

# Boasting a History of Value Creation

The Sampo Group traces its roots back to Japan's first fire insurance company, established in 1888 with the aim of providing protection from the threat of fire in everyday life. Since then, Japanese society has changed due to the decline and aging of its population, climate change, and new conditions emerging as a result of technological innovation. In response, we have helped tackle issues by passing down and putting into practice a philosophy focused on working for the wellbeing of people and society. In the coming era, we will continue taking on the challenge of new value creation in order to realize our vision of "A Theme Park for Security, Health & Wellbeing."

## Staying True to Our Legacy

Tokyo Fire Insurance Company, Inc., the predecessor of Sampo Holdings' core company Sampo Japan Insurance Inc., formed the Tokyo Fire Brigade to protect policyholders from fire 24 hours a day, 365 days a year.



At the time, due to the large number of wooden homes, fire was a serious social problem, and our "insurance company firefighters" provided a service that was relied upon. With respect to customer protection, as an insurance company we have passed down a sense of mission and commitment over a history spanning more than 130 years. Consequently, this mind-set has become a central component of our Group Management Philosophy.

## Integrating Businesses in Response to a Changing Operating Environment

Over the century following the founding of Tokyo Fire Insurance Company, the insurance industry became regulated under the so-called convoy system, with insurance providers offering similar insurance policies and premiums.



In 1996, revisions to the Insurance Business Act (part of reforms that were Japan's financial Big Bang) greatly accelerated deregulation, leading to intensified competition and a realignment of the insurance industry. Uniting strengths fostered by remaining customer-focused throughout their histories, Sampo Group forerunners Sampo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., joined to establish NKSJ Holdings, Inc., in April 2010.

## Realizing “A Theme Park for Security, Health & Wellbeing”

Through the aforementioned initiatives, the Sampo Group has grown by anticipating dramatic changes in external conditions and repeatedly merging and integrating with an array of companies that are focused on security, health, and wellbeing but which have different backgrounds and cultures from those of the Group. Of course, all aspects of the future cannot be foreseen. The emergence of COVID-19 and the resulting dramatic changes in conditions are one example of such uncertainty. Nonetheless, even in this era of volatility, uncertainty, complexity, and ambiguity (VUCA), we will realize our vision of “A Theme Park for Security, Health & Wellbeing” by transforming each business and strengthening collaboration among businesses, with solid financial foundations and steady profit generation providing a base for these initiatives.

## Sustaining Growth

With a range of innovations and economic crises accelerating social change, the Sampo Group has been transforming itself into a corporate entity that grows by helping solve social issues.

The domestic P&C insurance business is developing in step with social trends. In response to the decrease in car ownership in Japan as its population declines and ages, we are facilitating the adoption of autonomous cars and promoting development in the mobility field. For example, we have recently entered the car sharing and private car leasing businesses.

In the overseas insurance business, 2017 saw the Group lay the foundations for global growth by completing its largest-ever M&A, which entailed the acquisition of Endurance (now Sampo International).

Meanwhile, in the domestic life insurance business, Sampo Japan Himawari Life Insurance Co., Ltd., and NIPPONKOA Life Insurance Company, Limited, merged to establish NKSJ Himawari Life Insurance, Inc., in 2011. Responsible for the Group's domestic life insurance business, the merged company has stepped up the pace of growth by further strengthening management foundations. At the same time, the company is transforming into a health support enterprise that rests on the twin pillars of Insurhealth® and health and productivity management.\*

The Group entered the nursing care business in earnest with the acquisitions of the major nursing care provider Watami no Kaigo Co., Ltd., in 2015 and Message Co., Ltd., in 2016. In 2018, the Group integrated its four nursing care operating companies to create Sampo Care Inc. We now offer a comprehensive lineup of nursing care services that cater to the specific needs of customers in their local communities.

In accordance with our digital strategies, we established SOMPO Digital Labs in Tokyo and Silicon Valley in 2016 and in Tel Aviv in 2018. Anticipating the growing importance of big data utilization, the Group established Palantir Technologies Japan K.K. jointly with Palantir Technologies Inc. in 2019. Palantir Japan has already begun to provide many different types of companies and organizations with data solutions.

The Group has also been steadily strengthening its management structure. We introduced a Business Owner system in 2016 and a Group Chief Officer (CxO) system in the following year. Moreover, in 2019 we transitioned from a Company with an Audit & Supervisory Board structure to a Company with Committees structure.

\* Registered trademark of the incorporated nonprofit organization Workshop for the Management of Health on Company and Employee



# Value Creation Model

## Business Environment ▶ P. 22

Rapid technological innovation and digitalization

Changes in market conditions

Climate change and natural catastrophes

**Group Management Philosophy**

▶ P. 1

**Business Strategy**  
(Mid-Term Management Plan)

▶ P. 21 ▶ P. 23

## Management Capital

### Sustainability ▶ P. 24

**Addressing social issues through engagement**

- Group CSR Material Issues
- Stakeholder engagement
- Proactive participation in initiatives
- Reinforcement of sustainability promotion structure

### Digital Technologies ▶ P. 32

**Digitally transforming existing businesses and shifting to digital businesses**

- Establishment of SOMPO Digital Labs (Tokyo, Silicon Valley, and Tel Aviv)
- Dual Chief Digital Officer (CDO) structure
- Building of Real Data Platform

### Human Resources ▶ P. 36

**Transforming human resources**

- Consolidated Group employees: 47,535 (as of March 31, 2020)
- Diversity
- Professionalism
- Mission-driven

### Financial Health ▶ P. 40

**Maintaining robust financial health and improving capital efficiency**

- ESR (Economic Solvency Ratio): 227% (as of March 31, 2020)
- Adjusted consolidated ROE: 6.4% (as of March 31, 2020)

## Value Creation



# SOMPO HOLDINGS

A Theme Park for Security, Health & Wellbeing

### Domestic P&C Insurance Business

▶ P. 52

### Overseas Insurance Business

▶ P. 56

### Domestic Life Insurance Business

▶ P. 62

### Nursing Care & Healthcare Business

▶ P. 65

People want to live safer, healthier, and more secure lives.

To respond to the deeply held desires shared by everyone, we will marshal our strengths to create high-quality solutions for people to live safer, healthier, and more secure lives.

By combining these solutions, we will become a “theme park” of possibilities and opportunities for everyone.

## Target Profile

“A Theme Park for Security, Health & Wellbeing”

A Sompo Group that is not only valuable but indispensable



Contributing to the happiness of customers, society, and the world

## Sustainable Society



## Robust Corporate Governance Structure ▶ P. 70

- Company with Committees structure
- Executive compensation structure designed to maximize corporate value while aligning with shareholder interests
- Global ExCo ▶ P. 18, Managerial Administrative Committee (MAC)
- Matrix-style management with Business Owner system and Group Chief Officer (CxO) system

## A Message from the Group CEO



### Transformation Focused on Becoming “A Theme Park for Security, Health & Wellbeing”

A handwritten signature in black ink, reading "Kengo Sakurada".

**Kengo Sakurada**

Group CEO, Director,  
President and Representative Executive Officer  
Sompo Holdings, Inc.

## Preface

With COVID-19 continuing to wreak havoc worldwide, I would like to express heartfelt sympathy for those infected with the virus as well as real respect for the professionals who are risking infection daily as they struggle on the front lines of medicine and nursing care.

The spread of this virus has brought about a paradigm shift in society and in how people think and act. In a society characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), the Sampo Group has sought to win out through the evolution of its businesses to realize “A Theme Park for Security, Health & Wellbeing.” For example, we have advanced digitalization, leveraged real data, and

entered the nursing care business. Going forward, I believe such in-house initiatives are likely to become even more conspicuous. By taking on key tasks, we will create new value. In these efforts, we will sustain growth through the establishment of new business models and the utilization of digital technologies. Moreover, we will strengthen governance to support this growth. In addition, work-style reform will enhance productivity. Based on its solid strategy of realizing “A Theme Park for Security, Health & Wellbeing,” the Group will continue steadily moving forward with the measures required for further value creation and enhancement of corporate value.

## 1. The Final Fiscal Year of the Mid-Term Management Plan

Fiscal 2020 is the final fiscal year of the current Mid-Term Management Plan, which we have been implementing since fiscal 2016. The current fiscal year will be a pivotal phase in which transformation aimed at realizing “A Theme Park for Security, Health & Wellbeing” shifts rapidly into top gear.

Since its 2010 establishment as a corporate group centered on the domestic P&C insurance business, the Sampo Group has aggressively enhanced profitability and invested management resources in growth fields. These efforts have included the integration of in-house domestic P&C insurance and domestic life insurance companies and the acquisition of large-scale overseas insurance businesses. Further, the Group steadily laid the foundations for its present

businesses by entering the nursing care business in earnest in 2015 and by beginning proactive investments in digital technology businesses in 2016.

Under the current plan, since fiscal 2016 we have been rigorously heightening the appeal of each business, seeking new business opportunities, creating collaborations among in-house businesses, and taking advantage of digital technologies to enhance services for customers. Aiming to help address social issues and realize a sustainable society, we will push ahead with the reformation of our business portfolio and corporate culture, establish a business scale with global reach and presence, and build unique business models that other companies cannot match.

## 2. A Commitment to Transformation Based on a Strong Sense of Crisis

### (1) Digital Disruption

A strong sense of crisis led the Sampo Group to initiate self-transformation. We saw that the traditional P&C insurance company business model would become unsustainable.

The Group started as a P&C insurer. Our role has always been one of mitigating negative events by restoring things to their original state. In other words, when customers

suffer losses due to accidents or fires, we pay benefits. We realized that the importance of P&C insurance would remain unchanged. Nonetheless, advances in solutions that use innovations in AI, Internet of Things (IoT), and other digital technologies to reduce or prevent accidents, fires, and injuries created a strong sense of crisis accompanied by a conviction that we had to transform ourselves.

## A Message from the Group CEO

Further, many different businesses and industries are getting involved in digital disruption, which gives rise to completely new business formats through innovations in digital technologies. Similarly, the Group's mainstay insurance business will be drawn into the whirlpool of digitalization as self-driving technology for automobiles advances and as companies from other industries enter the insurance business.

If new technologies are to break up our business model, we would prefer to do the breaking up, reinventing ourselves in the process. Based on this conviction, we decided to take advantage of our core competence in digital technologies to move forward with Group-wide innovation focused on creating new customer experiences.

### (2) Operating Environment

Our operating environment is changing dramatically.

As well as the effect of COVID-19 on day-to-day life, a low-interest-rate environment, more-severe natural catastrophes, and the threat of cyberattacks have become part of the “new normal” worldwide. Also, rapid globalization and digitalization have produced inequality and divisions in societies, driving the emergence of populism and authoritarianism. Moreover, divisions and conflicts among generations and between developed and emerging countries are becoming increasingly serious.

In response to the rapid changes in the current operating environment, we must reexamine, redefine, and rebuild existing business models based on insight into the true nature of things that is unconstrained by the past or by established practices.

### (3) Japan's Role

I feel that the volatile operating environment has set the stage for Japan to play a greater role in international society, particularly given the lessons the country has

learned in the process of steadily overcoming a series of natural catastrophes and other challenges.

In my view, Japan's companies should rehabilitate their traditional corporate philosophy and values, which focused on simultaneously benefiting three parties: the buyer, the seller, and society. I believe Japanese companies can contribute to solutions that help the world address inequality, division, and other issues inherent in capitalism. Japan is the first country to encounter certain major social issues, including how to maintain a nation's finances and social welfare system in response to a rapidly aging population and a contracting working-age population. By implementing an optimized societal model in response to such social issues and disseminating it, Japan can make itself valuable and indispensable to the common good of the world.

### (4) Concrete Action for a Sustainable Society

Every year, I attend the meeting of the World Economic Forum, often called the Davos Conference. In 2020, the forum hosted numerous discussions on sustainability under the theme of “Stakeholders for a Cohesive and Sustainable World.” The forum left me with the strong impression that, as such issues as climate change, human rights, food, energy, and loss of biodiversity become increasingly inter-related and complex, we as the Earth's stakeholders need to take concrete action aimed at leaving a sustainable society to future generations. The discussions reaffirmed that, with 10 years remaining until 2030—by which time the sustainable society targeted through the Sustainable Development Goals (SDGs) should be realized—concrete action is expected not only from governments and citizens but also from companies.

The 2021 Davos Conference will be themed on “The Great Reset,”\* in other words, a commitment to laying the economic and societal groundwork for cooperation that creates a fairer future that is more sustainable and has greater resiliency. As society undergoes significant changes and a range of social issues surface, in partnership with stakeholders we must take concrete action to build an

\* Source: World Economic Forum press release, June 3, 2020  
<https://www.weforum.org/press/2020/06/the-great-reset-a-unique-twin-summit-to-begin-2021>



inclusive society in which “no one will be left behind.” My sense of crisis stems from the fact that failure to do so may result in our elimination from society.

### 3. Value Creation Story

#### (1) Target Profile: “A Theme Park for Security, Health & Wellbeing”

Against this backdrop, “A Theme Park for Security, Health & Wellbeing” is our target profile.

“A Theme Park for Security, Health & Wellbeing” does not only mitigate negative events by functioning as an economic backstop in the way that conventional insurance does when unlikely events occur. Before such events, we use our products and services to be a partner that remains close to and enriches the daily lives of customers. For example, our offerings help prevent diseases and dementia, reduce fires, and promote safe driving. In other words, we provide value by making a positive contribution to the quality of people’s lives. To put this another way, the Sampo Group gives concrete form to the abstract concepts of security, health, and wellbeing. Our vision entails addressing social issues and providing cohesive support by accompanying people, who are the main constituents of society, throughout their lives and by making appropriate use of digital and other leading-edge technologies. Ultimately, our vision is to contribute to the happiness of customers, society as a whole, and all stakeholders, including the Earth. To this end, in the field of security, health, and wellbeing we will continue providing solutions that bring together the expertise and real data accumulated by our respective businesses and which dovetail digital technologies with operations that call for the human touch. In this way, we will become a unique creator of new value.

Looking to the future, companies should promote growth by taking on businesses that help humanity realize its aspirations and address environmental and social issues. As a consequence of such efforts, corporate value will increase, and sustainability will spread. This is precisely the scenario envisioned when we refer to “A Theme Park for Security, Health & Wellbeing.”



By being useful when unlikely events occur and bringing happiness into lives as a result and by helping solve social issues, the Sampo Group will ensure that its presence remains valuable and indispensable to society.

#### (2) The Sampo Group’s Strengths

To realize the aforementioned vision, we will leverage our three major strengths.

##### Sustainability

Our first strength is sustainability. The Group’s starting point was a firefighting service established more than 130 years ago. We founded Japan’s first fire insurance company because we wanted to protect people from fires, a serious social issue at the time due to the large number of wooden buildings. This desire to help address social issues is expressed in our current 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 addressing the increasingly complex social issues of recent years, an indispensable approach is the creation of impactful initiatives through cooperation that brings





together the capabilities of diverse stakeholders. From generation to generation, the Group has passed down an approach to business that emphasizes such stakeholders. To date, we have contributed to the realization of a sustainable society through an array of different businesses and research activities based on industry–academia–government partnerships, tie-ups with companies in other industries, and cooperative initiatives with civil society.

For example, Future Care Lab in Japan, a laboratory that we established last year with the aim of developing new ways of incorporating technology into nursing care, is jointly conducting R&D that combines the technologies of start-ups, major manufacturers, and research bodies with the Group’s operational know-how in relation to nursing care facilities. Going forward, we will utilize leading-edge technologies to enhance quality of life and bring people happiness. By partnering with a wide variety of entities to offer products and services that enable people to be happy throughout the entirety of their lives, we will help tackle the social issues that Japan is facing as its population ages. Moreover, I believe our initiatives will win acceptance in the wider world.

### Digital Strategy

The second strength of the Sampo Group is its digital strategy, which is critical in efforts to evolve and enhance the productivity of existing businesses and to create new businesses. Also, we are bringing together diverse professionals to drive our digital strategy forward. To underpin the digital strategy, we have established SOMPO Digital Labs—a trilateral structure encompassing Tokyo, Silicon Valley, and Tel Aviv. Furthermore, we have recruited our chief digital officer externally.

In utilizing digital technologies, real data is particularly important. “Real data” refers to data that is not obtainable from the Internet and is instead acquired through sensors that detect the real-world activities of individuals and companies. We will use digital technologies to gain an in-depth understanding of the actual activities and issues of society and customers as well as to conduct high-speed, high-data-volume analyses of the causes of these issues. Then, we will use our findings as the basis for solutions.

Through its insurance and nursing care & healthcare businesses, the Sampo Group has accumulated huge volumes of valuable real data on accidents, catastrophes, lifestyles, health, and nursing care. We believe that using such data will allow us to provide solutions that prevent accidents and diseases, thereby converting our real data into an invaluable asset.

With a view to realizing such solutions, last year we collaborated with a major data analysis company in the United States, Palantir Technologies Inc. (“Palantir”), to jointly establish Palantir Technologies Japan K.K. When I visited Palantir, I found it shockingly different from the technology companies that I had visited in Japan and other countries. I got the clear impression that, in focusing on big data analysis, the personnel of Palantir not only take pride in their advanced technological capabilities but are also a group that emphasizes the social meaning of the company’s existence and which has a philosophy of considering how technologies can be used to benefit people and society. When thinking about Japan’s current social issues, knowledge and inquiries enlightened by such a philosophy will be important. Furthermore, this year we decided to acquire a stake in Palantir. Working with the company, we will leverage its advanced software technology to create a platform for the utilization of real data, called the Real Data Platform for Security, Health and Wellbeing.

On the other hand, real data includes a large amount of important personal information. For this reason, if we are to utilize real data successfully, naturally we must comply with statutory laws and regulations. Of equal importance, however, is an approach to real data that carefully takes

into consideration concerns people may have so that they feel comfortable trusting the Sampo Group with their information. In addition, we need to market products and services with merits that engender in customers a willingness to providing information voluntarily. Through our joint venture, we will realize such products and services and develop solutions to social issues by utilizing our new partner's big data analysis technology—which is among the best in the world.

### Transformation of Human Resources

The Group's third strength is its human resources. This year's Davos Conference unveiled the concept of "talentism," meaning an approach that places importance on personnel and their capabilities. The argument put forward was that we must bring together the world's talent to grapple with the world's issues. I was particularly sympathetic to the view that, as talent is not limited to a small number of geniuses but is present in everyone, full-fledged measures to promote diversity and inclusion should be taken. The same can be said of the Sampo Group. Our management team has to provide strong support for the establishment of a corporate environment that is conducive to the transformation of human resources. The goal should be to enable each employee to draw on his or her talents and strengths and drive the Group toward its mission and goals.

Further, given the significant restrictions on travel and face-to-face meetings that have been introduced worldwide in response to the current COVID-19 crisis, not only business practices but also lifestyles will have to change dramatically. The crisis has provided a powerful reminder of the importance of common practices, such as ensuring employees have an environment in which they can work healthily and with peace of mind. We have to see the aforementioned changes as a rare opportunity to make a fresh start as an even better entity and as an opportunity to contribute to society.

Specifically, we want to tackle work-style reform. The Sampo Group will transition to a rigorously results-oriented corporate culture, heighten the emotional intelligence quotient of employees so that they can accurately intuit stakeholders' varied and rapidly changing needs, and encourage behavior based on a strong awareness of productivity. Also, as factors that both support and are supported by heightened productivity awareness, we will accelerate efforts to enhance work quality and establish location-independent work styles. Furthermore, we will invest unstintingly to advance these initiatives. To realize digital transformation in workplaces, we will revamp work processes by utilizing digital technologies and AI and introducing robotic process automation (RPA) and promote new work styles by updating work rules and enabling new forms of communication. By becoming a group that achieves high levels of competitiveness and sound growth as its employees work with a sense of mission and job satisfaction, I want us to set a favorable precedent that helps address issues in Japan's job market.

Another of our focuses will be diversity and inclusion. It is important to establish conditions that allow us to implement the work-style reform that I just mentioned and thereby attract diverse personnel who can realize their capabilities and contribute significantly to operations. Looking back at the 30-year Heisei era, I feel that Japan



ought to be chastened by the lack of innovation that was the result of excessive conformity. If I were to be self-critical, I would say that, in a similar way, we are still very much lacking in diversity and inclusion. The essence of innovation lies in gathering diverse individuals, embracing the resulting “good clashes,” and using them to find new value. Accordingly, we have to realize major innovations by achieving true diversity and inclusion through earnest consideration of each person’s talents and strengths that is uninfluenced by nationality, gender, or age.

### 4. Accelerated Transformation toward the Future

As already mentioned, under the current Mid-Term Management Plan, which began in fiscal 2016, the Sampo Group has been taking maximum advantage of its strengths to move forward steadily with the transformation of each business and of the whole Group into a “A Theme Park” as the ultimate goal. In other words, we have been focusing on “qualitative evolution,” which refers to qualitative transformation of our business portfolio and corporate culture. Quantitatively, in the early 2020s we aim to reach adjusted consolidated profit of ¥300.0 billion and adjusted consolidated ROE of 10%.

#### (1) Review of the Period through Fiscal 2019

Partly reflecting the effect of a series of large-scale natural catastrophes in Japan that continued up until last year, in fiscal 2019 we recorded adjusted consolidated profit of ¥150.8 billion and adjusted consolidated ROE of 6.4%. Excluding the effect of domestic natural catastrophes, the revenue base of each business grew steadily. The original fiscal 2020 targets were adjusted consolidated profit of ¥205.0 billion–¥215.0 billion and adjusted consolidated ROE of around 8.0%. However, we have set adjusted

To ensure the success of its reforms, the Sampo Group must pursue transformation that creates a mission-driven, results-oriented corporate culture. Consequently, we aim to evolve into a corporate group in which each person clearly understands his or her role, focuses on accomplishing it, and thinks and acts independently based on a strong sense of ownership. I would like our employees to consider what they can do in their areas of specialty and to hone their capabilities even further. I believe that companies that value such personnel sustain growth.

consolidated profit of ¥187.0 billion and adjusted consolidated ROE of at least 8.1% as revised targets for the current fiscal year. These targets are based on calculations that only take into account the effects of the spread of COVID-19 on fiscal 2020 targets that, at the present juncture, have a high probability of manifestation and can be reasonably calculated.

Further, in light of thorough discussions by the senior management team about the effect of COVID-19 on returns to shareholders, we decided to pay the dividends and implement the share buybacks that were originally planned for fiscal 2019. Meanwhile, for fiscal 2020 we expect to increase dividends for the seventh consecutive fiscal year. The aforementioned decision is in accordance with our policy on returns to shareholders—which is to return between 50% and 100% of adjusted consolidated profit to shareholders through dividends and share buybacks and to continue steadily raising dividends—and demonstrates our unwavering commitment to the realization of sufficient returns to shareholders. We will continue to heighten corporate value by balancing financial soundness and investments for growth with the ongoing realization of attractive returns to shareholders.

#### (2) Reform of Corporate Governance

With its sights set on realizing transformation, over the past several years the Company has been steadily taking steps to strengthen its management structure. During its first 10 years, the Company had a hybrid organizational structure



that combined a non-legally mandated Nomination and Compensation Committee and a Company with an Audit & Supervisory Board structure. We further strengthened this structure through the introduction of a Business Owner system in fiscal 2016 and a Group Chief Officer (CxO) system in the following fiscal year.

In fiscal 2019, we strengthened supervisory governance capabilities. At the same time, we transitioned to a Company with Committees structure to delegate significant authority to executive divisions. By separating the supervision of business management from operational execution and by clarifying positions and roles, these reforms further strengthened both supervision and execution. Under the new structure, outside directors form a majority on the Board of Directors. Moreover, outside directors serve as chairpersons on each of the new, legally mandated Nomination, Audit, and Compensation committees, at meetings of which fair, lively discussions are held. Through the aforementioned measures, the Sompo Group has built a governance structure that will facilitate high levels of transparency and enhance fairness.

As for executive divisions, April 2019 saw the establishment of the Global Executive Committee (Global ExCo) as an advisory body to the Group CEO. Unlike the former Management Committee, in which mainly Japanese participants discussed a wide range of topics, the new body

includes executives from overseas and conducts intensive discussions focused on important Group-wide issues, such as strategies and policies. Moreover, Global ExCo is the Company's highest executive committee. Having executives from overseas, including those who head overseas insurance businesses, and other senior executives who have a thorough, intuitive understanding of overseas businesses participate in management discussions enables us to discuss the best methods, systems, and distribution of resources in light of global, diverse perspectives. In the Group, the decisions of 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. To help it reach decisions, Global ExCo meetings gather all types of information from around the world, not just insurance-related information. I doubt that there is a meeting quite like it anywhere.

Also, important matters related to domestic businesses and operational management are discussed by the Managerial Administrative Committee (MAC)—established in April last year as an advisory body to the Group COO—and then steadily implemented in operations. By making maximum use of the capabilities of Global ExCo and MAC, the Group will build a robust executive structure that supports corporate growth.

## In Conclusion

As stakeholders in society, companies have a duty to use technologies appropriately for the common good, create value continuously, and be of use to society. Further, companies have a responsibility to define their target profiles and then act accordingly, because by doing so they will make a key contribution to the realization of a society that is more inclusive and more sustainable.

The Sompo Group must mobilize the wide range of talented employees who support it and take concrete action to address the issues of customers and society, thereby reestablishing the kind of society that gives rise to optimism in the young people who will lead the next generation. In addition, we must redouble our commitment

and forge ahead with the reform and transformation of our corporate culture. Although social issues of even greater complexity await it in the aftermath of COVID-19, the Group will make a concerted effort to overcome such challenges to realize “A Theme Park for Security, Health & Wellbeing,” and thereby ensure that the Sompo Group's presence remains valuable and indispensable. As we move forward, we would like to ask all of our stakeholders for their continued support.

# A Tripartite Discussion among the Outside Directors Who Chair Committees



Scott Trevor Davis × Sawako Nohara × Naoki Yanagida  
Chair of the Nomination Committee    Chair of the Compensation Committee    Chair of the Audit Committee

## —Governance for the Realization of “A Theme Park for Security, Health & Wellbeing” —

**Q1** | As outside directors of the Sampo Group, on what type of viewpoints do you place particular emphasis?

**Davis** Generally, I try to remain aware of the external viewpoint. I focus on being objective at all times and viewing actual situations in the context of what the ideal situation would be. Not being an internal executive, I am expected to adopt an external viewpoint and provide clear opinions on proposals submitted to me.

Personally, as my position as a faculty member calls for the separation of the personal and the professional, I am particularly aware of the importance of having such a viewpoint. No doubt my two colleagues will have their own particular approaches to achieving the appropriate viewpoint for an outside director.

**Nohara** As well as remaining aware of maintaining an external viewpoint of the Sampo Group, I focus on cultivating a broad perspective and taking a bird’s-eye view of the Group.

Rather than finding common ground, I believe it is important to offer opinions from a different viewpoint, thereby broadening horizons a little and encouraging appreciation of new perspectives. In this sense, my role is to make the kind of stir that stimulates further discussion.

Another perspective that I am mindful of is, naturally, the significance of the appointment of a woman to my position. I think my being a woman gives me a heightened awareness of certain issues, and I try to offer opinions that will help enhance women’s status.

**Yanagida** I also take particular care to ensure that I provide evaluations from an external viewpoint. Management decisions are made after due consideration of how the outside world evaluates companies. Taking outside evaluations into consideration is extremely important for companies, which makes doing so vital for the Sampo Group too. We as outside directors have to adopt an approach of checking whether the Sampo Group’s management decisions make sense from the viewpoint of a third party. In other words, we have to check that such decisions are not being driven by in-house groupthink.

Further, as I chair the Audit Committee, I always focus on whether decisions are reasonable and have been taken based on appropriate procedures pursuant to the principles of management decision-making.

In addition, my approach is affected by the specific characteristics of the Sampo Group. I pay particular attention to the overseas insurance business as it is reforming rapidly and accounts for a significant share of the Group’s business. I also focus on the nursing care & healthcare business, which is in some ways an unusual business for an insurance company to be engaged in.

**Davis** I believe that outside directors have superiors, namely, the shareholders who delegate responsibilities to them.

Also, I think that reflecting the various policies, positions, and expectations of shareholders is important, which is why I consciously try to represent shareholders’ opinions in discussions.

**Nohara** Rather than just contributing from an external perspective to the making of in-house decisions, the role of an outside director includes acting as a representative of

shareholders and providing supervision and recommendations in relation to the management of a company. I believe that we are in a position to draw on the lessons learned throughout our respective careers and make positive pronouncements based on the experience and specialized knowledge we have garnered. With a view to enhancing the Sampo Group's value, I provide supervision from a broad viewpoint as well as constructive suggestions.

**Q2** | **Sampo Holdings transitioned to a Company with Committees structure one year ago. What changes have you noticed since then?**

**Nohara** Previously unified, the functions of management supervision and operational execution have been separated. Consequently, the Board of Directors focuses exclusively on making decisions on management plans and supervising the progress of operational execution, while specific matters pertaining to executive divisions come under the purview of the Global Executive Committee (Global ExCo) and the Managerial Administrative Committee (MAC).

My impression is that this new structure has speeded up business management.

**Davis** With the aim of achieving a transfer of authority to executive divisions rather than to the individuals thereof, at the same time as transitioning to a Company with Committees structure, the Company created Global ExCo, a decision-making platform for executive divisions that encompasses overseas matters, and MAC, a decision-making platform for executive divisions that mainly deals with domestic affairs.

I think the speed of business management has increased because this structure is functioning very effectively.

**Nohara** By attending Global ExCo meetings as an observer, I have gained insight into not only domestic businesses but also overseas businesses.

As a result of having a vantage point closer to frontline operations and witnessing the types of topics on which the leaders of operating companies focus in discussions that transcend corporate and national boundaries and becoming familiar with the management plans under consideration, I am better able to read between the lines of agenda items submitted to the Board of Directors. Moreover, such insight has made it easier to audit the progress of operational execution.

**Yanagida** I agree. Attending meetings of Global ExCo or reading its documents make it abundantly clear that the committee is committed to bringing matters to a resolution at meetings whenever possible. Of course, some matters cannot be resolved at meetings. However, the Global ExCo members' approach of setting concrete time limits and moving matters forward accordingly is very clearly in evidence. My impression is that all committee members take the approach of holding discussions to reach decisions rather than having a discussion for discussion's sake.

**Davis** I think that the transition to a Company with Committees structure has speeded up business management. Conversely, it has also slowed down certain things. Time spent on considering and evaluating management strategies has increased significantly. Consequently, modulated, extremely in-depth discussions have become possible.

While on the one hand the discussion of certain matters has been expedited, more time is now devoted to discussing matters that require thorough examination. Thus, I feel that a sounder overall balance has been achieved.

So far, we have been speaking about speed. However, the most important consideration is whether the management structure is sufficiently flexible to enable strategic decision-making. With respect to providing enough time to mull over management strategies in advance and securing venues for discussions of such strategies, I feel that the Sampo Group's governance structure meets both of these requirements very well.

For a more detailed explanation of Global ExCo, please see page 18.

**Q3** | **In relation to the Sampo Group's vision of realizing "A Theme Park for Security, Health & Wellbeing," what expectations do you have?**

**Nohara** In terms of showing the form that globalization and the diversification of businesses should take, I believe this is an excellent vision. In Japan, expectations of the vision are probably already mounting with regard to contributions toward addressing the country's social issues. Moreover, I hope that the vision will become a turning point that leads to the Group increasing its presence and becoming a high-profile corporate group internationally.

At present, the Group's four major pillars are the domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care & healthcare businesses, with digital technology businesses and other business being added steadily. As the Group evolves, it is also developing a variety of services. For example, it is offering nursing care and dementia-related



**Scott Trevor Davis**

Director  
Chair of the Nomination Committee  
Member of the Compensation Committee

services in Asia. Beyond Asia, the Group is likely to strengthen the rolling out of such products and services as agricultural insurance going forward. Whether the Group can market these products and services in a rapid and appealing manner will be key. I believe that the Group can step up collaboration between its domestic and overseas bases and provide services globally that earn strong customer endorsement.

**Yanagida** The use of the words “theme park” was not a product of management priorities but came about as a result of focusing on the priorities of customers. Having set out the “theme park” concept, the Group should make itself into a place that people visit with the expectation of being able to benefit from great services. In other words, I would like to see the formation of a corporate group inspiring all customers to feel that SOMPO services can enrich their lives and that they can rely on the Sampo Group to offer good ideas for improving their lives.

Currently, insurance companies are associated with services that people rely on when accidents and other unlikely events occur. However, I hope the Group can go one step farther and become a more familiar presence in customers’ day-to-day lives.

Of course, customers will continue to rely on the Group when unlikely events occur, but it should also offer other useful services, including those for the prevention of accidents and illnesses and the minimization of disaster damage. The nursing care and dementia-related services that Ms. Nohara mentioned are examples of such services. I want to see the Group benefit the society of the future by establishing innovations for customers that enable the enrichment of all aspects of life.

**Davis** In order to realize “A Theme Park for Security, Health & Wellbeing,” I would like the Group to leverage effectively the relationships of trust that it has with customers.

The first time I listened to a discussion of the Sampo Group at a meeting of the Board of Directors, the topic was how to turn “on” elements that are currently “off.” For customers, services are “on” at the moment customers enter into an insurance policy and at the moment they make an insurance claim upon the occurrence of an unlikely event. At other times, however, points of contact between an insurance company and its customers are almost non-existent. Nonetheless, during such periods the customers maintain their policies because they continue to trust the Sampo Group and feel reassured that it will help them if they have a problem. I look forward to the Group leveraging these relationships of trust to find the kind of demand that even customers themselves do not realize is there during “off” periods and to then turn such switches “on.”

### Q4 | Will the worldwide spread of COVID-19 affect the Sampo Group’s target profile?

**Yanagida** I think the target profile itself is unlikely to change, but the methodology and means by which it is realized could very well change.

Given that an acceleration of digitalization is inevitable, digital technologies are likely to become one of the main focuses when thinking about strategies.

However, it is not enough to just say in an abstract way, “yes, digital technologies are important.” Considerable differences in the extent to which companies implement concrete measures are certain to emerge going forward, thereby revealing the level of commitment of each company’s management team. Further, whether or not management teams are able to communicate their level of commitment to employees is an important point. I am sure that Sampo Group employees understand the strong commitment of their senior management team as it consistently issues messages to that effect. I anticipate that the whole Group will make a concerted effort to move forward toward its target profile.

**Nohara** While the vision of the “theme park” strategy has remained consistent from the outset, its content has changed in many ways. As events in society have unfolded, the Group has adroitly adjusted its direction or decided to expand and increase focus on certain fields that have become more certain.

Therefore, in a similar fashion the Group needs to take into account changes in demand from society that are resulting from the spread of COVID-19.

For example, although by necessity interactions tend to be noncontact and non-face-to-face, there must be growing demand for timely, painstaking communication focused on each individual’s needs. The Group has to think about how it communicates with customers and provides them with services. I believe services that enable new approaches in these regards can lead to the creation of new businesses.

Also, the Sampo Group has long stated its intention to build a lifestyle-related Real Data\* Platform. As a platform developer, there is potential for the Group to provide lifestyle-related big data to other companies and to roll out a variety of its own services. Accordingly, the Group should adjust such initiatives to reflect the ongoing changes in society.

\* “Real data” refers to data that is acquired from various real-life activities.

**Davis** In my view, demand for the “theme park” strategy has increased.



**Sawako Nohara**

Director  
Chair of the Compensation Committee  
Member of the Nomination Committee

Under this strategy, the Group provides a broad, varied menu of services that ensure and heighten security, health, and wellbeing. Consequently, from the viewpoint of consumers this range of services offers lifestyle solutions suited to each individual.

Of course, there were those who felt that they had no need for such solutions because if adequate societal infrastructure was in place their security, health, and wellbeing would probably be fine. For this reason, despite having attractive offerings the Group's "theme park" did not entirely match the circumstances of society and had yet to be fully utilized.

However, the crises and lack of provision in various respects that have stemmed from the worldwide spread of COVID-19 have given people firsthand experience of how difficult it is to deal with matters as an individual. As a result, my guess would be that those who did not feel the need for solutions now feel it necessary to ensure their security, health, and wellbeing as well as that of their families.

Over the past several years, the Sompo Group has been working extremely hard to build partnerships and networks that will enable the realization of a "theme park." Now is the perfect opportunity to use this infrastructure to benefit society.

## Q5 | What are your impressions and evaluations of your first fiscal year as the chairs of your respective committees?

**Yanagida** For me, one of the main differences accompanying the transition to a Company with Committees structure is that my position has changed from that of an Audit & Supervisory Board member to that of a director who is an Audit Committee member. That said, I am not performing my duties from a completely different viewpoint, as I believe that the viewpoint I had as an Audit & Supervisory Board member is basically still required.

However, in addition to focusing on avoiding bad decision-making as I did previously, I now also concentrate on enabling better decision-making. Achieving the latter objective calls for proactive statements of opinion. Looking back over the fiscal year, this sums up the way in which my mind-set has changed.

Further, at meetings of the Audit Committee we have discussed the likelihood of having to develop innovative auditing methods in response to the spread of COVID-19. In some cases, the new approaches that replace previous methods may even prove to be more effective.

**Davis** As a result of the transition to a Company with Committees structure, the previous, non-mandatory Nomination and Compensation Committee was split into the Nomination and Compensation committees.

The existing frameworks of the previous Nomination and Compensation Committee together with the decision to include its former members on the Nomination and Compensation committees allowed the new committees to get off to a particularly solid, vigorous start.



**Naoki Yanagida**

Director  
Chair of the Audit Committee

Governance involves making a promise, of which the most important commitment concerns management strategy. Governance demonstrates whether this promise is being kept. In other words, governance has two aspects: making an appropriate promise and keeping it.

The more that a nomination committee ceases to be a decoration and becomes truly active, the more that its discussions focus on what the promise is, how it can be kept, whether it is being kept properly, or when it will be kept. Over the past fiscal year, the Sompo Group has gone through this process very rapidly.

The Group CEO firmly believes that good governance is indispensable for the realization of transformation. I think this commitment has been even more in evidence at meetings of the Nomination Committee over the past fiscal year.

**Nohara** During the past fiscal year, I think the Compensation Committee has established an effective base and framework. Going forward, however, I want to work on deepening their substantiveness.

Compensation Committee members are tasked with discussing the compensation of those in executive officer positions and above. But rather than existing in isolation, the executive compensation system is connected to Company-wide systems that encompass all other employees, including those for personnel, evaluation, management, and training.

Recently, we have been discussing how young employees are evaluated, how talented personnel are identified, and how they are fostered. In addition, we have been discussing the need to seamlessly link such efforts with succession planning and the compensation system.

I believe that considering ways of ensuring each employee stays highly motivated will lead to enhanced corporate value. This is a weighty responsibility in the sense that the process of considering such matters should include an examination of the personnel system and in the sense that the associated issues must be thoroughly discussed, and then decisions must be reached.



## 1. Purpose and Position

In line with the Sampo Group’s vision of becoming “A Theme Park for Security, Health & Wellbeing,” Sampo Holdings newly established the Global Executive Committee (Global ExCo) in April 2019 as an advisory body to the Group CEO, believing it necessary to have a framework for advancing the globalization of management and improving the speed, flexibility, and quality of business execution. As the highest executive committee, Global ExCo comprises members of top management in key Group roles, such as Business CEOs inside and outside Japan and Group Chief Officers, who discuss topics of significant business importance, including Group strategies and business execution policies. These members are responsible for rapidly and accurately making high-level decisions, exchanging opinions directly and freely from the standpoint of the domains they oversee and viewpoints regardless of their position.

Unlike meetings of the management committee, in which mainly Japanese participants discussed a wide range of topics, Global ExCo has a diverse range of members, including overseas executives, who conduct intensive discussions focused on important Group-wide issues, such as strategies and policies. In addition to reporting the minutes of discussions

to the Board of Directors, which oversees the executives, directors are invited to observe Global ExCo in order to enhance transparency of the decision-making process.

At Global ExCo, participants from diverse backgrounds have had lively discussions about deploying capital, digital technologies, and AI with the aim of advancing toward the realization of “A Theme Park for Security, Health & Wellbeing.” In recent meetings, serious discussions have taken place about current shareholder returns, with a variety of opinions being aired in light of the business environment during and after the COVID-19 pandemic. Lately, deliberations have focused more on initiatives for providing new value that lead to the resolution of social issues, necessary measures for expanding existing and peripheral businesses, and policies for the next Mid-Term Management Plan. With one eye on the business environment, and with candor, considering what is best for the Group, and being rooted in facts as our three premises, discussions were held about making resilient progress toward value creation as a group and achieving sustained, strong growth, without fear of “good clashes.”

### Key Topics Discussed

Group business plans

Capital policy

Human resource strategy

Digital strategy

Next Mid-Term Management Plan

New business strategies

Work-style reform

Other

### Three Premises for Global ExCo

#### Candor

Candor entails discussions with a mind to solving problems by candidly talking about problems in businesses and domains. Deep discussions are held with “good clashes” by avoiding pre-established harmony and occasionally playing devil’s advocate.

#### Best for the Group

At the highest executive committee of the Group, the idea of what is best for the Group materializes in discussions that take a top-down perspective of the Group. Talk about what is best for one’s own business or domain is discouraged in a bid to maximize benefits for the entire Group.

#### Rooted in Facts

Discussions are encouraged to be rooted in facts through the use of qualitative data and objective facts (including third-party qualitative information, such as from investors).

## 2. Meeting Frequency and Format

In principle, Global ExCo is held six times a year. The Group CSO (Chief Strategy Officer) leads discussions and the Group CEO summarizes the discussions as the chairperson. At each meeting, four or five topics are discussed.



### 3. Members

From Japan, meeting participants comprise the Representative Executive Officers, Group CEO, and Group COO, as well as Business CEOs of the domestic P&C insurance business, domestic life insurance business, and nursing care & healthcare business and Group Chief Officers. From overseas, participants include the CEO of the Overseas Insurance and Reinsurance Business and the Chairman of Overseas M&A as official members. When necessary, meetings are held with other participants invited to discuss certain matters.



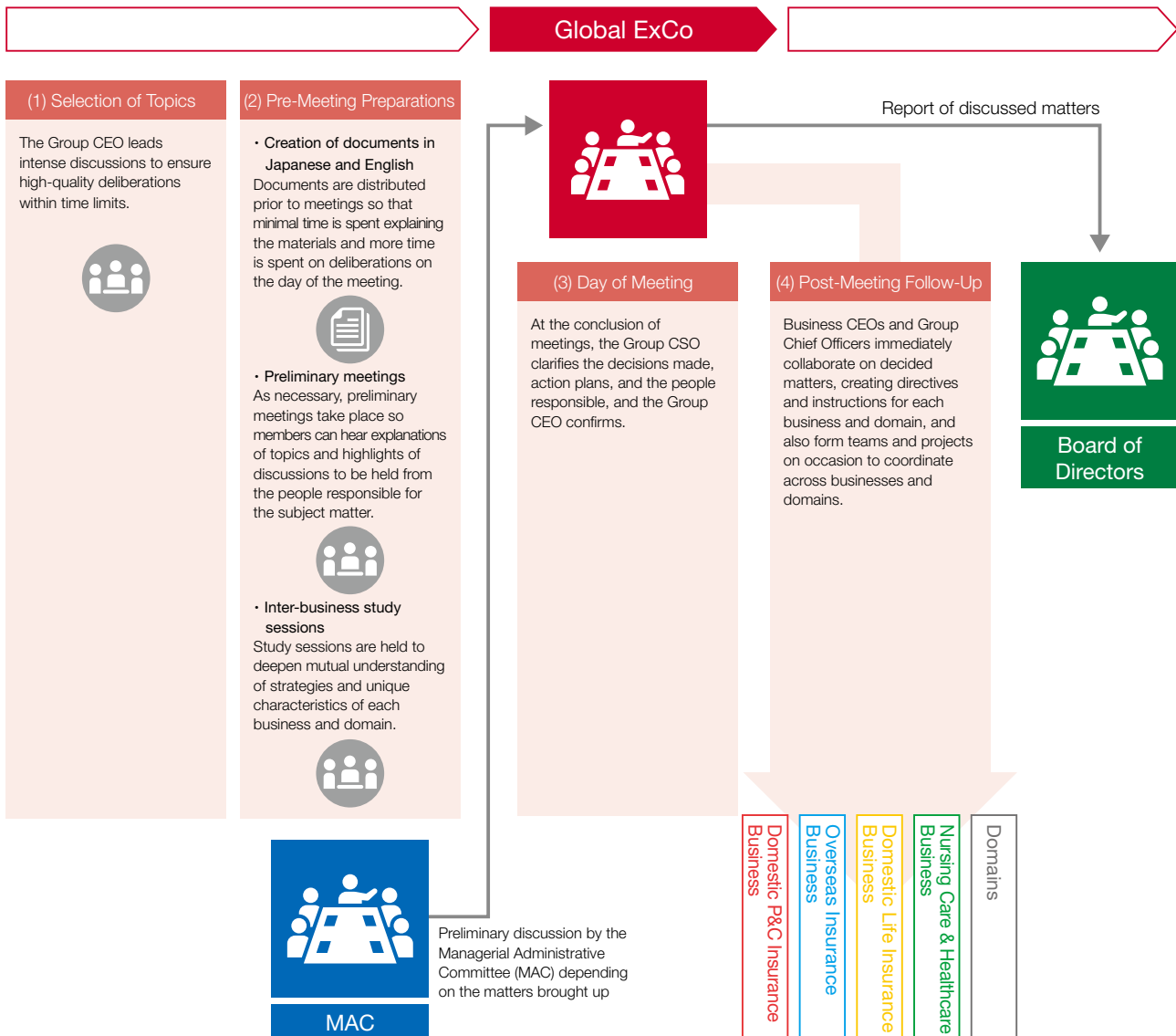
John R. Charman  
CEO of Overseas Insurance  
and Reinsurance Business



Nigel Frudd  
Chairman of Overseas  
M&A

### 4. Manner of Operation

The following framework has been set up for Global ExCo to enhance business execution speed and effectiveness.



As shown above, Sompo Holdings has put in place a framework, centered on Global ExCo, to rapidly effect a transformation through astute and flexible decision-making and rapid execution on a Group-wide basis.