium-Term Management Plan as a new growth strategy for delivering top-quality services that contribute to the security, health, and wellbeing of our customers, a mission stated in our Group Management Philosophy.
- As a major turning point in our more than 120-year history of providing insurance and other services, embarked on decisive reform of our corporate culture as well as decision-making and operational processes while retaining the ability to respond flexibly to external changes.

A “theme park” for the security, health, and wellbeing of our customers

- Comprehensive support that goes beyond insurance
- Resilience to changes in the business environment (global presence)
Various international guidelines and frameworks have been developed as the international community seeks to address pressing social issues with global impacts. The Group recognizes the importance of understanding and implementing these guidelines as it grows its global business.

In FY2011 and FY2012, we began the process of identifying and prioritizing our material issues, first by organizing them based on ISO 26000, then by mapping them on two axes—impact to stakeholder on one axis, and importance to the Group on the other—based on international sustainability guidelines, including the SDGs, the Global Reporting Initiative’s G4 guidelines, and the UN Guiding Principles on Business and Human Rights (Ruggie Framework).

**STEP 1**  
**Materiality Assessment based on International Guidelines**

<table>
<thead>
<tr>
<th>Social Issues</th>
<th>International Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowering women and people with disabilities</td>
<td>• SDGs</td>
</tr>
<tr>
<td>Engagement with the elderly, long-term care</td>
<td>• ISO 26000</td>
</tr>
<tr>
<td>Mental health care</td>
<td>• GRI’s G4 Guidelines</td>
</tr>
<tr>
<td>Improvement of QoL</td>
<td>• UN Guiding Principles on Business and Human Rights, etc.</td>
</tr>
<tr>
<td>Engagement with people with disabilities</td>
<td></td>
</tr>
<tr>
<td>ESG investment</td>
<td></td>
</tr>
<tr>
<td>The Global Reporting Initiative’s G4 guidelines</td>
<td></td>
</tr>
<tr>
<td>Provision of products and services</td>
<td></td>
</tr>
</tbody>
</table>

**Identifying potential material issues**

**Organizing and mapping on two axes—“Impact to stakeholder” and “Importance to the Group” (SEE Fig. 1)**

**Prioritizing material issues (SEE P.23 Fig. 2)**

---

* Corporate governance, compliance, and brand-related items are not included in the figure because they are fundamental to our business management and continually a high priority.
* Red font indicates material issues, blue font indicates our key strengths.
We recognize stakeholder engagement as important initiatives for understanding social issues, for building relationships of trust and collaboration, and yielding greater results.

When redefining our material issues, we exchanged perspectives with 16 different groups of stakeholders, including experts and international institutions specializing in CSR and ESG investment as well as other key stakeholders that impact our business activities, including governments, civil society organizations, consumers, agencies, outside directors, and employees.

<table>
<thead>
<tr>
<th>Stakeholder Category</th>
<th>Affiliation (at the time of dialogue)</th>
<th>Name</th>
<th>Key Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO, International Institute for Human Organization and the Earth</td>
<td>Mr. Hideto OeDe Kawakita</td>
<td>Risk Management and Stakeholders’ Satisfaction are both important at the time of review and assessment of key issues. Value chain management is also in need to review along with the shift of business model portfolio.</td>
<td></td>
</tr>
<tr>
<td>Professor, Department of Environmental Management, Tokyo City University</td>
<td>Ms. Junko Edahiro</td>
<td>When thinking about strategies for each target, it is important to have external measures for products and services, as well as internal measures for things such as developing corporate structures to achieve them.</td>
<td></td>
</tr>
<tr>
<td>Co-founder and Chief Executive, Japan for Sustainability (JFS)</td>
<td>Ms. Anaïs Blasco</td>
<td>It is important to convey the process (story) that led to the selection of the material issues. It is also necessary to explain their relationship with the SDGs.</td>
<td></td>
</tr>
<tr>
<td>WBCSD Managing Director, Redefining Value / Manager, Redefining Value, Reporting</td>
<td>Mr. Rodney Irwin / Mr. Atake Blascoc</td>
<td>Their directions correspond well with the three fundamental concepts listed by the UNDP (resilience, sustainability, inclusiveness).</td>
<td></td>
</tr>
<tr>
<td>United Nations Development Programme (UNDP), Representation Office in Tokyo, Public Affairs Specialist (at that time)</td>
<td>Mr. Toshiya Nishigori</td>
<td>As for the redefined material issues, issues and approaches are clearly separated, and their contents are convincing. How about emphasizing that the material issues are connected to value creation for the economy, society and environment?</td>
<td></td>
</tr>
<tr>
<td>Vice-President, China WTO Tribune</td>
<td>Mr. Gefei Yin</td>
<td>It is important to convey the message that tackling the redefined material issues will lead to growth of the company.</td>
<td></td>
</tr>
<tr>
<td>Chair, Japan Sustainable Investment Forum (JSIF)</td>
<td>Ms. Masaru Aniai</td>
<td>To communicate information to investors, it is important to convey the message that the material issues have been redefined by making the most of the industry and company characteristics (strengths), and the story of what the company is aiming to achieve in the future.</td>
<td></td>
</tr>
<tr>
<td>Head of Japan, Global Networks and Outreach, UN PRI</td>
<td>Ms. Mikiyo Morisawa</td>
<td>It is important to convey the message that tackling the redefined material issues will lead to growth of the company.</td>
<td></td>
</tr>
<tr>
<td>Japan Director, CDP</td>
<td>Mr. Hisayoshi Kato</td>
<td>Because there are limits to what governments working alone can do to deal with disaster preparedness, I expect corporations to play a role in communicating awareness about risk to citizens and society.</td>
<td></td>
</tr>
<tr>
<td>Director-General for Disaster Management Cabinet Office, Government of Japan</td>
<td>Ms. Keiko Segawa / Ms. Keiko Segawa</td>
<td>I think you have been actively tackling environmental issues until now, but in the future, I expect you to further strengthen certain initiatives as your core business, such as climate change adaptation measures, and initiatives for human resource development.</td>
<td></td>
</tr>
<tr>
<td>Director, Global Environmental Bureau, International Strategy Division, Ministry of the Environment Japan / Deputy Director</td>
<td>Mr. Scott Trevor Davis</td>
<td>I find it good that you are addressing diversity as part of management strategy. As a corporation, it is important that you communicate the context with the stakeholders including investors for management’s efforts to address diversity.</td>
<td></td>
</tr>
<tr>
<td>Deputy Director, Economic and Industrial Policy Bureau, Economic and Social Policy Office, Ministry of Economy, Trade and Industry (METI) / Assistant Director</td>
<td>Mr. Keitaro Tsuji</td>
<td>I would like to see you engage in partnership with civil society continuously to deal with new issues. I also look forward to seeing financial services for people with low income, to lead toward solutions for poverty and inequality.</td>
<td></td>
</tr>
<tr>
<td>Executive Director, Japan NPO Center</td>
<td>Ms. Eriko Nitta</td>
<td>Looking from the perspective of the consumer, I expect that they will be able to receive even higher quality services that ensure their “security, health, and wellbeing” through your integrated initiatives with the redefined material issues.</td>
<td></td>
</tr>
<tr>
<td>President, Japan Association of Consumer Affairs Specialists</td>
<td>Ms. Mariko Yoshikawa</td>
<td>It is important to further strengthen partnership with agencies and employees, such as with environmental initiatives and community outreach.</td>
<td></td>
</tr>
<tr>
<td>AIR Autoclub Chairman</td>
<td>Mr. Tsukasa Tamano</td>
<td>As the Group undergoes business transformation, dialogue with employees becomes more important. We will continuously propose our views for the sound development of the Group. Our goal is to create a workplace where everyone would be proud to work for.</td>
<td></td>
</tr>
<tr>
<td>Professor of the Department of Global Business, College of Business, Rikkyo University</td>
<td>Mr. Scott Trevor Davis</td>
<td>It is important to convey the strategies and stories of transformation as you adapt to changes in society and the Group, while taking the details the initiatives you have done into account from the perspective of continuity.</td>
<td></td>
</tr>
<tr>
<td>President, Sompo Japan Nipponkoa Insurance Worker’s Union</td>
<td>Mr. Atsushi Miyai</td>
<td>To deal with local issues, it is important to prioritize things and conduct sustained activities with a long-term perspective. I also look forward to seeing ESG (environmental, social, governance) considerations in the area of investment and finance.</td>
<td></td>
</tr>
<tr>
<td>General Secretary, The KANTO Regional Federation of Electric Power Related Industry Workers Unions of Japan</td>
<td>Mr. Hitoshi Takezume</td>
<td>To communicate information to investors, it is important to convey the message that the material issues have been redefined by making the most of the industry and company characteristics (strengths), and the story of what the company is aiming to achieve in the future.</td>
<td></td>
</tr>
</tbody>
</table>
**STEP 3**  
**Internal Engagement**

To discuss and promote CSR across the Group based on this stakeholder input, we held meetings with the Group’s Council for CSR Promotion,* Management Committee, and Board of Directors.

*SEE ➤P.28 for more about our CSR Management Headquarters.

---

**STEP 4**  
**Identification and Action**

Based on Steps 1 through 3, we redefined our material issues.

We then set new CSR-KPIs *based on the new material issues and measures. Directed by a Group-wide CSR management system* and an interactive PDCA-cycle process to improve performance, we are implementing various Group initiatives to address social issues and build a more sustainable society. Initiatives based on these CSR-KPIs are regularly reported to our Management Committee.

In addition, we will redefine our material issues again whenever necessary based on the latest international developments and changes in our business environment.

*SEE ➤P.25 to learn more about our CSR-KPIs and ➤P.28 about our CSR management system.

---

**Fig. 2 Prioritizing the materiality**

- **Active information disclosure**
- **Social peace**
- **Human rights due diligence**
- **Initiatives to respond to customer feedback**
- **Partnerships**
- **Arts & Culture**
- **Contributing to Health and Welfare**
- **Providing Solutions for Disaster Preparedness**
- **Products & Services**
- **Supporting Diversity and Inclusion in Private and Public Life**
- **Promoting the Manageability of Global Environmental Issues**
- **Empowering Community and Society**
- **Philanthropy**
- **Community outreach**
- **Promotion of work-life balance**
- **Improvement of management style and business process**
- **Organization and innovation**

---

*1~5 indicates material issues, 6~9 indicates our key strengths.*

---

---
Based upon our Group CSR Vision, following Three Key Strengths are of critical importance for us.

Our Key Strengths

1. Providing Solutions for Disaster Preparedness
   - Provide products and services to help improve disaster resilience, and collaborate with stakeholders on realizing a safer, more secure world.

2. Contributing to Health and Welfare
   - Provide high-quality nursing care and healthcare services, and implement projects that promote health and welfare with the aim of creating a society where all people are able to lead a fulfilling life.

3. Promoting the Manageability of Global Environmental Issues
   - Contribute to climate change adaptation and mitigation, biodiversity conservation, and other global environmental goals through value chain initiatives and provision of new solutions.

4. Empowering Community and Society
   - Through community outreach and initiatives in culture and the arts, improve the lives of people in local communities and become their most trusted corporate citizen.

5. Supporting Diversity and Inclusion in Private and Public Life
   - Respect the human rights and individuality of all stakeholders, supporting them in their pursuit of professional and personal development.

Sompo Holdings has redefined its Five CSR Material Issues, the Group’s framework for achieving its CSR Vision to realize a resilient and sustainable society by providing products and services that contribute to security, health, and wellbeing.

Descriptions of our basic policies, management systems, CSR-KPIs, major initiatives, and future policies and plans, to effectively communicate our PDCA process for improving actions on each redefined CSR Material Issues. Please see below for details.
We set key performance indicators (KPIs) for each CSR Material Issue. Actions are taken to achieve targets for each CSR-KPIs, providing measurable progress on our various sustainability goals.

The boundaries (scope of impacts) covered for each item include the entire Group.

*: CO2 emissions includes "Scope 3" emissions that are generated in any part of the value chain of the Group.

<table>
<thead>
<tr>
<th>Five CSR Material Issue</th>
<th>Our Vision</th>
<th>Group’s CSR-KPIs</th>
<th>FY2016 Targets</th>
<th>Categories of corporate value improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Providing Solutions for Disaster Preparedness</td>
<td>Provide products and services to help improve disaster resilience, and collaborate with stakeholders on realizing a safer, more secure world.</td>
<td>Development and provision of products and services that contribute to disaster preparedness</td>
<td>Develop and provide products and services</td>
<td>A B C D</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Community outreach initiatives in partnership with civil society organizations</td>
<td>Implement various initiatives</td>
<td></td>
</tr>
<tr>
<td>2 Contributing to Health and Welfare</td>
<td>Provide high-quality nursing care and healthcare services, and implement projects that promote health and welfare with the aim of creating a society where all people are able to lead a fulfilling life.</td>
<td>Development and provision of products and services that contribute to health and welfare</td>
<td>Develop and provide products and services</td>
<td>A B C D</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promotion of employee health and productivity</td>
<td>Implement various initiatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Community outreach initiatives in partnership with civil society organizations</td>
<td>Implement various initiatives</td>
<td></td>
</tr>
<tr>
<td>3 Promoting the Manageability of Global Environmental Issues</td>
<td>Contribute to climate change adaptation and mitigation, biodiversity conservation, and other global environmental goals through value chain initiatives and provision of new solutions.</td>
<td>Development and provision of products and services that contribute to climate change adaptation and mitigation</td>
<td>Develop and provide products and services</td>
<td>A B C D</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promotion of the use of recycled parts, etc.</td>
<td>Ratio of eco-friendly parts used: 5.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ratio of bumpers repaired: 18.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ratio of outer panels repaired: 57.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Community outreach initiatives in partnership with civil society organizations</td>
<td>Implement various initiatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CO2 emissions</td>
<td>Reduce by 1.0% from FY2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electric power consumption</td>
<td>Reduce by 1.0% from FY2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Paper use</td>
<td>Reduce by 1.0% from FY2015</td>
<td></td>
</tr>
<tr>
<td>4 Empowering Community and Society</td>
<td>Through community outreach and initiatives in culture and the arts, improve the lives of people in local communities and become their most trusted corporate citizen.</td>
<td>Initiatives that build stronger communities</td>
<td>Implement various initiatives</td>
<td>A B C D</td>
</tr>
<tr>
<td>5 Supporting Diversity and Inclusion in Private and Public Life</td>
<td>Respect the human rights and individuality of all stakeholders, supporting them in their pursuit of professional and personal development.</td>
<td>Initiatives that foster diversity and inclusion</td>
<td>Implement various initiatives</td>
<td>A B C D</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ratio of female employees in managerial positions</td>
<td>Promote with the aim of achieving 30% by the end of FY2020</td>
<td></td>
</tr>
</tbody>
</table>

CSR initiatives provide various benefits that improve our corporate value. We divide these benefits into four categories so stakeholders can better understand the relationship between our CSR work and changes in our corporate value.

A Increases revenue and investment income
B Reduces costs
C Increases brand recognition and trust
D Strengthens the organization; enhances employee loyalty
Key stakeholders that influence the business activities of the Group are highly diverse. We value stakeholder engagement because we believe communicating with our stakeholders is important for understanding social issues for building relationships of trust and collaboration and for accomplishing greater results.

**Objectives of Stakeholder Engagement**

We engage with stakeholders with two main objectives: The first is to incorporate stakeholders’ ideas and opinions into Group decision-making so we can innovatively improve the quality of our initiative. The second is to actively pursue deeper levels of understanding and collaboration with our stakeholders so that based on shared values we can take action toward a better society.

Continued engagement informs and influences everything from the identification of our material issues and setting of Group CSR-KPIs to delivering products and services that help address social issues, to revising and improving on these initiatives.

**Stakeholder Engagement by Topic**

**Japan’s Stewardship Code**

Sompo Japan Nipponkoa and Sompo Japan Nipponkoa Asset Management declared their endorsement of the Japan’s Stewardship Code, called the Principles for Responsible Institutional Investors, and have disclosed detailed policies on their official websites.

The code calls on institutional investors to enhance the corporate value and support the sustainable growth of investee companies. We engage in dialogue with investee companies based on a clear understanding of the significance and importance of this initiative.

Policy on Japan’s Stewardship Code (in Japanese)

Sompo Japan Nipponkoa Insurance Inc.
http://www.sjnk.co.jp/company/stewardship/

Sompo Japan Nipponkoa Asset Management Co., Ltd.
http://www.sjn-k-am.co.jp/company/stewardship.html

**Civil Societies**

In February 2016 we held a joint forum on private sector-civil society partnership with the Japan NPO Center called “Sustainability Partnership in Action: Five Years of the SAVE JAPAN Project.” About 100 people attended the forum which presented the collective impact of the rare species conservation initiatives supported by the SAVE JAPAN Project and discussed the future of cooperation between private sector businesses and civil societies. We plan to use feedback gained through the forum in continued efforts to address social issues with civil societies.

*SEE P.44 for details of SAVE JAPAN Project.*
Management Structure of Corporate Governance

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

The Group also utilizes the business owner system and the executive officer system to enable swift decision making and to ensure the clarity of authority and responsibility.

The Board of Directors has set the Basic Policy on Internal Controls, which serves as the foundation for the Basic Policy for Group Management. These policies provide the framework for a highly transparent governance structure for the Company and Group companies. To ensure transparency in the appointment and treatment of directors, the Nomination and Compensation Committee, which is chaired and membered by a majority of outside directors, has been set up as an advisory organ to the Board of Directors.

- **Structure of Board of Directors**
  4 out of 13 directors are outside directors (12 Japanese directors and 1 foreign director / 11 male directors and 2 female directors).

- **Structure of Audit & Supervisory Board**
  3 out of 5 Audit & Supervisory Board members are outside members (5 Japanese members / 4 males and 1 female member).

- **Structure of Nomination and Compensation Committee**
  Comprising 5 committee members (4 outside directors, 1 internal director) and chaired by an outside director.

- **Policies for Appointment of Officers / Standards regarding the Independence of Outside Officers**
  Formulates Policies for Appointment of Officers and Standards regarding the Independence of Outside Officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, which functions as an advisory body to the Board of Directors. In addition, Nomination and Compensation Committee conducts the Group CEO’s performance evaluation to improve the transparency of corporate governance.

- **Policies on Decisions Pertaining to Remuneration for Officers**
  Formulates Policies on Decisions Pertaining to Remuneration for Officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, which functions as an advisory body to the Board of Directors.

CSR Management Organization (System)

Group-Wide Management (Council for CSR Promotion)

The Group operates a performance-driven CSR management system to ensure continuous improvement. At the center of this system is the Council for CSR Promotion which shares best practices and monitors progress to improve group-wide performance. The council periodically consults with and reports to the Management Committee and Board of Directors.

Management at Individual Companies (Continuous Improvement)

We have expanded the ISO 14001 certification we obtained in 1997 to the entire Group and built a management system that covers all CSR initiatives. Each Group company now has its own CSR management organization led by the CEO or other executive officer and run by a team of managers and leaders. Furthermore, a CSR-Eco Facilitator is appointed at every worksite in an effort to encourage self-motivated bottom-up action. Currently, approximately 2,553 (as of May 2016) CSR-Eco Facilitators across the Group are spearheading initiatives uniquely relevant to their respective workplaces. Each workplace follows a PDCA cycle to make improvements and accelerate action, a process that involves drafting an annual CSR action plan at the start of the fiscal year and conducting first-half and full-year reviews. We also conduct dialogue-based internal auditing to advance initiatives at each workplace. The operating and management status of initiatives are regularly reported to the Management Committee for review.

We are integrating CSR into overseas operations through various approaches, including holding meetings to discuss the importance of social responsibility issues and future goals. By holding training sessions for representatives of Group companies outside Japan for instance, we also exchange information on the latest social responsibility trends.+

SEE P.15~P.19 for Group ESG data.

---

Example of the promotion framework of each Group companies

- **CSR Supervisory Section Manager**
  - [Role]: Managing CSR promotion of each Group companies
  - [Scope]: Group president, Officer in charge of CSR, etc.

- **CSR Promotion Section Secretariat**
  - [Role]: Primary point of contact for CSR Management Promotion Secretariat
  - [Scope]: CSR Department of each company
  - Externally disclosing information, compiling the data / information

- **CSR Chief Administrator**
  - [Role]: Managing promotion within department
  - [Scope]: General Manager

- **CSR Leader**
  - [Role]: Assistant to CSR Chief Administrator
  - [Scope]: Group Leader

- **CSR-Eco Facilitator**
  - [Role]: Promotion of CSR within the office
  - [Scope]: Staff (more than 1 person)
In September 2015 a UN summit unanimously adopted the Sustainable Development Goals (SDGs) as a global sustainability agenda for 2030. Paragraph 67 of the official agenda document “calls on all businesses to apply their creativity and innovation” stating clearly the role expected of businesses in achieving the SDGs.

Our approach to action on the SDGs is based on “SDG Compass: The guide for business action on the SDGs” among other guidelines.

Developed by the Global Reporting Initiative (GRI), United Nations Global Compact (UNGC) and the World Business Council for Sustainable Development (WBCSD), “SDG Compass” provides guidance for companies on how to align their strategies and also measure and manage their contribution to the SDGs. This guidance is broken down into the following five steps.

**Five Steps of SDG Compass**

1. Understanding the SDGs
2. Defining priorities
3. Setting goals
4. Integrating
5. Reporting and communicating

**Five Steps Taken by the Group**

1. Understanding the SDGs
   - As the first step toward integrating the SDGs into our business, we disseminated information on the SDGs using internal communications tools to raise awareness and promote understanding within the Group. The SDGs were also the theme of a meeting of the Group’s Council for CSR Promotion and a study session for management.

Mr. Toshiya Nishigori, Public Affairs and Civil Society Liaison Officer at the UNDP Representation Office in Tokyo (title as of Nov. 2015), lectures on the SDGs.
We redefined our CSR Material Issues based on the 17 goals and 169 targets of the SDGs and defined five material issues and three key strengths. (SEE ➤P.20–P.24 for details.)

(3) Setting CSR key performance indicators (CSR-KPIs)

We set CSR-KPIs for the Group in accordance with the new CSR Material Issues. (SEE ➤P.25 for details.)

(4) Taking actions to build partnerships

Directed by an iterative PDCA-cycle process to improve performance and achieve the new CSR-KPIs based on the SDGs, we are implementing various Group initiatives to address social issues and build a more sustainable society. (SEE ➤P.28 for more about our CSR Management System.)

One of our three key strengths “fostering partnerships with stakeholders representative of broad sectors of civil society” remains a priority for us in addressing complex social issues of a global scale.

(5) Disclosing information for stakeholder engagement

By disclosing the progress and results of measures to achieve the new material issues and CSR-KPIs, we strive to improve performance while communicating with various stakeholders. We also share our contribution to the SDGs with the international community through participation in the initiatives of various social responsibility-related organizations.

The SDGs are an intergovernmental agreement passed by the 193 member states of the United Nations, but their adoption also has much relevance for corporations. The role expected of business in realizing a more sustainable global society has never been greater. The SDGs are thus a great opportunity for companies to shift their social responsibility onto a more strategic course.

“SDG Compass” provides various practical pointers for businesses to take action on the SDGs. Most notable of these is its recommendation of an “outside-in” approach to goal setting where analysis of the external environment is the starting point and the basis for determining what social needs a business can address. It also presents an approach called the Future-Fit Benchmarks which recognizes the need for dramatic societal change to achieve truly sustainable development; here a bold future end-goal is set as the benchmark. At the root of both approaches is the backcasting method, where instead of short-term targets encouraging incremental improvements, ambitious goals drive major social change. Also highlighted by “SDG Compass” is impact measurement. Just as CSR has come to be defined as corporations’ responsibility for their impacts on society and the environment, a focus on impacts and the practice of measuring and analyzing them is considered to yield more effective business solutions to sustainability challenges as well as innovations that drive social change.

The SDGs provide businesses with a great opportunity to reach a new level of social contribution by taking stock of past efforts on CSR and aligning them with a spatially and temporally broader perspective. It is important in this process to set goals with the most ambitious outlook possible focusing not on the feasibility of the goals but on the future one desires and aspires to create.
Declaration to Society and Participation in CSR Initiatives

To solve social issues on a global level, the collaboration of multiple organizations is indispensable. The Sompo Holdings Group actively participates and endeavors to take a leading role in a wide variety of international and domestic initiatives.

United Nations Global Compact (UNGC)
Advocated by the then UN Secretary-General Kofi Annan in July 2000, the UNGC is a partnership initiative between the UN and businesses that motivates companies to enhance better corporate citizenship by voluntarily addressing the issues of human rights, labor, the environment, and anticorruption. Sompo Holdings Group became a signatory in 2006.

Women’s Empowerment Principles (WEPs)
The Women’s Empowerment Principles (WEPs), a joint initiative between United Nations Development Fund for Women and the UN Global Compact, offer a framework for business on how to empower women in the workplace, marketplace and community. The 7 WEPs Principles seek to point the way to best practice in advancing gender equality by elaborating the gender dimension of corporate responsibility and private initiatives, the UN Global Compact, and business’s role in sustainable development. Sompo Holdings became a signatory of WEPs in June 2012.

Business Call to Action (BCtA)
The BCtA is a global initiative launched in 2008 by the United Nations Development Programme (UNDP) and five government institutions that challenges companies to develop business models with the potential to achieve both long-term commercial success and sustainable development outcomes. A weather index insurance provided by Sompo Holdings in Southeast Asia has been recognized as meeting the requirements for membership in the BCtA. This makes us the first financial institution in Japan, and the first property and casualty (P&C) insurance group in the world, to be granted membership.

United Nations Environment Programme Finance Initiative (UNEP FI)
UNEP FI is an international financial sector network comprising financial institutions that aim to contribute to sustainable development. Since its launch in 1992, the initiative has promoted the integration of environmental considerations into all aspects of the financial sector’s operations and services in pursuit of sustainable development that is conducive to both economic progress and environmental protection. Sompo Japan Nipponkoa became a signatory in 1995.

United Nations Principles for Responsible Investment (UN PRI)
UN PRI was formulated by the UNEP FI as a declaration by financial institutions that they will take ESG issues into account when making investment decisions. In 2006, Sompo Japan Nipponkoa became the first Japanese insurance company to become a signatory to these principles and Sompo Japan Nipponkoa Asset Management also became a signatory in January 2012.

United Nations Principles for Sustainable Insurance (UN PSI)
UN PSI was formulated by the United Nations Environment Programme Finance Initiative (UNEP FI) in June 2012, as a declaration by insurance companies that they will take ESG issues into account through their business operations. Sompo Japan Nipponkoa has participated in the development of the principles and became a signatory in June 2012.

Caring for Climate
Caring for Climate is an initiative established by UNGC, UN Environment Programme, UN Framework Convention on Climate Change (UNFCCC) in 2007 to advance the role of business in addressing climate change. Sompo Japan Nipponkoa is a member of the steering committee.

World Business Council for Sustainable Development (WBCSD)
The WBCSD, established in 1995, is a CEO-led global association of companies. Company leaders from around the world provide industry leadership on the environ-ment and sustainable development through lively debate, policy recommendations, and other activities. Sompo Japan Nipponkoa is the only Japanese financial institution participating in the initiatives of the WBCSD. We are also a board member of Redefining Value, a cross-cutting WBCSD program focused on advancing the measurement of “True Value,” “True Costs” and “True Profits” in corporate decision-making, disclosure and reporting.

CDP
CDP is a set of collaborative initiative by the world’s leading institutional investors. This international initiative encourages businesses worldwide to adopt climate change strategies and disclose their GHG emissions. Sompo Japan Nipponkoa has been a member since 2005 as an institutional investor.

ECO FIRST Business
In November 2008 the Sompo Holdings Group became the first companies in the insurance business to be accredited by the Minister of the Environment, Japan as an ECO FIRST Business. Under the ECO FIRST system, companies make a commitment to the Minister of the Environment, Japan about the environmental conservation initiatives they will take in fields such as combating global warming.

These principles were formulated in October 2011 as action principles for financial institutions to fulfill their roles and responsibilities to develop a sustainable society. Sompo Japan Nipponkoa was actively involved in the formulation, participating as members of the drafting committee. In December 2011, 10 Group companies (currently 7 Group companies) became signatories of these principles.

Keidanren Committee on Nature Conservation (KCNC)

Keidanren One Percent Club, Council for Better Corporate Citizenship (CBCC)
KCNC financially supports civil society working on the conservation of biodiversity and nature through the Keidanren Nature Conservation Fund (KNCF), while promoting companies’ awareness of biodiversity and nature conservation as well as communication and cooperation with civil society. The Keidanren One Percent Club provides information on social contribution activities conducted by companies to promote companies’ further involvement in social contribution, while acting as a coordinator for the cooperation between companies and civil society. CBCC is an organization established by Keidanren that is responsible for planning and operating lectures and other events on CSR, promoting exchanges and collaboration with overseas CSR-related organizations, and conducting research and study through sending delegates abroad and other means. Sompo Japan Nipponkoa has been the chairman of the Keidanren One Percent Club, KCNC, and CBCC since 2008, 2012, and 2013, respectively.

Japan Business and Biodiversity Partnership
The Japan Business and Biodiversity Partnership was founded in October 2010 to coincide with the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10). The partnership was established by businesses, economic organizations, governments, civil society, and other parties that endorse the Japan Business and Biodiversity Partnership Action Policy. The Sompo Holdings Group companies signed up to the partnership when it was established.

Group Implementation of ISO 26000
ISO 26000, an international standard providing guidance on social responsibility, was published in November 2010. To plan and implement more relevant CSR initiatives, the Sompo Holdings Group uses the standard as a self-assessment tool for identifying its strengths and weaknesses, while also incorporating elements of the standard into training curricula of all levels and into our CSR management system.
Communication of Group Practices

Some initiatives in which the Group is participating publish materials and in other ways broadly disseminate corporate best practices on various social responsibility-related topics. By proactively disclosing information and participating in these publications, we strive to take leadership and promote our practices as a global standard.

**Communication of Group Practices**

- "Climate Resilience and the Role of the Private Sector in Thailand" (BSR and The Rockefeller Foundation)
  - [https://www.bsr.org/reports/BSR_Climate_Resilience_Role_Private_Sector_Thailand_2015.pdf](https://www.bsr.org/reports/BSR_Climate_Resilience_Role_Private_Sector_Thailand_2015.pdf)

- "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience" (WBCSD)

- "Towards a Social Capital Protocol – A Call for Collaboration" (WBCSD)
  - [http://www.wbcsd.org/Adm/Download.aspx?id=9127&ObjTypeId=7](http://www.wbcsd.org/Adm/Download.aspx?id=9127&ObjTypeId=7)

- "Social Capital in Decision-Making: How social information drives value creation" (WBCSD)

- "Climate Resilience and the Role of the Private Sector in Thailand" (BSR and The Rockefeller Foundation)
  - [https://www.bsr.org/reports/BSR_Climate_Resilience_Role_Private_Sector_Thailand_2015.pdf](https://www.bsr.org/reports/BSR_Climate_Resilience_Role_Private_Sector_Thailand_2015.pdf)

**Commentary for Sompo Holdings**

Understanding those impacts and dependencies that can drive value creation whilst limiting impacts on the environment and society and disclosing the collective action and status on remediation are vital for a future proofed business.

Since we launched Reporting matters in 2013, Sompo Holdings has shown great interest in reporting and has closely followed our recommendations for improving its reporting practices. Sompo Holdings’ update of its materiality analysis is most welcome as it reflects current global and local issues. By providing nursing care and healthcare, Sompo Holdings is diversifying its portfolio and demonstrates adaptive behavior to strengthen the resilience of its business in the face of future challenges. In view of this new business, it is important that Sompo Holdings sets targets and indicators on the material issue of contributing to health and welfare.

The three strengths of Sompo Holdings to undertake initiatives that address material issues are also welcome as they embed the Group’s CSR Vision to realize a resilient and sustainable society and provide Sompo Holdings with a clear direction and sense of purpose.

In light of Sompo Holdings’ activities and update of its materiality analysis, WBCSD would like to see the Group report on its contribution to the Global Goals and progressively move towards measuring “True Value” by using “True Costs” and “True Profits” in its internal and external reporting. Sompo Holdings is expected to lead the movement in redefining the long term value and contribute to WBCSD’s reporting activities.

**Dr. Rodney Irwin**

Managing Director
Redefining Value & Education
World Business Council for Sustainable Development (WBCSD)