

Value Creation Process

The Sampo 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.

Realization of “Theme Park for the Security, Health,

Focus Social Issues

Aging society and decreasing population

Extension of healthy life spans

Evolving technologies and diversifying lifestyles

Increasing natural disasters due to climate change and other factors

Domestic P&C insurance business
▶ Page 44

Nursing care & healthcare business
▶ Page 54

Fiscal 2017 Performance

Fiscal 2018 Forecasts

Adjusted consolidated profit **¥162.7 billion**
Adjusted consolidated ROE **6.4%**

Adjusted consolidated profit **¥220.0 billion**
Adjusted consolidated ROE **8.3%**

Utilization of Capital

Strengths Forming Management Foundation

Human Capital

Utilization of human resources through global platform

Group employees*1
Approx. 80,000

Intellectual Capital

Proactive adoption of digital technologies

Incorporation of external insight through open innovation

Financial Capital

Robust financial base

Adjusted consolidated net assets*2
¥2,553.9 billion

▶ See page 68 for our human resource strategy.

▶ See page 70 for our digital strategy.

▶ See page 18 for a message from the Group CFO.

*1 The number of Group employees is as of March 31, 2018.

*2 The figure for adjusted consolidated net assets is the average of the amounts on April 1, 2017, and March 31, 2018.

and Wellbeing of Customers”

Domestic life insurance business

▶ Page 50

Overseas insurance business

▶ Page 58

Vision for Fiscal 2020 and Beyond

Global Top 10 Level

Adjusted consolidated profit ¥ **300.0** billion level
 Adjusted consolidated ROE over **10.0%**

Supply products and services that reflect a variety of evolving risks

Provide high-quality nursing care and healthcare services

Leverage leading-edge digital technologies to create a new experience of security, health, and wellbeing for customers

Deliver products and services that help address climate change and other environmental problems

Realization of a Sustainable Society

Creation of a society offering security, health, and wellbeing

Realization of more comfortable lifestyles



Relationships with Stakeholders



Social and Relationship Capital

- Customer base
- Agency networks
- Strategic partners

My Commitment

We will contribute to the security, health, and wellbeing of customers by providing insurance and related services of the highest quality possible.

During its 130-year history, the Sampo Holdings Group has grown in step with the lives of its customers and the business activities of companies. We have continuously contributed to society by providing security through insurance not only in relation to accidents but also on a day-to-day basis.

However, an array of social issues are emerging and increasing in complexity in the current era of volatility, uncertainty, complexity, and ambiguity (VUCA). Moreover, global society faces common, challenging issues, which the United Nations has recognized by setting the Sustainable Development Goals (SDGs).^{*} In response, the Group's role must evolve. I believe that our mission is to help achieve a sustainable society by going beyond the boundaries of the insurance business to create new value. In other words, we must "contribute to the security, health, and wellbeing of customers by providing insurance and related services of the highest quality possible."

To realize this mission, the Mid-Term Management Plan calls on the Group to transform into a unique, progressive "theme park for the security, health, and wellbeing of customers." Based on this vision, we are tackling initiatives with conviction.

^{*} Goals for 2030 adopted at the United Nations Sustainable Development Summit in 2015



Kengo Sakurada

Kengo Sakurada
President & Group CEO
Sompo Holdings, Inc.

The Group's Operating Environment

A variety of social issues are emerging and increasing in complexity. These include the ever-increasing threat of natural disasters precipitated by climate change all over the world, such as the heavy downpours that occurred across a wide swath of western Japan this year; geopolitical risks stemming from instability; human rights; growing disparity among regions; and the evolution of digital technologies. Japan, our home market, is facing population decline and the rapid aging of its society. Meanwhile, global society is seeing a widening of the scope of its shared challenges, such as the SDGs that the United Nations adopted. The annual meeting of the World

Economic Forum, often called the Davos Forum, which I attend every year, discusses solutions to such issues. This year's discussion was themed on "Creating a Shared Future in a Fractured World." Addressing these issues through individual bodies is no longer meaningful. Governments, business, and civil society must address issues collectively by transcending existing boundaries and engaging through impactful partnerships.

In this environment, significant threats to the Group include not only population decline and climate change but also disruption of existing markets caused by digital

A Message from the Group CEO

transformation. For example, in the P&C insurance business demand for automobile insurance could decrease with the spread of self-driving cars. Also, forays into the insurance

industry by ICT-based companies could disrupt it dramatically. Thus, society is in an era of VUCA, and I believe that the Group's operating environment will change significantly.

The Group's Vision

To win out in such an era, the Sampo Holdings Group is going to move beyond the confines of its mainstay insurance business and transform into a unique, progressive "theme park for the security, health, and wellbeing of customers" by providing services of the highest quality possible.

Stakeholders sometimes ask about the concept behind the vision referred to by a "theme park for the security, health,

and wellbeing of customers." I would like to take this opportunity to explain our concept. Basically, the Group's mainstay insurance business allows customers to prepare for emergencies. Through the "theme park," however, our goal is not only to mitigate the effects of accidents or illnesses but also to help customers sustain their present happiness and, if possible, to make them even happier. In other words, we are going to



maintain or make a positive contribution to customers' quality of life. Theme parks are places for having fun, being happy, and directly experiencing such things as rides and snacks. In a similar way, we want to give customers a tangible sense of security, health, and wellbeing through the products and services. For example, requiring nursing care is never a welcome

development for a person or his or her family. However, we want to help ensure that, if nursing care is required, customers know that there are reliable places to which they can entrust the care of their loved ones and where these family members can live happily. This is the sense in which we use the phrase "theme park."

Transformation into a "Theme Park for the Security, Health, and Wellbeing of Customers"

Transformation and Ecosystems

What does transformation mean for the Sampo Holdings Group? It does not simply mean increasing scale, becoming robust, or revamping the organization. Transformation entails achieving qualitative evolution. Accordingly, we revolutionize our businesses by creating business models that depart from the past completely. While optimizing digital technologies, capital, and other management resources, the Group will reform its entire business portfolio. Rather than just focusing on collaborations among existing frameworks or Group companies, we are going to build new ecosystems that link us to external partners with outstanding expertise and potential. By influencing each other and heightening our capabilities as a whole, we are going to turn into a "theme park for the security, health, and wellbeing of customers." This is the Group's qualitative evolution, or transformation.

Indispensable Elements for Transformation: Digital Technology × Personnel

We need two elements to realize transformation—digital technology and personnel. To convert the impending digital transformation and disruption into an opportunity, we have to grasp trends in the world of digital technology more quickly and take actions beyond existing frameworks and business models. With this in mind, we have established SOMPO Digital Lab in Tokyo and Silicon Valley, the United States. We have also established a lab in Israel, which is in the vanguard of technology development. SOMPO Digital Lab is advancing a range of

leading-edge initiatives, such as developing digital technology applications for existing businesses and entering the cybersecurity field.

While extremely important, being well informed about the latest technologies is in itself not enough to bring about transformation. In the digital era, personnel are one of the most significant factors and the ultimate differentiating factor. No matter how far AI or robotics progress, they will never be able to empathize or make decisions about complex, unresolvable problems while taking into account broad perspectives. To put it another way, I believe that the roles of personnel will become even more important in the digital era. Emotional intelligence will be the main attribute, and personnel with well-developed emotional intelligence will be the key drivers of the digital era. Therefore, we have been fostering many emotionally intelligent personnel while diversifying our workforce by developing or hiring personnel with professional competence or rare talents. These exceptional personnel will drive our transformation.

I believe that our initiatives in this regard will create new value, enable us to see social issues as opportunities, enhance long-term corporate value, and help realize a resilient, inclusive, and sustainable society.

Progress under the Mid-Term Management Plan

Through the five-year Mid-Term Management Plan that began in fiscal 2016, the Sompo Holdings Group has been transforming toward realization of vision that I have been outlining.

The current fiscal year is the plan's third fiscal year. We will further evolve the foundations that we have built, achieve benefits steadily, and accelerate initiatives to realize a "theme park for the security, health, and wellbeing of customers." Also, by an early stage of the period from fiscal 2020 onward, we are aiming for a business scale and capital efficiency on a par with the level of the top 10 global publicly listed insurance companies. Specifically, we are targeting adjusted consolidated profit of over ¥300.0 billion and adjusted consolidated ROE of over 10.0%. To these ends, with stable earnings generation and a robust capital base as foundations, we are going to establish a continuous growth cycle by increasing the profitability of existing businesses and realizing investment opportunities through the transformation of and collaboration among businesses.

In fiscal 2017, adjusted consolidated profit declined ¥20.5 billion year on year, to ¥162.7 billion, reflecting the effects of natural disasters, such as the hurricanes in North America, and large-scale accidents in Japan and overseas. In fiscal 2018, however, we expect adjusted consolidated profit to reach a record ¥220.0 billion* thanks to higher earnings from businesses.

Regarding returns to shareholders, in fiscal 2017 we increased dividends per share by ¥20 year on year and implemented total share buybacks of ¥39.1 billion, thereby realizing our medium-to-long-term target of a total payout ratio of 50% for the fourth consecutive year. Moreover, in line with earnings, we expect to increase dividends for the fifth straight year in fiscal 2018.

During the two fiscal years since launching the Mid-Term Management Plan, the initiatives of each business have made solid progress. We are going to continue to steadily implement strategies aimed at realizing a "theme park for the security, health, and wellbeing of customers."

The Domestic P&C Insurance Business

We aim to sustain growth by revising business processes developed over many years and reforming a corporate culture that has a 130-year history. We are innovating to grow existing businesses and create new value. As well as using AI, robotic process automation (RPA), and other digital technologies to increase productivity, we are partnering with progressive companies outside the insurance industry to develop mold-breaking products and services.

The Domestic Life Insurance Business

By rolling out "Insurhealth," which integrates traditional insurance services and health care, we are offering new value and transforming into a health support enterprise that aids people in leading healthy lives. More specifically, we established the health service brand Linkx (pronounced "link cross"). Under this brand, we have launched a new type of income compensation product. This product reduces the premiums of customers whose health improves and provides them with a reimbursement of the difference between the former and reduced premiums dating back to the time of policy enrollment. Through such products and services, we offer new value in the form of health maintenance and promotion.

The Nursing Care & Healthcare Business

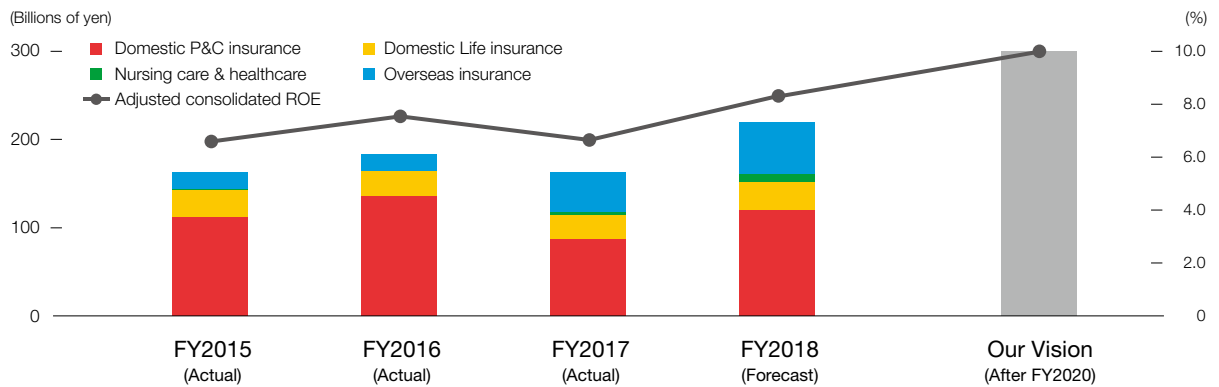
Thanks to a steady rise in the occupancy rate of nursing homes, this business achieved its goal of moving into the black in fiscal 2017. Also, we are simultaneously improving service quality and reducing costs through the merger of two of our Group companies,* which we implemented in July 2018. In addition, anticipating the rapid aging of society, we are taking measures to extend healthy life expectancy. As part of these efforts, we have established the basis for industry-academia-government partnerships tasked with reducing and preventing dementia. Thus, our focus is not just on growing the Group but also on addressing social issues and helping make "Japan, an affluent country that can boast to the world about the long and quality lives of its people."

* Sompo Care Inc. and Sompo Care Next Inc. merged, and Sompo Care Inc. is the surviving company.



The Overseas Insurance Business

In developed countries, we have completed a reorganization centered on Sompo International, acquired in March 2017, and this effort has already borne fruit. For example, our underwriting has become more sophisticated. Also, we have established AgriSompo, which is rolling out crop insurance globally. Further, we intend to build a platform that encompasses insurance businesses in the retail fields of emerging markets. We are building the world's first truly integrated global insurance platform.



Adjusted consolidated profit*1	¥164.3 billion	¥183.2 billion	¥162.7 billion	¥220.0 billion*2	Toward global top 10 (¥300.0 billion level)
Adjusted consolidated ROE*1	6.9%	7.6%	6.4%	8.3%*2	Over 10.0%

*1 For details about the definitions of adjusted consolidated profit and adjusted consolidated ROE, please see page 35.

*2 The Group's numerical targets for fiscal 2018 under the Mid-Term Management Plan announced in November 2016 were adjusted consolidated profit of between ¥220.0 billion and ¥230.0 billion and adjusted consolidated ROE of over 8.0%.

In Conclusion

Based on communication and partnerships with all stakeholders as well as an unshakable commitment to the vision of a "theme park for the security, health, and wellbeing of customers," the Group is going to unite and move forward to achieve transformation.

As we take on this challenge, we would like to ask all of our stakeholders for their continued support.

Interviews with Outside Directors

Enrich the Organization by Including Personnel with Diverse Expertise and Backgrounds

Sawako Nohara

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



Traditionally, the Sompo Holdings Group centered on the domestic P&C insurance business. Currently, however, as well as developing the domestic P&C insurance business, the Group is transforming into a global entity that offers a varied menu of services. In other words, the Group is implementing strategies to realize a “theme park for the security, health, and wellbeing of customers.” These efforts accord with the Group Vision, which states that “Our goal is to always be the best customer service provider both at home and abroad.”

In transforming, the Group must make effective use of the growth platform of the overseas insurance business so that it contributes to the Group as a whole. I believe that another important task is to use the overseas insurance business and digital strategies as foundations to foster an innovative corporate culture that includes personnel with diverse expertise and backgrounds, pursues outside collaborations and M&As proactively, and responds to change flexibly.

As for corporate governance, the progressiveness of the Group’s measures merits praise. For example, at meetings of the

Board of Directors internal and external executives have lively exchanges of opinions. Based on these discussions, the Group makes prompt decisions and implements reforms. Also, four of the five members of the Nomination and Compensation Committee are outside directors. With respect to directors and executive officers, the committee determines the appointment policy and the individuals put forward as candidates as well as deliberating and submitting recommendations to the Board of Directors in relation to evaluation methods, the compensation structure, and compensation itself. The committee has changed the Group’s compensation structure for directors and executive officers from a structure based on position to one based on the progress of each individual in performing their duties. By periodically deliberating the progress of the Group’s CEO in performing his duties, the committee evaluates his individual performance.

As an outside director, while focusing on the aforementioned points, I want to continue supporting and supervising the progress of transformation.

Realize Unprecedented Transformation by Further Evolving Gemba-Power

Isao Endo

Chairman of Roland Berger Ltd.



Sompo Holdings is right in the middle of unprecedented efforts to realize a “theme park for the security, health, and wellbeing of customers.” The Company is daring to depart from past successes and received ideas to adopt fresh perspectives and ideas in the pursuit of transformation.

At a pace rarely seen in a company of its magnitude, the Company is tackling numerous reforms and challenges. This rapidity and a “body clock” that is synchronized to an era of volatility, uncertainty, complexity, and ambiguity (VUCA) are surely testaments to the new competitive strength that Sompo Holdings is acquiring.

Nonetheless, the transformation has just begun. In establishing a new business model, the Company will no doubt face many difficulties and trials.

However, precisely such difficulties and trials will strengthen employees, thereby fostering future leaders of Sompo Holdings. The greatest product of transformation will be personnel who open

the way to the future by focusing on the logic of customers, markets, and competitiveness rather than inward-looking logic.

In creating its future, the Company faces a myriad of management tasks, such as taking on new business domains and building an entirely novel platform, not to mention further evolving *Gemba-Power** to accomplish the first two tasks. As it proceeds, the management team must not lose sight of the big picture or attempt to please everybody.

I look forward to each employee actively participating in the transformation as the Company unites to create a “theme park.”

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

Exchange Information with Customers Directly

Tamami Murata

Attorney at Law



In the mature business fields of domestic P&C insurance and domestic life insurance, the Sompo Holdings Group is adding new value by offering insurance products with attached services that help customers drive safely or become healthier. Also, the Group is transforming other businesses at quite a high tempo and creating new social value. For example, in the nursing care & healthcare business the Group is developing industry-academia-government partnerships to advance initiatives focused on preventing dementia and living with the condition. Meanwhile, the overseas insurance business is constructing a new platform. As we approach the halfway point of the Mid-Term Management Plan, I hope to see the benefits of synergies among businesses and the marketing of new products and services.

Given its current situation, Sompo Holdings should keep in mind two themes.

First, without losing momentum, the Company should modulate governance of Group companies. It should promptly and appropriately decide which companies need priority support and monitoring and how far to delegate matters to operating companies.

Second, the Company needs to focus on whether information about its new value creation and services is reaching customers. In my view, information has reached customers when it has received a reply of “yes” or “no” from them. When a customer replies in the affirmative, this shows that a product or service will create new value. Going forward, I would like the Company to make even greater use of applications and e-mails and achieve direct exchanges of information with customers so that the SOMPO brand is their first choice in all matters pertaining to security, health, and wellbeing.

Heighten All Employees' Involvement in Strategies

Scott Trevor Davis

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



Sompo Holdings has made considerable progress in the achievement of its goals over the past year. Many corporations in Japan's insurance industry have been actively engaged in the implementation of plans to adapt their businesses to market changes. By contrast, Sompo Holdings has invested the past 12 months implementing a range of policies designed to transform its organization, business operations, and the geographical distribution of its assets in order to put itself ahead of these changes. The results of this transformation strategy are evident in several areas.

Organizationally, Sompo Holding's strong executive team has effectively utilized the newly introduced matrix of CxO and Business Owner roles to implement a decision-making process that combines rigorous debate with a strong sense of strategic direction and action. This process of mission-driven management has been further reinforced by the introduction of a value-driven system of executive remuneration that enhances the corporation's ability to attract, retain, and motivate talented personnel in critical areas.

The application of digital technology combined with collaboration among business units in different regions and industries has been further accelerated during the past year and has yielded a number of highly promising initiatives with the potential to enhance Sompo Holding's capacity to promote innovation within both

existing and new businesses. This ability to promote innovative new business models while concurrently enhancing its existing business activities has become a defining characteristic of Sompo Holdings and an indication of the quality of its management.

Sompo Holding's achievements at the global level have been remarkable. In marked contrast to the prevailing practices of most Japanese firms, Sompo Holdings has used its recent successful completion of a major international acquisition as an opportunity to consolidate its entire existing portfolio of global operations and coordinate its overseas business interests under the leadership of a new global management platform that augments Sompo's existing core of highly experienced international executives with a new group of executive personnel whose entrepreneurial spirit and expertise open up a wide range of new strategic possibilities for further growth.

During the past year, Sompo Holdings has effectively implemented a range of innovations to achieve its goal of strategic transformation. Progress over the next few years will hinge upon the Company's ability to maintain this momentum by creating synergies between its domestic and global businesses, promote strategic engagement among all its personnel, and further develop its narrative of wellbeing into innovative and attractive services for the Japanese market.

Corporate Governance

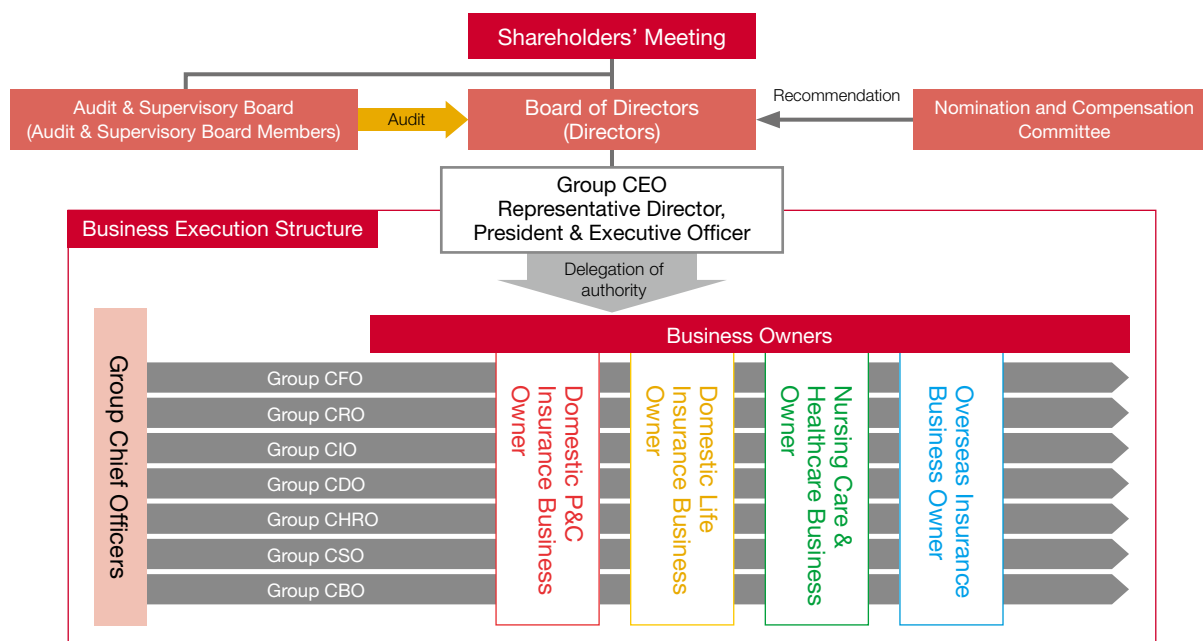
The Group considers continuously improving the transparency and fairness of its corporate governance and fulfilling its corporate social responsibility as essential to maintaining strong relations of trust with stakeholders.

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.

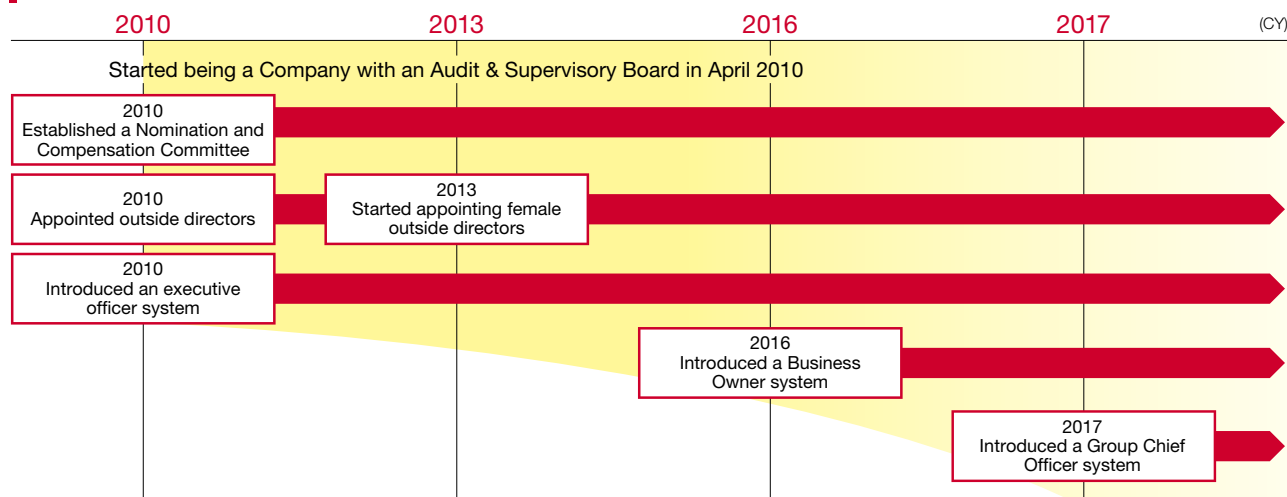
As a Company with an Audit & Supervisory Board, to improve corporate value, we maintain and promote effective oversight and auditing functions using a system of corporate governance comprising the Board of Directors, which makes important management decisions and oversees business execution, and Audit & Supervisory Board members and an Audit & Supervisory Board that are independent of 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.

Corporate Governance Structure



Main Corporate Governance Reforms



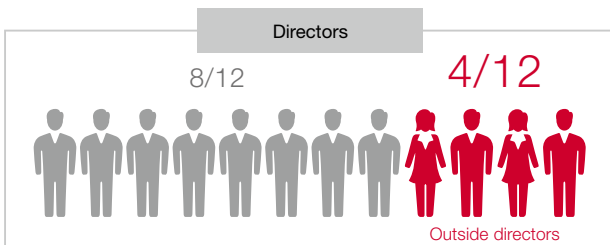
Features of Our Corporate Governance

1 Robust Corporate Governance

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

- **Multiple outside directors contributing to a diverse Board of Directors**

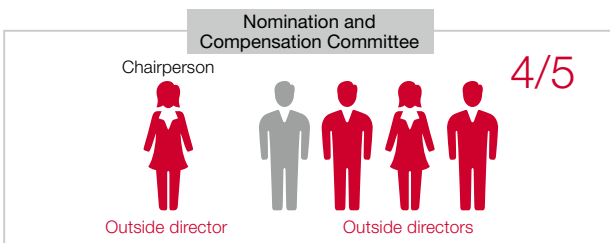
One-third of directors, or four out of 12 directors, are outside directors. The outside directors have diverse backgrounds: two are managers, one is a legal expert, and one is a professor (two are women and one is non-Japanese).



- **Establishment of a Nomination and Compensation Committee**

The Nomination and Compensation Committee has been established as an advisory body to the Board of Directors intended to improve transparency and fairness regarding director and executive officer nomination and compensation.

The Nomination and Compensation Committee comprises five members (four outside directors and one internal director [the Group CEO]) and is chaired by an outside director. This committee is responsible for evaluating directors and executive officers and discussing compensation schemes for directors and executive officers as well as individual compensation amounts and reporting to the Board of Directors on these matters. The results of evaluations by the committee are reflected in yearly decisions regarding the reappointment of each officer. When evaluating the Group CEO, discussions are held among only the outside directors on the committee, and the results of these evaluations

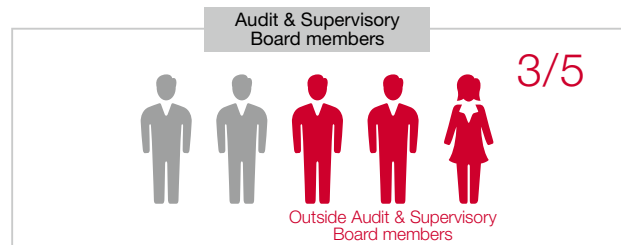


- **Evaluation of the effectiveness of the Board of Directors**

In order to enable the Board of Directors to fully exercise its supervisory function as well as its function for encouraging appropriate risk-taking by executive management, the Company convenes integrated Board of Directors and preliminary briefing session meetings to promote open and unrestricted discussions. In addition, the Company employs means such as discussions on the roles of the holding company in Group management, exchanges of opinions between only the Group CEO and outside directors, self-assessments and overall reviews by Group Chief Officers, exchanges of opinions between representative directors and

- **Oversight and auditing functions through Audit & Supervisory Board members and an Audit & Supervisory Board**

A majority of Audit & Supervisory Board members, specifically, 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.

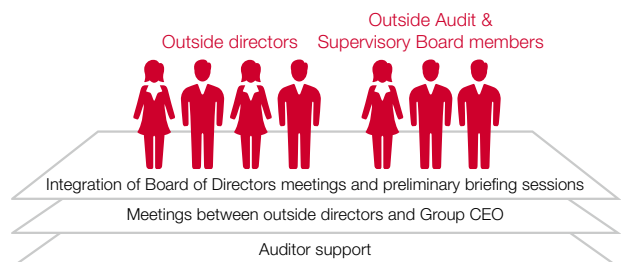


are reported to the Board of Directors in order to ensure the objectivity, timeliness, and transparency of the process regarding the reappointment of the Group CEO.

Note: Please refer to page 87 for details regarding the executive compensation scheme.

- **System to support proactive engagement of outside directors and outside Audit & Supervisory Board members**

Board of Directors meetings and preliminary briefing sessions are conducted in an integrated manner to facilitate extensive and constructive discussions as well as effective proceedings at meetings of the Board of Directors. In addition, meetings between outside directors and the Group CEO are held to allow for free exchanges of opinions among outside directors and between these directors and the highest authority for executive management.



Audit & Supervisory Board members, and director surveys to provide opportunities to assess and identify issues regarding the effectiveness of the Board of Directors from a wide range of perspectives. By implementing the necessary improvements based on these efforts, the Company builds a governance structure to improve transparent and objective decision-making processes and supervisory functions.

In fiscal 2017, the Board of Directors made timely and appropriate decisions on Group frameworks and growth strategies such as building a robust growth foundation for the overseas insurance business and

Corporate Governance

utilizing digital technologies to realize innovation. In this process, discussions were held at various junctures on the roles that the Company should play to facilitate the Group's sustained growth and further increase corporate value—such as deciding on the Company's involvement in the management of operating companies based on the stages and environments of each operating company and allocating the necessary resources and supporting transformation of business models. The results of such discussions are being reflected in efforts to narrow down the items to be discussed by the Board of Directors, review roles

and functions within the Group, and formulate business plans, among other activities.

The Company considers this dynamic plan-do-check-act (PDCA) cycle to be functioning effectively, and going forward, the Company believes that continuing discussions from a broad range of perspectives and points of view and utilizing the results as feedback for the Group as a whole will allow for more advanced governance and enable us to respond to the expectations of all of our stakeholders.

2 Flexible and Responsive Execution of Operations

To facilitate responses to rapid changes in the environment, we are implementing a Business Owner system and a Group Chief Officer (CxO) system under the overall supervision of the Group CEO.

• Matrix-style management system formed by Business Owner and Group CxO Systems

In the current era of volatility, uncertainty, complexity, and ambiguity (VUCA), a flexible and responsive management system is of utmost importance.

To achieve such a management system, the Sompo Holdings Group is developing a matrix-style management system comprising vertical and horizontal axes under the overall supervision of the Group CEO. On the vertical axis, Business Owners, who are heads of business

segments, are delegated substantial authority to allow them to perform swift decision making and business execution. On the horizontal axis, Group Chief Officers, who are the highest authority in their respective functional areas, oversee their area of responsibility on a Group-wide basis to ensure decision making that is best for the Group and exercise functions laterally across the Group.





Business Owner System

Business Owners are responsible for advancing plans for the entirety of their respective business segments while also helping build a “theme park for the security, health, and wellbeing of customers” in order to contribute to the realization of the Group Management Philosophy and implement the Group's management plans. Accordingly, Business Owners are endowed with significant authority, related to areas such as business strategy formulation, investment decision making, and human

resource assignment, as required to accomplish those objectives.

Since the introduction of the Business Owner system in April 2016, Business Owners have been leading their business segments in implementing dynamic growth strategies and in taking flexible and responsive action to address issues through swift decision making and business execution.

Note: Please refer to page 44 and beyond for details regarding businesses and initiatives.

			Principal Group Companies
	Keiji Nishizawa Domestic P&C Insurance Business Owner Director	Chief executive of the domestic P&C insurance business	Sompo Japan Nipponkoa SAISON AUTOMOBILE AND FIRE Sompo 24 Sompo Japan Nipponkoa DC Securities Sompo Risk Management & Health Care
	Yasuhiro Oba Domestic Life Insurance Business Owner Director	Chief executive of the domestic life insurance business	Sompo Japan Nipponkoa Himawari Life
	Mikio Okumura Nursing Care & Healthcare Business Owner Director, Managing Executive Officer	Chief executive of the nursing care & healthcare business	Sompo Care
	Junichi Tanaka Overseas Insurance Business Owner Director, Managing Executive Officer	Chief executive of the overseas insurance business	Overseas subsidiaries

Group CxO System



Under the Group CxO system, Group Chief Officers act as the highest authority for the Group in their respective functional areas. In this capacity, they exercise their functions in acting in the Group's best interests laterally across the Group based on the Group's strategies and on their roles, functions, and responsibilities.

The Group CxO system was introduced in April 2017 to serve as a framework designed to promote strong, mission-driven leadership. The roles and functions as well as the skills and experience required of each Group Chief Officer are defined in the Group's function portfolio.

The roles and functions of the currently appointed Group Chief

Officers are described in the table below. In April 2018, we newly appointed a Group CSO and a Group CBO while also integrating oversight functions through means such as consolidating the position of the Group CACO,* who was responsible for internal control and internal audits at the Group, into the position of Group CRO, who oversees the Group's risk management.

The roles and functions of Group Chief Officers as well as the number of officers and the fields for which officer positions exist are not set but will rather be flexibly revised as the operating environment of the Group or the management issues it faces change.

		Area of Responsibility	Roles and Functions
	Shinji Tsuji Group CFO Representative Director, Deputy President and Senior Managing Executive Officer	Chief executive of the Group's finances	<ul style="list-style-type: none"> Supporting the strategic decision making of the Group CEO and overseeing finance and accounting functions Facilitating the accomplishment of financial targets and contributing to the maximization of corporate value by heightening capital efficiency from the perspective of overall optimization
	Masato Fujikura Group CRO Director, Managing Executive Officer	Chief executive of the Group's risk management	<ul style="list-style-type: none"> Entrenching Enterprise Risk Management to contribute to higher corporate value Formulating basic Group policies for internal control and internal audits, establishing and maintaining management and reporting systems, performing monitoring, and providing support to develop effective and efficient internal control systems and thereby ensure appropriate operations
	Masahiro Hamada Group CSO Director, Managing Executive Officer	Chief executive of the Group's strategies	<ul style="list-style-type: none"> Overseeing the formulation and execution of strategies for the areas of corporate planning and legal affairs and supporting the strategic decision making of the Group CEO with regard to said areas Formulating and implementing Group-wide strategies and contributing to the accomplishment of management targets by ensuring consistency in the establishment and implementation of strategies in each field and business
	Masahiro Hamada Group CIO Director, Managing Executive Officer	Chief executive of the Group's IT	<ul style="list-style-type: none"> Establishing and promoting Group-wide IT strategies Facilitating management reforms by controlling system costs and system risks and developing systems tailored to the management objectives of each business Promoting digitalization to improve the competitiveness of each business
	Koichi Narasaki Group CDO Managing Executive Officer	Chief executive of the Group's digital strategies	<ul style="list-style-type: none"> Overseeing Group-wide digital strategies Contributing to earnings through digital strategies and advancing the Group's digital transformation
	Satoshi Kasai Group CHRO Managing Executive Officer	Chief executive of the Group's human resources	<ul style="list-style-type: none"> Maximizing the Group's human capital by establishing and implementing Group human resource visions and strategies, managing Group-wide human resource functions, and overseeing the employee development initiatives of human resource divisions in order to support the realization of Group-wide visions and strategies Realizing effective governance of human resources and compensation through involvement in the appointment of Group officers and in officer compensation
	Kiyoshi Aoki Group CBO Executive Officer	Chief executive of the Group's brand	<ul style="list-style-type: none"> Developing a definition of the SOMPO brand that is consistent across domestic and overseas Group companies to serve as a set of principles for realizing the Group's management vision and communicating this definition to customers and society Entrenching brand strategies throughout the Group to contribute to corporate culture reforms and quality improvements

* CACO is an initialism for chief audit and compliance officer



Directors and Audit & Supervisory Board Members

(As of July 2018)

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 Group CRO
Director,
Managing Executive Officer
Masato Fujikura

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

E Overseas Insurance
Business Owner
Director,
Managing Executive Officer
Junichi Tanaka

Note: Please refer to page 78 for details on management members.



F Group CSO and Group CIO
Director,
Managing Executive Officer
Masahiro Hamada

I Outside Director
Sawako Nohara

L Outside Director
Scott Trevor Davis

O Outside Audit & Supervisory
Board Member
Naoki Yanagida

G Domestic P&C Insurance
Business Owner
Director
Keiji Nishizawa

J Outside Director
Isao Endo

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

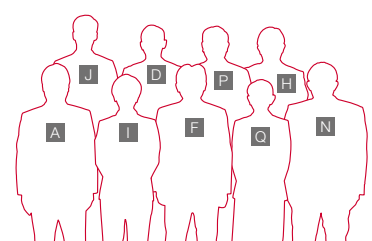
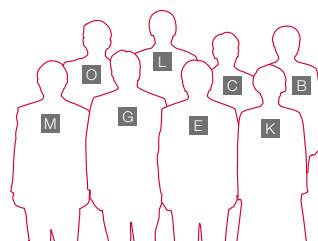
P Outside Audit & Supervisory
Board Member
Hideyo Uchiyama

H Domestic Life Insurance
Business Owner
Director
Yasuhiro Oba

K Outside Director
Tamami Murata

N Audit & Supervisory
Board Member (Full-Time)
Hidenori Hanada

Q Outside Audit & Supervisory
Board Member
Atsuko Muraki





Based on our Strategic Risk Management (ERM)* framework, we aim to provide attractive shareholder returns and maximize corporate value based on a balance between profit and capital.

* ERM: Enterprise Risk Management

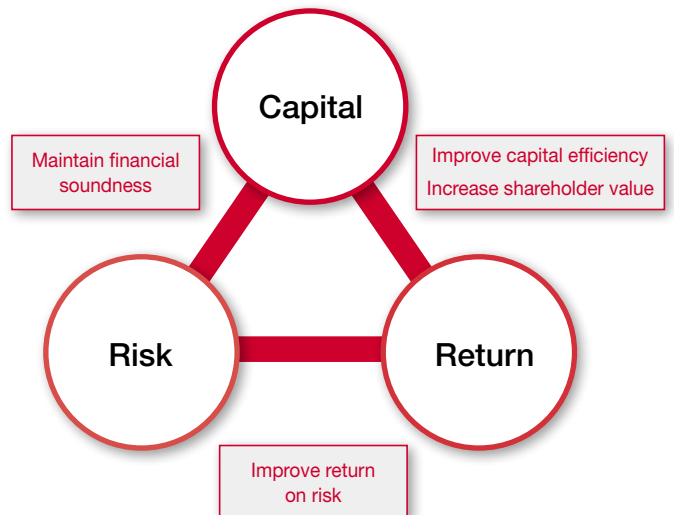
Shinji Tsuji
Group CFO
Representative Director,
Deputy President and
Senior Managing Executive Officer

Basic Capital Policy

The basic capital policy of the Sampo Holdings Group entails appropriately controlling the balance between profit, capital, and risk and maintaining robust financial soundness based on the Strategic Risk Management (ERM) framework. We thereby aim to achieve growth that will put our profit levels within the global top 10 insurers, which is our vision for the growth of the Group; steadily improve capital efficiency to realize adjusted consolidated ROE of 10.0% or more; and provide attractive shareholder returns (shareholder dividends and share buybacks) commensurate with our profit and capital levels.

Based on our basic capital policy, we apply management procedures for financial soundness based on the European Union's Solvency II and other international capital regulations and utilize return on risk (ROR) as an indicator for making management decisions in a wide range of fields, including performance evaluation and investment. We also strive to enhance capital quality on a continuous basis and to promote capital policy that facilitates the acquisition of returns in order to maximize corporate value.

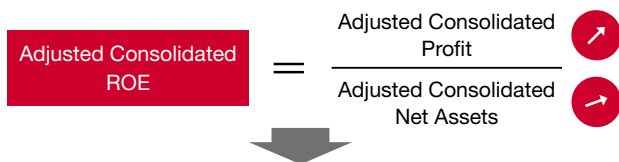
Capital Policy Based on the ERM Framework



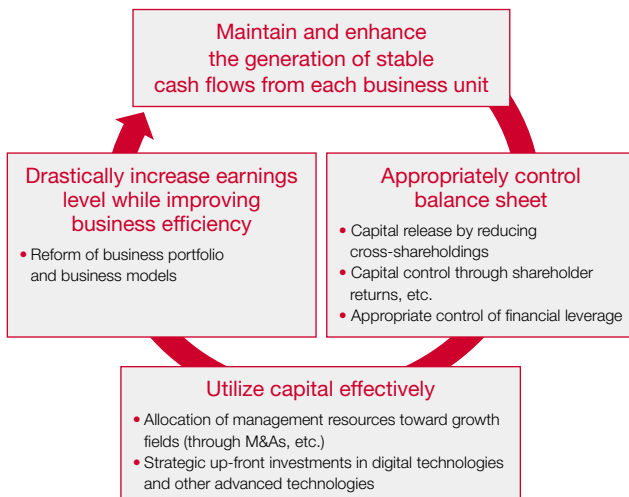
Improvement of Capital Efficiency

By implementing an operating cycle for improving capital efficiency (ROE) sustainably that was established on the basis of its Strategic Risk Management framework, the Group appropriately controls its balance sheet through such measures as continuing to reduce its cross-shareholdings, increasing shareholder returns, and managing financial leverage while enhancing its systems for generating stable cash flows in each of its businesses. On this basis, we will allocate management resources toward growth fields (through M&As, for example) and conduct forward-looking strategic investments in various fields with the potential to bring about new businesses and to revolutionize industry structures, such as digital technologies and advanced sciences and technologies. In addition, we will work to achieve drastic improvements in business efficiency and profit levels by transforming our business portfolio and business models. As a result, we intend to achieve sustainable growth in adjusted consolidated profit and adjusted consolidated ROE and reach our medium-to-long-term targets.

ROE Improvement Cycle



Cycle for Raising Adjusted Consolidated ROE to 10.0% or More



Policy on Cross-Shareholdings

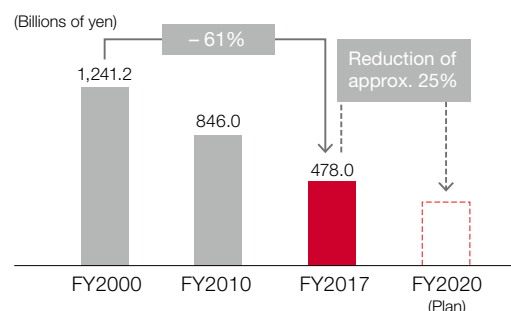
The Company's subsidiary Sampo Japan Nipponkoa Insurance Inc. engages in cross-shareholdings for the purposes of receiving investment returns in the form of dividend income and share price appreciation, enhancing relations with the insurance sales channels and business partners, and maintaining and strengthening insurance transactions with corporate clients.

The Board of Directors annually examines the rationale for continuing to maintain cross-shareholding accounts. These examinations consider the future use of the shares based on the cross-shareholding objectives, such as supporting insurance transactions and strengthening alliances, review the long-term outlooks for unrealized gains from value appreciation and the share value, and set quantitative risk and return assessment benchmarks for the associated insurance transactions and share values.

As part of the Group's capital policy, the Company implements a management policy of allocating a portion of the gains generated from the continuous selling of cross-shareholdings to growth business investments, such as overseas M&A activities, to support the maintenance of financial soundness and improve capital efficiency. These activities are conducted in accordance with the mid-term and annual retention and disposal plans for cross-shareholdings established by the Board of Directors.

Under the current Mid-Term Management Plan, we plan to reduce cross-shareholdings by around ¥100.0 billion per year. The amount of reduction in fiscal 2017 was ¥109.6 billion. We will continue to reduce the overall balance of cross-shareholdings going forward based on quantitative evaluations and extensive discussions with counterparties.

Balance of Cross-Shareholdings Based on Book Value



Shareholder Returns

Sompo Holdings' basic policy is to issue stable dividends based on evaluations of the Company's financial position and the outlook for the operating environment and with a view to increasing dividends in line with profit growth. We also consider flexible share buybacks as a potential option when deemed appropriate based on the Company's stock price and capital condition. Through this approach, we seek to provide attractive shareholder returns.

Based on growth in adjusted consolidated profit, we plan to proactively increase the total of shareholder returns (total dividend payments + total share buybacks). In the Mid-Term Management Plan, we set the medium-term target for the total payout ratio* at around 50% of adjusted consolidated profit.

As shareholder returns based on our performance in fiscal 2017, we have chosen to pay an annual dividend of ¥110 per share, consisting of an interim dividend and a year-end dividend of ¥55 each, which will represent a year-on-year increase of ¥20 per share. In addition, we conducted share buybacks totaling ¥39.0 billion for the purpose of shareholder returns. The total payout ratio was 50% of fiscal 2017's adjusted consolidated profit.

As for fiscal 2018, we intend to raise dividend payments for the fifth consecutive year with a ¥20 increase over the level from fiscal 2017, making for an annual dividend of ¥130 per share, comprising an interim dividend and a year-end dividend of ¥65 each.

Going forward, we will continue to use internal reserves and capital gains generated from sales of cross-shareholdings to conduct promising growth investments in pursuit of rapid business growth. By allocating the additional profit generated through such growth to the enhancement of shareholder returns, we will maximize shareholder value.

* The total payout ratio is an indicator of the weight of shareholder returns on the profit of each period and is calculated using the following formula.

Total payout ratio = (total dividend payments + total share buybacks for shareholder returns) / adjusted consolidated profit

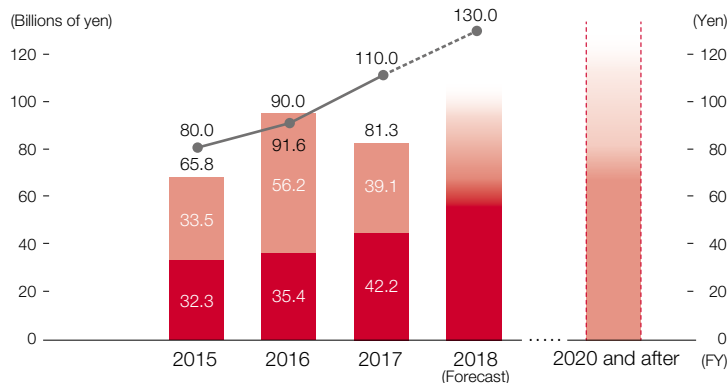
Please see page 35 for the method of calculating adjusted consolidated profit.

Maintenance of Financial Soundness

To maintain financial soundness, we manage capital based on the economic solvency ratio (ESR), determined by comparing economic value based on capital and risk.

Capital management is carried out by establishing a target capital level (ESR: around 180% to 250%) and a risk tolerance level as indicators of the amount of capital necessary for advancing Group strategies. When calculating ESR, we employ capital management methods based on the European Union's Solvency II and other international capital regulations in order to increase global comparability, taking into account the recent disclosure status of insurance companies in Japan and overseas. Financial soundness is maintained and managed in this manner.

Trend in Total of Shareholder Returns



(Reference)	2015	2016	2017	2018	2020 and after
Share price, end of fiscal year	¥3,188	¥4,079	¥4,282	—	—

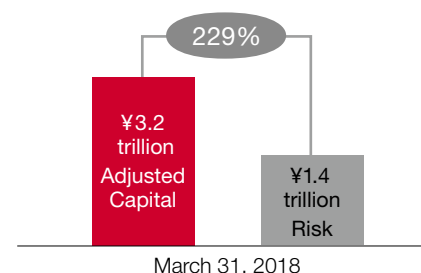
■ Dividends (left scale) ■ Total share buybacks (for shareholder returns) (left scale)
 ● Annual dividends per share (right scale)

Note: Adjusted profit of the domestic life insurance business was excluded under the previous Mid-Term Management Plan (which ended in fiscal 2015).

ESR (Economic Solvency Ratio)

Target Capital Level of around 180% to 250%

- 180%: Level leading to stable financial soundness based on results of stress tests
- 250%: Level set based on capital efficiency





With an ESR of 229% as of March 31, 2018, the level is within our target capital range, indicating that we are maintaining robust financial soundness.

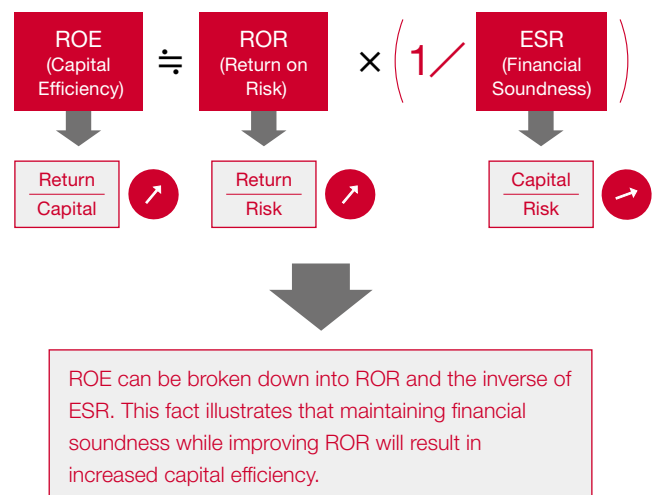
Improvement of Return on Risk

We use the return on risk indicator of ROR for making various management decisions in order to operate our businesses in a manner that ensures returns match or exceed the level of risks. By improving capital efficiency and maintaining financial soundness through increases in ROR, we seek to sustainably enhance 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 area of individual policies. This indicator is thus utilized when selecting stocks as part of reducing cross-shareholdings, formulating natural catastrophe risk reinsurance strategies, making investment decisions regarding M&A activities, setting insurance product underwriting strategies and premiums, and evaluating officer and employee performance.

Utilization of ROR (Breakdown of ROE)



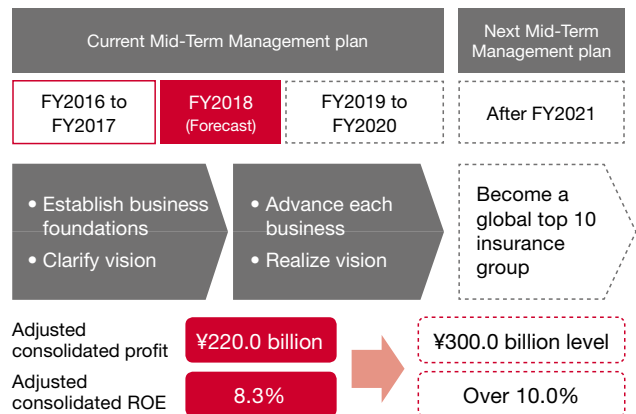


We are making steady progress on the Mid-Term Management Plan toward realizing a “theme park for the security, health, and wellbeing of customers.”

Masahiro Hamada
Group CSO
Director, Managing Executive Officer

Mid-Term Management Plan

The central focus of our current Mid-Term Management Plan, which commenced in fiscal 2016, is to transform into a group capable of sustaining growth into the future with an eye on the domestic market after the Tokyo 2020 Olympic and Paralympic Games amid rapid changes in the external environment. Our vision is to evolve into a “theme park for the security, health, and wellbeing of customers.” More specifically, we aim to thoroughly enhance the appeal of each business while leveraging digital technologies, seeking out new business opportunities, and effecting changes through collaboration between Group businesses and by building ecosystems with external partners. Our ultimate aim is to create new business models that are a clean break from the past.



Review of Fiscal 2016–Fiscal 2017

One of the Sampo Holdings Group’s strengths is the speed at which it takes on new challenges. In order to accelerate momentum in management, since the outset of the Mid-Term Management Plan, Sampo has pursued optimal Group governance by unleashing the centrifugal forces of each business through its Business Owner system and by leveraging functionality Group-wide through its Group Chief Officer system. Under these systems, during the first two fiscal years of the Mid-Term Management Plan, we put into place solid foundations for each business and defined the kind of transformation that each business should aspire to achieve.

In the domestic P&C insurance business, after the completion of one of the largest-ever mergers in Japan, the Sampo Holdings Group concentrated efforts on reinforcing profitability and limiting volatility in profits in order to generate a steady stream of cash in this core Group business. At the same time, we made every effort to create new value and

build business models by utilizing digital technologies and partnering with innovative players.

In the domestic life insurance business, brisk business expansion centered on protection-type products led to growth in scale to a level that will consistently contribute to Group profits. As a health support enterprise, Sampo has launched a healthcare service brand with the aim of providing insurance with healthcare services (Insurhealth) not offered by other companies.

Sampo ventured into the nursing care & healthcare business with the acquisition of major nursing care providers in the second half of fiscal 2015. While confronting and overcoming a variety of challenges, we have focused on improving profitability along with quality. In addition to the nursing care business, we intend to help solve social issues through research and the provision of services centered on preventing deterioration in cognitive functions.

In the overseas insurance business, our acquisition of Sampo International (formerly Endurance Specialty Holdings Ltd.) in March 2017 led to a significant expansion in business scale while prompting a reorganization of our operations in developed countries. Sampo intends to build out a global platform that also includes emerging countries with the aim of facilitating profit growth across the Group.

We have begun to see the contours of our transformation take hold with the establishment of solid foundations in each business.

Position of Fiscal 2018

As the third fiscal year of the Mid-Term Management Plan and

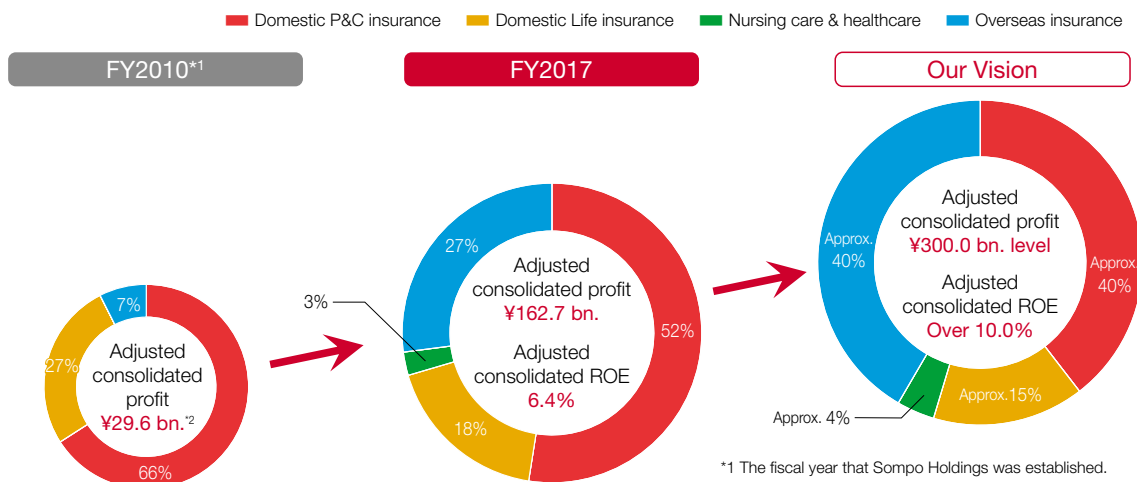
its halfway point, fiscal 2018 is extremely important for Sampo. Not only must earnings begin to reflect the results of our accomplishments, the transformation of each business that began to show during the plan's first two fiscal years must become more visible. In other words, we have to demonstrate solid progress that will move us forward into the second half (the realization phase) of the Mid-Term Management Plan.

Group Vision

As a holding company, Sampo Holdings will support the transformation of each business while guiding on digital and human resource strategies for the entire Group in the pursuit of realizing a "theme park for the security, health, and wellbeing of customers." Moreover, Sampo is working to reform its business portfolio as a part of the transformation of the entire Group. Cash flows generated from steady growth in each business and excess capital freed up from the winding down of cross-shareholdings will be allocated to M&As in growth fields and investments in fields likely to show innovation, such as digital and cutting-edge technologies. As a result, Sampo aims to expand profits and improve capital efficiency further.

Through growth in both innovativeness (quality) and scale (quantity), Sampo intends to achieve as quickly as possible its numerical management targets for adjusted consolidated profit of over ¥300.0 billion and adjusted consolidated ROE of over 10.0%. Management will continue to execute Group strategies with the aim of becoming a unique and innovative group, unlike any other in the world, in promoting the security, health, and wellbeing of its customers.

Progress of Business Portfolio Transformation



*1 The fiscal year that Sampo Holdings was established.

*2 Estimate based on the current definition of adjusted consolidated profit