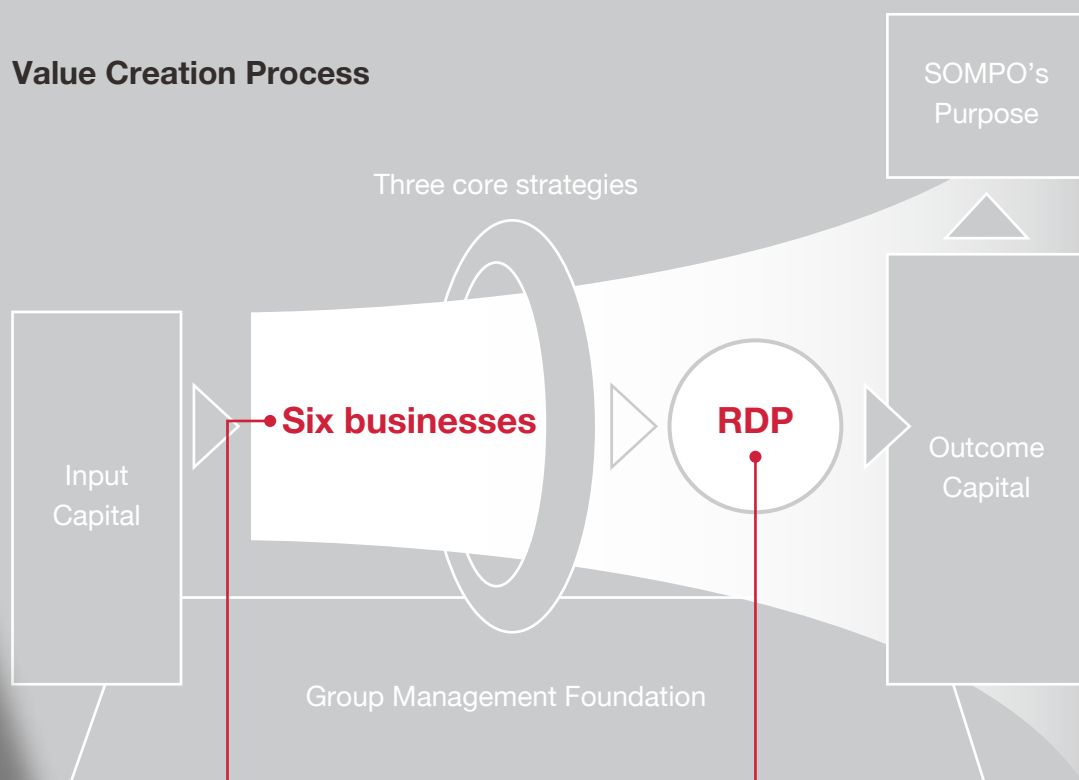


# BUSINESS

## 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

## Industry Data

### Global Insurance Market

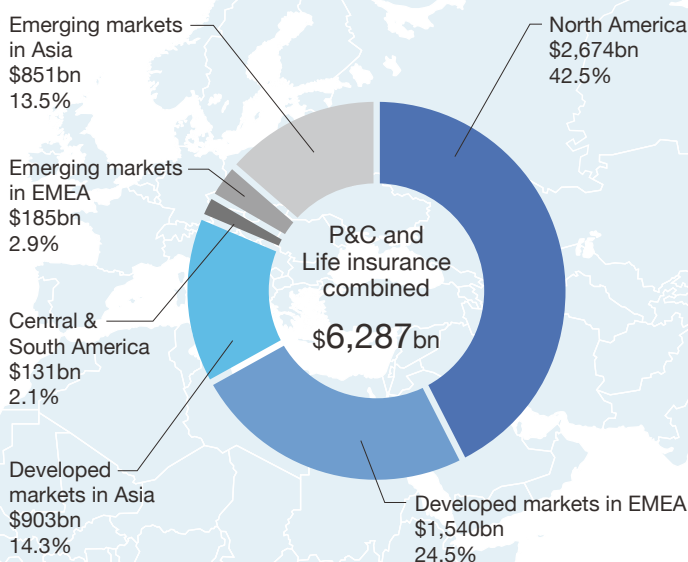
#### Global insurance market expected to recover from 2021 onwards

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)

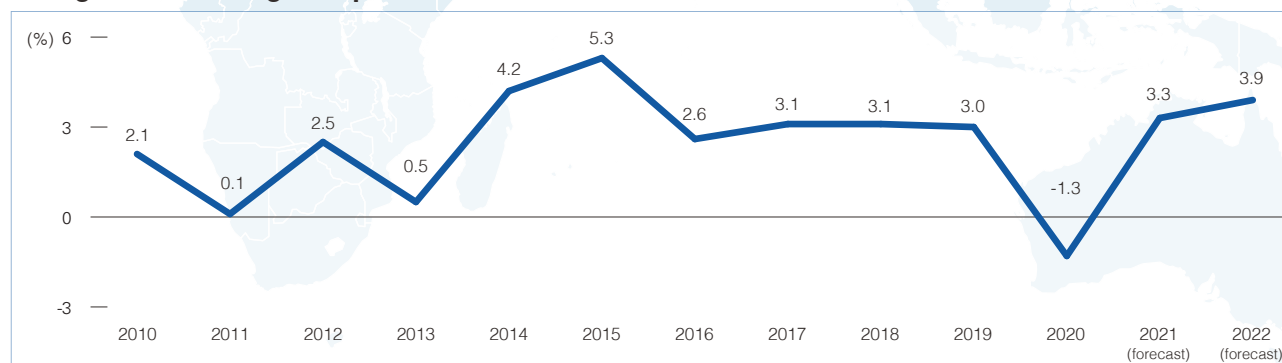
##### Premiums and market share by region



##### 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



Source: Sigma Report, Swiss Re No 3/2021

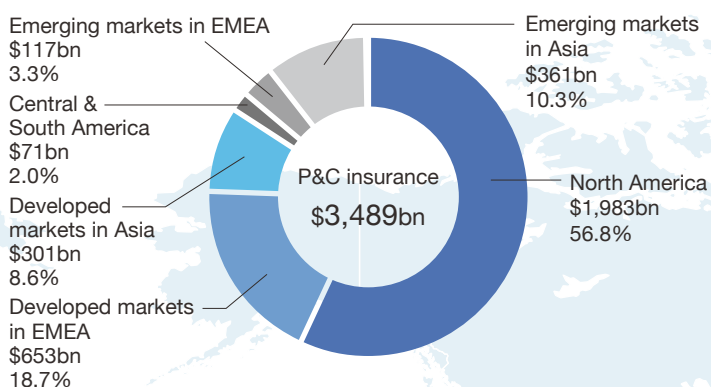
## US accounts for 54% of global P&C insurance market

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

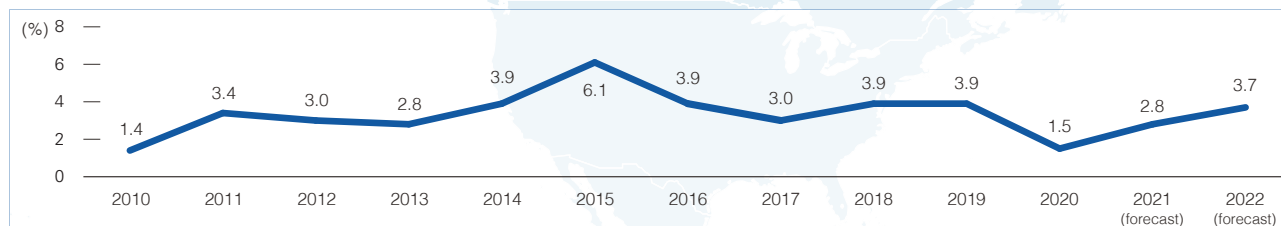
#### Premiums and market share by region



#### Top 10 countries and regions by premiums

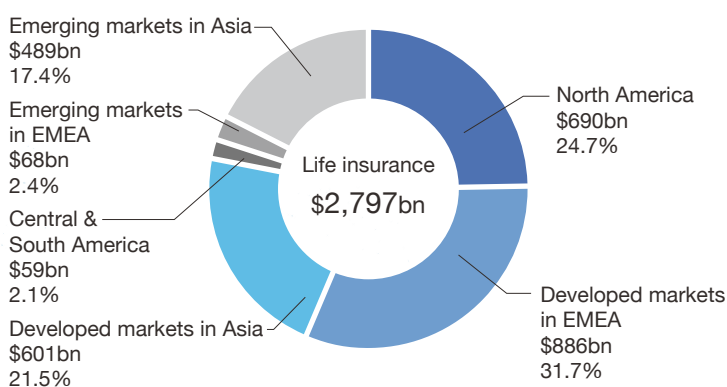
Country/Region	Premiums (\$ bn)	Share (%)
1 US	1,897	54.3
2 China	308	8.8
3 Germany	151	4.3
4 Japan	120	3.4
5 UK	99	2.8
6 France	94	2.7
7 South Korea	87	2.5
8 Canada	85	2.4
9 Netherlands	73	2.1
10 Australia	48	1.3

#### Real growth rate of global premiums



### Life insurance market overview

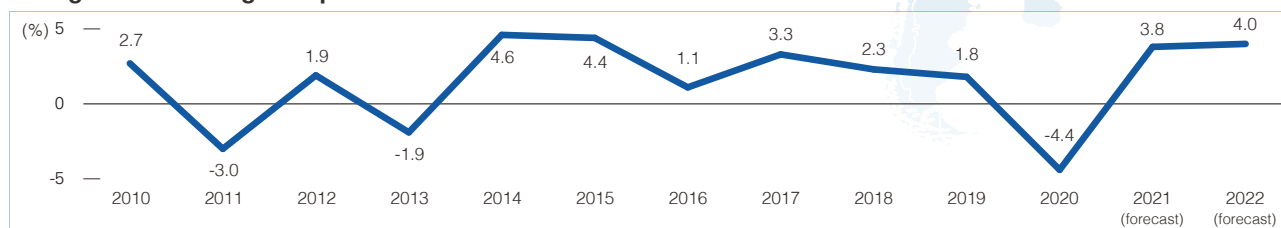
#### Premiums and market share by region



#### 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



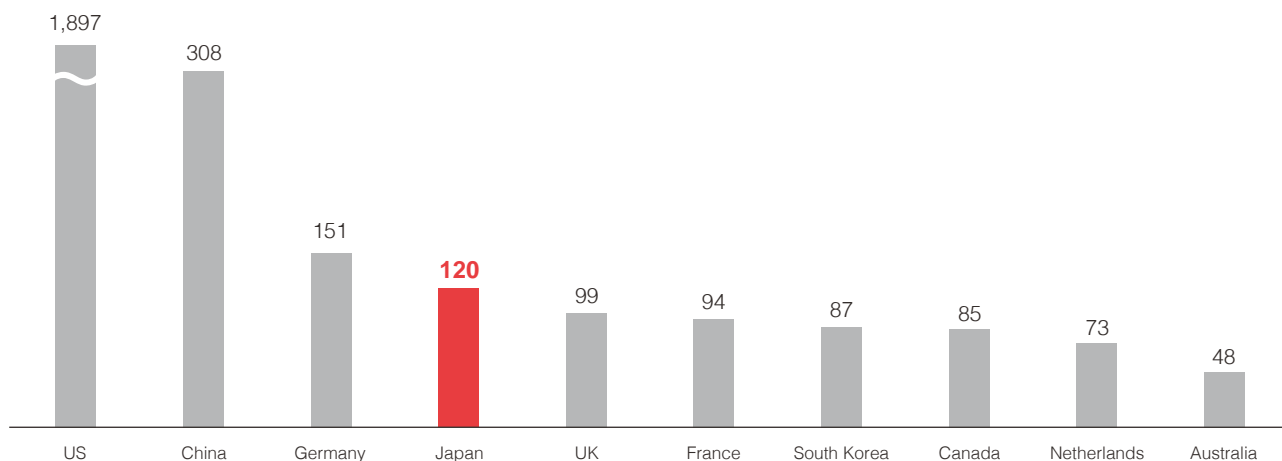
## Japanese P&C Insurance Market

### 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 country<sup>\*1</sup> (FY2020)

(\$ bn)



Source: Sigma Report, Swiss Re No 3/2021

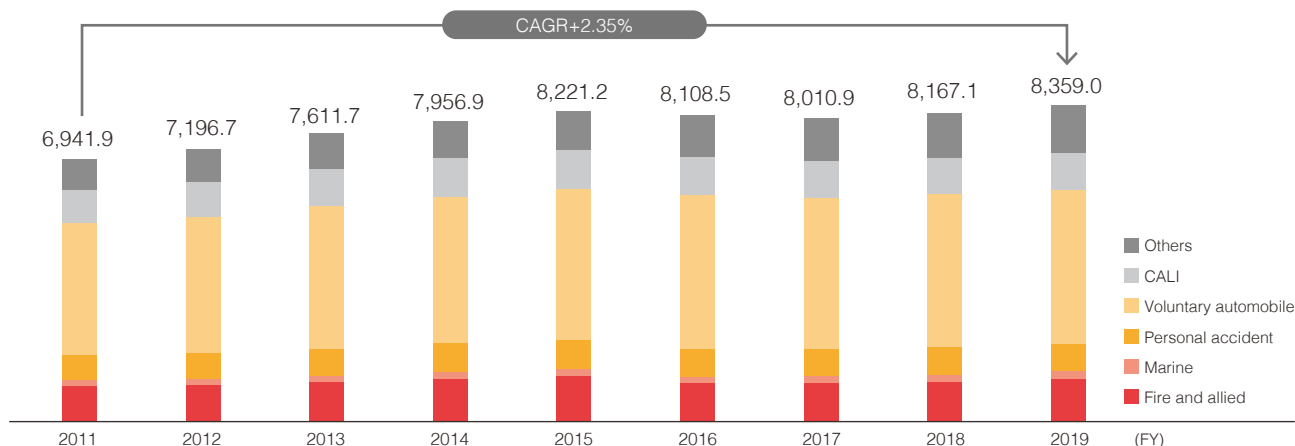
### Steady market expansion centering on automobile insurance

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 Japan<sup>\*2</sup>

(¥ bn)

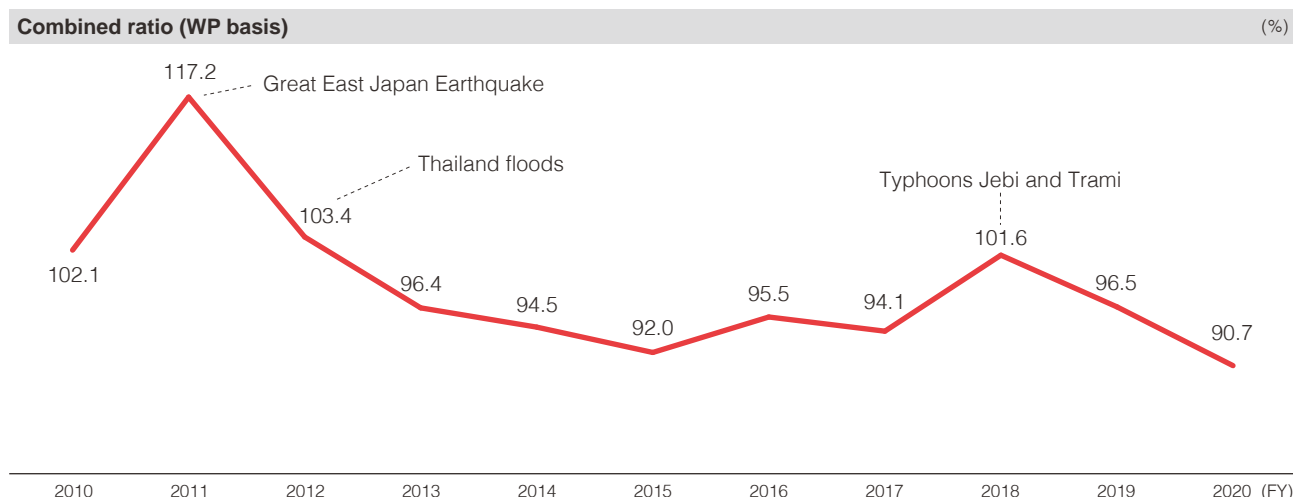


Source: Insurance, Hoken Kenkyujo

## 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.

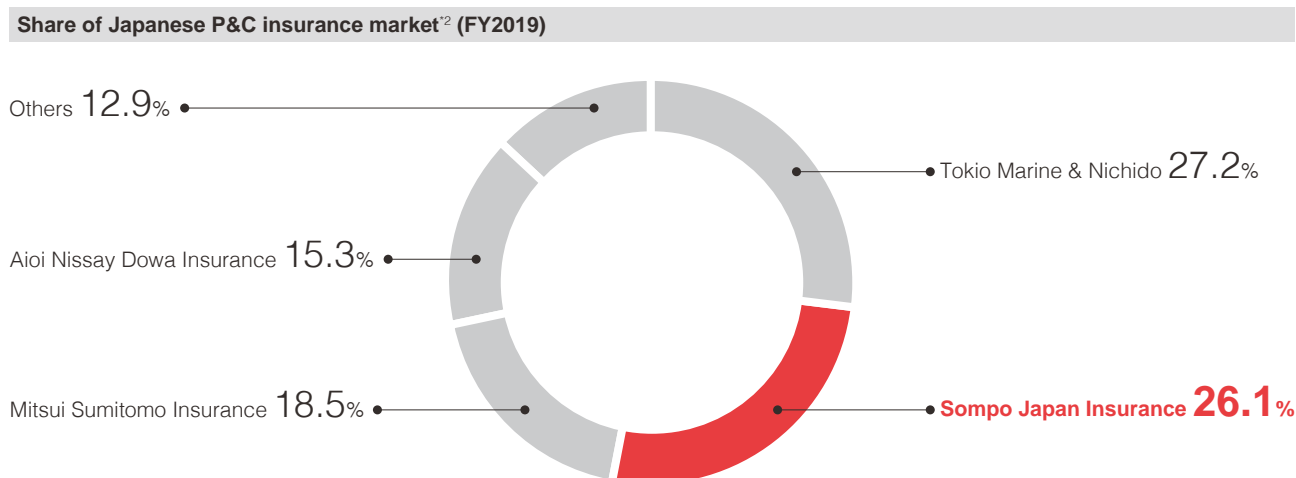


Source: GIAJ data

## 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)



Source: Insurance, Hoken Kenkyujo

\*1 Based on total of nominal direct premiums written

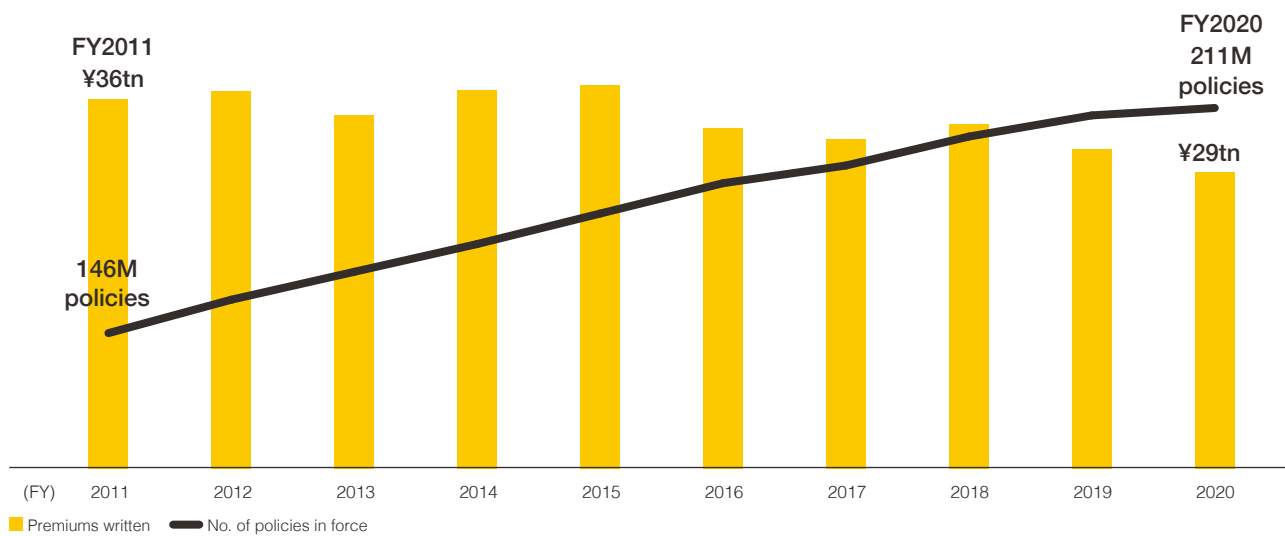
\*2 Based on total net premiums written by P&C insurers in Japan, excluding reinsurance companies

### 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.

Premiums written and policies in force\*

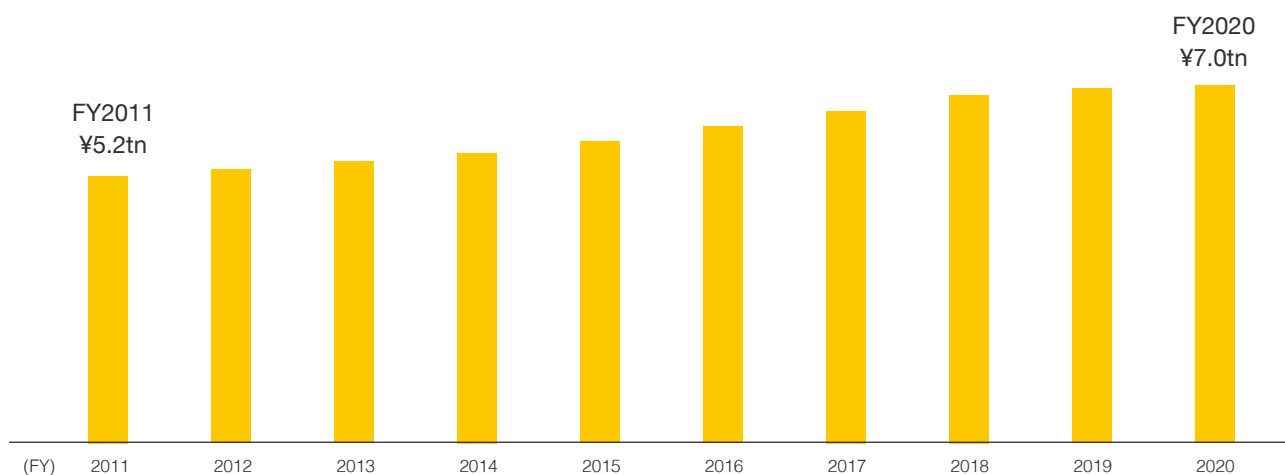


#### Third sector insurance market is growing in preparation for longevity risks

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

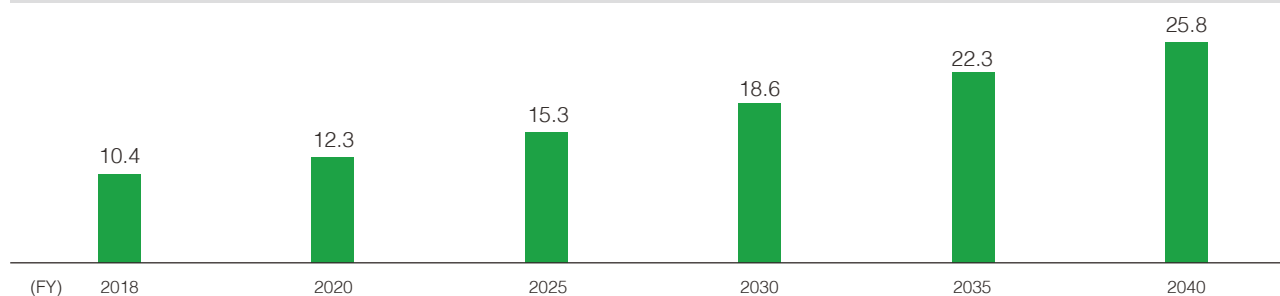
# Japanese Nursing Care Market

## 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.

### Future estimates of long-term care insurance benefits

(¥ tn)



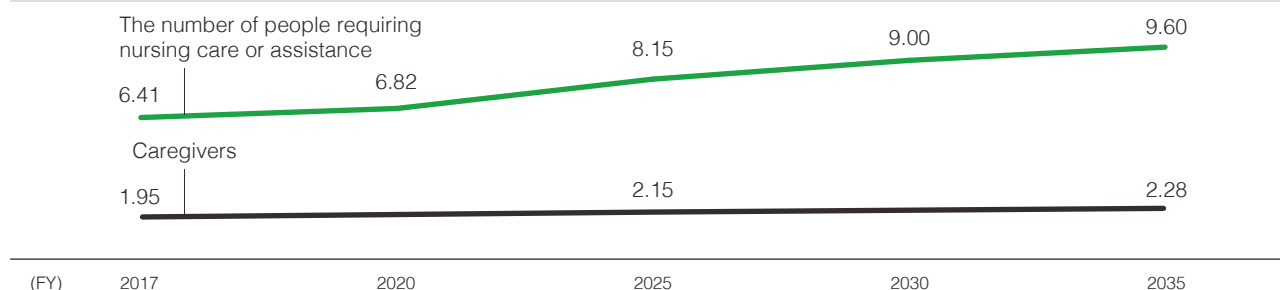
Source: IPSS' *Financial Statistics of Social Security* (2018); Cabinet Secretariat, Cabinet Office, MoF, and MHLW's materials from discussions concerning future forecasts of social insurance with a view to 2040; and MHLW's report on social insurance benefits and burdens (based on FY2020 estimates)

## 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.

### Expansion of Supply demand gap between nursing care demand and caregivers

(million people)



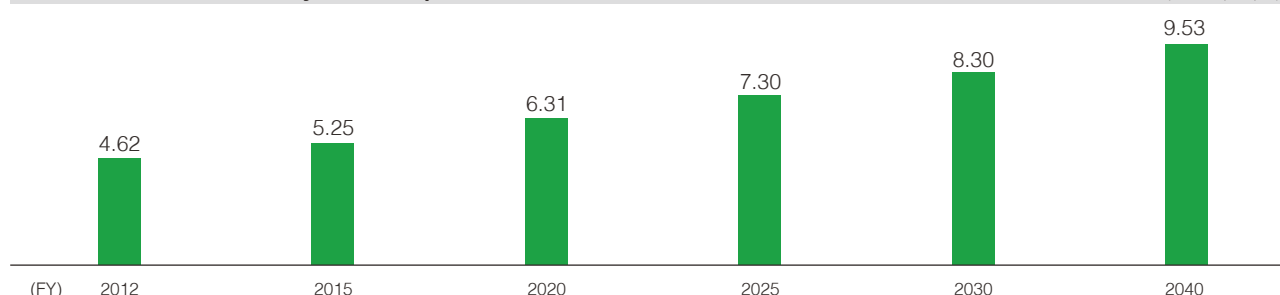
Source: METI's *Report by the Study Group for Future Supply and Demand of Elderly Nursing Care Systems*; MHLW's reports on the nursing care insurance business; and the Cabinet Office's meeting materials regarding social insurance for all generations

## 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.

### Estimated number of elderly dementia patients\*

(million people)



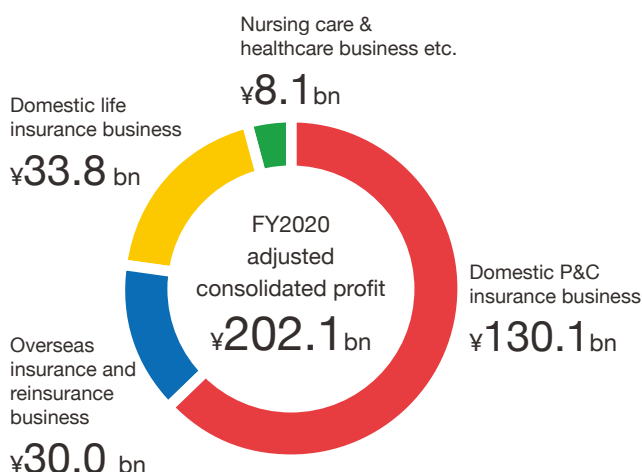
\*Estimates based on the assumption that dementia morbidity in each age group will rise because of an increase in the prevalence of diabetes from 2012 onwards  
Source: 2014 research into future estimates of the elderly population with dementia in Japan conducted by Professor Ninomiya of Kyushu University 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).

### 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.

### Domestic Life Insurance Business

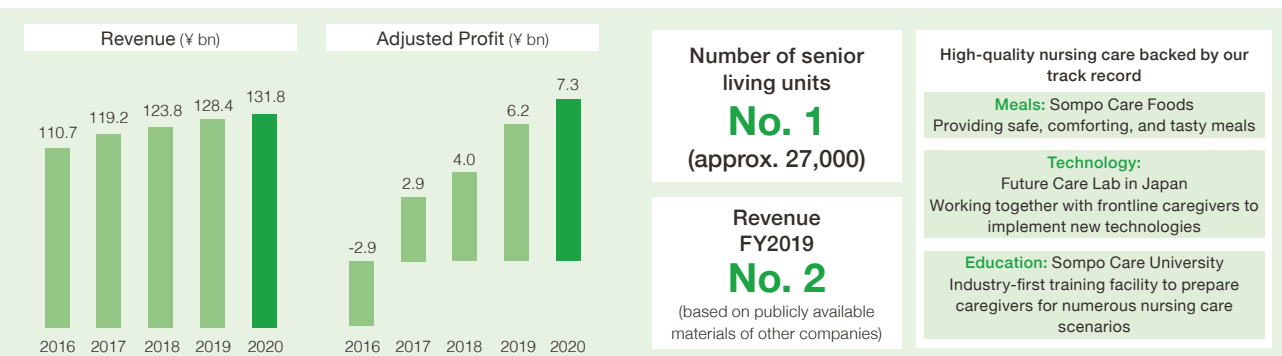
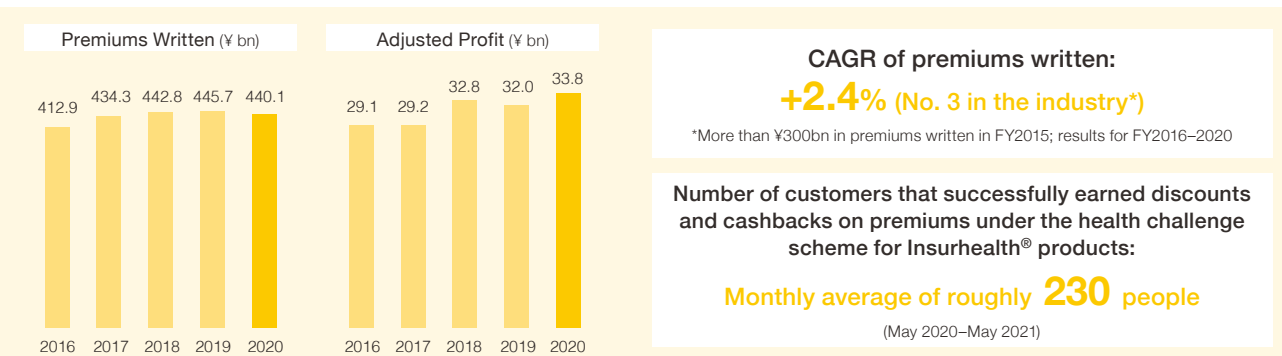
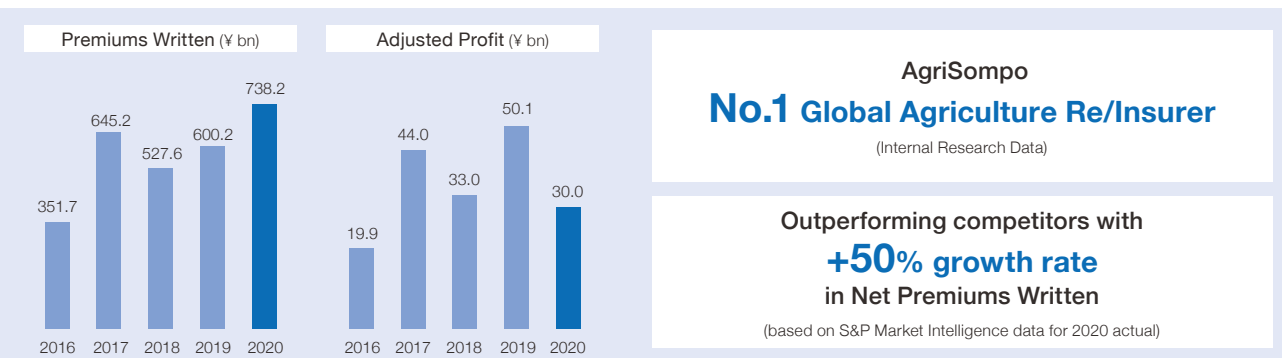
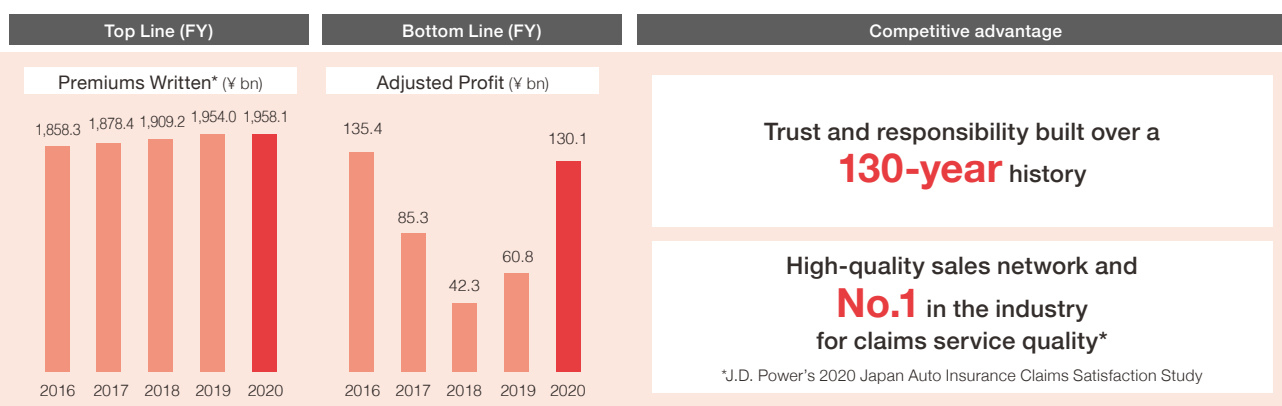
Insurhealth® will continue to drive topline growth in the domestic life insurance business, whilst the utilization of digital technology and data will enable us to continually deliver new value to customers. We also aim to establish as a “health support enterprise” so that even more customers can strongly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

### 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.

### 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 <sup>*1</sup>	11.0%	8.0%	11.0%
Net written premiums <sup>*2</sup>	¥1,958.1 billion	¥1,988.6 billion	¥2,079.9 billion
Combined ratio <sup>*3</sup>	94.3%	94.8%	91.7%
Sale of strategic shareholdings <sup>*4</sup>	¥70.3 billion	¥50.0 billion	¥50.0 billion (3-year cumulative: ¥150.0 billion)
Net income <sup>*5</sup>	¥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)

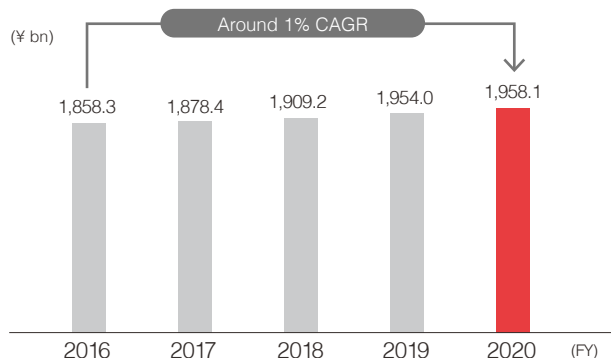
## Strengths, Opportunities and Risks

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• High-quality sales network and number one in the industry for claims service quality</li> <li>• Top-class earnings capabilities in domestic P&amp;C industry derived from earnings structure reforms</li> <li>• Product development know-how and diverse lineup of services and solutions that extend beyond insurance business boundaries</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Creation of solutions and further improvement of business efficiency by utilizing digital technology</li> <li>• Growth in insurance enrollment needs owing to the emergence of new risks</li> <li>• Room to tap into new markets</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Increase in intense natural disasters</li> <li>• Market entry of industry outsiders and expanding share of on-demand P&amp;C insurance</li> <li>• 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</li> </ul>

## Looking back on the previous MTMP

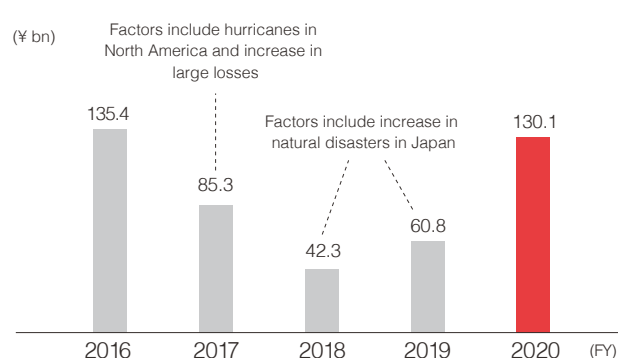
### KPI Actual

#### Net premiums written\*



\*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.

#### Adjusted profit



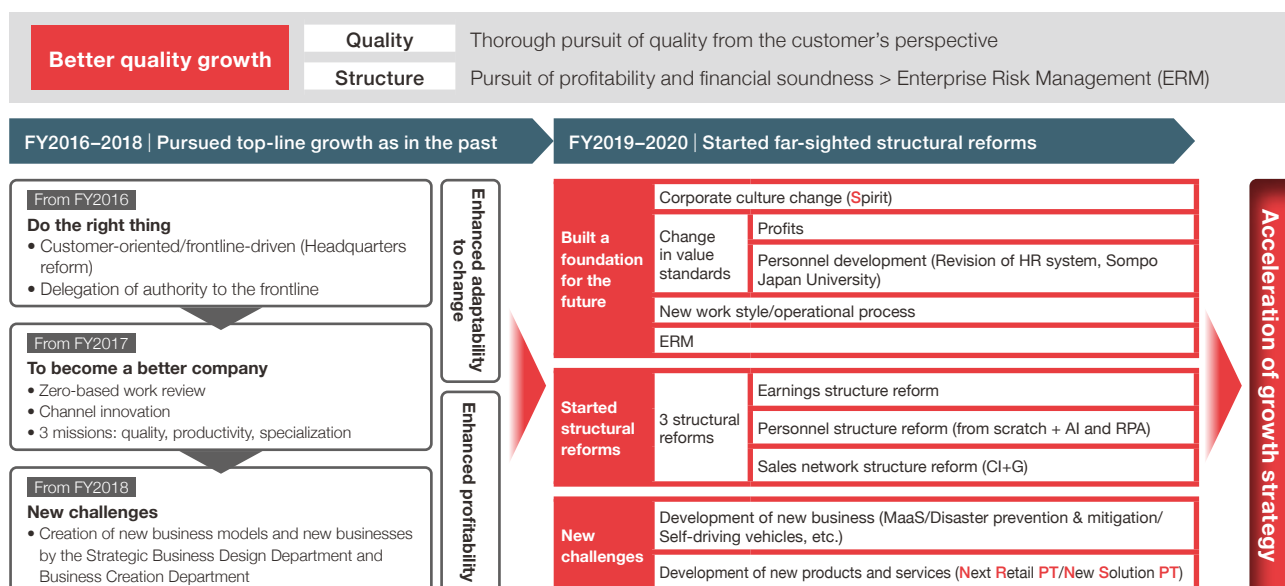
At the start of our previous Mid-Term Management Plan that kicked off in fiscal 2016, we endeavored to improve topline growth as a top priority based on the concept of pursuing quality and structure (profitability and financial soundness) in order to achieve better quality growth. However, midway through 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

<b>Vision</b>	Deliver a certain tomorrow full of happiness and vitality to all people, communities, and society
<b>Mission</b>	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
<b>Brand slogan</b>	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

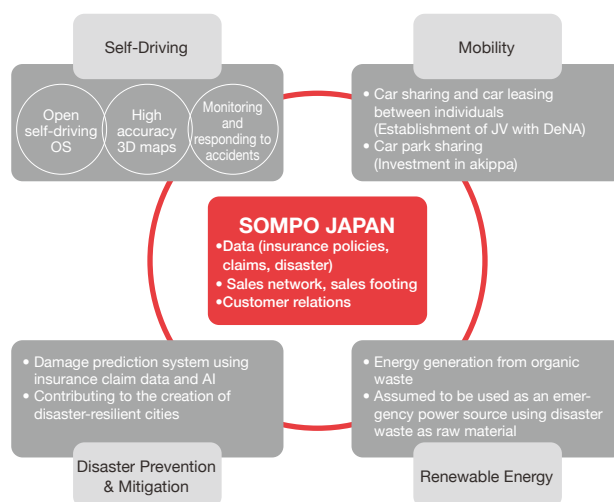
We intend to step up the pace of our growth strategy by utilizing the foundation we built up during the period of our previous Mid-Term Management Plan. To do this, we will strengthen our marketing and innovation—two key functions required for continuously creating new customer value—and embark on new 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

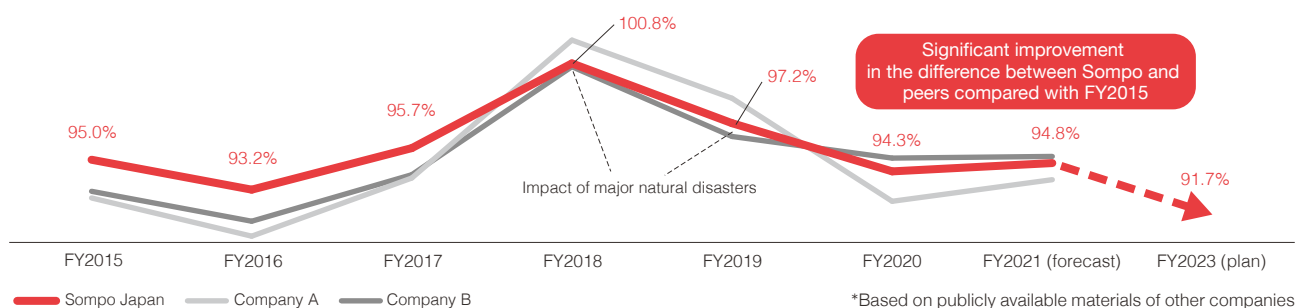


## 2 Enhance resilience

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.

### Combined ratio\*



\*Excludes compulsory auto liability insurance and household earthquake insurance; earned/incurred basis

## 3 Strengthen business foundation

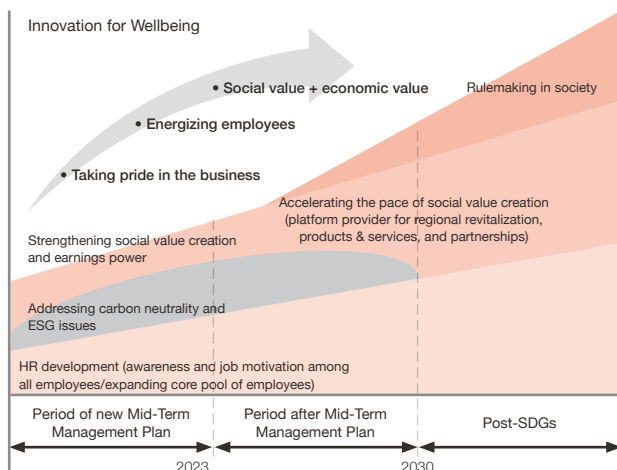
Society today is being rapidly transformed by the imperatives of the SDGs in the lead up to 2030. But even in a post-SDGs world, Somo Japan Insurance is committed to improving its ability to sustainably generate social value with the aim of becoming a key player responsible for solving social challenges.

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



### Somo 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

Creation of  
social value



Creation of  
economic value



# 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 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.

## 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.

## 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.

## 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 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.

## 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.

## 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

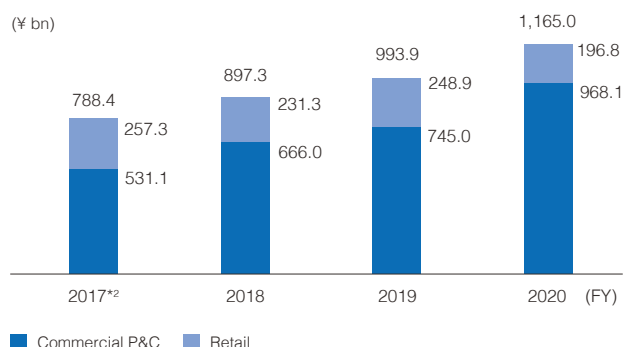
## Strengths, Opportunities and Risks

<b>Strengths</b>	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.
<b>Opportunities</b>	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.
<b>Risks</b>	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

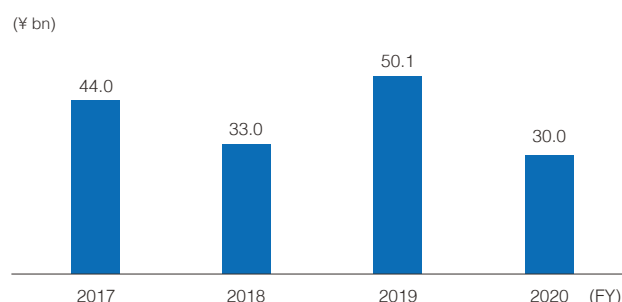
#### Gross Written Premiums\*1



\*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 Sampo'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 Sampo International's global network.

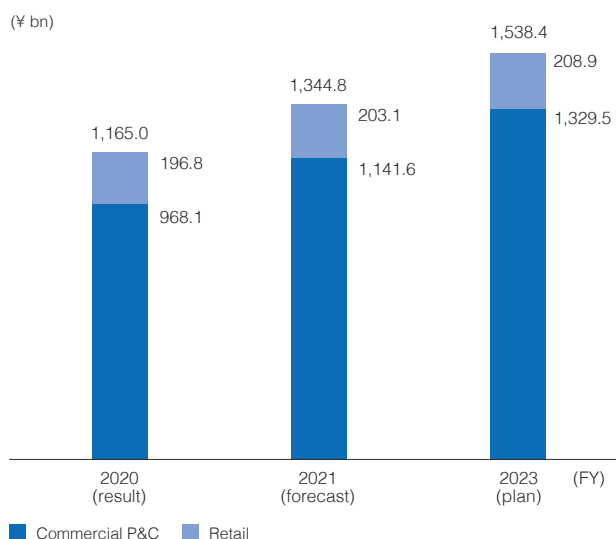
### Specific strategies in the new MTMP

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.

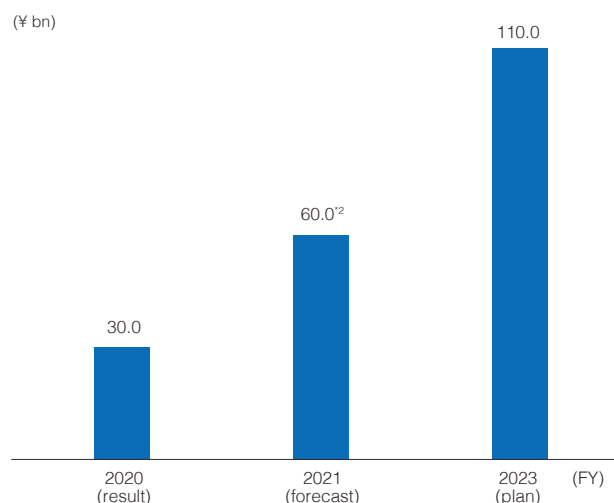
We will continue to embrace our role as a main driver for growth and risk diversification through our substantial contribution to each of the three strategies comprising the Mid-Term Management Plan (FY2021-2023).

#### Gross Written Premiums<sup>\*1</sup>



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

#### Total Adjusted Profit



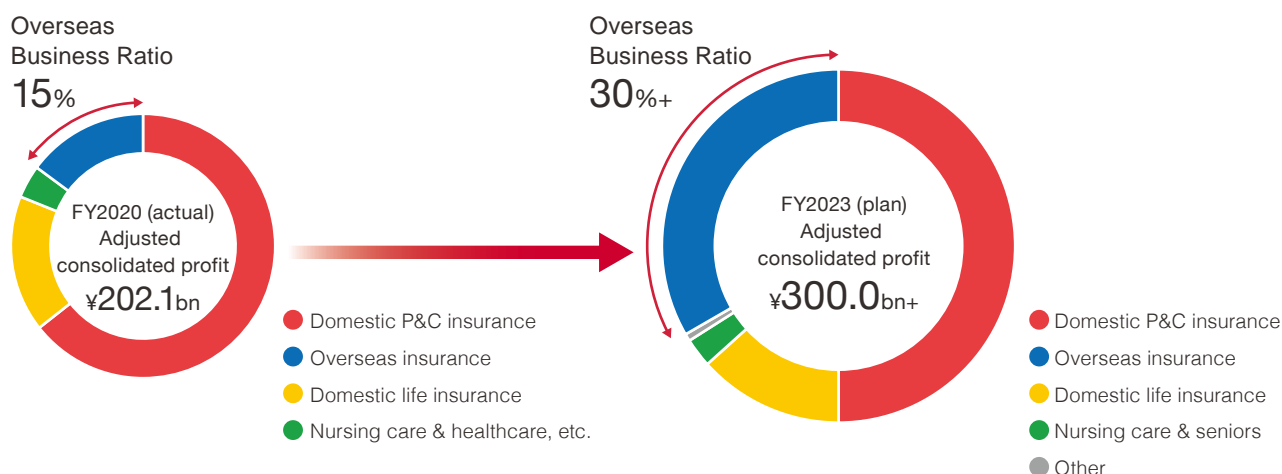
\*2 Includes a buffer in preparation for the uncertainties of climate change and greater-than-expected increases in volatility in the economic environment.

\*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 <sup>*1</sup>	4.2%	4.3%	5.7%
Annualized new premiums <sup>*2</sup>	¥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

<sup>\*1</sup> 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.

<sup>\*2</sup> Sales performance base

## Strengths, Opportunities and Risks

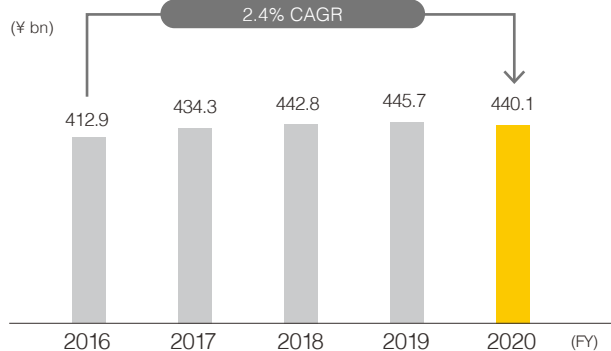
<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Differentiation with unique products (integration of insurance and healthcare with Insurhealth®)</li> <li>• Development platform for expanding online insurance</li> <li>• Extensive sales base of the Sompo Group and strong links to Group businesses, including nursing care and healthcare</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Extension of healthy life expectancy and increasingly diversified needs in mainly nursing care and dementia</li> <li>• Development of new products and services using real data</li> <li>• Further improvement in business efficiency with the use of digital technology and workstyle innovation</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Shrinking domestic market owing to a lower birth rate</li> <li>• Intensification of industry competition to compare prices and coverage</li> </ul>



## Looking back on the previous MTMP

### KPI Actual

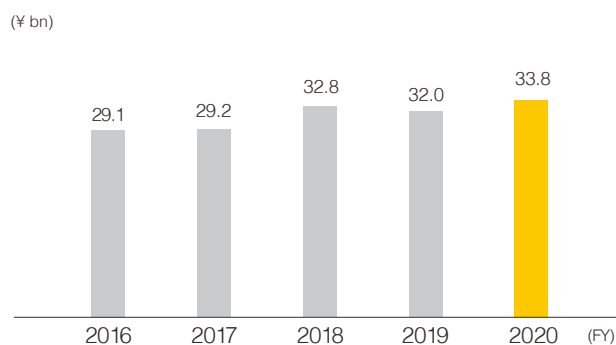
#### Premiums written



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

#### Adjusted profit



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

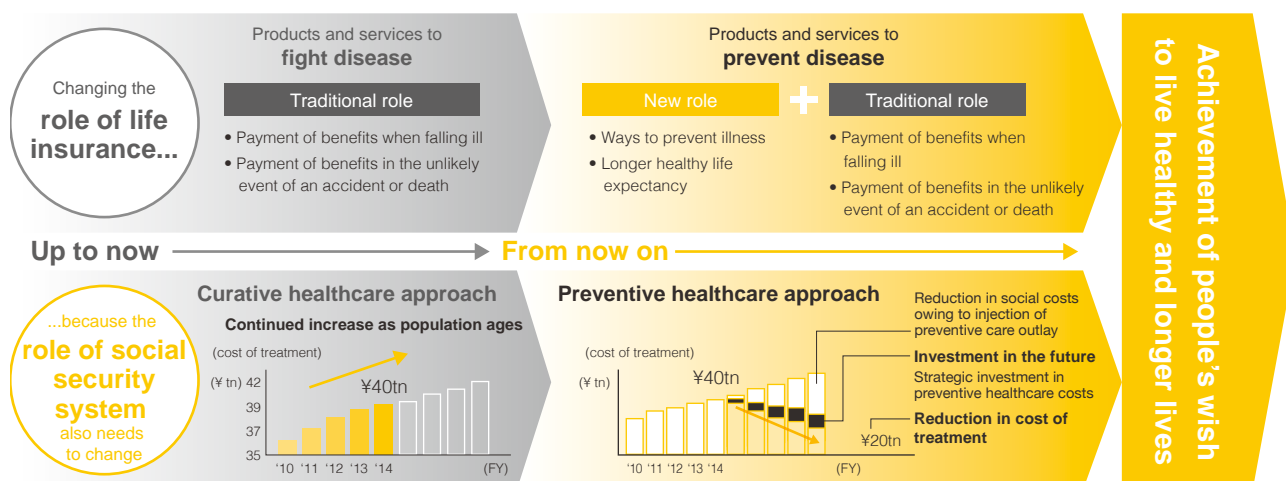
As Japan's population continues to grey, we need to shift our stance from treating diseases to one focused on preventive healthcare so that illnesses do not develop in the first place. In this environment, and guided by the thinking that life insurance should offer not only coverage for the unexpected 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

<b>Vision</b>	Establishment as a health support enterprise to help each and every citizen stay healthy
<b>Mission</b>	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.

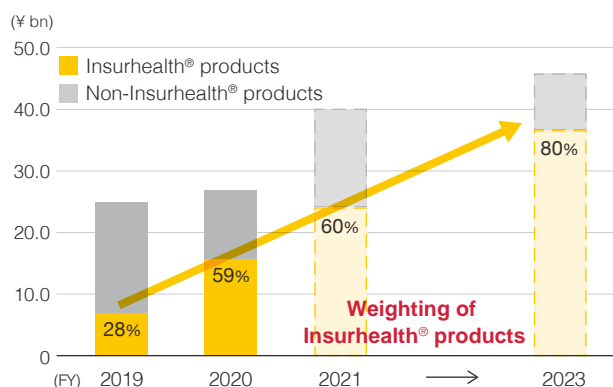
This kind of new value goes beyond the boundaries of conventional insurance to encourage people to stay healthy and we will utilize digital technology to further enhance it, further evolve our Insurhealth® lineup, and accelerate growth.

#### 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

We will further improve customer convenience with the full deployment of online sales solicitation and web-based procedures, while the nurturing and creation of a diverse workforce will enable us to provide stable services in an ever-changing business environment.

### Training and development of resources



### Demonstrate frontline capabilities, D&I

## 3 Enhancing capital efficiency

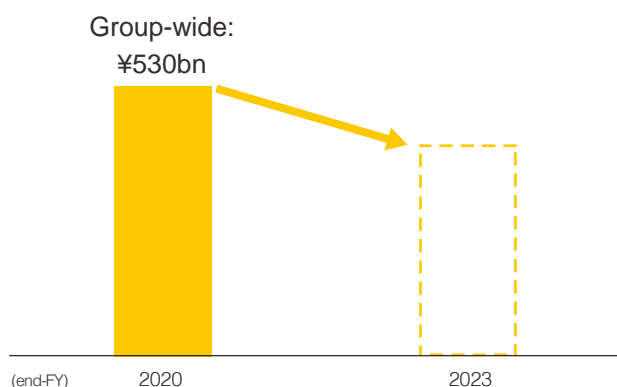
Owing to the fact that long-term policies are key in the life insurance business, we will pursue a business structure with which we can continue to protect customers in a stable and sustained manner irrespective of changes in the operating environment.

To that end, we will reduce interest rate risk by expanding our

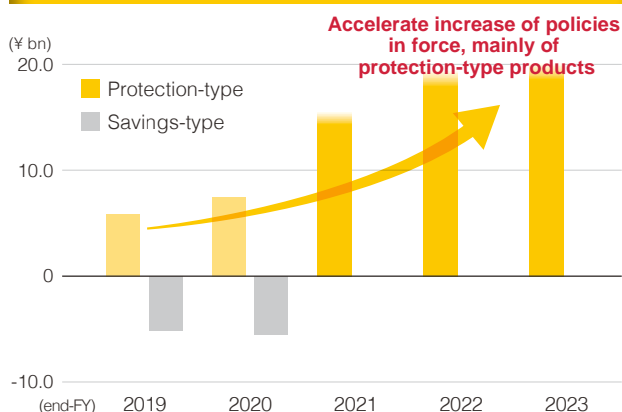
purchases of super-long-term JGBs.

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

<b>Strengths</b>	<ul style="list-style-type: none"> <li>Nursing facility management know-how underpinned by our top ranking in Japan for the number of senior living units</li> <li>High-quality nursing care services owing to substantial training systems, including Sampo Care University</li> <li>Ability of research institutes (Future Care Lab in Japan) and staffs of nursing care facilities to work together to implement new technologies</li> <li>High quality, high-volume real data based on approx. 80,000 users and capability of data analysis through collaboration with Palantir</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Rising demand for nursing care as the elderly population increases</li> <li>Innovation in conventional nursing care services using digital technology and real data (room for quality and productivity improvements)</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>Labor shortages associated with a widening supply-demand gap among caregivers</li> <li>Fears of a reduction in public long-term care benefits owing to strained public finances for nursing care insurance</li> <li>Growing threat of cyber risks as the utilization of digital technology and online data gains further momentum</li> </ul>

## 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.

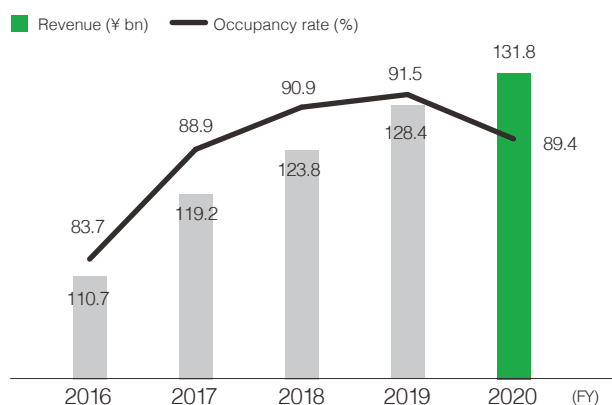
With the objective of strengthening hiring and personnel training, in fiscal 2017 we set up the in-house Sampo Care University for caregivers in order to enhance the systems used to provide new employee training and regular follow-up training sessions. Moreover, in fiscal 2019 we endeavored to attract 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.

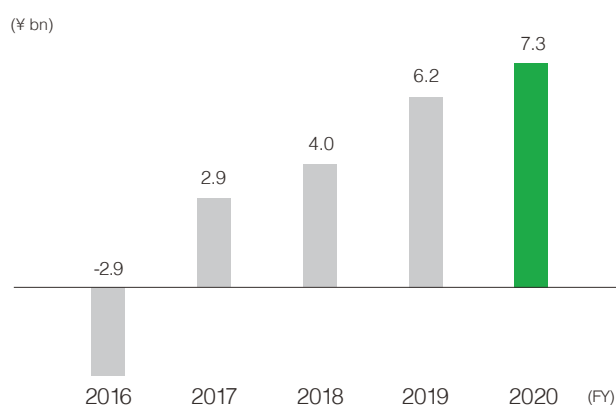
Particularly since fiscal 2018, we have focused on sowing the seeds of future growth. In July 2018 we launched the SOMPO Dementia Support Program to tackle the issue of dementia on a Group-wide basis. The program aims to realize a society that is prepared for the challenges of dementia and gives people 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

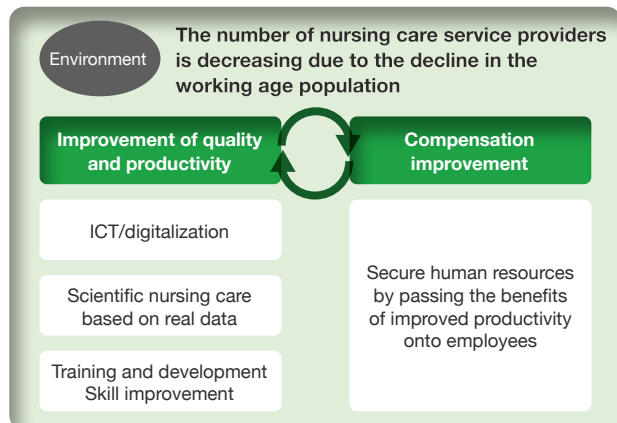
#### 1 Providing Support as a Nursing Care Operator

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.

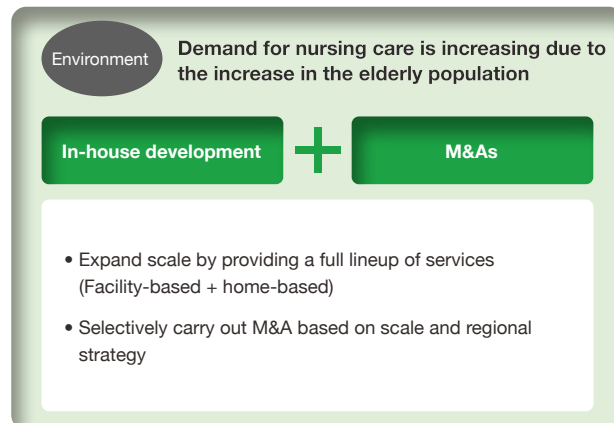
#### Increase the capacity to "supply" nursing care services

Productivity improvement



#### Support the growing "demand" for long-term care

User growth



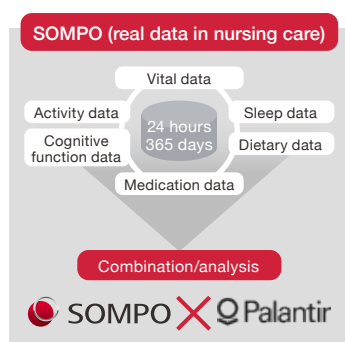
Growth as a nursing care operator

## 2 Supporting by the ecosystem

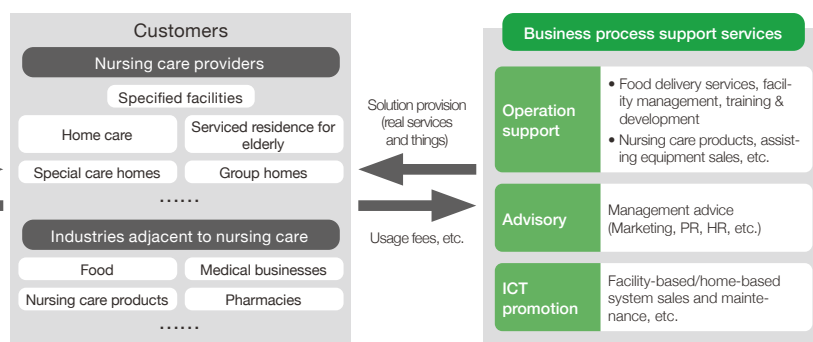
By combining real data generated from a database of approximately 80,000 users with the data analysis technology of Palantir, we will aim to commercialize our Real Data Platform (RDP) for nursing care to bring forth new solutions. We will also expand our solutions business of providing the business know-how 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.

### Real Data Platform vision



### Solutions business (real services/things)



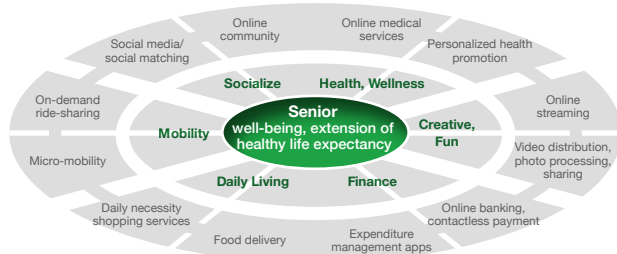
## 3 Supporting Active Seniors

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

#### Mindset/behavior change support

Offer a digital divide elimination course as a starting point for seniors who are "allergic" to digital tools or uncomfortable using them

#### Carer\* support

For carers having problems with home care, provide services such as an introductory course on nursing care knowledge and skills, including digitalization, and community formation with carers in the community (peers)

\*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"

#### Process of cognitive decline



#### Dementia prevention program



- Provide "exercise/nutrition guidance/cognitive function training/social participation" services
- Target a wide range of people, including those without dementia, those diagnosed with MCI (mild cognitive impairment), and those with dementia

Start full-scale service provision in FY2021

# 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.

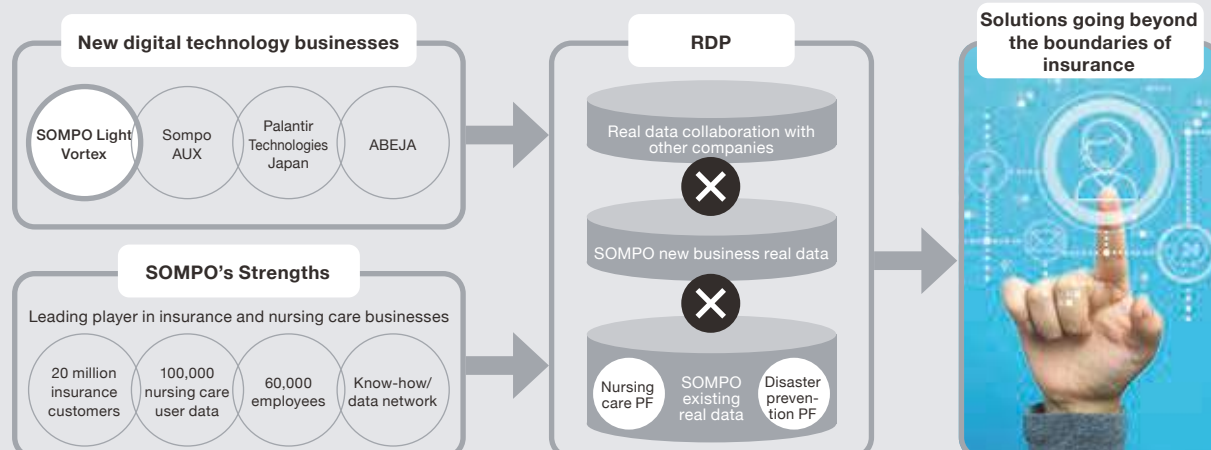
### Strengths, Opportunities and Risks

<b>Strengths</b>	<ul style="list-style-type: none"><li>• Real data obtained from business activities (20 million people in insurance business; 100,000 people in nursing care business)</li><li>• Technical capabilities and network of strategic partners, such as Palantir and ABEJA, that excel in data analysis and AI applications</li><li>• Global R&amp;D system (Tokyo, Silicon Valley, Tel Aviv)</li><li>• Rigorous recruitment of external talent (executives, business development, engineers, data scientists, UI/UX designers)</li><li>• Track record of verification tests using advanced digital technologies</li></ul>
<b>Opportunities</b>	<ul style="list-style-type: none"><li>• Growing need for increased productivity in all industries due to decline in active workforce and scarcity of diverse and specialized human resources</li><li>• New business opportunities using real data in a "connected society" through IoT, CASE, smartification, etc.</li><li>• Adapting best digital transformation practices from overseas to the Japanese market</li></ul>
<b>Risks</b>	<ul style="list-style-type: none"><li>• Emergence of new players and business models unfettered by boundaries of ownership, use, industry, or business category (characterized by development of sharing economy)</li><li>• Emergence of new risks, such as cyber attacks, new infectious diseases, and intensification of natural disasters</li><li>• Excessive competition to attract digital talent (difficulty in securing and training talent)</li></ul>



## 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.

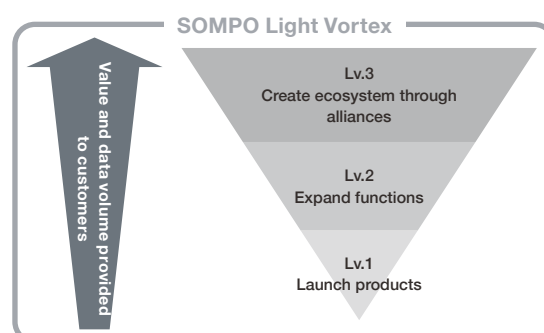
Palantir Technologies Japan uses the knowledge of Palantir Technologies Inc.—a global big data analytics company with an advanced platform for data-driven business operations and decision-making—to accelerate the Group's efforts to solve social issues in Japan.

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

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Customer base of individuals, corporations, and organizations built through insurance business and two existing healthcare companies</li> <li>• Solutions, know-how, data, human resources, etc. of the two existing healthcare companies</li> <li>• In-house infrastructure of businesses related to healthcare, such as nursing care, life insurance, and digital business</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• 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.)</li> <li>• 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)</li> <li>• Social expectations of the non-public healthcare industry (service industry group) to support public insurance</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Risk of leakage of personal information (including sensitive information) about customers of two existing companies due to cyber attacks, etc.</li> <li>• Investment-related risk in new business development; risk of reduced competitive advantage due to standardization of new services</li> </ul>

## 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

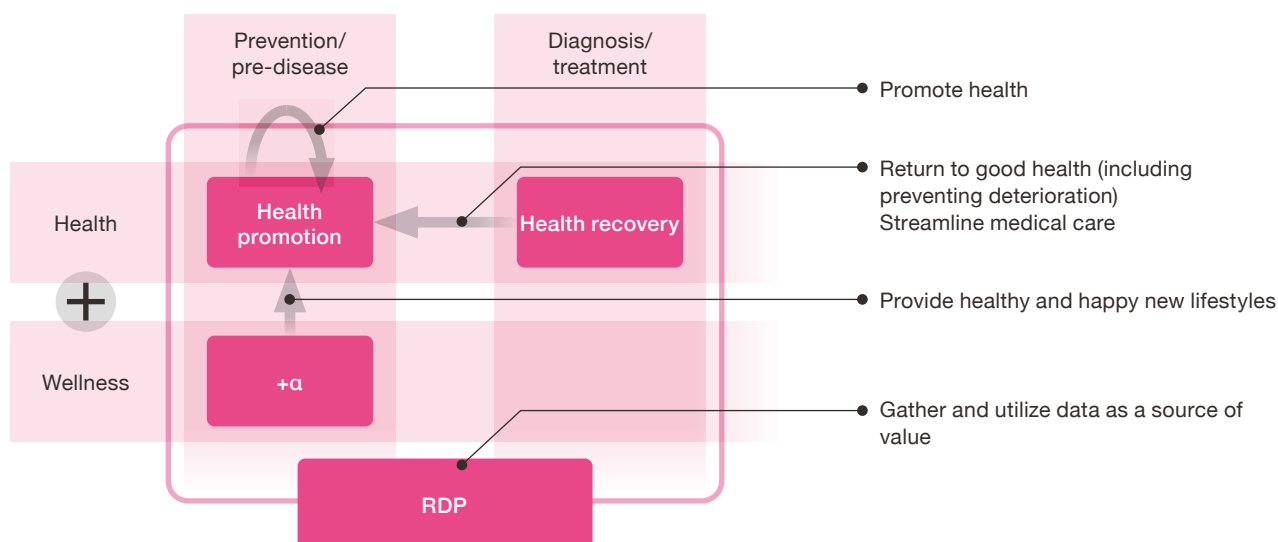
### Specific strategies in the new MTMP

#### 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.

### 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.

## 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

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.

