



**SOMPO Holdings
Integrated Annual Report
2021**

Sompo Holdings, Inc.

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Group Management Philosophy

We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.

Brand Slogan

A Theme Park for Security, Health & Wellbeing

Sompo Group intends to give visible form to the abstract concepts of safety, security, and health, and to realize a vision of the Group that solves social problems through its businesses and contributes to society as a presence that continuously supports the lives and happiness of its customers by appropriate use of advanced technologies, including digital technologies, while remaining close to the lives of “people,” who are the heart of society. We therefore adopted this Brand Slogan so that the Sompo Group can be united in our efforts to further accelerate our transformation into “A Theme Park for Security, Health & Wellbeing.”

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.

Social value delivered by SOMPO

- Protect people from future risks facing the society
- Create a future society for healthy and happy lives
- Foster the ability to change the future society with diverse talents and connections

Integrated Annual Report 2021

This report presents the Sampo Group's past and present to clearly demonstrate our track record and strengths, which we use to inform all stakeholders about the Sampo Group's future vision in an easy-to-understand manner.

130-year-long track record of solving social challenges

We have hitherto expanded and continuously grown our business operations over our 130-year-long history by providing solutions to various challenges in society. By continuing to assume a social infrastructure role with, for example, our insurance and nursing care businesses, the trust we have built and the responsibility we have shouldered as a public institution of society now form the cornerstone of the Sampo Group.

Embracing the challenge of transformation to realize “A Theme Park for Security, Health & Wellbeing”

Under our previous Mid-Term Management Plan (FY2016–2020), we went about establishing and strengthening our competitive advantage in each of our businesses, addressed key challenges, such as executing M&As, rolling out a digital strategy, and promoting diversity in our workforce, and made changes to our business portfolio. With social challenges as a starting point, we are accelerating our transformation toward the realization of “A Theme Park for Security, Health & Wellbeing” that provides various values beyond the framework of insurance by leveraging the strengths of the Sampo Group.

Contributing to the SDGs and boosting earnings power through partnerships centering on our Real Data Platform (RDP)

In the Mid-Term Management Plan that kicked off this fiscal year, we have set our sights on bringing to bear our Group Management Philosophy and purpose as an organization. We therefore intend to hone our problem-solving capabilities by merging our long-standing track record of solving social challenges, as well as the strengths of the Sampo Group, with a new Real Data Platform (RDP).

Armed with these capabilities, the Sampo Group will continue to deliver solutions for creating new value as a platform provider for partnerships with numerous stakeholders and seek to solve the social challenges outlined in the SDGs and boost earnings power.

Disclaimer

The information presented in this report includes future forecasts based mainly on the Sampo Group's management policies and plans. They are based on information available at the time of publishing. Accordingly, actual earnings and activity plans may be affected by the future operating environment.

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Delivering SOMPO's Purpose: Start of a new Mid-Term Management Plan (FY2021-2023)

Kengo Sakurada

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

Introduction

Following last year, the novel coronavirus (COVID-19) disease continues to have an overwhelming influence on people's lives around the world. I would like to express my deepest sympathy to everyone who has been infected, and my sincere respect and gratitude to all medical, healthcare and other frontline workers who are making strenuous efforts every day despite the risk of infection. Also in the Sompo group, many employees are working in various frontlines every day. Especially in frontline nursing care where challenging conditions continue, positive minded employees with strong sense of mission literally use their bodies to protect the happiness and meet expectations of people needing support. I feel proud of such colleagues and renewed my determination to be responsible for contributing to society as a Group even in the current difficult environment.

Huge paradigm shifts are occurring in the mind and behavior of conventional society and people. The increasing frequency and severity of natural disasters due to climate change and the prolonged low interest rate environment, which have substantial effects on the Group's insurance business, are already the new normal.

In addition, the serious problem of low birthrate and population aging in Japan facing the nursing care and other businesses, is indeed a reality from which we cannot turn our eyes away. Our daily lives have also changed. The wide use of remote work and digital transformation (DX), which were expected to occur sometime in the near future, have advanced rapidly, and new work and life styles are becoming rooted in the Group as well. I believe that these trends are essentially irreversible. The Group will continue to take on the challenge of realizing "A Theme Park for Security, Health & Wellbeing" which has been our goal, while proactively making change happen and adopting ourselves to change rather than being reactive to it. A new fiscal year has started and we announced "SOMPO's Purpose" and a new 3-year Mid-Term Management Plan. We will work to steadily grow existing businesses and expand new businesses in the digital domain, etc. and surely implement measures to create further value and enhance corporate value.

A Message from the Group CEO

“A Theme Park for Security, Health & Wellbeing” and “SOMPO’s Purpose”

I have many opportunities to discuss with diverse people in Japan and abroad, including political and business leaders, executives of startups, and students, at the World Economic Forum annual meetings (Davos) and through activities as Executive Director of the Japan Association of Corporate Executives (Keizai Doyukai). And I strongly feel that the tide of multi-stakeholder capitalism, sustainability, and digitalization, which are big waves engulfing society, lose no time. The society became unworkable with conventional capitalism, and companies have to rethink the pursuit of short-term profits and management biased toward shareholder supremacy. I also think that the management approach represented by the SDGs, which is long-term oriented, attentive to all stakeholders, and enhances diversity and sustainability, is now a prerequisite. The Group has also decided to make further advances in living together with society and collaboration with stakeholders, which we have been working on over many years through the insurance and nursing care businesses, incorporate priority issues (materiality) in management framework, and strategically implement these as the Group’s business foundation. And the potential of digital technologies that the Group has been focusing on is clearly accelerating changes in the world, and traditional financial businesses are no exception of being affected. The current situation is entirely different from a few years ago. As I have been saying, I believe that the unpredictable era of VUCA will continue and that the business environment surrounding the Group will continue to change and transform at a tremendous speed.

Amid the COVID-19 pandemic, a 100-year historic disaster, people’s desire for “security,” “health,” and “wellbeing” that everyone in the world has as a basic desire, and hope for the realization of a society that ensures these have become even stronger. Companies in the future will be asked based

on such common values which challenges they address and how they solve them to contribute to society. However, this is not a new realization for the Group, but rather a path that we have been following. I am convinced again that our management strategy aimed at realizing “A Theme Park for Security, Health & Wellbeing” based on the management philosophy of making all value judgments from the customer’s perspective and providing the highest quality services that contribute to the security, health, and wellbeing of customers was not wrong. Even in the current difficult environment, the Group aims to maintain a robust business foundation and continue to grow with solid strategies.

In light of the external environment, “SOMPO’s Purpose” was newly established to communicate both internally and externally in an easy to understand manner the approach to what the Group aspires to accomplish in the long term, such as in the next 20 and 50 years, which challenges we will address, and what kind of value we should aim to deliver by returning to the core of business management. SOMPO’s Purpose is to create a society in which every person can live a healthy, prosperous and happy life in one’s own way with “A Theme Park for Security, Health & Well-being.” Specifically, we will protect people from future risks facing the society, create a future the society for healthy and happy lives, and foster the ability to change the future society with diverse talents and connections. We decided to place “SOMPO’s Purpose” at the core of business management and aim for sustainable growth as a Group.

SOMPO’s strengths

In conducting business, I am strongly aware of “fluidity and immutability,” that is, there are essential things that should not be changed, and things that should be changed many times. As an insurance group with a history of 130 years, we will fulfill our role of supporting customers in “unforeseen circumstances.” As a nursing care provider, we will fulfill our role of “always” supporting all users of facilities. Thus, continuously protecting everyday lives which matter to people through business activity as a social infrastructure, while addressing various challenges with diverse services and talent delivering these is an important DNA and strength of SOMPO. I believe that this attitude will not change in the future and should not be changed. The roles and responsibilities of Sompo are large in the “new normal” world where changes in the natural environment threaten people’s daily lives and require adaptation to new risks, such as cyber risks, and in the “low birthrate and aging society” that all countries in the world will experience starting with Japan. In formulating the new Mid-Term Management Plan announced recently, management discussions were held many times being acutely aware of this.

SOMPO’s value creation using Real Data Platform

The Group is able to obtain various data from the frontline on a daily basis through the insurance and nursing care businesses. The most important feature of the data is that it is an accumulation of real information related to the behavior and daily life of customers, residents and users, in other words, “real data.” This real data with clear sources obtained from the actual society and people’s daily lives is necessary for



And what will change is the future of SOMPO. We will thoroughly think through a growth story, such as how to deliver “SOMPO’s Purpose” by making the most of our strengths, and how to engage with society with what kind of partners, determine what choices we need to make and take actions.

addressing social challenges, and the real data is a “vast repository” for realizing the extremely unique and new business potential of Sompo. The Real Data Platform (hereinafter “RDP”) is a unique system of Sompo to create new solutions that contribute to security, health, and wellbeing by integrating and analyzing the extensive and vast amount of real data as the following examples demonstrate. I think that RDP is

A Message from the Group CEO

the most important key for the Group to realize sustainable and dramatic growth. I believe that the new solutions and ecosystems created by SOMPO by making full use of RDP are certain to deliver unprecedented size of value and contribute to society. Therefore, it is absolutely necessary to have a partner with high technological capabilities to turn free thinking into reality and understands the future direction of the Group's businesses to realize RDP.

We expect that Palantir Technologies Inc. (hereinafter "Palantir") in the U.S. with which we are deepening relationships will fulfill such needs. Palantir is a group of professionals with the highest level of data analytics capability in the world and has provided advanced technology and services to organizations with highly complex and confidential data environments. What blew my mind more than their magnificent achievements was the encounter with Co-Founders Peter Thiel and Alexander Karp. I strongly empathized with their philosophy that superior technology should be used to make the world and people happy, and became convinced that there is no other way than to partner with such player and create new values for the Group to continue growing. Therefore, we formed a business alliance with Palantir,



Press conference on the establishment of a new company (November 2019)
From left to right, Koichi Narasaki, Group CDO of Sompo Holdings, Peter Thiel, Co-Founder and Chairman of Palantir Technologies Inc., Kengo Sakurada, Group CEO of Sompo Holdings

established a joint venture, and decided to carry out concrete initiatives.

As a result, the Group is finally ready to start full-scale development of RDP, a solution for delivering new values that can only be created by SOMPO by combining Palantir's technology and valuable real data. In Japan, I believe that data utilization at the national level, including the My Number system, will steadily advance in the future. The Group will capture such trends and take on the challenge of building a unique business model by enhancing the quality and resilience of existing businesses while delivering new values through RDP. At the same time, it is important for management to draw a path for this business model using RDP to substantially contribute to Group profit. Contributing to addressing social challenges through business will generate profit for the Group in the future, which will be returned to society. By creating trends and markets for new values and supporting them with solid evidence, we will raise expectations and earn the trust of stakeholders, and eventually enhance the Group's corporate value.

Realizing happiness through nursing care

One of the areas in which we are carrying out concrete initiative is the nursing care. Needless to say, nursing care is important and necessary, and it is definitely one of the social challenges that will become increasingly serious in the future. Nursing care costs continue to increase year by year, and have swollen to exceed 10 trillion yen recently. And it is estimated that this will reach 25 trillion yen by 2040, and the tight fiscal situation is a major concern in the future. Even more problematic is the supply-demand gap in frontline nursing care. The nursing care business has been facing labor shortage and the demand for nursing care is expected to increase further such that we may see demand for caregivers reach around 3 million in 2040, while the actual aggregate number was only 2.1 million in 2019, leading to a fairly serious situation. It is safe to say that this is an important topic and

we must take action now to enable the people needing support as well as the people providing support to lead happy lives, and ensure future prosperity and happiness. Therefore, SOMPO decided first to take on the challenge of changing frontline nursing care. I think that one aspect of frontline nursing care has been a difficult place to work for employees with high principles having to rely heavily on their experience and skills to support residents and users through various ingenuity and hardship. However, if "visible nursing care" and "predictable nursing care" are realized by converting the accumulated valuable experience and daily detailed information of around 100,000 people, including employees working at facilities, residents and users, into data, it should help, for example, inexperienced employees in effectively providing the services needed. While adopting advanced technology in this way, we will create an environment where we can fully focus on providing warm services that only humans can and are truly needed in frontline nursing care. The vision of the Group is to support the realization of the mission of delivering happiness to residents and users as we should. PoC of a business model using RDP is already being carried out at facilities within the Group, and we aim to introduce it to all facilities by the end of FY2023. These know-how should be useful not only for the Group but also for many other nursing care providers suffering from labor shortages. I think it is possible to contribute to raising the level of the whole industry while expanding our business by proposing the Group's business model as a service on a subscription-basis (member) to other providers supporting frontline nursing care for joint use.

Utilization of RDP in various areas, such as disaster prevention & mitigation

We are also making advance in the area of disaster prevention & mitigation which has high affinity with P&C insurance. Many earthquakes, heavy rains, and typhoons struck Japan in recent years and employees all over the country are working hard to fulfill our responsibilities as an insurance group.

Also, we are preparing ahead in normal times at frontline nursing care for safety assurance and emergency evacuation to protect residents, and making thorough preparations so that we can respond promptly in the event of an emergency that is expected to affect the facility. And one of the most important things in dealing with disasters is to detect the danger as soon as possible and take effective measures. One Concern, Inc., a business partner of Sompo Japan, develops simulation technology that enables prediction of floods up to 72 hours in advance. The combination of this technology with the vast amount of data obtained through the Group's approximately 20 million insurance policies should be a huge boost for practical application. Concrete plans are already being implemented, such as aiming to develop a flood prediction model for about 50 cities within this fiscal year. If cooperation with many local governments and companies realizes, evacuation instruction to local residents, damage prediction, disaster prevention planning in normal times, and sign detection will be enhanced and lead to better protection of invaluable lives and property.

In developing RDP, we will continue to bring service ideas into shape by assuming various situations, such as responding to the evolving society of autonomous driving and mobility, a mechanism to support farmers through global climate analysis, etc., and efforts to realize "healthy aging" where many people can live long and happily until the end of their lives.

A Message from the Group CEO

“My Mission” motivating each employee and SOMPO’s Core Values

It is definitely people that support Sampo’s business strategy. I believe that human resources are treasure of a company and important asset. During the COVID-19 pandemic, we promoted work from anywhere (WFA) to ensure employee safety first of all, and then made continuous efforts to improve work efficiency in the frontline. From now on, I would like to put a lot of effort into aligning the job satisfaction of each employee with “SOMPO’s Purpose.” I will encourage employees to think about what motivates them at work or in life, face “My Mission” derived from these, and think about how they want

to work and live. To support this as the Group CEO, I held a virtual roundtable discussion in front of about 1,000 employees who participated voluntarily. I was able to hear from employees with different jobs, background, and gender about their thoughts on each job and sympathy for focusing on “My Mission.” I expressed my honest feelings about the enthusiasm to serve the society and wanting to feel happy and grow through work, and felt that time passed in the blink of an eye. I will continue to communicate to employees the thinking behind “A Theme Park for Security, Health & Wellbeing” and “SOMPO’s Purpose.” And I will try to make each employee understand how they want to work, that is, what it means to deliver “SOMPO’s Purpose” when one sees the company and work as part of one’s life, and consider it as one’s own issue. This should increase job satisfaction and productivity in the frontline, and increase engagement. The Sampo Group aims to become a corporate group with the core values that each employee is driven by My Mission and produces maximum results by leveraging professionalism and diversity. True diversity and inclusion, and an inquiring mind fostered by it, are the sources of innovation and the driver to transform SOMPO’s corporate culture. With that driver, we can engage others, form various partnerships and grow together with society, which I am convinced of the mission SOMPO must fulfill.



New Mid-Term Management Plan (FY2021-2023)

Based on the above, we formulated a new 3-year Mid-Term Management Plan starting in FY2021. As for financial performance, we aim to achieve “adjusted consolidated profit of 300 billion yen or more and adjusted consolidated ROE of 10% or higher” which were set as a Mid-term targets in the prior Mid-Term Management Plan. To enhance the Group’s real profitability and capital efficiency, we thoroughly strengthened the business foundation of existing businesses and executed a large M&A with the Endurance Group (current Sampo International) in the overseas insurance business during the prior Mid-Term Management Plan period. We also decided to make a full-scale entry into the nursing care business, which was a difficult decision at the time, and vigorously worked on various transformations, such as being among the first Japanese companies to have a base in Silicon Valley and promoting digital business initiatives. As a result, adjusted consolidated profit hit a record high of 202.1 billion yen and adjusted consolidated ROE was 8.0% in FY2020, the final year of the Plan, and I believe that the Group’s foundation for growth to make a leap forward is finally established. We aim

to bring out the earning power of the Group to the maximum while improving capital efficiency in each business. We will also make concrete efforts, such as “new customer value creation” by building ecosystems across the boundaries of existing businesses and evolving into a solution provider making full use of RDP, and “new work style” continued from last year.

How the three years of this Mid-Term Management Plan are spent is extremely important for the future. It’s not just about achieving Group management targets and KPIs. I think it is important to make stakeholders fully understand through the accomplishment of this Plan how SOMPO will grow in the future, what makes SOMPO stand out in the market, and what expectations they can have, as well as enhance corporate value for the future. The Plan also incorporates strategies to unlock corporate value of the Group. While accumulating as much concrete evidence as possible, I will take the lead in efforts to garner empathy for SOMPO’s future and growth story, and to construct a narrative that is convincing to the society and market.

Conclusion

The Group is at a major turning point. Since becoming the Group CEO, I have always wanted to be told later on that “SOMPO used to be an insurance company” and I think we are at a crossroad. The Group will make a concerted effort to evolve from a traditional insurance group to a corporate group that delivers value to society through “A Theme Park for Security, Health & Wellbeing.” By delivering “SOMPO’s Purpose” in this way, we aim to become one of a kind

“SOMPO regarded as a valuable and indispensable entity” that will be needed in the future world. I would appreciate the continued support of all stakeholders.

PURPOSE

What kind of value do we provide and what kind of society are we aiming for?

The COVID-19 pandemic has brought about changes in social values and “contributing to a sustainable society” as represented by the SDGs is now considered an essential priority for companies in this age. With this in mind, the Sompo Group has returned to the very basis of management and clarified what it aims to achieve and what kind of social value it will provide over the long term of 20 to 50 years. This is the essence of SOMPO’s Purpose. By leveraging our three strengths and continuously providing value to society with “A Theme Park for Security, Health & Wellbeing,” we aim to create a society in which every person can live a healthy, prosperous, and happy life in one’s own way.



PURPOSE

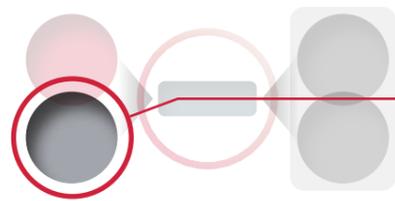
SOMPO's Purpose

At the start of our new Mid-Term Management Plan, we defined "SOMPO's Purpose" in an easy-to-understand manner what the Sampo Group aims to achieve over the next 20 to 50 years. The "SOMPO's Purpose" is to create a society in which every person can live a healthy, prosperous, and happy life in one's own way with "A Theme Park for Security, Health & Wellbeing" together with stakeholders. Specifically, we will deliver value to society by "protecting people from future risks facing the society," "creating a future society for healthy and happy lives," and "fostering the ability to change the future society with diverse talents and connections." With this

"SOMPO's Purpose" at the core of our management, we will strive to achieve sustainable growth as a group.

In establishing SOMPO's Purpose, we have taken into consideration the Group's Management Philosophy we have held up so far, the strengths we have cultivated over the years, changes in the environment surrounding the Company (including global megatrends), and the social challenges we face. Based on these, we engaged ourselves in rigorous management discussions on what kind of society can be realized and what kind of value can be delivered to society in a way unique to SOMPO.

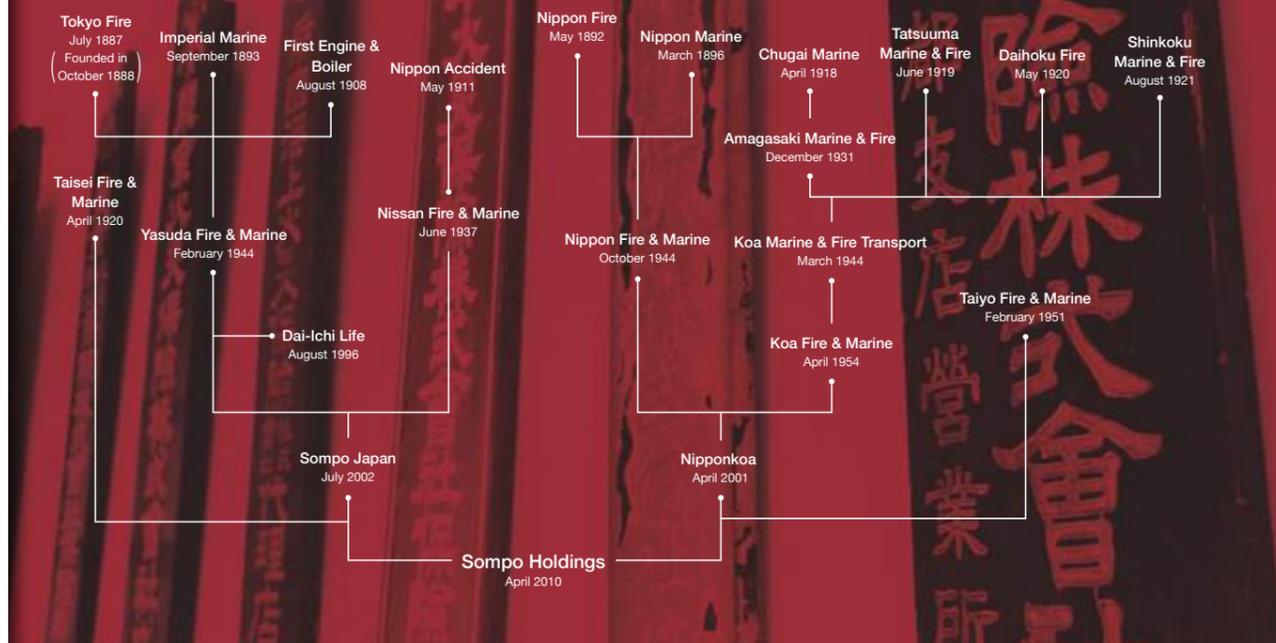




Trust and responsibility with 130 years of history

Founding aspiration: To protect customers at all costs

The companies which have become the forerunners of domestic P&C insurance business, the core of the Group, were born one after another in the turbulent times during and after the Meiji Era.



1 As Japan's first fire insurance company with a mission to "protect people from the threat of fire"

In 1888, Tokyo Fire Insurance Company, Inc., one of the Group's forerunners, was born as Japan's first fire insurance company with a mission to "protect people from the threat of fire." With a spirit of service and dedication to protect our customers from fire 24 hours a day, 365 days a year, we formed the "Tokyo Fire Brigade." It was the only private and reliable fire brigade officially authorized by the Metropolitan Police Department and was highly relied upon. As an insurance company, we have a strong sense of mission "to protect our customers at all costs," which has been passed down throughout our 130-year history and is linked to our current Management Philosophy.

2 Promoting the diffusion of accident insurance to save the lives of people suffering from injuries and bring them more happiness

Nissan Fire & Marine, one of the Group's forerunners, was born as Nippon Accident which was established in 1911 as Japan's first personal accident insurance company. At that time, Japan's social security system did not exist, so people injured at work or elsewhere could not work and faced difficulties in day-to-day living, which was a major social issue. In the face of such hardships, the desire to respect humanity and "save and bring happiness to those unable to work due to injury" moved people and society and contributed to the birth of Japan's first accident insurance company and the subsequent spread of accident insurance.

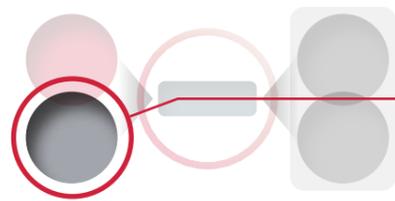
3 Initiative of creating a resilient society through insurance

Following the Great East Japan Earthquake of March 11, 2011, the Sompo Group positioned "payment of insurance benefits as quickly as possible" to affected customers as its top management priority. With the Group's collective efforts, we swiftly established a local disaster response headquarters and dispatched more than 3,000 personnel to affected areas to ensure prompt and smooth payment of insurance benefits. Based on this experience and lessons learnt, we have continued working to develop insurance products, risk management services, and other offerings to help create a resilient society.

4 Serving as a solution provider to address social issues, such as the low birthrate and population aging

The Sompo Group made a full-scale entry into the nursing care business in 2015. Faced with the challenge of Japan's low birthrate and population aging, we are deploying technology to improve productivity and treatments while strengthening human resource development through enhanced employee training. In these ways, we are working to provide nursing care services with high levels of both productivity and quality. Meanwhile, we are seeking to help create a society that strives to prevent and prepare for dementia and enables people, even if diagnosed with dementia, to continue living with dignity as individuals, and taking on the challenge of extending healthy life expectancy by developing services designed to prevent the impairment of cognitive functions and improving dementia care capabilities. Even in the current so-called era of VUCA*, we have inherited the DNA of the Group, which has been tackling social issues from early on, as we work to realize a sustainable society in ways that transcend the framework of insurance.

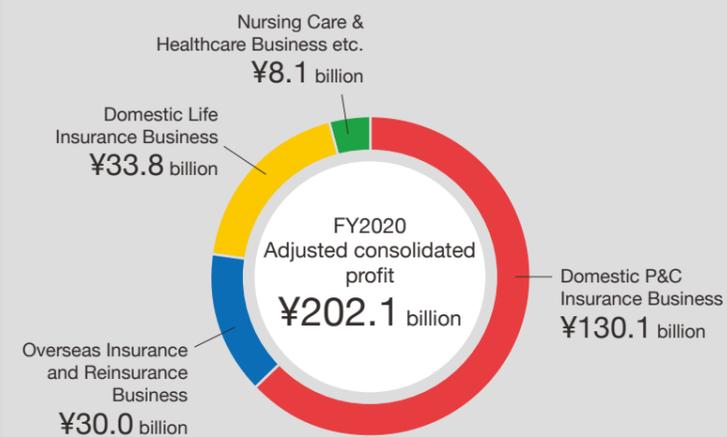
*Acronym for "Volatility, Uncertainty, Complexity, and Ambiguity"



Diversity of business, talent and network

1 Diversity of business

In addition to its six core businesses—domestic P&C insurance, overseas insurance and reinsurance, domestic life insurance, nursing care & seniors, digital, and healthcare—the Sampo Group is developing a variety of businesses to realize “A Theme Park for Security, Health & Wellbeing.” These include strategic businesses such as asset management and home remodeling.



2 Diversity of network

With bases in 29 countries and regions, including Japan, the Sampo Group is developing its business in emerging nations. In Japan, we work with local insurance agents, for example.

gions, including Japan, the Sampo Group is developing its business globally in both developed and emerging nations. In Japan, we work with local insurance agents, companies and local governments, for example.



*Real figures as of March 31, 2021
 *1. Simple aggregate of the bases of Sampo Japan Insurance Inc. and Sampo Himawari Life Insurance Inc.
 *2. Number of commissioned agents of Sampo Japan Insurance Inc. and Sampo Himawari Life Insurance Inc.

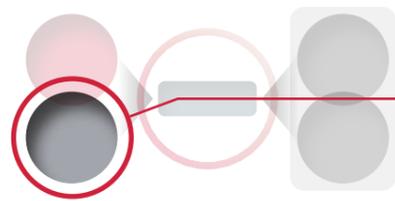
*3. Based on figures publicly disclosed by the Group (the Company and its domestic P&C insurance, overseas insurance and reinsurance, domestic life insurance, and nursing care & healthcare businesses) in fiscal 2020.

3 Diversity of talent

The Group brings together people with different backgrounds and diverse values, regardless of nationality or gender, and will make full use of its diverse strengths to accelerate innovation.



*Real figures as of March 31, 2021
 *1. Ratio of executive officers of the company
 *2. Training for diverse human resources aimed at realizing mission-driven work styles. Key factors are mastering the concepts and methods of “MY Mission 1-on-1” and developing human resources who can demonstrate leadership.



Strong problem-solving abilities

In addition to providing insurance, the Group has been using its amassed insurance-related know-how to engage in various businesses, including disaster prevention/mitigation, agriculture, and nursing care, and has leveraged its business diversity to solve social issues in various areas. We deploy large amounts of real, high-quality data obtained through our various businesses to create new customer value, which we believe will help realize a sustainable society and enhance corporate value. Going forward, we will utilize these real data to develop solutions in multiple fields. Our aim is to establish a Real Data Platform (RDP) as a valuable framework for addressing social issues in order to further refine the Group's problem-solving capabilities.

1 Insurance and Disaster Prevention/Mitigation



Relevant data
Number of provided solutions that contributed to disaster prevention/mitigation

238

The Group analyzes vast amounts of loss data (big data) accumulated over many years to provide reliable insurance coverage and develop new products and services. We also use our expertise in quantifying risk to prevent losses and provide measures to mitigate damage caused by disasters. We will continue striving to create a resilient and sustainable society by providing a wide range of services that predict and prevent diversifying risks and mitigate damage.

2 Agriculture



Relevant data
Number of countries where our agricultural insurance is offered

9

As an industry-leading global insurance company, we offer innovative products through AgriSompo, our integrated global agriculture platform which continues to develop insurance and reinsurance products. We also provide risk solutions for crop harvesting to agricultural professionals around the world. AgriSompo offers crop producers, farmers, and other agri-businesses comprehensive protection from financial losses resulting from droughts, floods, or other natural catastrophes using an integrated underwriting, technological know-how, and distribution platforms. Going forward, we will continue developing products and services tailored to climate change. Utilizing the Group's extensive network, meanwhile, we will expand the AgriSompo platform globally to help promote a sustainable food supply system.

3 Nursing Care



Relevant data
Number of care recipients

80,000

To address Japan's rapidly aging population and declining birthrate, we must tackle many challenges, such as securing and developing human resources to provide nursing care services. In light of various issues caused by this super-aging society, we provide a full lineup of nursing care services that can be used in a wide range of settings, from care facilities to the home. Our aim is to help Japan become an affluent country that can boast to the world of a long and quality life. In addition, we deploy information communications technology and digital technology to improve productivity and develop human resources, and we are strengthening the capacity of providing nursing care services in order to achieve the highest levels of quality and productivity.

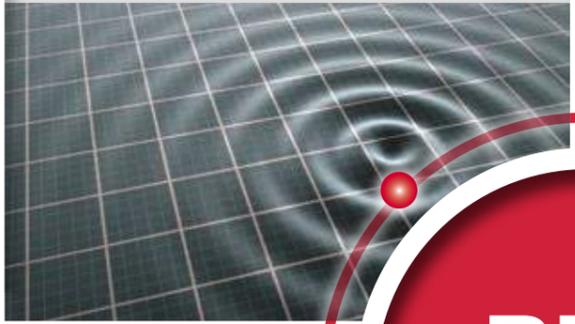


RDP

Real Data Platform

Disaster Prevention/Mitigation
Using disaster prediction to minimize the extent of damage

Due to the frequent occurrence of natural disasters, the total annual amount of insurance claims paid by domestic property and casualty insurance companies exceeded ¥1 trillion for two consecutive years from fiscal 2018, and we expect this so-called "new normal" situation to continue. Using a variety of information on the past disasters and damage forecasts, as well as data on insurance claims payments, the Group aims to develop solutions that help local governments improve the quality of their services to residents and strengthen the resilience of companies.



Mobility
Optimize services for mobility-impaired people

- Extend driving longevity
- Develop evaluation service for elderly drivers



Nursing Care
Improving quality and productivity in the nursing care sector

There are concerns that the gap between supply and demand for nursing care will continue widening due to the declining birthrate with aging population, and shortage of workers. The Sompo Group will work to address these issues and utilize data to improve quality and productivity in the nursing care sector. First of all, we will conduct proof of concept at our own nursing care facilities, with the aim of improving the quality of our services by developing solutions that will become a standard operating system (OS) across the sector.



Agriculture
Improve operational efficiency and profitability of agricultural workers

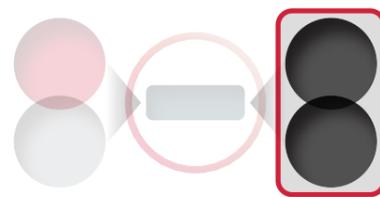
- Develop operational improvement service for farmers



Healthy Aging
Use data to extend healthy life expectancy

- Extend healthy life expectancy
- Develop consistent awareness and behavior modification services for prevention, treatment, and prognosis





Social Challenges Facing SOMPO

The Group has provided services of the highest quality possible for the security, health, and wellbeing of customers, and contributed to society through the insurance, nursing care, and other businesses. However, global trends are changing drastically, and as represented by the SDGs, we are expected more than ever to foster the sustainable development of society through our own businesses. Amid changes in the business environment, we have identified various social challenges facing the Group, and based on SOMPO's strengths and resources, we have identified two social challenges that the Group needs to address: "new normal" and "low birthrate and population aging."

New normal

In the future, we expect uncertainty to increase as climate change and natural disasters become more severe while new and unprecedented risks will emerge as digital technology advances. Even in this "new normal" environment, we need to protect people from the risks they face and help create a society where people can live more safely and securely at all times.

Climate change

Increasingly severe natural disasters and droughts, water resource depletion, ecosystem destruction, etc.

Emergence of new risks

Cyber risk, global low interest rate environment, infectious diseases, etc.

Low birthrate and population aging

Low birthrate and population aging have created a huge imbalance between "support providers" and "support recipients" leading to a widening supply-demand gap in the medical and nursing care fields and a decline in the working-age population. As a result, social insurance financing became tight and social anxiety about the future is increasing. Even under such conditions, we need to create a society in which every person can live a healthy life with full of smiles in one's own way. We aim to be the first in the world to solve Japan's challenges in response to the global challenge of low birthrate and population aging.

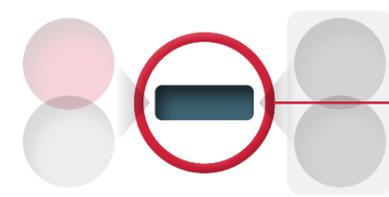
Challenges facing Japan in 2040

People aged 65 and over account for more than 35%* of the total population

Senior households becoming more isolated as single-person households increase

Decline in the working-age population resulting in fewer support providers

*Source: *Japan's Future Population Projections (2017 Estimates)*, National Institute of Population and Social Security Research



Social Value Delivered by SOMPO

Protect people from future risks facing the society

Protect people from future risks and realize safer and more secure lifestyles

In addition to climate change and natural disasters, new risks are emerging related to infectious diseases, cybercrimes, and the like that we may face in our daily lives and business operations. We aim to protect people from these risks and help create a society where all individuals can live more safely and securely.



We deploy digital technology to develop products to address new risks in the "new normal" society and thus provide coverage and services that previously were impossible to offer.



We provide a wide range of continuous coverage services (including coverage for catastrophic risks and agricultural insurance) against intensifying natural disasters so society can continue to coexist with risks.

Reduce risks, in addition to addressing contingencies

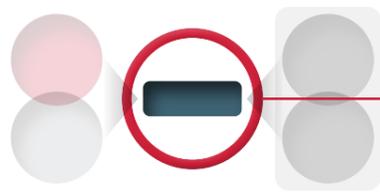
By detecting and preventing risks (such as disaster prevention/mitigation, pre-disease, and disease prevention) that anyone may face when living in a society or running a business, we aim to protect people from these risks and create a society in which damage is minimized.



We developed an AI-based "disaster damage prediction" model.



We use real health-related data to provide prediction, prevention, and early detection services.



Create a future society for healthy and happy lives



Enable every senior (support recipient) to remain independent and enjoy healthy lives with full of smiles.

Reduce the burden on the support-providing generation to create a society where people can pursue their dreams.

Provide new models/solutions designed to improve productivity and efficiency and thus help stabilize social security financing.

By providing nursing care and healthcare services that make full use of digital and real data, as well as by developing new mobility services, we aim to create a society where both support providers and support recipients can enjoy healthy and happy lives in their own way.



We provide high-quality disease, nursing care, and dementia prevention services.



We support the health of all generations, including through fitness, diet, and life design assistance.



By improving conditions for nursing care workers, we lead the industry in overcoming the shortage of human resources.



We have developed a future model for nursing care facilities to make all residents and users happier.

Foster the ability to change the future society with diverse talents and connections



Form an ecosystem to change the future society with a real data platform as its pivot

Amid increasing uncertainty, we will analyze historical information and all kinds of facts and real data to understand future risks and deliver innovation.



We provide “visible” and “predictable” services to support the nursing care industry by digitalizing detailed daily information on approximately 100,000 people, including care facility workers, residents, and users.

Transform future society by leveraging our diverse talent developed from our diversified business portfolio

We leverage diverse talent across diverse businesses to deliver a variety of innovations.



We leverage diverse talent in terms of gender, nationality, age, and career to create new solutions and ecosystems that help address social challenges.

Value Creation Process

Inheriting DNA of solving social challenges, we create diverse value by leveraging mutually reinforcing elements of the Group's capacity to bring together diverse businesses and each business' presence and competitive advantage in creating new value through solving problems with its own strengths, while also combining various types of capitals. Going forward, we will work to provide value on a larger scale through Real Data Platform (RDP), a framework for creating new solutions that contribute to Security, Health and Wellbeing by utilizing real data accumulated from each business.

Seeking to solidify our value creation ability by addressing social challenges, we have designated "SDGs in Business Management" as one of the Group Management Foundation in our Mid-Term Management Plan, which started in FY 2021. Drawing on a solid financial capital base and relationships of trust with various stakeholders (social and relationship capital), the Group will work together to implement the three core strategies of the plan, thereby steadily delivering value to society and making progress in achieving the SOMPO's Purpose.

MEGATREND

Social Challenges Facing SOMPO

- New normal
- Low birthrate and population aging

SOMPO's Purpose

With "A Theme Park for Security, Health & Wellbeing," we aim to create a society in which every person can live a healthy, prosperous, and happy life in one's own way.

Social value delivered by SOMPO

- Protect people from future risks facing the society
- Create a future society for healthy and happy lives
- Foster the ability to change the future society with diverse talents and connections

PURPOSE

Input

Financial capital

- Ability to generate cash flow, mainly from domestic non-life insurance, enabling the Group to make growth investment
- Revenue: **¥3,434.2 billion**
- Sound financial base and ample room for growth
- Adjusted consolidated net assets: **¥2,755.5 billion**

Social and relationship capital

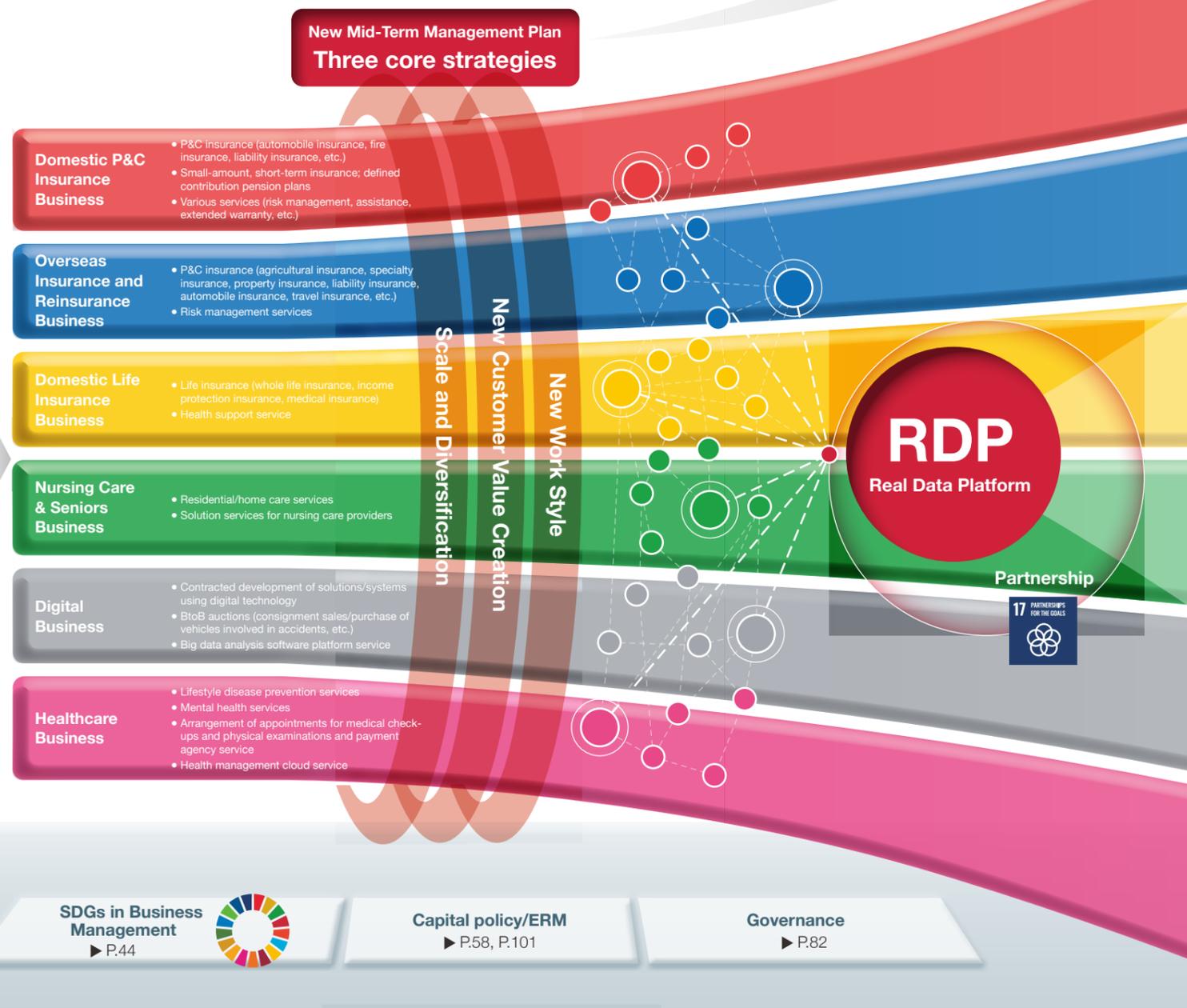
- Trust and responsibility with 130 years of history
- Customer base of around 20 million people
- Network with diverse stakeholders
- Trusted relationships with NPOs and NGOs

Human capital

- Human resources who share the **Three Core Values** (▶ P.69)
- Strong problem-solving capability to turn social challenges into business opportunities
- Digital talent aimed at accelerating DX
- Cross-group human resource system that fosters diversity

Intellectual capital

- Environment enabling use of cutting-edge technologies
- SOMPO Digital Lab:** Global trilateral structure (Tokyo, Silicon Valley, and Tel Aviv) (▶ P.74)
- Future Care Lab in Japan:** R&D on new nursing care (▶ P.64)
- Large volumes of high-quality real data accumulated from multiple businesses
- Corporate culture unafraid of change



Outcome

Financial capital

- Achieve **sustainable growth**: Adjusted consolidated profit: **¥202.1 billion**
- Maintain and improve capital efficiency** to meet shareholders' expectations: Adjusted consolidated ROE: **8.0%**
- Diversify business to **support earnings stability**: Risk diversification ratio: **39.4%**, Overseas business ratio: **14.9%**

Social and relationship capital

- Contribute to society as the infrastructure** that supports people's lives: Net claims paid: **¥1,519.8 billion**, Number of care recipients: **Approx. 80,000 persons**
- Enhance brand power** with "A Theme Park for Security, Health & Wellbeing": Brand value: **¥56.3 billion**^{*1}
- Increase presence through **engagement in international initiatives**: Participation in Davos Conference: **6 times**
- Solve issues through **social contribution activities with stakeholders**: Number of participants in community contribution activities in collaboration with NGOs and NPOs: **25,347 persons**^{*2}

Human capital

- Strengthen human resource diversity** as source of innovation: Ratio of female employees in management positions: **24.2%**
- Adopt new work styles to **improve employee job satisfaction and happiness**: Achieve average Gallup Q12 target by FY2023: Domestic: **3.70pts**^{*3}, Overseas: **4.10pts**^{*3}
- Produce motivated employees driven by "MY Mission" training: **Complete "MY Mission" training for all eligible employees** by FY2023

Intellectual capital

- Proactively invest in digital technologies and leverage industry-government-academia collaboration to **deliver innovation**: Number of solutions developed using technologies (AI, RPA, etc.): **311**^{*4}
- Enhance a lineup of products/services** that support the Security, Health, and Wellbeing of customers: Newly developed products, services, and insurance policies: **109 types**^{*5}
- Reduce nursing care burden and **contribute to a sustainable aging society**: Introduce future nursing care model at **258 facilities** by FY2023

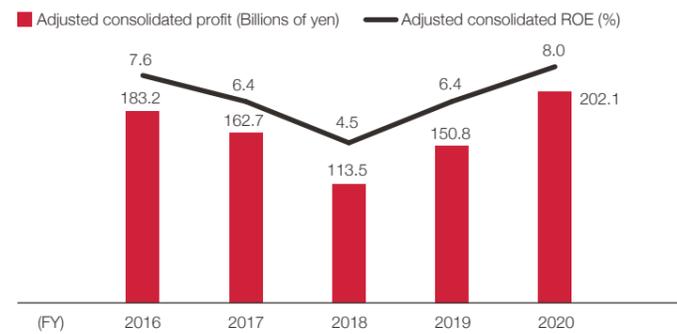
Natural capital

- Emphasize business activities that consider climate change and biodiversity, etc.**: Greenhouse gas emissions reduction rate: **15% reduction**^{*6}, Increase renewable energy introduction rate: By FY2030: **70% or higher**, By FY2050: **100%**

*1. Based on a survey by Interbrand Japan, Inc.
 *2. Simple aggregate of participants in community activities that contribute to disaster prevention/mitigation in collaboration with NPOs/NGOs, etc. and information dissemination activities, educational opportunities related to environmental protection
 *3. Results of employee engagement survey provided by Gallup, Inc.
 *4. Simple aggregate of number of solutions developed by Sampo Holdings, Sampo Japan, Sampo Himawari Life Insurance, and Sampo Care (FY2016-FY2020)
 *5. Simple aggregate of number of products, services, and special policy newly developed by Sampo Japan, and Sampo Himawari Life Insurance (FY2016-FY2020)
 *6. FY2020 Results (Compared with FY2017)

Financial and Pre-Financial Highlights

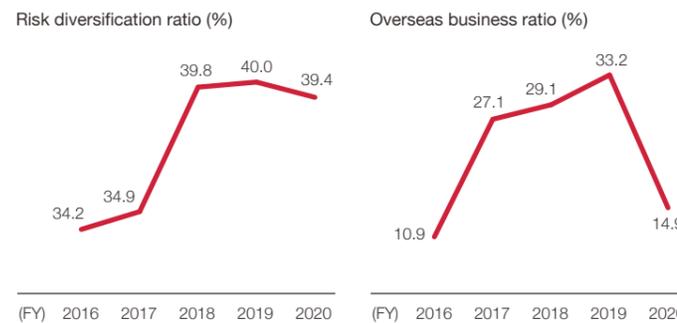
Adjusted Consolidated Profit / Adjusted Consolidated ROE



Increased profit and high capital efficiency

Adjusted consolidated profit in fiscal 2020 totaled ¥202.1 billion, and adjusted consolidated ROE reached a record-high 8.0%. We made steady progress toward achieving our fiscal 2023 targets of ¥300 billion and 10% or higher, respectively.

Risk Diversification Ratio / Overseas Business Ratio

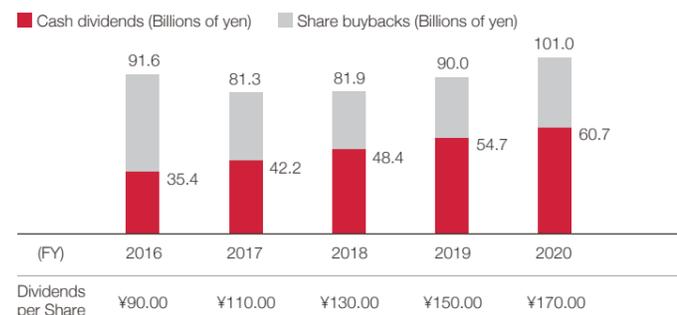


Increased earnings stability and resilience

Seeking to improve earnings stability and build a resilient business portfolio, we have set risk diversification ratio* and overseas business ratio* as KPIs under our new Mid-Term Management Plan. By fiscal 2023, the final year of the plan, we aim to raise the risk diversification ratio (from 39.4% in fiscal 2020) and achieve an overseas business ratio of 30% or higher.

* P.149 for definitions of risk diversification ratio and overseas business ratio.

Shareholder Returns

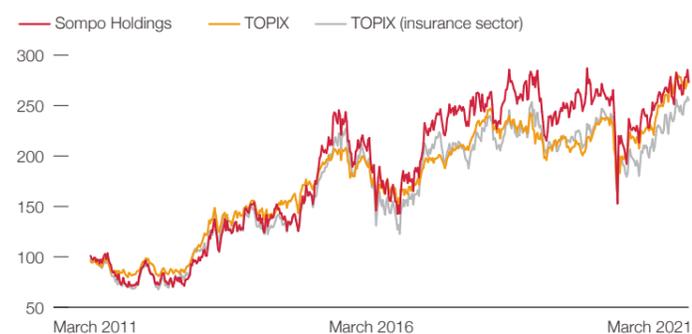


Dividends per Share	2016	2017	2018	2019	2020
	¥90.00	¥110.00	¥130.00	¥150.00	¥170.00

Attractive shareholder returns achieved

Total shareholder returns (dividends paid + share buybacks) steadily increased in line with growth in adjusted consolidated profit. We will continue aiming to realize attractive shareholder returns. We expect to pay year-on-year increases in dividends for the eighth consecutive periods (including our forecast for fiscal 2021). Our policy under the new Mid-Term Management Plan is to continue increasing dividends and raising the ratio of dividends to shareholder returns.

Total Shareholder Return (TSR) Note: Indexed to 100 from March 31, 2011



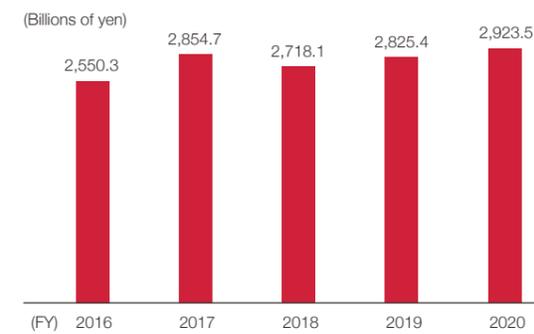
Source: Bloomberg

Enhanced shareholder value driven by SOMPO's Purpose

Total shareholder returns* over the past 10 years have outperformed other companies in our industry. We will continue targeting steady growth in shareholder value through initiatives aimed at realizing SOMPO's Purpose.

*Total Shareholder Return is the rate of return after reinvestment of dividends.

Net Premiums Written



Protect people from future risks facing the society

Materiality: Provide preparedness for all types of risk

Net premiums written in fiscal 2020 totaled ¥2,923.5 billion, up ¥98.0 billion year on year. This was due to a significant increase in revenue from Sampo International, which handles our overseas insurance and reinsurance business. Going forward, we will continue protecting people from future risks facing the society by enhancing preparedness for all types of risks through insurance services, which form the core of the Group's business.

Contributing to People's Health through Insurhealth®

Number of policies in force
End of FY2020: 330,000 ▶ **End of FY2023: 1.3 million**

Health Support through Health Guidance Business and Mental Health Services

Sales of health guidance business
End of FY2020: ¥3,174 million ▶ **End of FY2021: ¥3,519 million**

Sales of mental health services
End of FY2020: ¥1,359 million ▶ **End of FY2021: ¥1,485 million**

Supporting More People through Nursing Care Services

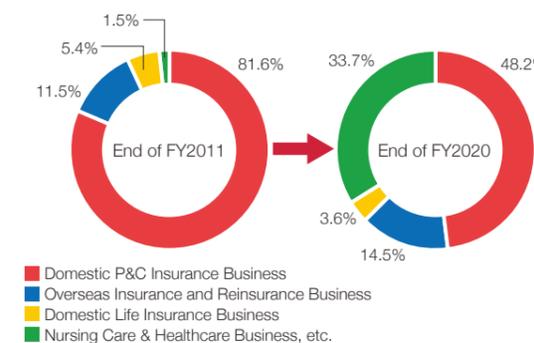
Number of nursing care users
End of FY2020: 80,000 ▶ **End of FY2023: 120,000**

Create a future society for healthy and happy lives

Materiality: Provide solutions for healthy and happy lives
Contribute to a sustainable aging society

To help create a future society full of health and happiness, the Group provides a wide range of offerings, from insurance products that support good health to healthcare and nursing care services. The diversity of our businesses is one of our strengths. Leveraging this strength, we will foster a sustainable aging society by providing solutions that support the health and happiness of people at all life stages.

Ratio of officers and employees by business

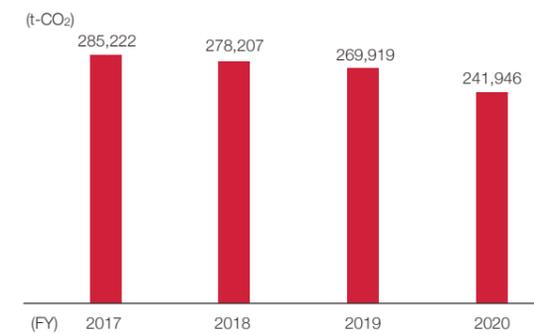


Foster the ability to change the future society with diverse talents and connections

Materiality: A group of talent who can change future society

Committed to creating "A Theme Park for Security, Health & Wellbeing," the Sampo Group, which operates various businesses, leverages its diverse human resources, a strength that is unmatched by other companies. We welcome the "good clashes" (clashes of knowledge) that occur when diverse human resources come together and are committed to creating innovations that generate new value.

Greenhouse Gas Emissions (Scope 1-3)*



Advancing "SOMPO Climate Action" initiatives

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

As part of "SDGs in Business Management," positioned as a Group Management Foundation, we have launched "SOMPO Climate Action" to expedite our efforts to tackle climate change. To mitigate climate change, in fiscal 2021 we set a new greenhouse gas reduction target of becoming "carbon neutral in 2050." To this end, we are helping create a greener society where the economy, society, and environment are in harmony, for example by switching electricity used in the Group's main buildings to renewable energy.

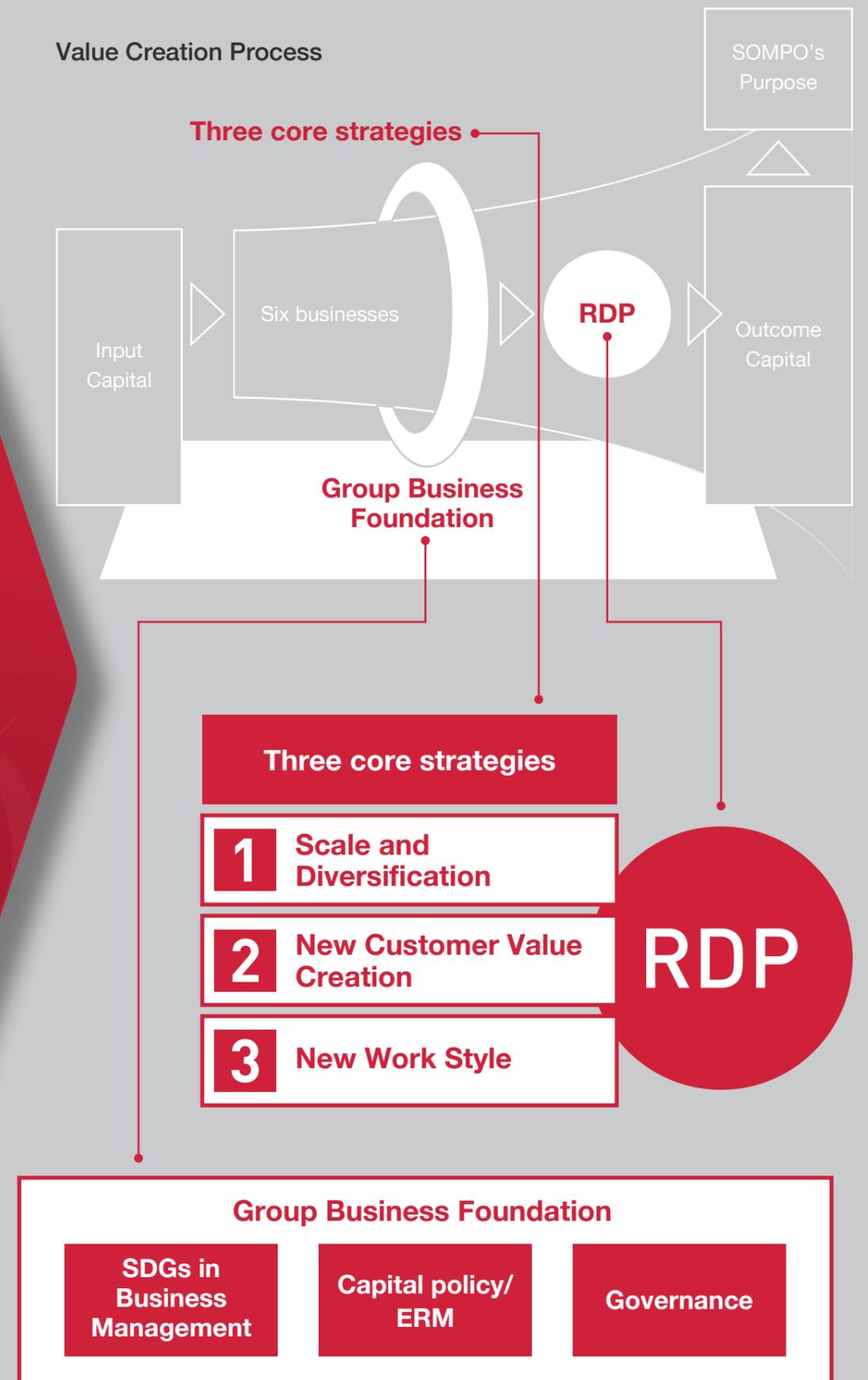
*Total of Scope 1 (direct emissions from use of gasoline, etc.), Scope 2 (indirect emissions from energy sources, such as electricity), and Scope 3 (indirect emissions from entire value chain, including transportation and business travel). The scope of calculation covers the Company and its major consolidated subsidiaries. Note that emissions for FY2017-2019 have been recalculated based on fiscal 2020 calculation methodologies.

[Third-party verification] To ensure the reliability of reported figures, Sampo Holdings has received a third-party verification from Lloyd's Register Quality Assurance Limited (LRQA) for its calculation of greenhouse gas emissions (Scope 1-3) in fiscal 2020.

STRATEGY

How should we create value?

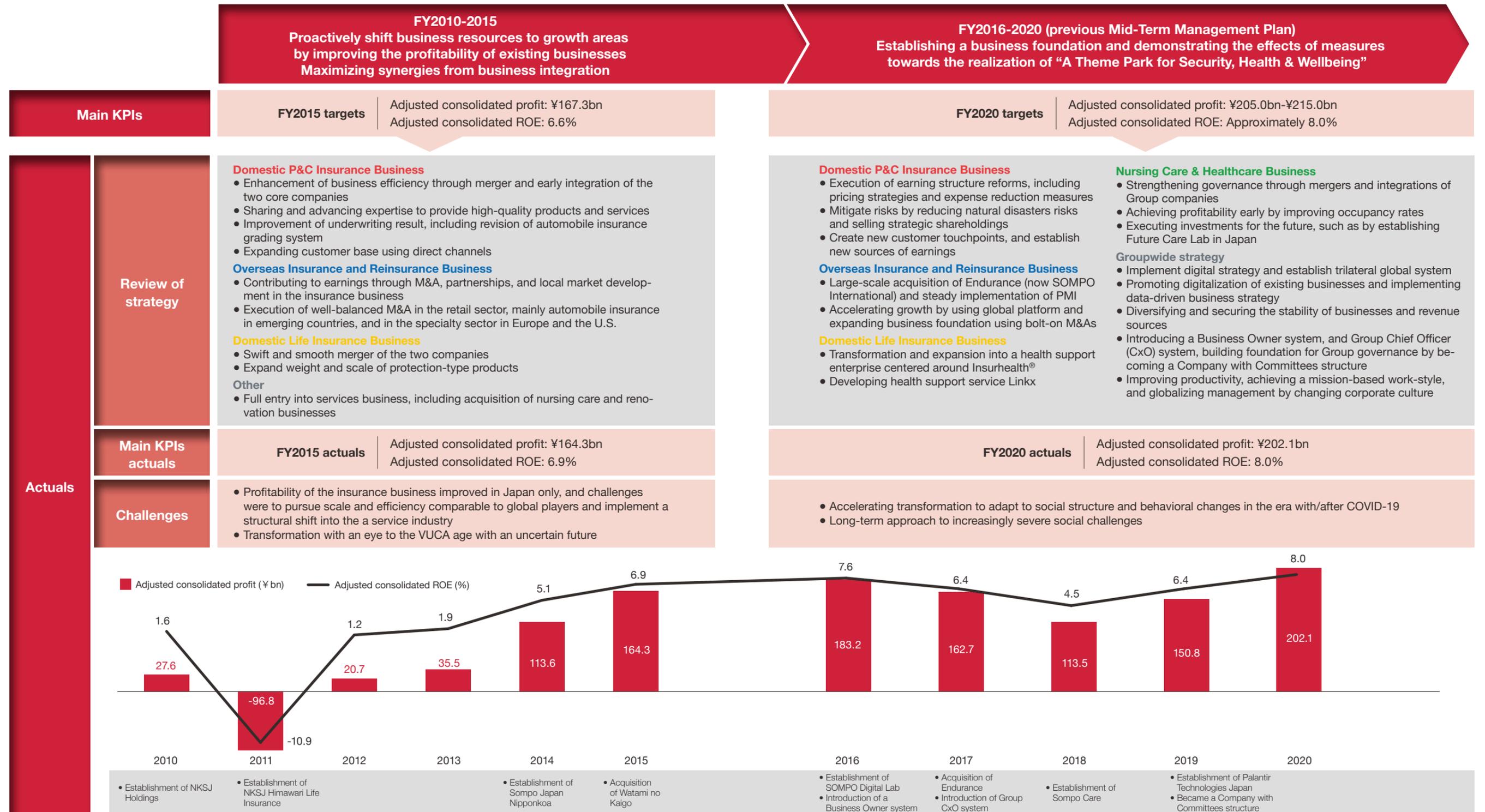
Starting with our value creation story that aims to achieve our purpose, we employed a backcasting process to formulate a new Mid-term Management Plan that sets out how the Sompo Group intends to deliver value to society over the next three years. By leveraging three core strategies that encompass our 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.



History of Strategy

Since NKSJ Holdings, Inc. (now Sompo Holdings, Inc.) was founded in 2010, the Group worked on establishing a foundation for growth and business foundation by integrating the management of the Domestic P&C Insurance Business and Domestic Life Insurance Business and boosting the profitability of existing businesses, while proactively shifting business resources to growth areas, such as the full entry into the nursing business. Following this, under the previous Mid-Term Management Plan from FY2016 to FY2020 the company worked on a variety of priority issues, such as the establishment and reinforcement of the superiority of each business, appropriate allocation of management resources across the Group, enhancement of the governance system, and

promotion of workforce diversity, in order to realize the Group Management Philosophy to “contribute to the security, health, and wellbeing of customers and society as a whole.” In addition, the company expanded the Overseas Business and made the Nursing Care Business profitable at an early stage, diversified business portfolio and revenue sources through new investment into growth areas and advancing digital strategy, and accelerated a transformation (qualitative evolution) toward the realization of “A Theme Park for Security, Health & Wellbeing.”

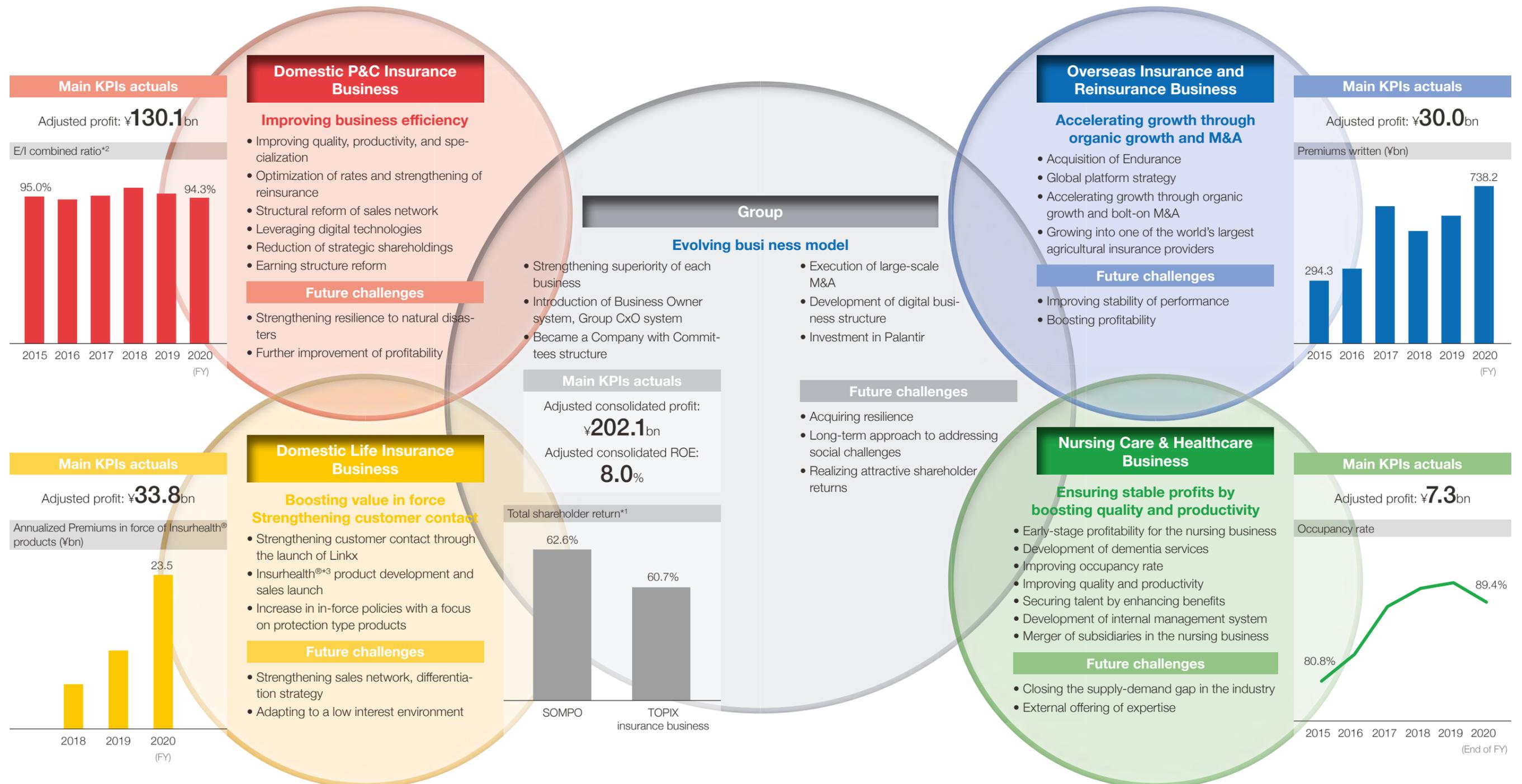


*Figures for the 2010 to 2015 period are based on the current definition of adjusted profit

Initiatives of each business under the previous Mid-Term Management Plan

Under the previous Mid-Term Management Plan, which was started in fiscal 2016, the company achieved steady growth based on the efforts that had been made by each business, accelerated new investments in growth areas and digital strategy for the future, and made steady progress in qualitative evolution toward the realization of "A Theme Park for Security, Health & Wellbeing." The Domestic P&C Insurance Business worked on structural reform of the business foundation to strengthen the profitability of existing business as well as the development of new businesses. The Overseas Insurance and Reinsurance Business made progress toward the establishment of a global platform through reorganizing subsidiaries and expanding business scale through disciplined M&A, such as the acquisition of Endurance Specialty Holdings Ltd (now Sompo International Holdings Ltd.).

The Domestic Life Insurance Business developed and sold new products and services to transform into a health support enterprise centered around Insurhealth®. The Nursing Care & Healthcare Business implemented measures to improve the service quality and productivity of existing nursing facilities, as well as worked on human resource development Initiatives in the digital field were stepped up, with proactive formation of partnerships with a variety of players and appointing external talent.



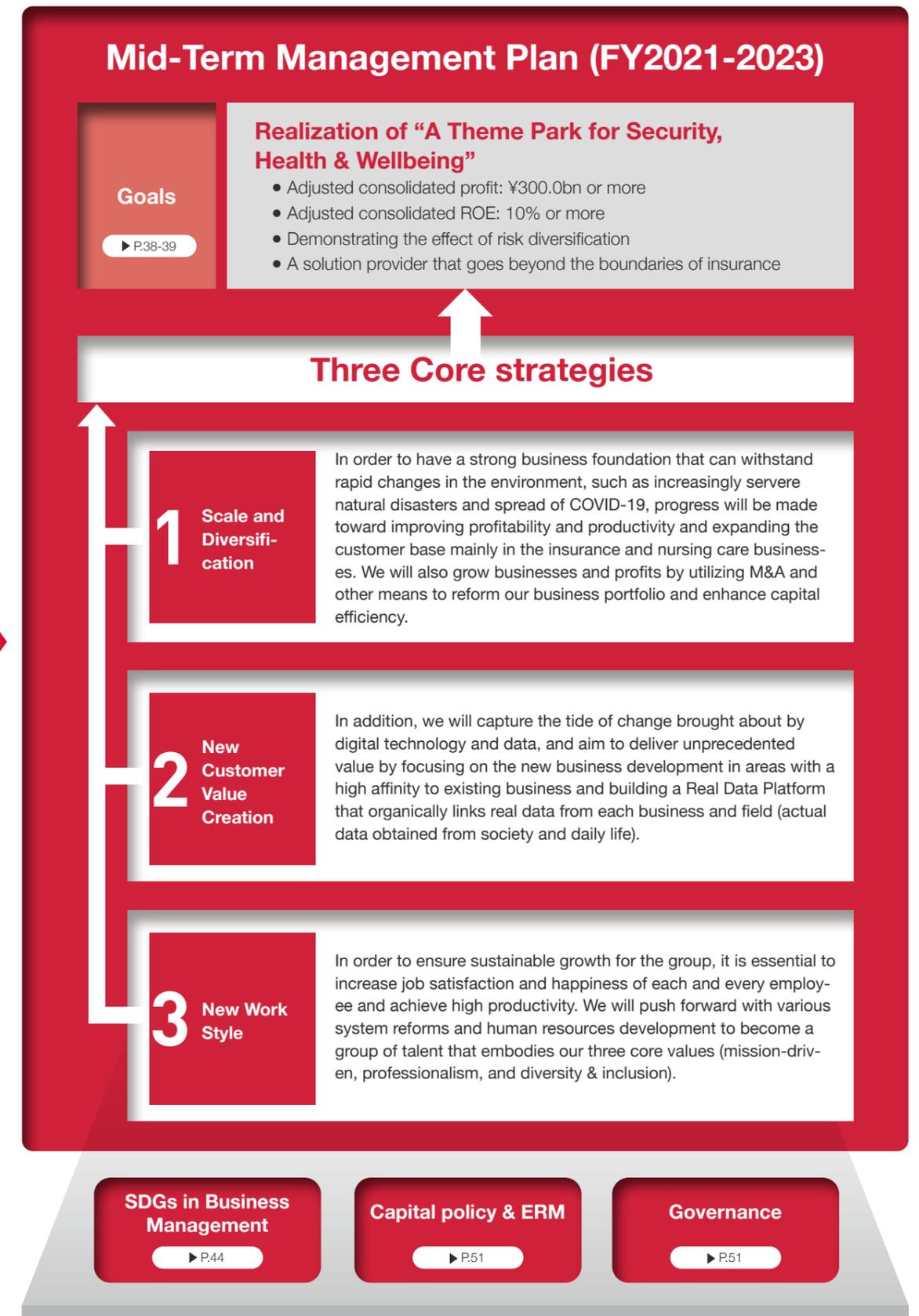
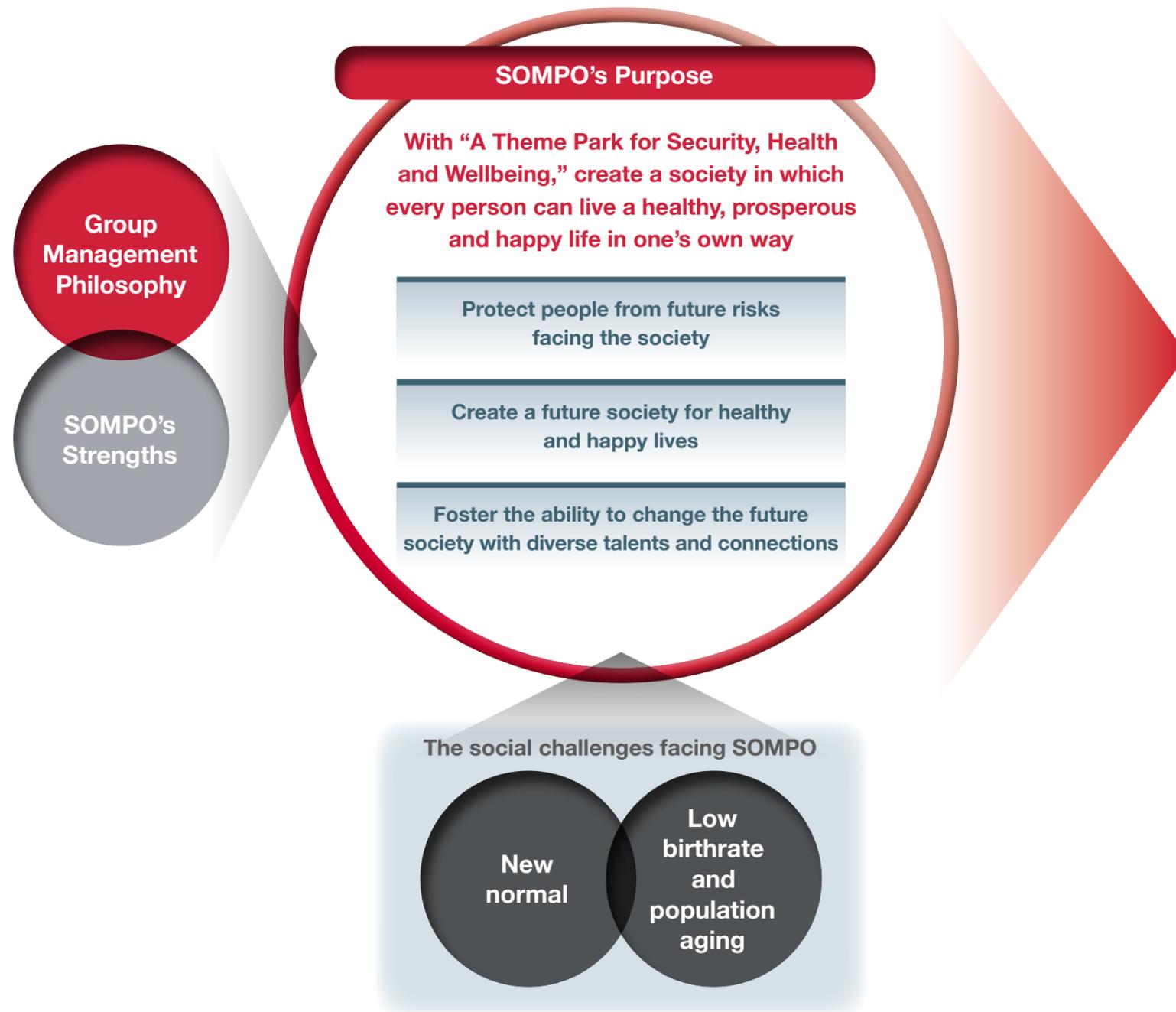
*1: After the announcement of the previous Mid-Term Management Plan (May 26, 2016) to the end of March 2021; source: Bloomberg
*2: Sompo Japan (excl. CALI, household earthquake) E/I combined ratio (=E/I loss ratio + net expense ratio)

*3: Insurhealth®: a new, unprecedented value that combines preparing for "just in case" scenarios (insurance) with functions that support everyday life (healthcare)

New Mid-Term Management Plan

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.



STRATEGY

New Mid-Term Management Plan

Management targets and main KPIs

We will aim to achieve adjusted consolidated profit of ¥300.0bn or more and adjusted consolidated ROE of 10% or more by FY2023, and over the mid- to long-term aim to create market utilizing RDP (Real Data Platform) and achieve revenue of over ¥500.0bn.

By pursuing top-line (revenue) and bottom-line (profit) in each business, we will increase Group profits and ROE, reduce strategic shareholdings and interest risk, and develop new business. Through this, we will enhance the effect of diversification and achieve our targets.

	FY2020 actual	FY2021 forecast	FY2023 plan	
Adjusted consolidated profit	¥202.1bn	¥205.0bn	¥300.0bn or more*	
Adjusted consolidated ROE	8.0%	7.4%	10% or more	
Diversification effect	Risk diversification ratio	39.4%	40.2%	Improvement on FY2020
	Overseas business ratio	14.9%	29.3%	30% or more
New Customer Value Creation	—	—	External sales/monetization of products/services (Two businesses or more)	

*The plan is based on the assumption of organic growth. We will increase the probability of achieving the plan by adding 30.0 billion yen in profit through M&A to offset downside risks (30.0 billion yen) due to the impact of natural disasters and other factors beyond our expectations.

Domestic P&C Insurance

	FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥130.1bn	¥105.0bn	¥150.0bn or more
Net premiums written*1	¥1,903.4bn	¥1,929.3bn	¥2,000.0bn
E/I combined ratio*1	94.3%	94.8%	91.7%
Reduction of strategic shareholdings	¥70.3bn	¥50.0bn	¥50.0bn (Three-year total: ¥150.0bn)

Overseas Insurance and Reinsurance

	FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥30.0bn	¥60.0bn	¥100.0bn or more
GWP growth rate*2	+37.8%	+10.2%	Annual rate approximately +9%
E/I combined ratio*2	97.8%	91.7%	88% level

Domestic Life Insurance

	FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥33.8bn	¥32.5bn	¥40.0bn or more
Annualized new premiums*3	¥29.8bn	¥43.0bn	¥50.0bn
Policies in force	4.26 million	4.43 million	5 million
Investment for ALM matching*4	—	¥300.0bn	¥300.0bn (Three-year total: ¥900.0bn)

Nursing Care and Seniors

	FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥7.3bn	¥6.5bn	¥8.0bn or more
Revenue	¥131.8bn	¥137.5bn	¥162.0bn
Occupancy rate*5	89.4%	90.8%	93.8%

New Customer Value Creation

FY2023 plan	External sales and monetization of products/services utilizing RDP	Two businesses or more	Mid- to long-term targets	Group revenue generated by the utilization of RDP	Over ¥500.0bn
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*1: Sompo Japan (excl. CALI, household earthquake) *2: Sompo International (SI) commercial business *3: Sales performance base *4: 30-year maturity equivalent *5: As of the end of the fiscal year

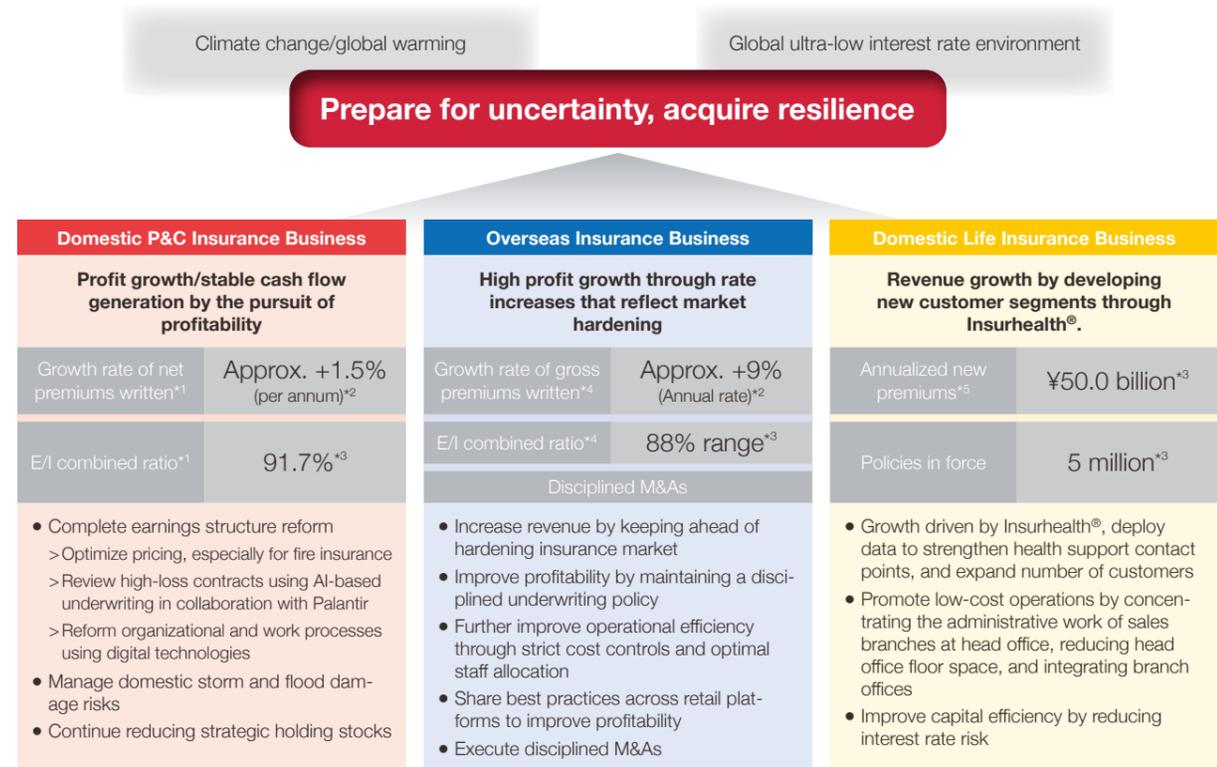
New Mid-Term Management Plan Three Core Strategies

1 Scale and Diversification

Acquiring Resilience

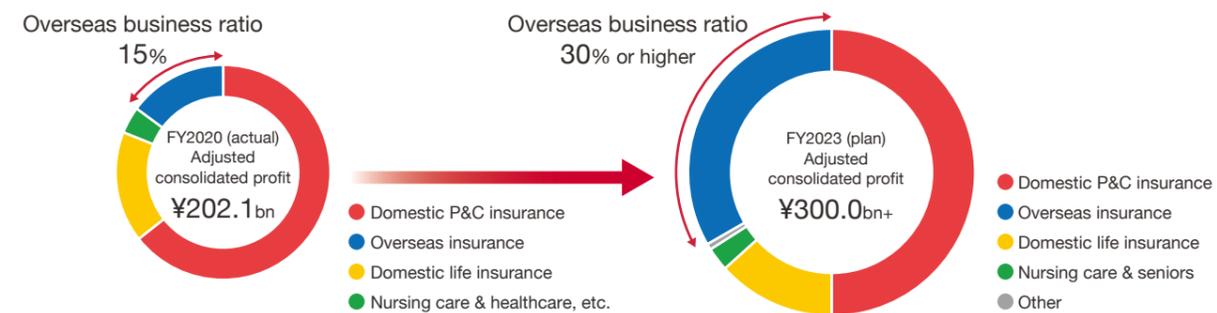
To prepare for the “new normal” era, characterized by climate change, global warming, and continuation of the global ultra-low interest rate environment, we will accelerate efforts related to our “Scale and Diversification” strategy in order to build a resilient portfolio. Our scale and diversification strategy will focus on three insurance businesses where we have established a solid management base: domestic P&C insurance, overseas insurance and reinsurance, and domestic life insurance. In the domestic P&C insurance business, for example,

we will further improve profitability and strengthen our ability to generate cash through the completion of earnings structure reform. In the overseas insurance and reinsurance business, we will achieve growth through disciplined M&As while increasing revenue and realizing high profit growth based on hardening insurance market. And in the domestic life insurance business, we will leverage Insurhealth® to develop a new customer base and thus increase revenue.



*1 Sompo Japan (excl. CALI, household earthquake) *2 FY2021–2023 *3 FY2023 *4 Sompo International (SI) commercial business *5 Sales performance basis

Aiming for a well-balanced business portfolio through scale and diversification



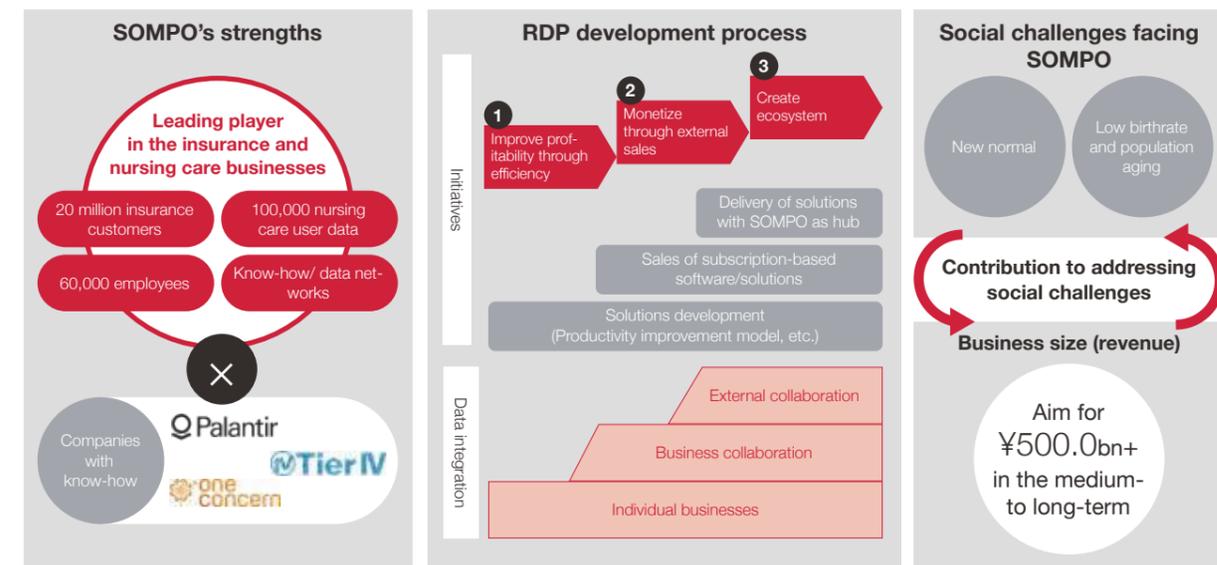
2 New Customer Value Creation

By utilizing vast amounts of real data obtained from each of our businesses both inside and outside the Group, we will create significant added value that will enrich people's lives. It will also help realize a sustainable society and enhance corporate value.

In addition to our strengths in the insurance and nursing care businesses, we will combine real data—obtained through the launch of new digital businesses—with the know-how and

technological capabilities of our partner companies, to provide subscription-based solutions externally that are not limited to conventional domains.

Through our Real Data Platform (RDP), we aim to help solve social issues and achieve medium-to long-term profit growth through the process of expanding profits in existing businesses, creating new customer value through collaboration among businesses, and ultimately forming an ecosystem.



Group CDO Message

In contrast to virtual data generated on the Internet, the importance of so-called real data, which is tied to the actual lives of customers, will become even more important in the future. In addition to our core insurance and nursing care business, we will utilize real data from new digital businesses, as well as real data collected through external collaborations with other companies. We will also deploy the technology and expertise of Palantir, which has a proven track record at the global level, to build a one-of-a-kind RDP.

Through our RDP, we will encourage enterprises and government agencies to fundamentally transform their operations and management decisions in a data-driven manner. We believe this will enable us to increase our flexibility to address challenges in the so-called VUCA era and enhance our competitiveness to win on the global stage, which in turn will lead to enhance social value.

From our perspective, one of the significant aspects of our RDP is the creation of a software business model. By acquiring, utilizing, and analyzing real data, we will provide customers with subscription-based solutions to various social issues in the software business.

Ultimately, our goal is to become a solution provider that is considered indispensable to Japanese industry, and we are also looking to expand globally.



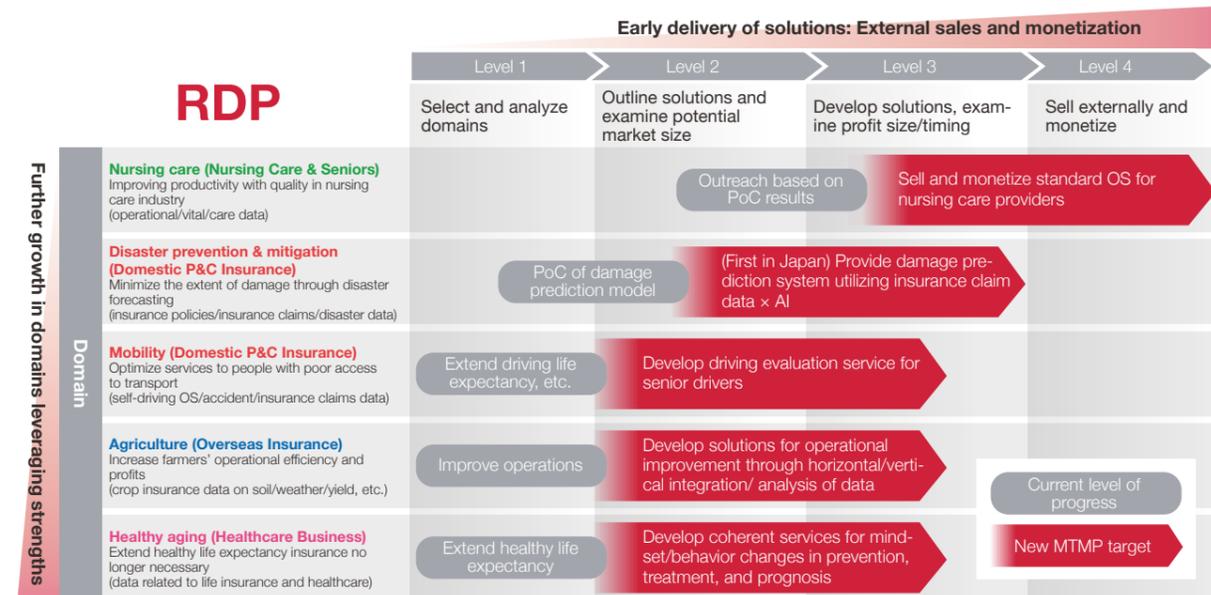
Koichi Narasaki
Group CDO
Senior Executive Vice President and Executive Officer

2 New Customer Value Creation

Focus Areas and Progress

Seeking to strengthen our contribution to the SDGs and realize our Management Philosophy of becoming “A Theme Park for Security, Health & Wellbeing,” we have selected five areas to focus on. In the future, we will leverage our unique business

structure and strengths to swiftly deliver solutions, and implement those solutions to society through external sales and monetization.

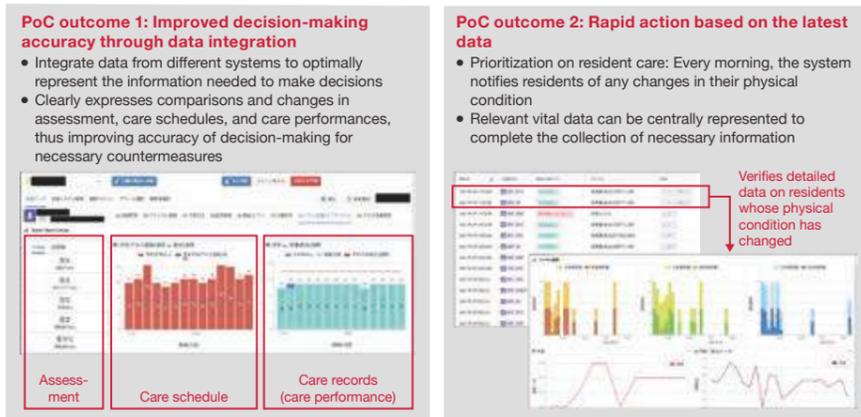


Japan's nursing care industry is facing two major social challenges: a widening supply–demand gap and rising social security costs stemming from growing demand from increasing number of elderly people and a shrinking labor force caused by falling birthrate. This will require an increase in both productivity and quality of nursing care services, and the Group has begun taking steps to address such issues.

The fee-based nursing home facilities operated by Sompco Care Inc. generate a variety of data, including daily information on care for residents, various vital records to monitor their physical condition, information obtained from sensors and other devices, and care schedules of facility operations. By integrating these data, which previously were stored in different locations, facility managers are now able to quickly gather information and make data-driven decisions. In this way, we have proven that it is possible to improve and optimize nursing care operations by utilizing data.

In addition to stepping up in-house development, we are now approaching outside nursing care providers to accumulate more data and know-how, with the aim of developing solutions externally.

We are also looking at collaboration with medical institutions, which have many things in common with nursing care facilities, as well as engagement with other third parties. We are proceeding with development in the hope that our system will become the standard ecosystem for the nursing care industry.



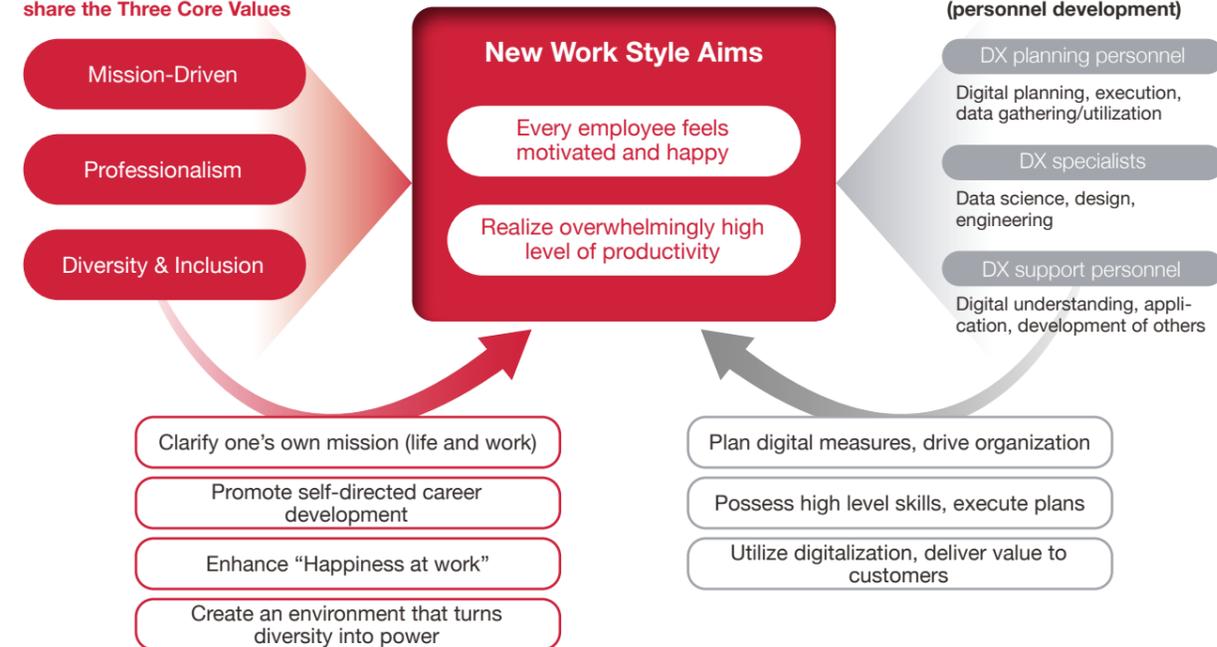
3 New Work Style

As one of the key strategies of our new Mid-Term Management Plan, we are promoting “New Work Style” to increase engagement and happiness of employees and achieve an overwhelmingly high level of productivity. Our aim is to create a group of talent who share our Three Core Values (Mission-Driven, Professionalism, and Diversity & Inclusion) and will be the

driving force for realizing the SOMPO's Purpose.

In addition, we will introduce a “productivity KPI index” as a framework to systematize and visualize the status of our efforts to create new work styles. This will enable us to measure and improve our progress and results.

Create the ideal group of talent who share the Three Core Values



Group CHRO Message

The COVID-19 pandemic has provided an opportunity for people to reaffirm the importance of social sustainability. As a company, meanwhile, we are expected to take a stance to help realize a sustainable society. We value the happiness of our employees, who are an important part of our multi-stakeholder group, in their work as much as we value the happiness of our customers, as we strive to create a sustainable society. The key to this is a Groupwide initiative called “SOMPO's New Work Style.” It is one of the core strategies of our new Mid-Term Management Plan and is the biggest project in the 130 years since the company was founded. The initiative is aimed at transforming our corporate culture.

Forming a group of talent who share our Three Core Values will be at the center of this effort. Those values are: “Mission-Driven” (where individuals employees are motivated by “MY Mission” — their own life mission in their work), “Professionalism” (acting autonomously and achieving results based on a high level of professionalism and ethical standards), and “Diversity & Inclusion” (understanding the importance of diversity and linking it to the creation of new value). By practicing these values, we aim to achieve sustainable growth for SOMPO by improving the job satisfaction and happiness of each employee while making our customers more satisfied.

Each and every employee will be a driving force. By combining MY Mission with SOMPO's Purpose, we will provide new levels of value through our daily activities. At the same time, we will attract thousands of fans who will help us become “A Theme Park for Security, Health & Wellbeing.”

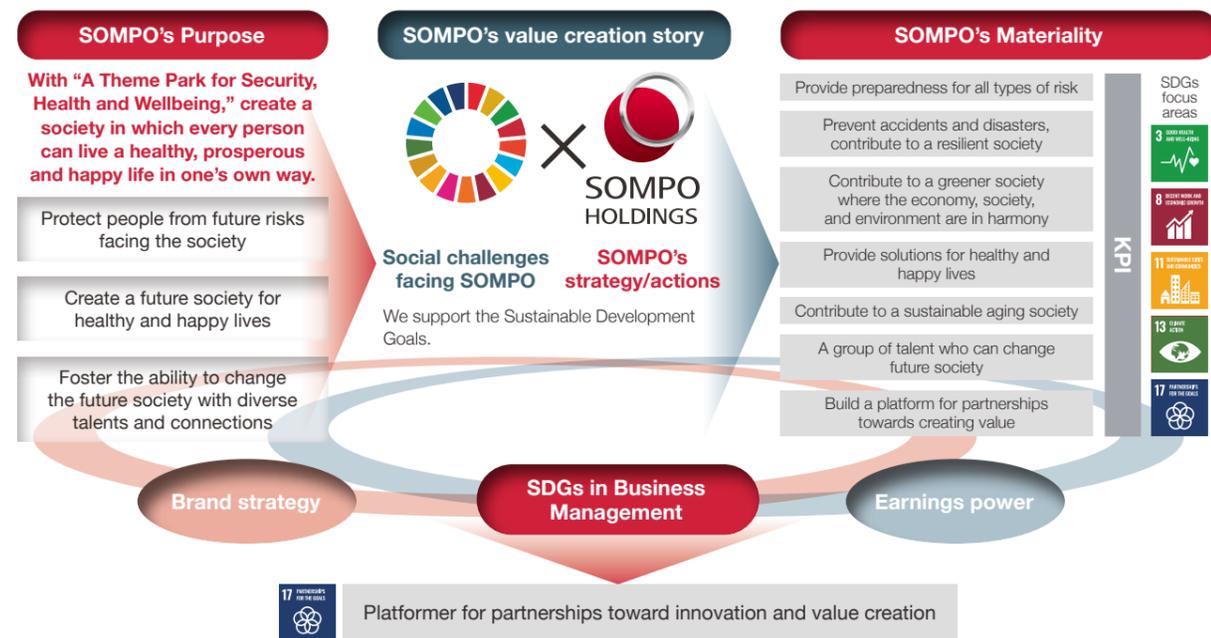


Shinichi Hara
Group CHRO
Executive Vice President and Executive Officer

SDGs in Business Management

In the new Mid-Term Management Plan, we have positioned “SDGs in Business Management” as a new Group Business Foundation to create economic and social value by resolving social challenges through our core business in order to realize SOMPO’s Purpose. To this end, we will incorporate the social challenges, strategies, and actions that the Group is tackling into our management framework by defining materiality and KPIs. At the same time, we will implement the PDCA cycle by

communicating and promoting the outcomes of these activities while objectivizing them in the universal language of the SDGs. Under our “SDGs in Business Management” policy, we will make the most of our achievements and strengths in helping achieve SDGs through our core business, as well as our credentials as a platformer for social change. Our aim is to become a platformer for partnerships toward 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

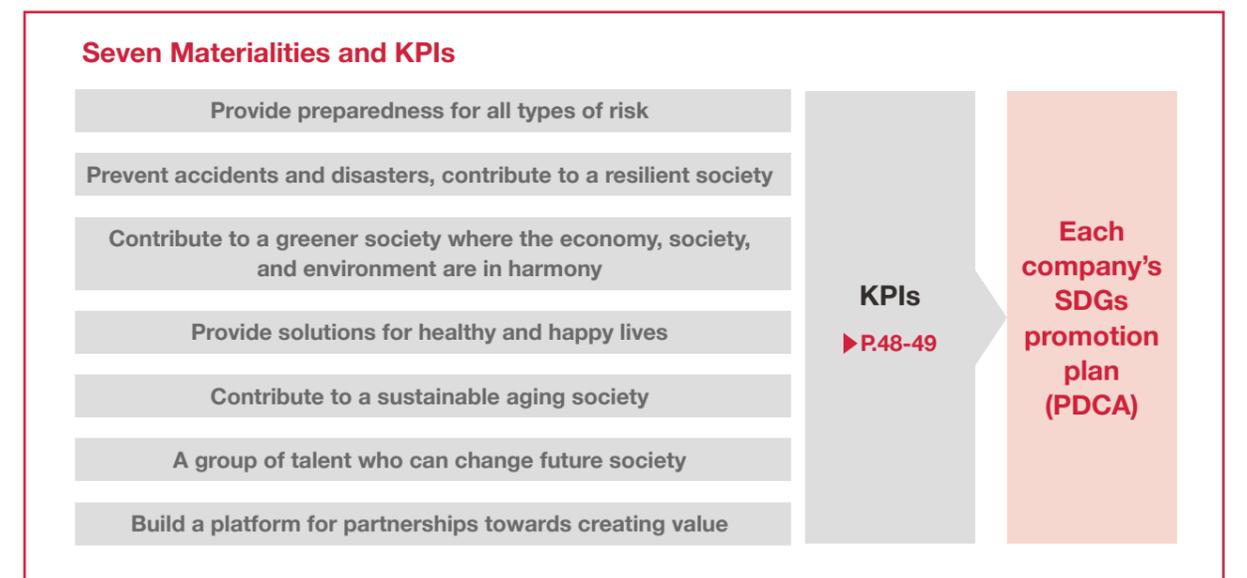
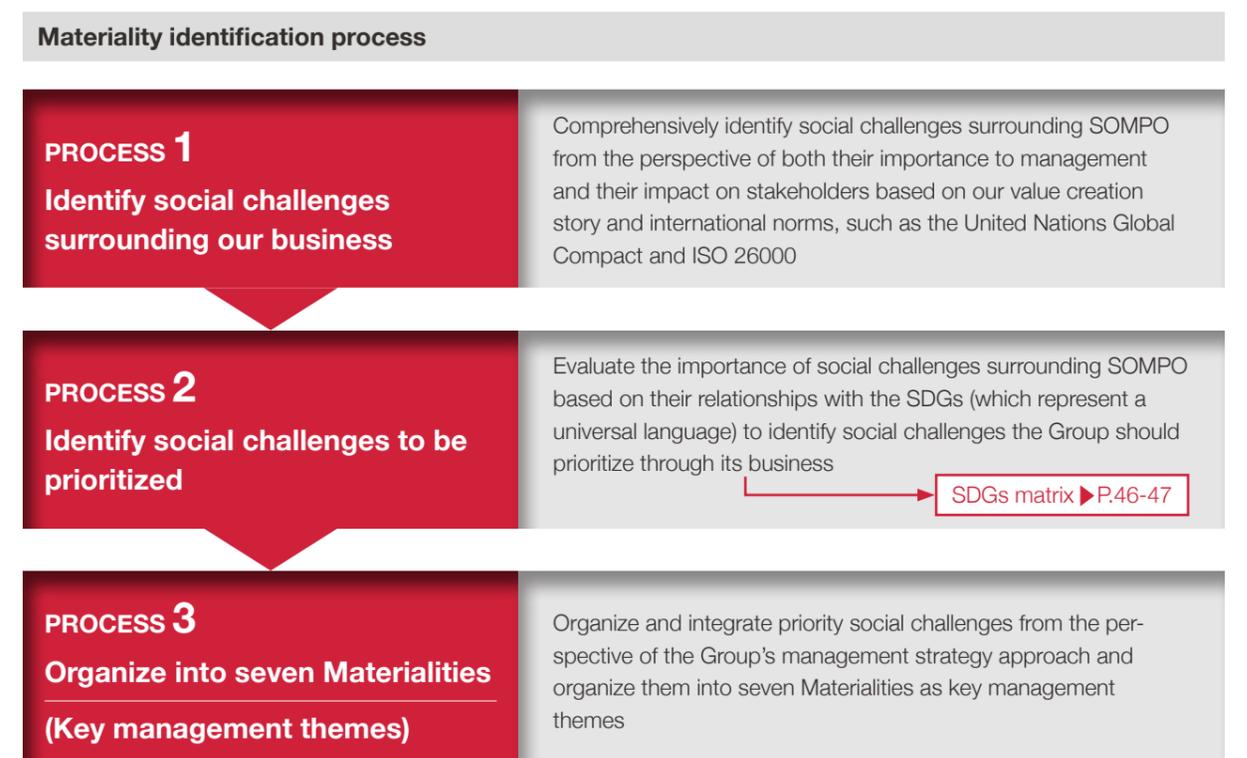
“A Theme Park for Security, Health & Wellbeing” Using real data to help achieve the SDGs
Throughout the five years of its previous Mid-Term Management Plan, the Group has steadily transformed its operations and built “A Theme Park for Security, Health & Wellbeing.” Under the new plan, we will leverage 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 Somp Group will contribute through the provision of its products and services, etc. with 169 targets. Priority social challenges to address through

the Somp 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



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	9	10	11	12	13	14	15	16	17	Priority social challenges			
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	Community involvement and development	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
		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
		Supporting regional development for regional revitalization																					
		Promoting cultures and arts					△4.7																
S	Community involvement and development	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																		
E	The environment	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																					
		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
●9.1									
	△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	☆
								●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	
			●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 Somp Group's initiatives are marked as "●," and those somewhat linked are marked as "△."
 The Somp 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 AgriSampo'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) Contribution to a green society, recycling society and society in harmony with nature ESG conscious value chain Next-generation education (environment)	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
		Greenhouse gas emission reduction rate (Scope 1-3)	All businesses of the Group
		Switching to renewable energy sources	All businesses of the Group
Provide solutions for healthy and happy lives	Extending healthy life expectancy	No. of participants in environmental education programs	All businesses of the Group
		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
Contribute to a sustainable aging society	Contribution to a sustainable social security system	No. of facilities that introduce a Future Nursing Care model	Nursing care & seniors
		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 productivity 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
		Shift to job-based HR system	All businesses of the Group
	Investment in HR (Lifelong learning / Recurrent education)	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
	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
		1.4	8.10	11.7	
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	Risks are controlled and damage is minimized by detecting signs and preventing damage.
Improve YoY		1.5	11.b	13.1	
Increase YoY		3.6	8.10	11.2	
FY2021: 15,000		3.6	4.7	11.b	Inclusive and resilient carbon neutral society where people and nature are in harmony
Publish activity results		9.4	11.4	13.3	
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		7.2	12.8	13.2	
70% introduction rate by FY2030		7.2	12.2	13.2	People who need support can live a healthy and happy life with dignity as individuals.
FY2021: 11,500		12.3	13.3	14.1	
End of FY2021: 300,000 / End of FY2023: 420,000	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	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	
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.



Together with stakeholders, aim to realize an inclusive and 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.

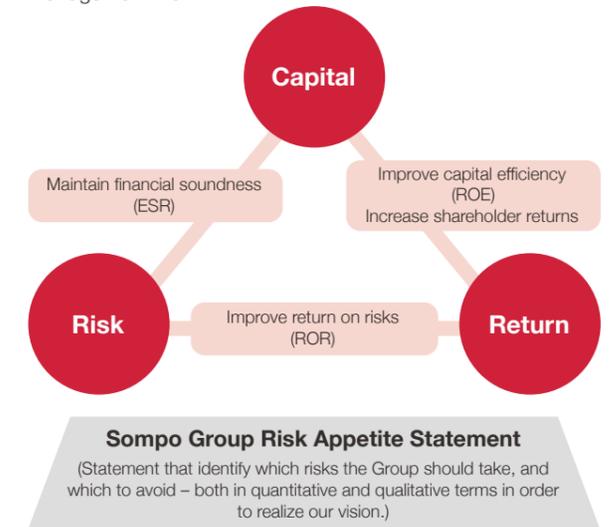
Through the SOMPO Climate Action initiative, we will help realize a resilient, inclusive, and sustainable society.

Capital Policy and Enterprise Risk Management (ERM)

Our ERM framework is a management approach that aims to maximize corporate value by maintaining strong financial soundness while balancing capital, risk, and return. It has the goal of increasing profits and achieving steady improvements in capital efficiency to deliver target ROE of 10% or more. Under the new Mid-Term Management Plan, we have established the “Sompo Group Risk Appetite Statement,” which consists of the Risk Appetite Principles, the Medium-term Risk-taking Strategy and the Risk Appetite Indicator. Based on the medium-term risk-taking direction encapsulated in this statement, we will improve capital efficiency in existing businesses through measures such as: reduction in the strategic holdings of stocks that have low capital efficiency; and strengthening of ALM to continuously reduce interest rate risk.

In addition, we will further improve the Group's capital efficiency by directing surplus generated capital towards growth areas, with a focus on seeking overseas M&As opportunities that can enhance the value, scale and diversification of the Group's business. Through these initiatives, we aim to achieve our medium-term targets – adjusted consolidated profit of JPY

300 billion or higher and adjusted consolidated ROE of at least 10% – by fiscal year 2023, the final year of the new Mid-Term Management Plan.

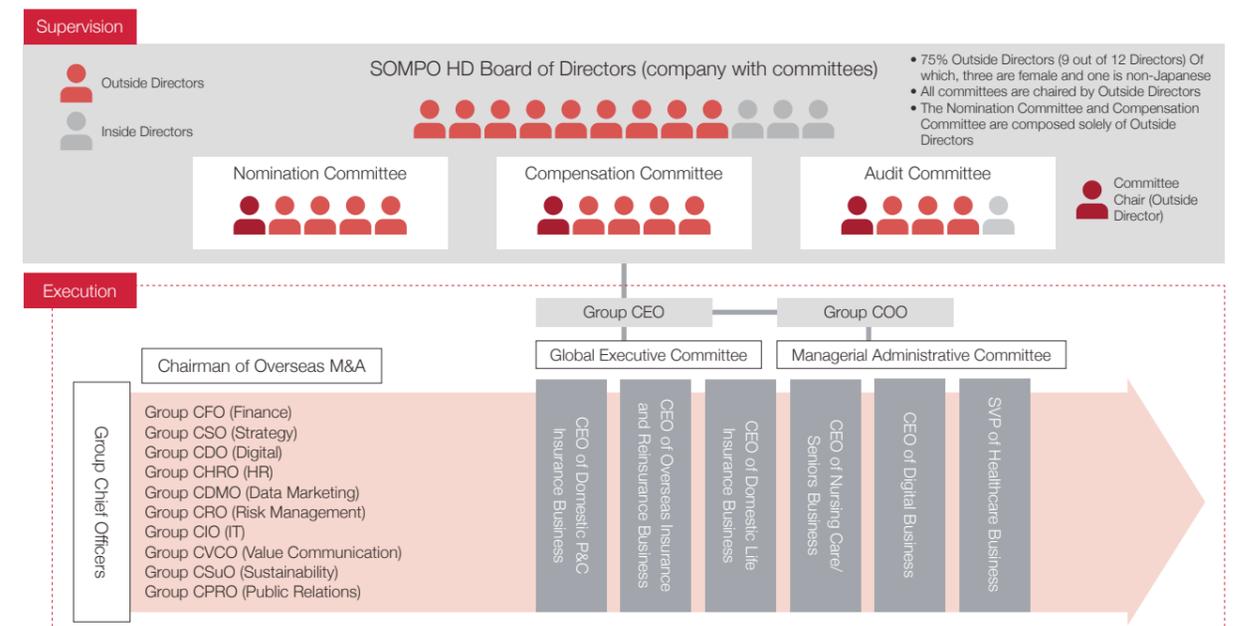


Governance

As a Company with Committees, we have established a governance system in which the Board of Directors, composed mainly of outside directors, supervises the executive divisions. We also have three statutory committees—the Nomination Committee, Compensation Committee, and Audit Committee—all chaired by outside directors. These committees engage in fair and active discussions aimed at strengthening the Group's governance. Also, the status of execution

is actively shared at Board of Directors meetings in order to enhance the soundness and transparency of governance.

Under the leadership of the Group CEO and Group COO, we have established a matrix-style group management system, with Business CEOs (vertical axis) serving as CEOs of the business divisions and Group CxOs (horizontal axis) serving as chiefs of operational functions of the Group. Through this system, we are working to enhance the Group's corporate value.



A tripartite discussion: SDGs in Business Management for fulfilling the SOMPO's Purpose



Masahiro Hamada
Group CFO, Group Co-CSO
Senior Executive Vice President
and Executive Officer

Hidemitsu Sasaya
CSR/SDGs Consultant

Kayoko Sakai
Director and Executive Officer
Sompo Japan Insurance Inc.

In the Mid-Term Management Plan starting from fiscal 2021, we will work on SDGs in Business Management to fulfill the SOMPO's Purpose.

We invited Hidemitsu Sasaya, a CSR/SDGs consultant, to exchange opinions with Masahiro Hamada, Group CFO, Group Co-CSO, and Senior Executive Vice President and Executive Officer, and Kayoko Sakai, Director and Executive Officer of Sompo Japan Insurance Inc., on the theme of SDGs in Business Management toward fulfilling the SOMPO's Purpose.

What is the Sompo Group's SDGs in Business Management?

Mr. Hamada Here at the Sompo Group, we have always been committed to going beyond insurance and helping solve social challenges under the Sompo Group's vision of becoming "A Theme Park for Security, Health & Wellbeing."

When we started preparing our Mid-Term Management Plan about a year and a half ago, we first envisioned the changes in the environment 10 years ahead and started "backcasting" from there. When we think about the megatrends of the next 10 years, they overlap with the SDGs, which are set to target the year 2030. When we combined this with business trends such as stakeholder capitalism and DX (Digital Transformation), we were once again convinced that becoming "A Theme Park for Security, Health & Wellbeing" was the right direction to move in.

In addition, the impact of the COVID-19 pandemic is bringing about a massive change in social values. When we took into consideration life during the COVID-19 pandemic and post-COVID-19 environment, all of us in the management team realized that the Theme Park concept is not a vision of the distant future, but that the timeline for realizing it has

moved considerably closer. That's when we took another look at the Sompo's reason for existence (Purpose), which underlies the Theme Park concept, and asked ourselves what it means to be the Sompo Group, and how the Sompo Group can contribute to society.

With regard to the SOMPO's Purpose, we deliberated on our social value creation story from the early stages of preparing our Mid-Term Management Plan, clearly defining what kind of society we aim to create and what kind of value we will provide through the Theme Park concept. We had thorough discussions not only at Sompo Holdings but also at other Sompo Group companies with real businesses and customers.

The important thing is to demonstrate the value we deliver to society, and in doing so, enhance economic value and contribute to boosting corporate value. Initially, we were thinking along the lines of how to balance social value and economic value, but through repeated discussions, we came to the conclusion that the two are not in conflict, and the only difference is in the time frame for achieving profit.

And of course, the scale of this social value story is not something that can be achieved in a three-year Mid-Term Management Plan, but it has been sublimated as part of the SOMPO's Purpose for us.

What we focused on most when formulating the Purpose was to make it something that each and every employee at each of the operating companies would feel proud and take ownership of.

SDGs in Business Management is a framework to promote initiatives to fulfill the Purpose. It is a management approach specifically designed to materialize the Theme Park concept, and we have positioned it as a business foundation in the new Mid-Term Management Plan. Going forward, we will create a framework that uses SDGs in Business Management to clarify the social challenges that the Sompo Group faces, develop them into earning power over the medium to long term, and communicate and promote them outside the company to fulfill the SOMPO's Purpose.

Ms. Sakai Mr. Hamada talked about the Sompo Group as a whole, including its Purpose and the new Mid-Term Management Plan, but Sompo Japan Insurance Inc., which is the core company of the Sompo Group, was founded in the early years of the Meiji Era in 1888, rooted in local fire brigade in Edo. We have carried on our mindset of protecting our customers and contributing to society for 130 years.

The President of Sompo Japan attended the Rio Earth Summit in 1992 and established the Department of Global Environment in the same year. I was also assigned to this Office in 1996. I remember many people asking at that time "why a P&C insurance company addresses environmental issues." However, since expectations for companies have evolved from Corporate Social Responsibility (CSR) to Creating Shared Value (CSV), and then contribution to SDGs, I feel that Sompo Japan was one of the companies that realized its value quite early.

In fact, about 85% of Sompo Japan Insurance Inc's employees think that their work is related to sustainability. The challenge is how to evolve this idea while tying it into business. I believe that if we can create a virtuous cycle of solving social challenges and creating social value through our core business, we will grow into an even better company.

We have clearly stated our focus on "SDGs in Business Management" in the new Mid-Term Management Plan, and we fully intend to establish a unique position in this field.

Mr. Sasaya Tying SDGs to management is a great idea and is extremely important. Differences in the competency of top management and employees in terms of their understanding of sustainability become apparent through management. This has been a point of focus since the publication of the "Guidance on Social Responsibility (ISO26000:2010)." The Sompo Group already has this. Your company's legacy, including its CSR activities, is a great strength.

The impact of the Sompo Group, with its long history of CSR, turning to SDGs in Business Management is profound. The SDGs are related to all four elements of management - people, goods and services, money, and information - and there are methods for incorporating them into management, which makes them an effective compass for disseminating



information worldwide. I think it is remarkable that your company has adopted this as the basis for management.

What are the features of the Sompo Group's SDGs in Business Management?

Mr. Hamada I see the term SDGs in Business Management as a framework for management that does not simply mean "manage with SDGs in mind" but rather something that includes clarifying issues that need to be addressed to fulfill the Purpose, carrying out the PDCA (Plan-Do-Check-Act) cycle for long-term initiatives, and communicating the results. While there are many management frameworks for pursuing short- and medium-term results, particularly in insurance, there have not been many frameworks for promoting long-term, non-financial initiatives.

After unpaid insurance claims developed into a major social issue, the insurance industry reaffirmed the importance of service quality. Since then, the Sompo Group has established a management framework that regularly checks quality, and both management and the field continue to place a high priority on quality. Similarly, when considering initiatives that create social value or contribute to the SDGs, but do not immediately lead to economic value, it is necessary to create a common awareness across the entire Sompo Group in order to keep these initiatives on track and sustain them, and this is exactly what the Purpose is for. And the various mechanisms and management PDCA process aimed at enhancing quality is what SDGs in Business Management is.

With regard to "incorporating the SDGs into our management system," which is critical in promoting SDGs in Business Management, we have set the SOMPO's Materiality which covers the key issues for fulfilling the Sompo's Purpose. In this process, we created a matrix of the SDGs, identified the relationship between the 169 targets of the SDGs and the products and services offered by the Sompo Group as well as its future strategies, and set KPIs tied to the SDGs for initiatives aimed at achieving the SOMPO's Materiality. These Materiality KPIs are closely linked to the value creation story for fulfilling the Purpose and the new Mid-Term Management Plan, and as a result, about 80% of the KPIs have a strong connection to our businesses and are suitable indicators to see the progress of the respective businesses.

In this way, we will continue to create social and economic value, and hopefully, in one year, we will be able to take our



Hidemitsu Sasaya

Hidemitsu Sasaya graduated from the University of Tokyo Faculty of Law in 1976. He joined the Ministry of Agriculture and Forestry in 1977, serving as Deputy Director-General of the Minister's Secretariat of the Ministry of the Environment, then as Deputy Director-General of the Minister's Secretariat of the Ministry of Agriculture, Forestry and Fisheries, and finally as Director-General of the Kanto Regional Forest Office. In 2008, he joined ITO EN, LTD. and retired after serving as Director and Managing Executive Officer. He holds a PhD in Policy Studies and has been a professor of Chiba University of Commerce's Platform for Arts and Science since April 2020.

SDGs in Business Management further to the point of setting the 18th SDG for Sampo Holdings.

Ms. Sakai By organizing the Materiality KPIs and SDGs matrix, we realized that the issues that Sampo Japan Insurance Inc. is tackling in the new Mid-Term Management Plan and the approaches to SDGs in Business Management are not far apart, but aligned. And now, there are four things that we are going to put into practice as Sampo Japan Insurance Inc.

The first is to improve society with the SDGs by developing products and services within the P&C insurance business. New technological innovations could include insurance and services to mitigate risks. In addition, Sampo Japan Insurance Inc. has a network of about 23,000 employees and 48,000 agents, which we will leverage to address issues specific to each region.

Next, we are working to go beyond providing conventional insurance to solve social challenges. Specifically, we will focus on enhancing preventive services such as disaster prevention and mitigation through the use of DX, and on supporting Mobility as a Service (MaaS).

The third point is to address the issue of climate change. In order to achieve the Japanese government's goal of carbon neutrality by 2050, we continue replacing our power usage with renewable energy. In addition, in the field of "adaptation," which society has high expectations for, we will work to provide new solutions, such as insurance and risk consulting, by leveraging the knowledge we have accumulated over the years.

The fourth point is engagement (constructive dialogue). As an institutional investor, we will actively engage in dialogue on ESG issues to promote the initiatives of our investees and loan customers, and also contribute to the transformation of Japanese society.

Mr. Sasaya It is extremely important to incorporate the SDGs into management, rather than simply being aware of

them. For companies to achieve their SDGs, it is important to implement the competitive strategy of creating shared value (CSV), which aims to simultaneously achieve economic value and social value. However, the social issues we address should not be subjective. This is where the SDGs can be utilized, and social issues can be objectified through the SDGs. This is the key to differentiating a company and building a competitive advantage. For example, this can influence the consumer's product preferences and help secure partners that can contribute to your competitive advantage.

In addition, employees will grow to think about SDGs, which will lead to SDG-related conversations inside and outside the company, leading to new initiatives and innovations. In this way, it is important to incorporate the SDGs into management, as it will make a big difference in terms of organizational strength.

Furthermore, the relationship between ESG and SDGs is currently confusing. To address this, I have used my experience working with companies to develop a method called the ESG/SDGs Matrix, which helps to organize the 17 goals of the SDGs in relation to ESG in an easy-to-understand manner. The benefits of using this method are firstly that it helps in the selection of materiality by organizing it in a comprehensive manner, and secondly that it prevents criticism that the company has opted for SDGs that are a convenient fit. This will greatly boost the appeal to investors and make the focus more visible to multi-stakeholders. It will also help improve employee understanding. The matrix of your company, which I've had the pleasure of advising this time, served as a very good start as we organized the SDGs at the target level, shared it within the Sampo Group, and set materiality for the Group as a whole.

It is also important to note that over 80% of the KPIs for implementing the SDGs are aligned with the Sampo Group's core business. This is because creativity and innovation through the company's core business is expected when it comes to pursuing SDGs, and by incorporating SDGs into the company's core business, it can become a source of competitiveness and a business model that leads to high quality services.

There are still very few companies that have incorporated the SDGs into their management and are thoroughly using them, so it will be fascinating to watch.

How will the Sampo Group carry out its partnership strategy?

Mr. Hamada The Sampo Group has developed various partnerships over the years centering on the P&C insurance business, but in the nursing care business, which we started five years ago, we have gone from trying to create an ecosystem to being approached by stakeholders. In this context, the Real Data Platform (RDP) concept is a major initiative that serves as a key to creating partnerships. In the previous Mid-Term Management Plan, we set out to create "A Theme

Park for Security, Health & Wellbeing," and pursued this vision for the ensuing five years. Then, in the new Mid-Term Management Plan, we positioned the RDP as a tangible representation of the Theme Park.

The key here is that it is a dynamic process that starts from a single dot which becomes lines and develops into an all-encompassing platform. It may start out with improving our productivity, but it leads to selling outside of the company, creating new revenue streams, and solving social challenges. We can't call it RDP unless we take it this far. For example, we are starting to think about RDP in the five domains of nursing care, disaster prevention and mitigation, mobility, healthy aging, and agriculture, with the big idea of helping Japan's social security resources. To create an ecosystem as a provider of various services, we believe that we need partners for data acquisition and solution development on top of Palantir's data analysis technology. The important thing is to build a system of data processes that will serve as our competitive advantage along with our passion for the SDGs and our desire to solve social issues, and we would like to expand our partnerships by inviting other players with a strong passion for the SDGs. This is the sort of platformer we strive to become.

Ms. Sakai I believe that Goal 17 of the SDGs (partnership) is special, and particularly important. Today's social issues are complex and difficult for individual companies to solve on their own. Since the early 1990s, SOMPO has been actively working to address environmental challenges, and we have insisted on partnering with stakeholders from the outset. To date, we have partnered with over 300 NPOs and have concluded cooperation agreements with more than 200 local governments. For example, our "Open Lectures on the Environment," held in collaboration with environmental NPOs, has attracted about 30,000 participants over the past 30 years. We are confident that our partnership initiatives will never be considered "SDGs wash."

Furthermore, in recent years, the presence of social entrepreneurs has been growing and the mindset of the younger generation has been changing drastically, so we are envisioning a new platform to connect these people with local companies and local governments. In addition, Institute for Advanced Biosciences, Keio University (Tsuruoka City, Yamagata Prefecture), where employees of Sampo Japan Insurance Inc. are assigned, is taking on the challenge of new co-creation involving venture companies and NPOs. We would like to further evolve our partnership model, taking into account talent development and recurrent education for senior personnel.

Mr. Sasaya The more I hear about it, the more profound it gets. Insurance can be a hub for solving social challenges because it can close in on a wide range of social challenges. I think Sampo Holdings has the potential to become a platform for partnerships, including for the newly acquired RDP. The SDGs are like magnetic fields that strengthen partnerships



and attract innovation. Cooperation based on SDGs is quicker because of the common language the SDGs provide. To visualize the impact of the SDGs on the RDP going forward, place SDG 17 (partnership) in the middle and draw the other SDGs around it. The RDP will tie into a variety of solutions that leverage the data as an outlet through B2B2C, and as a result, contribute to the many targets of the SDGs that surround it. For example, nursing care is Goal 3 (Good health and Well-being), resiliency is Goal 11 (Sustainable cities and communities), and so on. Seen this way, the RDP is like an all-encompassing framework governed by the SDGs.

The SDGs consist of "compulsory performances" that all companies must do and company-specific "showcase performances." The matrix organization, which is compulsory, applies to many issues, but since Sampo Holdings has a sophisticated business model, the 17 goals alone are not enough to describe it. In particular, I don't think it is possible to fully express the "assurance of physical, mental, and social well-being" which is clearly stated in the UN document "Transforming Our World: The 2030 Agenda for Sustainable Development" that contains the SDGs. That portion will be a showcase. I refer to this as the 18th goal of the SDGs. What your company communicates will generate reactions worldwide and invigorate the entire Sampo Group, accelerating the movement globally. I think it evokes the "moonshot" or "level of ambition" that the SDGs emphasize as part of solving difficult social challenges.

In addition, as the massive network of Sampo Japan Insurance Inc. incorporates SDGs, it will become a model within the Sampo Group and take on the role of rolling the SDGs out across the Group. Then, carrying out SDGs in Business Management by making full use of intangible assets such as history and tradition, corporate culture, network, brand credibility, group strength, and risk management know-how will lead to the redesign of the corporate brand.

The biggest thing that came about with COVID-19 was the separation of people. Our conventional values were invalidated, which led to a paradigm shift as more and more people began to reflect. In addition to carbon neutrality, which is included in the "E" portion of ESG, the Sampo Group's SDGs in Business Management also focuses on people, which is important in the "S" portion of ESG. I believe that the world will look to the Sampo Group as a solution provider that contributes to "Build Back Better" in the post-COVID-19 days.

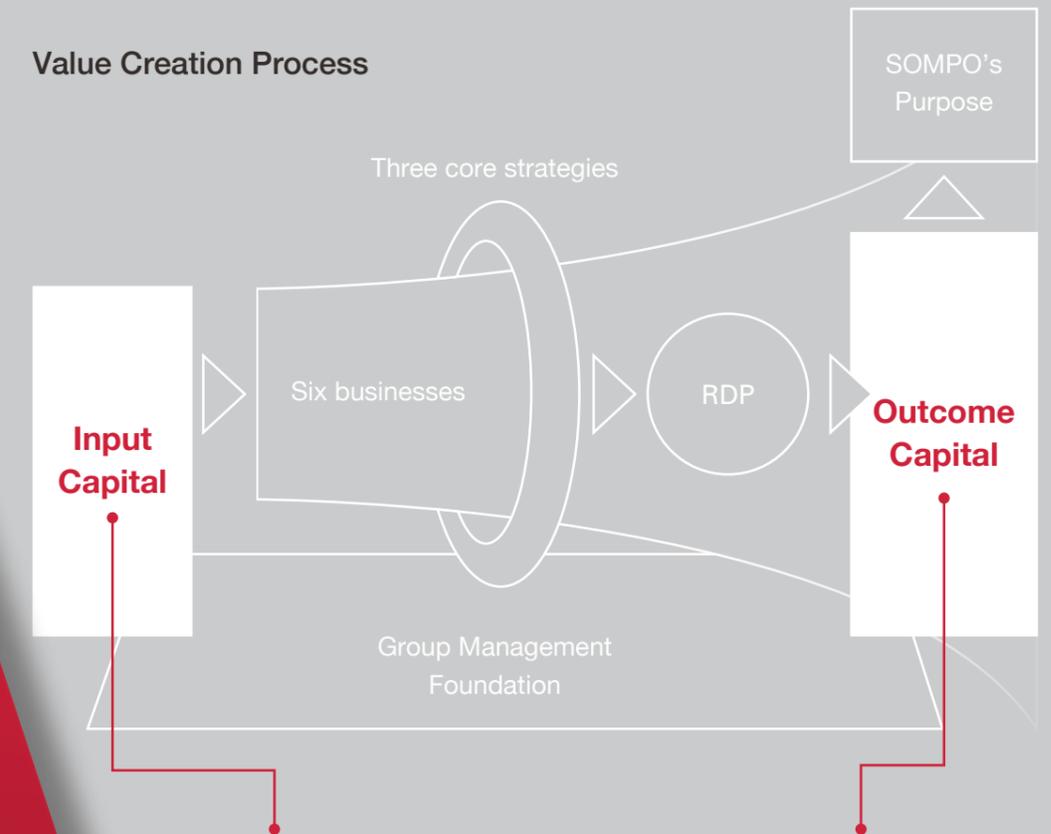
CAPITALS

SOMPO's various capital as a source of competitiveness

The source of the Group's competitiveness comes from the capital it has accumulated over its 130-year history. Based on a stable revenue base and the social trust, the Group has built good relationships with various stakeholders, and will continue to work proactively to improve its capital to foster the ability to change the future society with diverse talents and connections.

In addition, by combining our various accumulated capital, we aim to create unique value that only the Sampo Group can provide to realize our Purpose.

Value Creation Process



Input

Financial capital

Social and relationship capital

Human capital

Intellectual capital

Outcome

Financial capital

Social and relationship capital

Human capital

Intellectual capital

Natural capital

Sompo Group's various capital as a source of competitiveness

Financial capital

Based on its strong cash-generating capabilities and financial soundness, the Company will further expand its profits and improve its capital efficiency and profit stability.



※ Targets for the final year of the new Mid-Term Management Plan

CFO Message

We will implement capital policies based on our Enterprise Risk Management (ERM) framework to fulfill SOMPO's Purpose.

Masahiro Hamada

Group CFO, Group Co-CSO,
Senior Executive Vice President and Executive Officer



We have formulated a new Mid-Term Management Plan covering a three-year period starting from fiscal 2021 with the aim of fulfilling SOMPO's Purpose. This plan consists of three core strategies, which include the pursuit of "Scale and Diversification" to boost the profitability of existing businesses and stabilize profits, "New Customer Value Creation" by utilizing real data, and "New Work Style." We will implement capital policies as a business foundation to support these strategies.

Basic capital policy

Our capital policy is based on the Enterprise Risk Management (ERM) framework. Its basic policy is to maintain robust financial health by appropriately controlling the balance of capital, risk, and return, while steadily improving capital efficiency to grow profits to a world-class level and achieve an adjusted consolidated ROE of 10% or higher, as well as ensuring attractive shareholder returns (dividends paid + share buybacks) commensurate with both profit and shareholder equity levels.

Capital policy based on ERM framework



Improvement of capital efficiency

To sustainably boost the Group's capital efficiency, we have been working on initiatives to maintain and improve stable cash flow generation from existing businesses and utilize the generated cash flow mainly for growth investments including M&A and in areas such as digital technology, thereby improving capital efficiency while raising profit levels. By reviewing and advancing these initiatives one by one in our new Mid-Term Management Plan, we aim to achieve our mid-term goals of expanding adjusted consolidated profit to ¥300.0 billion or more and improving adjusted consolidated ROE to 10% or higher by fiscal 2023, the final year of our new Mid-Term Management Plan.

The target for adjusted consolidated ROE was set based on our cost of capital of 7% and the average level of our global peers, as estimated by CAPM*1.

*1 Capital Asset Pricing Model: A method used to calculate expected return using risk-free rate + beta (sensitivity of our stock price to the stock market) × market risk premium

Now I would like to describe each of our initiatives. To clarify the Group's mid-term risk-taking policy and direction, we reviewed our previous Group risk appetite and formulated a new Risk Appetite Statement (RAS) as part of our new Mid-Term Management Plan. The RAS indicates the risk-taking approach for each risk category by taking into

Sompo Group's various capital as a source of competitiveness

Financial Capital - CFO Message

consideration return on risks. Based on this, we will reduce strategic holding stocks with low capital efficiency and domestic interest rate risk by strengthening ALM, and use the capital and cash flow generated to invest in growth areas with high capital efficiency.

For the new Mid-Term Management Plan period, our KPIs include reducing strategic holding stocks by about ¥150 billion and purchasing ¥300 billion of super-long-term bonds annually in the domestic life insurance business to lower interest rate risk.

In addition, by introducing a new framework to appropriately monitor the progress of initiatives for each business, such as setting ROE targets by business and examining them periodically, we will enhance our probability of success in achieving our adjusted consolidated ROE target.

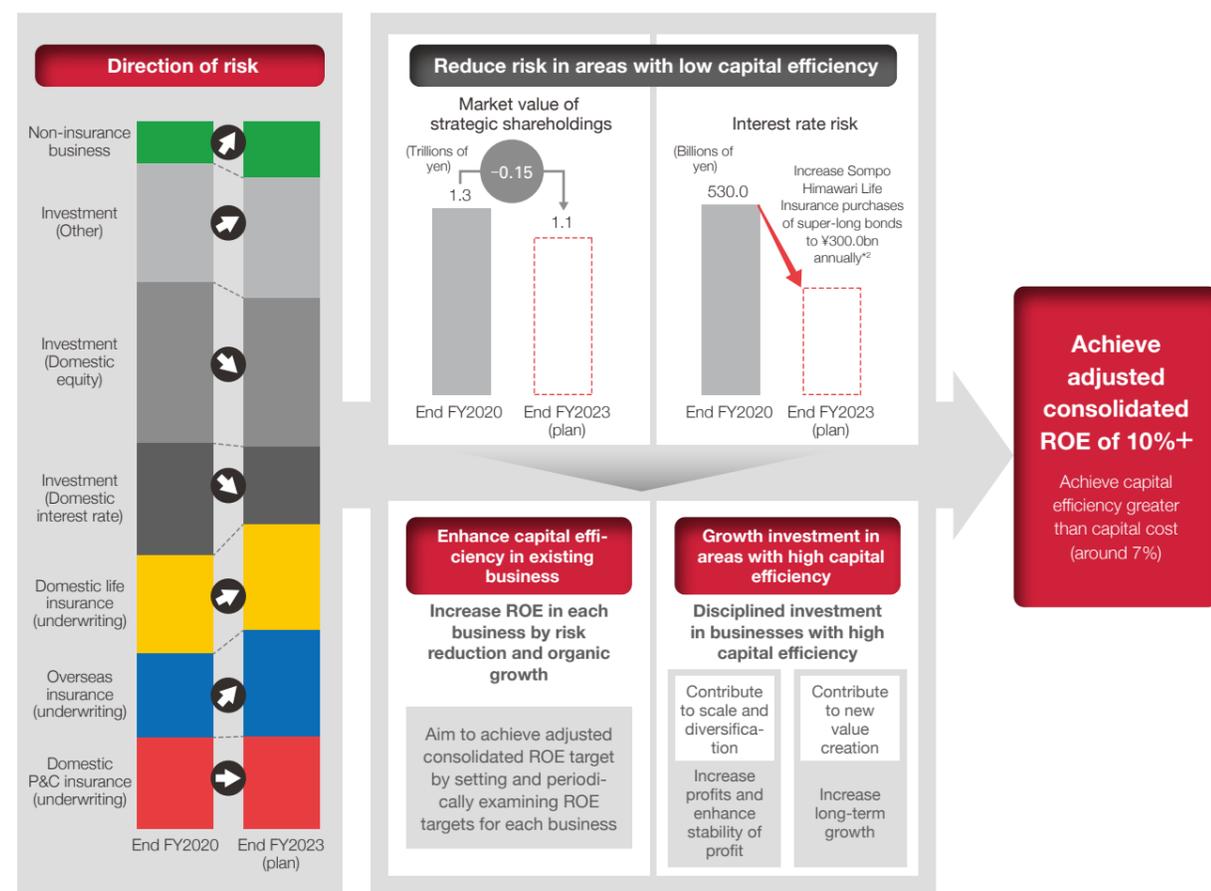
Next, let me describe our growth investments. The cash flow generated by each business will be used for shareholder returns, which I will explain later, as well as to fund growth investments such as M&As. As part of the new Mid-Term Management Plan, we plan to allocate management resources of around ¥600 billion to growth investments that

contribute to the "Scale and Diversification" and "New Customer Value Creation" portions of our three core strategies.

To promote "Scale and Diversification," we will invest in M&A and organic growth mainly in our Overseas Insurance and Reinsurance Business with the aim of bettering our chances of achieving our management targets for adjusted consolidated profit, adjusted consolidated ROE, and diversification effects. In pursuing "New Customer Value Creation," we will contribute to solving social issues and plan to invest in creating a Real Data Platform (RDP), digital and other advanced technologies, as well as in the healthcare domain with the aim of boosting growth over the medium to long term.

When considering M&A deals, in addition to a detailed analysis of the consistency with our business strategy and expected synergies, we have established a disciplined investment framework by setting a hurdle rate that takes into account the WACC (weighted average cost of capital) based on financial leverage and the characteristics of the acquisition target.

Improve capital efficiency



*2 30-year maturity equivalent

Maintenance of financial soundness

To maintain robust financial health, we manage capital based on the Economic Solvency Ratio (ESR), which compares capital and risk based on economic value. In capital management, we set a target capital level (ESR: 200% to 270%) and risk tolerance as a guide to appropriate capital levels from the perspective of financial soundness and capital efficiency, and implement appropriate capital policies according to the ESR target levels. In calculating ESR, we take into account recent

regulatory trends and disclosures by domestic and overseas insurance companies. Additionally, in order to enhance global comparability, we have adopted capital management methods that comply with international capital regulations and are working to maintain financial soundness.

The ESR as of March 31, 2021 was within our target capital level at 238%, giving us sufficient financial soundness.

ESR status



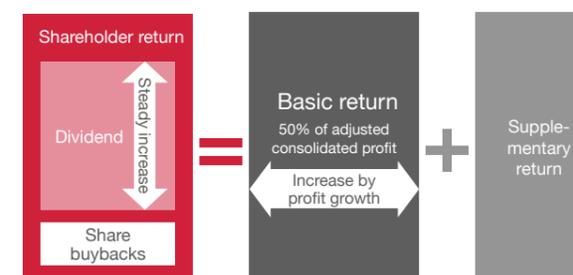
Shareholder returns

We aim to provide attractive shareholder returns while taking into consideration our financial soundness and the business environment, with the basic policy of continuously increasing dividends through sustainable profit growth as well as maintaining the option of flexibly executing share buybacks depending on share price and capital availability.

Under the new Mid-Term Management Plan, we set a basic shareholder return rate equivalent to 50% of adjusted consolidated profit and will steadily increase the total amount of returns (dividends paid + share buybacks) through profit

growth. We will also provide supplementary returns depending on financial performance, the financial market environment, and capital conditions. In addition, our basic policy is to increase dividends in line with profit growth, and to raise the ratio of dividends to total payout. Based on this policy, we project an annual dividend of ¥210 per share in fiscal 2021 (interim dividend: ¥105, year-end dividend: ¥105), an increase of ¥40 from fiscal 2020, and the eighth consecutive year of dividend increases.

Shareholder return policy

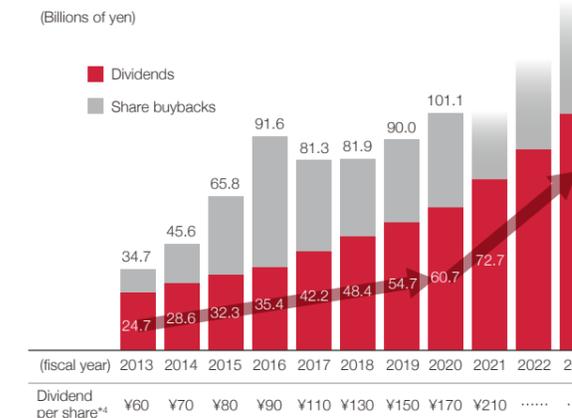


Note: Supplementary return will be provided in the following circumstances based on risk and capital situations and outlook for the future.

Cases for supplementary returns include:

- When ESR constantly exceeds the target range
- When the adjusted profit declines due to one-time factors such as natural disasters, maintain the prior fiscal year's level of return
- When growth investment such as large-scale M&A is not expected
- When it is determined that enhancement of capital efficiency, etc., are needed

History of shareholder returns*3

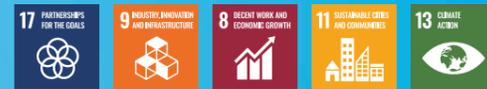


*3 FY2021 onwards are rough estimates

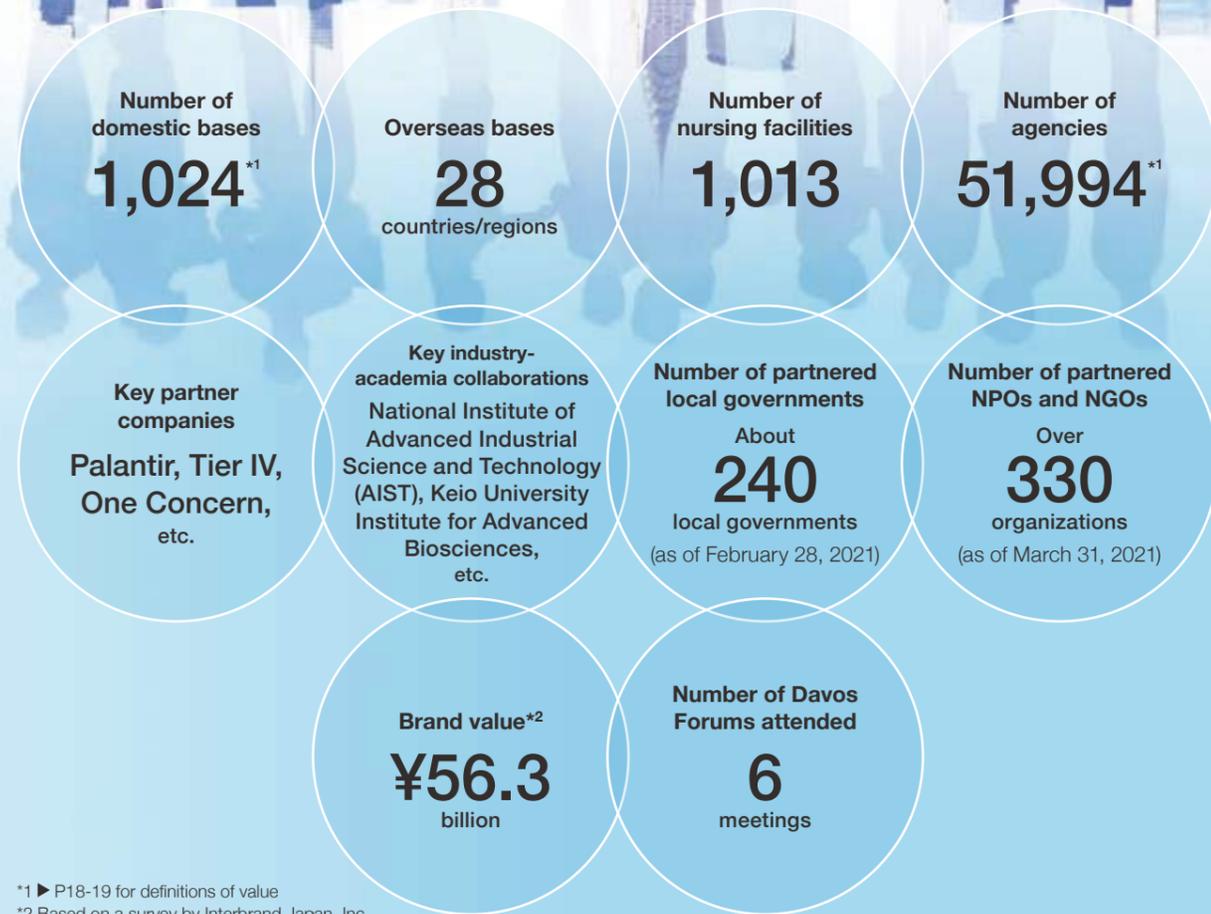
*4 Dividend per share (FY2021): forecast

Sompo Group's various capital as a source of competitiveness

Social and relationship capital



The Sompo Group collaborates with partners such as agencies, corporations, local governments, universities, research institutions, NPOs, and NGOs to provide a variety of solutions to meet customer needs. We are also working toward fulfilling the SOMPO's Purpose by strengthening our brand through proactive communication.



*1 ▶ P18-19 for definitions of value
*2 Based on a survey by Interbrand Japan, Inc.

Social and relationship capital initiatives

Business alliance with Palantir Technologies Inc. and Palantir Technologies Japan for the utilization of real data

- 17.16** Multi-stakeholder partnership
- 9.1** Sustainable infrastructure
- 11.b** Disaster-resilient community development

To provide new solutions by utilizing the large amount of high-quality real data held by the Sompo Group, we decided to form a business alliance consisting of three companies: Sompo Holdings, Palantir Technologies Inc. (hereinafter "Palantir"), and Palantir Technologies Japan K.K., which was established last year as a joint venture with Palantir Technologies Inc. Palantir is comprised of the world's best data analysis professionals, and its founders have a philosophy that "superior technology should be used to make the world and people happy." The Sompo Group shares this philosophy and is convinced that it is necessary to work hand in hand with partners like Palantir to create new value to further the growth of the Group. By combining Palantir's technology with the Sompo Group's valuable real data, we will develop a Real Data Platform (RDP) to provide new solutions and further refine the Group's problem-solving capabilities.



Collaborating with One Concern and Weathernews

- 17.16** Multi-stakeholder partnership
- 11.b** Disaster-resilient community development
- 13.1** Adapting to climate change

With the recent shift to a new normal climate, characterized by frequent major natural disasters, we believe that the Sompo Group has a responsibility to work on solving issues that will help create a disaster-resilient society. In addition to the traditional role of P&C insurance, which is to provide financial coverage after a disaster has occurred, we would like to take a more proactive approach to disaster preparedness to prevent and mitigate disasters and to help ensure a quick recovery after a disaster occurs. Furthermore, we would like to provide new services to our customers by utilizing technology, namely through AI and data. Sompo Japan Insurance has formed a business alliance with Silicon Valley-based disaster prevention start-up company One Concern, Inc. and Weathernews Inc. to jointly develop an AI-based flood and earthquake damage prediction system to contribute to the improvement of regional disaster preparedness. This system utilizes AI and a variety of data related to local disaster prevention, including data on weather and buildings, to enable damage prediction and real-time tracking of damage before, during, and after floods and earthquakes by block (parcel). Following verification conducted in

Kumamoto City from March 2019, we aim to develop a disaster prevention and mitigation system unique to Japan. In cooperation with local governments, we will strengthen our efforts to help create disaster-resilient communities by using this system.



Flood damage prediction system

Sompo Group's various capital as a source of competitiveness

Social and relationship capital

Project to create new ways of nursing care through the coexistence of humans and technology

- 3.4 Mental health and welfare promotion
- 17.16 Multi-stakeholder partnership
- 1.3 Social protection system

We established the Future Care Lab in Japan in February 2019 as a place to demonstrate, experiment, and develop various technologies aimed at shrinking the supply-demand gap of nursing care personnel by increasing productivity through the use of digital technologies and ICT. The lab has conducted joint research and development that combines technologies from startup companies, major manufacturers, and research institutions with the know-how of the Sompo Group, and has evaluated and verified over 350 technologies since its establishment (as of the end of fiscal 2020). In the verification process, the lab not only evaluates the performance, but also the safety, quality of care, and workload reduction of nursing care personnel. As a result, 10 technologies have been implemented in the Sompo Group's nursing care facilities as of the end of fiscal 2020.

In addition, in fiscal 2020, the company was selected as a Living Lab in the Ministry of Health, Labour and Welfare's Living Platform Creation Project, and is working to contribute to the development of society by supporting companies that

wish to evaluate nursing care robot products under development and verify them in nursing care facilities, as well as planning and implementing pitch contests for start-up companies.



Supporting startups through investment in Japan's first ESG-focused venture capital fund

- 9.5 Research promotion and technology improvement through innovation
- 17.16 Multi-stakeholder partnership
- 8.3 Supporting SMEs through innovation

In May 2021, we invested in MPower Partners Fund L.P. (hereinafter "MPower"), the first ESG (Environmental, Social and Governance) focused venture capital fund in Japan. The fund aims to support entrepreneurs aiming to solve social issues with the power of technology and promote sustainable growth by integrating ESG into their strategies. The key investment areas are the healthcare and wellness, fintech, next-generation workstyle and education, next-generation consumers, and environment and sustainability domains.

Through our investment in the fund, we will contribute to the sound development of financial markets and society as a whole by supporting startups with growth potential to achieve sustainable growth by implementing ESG into society. In addition, we will accelerate the Sompo Group's SDGs in Business Management to create both social and economic value through future-oriented dialogue while actively engaging with the stakeholders participating in the fund.

Note: MPower's investment team members are as follows

Kathy Matsui
Kathy Matsui was previously Vice Chair of Goldman Sachs Japan and Chief Japan Equity Strategist.

Yumiko Murakami
Yumiko Murakami was previously head of the Organization for Economic Cooperation and Development (OECD) Tokyo Center. She has served as a member of many councils, including those of the Cabinet Office, Ministry of Economy, Trade and Industry, and Ministry of Foreign Affairs.

Miwa Seki
Miwa Seki worked in investment banking and equity capital markets for Morgan Stanley before moving to Clay Finlay, an asset management company, as head of their Japan office.

Eriko Suzuki
Eriko Suzuki launched the Japan business of a US drone startup and has been involved in venture capital at Mistletoe Japan, Inc. and Fresco Capital.



Agreement with the National Institute of Advanced Industrial Science and Technology (AIST) on comprehensive mutual cooperation to solve social issues

- 17.17 Public, public-private, and civil society partnerships
- 9.5 Research promotion and technology improvement through innovation
- 8.2 Improving economic productivity through innovation

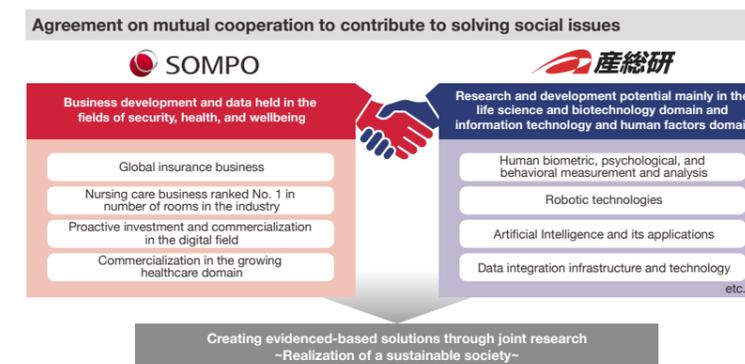
Sompo Holdings has concluded an agreement on comprehensive mutual cooperation with the National Institute of Advanced Industrial Science and Technology (hereinafter "AIST"), one of the largest research institutes in Japan, in order to solve social issues such as the declining birthrate and aging population and the challenges associated with the new normal by leveraging expertise in our own respective fields. The purpose of this agreement is to contribute to the growth of the Japanese economy through the effective promotion of joint research and the social implementation of its results.

We provide the business model and the data we possess, and AIST scientifically analyzes and verifies their value. In addition, both parties aim to build a platform for creating new customer value and solutions by forming an ecosystem involving the national government, local governments, and businesses.

The first step will be to develop and standardize methods for assessing nursing care quality, and to develop methods for efficiently

grasping the actual state of the nursing care process, with the aim of contributing to solving the problems of our super-aging society, and eventually to disseminate this to the world as a security, health, and wellbeing solution coming from Japan.

We will continue to discuss and add to the agenda of social issues we face, domains of collaboration, and specific research as needed.



Collaborating with NPOs and NGOs to address global environmental issues

- 17.16 Multi-stakeholder partnership
- 13.3 Raising awareness of the need to adapt to and mitigate climate change
- 4.7 Education to promote sustainable development

In collaboration with local environmental organizations, NPO support centers, and the Japan NPO Center, Sompo Japan Insurance has been carrying out the SAVE JAPAN Project, a nationwide annual biodiversity conservation activity involving public participation. By the end of fiscal 2020, we have held approximately 870 events with over 46,000 participants, using the cost savings gained from customers selecting web-based policy clauses and web-based insurance policy certificates when signing their contract and opting for recycled parts for repairs in the event of an automobile accident

as the source of funds for our activities.

The Sompo Group supports the CSO Learning Scholarship Program implemented by the SOMPO Environment Foundation, which provides internship experiences at CSOs (Civil Society Organizations: a term that describes civil society organizations, including NPOs and NGOs) in the environmental field for university and graduate students. A total of 1,167 students have completed this program as of the end of fiscal 2020, and we launched a similar program in Jakarta, Indonesia, in February 2019.



SAVE JAPAN Project



CSO Learning Scholarship Program
Kick-off ceremony for the second term in Jakarta, Indonesia

Sompo Group's various capital as a source of competitiveness

Social and relationship capital

Brand strategy to fulfill the SOMPO's Purpose

Initiatives to enhance SOMPO's brand value

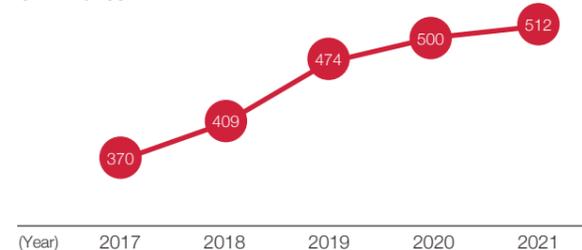
In 2019, we formulated a group brand slogan, "A Theme Park for Security, Health & Wellbeing," which is the Sompo Group's vision, and we are rolling it out globally.

We are accelerating Group-wide efforts to fulfill the SOMPO's Purpose through both our management and brand strategies, with the aim of going beyond our traditional image as a conventional P&C insurance company and becoming a well-known solution provider that contribute to the security, health, and wellbeing every people fundamentally seek.

The brand value of the Company has constantly grown

Corporate brand value

Unit: million USD



*Excerpt from the press release of Interbrand Japan, Inc.

as a result of Group-wide efforts to enhance brand value with a sense of unity centered on our brand story. As a result of these efforts, our company name recognition in Japan has more than tripled over the past five years to nearly 80% according to an external survey commissioned by the Company.

For more information on the SOMPO's branding initiatives, please see our branding movie.

Sompo Group

Brand story video (A message from the CEO)



Sompo Group

Documentary video

Sompo Group

History video



Each video can be viewed on YouTube via QR Code®. (QR Code® is a registered trademark of Denso Wave Inc.) It can also be viewed on the Sompo Holdings website or through our official YouTube channel.

<https://www.sompo-hd.com/en/company/channel/>

Increased global presence through activities at the World Economic Forum

The World Economic Forum (WEF), founded by Klaus Schwab, is a non-profit international organization dedicated to public-private cooperation to improve world affairs. In collaboration with political, economic, academic and other leaders from around the world, including heads of state and corporate executives, the WEF takes the lead in setting important global, regional, and industrial agendas.

Since 2015, we have actively participated in the annual meeting in Davos, Switzerland, held every January (commonly known as the Davos Forum) six times, and have demonstrated our global presence by participating in its activities.

The 2021 Davos Forum was held in January as a special online event called the Davos Agenda due to the spread of COVID-19. Leaders from various fields



engaged in lively discussions aimed at achieving The Great Reset to build a better world. As a speaker, Sompo Group CEO Sakurada presented Japanese values and spirituality that can contribute to building a post-COVID sustainable society along with the Sompo Group's initiatives in nursing care.

We have established a partnership with the English news magazine TIME, through which we communicate our activities at the WEF to world leaders participating in the WEF and to readers in 200 countries. In a WEF feature published in November 2020, our Group CEO Sakurada submitted an article titled "Redesign Capitalism to Incorporate Social Value" that presented a new capitalism needed after COVID-19 and the Sompo Group's social value in the new era.

Participation in the WEF Centre for the Fourth Industrial Revolution

We are participating in the activities of the Centre for the Fourth Industrial Revolution (C4IR), established by the WEF in 2017. C4IR is the world's largest multi-stakeholder platform for the responsible use of advanced technologies such as AI, blockchain, IoT, and autonomous driving, and for exploring ways to promote their implementation in society.

Through its participation in projects organized by C4IR, Sompo Holdings has been exploring appropriate management methods and effective ways to utilize personal data,

including in the medical and nursing care fields, as well as conducting risk analysis for the practical application of autonomous driving technology. We have published the results of these studies in a WEF white paper.

In April 2021, our executive participated as a speaker at the 1st Global Technology Governance Summit 2021, hosted by the WEF, and communicated the Sompo Group's efforts in creating new social value through the use of data and technology to the world.

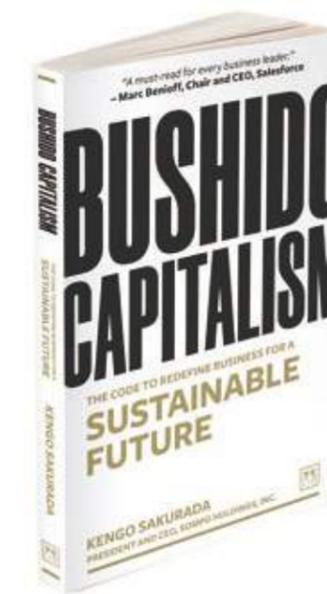


Launch of "BUSHIDO CAPITALISM" to the world as part of global branding

To build a global brand, we published a book worldwide to introduce our views on management and capitalism, which underpins SOMPO's Purpose and the social value we provide.

Sompo Group CEO Sakurada authored the book, which was published overseas in English in July 2021 and will be published in Japanese in December. By communicating mainly to global business leaders, investors, analysts, and intellectuals, we aim to increase our global recognition and presence.

This book presents a modern version of the values of Bushido, which have long been rooted in Japanese culture, based on Dr. Inazo Nitobe's "Bushido: The Soul of Japan," published in 1900, along with examples of our efforts. While the world is facing instability of capitalism, the book will be sent out to the world as a guidance for business leaders to reconsider the business for a sustainable future.



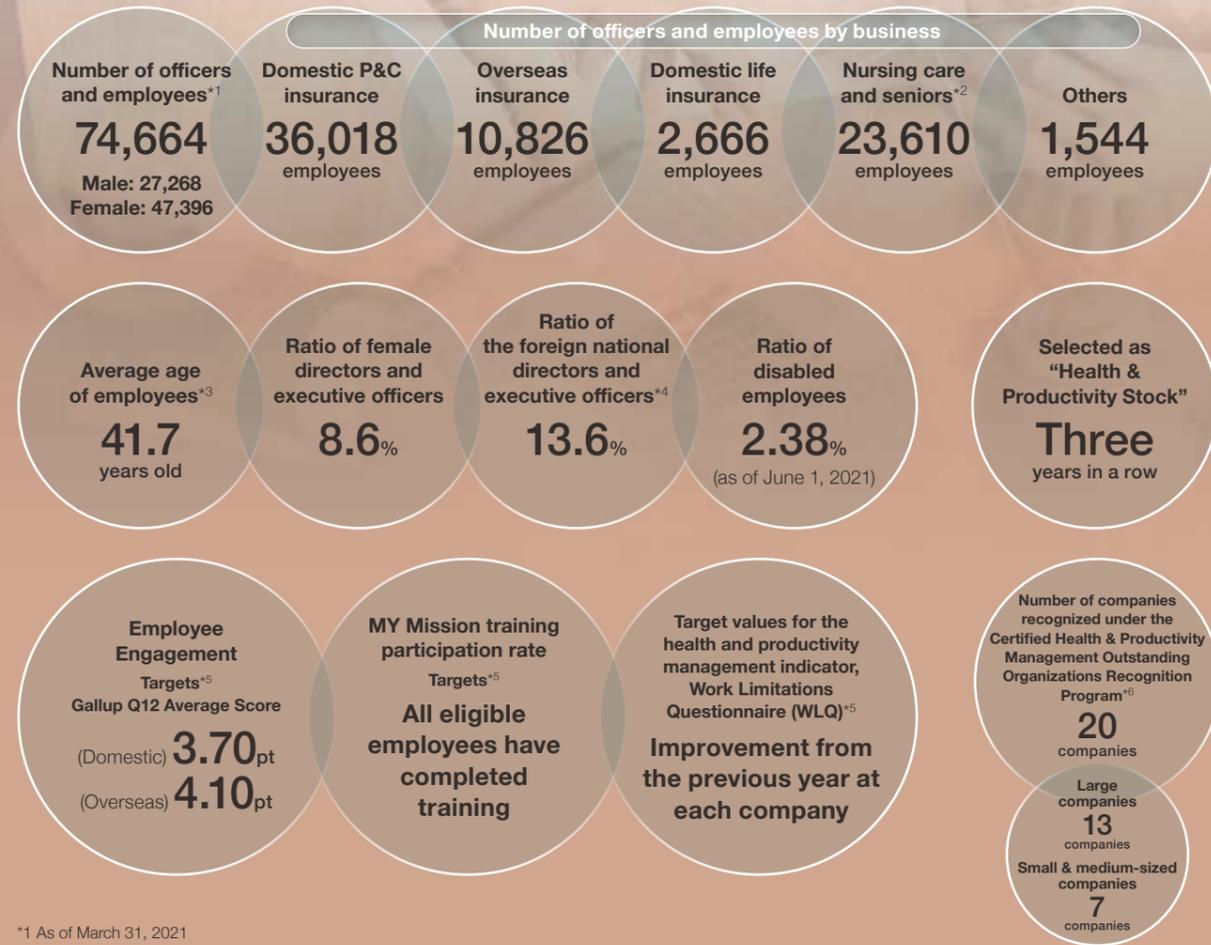
17.16 Multi-stakeholder partnership
9.5 Research promotion and technology improvement through innovation

SOMPO's various capital as a source of competitiveness

Human capital



We will create “The Ideal Group of Talents” who share the Three Core Values (Mission-Driven, Professionalism, Diversity & Inclusion), and make them the driving force for achieving the Sompo Group's Purpose.



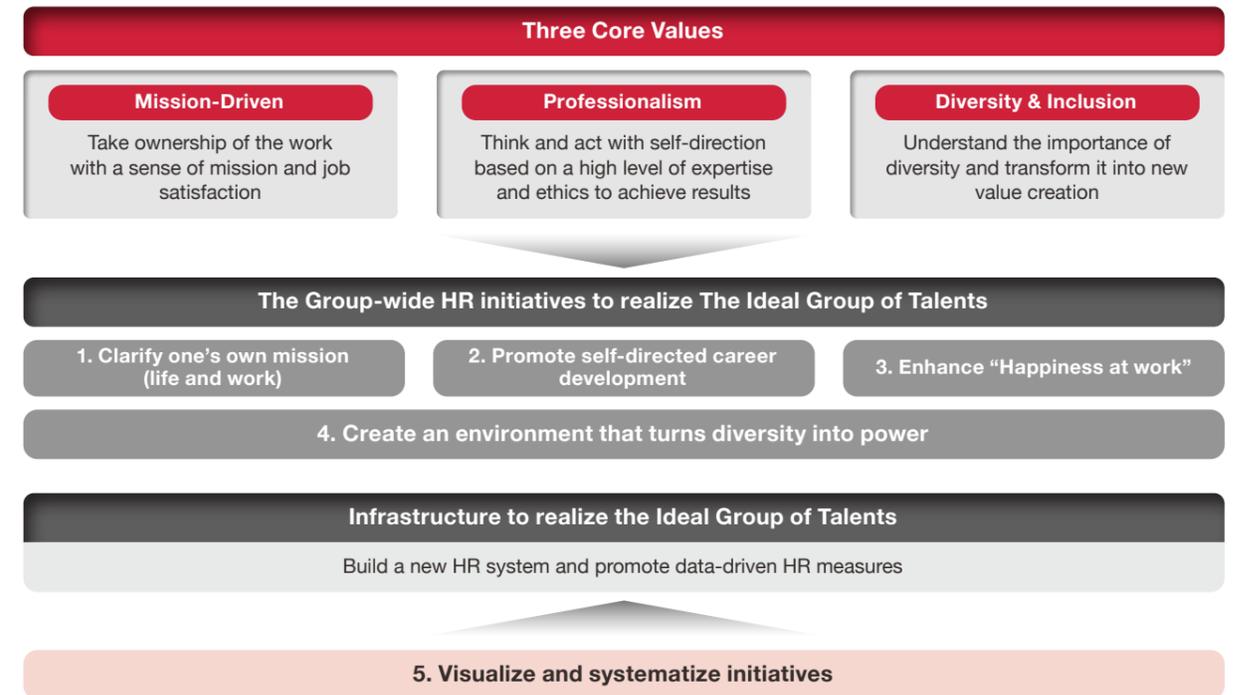
*1 As of March 31, 2021
 *2 Name changed from Nursing Care & Healthcare Business on April 1, 2021.
 *3 Includes Sompo Holdings, Sompo Japan Insurance Inc., SOMPO Himawari Life Insurance, and Sompo Care
 *4 Ratio of the Company's executive officers and senior vice presidents. The ratio of foreign national directors is 8.3% (1 out of 12 directors)
 *5 Target value at the end of FY2023
 *6 Of which, 9 companies were included in the White 500 (large corporation category) and 1 company in the Bright 500 (small and medium size category)

Initiatives to Improve Human Capital

Create “The Ideal Group of Talents” who share the Three Core Values

To carry out corporate culture reforms for the Group's evolution and fulfill the Sompo Group's Purpose, we must boost our employees' motivation and happiness and dramatically improve their productivity through “New Work Style,” which is one of the core strategies of the new mid-term management plan. To this end, the Sompo Group aims to create “The Ideal

Group of Talents” who share the Three Core Values (mission-driven, professionalism, diversity & inclusion). To realize this, we will carry out a variety of Group-wide HR initiatives and introduce a Productivity KPI System as a framework to systematize and visualize our initiatives, which will help us check our progress and make improvements.



Key Group-wide HR initiatives to realize “The Ideal Group of Talents”

Clarify one's own mission (life and work)

Practice a self-directed work style based on MY Mission
 The Sompo Group has launched the online management training program “MY Mission Training Program” to pursue transformation that creates a mission-driven corporate culture. Through the MY Mission 1-on-1 meetings with supervisors, each employee discusses and focuses on their own mission and practices a self-directed work style.

MY Mission refers to a person's own life mission. At the Sompo Group, we define “WANT” as the moment when one's

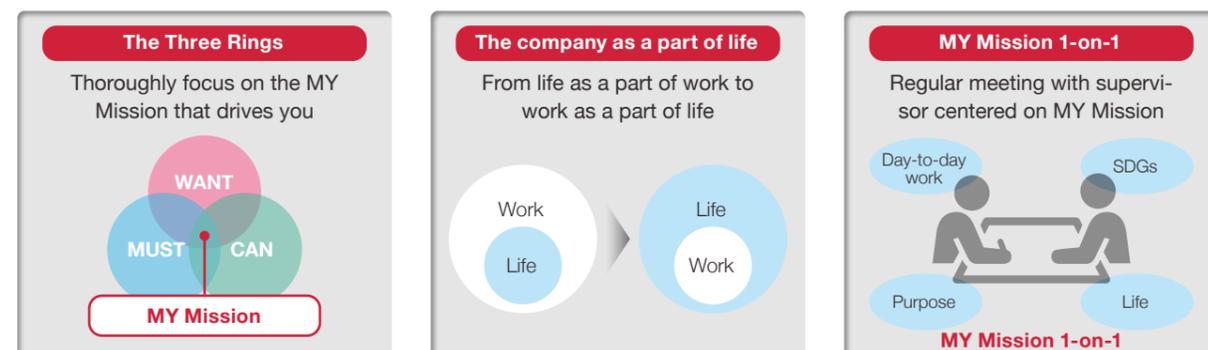
heart is moved, “MUST” as social responsibility, and “CAN” as the ability given to us by fate, and the area where these three circles overlap is the MY Mission that drives us. Then, with the view of work being a part of life, rather than life being a part of work, we aim to further enhance job satisfaction and productivity by having each employee overlay their MY Mission with the Sompo Group's Purpose as they go about their day-to-day work.

8.2 Improving economic productivity through innovation
 4.4 Improving job satisfaction through technical and professional skills

Key Group-wide HR initiatives to realize The Ideal Group of Talents

We will roll out the MY Mission training program, which was first introduced in Sompo Holdings last year, to all Sompo Group companies from fiscal 2021. Then, with MY Mission as the driving force, all employees of the Sompo Group will

take ownership of their work with a sense of mission and job satisfaction, thereby increasing engagement and providing new value to society and customers.



2 Promote self-directed career development

Use of job-based employment system

Promoting self-directed career development is essential in realizing The Ideal Group of Talents that share the Three Core Values. We will greatly expand opportunities for self-selection of careers and employee growth in order to fulfill each employee's MY Mission, and boost employee satisfaction and productivity.

We are promoting the introduction of a job-based employment system within the Sompo Group to enable self-directed career development. At Sompo Holdings, we introduced the job-based employment system in April 2020. We believe this will help with self-directed career development, as the system clearly defines the required expertise and scope of responsibilities, and is designed to hire and assign talent with the necessary experience and skills based on the nature of the job. In April 2021, all general manager posts in the Company were switched to job-based employment, and section manager posts will also be gradually switched to job-based employment. Additionally, we will roll this system out to each of our businesses. Furthermore, we are actively appointing highly specialized talent from outside of the Company in key positions such as directors, executive officers, general

managers, and specialists, and are promoting the strategic allocation of talent.

Introduce consistent group training system and promote self-directed learning

To develop talent that can take the lead and manage the Sompo Group at a global level in the future, we have been carrying out training for selected employees of all levels since fiscal 2021. For higher-level employees, we offer a curriculum that incorporates our Succession Plan, and for younger employees, we offer the SOMPO Global University, an in-house university in partnership with the National University of Singapore Business School. From the perspective of diversity, we invite a wide variety of participants, including from Sompo Group companies in Japan and overseas, and have introduced a system to ensure that future Sompo Group management talent are familiar with the Group Management Philosophy.

In addition, Sompo Japan Insurance Inc. has established Sompo Japan University as a place for online learning amid the COVID-19 pandemic, and supports the efforts of each and every employee to take on challenges by providing a place for self-directed learning.

8.2 Improving economic productivity through innovation
4.4 Improving job satisfaction through technical and professional skills

3 Enhance "Happiness at work"

Improve engagement and wellbeing

The Sompo Group aims to contribute to creating a sustainable society by placing even greater importance on the happiness at work of its employees, who are among its

multi-stakeholders, along with the interests of its customers and shareholders. In addition, we are working to improve engagement and wellbeing, as we believe that increasing the satisfaction and happiness of each employee is the driving

3.4 Mental health and welfare promotion
8.8 Promoting a safe and secure work environment

force behind high productivity. In the employee engagement survey conducted in fiscal 2020, we received responses from over 23,000 employees at 33 companies (21 in Japan and 12 overseas) across the Sompo Group. Furthermore, from fiscal 2021, we have newly set employee engagement as a KPI for the entire Sompo Group. We aim to further improve engagement and wellbeing by developing various measures aimed at promoting and fulfilling the Sompo Group's Purpose, and through measures for work-style reform and initiatives linked to promoting health and productivity management.

Promoting health and productivity management

The Sompo Group Health & Productivity Management Declaration formulated in September 2020 is a Group-wide policy that incorporates three key aspects of health and productivity management: (1) embodying the Sompo Group Management Philosophy, (2) improving productivity, and (3) enhancing corporate value. Based on this policy, we are promoting initiatives with a focus on three areas including maintaining and improving employee health, ensuring a vibrant work environment, and data health.

Sompo Holdings has been selected as a Health & Productivity Stock in 2021 for the third consecutive year by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange as a company that excels in health

and productivity management. In addition, 20 Sompo Group companies have been recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program.

The Sompo Group Health & Productivity Management Declaration

The Sompo Group values the mental and physical health of its employees and their families so as to "contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible."

- We will respect our employees' sense of ownership and support proactive health activities that reflect the mission and work style of each employee.
- We will provide a place where people can showcase their diverse talents and strengths, and improve the productivity of individuals and organizations through a healthy and empowering environment.
- We will help create a healthier and more energetic society by improving employee job satisfaction and bringing forth innovation.

4 Creating an environment that turns diversity into power

Promoting diversity and inclusion

The Sompo Group has positioned diversity and inclusion (D&I) as part of its business strategy and is promoting it under the slogan "Diversity for Growth." The purpose of promoting D&I is to facilitate sustainable growth of the Sompo Group and enhance corporate value by bringing forth innovation and improving employee happiness and satisfaction.

To fulfill the Sompo Group's Purpose of serving as "A Theme Park for Security, Health and Wellbeing," we need to welcome the good clashes that happen when a diverse set of people come together, and build on that to innovate and find new value. It is important to achieve true D&I and tie it into major innovation under the idea that each and every employee at the workplace, regardless of gender, disability, nationality, age, etc., can leverage their individual talents and strengths, take advantage of change, and create new value.

In addition, we believe that employees working and feeling that they are contributing to the team by showcasing their unique qualities and strengths is an important factor that leads to employee happiness. Furthermore, we believe that the foundation for this lies in creating a culture that accepts everyone's differences, and the Diversity Promotion Division will be the driving force behind our Group-wide efforts.

5.5 Participation and advancement of women
5.4 Recognizing childcare, nursing care, and housework
8.2 Improving economic productivity through innovation
4.5 Education and professional training for people with disabilities

Advancement of women

We aim for women to account for at least 30% of our managers across the Sompo Group by the end of fiscal 2023, and are carrying out training programs for women to improve the knowledge and skills of female employees and transform their awareness and mindset, while also implementing our own programs at each Sompo Group company.

As of July 2013, there were 305 female managers in the entire Sompo Group and the ratio of female managers to total managers was 5.0%, but as a result of the above efforts, there were 1,384 female managers as of the end of March 2021 and the ratio of female managers to total managers was 24.2%.

For the fourth consecutive year, the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) have selected Sompo Holdings as one of the "Nadeshiko Brand" companies, which are listed companies that make outstanding efforts to encourage women's success in the workplace and are introduced as attractive stocks to investors focused on medium- to long-term enhancement of corporate value.

Key Group-wide HR initiatives to realize The Ideal Group of Talents

Promoting advancement of people with disabilities

The Sompō Group hires people with disabilities all over the country, and is making efforts to create workplaces where they can play an active role and secure employment. As of June 1, 2021, the Sompō Group's employment rate for people with disabilities is 2.38%.

Sompō Japan Insurance Inc. has placed vocational life consultants for people with disabilities throughout Japan,

and has established a system to provide support for creating comfortable workplaces. SOMPO Challenged Inc., a special-purpose subsidiary* established in April 2018, also plays a role in driving the employment and activities of people with disabilities in the Sompō Group.

*A special-purpose subsidiary is a subsidiary that has been certified by the Minister of Health, Labour and Welfare as meeting certain requirements stipulated in the Act on Employment Promotion, etc. of Persons with Disabilities and that gives special consideration to the employment of persons with disabilities.

5 Visualize and systematize initiatives

Established a "Productivity KPI System" to check the progress of initiatives and make improvements

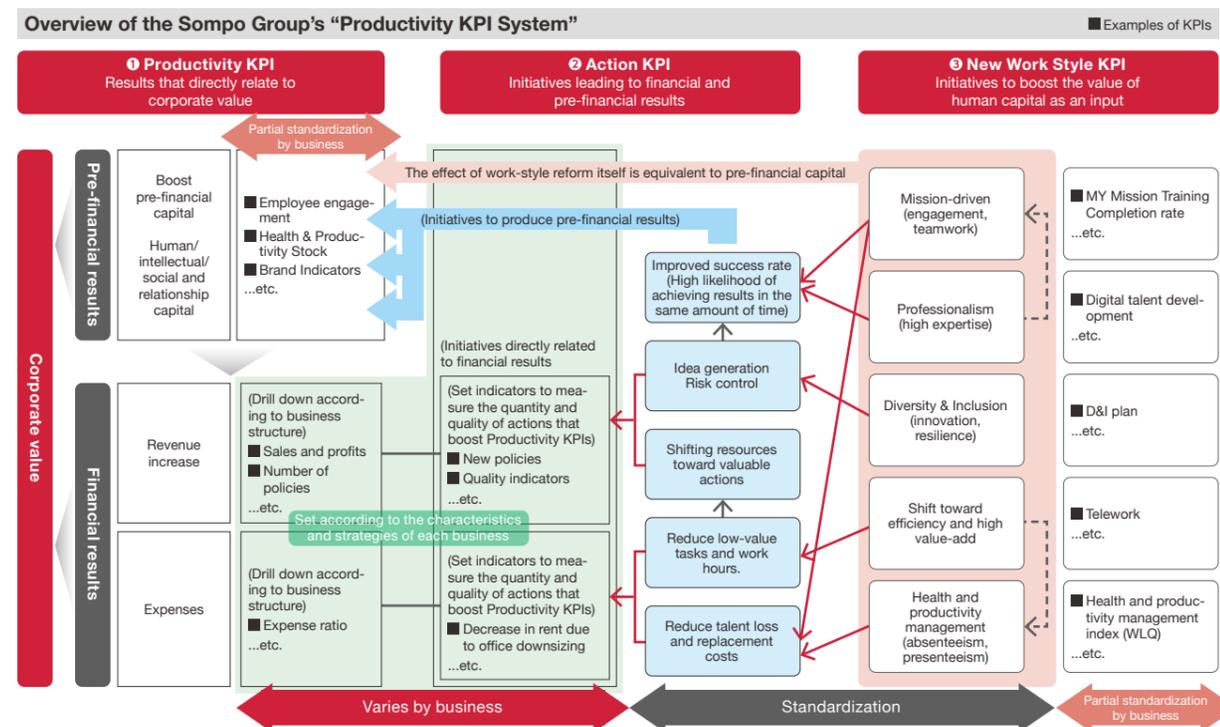
The Sompō Group has established a "Productivity KPI System" to systematize and visualize its initiatives for work-style reforms, including the realization of The Ideal Group of Talents that share the Three Core Values, and by using this system, we will be able to check our progress and results, and make improvements.

Specifically, we use a group-wide framework to show how our work-style reform initiatives tie into improving our financial and pre-financial corporate value, and then set measurable KPIs. We have set KPIs that are common across the Sompō Group, such as employee engagement indicators, as well as KPIs that are specific to the characteristics of each business.

By monitoring these KPIs, we will check the progress of our initiatives for the Group as a whole and for each business, while also using them to promote employee understanding.

◆ The "Productivity KPI System" consists of three layers based on the following approach.

- (1) Set financial and pre-financial KPIs that constitute productivity (Productivity KPIs)
- (2) Drill down to Action KPIs that reflect the results, quantity, and quality of initiatives that lead to improving Productivity KPIs
- (3) Set Work-style Reform KPIs that reflect the effectiveness and progress of work-style reforms that improve the value of Action KPIs



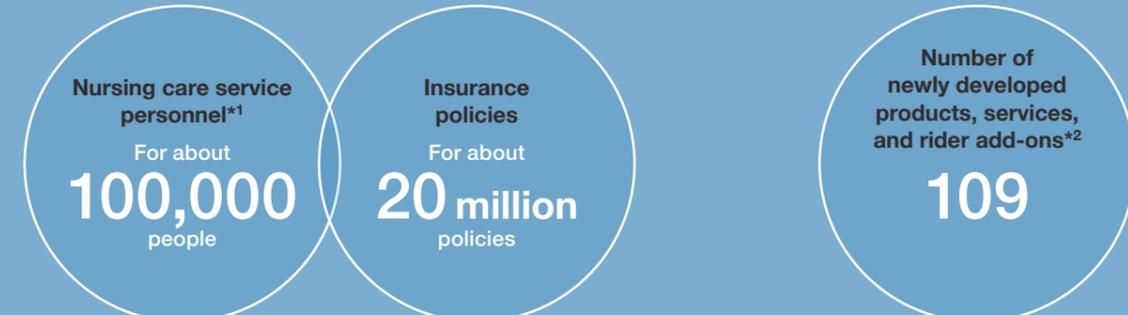
Intellectual capital



The Sompō Group will work to create new customer value by leveraging its knowledge of cutting-edge technologies obtained from its global Digital Labs and the extensive real data accumulated through its diverse business portfolio.



Extensive real data accumulated through business Development of new products and services that ensure the security, health, and wellbeing of customers



*1 Total consisting of about 20,000 employees and 80,000 users
 *2 Simple aggregate of the number of products, services, and rider add-ons newly developed by Sompō Japan Insurance Inc. and Sompō Himawari Life Insurance between fiscal 2016 and fiscal 2020

Initiatives to boost intellectual capital

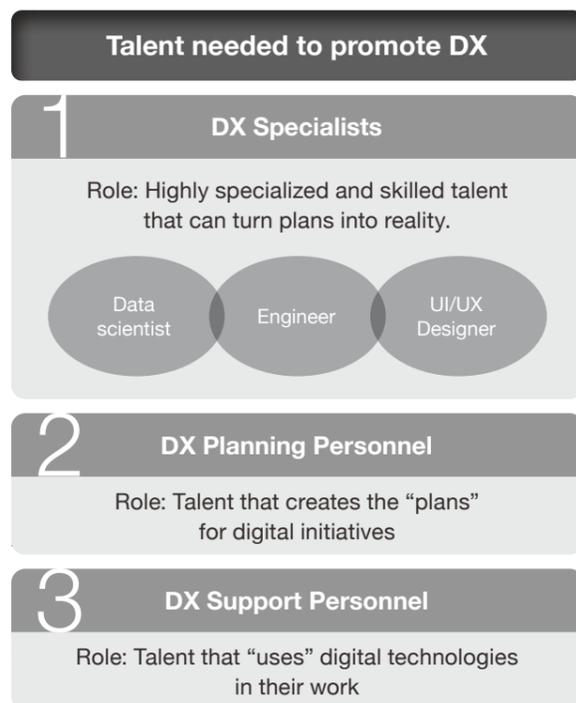
Initiatives for leveraging cutting-edge technologies

Since the establishment of the Digital Strategy Planning Department in April 2016, we have been working on transforming existing businesses and creating new businesses by gathering information on cutting-edge technologies and building networks with leading local companies, etc., with the aim of achieving digital transformation (DX) for the entire Somo Group under the Somo Digital Lab's three-base structure in Tokyo, Silicon Valley, and Tel Aviv.

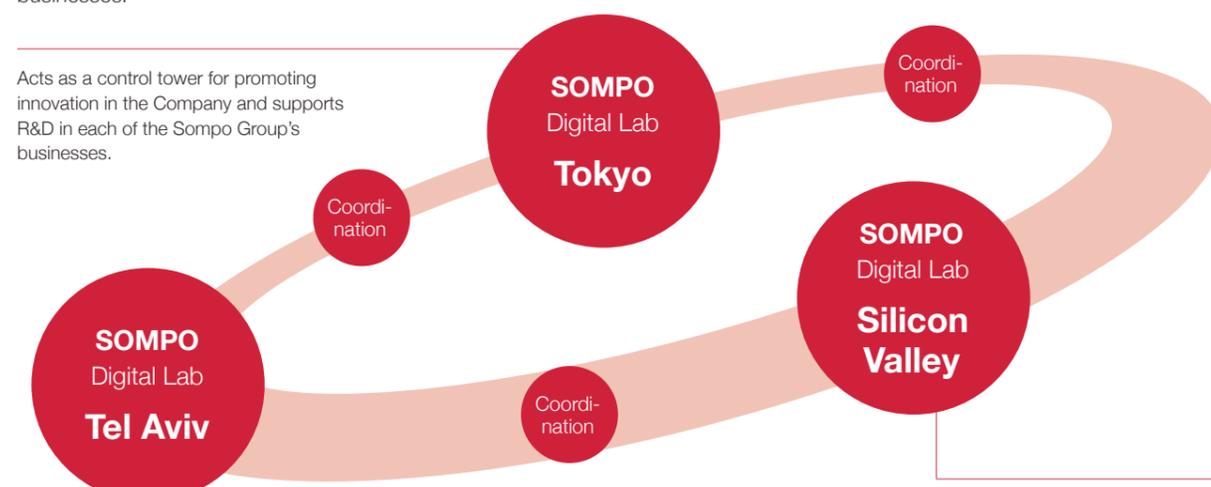
We have been working on incorporating DX into the foundation of our business strategy, marked by our agreement to launch the Real Data Platform for Security, Health and Wellbeing with US-based big data analysis software platform operator Palantir Technologies Inc. in June 2020, followed by our business alliance with ABEJA, which has extensive experience in helping customers implement DX solutions in society, in April 2021.

In addition, we are actively bringing on specialized talent, building a structure of directors and executives consisting of three executives with Koichi Narasaki as Group CDO, followed by Albert Chu as Group Co-CDO, and Hiroshi Omata as Group CDMO. Furthermore, to achieve the goal of "changing people, changing work, and changing the company," within the Somo Group, we will define the talent needed to promote DX by tier and establish a training system suitable for each tier to effectively develop digital talent and achieve both DX in existing businesses and the creation of new digital businesses.

8.2 Improving economic productivity through innovation
17.6 Multi-stakeholder partnership
9.5 Research promotion and technology improvement through innovation



Acts as a control tower for promoting innovation in the Company and supports R&D in each of the Somo Group's businesses.



We are gathering information on cutting-edge technologies and building networks, including finding partners to support our customers in areas such as cyber security, healthcare, and mobility.

We are gathering information on the latest digital technologies and building networks with leading local companies.

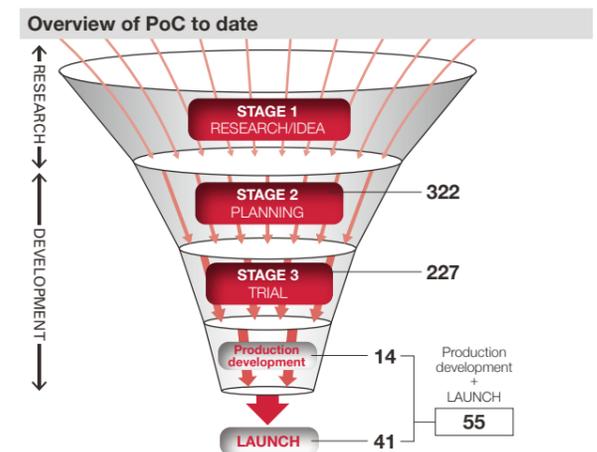
Creating innovation through active investment in digital technology

We are proactively conducting PoC (Proof of Concept) experiments and trials related to digital technology, and to date, 55 of 322 PoCs (14 of which are in production development) have been commercialized or turned into actual services at Somo Group companies.

As for new businesses, we launched an online BtoB auction business in September 2020.

In addition, we are working on rolling out AI to respond quickly and satisfactorily to a variety of inquiries, such as with the introduction of AI speech recognition systems to the claims service offices of Somo Japan Insurance Inc. We are also introducing services geared at improving operational efficiency, including for automating insurance underwriting, such as the Osiete SOMPO! system, which answers questions sent to the back office from sales branches.

8.2 Improving economic productivity through innovation
17.6 Multi-stakeholder partnership
9.5 Research promotion and technology improvement through innovation



Large amounts of high-quality real data generated and accumulated from a diverse business portfolio

For the Somo Group, which has a diverse business portfolio, the large amount of real data with clear sources generated and accumulated through each business is one of the most important forms of intellectual capital that only the Somo Group holds. For example, at Somo Care, which is engaged in the nursing care business, about 20,000 employees provide a wide range of nursing care services to about 80,000 users, and the nursing care facilities produce a variety of information on a daily basis, including care plans, vital data, food intake, and employee attendance. Somo Care is striving to appropriately collect and manage this large volume of data on approximately 100,000 people through the use of digital devices and other means, and is building a system to

8.2 Improving economic productivity through innovation
17.6 Multi-stakeholder partnership
9.5 Research promotion and technology improvement through innovation

improve service quality and operational productivity through analysis and utilization based on advanced digital technology. For example, we have installed sleep sensors in the beds in the rooms of our facilities and have started collecting data on the waking and sleeping, breathing, and heart rate of residents, which we were previously unable to measure. By utilizing the collected data, we are working to identify any changes in physical condition early on. Similarly, Somo Japan Insurance Inc., which operates the Domestic P&C Insurance business, is working to leverage the large amount of real data on accidents and disasters that it has accumulated through the provision of approximately 20 million insurance policies as valuable intellectual capital.

Started sales of "Nyuin Passport," a medical insurance policy that covers actual expenses

Somo Japan Insurance Inc. has been selling the "Nyuin Passport (Healthy Life Support Insurance)," a medical insurance policy that covers actual expenses and pays claims in as little as 30 minutes, since June 2021.

Based on a thorough analysis of customer needs related to hospitalization, this product not only fully compensates for actual medical expenses for unforeseen hospitalizations in the future, but also offers unique coverage features such as hospitalization preparation insurance benefits that can be received prior to hospitalization, as well as the "Choose your level of hospitalization support" offering aimed at alleviating the burden on the hospitalized person and the family taking

8.10 Accessibility to insurance and financial services
3.3 Eradication and control of epidemics and infectious diseases
3.4 Mental health and welfare promotion

care of the patient. In addition to being able to complete the enrollment procedure in about five minutes by gaining access through a QR code, etc., the insurance claim procedure can be completed in as little as 30 minutes and within 24 hours by taking and sending a picture of the receipt issued by the health facility with a smartphone.



Somo Japan Insurance Inc. will continue its efforts to provide new insurance services utilizing InsurTech (Insurance + Technology).

SOMPO's capital as a source of competitiveness

Natural capital



We aim to contribute to the creation of a green society in which the economy, society, and environment are in harmony, by leveraging our strengths, namely the initiatives and partnerships we have established over the past 30 years to tackle global environmental issues.

Net zero initiatives

Greenhouse gas emissions reduction rate (scopes 1, 2 and 3)



Efforts to reduce emissions in the value chain



*1 Compared to FY2017

Renewable energy introduction rate



No. of participants in environmental education programs*2



*2 Cumulative total of the number of participants in the SAVE JAPAN Project (a conservation project to save rare species in Japan) and Open Lectures on the Environment

No. of engagements with investment portfolio companies



Initiatives to Enhance Natural Capital

Climate-related Financial 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 new Mid-Term Management Plan.

Governance

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 status 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 natural disasters as well as reputational

damage and the impact on asset prices caused by the transition to a decarbonized society, are also recognized as 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.

Strategies

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.

catastrophes and trends in the occurrence of extreme weather 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 of climate change using the scenario analysis framework prepared by the Network for Greening the Financial System (NGFS), which studies financial supervisory response to 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 simple quantitative model*2 based on the comprehensive guidance published by the working group in January 2021.

(1) Response to intensification of natural disasters



The Group's P&C insurance business has inherent risks of being affected by the intensification of natural disasters resulting from climate change, and we are working on measures including analysis using climate scenarios.

We conduct stress tests for such risks as windstorms and floods and quantitatively assess the financial impact of the stress scenarios that have a material impact on management if materialize, to verify the adequacy of capital and the effectiveness of risk mitigation measures.

Since 2018, we have been conducting large-scale analysis of typhoons and heavy rains using weather and climate big data from the Database for Policy Decision-making for Future Climate Change (d4PDF).*1 Based on this analysis, we are working to quantify changes in the average trends of natural

<Estimate Results>

Frequency of typhoons	approx. -30% to +30%
Damage per typhoon	approx. +10% to +50%

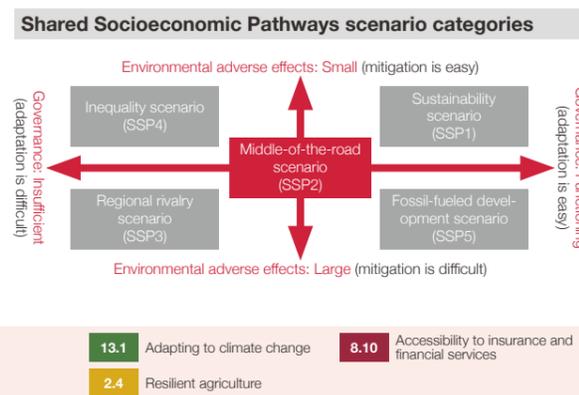
*1 The Database for Policy Decision-making for Future Climate Change was developed by the Program for Risk Information on Climate Change of the Japan's Ministry of Education, Culture, Sports, Science and Technology. By utilizing a number of experimental examples (ensemble), future changes in extreme 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 economic damage caused.

Climate-related Financial Disclosure

(2) Response to climate change business opportunities

In the Group's new Mid-Term Management Plan, we state that we aim to realize a "carbon neutral society where people and nature are in harmony," through "adaption" 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-indexing 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 initiative (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.

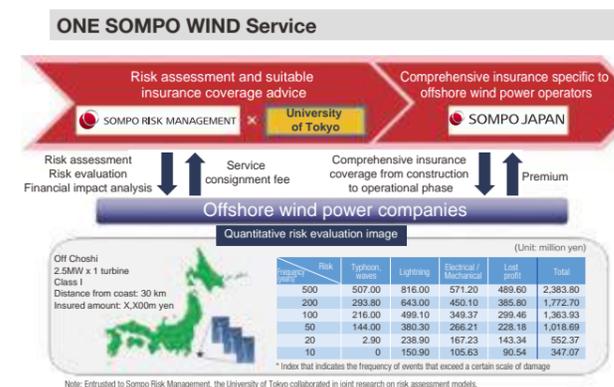


Group initiatives to achieve net zero greenhouse gas emissions

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 a Department of Global Environment 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.

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."

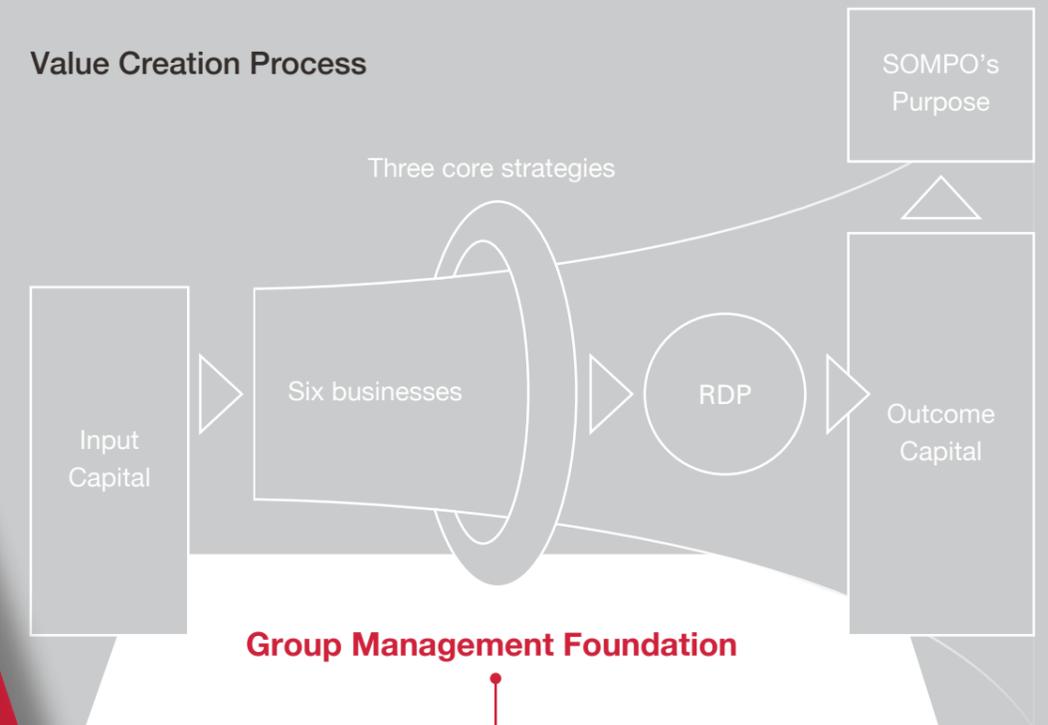
Main KPIs	
Greenhouse gas emissions reduction rate aiming for net zero by 2050	60% reduction (Target for FY2030)
Renewable energy introduction rate	more than 70% (Target for FY2030)
No. of engagements with investment portfolio companies	Increase compared to FY2020
No. of participants in environmental education programs	11,500 (Target for FY2021)

GOVERNANCE

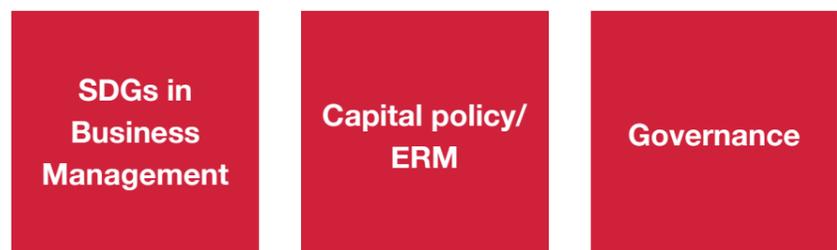
Systems underpinning value creation

The Sampo Group has hitherto proactively worked on reforming corporate governance with the aim of building systems that facilitate swift decision making and dynamic business execution. Examples of such initiatives include the introduction of a Business Owner system and a Group Chief Officer (CxO) system, as well as becoming a Company with Committees. And with the use of ERM as our so-called “compass of management,” we appropriately manage increasingly diverse and complex risks in this age of VUCA characterized by instability and uncertainty. In this section we discuss the systems and characteristics of these group management foundations that underpin the Sampo Group’s sustained value creation.

Value Creation Process



Group Management Foundation



GOVERNANCE

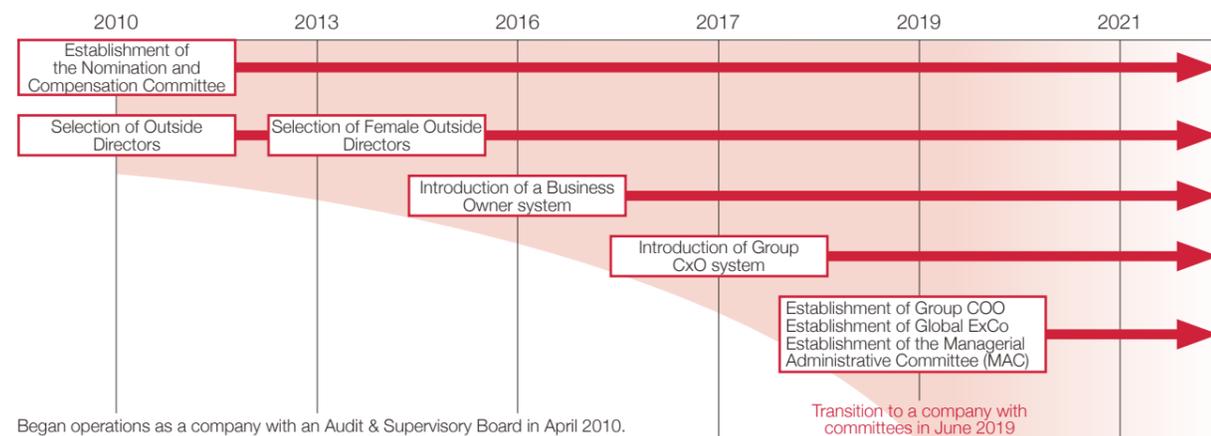
Progressing with Corporate Governance Reform

Our group continues to aim for improved transparency and fairness in corporate governance, and we believe it is important to strengthen the relationship of trust we have built with all of our stakeholders by fulfilling our corporate social responsibilities throughout our operations. For that reason, the Board of Directors has established Corporate Governance Policies and clarified the overall picture of governance organization and basic policies under which the governance framework is constructed, as we continue to enhance the system in pursuit of ideal corporate governance.

The Company aims to improve management fairness and soundness, and to that end, we have evolved the organizational structure of the Board of Directors in response to the changes in the business environment in order to maximize the functionality of Outside Directors and increase effectiveness of governance. That is why when the company was founded with an Audit & Supervisory Board, we also established a Nomination and Compensation Committee voluntarily. Half of the entire Board of Directors is comprised

of Outside Directors, enabling us to construct the Group's business foundation with the help of a more diverse selection of advice and counsel. In the process of expanding our business through the introduction of the Business Owner and Group Chief Officer (CxO) systems and other such efforts, we next introduced a "hybrid" system of governance, in which Outside Directors supervise the executive structure, focused on the Nomination and Compensation Committee, while the Audit & Supervisory Board monitors validity in addition to and beyond legality.

Moreover, in June 2019 it was decided that the company would transition to a company with committees, and three legally mandated Committees were established (Nomination, Audit, and Compensation). In addition, by forming the Board of Directors such that it was centered on the Outside Directors, we were able to fortify its supervisory function, as well as implement a system still in use today that allows for broader delegation of authority to the executive divisions.



Composition of the Board of Directors

In accordance with the Policies for Appointment of Directors and Executive Officers, candidates for the Board of Directors are selected by the Nomination Committee and decided upon at the General Meeting of Shareholders. Executive Officers and Executive Vice Presidents candidates are selected by the Nomination Committee and then decided upon by the Board of Directors.

In addition to supervising and guiding subsidiaries, the Company formulates group-wide business strategies for subsidiaries and affiliates engaged in a variety of operations centered on the P&C Insurance Business, and steadfastly continues to fulfill its role in execution and realization of those strategies. From this perspective, the aim of the Board of

Directors is to make objective decisions on management and other issues based on a diverse and independent array of opinions and perspectives. To achieve this, the Board of Directors appoints Outside Directors that represent diversity of gender, nationality and more, and the core of the Board is its Outside Directors.

In accordance with the Policies for Appointment of Directors and Executive Officers, Outside Directors are business managers, academics, judicial officers, or other individuals with specialized knowledge of finance and accounting, and they bring to the company an outside viewpoint that considers the perspectives of corporate governance, consumer response, overseas business development, and more.

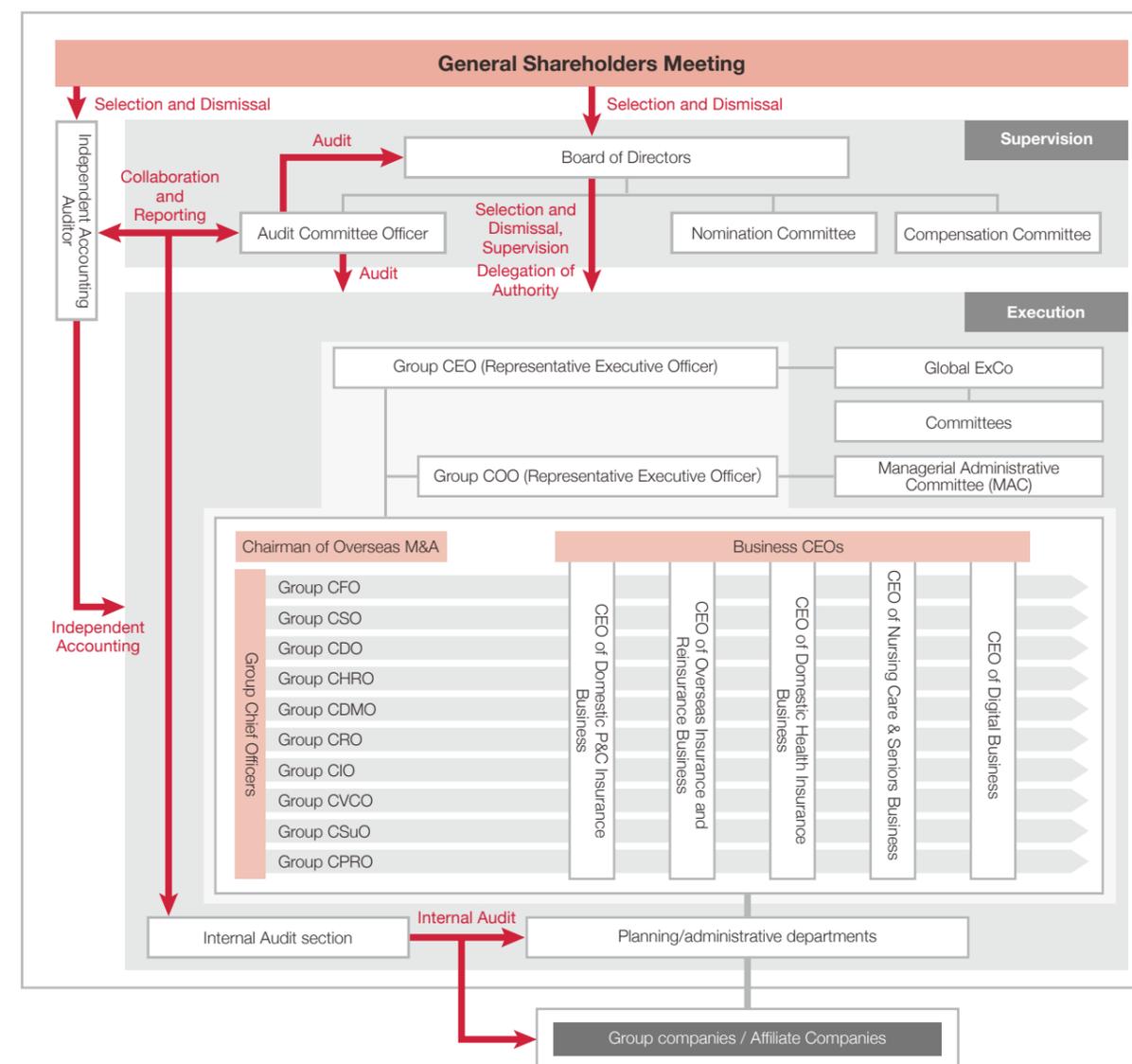
Corporate Governance Organizational Chart

By separating management supervision from business execution, the Company is able to reinforce the supervisory function of the Board of Directors and delegate significant authority to executive divisions for swifter business execution. In addition, with the establishment of the three legally mandated Committees (Nomination, Audit, and Compensation), we have been able to build a governance structure capable of achieving higher transparency and improved fairness.

The Board of Directors determines Group management basic policies and the Basic Policy on Internal Controls upon which those policies are based, appoints Executive Officer and Executive Vice Presidents, and supervises the performance of the Board of Directors and Executive Officers. Moreover, we aim to fortify the supervisory functional of the Board of Directors and accelerate execution of duties

by delegating operational execution decisions to Executive Officers in so far as the law permits. Additionally, we develop and maintain this system for more effective corporate governance functionality through the appropriate execution of duties by those on the Nomination Committee, Audit Committee, and Compensation Committee, which allows for the appointment of Directors, Executive Officers, Executive Vice Presidents, enables supervision of duties, ensures transparency of treatment, and more.

Within the business execution structure, we have adopted the Business Owner and Group Chief Officer (CxO) systems under the overall control of the Group CEO and Group COO. We aim to achieve prompt and flexible decision-making and business execution, and to better clarify authority and responsibilities.



Supervisory Framework

The Company elected to adopt a Company with Committees structure in June 2019 as part of efforts to strengthen corporate governance by separating management supervision from business execution, in order to reinforce the supervisory function of the Board of Directors and to accelerate business execution by delegating substantial authority to executive officers. The Company also established three committees: the Nomination Committee, the Audit Committee, and the Compensation Committee. This has put into place a governance system with improved transparency and fairness.

Board of Directors

The Board of Directors performs its duties as stipulated by law or the Articles of Incorporation, establishes important items for management defined in the Rules of Board of Directors, and serves a supervisory function overseeing the state of business execution. The chairman of the Board of Directors, who is appointed by the Board as stipulated in the Articles of Incorporation, also serves as a director and the Group CEO.

As of the conclusion of the 11th General Meeting of Shareholders, nine of the twelve directors are outside directors (a majority), consisting of eleven Japanese people and one non-Japanese person, of whom nine are men and three are women. The average length of service (including time served as an Audit & Supervisory Board member) is 4.1 years.

Nomination Committee

The Nomination Committee defines policy and standards for the appointment of directors and executive officers, determines the list of candidates, and is involved in the appointment of directors and executive officers at subsidiaries, depending on their business type and scale. In addition, the committee deliberates on the appointment and dismissal of the Group CEO based on a personal performance evaluation for the purpose of enhancing transparency and corporate governance.

The Nomination Committee consists of at least three directors, a majority of whom are from among the outside directors. The chair of the Nomination Committee is chosen from among the outside directors on the committee. As of July 2021, the committee comprises five outside directors.

Compensation Committee

The Compensation Committee determines the evaluation, compensation scheme, and compensation amounts of directors and executive officers, and is involved in deciding the compensation scheme of directors and executive officers at subsidiaries, depending on their business type and scale. In addition, the committee conducts a personal performance evaluation of the Group CEO to enhance transparency and objectivity in the compensation-deciding process, and to improve corporate governance.

The Compensation Committee consists of at least three directors, a majority of whom are from among the outside directors. The chair of the Compensation Committee is chosen from among the outside directors on the committee. As of July 2021, the committee comprises five outside directors.

Audit Committee

The Audit Committee audits—from a legal compliance and appropriateness perspective—the performance of duties by directors and executive officers, produces audit reports, and determines proposals regarding the appointment, dismissal, and non-reappointment of independent accounting auditors. It also exercises right of consent to decisions on auditor compensation and the like, formulates audit standards, basic policies for audits, and auditing plans, and conducts organization-wide audits.

The Audit Committee consists of at least three members selected from among directors who do not have any executive roles, and the majority of members are outside directors. In principle, the committee chair is an outside director, selected from among its members, and the committee has at least one full-time Audit Committee member and at least one Audit Committee member who has expert knowledge of finance and accounting. As of July 2021, there are five members on the committee, four of whom are outside directors.

Directors (Appointed at Shareholders' Meeting) (As of July 1, 2021)

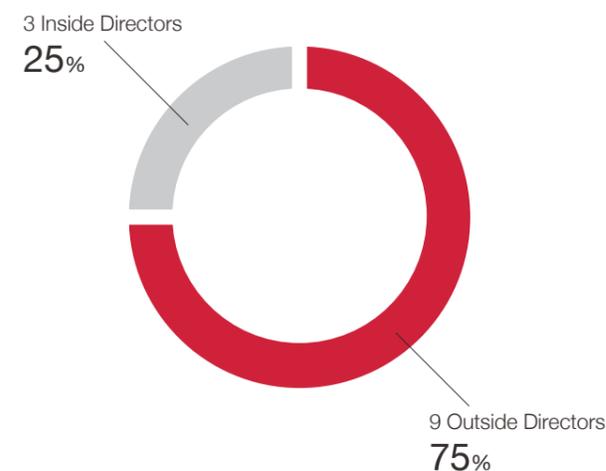
Inside Directors	Outside Directors	
 Kengo Sakurada (Concurrently serving as an executive officer)	 Scott Trevor Davis	 Kazuhiro Higashi
 Shinji Tsuji (Concurrently serving as an executive officer)	 Takashi Nawa	 Misuzu Shibata
	 Meyumi Yamada	
 Toshihiro Teshima	 Naoki Yanagida	 Hideyo Uchiyama
	 Isao Endo	 Kumi Ito
Nomination Committee Composed solely of outside directors	Compensation Committee Composed solely of outside directors	Audit Committee Comprises a majority of outside directors

Characteristics of the Audit System

1 Composition of the Board of Directors

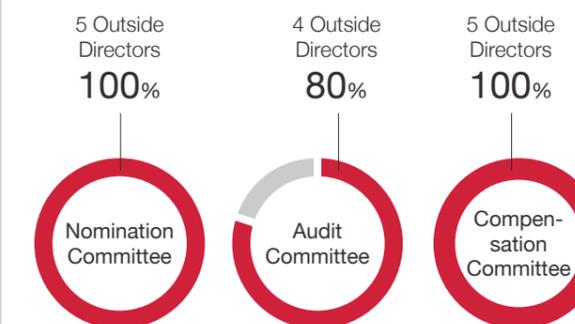
Nine out of the twelve members of the Board of Directors (or 75%) were Outside Directors as of July 2021.

*The number and percentage have increased since the company's founding in April 2010, when six out of twelve directors (or 50%) were Outside Directors.



2 Committee Composition

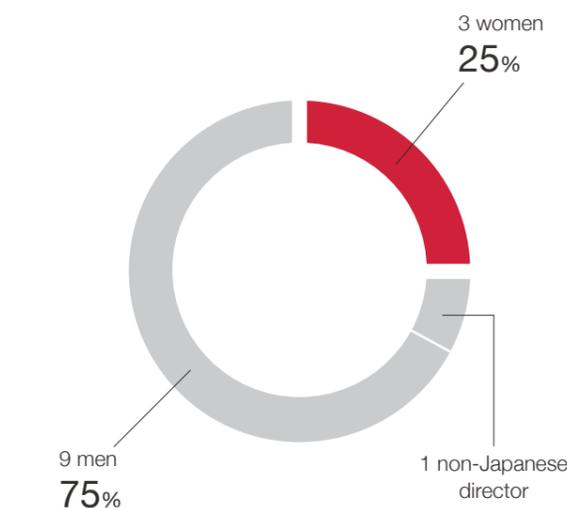
As of July 2021, the composition of the three legally-mandated committees was as follows: the Nomination Committee and Compensation Committee were comprised of Outside Directors only, while Outside Directors held a majority in the Audit Committee.



3 Gender Composition of the Board of Directors

As of July 2021, the twelve-member Board of Directors included three women (all Japanese) and nine men (eight Japanese and one non-Japanese).

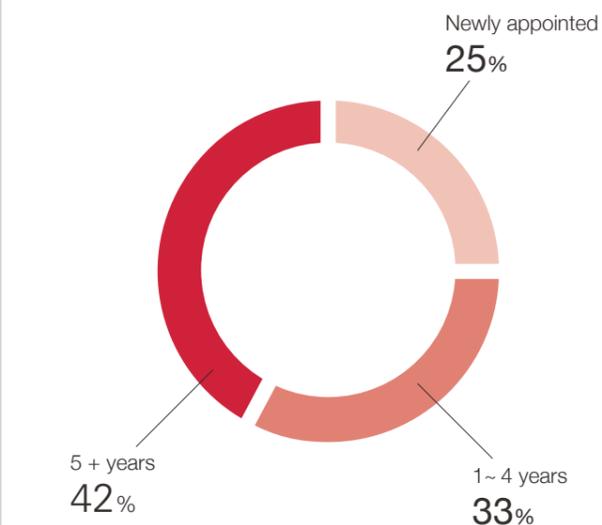
*There were zero female directors (the number and percentage have increased) when the company was founded, and one non-Japanese director (no change since then).



4 Years of service on the Board of Directors

As of July 2021, the average term on the Board of Directors was 4.1 years (including time as a member of the Audit & Supervisory Board).

*When the aggregate term length of an Outside Director exceeds eight years, the Company carefully considers the existence of any positive reason for reappointment, and reappointment is not prevented when such a reason is found.



About the Nomination Committee



Through effective implementation of succession plans and improved diversity on the board, we realize SOMPO's Purpose and improve corporate value.

Scott Trevor Davis
Outside Director, Chair of the Nomination Committee

The Nomination Committee aims to improve transparency and fairness in the Group's governance by introducing an outsider's eye to deliberations on the appointment and dismissal of members of the board, Executive Officers and Senior Vice Presidents at each of the Group's companies.

In order to achieve our goal of becoming "A Theme Park for Security, Health & Wellbeing," the group is currently promoting transformation (i.e. qualitative change). Within that transformation, we find that roles, skills, and experience of the Board of Directors, Executive Officers and Senior Vice Presidents – in other words the portfolio the management team should have – is changing drastically day to day. Taking into considering the environment in which the Group found itself, in fiscal 2020 we enacted new policies more fitting of the Group's vision for the future, with revisions to

the policies on appointments to the Board of Directors, the formulation of portfolio-building policies for Executive Officers and Executive Vice Presidents, and revisions to appointment policies for Executive Officers and Executive Vice Presidents. At the same time, we have continued to work to improve diversity among our Group officers when appointing individual Directors and Executive Officers and formulating succession plans.

This fiscal year the Company decided what SOMPO's purpose would be. In order to achieve that purpose, it is important to effectively implement succession plans and improve diversity among officers. These goals can be realized through discussions among the Nomination Committee, which will contribute to Sompo realizing its purpose and to improving corporate value.

Nomination Committee Performance

The Nomination Committee met 11 times in Fiscal 2020, with its main agenda items as follows.

Formulation of the Succession Plan	<ul style="list-style-type: none"> • Certain key posts take the lead in bringing about further transformation and growth in the Sompo Group, and the Succession Plan was formulated in order to build a system that will produce high-quality individuals from diverse backgrounds in a stable and effective way. • A total of 81 key posts in the Group, including the position of Group CEO, are governed by the Succession Plan. • When selecting succession candidates, a diverse pool of talented individuals is created by establishing review criteria, such as the proportion of posts held by women.
Revising the Policies for Appointment of Directors	<ul style="list-style-type: none"> • From a standpoint independence from the Company, we revised our appointment policies for the Board of Directors to ensure that Outside Directors will fulfill their roles of providing appropriate advice on executives and high levels of supervisory functionality. • In reference to examples from other companies in Japan and overseas, we added "Ability Requirements" and "Requirements for Terms of Office."
Formulation of portfolio-building policies for Executive Officers and Senior Vice Presidents, revisions to appointment policies for Executive Officers and Senior Vice Presidents	<ul style="list-style-type: none"> • Based in the Group's vision for the future, we have formulated and revised standards for desired portfolios of Executive Officers and Executive Vice Presidents as members of the management team, and standards for the appointment of individual Executive Officers and Executive Vice Presidents. • These standards emphasize an overall balance between the diversity of the management team portfolio, and the skills and experience of individual officers.
Appointment of Executive Officers and Executive Vice Presidents	<ul style="list-style-type: none"> • We resolved an issue in discussion within the Board of Directors on the appointment of Executive Officers and Executive Vice Presidents.
Appointment of Directors to the boards of Sompo Japan Insurance Inc. and Sompo Himawari Life Insurance Inc.	<ul style="list-style-type: none"> • We resolved an issue on appointing Director candidates to the Boards of Sompo Japan Insurance Inc. and Sompo Himawari Life Insurance Inc.

About the Audit Committee



The Audit Committee aims to continue meeting stakeholder expectations by devising auditing activities that account for changes in the business environment.

Naoki Yanagida
Outside Director, Chair of the Audit Committee

After the Company introduced the committee structure in June 2019, the functions of the Audit & Supervisory Board were transferred to the Audit Committee. Compared to the Audit & Supervisory Board, the Audit Committee is primarily comprised of and run by Outside Auditors, and it provides a system with more transparency and fairness.

In Fiscal 2020, the spread of COVID-19 caused drastic changes in how audits were conducted. For example, meetings with senior management teams at overseas Group companies were previously attend by full-time Audit Committee members dispatched from Japan, but as those meetings began to be conducted online, Outside Auditors were also able to attend. In this way, we implement various efforts within our auditing activities in the spread of COVID-19, as we aim to conducts higher quality audits.

Fiscal 2021 marks the beginning of a new Mid-term Management Plan. The Company is developing a variety of businesses in pursuit of the goal of becoming "A Theme Park for Security, Health and Wellbeing," and are promoting new, unique initiatives such as the Real Data Platform. Accordingly, some difficulties exist in the breadth of what must be audited, but we are able to carry out effective audits by harnessing the fact that the Audit Committee is primarily made up of Outside Directors with a diverse array of backgrounds by, for example, assigning audit responsibilities in specific businesses and functions based on the experience and expertise of each Auditor. The Audit Committee aims to continue meeting stakeholder expectations by conducting excellent audits appropriate to the business areas and management strategies subject to audit.

Audit Committee Performance

The Audit Committee met 12 times in Fiscal 2020.

The Audit Committee formulates basic policies for audits and auditing plans, engages in audits year-round in accordance with those plans, and provide a report on audit results alongside a summary of the year's auditing activities at the end of each fiscal year. Each auditing activity carried out is reported to the Audit Committee, and progress of the auditing plan is confirmed periodically. Through the year-round

auditing activities, we attend important meetings and confirm important decisions, and in addition, we collect information through meetings with Representative Executive Officers, business owners and Group CxOs, site visits with Group companies in Japan and overseas, and provide opinions and suggestions regarding management operations.

New initiatives and features of year-round auditing activities for Fiscal 2020 were as follows.

Audit Committee Responsibility System	The Audit Committee Responsibility System was introduced with the aim of conducting more in-depth audits by assigning responsibility for each business owner/Group CxO a primary auditor, and conducting audits of specific businesses and functions mainly through the primary auditor.
Collaboration with the Internal Audit Department	In order to strengthen collaboration between audits conducted by the Audit Committee and the Internal Audit Department, the General Manager of the Internal Audit Department has started to attend various meetings by the Audit Committee members.
Collaboration with Independent Accounting Auditors	As a part of our efforts to strengthen collaboration with Independent Accounting Auditors, we engaged in thorough discussions and came to an agreement with Ernst & Young ShinNihon LLC on the topic of Key Audit Matters to be implemented from Fiscal 2020.
Auditing activities harnessing online resources and other tools	In response to the spread of COVID-19, auditing activities such as Audit Committee and other meetings and site visits of Group companies in Japan and overseas have been primarily conducted through web conferences and other online methods instead of face-to-face meetings and visits.

About the Compensation Committee



The Compensation Committee focuses on reviewing the ideal executive compensation structure for the Group as a part of the effort to ensure a more mission-drive working style permeates throughout the Group as a whole.

Kazuhiro Higashi
Outside Director, Chair of the Compensation Committee

The Compensation Committee aims to improve transparency and fairness in the Group's governance by introducing an outsider's eye to deliberations on compensation for members of the board, Executive Officers and Senior Vice Presidents at each of the Group's companies.

In order to achieve our goal of becoming "A Theme Park for Security, Health & Wellbeing," the Group is currently in the midst of major change as it expands into non-insurance businesses such as nursing, digital, and health care, and expands into P & C insurance and digital technology business overseas. In this environment, we feel it is becoming increasingly important to design a compensation structure that provides effective incentives to each executive officer and determines individual compensation amounts while maintaining effective governance. Based on these goals, we have altered

the ratio of fixed compensation (i.e. base salary) and performance-linked compensation. In addition, the Compensation Committee has focused on deliberating how to handle the difference between executive compensation standards in Japan and overseas.

Fiscal 2021 marks the launch of the new Mid-term Management Plan, which is built upon three pillars: scale and dispersion, creation of new value for customers, and work-style reform. The Compensation Committee is focusing on examining what sort of executive compensation structure should be implemented in the future, both as a mechanism to provide the necessary incentives to achieving the plan, and to ensure the mission-driven working style permeates throughout the Group.

Compensation Committee Performance

The Compensation Committee met 11 times in Fiscal 2020. The main agenda items of the Compensation Committee in Fiscal 2020 were as follows.

Handling disparities in domestic and international executive compensation	<ul style="list-style-type: none"> The Group's executive compensation structure determines compensation based on role and mission of each individual, and we discussed how to deal with the differences in compensation levels that are based upon actual differences in markets in Japan and overseas. As a result of those discussions, it was decided that we would put in the effort to gain the understanding of stakeholders and resolve this issue in the mid to long term by disclosing the approach to determining executive compensation at the Company.
Group CEO performance-linked compensation	<ul style="list-style-type: none"> The Fiscal 2019 and 2020 efforts of the Group CEO were evaluated and payment ratios and amounts for performance-linked compensation were determined.
Group CEO strategic objectives and target compensation	<ul style="list-style-type: none"> The Group CEO strategic objectives for Fiscal 2019 and 2020 were judged and target compensation for Fiscal 2021 was determined based on those objectives.
Executive Officer performance-linked compensation	<ul style="list-style-type: none"> The Fiscal 2019 and 2020 efforts of Executive Officers were evaluated and payment ratios and amounts for performance-linked compensation were determined.
Executive Officers and Senior Vice Presidents strategic objectives and target compensation	<ul style="list-style-type: none"> The strategic objectives of Executive Officers and Executive Vice Presidents for Fiscal 2019 and 2020 were judged and target compensation amounts for Fiscal 2021 were determined based on those objectives.

Evaluating effectiveness of the Board of Directors

Improve Board of Directors effectiveness through the PDCA cycle

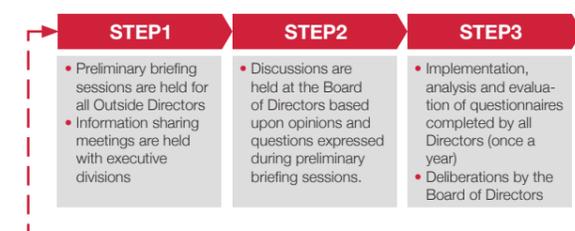
All Directors are keenly aware of the necessity to increase the effectiveness of the Board of Directors, and the Company has established a communication cycle of constant discussion and implementation year-round.

In order for the Board of Directors to engage in constructive and fulfilling discussions, a preliminary briefing session is held for all Outside Directors before each meeting of the Board, and the Board discusses the opinions and questions exchanged during that session. By unifying preliminary briefings with the Board of Directors meetings, the Company ensures that all discussions are information dense, and the viewpoints and opinions of Outside Directors are directly reflected in the meetings of the Board of Directors.

In addition, we also place an emphasis on actively incorporating the opinions of Directors through such efforts as ensuring they have the means to gain an independent

understanding of actual conditions within executive divisions, and by providing the opportunity to analyze and evaluate the effectiveness of the entire Board through an annual questionnaire given to Directors that includes a self-evaluation section.

The Company will continue to promote improvements to the governance system through efforts that ensure the Board of Directors functions better and through the PDCA cycle of evaluating effectiveness.



Results of the Effectiveness Evaluation of the Fiscal 2020 Board of Directors

Main points of evaluation in Fiscal 2020

- Expected role and function of the Board of Directors and its operational structure (e.g., effect and improvements of online meetings held in response to the spread of COVID-19)
- Status of discussions on topics that should have been discussed more thoroughly in the previous fiscal year (e.g., discussion among the Board of Directors when formulating the new Mid-term Management Plan)
- The governance system includes the decision-making and supervisory/monitoring functions of the executive divisions, and it optimally aligns with the Company's management and business strategies. Overall, it serves as a mechanism for enhancing the effectiveness of the Board of Directors through discussions on important management policies and fulfillment of preliminary briefing sessions held for each Board of Directors meeting.
- Even as its operation has become entirely remote in response to the spread of COVID-19, the system's extremely efficient and effective management has ensured sufficient time for discussions, and allowed for appropriate levels of explanation, deliberation, and resolution on the part of the executive divisions regarding agenda items.
- It was noted that sufficient discussions were able to be held regarding Fiscal 2020 topics that were deemed to require more thorough discussion*. In addition, free and open discussions regarding the formulation of the Mid-term Management Plan were held even outside of the Board of Directors, and they sufficiently reflected social viewpoints and the opinions of each Director. The necessary time was taken to hold meaningful talks, particularly regarding the important topic of work-style reform, and although the topic is quite comprehensive, it was determined that talks were developing well enough to progress onto concrete/execution phases. On the other hand, it was expressed that further discussion is needed on ESG and other initiatives, and it was suggested that, with an eye to future debate on management policies, there may be a better means of sharing awareness and deepening discussions with the executive divisions regarding the realization of becoming "A Theme Park for Security, Health and Wellbeing" and review of the Mid-term Management Plan.

*Important Fiscal 2020 topics deemed to require more thorough discussion

- Realization of the goal to become "A Theme Park for Security, Health and Wellbeing"
- Group ESG issues and countermeasures
- Reforms for the future environment, including reforms for with/after COVID-19
- Formulation of the next Mid-term Management Plan

Fiscal 2021 Board of Directors Operational Policy

Based on the results of the effectiveness evaluation of the Fiscal 2020 Board of Directors, and as a result of opinion exchange with Outside Directors and discussions with the Board of Directors, we recognize the following as topics thought to require more thorough discussion by the Fiscal 2021 Board of Directors and initiatives considered effective in allowing the Board to function better.

Topics requiring deeper discussion in addition to those presented in Fiscal 2020

- Evaluating and increasing value of invisible assets (branding, engagement, etc.)
- Policies for handling ESG-related issues
- Constructive communication with capital markets
- Construction of Real Data Platforms

Efforts that should be emphasized to ensure the Board of Directors functions better

- Sufficient communication between Directors and Executive Officers through the use of both face-to-face and remote methods
- Planned deliberations on important topics
- Clarification of matters that should be deliberated at Board of Directors meetings and effective utilization of preliminary briefing sessions
- Securement of mechanisms that contribute to better understanding of conditions within executive divisions through on-site inspections, multiple reporting lines, etc.
- Communication and information sharing between the Board of Directors and legally-mandated committees

Business Execution Framework

In the Company, Executive Officers make executive decisions on matters delegated by the Board of Directors and execute business under the overall supervision of the Group CEO and the Group COO. To improve corporate value across the entire group, the Company has built a matrix-style management system comprising vertical and horizontal axes. On the vertical axis, Business CEOs, who are heads of business segments, are delegated substantial authority to allow them to perform swift decision-making and business execution. On the horizontal axis, Group CxOs, who are the highest authority in their respective functional areas, oversee their area of responsibility on a Group-wide basis to ensure decision-making that is best for the Group and exercise functions laterally across the Group.

In addition, the Company has established Global ExCo as an advisory body to the Group CEO and the highest executive committee to discuss themes that significantly impact group-wide management strategy and business executive policy. Further, it also established the Managerial Administrative Committee (MAC) as an advisory body to the Group COO to discuss important matters related to the execution of business strategy and managerial administrative matters of the Company and Group Companies.

Business Owner System

As the chief executives of each business segment, Business CEOs are responsible for advancing plans for the entirety of their respective business segments while also helping build “A Theme Park for Security, Health & Wellbeing,” in order to contribute to the realization of the Group Management Philosophy and Group management plans. Accordingly, Business CEOs are endowed with significant authority related to areas such as business strategy formulation, investment decision-making, and human resource assignment as required to accomplish those objectives.

Since the introduction of the Business Owner system in April 2016, Business CEOs have been leading their business segments in implementing dynamic growth strategies and in taking flexible and responsive action to address issues through swift decision-making and business execution.

Group Chief Officer (CxO) System

Group CxOs oversee the group-wide operation of each functional area as a head of each function in the Group. In this capacity, they exercise their functions in the Group’s best interests, acting laterally across the Group based on the Group’s strategies and on their roles, functions, and responsibilities.

The Group CxO system was introduced in April 2017 to serve as a framework designed to promote strong, mission-driven leadership. The roles and functions as well as the skills and experience required of each Group Chief Officer are defined in the Group’s function portfolio. The roles and functions of Group Chief Officers as well as the number of officers and the fields for which officer positions exist are not set, but will rather be flexibly revised as the operating environment of the Group or the management issues it faces change.

Executive Officers and Senior Vice Presidents (Appointed by the Board of Directors)

Representative Executive Officers



Kengo Sakurada
Group CEO, Director
President and Representative
Executive Officer
(Concurrently serving as a director)



Shinji Tsuji
Group COO, Director
Deputy President and Representative
Executive Officer
(Concurrently serving as a director)

Business CEOs

Domestic P&C Insurance Business

Keiji Nishizawa
CEO of Domestic P&C Insurance
Business, Executive Officer
(President and Chief Executive
Officer at Sampo Japan
Insurance Inc.)

Overseas Insurance and Reinsurance Business

John R. Charman
CEO of Overseas Insurance and
Reinsurance Business,
Executive Officer
(Sampo International Holdings
Executive Chairman of the Board)

Domestic Life Insurance Business

Yasuhiro Oba
CEO of Domestic Life Insurance
Business, Executive Officer
(President and Representative
Executive Officer at Sampo
Himawari Life Insurance Inc.)

Nursing Care & Seniors Business

Satoshi Kasai
CEO of Nursing Care & Seniors
Business, Executive Officer
(Chief Executive Officer at
Sampo Care Inc.)

Digital Business

Koichi Narasaki
CEO of Digital Business, Group
CDO, Senior Executive Vice
President and Executive Officer
(Chief Executive Officer at Sampo
Light Vortex, Inc.)

Group Chief Officers

Nigel Frudd
Chairman of Overseas M&A,
Group CVCO, Senior Executive
Vice President
Overseas M&A / Value Communication

Masahiro Hamada
Group CFO, Group Co-CSO
Senior Executive Vice President
and Executive Officer
Finance / Strategy

Mikio Okumura
Group Co-CSO, Senior Executive
Vice President and Executive Officer
(Sampo International Holdings
Chief Executive Officer)
Strategy

Albert Chu
Group Co-CDO,
Senior Vice President
Digital

Shinichi Hara
Group CHRO, Executive Vice
President and Executive Officer
Human Resources

Hiroshi Omata
Group CDMO, Group CIO,
Executive Vice President and
Executive Officer
Data Marketing / IT

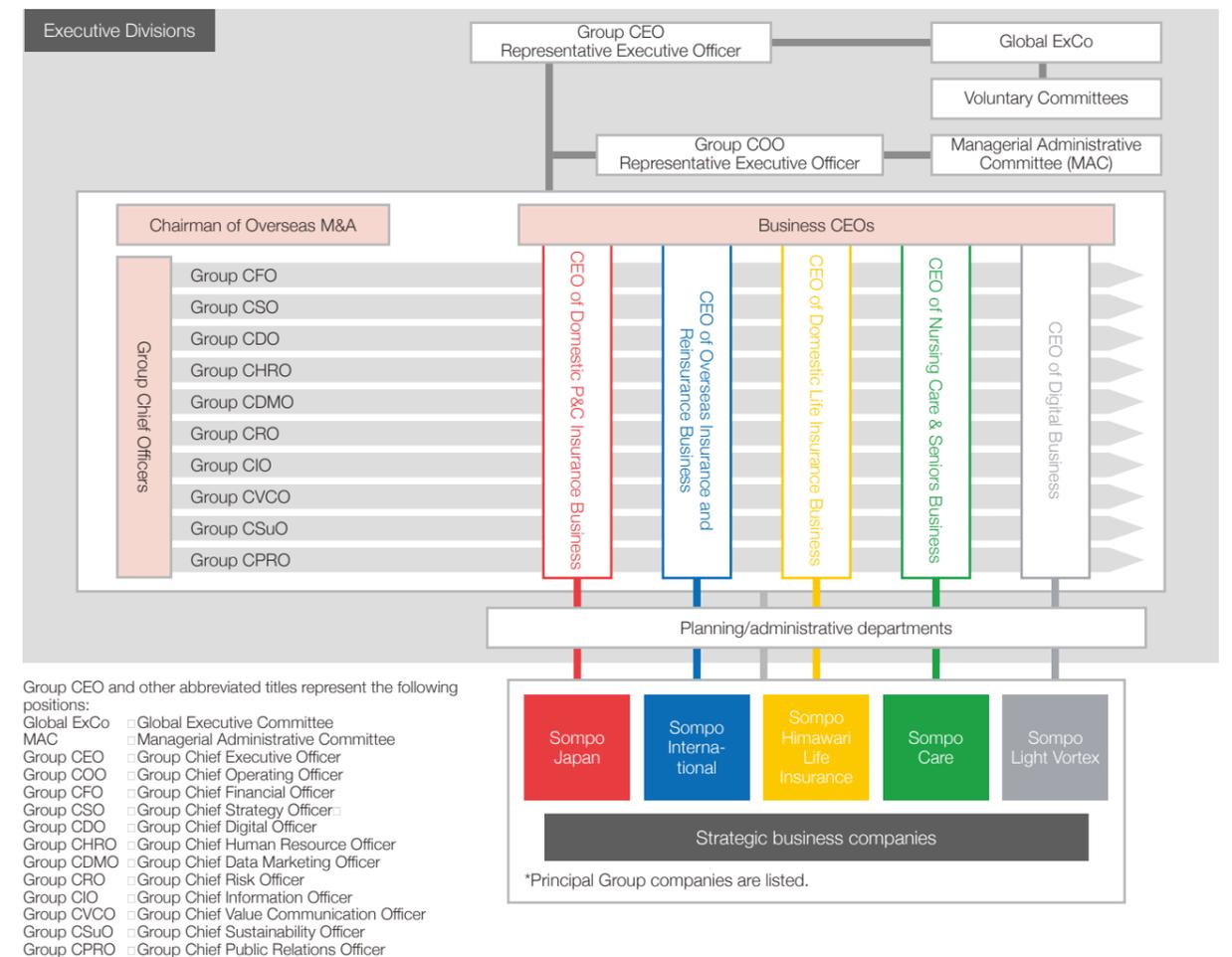
Yoshihiro Uotani
Group CRO, Senior Vice President
and Executive Officer
Risk Management

Ryoko Shimokawa
Group CSuO, Senior Vice President
and Executive Officer
Sustainability

Hirofumi Shinjin
Group CPRO, Senior Vice President
and Executive Officer
Public Relations

Management Structure

As of August 1, 2021



Decision-making process in executive divisions (Global ExCo, MAC)



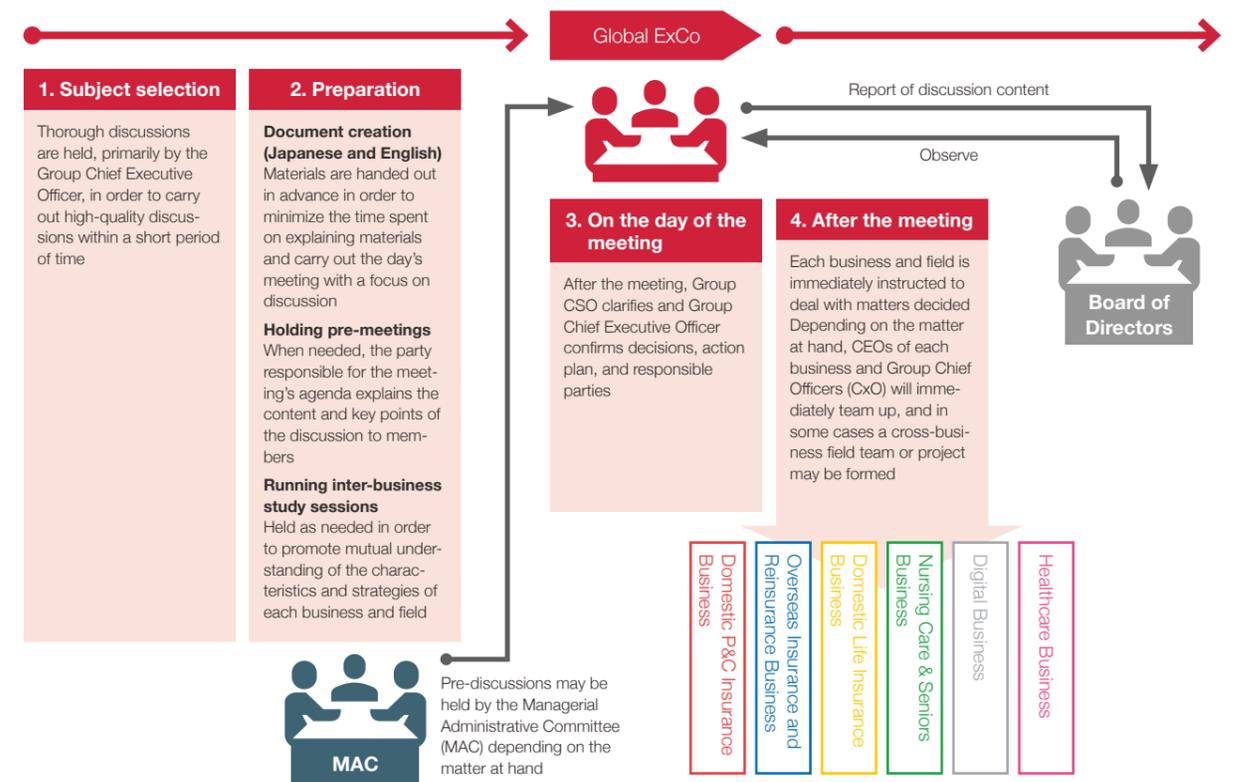
SOMPO has two executive meeting committees: Global Executive Committee (Global ExCo) and Managerial Administrative Committee (MAC). These two committees, within the scope of authority delegated to them by the Board of Directors, discuss important themes within the Group and advance decision-making in a prompt and appropriate

process under the following roles and functions. In principle, it is a policy to report matters delegated to the executive divisions to the Board of Directors. We also ensure transparency by ensuring a system for sharing information on execution of operations with Directors in various ways, by having Directors observe executive meetings.

Global ExCo
[Chairperson] Group Chief Executive Officer
[Members] Group Chief Executive Officer, Group Chief Operating Officer, CEO of Domestic P&C Insurance Business, CEO of Overseas Insurance and Reinsurance Business, CEO of Domestic Life Insurance Business, CEO of Nursing Care & Seniors Business, CEO of Digital Business, Chairman of Overseas M&A, Executive Officer in Charge of the Healthcare Domain, Group Chief Officers
[Frequency of Meetings] Six times per year in principle
[Role & Function] Comprised of diversified members, including overseas executive officers, Global ExCo discusses topics that have a significant impact on the Sompo Group's strategy, business operation policy, and other areas of business management. It is the highest-level committee of the executive divisions that makes prompt and appropriate high-level decisions. The content of discussions is not just reported to the Board of Directors, which oversees the executive divisions, but Directors themselves also observe the meetings, and opportunities for free discussion about key topics are also set up in order to ensure transparency in the decision-making process.

MAC
[Chairperson] Group Chief Operating Officer
[Members] Group Chief Operating Officer, CEO of Domestic P&C Insurance Business, CEO of Domestic Life Insurance Business, CEO of Nursing Care & Seniors Business, CEO of Digital Business, Executive Officer in Charge of the Healthcare Domain, Group Chief Officers, top executives of key domestic Group companies
[Frequency of Meetings] Every month
[Role & Function] Concrete discussions are held at the Managerial Administrative Committee (MAC), the advisory body of the Group COO, primarily about domestic business projects and managerial and administrative matters. Additionally, MAC also holds additional discussions based on the instruction of Global ExCo, such as prior discussions of Global ExCo meetings depending on the matter at hand. The two committees work together organically, with the content of MAC discussion immediately shared with Global ExCo members, including overseas executive officers.

Management of conference bodies centered on the Global ExCo



Key topics discussed at Global ExCo and MAC in FY2020

SOMPO's Purpose	New Mid-Term Management Plan	Domestic/overseas investment
New Work Style	Human resources (D&I) strategy	Digital strategy
		BCP-related

Succession Planning

1. Purpose of formulating succession plans

In order to realize further business reform and growth, the Sampo Group, which is promoting transformation to realize “A Theme Park for Security, Health & Wellbeing,” is working on the formulation of succession plans as part of a system to reliably and effectively promote high-quality personnel from diverse backgrounds to key posts leading such vision.

2. Target posts

Based on the importance in each business within the Group and the rarity of personnel replacement on the subject posts, a total of 81 key posts in the Group, including Group CEO, Group CxO, business owners, and other important posts in domestic and overseas businesses, are targeted in the succession plans.

3. Points for selecting candidates

Succession candidates are selected and evaluated in the following categories based on specified criteria for selecting candidates for each post from the viewpoint of expanding diversity. Candidates are developed according to the plans, while recruitment from outside of the Group is considered.

(1) Candidate category

Personnel who may assume a target post within 5 years	N (Next) personnel
Personnel who may assume a target post in 5 to 10 years	F (Future) personnel

(2) Criteria for selecting candidates to expand diversity of personnel pool

- Select five or more candidates for each of N personnel category and F personnel category for each post.
- Women need to account for 30% or more of candidates in N personnel category, as well as in F personnel category, for each post.
- Determine the age distribution ratio for candidates of each post.

4. Procedures for considering succession plans

Succession plans are based on evaluation criteria decided beforehand by the Nomination Committee. Succession candidates for each position are selected broadly from inside and outside the Company based on clearly stated skills and experience required for the “current” and “future” roles and functions of the position. The succession plans are drawn up using the diverse and deep insight of the members of the Nomination Committee, which also engages in proactive and constructive discussions about building up a pool of qualified and diverse candidates.



5. Coordination with appointment, placement, and development of executive officers and senior vice presidents

In order to effectively coordinate the formulated succession plans to the appointment, placement, and development of Executive Officers and Senior Vice Presidents of the Sampo Group, selected candidates are provided opportunities for dispatched training and given challenging assignments for the development of management personnel, so as to foster diverse management personnel based on the plans.

Policies for Appointment of Directors and Executive Officers

The appointment of Directors and Executive Officers is conducted in accordance with the following policies for appointment of Directors and Executive Officers. The candidates for Directors selected by the Nomination Committee are approved at the General Shareholders Meeting, and the candidates for Executive Officers are selected by the Nomination Committee and approved by the Board of Directors.

(1) Policies for the Appointment of Directors

The Company supervises and guides its subsidiaries, formulates business strategy for the Group that encompasses business strategies for subsidiaries that are engaged in the P&C insurance business and other various businesses, and is responsible for ensuring the execution and realization of these strategies.

From this perspective, the Board of Directors selects Outside Directors to facilitate objective decision-making with respect to management issues from a diverse and independent viewpoint and perspective with consideration of diversity such as gender and nationalities, and the majority of the Board of Directors consists of Outside Directors.

Additionally, the Directors are selected based on the selection criteria that incorporate the Comprehensive Guidelines for Supervision of Insurance Companies. Outside Directors are selected based on I. “Ability Requirements,” II. “Standards regarding Independence of Outside Directors,” and III. “Requirements for Terms of Office.”

For the purpose of carrying out substantive discussions, the number of Directors shall be limited to 15 (fifteen) in accordance with the Articles of Incorporation.

Note: In this policy, gender refers to all gender-related events, knowledge, and values, including the existence of the gender division of labor and LGBTQ.

① Ability Requirements

The Company selects Outside Directors from corporate executives, academic experts, and legal professionals who have a wide range of knowledge and experiences in various fields or individuals who have expert knowledge of finance and accounting.

In addition, the appointment shall require him/her to be in a position where he/she is able to devote the time and effort necessary to fulfill the role and responsibilities of Director appropriately.

② Standards regarding the Independence of Outside Directors

The Company will determine the independence from the Company of Outside Directors based on the matters set forth below:

- 1) Personal Relationships: A kinship between the candidate

and any officer or employee of the Group, status of mutual appointments of officers between the Company and the company which the candidate is originally from.

- 2) Capital Relationships: The holding of shares in the Company by the candidate and the status of shareholding by the Group.
- 3) Business Relationships: Business transactions or donations between the Group and the candidate.
- 4) Significant interests other than the above.

③ Requirements for Terms of Office

If the total terms of office as Outside Director or Outside Audit & Supervisory Board Member of the Company exceeds eight years, the Company will carefully consider whether there are any positive reasons for reappointment, and if there are any reasons, the Company shall not preclude reappointment.

(2) Policies for the composition and criteria for appointment of Executive Officers and Senior Vice Presidents

① Policies for the composition of Executive Officers and Senior Vice Presidents

The Company implements systematic development of managerial talent based on the succession plan. As for the composition of Executive Officers and Senior Vice Presidents as a whole, the Company places emphasis on diversity including gender, age, experience, and nationalities as well as the balance in the management team.

② Criteria for appointment of Executive Officers and Senior Vice Presidents

The Company selects Executive Officers and Senior Vice Presidents in accordance with the following criteria:

- Able to realize transformation based on SOMPO’s management philosophy and vision.
- Able to develop the next generation of leaders who will drive transformation
- Able to foster a culture in which employees have confidence and pride, and boldly take on challenges with high aspirations
- Is driven by one’s own mission and able to take action
- Has a high level of expertise and insight regarding the mission and roles to be assumed
- Has experience and a track record related to the mission and roles to be assumed
- Understands the value of diversity and is able to leverage it for value creation
- Has the ability to make fair and impartial judgments and to achieve goals
- Has a fair and honest personality

Outside director support system

The Corporate Legal Department of the secretariat of the Board of Directors and the departments in charge of each agenda item explain the content to the Outside Directors prior to meetings of the Board of Directors. Additionally, the Human Capital Department will assist the Outside Directors with the Nomination Committee and the Compensation Committee, and the Audit Committee Office will assist with

the Audit Committee, both functioning as Committee Offices.

In addition to providing Outside Directors with the Group’s newsletter, integrated report, IR presentation materials, and other materials, the Company also makes efforts to provide various types of information, such as by setting up opportunities for information sharing meetings by executive divisions.

Executive compensation structure

The Company regards its executive compensation structure as an important aspect of corporate governance. The executive compensation structure has been configured with the aim of increasing corporate value and sharing interests with shareholders. The executive compensation structure is based on the basic policies outlined below, and has been designed from an objective perspective by the Compensation

Committee, of which an outside director serves as Committee Chair.

The Company's Policies on Decisions Pertaining to Executive Compensation describes the Basic Policies on Executive Compensation, the composition of compensation and how it is determined for each position, and the details of each type of compensation.

Basic Policies on Executive Compensation (Common to Group Companies)

- (1) The level and system of compensation ensures acquisition and retention of top talent as the senior management team of the Sampo Group.
- (2) The executive compensation structure shall be consistent with business strategy and heightens the Directors' and Executive Officers' awareness of performance improvement for the Group's growth
- (3) Compensation shall reflect medium- to long-term results and initiatives of Directors and Executive Officers, not just performance in a single fiscal year.
- (4) Compensation shall be determined in accordance with the magnitude of the mission with a forward-looking mindset and accomplishments. Additionally, fixed factors associated with specific job title or position may be taken into consideration.
- (5) The compensation system of the Company and major subsidiaries shall have objectivity, transparency, and fairness to fulfill accountability to stakeholders through the deliberation process at the Compensation Committee of the Company.

1. Overview of executive compensation structure

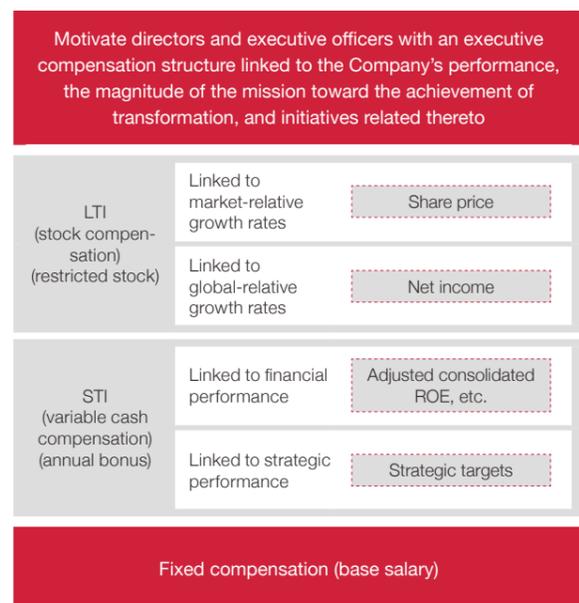
The Company considers the current Mid-term Management Plan as an opportunity for transformation of each business and the entire Group. Compensation for officers linked to the Company's performance, the magnitude of the mission toward the achievement of transformation, and initiatives related thereto are recognized as an important facet of corporate governance underpinning this transformation.

The Company, based on the principle of being mission-driven and results-oriented (a sense of mission and job satisfaction and working with a sense of personal involvement), is of the opinion that each officer should demonstrate and act in accordance with their own duties and mission. Compensation for these officers is not a fixed amount based only on their duties or position, but decided in accordance with the magnitude of the mission they are undertaking for the future and the outcome of their efforts. The executive compensation structure was designed with this philosophy in mind.

To realize this, the Company determines the standard amounts for total compensation packages based on the post grading system (rating by post) while setting grades for each post of officer with the Group CEO as the top, commensurate with the responsibilities that come with each such post. The standard amount for the total compensation packages for each officer is determined each fiscal year, reflecting the magnitude of the mission assigned to each post.

Meanwhile, the Compensation Committee deliberates and

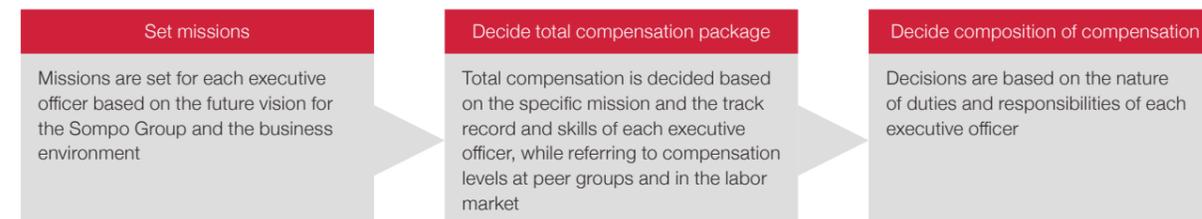
determines the amount and composition of the compensation for each director and executive officer of the Company, in accordance with the determination process and calculation methods described below.



a. Decision-making process for total remuneration packages

The Company sets compensation levels on an individual basis with consideration made to the magnitude of the mission assigned to each officer and their own personal performance.

This is in contrast to an approach whereby compensation is determined according to a traditional compensation table for each officer rank.



b. Composition of compensation for officers

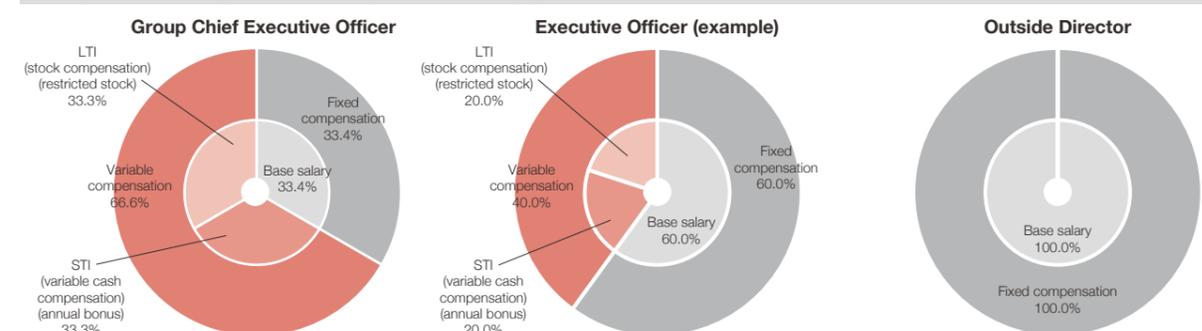
Compensation for officers consists of a fixed compensation (base salary) based on the duties and responsibilities of each officer and variable compensation linked to performance. Variable compensation comprises performance-linked compensation, which is compensation linked to short-term performance paid out on a fiscal-year basis in accordance with performance during each year, and LTI (stock compensation)

(restricted stock), which is long-term performance-linked compensation in order to increase the association between compensation and growth in corporate value over the medium- to long term. This composition is designed to motivate officers to make decisions based on longer-term earnings with a greater awareness of the share price, instead of focusing solely on a single fiscal year.

Overview of Executive Compensation System (Executive Officers and Senior Vice Presidents)

	Type of compensation	% of total		Remarks
		Group Chief Executive Officer	Other executive officers	
Fixed compensation	Base salary	33.4%	50~70%	<ul style="list-style-type: none"> Set for each individual in accordance with the responsibilities and duties of their post Cash compensation paid monthly
Variable compensation	STI (variable cash compensation) (annual bonus)	33.3%	15~25%	<ul style="list-style-type: none"> In addition to a set standard amount, payment is decided based on annual performance and achievements Assessment of each officer's achievement of financial and strategic targets Paid in cash in June after the conclusion of the fiscal year
	LTI (stock compensation) (restricted stock)	33.3%	15~25%	<ul style="list-style-type: none"> Number of shares granted based on medium- to long-term performance in order to align management with the interests of shareholders and facilitate the longer-term growth of the Group Reference is made to the profit growth rates of peer companies and share price performance relative to TOPIX over the past three fiscal years Points based on a trust agreement are awarded in September after the conclusion of the fiscal year. Stock is granted after retirement
	Subtotal	66.6%	30%~50%	
	Total	100%	100%	

Example of the compensation composition ratio by position



Executive compensation structure

c. Concepts on each of the compensation types and calculation method

■ Fixed compensation (base salary)

The Company sets fixed compensation (base salary) in accordance with the responsibilities of the post assigned to each officer, and paid in equal amounts each month, in principle.

The amount of fixed compensation (base salary) is set at a level deemed fair in light of prevailing compensation levels on the market, referring to a survey of compensation for officers

■ STI (variable cash compensation) (annual bonus)

The Company has put in place a performance-linked compensation system that rewards officers based on the business contributions they made in a single fiscal year, as a framework that incentivizes officers to improve performance for the sake of the Group's growth, while aligning the executive compensation structure to business strategies. A summary is as follows. To ensure that compensation reflects degrees of achievement in relation to both financial performance and strategic performance targets associated with management plans in a balanced manner, the Company revised annual bonuses so that they comprise financial performance-linked compensation and strategic performance-linked compensation. Moreover, to provide stronger incentives the Company has set the range of variation of the coefficient that is applied based on the degree of achievement of strategic objectives, which are set in accordance with the mission of each executive, to 0%–200%.

- Performance-linked compensation is determined by reflecting the degree of achievement toward financial targets and strategic targets in a single fiscal year in the target amount of performance-linked compensation.

conducted by a third-party compensation consulting firm, with a standard amount for the total compensation package based on the post grading system, as well as a base amount that depends on the nature of the duties and responsibilities of each officer while considering the mission of each post.

- The target amount of performance-linked compensation is defined as the amount to be paid when financial targets and strategic targets are achieved. This base amount is determined for each officer individually.
- Performance-linked compensation consists of financial performance-linked compensation and strategic performance-linked compensation. The ratio of the two components is determined by the Compensation Committee in accordance with the nature of the mission assigned to each officer.
- The performance metrics for financial targets include adjusted consolidated ROE in the fiscal year, and the coefficient is determined as a ratio of actual performance to target performance (numerical targets in the business plan).
- The performance metrics for strategic targets are those agreed upon by the Group CEO, or other senior executives (such as CEOs of businesses) in charge of evaluating performance, in accordance with the mission assigned to the officer in question, and the coefficient is set according to the degree of achievement.



Notes: 1. If the targeted financial performance is achieved, the financial target coefficient is 100% in the calculation of the target amount of compensation. The payment amount scales to the achievement of financial targets, proportionally ranging from 0% to 100%, and from 100% to 200%.
2. The graph above is an example of the relationship between target achievement and actual payment.

Strategic targets	
Level	Rate of achievement
Results better than expected	200%
	175%
	150%
Results as expected	125%
	100%
Results worse than expected	75%
	50%
	25%
	0%

*The appropriate coefficient will be multiplied in accordance with the rate of achievement of strategic targets established for each officer. "100%" denotes the case when strategic targets have been met, with 200% being the maximum and 0% being the minimum.

■ Indicators used for performance-linked compensation

The table on the right shows a summary of financial targets used to determine performance-linked compensation. Financial targets are set for each business that is overseen by an executive officer. Strategic objectives are set for each executive officer.

Notes: 1. Net premiums written (P&C insurance) for the Domestic P&C Insurance Business excludes amounts relating to CALI and household earthquakes.
2. The E/I combined ratio for the Domestic P&C Insurance Business is the standalone figure for Sompo Japan, excluding CALI and household earthquake.

Business domain	Financial indicators (fiscal 2021)
Entire Group	Adjusted consolidated profit, adjusted consolidated ROE
Domestic P&C Insurance Business	Net premiums written (P&C insurance), adjusted profit, ROE by business, E/I combined ratio, Net income
Domestic Life Insurance Business	Amount of increase in adjusted EV, adjusted profit, ROE by business, number of policies in force
Nursing Care & Seniors Business	Revenue, adjusted profit, ROE by business

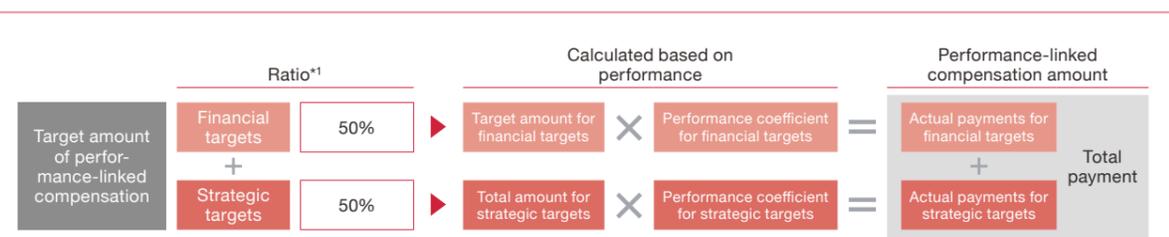
■ LTI (stock compensation) (restricted stock)

The Company believes that it is critical for the Group as a whole to grow sustainably over the long term. As such, the Company introduced, at the General Meeting of Shareholders held in June 2016, a LTI (stock compensation) (restricted stock), for the purpose of increasing awareness of contribution to improve medium- to long-term performance and increase corporate value, by clarifying further the relationship between the compensation to the Sompo Group's officers and the performance/stock value, and by having the officers share with the stockholders not only the benefits arising from rising share prices of the Sompo Group but also the risks associated with falling share prices.

This compensation mirrors the Company's medium- to long-term performance. This stock-based compensation depends on the Company's share price performance relative to TOPIX (stock value), as well as the Company's rate of growth in net income compared with growth rates at global peers with operations centered on the insurance business

(consolidated performance).

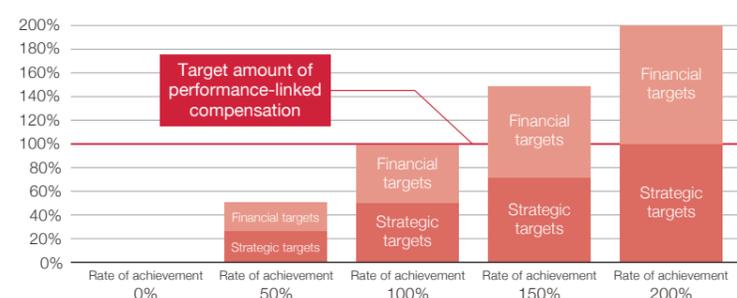
- LTI (stock compensation) (restricted stock) is determined using market comparisons for medium- to long-term stock value and consolidated performance, expressed as a number of standard points for performance-linked stock compensation.
- The market correlation index coefficient for stock value is determined by referring to the Company's share price performance relative to TOPIX over the past three fiscal years.
- The global correlation index coefficient for consolidated performance is determined by comparing the Company's growth rate in consolidated net income over the past three fiscal years with the profit growth rates of global peers with operations centered on the insurance business.
- With respect to the coefficient for LTI (stock compensation) (restricted stock), the average value over the past three fiscal years is divided by the figure of the base year and then reflected in the number of points granted.



1: The ratio of the financial targets to strategic targets is 50:50, and then is adjusted for each executive officer in accordance with their duties.

Examples of Performance-Linked Compensation Payment Level by Achievement Percentage*2

The actual payment for STI fluctuates between 0% and 200% of the target amount for STI depending on the level of achievement of financial targets and strategic targets by each executive officer.



*2 The chart on the right shows a ratio of 50:50 for financial objectives to strategic objectives, with achievement percentages equally distributed between both for illustration purposes.

Executive compensation structure

2. For each officer classification—total compensation, total compensation by type, and the number of eligible executives (FY2020)

In this fiscal year, for each officer classification, total compensation, total compensation by type, and the number of eligible executives were as follows.

Officer classification	Total compensation (¥ million)	Total compensation by type (¥ million)				No. of eligible executives
		Fixed compensation (base salary)	Retirement benefits, etc.	STI (variable cash compensation) (annual bonus), etc.		
				Monetary compensation	Non-monetary compensation	
				STI (variable cash compensation) (annual bonus)	LTI (stock compensation) (restricted stock)	
Directors (excluding outside directors)	56	51	—	2	2	4
Outside Director	146	146	—	—	—	10
Executive Officer	1,955	889	—	831	234	17
Total	2,158	1,087	—	834	236	29

Notes: 1. The total compensation, total compensation by type, and the number of eligible executives include that of two Directors who resigned at the end of the 10th General Meeting of Shareholders held on June 22, 2020.
 2. The total compensation of the two Directors who concurrently serve as executive officers is separated into Director compensation and executive officer compensation and included in the total compensation for both. The overall total number of eligible executives and the total number of eligible executives for each classification are therefore different.
 3. Among STI (variable cash compensation) (annual bonus), performance-linked compensation is paid in cash and is the total of compensation based on performance in the previous fiscal year, and provisions to reserves for compensation based on performance in the fiscal year in question. (However, this excludes provisions to reserves for the previous fiscal year.) LTI (stock compensation) (restricted stock) is a non-monetary compensation, and is the amount of provisions to reserves for stock benefits recognized as the portion for the fiscal year in question, based on performance in the previous fiscal year.
 4. All compensation of directors and executive officers is from the insurance holding company. There is no compensation from the parent company of the insurance holding company.

3. Total consolidated compensation of individual executives (FY2020)

Executives who received compensation totaling not less than ¥100 million from the Company and its consolidated subsidiaries were as follows.

Name	Total compensation from the Company and its consolidated subsidiaries (¥ million)	Officer classification	Company category	Total compensation by type from the Company and its consolidated subsidiaries (¥ million)			
				Fixed compensation (base salary)	Retirement benefits, etc.	STI (variable cash compensation) (annual bonus), etc.	
						Monetary compensation	Non-monetary compensation
				STI (variable cash compensation) (annual bonus)	LTI (stock compensation) (restricted stock)		
Kengo Sakurada	400	Director	The Company	6	—	1	1
		Executive Officer	Sompo Japan Insurance Inc.	143	—	154	92
Shinji Tsuji	107	Director	The Company	6	—	1	1
		Executive Officer	Sompo Himawari Life Insurance Inc.	60	—	18	19
		Director	The Company	—	—	—	—
Keiji Nishizawa	151	Executive Officer	The Company	—	—	—	—
		Director	Sompo Japan Insurance Inc.	78	—	35	37
John R. Charman	341	Executive Officer	The Company	138	—	203	—
		Director	Sompo International Holdings Ltd.	0	—	—	—
Nigel Frudd	175	Executive Officer	The Company	175	—	—	—
Mikio Okumura	100	Executive Officer	The Company	55	—	18	26
		Director	Sompo International Holdings Ltd.	—	—	—	—

Notes: 1. Regarding performance-linked compensation, compensation paid based on performance in the previous fiscal year, has been included. Provisions to reserves in the fiscal year in question, have not been included.
 2. The compensation of John Charman is paid in U.S. dollars. The foreign exchange rate from U.S. dollars to Japanese yen at the time of the remittance of fixed compensation (base salary) is used. The rate for performance-linked compensation is either the rate at the time of remittance or the rate converted internally at the end of Fiscal 2019, depending on the type of compensation.
 3. Compensation for Nigel Frudd includes expenses related to partial supplementation for income tax.
 4. Nigel Frudd is paid his fixed compensation (base salary) in U.S. dollars. The foreign exchange rate from U.S. dollars to Japanese yen at the time of the remittance is used. Expenses related to partial supplementation for income tax are paid in British pounds. The foreign exchange rate from British pounds to Japanese yen converted internally at the end of Fiscal 2020 is used.

Enterprise Risk Management (ERM)

ERM as the “Compass of Management”

In the “new normal” society, we are surrounded by increasingly uncertain risks – the upward trend in frequency of large-scale natural disasters caused by climate change, and the growing threat of cyber attacks, to name just two. In this era of VUCA, ERM’s role no longer simply entails taking measures to avoid loss. Increasingly, ERM is expected to “navigate” an optimal course for the Group by reducing the opportunity loss that it could incur as a result of mistimed

new investments or other miscalculations.

In this sense, ERM acts as the Compass of Management in the voyage across the rough, unpredictable ocean of VUCA, helping us to realize SOMPO’s Purpose by providing these three key functions: (1) Correct understanding of the Group’s current position; (2) Sensitive detection of potential risks; and (3) Clear indication of the route the Group should take.

The evolution of ERM to enable realization of A Theme Park for Security, Health & Wellbeing

The Sompo Group aims to improve resilience, primarily in our insurance business, by accelerating initiatives toward “Scale and Diversification.” We will also contribute to addressing social challenges and strive for long-term profit growth by creating new customer value. Through these initiatives, the Group is working towards the realization of A Theme Park for Security, Health & Wellbeing. We are striving to develop an ERM framework that supports these efforts: rather than just extending our existing insurance-based paradigm, we are evolving the framework so that it is fully adapted to our new business models.

To effect this ERM evolution, we aim to establish quantitative and qualitative risk management frameworks for the non-insurance businesses of digital and healthcare, based on the expertise accumulated in the insurance and nursing businesses. We also aim to contribute to business development, leveraging our analysis of the shifting risk landscape in the “new normal” world – climate change, rapid digitalization, for example – to identify new business opportunities and services to reduce threats that our customers face; these might include disaster prevention, mitigation, response and recovery services, for example.

Enterprise Risk Management (ERM) of the Sompo Group

Functioning as a management framework that aims to maximize corporate value while balancing capital, risk, and return, the Group ERM system has two aspects: “execution strategy for risk-taking” and “risk control to provide a stable business foundation.”

1. Risk Appetite Framework

To execute effective strategic risk-taking, we use analysis of capital, risk, and return, based around the risk appetite framework, for important management decisions.

The risk appetite framework is a system for increasing the certainty of achieving goals, by identifying which risks to take and which to avoid, in progressing towards realization of the vision set out in SOMPO’s Purpose, the management philosophy, and the Group management plans.

Each business formulates management plans in alignment with the Sompo Group Risk Appetite Statement (▶ P.103), which indicates the direction of risk-taking by the Sompo Group. SOMPO Holdings reviews these plans and monitors progress towards achievement.

2. Risk Control System

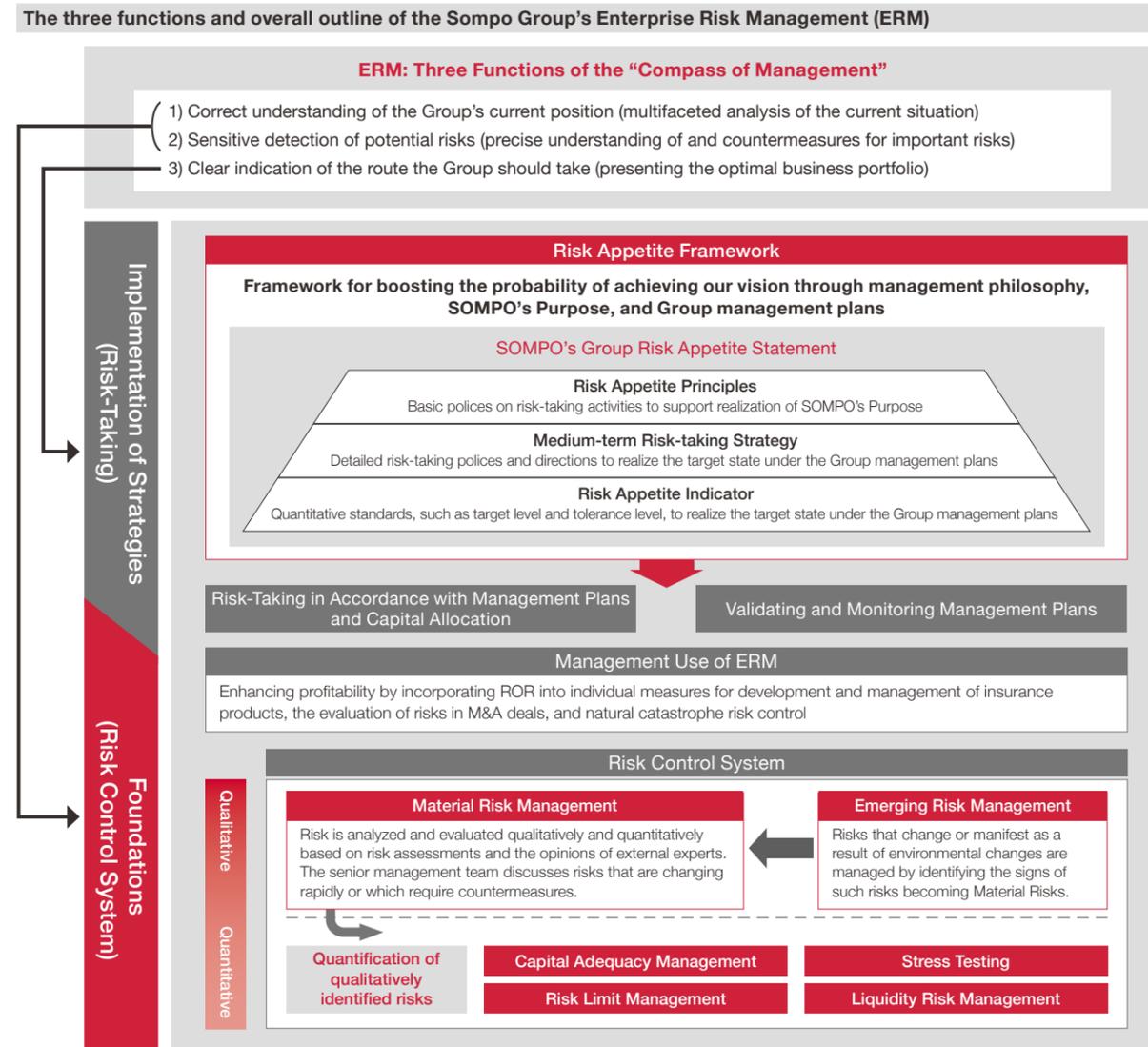
For effective risk control, the Sompo Group aims to minimize unexpected losses and stabilize profits using frameworks that identify, analyze, and evaluate the diverse risks that the Group faces.

(1) Material Risk Management

The Group defines risks that could have significant impact on the business as material risks; these are identified and assessed through an exhaustive process. Such risks are comprehensively managed by the Group CRO based on this risk assessment and expert insight, considering concrete risk scenarios that could impact the Group. Risks are evaluated in both qualitative and quantitative terms, assessing the frequency of occurrence, and the severity of impact across three risk dimensions – economic loss, business continuity, and reputational damage.

Additionally, the Group defines emerging risks as those that are not currently material but which, due to environmental changes, have potential to become material in future. We identify these risks through a variety of information sources and through dialogue with domestic and foreign experts, and then we establish appropriate monitoring and management protocols. For emerging risks with significant expected impact, we consider them not only from the viewpoint of mitigating losses, but also from the viewpoint of seeking new business opportunities through creation of insurance products and services to address these risks. For these reasons, we monitor, research, and study emerging risks on a Group-wide basis.

Enterprise Risk Management (ERM)



Key material risks for the Sampo Group

Degree of impact	Very large		● Pandemic	
	Large	● Leakage of customer information (frequency: N/A)	● Climate change ● Market risk ● Japan earthquake ● Business continuity	
	Medium	● Cyber (frequency: N/A)	● Competitive environment ● ESG risk ● Human Resources ● Conduct risk ● Japan wind and flood ● Overseas Nat Cat	● Regulatory change ● Third party ● IT failure and cyber damage ● Misconduct and leakage of confidential information
	Small			● Geopolitical risk
		N/A (cannot be assessed), small	Medium	Large, very large
		Probability of Occurrence		

(2) Capital Adequacy Management

We quantify the various types of risks that we face using value at risk (VaR) as a unified risk metric. We take management measures as necessary to ensure that capital is maintained at an adequate level relative to risks.

(3) Stress Testing

To accurately identify and manage the events that may have a significant effect on the management of the Sampo Group, we calculate the level of impact that will eventuate if a particular stress scenario occurs. The scenarios considered include, for example, large-scale natural catastrophes, and financial market turmoil. We analyze the impact on capital and risk, and implement measures to address each event as necessary.

(4) Risk Limit Management

To avoid incurring outside losses from the occurrence of specific events, the Group sets and manages maximum limits, on a Group-wide basis, for risks such as credit risk, reinsurance risk, and overseas natural catastrophe risk.

(5) Liquidity Risk Management

In addition to projecting cash requirements for day-to-day operations, we project the maximum cash outflows that could result from events such as a large-scale natural catastrophe. We then conduct management to ensure we have sufficient liquid assets to meet cash requirements in these scenarios.

Formulation of the Sampo Group Risk Appetite Statement

Alongside the formulation of the new Mid-Term Management Plan, we have reviewed the Group risk appetite, formulating the Sampo Group Risk Appetite Statement to clearly identify which risks that the Group should take, and which to avoid – both in quantitative and qualitative terms. The statement comprises: the Risk Appetite Principles, which are based on SOMPO's Purpose; the Medium-term Risk-taking Strategy, which aligns with the new Mid-Term Management Plan; and the Risk Appetite Indicator, which defines quantitative standards for realizing our target state. It also outlines appetite, position, and target standards by each risk category.

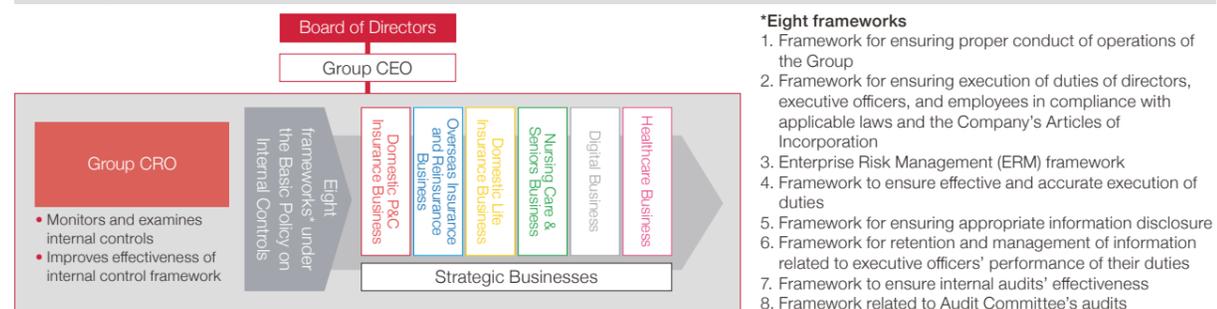
Risk Appetite Principles		
<ul style="list-style-type: none"> • We aim to maximize corporate value by controlling the balance between capital, return and risk appropriately, improving capital efficiency and profit stability, and expanding Group profit. • We maintain a strong financial soundness to provide sustainable service and social value to as many customers as possible for the future by appropriately capturing and controlling risks that are becoming more complex and diverse. • We build a global and well-balanced business portfolio for the safety, security and wellbeing of our customers in the insurance and nursing-care fields, diversifying the source of profits, growing and stabilizing profits by diversifying risks, and improving capital efficiency. In order to improve profitability through generating medium- and long-term value, we actively take risks in new business fields, leveraging M&A, and aiming to provide solutions that create social value and to significantly increase our corporate value. 		
Medium-term Risk-taking Strategy		
<ul style="list-style-type: none"> • We shall aim to achieve adjusted consolidated profit of more than ¥300bn and adjusted consolidated ROE of 10% or more in the early 2020s by securing stable returns so that the Group's growth is sustainable. • In the insurance business, to pursue "Scale and Diversification," we shall increase insurance underwriting in overseas advanced economies, while controlling the impact of Nat Cat risks on profit fluctuations. Also, we shall promote asset management to gain return while also reducing stock risk and interest rate risk. • In the non-insurance business, we shall aim to create businesses by actively investing in the establishment of the Real Data Platform and related fields to 'Generate new customer value'. 		
Risk Appetite Indicator		
<ul style="list-style-type: none"> • The Risk Appetite Indicator defines quantitative standards, such as target levels and tolerance standards, for realizing our vision, as outlined in the Group management plans. The table below shows some examples. 		
Indicator	Purpose	Criteria
Target capital level	Appropriate capital level for the group strategy	Group ESR: from 200% to 270%
Risk tolerance	The level of financial soundness necessary for the Group's strategy	Group ESR: 150% ESR for insurance companies: 120% ESR for non-insurance companies: 100%
	Minimum level of financial soundness necessary for business continuity	ESR for domestic insurance subsidiaries: 100%
Risk diversification ratio	Measures to evaluate the degree to which profit stability has been strengthened	Improvement compared to the ratio in FY2020
Overseas business ratio		30% or More

Group Internal Controls

The Company has established the Basic Policy on Internal Controls to guide the development and ongoing improvement of the Group-level internal control framework and form business foundations for ensuring appropriate Group operations and improving corporate value.

To ensure that the eight frameworks described under the Basic Policy on Internal Controls can function efficiently and effectively, the Board of Directors appropriately monitors and reviews the status and issues of the Group's internal controls with the aim of enhancing the framework.

The Sampo Group Internal Control Framework



Commitment to Compliance

The Company has formulated various policies, such as the Group Basic Policy on Compliance, as well as the Group Compliance Code of Conduct, and is raising awareness of these policies among Group officers and employees. We also anticipate various compliance-related risks and work to prevent such risks from manifesting themselves so that each Group company can increase the effectiveness of compliance initiatives based on these policies.

For example, to counter risks in regions where overseas countries' laws (laws and regulations other than those of Japan or the country in which we do business) apply, we use the Group's internal and external networks to gather information regarding revisions to laws and regulations in countries and regions around the world, and then confirm the matters requiring responses. We provide this information to Group companies in Japan and overseas, supporting their readiness in terms of compliance.

In addition, we are working to introduce data analytics

and strengthen our internal whistleblowing system to identify potential risks of inappropriate actions.

While the Group has positioned the insurance business at its core, it has been expanding into new business areas such as the Nursing Care & Seniors Business, Digital Business, and Healthcare Business. The Company has also been carrying out initiatives to create new businesses and transform existing businesses through partnerships and the use of new digital technologies and data. When developing frameworks, it is necessary to consider not only the relevant laws but also the business characteristics, scale, and operating conditions of each Group company, as well as the potential risks they face. As such, in addition to requiring reports from each Group company, our members participate in Group companies' meetings, and vice versa. We work to understand the conditions at each Group company and share information via company visits, helping us support the development of frameworks at Group companies.

Developing the Group's Internal Audit Framework

The Company has established the Sampo Group Basic Policy on Internal Audits, which defines internal audits as processes for assessing the internal control framework and providing recommendations on methods for its improvement. Accordingly, the Company endeavors to develop an efficient and effective internal audit framework that spans the entire Group, and makes efforts to enhance corporate value and meet the expectations of stakeholders by conducting risk-based internal audits that take into account business

characteristics and business strategies.

Specifically, the Company enhances its monitoring functions and takes a flexible approach to the auditing of changing risks. In conjunction with these efforts, the Company supports Group companies in developing their own internal audit frameworks by evaluating the quality of internal audits and recommending ways of rectifying the issues identified at each company.

IT Governance

Evolving the IT systems of Group companies requires processes based on the regulations of each country and industry in which we operate. Other management processes are also kept in line with international standards. Group synergies are also being pursued by reducing system costs and risks

by standardizing systems and appropriately assigning and training IT personnel. By upgrading our IT architecture to reflect present and future digital trends, we will update system infrastructure in order to execute strategic digital projects.

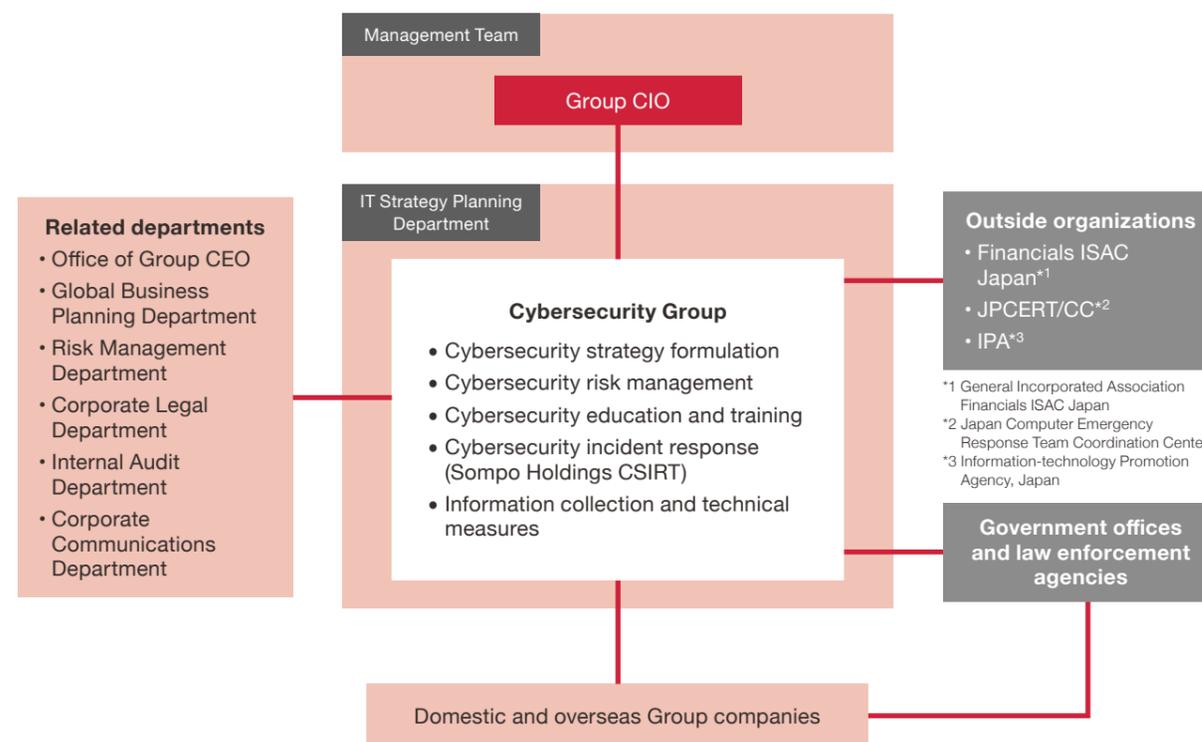
Responses to Cyber Risks

To provide security and safety to all of our customers, business partners, and shareholders, it is essential to develop initiatives for tackling cyber risks, which are increasing in step with the evolution of technologies and changes in environments. The Company established the Sampo Group Basic Policy on Cybersecurity, and is working across the entire Group to develop an efficient and effective cyber risk management framework based on the understanding that dealing with cybersecurity is the social responsibility of companies.

Additionally, as part of efforts to address cyber risks that become more advanced and complex on a daily basis, the company has established the Cybersecurity Group as a specialist organization under the Company's IT Strategy Planning Department to formulate cybersecurity strategies and

strengthen security across the Group. This team of experts has assumed the capabilities of the Sampo Holdings CSIRT (Computer Security Incident Response Team) and works with the cybersecurity managers of Group companies to manage cyber security risks on a day-to-day basis and in emergencies. One of the team's main missions is to increase the level of maturity in the management of security risks throughout the Group.

The company will proactively embed cyber security in business strategies and IT strategies, transforming security into a source of competitive superiority in each of its businesses while also realizing digital transformation in a safe and secure manner.



Directors



Kengo SAKURADA

Shinji TSUJI

Toshihiro TESHIMA

Scott Trevor DAVIS

Kazuhiro HIGASHI

Takashi NAWA

Misuzu SHIBATA

Meyumi YAMADA

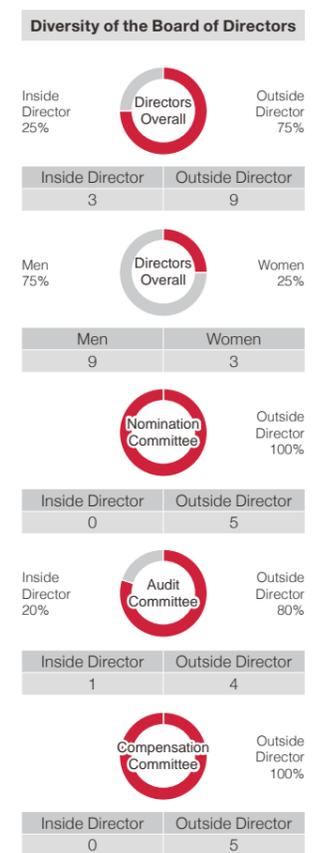
Naoki YANAGIDA

Hideyo UCHIYAMA

Isao ENDO

Kumi ITO

Name	Kengo SAKURADA	Shinji TSUJI	Toshihiro TESHIMA	Scott Trevor DAVIS	Kazuhiro HIGASHI	Takashi NAWA		Misuzu SHIBATA	Meyumi YAMADA	Naoki YANAGIDA	Hideyo UCHIYAMA	Isao ENDO	Kumi ITO
Reappointment/ New appointment	Reappointment	Reappointment	New appointment	Reappointment	Reappointment	Reappointment		Reappointment	New appointment	Reappointment	Reappointment	Reappointment	New appointment
Positions	Director	Director	Director	Independent Outside Director	Independent Outside Director	Independent Outside Director		Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director
			Audit Committee	Nomination Committee Compensation Committee	Nomination Committee Compensation Committee	Nomination Committee Compensation Committee		Nomination Committee Compensation Committee	Nomination Committee Compensation Committee	Audit Committee	Audit Committee	Audit Committee	Audit Committee
Expected roles, skills and areas of expertise for directors													
1) Business strategy	•	•	•	•	•	•		•	•	•	•	•	•
2) Global management	•	•	•	•	•	•		•	•	•	•	•	•
3) ESG, SDGs	•	•		•	•	•		•		•	•		
4) Transformation strategies	•			•	•	•			•			•	•
5) Digital	•					•			•			•	•
6) HR strategy	•		•	•	•	•					•	•	•
7) Finance, accounting	•	•	•		•	•			•		•	•	•
8) Corporate governance	•	•	•	•	•	•		•	•	•	•		
9) Legal, risk management	•	•	•		•			•		•			



*Details of each skill and area of expertise are as follows.
 Items 1) and 2): Skills and areas of expertise where all Directors are expected to provide useful advice and supervision to the executive sector
 Items 3) through 9): Skills and areas of expertise where each Director is expected to provide useful advice and supervision to the executive sector based on professional knowledge gained through his or her specific insight and experience
 The above table shows skills and areas of expertise particularly expected for each director and does not indicate all of the skills and areas of expertise possessed by each director.

Directors and Executive Officers

Directors



Kengo Sakurada
Director
(Born February 11, 1956)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2020)
Attended 10 out of 10 Board of Directors meetings

Career Summary

Joined Yasuda Fire & Marine Insurance Co., Ltd. in April 1978. Gained experience in P&C insurance business integration, alliances, planning, sales and systems, as well as having enjoyed a global career in international financial institutions before being appointed Director and Managing Executive Officer of Sampo Japan Insurance Inc. in 2010. In 2012, he took over as the Company's Representative Director, President, and Executive Officer, and currently oversees management of the entire Group as Group CEO. Appointed Chairman of the Japan Association of Corporate Executives in 2019. Took current position in 2019 (Group CEO, Director, President, and Representative Executive Officer)



Shinji Tsuji
Director
(Born December 10, 1956)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2020)
Attended 10 out of 10 Board of Directors meetings

Career Summary

Joined Yasuda Fire & Marine Insurance Co., Ltd. in April 1979. Experience in P&C insurance accounting, public relations, CSR, sales, and more, and is in charge of Group company management, accounting, and finance, etc. Appointed Representative Director in 2014. Was made Group CFO in 2017, and Group COO in January 2019. Took on the concurrent post of Chief Brand Officer (CBO) in April 2019. Appointed to current position in April 2021 (Group COO, Director, Deputy President, and Representative Executive Officer).

Directors



Misuzu Shibata
Director (Outside)
Member of the Nomination Committee and the Compensation Committee
(Born July 25, 1974)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2020)
Attended 8 out of 8 Board of Directors meetings, 10 out of 10 Nomination Committee meetings, and 10 out of 10 Compensation Committee meetings
*Registered as Misuzu Koyama on family register.

Important Concurrent Positions

Attorney-at-law / Outside Director at Delica Foods Holdings Co., Ltd. / Outside Director at Space Value Holdings Co., Ltd.

Reason for Appointment

Has a wealth of knowledge and experience as an attorney and experience working at the Financial Services Agency, and uses her expertise and knowledge to enhance supervision and decision-making in the Board of Directors at the Company. Appointed to current position at the Company in June 2020.



Meyumi Yamada
Director (Outside)
Member of the Nomination Committee and the Compensation Committee
(Born August 30, 1972)

Newly Appointed

Important Concurrent Positions

Director at istyle Inc. / Outside Director at Japan Post Insurance Co., Ltd. / Outside Director at Seino Holdings Co., Ltd.

Reason for Appointment

In addition to experience in entrepreneurial and operations managerial experience, has rich practical experience in digital and other forms of marketing. Has served as a member on a number of government-related telecommunications and industrial structure committees for the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry, so has extensive knowledge in policy planning and formulation. Actively promotes women in the workplace, and provides valuable advice on diversity and inclusion, an important part of our corporate strategy. Appointed to current position at the Company in June 2021.



Toshihiro Teshima
Director
Member of Audit Committee
(Born October 24, 1960)

Newly Appointed

Career Summary

Joined Yasuda Fire & Marine Insurance Co., Ltd. in September 1992. Has many years of experience in the finance and legal departments of the P&C insurance business, and as Director of the Company, has been in charge of personnel and insurance services departments. Was appointed Director and Managing Executive Officer of Sampo Japan Nipponkoa in 2018. Made a Senior Advisor of Sampo Japan Insurance Inc. in April 2021. Appointed to current position at the Company in June 2021.



Scott Trevor Davis
Director (Outside)
Chair of the Nomination Committee and Member of the Compensation Committee
(Born December 26, 1960)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2020)
Attended 10 out of 10 Board of Directors meetings, 11 out of 11 Nomination Committee meetings, and 11 out of 11 Compensation Committee meetings

Important Concurrent Positions

Professor of the Department of Global Business, College of Business, Rikkyo University
Member of the Board of Bridgestone Corporation (Outside Director)

Reason for Appointment

Able to offer a broad range of insight as an academic, particularly regarding management advice for the Company through the research he conducts at university into business strategy theory. Also provides multifaceted advice from a global perspective. Appointed to current position at the Company in June 2014.



Naoki Yanagida
Director (Outside)
Chair of the Audit Committee
(Born February 27, 1960)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2020)
Attended 10 out of 10 Board of Directors meetings, and 12 out of 12 Audit Committee meetings

Important Concurrent Positions

Attorney-at-law / Member of the Audit & Supervisory Board at YKK Corporation (Outside Auditor) / Outside Director at Kusuri No Aoki Holdings Co., Ltd.

Reason for Appointment

Has a wealth of knowledge and experience as an attorney and was appointed Outside Auditor at the Company in 2014. Uses his expert knowledge and experience to enhance supervision and decision-making in the Board of Directors at the Company. Appointed to current position at the Company in June 2019.



Hideyo Uchiyama
Director (Outside)
Member of the Audit Committee
(Born March 30, 1953)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2020)
Attended 10 out of 10 Board of Directors meetings, and 12 out of 12 Audit Committee meetings

Important Concurrent Positions

Certified Public Accountant / Executive Advisor at Asahi Tax Corporation / Member of the Audit & Supervisory Board at OMRON Corporation (Outside Auditor) / Outside Director at Eisai Co., Ltd.

Reason for Appointment

Has expert knowledge and experience as a Certified Public Accountant, and a wealth of experience as manager of one of Japan's leading auditing and global consulting firms. Was appointed Outside Auditor at the Company in 2017. Uses his abundant knowledge and experience to enhance supervision and decision-making in the Board of Directors at the Company. Appointed to current position at the Company in June 2019.



Kazuhiro Higashi
Director (Outside)
Chair of the Compensation Committee and Member of the Nomination Committee
(Born April 25, 1957)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2020)
Attended 8 out of 8 Board of Directors meetings, 10 out of 10 Nomination Committee meetings, and 10 out of 10 Compensation Committee meetings

Important Concurrent Positions

Vice Chairman at Osaka Chamber of Commerce and Industry / Chair of the Board of Directors at Resona Holdings, Inc. / Chair of the Board of Directors at Resona Bank, Limited / Outside Director at Honda Motor Co., Ltd

Reason for Appointment

Experienced in finance and business management in the banking industry, was appointed President and Representative Executive Officer of Resona Holdings, Inc. and President and Executive Officer of Resona Bank, Limited in 2013. Has also held important positions in the banking industry as Chairman of the Osaka Bank Association and Vice Chairman of the Osaka Chamber of Commerce and Industry. Uses his abundant knowledge and experience in top management at major corporations to enhance supervision and decision-making in the Board of Directors at the Company. Appointed to current position at the Company in June 2020.



Takashi Nawa
Director (Outside)
Member of the Nomination Committee and the Compensation Committee
(Born June 8, 1957)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2020)
Attended 7 out of 8 Board of Directors meetings, 9 out of 10 Nomination Committee meetings, and 9 out of 10 Compensation Committee meetings

Important Concurrent Positions

Visiting Professor at the School of International Corporate Strategy, Hitotsubashi Business School / President of Genesys Partners, Inc. / Member of the Board of NEC Capital Solutions Limited (Outside Director) / Outside Director at Fast Retailing Co., Ltd. / Member of the Board at Ajinomoto Co., Inc. (Outside Director)

Reason for Appointment

Practical experience at major Japanese trading companies and global consulting firms, was appointed Professor of the Graduate School of International Corporate Strategy, Hitotsubashi University in 2010. Currently serving as a Visiting Professor at the university. Uses his abundant business experience as a management consultant and extensive academic knowledge from a global perspective to enhance supervision and decision-making in the Board of Directors at the Company. Appointed to current position at the Company in June 2020.



Isao Endo
Director (Outside)
Member of the Audit Committee
(Born May 8, 1956)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2020)
Attended 10 out of 10 Board of Directors meetings, 1 out of 1 Nomination Committee meetings, and 1 out of 1 Compensation Committee meetings

Important Concurrent Positions

Outside Director at Ryohin Keikaku Co., Ltd. / Outside Director at Nextage Co., Ltd.

Reason for Appointment

In addition to practical experience at a global consulting firm, has a broad range of academic insight as a graduate school professor and abundant managerial experience. Particularly through his practical research into "on-site abilities," is able to provide appropriate management advice to the Company from a deep, multifaceted perspective. Appointed to current position at the Company in June 2014.



Kumi Ito
Director (Outside)
Member of the Audit Committee
(Born December 20, 1964)

Newly Appointed

Important Concurrent Positions

Representative Director, President and CEO of 4U Lifecare Inc. / Outside Director at Fuji Furukawa Engineering & Construction Co., Ltd.

Reason for Appointment

In addition to operational strategy planning and strategic consulting at electrical equipment manufacturers and other companies, has extensive IT, digital technology, and marketing knowledge through having served as Chief Market Officer at health care related companies. Also participated in the launch of a non-profit corporation promoting women in the workplace, and provides valuable advice on diversity and inclusion, an important part of our corporate strategy. Appointed to current position at the Company in June 2021

Directors and Executive Officers

Executive Officers



Kengo Sakurada
Group CEO (Group Chief Executive Officer)
President and Representative Executive Officer
(Born February 11, 1956)



Shinji Tsuji
Group COO (Group Chief Operating Officer)
Deputy President and Representative Executive Officer
(Born December 10, 1956)



Keiji Nishizawa
CEO of Domestic P&C Insurance Business
Executive Officer
(President and Chief Executive Officer at Sompo Japan Insurance Inc.)
(Born February 11, 1958)



John R. Charman
CEO of Overseas Insurance and Reinsurance Business
Executive Officer
(Executive Chairman of the Board at Sompo International Holdings Ltd.)
(Born October 22, 1952)



Yasuhiro Oba
CEO of Domestic Life Insurance Business
Executive Officer
(President and Representative Executive Officer at Sompo Himawari Life Insurance Inc.)
(Born September 30, 1965)



Satoshi Kasai
CEO of Nursing Care & Seniors Business
Executive Officer
(Chief Executive Officer at Sompo Care Inc.)
(Born December 22, 1962)



Koichi Narasaki
CEO of Digital Business
Group CDO (Group Chief Digital Officer)
Senior Executive Vice President and Executive Officer
(Chief Executive Officer at Sompo Light Vortex, Inc.)
(Born January 4, 1958)



Nigel Frudd
Chairman of Overseas M&A
Group CVCO (Group Chief Value Communication Officer)
Senior Executive Vice President
(Born October 4, 1958)



Masahiro Hamada
Group CFO (Group Chief Financial Officer)
Group Co-CSO (Group Co-Chief Strategy Officer)
Senior Executive Vice President and Executive Officer
(Born December 18, 1964)



Mikio Okumura
Group Co-CSO (Group Co-Chief Strategy Officer)
Senior Executive Vice President and Executive Officer
(Chief Executive Officer at Sompo International Holdings Ltd.)
(Born November 23, 1965)



Albert Chu
Group Co-CDO (Group Co-Chief Digital Officer)
Senior Vice President
(Born July 31, 1960)



Shinichi Hara
Group CHRO (Group Chief Human Resource Officer)
Executive Vice President and Executive Officer
(Born April 14, 1965)

Executive Officers



Hiroshi Omata
Group CDMO (Group Chief Data Marketing Officer)
Group CIO (Group Chief Information Officer)
Executive Vice President and Executive Officer
(Born October 6, 1963)



Yoshihiro Uotani
Group CRO (Group Chief Risk Officer)
Senior Vice President and Executive Officer
(Born October 8, 1965)



Ryoko Shimokawa
Group CSuO (Group Chief Sustainability Officer)
Senior Vice President and Executive Officer
(Born August 15, 1971)



Hirofumi Shinjin
Group CPRO (Group Chief Public Relations Officer)
Senior Vice President and Executive Officer
(Born January 25, 1969)



Yuji Kawauchi
Executive Vice President
(General Manager, Global Business Planning Department)
(Born December 24, 1965)



Katsuyuki Tajiri
Executive Vice President
(Retail Platform in Istanbul)
(Born October 8, 1967)



Takato Udo
Senior Vice President and Executive Officer
(General Manager, Internal Audit Department)
(Born August 4, 1962)



Hideyasu Matsuda
Senior Vice President and Executive Officer
(Healthcare Business / General Manager, Healthcare Business Development Department)
(Born December 23, 1965)



Yasunori Kuroda
Senior Vice President
(General Manager, Accounting Department)
(Born August 17, 1963)



Takuto Kobayashi
Senior Vice President
(General Manager, Innovation for Aging & Wellness Department)
(Born November 22, 1965)



Koji Ishikawa
Senior Vice President
(General Manager, Secretarial Department)
(Born December 22, 1968)

Sustainability Promotion Structure

At Sampo 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).



Active participation in the initiatives

Through participation in initiatives in Japan and overseas, the Group creates opportunities to engage in dialogue with advanced corporations and international organizations and to gain knowledge and learn from previous advanced efforts, remaining conscious of the cycle by which improvements to our own Company's efforts can be made. We recognize

that collaborative effort by a diverse array of actors tackling various issues will lead to a greater impact, and therefore actively participate in different initiatives, from planning to involvement. In addition, we are able to contribute to building a more sustainable world by passing on the experience gained through participating in such initiatives.

Key Initiatives and Participation

1995	2005	2006	2011
World Business Council for Sustainable Development (WBCSD)	United Nations Environment Programme Finance Initiative (UNEP FI)	CDP	United Nations Global Compact (UNGC)
			Principles for Responsible Investment (PRI)
			Caring for climate
			Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)
2012	2017	2018	2019
Principles for Sustainable Insurance (PSI)	WEPs	Montreal Carbon Pledge	Climate Action100+
			Japan Climate Initiative
			TCFD Consortium
			Business for Nature

Information Disclosure

The Sampo Group has established a basic disclosure policy (<https://www.sampo-hd.com/en/company/disclosure/policies/>) in an effort to disclose information in an appropriate and timely manner so that customers, shareholders, investors, and various other stakeholders can gain an understanding of the Group's management and other initiatives.

Corporate Website and Integrated Annual Report

The corporate website is a source of corporate data, Sampo Group businesses, information for shareholders and investors, and the Group's sustainability initiatives. News releases are also posted on the website in a timely manner. The English version of the website aims to provide a broad range of information to overseas readers.

Corporate website URL:
<https://www.sampo-hd.com/en/>



In addition to the corporate website, the Company publishes the Sampo Holdings Integrated Annual Report in both Japanese and English in order to provide easy-to-understand information about the Sampo Group, its management policies, and financial results.

Briefings for Investors and Analysts

The Company regularly holds briefings for investors and analysts. The presentation materials used in these briefings are made available to all interested parties on the Company's corporate website.

IR meetings are held twice a year and in principle, attended by the Group CEO and the senior management team. These meetings involve presentations and Q&A sessions. Opportunities are also arranged for the senior management team, including the Group CEO, to take part in discussions with domestic and overseas investors.

Through such dialogue, the Company is able to appropriately explain its management policies and other topics to investors and also provide the Board of Directors and the senior management team with timely feedback about investor interests and concerns, which in turn contributes to the formulation of management strategies and the execution of operations.

Briefings, etc., held in fiscal 2020

Briefings for institutional investors and analysts (IR meetings)	2 times
Financial results conference calls for institutional investors and analysts	2 times
Conferences sponsored by securities companies	5 times
One-on-one meetings with institutional investors	325 times
Information sessions for individual investors	3 times

Information related to sustainability in this report

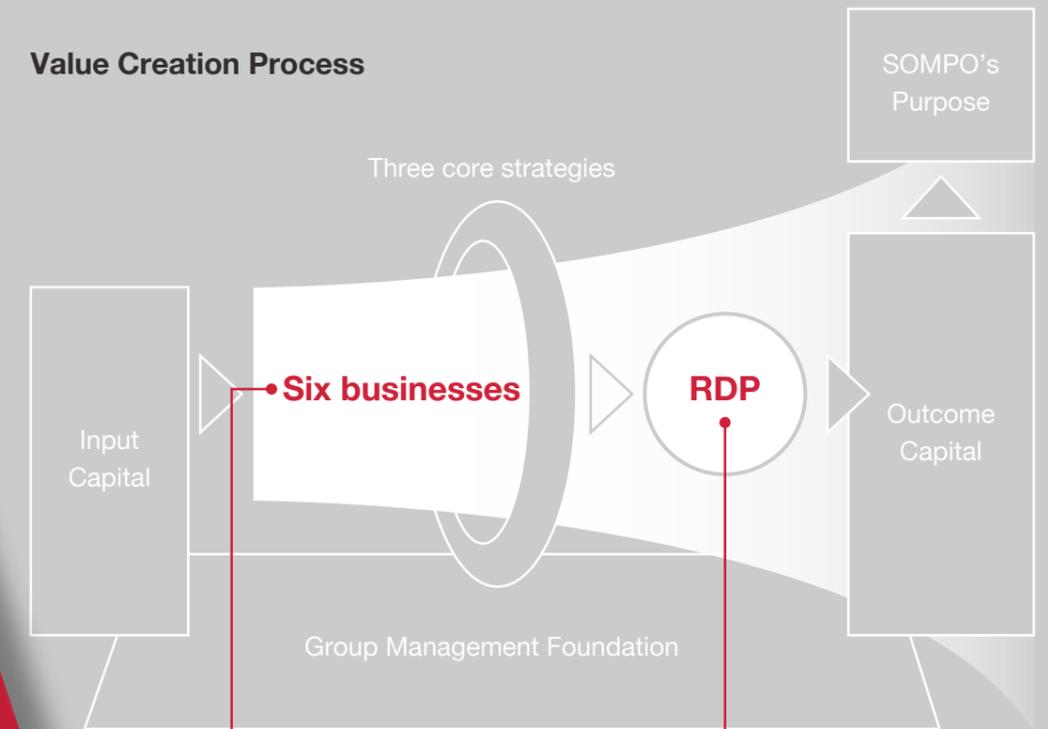
Information related to the environment, society, and other sustainability topics is presented in this report as part of our strategies and initiatives, with an emphasis on key aspects that help improve our corporate value. For more information about sustainability, please refer to our corporate website.
<https://www.sampo-hd.com/en/csr/>

BUSINESS

SOMPO's businesses that realize value creation

The Sampo Group's diverse lineup of businesses are weaved together to create "A Theme Park for Security, Health & Wellbeing," and it is the competitive advantages of each business that form the foundation underpinning the realization of SOMPO's Purpose. In April 2021 we added two new business lines—the digital business and the healthcare business—to round out a new structure comprising six business segments. As the Group works towards realizing the SOMPO's Purpose, each line of business has identified what it is that it wants to achieve. By executing strategies to accomplish those goals, each business seeks to evolve into a solution provider that can realize self-sustaining growth and provide new value.

Value Creation Process



Domestic P&C Insurance Business

Overseas Insurance and Reinsurance Business

Domestic Life Insurance Business

Nursing Care & Seniors Business

Digital Business

Healthcare Business

RDP
Real Data Platform

BUSINESS

Global Insurance Market

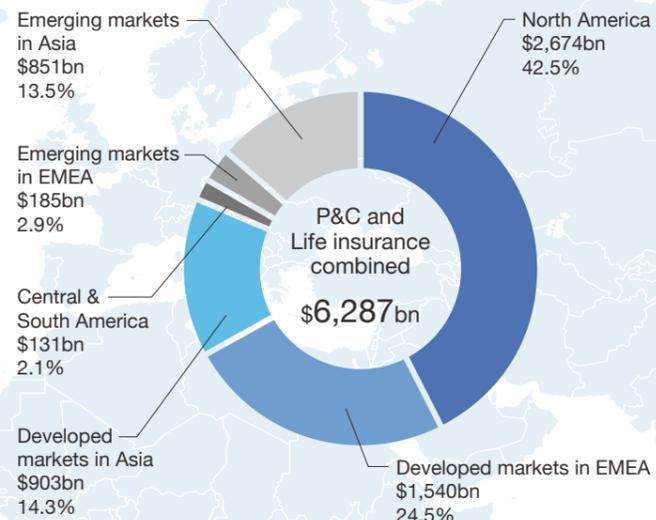
Global insurance market expected to recover from 2021 onwards

On the global insurance market in 2020, the real growth rate of premiums written for P&C insurance and life insurance totaled \$ 6,287bn, decreasing by 1.3% from the previous year due to the spread of COVID-19 infection. Life insurance also posted negative growth of -4.4%, while P&C insurance maintained positive growth of +1.5%.

The market is expected to recover in 2021 onwards, and the real premium growth rate for P&C insurance and life insurance as a whole is expected to be +3.3% in 2021 and +3.9% in 2022.

Insurance market overview (P&C and Life insurance combined)

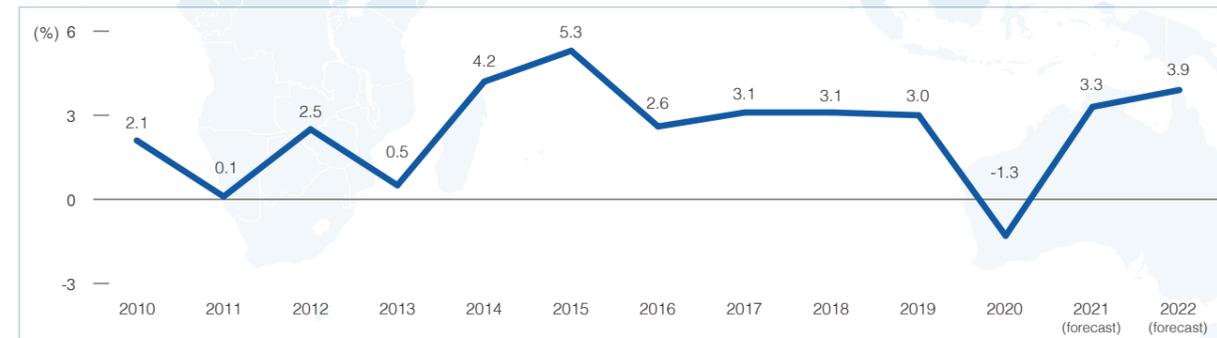
Premiums and market share by region



Top 10 countries and regions by premiums

Country/Region	Premiums (\$ bn)	Share (%)
1 US	2,530	40.5
2 China	655	10.4
3 Japan	414	6.6
4 UK	338	5.4
5 Germany	258	4.1
6 France	231	3.7
7 South Korea	193	3.1
8 Italy	161	2.6
9 Canada	143	2.3
10 Taiwan	113	1.8

Real growth rate of global premiums



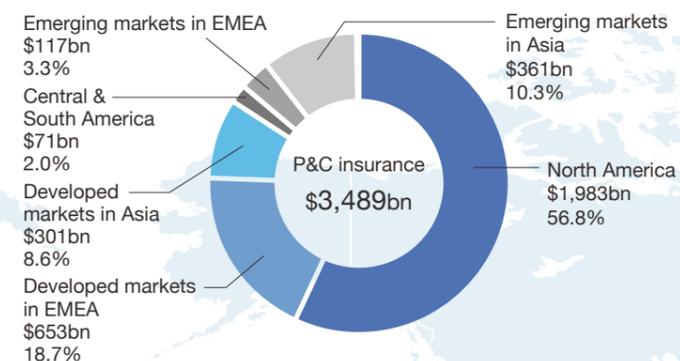
US accounts for 54% of global P&C insurance market

In 2020 the global P&C insurance market was worth \$3,489bn—the world's largest regional market, the United States, accounted for \$1,897bn of the total amount, or approximately 54%.

Japan's insurance market was worth \$414bn. It is the world's fourth biggest P&C insurance market (\$120bn) and the third biggest life insurance market (\$294bn).

P&C insurance market overview

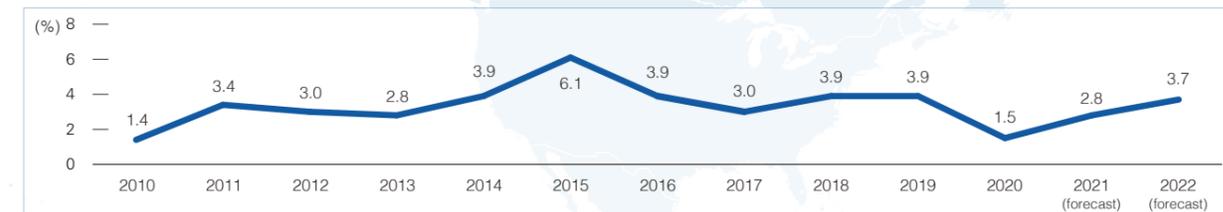
Premiums and market share by region



Top 10 countries and regions by premiums

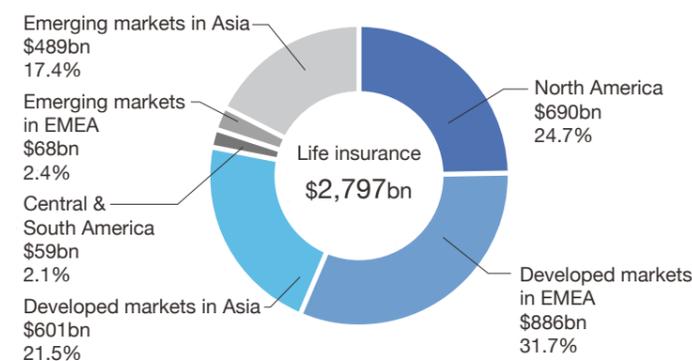
Country/Region	Premiums (\$ bn)	Share (%)
1 US	1,897	54.3
2 China	308	8.8
3 Germany	151	4.3
4 Japan	120	3.4
5 UK	99	2.8
6 France	94	2.7
7 South Korea	87	2.5
8 Canada	85	2.4
9 Netherlands	73	2.1
10 Australia	48	1.3

Real growth rate of global premiums



Life insurance market overview

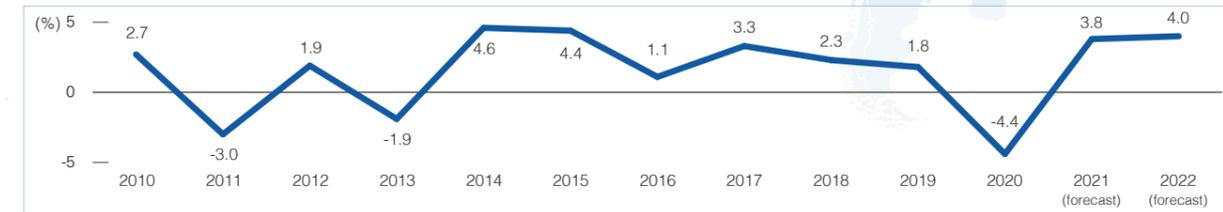
Premiums and market share by region



Top 10 countries and regions by premiums

Country/Region	Premiums (\$ bn)	Share (%)
1 US	632	22.6
2 China	347	12.4
3 Japan	294	10.5
4 UK	238	8.5
5 France	136	4.8
6 Italy	118	4.2
7 Germany	106	3.8
8 South Korea	106	3.7
9 Taiwan	91	3.2
10 India	81	2.9

Real growth rate of global premiums



Source: Sigma Report, Swiss Re No 3/2021

Japanese P&C Insurance Market

Fourth largest in the world

Japan's P&C insurance market is the fourth largest in the world, accounting for roughly 3.4% of the global market. However, premiums written as a percentage of GDP is only 2.4%, which is not only lower than developed markets like the US (9.0%) and Germany (4.0%), it is also below the global average of 4.1%. This owes mainly to the fact that the penetration rate of some insurance lines for corporations is lower than in other countries, which indicates the existence of potential markets.

P&C insurance market size by country¹ (FY2020) (\$ bn)



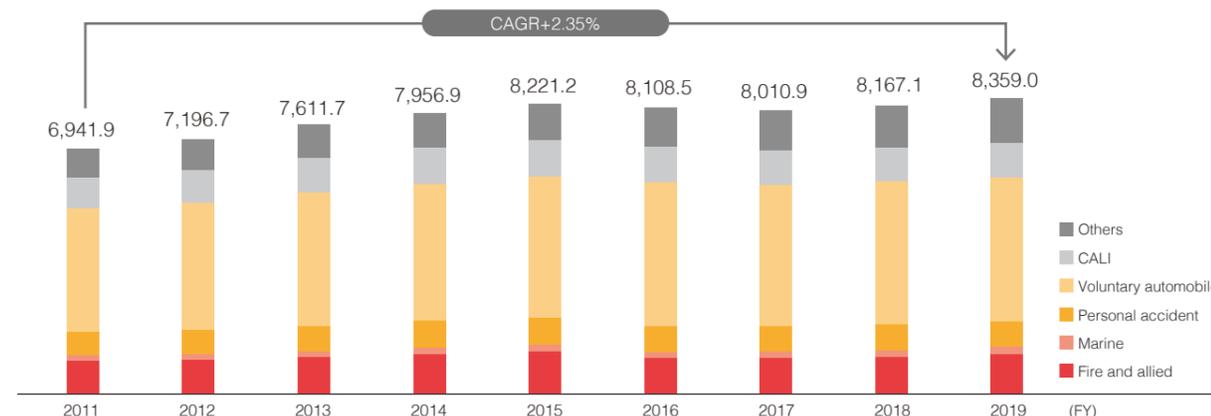
Source: Sigma Report, Swiss Re No 3/2021

Steady market expansion centering on automobile insurance

From fiscal 2011 through fiscal 2019, growth in Japan's domestic P&C insurance market outpaced GDP growth at a CAGR* of 2.35%. In addition to stable revenue growth from mainstay automobile insurance, new types of insurance, which are designed to address increasingly diverse and complex corporate risks that have emerged in recent years and has been growing at a pace faster than CAGR 5%, drive the growth rate.

*Compound annual growth rate

P&C insurance premiums in Japan² (¥ bn)



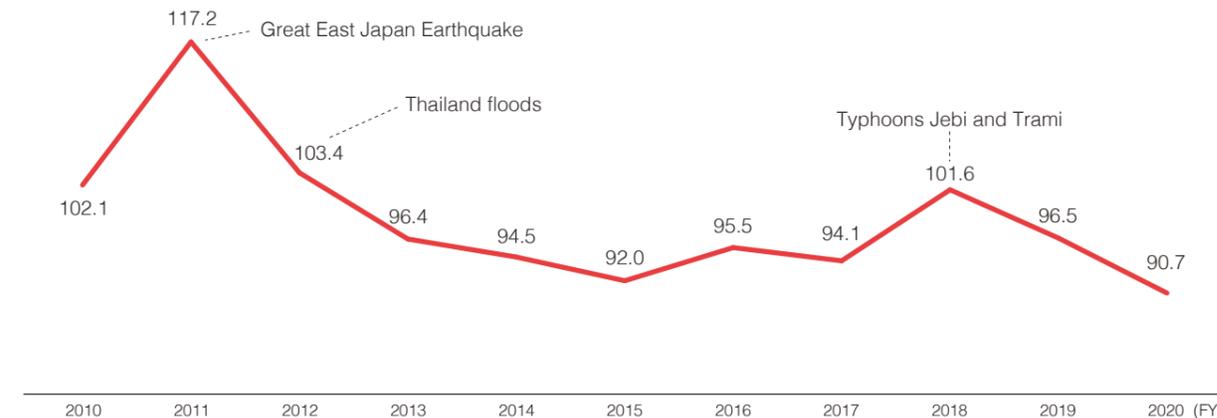
Source: Insurance, Hoken Kenkyujo

Stable earnings environment despite fluctuations from impact of large natural disasters

Earnings in Japan's P&C insurance market tend to fluctuate depending on the impact of large-scale natural disasters, but medium-term profitability remains stable. The industry average combined ratio*—a leading indicator of profitability for P&C insurers—moves above 100% in years when a large-scale natural disaster occurs, but for the most part it remains below that level.

*The combined ratio is expressed as the percentage of insurance payouts and expenses versus premiums written. A ratio below 100% indicates that P&C insurance underwriting earnings are in the black.

Combined ratio (WP basis) (%)



Source: GIAJ data

Top 4 insurers occupy nearly 90% of market distinguished by earnings stability

In Japan's P&C insurance market there are 54 P&C insurers*, including the Japanese subsidiaries of foreign insurers, but the top four companies command a market share of nearly 90%. Sompo Japan is one of the major P&C insurance groups in Japan and continues to hold a high market share owing to our strong brand power and business competitiveness.

*As of June 2021 (Source: Financial Services Agency data)

Share of Japanese P&C insurance market² (FY2019)



Source: Insurance, Hoken Kenkyujo

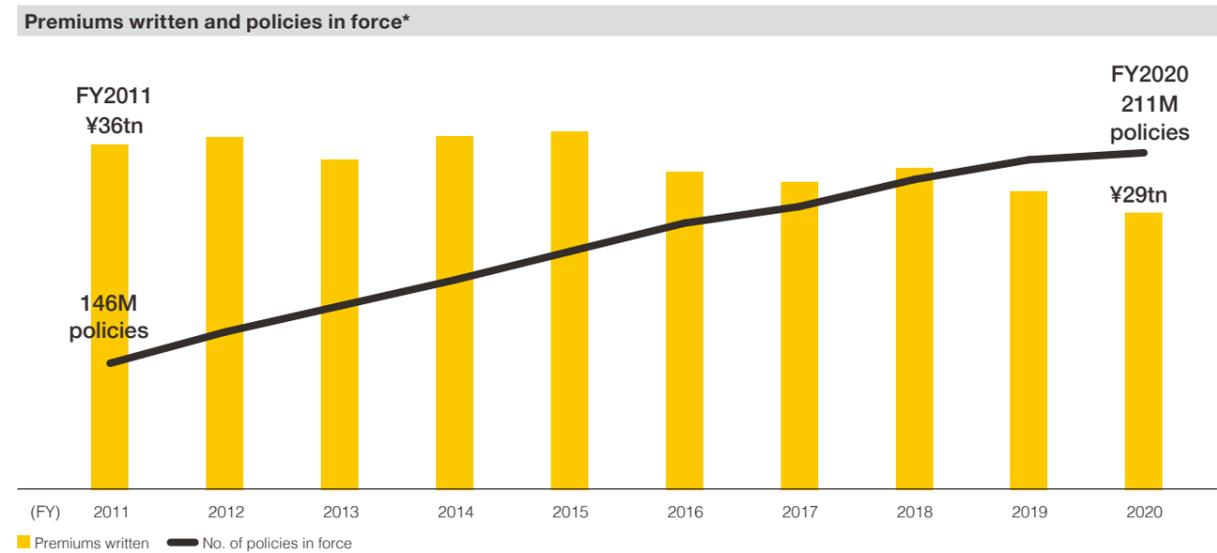
¹ Based on total of nominal direct premiums written

² Based on total net premiums written by P&C insurers in Japan, excluding reinsurance companies

Japanese Life Insurance Market

Policies in force in the life insurance industry overall are on the rise

In Japan's life insurance market, demand for large death benefits for the head of the household is receding mainly because of changes in household composition owing to a declining birthrate, an aging population, the tendency to marry later, and a trend towards nuclear families. Meanwhile, there are now many more different types of insurance available to meet the increasingly diverse needs of customers. For this reason, premiums written across the entire industry are shrinking, but the number of policies in force are increasing.

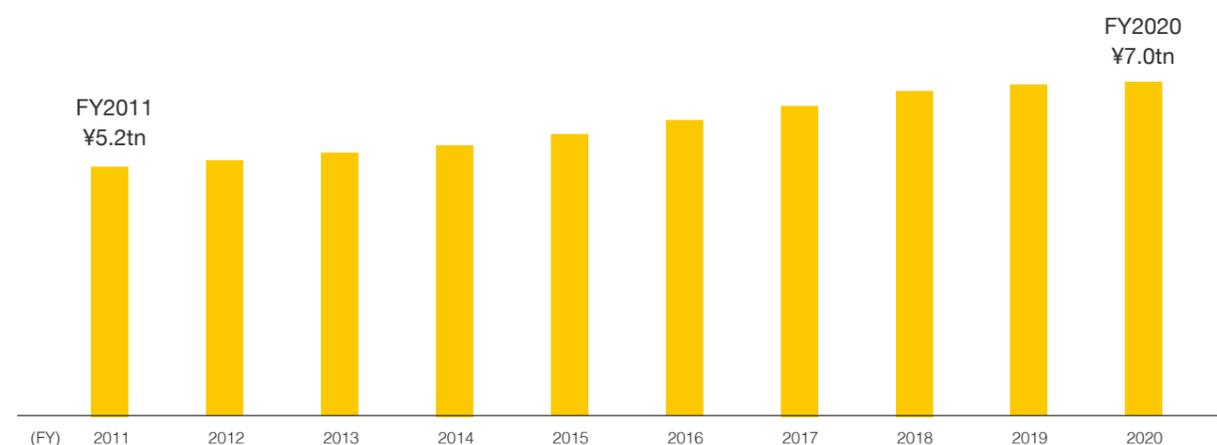


Third sector insurance market is growing in preparation for longevity risks

The rising number of in-force policies can be explained by the growing need for people to make their own preparations for paying medical expenses and countering longevity risks. This is why the market for health and nursing care coverage and other types of third sector insurance is expanding.

Concerns about the spread of COVID-19 infections has also further heightened people's awareness of health issues and it is quite possible that customer demand will continue to evolve up ahead. Also, considering that the Japanese government aims to further extend the healthy life expectancy of the Japanese population, supporting people's efforts to stay healthy and prevent disease is expected to become even more important going forward.

Annualized premiums from third sector in-force insurance policies*

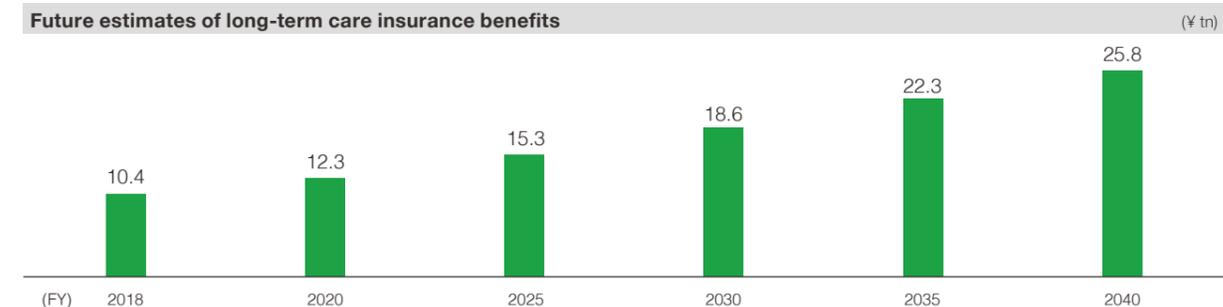


*Sompo Group data, based on the LIAJ's Summary of Life Insurance Business and earnings results materials of other companies

Japanese Nursing Care Market

Size of market set to expand up ahead

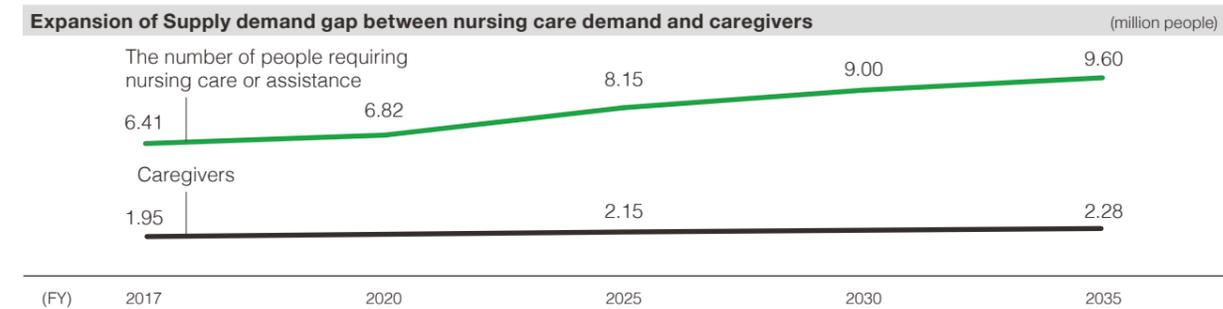
The nursing care market continues to expand, driven by the swelling elderly population. It is thought that the market will continue to grow in the future with long-term care insurance benefits expected to more than double from an estimated ¥12.3tn in fiscal 2020 to ¥25.8tn by fiscal 2040.



Source: IPSS' Financial Statistics of Social Security (2018); Cabinet Secretariat, Cabinet Office, MoF, and MHLW's materials from discussions concerning future forecasts of social insurance with a view to 2040; and MHLW's report on social insurance benefits and burdens (based on FY2020 estimates)

Supply-demand gap between nursing care demand and caregivers likely to widen further

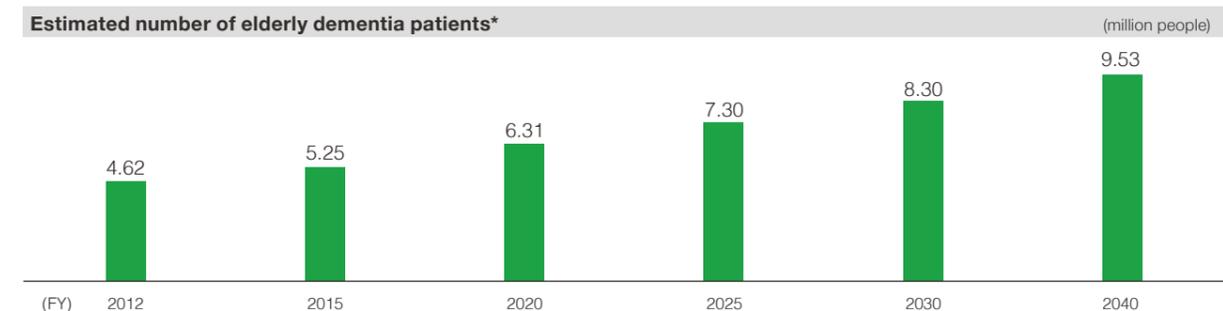
As Japan's population grows older, more and more people will likely require nursing care or assistance. On the other hand, the subsequent decline in the working-age population does not bode well for strong growth in the number of caregivers (the capacity to supply nursing care services). To support growing demand, the ability to provide services will need to be bolstered by improving productivity, for example.



Source: METI's Report by the Study Group for Future Supply and Demand of Elderly Nursing Care Systems; MHLW's reports on the nursing care insurance business; and the Cabinet Office's meeting materials regarding social insurance for all generations

Expected increase in elderly dementia patients

As Japan's population grows older, elderly dementia patients will also likely increase. Dementia is an increasingly serious issue for society and initiatives aimed at its prevention and management will grow more important up ahead.

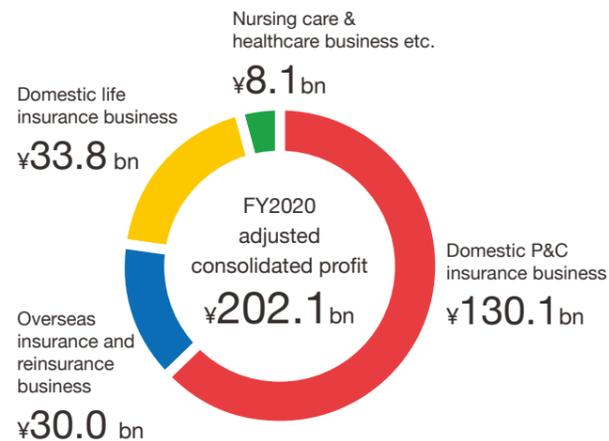


*Estimates based on the assumption that dementia morbidity in each age group will rise because of an increase in the prevalence of diabetes from 2012 onwards
Source: 2014 research into future estimates of the elderly population with dementia in Japan conducted by Professor Ninomiya of Kyushu University as part of a MHLW grant-in-aid for scientific research

At a Glance

There are six business lines in the Sompo Group: domestic P&C insurance, overseas insurance and reinsurance, domestic life insurance, nursing care & seniors, and the newly added digital and healthcare businesses.

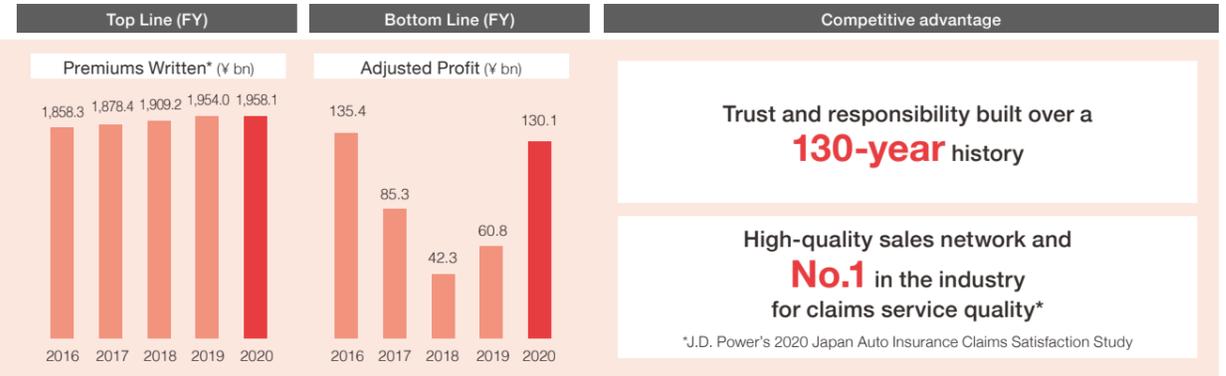
As we work towards achieving the SOMPO's Purpose, each line of business is drawing on its respective strengths and characteristics to evolve into a solutions provider that can realize self-sustaining growth and provide new value.



Domestic P&C Insurance Business

Led by Sompo Japan, the domestic P&C insurance business will improve profitability through earnings structure reform, increase the topline by strengthening marketing, implement digital transformation, create new business models, and generate stable profits as the largest business of the Group.

*Combined total of net premiums written at insurance companies under the umbrella of the domestic P&C insurance business (Sompo Japan Insurance, Saison Automobile & Fire Insurance, Mysurance). Excludes compulsory automobile liability insurance and household earthquake insurance. Adjusted for underwritten reinsurance policies transferred in phases to overseas subsidiaries (roughly ¥60bn).



Trust and responsibility built over a **130-year** history

High-quality sales network and **No.1** in the industry for claims service quality*

*J.D. Power's 2020 Japan Auto Insurance Claims Satisfaction Study

Overseas Insurance and Reinsurance Business

Led by Sompo International, the overseas insurance and reinsurance business will increase topline growth through bolt-on M&A, etc. and ensure profitability through pricing improvement in commercial lines, while improving profitability by transferring skills and strengthening business foundation under a unified business management framework in retail lines.



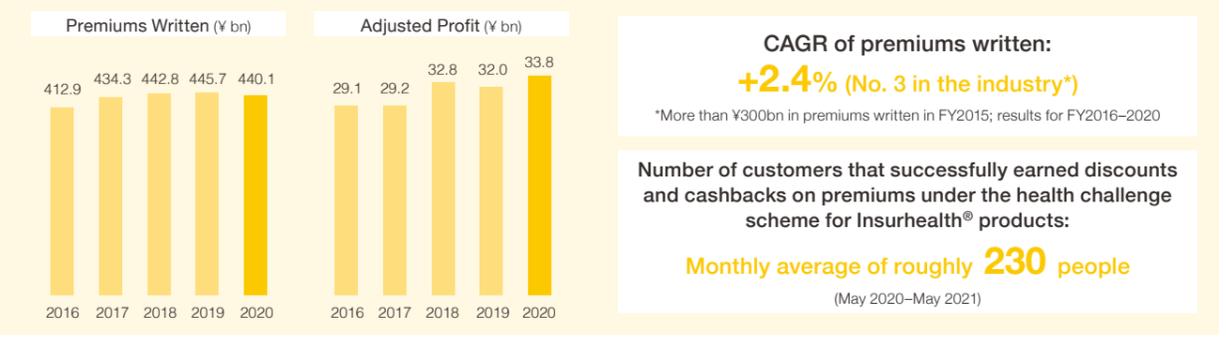
AgriSompo **No.1** Global Agriculture Re/Insurer
(Internal Research Data)

Outperforming competitors with **+50%** growth rate in Net Premiums Written

(based on S&P Market Intelligence data for 2020 actual)

Domestic Life Insurance Business

Insurhealth® will continue to drive topline growth in the domestic life insurance business, whilst the utilization of digital technology and data will enable us to continually deliver new value to customers. We also aim to establish as a "health support enterprise" so that even more customers can strongly feel their "health."



CAGR of premiums written: **+2.4%** (No. 3 in the industry*)

*More than ¥300bn in premiums written in FY2015; results for FY2016–2020

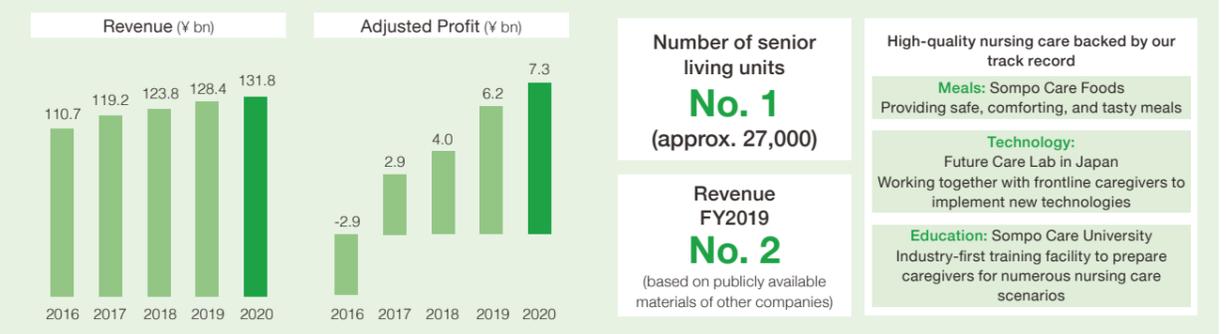
Number of customers that successfully earned discounts and cashbacks on premiums under the health challenge scheme for Insurhealth® products:

Monthly average of roughly **230** people

(May 2020–May 2021)

Nursing Care & Seniors Business

Centering on Sompo Care, the nursing care & seniors business supports the lives of the elderly by harnessing the power of technology to improve quality of care and enhance productivity. We will also utilize real data and real services to push ahead with the building of an ecosystem through collaboration with other service providers and medical/healthcare business operators in a bid to lengthen the healthy life expectancy.



Number of senior living units **No. 1** (approx. 27,000)

Revenue FY2019 **No. 2**

(based on publicly available materials of other companies)

High-quality nursing care backed by our track record

Meals: Sompo Care Foods
Providing safe, comforting, and tasty meals

Technology:
Future Care Lab in Japan
Working together with frontline caregivers to implement new technologies

Education: Sompo Care University
Industry-first training facility to prepare caregivers for numerous nursing care scenarios

Digital Business

The digital business will develop solutions and business models based on RDP through the alliance with Palantir, which has the world's leading data analytics technology, and collaboration with startups, etc. in Japan and abroad.

Healthcare Business

The healthcare business will develop businesses covering prevention/preventive medicine, diagnosis and treatment that help promote health and improve productivity and quality of medical services, and create new value through co-creation in and outside the Group, real business foundation, and digital utilization.

Domestic P&C Insurance Business



The value provided by domestic P&C insurance business is geared towards achieving SOMPO's Purpose

Guided by employee happiness and job satisfaction, the Group's mainstay domestic P&C insurance business will look to contribute to society by creating products and services that are of value to customers in the insurance field and in the broader domain of health, safety, and wellbeing.

The type of social value generated in the domestic P&C insurance business safeguards people from the risks that society and people face no matter what day and age and contributes to the realization of a sustainable society. To this end, we intend to further develop the P&C insurance business that we have hitherto honed over the course of 130 years and push ahead with initiatives that allow us to contribute to society going forward by making forays into new businesses that help solve challenges in society, such as disaster prevention/mitigation and autonomous driving.

Main KPIs for the New MTMP

Indicators	FY2020 actual	Plan	
		FY2021	FY2023
Adjusted profit by business	¥130.1 billion	¥105.0 billion	¥150.0 billion+
ROE by business ^{*1}	11.0%	8.0%	11.0%
Net written premiums ^{*2}	¥1,958.1 billion	¥1,988.6 billion	¥2,079.9 billion
Combined ratio ^{*3}	94.3%	94.8%	91.7%
Sale of strategic shareholdings ^{*4}	¥70.3 billion	¥50.0 billion	¥50.0 billion (3-year cumulative: ¥150.0 billion)
Net income ^{*5}	¥146.9 billion	¥133.0 billion	¥180.0 billion+

*1 ROE by business = adjusted profit by business ÷ allocated capital

*2 Combined total for domestic P&C insurance business; excludes compulsory auto liability insurance and household earthquake insurance

*3 Sompo Japan Insurance (non-consolidated); excludes compulsory auto liability insurance and household earthquake insurance; earned/incurred basis

*4 Realization value basis

*5 Sompo Japan Insurance (non-consolidated)

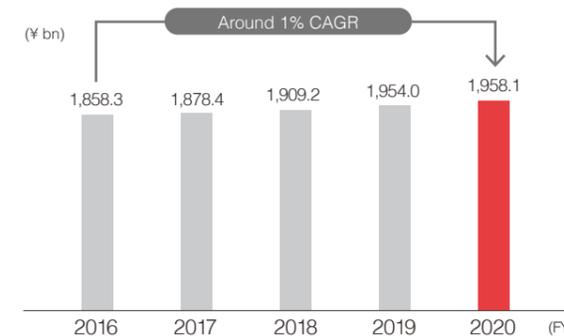
Strengths, Opportunities and Risks

Strengths	<ul style="list-style-type: none"> High-quality sales network and number one in the industry for claims service quality Top-class earnings capabilities in domestic P&C industry derived from earnings structure reforms Product development know-how and diverse lineup of services and solutions that extend beyond insurance business boundaries
Opportunities	<ul style="list-style-type: none"> Creation of solutions and further improvement of business efficiency by utilizing digital technology Growth in insurance enrollment needs owing to the emergence of new risks Room to tap into new markets
Risks	<ul style="list-style-type: none"> Increase in intense natural disasters Market entry of industry outsiders and expanding share of on-demand P&C insurance Decrease in car ownership owing mainly to changing demographics, young people having less interest in owning a car, and the continued rise of the sharing economy

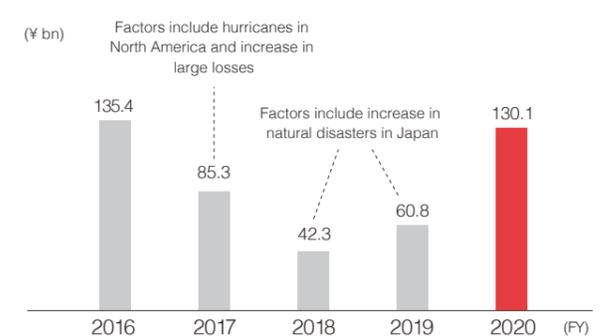
Looking back on the previous MTMP

KPI Actual

Net premiums written*



Adjusted profit



*Total for domestic P&C insurance business. Excludes compulsory auto liability insurance and household earthquake insurance. Adjusted for underwritten reinsurance policies (roughly ¥60 billion) transferred in phases to overseas subsidiaries. Amounts in each year yet to be transferred have been deducted.

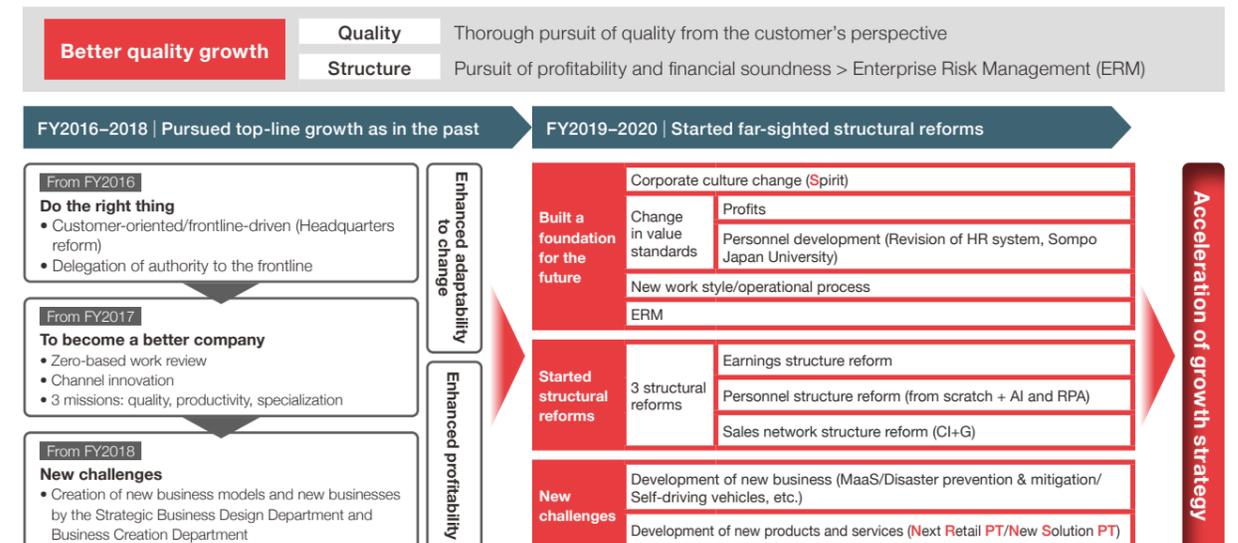
At the start of our previous Mid-Term Management Plan that kicked off in fiscal 2016, we endeavored to improve topline growth as a top priority based on the concept of pursuing quality and structure (profitability and financial soundness) in order to achieve better quality growth. However, midway through the period of the plan we started to see firsthand how business models and the structure of the industry were changing along with shifting customer values and behavior, mainly as a result of numerous large-scale natural disasters and the exponential evolution of digital technology. We therefore made a bold decision to switch our strategy based on the thinking

that preparing for major changes that could possibly occur in the future should be our number one priority.

Thus, over a two-year period beginning in fiscal 2019, all departments banded together to prioritize structural reforms and the development of business foundation that will enable us to enhance our ability to cope with change in the future and generate greater earnings, rather than simply boosting sluggish topline growth.

The benefits of the initiatives we implemented during those two years are starting materialize in terms of our adaptability to change, as well as earnings power.

Initiatives of the previous Mid-Term Management Plan



New Mid-Term Management Plan

Vision of the new MTMP

Vision	Deliver a certain tomorrow full of happiness and vitality to all people, communities, and society
Mission	Grounded in the happiness and engagement of employees, contribute to society by creating products and services that are valuable to customers in insurance, as well as security, health, and wellbeing
Brand slogan	Innovation for Wellbeing

As we work towards achieving the SOMPO's Purpose, the domestic P&C insurance business will seek to generate new customer value, create new businesses that help solve social issues, and aim to monetize those businesses. And by pushing ahead with reforms to our underlying corporate culture, we intend to foster an organizational culture in which every employee in our diverse workforce can demonstrate creativity and originality, always take the

customer's point of view into consideration, and make and execute decisions with speed. By the penetration of these 3 corporate spirits as "Speed," "Creativity & Originality" and "Thorough customer-centricity," we will create new customer-centric products, services, and businesses that address the potential issues of customers and society. It is with these new sources of value creation that we hope to contribute to society.

Specific strategies in the new MTMP

1 Accelerate growth strategy

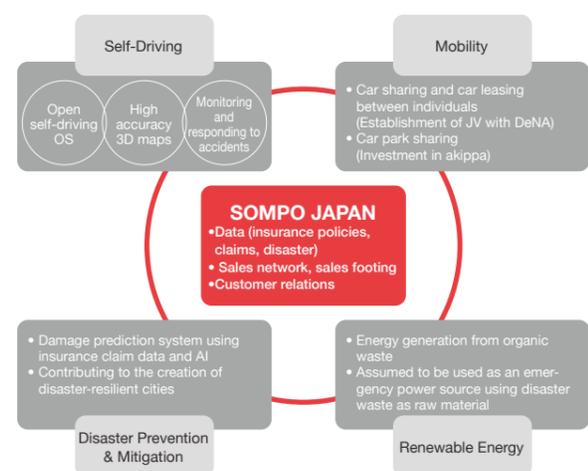
We intend to step up the pace of our growth strategy by utilizing the foundation we built up during the period of our previous Mid-Term Management Plan. To do this, we will strengthen our marketing and innovation—two key functions required for continuously creating new customer value—and embark on new challenges away from the natural line of extension seen thus far. From the perspective of keeping our existing agency

business model finely honed, we will strengthen our marketing approach and take up the challenge of building a framework that integrates a series of processes for carrying out market research, product development, advertising, promotion, sales, and claims services. And by exhaustively adopting digital technology, we will also focus on building a business model that enhances convenience and experiential value for customers.

Growth strategy with enhanced marketing/DX



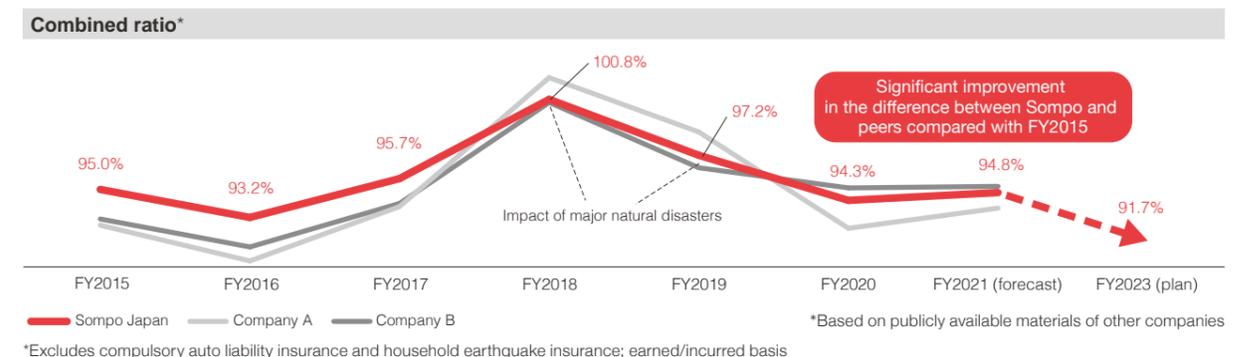
Monetization of New Businesses



2 Enhance resilience

In the domestic P&C insurance business we aim to build and maintain a business structure that can continually grow steadily and sustainably despite the ongoing changes in the operating environment typified by the frequent occurrence of increasingly intense natural disasters and a decrease in car ownership.

To that end, and as part of our earnings structure reform, we will look to optimize pricing, reinforce underwriting and loss prevention, continue to take steps to improve productivity, and set our sights on establishing a business characterized by high productivity and profitability.



3 Strengthen business foundation

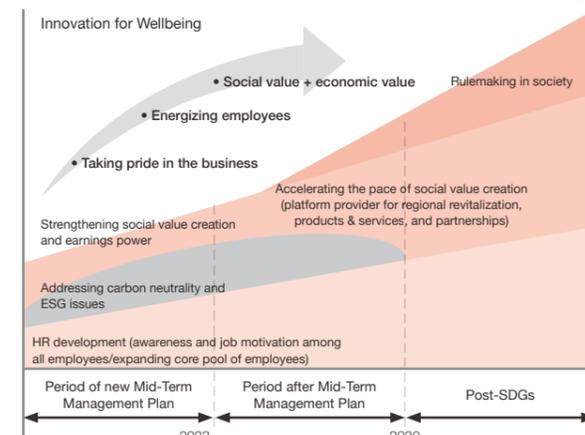
Society today is being rapidly transformed by the imperatives of the SDGs in the lead up to 2030. But even in a post-SDGs world, Sompo Japan Insurance is committed to improving its ability to sustainably generate social value with the aim of becoming a key player responsible for solving social challenges.

To drive Company growth under our new Mid-Term Management Plan, we intend to create social and economic value from three angles: (1) employing an SDGs in Business Management and contributing further to society through our original business of P&C insurance; (2) creating new value

even in new business domains like disaster prevention/mitigation and autonomous driving; (3) and reducing our own greenhouse gas emissions, expanding ESG investments, and participating in regional revitalization initiatives.

In addition, we will set our sights on achieving sustained growth by fostering a style of organizational management and corporate culture in which every employee can learn, think, and act for themselves, and by rolling out various initiatives for constructing a robust business foundation, such as upgrading our operational base systems.

Initiatives for strengthening our business foundation



Sompo Japan's perspective of SDGs in Business Management

- Further develop contributions to the SDGs through the original P&C insurance business
- Create new social value in new business domains, like disaster prevention/mitigation
- Take steps to reduce own greenhouse gas emissions



Domestic P&C Insurance Business Company Outline

Saison Automobile and Fire Insurance



The original features of the company's mainstay product "Otona no Jidosha Hoken" include insurance rates that are set by age and a range of coverage options. Moreover, such services as ALSOK Reliable Accident Site Support Service have proven popular. Reflecting this favorable reputation, policies in force surpassed 1.1 million in March 2021. The company uses digital technology and in-person customer service to shed light on the concerns and risks faced by customers and supports safe and reliable day-to-day living by providing tailor-made products and services that eliminate any concerns or risks that do arise.

Sompo Risk Management



Leveraging its core analytics, risk management, and cyber security businesses, Sompo Risk Management aims to be a consistently reliable and helpful provider of solutions and services in the areas of health, safety, and wellbeing, and an indispensable company favored by the community to deliver solutions and services finely attuned to the needs of customers to address new issues and risks in society.

Prime Assistance



As the Sompo Group's assistance company, Prime Assistance supports the security, safety, and wellbeing of customers 24/7 with the highest possible service in four business domains: automotive, home, health-care, and international travel. At the same time, by developing new businesses, the company has aspirations to evolve into a provider of real services to assist customers in any kind of predicament. In developing and launching such businesses, Prime Assistance seeks to contribute to the realization of a sustainable society by squarely addressing social issues.

Sompo Japan Partners



With service centers all over Japan, Sompo Japan Partners is one of Japan's largest insurance agents. It provides comprehensive health, safety, and wellbeing services to approximately one million customers centering on P&C and life insurance. It also operates a customer service handover business (for agents) and an intern training business.

Sompo Japan Partners will continue to care deeply about the feedback and opinions it receives from customers in order to provide services closely attuned to people's livelihoods in a bid to remain an insurance agency appreciated and continually favored by customers.

Sompo Japan DC Securities



As the Sompo Group's defined contribution pension (DC) plan administrator, Sompo Japan DC Securities offers comprehensive bundled services related to plan administrative operations for corporate-type DC plans and individual-type DC plans (iDeCo). Services range from plan implementation and asset building support for participants (employees), to account management. With the aim of "realizing a prosperous and bright future (post-work life)" for customers, the company is committed to providing asset building support throughout life stages, from the working years to after retirement in order to secure money for old age.

Mysurance



As the Sompo Group's small amount, short-term insurance company, Mysurance collaborates with digital platform providers and other partners in other industries to provide specialty digital insurance products like cancellation insurance, flight delay insurance, and smartphone insurance. The company will continue to take up the challenge of generating new experiential value with the use of digital technology as it aims to become an insurer that can respond quickly to the emerging needs of customers in these ever-changing times.

Sompo Warranty



Sompo Warranty provides an extended warranty service, based on warranty provisions, to cover the repair of a product malfunction or defect for a fixed duration following the expiration of a manufacturer's warranty. This service is available for home electrical appliances, housing fixtures and equipment, mobile phones, and other products. The company also operates a business that guarantees the refurbishment of rental housing equipment. Sompo Warranty will continue to cater to the wide-ranging needs of customers and offer innovative and top-quality extended warranty services that guarantee safety and security.

Initiatives for realizing the Sompo Group's purpose

Prime Assistance

Sales launch of service to prevent distracted driving

On December 1, 2019, Japan's amended Road Traffic Act came into effect to strengthen penalties on the use of mobile phones when driving. With the aim of realizing an accident-free society and preventing the use of mobile phones while driving, Prime Assistance has made preparations to launch a service for business operators that restrict the use of smartphones when operating a vehicle with the use of digital technology developed by tech firm Motion Intelligence.

Proof of concept testing with partner companies conducted thus far have demonstrated that appropriate management and operation by companies adopting the technology is possible with an average 40% and 36% reduction in traffic accidents and traffic infringements, respectively. Beginning in fiscal 2021, Prime Assistance has started providing services to both distributors and customers.



Sompo Japan DC Securities

Providing bundled services for defined contribution pension plans to prepare for the 100-year life era.

As the trend "from savings to investment" accelerates in the "era of the 100-year life," and with the aim of "realizing a prosperous and bright future (post-work life)," Sompo Japan DC Securities (Sompo Group's defined contribution pension (DC) plan administrator) provides support for building assets throughout life stages, from during the working years to after retirement, in order to secure money for old age. In fiscal 2020, the company released "Tsumitate Navi," a smartphone app for corporate-type defined contribution pension (DC) plans. "Tsumitate Navi" is equipped with a robo-advisor which serves as a tool to help customers find their investment types and select investment products suitable for them. The company brings "security" to customers who "want to start building assets but don't know which investment products are appropriate for them."



Mysurance

Free distribution of information ethics leaflet

Mysurance, the Sompo Group small amount, short-term insurance provider for mainly digital insurance products, conducted a joint study with Shizuoka University—an institution with an extensive track record in the field of information ethics education—to produce a leaflet that can be read by both children and parents (or guardians) to learn about information ethics and the proper use of smartphones at a time when online slandering on social media platforms is rising as more and more children come to own a smartphone.

In December 2020, Shizuoka University, Sompo Japan Insurance, Mysurance, and the sponsor of this initiative, Suruga Bank, freely distributed the leaflets to 55 elementary and junior high schools in the city of Shizuoka. The leaflets were also distributed to all schools in the cities of Numazu and Mishima in April 2021.

Going forward, Mysurance will collaborate with other Sompo Group companies, local governments, and supporting organizations tackling the issue of information ethics education to contribute to the safe and secure use of smartphones by children in Japan by distributing educational materials countrywide and organizing activities aimed at raising awareness about the issue.



Sompo Risk Management

Initiatives for a sustainable society

Sompo Risk Management provides broad-ranging support on sustainability initiatives by offering consulting services regarding the latest benchmarks used to evaluate corporate value—a topic of growing interest for investors. They include ESG (Environment, Social, and Governance), the SDGs (Sustainable Development Goals), and the TCFD (Task force on Climate-related Financial Disclosures).

The company has also formulated, and periodically reviews, a human rights policy in line with the United Nation's Guiding Principles on Business and Human Rights, and accordingly identifies and assesses human rights risks.

Overseas Insurance and Reinsurance Business



The value provided by overseas insurance and reinsurance business is geared towards achieving SOMPO's Purpose

As the Group's Overseas Insurance and Reinsurance business, Sompo International will help drive the scale and diversification of SOMPO's overall portfolio by focusing on growing profitably through expansion into new products and new geographies, leveraging the scale of our business for competitive advantage and securing the trust of our clients in everything we do. We plan to increase GWP by over 20% for the next three years with a goal of reaching ¥1.5 trillion in GWP by 2023.

Further, we will look to drive innovation through our new customer value-creation strategy focusing on new solutions that protect against future risks facing society. Using market-leading data and predictive analytics, we will strengthen our risk control efforts in key areas including AgriSompo, our global agriculture insurance business, to enhance the value we deliver.

Finally, we will continue to build on our efforts to adopt new work styles in order to seamlessly serve our customers while transforming our corporate culture and enabling industry-leading employee engagement in the process.

Main KPIs for the New MTMP

	FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥30.0 billion	¥60.0 billion	¥100.0 billion+
Gross Written Premiums growth rate*	+37.8%	+10.2%	Around +9% per annum
E/I combined ratio*	97.8%	91.7%	88% range

* SI Commercial

Strengths, Opportunities and Risks

Strengths	Key strengths of the Overseas Insurance and Reinsurance business include the underwriting excellence and world-class risk management solutions delivered across both our Commercial P&C and Retail segments.
Opportunities	Opportunities for growing our integrated global platform include leveraging our global scale and underwriting capabilities to expand into new products and geographies, pursuing strategic M&A activity, and embracing work styles appropriate for our new environment.
Risks	Our scale, diversification, and underwriting expertise will enable us to successfully navigate market volatility, the lingering uncertainty of the global COVID-19 pandemic, and an ever-changing global landscape.

Looking back on the previous MTMP

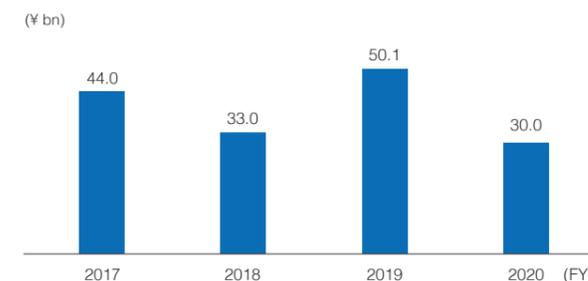
KPI Actual

Gross Written Premiums*1



*1 Simple totals are stated for gross premiums written at overseas subsidiaries.
*2 Exclude former Sompo America's and others figure

Total Adjusted Profit



With an increase in GWP from ¥788.4 billion in fiscal 2017 to ¥1,165 billion in fiscal 2020, our Overseas Insurance and Reinsurance business is now well established as a key contributor to the overall Group's growth and profitability and has been a significant driver of the success of the Group's previous five-year Mid-Term Management Plan.

Against the backdrop of a challenging environment in 2020, we continued to distinguish Sompo International as a global solutions-focused partner to our brokers, clients, and other stakeholders.

During the past year, the global COVID-19 pandemic brought the recognition that life has changed for us all, thereby accelerating our adoption of flexible work styles and changing the way we conduct business.

In addition to the substantial estimated COVID-19 industry loss of over \$60 billion, we faced a number of costly worldwide business disruptions, including catastrophic weather events, tense geopolitical uncertainty, as well as a heightened level of cyber security attacks. These issues, coupled with a highly volatile investment market and historically low interest rates, created unprecedented and far-reaching challenges.

However, the exceptionally strong infrastructure and superior financial strength and ratings of our global integrated platform enabled our Commercial P&C business to continue to enhance its product capabilities and geographic reach, reinforcing our position as a global market leader. We continued to demonstrate our relevance and value to customers and brokers, achieving industry-leading insurance rate increases in excess of 20% during 2020. In addition to this organic growth, the Overseas Insurance and

Reinsurance business has expanded its footprint through a series of strategic acquisitions to complement its position in select lines of business during the previous MTMP period. These include the acquisition of Lexon as part of our U.S. Surety business, expanding our AgriSompo platform to include CGB Diversified in North America, and formally adding W. Brown to our U.S. Aviation offering.

Further, our newly integrated Retail platform continued to evolve and perform well, driven by an ongoing focus on expanding its scale and enhancing underwriting profit. Within the segment, we established our platform as a center of excellence for sharing best practices and strategic relationships to countries throughout our global network. For example, our team in Turkey has successfully shared its expertise in data-driven pricing for motor insurance with other Sompo International retail businesses around the world.

In 2020, the launch of the new P&C brand campaign and tagline, "Promise. Trust. Protect. At the center of everything we do," reaffirmed Sompo International's increasing relevance in the International P&C marketplace and our commitment to our clients, distribution partners, and employees. We are proud that Sompo International is trusted by its clients, distribution partners, and employees to deliver on its promises, protecting clients, and taking care of our people around the world every day. With strong support of our senior leadership team and board, we continue to implement initiatives recommended by Sompo International's Inclusive Diversity Council in order to further embed our values of inclusion, diversity, and fairness into all that we do.

New Mid-Term Management Plan

Vision of the new MTMP

The Overseas Insurance and Reinsurance business will serve as a key component of the success of the Mid-Term Management Plan (FY2021-2023). We plan to increase GWP by over 20% in the next three years with a goal of reaching ¥1.5 trillion in GWP by 2023. With our domestic insurance business in Japan on track to generate ¥2 trillion of GWP, we will help to firmly establish Sompo's global P&C business group as a top 10 insurer with a total

GWP of ¥3.5 trillion. We will leverage the disciplined underwriting approach that is the hallmark of our Commercial P&C and Retail segments to earn our clients' trust. We will maintain our competitive advantage by keeping the promises we make and sharing expertise, best practices, and relationships across Sompo International's global network.

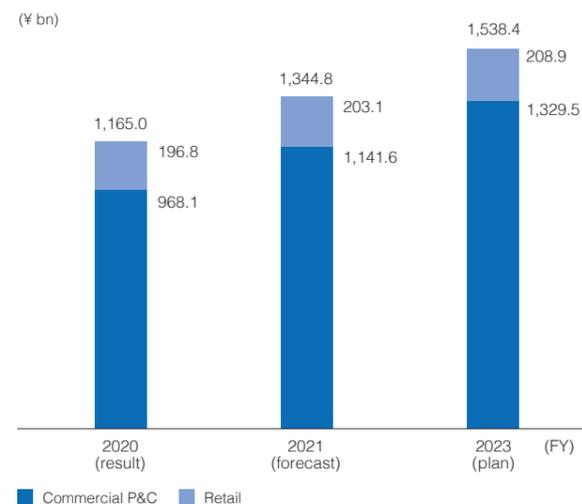
Specific strategies in the new MTMP

As we head into 2021, the first year of the Group's Mid-Term Management Plan (FY2021-2023), the Overseas Insurance and Reinsurance business will remain steadfast in its focus on our global clients, providing excellent customer service, and continuing to identify and develop new, profitable business opportunities for the future. Amidst the on-going "VUCA" in our environment created by the COVID-19 pandemic and

climate change, we will support the Group's efforts to deliver social value while also creating economic value and strengthening its fundamentals.

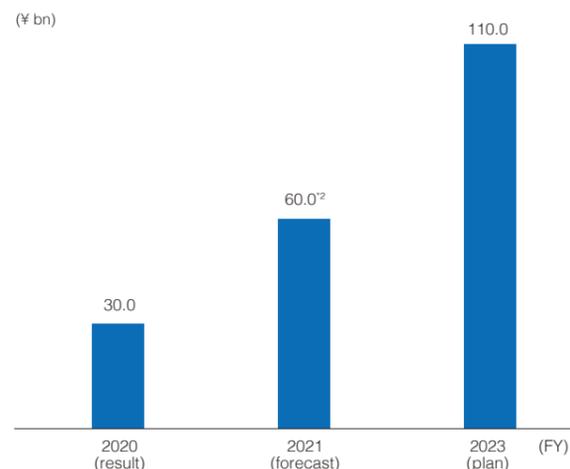
We will continue to embrace our role as a main driver for growth and risk diversification through our substantial contribution to each of the three strategies comprising the Mid-Term Management Plan (FY2021-2023).

Gross Written Premiums^{*1}



*1 Simple totals are stated for gross premiums written at overseas subsidiaries.

Total Adjusted Profit



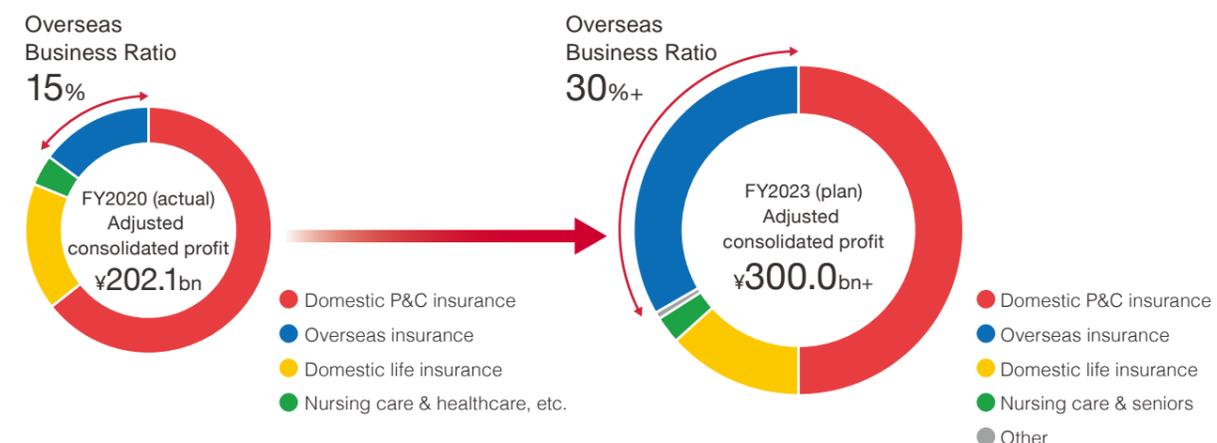
*2 Includes a buffer in preparation for the uncertainties of climate change and greater-than-expected increases in volatility in the economic environment.

*Exchange rate (USD/JPY) is 103.50 yen to the dollar for FY2020 results and 110.71 yen to the dollar for FY2021 and thereafter.

1 Scale and Diversification

The first strategy is scale and diversification to meet market demands for profitability and stability. As the Group's Overseas business, Sompo International will help drive this strategy by focusing on growing profitably through expansion into new products and new geographies, leveraging the size of our insurance business for competitive advantage and earning the trust of our clients in everything we do.

Underwriting excellence will remain at the heart of our competitive advantage. Our experienced underwriting, risk control, and claims professionals, supported by leading-edge technology, will maintain our focus on strategic risk selection and exceptional customer service. Further, we will continue to pursue our disciplined M&A strategy, while staying focused on generating organic growth.



2 New Customer Value Creation

Second, we will look to drive innovation through our new customer value-creation strategy focusing on new solutions that protect against future risks facing society. Using market-leading data and predictive analytics, we will strengthen our disaster prevention and mitigation efforts in key areas including AgriSompo, our agriculture business. Building on the success of this globally integrated platform, we will continue to pursue additional opportunities to enhance the value we deliver by developing high-quality, relevant risk management solutions to our clients through our extensive global licensing network.

We will also honor our commitment and responsibility as a global corporate citizen. This means optimizing opportunities

to utilize our products and services to address local issues as we have done within our agriculture business to help support a "no hunger" society in key markets around the world. In addition, our property and casualty businesses will continue to support efforts to recover and rebuild following the devastating impacts of climate change and natural catastrophes.



3 New Work Style

Finally, we will build on our efforts to adopt new work styles so we can seamlessly serve our customers while

transforming our corporate culture and increasing employee engagement in the process.

Domestic Life Insurance Business



The value provided by domestic life insurance business is geared towards achieving SOMPO's Purpose

For the purpose of creating a future society filled with health and happiness, SOMPO Himawari Life Insurance, as a health support enterprise, helps each and every citizen remain healthy. Its transformation into a health support enterprise means it is ready to aid people's ambitions to live a prosperous life and realize their dreams in this so-called "age of centenarians." To that end, we will continue to provide unprecedented new value in the shape of Insurhealth® to customers by combining the traditional role of life insurance to prepare for any possibility with day-to-day healthcare support functions.

Main KPIs for the New MTMP

Indicators	FY2020 actual	Plan	
		FY2021	FY2023
Adjusted profit by business	¥33.8 billion	¥32.5 billion	¥40.0 billion+
ROE by business ^{*1}	4.2%	4.3%	5.7%
Annualized new premiums ^{*2}	¥29.8 billion	¥43.0 billion	¥50.0 billion
Premiums written	¥440.1 billion	¥456.6 billion	¥487.7 billion
Number of policies in force	4.26 million	4.43 million	5.0 million

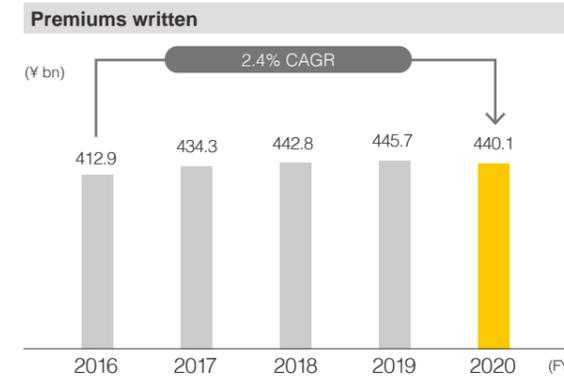
^{*1} Weighting of adjusted profit by business for the median value between the start and end of the fiscal year for allocated capital by business based on the total amount of risk on an economic value basis. Hypothetical value shown for FY2020 when applying FY2021 allocation level.
^{*2} Sales performance base

Strengths, Opportunities and Risks

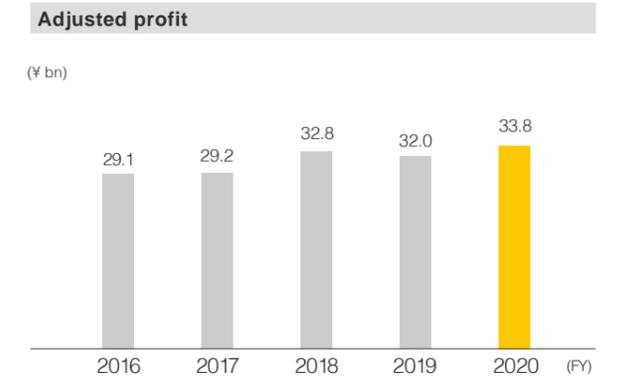
Strengths	<ul style="list-style-type: none"> Differentiation with unique products (integration of insurance and healthcare with Insurhealth®) Development platform for expanding online insurance Extensive sales base of the Sampo Group and strong links to Group businesses, including nursing care and healthcare
Opportunities	<ul style="list-style-type: none"> Extension of healthy life expectancy and increasingly diversified needs in mainly nursing care and dementia Development of new products and services using real data Further improvement in business efficiency with the use of digital technology and workstyle innovation
Risks	<ul style="list-style-type: none"> Shrinking domestic market owing to a lower birth rate Intensification of industry competition to compare prices and coverage

Looking back on the previous MTMP

KPI Actual



Even though premiums written in the domestic life insurance market overall are shrinking, we have achieved the third-strongest growth rate in the industry with a five-year CAGR of 2.4%
 *More than ¥300 billion in premiums written in FY2015



Despite the impact of voluntarily limiting face-to-face solicitation during the COVID-19 pandemic, brisk sales of mainly new medical insurance Insurhealth® drove adjusted profit to a record high ¥33.8 billion in fiscal 2020

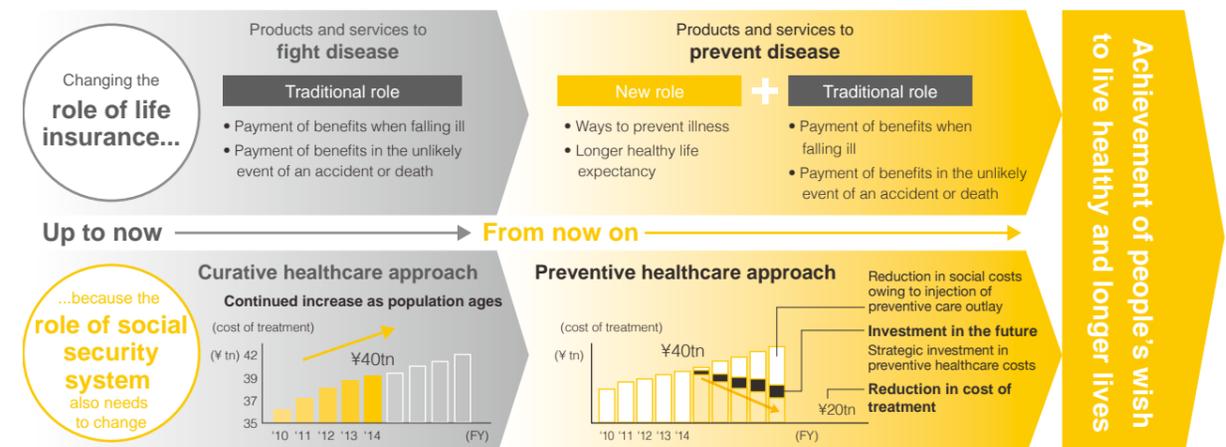
As Japan's population continues to grey, we need to shift our stance from treating diseases to one focused on preventive healthcare so that illnesses do not develop in the first place. In this environment, and guided by the thinking that life insurance should offer not only coverage for the unexpected events, but also support to prevent illness and to help people live longer, we have continued to transform ourselves into a health support enterprise with the goal of helping the people of Japan live long and energetic lives by providing new value of Insurhealth®—a product that offers traditional insurance coverage combined with healthcare support functions.

In the first half of the previous Mid-Term Management Plan, we launched a health support service brand called

Linkx and kicked off initiatives aimed at connecting with, and supporting the health of, customers outside of the insurance domain. Also, the eight Insurhealth® products, including online-only products, that we launched in fiscal 2018 had grown to account for roughly 60% of all new contracts by fiscal 2020.

In addition, to improve discontinuous productivity, we have pushed ahead with initiatives unshackled from preconceived ideas, including HR system reforms and the concentration of branch office work at the head office.

These initiatives helped adjusted profit reach an all-time high of ¥33.8 billion in fiscal 2020.



New Mid-Term Management Plan

Vision of the new MTMP

Vision	Establishment as a health support enterprise to help each and every citizen stay healthy
Mission	To provide unprecedented new value to customers with Insurhealth® by combining the traditional role of life insurance to prepare for any possibility with day-to-day healthcare support functions

With the broader objective of achieving the Sampo Group's purpose, in the domestic life insurance business, we aim to support people's ambitions to live a prosperous life and realize their dreams in this so-called "age of centenarians." To that end, in our previous Mid-Term Management Plan, we commenced a number of initiatives geared towards transforming ourselves into a health support enterprise. Under our new Mid-Term Management Plan, in order to

make sure of our transformation into such an organization, we will step up the pace of initiatives that we started during the previous plan and utilize digital technology and data to continually deliver new value to customers. And by going the extra mile to advance and improve our initiatives time and time again, we aim to establish a Himawari brand so that even more customers can get a real feel for "health."

Specific strategies in the new MTMP

1 Insurhealth®-driven growth

Life insurance has traditionally played a complementary role in the social insurance scheme by mitigating negative events and providing economic assistance. During the period of our previous Mid-Term Management Plan, so as to respond to changes in the environment enveloping our customers, we started offering more than just insurance coverage by supporting efforts to extend healthy life expectancies and provide unprecedented new value in the form of Insurhealth®, including wealth management services that deliver positive contributions to people's lives. This will serve as the driving force behind our plan to shore up growth by unearthing new customers.

For example, premiums for the first Insurhealth® product "Jibun to Kazoku no Omamori (Protection for you and your family)," which went on sale in April 2018, have become cheaper mainly because of improvements in the health of our customers and this product has the added benefit of a refund equivalent to the amount of difference with the cost of premiums in the past. As a result, roughly 230 new customers every month are taking steps to improve their health.

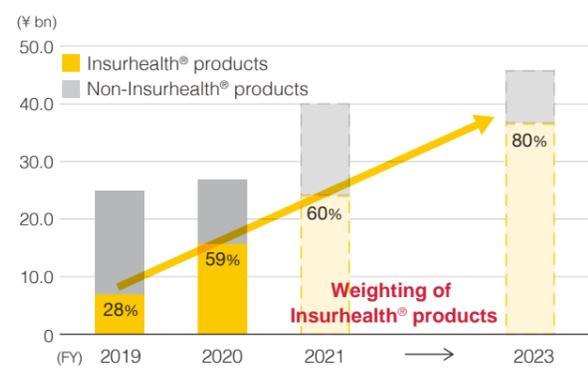
This kind of new value goes beyond the boundaries of conventional insurance to encourage people to stay healthy and we will utilize digital technology to further enhance it, further evolve our Insurhealth® lineup, and accelerate growth.

Our vision

Toward an age of Insurhealth® in which insurance makes people healthy



Annualized premiums of new policies



2 Low-cost operations

We will enhance productivity and lower the expense ratio by reforming our business structure with low-cost operations. We will keep the prices of our products and services low in a bid to attract even more customers.

Productivity-focused reforms

- Creation of time for sales through the centralization of branch office work in Headquarters**
 - Reduction in branch office work. Down 60% YoY in FY2020 (vs. FY2015)
- Reform of HR system**
 - Introduction of a job-based HR system
- Establishment of new business operations**
 - Full implementation of online solicitation
 - Increase in online procedures by customers
- Business resource optimization**
 - HQ office space reduction, branch integration

Training and development of resources



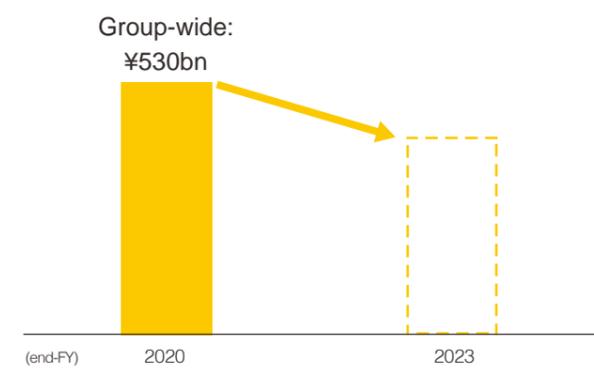
Demonstrate frontline capabilities, D&I

3 Enhancing capital efficiency

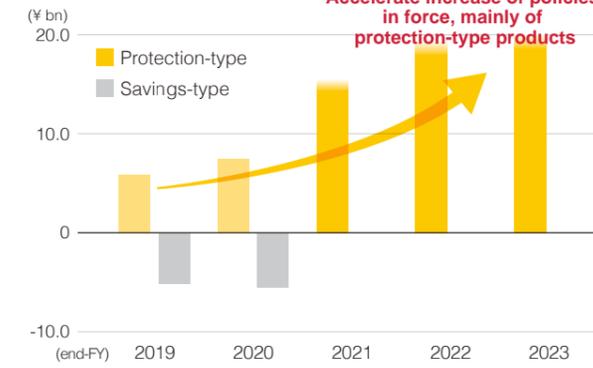
Owing to the fact that long-term policies are key in the life insurance business, we will pursue a business structure with which we can continue to protect customers in a stable and sustained manner irrespective of changes in the operating environment. To that end, we will reduce interest rate risk by expanding our

purchases of super-long-term JGBs. And in terms of product development, we will control growth in interest rate risk by holding mostly protection-type products in our portfolio.

Control of amount of interest rate risk



Annualized premium of policies in force (net increase)



Nursing Care & Seniors Business



The value provided by nursing care & seniors business is geared towards achieving SOMPO's Purpose

As Japan's population continues to be transformed by an aging population and a declining birthrate, demand for nursing care services is growing. On the other hand, the country's labor force is shrinking, fueling concerns of a significant imbalance between the number of people who can provide care and those who require it. And Japan is facing other major challenges; for example, the sustainability of its social security system is under threat because financial resources are being squeezed by the ballooning cost of paying social security benefits. Moreover, the environment that surrounds us is changing rapidly, highlighted by the emergence of new risks, like the COVID-19 pandemic, and advancements in digital technology.

In light of those environmental factors and with a brand slogan of "changing the future of nursing care" we will aim to grow further as a nursing care operator by making full use of digital technology and real data, and strive to improve the sustainability of the nursing care industry and provide support to even more elderly citizens in need by drawing on the know-how of Sampo Care to build a nursing care ecosystem. On top of this, we will take steps to contribute to the realization of a future society filled with health and happiness by taking up the challenge of extending the health life expectancy by working to prevent dementia and supporting the social and economic activities of active seniors.

Main KPIs for the New MTMP

Indicators	FY2020 actual	Plan	
		FY2021	FY2023
Adjusted profit by business	¥7.3 billion	¥6.5 billion	¥8.0 billion+
Revenue	¥131.8 billion	¥137.5 billion	¥162.0 billion
Occupancy rate	89.4%	90.8%	93.8%

Strengths, Opportunities and Risks

Strengths	<ul style="list-style-type: none"> Nursing facility management know-how underpinned by our top ranking in Japan for the number of senior living units High-quality nursing care services owing to substantial training systems, including Sampo Care University Ability of research institutes (Future Care Lab in Japan) and staffs of nursing care facilities to work together to implement new technologies High quality, high-volume real data based on approx. 80,000 users and capability of data analysis through collaboration with Palantir
Opportunities	<ul style="list-style-type: none"> Rising demand for nursing care as the elderly population increases Innovation in conventional nursing care services using digital technology and real data (room for quality and productivity improvements)
Risks	<ul style="list-style-type: none"> Labor shortages associated with a widening supply-demand gap among caregivers Fears of a reduction in public long-term care benefits owing to strained public finances for nursing care insurance Growing threat of cyber risks as the utilization of digital technology and online data gains further momentum

Looking back on the previous MTMP

The Sampo Group entered in the nursing care business prior to the rollout of the long-term care insurance scheme, and we made a full-fledged entry into the nursing care business in the second half of fiscal 2015 after closing an M&A deal with two major nursing care operators with abundant experience and achievements in the industry. Under the previous Mid-Term Management Plan, we quickly set about merging those two companies, ramped up staff recruitment and training in order to maximize synergies with the Group, bolstered internal control systems and corporate governance, and prioritized the improvement of occupancy rates at existing facilities.

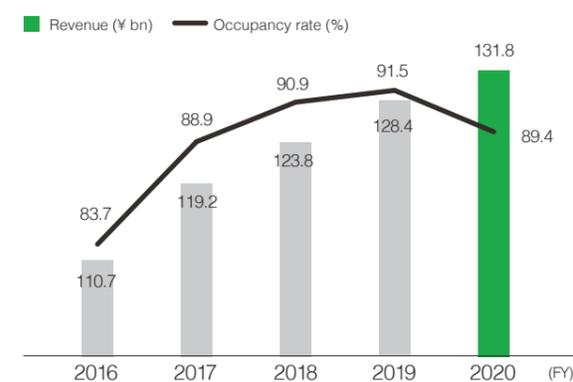
With the objective of strengthening hiring and personnel training, in fiscal 2017 we set up the in-house Sampo Care University for caregivers in order to enhance the systems used to provide new employee training and regular follow-up training sessions. Moreover, in fiscal 2019 we endeavored to attract highly talented personnel mainly by raising the compensation for nursing care professionals to the highest level in the industry in some regions. Such measures yielded steady results during the period of the previous Mid-Term Management Plan with the turnover rate among full-time employees improving roughly seven percentage points to 11.4%.

In terms of enhancing internal control systems and corporate governance, we took steps to establish an internal reporting channel with the aim of preventing serious incidents such as the maltreatment of elderly customers and we also put in place in-house rules on reporting such incidents. Furthermore, we gradually advanced the management and business integration between the two acquired nursing care operators—eventually becoming the current Sampo Care Inc. in July 2018.

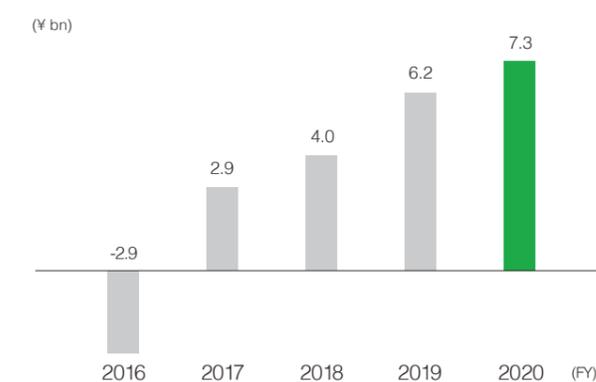
Particularly since fiscal 2018, we have focused on sowing the seeds of future growth. In July 2018 we launched the SOMPO Dementia Support Program to tackle the issue of dementia on a Group-wide basis. The program aims to realize a society that is prepared for the challenges of dementia and gives people the opportunity to live as they please even if they have been diagnosed with the disease. In February 2019 we started to explore the possibilities of IoT in the nursing care business by establishing the Future Care Lab in Japan as a future nursing care project for creating new nursing care solutions. The lab has so far tested over 350 types of technology, with 10 of those actually being put to use in the field of nursing care. In addition, in April 2020 we provided other nursing care operators with the business management know-how and services built up by Sampo Care, which marked the start of a new solutions business that seeks to contribute to the sustainability of the industry overall. Plus, we steadily undertook measures initiatives that lead to the current Mid-Term Management Plan. For example, in December 2020 we acquired Tokyo Tatemono Senior Life Support, a company that we expect will generate strong synergy effects with the Sampo Group as we target further growth in the nursing care business.

As a result of these measures, the occupancy rate for existing facilities recovered to 89.4% in fiscal 2020 from 83.7% in fiscal 2016. Revenue (one of our management targets) increased from ¥110.7 billion in fiscal 2016 to ¥131.8 billion in fiscal 2020 and adjusted profit grew to ¥7.3 billion from a loss of ¥2.9 billion.

Revenue and occupancy rate



Adjusted profit



New Mid-Term Management Plan

Vision of the new MTMP

Enhancing the Sustainability of the Nursing Care Industry and Supporting the Lives of More Elderly people

Extend the healthy life expectancy of more elderly people

Create a future society for healthy and happy lives

To accomplish the SOMPO's Purpose, in the nursing care & seniors business we aim to solve social issues concerning the graying of Japan's population and so-called "new normal," and provide two social values in the process: (1) enhancing the sustainability of the nursing care industry and supporting the lives of more elderly people; and (2) extend the healthy life expectancy of more elderly

people. To that end, we are committed to three actions: (1) provide support as a nursing care operator; (2) support by ecosystem; (3) and support active seniors. By doing so, we aim to contribute to Japan's status as a world-class, affluent society of longevity and create a future society brimming with health and happiness.

Specific strategies in the new MTMP

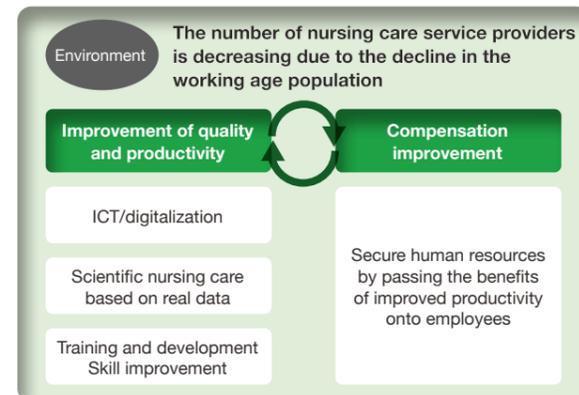
1 Providing Support as a Nursing Care Operator

We intend to construct a nursing care model for the future by promoting the use of safe, sophisticated technology substantiated by the Future Care Lab in Japan, as well as science-based nursing care powered by real data. We will also boost our ability to supply nursing care services by providing better compensation in order to attract highly proficient

workers. Based on this strong capacity to supply services, we will aim to support the growing demand for nursing care through our own growth mainly by effectively combining in-house development with strategic M&As and expanding our full lineup of services encompassing both home- and facility-based care.

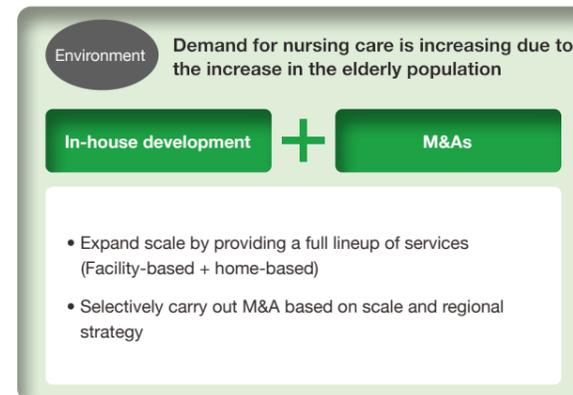
Increase the capacity to "supply" nursing care services

Productivity improvement



Support the growing "demand" for long-term care

User growth

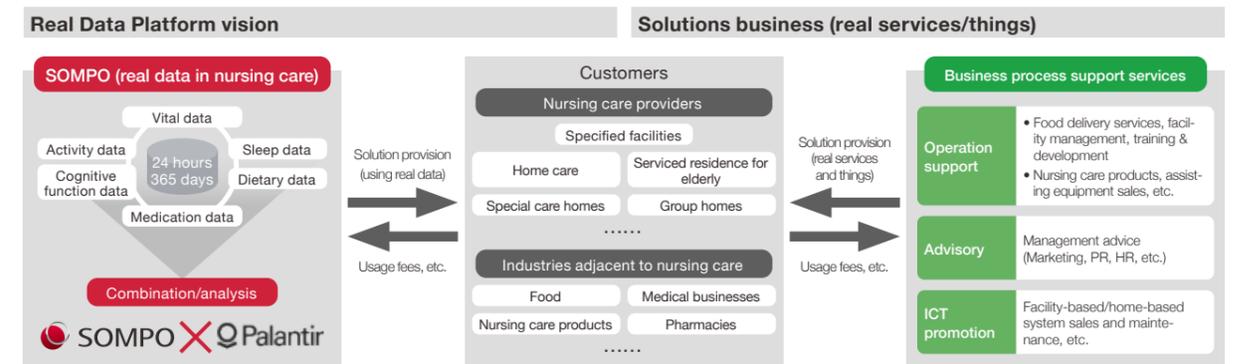


Growth as a nursing care operator

2 Supporting by the ecosystem

By combining real data generated from a database of approximately 80,000 users with the data analysis technology of Palantir, we will aim to commercialize our Real Data Platform (RDP) for nursing care to bring forth new solutions. We will also expand our solutions business of providing the business know-how and services Sompo Care has honed thus far to other

nursing care business operators. We will look to build an ecosystem by extending our real data and real services to nursing care business operators and adjacent industries, contribute to the sustainability of the industry as a whole, and provide assistance to as many senior citizens as possible.



3 Supporting Active Seniors

By extending our services to not only those who require nursing care, but also to the elderly population in general prior to such needs arising, we will embrace the challenge of contributing to a society in which seniors can lead fulfilling lives in any way they please, extension of healthy life expectancy, and keeping a lid on the cost of social security benefits. Our concrete measures for achieving this will revolve around the dual axes of a smart community business and the SOMPO Dementia Support Program. In the

former, we will aim to encourage a change in mindset and behavior among active seniors and support their participation in society so they may enjoy a state of well-being. Through the latter, we hope to create a society that is prepared for dementia and gives people the opportunity to live as they please even if they have been diagnosed with the disease, so starting in fiscal 2021 we plan to launch in earnest some services that should prove useful in preventing the impairment of cognitive functions.

Start of smart community business (SOMPO)

Contributing to realize a society where seniors can live prosperously in their own way in a super-smart society



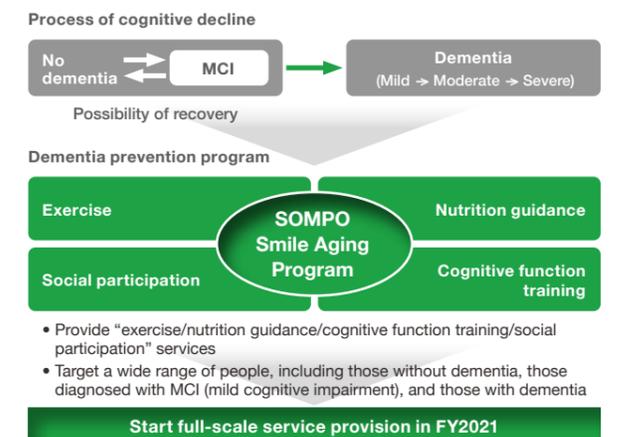
PoC (proof of concept) started at local governments nationwide



*Families, etc. who give nursing care at home

Launch of cognitive decline prevention services

To create a "society where people can live in their own way, even if they are preparing for or have dementia"



Digital Business



The value provided by digital business is geared towards achieving SOMPO's Purpose

Seeking to foster the security, health, and wellbeing of customers and help achieve the SDGs, we make full use of digital, AI, and data analysis technologies to provide new customer value in various ways. These include promoting behavioral change through risk visualization, improving quality of life (QoL) through various health support initiatives, and furthering the advancement of women.

Target Profile

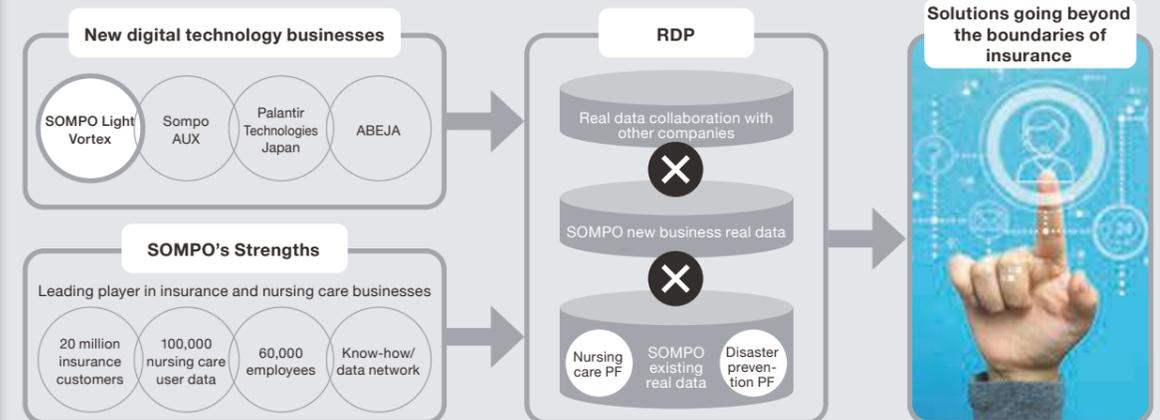
Insurance provides peace of mind through the payment of benefits when unexpected events occur, such as accidents and illness. Through the digital transformation of society, however, we aim to prevent these unexpected events and mitigate accidents, disasters, and illness, and thus can create a world of security, health, and wellbeing that does not require insurance.

Strengths, Opportunities and Risks

Strengths	<ul style="list-style-type: none"> Real data obtained from business activities (20 million people in insurance business; 100,000 people in nursing care business) Technical capabilities and network of strategic partners, such as Palantir and ABEJA, that excel in data analysis and AI applications Global R&D system (Tokyo, Silicon Valley, Tel Aviv) Rigorous recruitment of external talent (executives, business development, engineers, data scientists, UI/UX designers) Track record of verification tests using advanced digital technologies
Opportunities	<ul style="list-style-type: none"> Growing need for increased productivity in all industries due to decline in active workforce and scarcity of diverse and specialized human resources New business opportunities using real data in a "connected society" through IoT, CASE, smartification, etc. Adapting best digital transformation practices from overseas to the Japanese market
Risks	<ul style="list-style-type: none"> Emergence of new players and business models unfettered by boundaries of ownership, use, industry, or business category (characterized by development of sharing economy) Emergence of new risks, such as cyber attacks, new infectious diseases, and intensification of natural disasters Excessive competition to attract digital talent (difficulty in securing and training talent)

New Mid-Term Management Plan

Vision of the new MTMP



We will target business expansion spearheaded by SOMPO Light Vortex (our core digital business company established in July 2021), Sompo AUX (BtoB auction business), and Palantir Technologies Japan (established in November 2019 as a joint venture between Sompo Holdings and Palantir Technologies Inc.).

Through digital transformation, SOMPO Light Vortex seeks to clearly define the Group's vision of what it wants to be and the society it wants to create from a long-term perspective, as well as the issues and solutions that must be overcome to achieve this vision. Starting with the healthy aging field, it also offers new products and services utilizing digital technology with the aim of providing new value to customers and society as a whole.

Sompo AUX engages in the auction and sale of accident-damaged vehicles, with an annual volume of 50,000

vehicles taken in by the Group alone. It is expanding its business with a view to handling non-accident-damaged vehicles in the future.

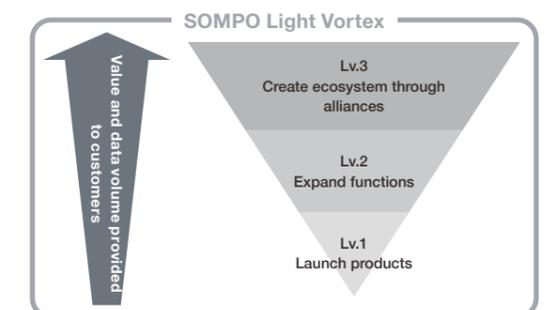
Palantir Technologies Japan uses the knowledge of Palantir Technologies Inc.—a global big data analytics company with an advanced platform for data-driven business operations and decision-making—to accelerate the Group's efforts to solve social issues in Japan.

We aim to develop the digital business into a pillar of revenue through alliances with U.S.-based Palantir Technologies Inc., as well as ABEJA, which has an excellent track record in AI and data analysis, and other companies, and by using strategic investments to find quality startups. We will also use real data obtained from the digital business to expand the functions of our RDP.

Specific strategies in the new MTMP

Create ecosystem of digital solutions

We will develop products that solve the daily issues of our customers in collaboration with startups with cutting-edge technologies, then refine those products to expand their functions, and finally collaborate with other companies to create an ecosystem. In these ways, we will build a theme-specific solution platform that contributes to people's security, health, and wellbeing. SOMPO Light Vortex will establish a customer-driven solution development system and will start working on the healthy aging field as its first digital solution challenge.



Healthcare Business



The value provided by healthcare business is geared towards achieving SOMPO's Purpose

Our healthcare business was newly added to the core business in fiscal 2021. In addition to providing “value after something happens” as typified by the insurance and nursing care businesses, this new business will provide “solutions to help people lead healthy and happy lives” before anything happens. In this way, we will fulfill SOMPO's Purpose of realizing a society in which every person can live a healthy, prosperous and happy life in one's own way with “A Theme Park for Security, Health & Wellbeing.”

Through these efforts, we will help build sustainable public medical and long-term care insurance system by extending healthy life expectancy and improving the productivity and quality of medical services.

Target Profile

- We will target sustainable growth of the two existing Group operating companies: SOMPO Health Support Inc. and Wellness Communications Corporation. SOMPO Health Support promotes mental and physical health by combining its long track record in the healthcare business with the latest knowledge and digital technologies to offer products and services that can be highly beneficial to health. Wellness Communications provides companies and health insurance associations with checkup outsourcing services and health information management systems.
- In addition, we will help build a sustainable public medical and long-term care insurance system by extending healthy life expectancy and improving the productivity and quality of medical services. We aim to create new healthcare-related businesses that will become a pillar of the Group's operations and play a central role in its transformation into “A Theme Park for Security, Health & Wellbeing.”

Strengths, Opportunities and Risks

Strengths	<ul style="list-style-type: none"> • Customer base of individuals, corporations, and organizations built through insurance business and two existing healthcare companies • Solutions, know-how, data, human resources, etc. of the two existing healthcare companies • In-house infrastructure of businesses related to healthcare, such as nursing care, life insurance, and digital business
Opportunities	<ul style="list-style-type: none"> • Domestic social issues stemming rapid decline of productive workforce (widening supply-demand gap for medical and long-term care, decline in the working-age population, tightening of financial resources for the social security system, etc.) • Policy issues and investments at various levels based on the above (diverse employment and social participation, extension of healthy life expectancy, reform of medical and welfare services) • Social expectations of the non-public healthcare industry (service industry group) to support public insurance
Risks	<ul style="list-style-type: none"> • Risk of leakage of personal information (including sensitive information) about customers of two existing companies due to cyber attacks, etc. • Investment-related risk in new business development; risk of reduced competitive advantage due to standardization of new services

New Mid-Term Management Plan

Vision of the new MTMP

By establishing a new business foundation that can grow into a pillar of the Group's operations and achieving growth of the two existing healthcare-related companies, we are committed to creating a future society for healthy and happy lives while actively utilizing products and services from Japan and overseas. As part of the value we provide to society, we aim to achieve the following.

- Provide healthy and happy new lifestyles for both “support givers” and the “support recipients” in the public security system
- Provide solutions that contribute to people's health, both directly and indirectly, such as disease prevention and improvement in the quality and efficiency of medical care
- Create a Real Data Platform (RDP) in the healthcare domain that contributes to these goals

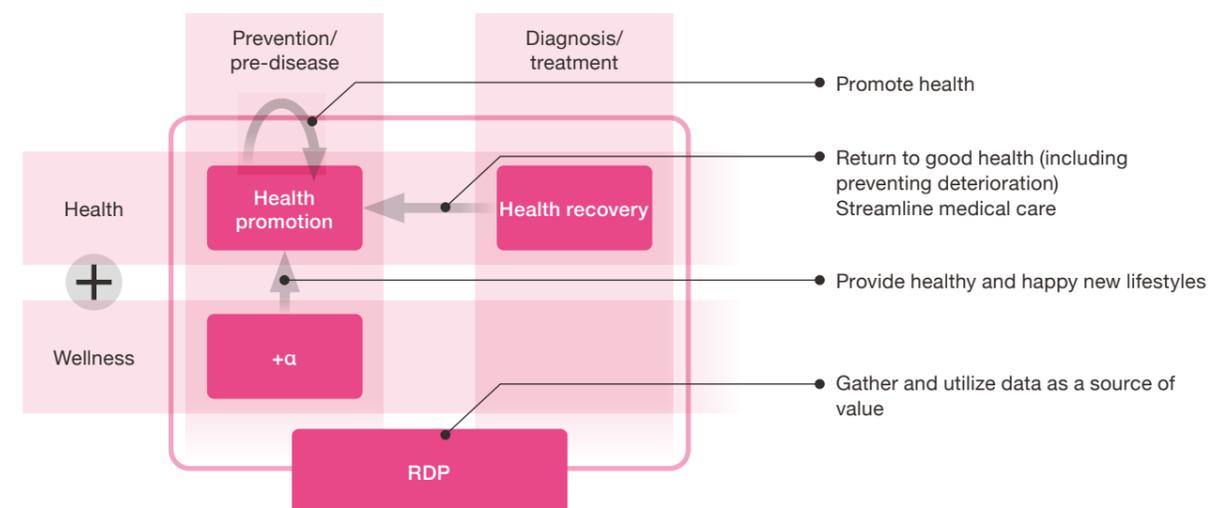
Specific strategies in the new MTMP

1 Develop businesses in the prevention, pre-disease, diagnosis, and treatment fields

In order to extend healthy life expectancy and support medical productivity and quality improvement, we will develop businesses in a range of fields, from prevention and pre-disease to diagnosis and treatment. Utilizing both real and digital customer contact points, we will also provide new solutions that contribute to improved health and prevention of diseases and serious illnesses. In these ways, we will provide new lifestyles of health and happiness.

2 Build RDP as a source of value creation

By providing value through products, services, and solutions in healthcare-related businesses, we will acquire and utilize real data for visualization on digital devices. Based on such data, we aim to build an RDP as a source for delivering new value to more people, including by promoting awareness and behavioral changes.



Strategic Operating Companies

To help more customers enjoy lives of security, health, and wellbeing, we are developing a variety of businesses that transcend the framework of insurance. These include the asset management business, which covers services related to asset formation for customers, and the home remodeling business.

Company Outline

Sompo Asset Management



Sompo Asset Management Co., Ltd. proposes and provides top-caliber products and asset management services to help customers build asset portfolios over the medium and long terms, with the aim of being the most customer-oriented asset management company in Japan.

For the Realization of SOMPO's Purpose

Sompo Asset Management Solving Social Issues through ESG Investments

In the asset management business, Sompo Asset Management has continued incorporating environmental, social, and governance (ESG) factors into its investment value analyses since 1993. Its pioneering eco-fund, Sompo Japan Green Open Fund ("Buna no Mori"), entered its 22nd year of operation in fiscal 2020. In March 2020, Sompo Asset Management launched a Japanese equity ESG fund in the European market, the home of ESG investments.



Sompo Asset Management incorporates ESG factors into its investment process by continuously monitoring corporate ESG information and evaluating it in an integrated manner as investment value (ESG integration). Through the research activities of in-house analysts, Sompo Asset Management accurately grasps the medium- to long-term profitability of each company, which forms the basis of the investment value assessments. It also engages in dialogue with those companies with a focus on improving corporate value and sustainable growth. In fiscal 2020, Sompo Asset Management engaged in dialogue on 2,564 occasions, including 607 individual dialogues with companies and participation in 1,957 information briefing sessions and other events.

In addition to the daily research activities of its analysts, Sompo Asset Management utilizes the results of annual surveys conducted by Sompo Risk Management, a dedicated

FRESHHOUSE



As a general remodeling company, FRESHHOUSE CO., LTD. aims to provide high-quality remodeling services that eliminate uneasiness, inconvenience, and discomfort and to create homes in which residents can live safely, comfortably, and with peace of mind.

research company in the Sompo Group. In-house analysts use the results of the surveys as non-financial information for calculating the investment value of companies. They are also used as selection criteria for investment in ESG-focused products, such as our custom "SOMPO Sustainability Index" calculated by Sompo Holdings. As of March 31, 2021, the balance of such investment products totaled around ¥180 billion. Through these products, Sompo Asset Management also discloses information on the concept and significance of ESG investments to a wide range of investors and plans to step up its activities in the future.

FRESHHOUSE

Adapting to New Lifestyles with Stay Reform®

In June 2020, FRESHHOUSE launched its Stay Reform® remodeling plan to support new lifestyles that have emerged in a bid to prevent the spread of COVID-19. Stay Reform® helps people easily adapt to new lifestyles in various ways, including through the remodeling of work-from-home spaces, the incorporation of touchless products, and the installation of delivery lockers for receiving packages without interfacing with others.



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Consolidated Financial Indicators for Sampo Holdings

	Millions of yen									Millions of U.S. dollars		
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020
Key Figures												
Ordinary Income	2,621,689	2,790,555	2,843,226	3,008,339	3,282,343	3,256,186	3,419,530	3,770,052	3,643,040	3,760,366	3,846,323	34,742
Net Premiums Written (P&C Insurance)	1,933,283	1,973,777	2,062,606	2,268,967	2,508,031	2,552,193	2,550,336	2,854,755	2,718,155	2,825,482	2,923,547	26,407
Life Insurance Premiums	238,178	250,193	264,732	277,230	277,208	297,696	323,860	346,998	349,606	356,064	346,177	3,126
Ordinary Profit	(6,437)	(51,815)	104,783	112,391	208,309	216,853	241,713	141,890	198,959	192,451	215,097	1,942
Net Income Attributable to Shareholders of the Parent	(12,918)	(92,262)	43,618	44,169	54,276	159,581	166,402	139,817	146,626	122,515	142,482	1,286
Comprehensive Income	(143,120)	(48,098)	319,047	149,965	469,485	(116,689)	226,949	177,754	(54,460)	(77,806)	512,417	4,628
Per Share Information (Yen, U.S. dollars)												
Net Income	(31.11)	(222.30)	105.10	106.98	132.85	394.21	419.15	361.39	392.26	334.12	397.40	3.58
Dividends	80.0	80.0	60.0	60.0	70.0	80.0	90.0	110.0	130.0	150.0	170.00	1.53
(Of which, Interim)	—	—	—	30.0	30.0	40.0	40.0	55.0	65.0	75.0	80.00	0.72
Diluted Net Income	—	—	104.87	106.77	132.61	393.66	418.71	361.09	391.96	333.89	397.16	3.58
Financial Condition												
Total Net Assets	1,079,446	1,000,577	1,283,488	1,390,153	1,829,852	1,652,839	1,868,940	1,916,210	1,779,911	1,612,584	2,031,168	18,346
Total Assets	8,981,974	8,893,378	9,178,198	9,499,799	10,253,431	10,186,746	11,931,135	11,948,323	12,018,254	11,977,836	13,118,656	118,495
Equity Ratio (%)	12.0	11.2	13.9	14.5	17.8	16.1	15.1	15.8	14.6	13.3	15.4	—
Consolidated Solvency Margin Ratio (%)	—	549.8	688.3	783.1	803.4	851.4	748.9	862.5	859.8	856.1	871.8	—
Stock Information (Shares)												
Number of Shares Outstanding (Excluding Treasury Stock)	415,106,429	414,825,205	414,726,157	411,284,208	408,037,848	404,162,514	393,398,576	380,579,944	372,426,159	364,125,082	354,956,543	—
Adjusted Financial Indicators												
Adjusted Consolidated Profit (Billions of yen)	27.6	(96.8)	20.7	35.5	113.6	164.3	183.2	162.7	113.5	150.8	202.1	1,826
Adjusted Consolidated ROE (%)	1.6	(10.9)	1.2	1.9	5.1	6.9	7.6	6.4	4.5	6.4	8.0	—

Notes: 1. Sampo Holdings carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Net income per share, dividends per share, and number of shares outstanding (excluding treasury stock) are calculated based on the assumption that the reverse split of stocks was executed at the beginning of fiscal 2010.
 2. Reflecting amendments to the "Accounting Standard for Business Combinations," etc., since fiscal 2015 the presentation of "net income" has been amended to "net income attributable to shareholders of the parent."
 3. From the end of fiscal 2011, the consolidated solvency margin ratio as the standard of consolidated financial soundness has been calculated in accordance with the related laws and regulations, including the Ordinance for Enforcement of the Insurance Business Act, revised on March 31, 2011. Above, the figures for fiscal 2012 and before and the figures for fiscal 2013 and after are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of the solvency margin ratio that was enforced at the end of fiscal 2013. Figures are not presented for fiscal 2010.
 4. Diluted net income per share for fiscal 2010 and fiscal 2011 is not shown due to the recording of net loss per share.
 5. As for adjusted consolidated profit and adjusted consolidated ROE for fiscal 2010-2015, estimated amounts calculated based on new definitions are presented.
 6. U.S. dollar amounts are translated from yen at the rate of ¥110.71 = U.S. \$1.00, the approximate rate prevailing at March 31, 2021.

Adjusted Financial Indicators

Adjusted consolidated profit is a profit indicator that is meant to more accurately reflect business results and is calculated by adjusting consolidated net income based on JGAAP for catastrophic loss reserve and other items. This indicator is used to determine shareholder returns.

Definition of Adjusted Consolidated Profit, Adjusted Consolidated ROE, etc.

	Previous Mid-Term Management Plan	New Mid-Term Management Plan	
Adjusted profit for each business*1	Domestic P&C insurance*2	Net income + Provisions for catastrophic loss reserve, etc. (after tax) + Provisions for reserve for price fluctuation (after tax) - Gains/losses on sales of securities and impairment losses on securities (after tax)	Net income + Provisions for catastrophic loss reserve, etc. (after tax) + Provisions for reserve for price fluctuation (after tax) - Gains/losses on sales of securities and impairment losses on securities (after tax)
	Overseas insurance and reinsurance business	Net income (including major non-consolidated subsidiaries) Operating income is used for Sampo International Holdings.*5	Operating income*5 Net income is used for affiliates accounted for under the equity-method in principle.
	Domestic life insurance	Net income + Provision of contingency reserve (after tax) + Provision of reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Deferral of acquisition cost (after tax) - Depreciation of acquisition cost (after tax)	Net income (after tax) + Provision of reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Deferral of acquisition cost (after tax) - Depreciation of acquisition cost (after tax) - Gains/losses on sales of securities and impairment losses on securities (after tax)
	Nursing care & seniors	Net income	Net income
	Digital*3	—	Net income - Gains/losses on sales and impairment losses related to investment (after tax)
Healthcare, etc.*4	—	Net income	
Adjusted consolidated profit	Total of above adjusted profits	Total of above adjusted profits	
Adjusted consolidated net assets	Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance, etc. (after tax) + Reserve for price fluctuation in domestic life insurance (after tax) + Domestic life insurance adjusted net assets*6	Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance, etc. (after tax) + Reserve for price fluctuation in domestic life insurance (after tax) + Domestic life insurance adjusted net assets*6	
Adjusted consolidated ROE	Adjusted consolidated profit/Adjusted consolidated net assets Note: The denominator is the average balance at the end/start of each fiscal year.	Adjusted consolidated profit/Adjusted consolidated net assets Note: The denominator is the average balance at the end/start of each fiscal year.	
Risk diversification ratio	—	Risk diversification effect/ Total amount of Group risk (Before consideration of diversification effect)	
Global business ratio (Regional diversification ratio)	—	Adjusted profit of Overseas Insurance and Reinsurance Business/ Adjusted consolidated profit	

*1 Adjusted profit by business segment excludes one-time gains and losses or special factors such as dividend from subsidiaries.
 *2 Total of Sampo Japan Insurance Inc., SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, Sampo Japan Partners Inc., Mysurance Inc., Sampo Japan DC Securities Inc., Sampo Risk Management Inc., Tier IV, Inc., DeNA SOMPO Mobility Co., Ltd., akippa Inc., DeNA SOMPO Carlife Co., Ltd., Prime Assistance Inc. and Sampo Warranty Inc.
 *3 Total of Palantir Technologies Japan K.K., Sampo AUX Inc. and ABEJA, Inc. (FY2021 and later) (FY2020 and earlier, all three classified as Nursing Care & Healthcare Business, etc.)
 *4 Total of Sampo Health Support Inc., Wellness Communications Corporation, Sampo Asset Management Co., Ltd. and FRESHHOUSE Co., Ltd. (FY2020 and earlier, all four classified as Nursing Care & Healthcare Business, etc.)
 *5 Defined as the operating income, which excludes one-time fluctuation factors (= Net income - Net foreign exchange gains and losses - Net realized and unrealized gains and losses on securities - Net impairment losses recognized in earnings, etc.)
 *6 Adjusted net assets of Domestic Life Insurance Business = Net assets of Domestic Life Insurance Business (J-GAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

Segment Overview (Unaudited)

Domestic P&C Insurance Business

1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	460,860	17.72%	8.12%	489,347	19.12%	6.18%
Marine insurance	46,395	1.78	0.59	44,422	1.74	(4.25)
Personal accident insurance	271,152	10.42	3.22	247,367	9.66	(8.77)
Voluntary automobile insurance	1,137,169	43.72	1.25	1,147,002	44.81	0.86
Compulsory automobile liability insurance	290,712	11.18	(2.20)	238,823	9.33	(17.85)
Others	395,028	15.19	1.74	392,803	15.35	(0.56)
Total	2,601,318	100.00	2.26	2,559,767	100.00	(1.60)
Deposits of premiums by policyholders	113,703	4.37	2.31	93,496	3.65	(17.77)

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	285,630	12.78%	7.57%	306,813	13.97%	7.42%
Marine insurance	46,901	2.10	5.84	40,585	1.85	(13.47)
Personal accident insurance	169,024	7.56	(2.22)	154,095	7.02	(8.83)
Voluntary automobile insurance	1,131,317	50.60	1.12	1,140,677	51.93	0.83
Compulsory automobile liability insurance	281,141	12.57	0.84	238,136	10.84	(15.30)
Others	321,809	14.39	1.05	316,265	14.40	(1.72)
Total	2,235,825	100.00	1.69	2,196,574	100.00	(1.76)

Note) Figures are amounts before the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	234,257	17.55%	(15.21)%	214,777	17.59%	(8.32)%
Marine insurance	28,418	2.13	(16.67)	24,933	2.04	(12.26)
Personal accident insurance	86,460	6.48	(5.74)	72,054	5.90	(16.66)
Voluntary automobile insurance	614,177	46.00	(0.98)	561,357	45.97	(8.60)
Compulsory automobile liability insurance	192,508	14.42	(6.90)	175,844	14.40	(8.66)
Others	179,299	13.43	(1.16)	172,256	14.11	(3.93)
Total	1,335,120	100.00	(5.35)	1,221,222	100.00	(8.53)

Note) Figures are amounts before the elimination of internal transactions between segments.

4. Investment assets

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Deposits	498,845	8.04%	559,146	8.70%
Receivables under resale agreements	69,999	1.13	59,999	0.93
Monetary receivables bought	19,897	0.32	21,700	0.34
Money trusts	32,871	0.53	27,566	0.43
Securities	3,733,595	60.20	4,149,549	64.59
Loans	640,492	10.33	597,638	9.30
Land & buildings	227,009	3.66	225,203	3.51
Total investment assets	5,222,710	84.21	5,640,804	87.80
Total net assets	6,202,067	100.00	6,424,928	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.

5. Securities

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Government bonds	725,677	19.44%	689,718	16.62%
Municipal bonds	16,993	0.46	14,933	0.36
Corporate bonds	648,197	17.36	679,548	16.38
Domestic stocks	1,032,571	27.66	1,310,674	31.59
Foreign securities	1,213,155	32.49	1,295,479	31.22
Others	96,998	2.60	159,194	3.84
Total	3,733,595	100.00	4,149,549	100.00

Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- As of March 31, 2020, Others primarily comprised security investment trust beneficiary securities amounting to 81,998 million yen. As of March 31, 2021, Others primarily comprised security investment trust beneficiary securities amounting to 144,175 million yen.

6. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
	Deposits	125	624,748	0.02%	30	544,443
Call loans	0	138	0.03	0	83	0.03
Receivables under resale agreements	2	60,795	0.00	1	47,414	0.00
Monetary receivables bought	150	14,310	1.05	165	20,652	0.80
Money trusts	1,211	39,016	3.11	769	24,193	3.18
Securities	102,070	3,031,755	3.37	105,744	3,040,774	3.48
Loans	6,967	655,420	1.06	6,002	627,297	0.96
Land & buildings	3,106	225,384	1.38	3,050	233,634	1.31
Subtotal	113,634	4,651,572	2.44	115,765	4,538,494	2.55
Others	1,201	--	--	290	--	--
Total	114,835	--	--	116,056	--	--

Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- Income is the sum of interest and dividend income and the amount equivalent to the interest and dividend income that is included in investment gains on money trusts and investment losses on money trusts in the Consolidated Statement of Income.
- Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

(2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	(1,911)	624,748	(0.31)%	2,393	544,443	0.44%
Call loans	0	138	0.03	0	83	0.03
Receivables under resale agreements	2	60,795	0.00	1	47,414	0.00
Monetary receivables bought	150	14,310	1.05	165	20,652	0.80
Money trusts	(2,305)	39,016	(5.91)	5,035	24,193	20.81
Securities	154,920	3,031,755	5.11	160,104	3,040,774	5.27
Loans	5,532	655,420	0.84	5,401	627,297	0.86
Land & buildings	3,106	225,384	1.38	3,050	233,634	1.31
Derivatives	(9,404)	--	--	(13,258)	--	--
Others	(288)	--	--	2,063	--	--
Total	149,802	4,651,572	3.22	164,957	4,538,494	3.63

Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- Investment profit (realized basis) excludes investment expenses from total amount of investment income and interest and dividend income on deposits of premiums, etc., on the Consolidated Statement of Income.
- Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

7. Foreign investments

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	566,195	44.27%	530,843	39.10%
Foreign stocks	66,832	5.23	47,897	3.53
Others	407,329	31.85	536,635	39.53
Subtotal	1,040,358	81.34	1,115,376	82.16
Yen-denominated securities				
Foreign bonds	25,394	1.99	19,367	1.43
Others	213,277	16.67	222,890	16.42
Subtotal	238,672	18.66	242,258	17.84
Total	1,279,031	100.00	1,357,634	100.00
Yield on foreign investments				
Income yield		3.16%		4.61%
Realized yield		3.01		5.02

Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- Figures include the amount managed as money trust.
- Assets associated with foreign investments under income yield within yield on foreign investments are calculated using the same method as 6. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as 6. Yield (2) Realized yield.
- As of March 31, 2020, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 296,870 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 156,769 million yen. As of March 31, 2021, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 485,223 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 159,928 million yen.

Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	589,657	13.52%	726,973	23.29%

Note) Figures are amounts before the elimination of internal transactions between segments.

Domestic Life Insurance Business

1. Total amount of business in force

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	23,429,156	1.54%	23,543,116	0.49%
Individual annuities	229,689	(3.31)	223,239	(2.81)
Group insurance	2,752,617	1.55	2,715,790	(1.34)
Group annuities	—	—	—	—

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.

2. Amounts of individual annuities represent the sums of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

2. Total amount of new business

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Individual insurance	2,475,501	2,475,501	—	2,141,022	2,141,022	—
Individual annuities	—	—	—	—	—	—
Group insurance	14,223	14,223	—	57,758	57,758	—
Group annuities	—	—	—	—	—	—

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.

2. Amounts of new business and net increase on conversion for individual annuities represent annuity fund at the beginning of annuity payment.

3. Investment assets

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Deposits	116,117	3.61%	178,483	5.05%
Securities	2,982,789	92.71	3,259,427	92.15
Loans	43,163	1.34	41,985	1.19
Land & buildings	445	0.01	444	0.01
Total investment assets	3,142,515	97.68	3,480,342	98.39
Total net assets	3,217,267	100.00	3,537,254	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.

4. Securities

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,900,955	63.73%	2,140,848	65.68%
Municipal bonds	74,315	2.49	67,837	2.08
Corporate bonds	515,609	17.29	460,723	14.14
Domestic stocks	7,319	0.25	10,132	0.31
Foreign securities	484,588	16.25	578,222	17.74
Other securities	—	—	1,662	0.05
Total	2,982,789	100.00	3,259,427	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.

5. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	73,150	—%	—	136,169	—%
Monetary receivables bought	0	24	0.00	—	—	—
Securities	44,417	2,829,437	1.57	45,844	3,064,930	1.50
Loans	1,290	42,482	3.04	1,238	44,423	2.79
Land & buildings	—	448	—	—	433	—
Subtotal	45,708	2,945,542	1.55	47,082	3,245,956	1.45
Others	—	—	—	—	—	—
Total	45,708	—	—	47,082	—	—

Notes)

1. Figures are amounts after the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.

2. Income amount represents interest and dividend income on the Consolidated Statement of Income.

3. Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

(2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	—	73,150	—%	0	136,169	0.00%
Monetary receivables bought	0	24	0.00	—	—	—
Securities	47,011	2,829,437	1.66	47,754	3,064,930	1.56
Loans	1,290	42,482	3.04	1,238	44,423	2.79
Land & buildings	—	448	—	—	433	—
Derivatives	(374)	—	—	(389)	—	—
Total	47,928	2,945,542	1.63	48,604	3,245,956	1.50

Notes)

1. Figures are amounts after the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.

2. Investment profit (realized basis) excludes investment expenses from investment income on the Consolidated Statement of Income.

3. Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

6. Foreign investments

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	454,709	94.93%	544,605	95.42%
Others	—	—	33	0.01
Subtotal	454,709	94.93	544,638	95.42
Yen-denominated securities				
Foreign bonds	8,855	1.85	8,901	1.56
Others	15,421	3.22	17,226	3.02
Subtotal	24,276	5.07	26,128	4.58
Total	478,986	100.00	570,766	100.00
Yield on foreign investments				
Income yield		1.95%		1.94%
Realized yield		2.28		2.19

Notes)

- Figures are amounts after the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Assets associated with foreign investments under income yield within yield on foreign investments are calculated using the same method as 5. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as 5. Yield (2) Realized yield.
- As of March 31, 2020, others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.
As of March 31, 2021, others in foreign currency denominated securities is entirely attributable to deposits, and others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.

Nursing Care & Healthcare Business

Ordinary income increased 4.1 billion yen, to 138.6 billion yen, compared with the fiscal year ended March 31, 2020. Net income attributable to shareholders of the parent decreased 0.2 billion yen from the fiscal year ended March 31, 2020, to 1.0 billion yen.

(Reference) Overview of Entire Business

1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	585,284	18.05%	10.09%	638,907	19.61%	9.16%
Marine insurance	94,251	2.91	5.98	88,985	2.73	(5.59)
Personal accident insurance	276,844	8.54	2.07	250,048	7.67	(9.68)
Voluntary automobile insurance	1,233,940	38.06	2.23	1,217,128	37.35	(1.36)
Compulsory automobile liability insurance	290,712	8.97	(2.20)	238,823	7.33	(17.85)
Others	761,156	23.48	5.35	824,414	25.30	8.31
Total	3,242,190	100.00	3.96	3,258,306	100.00	0.50
Deposits of premiums by policyholders	113,703	3.51	2.31	93,496	2.87	(17.77)

Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	406,295	14.38%	8.30%	459,304	15.71%	13.05%
Marine insurance	87,241	3.09	6.74	82,005	2.80	(6.00)
Personal accident insurance	173,875	6.15	(3.55)	156,744	5.36	(9.85)
Voluntary automobile insurance	1,221,171	43.22	1.81	1,217,620	41.65	(0.29)
Compulsory automobile liability insurance	281,141	9.95	0.84	238,136	8.15	(15.30)
Others	655,757	23.21	8.81	769,737	26.33	17.38
Total	2,825,482	100.00	3.95	2,923,547	100.00	3.47

Note) Figures are amounts after the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	305,562	18.57%	(11.63)%	275,451	18.12%	(9.85)%
Marine insurance	49,624	3.02	(7.11)	45,217	2.98	(8.88)
Personal accident insurance	88,253	5.36	(7.49)	72,797	4.79	(17.51)
Voluntary automobile insurance	661,398	40.20	(1.49)	597,948	39.34	(9.59)
Compulsory automobile liability insurance	192,508	11.70	(6.90)	175,844	11.57	(8.66)
Others	347,993	21.15	8.03	352,603	23.20	1.32
Total	1,645,340	100.00	(2.92)	1,519,862	100.00	(7.63)

Note) Figures are amounts after the elimination of internal transactions between segments.



Independent Auditor's Report

The Board of Directors
Sampo Holdings, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Sampo Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.



Assessment of goodwill related to overseas insurance business	
Description of Key Audit Matter	Auditor's Response
<p>The goodwill of ¥163,555 million recorded in the consolidated balance sheet of the Group as of March 31, 2021 includes ¥132,368 million of goodwill related to overseas insurance business. The related notes are the Notes to the Consolidated Financial Statements "Significant accounting estimates" and "Information related to amortization of goodwill and balance of goodwill by reportable segments" in "Segment information".</p> <p>Goodwill related to overseas insurance business is amortized in equal installments within 20 years from the year of occurrence, except for immaterial amounts of goodwill that are amortized at one time. The related notes are the Notes to the Consolidated Financial Statements "Significant accounting estimates" and "4. Accounting policies (8) Method and period of amortization of goodwill" in "Significant Accounting Policies for the Preparation of the Consolidated Financial Statements." In addition, in assessing the impairment of goodwill related to overseas insurance business, if there are any indications that the asset group including goodwill is impaired, the recoverable amount of the asset group must be estimated and if the book value exceeds the recoverable amount, its difference must be recognized as an impairment loss.</p> <p>The overseas insurance business, which is served by Sampo International Holdings Ltd. as the core company, includes the direct insurance and reinsurance business in the commercial segment mainly for specialty insurance, and the retail segment mainly for personal insurance. The overseas insurance business is conducted in developed markets such as Bermuda and North America, as well</p>	<p>Our audit procedures performed to assess goodwill included the following, among others:</p> <ul style="list-style-type: none"> ● We assessed the design and tested operating effectiveness of internal controls over assessments of goodwill. Our assessments included an assessment of the Group's internal controls, including the Group's decisions regarding asset groups, developments in operating performance, any changes that would significantly reduce the recoverable amount due to the discontinuation or reorganization of business, and any significant deterioration in market conditions. ● We inspected the materials used to assess indications of impairment of goodwill. ● We made inquiries to the relevant divisions which are responsible for testing indications of impairment of goodwill. <p>In addition, our audit procedures performed to assess the goodwill for the overseas insurance business included the following, among others:</p> <ul style="list-style-type: none"> ● We inspected the meeting minutes of the Group's decision-making bodies, including the Board of Directors and the Management Committee to consider the business plan, strategy and performance of the overseas insurance business. ● We considered the outlook of the direct insurance and reinsurance markets in the overseas insurance business, the impact of the COVID-19 pandemic and other matters by referring to the available external information.



as in emerging markets such as Turkey, South America and Southeast Asia.

The goodwill of the overseas insurance business relates to the business of Sampo International Holdings Ltd. which consists of the goodwill related to the acquisition of Endurance Specialty Holdings Ltd. (currently Sampo International Holdings Ltd.), goodwill related to the acquisition of overseas subsidiaries of the retail segment included in the platform for the retail segment's insurance business, and goodwill related to the acquisition of overseas insurance business by Sampo International Holdings Ltd.

The overseas insurance business is operated globally both in developed and emerging markets and has two distinct segments: commercial and retail segments. In addition, the overseas insurance business is subject to various risk factors, such as continued premium rate hike due to the hardening commercial insurance market, economic slowdown due to the COVID-19 pandemic, and natural catastrophic losses such as hurricanes. Therefore, the determination of impairment of goodwill, including the assessment of an indication of impairment, requires adequate consideration in an audit. The Group determined that no impairment of goodwill related to overseas insurance business was required for the current period.

In our audit, it is crucial to assess the business performance and the progress of the business plans of Sampo International Holdings Ltd. approved by the management. The various risk factors mentioned above affect the ordinary income/loss of Sampo International Holdings Ltd. as a result of fluctuations in premiums, claims and insurance liabilities in the business performance and business plan. The key assumptions in the estimation of ordinary income/loss include the growth rate of net premiums written and the loss ratio, which are related to the performance of

- We made inquiries to the Group's officers in charge of the overseas insurance business and the management of Sampo International Holdings Ltd. with respect to the results of operations and business plans of the commercial and retail segments of the overseas insurance business.
- We conducted ongoing communications with our network firms serving as local auditors to assess any indications of impairment due to certain factors including the outlook of the direct insurance and reinsurance markets, interest rate trends and changes in laws and regulations.
- We involved our network firms serving as local auditors, our valuation specialists and actuaries to examine the growth rate of net premiums written and loss ratio by comparing them with the relevant information including the prior years' business performance, industry trends and competitor information.



insurance underwriting business. Estimates of the growth rate of net premiums written and the loss ratio are highly dependent on management's judgment.

Based on the above, the assessment of goodwill related to the overseas insurance business is highly dependent on management's judgment related to the business of the relevant subsidiaries and is considered a key audit matter.

Estimate method to Statistical IBNR reserve	
Description of Key Audit Matter	Auditor's Response
<p>The Group recorded ¥ 1,646,818 million of "Reserve for outstanding losses and claims" in the consolidated balance sheet as of March 31, 2021. As described in Note to Consolidated Financial Statements "Significant accounting estimates", the Reserve for outstanding losses and claims consists of the ordinary outstanding claims reserve and the IBNR reserve (IBNR stands for "Incurred But Not Reported" and is the reserve for incurred but not reported losses).</p> <p>Ordinary outstanding claims reserve is the amount individually estimated to pay as insurance claims for loss which has been reported, based on the details of the report of the loss event, the details of the insurance policy, and the outcome of the loss adjustment. IBNR reserve is the amount estimated to pay as insurance claims for loss which has not yet been reported but a loss event specified in the insurance policy is deemed to have already occurred. The IBNR reserve includes the amount estimated by the statistical estimation method based on the unit of account by each line of business by underwriting category for which payment of insurance claims under the written insurance policy is expected to continue for a long period of time (statistical IBNR reserve).</p> <p>Statistical IBNR reserve is estimated by actuarial calculations based on certain statistical estimation method and requires a high degree of technical expertise in actuarial calculation. The key assumptions in the statistical estimation method include the factors which are used to estimate the conclusive amount of insurance claims and other losses (loss development factors) as well as the expected loss ratio based on the actual payment of insurance claims and other losses by accident year over a certain period in the past. Also, these key assumptions are</p>	<p>Our audit procedures performed to consider the estimate method to statistical IBNR reserve included the following, among others:</p> <ul style="list-style-type: none"> ● We assessed the design and tested operating effectiveness of the internal control over the estimate method to statistical IBNR reserve. Our procedures included assessments of internal controls over selection of statistical estimation method and determination of key assumptions such as loss development factors and expected loss ratio. ● We involved our network firm's actuaries to perform the following procedures, among others: <ul style="list-style-type: none"> - We assessed the consistency of the exclusion of anomaly such as losses arising from natural catastrophic disasters from the actuarial calculations as well as compared and examined the development in the loss development factor with the development in the amount of insurance claims. - We examined whether to modify the expected loss ratio in light of current trends including the premium rate updates. - With regard to the statistical IBNR reserve for significant units of account, we independently estimated the statistical IBNR reserve in consideration of the development of the losses attributable to the natural catastrophic disasters and examined the management's estimates by comparing them with our estimates.

<p>affected by identification of anomaly such as losses attributable to natural catastrophic disasters and the development of losses including insurance claims and other losses over passage of time.</p> <p>Based on the above, given that the estimate method to statistical IBNR reserve requires a high degree of technical expertise in actuarial calculation and the key assumptions used in the statistical estimation method are highly dependent on management's judgment, the estimate method to statistical IBNR reserve is considered a key audit matter.</p>	<ul style="list-style-type: none"> ● In order to assess the data used for estimating the statistical IBNR reserve (e.g. insurance claims), we selected samples to examine the actual data such as insurance claims payments which were reconciled with payment data, and compare them with the underlying data for estimating the statistical IBNR reserve. ● We inspected the materials on the estimation of statistical IBNR reserve based on the units of account for underwriting by each line of business, and recalculated the estimation of statistical IBNR reserve, including the determination of loss development factors.
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Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Ernst & Young ShinNihon LLC
Tokyo, Japan

June 25, 2021

/s/ Noboru Miura
Designated Engagement Partner
Certified Public Accountant

/s/ Hirotsugu Kamoshita
Designated Engagement Partner
Certified Public Accountant

/s/ Hiroyuki Kobayashi
Designated Engagement Partner
Certified Public Accountant

Consolidated Financial Statements

Consolidated Balance Sheet

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2020		As of March 31, 2021		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Assets:						
Cash and deposits	*5	925,014	7.72%	1,068,985	8.15%	143,971
Receivables under resale agreements		69,999	0.58	59,999	0.46	(9,999)
Monetary receivables bought		21,183	0.18	21,700	0.17	516
Money trusts		33,003	0.28	27,698	0.21	(5,304)
Securities	*3, *5, *6	7,970,386	66.54	9,036,200	68.88	1,065,814
Loans	*4	684,094	5.71	639,631	4.88	(44,462)
Tangible fixed assets:	*1, *2, *5	374,393	3.13	362,195	2.76	(12,198)
Land		126,045		120,244		(5,800)
Buildings		135,333		139,471		4,137
Leased assets		71,969		66,807		(5,161)
Construction in progress		8,311		3,946		(4,364)
Other tangible fixed assets		32,734		31,726		(1,008)
Intangible fixed assets:		407,988	3.41	422,238	3.22	14,249
Software		18,822		118,128		99,306
Goodwill		172,665		163,555		(9,110)
Other intangible fixed assets		216,501		140,554		(75,946)
Other assets		1,428,879	11.93	1,481,467	11.29	52,588
Net defined benefit asset		186	0.00	83	0.00	(102)
Deferred tax assets		70,886	0.59	6,652	0.05	(64,233)
Allowance for possible credit losses		(8,179)	(0.07)	(8,196)	(0.06)	(17)
Total assets		11,977,836	100.00	13,118,656	100.00	1,140,819

Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2020		As of March 31, 2021		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Liabilities:						
Underwriting funds:		8,544,735	71.34%	8,891,259	67.78%	346,524
Reserve for outstanding losses and claims		1,558,502		1,646,818		88,316
Underwriting reserves		6,986,233		7,244,440		258,207
Corporate bonds		504,089	4.21	529,591	4.04	25,502
Other liabilities	*5	1,091,499	9.11	1,380,322	10.52	288,822
Net defined benefit liability		94,094	0.79	80,497	0.61	(13,596)
Reserve for retirement benefits to directors		30	0.00	35	0.00	5
Reserve for bonus payments		32,969	0.28	30,421	0.23	(2,547)
Reserve for bonus payments to directors		702	0.01	1,083	0.01	381
Reserve for stocks payments		1,619	0.01	1,953	0.01	334
Reserves under the special laws:		95,387	0.80	100,212	0.76	4,825
Reserve for price fluctuation		95,387		100,212		4,825
Deferred tax liabilities		125	0.00	72,109	0.55	71,984
Total liabilities		10,365,252	86.54	11,087,487	84.52	722,235
Net assets:						
Shareholders' equity:						
Common stock		100,045	0.84	100,045	0.76	—
Capital surplus		244,129	2.04	244,060	1.86	(69)
Retained earnings		788,922	6.59	876,066	6.68	87,144
Treasury stock		(38,842)	(0.32)	(73,772)	(0.56)	(34,930)
Total shareholders' equity		1,094,254	9.14	1,146,399	8.74	52,144
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		578,261	4.83	997,904	7.61	419,643
Deferred gains and losses on hedges		5,593	0.05	4,406	0.03	(1,187)
Foreign currency translation adjustments		(83,214)	(0.69)	(141,211)	(1.08)	(57,997)
Remeasurements of defined benefit plans		2,103	0.02	10,862	0.08	8,759
Total accumulated other comprehensive income		502,743	4.20	871,961	6.65	369,217
Stock acquisition rights		551	0.00	467	0.00	(84)
Non-controlling interests		15,033	0.13	12,340	0.09	(2,693)
Total net assets		1,612,584	13.46	2,031,168	15.48	418,584
Total liabilities and net assets		11,977,836	100.00	13,118,656	100.00	1,140,819

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		3,760,366	100.00%	3,846,323	100.00%	85,957
Underwriting income:		3,334,680	88.68	3,403,765	88.49	69,085
Net premiums written		2,825,482		2,923,547		98,065
Deposits of premiums by policyholders		113,703		93,496		(20,207)
Interest and dividend income on deposits of premiums, etc.		35,140		32,031		(3,109)
Life insurance premiums written		356,064		346,177		(9,886)
Other underwriting income		4,289		8,512		4,223
Investment income:		266,713	7.09	279,437	7.27	12,724
Interest and dividend income		204,135		198,288		(5,847)
Investment gains on money trusts		202		5,046		4,843
Investment gains on trading securities		324		1,526		1,202
Gains on sales of securities		90,376		78,654		(11,721)
Gains on redemption of securities		1,032		3,116		2,084
Investment gains on special account		—		4,912		4,912
Other investment income		5,782		19,923		14,140
Transfer of interest and dividend income on deposits of premiums, etc.		(35,140)		(32,031)		3,109
Other ordinary income:		158,973	4.23	163,120	4.24	4,147
Other ordinary income		158,973		163,120		4,147
Ordinary expenses:		3,567,915	94.88	3,631,226	94.41	63,311
Underwriting expenses:		2,839,225	75.50	2,903,127	75.48	63,901
Net claims paid		1,645,340		1,519,862		(125,478)
Loss adjustment expenses	*1	130,144		127,052		(3,091)
Net commissions and brokerage fees	*1	531,419		549,324		17,905
Maturity refunds to policyholders		212,156		196,812		(15,343)
Dividends to policyholders		101		65		(36)
Life insurance claims paid and other payments		94,610		95,399		788
Provision for reserve for outstanding losses and claims		8,394		135,941		127,546
Provision for underwriting reserves		212,208		275,451		63,243
Other underwriting expenses		4,848		3,217		(1,631)
Investment expenses:		48,166	1.28	51,126	1.33	2,960
Investment losses on money trusts		2,507		11		(2,496)
Losses on sales of securities		6,562		7,901		1,338
Impairment losses on securities		23,307		5,752		(17,555)
Losses on redemption of securities		455		479		24
Losses on derivatives		6,999		28,165		21,166
Investment losses on special account		1,925		—		(1,925)
Other investment expenses		6,408		8,817		2,409
Operating, general and administrative expenses	*1	539,172	14.34	537,431	13.97	(1,741)
Other ordinary expenses:		141,350	3.76	139,541	3.63	(1,809)
Interest paid		14,166		13,734		(432)
Provision for allowance for possible credit losses		1,219		1,778		559
Losses on bad debt		54		29		(25)
Investment losses on the equity method		8,952		3,147		(5,804)
Other ordinary expenses		116,956		120,850		3,893
Ordinary profit		192,451	5.12	215,097	5.59	22,645

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		1,873	0.05%	9,639	0.25%	7,766
Gains on disposal of fixed assets		1,873		9,639		7,766
Extraordinary losses:		17,133	0.46	29,799	0.77	12,665
Losses on disposal of fixed assets		4,532		2,468		(2,063)
Impairment losses	*2	2,672		19,805		17,133
Provision for reserves under the special laws:		4,664		4,825		160
Provision for reserve for price fluctuation		4,664		4,825		160
Other extraordinary losses	*3	5,264		2,699		(2,564)
Net income before income taxes		177,191	4.71	194,937	5.07	17,746
Income taxes		71,733	1.91	86,681	2.25	14,947
Deferred income taxes		(17,729)	(0.47)	(34,633)	(0.90)	(16,904)
Total income taxes		54,004	1.44	52,047	1.35	(1,957)
Net income		123,187	3.28	142,890	3.71	19,703
Net income attributable to non-controlling shareholders		671	0.02	407	0.01	(263)
Net income attributable to shareholders of the parent		122,515	3.26	142,482	3.70	19,967
Gross investment margin		218,546		228,310		9,763
Other ordinary income and expenses		17,622		23,579		5,957
Investment gains and losses on the equity method		(8,952)		(3,147)		5,804
Extraordinary gains and losses		(15,260)		(20,159)		(4,899)

Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
		Amount	Amount
Net income		123,187	142,890
Other comprehensive income:			
Unrealized gains and losses on securities available for sale		(185,486)	419,752
Deferred gains and losses on hedges		(856)	(1,187)
Foreign currency translation adjustments		(19,739)	(58,186)
Remeasurements of defined benefit plans		5,660	8,752
Share of other comprehensive income of affiliates accounted for under the equity method		(570)	396
Total other comprehensive income	*1	(200,993)	369,527
Comprehensive income		(77,806)	512,417
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		(78,553)	511,700
Comprehensive income attributable to non-controlling shareholders		747	717

Consolidated Statement of Changes in Net Assets

Sompo Holdings, Inc.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	244,170	712,745	(2,902)	1,054,058
Changes during the period:					
Dividends			(51,632)		(51,632)
Net income attributable to shareholders of the parent			122,515		122,515
Acquisition of treasury stock				(36,328)	(36,328)
Disposal of treasury stock		(35)		387	352
Changes in the scope of consolidation			154		154
Changes in interest of the parent related to transactions with non-controlling shareholders		(5)			(5)
Others			5,139		5,139
Net changes in items other than shareholders' equity					
Total changes during the period	—	(40)	76,177	(35,940)	40,196
Balance at the end of the period	100,045	244,129	788,922	(38,842)	1,094,254

	Accumulated other comprehensive income					Stock acquisition rights	Noncontrolling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	763,859	6,449	(62,937)	(3,551)	703,820	632	21,399	1,779,911
Changes during the period:								
Dividends								(51,632)
Net income attributable to shareholders of the parent								122,515
Acquisition of treasury stock								(36,328)
Disposal of treasury stock								352
Changes in the scope of consolidation								154
Changes in interest of the parent related to transactions with non-controlling shareholders								(5)
Others								5,139
Net changes in items other than shareholders' equity	(185,597)	(856)	(20,276)	5,654	(201,076)	(81)	(6,365)	(207,523)
Total changes during the period	(185,597)	(856)	(20,276)	5,654	(201,076)	(81)	(6,365)	(167,327)
Balance at the end of the period	578,261	5,593	(83,214)	2,103	502,743	551	15,033	1,612,584

Consolidated Statement of Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	244,129	788,922	(38,842)	1,094,254
Changes during the period:					
Dividends			(56,058)		(56,058)
Net income attributable to shareholders of the parent			142,482		142,482
Acquisition of treasury stock				(35,322)	(35,322)
Disposal of treasury stock		(69)		391	322
Changes in the scope of consolidation			(8)		(8)
Changes in the scope of the equity method			729		729
Net changes in items other than shareholders' equity					
Total changes during the period	—	(69)	87,144	(34,930)	52,144
Balance at the end of the period	100,045	244,060	876,066	(73,772)	1,146,399

	Accumulated other comprehensive income					Stock acquisition rights	Noncontrolling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	578,261	5,593	(83,214)	2,103	502,743	551	15,033	1,612,584
Changes during the period:								
Dividends								(56,058)
Net income attributable to shareholders of the parent								142,482
Acquisition of treasury stock								(35,322)
Disposal of treasury stock								322
Changes in the scope of consolidation								(8)
Changes in the scope of the equity method								729
Net changes in items other than shareholders' equity	419,643	(1,187)	(57,997)	8,759	369,217	(84)	(2,693)	366,439
Total changes during the period	419,643	(1,187)	(57,997)	8,759	369,217	(84)	(2,693)	418,584
Balance at the end of the period	997,904	4,406	(141,211)	10,862	871,961	467	12,340	2,031,168

Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2020 (April 1, 2019 to March 31, 2020)	March 31, 2021 (April 1, 2020 to March 31, 2021)	
		Amount	Amount	Amount
Cash flows from operating activities:				
Net income before income taxes		177,191	194,937	17,746
Depreciation		41,401	40,811	(589)
Impairment losses		2,672	19,805	17,133
Amortization of goodwill		23,961	27,892	3,930
Increase (decrease) in reserve for outstanding losses and claims		2,558	123,845	121,287
Increase (decrease) in underwriting reserves		201,474	262,905	61,430
Increase (decrease) in allowance for possible credit losses		261	69	(191)
Increase (decrease) in net defined benefit liability		(1,631)	(1,425)	205
Increase (decrease) in reserve for retirement benefits to directors		(0)	5	6
Increase (decrease) in reserve for bonus payments		2,895	(2,043)	(4,939)
Increase (decrease) in reserve for bonus payments to directors		440	381	(59)
Increase (decrease) in reserve for stocks payments		426	551	124
Increase (decrease) in reserve for price fluctuation		4,664	4,825	160
Interest and dividend income		(204,135)	(198,288)	5,847
Losses (gains) on investment in securities		(61,068)	(67,615)	(6,546)
Interest expenses		14,166	13,734	(432)
Foreign exchange losses (gains)		(7,118)	(17,992)	(10,874)
Losses (gains) related to tangible fixed assets		2,613	(7,174)	(9,787)
Losses (gains) related to loans		1	2	1
Investment losses (gains) on the equity method		8,952	3,147	(5,804)
Decrease (increase) in other assets (other than investing and financing activities)		(57,010)	108,735	165,745
Increase (decrease) in other liabilities (other than investing and financing activities)		41,687	(17,284)	(58,971)
Others		27,453	32,840	5,386
Subtotal		221,858	522,667	300,809
Interest and dividend received		204,778	199,536	(5,242)
Interest paid		(14,553)	(14,008)	544
Income taxes paid		(55,637)	(81,993)	(26,355)
Cash flows from operating activities		356,446	626,202	269,756

Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2020 (April 1, 2019 to March 31, 2020)	March 31, 2021 (April 1, 2020 to March 31, 2021)	
		Amount	Amount	Amount
Cash flows from investing activities:				
Net decrease (increase) in deposits		21,626	7,626	(13,999)
Purchase of monetary receivables bought		(9,861)	(5,188)	4,673
Proceeds from sales and redemption of monetary receivables bought		1,682	3,238	1,555
Increase in money trusts		(3,181)	(46)	3,134
Decrease in money trusts		6,106	14,247	8,141
Purchase of securities		(1,649,179)	(1,682,472)	(33,292)
Proceeds from sales and redemption of securities		1,490,653	1,277,258	(213,395)
Loans made		(189,970)	(151,608)	38,362
Collection of loans		198,945	188,228	(10,716)
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		44,420	111,921	67,500
Others		24,096	(37,428)	(61,525)
Total of investment transactions		(64,662)	(274,223)	(209,561)
Total of operating activities and investment transactions as above		291,784	351,978	60,194
Acquisition of tangible fixed assets		(27,043)	(24,542)	2,500
Proceeds from sales of tangible fixed assets		4,464	13,167	8,702
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		—	(23,601)	(23,601)
Proceeds from acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		—	333	333
Payments for sales of stocks of subsidiaries resulting in changes in the scope of consolidation		(928)	—	928
Others		(51,949)	(50,649)	1,299
Cash flows from investing activities		(140,117)	(359,516)	(219,398)
Cash flows from financing activities:				
Proceeds from borrowings		4	—	(4)
Repayments of borrowings		(32,285)	(32,387)	(102)
Redemption of corporate bonds		(5,722)	—	5,722
Net increase (decrease) in payables under securities lending transactions		(89,383)	42,926	132,309
Proceeds from sales of treasury stock		116	63	(53)
Acquisition of treasury stock		(36,328)	(35,322)	1,006
Dividends paid		(51,571)	(55,997)	(4,426)
Dividends paid to non-controlling shareholders		(7,184)	(5,121)	2,063
Others		(8,250)	(8,658)	(408)
Cash flows from financing activities		(230,605)	(94,498)	136,107
Effect of exchange rate changes on cash and cash equivalents		(12,609)	(22,341)	(9,731)
Increase (decrease) in cash and cash equivalents		(26,886)	149,846	176,733
Cash and cash equivalents at the beginning of the period		991,295	967,753	(23,541)
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries		3,345	169	(3,175)
Cash and cash equivalents at the end of the period	*1	967,753	1,117,770	150,016

Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 73 companies

Names of major subsidiaries

Sompo Japan Insurance Inc.
 SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
 Sompo Japan Partners Inc.
 Mysurance Inc.
 Sompo International Holdings Ltd.
 Endurance Specialty Insurance Ltd.
 Endurance Assurance Corporation
 Endurance Worldwide Insurance Limited
 SI Insurance (Europe), SA
 Sompo Sigorta Anonim Sirketi
 Sompo Holdings (Asia) Pte. Ltd.
 Sompo Insurance Singapore Pte. Ltd.
 Berjaya Sompo Insurance Berhad
 PT Sompo Insurance Indonesia
 Sompo Insurance China Co., Ltd.
 Sompo Insurance (Hong Kong) Company Limited
 Sompo Seguros S.A.
 Sompo Himawari Life Insurance, Inc.
 Sompo Care Inc.
 Sompo Health Support Inc.
 Sompo Asset Management Co., Ltd.
 Sompo Japan DC Securities Inc.
 Sompo Risk Management Inc.

Sompo Japan Insurance Inc., Sompo Japan Partners Inc., Sompo Asset Management Co., Ltd. and Sompo Japan DC Securities Inc. changed their names on April 1, 2020 from Sompo Japan Nipponkoa Insurance Inc., Sompo Japan Nipponkoa Insurance Services Inc., SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. and Sompo Japan Nipponkoa DC Securities Inc., respectively.

(2) Names of major non-consolidated subsidiaries

Names of major subsidiaries

Sompo Insurance (Thailand) Public Company Limited
 Sompo Japan Nipponkoa Reinsurance Company Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of Sompo Holdings Group ("SOMPO HOLDINGS") in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of the Company, they are excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method: 13 companies

Names of major affiliates

Hitachi Capital Insurance Corporation
 Universal Sompo General Insurance Company Limited
 AYA SOMPO Insurance Company Limited
 Tier IV, Inc.
 Palantir Technologies Japan K.K.
 DeNA SOMPO Mobility Co., Ltd.
 akippa Inc.
 DeNA SOMPO Carlife Co., Ltd.

Tier IV, Inc. became affiliates as a result of the acquisition of shares and thus were included in the scope of equity method from the fiscal year ended March 31, 2021.

(2) The non-consolidated subsidiaries and affiliates (Sompo Insurance (Thailand) Public Company Limited and Sompo Japan Nipponkoa Reinsurance Company Limited, etc.) do not have a material impact on the consolidated financial statements in terms of net income or loss and retained earnings, etc. to the extent of the equity position of the Company even if they are excluded from the scope of the equity method, and they do not have a material impact as a whole. Therefore, they are excluded from the scope of the equity method.

(3) The Company holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. ("J.E.R.") through its domestic consolidated property and casualty insurance subsidiaries. As J.E.R. is engaged in public business and the Company is not considered to have a material impact on J.E.R.'s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.

3. The fiscal year of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements. Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

4. Accounting policies

(1) Valuation policies and methods for securities

(a) Trading securities are carried at fair value.

Cost of sale is calculated based on the moving-average method.

(b) Bonds held to maturity are carried at amortized cost based on the moving-average method.

(c) Policy reserve matching bonds are carried at amortized cost based on the moving-average method in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy Reserve Matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.21).

The outline of risk management policy in relation to policy reserve matching bonds is as follows. Domestic consolidated life insurance subsidiary sets up the sub-category for individual insurance depending on line of business and investment policy, etc., and follows the management policy to match the duration of the policy reserve in the sub-category with the duration of policy reserve matching bonds within a certain range.

(d) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.

(e) Securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) are carried at fair value based on the market price and other factors at the end of the fiscal year.

Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.

(f) Securities available for sale which are considered extremely difficult to figure out their fair value are carried at cost based on the moving-average method.

(g) Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.

(h) Securities managed as trust assets in individually operated money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

(2) Valuation policies and methods for derivative transactions

Derivative transactions are carried at fair value.

(3) Depreciation methods of significant depreciable assets

(a) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets (excluding leased assets) is calculated by using the straight-line method.

(b) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets (excluding leased assets) is calculated by using the straight-line method.

As for intangible fixed assets acquired through the acquisition of overseas subsidiaries, amortization is being carried out over the estimated period of its effect and as its effect emerges.

Amortization of software for internal use held by the consolidated subsidiaries is calculated by using the straight-line method based on the estimated useful lives.

(c) Leased assets

Leased assets under finance lease transactions that are not deemed to transfer ownership of the leased assets to the lessee for the domestic consolidated subsidiaries have been depreciated using the straight-line method over the period of the lease.

(4) Accounting policies for significant reserves

(a) Allowance for possible credit losses

In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible credit losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.

For claims against debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated collectable amounts by the disposal of collateral and by guarantees.

For claims against debtors that are highly likely to go bankrupt in the future, allowances are provided based on the amount considered necessary according to overall solvency assessment of the debtor, after deduction of estimated collectable amounts by disposal of collateral and by guarantees.

For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is calculated based on historical credit loss experience for a certain period in the past.

The departments responsible for respective assets assess relevant claim in accordance with the internal standards for self-assessment of assets. The asset auditing department independently reviews the results and allowances are provided based on the reviewed results.

The other consolidated subsidiaries determine mainly the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Reserve for retirement benefits to directors

In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(c) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, with the estimated amount to be paid at the end of the fiscal year.

(d) Reserve for bonus payments to directors

In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, with the estimated amount to be paid at the end of the fiscal year.

(e) Reserve for stocks payments

In order to provide for the grant of Company shares to directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS, according to the "Rules of the Stock Benefit Trust for Directors," reserve for stocks payments is recorded, with the estimated amount of the stock payment obligation at the end of the fiscal year.

(f) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock, etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

(5) Methods of accounting procedures for retirement benefits

(a) Allocation method of projected retirement

Benefit formula method is mainly used for calculating retirement benefit obligation as the method for attributing projected retirement benefits to the end of the current consolidated fiscal year.

(b) Amortization method of actuarial difference

Actuarial difference is mainly amortized from the following fiscal year by using the straight-line attribution method over certain years (10 to 11 years) within the average remaining service years of employees in each fiscal year when the difference occurs.

(6) Significant hedge accounting

Generally the consolidated subsidiaries apply the exceptional treatment for certain interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds to the extent that such transactions meet the conditions required for the application of the exceptional treatment.

The deferred hedge accounting method is applied to interest rate swaps to hedge interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Committee Practical Guideline No. 26). Since insurance liabilities as hedged item and interest rate swaps as hedging instrument are grouped by certain remaining periods, and then designated as hedge, the hedge is highly effective and the assessment of hedge effectiveness is omitted.

The fair value hedge accounting method is applied to equity swaps for hedging the future stock price fluctuation risks.

Generally the fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet the conditions required for application of the assignment accounting.

Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary and foreign currency denominated borrowings. Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the hedge to the date of assessment. However, when the significant conditions are shared among the hedged item and the hedging instrument and its effectiveness is obviously considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the assignment accounting, the assessment of the hedge effectiveness is omitted.

(7) Accounting methods for insurance contracts

The domestic consolidated insurance subsidiaries account for insurance contracts, including insurance premiums, reserve for outstanding losses and claims and underwriting reserve, etc., pursuant to the provisions of laws and regulations, such as the Insurance Business Act, etc.

(8) Method and period of amortization of goodwill

Goodwill is amortized in equal installments over 10 to 20 years. Immaterial amounts of goodwill are amortized at one time.

(9) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less, which can be cashed easily and have little risk of fluctuation in value.

(10) Accounting methods for consumption taxes

The Company and its domestic consolidated subsidiaries account for consumption taxes by using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses mainly under the tax-included method.

Non-deductible consumption taxes relating to assets are included in other assets and amortized in equal installments over 5 years.

(Significant accounting estimates)

1. Impairment of goodwill

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2021

Goodwill: 163,555 million yen

(2) Other information that helps readers of the consolidated financial statements understand the details of the accounting estimates

(a) Calculation method

Goodwill is amortized in equal installments over its amortization period (within 20 years) by measuring the length of period it remains effective. However, immaterial goodwill is amortized at one time in the fiscal year in which it arises.

The Company assesses whether there are indications of impairment of goodwill at the end of fiscal years and also performs the assessment whenever necessary, pursuant to the "Accounting Standard for Impairment of Fixed Assets" and the "Guidance on Accounting Standard for Impairment of Fixed Assets" (Accounting Standards Board of Japan Guidance No.6). An asset group including goodwill whose operating environment

including market environment has significantly deteriorated (e.g. significant deviation downward from the business plan at the time of its acquisition, or deterioration in its latest business results or future prospect) is deemed to have an indication of impairment.

For the asset group including goodwill with an indication of impairment, the total amount of undiscounted future cash flows deriving therefrom over the remaining amortization period is estimated. If such amount is below its book value, impairment losses shall be recognized.

For the asset group including goodwill for which it was determined that impairment losses should be recognized, the recoverable value shall be calculated in the form, for example, of the usage value, which is calculated by discounting the undiscounted future cash flows by a certain discount rate. If such recoverable value is below its book value, impairment losses shall be recorded, at the amount of difference between the two.

(b) Effects on the consolidated financial statements for the fiscal year ending March 31, 2022

Impairment losses can occur in the case of an event that, with indications of impairment, requires a significant downward adjustment in preparing future business plans (such as a material event that affects assumptions of estimated net premiums written or loss ratio, etc. at overseas insurance business), resulting in a significant decrease in the undiscounted future cash flows.

2. Reserve for outstanding losses and claims

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2021

Reserve for outstanding losses and claims: 1,646,818 million yen

(2) Other information that helps readers of the consolidated financial statements understand the details of the accounting estimates

The domestic consolidated insurance subsidiaries provide for reserve for outstanding losses and claims pursuant to the provisions of Article 117 of the Insurance Business Act and Articles 72 and 73 of the Ordinance for Enforcement of the Insurance Business Act, and Public Notice No. 234 of the Ministry of Finance (1998).

Overseas consolidated insurance subsidiaries provide for reserve for outstanding losses and claims pursuant to laws and regulations in the country of domicile.

(a) Calculation method

With respect to ordinary outstanding claims reserve, for insurance contracts for which an event that triggers payment was reported, the expected amount of payment is estimated for each insurance contract, based on the reported details of the event, policy conditions of the insurance contract and the loss adjustment activities. With respect to the Incurred But Not Reported Losses Reserve (hereinafter the "IBNR Reserve"), when an event that triggers payment has not yet been reported but an event prescribed in the insurance contract is found to have already occurred, the amount of payment is estimated by calculation units such as line of business, by using primarily statistical methods. As for losses of rather case-specific nature such as large-scale natural disasters, the IBNR Reserve is estimated on a case-by-case basis.

(b) Effects on the consolidated financial statements for the fiscal year ending March 31, 2022

The amount of insurance claims paid or the recorded amount of reserve for outstanding losses and claims can deviate from the initial estimation, due to revision of laws and regulations in Japan and overseas, changes in the trend of court precedents, inflation and fluctuations in exchange rates and other fluctuating factors.

While the IBNR Reserve is provided in consideration of past trends and other factors based on appropriate insurance actuarial principles, it involves uncertainty that results from unreported occurrence of events that trigger payment.

(Accounting standards and guidance issued but not yet effective)

- Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19, March 31, 2020)

(1) Outline

“Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively the “Accounting Standards for Fair Value Measurement, etc.”) were developed to improve comparability with international accounting standards, and thereby guidance, etc. for the method of fair value measurement were established. The Accounting Standards for Fair Value Measurement, etc. shall be applied to the fair value of the following items.

- Financial instruments in the “Accounting Standard for Financial Instruments”
 - Inventories held for trading purposes in the “Accounting Standard for Measurement of Inventories”
- Additionally, the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised and notes such as breakdown per levels of fair value of financial instruments were established.

(2) Scheduled date of application

The Accounting Standards for Fair Value Measurement, etc. and the revised implementation guidance are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of the Accounting Standards and revised guidance

The effects of the application on the consolidated financial statements are under assessment at the time of preparing these consolidated financial statements.

Major accounting standards and guidance issued but not yet applied by overseas consolidated subsidiaries that have adopted International Financial Reporting Standards (hereinafter “IFRS”) are as follows. The effects of the application on the consolidated financial statements are under assessment at the time of preparing these consolidated financial statements.

Name of accounting standards	Outline	Scheduled date of application
IFRS 9 “Financial Instruments”	Prescribes the classification, measurement and others of financial instruments	Undetermined
IFRS 17 “Insurance Contracts”	Prescribes the recognition, measurement and others of insurance liabilities	Undetermined

(Changes in method of presentation)

Adoption of the “Accounting Standard for Disclosure of Accounting Estimates”

The Company has adopted the “Accounting Standard for Disclosure of Accounting Estimates” (Accounting Standards Board of Japan Statement No. 31, March 31, 2020) starting from the consolidated financial statements at the end of the fiscal year ended March 31, 2021, whereby its consolidated financial statements started to carry notes on significant accounting estimates. However, such notes do not describe the information for the fiscal year ended March 31, 2020, in accordance with the transitional treatment prescribed in the proviso of paragraph 11 of the accounting standard.

(Additional information)

1. Performance-linked stock compensation plan

The Company introduced the “Board Benefit Trust (BBT)” (hereinafter the “Plan”), a performance-linked stock compensation plan for directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS.

(1) Outline of the transactions involved

The Company established the “Rules of the Stock Benefit Trust for Directors” (hereinafter the “Rules”) as prerequisite to the introduction of the Plan. Based on the Rules, the Company contributes money to a trust bank as fund for acquiring shares to be delivered later, and the trust bank has duly acquired shares in the Company using the money trusted thereto (hereinafter the “Trust”).

The Plan is a scheme for delivering shares, based on the Rules, to directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS, in proportion to the points granted thereto upon their retirement.

(2) Accounting treatment

The gross method is adopted based on the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts” (Accounting Standards Board of Japan Practical Issue Task Force No. 30, March 26, 2015). Expenses and corresponding reserve are provided based on the number of points granted to officers according to the Rules.

Shares in the Company remaining in the Trust are recorded as treasury stock under shareholders’ equity, and its carrying amount is 4,047 million yen and its number of shares is 1,053,400 shares at the end of the fiscal year ended March 31, 2020, while its carrying amount is 3,810 million yen and its number of shares is 991,700 shares at the end of the fiscal year ended March 31, 2021.

2. Accounting treatment associated with the introduction of the consolidated taxation system

The Company and certain domestic consolidated subsidiaries have submitted applications for approval of the consolidated taxation system in the fiscal year ended March 31, 2021, and are scheduled to adopt the consolidated taxation system from the fiscal year ending March 31, 2022. Therefore, accounting treatment that assumes the adoption of the consolidated taxation system has been implemented from the fiscal year ended March 31, 2021 in accordance with the “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (Accounting Standards Board of Japan Practical Issue Task Force No. 5, January 16, 2015) and the “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (Accounting Standards Board of Japan Practical Issue Task Force No. 7, January 16, 2015).

3. Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With regard to the transition to the group tax sharing system created under the “Act on Partial Amendment to the Income Tax Act, etc.” (Act No. 8, 2020) and items for which the non-consolidated taxation system was reviewed in line with the transition to the group tax sharing system, the Company and certain domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (Accounting Standards Board of Japan Guidance No. 28, February 16, 2018), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision, as allowed in Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Accounting Standards Board of Japan Practical Issue Task Force No. 39, March 31, 2020).

Notes to the Consolidated Balance Sheet

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows.

(Millions of yen)	
As of March 31, 2020	As of March 31, 2021
410,205	418,670

*2. The amounts of advanced depreciation of tangible fixed assets are as follows.

(Millions of yen)	
As of March 31, 2020	As of March 31, 2021
15,688	14,841

*3. Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)		
	As of March 31, 2020	As of March 31, 2021
Securities (stocks)	36,049	49,026
Investments in jointly controlled companies	—	1,857
Securities (equity interests)	3,808	3,761

*4. The amounts of loans to borrowers in bankruptcy, etc. are as follows.

(Millions of yen)		
	As of March 31, 2020	As of March 31, 2021
Loans to borrowers in bankruptcy	—	—
Overdue loans	81	86
Loans overdue for three months or more	35	69
Restructured loans	—	—
Total	117	156

Note) Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96, paragraph (1), item (iii) (a) to (e) (the maximum amount transferable to allowance for possible credit losses) or Article 96, paragraph (1), item (iv) of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.

Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments has been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.

Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

*5. Pledged assets and secured debts are as follows.

Pledged assets

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Deposits	38,663	63,790
Securities	449,819	560,123
Tangible fixed assets	2,457	2,399
Total	490,940	626,312

Note) The above figures are collateral for the borrowings and securities which are put into as deposited assets for overseas operation and others.

Secured debts

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Other liabilities (payables under securities lending transactions)	182,213	337,061
Other liabilities (borrowings)	380	307
Other liabilities (deposits)	47	47
Total	182,641	337,416

The above securities include pledged securities as collateral under securities lending transactions secured by cash. The amounts of securities are as follows.

(Millions of yen)	
As of March 31, 2020	As of March 31, 2021
167,783	297,927

*6. The amounts of lending securities under loan agreements of securities are as follows.

(Millions of yen)	
As of March 31, 2020	As of March 31, 2021
379,198	488,416

Notes to the Consolidated Statement of Income

*1. Main components of operating expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Agency commissions, etc.	511,025	526,468
Salaries	236,852	233,287

Note) Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statement of income.

*2. Main components of impairment losses are as follows.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Omitted as they are not material.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

Purpose of use	Category	Location	Impairment losses			
			Land	Buildings	Others	Total
Properties used for the insurance business	Other tangible fixed assets, software and other intangible fixed assets	—	—	—	640	640
Properties for rent	Land and buildings	Land and buildings in Tokyo	429	71	—	501
Idle properties	Land and buildings	Ten properties including land and buildings in Yamanashi	4,353	2,549	—	6,903
—	Software	—	—	—	1,900	1,900
—	Other intangible fixed assets	—	—	—	9,859	9,859
Total			4,783	2,621	12,401	19,805

The domestic consolidated insurance subsidiaries categorize properties used for the insurance business as a single asset group for the entire insurance business. Each property for rent, idle property and expected disposal property is categorized as an individual asset group. The other consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

With regard to properties used for the insurance business, since business activities at the domestic consolidated insurance subsidiaries have continuously generated negative cash flows, and the book value of those properties has become unrecoverable, their book value as a whole is recorded as impairment losses in extraordinary losses. Concerning properties for rent and idle properties whose profitability is decreased significantly, due mainly to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the recoverable value, and these devaluations are recorded as impairment losses in extraordinary losses. As for software, as a result of the impairment test for each individual asset following the review of useful lives of software owned by overseas consolidated subsidiaries, the consolidated subsidiaries devalue the book value of those properties to the recoverable value, and these devaluations are recorded as impairment losses in extraordinary losses. As for other intangible fixed assets, since the underwriting right in the Lloyd's market has become valueless as a result of the decision to exit from Lloyd's business mainly at overseas consolidated subsidiaries, the book value of those properties as a whole is recorded as impairment losses in extraordinary losses.

The recoverable value of the properties for rent is calculated by using the usage value, which is calculated by the future cash flow discounted by 3.9%. The recoverable value of idle properties is calculated by using the net selling price, which is the appraisal value measured by the real estate appraisers.

*3. Other extraordinary losses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Expenses pertaining to COVID-19 measures	—	1,722
Expenses pertaining to changes of company names	5,264	977

Note to the Consolidated Statement of Comprehensive Income

*1. Reclassification adjustments and the related tax effects concerning other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	(187,119)	677,986
Reclassification adjustments	(75,127)	(91,920)
Before tax effects adjustments	(262,246)	586,066
Tax effects	76,760	(166,313)
Unrealized gains and losses on securities available for sale	(185,486)	419,752
Deferred gains and losses on hedges		
The amount occurred during the period	329	(263)
Reclassification adjustments	(1,517)	(1,383)
Before tax effects adjustments	(1,187)	(1,647)
Tax effects	331	459
Deferred gains and losses on hedges	(856)	(1,187)
Foreign currency translation adjustments		
The amount occurred during the period	(19,785)	(58,186)
Reclassification adjustments	45	—
Foreign currency translation adjustments	(19,739)	(58,186)
Remeasurements of defined benefit plans		
The amount occurred during the period	7,241	12,500
Reclassification adjustments	544	(369)
Before tax effects adjustments	7,786	12,130
Tax effects	(2,126)	(3,378)
Remeasurements of defined benefit plans	5,660	8,752
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	(579)	418
Reclassification adjustments	9	(21)
Share of other comprehensive income of affiliates accounted for under the equity method	(570)	396
Total other comprehensive income	(200,993)	369,527

Notes to the Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	373,330	—	—	373,330
Total	373,330	—	—	373,330
Treasury stock				
Common stock	904	8,428	127	9,205
Total	904	8,428	127	9,205

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 550 thousand shares and 1,053 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Breakdown of increase in treasury stock of common stock of 8,428 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 7,821 thousand shares
Increase due to acquisition of the BBT: 601 thousand shares
Increase due to purchase of shares less than a full trading unit: 6 thousand shares
- Breakdown of decrease in treasury stock of common stock of 127 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 97 thousand shares
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 29 thousand shares
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	551
Total		551

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 24, 2019	Common stock	24,243	65	March 31, 2019	June 25, 2019
The Board of Directors' meeting held on November 19, 2019	Common stock	27,388	75	September 30, 2019	December 4, 2019

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 24, 2019 includes 35 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 19, 2019 includes 79 million yen in dividends paid on the shares in the Company held by the BBT.

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 22, 2020	Common stock	27,388	Retained earnings	75	March 31, 2020	June 23, 2020

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 22, 2020 includes 79 million yen in dividends to be paid on the shares in the Company held by the BBT.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	373,330	—	—	373,330
Total	373,330	—	—	373,330
Treasury stock				
Common stock	9,205	9,266	98	18,373
Total	9,205	9,266	98	18,373

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 1,053 thousand shares and 991 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Breakdown of increase in treasury stock of common stock of 9,266 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 9,261 thousand shares
Increase due to purchase of shares less than a full trading unit: 5 thousand shares
- Breakdown of decrease in treasury stock of common stock of 98 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 61 thousand shares
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 36 thousand shares
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	467
Total		467

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 22, 2020	Common stock	27,388	75	March 31, 2020	June 23, 2020
The Board of Directors' meeting held on November 19, 2020	Common stock	28,670	80	September 30, 2020	December 7, 2020

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 22, 2020 includes 79 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 19, 2020 includes 79 million yen in dividends paid on the shares in the Company held by the BBT.

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 28, 2021	Common stock	32,035	Retained earnings	90	March 31, 2021	June 29, 2021

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 28, 2021 includes 89 million yen in dividends to be paid on the shares in the Company held by the BBT.

Notes to the Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents at the end of the period to the line items represented in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Cash and deposits	925,014	1,068,985
Receivables under resale agreements	69,999	59,999
Monetary receivables bought	21,183	21,700
Securities	7,970,386	9,036,200
Time deposits with original maturities of more than 3 months	(70,013)	(60,724)
Monetary receivables bought other than cash equivalents	(19,897)	(21,700)
Securities other than cash equivalents	(7,928,919)	(8,986,690)
Cash and cash equivalents	967,753	1,117,770

2. Significant non-cash transactions

None.

3. Cash flows from investing activities include cash flows from investment activities conducted as a part of insurance business.

Lease Transactions

Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Due within one year	16,773	19,051
Due after one year	153,244	177,081
Total	170,017	196,133

(Lessor)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Due within one year	195	211
Due after one year	1,200	1,136
Total	1,396	1,348

Financial Instruments

1. Overview of financial instruments

(1) Our policy to manage financial instruments

As SOMPO HOLDINGS is mainly engaged in insurance businesses and recognizes the characteristic of investment fund for the insurance company, SOMPO HOLDINGS manages the investment assets taking into consideration safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities related to life insurance and savings-type insurance, SOMPO HOLDINGS intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

(2) The nature and risk of financial instruments

As financial instruments which SOMPO HOLDINGS holds are mainly securities such as bonds and stocks, SOMPO HOLDINGS is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

In addition, the securities and the loans which SOMPO HOLDINGS holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, SOMPO HOLDINGS utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

Please refer to the note on "(6) Significant hedge accounting" in "4. Accounting policies" in "1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements" for derivative transactions which hedge accounting is applied to.

(3) The risk management systems regarding financial instruments

The Company has established the risk management systems to appropriately identify, evaluate and control risks and accurately respond when risks emerge through strategic risk management (ERM) designed to maximize the corporate value of SOMPO HOLDINGS, as described below.

With the aim of maintaining strategic risk management, the Company's Board of Directors has established the "SOMPO Group Basic Policy on ERM", which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the Company established Group ERM committee. Moreover, the Risk Management Department was established to promote the Company's efforts to develop and enhance its risk management systems.

Through the model of investment risks, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment assets information on a daily basis and quantifies investment risks. Further, the Company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on the operations of SOMPO HOLDINGS, and performing stress tests to assess and measure risks comprehensively.

As to credit risks, in order to avoid concentrating the risks on specific borrowers, the Company has set credit limits and manages the risks appropriately for the whole group.

As to liquidity risks, the Company has developed systems for its insurance subsidiaries to forecast payments for claims, etc. upon occurrence of liquidity risk scenarios, such as outbreak of catastrophe, and to ensure liquidity assets so as to adequately secure enough to cope with these payments.

Each group member has rules formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, insurance subsidiaries place considerable emphasis on managing various types of risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

(4) Supplemental explanation about the fair value of financial instruments

Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. "Notional amount" on each table in notes on "Derivative Transactions" shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.

2. Fair value of financial instruments

Carrying amount, fair value and unrealized gains and losses are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Notes) 2 for details.)

As of March 31, 2020

	(Millions of yen)		
	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	925,014	925,014	—
(2) Receivables under resale agreements	69,999	69,999	—
(3) Monetary receivables bought	21,183	21,183	—
(4) Money trusts	33,003	33,003	—
(5) Securities:			
Trading securities	32,526	32,526	—
Bonds held to maturity	1,200,548	1,496,069	295,520
Policy reserve matching bonds	460,685	500,834	40,148
Securities available for sale	6,174,482	6,174,482	—
(6) Loans	684,094		
Allowance for possible credit losses ^(*)	(45)		
	684,048	701,715	17,666
Total assets	9,601,493	9,954,829	353,335
(1) Corporate bonds	504,089	505,968	1,879
(2) Payables under securities lending transactions	182,213	182,213	—
(3) Borrowings	76,467	76,432	(35)
Total liabilities	762,770	764,614	1,844
Derivative transactions ^(**) :			
Hedge accounting is not applied to	5,013	5,013	—
Hedge accounting is applied to	16,557	16,557	—
Total derivative transactions	21,570	21,570	—

(*) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(**) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

As of March 31, 2021

	(Millions of yen)		
	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	1,068,985	1,068,985	—
(2) Receivables under resale agreements	59,999	59,999	—
(3) Monetary receivables bought	21,700	21,700	—
(4) Money trusts	27,698	27,698	—
(5) Securities:			
Trading securities	31,211	31,211	—
Bonds held to maturity	1,221,845	1,475,033	253,187
Policy reserve matching bonds	751,622	768,113	16,490
Securities available for sale	6,921,257	6,921,257	—
(6) Loans	639,631		
Allowance for possible credit losses ^(*)	(34)		
	639,597	654,527	14,929
Total assets	10,743,918	11,028,526	284,608
(1) Corporate bonds	529,591	545,550	15,959
(2) Payables under securities lending transactions	337,061	337,061	—
(3) Borrowings	45,979	45,988	8
Total liabilities	912,632	928,600	15,967
Derivative transactions ^(**) :			
Hedge accounting is not applied to	2,890	2,890	—
Hedge accounting is applied to	[33,746]	[33,746]	—
Total derivative transactions	[30,856]	[30,856]	—

(*) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(**) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis. The items which are net debt in total are shown in the brackets [].

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(4) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and their fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties and others.

(5) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties and others.

(6) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto. For the loans categorized as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future, the fair values are the carrying amount less current estimated credit losses. Because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges, the price released by Japan Securities Dealers Association and others.

(2) Payables under securities lending transactions

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Borrowings

The fair value is the amount of future collection cash flow of each borrowing which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. Carrying amounts of the financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Securities."

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Domestic stocks	66,414	73,256
Foreign securities	21,841	23,041
Others	13,456	13,563
Total	101,711	109,861

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure. As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As others are investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

3. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

As of March 31, 2020

	(Millions of yen)			
	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	917,299	7,593	—	—
Receivables under resale agreements	69,999	—	—	—
Monetary receivables bought	1,287	2,000	3,106	14,322
Securities:				
Bonds held to maturity:				
Government bonds	14,060	83,900	250,206	667,877
Municipal bonds	—	1,000	—	43,400
Corporate bonds	3,000	9,700	800	99,300
Foreign securities	8,173	7,102	118	—
Policy reserve matching bonds:				
Government bonds	—	—	—	440,200
Corporate bonds	—	—	—	9,400
Fixed maturity securities available for sale:				
Government bonds	52,706	201,577	217,276	527,024
Municipal bonds	400	—	10,500	31,500
Corporate bonds	46,734	144,097	94,820	609,805
Foreign securities	144,499	796,209	757,244	657,389
Others	3,958	18,854	7,713	1,351
Loans ^(*)	179,729	376,844	78,776	48,730
Total	1,441,848	1,648,878	1,420,562	3,150,300

(*) 8 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

As of March 31, 2021

	(Millions of yen)			
	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	1,060,715	8,117	57	—
Receivables under resale agreements	59,999	—	—	—
Monetary receivables bought	2,000	622	1,262	17,502
Securities:				
Bonds held to maturity:				
Government bonds	28,500	70,235	240,071	685,177
Municipal bonds	—	1,000	—	43,400
Corporate bonds	800	8,900	800	99,300
Foreign securities	23,103	8,916	—	—
Policy reserve matching bonds:				
Government bonds	—	—	—	735,700
Corporate bonds	—	—	—	11,900
Fixed maturity securities available for sale:				
Government bonds	45,771	195,761	221,565	474,723
Municipal bonds	—	200	13,400	21,200
Corporate bonds	36,337	145,398	87,634	636,185
Foreign securities	146,974	855,594	721,469	801,277
Others	1,552	19,211	11,845	2,265
Loans ^(*)	199,857	322,382	75,670	41,713
Total	1,605,611	1,636,338	1,373,774	3,570,345

(*) 7 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

4. The contractual payment amounts of the corporate bonds, long-term borrowings, lease obligations and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2020

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	32,868	—	—	465,942
Long-term borrowings	30,469	30,467	15,260	53	46	120
Lease obligations	8,321	8,632	7,252	6,503	5,643	48,254
Payables under securities lending transactions	182,213	—	—	—	—	—
Total	221,004	39,100	55,381	6,556	5,690	514,317

As of March 31, 2021

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	31,050	—	—	—	492,096
Long-term borrowings	30,473	15,258	51	44	16	85
Lease obligations	9,209	8,255	7,299	6,432	5,958	43,207
Payables under securities lending transactions	337,061	—	—	—	—	—
Total	376,743	54,563	7,351	6,476	5,974	535,390

Securities

1. Trading securities

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Unrealized gains and losses recognized in the statement of income	(2,394)	4,835

2. Bonds held to maturity

As of March 31, 2020

	(Millions of yen)		
	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,179,676	1,475,011
	Foreign securities	13,290	13,619
	Subtotal	1,192,967	1,488,630
Securities whose fair value does not exceed their carrying amount	Domestic bonds	5,981	5,845
	Foreign securities	1,599	1,593
	Subtotal	7,581	7,438
Total	1,200,548	1,496,069	295,520

As of March 31, 2021

	(Millions of yen)		
	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,158,582	1,411,949
	Foreign securities	22,469	23,592
	Subtotal	1,181,051	1,435,541
Securities whose fair value does not exceed their carrying amount	Domestic bonds	30,728	29,713
	Foreign securities	10,066	9,778
	Subtotal	40,794	39,492
Total	1,221,845	1,475,033	253,187

3. Policy reserve matching bonds

As of March 31, 2020

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	375,977	417,368	41,390
Securities whose fair value does not exceed their carrying amount	Domestic bonds	84,707	83,465	(1,241)
Total		460,685	500,834	40,148

As of March 31, 2021

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	348,093	376,692	28,599
Securities whose fair value does not exceed their carrying amount	Domestic bonds	403,529	391,420	(12,108)
Total		751,622	768,113	16,490

4. Securities available for sale

As of March 31, 2020

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,889,044	1,722,025	167,019
	Domestic stocks	869,590	329,234	540,356
	Foreign securities	1,919,916	1,783,993	135,923
	Others	117,230	108,735	8,494
Subtotal		4,795,782	3,943,990	851,792
Securities whose carrying amount does not exceed their cost	Domestic bonds	340,146	344,479	(4,333)
	Domestic stocks	117,179	132,825	(15,645)
	Foreign securities	953,928	988,441	(34,513)
	Others	45,695	48,304	(2,609)
Subtotal		1,456,949	1,514,051	(57,101)
Total		6,252,732	5,458,041	794,690

Notes)

- Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
- Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

As of March 31, 2021

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,633,949	1,502,590	131,359
	Domestic stocks	1,243,617	407,488	836,128
	Foreign securities	2,806,275	2,385,754	420,521
	Others	162,470	141,843	20,626
Subtotal		5,846,312	4,437,677	1,408,635
Securities whose carrying amount does not exceed their cost	Domestic bonds	472,623	485,343	(12,720)
	Domestic stocks	28,175	33,447	(5,271)
	Foreign securities	587,797	601,944	(14,146)
	Others	79,250	80,740	(1,490)
Subtotal		1,167,846	1,201,475	(33,628)
Total		7,014,159	5,639,152	1,375,006

Notes)

- Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
- Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

5. Securities available for sale sold during the fiscal years ended March 31, 2020 and 2021

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

		(Millions of yen)		
		Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds		122,655	8,993	78
Domestic stocks		100,154	60,955	1,059
Foreign securities		1,148,912	17,695	5,245
Others		547	1,038	41
Total		1,372,270	88,682	6,426

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

		(Millions of yen)		
		Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds		192,140	9,694	781
Domestic stocks		70,642	48,693	922
Foreign securities		847,550	19,245	6,195
Others		18,469	1,011	1
Total		1,128,802	78,644	7,901

6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2020 and 2021

For the fiscal year ended March 31, 2020, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 17,691 million yen (domestic stocks: 15,805 million yen, foreign securities: 1,885 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 5,616 million yen (domestic stocks: 2,636 million yen, foreign securities: 2,979 million yen, others: 0 million yen).

For the fiscal year ended March 31, 2021, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 1,722 million yen (domestic stocks: 164 million yen, foreign securities: 1,557 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 2,175 million yen (domestic stocks: 716 million yen, foreign securities: 1,458 million yen).

Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30% or more from their cost.

Money Trusts

1. Money trusts for trading purposes

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Unrealized gains and losses recognized in the statement of income	(65)	29

2. Money trusts held to maturity

None.

3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2020

	(Millions of yen)		
	Carrying amount	Cost	Unrealized gains and losses
Money trusts	32,428	33,022	(594)

As of March 31, 2021

	(Millions of yen)		
	Carrying amount	Cost	Unrealized gains and losses
Money trusts	27,106	23,595	3,510

4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2020 and 2021

For the fiscal year ended March 31, 2020, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 4,750 million yen.

For the fiscal year ended March 31, 2021, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity are not recognized.

Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30% or more from their cost.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency derivatives

As of March 31, 2020

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	34,010	—	89	89
Long	3,708	—	(416)	(416)
Currency options:				
Short	56,455	—	(68)	(11)
Long	51,600	—	234	177
Currency swaps	45,443	—	(109)	(109)
Total	—	—	(270)	(270)

Notes) Calculation methods for the fair value

- Forward foreign exchanges
The fair value is based on the forward exchange rate or the price quoted by counterparties.
- Currency options
The fair value is based on the price quoted by counterparties.
- Currency swaps
The fair value is based on the price quoted by counterparties.

As of March 31, 2021

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	46,104	—	(1,998)	(1,998)
Long	4,016	—	53	53
Currency options:				
Short	56,445	—	(296)	(266)
Long	49,800	—	3	(25)
Currency swaps	44,021	—	(1,438)	(1,438)
Total	—	—	(3,675)	(3,675)

Notes) Calculation methods for the fair value

- Forward foreign exchanges
The fair value is based on the forward exchange rate or the price quoted by counterparties.
- Currency options
The fair value is based on the price quoted by counterparties.
- Currency swaps
The fair value is based on the price quoted by counterparties.

(2) Interest rate derivatives

As of March 31, 2020

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Interest rate futures:				
Short	898	—	12	12
Long	460	—	(13)	(13)
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	403	403	(6)	(6)
Total	—	—	(7)	(7)

Notes) Calculation methods for the fair value

- Interest rate futures
The fair value is based on the price quoted by counterparties.
- Interest rate swaps
The fair value is based on the price quoted by counterparties.

As of March 31, 2021

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Interest rate futures:				
Short	672	—	(14)	(14)
Long	10	—	0	0
Total	—	—	(14)	(14)

Note) Calculation methods for the fair value

The fair value is based on the price quoted by counterparties.

(3) Equity derivatives

As of March 31, 2020

None.

As of March 31, 2021

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Equity index futures:				
Short	5,000	—	(1)	(1)
Total	—	—	(1)	(1)

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

(4) Bond derivatives

As of March 31, 2020

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Bonds forwards:				
Short	2,728	—	(2,812)	(2)
Long	8,030	—	8,280	(11)
Total	—	—	5,467	(14)

Note) Calculation methods for the fair value
The fair value is mainly based on the price quoted by information vendors.

As of March 31, 2021

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Bonds forwards:				
Short	12,323	—	(12,914)	(84)
Long	16,544	—	17,318	151
Total	—	—	4,404	66

Note) Calculation methods for the fair value
The fair value is mainly based on the price quoted by information vendors.

(5) Others

As of March 31, 2020

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	558	558	9	9
Long	98	98	(1)	(1)
Over-the-counter transactions:				
Credit derivatives:				
Short	76	76	1	1
Weather derivatives:				
Short	32,837	6,070	(3,011)	2,174
Long	16,605	2,565	2,938	(833)
Earthquake derivatives:				
Short	70,050	10	(7)	1,158
Long	34,419	150	3	(462)
Loss development cover:				
Short	2,737	2,737	(100)	(100)
Pandemic derivatives:				
Short	906	—	(22)	215
Long	634	—	15	(37)
Total	—	—	(176)	2,122

Notes) Calculation methods for the fair value
1. Credit derivatives
The fair value is mainly based on the price quoted by information vendors.
2. Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
3. Earthquake derivatives
The fair value is calculated based on the contract term and other elements of the contract.
4. Loss development cover
The fair value is calculated based on the contract term and other elements of the contract.
5. Pandemic derivatives
The fair value is calculated based on the contract term and other elements of the contract.

As of March 31, 2021

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	242	242	1	1
Long	93	93	(0)	(0)
Over-the-counter transactions:				
Credit derivatives:				
Long	284	—	2	2
Weather derivatives:				
Short	8,896	3,724	189	(227)
Long	3,360	1,489	1,954	330
Earthquake derivatives:				
Short	79,683	10	(10)	1,307
Long	31,300	6	1	(438)
Loss development cover:				
Short	2,619	2,619	39	39
Total	—	—	2,176	1,013

Notes) Calculation methods for the fair value
1. Credit derivatives
The fair value is mainly based on the price quoted by information vendors.
2. Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
3. Earthquake derivatives
The fair value is calculated based on the contract term and other elements of the contract.
4. Loss development cover
The fair value is calculated based on the contract term and other elements of the contract.

2. Derivative transactions to which hedge accounting is applied

(1) Currency derivatives

As of March 31, 2020

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	831,201	—	8,405
				—	(414)
	Currency options: Short Long	Securities available for sale	154,562 141,439	— —	808
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	179,597	179,597	Note 2
Total			---	---	8,798

Notes) 1. Calculation methods for the fair value
 (1) Forward foreign exchanges
 The fair value is calculated by using forward exchange rate.
 (2) Currency options
 The fair value is based on the price quoted by counterparties.
 (3) Currency swaps
 The fair value is based on the price quoted by counterparties.
 2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

As of March 31, 2021

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	869,620	—	(37,420)
				—	(2,442)
	Currency options: Short Long	Securities available for sale	128,733 117,130	— —	5
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	161,182	161,182	Note 2
Total			---	---	(39,857)

Notes) 1. Calculation methods for the fair value
 (1) Forward foreign exchanges
 The fair value is calculated by using forward exchange rate.
 (2) Currency options
 The fair value is based on the price quoted by counterparties.
 (3) Currency swaps
 The fair value is based on the price quoted by counterparties.
 2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

(2) Interest rate derivatives

As of March 31, 2020

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	69,000	60,500	7,758
Total			---	---	7,758

Note) Calculation methods for the fair value
 The fair value is calculated by discounting estimated future cash flow to the present value.

As of March 31, 2021

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	60,500	52,500	6,111
Total			---	---	6,111

Note) Calculation methods for the fair value
 The fair value is calculated by discounting estimated future cash flow to the present value.

Retirement Benefits

1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, the Company provides defined benefit plans with a lump-sum payments retirement plan.

In addition to a defined contribution pension plan, Sampo Japan Insurance Inc., which is a consolidated subsidiary of the Company, provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan for both retired employees who are already receiving pension and those who are eligible for employees' benefits but have not yet reached the pension commencement age. Sampo Japan Insurance Inc. also sets up a retirement benefit trust.

The other domestic consolidated subsidiaries provide a contract-type corporate pension plan and an unfunded retirement plan with lump-sum payments as defined benefit type in addition to defined contribution pension plans.

Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

Net defined benefit liability and retirement benefit expenses regarding lump-sum payments retirement plan are calculated by using the simplified accounting methods.

2. Retirement defined benefit plans

(1) Reconciliation of beginning and ending balances of the retirement benefit obligation

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Retirement benefit obligation at the beginning of the period	193,735	178,080
Service cost	12,400	11,441
Interest cost	432	1,004
The amount of actuarial difference occurred	(12,800)	5,701
Retirement benefit paid	(15,508)	(13,536)
Changes in the scope of consolidation	—	9
Others	(179)	(608)
Retirement benefit obligation at the end of the period	178,080	182,092

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

(2) Reconciliation of beginning and ending balances of plan assets

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Plan assets at the beginning of the period	90,436	84,434
Expected return on plan assets	496	365
The amount of actuarial difference occurred	(5,612)	18,230
The amount of employer contributions	1,376	1,419
Retirement benefit paid	(2,142)	(1,870)
Others	(118)	(636)
Plan assets at the end of the period	84,434	101,943

(3) Reconciliation of the ending balances of retirement benefit obligation and plan assets, and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Funded retirement benefit obligation	170,331	174,172
Plan assets	(84,434)	(101,943)
Unfunded retirement benefit obligation	85,896	72,228
Asset ceiling adjustments	7,748	7,919
Net liabilities and assets on the consolidated balance sheet	262	265
Net liabilities and assets on the consolidated balance sheet	93,908	80,413
Net defined benefit liability	94,094	80,497
Net defined benefit asset	(186)	(83)
Net liabilities and assets on the consolidated balance sheet	93,908	80,413

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Service cost	12,400	11,441
Interest cost	432	1,004
Expected return on plan assets	(496)	(365)
Amortization of actuarial difference	539	(321)
Amortization of prior service costs	7	(48)
Others	33	(0)
Retirement benefit expenses for defined benefit plans	12,916	11,710

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

(5) Remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in remeasurements of defined benefit plans are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Prior service costs	(7)	51
Actuarial difference	(7,778)	(12,182)
Total	(7,786)	(12,130)

(6) Accumulated remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in accumulated remeasurements of defined benefit plans are as follows.

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Unrecognized prior service costs	(51)	—
Unrecognized actuarial difference	(2,824)	(15,002)
Total	(2,876)	(15,002)

(7) Plan assets

(a) Main components of plan assets

The percentage shares of components by main asset class out of total plan assets are as follows.

(%)

	As of March 31, 2020	As of March 31, 2021
Bonds	23	20
Stocks	60	67
Joint investment assets	5	3
Life insurance general accounts	8	7
Cash and deposits	1	1
Others	3	2
Total	100	100

(b) Establishment of methods for the long-term expected rate of return on plan assets

In order to assume the long-term expected rate of return on plan assets, present and expected distribution of plan assets and the long-term expected rate of return on the multitude of assets in plan assets are considered.

(8) Basis of actuarial assumptions

Major bases of actuarial assumptions are as follows.

(%)

		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Discount rate	Domestic consolidated subsidiaries	0.5 – 1.0	0.2 – 0.7
	Foreign consolidated subsidiaries	3.1 – 8.3	1.8 – 6.8
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0 – 1.5	0.0 – 1.5
	Foreign consolidated subsidiaries	7.0	6.8

3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 7,640 million yen for the fiscal year ended March 31, 2020 and amounts to 8,158 million yen for the fiscal year ended March 31, 2021.

Stock Options

1. Recorded amount and account which includes stock option expense

None.

2. Recorded amount on profit resulting from forfeiture of stock options

None.

3. Contents, size and its changes of stock options

(1) Contents of stock options

Stock options granted by the Company are as follows.

15th and 16th issue of stock acquisition rights of the Company are stock options transferred from former Sampo Japan Insurance Inc. ("former Sampo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from former NIPPONKOA Insurance Company, Limited ("former NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010.

The Company decided to introduce the "Board Benefit Trust (BBT)," a performance-linked stock compensation plan at the 6th general meeting of shareholders held on June 27, 2016, and not to grant new stock options thereafter.

(a) Stock options transferred from former Sampo Japan and granted by the Company

	15th issue	16th issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former Sampo Japan: 27 Others (Note 1): 1	Directors and senior vice presidents of former Sampo Japan: 41 Others (Note 1): 1
Number of stock options granted by types of shares	Common stock: 74,325 stocks (Note 2)	Common stock: 186,775 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to August 11, 2033	April 1, 2010 to August 10, 2034
Number of stock acquisition rights*	197 stock acquisition rights (Note 3)	342 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,925 stocks (Notes 3, 4)	Common stock: 8,550 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 3,761 Amount of capital incorporation (Note 5)	Issue price: 2,493 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2021), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2021).
Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former Sampo Japan but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 25.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and senior vice president of Sampo Japan Insurance Inc.
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.

- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.
 - Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
 - Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
 - Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
 - Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
 - Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
 - Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
 - Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
 - Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - A proposal approving a merger agreement in which the Company is the disappearing entity;
 - A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
 - Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

(b) Stock options transferred from former NIPPONKOA and granted by the Company

	17th issue	18th issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 5 Others (Note 1): 7	Directors and senior vice presidents of former NIPPONKOA: 7 Others (Note 1): 11
Number of stock options granted by types of shares	Common stock: 35,775 stocks (Note 2)	Common stock: 50,400 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to June 29, 2024	April 1, 2010 to June 29, 2025
Number of stock acquisition rights*	14 stock acquisition rights (Note 3)	13 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 3,150 stocks (Notes 3, 4)	Common stock: 2,925 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,385 Amount of capital incorporation (Note 5)	Issue price: 2,385 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2021), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2021).
Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the day a year after the day immediately following the date of the loss of their status as a director and senior vice president of Sampo Japan Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 7 years after the exercise commencement date or the last day of the exercise period, whichever earlier.
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
- Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - A proposal approving a merger agreement in which the Company is the disappearing entity;
 - A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

(b) Stock options transferred from former NIPPONKOA and granted by the Company

	19th issue	20th issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 12 Others (Note 1): 2	Directors and senior vice presidents of former NIPPONKOA: 12 Others (Note 1): 2
Number of stock options granted by types of shares	Common stock: 27,675 stocks (Note 2)	Common stock: 30,375 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 27, 2027	April 1, 2010 to March 17, 2028
Number of stock acquisition rights*	10 stock acquisition rights (Note 3)	12 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 2,250 stocks (Notes 3, 4)	Common stock: 2,700 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

	21st issue	22nd issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 16 Others (Note 1): 3	Directors and senior vice presidents of former NIPPONKOA: 21 Others (Note 1): 3
Number of stock options granted by types of shares	Common stock: 61,875 stocks (Note 2)	Common stock: 88,425 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 16, 2029	April 1, 2010 to October 7, 2029
Number of stock acquisition rights*	19 stock acquisition rights (Note 3)	23 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,275 stocks (Notes 3, 4)	Common stock: 5,175 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2021), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2021).

Notes

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the date of the loss of their status as a director and senior vice president of Sampo Japan Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 10 days after the following date of the exercise commencement date (and before the end of the exercise period of the stock acquisition rights (hereinafter the "exercise period")).
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
- Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - A proposal approving a merger agreement in which the Company is the disappearing entity;
 - A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

(c) Stock options granted by the Company

	23rd issue	24th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2010	Meeting of the Board of Directors held on October 14, 2011
Title and number of grantees	Directors and senior vice presidents of the Company: 7 Directors and senior vice presidents of subsidiaries of the Company: 66 The actual number of persons: 69 (Notes 1, 2)	Directors and senior vice presidents of the Company: 8 Directors and senior vice presidents of subsidiaries of the Company: 82 The actual number of persons: 86 (Notes 1, 2)
Number of stock options granted by types of shares	Common stock: 349,450 stocks (Note 3)	Common stock: 372,300 stocks (Note 3)
Grant date	August 16, 2010	November 1, 2011
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 17, 2010 to August 16, 2035	November 1, 2011 to October 31, 2036
Number of stock acquisition rights*	1,094 stock acquisition rights (Note 4)	372 stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 27,350 stocks (Notes 4, 5)	Common stock: 37,200 stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,809 Amount of capital incorporation (Note 6)	Issue price: 1,373 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	25th issue	26th issue
Resolution date	Meeting of the Board of Directors held on July 27, 2012	Meeting of the Board of Directors held on July 26, 2013
Title and number of grantees	Directors and senior vice presidents of the Company: 7 Directors and senior vice presidents of subsidiaries of the Company: 87 The actual number of persons 90 (Notes 1, 2)	Directors and senior vice presidents of the Company: 9 Directors and senior vice presidents of subsidiaries of the Company: 136 The actual number of persons 79 (Notes 1, 2)
Number of stock options granted by types of shares	Common stock: 391,100 stocks (Note 3)	Common stock: 195,000 stocks (Note 3)
Grant date	August 14, 2012	August 13, 2013
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 14, 2012 to August 13, 2037	August 13, 2013 to August 12, 2038
Number of stock acquisition rights*	349 stock acquisition rights (Note 4)	224 stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 34,900 stocks (Notes 4, 5)	Common stock: 22,400 stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,329 Amount of capital incorporation (Note 6)	Issue price: 2,297 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	27th issue	28th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2014	Meeting of the Board of Directors held on July 30, 2015
Title and number of grantees	Directors and senior vice presidents of the Company: 11 Directors and senior vice presidents of subsidiaries of the Company: 117 The actual number of persons 69 (Notes 1, 2)	Directors and senior vice presidents of the Company: 16 Directors and senior vice presidents of subsidiaries of the Company: 61 The actual number of persons 63 (Notes 1, 2)
Number of stock options granted by types of shares	Common stock: 172,900 stocks (Note 3)	Common stock: 100,700 stocks (Note 3)
Grant date	August 15, 2014	August 17, 2015
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 15, 2014 to August 14, 2039	August 17, 2015 to August 16, 2040
Number of stock acquisition rights*	290 [280] stock acquisition rights (Note 4)	265 [253] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 29,000 [28,000] stocks (Notes 4, 5)	Common stock: 26,500 [25,300] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,404 Amount of capital incorporation (Note 6)	Issue price: 4,153 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2021). For changes made during the period between the end of the current fiscal year and the end of the month prior to the submission date of this document (May 31, 2021), status as of the end of the month prior to the submission date is indicated in square brackets and the absence of these indicates no change.

(Notes)

- "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors.
- Since several directors and senior vice presidents of the Company have concurrently served as director/senior vice president of the Company or as director/senior vice president (shikkouyakuin) of its subsidiaries, the actual number of the persons to whom the stock acquisition rights of the Company are granted is shown in the table, respectively.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares concerning the 23rd issue of stock acquisition rights of the Company are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 25 for the 23rd issue of stock acquisition rights and 100 for the 24th to the 28th issue of stock acquisition rights.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and senior vice president of the Company and as a director and senior vice president (shikkouyakuin) of its subsidiaries.
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.

8. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 5 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 6 above.
- (7) Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
 - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 7 above.

(2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2021 is indicated by converting to number of shares.

(a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

(Stocks)

	March 31, 2020	Vested	Exercised	Forfeited	March 31, 2021
15th issue of stock acquisition rights of the Company	4,925	—	—	—	4,925
16th issue	8,550	—	—	—	8,550
17th issue	3,150	—	—	—	3,150
18th issue	2,925	—	—	—	2,925
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	4,275	—	—	—	4,275
22nd issue	5,175	—	—	—	5,175
23rd issue	30,450	—	3,100	—	27,350
24th issue	39,800	—	2,600	—	37,200
25th issue	43,900	—	9,000	—	34,900
26th issue	28,500	—	6,100	—	22,400
27th issue	37,300	—	8,300	—	29,000
28th issue	33,500	—	7,000	—	26,500

(b) Unit value information

(Stocks)

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2021 (yen)	Fair value per share on the grant date (yen)
15th issue of stock acquisition rights of the Company	1	—	3,760 (Notes 1, 2)
16th issue	1	—	2,492 (Notes 1, 2)
17th issue	1	—	2,384 (Note 1)
18th issue	1	—	2,384 (Note 1)
19th issue	1	—	2,440 (Note 1)
20th issue	1	—	2,440 (Note 1)
21st issue	1	—	2,440 (Note 1)
22nd issue	1	—	2,440 (Note 1)
23rd issue	1	3,550	1,808 (Note 1)
24th issue	1	3,550	1,372
25th issue	1	3,580	1,328
26th issue	1	3,502	2,296
27th issue	1	3,488	2,403
28th issue	1	3,469	4,152

Notes)

1. The Company carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts represent exercise price and fair value per share on the grant date after the execution of the reverse split of stocks.
2. Fair value per share at the time of grant by former Sampo Japan is shown in the table.

4. Method for estimating the fair value per share of stock options

There is no stock option granted for the fiscal year ended March 31, 2021.

The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from former Sampo Japan to the Company (15th and 16th issue of stock acquisition rights of the Company).

The Company also does not make a new estimation for the fair value per share of stock acquisition rights transferred from former NIPPONKOA to the Company (17th to 22nd issue of stock acquisition rights of the Company) because those are revalued under the purchase method.

5. Method for estimating the number of rights of stock options vested

As all stock options are vested at the time that they are granted, this item is not applicable.

Tax Effect Accounting

1. Main components of deferred tax assets and deferred tax liabilities

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Deferred tax assets:		
Underwriting reserves	175,003	193,998
Reserve for outstanding losses and claims	35,980	42,424
Intangible fixed assets for tax purposes	35,107	39,766
Impairment losses on securities and real estate	33,842	35,510
Reserve for price fluctuation	26,633	28,008
Others	99,751	82,715
Deferred tax assets subtotal	406,319	422,424
Valuation allowance	(63,416)	(54,644)
Total deferred tax assets	342,902	367,780
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(237,312)	(401,545)
Unrealized gains and losses on consolidated subsidiaries	(8,735)	(7,991)
Others	(26,093)	(23,700)
Total deferred tax liabilities	(272,141)	(433,237)
Net deferred tax assets (liabilities)	70,760	(65,457)

Note) The Company and some of its domestic consolidated subsidiaries conduct accounting treatment based on the consolidated taxation system that will be adopted from the fiscal year ending March 31, 2022.
As a result, in the fiscal year ended March 31, 2021, valuation allowance decreased, while total deferred tax assets increased by 2,557 million yen.

2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting

(%)

	As of March 31, 2020	As of March 31, 2021
Japanese statutory income tax rate	—	30.6
(Reconciliation)		
Amortization of goodwill	—	4.4
Decrease of valuation allowance	—	(3.5)
Tax rate differences in subsidiaries	—	(3.3)
Non-taxable revenue such as dividends received	—	(2.4)
Others	—	1.0
Effective tax rate after the application of tax effect accounting	—	26.7

Note) Reconciliation details are omitted for the fiscal year ended March 31, 2020, because the difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting is 5% or less.

Segment information

Segment information

1. Summary of reportable segments

The reportable segment of the Company is the component of SOMPO HOLDINGS, for which discrete financial information is available and whose operating results are periodically reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The respective group companies of the Company determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of the Company.

Therefore, the Company is composed of business segments, which consist of the respective group companies as minimum component. "Domestic P&C insurance business," "Overseas insurance business," "Domestic life insurance business" and "Nursing care and healthcare business" are determined as the reportable segments. The Company, asset management business, risk management business and defined-contribution pension business, etc. that are not covered by the reportable segments are included in "Others."

"Domestic P&C insurance business" consists mainly of underwriting of property and casualty insurance, investment, and related activities in Japan. "Overseas insurance business" consists mainly of underwriting of property and casualty insurance and investment activities overseas. "Domestic life insurance business" consists mainly of underwriting of life insurance and investment activities in Japan. "Nursing care and healthcare business" consists mainly of providing nursing care service and healthcare service.

2. Calculation methods for the amount of sales, income or loss, assets and other items by each reportable segment

The accounting methods of reportable business segments are those mentioned in "Significant Accounting Policies for the Preparation of the Consolidated Financial Statements." Income or loss attributable to the reportable segments is the amounts based on net income attributable to shareholders of the parent in the consolidated statement of income.

Income from internal transactions among segments is based on the price of transactions among third parties and others.

3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales (Note 1):									
Sales from transactions with external customers	2,235,825	597,397	348,324	134,289	3,315,836	13,179	3,329,015	431,350	3,760,366
Sales from internal transactions or transfers among segments	—	—	—	184	184	12,495	12,679	(12,679)	—
Total	2,235,825	597,397	348,324	134,473	3,316,020	25,674	3,341,695	418,671	3,760,366
Segment income (loss)	95,445	21,599	15,957	1,318	134,321	(11,805)	122,515	—	122,515
Segment assets	6,202,067	2,315,725	3,217,267	173,721	11,908,782	69,054	11,977,836	—	11,977,836
Other items:									
Depreciation	15,042	20,212	532	5,257	41,045	355	41,401	—	41,401
Amortization of goodwill	76	18,468	609	4,807	23,961	—	23,961	—	23,961
Interest and dividend income	114,400	44,563	45,708	129	204,802	110	204,912	(777)	204,135
Interest paid	7,132	4,449	76	2,515	14,174	7	14,181	(15)	14,166
Investment losses on the equity method	(13)	(2,214)	—	—	(2,227)	(6,724)	(8,952)	—	(8,952)
Extraordinary gains (Note 5)	1,824	45	3	—	1,873	—	1,873	—	1,873
Extraordinary losses (Note 6):	13,929	606	2,319	219	17,074	59	17,133	—	17,133
Impairment losses	2,124	547	—	—	2,672	—	2,672	—	2,672
Income tax expenses	37,180	6,257	6,672	3,496	53,605	398	54,004	—	54,004
Investment in affiliates accounted for under the equity method	1,411	7,329	—	—	8,741	10,650	19,391	—	19,391
Increase in tangible and intangible fixed assets	64,813	12,476	912	6,911	85,113	541	85,655	—	85,655

Note)

- Sales amounts represent the following:

Domestic P&C insurance business:	Net premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Domestic life insurance business:	Life insurance premiums written
Nursing care and healthcare business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income
- "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business and defined-contribution pension business, etc.
- Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	431,350 million yen
Elimination of internal transactions among segments:	(12,679) million yen
- Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.
- Extraordinary gains for domestic P&C insurance business are 1,824 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 4,212 million yen of losses on disposal of fixed assets, 3,941 million yen of provision for reserve for price fluctuation and 3,651 million yen of expenses pertaining to changes of company names. Also, extraordinary losses for domestic life insurance business include 1,558 million yen of expenses pertaining to changes of company names.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales (Note 1):									
Sales from transactions with external customers	2,196,574	732,860	340,291	138,425	3,408,151	12,195	3,420,346	425,977	3,846,323
Sales from internal transactions or transfers among segments	—	—	—	193	193	13,757	13,951	(13,951)	—
Total	2,196,574	732,860	340,291	138,618	3,408,344	25,953	3,434,297	412,026	3,846,323
Segment income (loss)	136,744	(5,639)	19,435	1,090	151,630	(9,148)	142,482	—	142,482
Segment assets	6,424,928	2,626,544	3,537,254	166,822	12,755,549	363,106	13,118,656	—	13,118,656
Other items:									
Depreciation	16,387	18,140	493	5,348	40,370	441	40,811	—	40,811
Amortization of goodwill	37	20,417	609	6,828	27,892	—	27,892	—	27,892
Interest and dividend income	116,123	35,644	47,082	113	198,964	160	199,124	(836)	198,288
Interest paid	7,072	4,253	69	2,344	13,739	3	13,743	(8)	13,734
Investment gains (losses) on the equity method	1	71	—	—	72	(3,220)	(3,147)	—	(3,147)
Extraordinary gains (Note 5)	9,613	11	7	—	9,632	7	9,639	—	9,639
Extraordinary losses (Note 6):	15,214	11,852	892	1,821	29,781	17	29,799	—	29,799
Impairment losses	8,045	11,760	—	—	19,805	—	19,805	—	19,805
Income tax expenses	42,508	2,028	7,984	1,338	53,859	(1,812)	52,047	—	52,047
Investment in affiliates accounted for under the equity method	1,417	8,701	—	—	10,119	17,276	27,395	—	27,395
Increase in tangible and intangible fixed assets	63,676	34,479	453	6,567	105,177	623	105,801	—	105,801

Note)

- Sales amounts represent the following:

Domestic P&C insurance business:	Net premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Domestic life insurance business:	Life insurance premiums written
Nursing care and healthcare business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income
- "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business and defined-contribution pension business.
- Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	425,977 million yen
Elimination of internal transactions among segments:	(13,951) million yen
- Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.
- Extraordinary gains for domestic P&C insurance business are 9,613 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 8,045 million yen of impairment losses and 3,993 million yen of provision for reserve for price fluctuation. Also, extraordinary losses for nursing care and healthcare business include 1,722 million yen of expenses pertaining to COVID-19 measures.

Related information

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	406,295	87,241	173,875	1,221,171	281,141	655,757	2,825,482

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	334,715	5,330	16,018	—	356,064

2. Information by geographic area

(1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,677,291	289,948	348,596	3,315,836

Notes)

- Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
- Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

(2) Tangible fixed assets

(Millions of yen)

Japan	Overseas	Total
336,842	37,551	374,393

3. Information by major customers

None.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	459,304	82,005	156,744	1,217,620	238,136	769,737	2,923,547

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	325,972	4,945	15,259	—	346,177

2. Information by geographic area

(1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,643,229	396,450	368,471	3,408,151

Notes)

- Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
- Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

(2) Tangible fixed assets

(Millions of yen)

Japan	Overseas	Total
327,883	34,311	362,195

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	2,124	547	—	—	2,672	—	—	2,672

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	8,045	11,760	—	—	19,805	—	—	19,805

Information related to amortization of goodwill and balance of goodwill by reportable segments

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2020	76	18,468	609	4,807	23,961	—	—	23,961
Balance as of March 31, 2020	49	136,024	609	35,982	172,665	—	—	172,665

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2021	37	20,417	609	6,828	27,892	—	—	27,892
Balance as of March 31, 2021	11	132,368	—	31,174	163,555	—	—	163,555

Information related to gains on negative goodwill by reportable segments

None.

Related-Party Transactions

There is no significant related-party transaction to be represented.

Per Share Information

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net assets per share	4,385.85 yen	5,686.22 yen
Net income per share	334.12 yen	397.40 yen
Diluted net income per share	333.89 yen	397.16 yen

Notes)

1. Calculation of net income per share and diluted net income per share are based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net income per share		
Net income attributable to shareholders of the parent	122,515	142,482
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	122,515	142,482
Average number of common stocks outstanding	366,675 thousand shares	358,531 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:		
Stock acquisition rights	247 thousand shares	214 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	—	—

2. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Total net assets	1,612,584	2,031,168
Amount to be deducted from total net assets:		
Stock acquisition rights	551	467
Non-controlling interests	15,033	12,340
Net assets attributable to common stocks	1,596,998	2,018,361
Number of common stocks used for calculation of net assets per share	364,125 thousand shares	354,956 thousand shares

3. In the calculation of net income per share and diluted net income per share, the Company shares outstanding in "Board Benefit Trust (BBT)" which are recognized as treasury stock in shareholders' equity are included in treasury stock deducted from the average number of shares outstanding. In addition, in the calculation of net assets per share, such shares are included in treasury stock deducted from the number of total shares outstanding.

The average number of the treasury stock deducted above mentioned is 786 thousand for the fiscal year ended March 31, 2020 and is 996 thousand for the fiscal year ended March 31, 2021. The number of the treasury stock deducted above mentioned is 1,053 thousand as of March 31, 2020 and is 991 thousand as of March 31, 2021.

Significant Subsequent Events

1. Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2021. Details of the resolution are as follows.

(1) Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a basic policy of paying dividends, with the option of stock buybacks depending on capital conditions. In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return for the financial results of fiscal year ended March 31, 2021.

(2) Details of stock buybacks

(a) Class of shares	Common stock of the Company
(b) Potential total number	15,000,000 shares (upper limit)
(c) Total price	40,400,000,000 yen (upper limit)
(d) Period	May 27, 2021 — November 18, 2021

2. Establishment of subsidiary

The Company decided to establish a subsidiary as follows on June 11, 2021.

(1) Reason for establishment of subsidiary

The Group has established the Digital Strategy Planning Department in Tokyo and Silicon Valley, USA in 2016 and established a subsidiary in Tel Aviv, Israel in 2018, and has been forming alliances (investment, partnership, and M&A) with partners such as start-ups with digital technologies in order to promote digital transformation (DX) within the Group and create new digital businesses.

The Group has recognized opportunities to expand sales of digital solutions to outside parties in the future and set "creation of new customer value" as one of its primary strategies in its Mid-Term Management Plan (FY2021-2023).

In order to further strengthen the creation of attractive content for customers by commercializing the digital domain, The Group have decided to establish a subsidiary, subject to the approval of relevant authorities.

(2) Overview of the Subsidiary

(a) Company Name	SOMPO Light Vortex, Inc.
(b) Address	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo
(c) Date of Establishment	July 2021 (planned)
(d) Capital Stock	10 billion yen
(e) Summary of Business	Planning, development, and sales of products and services using digital technology
(f) Shareholder	SOMPO Holdings, Inc. 100%

Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	458,885	524,711	65,825
Cash	37	6	(31)
Deposits	458,848	524,705	65,856
Receivables under resale agreements	69,999	59,999	(9,999)
Monetary receivables bought	19,897	21,700	1,802
Money trusts	32,871	27,566	(5,304)
Securities:	4,724,237	5,127,170	402,932
Government bonds	724,361	688,810	(35,550)
Municipal bonds	6,259	5,865	(393)
Corporate bonds	643,188	666,751	23,563
Domestic stocks	1,069,761	1,346,490	276,729
Foreign securities	2,188,153	2,267,968	79,814
Other securities	92,513	151,282	58,768
Loans:	673,292	636,618	(36,674)
Policy loans	6,000	4,966	(1,034)
Ordinary loans	667,291	631,652	(35,639)
Tangible fixed assets:	246,883	238,916	(7,966)
Land	97,778	91,407	(6,370)
Buildings	111,174	115,629	4,454
Leased assets	3,330	2,835	(494)
Construction in progress	7,325	2,124	(5,200)
Other tangible fixed assets	27,274	26,918	(355)
Intangible fixed assets:	156,542	188,576	32,034
Software	2,489	105,388	102,899
Other intangible fixed assets	154,053	83,188	(70,864)
Other assets:	744,246	573,319	(170,927)
Premiums receivable	863	1,326	463
Agency accounts receivable	180,295	180,163	(131)
Foreign agency accounts receivable	31,025	25,978	(5,046)
Coinsurance accounts receivable	36,455	16,284	(20,171)
Reinsurance accounts receivable	162,122	110,676	(51,445)
Foreign reinsurance accounts receivable	177,938	65,195	(112,743)
Proxy service receivable	265	151	(114)
Accounts receivable	31,770	46,574	14,804
Accrued income	8,895	8,181	(714)
Advance deposits	16,356	15,201	(1,154)
Earthquake insurance deposits	4,570	4,681	111
Suspense payments	66,703	71,138	4,434
Deposits paid for future transactions	8,585	7,875	(710)
Derivative assets	16,521	6,287	(10,233)
Cash collateral paid for financial instruments	1,868	13,594	11,726
Other assets	7	7	—
Prepaid pension cost	409	303	(106)
Deferred tax assets	48,676	—	(48,676)
Allowance for possible credit losses	(3,193)	(3,006)	187
Allowance for possible investment losses	(6,691)	(6,198)	492
Total assets	7,166,057	7,389,677	223,619

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	4,577,735	4,557,828	(19,907)
Reserve for outstanding losses and claims	859,134	872,465	13,330
Underwriting reserves	3,718,600	3,685,362	(33,237)
Corporate bonds	433,560	433,560	—
Other liabilities:	656,107	715,115	59,008
Coinsurance accounts payable	5,849	6,024	175
Reinsurance accounts payable	88,555	75,005	(13,549)
Foreign reinsurance accounts payable	40,425	23,014	(17,411)
Payables under securities lending transactions	112,905	155,831	42,926
Borrowings	76,266	45,810	(30,456)
Income taxes payable	30,386	58,298	27,911
Deposits received	3,088	2,903	(184)
Unearned income	319	308	(11)
Accounts payable	162,355	196,486	34,131
Suspense receipts	90,756	90,686	(69)
Derivative liabilities	2,900	26,397	23,497
Cash collateral received for financial instruments	36,240	28,733	(7,507)
Lease obligations	3,985	3,492	(492)
Asset retirement obligations	2,072	2,121	48
Reserve for retirement benefits	91,659	89,608	(2,051)
Reserve for bonus payments	17,811	16,315	(1,496)
Reserve for bonus payments to directors	107	115	8
Reserves under the special laws:	87,116	91,097	3,980
Reserve for price fluctuation	87,116	91,097	3,980
Deferred tax liabilities	—	11,434	11,434
Total liabilities	5,864,098	5,915,075	50,977
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	70,000	70,000	—
Capital reserves	70,000	70,000	—
Retained earnings:	565,280	502,291	(62,989)
Other retained earnings:	565,280	502,291	(62,989)
Reserve for advanced depreciation	8,034	10,963	2,929
General reserve	83,300	83,300	—
Retained earnings carried forward	473,945	408,027	(65,918)
Total shareholders' equity	705,280	642,291	(62,989)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	591,085	827,905	236,819
Deferred gains and losses on hedges	5,593	4,406	(1,187)
Total valuation and translation adjustments	596,679	832,311	235,631
Total net assets	1,301,959	1,474,602	172,642
Total liabilities and net assets	7,166,057	7,389,677	223,619

Sompo Japan Insurance Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	2,579,158	2,486,893	(92,265)	(3.6)%
Underwriting income:	2,383,396	2,301,534	(81,862)	(3.4)
Net premiums written	2,184,750	2,141,433	(43,316)	(2.0)
Deposits of premiums by policyholders	113,702	93,496	(20,206)	(17.8)
Interest and dividend income on deposits of premiums, etc.	35,092	31,987	(3,105)	(8.8)
Reversal of reserve for outstanding losses and claims	26,569	—	(26,569)	(100.0)
Reversal of underwriting reserves	22,312	33,237	10,925	49.0
Foreign exchange gains	—	427	427	—
Other underwriting income	969	951	(17)	(1.8)
Investment income:	183,996	172,705	(11,291)	(6.1)
Interest and dividend income	137,164	126,178	(10,985)	(8.0)
Investment gains on money trusts	202	5,046	4,843	2,395.9
Gains on sales of securities	80,473	65,724	(14,749)	(18.3)
Gains on redemption of securities	1,032	2,977	1,945	188.5
Foreign exchange gains	—	4,556	4,556	—
Other investment income	216	208	(7)	(3.4)
Transfer of interest and dividend income on deposits of premiums, etc.	(35,092)	(31,987)	3,105	—
Other ordinary income	11,765	12,654	888	7.6
Ordinary expenses:	2,396,771	2,289,461	(107,309)	(4.5)
Underwriting expenses:	2,036,819	1,929,500	(107,318)	(5.3)
Net claims paid	1,301,872	1,189,878	(111,993)	(8.6)
Loss adjustment expenses	115,385	112,817	(2,568)	(2.2)
Net commissions and brokerage fees	404,695	414,829	10,134	2.5
Maturity refunds to policyholders	212,128	196,812	(15,315)	(7.2)
Dividends to policyholders	101	65	(36)	(35.4)
Provision for reserve for outstanding losses and claims	—	13,330	13,330	—
Foreign exchange losses	591	—	(591)	(100.0)
Other underwriting expenses	2,044	1,765	(278)	(13.6)
Investment expenses:	33,068	26,297	(6,771)	(20.5)
Investment losses on money trusts	2,507	11	(2,496)	(99.6)
Losses on sales of securities	1,353	886	(467)	(34.5)
Impairment losses on securities	11,734	3,292	(8,441)	(71.9)
Losses on redemption of securities	455	460	5	1.2
Losses on derivatives	9,203	13,096	3,893	42.3
Foreign exchange losses	1,856	—	(1,856)	(100.0)
Other investment expenses	5,957	8,549	2,592	43.5
Operating, general and administrative expenses	317,396	321,415	4,018	1.3

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	9,486	12,248	2,761	29.1%
Interest paid	7,124	7,065	(59)	(0.8)
Provision for allowance for possible credit losses	—	106	106	—
Losses on bad debt	14	11	(2)	(18.9)
Other ordinary expenses	2,347	5,065	2,717	115.7
Ordinary profit	182,387	197,432	15,044	8.2
Extraordinary gains:	1,824	9,611	7,787	426.8
Gains on disposal of fixed assets	1,824	9,611	7,787	426.8
Extraordinary losses:	13,793	14,458	664	4.8
Losses on disposal of fixed assets	4,178	2,100	(2,077)	(49.7)
Impairment losses	2,124	7,404	5,279	248.5
Provision for reserves under the special laws:	3,933	3,980	47	1.2
Provision for reserve for price fluctuation	3,933	3,980	47	1.2
Other extraordinary losses	3,557	972	(2,585)	(72.7)
Net income before income taxes	170,417	192,585	22,167	13.0
Income taxes	42,799	75,076	32,277	75.4
Deferred income taxes	(2,960)	(29,486)	(26,525)	—
Total income taxes	39,838	45,590	5,751	14.4
Net income	130,579	146,994	16,415	12.6
Underwriting result:				
Net premiums written	(+) 2,184,750	2,141,433	(43,316)	(2.0)
Net claims paid	(-) 1,301,872	1,189,878	(111,993)	(8.6)
Loss adjustment expenses	(-) 115,385	112,817	(2,568)	(2.2)
Net operating expenses:	(-) 707,575	720,583	13,008	1.8
Net commissions and brokerage fees	404,695	414,829	10,134	2.5
Operating, general and administrative expenses related to underwriting	302,879	305,754	2,874	0.9
Underwriting result	59,916	118,153	58,237	97.2
Underwriting profit	43,113	66,368	23,255	53.9
Ratios:				
Net loss ratio	(%) 64.9	60.8	(4.0)	
Net operating expenses ratio	(%) 32.4	33.6	1.3	
Combined ratio	(%) 97.3	94.5	(2.8)	

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)
Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	34,722	28,821	(5,900)
Cash	0	0	(0)
Deposits	34,722	28,821	(5,900)
Securities:	25,017	36,689	11,671
Government bonds	1,316	907	(408)
Municipal bonds	10,734	9,068	(1,665)
Corporate bonds	5,009	12,796	7,786
Domestic stocks	33	42	9
Foreign securities	3,439	5,962	2,522
Other securities	4,485	7,912	3,427
Tangible fixed assets:	623	509	(113)
Buildings	128	114	(14)
Leased assets	348	332	(16)
Other tangible fixed assets	145	63	(82)
Intangible fixed assets:	3,478	3,882	404
Software	3,474	3,879	404
Other intangible fixed assets	3	3	—
Other assets:	6,260	5,850	(410)
Premiums receivable	2,210	1,552	(658)
Agency accounts receivable	110	198	88
Coinsurance accounts receivable	14	12	(2)
Reinsurance accounts receivable	77	183	105
Foreign reinsurance accounts receivable	37	31	(6)
Accounts receivable	768	797	28
Accrued income	17	29	12
Advance deposits	558	506	(52)
Suspense payments	2,465	2,539	73
Deferred tax assets	—	1,282	1,282
Allowance for possible credit losses	(83)	(101)	(18)
Total assets	70,018	76,934	6,915

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	52,152	54,965	2,813
Reserve for outstanding losses and claims	19,610	21,029	1,419
Underwriting reserves	32,541	33,935	1,393
Other liabilities:	3,445	5,427	1,981
Coinsurance accounts payable	36	35	(0)
Reinsurance accounts payable	193	194	0
Foreign reinsurance accounts payable	98	85	(13)
Income taxes payable	155	214	58
Deposits received	29	32	2
Accounts payable	1,761	1,976	215
Suspense receipts	816	2,549	1,733
Lease obligations	354	338	(16)
Reserve for retirement benefits to directors	24	27	3
Reserve for bonus payments	434	474	40
Reserve for bonus payments to directors	28	28	(0)
Reserves under the special laws:	57	69	12
Reserve for price fluctuation	57	69	12
Deferred tax liabilities	61	—	(61)
Total liabilities	56,204	60,992	4,787
Net assets:			
Shareholders' equity:			
Common stock	32,260	32,260	—
Capital surplus:	40,692	40,692	—
Capital reserves	30,497	30,497	—
Other capital surplus	10,194	10,194	—
Retained earnings:	(59,387)	(57,754)	1,633
Other retained earnings:	(59,387)	(57,754)	1,633
Retained earnings carried forward	(59,387)	(57,754)	1,633
Total shareholders' equity	13,565	15,198	1,633
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	249	744	494
Total valuation and translation adjustments	249	744	494
Total net assets	13,814	15,942	2,127
Total liabilities and net assets	70,018	76,934	6,915

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	52,743	55,270	2,527	4.8%
Underwriting income:	52,657	55,122	2,465	4.7
Net premiums written	51,073	55,078	4,004	7.8
Deposits of premiums by policyholders	0	—	(0)	(100.0)
Interest and dividend income on deposits of premiums, etc.	47	43	(3)	(8.1)
Reversal of underwriting reserves	1,534	—	(1,534)	(100.0)
Foreign exchange gains	0	—	(0)	(100.0)
Investment income:	37	135	97	263.1
Interest and dividend income	83	175	91	110.6
Gains on sales of securities	—	0	0	—
Gains on redemption of securities	—	3	3	—
Other investment income	1	—	(1)	(100.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(47)	(43)	3	—
Other ordinary income	48	13	(35)	(73.0)
Ordinary expenses:	54,147	55,048	901	1.7
Underwriting expenses:	39,471	39,805	333	0.8
Net claims paid	33,637	31,597	(2,039)	(6.1)
Loss adjustment expenses	4,047	4,239	191	4.7
Net commissions and brokerage fees	1,073	1,145	71	6.7
Maturity refunds to policyholders	28	—	(28)	(100.0)
Provision for reserve for outstanding losses and claims	671	1,419	748	111.4
Provision for underwriting reserves	—	1,393	1,393	—
Foreign exchange losses	—	0	0	—
Other underwriting expenses	13	9	(3)	(26.9)
Investment expenses:	3	8	4	133.3
Losses on sales of securities	—	4	4	—
Other investment expenses	3	3	0	9.6
Operating, general and administrative expenses	14,593	15,171	577	4.0
Other ordinary expenses:	77	63	(14)	(18.7)
Interest paid	7	6	(1)	(15.7)
Provision for allowance for possible credit losses	37	18	(19)	(51.5)
Losses on bad debt	—	0	0	—
Other ordinary expenses	31	38	6	19.6
Ordinary profit (loss)	(1,403)	222	1,625	—

Note) Amount for the fiscal year ended March 31, 2020 includes the result of Sonpo 24 Insurance Company Limited for the three months ended June 30, 2019.

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change	
	Amount	Amount			
Extraordinary gains:	—	1	1	—%	
Gains on disposal of fixed assets	—	1	1	—	
Extraordinary losses:	509	84	(425)	(83.5)	
Losses on disposal of fixed assets	20	71	51	251.0	
Impairment losses	0	—	(0)	(100.0)	
Provision for reserves under the special laws:	8	12	4	50.6	
Provision for reserve for price fluctuation	8	12	4	50.6	
Business structure reform expenses	361	—	(361)	(100.0)	
Other extraordinary losses	118	—	(118)	(100.0)	
Net income (loss) before income taxes	(1,912)	139	2,052	—	
Income taxes	16	75	58	347.3	
Deferred income taxes	—	(1,568)	(1,568)	—	
Total income taxes	16	(1,493)	(1,510)	(8,994.4)	
Net income (loss)	(1,929)	1,633	3,562	—	
Underwriting result:					
Net premiums written	(+)	51,073	55,078	4,004	7.8
Net claims paid	(-)	33,637	31,597	(2,039)	(6.1)
Loss adjustment expenses	(-)	4,047	4,239	191	4.7
Net operating expenses:	(-)	15,658	16,285	627	4.0
Net commissions and brokerage fees		1,073	1,145	71	6.7
Operating, general and administrative expenses related to underwriting		14,584	15,140	555	3.8
Underwriting result		(2,269)	2,955	5,224	—
Underwriting profit (loss)		(1,383)	197	1,581	—
Ratios:					
Net loss ratio	(%)	73.8	65.1	(8.7)	
Net operating expenses ratio	(%)	30.7	29.6	(1.1)	
Combined ratio	(%)	104.4	94.6	(9.8)	

Sompo Himawari Life Insurance, Inc. (Non-consolidated)
Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	116,117	178,483	62,366
Cash	0	—	(0)
Deposits	116,117	178,483	62,366
Securities:	2,983,851	3,260,451	276,600
Government bonds	1,902,571	2,142,389	239,817
Municipal bonds	74,127	67,662	(6,465)
Corporate bonds	515,243	460,381	(54,861)
Domestic stocks	7,319	10,132	2,813
Foreign securities	484,588	578,222	93,633
Other securities	—	1,662	1,662
Loans:	43,163	41,985	(1,177)
Policy loans	43,163	41,980	(1,182)
Ordinary loans	—	4	4
Tangible fixed assets:	1,640	1,540	(100)
Buildings	445	444	(0)
Leased assets	676	630	(45)
Other tangible fixed assets	519	465	(54)
Agency accounts receivable	109	93	(16)
Reinsurance accounts receivable	1,356	1,284	(72)
Other assets:	54,893	54,897	3
Accounts receivable	36,919	39,494	2,574
Prepaid expenses	2,011	2,369	358
Accrued income	8,416	8,788	372
Advance deposits	2,506	2,496	(10)
Derivative assets	4,145	117	(4,027)
Cash collateral paid for financial instruments	230	1,000	770
Suspense payments	572	540	(32)
Other assets	91	89	(2)
Deferred tax assets	16,731	13,804	(2,927)
Allowance for possible credit losses	(112)	(76)	35
Total assets	3,217,752	3,552,464	334,712

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	2,967,301	3,143,577	176,276
Reserve for outstanding claims	43,152	39,293	(3,858)
Policy reserves	2,919,802	3,099,850	180,047
Reserve for dividends to policyholders	4,346	4,433	86
Agency accounts payable	3,494	4,215	720
Reinsurance accounts payable	826	814	(11)
Other liabilities:	85,548	221,891	136,343
Payables under securities lending transactions	69,308	181,229	111,921
Income taxes payable	3,789	4,934	1,145
Accounts payable	168	11,788	11,620
Accrued expenses	7,613	6,195	(1,418)
Deposits received	1,752	122	(1,629)
Derivative liabilities	1,360	15,949	14,589
Cash collateral received for financial instruments	300	—	(300)
Lease obligations	793	735	(57)
Suspense receipts	462	936	473
Reserve for bonus payments to directors	37	37	(0)
Reserve for retirement benefits	4,134	4,581	447
Reserve for possible reimbursement of prescribed claims	584	1,041	457
Reserves under the special laws:	8,213	9,045	831
Reserve for price fluctuation	8,213	9,045	831
Total liabilities	3,070,138	3,385,204	315,065
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	13,333	13,333	—
Capital reserves	13,333	13,333	—
Retained earnings:	82,752	94,052	11,299
Legal reserve	3,170	3,916	746
Other retained earnings:	79,582	90,135	10,553
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	79,257	89,810	10,553
Total shareholders' equity	113,336	124,635	11,299
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	34,277	42,624	8,346
Total valuation and translation adjustments	34,277	42,624	8,346
Total net assets	147,613	167,260	19,646
Total liabilities and net assets	3,217,752	3,552,464	334,712

Sompo Himawari Life Insurance, Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	500,819	503,714	2,895	0.6%
Insurance premiums and other:	446,510	441,549	(4,960)	(1.1)
Insurance premiums	444,162	438,847	(5,314)	(1.2)
Reinsurance income	2,347	2,701	354	15.1
Investment income:	49,425	56,037	6,611	13.4
Interest and dividend income and other:	45,731	47,090	1,358	3.0
Interest and dividends on securities	44,393	45,754	1,361	3.1
Interest on loans	1,290	1,238	(52)	(4.1)
Other interest and dividends	47	97	49	104.5
Gains on sales of securities	3,683	3,767	84	2.3
Gains on redemption of securities	—	190	190	—
Foreign exchange gains	8	48	40	477.0
Reversal of allowance for possible credit losses	—	28	28	—
Other investment income	2	—	(2)	(100.0)
Investment gains on special account	—	4,912	4,912	—
Other ordinary income:	4,883	6,127	1,244	25.5
Fund receipt for annuity rider	1,198	740	(458)	(38.2)
Fund receipt for claim deposit payments	1,562	1,519	(42)	(2.7)
Reversal of reserve for outstanding claims	2,114	3,858	1,743	82.5
Other ordinary income	7	9	1	23.0
Ordinary expenses:	472,382	471,585	(797)	(0.2)
Insurance claims and other:	190,877	195,395	4,517	2.4
Insurance claims	34,513	37,848	3,335	9.7
Annuity payments	11,193	11,208	14	0.1
Insurance benefits	49,332	47,781	(1,550)	(3.1)
Surrender benefits	89,761	90,275	514	0.6
Other refunds	2,843	4,989	2,145	75.5
Reinsurance premiums	3,233	3,291	57	1.8
Provision for policy reserves and other:	185,041	180,048	(4,993)	(2.7)
Provision for policy reserves	185,040	180,047	(4,993)	(2.7)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	6.5
Investment expenses:	3,539	2,554	(984)	(27.8)
Interest paid	76	69	(6)	(8.8)
Losses on sales of securities	998	1,966	968	97.0
Impairment losses on securities	—	8	8	—
Losses on derivatives	374	389	15	4.0
Provision for allowance for possible credit losses	64	—	(64)	(100.0)
Other investment expenses	101	120	18	18.6
Investment losses on special account	1,925	—	(1,925)	(100.0)
Operating expenses	87,627	87,288	(339)	(0.4)

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	5,297	6,299	1,002	18.9%
Claim deposit payments	1,548	1,441	(107)	(6.9)
Taxes	2,170	2,187	16	0.8
Depreciation	532	493	(39)	(7.4)
Provision for reserve for retirement benefits	331	447	115	34.9
Other ordinary expenses	713	1,730	1,017	142.6
Ordinary profit	28,436	32,129	3,693	13.0
Extraordinary gains:	3	7	4	144.8
Gains on disposal of fixed assets and other	3	7	4	144.8
Extraordinary losses:	2,319	892	(1,426)	(61.5)
Losses on disposal of fixed assets and other	38	60	22	59.8
Provision for reserves under the special laws:	723	831	108	15.0
Provision for reserve for price fluctuation	723	831	108	15.0
Other extraordinary losses	1,558	—	(1,558)	(100.0)
Provision for reserve for dividends to policyholders	2,857	3,207	349	12.2
Net income before income taxes	23,262	28,036	4,774	20.5
Income taxes	7,411	8,305	893	12.1
Deferred income taxes	(732)	(318)	414	—
Total income taxes	6,678	7,986	1,307	19.6
Net income	16,583	20,049	3,466	20.9

Solvency Margin Ratio of Sampo Holdings, Inc. on a Consolidated Basis (Unaudited)

Consolidated Solvency Margin Ratio

- The Company calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The consolidated solvency margin ratio of the Company for the current fiscal year increased 15.7 points from previous fiscal year to 871.8 percent.

Sampo Holdings, Inc. (Consolidated) Consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
(A) Total Consolidated Solvency Margin	3,121,168	3,726,169
Capital and funds, etc.	868,552	919,036
Reserve for price fluctuation	95,387	100,212
Contingency reserve	33,859	35,006
Catastrophic loss reserve	466,910	501,005
General allowance for possible credit losses	4,598	4,901
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	715,505	1,235,717
Unrealized gains and losses on land	102,820	122,264
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	2,807	14,956
Surplus such as premium fund	182,064	172,210
Subordinated debt, etc.	433,560	433,560
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	—
Total solvency margin related to small amount and short term insurance companies	0	2
Deductions	43,671	50,417
Others	258,772	237,713
(B) Total Consolidated Risks	729,136	854,817
$\sqrt{(R_1^2+R_2^2+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R ₁)	263,183	274,839
Underwriting risk for life insurance business (R ₂)	15,550	15,280
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	10,554	11,266
Underwriting risk related to small amount and short term insurance companies (R ₄)	1	8
Guaranteed interest rate risk (R ₅)	25,314	23,977
Guaranteed minimum benefit risk for life insurance policies (R ₆)	393	396
Investment risk (R ₇)	428,964	528,122
Business management risk (R ₈)	18,879	21,719
Major catastrophe risk for property and casualty insurance policies (R ₉)	179,303	210,717
(C) Consolidated Solvency Margin Ratio	856.1%	871.8%
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).

Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)

Non-consolidated Solvency Margin Ratio

- Domestic insurance companies calculate the non-consolidated solvency margin ratio based on provision of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.” ((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates” ((B) Total Non-consolidated Risks).
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- Non-consolidated solvency margin ratios of the domestic insurance subsidiaries at the end of the current fiscal year are as follows.

Sompo Japan Insurance Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
(A) Total Non-consolidated Solvency Margin	2,722,944	2,981,500
Capital and funds, etc.	705,020	642,291
Reserve for price fluctuation	87,116	91,097
Contingency reserve	1,348	1,693
Catastrophic loss reserve	463,552	497,543
General allowance for possible credit losses	181	138
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	731,484	1,019,668
Unrealized gains and losses on land	120,616	139,670
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	433,560	433,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	47,562	46,647
Others	227,627	202,484
(B) Total Non-consolidated Risks	759,131	847,602
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	189,818	192,158
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	16,855	15,501
Investment risk (R ₄)	543,032	611,108
Business management risk (R ₅)	17,993	19,822
Major catastrophe risk (R ₆)	149,948	172,367
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	717.3%	703.5%

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
(A) Total Non-consolidated Solvency Margin	17,272	19,668
Capital and funds, etc.	13,565	15,198
Reserve for price fluctuation	57	69
Contingency reserve	11	11
Catastrophic loss reserve	3,358	3,461
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	279	926
Unrealized gains and losses on land	—	—
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	—	—
Others	—	—
(B) Total Non-consolidated Risks	8,250	8,582
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	6,591	6,833
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	17	16
Investment risk (R ₄)	1,033	1,434
Business management risk (R ₅)	268	287
Major catastrophe risk (R ₆)	1,307	1,308
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	418.6%	458.3%

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

Sompo Himawari Life Insurance, Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
(A) Total Non-consolidated Solvency Margin	382,291	422,651
Capital, etc.	113,336	124,635
Reserve for price fluctuation	8,213	9,045
Contingency reserve	32,499	33,301
General allowance for possible credit losses	5	2
Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	42,847	53,280
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	182,064	172,210
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(27,819)	(5,052)
Brought in capital, etc.	—	—
Deductions	—	—
Others	31,144	35,228
(B) Total Non-consolidated Risks	51,935	57,881
$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2+R_4}$		
Underwriting risk (R ₁)	14,392	14,399
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₈)	10,554	11,266
Guaranteed interest rate risk (R ₂)	8,442	8,460
Guaranteed minimum benefit risk (R ₇)	393	396
Investment risk (R ₃)	35,137	41,324
Business management risk (R ₄)	1,378	1,516
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	1,472.1%	1,460.4%

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
2. Guaranteed minimum benefit risk is calculated by using the standard method.

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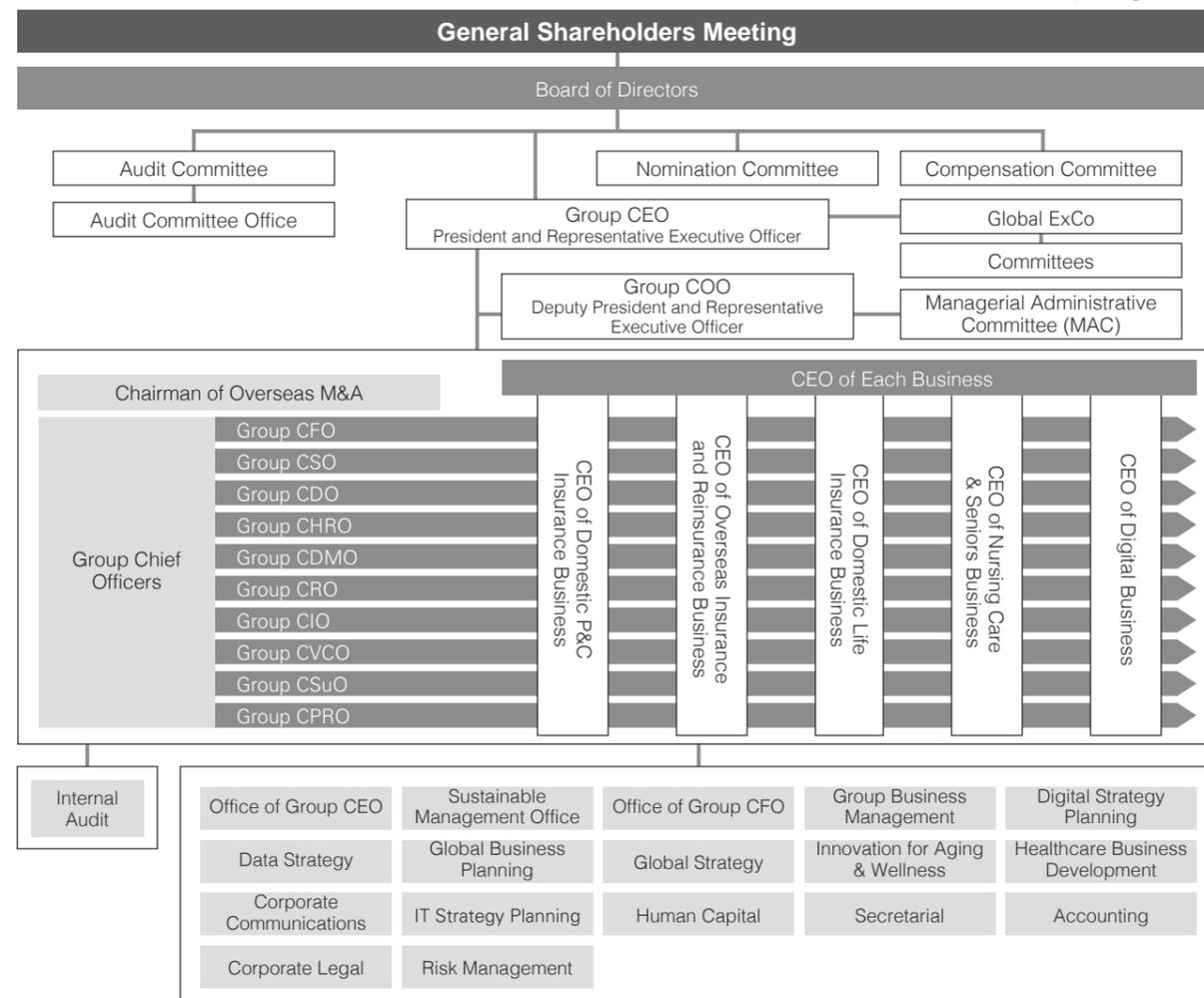
Corporate Overview

Company name:	Sompo Holdings, Inc.
Date of establishment:	April 1, 2010
Capital:	¥100 billion
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan
Group CEO, Director, President and Representative Executive Officer:	Kengo Sakurada
Employees:	381*
Business activities:	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations
Exchange listing:	Tokyo Stock Exchange (First Section)
URL:	https://www.sompo-hd.com/en/

* As of March 31, 2021

Organization Chart

(As of August 1, 2021)



Organizations and titles, such as Group CEO, use the following abbreviations:

Global ExCo: Global Executive Committee / MAC: Managerial Administrative Committee / Group CEO: Group Chief Executive Officer / Group COO: Group Chief Operating Officer / Group CFO: Group Chief Financial Officer / Group CSO: Group Chief Strategy Officer / Group CDO: Group Chief Digital Officer / Group CHRO: Group Chief Human Resource Officer / Group CDMO: Group Chief Data Marketing Officer / Group CRO: Group Chief Risk Officer / Group CIO: Group Chief Information Officer / Group CVCO: Group Chief Value Communication Officer / Group CSuO: Group Chief Sustainability Officer / Group CPRO: Group Chief Public Relations Officer

Share and Shareholder Information

Share Information

- Fiscal year: April 1 of each year through March 31 of the following year
- Annual General Meeting of Shareholders: Held within 3 months of the end of each fiscal year
- Record date for year-end dividends and voting rights: March 31
Note: Record date for interim dividends: September 30
- Share-trading lot size: 100
- Shareholder registry administrator: Mizuho Trust & Banking Co., Ltd.
- Public notices: Sompo Holdings issues public notices electronically. (<https://www.sompo-hd.com/>)
Note: If a public notice cannot be issued electronically, it will be published in the *Nikkei* (newspaper).
- Exchange listing: Tokyo Stock Exchange (First Section)

Matters for the General Meeting of Shareholders

The 11th General Meeting of Shareholders was held on June 28, 2021. The matters to be reported and the matters to be resolved were as follows:

Matters to Be Reported

- The business report, the consolidated financial statements, and the audit reports on the consolidated financial statements by the accounting auditors and the Audit Committee for fiscal 2020 (April 1, 2020 to March 31, 2021)
- The financial statements for fiscal 2020 (April 1, 2020 to March 31, 2021)

Matters to Be Resolved

- Proposal No. 1: Disposition of Retained Earnings
 - Proposal No. 2: Appointment of 12 Directors
- The proposals were approved as initially proposed.

Distribution and Shares

(As of March 31, 2021)

1. Equity Shares

(1) Type of shares	Common shares
(2) Total number of authorized shares	1,200,000,000
(3) Total number of shares outstanding	373,330,489 (Including treasury stock)
(4) Total number of shareholders	45,618

2. Types of Shareholders

Category	Number of Shareholders	Number of Shares Held (Thousands) ¹	Portion of Shares Outstanding (%) ²
National and Regional Governmental Organizations	3	8	0.00
Financial Institutions	162	138,349	37.06
Securities Companies	53	20,297	5.44
Other Corporations	1,005	25,906	6.94
Foreign Investors	890	133,496	35.76
Individuals and Others	43,505	55,271	14.81
Total	45,618	373,330	100.00

Note: ¹ Numbers of shares held are truncated to the unit displayed.
² Portions of shares outstanding are rounded to the unit displayed.

Top 10 Shareholders

(As of March 31, 2021)

Name of Shareholder	Number of Shares Held (Thousands)	Percentage of Shares Outstanding (Excluding Treasury Stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	35,049	9.85
Custody Bank of Japan, Ltd. (Trust account)	20,093	5.65
JP MORGAN CHASE BANK 380055	16,176	4.54
GOVERNMENT OF NORWAY	11,071	3.11
Custody Bank of Japan, Ltd. (Trust account 7)	10,267	2.88
Sompo Holdings Employee Shareholders Association	8,760	2.46
NIPPON EXPRESS CO., LTD.	6,501	1.83
Custody Bank of Japan, Ltd. (Trust account 5)	5,331	1.50
STATE STREET BANK WEST CLIENT - TREATY 505234	5,252	1.48
Custody Bank of Japan, Ltd. (Trust account 4)	5,245	1.47

Note: 1. In addition to the above, the Company holds 17,382 thousand shares of treasury stock. This number of treasury stock does not include 991 thousand shares of the Company's stock held by Mizuho Trust & Banking Co., Ltd. (Re-entrusted entity: Custody Bank of Japan, Ltd. (Trust E account) established for the "Board Benefit Trust (BBT)" plan.).
2. The percentage of shares outstanding has been calculated by deducting treasury stock (17,382 thousand shares).
3. The number of shares held by NIPPON EXPRESS CO., LTD., includes 1,600 thousand shares contributed by that company as trust assets for a retirement benefit trust (in the shareholder register, the shares are listed in the name of Mizuho Trust & Banking Co., Ltd., NIPPON EXPRESS Retirement Benefit Trust.).

The Sompo Group consists of 101 subsidiaries and 19 affiliates. The Group is engaged in domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care & healthcare businesses. Major Group companies are as follows.

Sompo Holdings, Inc.	Domestic P&C Insurance
	<ul style="list-style-type: none"> ◎ Sompo Japan Insurance Inc.^{*1} ◎ SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED ◎ Sompo Japan Partners Inc.^{*2} ◎ Mysurance Inc. ★ Hitachi Capital Insurance Corporation^{*3}
	Overseas Insurance and Reinsurance Business
	<ul style="list-style-type: none"> ◎ Sompo International Holdings Ltd. <Bermuda, British Overseas Territory> ◎ Endurance Specialty Insurance Ltd. <Bermuda, British Overseas Territory> ◎ Endurance Assurance Corporation <U.S.A.> ◎ Endurance Worldwide Insurance Limited <U.K.> ◎ SI Insurance (Europe), SA <Luxembourg> ◎ Sompo Sigorta Anonim Sirketi <Turkey> ◎ Sompo Holdings (Asia) Pte. Ltd. <Singapore> ◎ Sompo Insurance Singapore Pte. Ltd. <Singapore> ◎ Berjaya Sompo Insurance Berhad <Malaysia> ◎ PT Sompo Insurance Indonesia <Indonesia> ◎ Sompo Insurance China Co., Ltd. <China> ◎ Sompo Insurance (Hong Kong) Company Limited <China> ◎ Sompo Seguros S.A. <Brazil> ★ Universal Sompo General Insurance Company Limited <India> ★ AYA SOMPO Insurance Company Limited <Myanmar>
	Domestic Life Insurance
	<ul style="list-style-type: none"> ◎ Sompo Himawari Life Insurance, Inc.
	Nursing Care & Healthcare
	<ul style="list-style-type: none"> ◎ Sompo Care Inc. ◎ Sompo Health Support Inc.
	Financial and Other Services
	<ul style="list-style-type: none"> ◎ Sompo Asset Management Co., Ltd.^{*4} (Asset management) ◎ Sompo Japan DC Securities Inc.^{*5} (Defined contribution pension plans) ◎ Sompo Risk Management Inc. (Risk management) ★ Tier IV, Inc. (Autonomous driving platform development) ★ Palantir Technologies Japan K.K. (Software sales) ★ DeNA SOMPO Mobility Co., Ltd. (Consumer-to-consumer car sharing) ★ akippa Inc. (Parking space sharing) ★ DeNA SOMPO Carlife Co., Ltd. (Private car leasing)

Note: The meanings of each symbol are as follows. ◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method

^{*1} Sompo Japan Nipponkoa Insurance Inc. changed its company name to Sompo Japan Insurance Inc. on April 1, 2020.

^{*2} Sompo Japan Nipponkoa Insurance Services Inc. changed its company name to Sompo Japan Partners Inc. on April 1, 2020.

^{*3} Hitachi Capital Insurance Corporation changed its company name to Capital Insurance Corporation on July 1, 2021.

^{*4} Sompo Japan Nipponkoa Asset Management Co., Ltd. changed its company name to Sompo Asset Management Co., Ltd. on April 1, 2020.

^{*5} Sompo Japan Nipponkoa DC Securities Inc. changed its company name to Sompo Japan DC Securities Inc. on April 1, 2020.

Subsidiaries and Affiliates

Consolidated Subsidiaries

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ¹	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ¹
Sompo Japan Insurance Inc. ²	Shinjuku-ku, Tokyo	February 12, 1944	70,000 million Japanese yen	Domestic P&C Insurance	100.0	—
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Toshima-ku, Tokyo	September 22, 1982	32,260 million Japanese yen	Domestic P&C Insurance	—	99.9
Sompo Japan Partners Inc. ³	Shinjuku-ku, Tokyo	February 28, 1989	100 million Japanese yen	Domestic P&C Insurance	—	100.0
Mysurance Inc.	Shinjuku-ku, Tokyo	July 17, 2018	1,625 million Japanese yen	Domestic P&C Insurance	—	100.0
Sompo International Holdings Ltd.	Pembroke (Bermuda, British Overseas Territory)	March 24, 2017	0 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Specialty Insurance Ltd.	Pembroke (Bermuda, British Overseas Territory)	November 30, 2001	12,000 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Assurance Corporation	New York, Purchase (U.S.A.)	September 5, 2002	5,000 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Worldwide Insurance Limited	London (U.K.)	April 10, 2002	215,967 thousand British pounds	Overseas Insurance	—	100.0
SI Insurance (Europe), SA	Luxembourg (Luxembourg)	January 12, 2018	30 thousand euros	Overseas Insurance	—	100.0
Sompo Sigorta Anonim Sirketi	Istanbul (Turkey)	March 30, 2001	195,498 thousand Turkish liras	Overseas Insurance	—	100.0
Sompo Holdings (Asia) Pte. Ltd.	Singapore (Singapore)	August 1, 2008	790,761 thousand Singaporean dollars	Overseas Insurance	—	100.0
Sompo Insurance Singapore Pte. Ltd.	Singapore (Singapore)	December 14, 1989	278,327 thousand Singaporean dollars	Overseas Insurance	—	100.0
Berjaya Sompo Insurance Berhad	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand Malaysian ringgits	Overseas Insurance	—	70.0
PT Sompo Insurance Indonesia	Jakarta (Indonesia)	December 16, 1975	494,940,000 thousand Indonesian rupiahs	Overseas Insurance	—	80.0
Sompo Insurance China Co., Ltd.	Dalian (China)	May 31, 2005	600,000 thousand Chinese yuan	Overseas Insurance	—	100.0
Sompo Insurance (Hong Kong) Company Limited	Hong Kong (China)	March 25, 1977	270,000 thousand Hong Kong dollars	Overseas Insurance	—	97.8
Sompo Seguros S.A.	Sao Paulo (Brazil)	October 8, 1943	1,159,345 thousand Brazilian reals	Overseas Insurance	—	99.9
Sompo Himawari Life Insurance Inc.	Shinjuku-ku, Tokyo	July 7, 1981	17,250 million Japanese yen	Domestic Life Insurance	100.0	—

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ¹	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ¹
Sompo Care Inc.	Shinjuku-ku, Tokyo	May 26, 1997	3,925 million Japanese yen	Nursing Care & Healthcare	100.0	—
Sompo Health Support Inc.	Chiyoda-ku, Tokyo	October 1, 2018	10 million Japanese yen	Nursing Care & Healthcare	100.0	—
Sompo Asset Management Co., Ltd. ⁴	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management service)	100.0	—
Sompo Japan DC Securities Inc. ⁵	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million Japanese yen	Other (Defined contribution pension plans)	—	100.0
Sompo Risk Management Inc.	Shinjuku-ku, Tokyo	November 19, 1997	30 million Japanese yen	Other (Risk management)	100.0	—
50 other companies						

Equity-Method Affiliates

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ¹	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ¹
Hitachi Capital Insurance Corporation ⁶	Chiyoda-ku, Tokyo	June 21, 1994	6,200 million Japanese yen	Domestic P&C Insurance	—	20.6
Universal Sompo General Insurance Company Limited	Mumbai (India)	January 5, 2007	3,681,818 thousand Indian rupees	Overseas Insurance	—	34.6
AYA SOMPO Insurance Company Limited	Yangon (Myanmar)	July 12, 2018	63,636,241 thousand kyats	Overseas Insurance	—	15.0
Tier IV, Inc.	Nakamura-ku, Nagoya city, Aichi	December 1, 2015	2,590 million Japanese yen	Other (Autonomous driving platform development)	18.0	—
Palantir Technologies Japan K.K.	Minato-ku, Tokyo	October 15, 2019	5,432 million Japanese yen	Other (Software sales)	50.0	—
DeNA SOMPO Mobility Co., Ltd.	Shibuya-ku, Tokyo	March 1, 2019	100 million Japanese yen	Other (Consumer-to-consumer car sharing)	50.0	—
akippa Inc.	Naniwa-ku, Osaka city, Osaka	February 2, 2009	100 million Japanese yen	Other (Parking space sharing)	33.5	—
DeNA SOMPO Carlife Co., Ltd.	Shibuya-ku, Tokyo	March 25, 2019	100 million Japanese yen	Other (Private car leasing)	39.0	—
5 other companies						

Note: "Subsidiaries and affiliates" includes subsidiaries and affiliates as specified in the Insurance Business Act and the Order for Enforcement of the Insurance Business Act.

¹ Figures in proportion of voting rights are rounded to the indicated decimal place.

² Sompo Japan Nipponkoa Insurance Inc. changed its company name to Sompo Japan Insurance Inc. on April 1, 2020.

³ Sompo Japan Nipponkoa Insurance Services Inc. changed its company name to Sompo Japan Partners, Inc. on April 1, 2020.

⁴ Sompo Japan Nipponkoa Asset Management Co., Ltd. changed its company name to Sompo Asset Management Co., Ltd. on April 1, 2020.

⁵ Sompo Japan Nipponkoa DC Securities Inc. changed its company name to Sompo Japan DC Securities Inc. on April 1, 2020.

⁶ Hitachi Capital Insurance Corporation changed its company name to Capital Insurance Corporation on July 1, 2021.

External Recognition

Inclusion in ESG Indices

(as of July 1, 2021)

<p>Dow Jones Sustainability Indices (Asia Pacific)</p> 	<p>FTSE4Good Index series</p> 	<p>FTSE Blossom Japan Index</p> 
<p>2021 CONSTITUENT MSCI JAPAN ESG Select Leaders Index</p> 	<p>MSCI ESG Leaders Indexes Constituent*</p> 	<p>2021 CONSTITUENT MSCI JAPAN Empowering Women Index (WIN)</p> 
<p>S&P/JPX Carbon Efficient Index</p> 	<p>STOXX Global ESG Leaders Index</p> 	

*The inclusion of Sampo Holdings in MSCI indices and the use of MSCI logos, trademarks, service marks, or index names does not mean that MSCI or its affiliates sponsors, recommends, or promotes Sampo Holdings. MSCI indices are the exclusive property of MSCI and the names and logos are trademarks or service marks of MSCI or its affiliates.

Major ESG awards and evaluations



Sampo Japan Insurance was awarded the second-place prize in the financial services category in the inaugural ESG Finance Awards (February 2020).



We were selected as a 2021 “Nadeshiko Brand” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (March 2021).



For the third year running since 2019, we were selected as a 2021 Health & Productivity Stock by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a corporation demonstrating outstanding health and productivity management (February 2021).

Governance member endorsement of the Integrated Annual Report

Publication of the Integrated Annual Report 2021

The COVID-19 pandemic has had an enormous impact on society, economy, and daily lives, and continues to change people's behaviors and values. I realized again that this paradigm shift is accelerating stakeholder capitalism and a new era has begun where corporate missions are to contribute to sustainable society. In response to such changes in the environment, we clearly state in our Mid-Term Management Plan that started this fiscal year that we aim to create both economic and social values by addressing social challenges through core businesses. With the publication of this fiscal year's Integrated Annual Report, we hope to deepen the understanding of all stakeholders about the Sampo Group's creation of medium- to long-term value by addressing social challenges.

In this report, the first section discusses the Sampo Group's newly established Purpose, its background, and the thinking behind it, mainly in the Group CEO message at the beginning. We consider our Purpose to be extremely important for demonstrating the value we deliver to society, or in other words, the Sampo Group's reason for existence. In the next section, we provide an overview of the Mid-Term Management Plan that started this fiscal year, and runs for a period of three years, during which we aim to deliver the Purpose. In this section, we discuss the Group's Materiality and SDGs in Business Management derived from exhaustive discussions by the senior management team about what kind of social challenges to address and what kind of values we can deliver. In the following sections, we made sure to use some concrete examples of initiatives to provide easy-to-understand information about our capitals as a source of the Group's competitiveness and the governance structure that underpins continuous value creation as well as the Sampo Group's businesses.

I hope this report will prove useful for facilitating constructive dialogue with all stakeholders, including customers, shareholders, investors, and Sampo Group partners.



Masahiro Hamada
Group Chief Financial Officer and
Group Co-Chief Strategy Officer
Senior Executive Vice President

Editorial Policy for Integrated Annual Report 2021

This report has been prepared with the aim of having all shareholders, investors, and other stakeholders gain an understanding of the Company's strategies and concrete initiatives to realize the Sampo Group's Management Philosophy and Purpose (the reason for existence).

It was prepared with reference to the International Integrated Reporting Framework¹ and METI's Guidance for Collaborative Value Creation² and provides easy-to-understand explanations about the capital and business models used in the value creation process, as well as the value delivered to stakeholders.

This report also serves as disclosure materials based on Article 271-25 of the Insurance Business Act and Article 210-10-2 of the Ordinance for Enforcement of the Insurance Business Act.

¹ An international corporate reporting framework by the Value Reporting Foundation that provides short-, medium-, and long-term value creation stories of companies.

² Guidance developed by Japan's Ministry of Economy, Trade and Industry (METI) to encourage companies and investors to deepen mutual understanding through information disclosure and dialogue, thereby promoting collaborative value creation

