

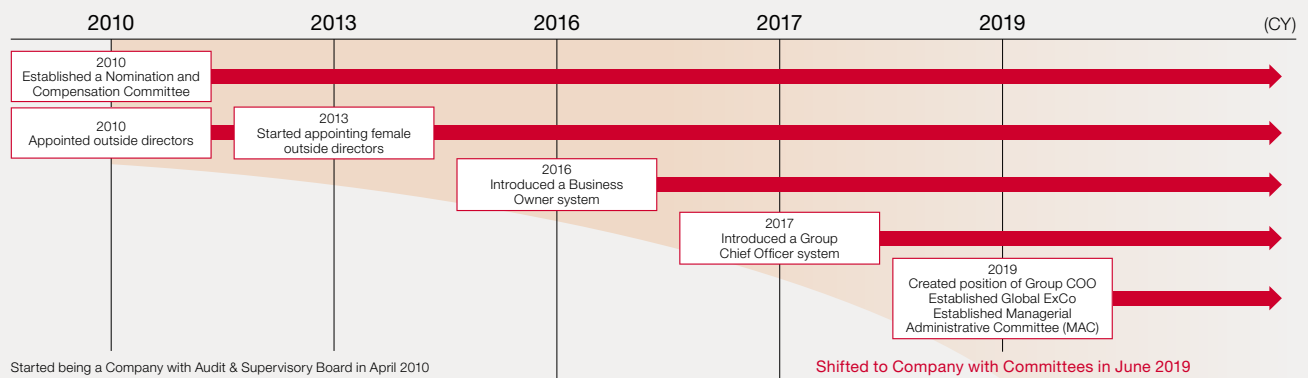
Value Creation Strategy

Corporate Governance

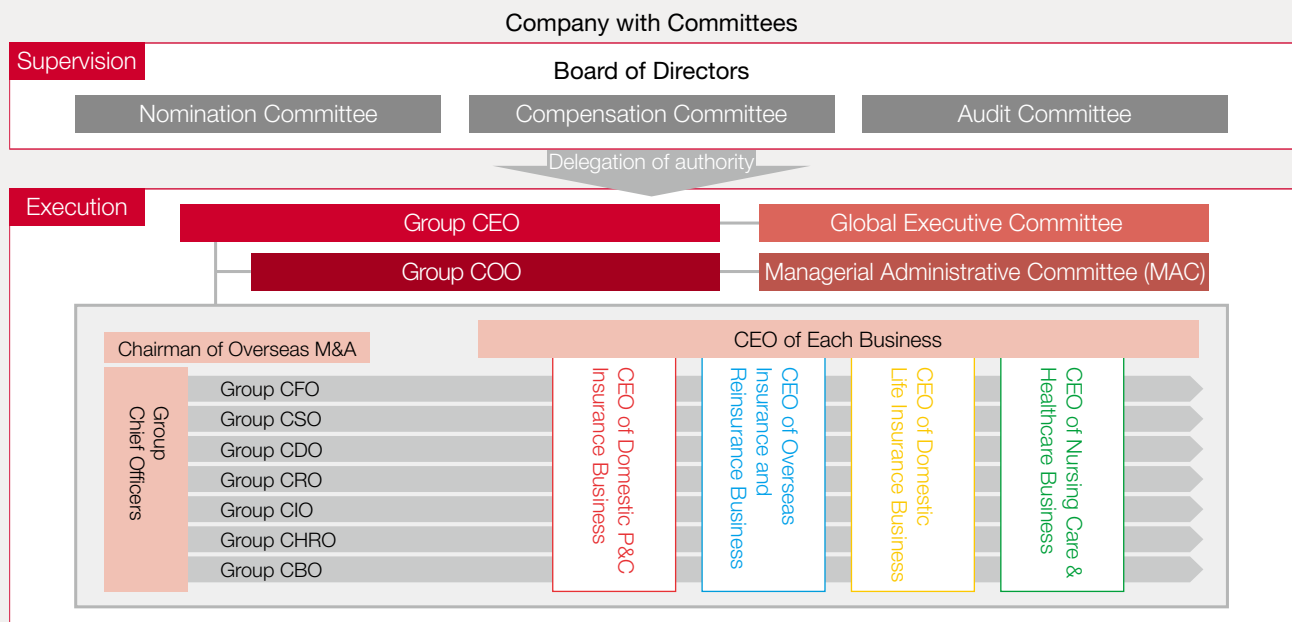
The Sampo Holdings Group places great importance on strengthening relationships of trust with all stakeholders by constantly improving transparency and fairness of corporate governance and fulfilling its corporate social responsibility. The Board of Directors of Sampo Holdings formulated the Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the Company's governance structure and governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

The Company has made solid progress in reinforcing the management structure of the Group, designing and operating a hybrid-type corporate governance structure that has a Nomination and Compensation Committee and an Audit & Supervisory Board. We adopted a Business Owner System in fiscal 2016 and a Group Chief Officer (CxO) system in fiscal 2017. Subsequently, in June 2019 Sampo Holdings changed from a Company with Audit & Supervisory Board structure to a Company with Committees structure, enabling it to more swiftly and proactively make decisions pertaining to business execution and realize the vision of the Group.

Corporate Governance Reforms to Date



Corporate Governance Structure



Group CEO and other abbreviated titles represent the following positions.

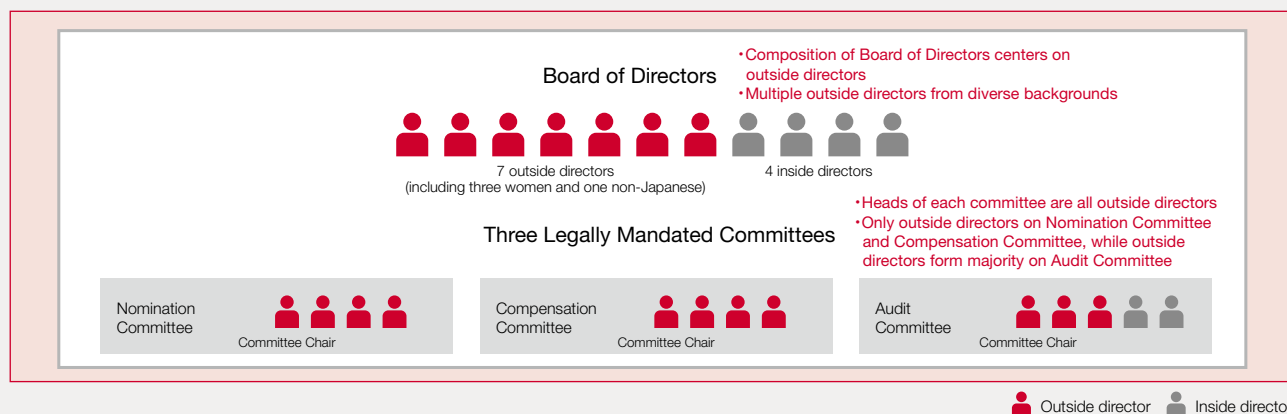
Group CEO: Group Chief Executive Officer / Group COO: Group Chief Operating Officer / Group CFO: Group Chief Financial Officer / Group CSO: Group Chief Strategy Officer / Group CDO: Group Chief Digital Officer / Group CRO: Group Chief Risk Officer / Group CIO: Group Chief Information Officer / Group CHRO: Group Chief Human Resource Officer / Group CBO: Group Chief Brand Officer

Transition to a Company with Committees Structure

Sompo Holdings shifted to a Company with Committees structure in June 2019 as part of efforts to reinforce corporate governance. Separating management supervision from business execution allows the Company to reinforce the supervisory function of the Board of Directors and delegate significant authority to executive divisions for swifter business execution. The Company also established three legally mandated committees: the Nomination Committee, the Audit Committee, and the Compensation Committee. Such measures have formed a governance structure that achieves greater transparency and fairness.

Under the comprehensive oversight of the Group CEO and Group COO, executive officers appointed by the Board of Directors make decisions and conduct business execution on matters delegated by the Board of Directors. The Business Owner System and the Group Chief Officer (CxO) system are already in place for agile and flexible decision-making and business execution as well as for clarifying the division of authority and responsibility.

Supervision under the Company with Committees Structure



Establishment of Global ExCo and MAC

Sompo Holdings newly established the Global Executive Committee (“Global ExCo”) as the highest executive committee to discuss Group-wide strategic issues and other important matters. Global ExCo, an advisory body to the Group CEO, includes key members representing the overseas insurance business and discusses subjects that have significant impact on management, such as Group-wide management strategies and business operation policies based on high-level insight and wide-ranging views from a global perspective. The decisions by the Global ExCo are promptly reflected in

strategies at the individual business level and then translated into specific business decisions and actions to speed up the entire process.

Important matters related to domestic businesses and operational management are discussed in detail by the Managerial Administrative Committee (MAC), an advisory body to the Group COO, and then implemented in operations. The decisions and discussions at MAC are shared with members of the Global ExCo so that both the Global ExCo and MAC fully function organically and thereby solidify these committees.



(For more details about governance, please see page 72.)

Value Creation Strategy

Business Environment and the Medium-

Based on the experience gained over its 130-year history, the Sompo Holdings Group views imaginable risks as business opportunities as it contributes to society by providing products and services of the highest quality that lend to the security, health, and wellbeing of customers.



to-Long-Term Course

Examples of Measures Derived from Strategies

- Adopt a growth strategy utilizing IT and digital technology
- Create new businesses by collaborating with advanced players
- Decide prices from a customer perspective

- Began using LINE to provide new experiences to younger people for buying insurance (developed LINE Insurance)
- Entered into the C2C car sharing and private car leasing businesses through joint ventures with DeNA
- Used digital technology to prevent accidents by elderly drivers
- Launched the Linkx health service brand
- Opened Future Care Lab in Japan with the aim of creating new nursing care solutions that utilize the latest technologies
- Developed a dementia support program (dementia insurance and the SOMPO Egao Club)
- Developed housing facilities for the elderly with work opportunities etc.

- Advance new business models
- Implement marketing strategies targeting digital natives
- Use digital technology to change points of contact with customers
- Raise work efficiency in each business division

- Developed new products and services that contribute to a society with safe autonomous cars
- Started new accident reporting and response services with LINE Insurance
- Collaborated with start-ups from SOMPO Digital Labs in Tokyo, Silicon Valley, and Tel Aviv
- Entered the cybersecurity business
- Began providing smart house fire insurance that covers costs associated with cyberattacks
- Began using AI in insurance premium and payment operations etc.

- Create new businesses by collaborating with advanced players
- Collaborate with stakeholders, proactively participate in initiatives

- Developed a fire prevention and mitigation system that uses AI
- Established a damage prediction model using the latest technology
- Promoted the spread and growth of ESG funds
- Launched the Bosai JAPAN-DA Project for disaster prevention education for children and their parents
- Started the SAVE JAPAN Project, an initiative to preserve biodiversity with citizen participation in conjunction with regional environmental organizations, NPO support centers, and the Japan NPO Center
- Declared agreement with the Task Force on Climate-related Financial Disclosures (TCFD) and took steps toward disclosure
- Provided Weather Index Insurance to mitigate risks in agricultural management etc.

Value Creation Strategy

Business Transformation

Sompo Holdings has been steadily transforming the entire Group and each business toward its vision of becoming “A Theme Park for Security, Health & Wellbeing.” During the first half of its Mid-Term Management Plan (fiscal 2016–fiscal 2018), the Company accelerated the development of new businesses as well as products and services that go beyond the framework of existing businesses. During the second half of the Mid-Term Management Plan (fiscal 2019–fiscal 2020), the Company will continue to transform its business portfolio and diversify its business domains and sources of revenue.

● Entry into the C2C Car Sharing Business and the Private Car Leasing Business

With the aim of creating a safe and secure consumer-to-consumer (C2C) car sharing market, DeNA Co., Ltd., and Sompo Holdings established two joint ventures in the mobility domain in February 2019—namely, DeNA Sompo Mobility and DeNA Sompo Carlife—marking the Group’s entry into the C2C car sharing and private car leasing businesses.

● Test Services for Autonomous Cars

In September 2018, we opened the Connected Support Center as a research facility for responding to traffic accidents and other troubles through the remote monitoring and control intervention of self-driving cars, with the objective of getting involved in new markets and playing new roles as an insurer, in a pivot from insurance coverage to services. In February 2019, we began to develop solution-based services for local governments and transportation providers to test services for autonomous cars, partnering with Tier IV, Inc., a developer of software for autonomous cars, and AISAN TECHNOLOGY Co., Ltd., a company that creates and distributes high-precision 3D maps.

Domestic P&C Insurance

Stabilizing profit growth by raising efficiency, creating new sources of revenue

- Making up-front investments in AI, RPA, and IT systems, increasing efficiency by optimizing sales networks
- Optimizing product pricing strategy, reforming earnings structure by cutting business costs
- Utilizing partnerships and digital technology to create points of contact with new customers, creating new sources of revenue



● Linkx Helping Customers Maintain and Improve Their Health

Our income compensation insurance product, Linkx: Protection for You and Your Family, encourages customers to maintain and improve their health by incorporating a “Get☆Healthy Challenge!” program. This program lowers the premiums of customers who quit smoking or get healthier and provides them with a Get Healthy Bonus, equivalent to a reimbursement of the difference between the former and reduced premiums dating back to the time of policy enrollment.

Domestic Life Insurance

Steadily expanding profits by transforming into health support enterprise

- Expanding profits by gradually increasing number of policies in force
- Developing Insurhealth® as insurance combined with services to help customers maintain and improve their health
- Rapidly improving productivity with AI and RPA



● Launched Sales of Linkx Egao Wo Mamoru Dementia Insurance

In October 2018, we started selling dementia insurance that pays out benefits from the mild cognitive impairment (MCI) stage of dementia, an industry first. The insurance was developed by the entire Group as a health support product. It comes with the SOMPO Egao Club dementia support platform, which provides information and introduces services that help with the early detection of MCI and dementia and the prevention of deterioration in cognitive functions.

● Dementia Support Program

As a group, we began offering the SOMPO Dementia Support Program to address the serious social issue of helping people with dementia. In October 2018, the Company launched the SOMPO Egao Club as a support platform for dementia along with web services that help prevent deterioration in cognitive functions. Across the Group, these offerings are provided as add-on services for insurance policies.

● Entry into the Cybersecurity Business

By utilizing the know-how of the SOMPO Digital Lab we set up in Israel in November 2017, we formally entered the cybersecurity business in January 2018 to use the latest technologies to fight off cyberattacks that have become increasingly sophisticated and damaging.

New business

Accelerate tie-ups with external



“A Theme Park for Security, Health & Wellbeing”

● Accelerated Global Platform Strategy

We have accelerated the launch and global rollout of *AgriSompo*, a platform for agricultural insurance, and *SomPro*, a platform for specialty insurance, such as for financial institutions and professional occupations. In April 2018, we also launched a platform for the retail field and shared our know-how globally.

Overseas Insurance

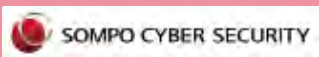
Driving profit growth for the Group

- Accelerating organic growth in global platforms for corporate and retail fields
- Expanding business base via bolt-on M&A that complements existing operations
- Continuing disciplined underwriting with focus on risks and returns



models

partners and business collaboration



Nursing Care & Healthcare

Improving productivity while solving social issues

- Improving profitability by using cutting-edge technologies
- Creating new sources of revenue in dementia-related services and senior citizen market



● Future Care Lab in Japan

In February 2019, we opened Future Care Lab in Japan as a research lab for experimenting with the latest technologies from around the world.

● SOMPO Care FOOD LAB

In March 2018, SOMPO Care FOOD LAB was opened to propose new and improved menus and to develop menus tailored to people's ability to chew and swallow food. We are strengthening food-related operations as a new business, leveraging our knowledge about food.

Factors Supporting Our Transformation

1 Sustainability

SOMPO's Strengths

In order to continue creating new value, the Group's transformation is being driven by our efforts as a solutions provider to solve identified social issues while looking to the future.

History

1992

- Rio de Janeiro United Nations Conference on Environment and Development (Earth Summit)

2000

- Nursing Care Insurance Law enacted

2007

- Japan became a super-aging society (21.5% of the population is 65 years or older)

Source: Ministry of Internal Affairs and Communications, Population Estimates of the Statistics Bureau of Japan (April 15, 2008)

Group Initiatives

1990

- Established the Global Environment Risk Management Office

1995

- Signed the United Nations Environment Programme Finance Initiative (UNEP FI)



1997

- Acquired ISO 14001 certification for the data processing center building (first for a financial institution in Japan)

2001

- Issued *Environment and Social Report 2001: Sustainability Report* (first for a financial institution in Japan)

2006

- Signed the United Nations Global Compact (UNGC)
- Signed the Principles for Responsible Investment (PRI) (first for an insurance company in Japan)



Examples of Initiatives in Products and Services

Pioneer in ESG Funds in Japan

Sompo Japan Nipponkoa Asset Management Co., Ltd., began managing the Sompo Japan Green Open fund in 1999 at the dawning of ESG funds in Japan. For many years, the fund has invested in the stocks of companies that aggressively tackle environmental issues while promoting environmental dialogue. [P. 58](#)



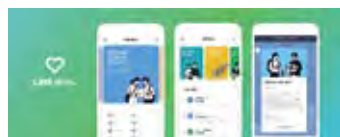
Realizing a Society Resilient to Natural Disasters through Prevention and Mitigation

We intend to help realize a society where everyone can enjoy healthy, safe, and secure lifestyles by developing and providing AI-based systems for preventing and mitigating natural disasters for local governments, an industry first. Our aim is to create cities resilient to natural disasters in cooperation with local communities through disaster prevention training. [P. 44](#)



Initiatives to Improve Access to Financial Services

We strive to improve access to financial services by developing and offering insurance indexed to the weather for farmers in Southeast Asia and providing LINE Insurance that makes it easy for people to purchase insurance via the LINE app on their smartphones. [P. 44, 71](#)



Full-Scale Participation in the Nursing Care & Healthcare Business

We propose new ideas for nursing care that combine a human touch with technology, work to eliminate the gap in supply and demand for nursing care practitioners, and aim to create a sustainable nursing care business model. We ultimately aim for Japan to be an affluent country that can boast to the world about the long and quality lives of its people, where the elderly can live with peace of mind. [P. 53](#)



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



We aim to contribute to the realization of a sustainable society by providing the highest-quality services that improve the security, health, and wellbeing of our customers, as mirrored in the Group Management Philosophy.

Sompo Holdings is also keen to help achieve the Sustainable Development Goals (SDGs) through its Group Management Philosophy for the realization of "A Theme Park for Security, Health & Wellbeing."

2011

- UN approved Guiding Principles on Business and Human Rights
- Great East Japan Earthquake

2015

- UN adopted the Sustainable Development Goals (SDGs)
- UN adopted the Paris Agreement

2017

- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were announced.

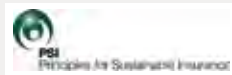
2010

- Established NKSJ Holdings
- Participated in the drafting of Principles for Finance Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)



2012

- Signed the UNEP FI Principles for Sustainable Insurance (PSI) and was a participant in its drafting



2016

- Revised Group CSR Material in light of trends in international society
- P. 69

2018

- Declared support for TCFD
- P. 70

Group-wide CSR Promotion Structure

The Sompo Holdings Group has a system for promoting CSR, having put together a CSR Management System based on ISO 14001 as a framework for promoting a broad range of CSR initiatives. We have a PDCA cycle for iterative improvements along with annual CSR action plans for Group companies.

Also, we have set up the Group's Council for CSR Promotion. Chaired by the Group CBO with officers from each Group company meeting to discuss ESG issues, the Council for CSR Promotion aims to enhance the CSR initiatives of the entire Group by ascertaining and sharing progress on successful initiatives at Group companies.



Advancing the Creation of a "Theme Park" and Globalization

We strive to solve complex social issues around the world by collaborating with stakeholders to provide advanced solutions from Japan to other countries dealing with social issues. With the aim of having a presence that is valuable and indispensable in an unpredictable era, Sompo Holdings will carry on with its transformation into a future where society centers on people and "no one will be left behind."

Value Creation Strategy

Factors Supporting Our Transformation

2 Human Resources

SOMPO's Strengths

We will achieve a transformation by changing our corporate culture and our business portfolio. This can be accomplished by increasing the diversity and expertise of Group personnel while enhancing their ability to create market value. Human resources are the key factor that supports the transformation of the Sampo Holdings Group.

History

■ Training for Selected Employees

With the aim of training up personnel to be managers in the Group, we have put into place a global selective training program for women across business boundaries.

2011

- Female Business Management Program

2012

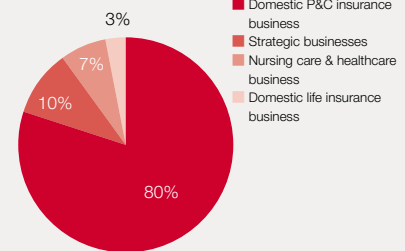
- SOMPO Global University

2017

- Global Leadership Program

- Global Executive Program

Female Business Management Program	This program seeks to improve the business perspectives and awareness of female employees who are interested in becoming future managers (a total of 98 women have participated).
SOMPO Global University	This internal university trains young employees to think globally as managers in the future (162 employees from 17 countries have participated).
Global Leadership Program	This program aims to raise awareness of mid-career employees who are prospective candidates for managerial positions (23 employees from 8 countries have participated).
Global Executive Program	This program seeks to train global leaders as candidates for top management positions (24 employees from 8 countries have participated).



Percentage of participants in the Female Business Management Program by business in 2019

■ Personnel Exchange on a Global Basis

Sampo Holdings is increasing personnel exchanges with Group companies overseas in order to put into place an environment where Group employees can act globally.

2014

- Launched Exchange Program*
- * Name changed to Global Assignment Program in 2019



Exchange Program

2017

- Started talent management on a global basis

■ Creation of a Global Personnel System Platform

We are building a personnel platform so that Group employees can act on a global basis.



Integrated personnel system platform

2016

- Launched global personnel system platform at overseas Group companies

2017

- Visualized key posts in entire Group and shared core components of competency

2018

- Launched project to integrate personnel system platforms across domestic Group companies

Advancing the Creation of a "Theme Park" and Globalization

The Sampo Holdings Group has created personnel measures so that the cumulative knowledge and experiences of its 80,000 employees from diverse backgrounds and different nationalities, genders, and ages can be focused on growing the entire Group. In this era of volatility, uncertainty, complexity, and ambiguity (VUCA), diversity in personnel is what drives companies into the future. The Sampo Holdings Group will transform itself and facilitate the transformation of its human resources with the objective of leading the transformation of its corporate culture and becoming a truly global corporate group. By promoting diversity, expertise, and improvements in market value, each and every Group employee will advance the expansion of the Group by applying their own strengths toward accomplishing their missions.

(For more details about our initiatives in human resources, please see page 60.)

3 Digital Technologies

SOMPO's Strengths

We expect that digital disruption is likely to have a major impact on the insurance industry. Products and services that break the concept of traditional insurance are being provided over the web and smart devices. Aggressively promoting digital transformation is essential to surviving and proactively utilizing digital technologies is vital in facilitating the transformation of the Sompō Holdings Group.

History

■ SOMPO Digital Lab Launched

SOMPO Digital Lab Tokyo

Established in April 2016



SOMPO Digital Lab Silicon Valley

Established in April 2016



SOMPO Digital Lab Tel Aviv

Established in November 2017



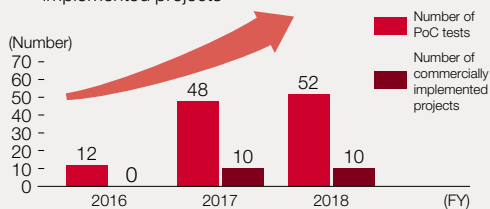
SOMPO Digital Lab Tokyo	<ul style="list-style-type: none"> • Carries out proof-of-concept (PoC) tests with services using digital technology • Examines new business ideas etc.
SOMPO Digital Lab Silicon Valley	<ul style="list-style-type: none"> • Researches and provides information about the latest technologies and business models • Builds networks with local companies
SOMPO Digital Lab Tel Aviv	<ul style="list-style-type: none"> • Promotes innovation among Group companies etc.

■ Structure of SOMPO Digital Lab

We established SOMPO Digital Lab in April 2016 with **10** personnel, and as of June 30, 2019, it had grown to roughly **120** people, some of whom also serve in other positions. SOMPO Digital Lab is a hub for developing the Group's digital strategy and accelerating the Group's transformation. In July 2018, we launched the SOMPO Sprint Team as an in-house development team within SOMPO Digital Lab Tokyo to promptly conduct PoC tests utilizing the agile software development method.

■ Number of PoC Tests and Number of Commercially Implemented Projects

▶ Steady increase in PoC tests and commercially implemented projects



Key PoC Tests and Commercially Implemented Projects

- Delivered the industry's first* accident reporting and response service using LINE
- Entered into a partnership with Neurotrack Technologies, Inc., a Silicon Valley start-up in the digital healthcare field, and started PoC tests in the joint development of a Japanese version of a Memory Health Program (MHP) as a digital coaching service to prevent cognitive decline
- Partnered with Trōv, Inc., a Silicon Valley start-up, to develop on-demand insurance products that people can easily purchase on the web via their smartphones to insure their valuable items in daily increments

* Based on a survey conducted by Sompō Japan Nipponkoa in July 2019

Advancing the Creation of a "Theme Park" and Globalization

Insurance provides reassurance by paying a benefit when unexpected events occur, such as accidents, injuries, and illness. In addition to offering insurance, the Sompō Holdings Group wants to prevent these unexpected events by using digital technologies and to provide "security, health, and wellbeing" to society and thereby ensure it does not require insurance.

Through the digital transformation of the entire Group, we aim to realize a truly service-oriented industry and create new customer experiences by leveraging the information-gathering capabilities and digital technologies as a core competency at our bases in Tokyo, Silicon Valley, and Tel Aviv.

(For more details about our digital initiatives, please see page 64.)