

# Wellbeing



## OUR VISION

### **Toward a “Theme Park for the Security, Health, and Wellbeing of Customers”**

In accordance with its “Innovation for Wellbeing” brand slogan, the Sompo Holdings Group has positioned the insurance business at its core while expanding business areas by developing the nursing care business, the home remodeling business, and other businesses.

We intend to put our Group Management Philosophy into practice with a view to growing as a corporate group and helping realize a sustainable society amid business conditions that are likely to continue changing. Our goal is to evolve into a “theme park for the security, health, and wellbeing of customers.” To this end, based on the theme of “security, health, and wellbeing of customers,” we will bring happiness to our customers’ lives by developing a wide range of businesses beyond the boundaries of insurance, harnessing digital technologies, and providing the highest-quality services to customers while constantly remaining by their side.



# Security



# Health

## We aim to create new value and help realize a sustainable society.

The Sompo Holdings Group will reform existing business models as well as its entire business portfolio by leveraging digital technologies and developing new businesses and services.

By creating new value through transformation into a “theme park for the security, health, and wellbeing of customers,” we aim to help realize a resilient, sustainable society.

# Group Growth

“Theme Park for the Security, Health, and Wellbeing of Customers”

Digital transformation

Taking on new businesses and linking businesses

### Social issues and trends

Increasing natural disasters due to climate change and other factors

Aging society and decreasing population

Increasing health issues

Evolving technologies and diversifying lifestyles

Domestic P&C insurance business

Domestic life insurance business

Financial base

IT and digital

Personnel

# Sustainable Society

## Value created

- Help realize a safer, more secure world by providing products and services that reflect a variety of evolving risks
- Provide high-quality nursing care and healthcare services with the aim of creating a society where all people are able to lead fulfilling lives
- Leverage leading-edge digital technologies to create a new experience of security, health, and wellbeing for customers
- Contribute to the realization of a sustainable society by providing products and services that help address climate change and other environmental problems

Providing comprehensive support for the security, health, and wellbeing of customers in a wide range of life stages and in day-to-day life

Governance that expedites decision-making

Internal control and compliance

Enterprise risk management (ERM)

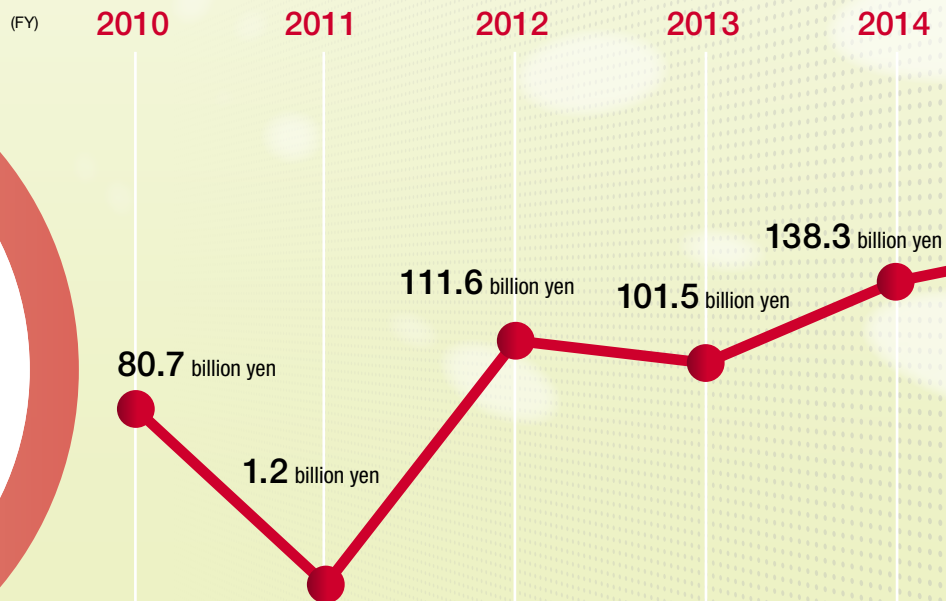
Overseas insurance business

Nursing care & healthcare business

## We have responded to changes in business conditions and enhanced corporate value steadily.

Under the previous Mid-Term Management Plan ended in fiscal 2015, the Sompo Holdings Group successfully entered a cycle of sustainable growth. We achieved this by enhancing the profitability of the domestic P&C insurance business while proactively shifting management resources toward such growth fields as the domestic life insurance and overseas insurance businesses. In fiscal 2016, the first year of our current Mid-Term Management Plan, we got off to a strong start through stable initiatives in each of our businesses.

Trends in Adjusted Consolidated Profit\*



### April 2010

In response to market contraction stemming from the advent of an aging society with a decreasing population and to increased risks associated with global climate change, Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., established a joint holding company, NKSJ Holdings, Inc. (currently Sompo Holdings, Inc.), thereby combining strengths fostered during a 120-year history to provide customers with services of the highest quality.

\* For the definition of adjusted consolidated profit, please see page 55. The figures for fiscal 2010 through fiscal 2014 are adjusted consolidated profit calculated based on the standards of the previous Mid-Term Management Plan. (Reference) Adjusted consolidated profit in fiscal 2015 calculated based on the standards of the previous Mid-Term Management Plan: 215.5 billion yen

#### FY2010

- May**  
Tenet (Singapore) becomes consolidated subsidiary.
- November**  
Fiba Sigorta (Turkey) becomes consolidated subsidiary.

#### FY2011

- June**  
Berjaya (Malaysia) becomes consolidated subsidiary.
- October**  
Sompo Japan Himawari Life and Nipponkoa Life merge to form NKSJ Himawari Life.
- March**  
Sompo Japan and NIPPONKOA announce merger.

#### FY2012

- April**  
Prime Assistance is established and enters assistance business.
- September**  
Cedar becomes affiliate and enters nursing care business.

#### FY2013

- June**  
Maritima Seguros (Brazil) becomes consolidated subsidiary.

#### Business

#### ESG

- April**
  - Group appoints outside director
  - Group establishes Nomination and Compensation Committee

- December**  
Group companies become signatories of Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century).

- June**  
Group becomes a signatory to the Women's Empowerment Principles

- June**  
Group appoints its first female outside director.
- September**  
Group establishes Diversity Promotion Headquarters.

■ Domestic P&C Insurance Business   
 ■ Domestic Life Insurance Business   
 ■ Nursing Care & Healthcare Business  
■ Overseas Insurance Business   
 ■ Strategic Businesses

## April 2017

### ■ Domestic P&C Insurance Business

The domestic P&C insurance business meets a variety of customer needs through three companies: Sampo Japan Nipponkoa Insurance Inc. sells insurance through agencies; SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, is responsible for direct sales; Sampo 24 Insurance Company Limited conducts direct sales to customers introduced by agencies. And, Sampo Japan Nipponkoa DC Securities Inc. provides defined contribution pension fund management services, while Sampo Risk Management & Health Care Inc. conducts healthcare operations and risk management operations.

### ■ Domestic Life Insurance Business

Sampo Japan Nipponkoa Himawari Life Insurance, Inc., focuses on sales of such high-margin products as medical insurance and income compensation insurance, mainly through P&C insurance agencies, and the provision of new services based on the theme of health.

### ■ Nursing Care & Healthcare Business

Sampo Care Message Inc., Sampo Care Next Inc., and affiliate Cedar Co., Ltd., provide facility nursing care, at-home nursing care, and ambulatory care services.

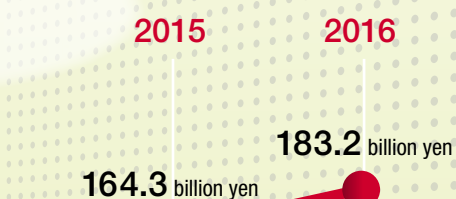
### ■ Overseas Insurance Business

The overseas insurance business has operations in 228 cities in 32 countries and regions. Sampo International is concentrating on building a platform in the corporate field and achieving organic growth in the retail field that exceeds the market average. Our efforts in this field are centered on Brazil, Turkey, and Southeast Asia.

### ■ ESG\*

Our ESG initiatives have earned high ratings from various agencies in Japan and overseas, and we are included in Dow Jones Sustainability Indices as well as other socially responsible investment (SRI) indices.

\* Environment, social, and governance



#### FY2014

##### May

Canopus Group (United Kingdom) and its subsidiaries become consolidated subsidiaries.

##### September

Sampo Japan and NIPPONKOA merge to form Sampo Japan Nipponkoa.

##### September

NKSJ Himawari Life changes name to Sampo Japan Nipponkoa Himawari Life.

#### FY2015

##### April

Fresh House becomes subsidiary and enters home remodeling business.

##### December

Watami no Kaigo becomes subsidiary, and Group establishes Sampo Care Next.

##### December

Product Warranty Japan becomes subsidiary and enters extended warranty business.

##### March

Former capital alliance partner Message becomes subsidiary.

#### FY2016

##### June

Group concludes Bancassurance agreement with major banking group in ASEAN, CIMB Group Holdings.

##### March

Sampo International (formerly Endurance Specialty Holdings Ltd.) (British Overseas Territory of Bermuda) becomes subsidiary.\*

\* For details, please see the feature section on page 48.

##### January

Group receives Tokyo Stock Exchange's 2014 Corporate Activity Award (for proactive efforts to promote participation of women).

##### July

Group receives recognition of its weather index insurance for Southeast Asia and consequently becomes first financial institution in Japan to be granted membership of Business Call to Action (BCTA).

##### July

Group launches Group Exchange Program for international exchanges among Group personnel.

##### January

All Group companies in Japan receive ISO 14001 certification.

##### April

Group introduces Business Owner system.

##### December

Sampo Japan Nipponkoa receives Prime Minister's Award in recognition of initiatives to empower female employees.

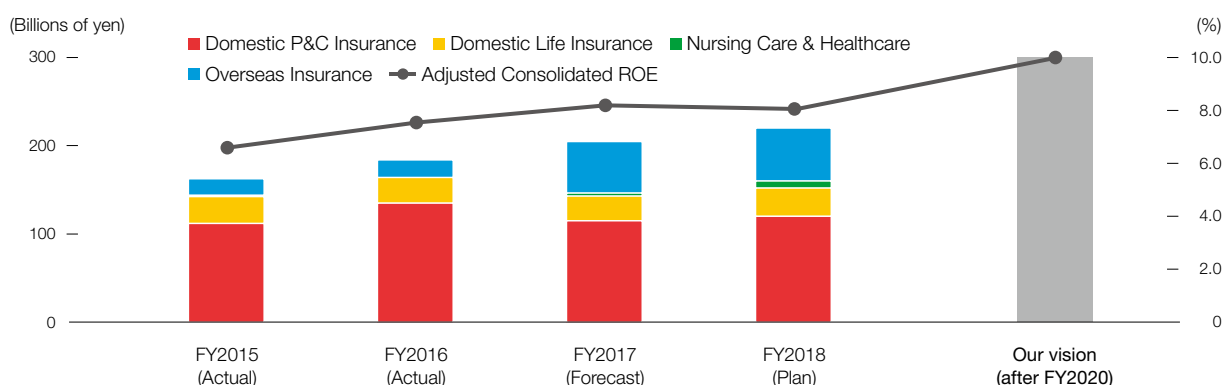
##### February

Five Group companies receive recognition as "outstanding enterprises engaging in efforts for health and productivity management" (White 500).

# Mid-Term Management Plan

## Plan for the Group

Under the Mid-Term Management Plan, we are heightening the appeal of each business rigorously with the aim of realizing our Group Management Philosophy, which calls on us to “contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible.” In conjunction with these efforts, the Group is expanding and improving services, strengthening customer contact points by using advanced digital technologies, and creating collaborations among businesses. In such ways, we are building a “theme park for the security, health, and wellbeing of customers.” Aiming to attain an earnings size and capital efficiency on a par with those of the top 10 global publicly listed insurance companies, we have established numerical management targets for fiscal 2018, the midway point of the Mid-Term Management Plan.



<b>Adjusted consolidated profit*</b>	164.3 billion yen	183.2 billion yen	205.0 billion yen	220.0 billion yen – 230.0 billion yen	Toward global top 10 (300.0 billion yen level)
<b>Adjusted consolidated ROE*</b>	6.9%	7.6%	8.1%	Over 8%	Over 10.0%

In November 2016, the Group upwardly revised fiscal 2018 numerical management targets to adjusted consolidated profit of between 220.0 billion yen and 230.0 billion yen and adjusted consolidated ROE of over 8%.

\* For details about the definitions of adjusted consolidated profit and adjusted consolidated ROE, please see page 55.

## Plans for Businesses

### Domestic P&C Insurance Business

#### Value-generating innovation

–Be the most highly evaluated P&C insurance company–

Plan for Adjusted Profit (FY2018): Over **120.0** billion yen

- Reform business processes and system infrastructure
- Establish customer contact points that integrate digital and personnel capabilities
- Achieve growth accompanied by quality

In fiscal 2016, stable profitability enabled the business to contribute significantly to the achievement of the Group’s targets. The business will continue acting as a growth engine for the whole of the Group.

Aiming to realize global top level business efficiency, we will reform business processes and system infrastructure while realizing capabilities of front-line personnel and exploiting digital technologies to create products and services that anticipate changes in the needs of customers and in the structures of industry and to create new business models.

### Domestic Life Insurance Business

#### Evolve into a health support enterprise

–The second founding–

Plan for Adjusted Profit (FY2018): Over **32.0** billion yen

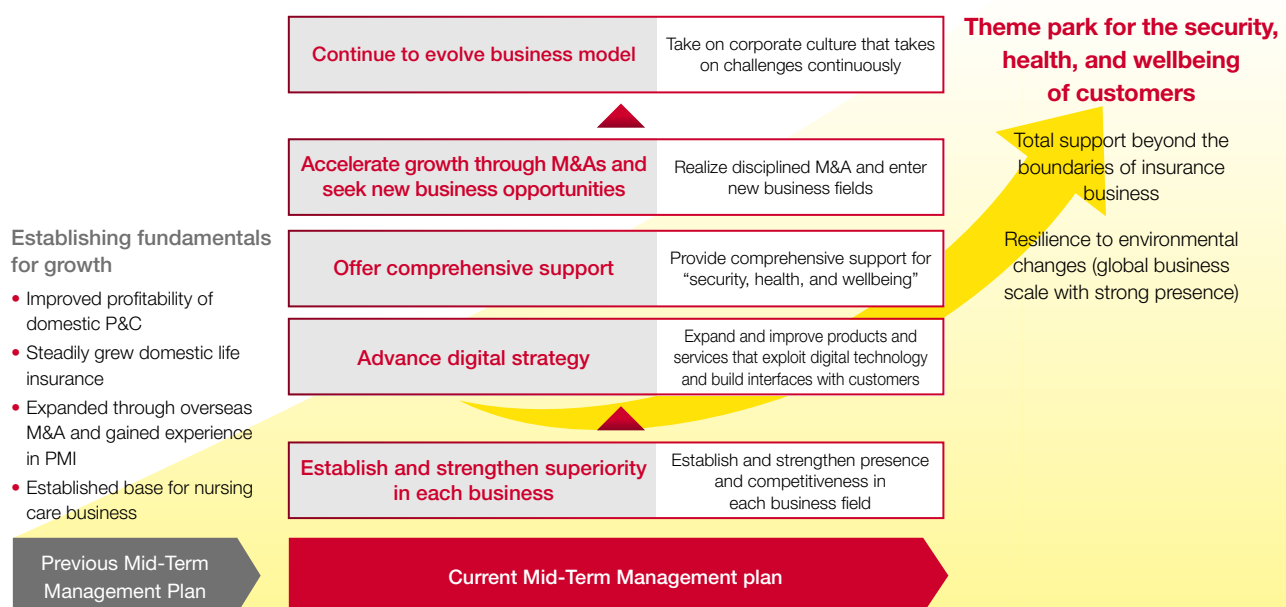
- Evolve into a health support enterprise
- Establish a business model that seamlessly integrates products, services, and sales channels

In fiscal 2016, the business launched initiatives aimed at evolving into a health support enterprise and began driving the Group’s evolution as a forerunner in providing customers with security, health, and wellbeing.

Based on development of the health service brand Linkx (pronounced “link cross”), the business will be reformed to establish a health-focused business model that seamlessly integrates products, services, and sales channels, thereby increasing customer numbers steadily and contributing to the Group’s strategies.

In the Mid-Term Management Plan's first fiscal year, fiscal 2016, adjusted consolidated profit and adjusted consolidated ROE surpassed targets as a result of steady efforts in each business.

Also, we completed a variety of initiatives, including the acquisition of Sampo International (formerly Endurance Specialty Holdings Ltd.), the establishment of business foundations for the nursing care business, the establishment of SOMPO Digital Lab with a view to embarking upon a full-fledged digital strategy, and the introduction of a Business Owner system to facilitate prompt, flexible decision-making. We will continue steadily implementing measures under the Mid-Term Management Plan to realize our vision as early as possible.



## Nursing Care & Healthcare Business, etc.

Realize "Japan, an affluent country that can boast to the world of a long and quality life"

Plan for Adjusted Profit (FY2018): Over **8.0** billion yen

- Provide safe and reliable nursing care services while simultaneously ensuring the dignity and independence of the elderly
- Offer a one-stop service comprising insurance, nursing care, and healthcare

As a new mainstay of the Group, the business will develop operations with a view to realizing "Japan, an affluent country that can boast to the world of a long and quality life."

By opening SOMPO Care University, taking advantage of information and communication technology (ICT) and digital technology, and strengthening internal controls, we will continue enhancing safety, productivity, and quality to provide nursing care and healthcare services of the highest quality in a rapidly aging society.

## Overseas Insurance Business

Accelerate growth through steady organic growth and disciplined M&A

Plan for Adjusted Profit (FY2018): Over **60.0** billion yen

- Build truly integrated global insurance platform in the corporate field
- Achieve organic growth in the retail field that exceeds the market average

Through our biggest ever M&A, in March 2017 we acquired U.S.-based Sampo International (formerly Endurance Specialty Holdings Ltd.) and established significant foundations for growth in the corporate field. Further, in the retail field we are achieving favorable organic growth and contributing to the Group's growth.

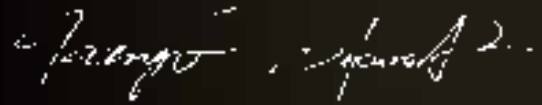
We will continue to seek dramatic growth through steady organic growth and disciplined M&A.



**We will realize transformation into a “theme park for the security, health, and wellbeing of customers” and enhance corporate value.**

**Kengo Sakurada**

President & CEO  
Sampo Holdings, Inc.



## Business Conditions—an Era of VUCA

Standing for volatility, uncertainty, complexity, and ambiguity, the acronym VUCA best describes today's world. A truly diverse range of social issues are emerging. In Japan, the population is declining and rapidly aging. Globally, large-scale disasters are becoming commonplace, environmental issues such as climate change are arising, and insecurity is increasing due to terrorism and other factors. Other issues include poverty and human rights issues.

In addition, issues are surfacing in the technology field. Digital disruption—in other words, the exponential evolution of technology and accompanying changes in customers' behavior—is a destructive type of innovation that is having a major impact on society. I am sure that in the current era the evolution of digital technology, including AI, blockchains, and the Internet of Things (IoT), as well as the spread of mobile devices, is dramatically changing industry structures and creating risks and opportunities globally. Consequently, the Sampo Holdings Group faces business conditions that are changing significantly. And, the pace of this change is expected to increase even further.



## Transformation—Mid-Term Management Plan

The current era's unpredictability means that an unshakable belief and vision are all the more important for the achievement of corporate growth. The Group Management Philosophy states that "We will contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible." This is the unshakable commitment that Sompo Holdings has consistently maintained since its establishment in April 2010.

Reflecting this commitment, the Mid-Term Management Plan that we began in fiscal 2016 sets out the vision of building a "theme park for the security, health, and wellbeing of customers." The Group will realize transformation into a "theme park for the security, health, and wellbeing of customers" by reforming the business model of each business and reforming the business portfolio of the Group as a whole. I believe that, rather than continuing traditional practices, establishing new business models will enable us to create new value. Realizing these initiatives will require strong leadership from the senior management team and, as such, I intend to drive our transformation.

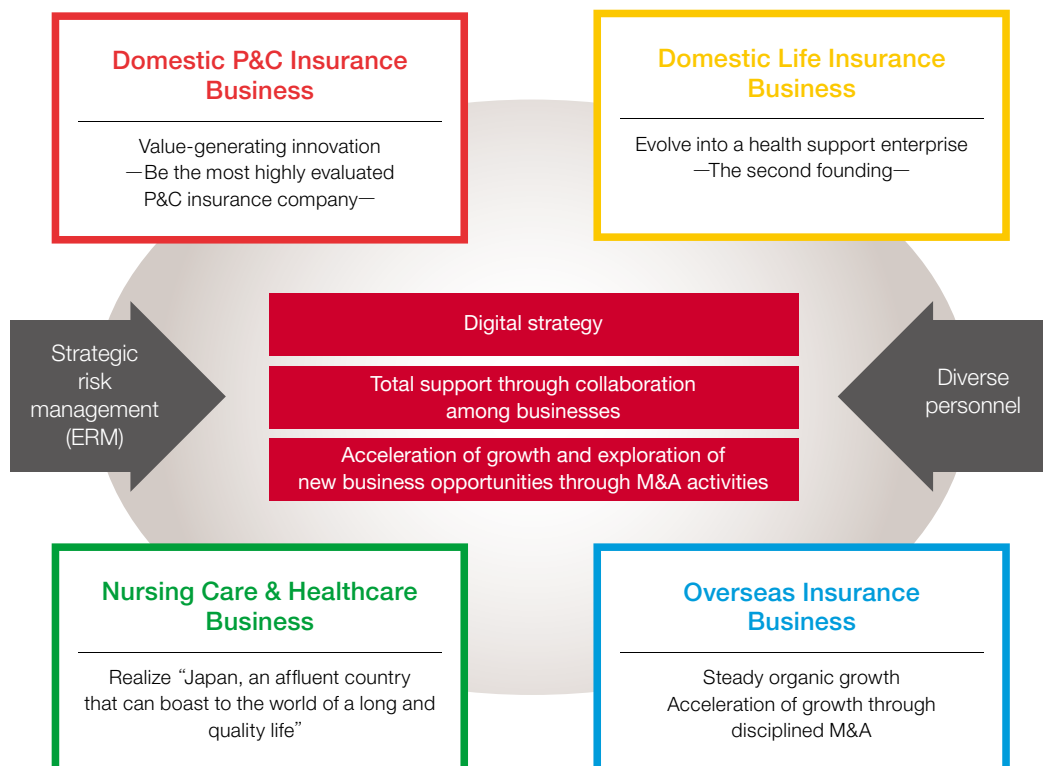
**Toward Enhanced Corporate Value—a “Theme Park for the Security, Health, and Wellbeing of Customers”**

At this point, I would like to explain the meaning of a “theme park for the security, health, and wellbeing of customers” in terms of our target corporate profile.

We aim to be a corporate group that is based on the theme of “security, health, and wellbeing of customers” and which brings happiness to customers’ lives by developing a wide range of businesses beyond the boundaries of insurance and by harnessing digital technologies.

First-rate theme parks provide outstanding services that entertain guests when they are on rides as well as after they get off them. This can serve as a metaphor for the Group’s operations. For example, general property and casualty (P&C) insurance policies last for one year and are renewed annually. Meanwhile, most customers are not often involved in the insurable events. The time “on rides,” when we have contact with customers, is limited.

The Group will change “off ride” periods, when it does not have contact with customers, into “on ride” periods and continue to offer customers value in the form of “security, health, and wellbeing.” New businesses and services, such as the nursing care & healthcare business, and the utilization of digital technology provide new points of contact with customers and new value. Through such initiatives, we will realize a “theme park for the security, health, and wellbeing of customers.”





## Near-Term Business Conditions—Review of the Mid-Term Management Plan's First Fiscal Year

In fiscal 2016, the first year of the Mid-Term Management Plan, we made a good start, reaching targets for adjusted consolidated profit and adjusted consolidated ROE thanks to steady efforts in each business. Further, in the fiscal year the Group decisively took its first step toward transformation that will sustain growth. The following is an overview of the measures we took in this regard.

### **Brand**

In October 2016, the Company changed its name to Sompo Holdings, Inc. We are changing the names of Group companies in Japan and overseas to names that include “Sompo.” Globally, we will strengthen the presence of SOMPO as a brand focused on the “security, health, and wellbeing of customers.”

### **Acquisition of Sompo International (Endurance Specialty Holdings)**

We have established significant foundations for growth in the markets of developed countries by acquiring Sompo International (formerly Endurance Specialty Holdings Ltd.) for 683.1 billion yen—our biggest ever investment. Upon completion of the acquisition, we changed the brand to SOMPO INTERNATIONAL, and we have already begun integrated administration under the SOMPO brand. Going forward, we will integrate human resource systems and establish a common underwriting platform globally. In addition, we will consider reorganization of the direct insurance, reinsurance, and Lloyds businesses through Sompo International Holdings.

### **Nursing Care & Healthcare Business**

In fiscal 2015, the Group entered the nursing care business in earnest with a view to establishing a new mainstay business by realizing the vision “Japan, an affluent country that can boast to the world of a long and quality life.” We are laying foundations for the business through the exploitation of ICT and digital technology, multiple collaborations with academic institutions, and the recently established SOMPO Care University, which is tasked with strengthening internal management capabilities and developing professionals.

We will continue enhancing safety, productivity, and quality to provide the highest-quality nursing care and healthcare services in Japan’s rapidly aging society.



### Digital Strategy

As an initiative aimed at converting destructive innovation stemming from digital technology, known as digital disruption, from a risk into an opportunity, we established SOMPO Digital Lab in Tokyo and Silicon Valley, in the United States, in April 2016. We will maintain the high pace of our research on the latest digital technology and our networking with start-ups. As a result, we will grasp developments in the digital field and act in response to them more quickly.

### Governance

To coincide with the launch of the Mid-Term Management Plan, in 2016 we introduced a Business Owner system, which establishes a Business Owner for each business. This governance system delegates the authority to plan business strategies, make investment decisions, and deploy personnel. Its aim is to expedite decision-making and operational execution in each business through the leadership of Business Owners. We are implementing strategies that span all businesses and dynamic growth strategies as well as responding promptly and flexibly to a range of different issues. Also, we are steadily advancing initiatives focused on establishing and strengthening our presence and advantages.

In a separate initiative, we introduced a Group chief officer system in the current fiscal year. This system will enable us to advance cross-segment initiatives, such as the implementation of strategies and the tackling of important tasks on a Group-wide basis and build even stronger governance.

## Growth Scenario Going Forward

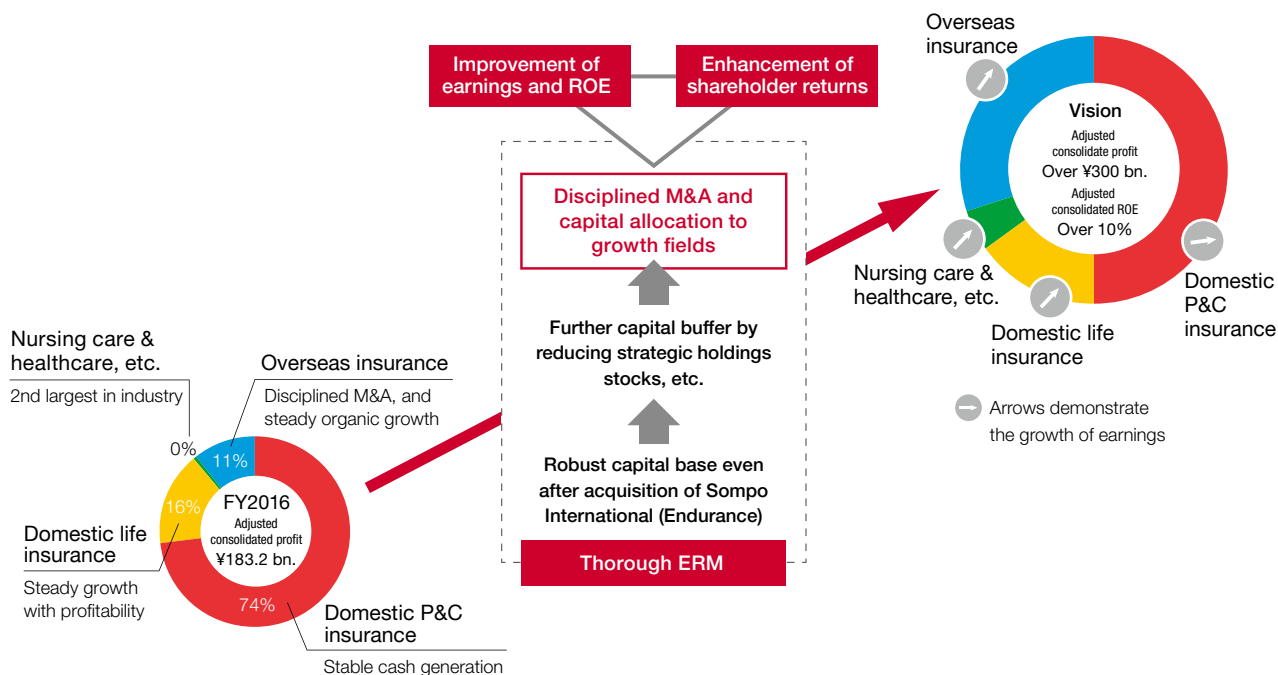
### Aiming to Realize Global Top 10 Level Profit and ROE

Under the direction of their Business Owners, the domestic P&C insurance, domestic life insurance, nursing care & healthcare, and overseas insurance businesses must grow steadily. Further, based on strategic risk management, in other words, ERM (enterprise risk management), we will continue selling strategic-holding stocks and strengthen control of natural disaster risk to enhance the capital buffer. Through disciplined M&A and the investment of resources in such growth fields as the domestic life insurance and nursing care & healthcare businesses, we will increase profit, ROE, and returns to shareholders and realize global top 10 level profit and ROE.

In fiscal 2017, the Mid-Term Management Plan's second year, we will steadily achieve results through measures that we began in fiscal 2016, step up the pace of initiatives in each business, and continue transformation aimed at building a "theme park for the security, health, and wellbeing of customers."

### Creating New Value for the Future

I believe our transformation can contribute to the SDGs (Sustainable Development Goals), which the United Nations has set as a plan of action for people, the planet, and prosperity.



Meeting the expectations of stakeholders is indispensable for the Group's sustained growth. Using the SDGs as a guide to the world's common goals, we have to address emerging social issues as well as create value that anticipates future needs. Further, establishing products and services and business processes that take into account the environment, social, and governance (ESG) will be critical in such forward-looking value creation.

For example, the Group develops and markets products and services that mitigate or support adaptation to climate change. In conjunction with these efforts, we tackle ESG-related issues in business processes by setting medium-to-long-term targets for the reduction of greenhouse gas emissions, increasing employee diversity, innovating work styles, and bolstering governance. Moreover, in light of dialogue with stakeholders, we have redefined our CSR Material Issues to make them more forward looking.

We believe that anticipating society's growing expectations and providing solutions to social issues through our businesses will bring about social change that leads to the creation of a sustainable society. Accordingly, as part of efforts to tackle ESG-related issues, our insurance business is helping make international society more inclusive by improving access to insurance in developing countries. In addition, we have entered the nursing care business, which has considerable social significance in Japan's aging society. Also, in our view collaborations with other companies as well as dialogue and cooperation with our stakeholders, including governments and civil society, can create the large impetus needed to transform society.

As a provider of business solutions for a better future, the Sompo Holdings Group will offer comprehensive support for the "security, health, and wellbeing of customers" in a wide range of life stages and in day-to-day life. While pursuing our unique vision of building a "theme park for the security, health, and wellbeing of customers," we will achieve corporate growth and contribute to the realization of a resilient and sustainable society.

### Leverage Digital Technology to Initiate Reform and Build a “Theme Park for the Security, Health, and Wellbeing of Customers”

#### Sawako Nohara

President of IPSe Marketing, Inc.  
Project Professor of the Graduate School of Media and Governance, Keio University



#### —What is your evaluation of the Sompo Holdings Group's governance?

Beyond being systemically progressive—with outside directors accounting for one-third of directors and a Nomination and Compensation Committee that comprises the Group CEO and outside directors—the Group's actual administration of in-house systems is excellent. Outside directors can speak without restraint, and discussions at Board of Directors' meetings are always lively. My impression is that officers take our statements on board. Rather than just allowing outside directors to make statements, the officers responsible for operational execution are clearly keen to work with us in building a new governance system.

#### —What impression of the Group have you formed in the four years since becoming a director?

I feel that the Group has evolved steadily. Four years ago, I got the strong impression that the management team wanted change. At that point, however, the Group was only halfway through the process. The Group is following the “theme park for the security, health, and wellbeing of customers” vision. In accordance with this vision, instead of pursuing P&C insurance with other services attached, the Group has clearly identified four mainstays: domestic P&C insurance, domestic life insurance, nursing care & healthcare, and overseas insurance. I sense the determination of the Group CEO and the rest of the management team to evolve governance in step with the major transformation that business strategy is currently undergoing. I think that this determination makes the role of outside director rewarding as well as a great responsibility.

#### —As a specialist in the digital field, what do you think of the Group's initiatives in this regard?

In my opinion, the pivotal measures have been to establish a department dedicated to digital strategy in the holding Company and to appoint from outside of the Group a chief digital officer with significant authority and freedom. Efforts to realize innovations in organizations sometimes cause friction with existing business divisions and do not succeed as a result. With this in mind, I think it was very wise for Sompo Holdings to establish a system in which it seeks beneficial new approaches and spreads them throughout the Group in collaboration with operating companies. Recently, I had the opportunity to visit SOMPO Digital Lab in Silicon Valley. I was able to hear firsthand from personnel in the vanguard of development about the types of new approaches they are looking for, and I found their replies reassuring. I look forward to the future.

#### —What are the Group's tasks, and what are your expectations of the Group?

I look forward to digital technology and the theme park vision. “Digital transformation” is a phrase that has emerged recently. Of course, digital technology can add value to existing services. In addition, however, its potential to change an entire array of practices is very important. Such change is sure to benefit this vision. The insurance industry has not needed that much innovation, partly because insurers have competed within premium scopes that are to some extent fixed. However, we are now in a period of transformation. Ideas about the importance of keeping the profile of the Group consistent with the one it had 10 years ago should be forgotten. I would like to see changes in the mind-sets of all employees create an innovative atmosphere in the whole Group that enables significant transformation. I think digital technology will play a significant part in facilitating this process.

## Leverage *Gemba-Power*\* under the Business Owner System and Achieve Transformation

Isao Endo

Chairman of Roland Berger Ltd.



### —What impression of the Sampo Holdings Group have you developed since becoming a director three years ago?

The Group as a whole is on the cusp of significant change. Rather than incremental improvements and reforms, it is seeking complete transformation. Three years ago, the Group had yet to enter the nursing care business, and neither Sampo International (Endurance) nor the Business Owner system existed. If we compare transformation to a voyage, the first action, changing course dramatically, has been accomplished very well. With an appropriate course set, the ship has begun moving. That is how I see the past three years.

### —How would you judge the governance practiced by the Group?

The Group is advancing toward extremely ambitious goals. The management team is firmly committed to realizing transformation, and, in this respect, I share their commitment. On the other hand, risks accompany transformation. Therefore, outside directors must monitor developments continuously to avoid damage to corporate value. At the same time, our monitoring should help heighten corporate value. With regard to these points, I think that communication with the officers responsible for operational execution is sufficient and that discussions are thorough. The quality of discussions is important. Outside directors make points based on external perspectives, alternative approaches, and different ways of thinking. I think that the Group has shown a willingness to accept such opinions and to incorporate the elements that it needs.

### —What do you think is important to bring about transformation?

The Group has successfully changed course. Now, how it moves ahead is important. The future will test the Group's ability to take action. Will the personnel at operating companies who actually

create value be able carry initiatives through to their conclusion?

Can these personnel change completely? In accomplishing these tasks, the Business Owner system will play a crucial role, I think.

Only a Business Owner is capable of refitting such a large ship. It is up to Business Owners to direct frontline operations. Therefore, they must show leadership as they leverage *Gemba-Power* to transform businesses. This is a very challenging task, and I do not think there are many examples of companies delegating responsibility to Business Owners to the extent that the Group does.

### —What tasks must the Group carry out, and what do you expect of the Group?

To say "*Gemba-Power*" is to refer to the ability to identify and tackle issues in frontline operations. Without exercising *Gemba-Power*, the ship will not reach its destination. It is important that personnel from middle management through to frontline operations are genuinely committed to transformation. I think the Group's decision-making is quite fast. However, there is a difference between decision-making speed and implementation speed. Implementation takes time. Although implementation should be rapid, time should be taken for the implementation of a number of measures. Also, delegating to operating companies is important, but equally important is the ongoing consideration of the functions of the holding company and the support it should provide. I want the holding company and operating companies to collaborate closely to realize transformation.

\* *Gemba-Power* is the autonomous problem-finding and problem-solving capability of *gemba*, which can be loosely translated from Japanese as staff at the frontline.





Offer New Value in  
the Nursing Care Industry  
and Address the Issues  
Facing Japan

Tamami Murata

Attorney at Law

**—What views have you formed on the Sampo Holdings Group in the three years since assuming your role as a director?**

I feel that the Group has two admirable qualities. First, despite being a large organization, it decides matters promptly. Second, although things are going well at the moment, the Group has not become complacent. Instead, it is still seeking further improvements. In a sense, I have been surprised. Meanwhile, through my position as an outside director, I want to assist the Group in heightening the pace of efforts to ensure that it accomplishes change.

**—How have you found the meetings of the Board of Directors and the Nomination and Compensation Committee in which you have participated?**

Frankly speaking, there are very few organizations in which outside directors can state opinions so freely or in which, ultimately, the chairpersons of these meetings are able to hammer out policies so effectively. A pet theory of mine is that the strongest organizations are those that are able to proceed in a single direction while accommodating diverse values. For example, I feel that, even if they establish panels including external experts, many organizations may conduct meetings of such panels for form's sake to some extent. However, the Group does not do this. Further, trying to assimilate many different opinions often results in disintegration. Nonetheless, in the end the Group is able to identify coherent directions and reach conclusions. Therefore, I think it is close to my idea of the strongest type of organization.

**—Recently, the Group has ventured into the nursing care field and other new fields. As an outside director, how have you been involved in and what are your thoughts about such initiatives?**

The Board of Directors arrived at a decision after exhaustively weighing up the pros and cons of a full-fledged entry into the nursing care field. On the one hand, the management team wanted

to meet social responsibilities and create new value by exploiting financial foundations and strict ethical standards that the Group had developed mainly in the insurance business. On the other hand, such an initiative would involve a new type of risk. Last year, in what was effectively the initiative's first fiscal year, I feel that the Group came up against certain difficulties. During a very short period, however, it was able to make concerted efforts to analyze problems rigorously and establish preventive measures. Moreover, I was impressed by the fact that, despite facing challenges, the Group steadily took forward-looking strategic measures, such as the formation of industry-academia tie-ups, to create new value and services in the nursing care business. This resilience reflects a mind-set cultivated over many years in the insurance business. Rather than simply complaining that things are tough, the management team does whatever it can to create new value. I think the significance of the Group's entry into the nursing care field is that it has brought this mind-set to the fore.

**—What are the Group's tasks, and what are your expectations of the Group?**

Not long ago, I had an opportunity to visit one of the Group's nursing care facilities. The professionalism of the personnel and the happiness of the residents had a big impact on me. I was really surprised to learn that the Group is incorporating the latest digital technology into nursing care, a quintessentially analog field in which people take care of other people. I think that, as a newcomer to the nursing care industry, the Group should keep offering new value based on fresh approaches. Although "offering new value" sounds a little presumptuous, doing so will demonstrate the Group's level of commitment to making a full-fledged entry into the nursing care field. I look forward to the Group helping address the problems that Japan is facing, such as people having to quit work to care for family members.

## Address Social Issues through Mainstay Businesses and Enrich Society

### Scott Trevor Davis

Professor of the Department of  
Global Business, College of Business,  
Rikkyo University



#### —With regard to the Sampo Holdings Group, what impression have you formed since becoming a director three years ago?

Before becoming a director, I had a connection with the former Sampo Japan in relation to its CSR report. My impression then was of a severe company that placed value-judgement criteria outside the organization and always considered what would be acceptable to counterparties as it proceeded through plan-do-check-act (PDCA) cycles. After I became a director three years ago, I realized the reason for this. This strictness is the approach of both the management team and of the organization. As a corporate group that has succeeded, the Sampo Holdings Group has earned the trust of many different people and been entrusted with significant assets and is highly aware of the attendant stewardship responsibility. I see it as a group with an uncompromising and extremely sound philosophy that regards achievements as stemming from consistently being forward-looking and thinking about what to do in the future.

#### —How would you assess the Group's governance?

I think the quality of decision-making is very high. Managers engaged in actual operations explain agenda items at meetings of the Board of Directors. Outside directors and outside Audit & Supervisory Board members ask questions about agenda items, and such exchanges can go on for hours. As a result, agenda items are postponed in some cases. Sometimes, such items are amended at meetings of the Board of Directors in light of the opinions of outside directors and outside Audit & Supervisory Board members. Thus, anything that does not make sense from an external viewpoint does not go unchallenged. The Group takes so much care over decision-making that you would almost not think it was in the process of rapidly implementing major reforms.

#### —As an expert in CSR, how do you evaluate the Group?

At first, the vision of building a “theme park for the security, health, and wellbeing of customers” does not seem related to insurance, but this is not the case. The theme park vision refers to the Group leveraging capabilities developed in its mainstay insurance business to steadily offer services in new fields and thereby enrich the day-to-day lives of consumers. The Group's advantages are risk management and risk assumption capabilities fostered in the insurance business. The theme park vision boldly seeks to assume the risks that Japan is facing and will face and to enable Japanese people to enjoy fun, active, and fulfilling lives. If we define CSR in terms of society's expectations of a company and its role in society, it is important to determine whether mainstay businesses can contribute to wellbeing. Having succeeded in doing this very well, the Group has received a variety of awards in the CSR field. Leaving the risk set unchanged would make it easy to continue receiving plaudits. Without being tied to past, however, the Group is boldly taking on the nursing care business and other new fields. For this reason, I view the Group as a truly forward-looking organization.

#### —What initiatives should the Group take on, and what are your expectations of the Group?

If you had asked me three years ago if the theme park vision was a good idea, I would have replied “yes.” However, if you had asked if I thought the Group would have progressed this far in three years, I probably would have said “no.” I think the Group has come this far at an amazing speed through sheer effort. While there are still things for the Group to do, I believe its major tasks will be discovering how to sustain the current momentum and working out how to communicate the significance of its efforts to society.

# Corporate Governance

The Group considers continually improving the transparency and fairness of its corporate governance and fulfilling its corporate social responsibility as essential to maintaining strong relations of trust with stakeholders.

The Group formulated its Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the governance structure and the governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

As a company with an audit & supervisory board, to improve corporate value, we maintain and promote 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. In addition, for our business execution structure, under the overall supervision of the Group CEO, we have elected to adopt a Business Owner system, a Group Chief Officer (CxO) system, and an executive officer system to ensure swift and agile decision making, as well as to clarify authority and responsibility.

In addition, 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 body to the Board of Directors.

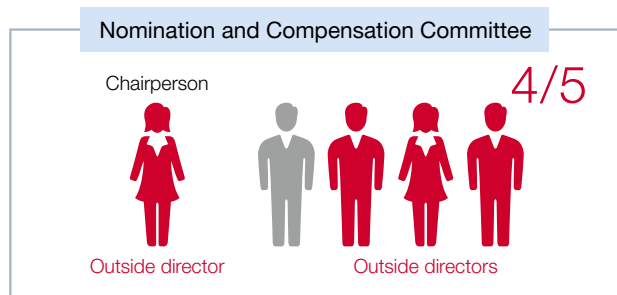
## Features of Our Corporate Governance

### 1 Robust Corporate Governance

We have a hybrid governance model, which heightens the effectiveness of governance, incorporating many of the advantages of the organizational structure of being a company with committees.

- Establishment of a Nomination and Compensation Committee as an advisory body to the Board of Directors

Four out of five members are outside directors. The committee is chaired by an outside director.

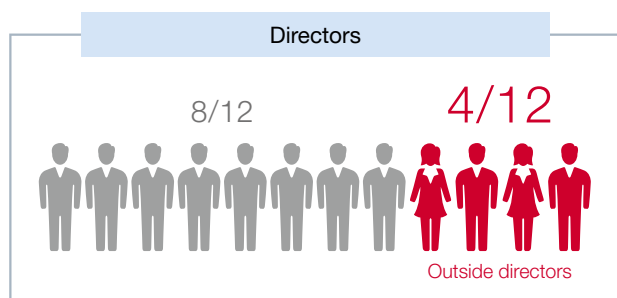


- Maintaining and promoting effective oversight and auditing functions through Audit & Supervisory Board members and an Audit & Supervisory Board

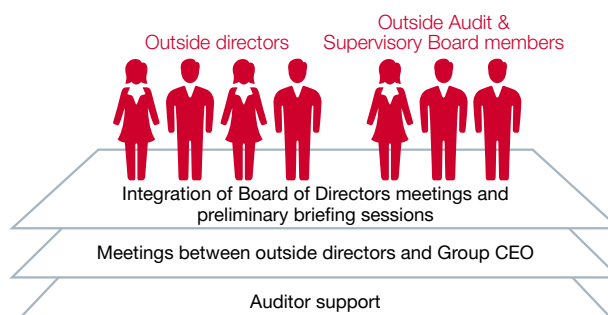
Three out of five members are outside Audit & Supervisory Board members. They provide oversight and auditing from a position independent of management, participate in various internal committees, and are involved in decisions on the validity of business execution.



- Multiple outside directors contributing to a diverse Board  
One-third (four out of 12 directors) are outside directors. These directors have diverse backgrounds: two are managers, one is a lawyer, and one is a professor (two are women, and one is non-Japanese).



- System to support proactive engagement of outside directors  
Integration of Board of Directors meetings and preliminary briefing sessions, meetings between outside directors and Group CEO, auditor support



## 2 Agile and Flexible Execution of Operations

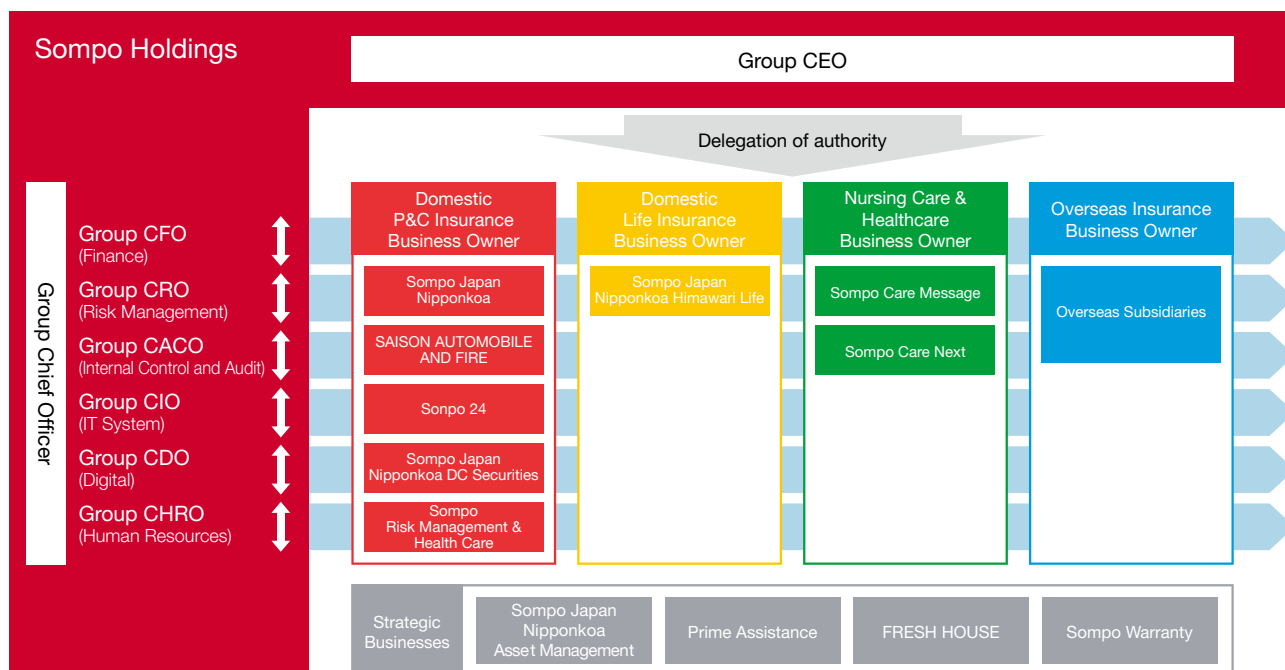
To achieve agile and flexible execution of operations in response to rapid changes in the environment, we are implementing a Business Owner system and a Group CxO system under the overall supervision of the Group CEO.

- Agile decision making by delegating authority to Business Owners

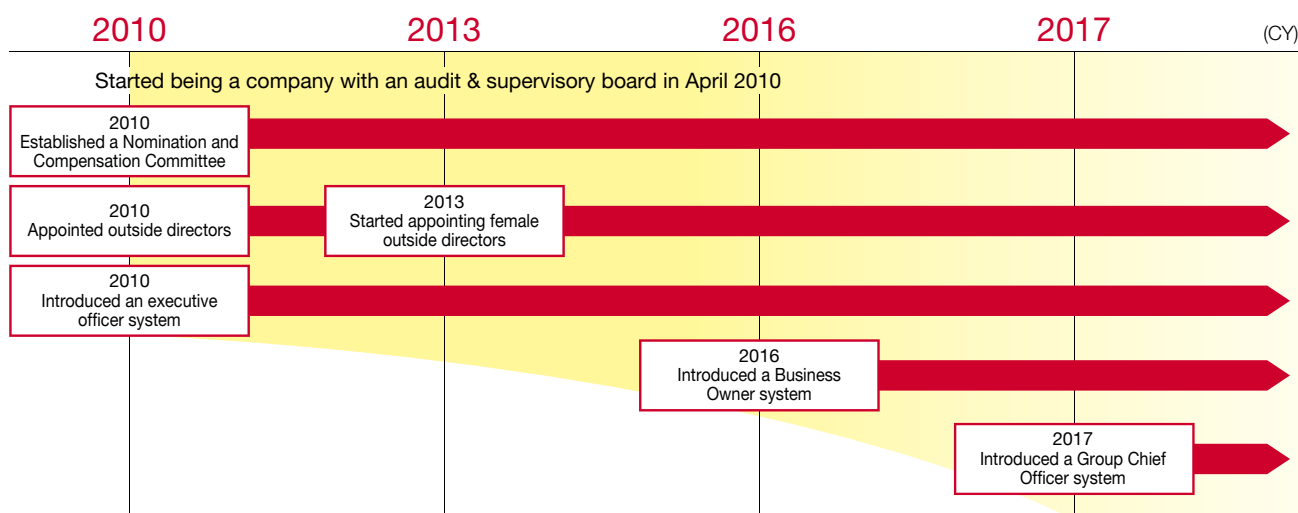
We appointed heads of each business segment (domestic P&C insurance, domestic life insurance, nursing care & healthcare, and overseas insurance), who, as Business Owners, are delegated authority for business strategy planning, investment decisions, and talent deployment. This system enables swift and flexible decision making and business execution at the business segments in a manner that reflects customer needs more closely.

- Introduction of Group CxO system to head Group functions

The following chief officers are assigned responsibility for their respective functional areas: CFO (finance), CRO (risk management), CACO (internal control and compliance), CIO (IT system), CDO (digital), and CHRO (human resources). They supervise their respective areas across the Group as a whole, ensure agile and flexible decision making that is best for the Group, and exercise functions laterally across the Group.



## Main Corporate Governance Reforms





## Directors and Audit & Supervisory Board Members

**A** Group CEO  
Representative Director,  
President and Executive Officer  
**Kengo Sakurada**

**B** Group CFO  
Representative Director,  
Deputy President and  
Senior Managing Executive Officer  
**Shinji Tsuji**

**C** Overseas Insurance Business Owner  
Representative Director,  
Senior Managing Executive Officer  
**Shigeru Ehara**

**D** Group CRO  
Director,  
Managing Executive Officer  
**Masato Fujikura**

**E** Group CACO  
Director,  
Managing Executive Officer  
**Koichi Yoshikawa**



As of July 1, 2017

**F** Nursing Care & Healthcare  
Business Owner  
Director,  
Managing Executive Officer  
**Mikio Okumura**

**G** Domestic P&C Insurance  
Business Owner  
Director  
**Keiji Nishizawa**

**H** Domestic Life Insurance  
Business Owner  
Director  
**Kaoru Takahashi**

**I** Outside Director  
**Sawako Nohara**

**J** Outside Director  
**Isao Endo**

**K** Outside Director  
**Tamami Murata**

**L** Outside Director  
**Scott Trevor Davis**

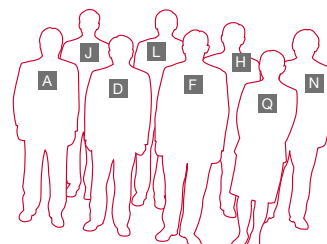
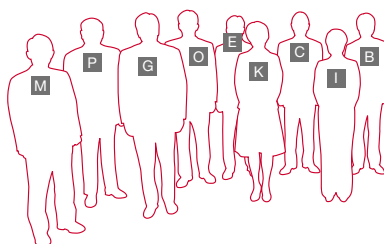
**M** Audit & Supervisory  
Board Member (Full-Time)  
**Toshiyuki Takata**

**N** Audit & Supervisory  
Board Member (Full-Time)  
**Masaki Hanawa**

**O** Outside Audit & Supervisory  
Board Member  
**Naoki Yanagida**

**P** Outside Audit & Supervisory  
Board Member  
**Hideyo Uchiyama**

**Q** Outside Audit & Supervisory  
Board Member  
**Atsuko Muraki**



# Pursuing a Sustainable Society

To build a “theme park for the security, health, and wellbeing of customers” and continuously enhance corporate value, the Group has positioned ESG (environment, social, and governance) initiatives as an important management issue, and based on the Group CSR Vision, we are promoting efforts aimed at realizing a sustainable society and Group growth by providing solutions to social issues.

The Sustainable Development Goals (SDGs), which were unanimously adopted by all members at the United Nations Summit in September 2015, stress the important role of business. Considering this, the Group is promoting various initiatives toward achieving the SDGs.

## Group CSR Vision

We, the Sampo Holdings 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

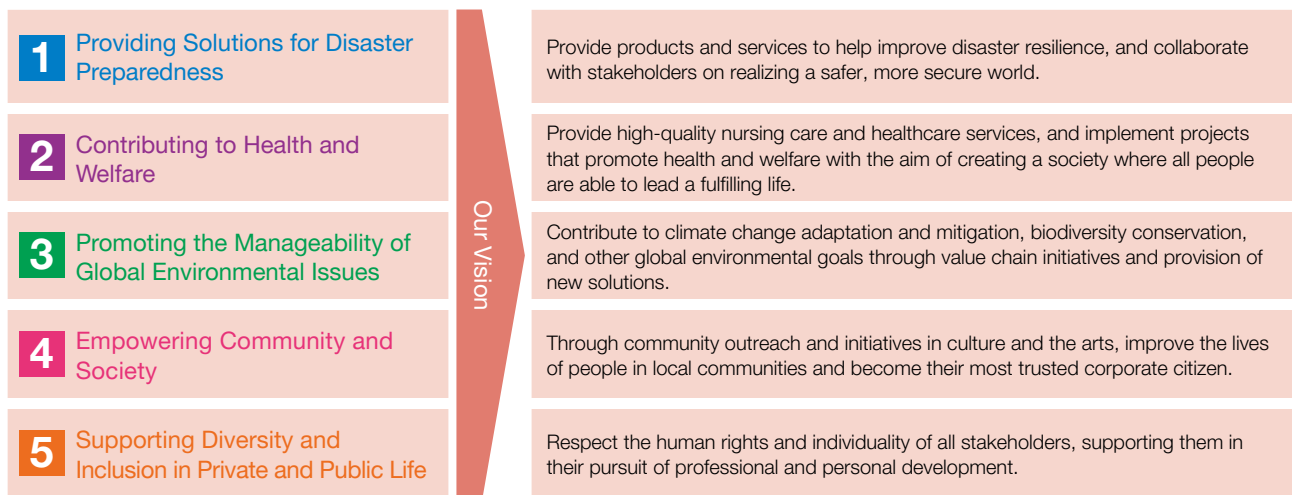
Based upon our Group CSR Vision, following Three Key Strengths are of critical importance for us.

### Our Key Strengths

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

Sampo 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.

### Five Material Issues



## External Recognition of Our ESG Efforts

From early on, we have been actively involved in ESG, and our initiatives have been recognized by various organizations globally. The following outlines our major recent recognitions and awards.

### Dow Jones Sustainability Indices (DJSI World, Asia Pacific)

A leading global SRI index of companies that are leaders in sustainability, as assessed from their approach toward environment, social, and governance (ESG) issues. This is the seventh consecutive year for Sampo Holdings to be included in the index and the 17th consecutive year for Sampo Japan Nipponkoa Insurance (previously Sampo Japan).



Included for  
**17**  
consecutive years

### Corporate Sustainability Assessment by RobecoSAM

We were awarded the RobecoSAM Bronze Class Award in 2017, selected from among the companies that are included in the DJSI survey. We have been selected for this award for the seventh consecutive year, and Sampo Japan Nipponkoa Insurance for the 10th consecutive year.



Received the prize for  
**10**  
consecutive years

### CDP (Climate Change) Survey

We were selected for the 2016 Climate A List in a survey on climate change by the international CDP project, under which the world's major institutional investors call upon businesses to adopt climate strategies and disclose their GHG emissions. Sampo Holdings was among the highest ranked financial institutions in Japan and the world.



Selected to be on the  
**A List**

### Received the Prime Minister's Award to Commend Leading Companies Where Empowering Women

(Sampo Japan Nipponkoa Insurance)

Sampo Japan Nipponkoa Insurance has worked to increase the ratio of female employees in managerial positions, reform work styles for all employees, and promote the contribution of women through local partnerships. These three initiatives were highly regarded, and in 2016 it received the Japan Prime Minister's Award to Commend Leading Companies Empowering Women.



The Prime  
Minister's  
Award

### The 20th Environmental Communication Awards: Received the Grand Award of Global Warming Countermeasures Report (Environment Minister's Award)

Our *CSR Communication Report 2016*, which discloses detailed ESG information, received the Grand Award of Global Warming Countermeasures Report (Environment Minister's Award) in the Environmental Report section at the 20th Environmental Communication Awards (hosted by the Ministry of the Environment, Japan and the Global Environmental Forum).



The  
Environment  
Minister's  
Award

\* For details on our inclusion in SRI (Socially responsible investing) indexes, please see page 29.



Initiatives to Achieve the Sustainable Development Goals

In September 2015, at the United Nations Summit held in New York, all 193 member states unanimously adopted the Sustainable Development Goals (SDGs), which comprise 17 goals and 169 targets. 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.



To reflect recent international and business developments that include the SDGs, in 2016 we redefined the Group’s CSR Material Issues (for details on the material issues, see page 24). In addition, the new material issues are guiding efforts using plan-do-check-act (PDCA) processes to further increase performance in accordance with a new set of CSR key performance indicators (CSR-KPIs).

Examples of Contributions to Achieving the SDGs

The Group is implementing various initiatives toward achieving the SDGs.

Five Material Issues	Main Contributions to the SDGs	Key Examples of Our Initiatives
① Providing Solutions for Disaster Preparedness		Offering Smiling Road (safe driving support system for companies) and mobile phone app Portable Smiling Road (safe driving support system to individuals) (for details, see page 34), providing a volcanic eruption derivative product and developing a method for estimating the probability of a future eruption, etc.
② Contributing to Health and Welfare		Nursing Care & Healthcare business (see page 42), health service brand Linkx (see page 39, page 40), etc.
③ Promoting the Manageability of Global Environmental Issues		Weather Index Insurance in Southeast Asia (see page 52), participation in the Pacific Catastrophe Risk Insurance Pilot Program, etc.
④ Empowering Communities and Society		Sompo Holdings Volunteer Days held in partnerships with civil society organizations providing support following large-scale disasters, etc.
⑤ Supporting Diversity and Inclusion in Private and Public Life		Promoting diversity such as empowering women, developing a personnel and welfare system for LGBT employees (for information on our HR strategy, see page 68), etc.

## Stakeholder Engagement toward Achieving the SDGs

The 17th SDG is to “strengthen the means of implementation and revitalize the global partnership for sustainable development,” and is key for promoting every initiative.



Various important stakeholders have a large influence on the business activities of the Group. We recognize stakeholder engagement as an important initiative for understanding social issues, building relationships based on trust and collaboration, and yielding greater results. To address our material issues, one of our key strengths is “Promoting the development of advanced skills by fostering partnerships with stakeholders representative of broad sectors of civil society.”



Dialogue with local communities to develop the Weather Index Insurance product



Dialogue with the civil society organizations with whom we collaborate on SAVE JAPAN Project (biodiversity conservation activities in Japan)



Dialogue with stakeholders (exchanged perspectives with 16 different groups of stakeholders) when redefining our CSR Material Issues

## Leadership through Declarations to Society and Participation in CSR Initiatives

We are promoting a variety of international and domestic initiatives with the aim of achieving the SDGs through partnerships. The Group actively participates in various initiatives, working to take a leading role to achieve the SDGs.



United Nations Global Compact (UNGC)



Women's Empowerment Principles (WEPs)



Business Call to Action (BCTA), led by the United Nations Development Programme (UNDP)



United Nations Environment Programme Finance Initiative (UNEP FI)



Principles for Responsible Investment (PRI)



Principles for Sustainable Insurance (PSI)



Caring for Climate



World Business Council for Sustainable Development (WBCSD)

### The Group's initiatives were included in a collection of case studies related to the SDGs



SDG Industry Matrix, Financial Services (UNGC, KPMG)



SDGs and Business in Practice: Early Actions by Japanese Private Companies (Global Compact Network Japan and Institute for Global Environmental Strategies)

For more details on our ESG initiatives, please visit our CSR website.  
<http://www.sompo-hd.com/en/csr/>