

Strategies for Sustainable Growth

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Vision for Strategic Risk Management

In conducting Strategic Risk Management*, the Group seeks to control the balance of capital, risk, and return to maintain financial soundness, grow profits to a world-class scale, improve capital efficiency to realize ROE of 10% or more, and improve return on risk. The ultimate goal of these efforts is to maximize the corporate value of the Group.

Under our capital policy, based on our Strategic Risk Management framework, we aim to provide attractive shareholder returns that match profit and capital levels.

* Our ERM framework is referred to within the Group as "Strategic Risk Management."



Improvement of Capital Efficiency

Based on our Strategic Risk Management framework, we will establish an operating cycle in order to improve ROE sustainably, targeting a level of capital efficiency that will ensure adjusted consolidated ROE of 10% or more in fiscal 2020 and beyond.

The Group aims to appropriately control its balance sheet by reducing strategic-holding stocks and increasing shareholder returns while enhancing its systems for generating stable cash flows in each of its businesses. These cash flows will be used

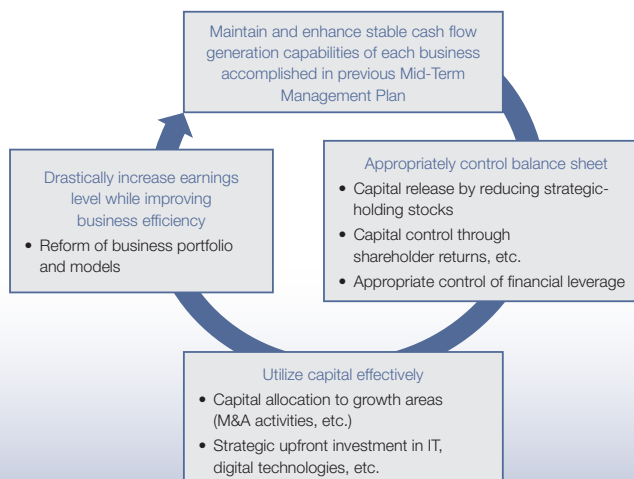


Shinji Tsuji
Representative Director,
Deputy President and
Senior Managing
Executive Officer
(Group CFO)

ROE Improvement Cycle

$$\text{Adjusted Consolidated ROE} = \frac{\text{Adjusted Consolidated Profit}}{\text{Adjusted Consolidated Net Assets}}$$

Cycle for Raising Adjusted Consolidated ROE to 10% or More



effectively as a resource to allocate capital to growth areas (through means including M&A activities) and conduct strategic upfront investments in IT and digital technologies. At the same time, we will reform our business models and portfolios to

drastically increase earnings level while improving business efficiency. By operating the Group's business in this manner, we aim to improve adjusted consolidated ROE sustainably to achieve our medium-to-long-term targets.

Maintenance of Financial Soundness

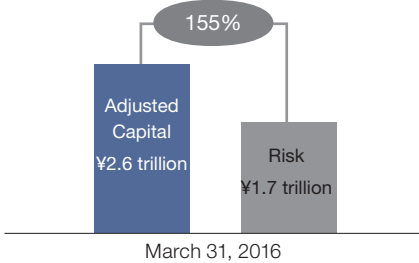
To maintain financial soundness, we manage capital based on an internal solvency ratio determined by comparing economic value based capital and risk.

Capital management is carried out by establishing a target capital level (internal solvency ratio: 120% to 170%) and risk tolerance level as indicators of the amount of capital necessary for advancing Group strategies. When calculating the internal solvency ratio, we employ a risk measurement method based on an AA rating (99.95% VaR), which is more conservative than the standards in Europe's Solvency II or other domestic and overseas solvency regulations. Financial soundness is maintained and managed in this manner.

Internal Solvency Ratio

Target Capital Level of Around 120% to 170%

- 120%: Level leading to stable financial soundness based on results of stress tests, etc.
- 170%: Set based on capital efficiency



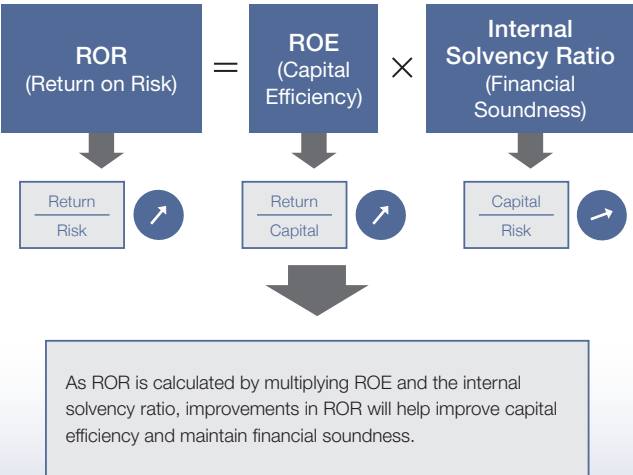
Improvement of Return on Risk

Management decisions are made after considering return on risk (ROR), an indicator of return against risk. By improving ROR, we seek to maintain financial soundness while sustainably increasing corporate value.

When formulating business plans, the Group confirms the validity of plans in terms of the future outlook of the Group's overall capital efficiency, financial soundness, and earnings stability as well as quantitative analyses of ROR of each business unit and line of business.

Not just limited to these areas, ROR functions as a yardstick for management in a wide range of individual policies. This indicator is thus employed when selecting stocks in strategic-holding stock reduction, formulating natural catastrophe risk reinsurance strategies, making investment decisions regarding M&A activities, and setting insurance product underwriting strategies and premiums.

ROR Improvement



Masato Fujikura
 Director,
 Managing
 Executive Officer
 (Group CRO)

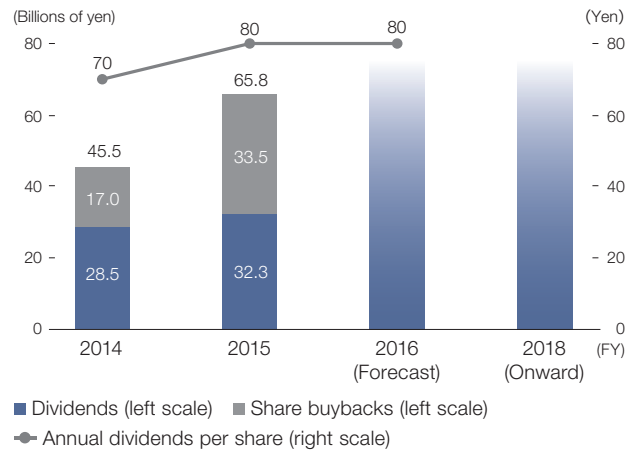
Increase of Shareholder Returns

Sompo Holdings' basic policy is to issue stable dividends, viewing share buybacks as a potential option when deemed appropriate based on capital condition, as it seeks to provide attractive shareholder returns.

Moreover, taking into account our profit growth, we plan to increase the total of shareholder returns (total dividend payments + total share buybacks). In the new Mid-Term Management Plan that started in fiscal 2016, we have set the medium-term target of around 50% for the total shareholder return ratio, and we will newly include adjusted profit from the domestic life insurance business in funds for shareholder returns.

* Total shareholder return ratio = (total dividend payments + total share buybacks) / adjusted consolidated profit
See page 50 for the calculation method for adjusted consolidated profit.

Trends in Total of Shareholder Returns



Strategic Risk Management Systems

The Group strictly adheres to the Strategic Risk Management framework (PDCA cycle) and systems defined in the Group Basic Policy on ERM. To systematize and clarify management strategies

from an ERM perspective, Sompo Holdings formulated the Group Risk Appetite Statement for risk taking to facilitate the construction of an appropriate risk portfolio.



The Group has enhanced the following system to conduct Group-wide Strategic Risk Management activities in a uniform method.

1. Role of the Company

Having formulated the Group Basic Policy on ERM and Group Risk Appetite Statement, the Board of Directors determines the management strategy, the business plan, and capital allocation.

After discussions at the Management Committee, the Group CEO determines Strategic Risk Management policies for the fiscal year, policies and measures regarding risk tolerance, and Rules of Risk Management. In addition, the Company established the Group ERM Promotion Committee and the Risk Management Committee to deliberate individual issues.

The Group ERM Promotion Committee is tasked with holding management discussions regarding executing and increasing the efficacy of Strategic Risk Management and discusses matters related to risk-taking strategies and capital allocation.

The Risk Management Committee is tasked with holding management discussions regarding the establishment and maintenance of a risk management system that is effective Group-wide and discusses matters related to risk tolerance.

These committees are chaired by the Group CRO, and the Group CFO and the officer in charge of the Office of Group CEO are members.

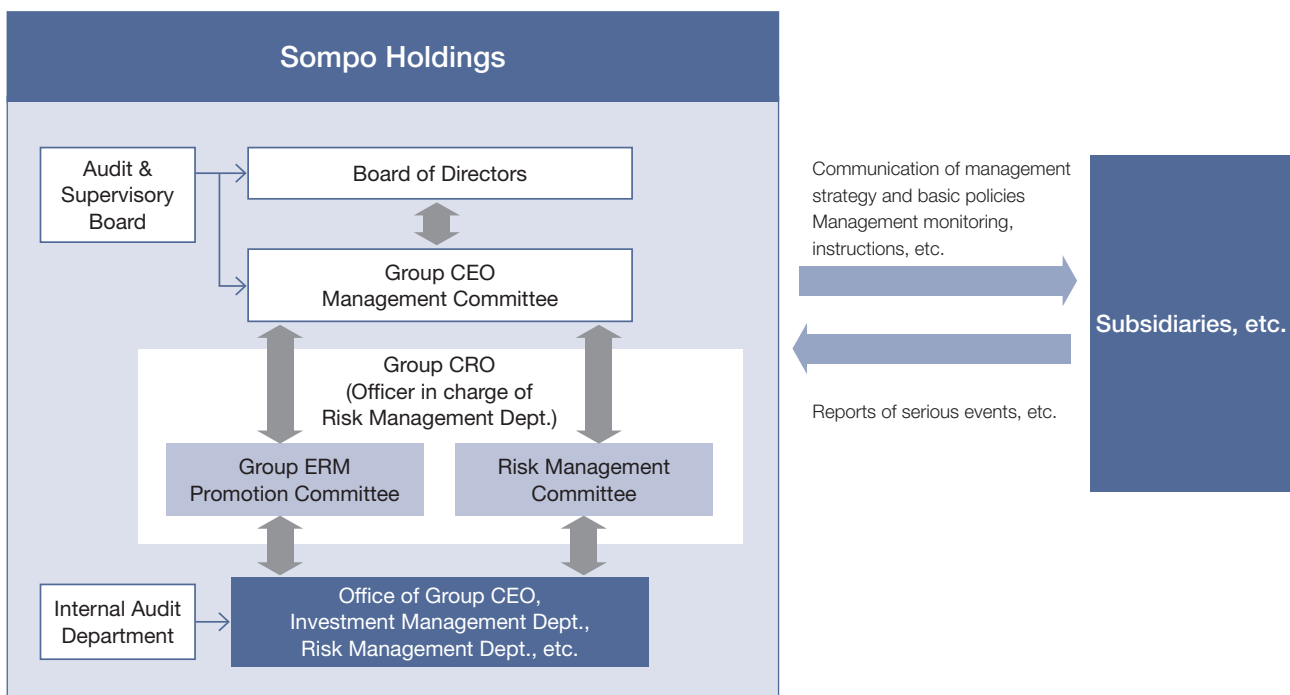
The Company ensures that Group companies are thoroughly aware of the management strategy and the Group Basic Policy on ERM. Monitoring is regularly conducted and Strategic Risk Management is promoted Group-wide in an effort to further heighten efficacy.

2. Role of Group Companies

Each Group company has basic policies and rules on risk management formulated in reference to the Group Basic Policy on ERM and has a risk management system appropriate to its business, scale, and characteristics.

In particular, insurance subsidiaries are appropriately managing risks that could significantly affect their operations, such as insurance underwriting risk, asset management risk, operational risk, and liquidity risk, in ways tailored to their particular risk profile.

Sompo Holdings established a structure to ensure that each Group company promptly reports matters that may significantly affect Group operations.



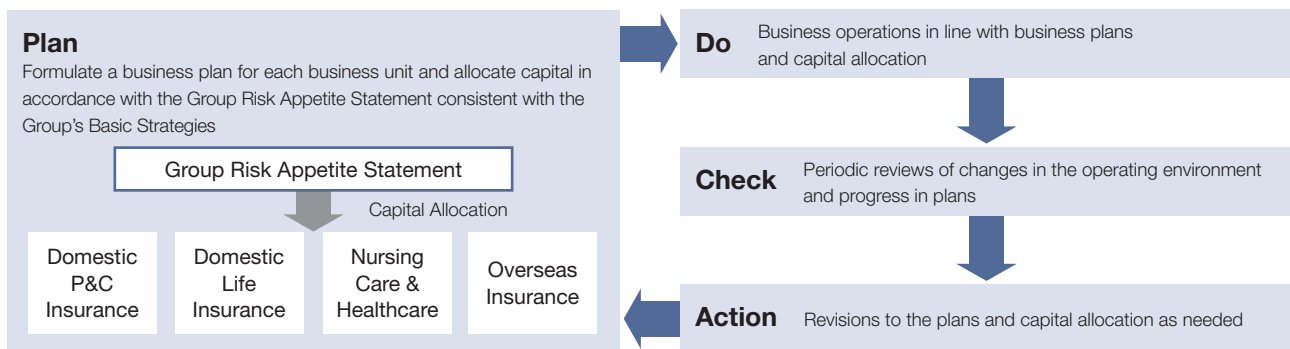
Strategic Risk Management

1. PDCA Cycle of Strategic Risk Management

In consideration of the Group Risk Appetite Statement, the Group formulates and executes business plans (Plan, Do), then regularly follows up (Check, Action) and incorporates the results into the next fiscal year's business planning in an attempt to continuously enhance corporate value.

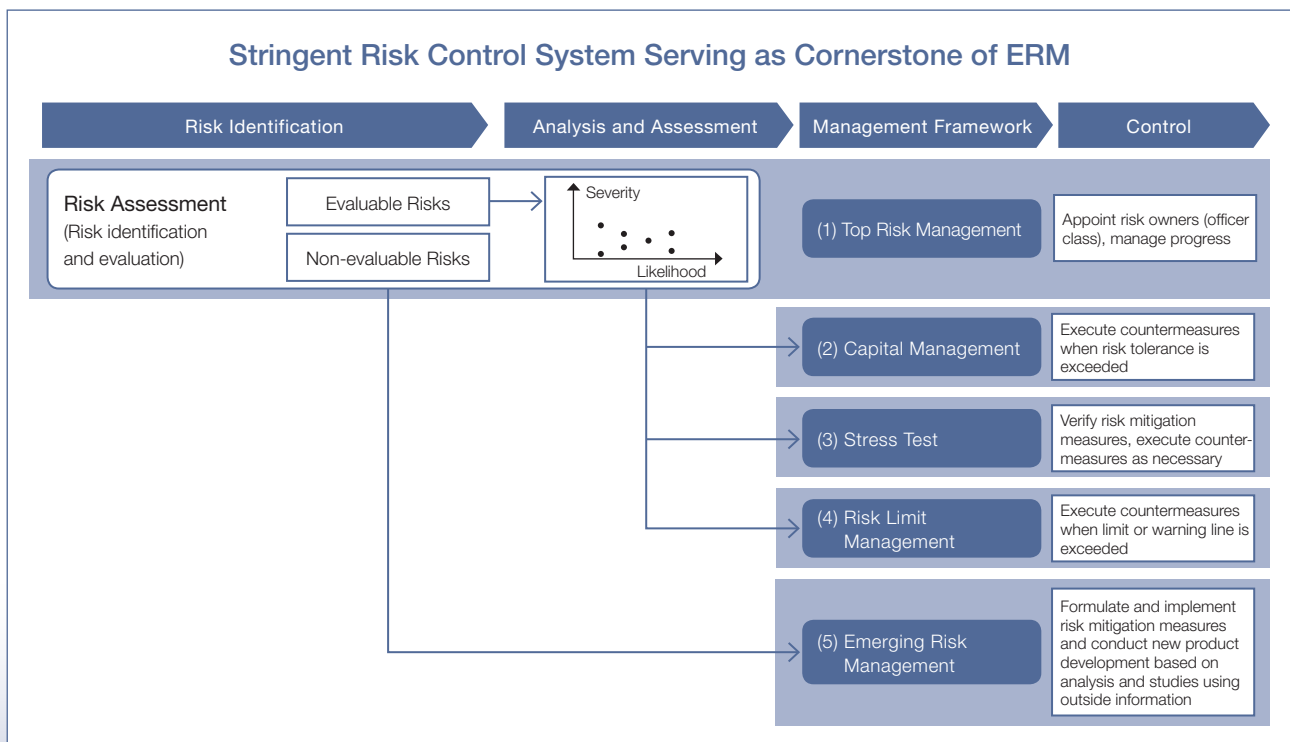
With regard to business planning, in addition to forecasting Group-wide capital efficiency (ROE) and financial soundness, the Group conducts quantitative validation on the appropriateness through means such as a return on risk (ROR) analysis of the segmented risk-taking strategy.

To ensure the effective use of capital, the Group has divided its business into four business units (the domestic P&C insurance business, the domestic life insurance business, the nursing care and healthcare business, and the overseas insurance business) according to the Group strategy. Capital is allocated to each business unit based on growth potential and profitability. Each business unit manages its business in accordance with risk tolerance of allocated capital in an attempt to achieve the profit objectives established in business plans.



2. Risk Control System

Sompo Holdings has created and operates a stringent risk control system that enables comprehensive identification of and responses to risks affecting the Group conducted through unified methods and based on risk assessments.



(1) Top Risk Management

Top risk is defined as “risks that may have significant impact.” A risk owner (officer class) is appointed for each risk and responsibility for implementing countermeasures and managing progress is clearly identified.

In managing top risk, a risk register is used as a framework to visualize risks in an integrated manner and for formulating and implementing more comprehensive countermeasures.

(2) Capital Management

To maintain the financial soundness necessary for executing Group strategies, based on a confidence level equivalent to an AA rating, the estimated level of damage that may be suffered during a holding period of one year is measured using the risk indicator Value at Risk (VaR). In this way, the Group manages risk so that it does not exceed capital. In addition, each business unit manages risk to ensure it does not exceed the risk tolerance of allocated capital.

We regularly monitor the status of risk and capital of the Group and each business unit. A system has been established so that when a risk of the Group or its business units appears likely to exceed capital, the Group will formulate and implement measures aimed at reducing risk or strengthening capital.

(3) Stress Test

To accurately understand and manage events having a major impact on Group management, scenario stress tests, reverse stress tests, and sensitivity analyses are conducted on a Group-wide basis to analyze the degree of impact on capital and risk. A system has been established to implement countermeasures as necessary.

Scenario Stress Tests	The Company evaluates the possible impact of stress scenarios with the potential to significantly affect management, such as large-scale natural catastrophe and financial market disruptions, with the aim of verifying the sufficiency of capital and the efficacy of risk mitigation measures. Moreover, Sampo Holdings regularly verifies the appropriateness of stress scenarios to ensure that it is able to respond effectively to changes in the business environment.
Reverse Stress Tests	Reverse stress tests are conducted to identify specific events that run counter to risk tolerance and prepare actions in advance.
Sensitivity Analyses	Sensitivity analyses are conducted to understand the impact of major risk factor fluctuations on capital and risk and to verify the appropriateness of internal models through comparisons with actual business performance.

(4) Risk Limit Management

To avoid huge losses due to the occurrence of specific events, we have set Group-wide limits that are consistent with risk tolerance with regard to credit risks, reinsurance counterparty risks, and overseas natural catastrophe risks. Risks are managed to ensure that they do not exceed these limits.

Preventative warning lines have been established, and a system for formulating and implementing countermeasures in the event that risks exceed limits or the warning lines has been established.

(5) Emerging Risk Management

Emerging risks are defined as “risks that could materialize or change due to changes in the operating environment and other factors and may have significant impact on the Group in the future.” Specific risks are identified based on risk assessment and other measures, and appropriate risk management is performed.

It is important to consider emerging risks in terms of not only mitigating losses but also future business opportunities, such as new insurance products and services. We thus are monitoring, researching, and studying risks on a Group-wide basis.

Strategic Risk Management Development

As the environment surrounding the Group changes over time, Sampo Holdings must respond to these changes by appropriately engaging in Strategic Risk Management. To this end, the Group must always be aware of issues affecting Strategic Risk Management and remain prepared by formulating fiscal policies and initiatives to continue its development.

In fiscal 2016, the Company adopted the business owner system and began strengthening the cross-segment functions of the Group CFO and Group CRO to conform to the delegation of authority under this system.

Specifically, we are reinforcing check and balance functions on a Group-wide basis through capital allocation and risk profile control frameworks. Meanwhile, in our ever-expanding overseas business, we are enhancing the ERM systems of overseas Group companies based on the shared Group Strategic Risk Management framework.

In the nursing care and healthcare business, we are working to establish an understanding of risks and address those risks from a forward-looking perspective based on the characteristics of nursing care operations while enhancing risk management systems.

In exercising Strategic Risk Management, we will continue to use ROR and other quantitative indicators when making decisions regarding business plan formulation, strategic-holding stock reduction, reinsurance strategies, and M&A investments and other actions. At the same time, we are working to develop frameworks for increasing the Group's corporate value and better achieving the targets of the management plan, such as performance evaluation and incentive frameworks that are better linked to ROR targets.

Our ERM culture forms the base for these initiatives, and we are accelerating measures to cultivate and strengthen human resources in order to disseminate and entrench this culture throughout the Group.

Operating Environment Challenges and Response

In the current era, which is characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), digital disruption could occur. Recognizing this characteristic of the environment, we established two SOMPO digital labs in April 2016, one in Tokyo and the other in Silicon Valley, thereby installing the frameworks necessary for research and development to our digital strategy. In addition, we are actively allocating management resources. For example, we appointed a chief digital officer (CDO) in May 2016 and are also inviting professionals in various fields to serve as senior advisors.



Four Important Themes

In our digital strategy, we aim to intensively and dynamically utilize digital technologies, which are evolving at an exponential speed, in Group operations. The evolution of technologies could bring about great changes not only in the business processes of insurance companies but also in customers, business models, and the environment. We have set four goals for our digital strategy.

1. Business efficiency in all segments

Utilize artificial intelligence (AI) and other new technologies to raise productivity and efficiency

2. Enhancement of customer contacts

Develop products and services that enhance customer experience by utilizing Internet of Things (IoT)

3. Marketing for digital native generation

Develop products and services that will be chosen by the so-called digital natives

4. New business model utilizing digital technologies

Create new business models based on digital technologies



Koichi Narasaki

Executive Officer
(Group CDO)

SOMPO Digital Labs



SOMPO Digital Lab Tokyo

At SOMPO Digital Lab Silicon Valley, we research the latest trends and build networks with start-up companies in collaboration with Plug and Play Tech Center, which is associated with approximately 350 companies, as well as with Runway Incubator, one of the largest start-up support and incubation institutions in San Francisco.

At SOMPO Digital Lab Tokyo, we promote innovations and support the R&D activities of the Sompo Holdings Group.



Plug and Play Tech Center

Business Value Creation through IT

To give form to our digital and IT strategy and its aim of establishing a competitive edge in our systems, it is essential that we promote forward-looking evolutions in our system architecture. This evolution will be necessary to ensure that the existing systems forming the foundations for advancing the business

strategies of each Group company are compatible with present and future digital trends. For this reason, we are moving away from conventional IT divisions and forging ahead with measures to endow the Group with more sophisticated IT capabilities.

IT Governance

A key consideration in evolving the IT systems of Group companies will be to practice good Group IT governance based on the regulations of each country and industry in which we operate and in line with the processes described by international standards. In particular, addressing the ever more devious threat of cyberattacks is a matter of urgent importance. It was for this reason that we established Sompo Holdings C-SIRT as a dedicated organization for responding to these threats. This organization supports Group companies in implementing technical countermeasures, business continuity plans, and other related systems.



Shinichi Urakawa

Managing Executive Officer
(Group CIO)

Group Personnel Vision

Human resources are crucial to providing the highest quality of service to contribute to the security, health, and wellbeing of our customers and to become a globally competitive group that is the best customer service provider both at home and abroad. We believe that diverse human resources, in terms of gender, nationality, and affiliation, will function as a driver of the Group's growth through the exercise of their talents in all industries and countries around the world.

We have defined the following four priorities for our Group Personnel Vision: "Action and Achievement," "Impartiality and Fairness," "Openness," and "Diversity." Based on these priorities, we have been managing human resources under highly transparent HR frameworks with an emphasis on people and jobs by respecting the diversity and individuality of each employee and providing fair access to opportunities across the Group.

Action and Achievement

- We value achievement, factual understanding and action in our work.
- We value prompt action in our people.

Impartiality and Fairness

- We value workplaces wherein all people are treated fairly and impartially and wherein everyone may have the opportunity to realize their potential.
- We value people who demonstrate initiative and take challenges, not those who rest only on past achievements.

Openness

- We value frank discussions and debate within transparent work environments based upon clear rules and procedures.

Diversity

- We value all our people as individuals, regardless of their gender, nationality, previous careers or other characteristics.

Group Human Resource Strategies

We believe it is important for us to become a group at which diverse people with different nationalities, genders, ages, and experience (expertise) can maximize their abilities to enable the Group to become a competitive organization that can quickly identify changes in the surrounding environment and react swiftly and flexibly.

We strive to develop human resources that are experts in specific areas by drawing on their strengths while at the same time working to create a personnel system based on placing the right person in the right position at the right time across the Group in appropriate assignments and with rewards based on market value (strength based on skills, experience, and track records).

We aim to become an organization with the diverse talents and high-level expertise that can provide customers high-quality services, including insurance in each country and market, through quick decision-making from multilateral points of view.



Diversity

In the coming era, it will be crucial to generate new ideas without being caught up in past practices and make rapid decisions in regard to the challenges we face. In such an era, it is clear that a diverse range of perspectives and values will be beneficial to the series of processes that includes collecting information, uncovering hints on how to proceed, identifying issues, and formulating strategies and will lead to the enhancement of the quality of final decisions made. In fiscal 2013, we set a target for our female manager ratio of 30% to be achieved by the end of fiscal 2020, and, utilizing our female manager development program, we are devoting efforts to promoting female employees to managerial positions and increasing gender diversity. To promote the diversity of management, the Company has appointed outside directors with a variety of backgrounds, including two female directors. Moreover, we

have assigned individuals from Japan, overseas, and even outside of the Group to important roles such as executive directors in charge of overseas M&A activities or IT and digital divisions. We have also been promoting personnel exchanges among domestic and overseas Group companies as a way to increase the diversity of organizations and human resources. Active personnel relocations are conducted among domestic Group companies. As far as overseas exchanges, in addition to dispatching employees from Japan to overseas Group companies, we have assigned overseas staff in various divisions in Japan through the Group Exchange Program, which was launched in fiscal 2014. This program is contributing to the acceleration of globalization of our headquarters in Japan and furthering us on the path toward a Group within which diverse human resources can exercise their strengths.

Sompo Japan Nipponkoa Insurance's First Female Executive Officer and Branch General Manager



Kazuko Noma

Executive Officer,
Branch General Manager,
Kumamoto Branch of Sompo Japan
Nipponkoa Insurance Inc.

I have experience in a number of different positions, including sales of both P&C and life insurance, work in a compliance division, and work in a call center division. I believe that all of these experiences have taught me the importance of taking on new challenges.

Sompo Japan Nipponkoa is advancing initiatives for promoting the contributions of women. I belonged to the Human Capital Department until fiscal 2015 and therefore took part in planning numerous events to promote the empowerment of women, including various seminars and cross-business exchange forums.

I was appointed to my current position in April 2016, the month in which Kumamoto Prefecture was struck by a severe earthquake. As such, our top priority until now has been to pay the insurance claims on earthquake damage to our customers as soon as possible. Our customers have expressed gratitude for our efforts, and I have been able to reaffirm our mission as an insurance company through this undertaking. I would like to continue to provide support so that people in Kumamoto will be able to return to their normal lives as soon as possible.

Young, Globally Minded Project Manager



Endre Boros

Section Manager,
Overseas Strategy Group
Global Business Planning
Department
Sompo Japan Nipponkoa
Holdings, Inc.

Prior to joining Sompo Holdings, I worked at a consulting firm, where I was responsible for strategy consulting and M&A advisory services. I also acquired a Master of Business Administration, learning about international strategies through this process. I joined Sompo Holdings in 2015, and I currently belong to a department that is responsible for overseas M&A activities, where I work as the project manager of a team composed of specialists in various fields. At Sompo Holdings, I feel that the corporate culture is very accepting and supportive of people with diverse talents.

In such an environment, I am working together with experts from various backgrounds, taking advantage of the synergies generated from this collaboration to contribute to the evolution of Sompo Holdings into a truly global company.

I would like to take myself to the next level by making the most use of our expertise and diversity, and in the future, I hope to be listed on the "Directors and Audit & Supervisory Board Members" page of this report.

Expertise

The Group is expanding the range of its businesses, as indicated by its advance into the nursing care and home remodeling fields. To facilitate this expansion, we are actively encouraging personnel exchanges between domestic and overseas Group companies, while promoting employees that are already active in each country and business. Through these initiatives, we aim to ensure substantial market competitiveness in each of the Group's businesses. We also strive to acquire a diverse range of human resources with a high level of expertise and skills. To this end, we are engaged in proactively recruiting individuals with experience and track records in big data analysis, information and communication technologies (ICT), legal affairs, and other areas.

The acquisition of personnel with ICT expertise is particularly important as the advancement of these technologies is likely to bring about substantial change to the structure of the Group's businesses.

In acquiring such human resources, we aspire to provide rewards based on the strength of these human resources in terms of skills, experiences, and achievements (market value) with no regard to the existing remuneration system. We aim to enhance Group-wide competitiveness by assigning human resources according to their expertise based on the concept of putting the right person in the right position at the right time across the Group.

Data Scientist Undertaking the Development of New Business Models



Kazuaki Komoto

Analytics Department
Sompo Risk Management &
Health Care Inc.

Having worked at a consulting firm, where I developed mathematical models and experienced the risk management measures of a financial institution, I joined Sompo Risk Management & Health Care as a data scientist in 2015. I am now in charge of data analysis for the health-care and automobile fields and develop mathematical models in the Quantitative Analysis Department.

Going forward, I will focus on product development and business model creation by utilizing data science.

Care Provider Cultivation Specialist



Toshiyuki Ishikawa

Training Section, Human Capital
Development Department
Sompo Care Next Inc.

I entered into the nursing care field 28 years ago and continued to gain frontline experience before joining Sompo Care Next in 2008. Since then, I have been engaging in the development of our human resources. Nursing care is all about supporting the independence of our clients, and communication and respect for self-determination are of utmost importance. It could be said that the purpose of nursing care is to stand by individuals and help them live out their days as they please. For the moment, my goal is to raise the overall quality of nursing care throughout the company via my efforts in training centers. As my ultimate goal, I stand firmly committed to changing the very nature of nursing care for all of society through Sompo Care Next.

Utilization of Diverse Human Resources at the Human Capital Department

The Human Capital Department comprises employees from various backgrounds, including non-Japanese employees, junior employees, and employees that have returned from overseas assignments or worked outside of Sompo Holdings in order to conduct talent management with diverse points of view.



Juliana Goncalves
Human Capital Department
Sompo Japan Nipponkoa Holdings, Inc.
(Secinded from Sompo Seguros S.A., of Brazil)

I am responsible for global talent development. I was also engaged in talent development at Sompo Seguros, however, my current position requires an even-more global perspective, which gives me substantial motivation. The Human Capital Department of Sompo Holdings uses English as a common language, and I feel that my team's overall English and negotiation skills have been improving.



Ufuk Doğuş Gül
Human Capital Department
Sompo Japan Nipponkoa Holdings, Inc.
(Secinded from Sompo Japan Sigorta Anonim Şirketi, of Turkey)

Prior to joining Sompo Holdings, I worked in the HR division of a financial institution and served as an HR consultant. I am now responsible for global HR strategies. I truly feel that I can make use of my insight and experience in the project that I have currently advancing while having a discussion with HR representatives around the world. I hope to continue making contributions to the Group as an HR professional.

Human Resource Development

Development of Female Managers and Managerial Candidates

The Group is actively promoting female employees to managerial positions with the aim of achieving its target for the female manager ratio of 30% by the end of fiscal 2020. Specific initiatives for developing female managers include the management training course, preparatory management training, and career development training for women. We have been conducting talent development programs exclusively for female employees to form a pipeline that is available to a wide range of female employees, from new employees to managers. In addition, we have introduced a mentor program through which female employees are able to seek guidance from a mentor (advisor) other than their direct supervisors. Through such initiatives, we have been establishing a corporate culture and a workplace environment that supports female employees' career development.

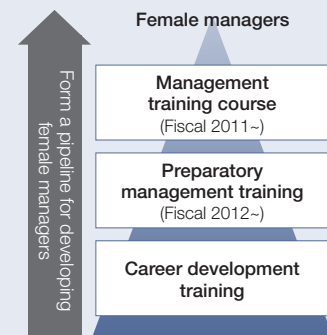
As a result of the above-mentioned initiatives, the number of female managers as of April 2016 was 560, making for a female manager ratio of 13.2%. These figures represent a significant increase from 305 female managers and a female manager ratio of 5.0% in July 2013, when the target for the female manager ratio was set. Furthermore, these talent development programs have produced one female executive officer and five female branch managers over the past three years.

Development of Globally Competent Human Resources

We established a "corporate university" Company education program in October 2012 aimed at developing human resources that can lead the Group's management on a global basis in the future.

This program comprises two pillars. The first pillar entails the acquisition of management knowledge through study at the National University of Singapore Business School, one of the world's prestigious business schools. The second pillar gives program participants the opportunity to utilize their acquired knowledge through on-the-job training at overseas companies.

We have selected the participants from not only Japan but also around the world. They are given an opportunity to acquire management knowledge through group trainings featuring thorough discussions and are offered on-the-job training at overseas companies outside the Group. We have been developing human resources that can thrive both at home and abroad. A total of 97 people from 14 countries (including participants from outside the Group) had participated in this program before fiscal 2016. We have been producing global human resources with knowledge and experience as well as a broad perspective throughout the Group.



Group CSR Vision

We position corporate social responsibility (CSR) as an integral part of sustainably enhancing our corporate value. Using the Group CSR Vision and the Group's CSR Material Issues as a basis, we aim to achieve progress on social issues and growth for our business at the same time with the goal of building a more sustainable society.

We, the Sampo Japan Nipponkoa Group, will positively engage our stakeholders in forward-looking dialogue, respect international standards and codes of conduct, and address environmental issues of climate change, biodiversity, and social issues of human rights and diversity in the course of our business operations in a transparent, fair, and open manner.

By constantly maintaining a long-term outlook, and by providing services and products that contribute to security, health, and wellbeing, we will strive as a solution provider to promote the realization of a resilient and sustainable society.

CSR Material Issues

In April 2016, we redefined the Group's CSR material issues to reflect recent international and business developments. The new material issues are now guiding plan-do-check-act (PDCA)-driven efforts to further increase performance in accordance with a new set of CSR key performance indicators (CSR-KPIs).

Previous CSR Promotion Process

In April 2010, Sampo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., merged to form Sampo Japan Nipponkoa Holdings, Inc. (formerly NKSJ Holdings, Inc.). Drawing on the CSR initiatives of the two companies, the new joint holding company formulated the Group CSR Vision (formerly the CSR Basic Policy), which served as the basis for identifying the Group's CSR Material Issues in fiscal years 2011 and 2012, and for advancing initiatives to meet the Group's new CSR-KPIs in fiscal years 2013 and 2014.

Background and Process of Material Issue Revision

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 Sustainable Development Goals (SDGs) with a target date of 2030, and the following December, the new international framework on climate change at the 21st annual Conference of the Parties (COP21) adopted the Paris Agreement. The following year, fiscal 2016, marked the start of the Group's new Mid-Term Management Plan, in which we set out to transform our business structure to provide services under the theme of "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.

Redefinition Process

Step 1 Materiality assessment Based on International Guidelines

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 fiscal years 2011 and 2012, 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 Sustainability Reporting Guidelines, and the United Nations Guiding Principles on Business and Human Rights (Ruggie Framework).

Step 2 Multi-Stakeholder Dialogue

We recognize stakeholder engagement as an important initiative for understanding social issues, 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.



Stakeholder dialogue

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.



Group's Council for CSR Promotion

Step 4 Goal-Setting and Action

Based on the above-mentioned 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.



CSR Conference of the Group companies' staff

Group's CSR Materiality

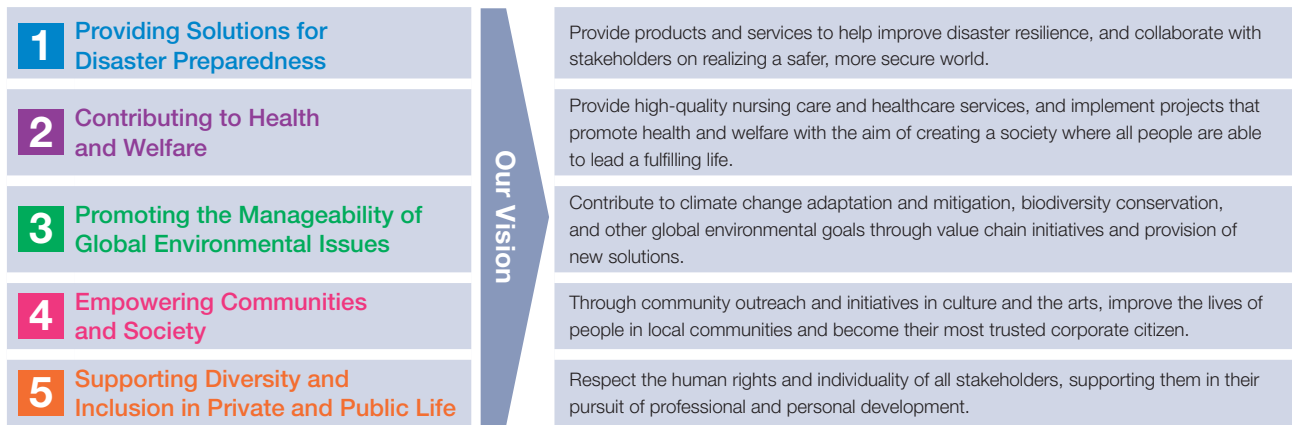
The Group has redefined the Five CSR Material Issues, a framework for achieving its CSR Vision to realize a resilient and sustainable society by providing products and services that contribute to security, health, and wellbeing.

Underpinned by our CSR Group Vision, adhering to the Three Key Strengths is of critical importance to us.

Three Key Strengths

- 1 Developing and providing innovative products and services using financial expertise and digital technologies to offer innovative solutions for social issues.
- 2 Promoting the development of advanced skills by fostering partnerships with stakeholders representative of broad sectors of civil society.
- 3 Promoting quality of life and its enrichment by the application throughout all our operations of our expertise and resources in culture and the arts.

Five Material Issues



Examples of Initiatives of the Five Material Issues

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| <p>(1) Providing Solutions for Disaster Preparedness: Bosai JAPAN-DA Project (program for disseminating disaster-management knowledge), Smiling Road (safe driving support system for companies), Portable Smiling Road (a mobile phone app for safe driving support system for individuals)</p> <p>(2) Contributing to Health and Welfare: Nursing care business, health and productivity management service</p> <p>(3) Promoting the Manageability of Global Environmental Issues: Weather index insurance in Southeast Asia, SAVE JAPAN Project (biodiversity conservation activities in Japan)</p> | <p>(4) Empowering Communities and Society: Sampo Holdings Volunteer Days undertaken in collaboration with civil society, support for recovery from natural disasters</p> <p>(5) Supporting Diversity and Inclusion in Private and Public Life: Promoting diversity, such as women's participation in business, development of a personnel and welfare system for LGBT employees</p> |
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Bosai JAPAN-DA Project (Blanket stretcher trial event held as part of a hands-on workshop)



SAVE JAPAN Project



Sampo Holdings Volunteer Days (Seminar for supporting people with dementia)

Declarations to Society and Participation in CSR Initiatives

To solve social issues on a global level, the collaboration of multiple organizations is indispensable.

The Group actively participates and endeavors to take a leading role in a wide variety of international and domestic initiatives.

Participation in Major International Initiatives



United Nations Global Compact (UN GC)

The UN GC is a partnership initiative between the UN and businesses, and it motivates companies to enhance their corporate citizenship by voluntarily addressing the issues of human rights, labor, the environment, and anticorruption. We became a signatory in 2006.



Women's Empowerment Principles (WEPs)

A joint initiative between the United Nations Development Fund for Women and the UN GC, the WEPs sets forth seven principles for promoting and empowering women in companies and private organizations. We became a signatory of the WEPs in 2012.



Business Call to Action (BCtA) Spearheaded by United Nations Development Programme (UNDP)

The BCtA is a global initiative launched 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. In 2015, a weather index insurance provided by Sompo Holdings in Southeast Asia was 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)

The UNEP FI is an international financial sector network comprising financial institutions that aim to contribute to sustainable development. Sompo Japan Nipponkoa became a signatory in 1995.



United Nations Principles for Responsible Investment (UN PRI)

The 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 of these principles, and Sompo Japan Nipponkoa Asset Management also became a signatory in 2012.



United Nations Principles for Sustainable Insurance (UN PSI)

The UN PSI was formulated by the UNEP FI 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 2012.



Caring for Climate

Caring for Climate is an initiative established by the UN GC, UN Environment Programme, and UN Framework Convention on Climate Change (UNFCCC) 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 environment 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 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 initiatives by the world's leading institutional investors. Through these international initiatives, businesses worldwide are encouraged to adopt climate change strategies and disclose their GHG emissions. Sompo Japan Nipponkoa has been a member since 2005 as an institutional investor.



Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)

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

Major CSR Awards and Recognitions in Fiscal 2015

Awards	Details	Organizer / promoter
Corporate Sustainability Assessment by RobecoSAM	Bronze Class (Sompo Holdings)	RobecoSAM
CDP (Climate Change)	Score 98B, ranked 2nd among Japanese financial institutions (Sompo Holdings)	CDP
Toyo Keizai Inc.'s 10th CSR Corporation Ranking	Ranked 1st in the Category for Financial Business (Sompo Holdings)	Toyo Keizai Inc.
19th "Corporate Environmental Management Survey" Ranking	Ranked 1st in the Category of Non-Manufacturers/ Financial Business (Sompo Holdings)	Nikkei Inc.
1st Nihon Service Award	Excellence Award (SPRING Award) (Sompo Japan Nipponkoa)	Council of Service Productivity & Innovation for Growth (SPRING)
2nd Space Development and Utilization Grand Prizes	Minister of State for Space Policy Prize (Sompo Japan Nipponkoa, Sompo Risk Management & Health Care)	Office of National Space Policy of the Cabinet Office of the Government of Japan
J-Win Diversity Award 2016	Individual Award in the Management Category (Kengo Sakurada, President & CEO, Sompo Holdings)	Japan Women's Innovative Network
Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)	Environmental Minister's Award (Sompo Japan Nipponkoa)	Ministry of the Environment, Japan
Women's Empowerment Grand Prize Award	Excellence Award (Sompo Japan Nipponkoa)	Japan Productivity Center
2015 Award for Companies Promoting Experience-based Learning Activities for the Youth	Judges Panel Special Award of Encouragement (Sompo Japan Nipponkoa)	Ministry of Education, Culture, Sports, Science and Technology (MEXT), Japan
19th The Environmental Communication Awards	Outstanding Performance Prize (Sompo Holdings)	Ministry of the Environment, Japan Global Environmental Forum
2015 Nikkei Superior Products and Services Awards	Nikkei Veritas Award for Excellence (Sompo Holdings)	Nikkei Inc.
2015 Environment Minister's Award for Global Warming Prevention Activity	Implementation of Countermeasures (AIR E Shop 21 (SOMPO JAPAN NIPPONKOA BUSINESS SOLUTIONS))	Ministry of the Environment, Japan
2015 Oricon Customer Satisfaction Ranking (Overseas Travel Insurance Category)	No. 1 (Sompo Japan Nipponkoa)	oricon ME inc.
Phone Support, Accident Insurance Industry, HDI Benchmarking	3 Stars (Sompo Japan Nipponkoa, Sonpo 24)	HDI-Japan
Web Support, Accident Insurance Industry, HDI Benchmarking	3 Stars (Sompo Japan Nipponkoa, Saison Automobile & Fire Insurance, Sonpo 24)	
Web Support, Life Insurance Industry, HDI Benchmarking	3 Stars (Sompo Japan Nipponkoa Himawari Life)	
2015 Japan Auto Insurance Shopping Study SM / Japan Auto Insurance Satisfaction Study SM (Direct-type insurer segment)	Highest Customer Satisfaction (Saison Automobile & Fire Insurance)	J.D. Power Asia Pacific
FY2015 Customer Support Award Program	Special Award (Human Resources Development Award) (Sonpo 24)	Japan Institute of Information Technology
Caring Company	Caring Company 2015 (Sompo Japan Nipponkoa Insurance (Hong Kong))	The Hong Kong Council of Social Services

TOPICS

Contributing to the Sustainable Development Goals (SDGs)



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" (a document created by the Global Reporting Initiative (GRI), UN GC, and WBCSD), among other guidelines.

Five Steps Taken by Sompo Japan Nipponkoa Group

1. Understanding the SDGs
As the first step toward integrating the SDGs into our business, we disseminated information on the SDGs using internal communication tools to raise awareness and promote understanding within the Group.
2. Redefining our material issues
We redefined our CSR Materiality based on the SDGs and defined Five Material Issues and Three Key Strengths.
3. Setting CSR Key Performance Indicators (CSR-KPIs)
We set CSR-KPIs for the Group in accordance with the new CSR Materiality.
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.
5. Disclosing information - Communicating with stakeholders
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.

For more information on the Group's CSR activities, please refer to *Corporate Responsibility Communication 2016*.
<http://www.sompo-hd.com/en/csr/communications/report/>