

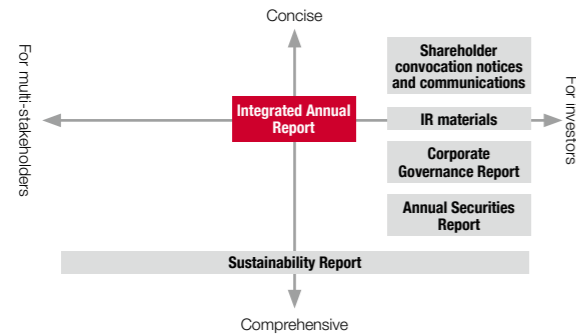
SOMPO Holdings Sustainability Report 2022



Overview of Sustainability Communication

Overview of Sustainability Communication

We use the following tools to disseminate information to ensure our stakeholders understand our sustainability initiatives.



Features of the Sustainability Report 2022

The "Sustainability Report 2022" is characterized by the following three main points:

1. Initiatives of SDGs in business management toward the realization of SOMPO's Purpose

In her Management Message, Group CSuO Ryoko Shimokawa covers the topics of SDGs management based on My Purpose for the realization of SOMPO's Purpose, solutions to social issues driven by each employee's My Purpose, and climate change initiatives for a sustainable society.

2. Efforts that take advantage of the characteristics of our company and the latest trends in society

Expectations for companies are rising for its concrete actions in response to climate change. In our mid-term management plan, we introduce "adapt to climate change," "mitigate climate change," and "contribute to societal transformation" as SOMPO Climate Action and concrete initiatives are disclosed in the report. In addition, we continue to quantitatively disclose climate change risks and opportunities and specific countermeasures in line with the TCFD framework. Furthermore, in addition to initiatives related to respect for humanity and health and productivity management, the report also includes information on quality improvement initiatives, the SOMPO Group's social contributions, and contributions to the community and society through culture and the arts.

3. Initiatives to improve information disclosure credibility

We refer to various international guidelines when disclosing information and this Report in particular has been prepared in conformity with the Core option of the GRI Sustainability Reporting Standards.

In addition, since 2001, when the approach of third party comments on sustainability reports was not common, we have received third party comments from Mr. Hideto Kawakita, CEO of International Institute for Human, Organization and the Earth and the publisher of Socio Management Review, which has led to continuous improvement of our efforts. Starting in fiscal year 2012 we have obtained assurance by a third-party organization regarding greenhouse gas (GHG) emissions, and are expanding this effort to Group companies each year. Since 2016 we have also obtained assurance regarding the total number of days lost due to absence. We are working on highly transparent information disclosure.

We also include our achievements and future strategies as shown below.

- ESG Data Index and the list of products and services for a sustainable society. In addition, the major ESG data page shows the performance of Sompo Holdings and its main consolidated subsidiaries compiled on a multi-year basis for easy comparison to report data in detail.
- A Key Initiatives section organized by stakeholder group, which introduces details of our work to address social issues.

Covered Organizations

This Report covers Sompo Holdings, Inc., its affiliated group companies and foundations in and outside Japan. It also features some activities by group company agencies.

Reporting Period

This Report relates mainly to initiatives from April 1, 2021, to March 31, 2022, but also contains some latest initiatives and policies to provide updated information.

Publication

Annually

Publication Period

Last issue: September 2021
Current issue: February 2023

Referenced Guidelines

- GRI Sustainability Reporting Standards*
- ISO 26000: International standard on social responsibility
- SDG Compass: The guide for business action on the SDGs
- TCFD recommendations
- ISO 14064-1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- Sustainability Reporting Guidelines—SPI Report Guide, Network for Sustainability Communication
- The Ten Principles of the United Nations Global Compact
- United Nations Guiding Principles on Business and Human Rights
- Charter of Corporate Behavior and Its Implementation Guidance, Keidanren (Japanese Business Federation), the 7th version
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation

*The details published on the Sompo Holdings sustainability website and in the Sustainability Report 2021 have been prepared in conformity with the Core option of the GRI Sustainability Reporting Standards. Please refer to the following GRI Content Index.

Planning and Editing

Sompo Holdings, Inc. Sustainable Management Office
26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo
160-8338, Japan
TEL: +81-3-3349-3000

Disclaimer

Our sustainability reports include forward-looking statements based on the Group's management policies and plans. These statements were created based on information available at the time of compilation. Actual outcomes and results of activities may differ from such statements due to future changes in the business environment.

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.

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 Sampo 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.

*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 (WEPIs), The OECD Guidelines for Multinational Enterprises and ISO26000.

Group Sustainable Procurement Policy

Sampo 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.

Policy for ESG-related Underwriting, Investment and Loan

The SOMPO Group strives to make the world more resilient. We see sustainability as a long-term driver of value, and we rely on insights gained from SOMPO's Purpose to guide our underwriting, investment, and business decision-making.

To ensure that each company in the Group fulfills its corporate social responsibility, we have established a Group Sustainability Vision and other policies, and based on these, we identify market opportunities, manage risk, and enhance our corporate value through community involvement, social responsibility, and diversity & inclusion.

The Group's ESG principles on underwriting, investments, and loans is as follows.

Advancing the Energy Transition

As the most significant challenge humankind faces, we believe the world – and the financial services sector – must take meaningful climate action today. Therefore, we commit to net zero emissions in our underwriting, investments, and operations by 2050.

We promote the transition through our insurance of and investments in renewable energy and other innovative green technologies.

We will not underwrite new insurance or make new investments in or loans for new or existing coal power plants or thermal coal mine projects*¹. We also will not underwrite new insurance or make new investments in or loans for oil and gas extraction projects in the oil sands or the Arctic National Wildlife Refuge (ANWR).

We will not insure or make investments or loans to companies whose primary business is coal*², or oil and gas extraction projects in the ANWR, unless they establish a GHG reduction plan by January 2025*³.

We have been a signatory to the United Nation's Principles for Sustainable Insurance (PSI) and Principles for Responsible Investment (PRI) for several years, and in order to more proactively realize the goals of the Paris Agreement, the Group has recently joined the Net Zero Insurance Alliance (NZIA), the Net Zero Asset Owner Alliance (NZAOA), and the Net Zero Asset Managers Initiative (NZAM).

We aim to support our customers on their sustainability journey, working with them to reduce their carbon footprint.

Advancing Social Equity

Under the Group Policy for Human Rights, the Group acts with a commitment to respecting the fundamental human rights of all stakeholders in the global marketplace.

With the aim of enabling each and every employee to maximize his or her strengths, we have positioned diversity and inclusion as an important management strategy for growth, and are working to build a system and corporate culture to realize this goal.

In addition, when underwriting insurance and making investments and loans, and when entering into new partnerships with each of our business partners (brokers, reinsurers, investment managers, lessees, vendors, etc.), we take into consideration our Group's Sustainability related vision and policies.

Aspiring for Excellence in Governance

Based on the Group Sustainability Vision, the Group will make business decisions based on high ethical standards, respecting international codes of conduct and considering the interests of all stakeholders, including customers, employees, local communities, and shareholders.

In addition, we will proactively and fairly disclose transparent information to society regarding our progress toward achieving our goals, etc., in accordance with TCFD and other disclosure standards.

*1 We may carefully consider and respond to cases where there are innovative technologies such as Carbon Dioxide Capture, Utilization, and Storage (CCS, CCUS), carbon recycling, ammonia co-firing, or other innovative technologies in place that are expected to reduce GHG emissions and contribute to the realization of the Paris Agreement.

*2 Defined as companies that derive at least 30% of their revenues from coal-fired power generation, thermal coal mines, or oil sands, or electric utilities companies that generate at least 30% of their energy from coal.

*3 We will not apply restrictions to insurance that supports the health and wellbeing of individuals, e.g. workers' compensation insurance.

Corporate Citizenship Policy (Sampo Japan Insurance)

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.

Contents

| | | |
|--------------------------------|---|-----|
| | Management Message | 05 |
| SOMPO's Purpose | Overview of the SOMPO's Value Creation | 08 |
| | Value Creation Cycle..... | 10 |
| | Fostering a culture driven by My Purpose (Route of Driving Force)..... | 12 |
| | Expansion of our customer base through the provision of high-quality products and services based on co-creation mind (Route of Existing Business) | 20 |
| | Providing solutions to change our future society (Route of New Value Creation) | 26 |
| | Improving Unrealized Financial Value–Visualizing the impact path of human capital..... | 32 |
| | Solving Social Issues with “egaku” Nursing Care RDP | 36 |
| Strategy/Capital | SOMPO's Capital as a Source of Competitiveness..... | 38 |
| | Overview of Mid-Term Management Plan/Key Financial Performance Indicators | 42 |
| | SDGs in Business Management | 44 |
| | Climate Change Initiatives (Environment)..... | 50 |
| | Respect for Human Dignity and Rights (Society) | 62 |
| | Health and Productivity Management Initiatives (Society) | 64 |
| | Policy on Customer-Oriented Business Operations (Society)..... | 68 |
| | Sompo Group's Social Contribution (Environment/Society) | 70 |
| | Contributing to Community through the Arts and Culture (Society)..... | 75 |
| Governance | Overview of the Corporate Governance Structure..... | 78 |
| | Oversight Structure..... | 80 |
| | Executive Structure..... | 81 |
| | Enterprise Risk Management (ERM)..... | 82 |
| | Group Internal Controls to Support Corporate Governance | 84 |
| ESG Related Information | Active participation in the initiatives, External Recognition | 87 |
| | Major ESG Data..... | 91 |
| | Comparative Table of Stakeholder Capitalism Metrics..... | 97 |
| | GRI Content Index..... | 101 |
| Third Party Comments | Third Party Opinion of the Sompo Group's CSR and Sustainability Initiatives..... | 116 |
| | Response to Third-Party Opinion..... | 117 |

Management Message



SOMPO's Purpose and the management framework for implementing it

In May 2021, we officially proclaimed SOMPO's Purpose: 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. This Purpose represents a return to our Management Philosophy. It is a long-term vision for the next 20 to 50 years, in which the Group management clarifies what kind of social issues it faces, what it aims to achieve, and what kind of value it will provide to society. In other words, it declares our aspiration. We share a vision, which is to move forward toward the realization of our Purpose, and to gain the sympathy of our stakeholders for the way we continue to generate economic and social value over the medium to long term while solving social issues.

In our Mid-Term Management Plan, which started in FY2021 and aims to “Realize a Theme Park for Security, Health and Wellbeing,” we implemented three basic strategies: scale and diversification, new customer value creation, and new work style, and positioned “SDGs management” as a group management foundation for this purpose. SDGs management is a management framework for creating economic and social value through our core business. Within this framework, we set KPIs for each of the seven material issues identified as “Priority Issues for Achieving SOMPO's Purpose,” which are derived from social issues that align with stakeholder expectations and international norms related to sustainability, and then each business and company builds and implements a PDCA cycle based on action plans linked to its business plan.

In this way, we have positioned SDGs management as a framework for driving our efforts to achieve SOMPO's Purpose.

“My Purpose” as the starting point for the realization of SOMPO's Purpose

Under this framework, each and every employee of the Sompo Group becomes the driving force behind the realization of SOMPO's Purpose. At the Sompo Group, each and every employee is driven by “My Purpose,” which is the purpose of one's own life. By aligning the Purpose of the Company with that of the individual, we are able to create innovation through repeated challenges based on intrinsic motivation. Aiming to make this kind of corporate culture the driving force behind our “purpose management,” we are working to promote “purpose dissemination.”

Since 2021, we have continued to focus on fostering awareness, understanding, and empathy for the importance of SOMPO's Purpose and My Purpose by linking top management's communications, such as town hall meetings by the Group CEO and individual Business CEOs, with on-site efforts, such as My Purpose training and cross-Group workshops. The results of the surveys of these measures and employee

engagement surveys indicate that this purpose dissemination is making steady progress, and we are seeing a positive response. We will continue our efforts to improve the driving force for the realization of SOMPO's Purpose until it reaches the level of a culture change.

Solving social issues through collaboration with stakeholders, with people as the driving force

For Sompo Group employees, My Purpose is not just about their own personal interests, but also includes their desire to please customers and business partners and contribute to the resolution of social issues. This is not only because the Sompo Group operates businesses such as insurance and nursing care that can be said to be public institutions in society, but also because social accountability is inherent in the nature of the Group. The Sompo Group has a history of working on CSR and sustainability for nearly 30 years, including tackling global environmental issues since the early 1990s. Throughout these efforts, we have emphasized human resource development, which we have continued to promote in order to incorporate CSR and sustainability into the core of our management. Such social accountability is in the nature of our employees, so they will continue to take on the challenge of solving various social issues, driven by My Purpose.

Another aspect of Sompo Group's DNA is collaboration with our stakeholders. We have been working in collaboration with stakeholders for 30 years, starting with the “Environmental Open Lecture for Citizens” program started in 1993 in cooperation with an environmental NPO. More recently, we signed an agreement with the National Institute of Advanced Industrial Science and Technology (AIST) to solve social issues. Because today's social issues are complex and difficult to solve, it is essential to address them with a multi-stakeholder approach. We will continue to actively engage in solving social issues in collaboration with our stakeholders.

Toward the realization of a sustainable society

In order to realize a sustainable society, climate change is an issue at hand that must be solved by multi-stakeholder efforts. Building on the strengths we have cultivated through the accumulation of past efforts, we are working to adapt to climate change, mitigate climate change, and contribute to social transformation under the banner of Sompo Climate Action, which is part of our Mid-Term Management Plan ending in 2023. As concrete examples, in addition to interim greenhouse gas targets under Scopes 1, 2, and 3 (categories 1-14), in 2022 we announced an interim target for Scope 3/Category 15 (25% reduction by 2025 (compared to 2019)), and we have announced our “Policy for ESG-related Underwriting, Investment and Loan” and are working on specific initiatives in this area.

My greatest hope is that these actions of the Sompo Group will arouse the sympathy of like-minded stakeholders and contribute to the realization of a sustainable society.

In this report, we introduce the major initiatives of the Sompo Group toward the realization of a sustainable society. I hope that all of our stakeholders will read this report and give us their honest feedback.

February 2023

Ryoko Shimokawa

Group CSuO, Senior Vice President and Executive Officer