



STRATEGY

How should we create value?

Starting with our value creation story that aims to achieve our purpose, we employed a backcasting process to formulate a new Mid-term Management Plan that sets out how the Sompo Group intends to deliver value to society over the next three years. By leveraging three core strategies that encompass our evolution towards a Real Data Platform developer, as well as an SDGs in Business Management that is geared towards achieving our purpose, the Sompo Group will materialize the vision of becoming “A Theme Park for Security, Health & Well-being” over the next three years.

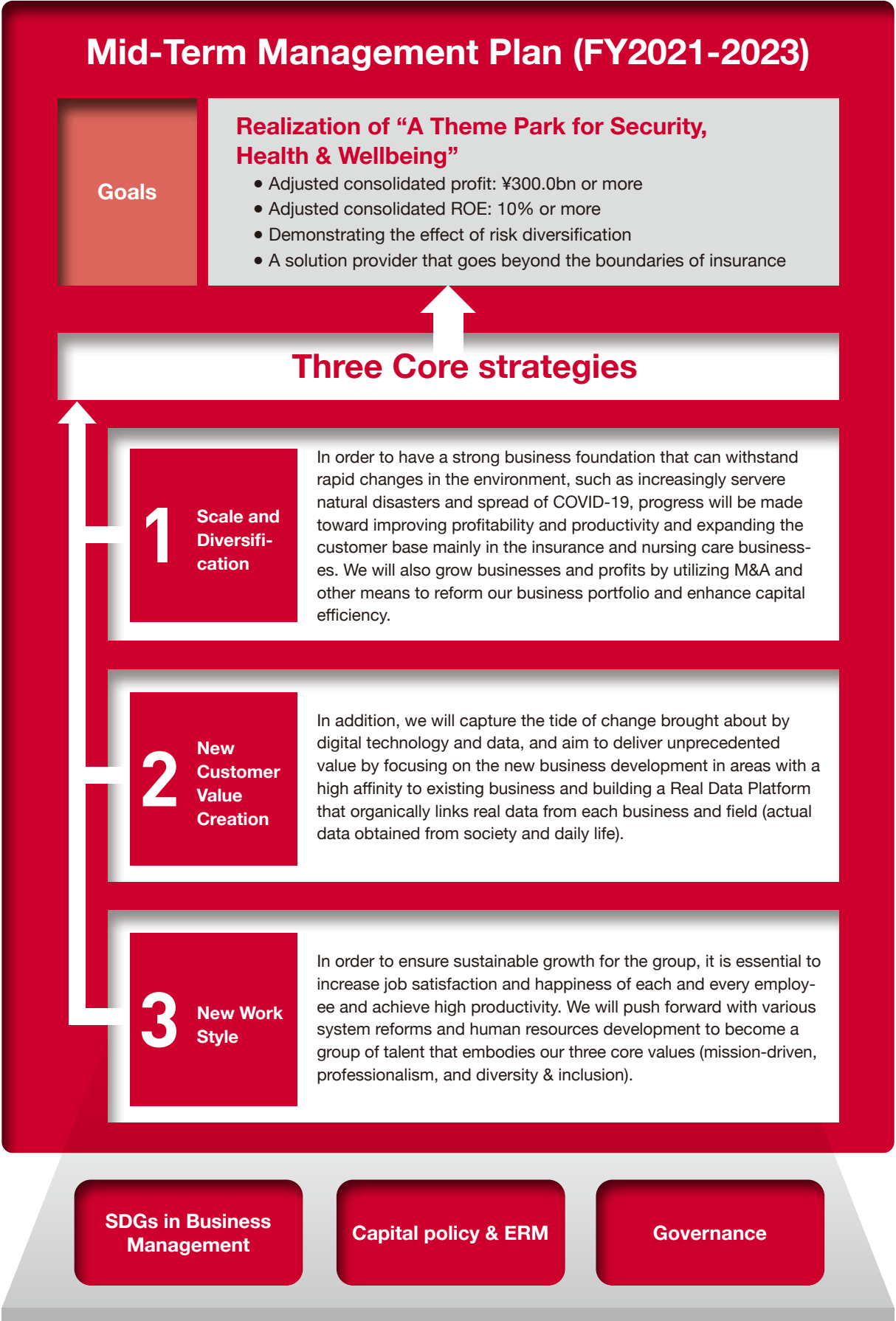
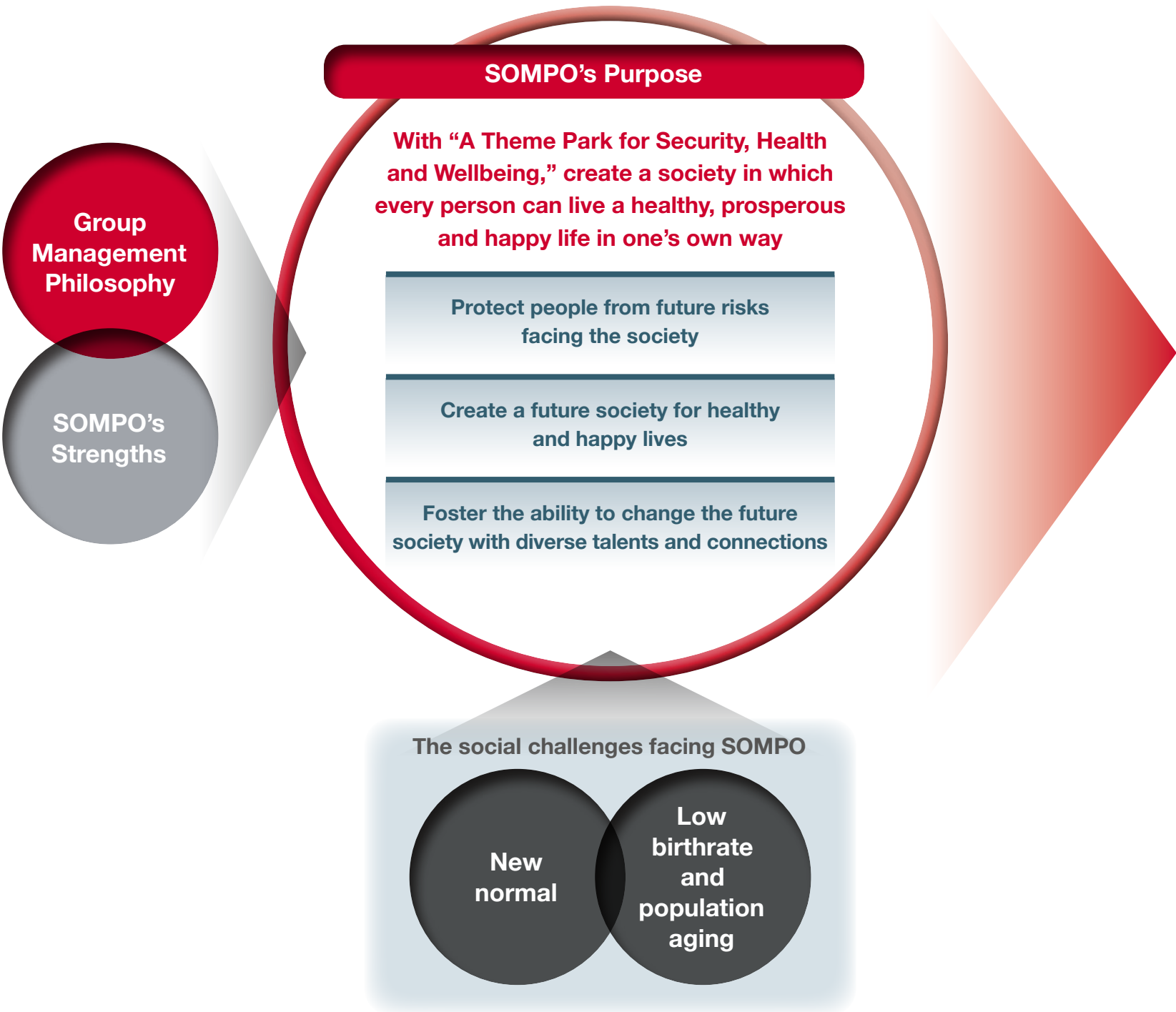


Towards achieving SOMPO's Purpose

A new Mid-Term Management Plan started in FY2021. Since it is difficult to predict the future with certainty in the VUCA age, this plan covers a three-year period through FY2023.

The new Mid-Term Management Plan describes in detail the initiatives that will be undertaken over the next three years based on the vision for society and value delivered to society

as outlined in SOMPO's Purpose. By making steady progress on the three core strategies derived from SOMPO's Purpose—Scale and Diversification, New Customer Value Creation, and New Work Style—the company aims to achieve the goals of adjusted consolidated profit of ¥300.0bn or more and adjusted consolidated ROE of 10% or higher.



SDGs in Business Management

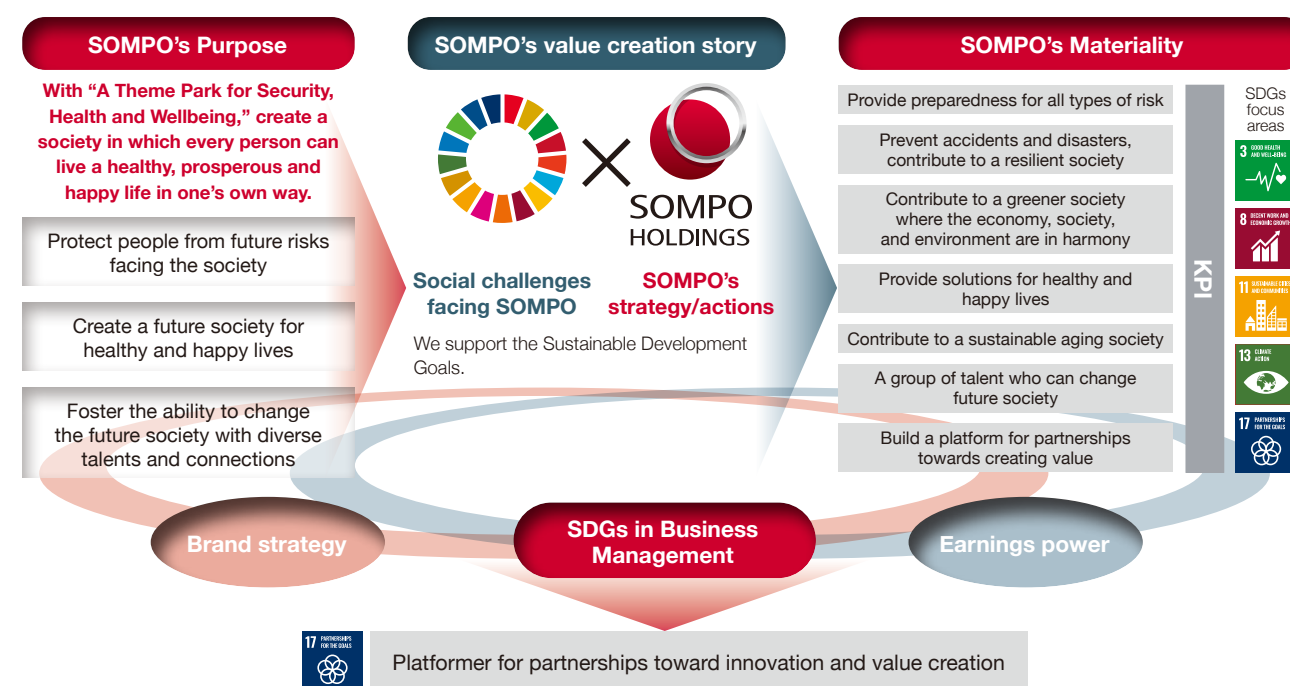
Since its founding as Japan's first fire insurance company in 1888, Sompo group has a history of growing by providing solutions to changing social issues through insurance. In recent years, we have continued to work on solving social issues through our main business, such as making a full-scale entry into the long-term care business to face the social issues of low birthrate and population aging.

In addition, regarding CSR initiatives, with the participation in the Rio Earth Summit in 1992, we have a wealth of achievements as a CSR pioneer, such as collaboration with stakeholders such as environmental NPOs and active participation in sustainability-related organizations.

In addition to these achievements and strengths, we will utilize our qualities as a platformer, such as a "Theme Park for Security, Health & Wellbeing" with diverse businesses, abundant real data generated by each business, networks with stakeholders, and

diverse human resources.

Under the new Mid-Term Management Plan, we place "SDGs in business management" which is to pursue the creation of economic value and social value by addressing social challenges through core businesses, as a new management foundation to deliver the Group's purpose. In promoting this, we will use the PDCA cycle, incorporate the social challenges the Group addresses, strategies, and actions into the management framework by setting materiality and KPIs, and will communicate and appeal the outcomes while making them objective by speaking the universal language of SDGs. In SDGs in business management, we will make the maximum use of our achievements and strengths in contributing to SDGs through core businesses and the credentials of platformer driving social transformation, and aim to become a "partnership" platformer for innovation and value creation.



SOMPO's Achievements and Strengths

Helping achieve the SDGs through our business/organizational culture and core business

Since its birth as Japan's first fire insurance company, the Group has grown by providing solutions to changing social challenges through insurance and has inherited its founding DNA of solving social challenges. In recent years, we have transcended the framework of insurance and evolved into a solution provider. For example, we made a full-scale entry into the nursing care business in order to tackle the social challenges of a low birthrate and population aging.

Achievements as a pioneer in CSR

The Group was one of the first financial institutions in Japan to set up Department of Global Environment when it participated in the Rio Earth Summit in 1992. We have since been a pioneer in advancing CSR initiatives. Since 1993, for example, we have held Open Lectures on the Environment in collaboration with environmental NPOs. We also have an extensive CSR track record on the global stage. For instance, we actively participate in the World Business Council for Sustainable Development (WBCSD), which was established in 1995. We are the only Japanese financial institution to be a member of WBCSD since its inception.

Credentials of a Platformer

"A Theme Park for Security, Health & Wellbeing"
Using real data to help achieve the SDGs

Throughout the five years of its previous Mid-Term Management Plan, the Group has steadily transformed its operations and built "A Theme Park for Security, Health & Wellbeing." Under the new plan, we will leverage the diversity of our businesses to provide a wide range of solutions. At the same time, we will utilize the abundant real data generated by each business to build a Real Data Platform (RDP) as a mechanism for solving social challenges.

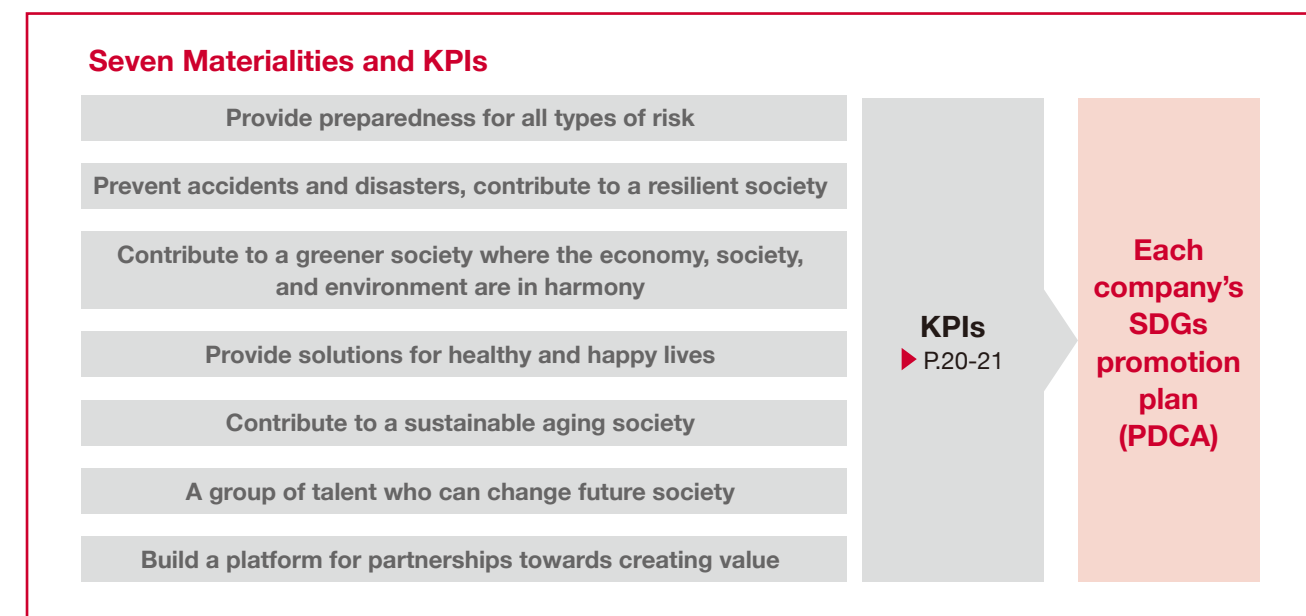
Network with stakeholders, and diversified talent

Backed by a diversified business portfolio, our various businesses have together built a diverse network of stakeholders that includes corporations, local governments, universities, and research institutions, as well as NPOs and NGOs. Our diversified business portfolio has also produced a group of diverse human resources who represent a valuable quality that helps the Group build multifaceted partnerships.

SOMPO's Materiality

When we were considering SOMPO's Purpose, our value creation story for its realization, and our new Mid-Term Management Plan, we engaged in rigorous discussions on what kind of social challenges we should address and what kind of value we should deliver in light of the Group's strengths and resources. These discussions were based on our analyses of medium- and long-term megatrends and identification of social challenges. In addition, we comprehensively identified social

challenges and organized them into seven materialities that we will prioritize. These are based on international norms, such as the United Nations Global Compact and ISO 26000, and take into account issues of importance to society and stakeholders. Having set KPIs for each materiality, we will manage our progress and steadily implement the PDCA cycle aimed at achieving the SOMPO's Purpose.



Social challenges and SDGs SOMPO will address

This matrix organizes the relationship between social challenges facing SOMPO, which were identified in Process 1, and the core subjects of ESG and ISO 26000 by following the frameworks of ISO 26000. It also indicates the SDGs to which the Somo Group will contribute through the provision of its products and services, etc. with 169 targets. Priority social challenges to address through

the Somo Group's business have also been identified through Process 2, which narrows down materiality candidates based on level of importance. These social challenges are organized, integrated, and systematized according to SOMPO's strategy in Process 3, and are referred to as Materialities (key management themes for realizing SOMPO's Purpose).

Process 1
Identify social challenges surrounding our business

Process 2
Identify social challenges to be prioritized

3

8

11

13

17

Process 3
Organize into seven Materialities
(Key management themes)

ESG category	ISO 26000 7 core subjects	Social challenges surrounding SOMPO	1	2	3	4	5	6	7	8	
G	Organizational governance	Refining governance								△8.8	
		Refining ERM								△8.10	
		Strengthening cyber security									
	Fair operating practices	Strengthening compliance								△8.8	
		Anti-corruption								△8.8	
S	Value chain with considering ESG								●7.2	●8.7	
		Human dignity and Human Rights Risk	△1.3		●3.4	●4.4	△5.4			●8.8	
	Preventing the spread of infectious diseases			●3.3					●8.10		
	Labor practices	Improving employee engagement through new work style			△3.4	●4.4	△5.4			●8.2	
		Developing and utilizing innovatable human resources				△4.4	△5.b			●8.2	
		Promoting diversity and inclusion	△1.4		△3.4	●4.5	●5.5			●8.2	
		Promoting a health and productivity management®			●3.4					●8.8	
		Investment in HR (Lifelong Learning/Recurrent Education)				●4.4				●8.2	
	Community involvement and development	Supporting regional development for regional revitalization									
		Promoting cultures and arts					△4.7				
		Financial inclusion and promoting insurance to vulnerable and all people	●1.4	●2.3	●3.3					●8.10	
		Contribution to the resilient society against natural disasters	●1.5							●8.10	
		Contribution to the safe and peaceful next-generation mobility society			●3.6					●8.10	
		Contribution to a sustainable social security system	●1.3		●3.4					●8.8	
		Support for people vulnerable to disasters	△1.5								
		Partnership with various stakeholders	●1.4	●2.4	●3.6	●4.7	●5.5	●6.6	●7.a	●8.10	
		Promotion of digital society	●1.5	●2.4	●3.4	△4.4	△5.b	△6.4	△7.b	△8.10	
		Improving quality of customer services			△3.6					△8.3	
		Privacy protection								△8.8	
		Contributing to smart society			●3.4						
	Consumer issues	Extending healthy life expectancy	△1.4		●3.4	△4.7				●8.10	
		Providing products and services reflecting changes in people's value and behavior								●8.10	
		Next generation education: Education for disaster prevention and traffic safety			●3.6	●4.7		△6.6			
		Next generation education: Education for environment									
		The environment	Sustainable finance (Insurance)			△3.9				●7.a	△8.10
			Sustainable finance (Investment and Lending)							●7.a	△8.3
			Contribution to a sustainable food supply	●1.5	●2.4				△6.6		●8.10
			Contributing to green society	●1.5	●2.4	△3.9	△4.7		△6.6	●7.2	
	Contribution to a circulating society/economy							●6.b			
	Contribution to a society in harmony with nature							●6.6			

9	10	11	12	13	14	15	16	17	Priority social challenges
							●16.7		
							●16.5		
●9.1							●16.5		
	△10.3						●16.5		
	△10.3						●16.5		
			●12.2	●13.2	△14.2	△15.1	△16.2	●17.17	☆
△9.1	△10.2						●16.1	●17.16	☆
				△13.1					
									☆
	●10.2		△12.6						☆
								△17.16	☆
●9.5	△10.2							●17.16	☆
		△11.3						●17.16	
								●17.16	
△9.3		●11.1		●13.1				●17.16	☆
△9.1		●11.b		●13.1				●17.16	☆
●9.1		●11.2						●17.16	☆
	△10.2							●17.16	☆
		△11.b		△13.3				△17.16	
●9.2	●10.4	●11.b	●12.5	●13.3	●14.2	●15.1	●16.2	●17.16	☆
●9.2	△10.2	●11.b	△12.5	△13.1	△14.2	△15.a	△16.1	●17.16	☆
								●17.16	
							●16.5		
		●11.3		△13.1				●17.16	☆
	△10.2							●17.16	☆
			△12.8					●17.16	
		●11.b						●17.16	☆
		●11.b	●12.3	●13.3	●14.1			●17.16	☆
●9.1		●11.4		●13.3	△14.1	△15.5		●17.16	☆
●9.4			△12.c	●13.a	△14.1	△15.5		●17.16	☆
				●13.1				●17.16	☆
△9.1		△11.4	●12.8	●13.2	△14.1	△15.5		●17.16	☆
			●12.5	△13.3	●14.1	△15.4		●17.16	☆
			●12.5	△13.3	●14.1	△15.2		●17.16	☆

Provide preparedness for all types of risk

Prevent accidents and disasters, contribute to a resilient society

Contribute to a greener society where the economy, society and environment are in harmony

Provide solutions for healthy and happy lives

Contribute to a sustainable aging society

A group of talent who can change future society

Build a platform for partnerships towards creating value

1: SDG targets strongly linked to the Somo Group's initiatives are marked as "●," and those somewhat linked are marked as "△."

The Somo Group will continuously review this in response to the development of problem solving business, changes in social challenges, etc.

2: This matrix is put together under the supervision of Hidemitsu Sasaya.

*Health and productivity management® is a registered trademark of Nonprofit Organization Workshop for the Management of Health on Company and Employee.

Materiality KPIs

Materiality	Materiality subcategories	Materiality KPIs	
		KPIs	Target business
Provide preparedness for all types of risk	Financial inclusion and promoting insurance to all people	Domestic net written premiums (contribution to promoting insurance)	Domestic P&C insurance
		Overseas gross written premiums (contribution to promoting insurance)	Overseas insurance
		No. of life insurance policies in force (contribution to promoting insurance)	Domestic life insurance
		No. of sales and premiums for insurance products that help people prepare for illness and injury (Medical Master, Nyuin Passport)	Domestic P&C insurance
	Contribution to a sustainable food supply	Expansion of AgriSompō's agricultural insurance business to more countries	Overseas insurance
Prevent accidents and disasters, contribute to a resilient society	Contribution to resilient society against natural disasters	Customer satisfaction with insurance claims paid for natural disasters	Domestic P&C insurance
	Contribution to secure and healthy next-generation mobility society	No. of sales and premiums for insurance products that contribute to secure and healthy next-generation mobility society (New DRIVING!, UGOKU)	Domestic P&C insurance
	Next-generation education (disaster prevention and traffic safety)	No. of participants in disaster prevention and traffic safety training	All businesses of the Group
Contribute to a greener society where the economy, society and environment are in harmony	Sustainable finance (insurance underwriting, product development, investing and lending)	Participation and activities in sustainability-related initiatives and rulemaking	All businesses of the Group
		No. of engagement with investee and borrower companies	All businesses of the Group
	Contribution to a green society, recycling society and society in harmony with nature	Greenhouse gas emission reduction rate (Scope 1-3)	All businesses of the Group
	ESG conscious value chain	Switching to renewable energy sources	All businesses of the Group
	Next-generation education (environment)	No. of participants in environmental education programs	All businesses of the Group
Provide solutions for healthy and happy lives	Extending healthy life expectancy	No. of Insurhealth® policies sold	Domestic life insurance
		No. of Insurhealth® policies in force	Domestic life insurance
		Weighting of Insurhealth® products	Domestic life insurance
		Company name recognition	Domestic life insurance
		Perception as a health-promoting company	Domestic life insurance
		No. of facilities offering dementia prevention programs	Nursing care & seniors
		Health guidance business revenue	Healthcare
		Mental health service revenue	Healthcare
		No. of smart community proof of concepts	Nursing care & seniors
	Contribution to a smart society	No. of facilities that introduce a Future Nursing Care model	Nursing care & seniors
Contribute to a sustainable aging society	Contribution to a sustainable social security system	Nursing care facility occupancy rate	Nursing care & seniors
		No. of nursing care users	Nursing care & seniors
		Care provider turnover rate	Nursing care & seniors
A group of talent who can change future society	Improving employee engagement through new work style	Employee engagement	All businesses of the Group
		My Mission training participation rate	All businesses of the Group
		Telework rate	All businesses of the Group
	Health and poroductivity management, human dignity and human rights risk	Health and productivity management index (WLQ)* *Work Limitations Questionnaire	All businesses of the Group
		Ratio of female managers	All businesses of the Group
	Promoting diversity and inclusion	Ratio of employees with disabilities	All businesses of the Group
	Investment in HR (Lifelong learning / Recurrent education)	Shift to job-based HR system	All businesses of the Group
		No. of digital personnel developed/employed	All businesses of the Group
Build a platform for partnerships towards creating value	Promoting a digital society	Group revenue generated by utilizing RDP* *Real Data Platform	Digital
		External sales and monetization of RDP products and services	Digital

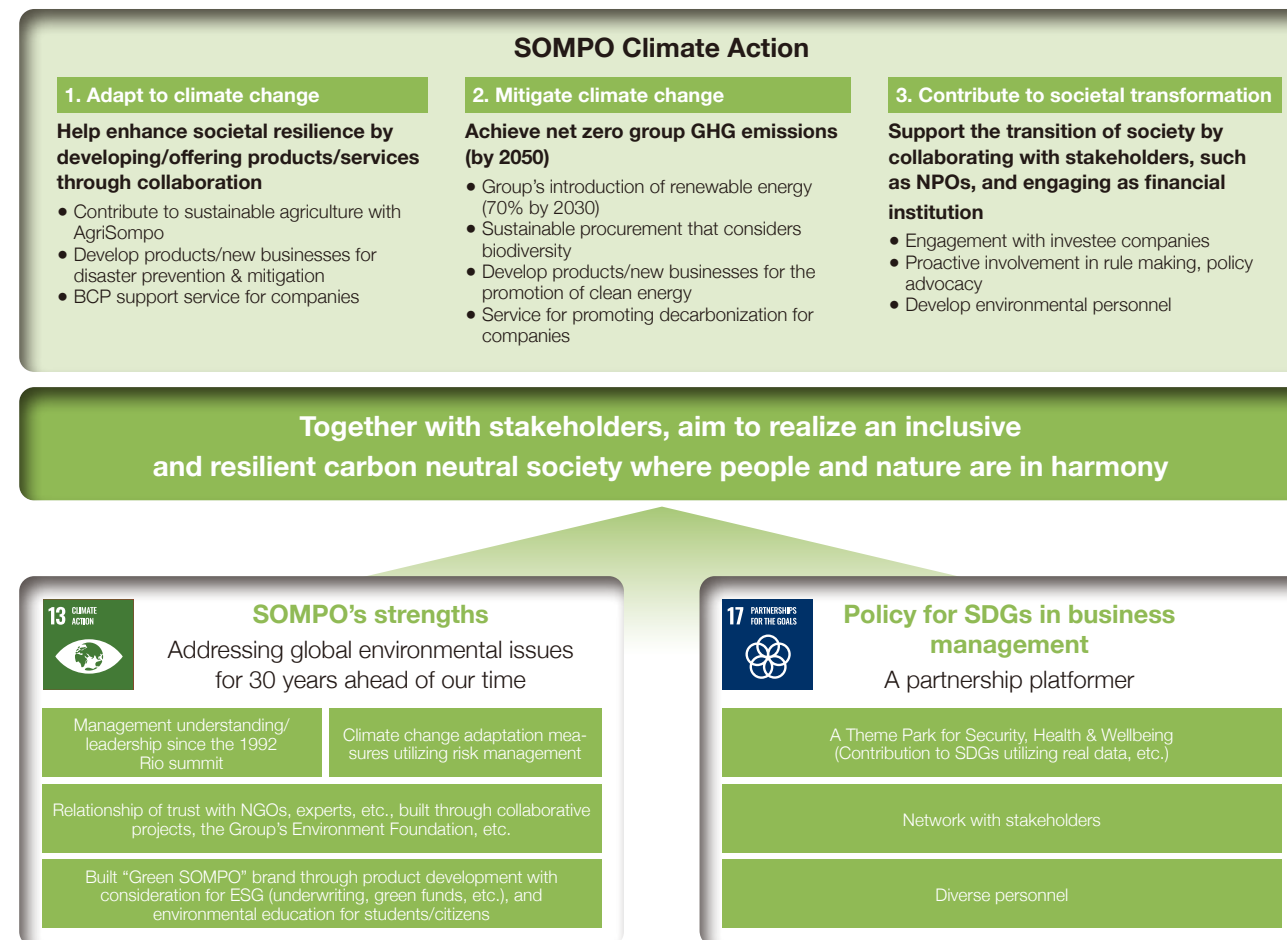
Co-creation with various stakeholders

Numerical targets	Partnership KPIs	Relevant SDG targets			Society SOMPO aims for / Vision to be realized
FY2021: ¥1,988.6bn / FY2023: ¥2,079.9bn		1.4	8.10	11.7	Due to the evolution of insurance, people are protected from new risks such as climate change, infectious diseases and cyberattacks, and can live a secure and healthy life.
FY2021: +7.9% / FY2022: +7.1% / FY2023: +6.9% *In USD		1.4	8.10	13.1	
FY2021: 4.43M / FY2023: 5.00M		1.4	3.3	8.10	
Increase YoY		3.3	3.4	8.10	
Increase in number of target countries by FY2023		1.5	2.4	13.1	
Improve YoY		1.5	11.b	13.1	Risks are controlled and damage is minimized by detecting signs and preventing damage.
Increase YoY		3.6	8.10	11.2	
FY2021: 15,000		3.6	4.7	11.b	
Publish activity results		9.4	11.4	13.3	Inclusive and resilient carbon neutral society where people and nature are in harmony
Increase YoY		7.a	9.4	13.a	
60% reduction by FY2030 (compared to 2017), net zero by FY2050 *The target for FY2050 includes investee and borrower companies	Increase in partnerships (1) No. of collaborations/ partnerships announced to the public (2) No. of PoC* and pilot tests conducted through collaborations/ partnerships (3) No. of solutions provided through collaborations/ partnerships *Proof-of-Concept	7.2	12.8	13.2	
70% introduction rate by FY2030		7.2	12.2	13.2	
FY2021: 11,500		12.3	13.3	14.1	People who need support can live a healthy and happy life with dignity as individuals.
End of FY2021: 300,000 / End of FY2023: 420,000		1.4	3.4	8.10	
End of FY2021: 600,000 / End of FY2023: 1,300,000		1.4	3.4	8.10	
End of FY2021: 60% / End of FY2023: 80%		3.4	3.a	8.10	
End of FY2021: 60% / End of FY2023: 80%		3.4	3.a	8.10	
End of FY2021: No. 5 in the life insurance industry End of FY2023: No. 1 in the industry		3.4	3.a	8.10	
FY2021: 38 / FY2023: 171		3.4	5.4	10.2	
FY2021: ¥3.519bn		3.4	3.5	4.7	The burden on people who support an aging society with a declining birthrate is reduced and everyone can pursue their dreams.
FY2021: ¥1.485bn		3.4	4.4	8.8	
FY2021:10		3.4	3.d	11.3	
FY2021: 28 / FY2023: 258		1.3	3.4	8.8	
FY2021: 90.8% / FY2023: 93.8%		1.3	3.4	10.2	
FY2021: 90,000 / FY2023: 120,000		1.3	3.4	10.2	
FY2021: 11.4% / FY2023: 10.5%		1.3	3.4	8.5	
End of FY2023: Gallup Q12 average points: (domestic) 3.70 pt, (overseas) 4.10 pt		4.4	8.2	8.8	Our diverse employees develop innovative solutions and have the power to drive transformation towards a better society.
End of FY2023: 100% of eligible employees		3.4	4.4	8.2	
More than 50% of whole Group *Nursing care frontline not included		4.4	5.4	8.8	
Improvements YoY at each company		3.4	4.4	8.8	
End of FY2023: 30%		5.5	8.2	10.2	
End of FY2023: 2.5%		4.4	8.2	10.2	
Realize job-based system at each company by the end of FY2023		8.2	8.5	9.5	
End of FY2023 DX specialists: 177 DX planning personnel (A) Employees who have completed basic DX training: 4,000 (B) Participants in AI planning, data utilization, CX agile design training: 3,000 Personnel using DX: 17,100 training participants		4.4	8.2	9.5	
¥500bn (medium- to long-term target)		3.4	9.2	11.b	SOMPO proposes a prosperous life for both people who support and people who are supported in an aging society by creating innovation based on facts and data.
More than two projects by the end of FY2023		3.4	9.2	11.b	

SDGs in Business Management: SOMPO Climate Action

With the adoption of the SDGs conclusion of the Paris Agreement in 2015, companies are increasingly expected to take concrete action to combat climate change. With this in mind, we have positioned “SDGs in business management” as part of our management foundation. We will also accelerate our “SOMPO Climate Action” program, which calls for us to “adapt to climate change,” “mitigate climate change,” and “contribute to societal transformation.”

Since the 1990s, the Group has been tackling global environmental issues in collaboration with a wide range of stakeholders. Through partnerships with stakeholders built up over many years, we will promote initiatives that emphasize environmental, economic, and social sustainability. Our aim is to realize a resilient, carbon-neutral society where people and nature are in harmony.



In 1992, SOMPO's president at the time participated in the Rio Summit as the chairman of the Keidanren Committee on Nature Conservation. In the same year, we established the Department of Global Environment—the first for a Japanese financial institution—and have since been working on global environmental issues in collaboration with NPOs and other organizations. In 1997, we obtained ISO 14001 certification for environmental management systems (another first for a Japanese financial institution), and been working to “adapt to” and “mitigate” climate change.

We are also contributing to “societal transformation” by participating in sustainability promotion and rule-making organizations. Recently, we have been working hard to promote climate-related information disclosure in the insurance industry, including by developing methods for analyzing climate risks. For example, we

joined the insurance pilot working group of the Task Force on Climate-related Financial Disclosures (TCFD), promoted by the United Nations Environment Programme Finance Initiative. We are also committed to the Science Based Targets (SBT) initiative, which aims to achieve the 1.5°C target of the Paris Agreement, and since September 2018 we have been the only domestic insurance group to participate in the Expert Advisory Group for the development of SBT guidelines for financial institutions. In December 2020, meanwhile, we joined the Business for Nature Strategic Advisory Group, which consolidates the opinions of industry and makes policy proposals to address the growing sense of crisis about biodiversity.

Through the SOMPO Climate Action initiative, we will help realize a resilient, inclusive, and sustainable society.

Response to Recommendations of the Task Force on Climate-related Financial Disclosures

Products & Service Partnerships

The Sampo Group supports the Task Force on Climate-related Financial Disclosures and is involved in a various initiatives to address climate change as well as highly transparent information disclosure.

The world has made a major transition toward a carbon-free society in an effort to achieve the goals of the Paris Agreement, an international agreement on climate change. Climate change affects the global environment in a number of ways, as well as having a major impact on the economy and society, including water and food security, employment, and disparities. We believe the holistic approach found in the

SDGs to be important in tackling such a complex issue, like climate change.

The Group has set “Contributing to a greener society where the economy, society and environment are in harmony” as one of its materiality, key themes for realizing our purpose. In addition to the risk management know-how acquired by our insurance business, and the network with stakeholders we have gained through our environmental efforts over the past 30 years, we will develop a holistic approach to climate change through the SDGs management, which we set as the Group management foundation in our Mid-Term Management Plan.

Governance and Risk Management

The Group has established a risk control system based on the Group Basic Policy on ERM set by the Board of Directors, and has defined risks that may have a significant impact on the Group as Material Risks. The Group Chief Risk Officer (CRO) exhaustively identifies and assesses the risks facing each business, regularly reports the state of management to the Managerial Administrative Committee (MAC), the Board of Directors and other bodies, and verifies the effectiveness of countermeasures.

Climate change risks, such as the occurrence of greater-

than-expected aggravated natural disasters as well as reputational damage and the impact on asset prices caused by the transition to a decarbonized society, are also Material Risks, and the Group's executives are responsible for implementing countermeasures. The role of the Group Sustainable Management Committee, which consists of officers of Group companies and is chaired by the Group Chief Sustainability Officer (CSuO), is mainly to discuss measures to respond to opportunities based on materiality and report to the Managerial Administrative Committee (MAC) and the Board of Directors.

Addressing Climate Change Risks and Opportunities

Climate change brings not only risks such as the intensification of natural disasters, but also business opportunities such as changes in the industrial structure and new technological innovations caused by the transition to a decarbonized society. The Group is engaged in risk management in our P&C insurance business through stress tests and scenario analysis, and we are also working to provide products and services by considering the various changes associated with climate change to be business opportunities.

events under climate conditions when temperatures rise by 2°C and 4°C over the medium-to-long-term.

In the future, we will continue to analyze the impact using the scenario analysis framework being examined by the Network for Greening the Financial System (NGFS), which studies financial supervision measures for climate change risks. The Group participates in the Task Force on Climate-related Financial Disclosures (TCFD) Insurance Working Group of the United Nations Environment Programme Finance Initiative (UNEP FI). We are also estimating the impact of typhoons using a quantitative model^{*2} based on the comprehensive guidance published by the working group in January 2021.

*1 The Database for Policy Decision-making for Future Climate Change was developed by the Program for Risk Information on Climate Change of the Japan's Ministry of Education, Culture, Sports, Science and Technology. By utilizing a number of experimental examples (ensemble), future changes in extreme events such as typhoons and heavy rains can be evaluated stochastically and with higher accuracy, enabling more reliable conclusions to be drawn on the impact on future society of natural catastrophes caused by climate change.

*2 Model that captures the changes in the frequency and wind speed of typhoons between now and 2050 based on the RCP8.5 scenario of the Intergovernmental Panel on Climate Change (IPCC) and calculates changes in the frequency and amount of damage caused.

Estimate Results

Frequency of typhoons approx. -30% to +30%

Damage per typhoon approx. +10% to +50%

Response to Recommendations of the Task Force on Climate-related Financial Disclosures

(2) Response to climate change business opportunities

In the Group's Mid-Term Management Plan, we state that we aim to realize a "carbon neutral society where people and nature are in harmony," through "adaptation" to and "mitigation" of climate change and "contribution to societal transformation," which are set as SOMPO Climate Action. We are undertaking various initiatives based on scenarios such as the IPCC's Shared Socioeconomic Pathways (SSP).

[Action 1] Initiatives to adapt to climate change

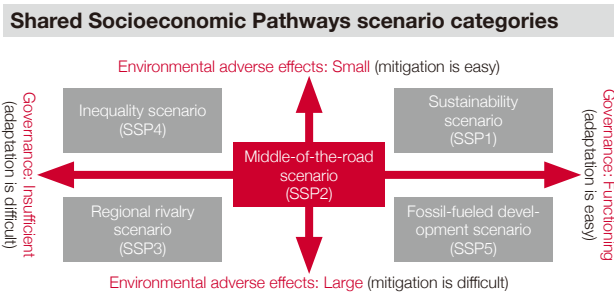
In the Regional Rivalry (SSP3) scenario in which there is a reliance on conventional fossil fuels, a failure to take adequate measures against climate change, and a slowdown in economic development, natural catastrophes become more severe, investment in infrastructure is insufficient, and social vulnerability increases. In such a society, the need to adapt to increase resilience to climate change is expected to increase. The Group is working to provide products and services that contribute to adaptation by utilizing the knowledge and know-how of our insurance and related businesses.

Expanding climate risk consulting business

Since 2018, Sompo Risk Management has been participating in the Japan's Ministry of Education, Culture, Sports, Science and Technology's Social Implementation Program on Climate Change Adaptation Technology (SI-CAT). The company utilizes a database that projects the climates that would result from global warming with temperature increases of 2°C and 4°C and exchanges opinions with research institutions. The company is also working to expand profits from its risk consulting business by using the know-how relating to natural catastrophe risk assessment models and the disclosure of climate-related information it has accumulated through such initiatives.

[Action 2] Initiatives to mitigate climate change

In Sustainability (SSP1) scenario, which harmonizes the environment and the economy, a certain level of economic development underpins the effective implementation of climate action, renewable energy and new technological development progresses, and new insurance needs are expected to increase. The Group advances initiatives to reduce its greenhouse gas emissions and contribute to mitigation of climate change by encouraging switching to and expanding the use of renewable energy.



Agricultural insurance field initiatives

Sompo International, our core intermediate holding company in the overseas insurance business, launched AgriSompo, an integrated brand in the agricultural insurance field in 2017. AgriSompo is expanding its business to South America and Asia in addition to Europe and North America, thereby aiming to contribute to a sustainable food supply system.

In addition, following research and development conducted in collaboration with the Japan Bank for International Cooperation (JBIC) and other bodies, Sompo Japan and Sompo Risk Management launched weather index insurance in Southeast Asia in 2010. Following on from this, a product targeting Longan farmers in Thailand was launched in 2019 and a product targeting sugarcane farmers was launched in 2021. These products help reduce the risks associated with the need for farmers to adapt to natural disaster risks such as windstorms, floods and droughts. In 2015, it was certified as a Business Call to Action (BCTA)*3, as an initiative to achieve both business activities and sustainable development.

*3 Initiative led by the United Nations Development Programme (UNDP) that aims to promote the establishment of business models that achieve both business activities and sustainable development.

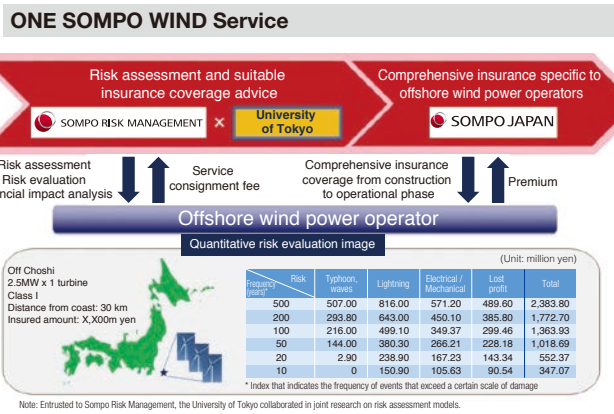


Group initiatives to achieve net zero greenhouse gas emissions

In April 2021, we announced a greenhouse gas emission reduction policy, which aims to achieve net zero by 2050. We are working toward a goal of 60% reduction in 2030 (compared to 2017) by promoting measures such as switching to renewable energy as a source of electricity used by the Group. We are also undertaking initiatives to reduce emissions in collaboration with stakeholders, aiming for net zero emissions in the value chain, including at investment portfolio companies.

ONE SOMPO WIND Services for wind power generation companies

In addition to providing P&C insurance products, we capitalize on the know-how acquired through joint research with universities, research institutions, and other stakeholders to roll out a risk management service that comprehensively covers the value chains of wind power generation businesses. The service targets all phases of wind power generation projects, from project formation and operational start-up through to subsequent removal or replacement.



[Action 3] Contribution to societal transformation

Identifying businesses and sectors that adversely affect the environment and society to utilize the results in insuring, investing and financing

The Group identifies businesses and sectors that may adversely affect the environment and society through the destruction of nature and human rights violations, and is building a database through dialogue with stakeholders and our own unique analysis for use in insuring and in investment and financing decisions.

Insuring, investment and financing restriction policy for coal-fired power plants (first among P&C insurance companies in Japan)

In September 2020, Sompo Japan announced that it would be the first P&C insurance company in Japan not to insure, invest or finance the construction of new coal-fired power plants, which are feared to accelerate climate change. We believe dialogue with stakeholders to be an important opportunity to develop the Group's business and so, going forward, we will continue to grasp the expectations and demands on the Group through such dialogue, and contribute to societal transformation by promoting initiatives to decarbonize the industry.

ESG initiatives by Sompo Asset Management

Sompo Asset Management participates in Climate Action 100+, an initiative led by institutional investors that collaboratively promotes engagement activities, and actively encourages investment portfolio companies to reduce greenhouse gas emissions and prepare long-term plans. In September 2017, the company became a signatory to the Montréal Carbon Pledge, which is overseen by the Principles for Responsible Investment (PRI). The company regularly calculates and discloses greenhouse gas emissions per 10,000 beneficial interest units of the Japan Value Equity Sustainable fund, which is focused on long-term investment, overall fund emissions and the weighted average carbon intensity of the fund.



Thirty years of environmental education initiatives

Since establishing the Global Environmental Department in 1992, the Group has understood the importance of spontaneous action by individuals to address climate change and other global environmental issues, and we are continuously working to develop environmental personnel through collaboration with civil society organizations.

Response to Recommendations of the Task Force on Climate-related Financial Disclosures

Metrics and Targets

The Group has set the following KPIs to assess ongoing efforts to “contribute to a greener society where the economy, society and environment are in harmony.”

<div>■ Greenhouse gas emissions reduction rate (scopes 1, 2 and 3)</div> <div>Reduction in FY2020: 15.2%^{*1}</div> <div>Target for FY2030 : 60%</div> <div>Target for FY2050 : Net zero (including at the investment portfolio)</div>	<div>■ No. of participants in environmental education programs</div> <div>Participants as of end of FY2020 : 77,080^{*2}</div> <div>Target for FY2021 : 11,500</div>
<div>■ Efforts to reduce emissions in the value chain</div> <div>Reduction in paper use in FY2020 : 25%^{*1}</div> <div>Reduction in business travel in FY2020 : 70.7%^{*1}</div>	<div>■ No. of engagements with investment portfolio companies</div> <div>Increase compared to FY2020</div>
<div>■ Renewable energy introduction rate</div> <div>Target for FY2030 : 70%+</div> <div>Target for FY2050 : 100%</div>	<div>^{*1} Compared to FY2017</div> <div>^{*2} Cumulative total of the number of participants in the SAVE JAPAN Project (a conservation project to save rare species in Japan) and Public Seminars on the Environment.</div>

Initiatives towards Biodiversity and Nature Risks

Risk overview and assessment

In the Global Risks Report 2021 (16th Edition) published by the World Economic Forum in January 2021, biodiversity loss was listed among the five risks with the highest likelihood and impact in the next 10 years.

In the global community, the “Taskforce on Nature-related Financial Disclosures (TNFD)” to consider the framework for assessing, managing and reporting the company’s dependence and impact on nature is being discussed led by four organizations, namely, United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), Global Canopy, and World Wildlife Fund (WWF), and the framework and guidelines for disclosure related to nature and biodiversity will be published by the end of 2022.

Since biodiversity affects food and water supply, climate stability, etc. and its loss may accelerate future climate change, there is a heightened sense of urgency also from an economic perspective. We classify biodiversity-related risks as “emerging risks” that can have a significant impact on the Group. In terms of business opportunities, it is possible to provide new property/liability insurance and consulting services against threats that have adverse effects, and make ESG investment for species protection.

Biodiversity initiative

The Group has been working on global environmental issues, such as climate change, since the 1990s, and has been continuously involved with the “Save Japan Project,” a biodiversity conservation activity in collaboration with NPOs, since 2010.

In September 2020, we announced a policy to protect and conserve natural sites registered under the Ramsar Convention and UNESCO World Heritage Convention, and encourage appropriate response to business partners and investors to enhance the sustainability of the Group. We identified businesses that have a negative impact on natural environment (businesses with high ESG risk) and conduct screening in insurance underwriting and investment/lending processes.

In January 2021, we joined the Strategic Advisory Group of Business for Nature, an organization that brings together the voice of the industries on biodiversity and makes advocacy proposals, as well as the Nature Action Project of World Business Council for Sustainable Development (WBCSD). We are strengthening our efforts on biodiversity through dialogue with various stakeholders. In the future, we will examine government policies related to biodiversity impacts, changes in consumer preferences, scenarios of the impact of stricter regulations, and opportunities for developing products and services that address these.

Leadership to Address Climate Change

Leadership through Various Initiatives

It is important that many stakeholders work collaboratively to address the challenges of climate change. As climate action is being discussed in numerous initiatives both in Japan and the world, we are making an effort to show leadership in such initiatives. Here we introduce some of our major activities.

Participation in CDP (Climate Change) and Support for TCFD

The CDP is a set of collaborative initiatives by the world’s institutional investors. It encourages businesses worldwide to adopt climate change strategies and disclose their GHG emissions. Sampo Japan has been a member since 2005 as an institutional investor. As a responding company, Sampo Holdings selected for the Climate A List as the highest rank in a CDP Climate Change from 2016 to 2019. For 2020, Sampo Holdings obtained “A-” score in a CDP Climate Change.

Following the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations Report published in June 2017, the Group declared support for TCFD and started participating in the TCFD insurance working group of the United Nations Environment Programme-Finance Initiative (UNEP-FI) to formulate TCFD standards for the insurance sector.

Paris Agreement: Participation in Initiatives to Achieve 2°C Target

In 2017, we took part in an initiative led by the Ministry of the Environment, Japan aiming to set Science Based Targets (SBT). In 2018, we submitted a letter of commitment to the SBTi (international initiative that certifies companies that set ambitious targets consistent with the Paris Agreement) and declared our participation in the drafting of financial sector guidance*. In fiscal year 2018, we set new mid- to long-term GHG emission reduction targets for 2030 and 2050 in line with the levels recommended by the SBTi.

In July 2018, the Japan Climate Initiative network was established to enhance information dissemination and the exchange of opinions among corporations, local governments, and civil society organizations actively taking measures to combat climate change. We endorse the purpose of this initiative and are participating as a founding member.

* Guidance on SBT for the financial sector is currently being developed thus it is not yet possible for financial institutions to be certified by SBTi. (As of July 2018)

Caring for Climate

Caring for Climate is an initiative established by the United Nations Global Compact (UNGC), the United Nations Environment Programme (UNEP), and the United Nations Framework Convention on Climate Change (UNFCCC) to advance the role of business in addressing climate change. Masao Seki, Senior Advisor on CSR at Sampo Japan, is a member of the steering committee.

The Conference of the Parties (COP)

In November 2016, the 22nd Session of the Conference of the Parties (COP22) to the United Nations Framework Convention on Climate Change was held in Marrakesh, Sampo Japan, spoke at a session of a side event organized by Japan’s Ministry of the Environment, focusing on Japanese corporations’ efforts for climate resilience. The company also participated in a High-Level Meeting on Climate Change organized by Caring for Climate during COP22, as a steering committee member.

In November 2017, at a side event organized by the Japan International cooperation Agency (JICA) at the COP23 held in Bonn, Germany, Sampo Risk Management gave a presentation on Private Sector Perspective on Agricultural Insurance.

In November 2018, Masaya Futamiya, Director Chairman of Sampo Japan participated in Global Business and Biodiversity Forum held in advance of COP14 and gave a presentation on the revision of Declaration of Biodiversity by Keidanren and a progress status of the “mainstreaming of biodiversity” in the Japanese business sector as a Chairman of Keidanren Committee on Nature Conservation. He also held dialogs with representatives from organizations that have a great effect on promoting global nature conservation.



Speech at “Global Business and Biodiversity Forum”

Addressing ESG Issues in Sompo Group Business Operations

As a solutions provider, the Sompo Group is committed to providing products and services that promote security, health and wellbeing as part of the global effort to create a resilient, sustainable society. Our policies, including the Group Sustainability Vision, put climate change, human rights and local communities at the heart of our business processes as we integrate environmental, social and governance (ESG) considerations into our investment, lending and insurance underwriting activities.

Sompo Japan was one of the initial signatories to the UN Principles for Responsible Investment (PRI) and the first Japanese insurance company to sign it when the initiative was

ESG Risk Management System

The Sompo Group is developing a more sophisticated system of ESG-related risk management. Risks that can have a significant impact on the Group are defined as our material risks, and risks related to climate change are defined as material risks. Risks related to climate change include risks such as storm and flood damage of an unforeseen scale due to climate change, risks such as reputational damage as a result of not taking appropriate actions in light of the increasing social demands on companies regarding environmental and human rights issues,

Responsible Investment and Lending

As a responsible institutional investor, Sompo Japan takes account of the investee companies' ESG actions in investment and financing decisions. The company prioritize environment-friendly renewable power generation projects as part of our effort to drive greenhouse gas reduction and transition to a carbon neutral society. As a signatory to the PRI, the company actively engages in responsible investment across asset classes, including listed equities and fixed-income asset management.

Sompo Asset Management is guided by its Responsible Investment Policy, which sets out its social responsibility as an institutional investor and the code of conduct. In active asset management, where the aim is to generate medium- to long-term investment returns, the company pays close attention to non-financial information such as ESG performance as well as financial data. ESG is integrated into our asset management process through the continuous monitoring of corporate ESG data and holistic assessment of asset value.

In order to facilitate access for Japanese investors to overseas assets, Sompo Asset Management offers products provided by leading asset managers from around the world. When introducing such third-party products, Sompo Asset Management conduct our own due diligence assessments,

Responsible Insurance Underwriting

As a responsible insurer, The Sompo Group ensures that ESG factors are considered in its insurance underwriting decisions.

Policy for Coal-fired Power Plant

The Sompo Group will not insure or invest in new construction of coal-fired power plant, except for projects for which

launched in 2006; Sompo Asset Management followed suit in 2012. Sompo Japan also participated in the drafting of the UN Principles for Sustainable Insurance (PSI) and became a signatory at its official launch at the United Nations Conference on Sustainable Development (Rio+20) held in Rio de Janeiro, Brazil, in June 2016, declaring the company's commitment to promoting the Principles.

Guided by these international principles, the Sompo Group is committed to the creation of a resilient, sustainable society through the advancement of ESG-integrated investment, lending and insurance underwriting.

and risks such as asset devaluation resulting from the transition to a low-carbon society.

Our Sustainable Management Committee, chaired by the Group COO and attended by the officers of the Group companies, along with its sub-groups, review and discuss issues of importance in our underwriting, investment and lending operations. We also engage with our stakeholders to collect information and exchange views in order to embed ESG factors into our business processes and address ESG risks.

which look at the provider's ESG and stewardship policies and systems as well as the status of their implementation, with regular reviews afterwards. The product assessment uses a four-level scale (A+, A, B and C), measuring factors such as the asset managers' commitment to responsible and ESG investing, their approach to ESG in the product's asset management process, and their proxy voting system as well as voting records. Only the products that have achieved grade A and higher are recognized as ESG investment products and, as of the end of March 2021, around 80% of the third-party products are recognized as ESG investments. In addition, more than 90% of the external asset managers (based on investment balance) are PRI signatories. Examples of Sompo Asset Management's engagement with external asset managers include a case of a non-PRI signatory, where our dialogue led to the company to sign the PRI. In another case, Sompo Asset Management was able to share information previously undisclosed by the asset manager, such as proxy voting records and the guidelines and organizational framework for responsible investment, to achieve the standard of reporting expected in ESG investment and required by asset owners engaged in stewardship activities.

underwriting, investment and financing has already been expressed. In the case of a power generation with power efficiency exceeding the certain level in accordance with the energy strategy of each country and region, it might consider to insure or invest with a careful thought confirming measures to reduce environmental impact, such as reduction of greenhouse gas emissions and alternative means.

Sensitive Projects and Sectors

The Sustainable Management Committee, chaired by the Group Chief Sustainability Officer (CSuO) and hosted by the Sustainable Management Office SOMPO Holdings, discusses the reduction of ESG risks and the identification of opportunities to promote initiatives for the group.

As shown in the table below, Sompo Japan identifies businesses and sectors that require attention with respect to underwriting and financing that may have a negative impact on the environment and society.

Investing and financing

As for investment and financing that may have a negative impact on the environment and society, in addition to the cluster bomb manufacturers that prohibit investment and financing, the company identifies the projects as shown in the table below, evaluates the risks, and responds appropriately.

Insurance underwriting

For insurance underwriting, Sompo Japan prohibits "Anti Social" corporations and persons, which threatens the order of civil society and the safety of citizens.

The company also identifies projects which have potentially negative environmental or social impact, evaluates their impact on the environment and society, and takes an

appropriate approach.

As necessary, the Sustainable Management Office of SOMPO Holdings discusses with the sales department and underwriting department on matters to be addressed from the perspective of ESG.

List of Sensitive Projects/Sectors

Category	Related to
Environment	<div>■ Projects with negative impact on UNESCO World Heritage Sites</div> <div>■ Projects with negative impact on Ramsar-listed wetlands</div> <div>■ Coal-fired power generation with excessive environmental impact</div> <div>■ Coal mining projects with excessive environmental impact</div>
Social	<div>■ Human rights violations</div> <div>Projects on Child labor and Forced labor</div> <div>■ Inhumane weapons</div> <div>Nuclear, biological or chemical weapons, anti-personnel mines and other inhumane weapons.</div>

Engagement

(1) Investees

Sompo Asset Management engages with investee companies as part of its stewardship responsibilities. Analysts and fund managers build relationships with existing and potential investee companies through which regular dialogue can be maintained. The focus of our dialogue is to understand their intrinsic value from a medium- to long-term point of view, which forms the basis for our investment decisions, and we strive to understand the investees' processes of creating and distributing added value from which their intrinsic value is derived. ESG considerations are integrated into our asset management process to facilitate dialogue on ESG. In fiscal 2020, around 700 companies were selected as potential investees and, through our analysts' research activities, 2,564 engagement opportunities were provided (of which 607 were individual dialogue and 1,957 were participation in briefings).

(2) Business Partners/ Equity Ownership

Sompo Japan also engages with business partner companies on ESG as well as management strategy and business risks. Sectors and companies highly exposed to ESG risks are identified, and engagement efforts are made to encourage risk reduction. Sompo Japan supports Japan's Stewardship Code: Principles for Responsible Institutional Investors and engages in constructive dialogue with investee companies as part of its stewardship responsibilities to enhance investees' corporate value, prevent impairment and promote sustainable growth. Between July 2018 and June 2019, companies were selected for engagement activities based on a holistic review of factors

such as the market value of holdings, proportion of voting rights, financial results, ROE, dividend payout ratio and ESG/SDG initiatives. Some examples of our ESG engagement work are given below:

Environmental

The company engaged in the dialogue with Company C on their environmental initiatives. The company learned that they had embarked on a number of environmental initiatives including a green power purchase agreement with a biomass power plant and the use of power derived from renewable energy in their processes. The company also discussed further environmental efforts to be made.

Environmental

The company engaged in the dialogue with Bank D. The company learned of their environmental initiatives, which included the introduction of tablets to provide minutes of meetings and approval documents electronically, which cut down the use of paper by 30%; the private placement of an eco bond; and the offering of preferential interest rates to companies engaged in environment-friendly activities.

Social

The company engaged in the dialogue with Company E on their SDG initiatives. The company found out that their

Addressing ESG Issues in Sompo Group Business Operations

efforts focused on the environment, next generation and local communities, and that they had a plan to take their business succession-related business, one of their next-generation offerings, to profitability.

Governance

The company engaged in the dialogue with Company F on empowering outside directors to play their expected role. The company learned that they have been active in their effort to address the asymmetry of information, hosting workshops to help outside directors understand their industry sector better, joining inspection visits, and providing detailed reports on meetings between officers.

Proxy voting

Sompo Asset Management has drawn up proxy voting guidelines, which set out the objectives of the guidelines, basic policy on proxy voting, guidelines for individual resolutions and operational framework for proxy voting.

Sompo Japan is guided by its own proxy voting standard for the exercise of its voting rights. Proxy voting is an important opportunity to support the sustainable growth of investee companies, and voting decisions are made by holistically looking at factors such as the state of corporate governance, compliance system and environmental actions.

Where a resolution requires particularly careful consideration, a thorough investigation is conducted, including requesting the investee companies to explain the objective and background of the resolution, in order to arrive at a decision.

* For details of our proxy voting actions between July 2018 and June 2019, see Proxy Voting Status: (<https://www.sompo-japan.co.jp/company/stewardship/report/> , Japanese only)

The following are examples of resolutions the company voted against:

- Governance: payment of retirement bonuses to outside company auditors
Company G pays retirement bonuses to its outside company auditors. The company communicated our concern that the

Since 2020, Sompo Japan has engaged listed companies in industries with high greenhouse gas emissions and industries closely related to ESG issues (Gas, electricity, food, land transportation, fisheries, agriculture and forestry, transportation equipment, iron and steel, shipping, air transportation, etc.), such as supply chain management that includes environmental and human rights issues. The selection of individual stocks takes into account market capitalization, Climate Action 100 + engagement list, regionality, etc. In the engagement process, in addition to confirming whether or not there is a sustainability related policy, the company plans to hold hearings based on the 4 elements of TCFD, and hold dialogues regarding the establishment of GHG reduction methods and reduction targets.

expectation of bonus payments makes it difficult for auditors to criticize the management. As the company responded that there was no plan to abolish the practice, the company voted against the resolution.

- Governance: effectiveness of board of directors
Company H has less than two outside board directors and, since last year, the company has been asking for an increase in the number of independent board members to improve governance. However, company H did not increase the number and showed no intention to do so. As a result, the company voted against the reappointment of its representative director.

The Sompo Japan Green Open fund, one of Sompo Asset Management's environmental funds for individual investors, invests in companies that are highly rated for their environmental actions and for their investment value. With a net asset balance of 27 billion yen as at the end of March 2021, it is one of the largest ESG funds in Japan. Adding to this, Sompo Asset Management also manages ESG funds for institutional investors such as the Sustainable Fund and Green Fund as well as the SRI fund for individual investors, with a total net asset balance at the end of March 2021 of 186 billion yen.

ESG investment

As part of ESG investment, Sompo Japan is investing in green bond and social bonds. The company will continue to invest in green bonds and social bonds in order to promote the reduction of greenhouse gases and the transition to a carbon neutral society, to achieve economic and social development in developing regions, and to contribute to environmental consideration

ESG-related insurance products

For customers of our automobile insurance policies, Sompo Japan provides services to support safe driving, helping to reduce the number of traffic accidents. These include "Smiling Road," a safe driving support service for companies; "Portable

Smiling Road," a safe driving app for individual drivers; and "DRIVING!," a telematics-based service using a drive recorder for older drivers. Our "Eco Car Discount Policy" offers discounted insurance premiums for environment-friendly vehicles

such as hybrid and electric cars. The company has introduced web-based systems allowing customers to view insurance policies and insurance clauses online. The company also

promotes the use of recycled products to fix cars damaged in traffic accidents, such as using reusable parts recovered from scrapped cars.

Major ESG-related Insurance Products

Insurance Category		Overview	Premiums written (100million JPY)	% of total Premium written in respective category
1	Products that reduce the environmental impact and facilitate the transition to a low-carbon society (eco-friendly discounts, etc.)	Insurance products that offer eco-friendly car discounts or safe driving support services	10,898	Approx. 51%
2	Products that reduce environmental impact and conserve biodiversity	Insurance products that allocate the reduced cost of paper to collaborative projects with NGOs that conserve biodiversity when customers choose the Web-based policy conditions *1	5,080*2	Approx. 71%
3	Products that contribute to addressing social challenges in the digital society	A small-amount short-term insurance product that has legal advice services attached and contributes to addressing social challenges, such as cyber-bullying of children with smartphones and billing troubles.	0.61	100%

*1 We promoted the use of web-based policy conditions by cooperating with customers and agencies, and contributed to the reduction of paper of 624.1 tCO₂ in FY2020.
*2 Estimated using the average unit cost of insurance premiums per product.

Insurance underwriting

Weather indexed insurance

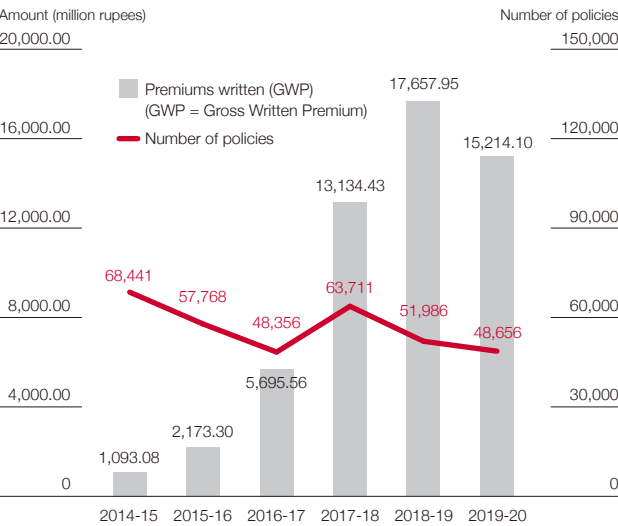
Weather index insurance is an insurance product that pays out a contractually predetermined insurance amount when a weather index – such as temperature, wind speed, rainfall, or hours of sunshine – fulfills certain conditions. Utilizing risk assessment technology of SOMPO Risk Management and know-how generated by AgriSompo*, we have been providing the Weather Index Insurance aiming at reducing agricultural business risks associated with extreme weather in Southeast Asian countries, where agriculture is a key industry that is vulnerable to climate change.

* Sompo International Holdings (SIH) is developing AgriSompo, an integrated platform on the global market, and provides a wide range of insurance and reinsurance products to agriculture markets, mainly in North America and Europe.

Microinsurance

In developing countries, access to basic financial services like insurance and banking is an issue for many people. By offering microinsurance services, we are helping to address growing social needs and contributing to sustainable community development. For example, we are expanding our provision of microinsurance services including agricultural insurance in India.

Past results (premiums written, number of policies)



Respect for Human Dignity and Rights

Respecting Human Rights

As is evident from the inclusion of human rights as one of the seven core issues cited in the ISO 26000 international standards on social responsibility (published November 2010), corporate activities relating to human rights promotion have become the global norm.

In October 2016, we amended our Group Policy for Human Rights to reflect public concerns about diversity, persons with disabilities, and LGBT issues, where we declare our commitment to respect human rights of all stakeholders. In June 2019, we amended the policy to clearly commit our human rights expectations/ demands for suppliers and business partners and human rights due diligence.

Sompo Japan has also established the Human Rights Promotion

Headquarters. This allows us to involve management in prompt, centralized decision-making on various issues, including human rights training for employees. Through this organization, they deploy a cross-functional and systematic measures aimed at promoting basic code of conduct on human rights issues at each workplace.

They have also introduced a hot line as a contact point for employees in all offices and accept inquiries by telephone, e-mail, or by letter. CSR seminars (environment, social contribution, human rights) are also implemented for all employees and workplaces every year with the aim of promoting employees' understanding of human rights and creating a motivating, comfortable, and dynamic work environment.

Human Rights Risk Identification and Mitigation

Our human rights due diligence process is implemented systematically and continuously based on our Enterprise Risk Management (ERM) and CSR Management System.

Since FY2018, the company-wide risk assessments performed by related departments and Group companies have covered human rights risks, in addition to labor-related risks. We use these risk assessment results to identify risks in our operations that could

have an adverse impact on human rights.

Our human rights due diligence process is also incorporated into our group-wide CSR Management System. More detailed risk identification, drafting an annual CSR action plan and conducting half-year and full-year reviews are carried out through a bottom-up approach by related departments and group companies.

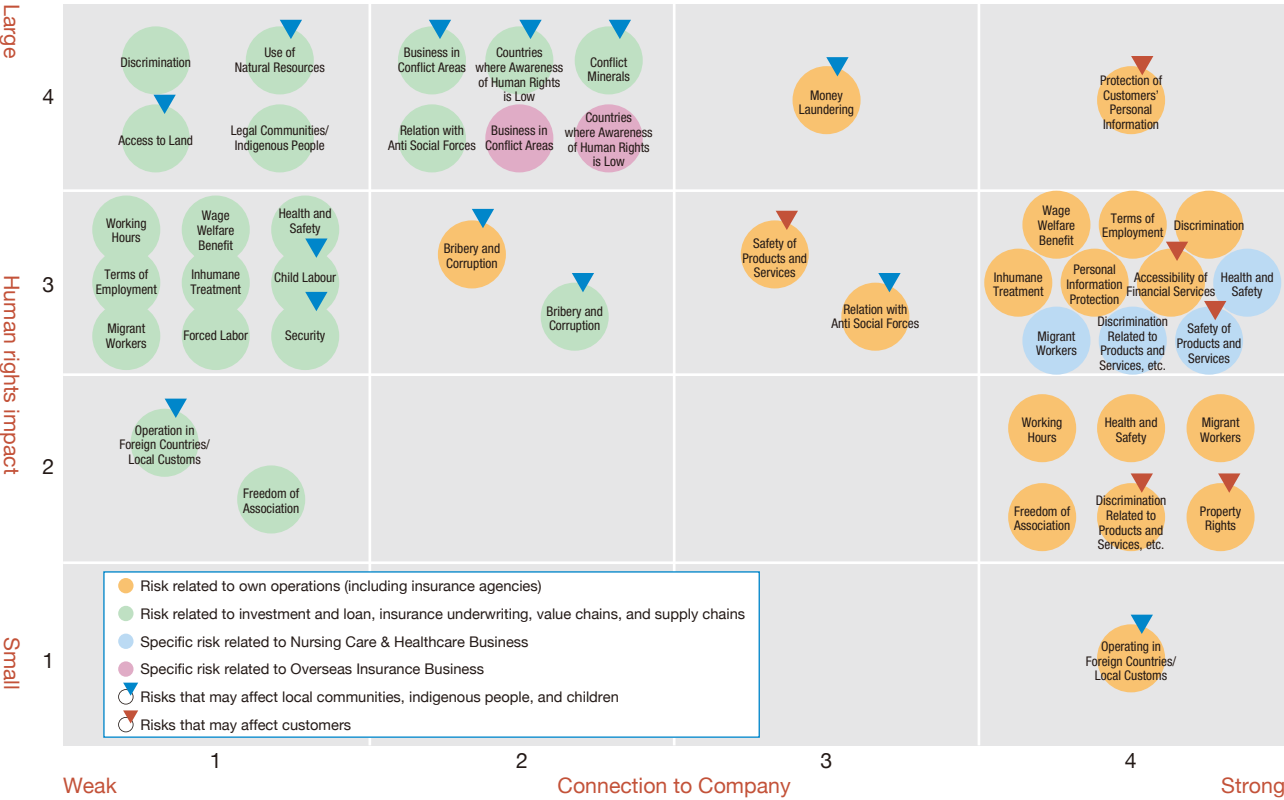
Human Rights Risk Identification and Evaluation

We identify potential impacts and risks related to human rights for all businesses (Domestic P&C Insurance, Overseas Insurance Business, Domestic Life Insurance Business, Nursing Care & Healthcare Business, and other Strategic Businesses) and business processes through the entire value chain. In identifying human rights risks, we use various international guidelines such as the

UNEP FI Human Rights Guidance Tool for the Financial Sector, and the CSR procurement self-assessment questionnaire published by the UN Global Compact Network Japan.

In FY2020 we carried out a risk evaluation on human rights based upon the two axes "Human rights impact (severity, number affected, and likelihood of remediation)" and the "Connection to company."

Results of the Assessment – Human Rights Risk Mapping



Mitigating Human Rights Risks

From the midst of FY2019 to the end of FY2020, we are taking the following actions for mitigating human rights risks to address the issues identified in the assessment in FY2019.

Material issues	Target stakeholders	Business
Employee health and safety	Employees	All businesses
Long working hours	Employees, workers in supply chain	All businesses
Unsuitable wages and employee benefits	Employees, workers in supply chain	All businesses
Inhumane treatment (including harassment) of employees and others	Employees	All businesses
Inappropriate disclosure of employee and customer private data, Privacy violations	Employees, customers	All businesses
Discrimination related to products and services and other human rights violations	Customers	Nursing care business
Safety of products and services	Customers	Nursing care business

With regard to the human rights risks of "Long working hours" identified in FY2019's risk assessment, in FY2020, mitigation measures have taken under the framework of the CSR management system. After detecting this risk on each department and company, covering approximately 87.7% out of all employees, organizations worked on mitigation measures in the Action Plan. Of these, 43.6% of organization showed improvement through the use of the system of telecommuting/flextime as well as the reduction of overtime work through zero-based work review.

The Sompo Group Compliance Code of Conduct clearly states that all forms of harassment are prohibited, and we are implementing measures such as training on this issue. The "Rules of Employment" was revised in 2020 to set out that conduct falling within or suspected to be power harassment/sexual harassment is prohibited, and to clearly specify that conduct falling within or suspected to be harassment related to pregnancy, childbirth, childcare leave, nursing care leave, etc. is prohibited. In case of incident occurred, effective remedial action has been taken. We aim to improve the quality and availability of protection mechanisms to minimise the risks of the related incident of inhumane treatment including harassment.

ethnic origin, religion, creed, nationality, birthplace, social status, descent, gender, sexual orientation, gender identity, sexual expression, pregnancy, marital status, age, disability or any other status.

The Group has established a Compliance Hotline operated by a third-party body as an internal whistleblowing contact point for the entire Group. We are striving to increase its effectiveness by making the entire Group aware of this contact point and the rules of the whistleblowing system, including the prohibition on treating whistleblowers unfavorably. Since 2019, the company has also been a registered operator of the Self-Conformance Declaration of the Whistleblowing Compliance Management System Certification (WCMS Certification) operated by Consumer Affairs Agency, and is working to expand the scope of cases and protect whistleblowers.

<Measures to Mitigate Human Rights Risks through Insurance Underwriting and Investment/Loan>

Sompo Japan is working to reduce human rights risks through its financial functions. Since October 2020, we have held dialogues with civil society (NGOs, etc.), experts, and experts, accurately grasping the expectations and requests of stakeholders, and utilizing them in the management of each business including insurance underwriting and investment and financing. We identify businesses that engage in child labor and forced labor as having a negative impact on society and respond carefully.

<Our Zero-Tolerance Policing>

Complying with our "Group Human Rights Policy," in all facets of labour practices, we will not discriminate on the basis of race, color,

Sustainability Promotion Structure

Policy

Sompo Group has established following policies including the “Group Sustainability Vision” and the Group as a whole implements various initiatives to fulfill its corporate social responsibility.

Group Sustainability Vision

We, the Sompo Group will positively engage our stakeholders in forward looking dialogue, respect international standards and codes of conduct, address environmental issues of climate change, biodiversity, and social issues of human rights and “diversity and inclusion” in the course of our business operations in a transparent, fair and open manner.

By constantly maintaining a long-term outlook, and by providing services and products that contribute to security, health, and wellbeing, we will strive as a solutions provider to promote the realization of a resilient and sustainable society.

Group Environmental Policy

We, the Sompo Group will contribute to developing a resilient, inclusive and sustainable society so that future generations can inherit our irreplaceable Earth, by addressing environmental issues in the course of our core business operations and working proactively to resolve environmental issues through active dialogue and engagement with stakeholders.

< Action Guidelines >

- 1. Providing products and services to make a more resilient society
We will provide products and services that increase preparedness against the risk of natural catastrophes in order to contribute to adapting to climate change, building a low carbon society, conserving biodiversity and promoting stakeholders’ eco-consciousness.
- 2. Promoting resource conservation through the entire value chain
We will assess the environmental impact of our business including the emission of waste and comply with environmental laws and regulations. We will promote resources and energy conservation as well as recycling activities throughout the entire value chain by cooperating with various stakeholders.
- 3. Raising awareness of environmental issues and corporate citizenship
We will broadly promote environmental education and awareness of environmental conservation by providing environmental information with the unique aspect of a global group engaged in a wide range of business centering on insurance. Furthermore, we will proactively encourage our employees’ individual voluntary efforts as a global citizen to conserve the environment through involving in the local community. To enable continuous improvements, we will periodically review the above-mentioned activities to reflect our environmental objectives and targets.

Group Policy for Human Rights

We, the Sompo Group pledge to respect human rights of our all stakeholders in global markets including our group and all value chains. We will respect the international norms of behavior*, and simultaneously act with the highest ethical standards towards an inclusive, resilient, equitable and sustainable society.

Based on the perspectives set out below, we will address the human rights impacts of our activities while communicating with our stakeholders, establish an effective company approach and act, and continuously improve our approach and information disclose. We respect human dignity as the foundation of universal human rights.

* International norms of behavior refers to the guidelines on human rights including the Universal Declaration of Human Rights, International Covenants on Human Rights (International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights), ILO International Labor Standards, The United Nations Guiding Principles on Business and Human Rights known as “Ruggie Framework,” Sustainable Development Goals, The United Nations Global Compact, Women’s Empowerment Principles (WEPs), The OECD Guidelines for Multinational Enterprises and ISO26000.

- 1. Respecting human rights of stakeholders
We will respect human rights of all stakeholders associated with our global business activities, including customers and suppliers. We will avoid, prevent or mitigate indirect adverse impact on human rights of our stakeholders. Should there be any abuse of human rights, we will address it promptly and adequately.
- 2. Respecting human rights of employees
In all facets of labour practices, we will not discriminate on the basis of race, color, ethnic origin, religion, creed, nationality, birthplace, social status, descent, gender, sexual orientation, gender identity, sexual expression, pregnancy, marital status, age, disability or any other status. We, as a company, will take a global perspective, recognize individuality and diversity(Diversity and Inclusion), respect every employee’s challenging spirit and speedy action, and ensure a dynamic working environment by maintaining and promoting every employee’s health.
- 3. Promotion of human rights in global markets
We will comply with the laws and regulations of the countries and regions where our business operations and value chains are based. At the same time, we will conduct our business by taking into consideration the local culture and customs, as well as the environment and society in accordance with the expectations of stakeholders, and take into account local human rights issues. We will conduct the highly transparent business and contribute toward economic and social development and creation of social values of local communities.
- 4. Expectations for suppliers and business partners
Our requirement for suppliers, business partners and other

stakeholders is to respect human rights based upon the international norms of behavior. In the event that we identify any adverse impacts of human rights, we will encourage them to take appropriate measures through engagement such as dialogue and consultation.

5. Human rights due diligence
We will continuously establish a system of human rights due diligence to identify and assess any actual or potential human rights risk in order to prevent or mitigate these adverse impacts on human rights Sompo Group may cause or contribute to.

This policy does not necessarily replace local laws and regulations. We will actively engage in this policy while complying with local laws and regulations.

Group Sustainable Procurement Policy

Sompo Holdings strives to maximize its beneficial impacts on the environment, society, and economy through procurement processes aligned with the following sustainability principles:

- 1. Fair and equal transactions
We will conduct fair and equal transactions with all suppliers by engaging in anti-corruption efforts and by giving full consideration to quality, delivery time, economic feasibility, and social issues such as the environment and human rights.
- 2. Compliance with laws and regulations
We will comply with all laws and related regulations in the countries and regions where we operate, and respect relevant social norms and their intent in our procurement

practices. We will strictly manage the information obtained through our procurement activities.

3. Consideration of global issues
We will collaborate with suppliers and other stakeholders to integrate sustainability into our value chain to maximize our contribution to climate change adaptation and mitigation, biodiversity conservation, and a circular economy; to tackle human rights issues in the global market, such as poverty and unequal opportunities for workers; and to promote better work-life balance and diversity and inclusion.

Corporate Citizenship Policy (Sompo Japan Nipponkoa)

Our company and its Group companies will make proactive contributions to society with the objective of resolving community and global social issues, while supporting individual employees’ voluntary efforts.

- 1. Corporate citizenship activities
We will work proactively to realize a sustainable society for future generations in collaboration with various stakeholders, including NGOs/NPOs, civil society organizations and government, by focusing on three areas: the environment, welfare and fine arts, in which we have accumulated expertise and achievements.
- 2. Support for individual employees’ social contribution efforts
We will support and encourage employees’ voluntary activities in contributing to society by developing human resources responsive to social issues.

Management System

Group-Wide Management (Group Sustainable Management Committee)

At Sompo Group, the Group Sustainable Management Committee (hereinafter “Committee”) comprised of the Group CSuO who is the Chief Officer overseeing the sustainability function as chairman and Executive Officers in charge of corporate planning and sustainability at Group companies, leads efforts to promote sustainable management at the Group level. Each company formulates its own SDGs Management Promotion Plan and utilizes its own new Mid-Term Management Plan and operational characteristics to achieve the “Materialities,” which are considered priority issues in realizing SOMPO’s Purpose. Based in that, SDGs management is implemented by setting KPIs and making action plans to achieve them, and by establishing promotional management positions, all while keeping in mind the social and economic values created by each company. The committee checks the progress of each Group company, identifies issues, and offers periodic summaries of results. In addition, the committee



discusses policies on how to deal with sustainability issues such as climate change based on the diverse perspectives of each industry and company. The Committee is operated in a highly effective manner, such as discussing action plans and reporting these to the Board of Directors and Managerial Administrative Committee (MAC).

Special Dialogue: New Work Style to Achieve SOMPO's Purpose



Motoki Kato

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Yohei Tomioka

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Office and Corporate Planning Department,
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(Date of dialogue: July 29, 2021)

Overview of SOMPO's New Work Style

Mr.Kato: One of the three core strategies set out in our new mid-term management plan is new work style. This project is the largest in our 130-year history. We have two reasons for wanting to reform the way we work. The first is to make each employee feel motivated and happy in their work, and the second is to improve productivity. Innovating workstyles is the first step towards transforming our corporate culture, which supports the evolution of the Group, and will be a driving force in realizing SOMPO's Purpose. In addition to our transformation into "a theme park for security, health and wellbeing," we have been acutely aware of the need to transform our human resource collective. But we felt that it would be difficult to change our workstyles and organizational culture. Given this, I feel that COVID-19 has been a positive turning point for all employees to reevaluate not only the physical aspects of their job, such as location and time, but also the meaning and purpose of their work. We are working on two major new work style projects. The first relates to the ideal group of talent we are aiming to realize, and we are promoting a range of initiatives to instill our three core values: Mission-driven, Professionalism, and Diversity & Inclusion. For example, we are promoting a job-based employment system and learning to achieve self-directed career development. We are also clarifying each employee's life and work mission, and working to improve engagement and create an environment that turns diversity into power. The second relates to the digital work shift.

We are implementing a personnel development program for all employees to improve their digital skills to promote digital transformation based on real data platforms. New work style is not just a personnel policy. It is also promoted as part of our management strategy together with the Office of Group CEO and the Sustainable Management Office.

Mr.Hirano: Sustainability should be the company's core value that is pursued as a major management issue. The new mid-term management plan newly establishes SOMPO's Purpose, as being "With a theme park for security, health and wellbeing, create a society in which every person can live a healthy, prosperous and happy life in one's own way." SOMPO's Purpose clearly defines the value we provide to society. Purpose-driven management, which aims to improve both our social and economic value through initiatives to achieve our purpose, is our approach to sustainability.

To achieve our purpose, it is imperative that we synchronize the SDGs in Business Management strategy, a Group's management foundation for realizing the purpose, with new work style that maximize the capabilities of the people that will act as the driving force.

Combining micro and macro perspectives is vital for reforming workstyles. This is the kind of relationship and cycle, where an individual's purpose and strengths (micro) act as a starting point, and the company or organization's purpose (macro) brings out the individual's strengths and converts them into the organization's strengths. The key here is for the company's

and the individual's purposes to overlap. At SOMPO, the key lies in a mission-driven workstyle through MY Purpose and My Purpose 1-on-1 meetings, and these initiatives will form a platform for our purpose-driven management.

Mr.Tomioka: In regard to being the first step towards transforming corporate culture, I think Group CEO Sakurada's message that COVID-19 is an opportunity to reform SOMPO's corporate culture is the result of his well-thought-out ideas on how to change corporate culture and his firm determination to use the pandemic as a catalyst for change. At the same time, I believe that we have reached a pivotal moment. All Japanese companies, not just the Sompo Group, must invoke change.

Up until now, companies have focused on volume and speed in order to deliver goods and services to society. This has resulted in the creation of lifetime employment and other workstyle models that match such trends. However, as society has matured, these systems and models have become obsolete. From here on in, unless companies start to reconsider the purposes of their existence and businesses before embarking on next-generation innovation, they will eventually find it difficult to connect with employees, customers and society. The Sompo Group has been one of the first to embark on reforms from a human resources and management perspective, and this makes me feel that there is still hope for Japan.

Managers tend to have a clear sense of purpose and mission, yet they often tell me that they want to get their employees more involved and to take ownership of the company's mission. Many companies have verbalized their purpose and mission, and communicated them to their employees, but have not reached the point where their employees can take ownership of such purpose and mission in their daily work. It is difficult for a company's mission to take root in employees' daily work if they are simply given a mission put together by management or a corporate planning department. My opinion, which is in line with the mission-driven approach valued by Group CEO Sakurada, is that, unless employees spend time thinking about what motivates them in work and in life, it will likely be difficult for them to take ownership of and achieve the company's purpose.

MY Purpose and My Purpose 1-on-1

Mr.Kato: Let's move on to discuss MY Purpose and My Purpose 1-on-1. MY Mission puts your life mission into words. MY Mission is about looking back at your own past and reflecting on how you feel about past events in terms of WANT

(intrinsic motivation), MUST (social obligation) and CAN (innate ability), and digging deeper into your intrinsic motivation to find your mission in life. The key is to be honest with yourself. We are also rolling out My Purpose 1-on-1 program using MY Mission to encourage Group employees to pursue their mission. My Purpose 1-on-1 meetings are held regularly between supervisors and employees to discuss the employees' MY Mission. Their aim is to help find the challenges that employees should take on through repeated dialogue where they respond to questions from their supervisors, culminating in them being able to practice a self-directed workstyle. We launched a My Purpose 1-on-1 training program in fiscal year 2020 for Sompo Holdings' general managers and section managers. The program is being rolled out at Group companies this fiscal year. The key is not to put together a MY Mission or to provide training, but to encourage as many employees as possible to be self-driven. These initiatives have no bearing on personnel evaluations.

Mr.Hirano: I first participated in My Purpose 1-on-1 training a year ago. Rather than being a personnel policy, I felt it to be a powerful approach that had the potential to become the framework for purpose-driven management. Reflecting on my past and identifying my mission made me realize the importance of doing something that motivates me, rather than feeling like I am being forced to work. It is easy to advocate for purpose-driven management and corporate culture change from a macro perspective, but realizing them will be difficult unless it is driven by the workforce. It is important to take a micro perspective in which each individual takes ownership of the company's purpose and strategies in order to realize that purpose. Employees are inspired to take action as the first step, and this then spreads to the entire organization to create a corporate culture and climate. My Purpose 1-on-1 is a group-wide initiative that links micro and macro perspectives in such a way. The Group is currently taking on a challenge of incorporating its purpose into individuals' lives through dialogue.

Mr.Tomioka: Last fiscal year, I worked with about 100 department and section managers at Sompo Holdings, and this fiscal year, I worked with about 200 general managers at Sompo Japan and about 270 managers at Sompo Himawari Life on the My Purpose 1-on-1 project. I had the impression that the corporate culture is ready to fully commit to purpose-driven management and mission-driven workstyles. This is one of the Sompo Group's greatest strengths, and it is not something that was created overnight. Its origins lie in the

Special Dialogue: New Work Style to Achieve SOMPO's Purpose

organizational culture built up over the years by your people, who interact with customers and who believe that they exist for the sake of customers, society and people. The Sampo Group was established by people who share the mission-driven aspiration of its founders to protect the town and people where we live from fire. This aspiration has been handed down through the generations, resulting in mission-driven DNA being ingrained in every employee. This project fits well with this aspiration and provides an opportunity to develop it further. While many companies declare the purpose of their management, very few of them have firmly incorporated it into a system that really drives their business practices. I think that such purpose-driven business practices can be achieved only through conscientious mission-driven dialogues between supervisors and employees in their daily work.

For example, when I talk with Sampo Group employees about their MY Purpose, some of them mentioned experiences in which their health or the health of their family has been threatened, which had awakened them to their MY Mission in their work. Until now, perhaps due to the traditional society in which we live, employees have not really had the opportunity to talk about such personal experiences and their innermost thoughts in their daily work. People grow through various experiences, and those experiences help them to find their mission. Daily 1-on-1 conversations between supervisors and employees may result in employees' realizing that they have been suppressing their desire to be mission-driven, and grant them the freedom to be driven by their aspirations. The Sampo Group has now been taking on a magnificent challenge, namely to build up such a corporate culture throughout the Group.

Mr.Kato: This training made me keenly aware that many employees may have formative experiences. I am sure that many employees were skeptical when they embarked on this program. I imagine they doubted how much the program would help them improve their performance when they were already busy. However, as the program progressed, verbalizing their formative experiences enabled employees to release their thoughts and they started to empathize with the program, and it really took off. Corporate culture transformation must be people-driven. The program has been successful because it encouraged employees to empathize with why we needed to change and that such change was for the benefit of our customers and society.

Mr.Hirano: We held numerous My Purpose 1-on-1 workshops for employees and asked the participants to share their formative experiences and create a mission statement. Listening to their experiences, I was moved by their passionate stories and reminded of the potential of My Purpose 1-on-1. The aim of the initiative is not to create well-organized and clear mission statements, but for employees to realize their innermost thoughts by putting their thoughts into words as well as to connect this to their work and become able to talk about their own stories. The entire process is a lot of value and links to transforming corporate culture.

Mr.Tomioka: I think it is wonderful that not only general managers, but each and every employee can talk about their formative experiences and thoughts. Up until now, we have been driven by the single value, profit. The focus was on performance and numbers, and supervisors either did not know or had no opportunities to know what their employees wanted to achieve or about their inner aspirations. It is certainly true to say that, for now, it will be impossible to create both economic and social value unless management and dialogue focused on employee's innermost thoughts take place between supervisors and employees.

Mr.Hirano: To promote and expand this initiative not at SOMPO but throughout Japan, it is also important to demonstrate how improvements to employees' motivation and mindset will lead to future performance and corporate value. At SOMPO, we are trying to show how we can indicate our pre-financial value and link it to our economic value, brand and corporate value.

Mr.Kato: Looking back at the history of the Group, I do not think there have been many programs that generated so much excitement throughout the Group as these initiatives. I am keen to work on this project through to the end to see how much pre-financial value can actually be linked to corporate value.

Mr.Tomioka: For us, becoming aware of and facing our MY Purpose is the starting point, not the goal. To be frank, we have a tendency to try to live up to external expectations, and in that sense, we may not have yet reached the starting point of our own life. Until now, our social structure has not permitted us to question our mission and values. So many people are just now starting to ask themselves the question, "who am I and what is my purpose," which is the very starting point

of their own life. I think that only after reaching this starting point can we really embark on our own life. Once the number of mission-driven people has increased and they have come together, their next step is to be vision-driven and to talk about what visions to set for the future. Visions of what people want to achieve will shape society in the future.

Management that balances economic and social value will be achieved when MY Mission of each employee at the Sampo Group leads on to their MY Vision, and then links to their MY Challenge in their current work. In the current age of no answers, it is essential to have role models who have achieved change. This in turn can lead to a new mindset in society as a whole, and the hope that our vision will be realized. I am convinced that this Sampo Group initiative will eventually change Japan.

Mr.Kato: We are receiving an increasing number of inquiries from the human resource departments of other companies about our My Purpose 1-on-1 program. I sense that people outside the company are able to identify with our initiatives, and I feel that our initiatives incorporate something that Japanese society as a whole has been looking for.

Mr.Tomioka: In talking with Sampo Group employees, I have discovered that they have started to discuss MY Purpose with each other without any prompting, and that they are very positive about these activities. This initiative fits in with the DNA and culture of the Sampo Group. What kind of culture do you think triggered its success?

Mr.Hirano: Various companies merged together to form SOMPO, resulting in the blending together of a number of different cultures. Moreover, we have always been credited as an enthusiastic company. But I do not think this initiative applies well to our Group only because of such background. Rather I feel that any company can successfully implement this initiative if they are serious about it.

Mr.Tomioka: The concepts of "sampo yoshi" (good for everyone), "aspirations" and "working hard for someone else" are rooted in the DNA of Japanese society. Although these concepts were suppressed by social structure during the periods of high economic growth, the original mindset is still at the heart of the Japanese people. In addition, as someone who provides support from the outside, I sense that there is a mindset unique to the P&C insurance industry and a DNA unique to the Sampo Group.



Mr.Hirano: I am sure employees have various motivations for working for a P&C insurance company, but there does seem to be a common theme, namely "great social significance." It is certainly true that people with this kind of awareness form the core of our workforce. The sampo yoshi concept is in step with Japan's culture and strengths, but up until now, it may have served as a paradigm to show that it is not good to put the "for my own good" concept on full display. From here on in, however, it will be important for employees to have a mindset that aims to connect and merge their purpose and mission with those of the company.

Mr.Kato: We feel that the younger generation has a new mindset, and we are concerned that young people will leave the workforce unless companies change. This is our last chance to change. Unless we change now, Japanese companies may not be able to survive.

Mr.Hirano: It is relatively easy to establish mindsets at start-ups, which are creating a new culture. However, my impression is that there are not many techniques available to change older, more traditional companies. If we can achieve such change, then we will have an enormous impact on society.

Mr.Tomioka: The Sampo Group's strength lies in its management team being mission-driven and working together as a team. On top of that, management has been steadily working to ensure that daily mission-driven dialogues take root throughout the organization, and the accumulation of such efforts will eventually lead to substantial change. I look forward to continuing to work with you to help the Sampo Group achieve its purpose. Thank you.