


Top Commitment



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

Kengo Sakurada
President & CEO
Sompo Holdings, Inc.

Business Conditions—an Era of VUCA

Standing for volatility, uncertainty, complexity, and ambiguity, the acronym VUCA best describes today's world. A truly diverse range of social issues are emerging. In Japan, the population is declining and rapidly aging. Globally, large-scale disasters are becoming commonplace, environmental issues such as climate change are arising, and insecurity is increasing due to terrorism and other factors. Other issues include poverty and human rights issues. In addition, issues are surfacing in the technology field. Digital disruption—in other words, the exponential evolution of technology and accompanying changes in customers' behavior—is a destructive type of innovation that is having a major impact on society. I am sure that in the current era the evolution of digital technology, including AI, blockchains, and the Internet of Things (IoT), as well as the spread of mobile devices, is dramatically changing industry structures and creating risks and opportunities globally. Consequently, the Sompo Holdings Group faces business conditions that are changing significantly. And, the pace of this change is expected to increase even further.

Transformation—Mid-Term Management Plan

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

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

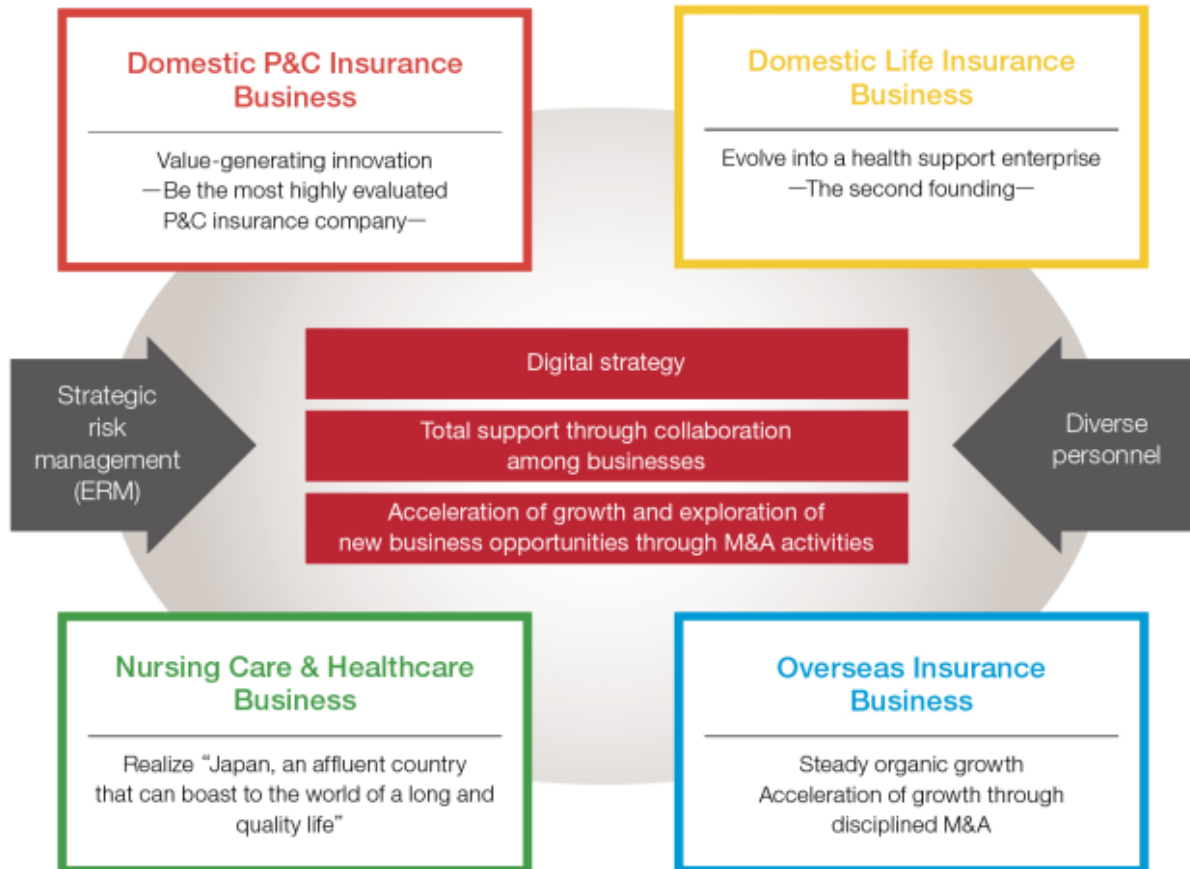
Toward Enhanced Corporate Value—a "Theme Park for the Security, Health, and Wellbeing of Customers"

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

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

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

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



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

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

Brand

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

Acquisition of Sompo International (Endurance Specialty Holdings)

We have established significant foundations for growth in the markets of developed countries by acquiring Sompo International (formerly Endurance Specialty Holdings Ltd.) for 683.1 billion yen—our biggest ever investment. Upon completion of the acquisition, we changed the brand to

SOMPO INTERNATIONAL, and we have already begun integrated administration under the SOMPO brand. Going forward, we will integrate human resource systems and establish a common underwriting platform globally. In addition, we will consider reorganization of the direct insurance, reinsurance, and Lloyds businesses through Sompo International Holdings.

Nursing Care & Healthcare Business

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

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

Digital Strategy

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

Governance

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

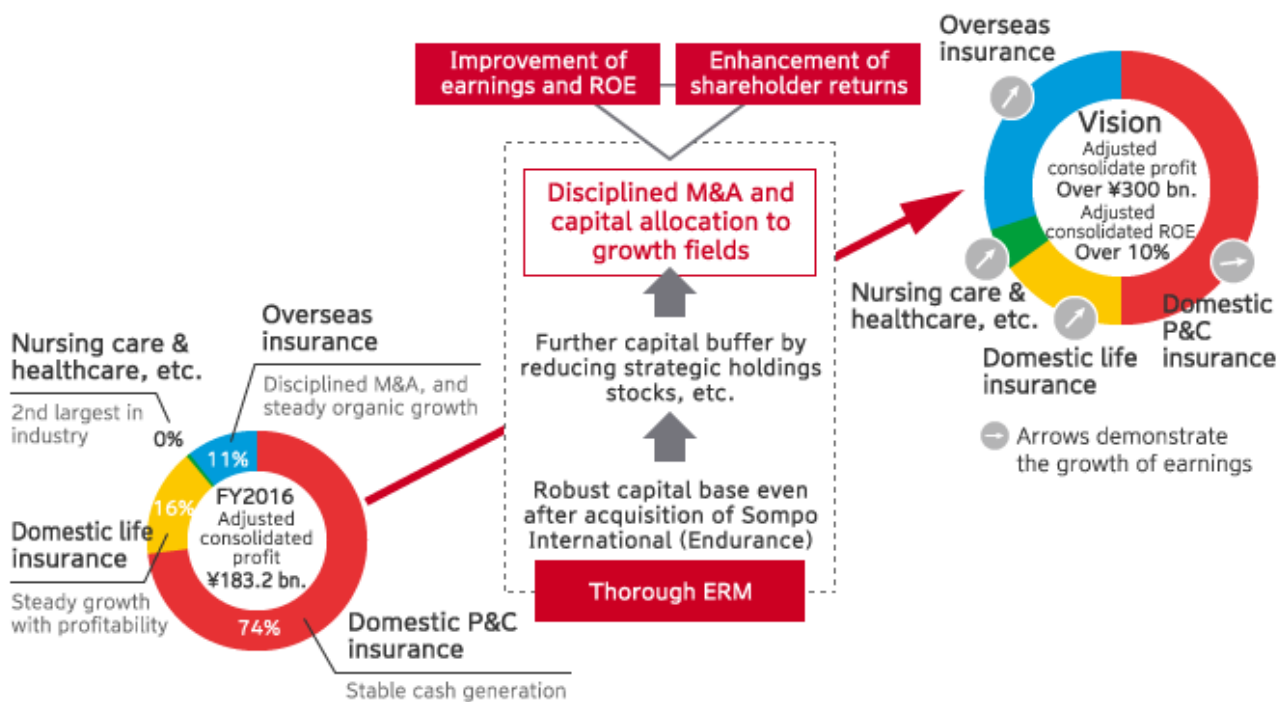
In a separate initiative, we introduced a Group chief officer system in the current fiscal year. This system will enable us to advance cross-segment initiatives, such as the implementation of strategies and the tackling of important tasks on a Group-wide basis and build even stronger governance.

Growth Scenario Going Forward

Aiming to Realize Global Top 10 Level Profit and ROE

Under the direction of their Business Owners, the domestic P&C insurance, domestic life insurance, nursing care & healthcare, and overseas insurance businesses must grow steadily. Further, based on strategic risk management, in other words, ERM (enterprise risk management), we will continue selling strategic-holding stocks and strengthen control of natural disaster risk to

enhance the capital buffer. Through disciplined M&A and the investment of resources in such growth fields as the domestic life insurance and nursing care & healthcare businesses, we will increase profit, ROE, and returns to shareholders and realize global top 10 level profit and ROE. In fiscal 2017, the Mid-Term Management Plan's second year, we will steadily achieve results through measures that we began in fiscal 2016, step up the pace of initiatives in each business, and continue transformation aimed at building a "theme park for the security, health, and wellbeing of customers."



Creating New Value for the Future

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

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

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

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

other companies as well as dialogue and cooperation with our stakeholders, including governments and civil society, can create the large impetus needed to transform society.

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