

SOMPO Holdings Integrated Annual Report 2022



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.

SOMPO's Purpose

With “A Theme Park for Security, Health & 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 society
- Create a future society for healthy and happy lives
- Foster the ability to change the future society with diverse talents and connections

Everything we take to be the natural order of things can change in the blink of an eye. What we need to survive in such rapidly changing times is purpose to serve as our North Star.

When our employees' personal purpose—which we refer to as My Purpose—overlaps with SOMPO's Purpose, great power is created.

To create this great power, we in the Sompo Group once again face each and every employee, the source of our competitiveness. Employees who are driven by their intrinsic motivation are the driving force behind SOMPO's growth.

We strive to evolve into a powerful organization where employees respect each other and work with a sense of fulfillment and happiness.

Beyond this evolution, we are sure that inspiring challenges keyed by the intersection of diverse values will be awaiting us.

The innovation that emerges from each of these challenges will bear the hallmarks of SOMPO and create a great wave of change for society.

Our goal is to create a society in which every person can live a healthy, prosperous, and happy life in one's own way.

SOMPO's unique value creation originates with employees' My Purpose.



Preparing the Integrated Annual Report 2022

The preparation of this year's Integrated Annual Report began when the team responsible for preparing it revisited the essential question of what we want to say to shareholders, investors, and others who pick up this report and read it.

As a result of the team's fresh discussion on the topic, we set our goals for this report: to help our stakeholders understand SOMPO's character and strengths, and to touch upon our unique growth potential and expectations for realizing it.

In pursuit of these goals, this report is centered on the Value Creation Cycle that illustrates stories of growth toward the realization of SOMPO's Purpose that originate with our employees' My Purpose. Using the cycle, we present our strategies and specific initiatives, and also quote employees involved in the strategies and initiatives as to their views and how they engaged in co-creation with stakeholders. In addition to plainly stating facts, this report emphasizes the perspectives of pioneering and facing the future, and is structured such that information about employees' proactive, pioneering efforts based on their My Purpose is interweaved with the Company's theories, corresponding visions of the future, and more.

We sincerely hope that this report will help our stakeholders understand and empathize with SOMPO's distinct growth story and develop a sense of the expectations and potential of the Company, and also further spread the circle of co-creation with them toward realizing purpose.

Members of the Integrated Annual Report 2022 Editorial Team



Disclaimer

The information presented in this report includes future forecasts based mainly on the Sompo 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.

Contents

	A Message from the Group CEO	04
	A Message from the Group COO.....	08
SOMPO's Purpose	SOMPO's Purpose	12
	Special Three-Way Discussion on SOMPO's Purpose Management: The Driving Force for Realizing Our Purpose.....	13
	Overview of the SOMPO's Value Creation	18
	Value Creation Cycle.....	20
	Fostering a culture driven by My Purpose.....	22
	Expansion of our customer base through the provision of high-quality products and services based on co-creation mind.....	30
	Providing solutions to change our future society.....	36
	Improving Unrealized Financial Value – Visualizing the impact path of human capital.....	42
Strategy/ Capital	A Message from the Group CFO/CSO.....	47
	SOMPO's Capital as a Source of Competitiveness History.....	50
	Overview of Mid-Term Management Plan.....	54
	Three Core Strategies	56
	Group Business Foundation	
	SDGs in Business Management	59
	Capital Policy	66
Governance	Director and Management Members Dialogue SOMPO's evolving governance	68
	Overview of the Corporate Governance Structure.....	78
	Main features of the Global Executive Committee (Global ExCo)	80
	Characteristics of the Board of Directors.....	82
	Evolving Governance.....	87
	Oversight Structure.....	88
	Executive Structure.....	89
	Succession Plan.....	90
	Policies for Appointment of Directors and Executive Officers	91
	Executive Compensation Structure.....	92
	Enterprise Risk Management (ERM).....	96
	Group Internal Controls to Support Corporate Governance	98
	Evaluating the Effectiveness of the Board of Directors	100
	Sustainability Governance.....	101
	Directors.....	102
	Directors and Executive Officers	104
Business	At a Glance	109
	Project to build a Conglomerate Premium.....	110
	Domestic P&C Insurance Business.....	112
	Overseas Insurance and Reinsurance Business.....	114
	Domestic Life Insurance Business	116
	Nursing Care & Seniors Business.....	118
	Digital Business	120
	Strategic Operating Companies.....	122
	Governance Member Endorsement of the Integrated Annual Report	125

A Message from the Group CEO

SOMPO's way of growth by aligning corporate and employees' purposes: Toward an ideal society and improving corporate value



Kengo Sakurada

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

1. Introduction

The world is facing many challenges. Recently, Russia's invasion of Ukraine led to soaring resource and energy prices around the world, food security crises, acceleration of inflation in the US and other countries, fluctuations in interest rates and exchange rates, etc. that continue to affect businesses and people's lives. Japan is not immune, and abnormal weather and natural disasters threaten the safety of people in their daily lives, while we must remain vigilant against the spread of COVID-19.

In an age of division where self-interests clash, while facing various challenges, I have to say that it is extremely hard to make the right choices for the future and build a consensus in society. I think the only way to overcome this is to apply the multistakeholder principle, that is, various stakeholders in society seek consensus by overcoming their differences in positions and interests.

And I believe that Japan indeed has the upper hand over other countries in practicing this multistakeholder principle. The spirit of altruism is the key, as unselfish concern for others and the world eventually brings advantages for individuals. These values were presented in Inazo Nitobe's *Bushido: The Soul of Japan* and revered Eiichi Shibusawa's *Rongo and Soroban* (Analects of Confucius and the Abacus). In my view, Japanese spirituality that values the golden mean and social harmony as well as our rich culture and traditions will nurture the characteristics and practical wisdom, and become strengths of Japan. This also relates to the SDGs and climate action toward Carbon-free society, which have become increasingly important in discussions among world leaders and in business management in recent years.

On the other hand, I am concerned about the possibility of Japan descending into a weak country in the world as a result of the prolonged stagnation over the past 30 years. We can lose no time in addressing demographic change as well as low birthrate and population aging in Japan, and cannot turn our eyes away from the reality of being a country facing advanced challenges. Under such circumstances, however, SOMPO has taken on challenges to realize "A Theme Park for Security, Health & Wellbeing" primarily in insurance and nursing care. SOMPO posted record high profits in FY2021, which is a proof that SOMPO can be expected to grow steadily even in the age of VUCA. The Sompo Group will continue to grow by believing that the story written by SOMPO will prove correct and by presenting the image after completion along with how SOMPO will contribute and what kind of future society we will create for Japan and the world.

2. SOMPO's Purpose and the Group Growth Story

(1) "SOMPO's Purpose" that Became a Common Language of the Group

Sompo Holdings agreed with all Group companies to place *SOMPO's Purpose* at the core of business management and has made efforts to instill it in each and every employee. At the same time, noting the importance of "My Purpose", we held townhall meetings for multiple times, and I personally spoke with a total of over 10,000 Sompo Group employees.

I reconfirmed, after spending much time, that **a fusion of SOMPO's Purpose with My Purpose is crucial for business management, and there is no hope for growth without this.** In an environment full of diversity and inclusion (D&I) that respects a wide variety of each employee's "My Purpose", employees driven by their own "My Purpose" keep taking on challenges in their own way to deliver *SOMPO's Purpose*. This is exactly what drives SOMPO's growth, and we will create innovation that helps address social challenges through existing businesses, such as insurance and nursing care, and new value creation, primarily with the Real Data Platform (RDP), described below. This is the ideal state of value creation in SOMPO's way and SOMPO's growth story towards delivering purpose.

The starting point for this story is the purpose of each employee. Everything starts from the employees believing in the importance of their purpose and practicing deep self-inquiry to come up with "My Purpose" without using someone else's ideas, and then expanding the circle throughout the Group. We will get everyone on board to large ship of SOMPO that goes beyond the boundaries of nations and organizations, and work together towards the ideal society.

I have had many discussions on the topic of co-creation of society by Seikatsusha (Citizens), with the next generation, young business leaders, media, and academic experts through my involvement in the Japan Association of Corporate Executives (Keizai Doyukai), etc. Seikatsusha (Citizens) are consumers, and used here in a broad sense that includes all workers, individuals, companies, and government agencies. The main topic is how to create a society in which each Seikatsusha (Citizen) makes various choices and takes actions from a subjective viewpoint in accordance with purpose, and pursues qualitative growth as a group to realize the greatest happiness of the greatest number of all stakeholders. We still need to broaden our minds, but SOMPO aims to become a trailblazer for accomplishing this goal.

(2) SOMPO's Culture and Drivers Spurred by "My Purpose"

At the town hall meetings I held, employees talked frankly about their own experience and "My Purpose" drawn from it. One employee said, "I learned the importance of money from my experience of childhood poverty and that lesson is now applied to my work in life insurance," while another employee said, "I overcame an adverse childhood experience by working in nursing care, and truly felt the importance of trusting other people and being trusted by others, and now nursing care is my life."

Employees who work on "My Purpose" think and act by themselves driven by intrinsic motivation, which should result in higher employee engagement. Also, **intrinsic motivation and strong sense of ownership arising from "My Purpose" would be the source of greater productivity, expertise, creativity, etc. at work.**

SOMPO has 130 years of history as an insurance company and tradition of the founding business. The trust of customers built over many years through our willingness to "protect customers at all costs", our ambition of founding, responsibility of living up to this, and the spirit of offering genuine "security" and "warmth" will continue to lie at the core of the Group as SOMPO's DNA. I hope that a fusion of this strong DNA with employees driven by "My Purpose" will create amazing chemical reactions in SOMPO.

It may be generally thought that it is hard to link the individual's purpose with the company's purpose in a large organization. However, if "My Purpose" takes the lead in the company with an increasing number of employees thinking that they want to fulfill "My Purpose" by using the company, an instrument to accomplish what is difficult on their own by working together as a team and a company, behavior will change dramatically and the corporate culture will also change.

D&I (diversity and inclusion) is essential for underpinning and accelerating such cultural change. At SOMPO, employees with various background are working at the frontline of a variety of businesses worldwide. Regardless of which business one works in, everyone is invited to participate in the townhall meetings, while training programs and courses are held for employees across businesses. We set up an office of Sompo International in the main office building in Tokyo so that members can be based there on a regular basis. I believe SOMPO can become stronger by actively hiring and promoting employees who can produce results by merging "My Purpose" with their own work and by grasping various opportunities, regardless of sex, age, and nationality. SOMPO will strengthen our human capital, the driver of value creation, through a strategy to improve the quality of business management by raising intrinsic motivation of employees, increasing opportunities for challenges and innovation, and by creating energy in the workplace.

3. SOMPO's Strategy for Improving Corporate Value

(1) Room for Improving SOMPO's Corporate Value Demonstrated by Unrealized Financial Value

Sompo Holdings announced a new medium-term management plan in 2021. Our core strategies under this plan are to increase our scale and diversify risks (primarily in the existing businesses), create new customer value, and promote new work style. We will execute strategies from the viewpoints of and to meet expectations of customers and users, not of a service provider, and implement measures that increase employee satisfaction and productivity at work. We need to work to accomplish a digital transformation (DX) and realize Group synergies strategically by employing a complete hands-on approach and recognizing that **we cannot move ahead by maintaining the status quo.**

However, the outcome of such efforts is evaluated in the market mainly in terms of financial value which is generally regarded as corporate value. I presume that many firms feel the same and it is not only SOMPO but the value of a company must be mediated by "something" that is hard to quantify. I think that a story unique to our Company as well as the existence of evidence as proof are related to the answer to this question.

Contribution to addressing social challenges and realization of wellbeing are essential elements of a story that helps increase corporate value. SOMPO will try to accomplish this by presenting a value creation story "unique to SOMPO" that is "A Theme Park for Security, Health & Wellbeing" for multi-stakeholders and continuing transformation to realize this. To accomplish this, we partnered with Palantir Technologies Inc. of the U.S. and the National Institute of Advanced Industrial Science and Technology (AIST), one the largest public research institute in Japan.

We will build strong trust that "SOMPO can do it" by tapping into the wisdom from in and outside the Group so that the social impact and evidence can be presented, not just enthusiasm or vague definition, **and increase SOMPO's corporate value and brand.** This is my mission as the Group CEO, relegated by all shareholders and the board of directors, so I am strongly committed to accomplishing this by all means.

(2) Nursing Care RDP that Transforms Society

I would like to first successfully put the Real Data Platform (RDP) in the nursing care business into practical use to enhance SOMPO's corporate value. Shortage of caregivers due to low birthrate and population aging and surging social security expenses are real problems and almost a national crisis that we cannot escape.

SOMPO is determined to tackle these critical challenges head on. We will use real data collected from the nursing care front line to deliver "visible nursing care" to support the frontline. Moreover, we will develop solutions to improve the quality of nursing care under the concept of "systematization of mastery" and **also deliver "predictable nursing care" to support the people "providing care" which is estimated to be around 2.3 million people.** If this know-how can be shared with all other care providers, it should have an enormous impact on society in the future. We will improve the quality of life (QOL) and build a platform for approximately 7,000 companies so that everyone can live a prosperous 100-year life. While the nursing care RDP is currently being developed for release, I believe that the future will be changed for the better, and await with great anticipation that day.

The issues in nursing care are enormous and cannot be solved without the help of various stakeholders. It is necessary to establish an at-home care model: through the combined efforts of the government, public and private sectors by also cooperating with the national and local governments, and integrate services (covered and uncovered) by public long-term insurance in the future. Other countries in the world may face the same issues in the future. **We want to create a large ecosystem for people's happiness by getting all stakeholders involved with a view to exporting the solutions developed by SOMPO in Japan to other countries.**

4. SOMPO's Mechanism Underpinning Sustainable Growth

It is crucial to establish a sustainable business management framework to support society over the next 20 or 50 years. Five Business CEOs and nine Group CxOs are currently in charge of business execution at SOMPO. The Business CEOs, as leaders, increase the attractiveness of the business as the leader, and drive the growth and expansion of the Group by exerting "centrifugal force". The Group CxO coordinates efforts across businesses by exerting "centripetal force" of the Group and implements plans so that Group-wide strategies are executed without fail. The Group COO and myself, the Group CEO, oversee the entire Group.

These members are selected following the appointment and endorsement by the board of directors. **Sompo Holdings became a company with committees in 2019 based on the notion that rigorous governance is indispensable for sound growth,** and the board of directors supervises business execution with 10 out of 14 members being non-executive directors. On April 1, 2022, Mikio Okumura, Giichi Shirakawa, and Ken Endo were newly appointed as the Group COO, CEO of Domestic P&C Insurance Business, and the CEO of Nursing Care & Seniors Business, respectively. All



three members were approved by the Nomination Committee comprised only of non-executive directors in accordance with the succession plan, and I am sure they will provide strong leadership in their respective businesses.

Mr. Okumura, the Group COO, who has a good track record in a wide range of business areas is the right person to be in charge of many areas of business execution, and was nominated to and approved by the Nomination Committee as the new President and Representative Executive Officer to lead the realization of "A Theme Park for Security, Health & Wellbeing" with a view to becoming the Group CEO in the future. The duties will be divided between Mr. Okumura who will practically be in charge of the insurance business (Domestic P&C insurance, Overseas Insurance and Reinsurance, and Domestic Life Insurance) in particular, and lead efforts to the achievement of the goals of the current Mid-Term Management Plan, and myself while I will continue to be in charge of priorities related to the strategic challenges for the whole Group, including nursing care, digital, and large M&A, as the Group CEO of Sompo Group. Under the new management framework, we will work as one to accomplish the Mid-Term Management Plan over the remaining two years as a must.

5. Conclusion

I wanted to become strong and cool when I was a child. However, I came across the quote "think more about others and less about yourself" in the great swordsman Musashi Miyamoto's "Dokkodo" and realized that I cannot obtain true strength if I think only about myself and the spirit of trying hard for others is what matters most.

Since then, I have had various encounters and experiences, came to lead a large corporate group, and set the Group's Purpose 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" last year. My purpose is to utilize real data, reduce traffic accidents, disasters, and the risk of illness, make our daily lives safer and more secure, and help people live healthier lives.

I would like to fulfill my responsibility to drive the Group's growth and create a better society to pass on the baton to young people and next generation who have the right to choose the future.

A Message from the Group COO



Mission of the Group COO Leading SOMPO: Passing on to the next generation a society that ensures security, health, and wellbeing

Mikio Okumura

Group COO, Director,
President and Representative
Executive Officer

1. What I Value Most

I am Mikio Okumura and I took up the position of Group COO, President and Representative Executive Director in April. First, I would like to talk about the most important thing and my mission as the Group COO of Sompo Holdings, Inc.

When I reflect on my journey so far, I feel that life is full of encounters and unimaginable experiences, each with a profound meaning, and that luck and connections can bring success. So, what I value most are the encounters I have had and the connections that I have made with people. I am improving myself to be able to build long-term connections, look at things from the other person's viewpoint, and always think about what I can offer.

I think that connections are not only part of personal networks, such as friendships, but also the timeless "connections" between us living now and future generations. To use an analogy, it is like a relay race. I want to forge ahead on my leg of the race with a willingness to bet my life on it, then pass the baton to the next generation in the best possible way. I have enjoyed my life so far, and would like to pass on to the next generation a society where everyone can enjoy their life too.

2. Mission as the Group COO

I believe that the major challenges we must address before passing the baton to the next generation and later generations are demographics and climate change. These are exactly the social challenges that SOMPO must address. These challenges are hard to address in such a short time, but it is crucial to do everything we can while we are alive—even more so because we are living in difficult times. Therefore, the role of SOMPO is to pass on to the next generation a sustainable society that ensures security, health, and wellbeing.

To make this happen, SOMPO needs to embrace diversity, ever-changing customer needs, and social challenges, then deliver solutions to address them. The key phrase is "connecting, making connections, and being connected." Our goal is to develop solutions by building connections among the business units of SOMPO, our business partners, local communities, and data, not just people and society. We need to be with customers on their journeys and use the data we obtain to develop solutions that can meet even deeper needs.

To accomplish our goals, we must evolve into a corporate group that can deliver solutions for ever-changing and increasingly diverse customer requirements and social challenges.

The important elements for delivering solutions are diversity and inclusion (D&I) as well as a corporate culture that supports new challenges.

I have a sense of urgency that D&I is essential for companies to survive. This is because companies can make bad management decisions when employees do not have a wide range of experience and values. In a standardized workplace, employees cannot understand what is happening in the world, what the customers think about SOMPO and business, and fully understand customers' needs. In this sense, our biggest hurdle to overcome is understanding our ever-changing customers, not our competitors. The value of customer experience (CX) has increased dramatically due to the entry into the insurance industry of companies from different industries and start-ups. This includes being able to buy insurance with just a few taps on a smartphone. Since customer expectations are evolving, we cannot meet their expectations if we are satisfied with past improvements and we continue to operate as a traditional insurer or financial institution. I am not glossing this over; D&I is very important in business management. All executives and employees should ask themselves why D&I is important, or more simply put, why it is not enough to just have "men in suits." We must work hard to promote D&I, not just treat it as a formality.

Next is corporate culture. I worked for another company in the past and think it is important to see ourselves and our company objectively from the outside. In fact, I was able to see the culture of the Sompo Group very clearly. Every employee at SOMPO has worked diligently and we now have a corporate culture built up over more than 130 years that is characterized by stability and trust, as well as a solid business foundation and connections with our customers. However, I have serious concern that just like the Japanese economy that failed to grow over the past three decades even though everyone worked hard, SOMPO might devolve and decline if we just continue to work in the same way. This is why we need to take on new challenges. Being complacent could become an obstacle. We are entering into the unknown of population decline where conventional wisdom and past successes do not apply. This could be possible for Japan as a whole, but the challenge for SOMPO is to put past successes behind us and change the corporate culture so that employees can take on new challenges without hesitating, something that we need to seriously work on.

As the Group COO of the Sompo Group, I will take up this challenge and work hard to foster a corporate culture where employees seriously consider why something could not

be accomplished, then take on new challenges without fear, praise each other's success, learn from one another, and give honest opinions. Therefore, my mission as the Group COO is to deliver solutions as a partner in our customers' lives, work on D&I to make this possible, and create a culture of openness with a vibrant workplace that supports new challenges.

3. Creating a Conglomerate Premium

A hundred days have passed since I took up the position of Group COO. Whichever business unit I look at, as anticipated, SOMPO is a corporate group where employees work hard and honestly with customers. For example, when an earthquake struck in March this year in Fukushima Prefecture, safety reports of the customers, agencies, and employees started to come in one after another immediately, even before the executives gave instructions. I believe this is because quick action to deal with disasters, etc. is part of our corporate DNA. I was reminded once again of the strength of our abilities, when I saw employees taking action to help those affected by the disaster recover as quickly as possible.

As a result of these strong frontline actions and the hard work of every employee, good progress has been made on the Medium-Term Management Plan. For example, in FY2021, SOMPO posted record profits for a second consecutive year. However, these results were also affected by one-off positive factors, such as lower auto insurance losses due to fewer people driving and less traffic volume following the spread of COVID-19 as well as higher-than-expected investment income due to a strong stock market. So, I always try to stay calm and evaluate the real earnings after eliminating any unique or temporary factors.

When setting goals for FY2022, we removed the effects of the one-off positive factors in FY2021 and discussed many times with our staff how far the level of performance had actually progressed. And we currently expect real earnings in FY2022 to reach a level equivalent to FY2021. Now that our businesses are performing well, we must remain vigilant, keep our head clear, accurately grasp changes in society, and think about the next moves. We need to keep asking ourselves whether we are fully aware of the impact on our lives and businesses of global warming and population decline as well as well as the continually changing needs of our customers and society.



We must continue to ask ourselves if we are becoming insensitive to social changes and the need for a response. If we become complacent about our strong financial performance and fail to notice changes with our customers, they will eventually give up on us, and we will be unable to grow. So, we need to boost our resilience and achieve sustainable growth to meet customer needs and fulfill our role in society. To overcome our challenges, we need to focus not only on our current business plan, but also on medium- and long-term initiatives for the future.

The Group is now working to create a conglomerate premium based on the “Group Best” concept. We intend to transform into a “Theme Park for Security, Health & Wellbeing” and to reform governance to support this transformation. We need to increase the “centripetal force” of the Group and take risks rationally using the “Group Best” concept to continue to grow. Simply put, we will take risks on the basis of what each company should do if we were a single company, rather than a group of companies.

We will focus on three areas of the insurance business where we expect to reap benefits and where we can have a

positive impact early on: retention & cession”, “investment”, and multinational business.

To capitalize on these three areas, under the Group Best concept, it is necessary to design systems in detail, not only for our ideals, but also systems for the organizational structure, evaluations, and other details. Therefore, a steering committee for which I am responsible was set up under the Global Executive Committee which is the advisory board for the Group CEO and the highest level of the executive Committee. A framework was established for the Business CEOs to participate and the working groups of the aforementioned three areas to exhaustively pursue the Group Best concept. We will then incorporate their findings into additional initiatives and actions to generate higher profits. I think an insurance group that truly created a conglomerate premium is rare around the world. We are committed to delivering results that will be highly appreciated by our stakeholders.

My take on a conglomerate premium is that we create more value than a simple summing up, such as $1 + 1 + 1$ equals 3, by linking all business units as a single company using the Group Best concept as represented by the keywords connecting, making connections and being connected. We will deliver new services and solutions that help to create a society that ensures security, health, and wellbeing by using SOMPO’s world-class data, and by listening to the voices of customers (VOC) on the world’s leading seniors market to develop non-life and life insurance solutions.

4. Conclusion

We have so far focused on medium- to long-term strategies, but all SOMPO employees will work hard to accomplish the Medium-Term Management Plan, with only two years remaining. I am committed to transforming SOMPO into a corporate group where diverse talent can shine in a vibrant workplace and take on new challenges without fear of failure, as well as to pass on the baton to the next generation by helping to ensure security, health, and wellbeing by delivering solutions that meet our customers’ needs. We look forward to your continuing support.

My Own Experience: Connections that began in Brazil

I grew up in Saitama Prefecture where soccer is popular, so my childhood and adolescence were dedicated to soccer. When I was at university, I studied abroad in Brazil, the “kingdom of soccer,” and my experience there had a huge impact on my values. In Brazil at the time, about 1.5 million people of Japanese descent lived there, forming a large community. I was impressed by the legacy that the Japanese community had on the other side of the world. Trust in Japan and the Japanese people had been built in Brazil. I was treated with respect as a 20-year-old Japanese in Brazil. Through this experience, I came to think that I wanted to “give back to Brazil” and “connect Japan and Brazil.” I became strongly aware of the need to connect people to people and countries to countries. Later on, I joined Yasuda Fire and Marine Insurance Co., Ltd. (currently, SOMPO Japan Insurance Co., Ltd.) which had a Brazilian operation at that time, after working as a part-time Portuguese interpreter.

After joining the company, I worked in corporate sales, corporate planning, management of the overseas subsidiary, and management of the nursing care business, after changing jobs. I had several experiences under the guidance of my seniors, and I would like to share some my experiences when I was working in New York from 2000.

At that time, our US subsidiary was struggling and I was working hard every day to turn this around. I was assigned to the New York office on September 11, 2001, where I saw the terrorist attacks by hijacked aircraft. I still vividly remember the sight of an jet crashing into the World Trade Center, where I used to work every day, and a mass of bright red flame shooting out. I ran from the building and managed to escape safely the turmoil, chaos, and clouds of smoke. I could have

lost my life if something went wrong. Since then, I have come to believe that I am alive for a reason, and I am strongly conscious of working hard every moment so that I will not regret anything.

Later on, after I was able to get the management of the US subsidiary back on track, I returned to Japan and was assigned to the Corporate Planning Department. I asserted the need to strengthen the overseas business since I believed that the overseas market would drive the Group’s growth in light of the trends in global and Japanese demographics. However, the decision made by the then management team was to focus on the domestic business, so my wish did not come true. I was disheartened, lamented my lack of power, and decided to work for another company to take on a new challenge. I worked for a foreign financial institution and faced a big challenge again during the financial crisis of 2007–2008 stemming from the subprime mortgage market meltdown in September 2007.

There were twists and turns, but I returned to SOMPO later on, just as I was meant to. This led to a “connection” with Brazil. Following a change of SOMPO’s management, a plan to focus on overseas business was announced. As the first step, SOMPO decided to acquire an insurance company in Brazil in 2009 and my seniors contacted me, so I decided to return. After returning to SOMPO, as a member of the local management team, I jumped in and worked hard to help grow the business of the acquired company.

I feel that life is full of “luck and connections,” just as my connection with SOMPO was Brazil. I am grateful for the many encounters that helped me, and I will continue to cherish the “connections” with people as I move forward with my life.

SOMPO's Purpose

SOMPO has returned to its Management Philosophy and defined “SOMPO's Purpose” as what the Group aims to achieve and what value it will provide over the long span of the next 20 and 50 years.

Together with our stakeholders, we will continue to provide value to society through our concept of a “Theme Park for Security, Health & Wellbeing,” aiming to create a society in which every person can live a healthy, prosperous, and happy life in one's own way.



Special Three-Way Discussion on SOMPO's Purpose Management: The Driving Force for Realizing Our Purpose



Takashi Nawa

Outside Director, Member of the Nomination Committee and the Compensation Committee



Ryoko Shimokawa

Group CSuO



Shinichi Hara

Group CHRO

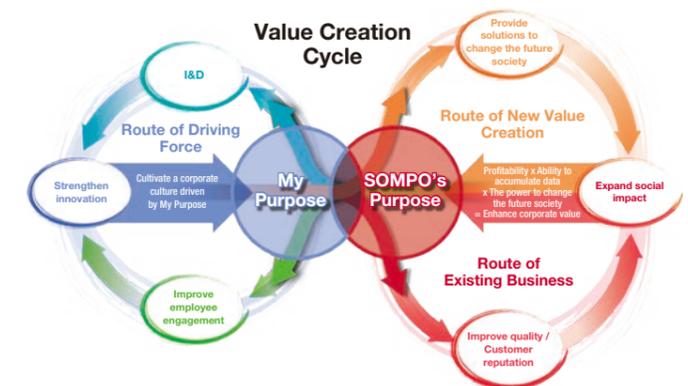
Defining Purpose Management

Nawa When I say *purpose*, I am referring to aspirations rather than the rigid concept of a reason for existence. As the Japanese character for aspiration suggests, this is the samurai spirit. *Bushido* (the warrior's code), as our Group CEO, Mr. Sakurada wrote in his book *Bushido Capitalism*, is the epitome of the spirit of the Japanese people, and if aspiration is in the minds of people seeking the path forward, then purpose is the inner conviction to seek and follow that path. *Mission* is a commonly used word that is more like a moral cause, and it is often accompanied by a sense of obligation. Purpose and aspiration come from within and represent a proactive desire to do something. I think it depends largely on whether these are intrinsic or extrinsic. For a company to place ambition firmly at its center, aspiration must satisfy three requirements for empathy: it must be exciting; it must be unique; and customers and employees must believe in it. This is what I am advocating with regard to purpose.

Shimokawa *SOMPO's Purpose* is our ambition. Our ambition is the basis for our move toward realizing our future. *SOMPO's Purpose* is built on our vision of sustainable growth by providing value over the next 100 years and for gaining the empathy of our stakeholders for that vision. We refer to initiatives that achieve our ambition as the Value Creation Cycle. Our unique features are our people and that we count nursing care and digital services among our lines of business, along

with insurance.

The Value Creation Cycle places *SOMPO's Purpose* and *My Purpose* together at the center, with employees driven by their *My Purpose* to repeatedly take on the challenge of achieving *SOMPO's Purpose* in their own way, therefore serving as the driving force behind the company's growth (see the figure, left). This driving force will then improve products and services in existing lines of business—insurance and nursing care—and deliver solutions for the future (figure, bottom right). This will help the company create even more new value through synergy and co-creation that come from diverse, robust lines of business (top right). The continuous creation of value through this three-part cycle, the Value Creation Cycle, is distinct to SOMPO, and realizing each part and sharing the results is what makes up our Purpose Management.



*See p. 20 for details

SOMPO's Purpose Management: The Driving Force for Realizing *Our Purpose*



Professor Nawa mentioned that ambition must be exciting. Speaking of excitement, I think that being a “Theme Park for Security, Health and Wellbeing” corresponds well with the “18th” SDG goal. Our “theme park” is a place that transforms security, health, and wellbeing into tangible forms that can be seen and touched. Further, while insurance is a just-in-case service with the main value being that negatives are balanced out to zero when the worst happens, we also want to create a lot of positive value and happiness. That is what we intend to provide with the concept of the theme park, and what we must continue to build on going forward. I also believe that *My Purpose* is what makes our ambition unique, the source of excitement, and is an intrinsic part of us.

Hara What sets us apart is that we are trying to become an autonomous group based on the pursuit of *My Purpose*, the foundation of our human resource and management strategies. We have a model of *SOMPO's Purpose*, but we do not take the approach of forcing employees to fit into that model. We want to achieve *SOMPO's Purpose* by having them start with their *My Purpose* and through hundreds and thousands of ways they can integrate with *SOMPO's Purpose*.

Reading Professor Nawa's book on Joseph Schumpeter recently gave me confidence that this approach is correct. The part in the book where the great Yoshida Shoin asked his students, “What is your ambition?” left a deep impression on me. Innovation originates with our internal thoughts, not from the external environment. Entrepreneurs must change from people who observe to people who act, and the source of that change is ambition, or purpose. I was profoundly impressed by this realization.

Nawa *SOMPO's Purpose* is our North Star, an abstract concept. I think the correct course of action is for each of us to take it upon ourselves to pursue our *My Purpose*. However, between the company and individuals are the

departments and groups to which they belong, so unless the purposes are integrated, it is difficult to develop a sense of where individual actions fall in the “Theme Park for Security, Health and Wellbeing.”

Broadly speaking, there are three levels of purpose: companywide purpose, the purpose of a department or organization, and *My Purpose*. First, the companywide purpose is mutually understood within departments, and is the force that binds them all together. When everyone's ideas as individuals are integrated into departments and groups, they come together to form an even larger group: SOMPO. I think it is important to know how to elicit and integrate the purposes of an organization. It seems to me it is difficult for a holding company to figure out how to create purpose for each department and group, but are we working on any creative solutions?

Shimokawa *SOMPO's Purpose* is a medium- to long-term aim that can't be realized immediately, and certainly there is distance between it and *My Purpose* for 74,000 people, but I believe that each line of business has its own ideas and purpose based on *SOMPO's Purpose*, and that these are firmly connected to the missions of each department and group.

However, it is also true that in the real world, each workplace tends to put purpose aside and focus on the month's sales or other immediately achievable figures. That is why the leaders of each workplace—the people between individual employees and the company—are so important. The key is how they can connect *My Purpose* to the company and our organizations, then unite them as an organizational force. For that reason, through Town Hall Meetings with Group CEO Sakurada, we are moving past getting 74,000 people to find *My Purpose*, and are holding Group-wide discussions among the leaders to determine how to create an organizational force by uniting the individual forces rooted in *My Purpose*.

Hara In a message to all employees this April, Sompo Japan's President Shirakawa explicitly mentioned his *My Purpose*. Although how the company will integrate *My Purpose*-based management with sales and performance is an issue we will need to be clarified, I think it is epic that the president himself communicated that *My Purpose* is not a frivolous exercise, but is at the core of the management strategy.

Keys and Driving Force of Purpose Management

Nawa Inclusion and Diversity (I&D) is a phrase that appears in the Value Creation Cycle. I think the idea of everyone

succeeding while thinking for themselves is similar to diversity. Unless it is predicated on inclusion, everyone's thoughts will point in different directions, making it impossible to unite to power the organization. So, it is extremely important to have purpose to drive us forward with certainty. I believe that when each organization's purpose is included within the Group's overall purpose—creating a “Theme Park for Security, Health and Wellbeing—we will transform into a very powerful organization. Another difficulty is capturing the “value of multiplication.” To accomplish this, individual and organizational purposes must be reorganized and broken down. This organizational movement back and forth between separation and unification is both necessary and challenging. It is like the relationship between differentiation and integration: if you do nothing but integrate, things feel forced, but if you do nothing but differentiate, everyone is acting on their own. Finding the balance is extraordinarily difficult for a conglomerate like the Sompo Group, but I think it will be highly valuable quality once that balance is achieved.

Shimokawa Having *My Purpose* is a reaffirmation of employee diversity, a process of awakening the individual. However, inclusion is necessary to make diversity work and to avoid situations where people go on a journey of self-discovery and never return.

Looking at the Sompo Group as a whole, where we are leveraging centrifugal force to run our four major businesses, we are working to figure out how to use centripetal force as a holding company to bring the businesses together and create synergy within the Group. There are spillover effects in both directions between insurance and nursing care in addition to the pursuit of best practices in P&C insurance in Japan and overseas. It is clear that we are repeatedly employing initiatives to advance both diversity and inclusion as well as to channel them into power at many levels of the organization.

Hara We are currently working to make P&C insurance more efficient by looking at it from the perspective of the Group and the Group's overall portfolio. It is important for a holding company to use a higher perspective to gain an overview to find and cultivate the potential for inclusion, in contrast to the centrifugal force that worked in the past.

Nawa Schumpeter defined innovation as new combinations, but I think of innovation as different combinations. I think that encapsulates I&D perfectly. No value is created unless things are different or “at the edge.” So, first, it is important for each element to be different and for us to be aware of the differences. However, the fact that things are different does not result in

new combinations, so each element must be “at the edge” in some way, and then combined. That is innovation, and I&D is the driving force in every sense. The act of everyone becoming aware and then coming together as a team is crucial for creating innovation. In that sense, I feel that the key to innovation is repeating the process of awakening people to their *My Purpose* and then coming together as a team.

Shimokawa One objective of the *My Purpose* initiative is to create a culture that will perpetually generate innovation and pioneering effort. Starting with *My Purpose* generates pioneering efforts and innovations that increase the organization's power and lifts up the company. To achieve this, we need intrinsic I&D to help create our growth strategies.

SOMPO's Unrealized Financial Value

Nawa I hope that the Value Creation Cycle can be improved in this area and encourage everyone's actions so that we can create new value. The source of SOMPO's value is people, and once we have a firm understanding of how productivity and creativity can be improved by increasing motivation or “putting a charge” into *My Purpose*, I think we will be able to see the link or the causal relationship: *My Purpose* leads to output.

Shimokawa That is an example of the impact path of human capital leading to financial and corporate value. Our unique actions—*My Purpose* and new work styles—help individuals and groups, in addition to increasing the abilities of employees. This will produce added value for existing lines of business: improved quality of products and services as well as higher satisfaction for claim payments and other customer service situations. In turn, increased financial value will naturally follow. Moreover, our unique actions should improve our brand value. In other words, that is the reason stakeholders will choose SOMPO in the future, have positive expectations of SOMPO, and think SOMPO is great, exceptional, and highly capable. However, this is just one hypothetical path we are considering; we must prove that this actually is the case not only through visualization but also through quantification.

Although partial, we noted an unmistakable positive correlation between groups that implement *My Purpose One-on-One* and employee engagement. We must also consider how to measure pioneering effort and innovation in the future, but beyond that as well because we know there is a correlation between engagement and customer satisfaction and the ability to achieve organizational goals. We want to add these findings to our evidence.

SOMPO's Purpose Management: The Driving Force for Realizing *Our Purpose*



Hara There are two non-numeric examples. One is that the world is beginning to learn about SOMPO's dedication to human capital management. Although they do not yet believe that this translates into value, we are getting more media coverage, so people now know that we are working hard. Investors have also asked questions about *My Purpose* at IR meetings and general shareholders meetings. This is the first time that people in capital markets have asked about *My Purpose*.

The other example is the ability to recruit. In particular, we have noted a definite increase in our ability to recruit mid-career hires, that is, people who are not new graduates. We are considering how to measure this, but I already sense that the quality of new employees is improving.

Nawa We are talking about reliably measuring the parts of the impact path as well as how they are connected to output. That is a difficult task, but once we improve our understanding, we will have a better picture of this connection. Since the KPIs used to measure parts are still being developed, I believe our expectations will definitely increase as we demonstrate, through trial and error, that everything is a part of an impact path. The figures for both engagement and brand value are going up. That is one type of indirect evidence. Unfortunately, the P/B ratio* is below 1, which does not bolster the idea that real potential will lead to future value. I am looking forward to seeing how these parts will connect to market expectations in the future.

*Adjusted P/B ratio: an index calculated by dividing the share price by the adjusted consolidated net assets per share.

Toward Value Creation Distinct to SOMPO

Nawa On the topic of job-based employment, SOMPO has made it clear that every employee will build a career with personal integration, while choosing the right job at the right time. When people see our organization as a place that gives them strong opportunities for self-development, we will attract more people, which in turn will help them grow. I think that is fantastic! We see this as different from other job-based employment systems out there.

Hara If the typical Japanese-style employment (based on lifetime employment and repeated company-initiated reassignments) is known as "membership," then we must consider our job-based employment to be "career autonomy. What we are trying to do is to create a system that can attract people who agree with *SOMPO's Purpose* and want to work together to realize it. Then, people will decide for themselves to step forward and try to get a specific job. I really want to see us build this type of system.

Nawa What really impressed me was the SOMPO DNA series (see p. 28). Through these true-to-life stories, you learn the names of individuals who are flourishing and creating independent careers for themselves.

Shimokawa SOMPO DNA is one of several initiatives for disseminating the idea of purpose. To spread this idea further, we are taking practical steps, such as messages from top executives at Town Hall Meetings and *My Purpose* one-on-one training and workshops, using engagement to measure the effects of these initiatives, and linking them with PR campaigns. In SOMPO DNA, the employees are the "stars of the show," with each one sharing their *My Purpose* and history. Although only five employees appeared in the paper publication, 100 employees from SOMPO Holdings as well as several operating companies are on the website version.

Nawa I admire the reach of SOMPO DNA. It gave me an image of people taking action themselves.

Nawa One more point: I believe that principles—that is, the principles that govern our behavior—are important. Purpose is as high as our North Star, but the principles that guide our daily actions are the foundation. This is akin to saying that discipline exists within aspiration. What do you think about SOMPO's principles?

Hara Although perhaps a slightly different concept, SOMPO has three core values: The first is being *mission-driven*; the second is *professionalism*; and the third is *diversity and inclusion*. We intend to become a group that values these three things. To be *mission-driven* is to think and act with a sense of mission, which is the opposite of being valued for faithfully following orders under seniority-based, top-down systems, as is the case with the "membership" style of employment. *Professionalism* defines people who do their best in their current post to realize the company's purpose based on their own purpose, rather than people who are capable of doing 80% of the general tasks the company asks them to do. Finally, there is *diversity and inclusion*. I think we should strive to become a group of people who have all three of these core values.

Nawa When I read SOMPO DNA, I feel that holding steady to unique, personal core values does not immediately take people to their purpose. Rather, it gives them confidence, convinces them of the reality of their accomplishments, and shows them the way to attaining purpose by continuing to go forward and have similar experiences.

I have another point to make about M&As and inorganic growth. If SOMPO does not have power—centripetal force—we cannot grow. So, first, we must create templates or procedures within SOMPO. Once these have been created, the core components will be transplanted to other companies, and everyone's strengths will grow, which will result in value creation. For example, in both Nursing Care and P&C Insurance, if we have unique templates for visualizing risk and improving quality of life (QOL), I believe we can link the business areas and strengths that other companies have to our value creation. This is a more straightforward way than starting from scratch.

Shimokawa What we are envisioning with the Real Data Platform (RDP) is a good example of an initiative to create a template, expand it, and involve others. We are considering a business model that is different from any existing one, in which we find and form alliances with partners capable of co-creation, who we need to share our know-how-based solutions with, while operating as a nursing care business. For this process to work, we think M&As are necessary, not only in the sense of acquiring completed businesses in order to realize purpose, but also in the sense of acquiring procedures that will help to expand our platform. We have clarified what is necessary and what is missing to increase our market share as a platform provider, and are now discussing how to increase the scale and stage of overall business through M&As and by partnering with others.



Nawa Companies that are skilled at M&As and alliances have the ability to change other people and gain empathy. SOMPO has many different lines of business, and purpose is firmly rooted in each one. If we are able to understand that our purpose is also firmly rooted in the companies that we acquire, we will have gained "soft power" for the Sompō Group. In my view, the ability to change people, to immerse them in the SOMPO way of doing business and increase their value as employees, is more powerful than business synergy. This is neither job-based nor membership employment, but a kind of hybrid. However, if we gain a reputation as an organization where people are well-developed, our hybrid style of employment should be recognized around the world. I hope we can attract people from outside the Company by combining the best parts of a global job-based system with the Japanese membership style of employment. I believe our strength lies in making sure that acquired companies and partners have a firm understanding of our purpose and core values.

Hara It may take time, but I would like to continue to build that type of reputation.

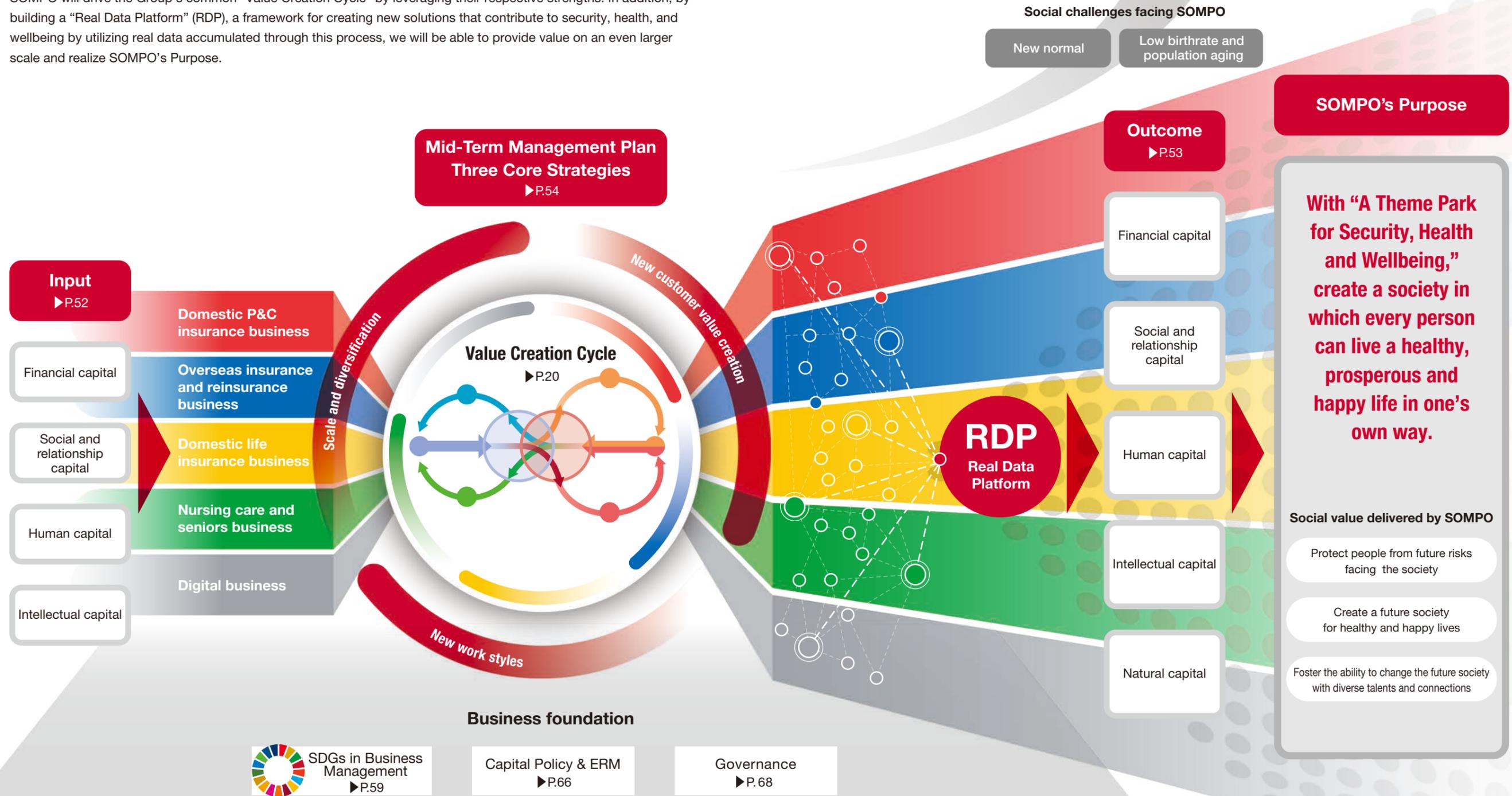
Nawa We are counting on you. It would be nice to be able to say that companies like this exist in Japan, too. What amazes me is the variation and the amount of change over the last few years. Even though the company is large, these past few years since you on the new top management team took the helm have been wonderful. I want you to continue and to accelerate this work. That is what I ask of you, and at the same time it is my hope for the future. I think we are at a crossroads: whether it will even out or accelerate from here. So far, so good, but rather than be complacent, I am confident that you will work hard and that we will continue to pick up speed.

Overview of the SOMPO's Value Creation

MEGATREND

Through the Group's capacity to bring together diverse businesses and the connections of each business, the Sompo Group works to create diverse value by leveraging each business' presence and competitive advantage in creating new value by using its own strengths to solve problems.

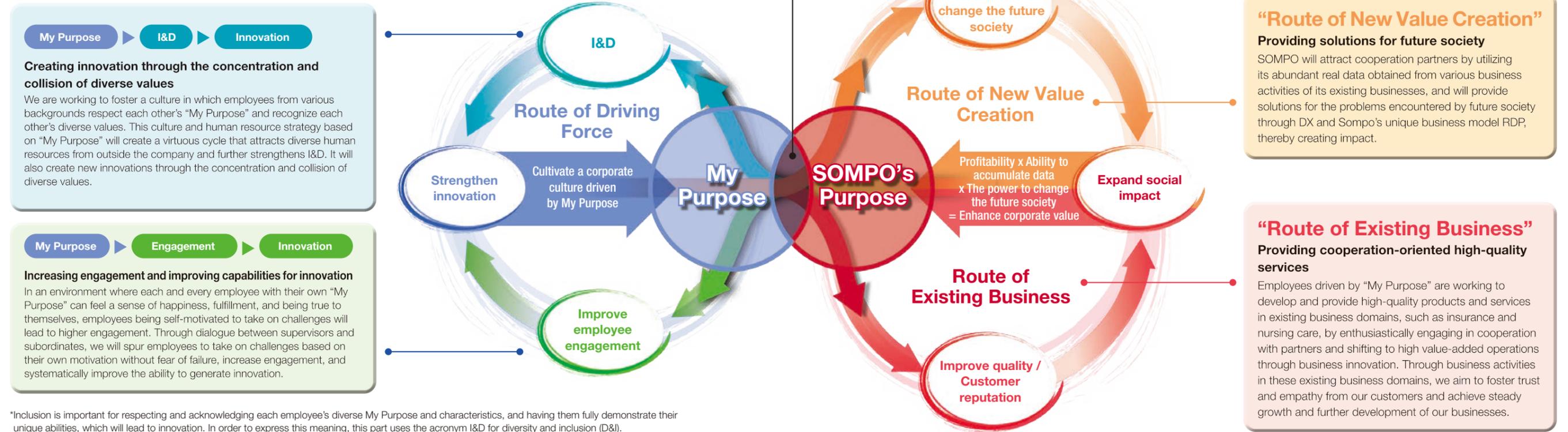
In accordance with the three core strategies of the Mid-term Management Plan, the five businesses that support SOMPO will drive the Group's common "Value Creation Cycle" by leveraging their respective strengths. In addition, by building a "Real Data Platform" (RDP), a framework for creating new solutions that contribute to security, health, and wellbeing by utilizing real data accumulated through this process, we will be able to provide value on an even larger scale and realize SOMPO's Purpose.



PURPOSE

Value Creation Cycle

The Sompo Group is working as one to drive the “Value Creation Cycle” by combining capital and developing diverse businesses to realize SOMPO’s Purpose. The Value Creation Cycle consists of three pathways: the “Route of Driving Force,” in which employees motivated by My Purpose work in their own way in an environment full of I&D* (inclusion and diversity) and foster a culture of repeatedly tackling challenges; the “Route of Existing Business,” in which trust and empathy are generated through the provision of cooperation-oriented high-quality services; and the “Route of New Value Creation,” in which new solutions are offered by fully utilizing data generated from existing businesses as well as leveraging the Real Data Platform (RDP) that creates DX and SOMPO’s proprietary business model. The Sompo Group’s unique style of value creation is to continuously create value via the cycle of these three routes through our business activities. By strengthening and expanding the Value Creation Cycle, we aim to enhance corporate value and realize SOMPO’s Purpose.



*Inclusion is important for respecting and acknowledging each employee’s diverse My Purpose and characteristics, and having them fully demonstrate their unique abilities, which will lead to innovation. In order to express this meaning, this part uses the acronym I&D for diversity and inclusion (D&I).

Message from the Value Communication Team (VCT)



The Value Communication Team (“VCT”), consisting of the Group CVCO, Group CSuO, and Group CPRO, was established in August 2021 with the mission of enhancing corporate value through effective communication with multi-stakeholders including the financial market. To date, we have led the Group’s key initiatives, including analysis of corporate value, brand strategy, PR, dissemination of Purpose to Group employees and SDGs management (ESG initiatives) etc. Amidst a drastically changing business environment surrounding the Group, the three members with diverse backgrounds work closely together and collaborate with business owners, and CxOs including CFO to lead and support Group-wide efforts to enhance corporate value. We also send a message for these efforts to various stakeholders to enhance SOMPO’s corporate value.

Chairman of Overseas M&A, Group CVCO
Nigel Frudd



Group CSuO
Ryoko Shimokawa

To realize SOMPO’s Purpose, our mission is to transform the culture of SOMPO—starting with employees having their own My Purpose—promote SDGs management that creates social and economic value through our core businesses, and build a brand strategy that communicates these initiatives as a connected story. We will contribute to the enhancement of corporate value by demonstrating SOMPO’s unique sustainable growth both internally and externally.



Group CPRO
Hirofumi Shinjin

As the person in charge of the public relations domain, my mission is to communicate efforts to realize SOMPO’s Purpose to internal and external stakeholders through press coverage, advertising, and publicity, both domestically and internationally, as well as to raise the value of the Group’s brands, increase the number of customers and profit, and enhance corporation value. By communicating the concept of “A Theme Park for Security, Health & Wellbeing,” we aim to foster a sense of unity among the 74,000 officers and employees of the Group.

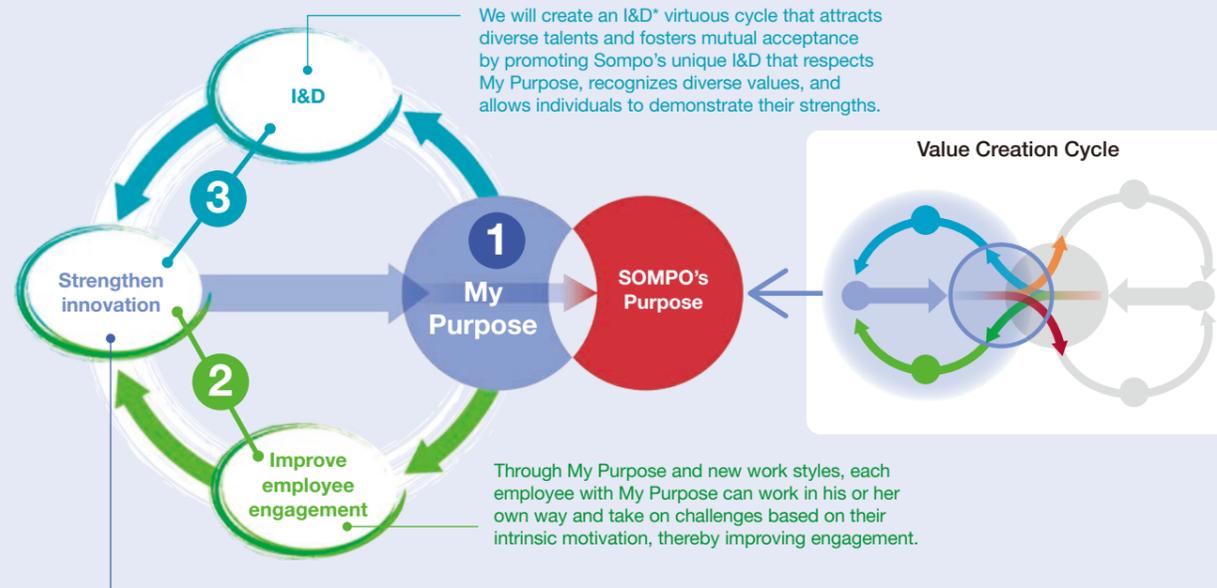
Value Creation Cycle Route of Driving Force

Fostering a culture driven by My Purpose

SOMPO's Purpose is to create a society in which every person can live a healthy, prosperous and happy life true to themselves by continuing to provide value to society through its concept of a "Theme Park for Security, Health and Wellbeing."

The essence of Purpose Management is to achieve both economic and social value by solving social issues and to pursue sustainable growth that contributes to people's happiness. The driving force for this is each and every employee of the Group.

Each employee of the Somo Group is driven by My Purpose, which is his or her own life purpose. By overlapping SOMPO's Purpose and the individual purposes of employees, innovation will be created through employees repeatedly tackling challenges based on their own internal motivation. This corporate culture will be the driving force of Purpose Management. This part introduces our efforts to foster such a culture, as well as My Purpose, which is the starting point for such a culture.



Strengthening the ability to create innovative new products and services (organizational capability) by fostering a culture in which highly engaged employees repeatedly take on challenges in an environment full of I&D

*Inclusion is important for respecting and acknowledging each employee's diverse "My Purpose" and characteristics, and having them fully demonstrate their unique abilities, which will lead to innovation. In order to express this meaning, this part uses the acronym I&D for diversity and inclusion (D&I).

Number of officers and employees	Number of officers and employees by business (as of March 31, 2022)				
	Domestic P&C insurance	Overseas insurance	Domestic life insurance	Nursing care and seniors	Digital and other businesses
73,676 Male: 27,070 Female: 46,606 (as of March 31, 2022)	35,068	10,472	2,716	23,606	1,814

My Purpose training participation rate*1 66.0 % (100% of target for FY2023)	Employee engagement Gallup Q12 average score*2 (Domestic) 3.46 pt (Overseas) 4.02 pt	Target values for the health and productivity management indicator, Work Limitations Questionnaire (WLQ)*3 93.8 %	Number of group companies recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program**4 22 companies Large companies: 14 companies Small and medium-sized companies: 8 companies
--	---	---	---

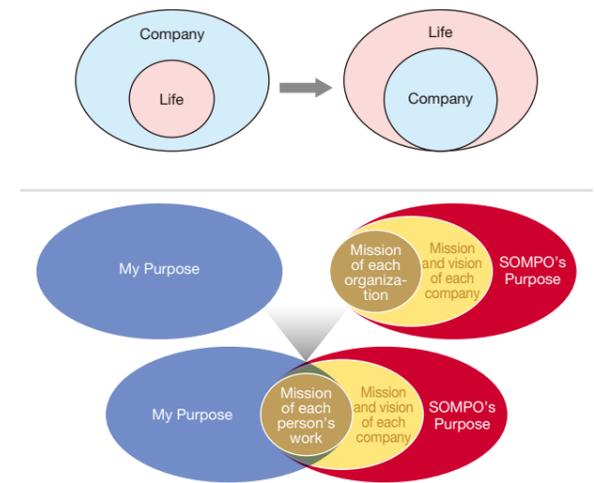
Ratio of female directors and executive officers 9.0 % (as of April 1, 2022)	Ratio of foreign national directors and executive officers*5 14.7 % (as of July 1, 2022)	Ratio of female candidates in Succession Plans*6 32.4 %	Ratio of female employees in managerial positions 26.8 % (as of April 1, 2022)	Ratio of employees with disabilities 2.41 % (as of April 1, 2022)
---	---	---	---	--

*1 Participation rate in domestic P&C insurance, domestic life insurance, and nursing care and senior business
*2 Targets at the end of FY2023 set at 3.70 pt in Japan / 4.10 pt overseas
*3 Applies to Somo Japan and Somo Himawari Life
*4 Of which, 11 companies were included in the White 500 (large corporation category)
*5 Ratio of our directors and executive officers (5/34 people)
*6 Applies to key posts including Group CEO, Group CxO, and business owners (88 in total)

SOMPO's approach to Purpose Management

The driving force behind the realization of SOMPO's Purpose is each and every employee of the Group. In an era of a paradigm shift in the way we work and live, in which our values are shifting from the idea of "My life in the company" to "A company that helps you realize your life's purpose," Somo Group believes it is most important for all employees to face their lives with their own purpose ("My Purpose").

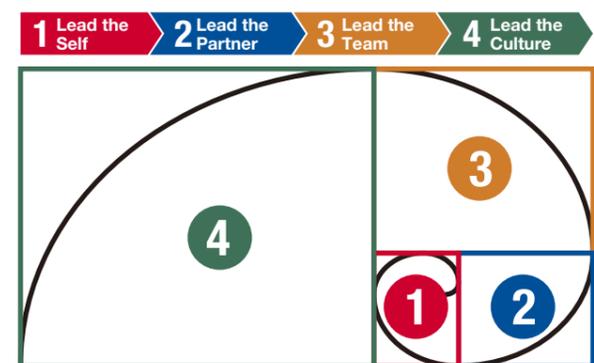
The starting point is My Purpose, which is a strong desire that wells up within each employee. By overlaying this desire with the company's and organization's Purpose, we aim to realize SOMPO's Purpose. This is SOMPO's approach to Purpose Management.



Culture that SOMPO is aiming for

In the SOMPO Group, each employee engages with their own My Purpose and overlaps it with SOMPO's Purpose. Innovations are created throughout the Group due to employees tackling challenges based on their intrinsic motivation. In addition, we aim to create a culture in which diverse employees respect each others' My Purpose and can fully demonstrate their individual strengths.

We are implementing a variety of measures to promote the following four steps in order to advance the transformation to the culture we are aiming for.



- 1 Lead the Self...** Each employee changes after creating his or her My Purpose
- 2 Lead the Partner...** Tackle challenges and create innovation through dialogue with partners based on My Purpose
- 3 Lead the Team...** Implement "tackling challenges and creating innovation through dialogue based on My Purpose" at the organizational level
- 4 Lead the Culture...** Create a mechanism to continue to implement the practices in the organization in a sustainable way, and achieve transformation of the culture

Efforts to visualize the impact paths of human capital

The Somo Group is also focusing on visualizing the paths through which cultural and new work styles initiated by My Purpose will lead to increased financial and corporate value through an increase in human capital.

Specifically, we use the term "impact paths" to refer to the series of paths that My Purpose and new work styles will yield to "create short-term and mid-term financial value by enhancing the power of individuals and organizations, improving the quality and quantity of work, and increasing tackling challenges and innovation." We are working on the details of the path,

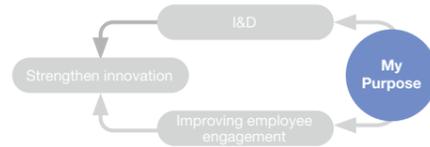
verifying the correlation between elements by utilizing internal and external data, and organizing the KPIs that will be required in the future. (See p. 42)

In addition, as a mechanism to accelerate tackling challenges and creating innovation, we are considering the introduction of an award system (SOMPO Award) to recognize value-creating efforts initiated due to My Purpose. We are also considering the introduction of an award system (SOMPO Awards) to recognize value-creating initiatives by employees that originate from My Purpose.



1 My Purpose as the starting point

4.4 Increasing job satisfaction through technical and professional skills 8.2 Improving economic productivity through innovation 10.2 Strengthening of people's capabilities and promotion of inclusion



What is My Purpose?

"My Purpose" refers to the "purpose of life" or "meaning of work," such as what kind of person you are, what happiness means to you, and what you want to accomplish in your life.

When considering My Purpose within the Sampo Group, we first look back at our own lives and careers from the three perspectives of "Want" (intrinsic motivation), "Must" (social responsibility), and "Can" (ability given to us by fate), and refer to the overlapping parts of these perspectives as "aspirations," which is what motivates us.



Various measures to support the formulation and respect of My Purpose



Town Hall Meetings by the Group CEO

Under the theme of "Considering the Purpose/Mission of the Company and Individuals," Group CEO Kengo Sakurada held Town Hall Meetings (seven times from September to November 2021) for employees of all Group companies in Japan, in which he spoke directly to approximately 10,000 employees. At the Town Hall Meetings, Group CEO Sakurada personally spoke about matters, including that "the essence (of My Purpose) is using the company to achieve one's purpose," and, "The most important thing is one's purpose in life. I would like you to firstly remember what your own purpose is." He clarified that the Sampo Group will make group-wide efforts to realize SOMPO's Purpose by focusing on employees' My Purpose at the center of its endeavors.

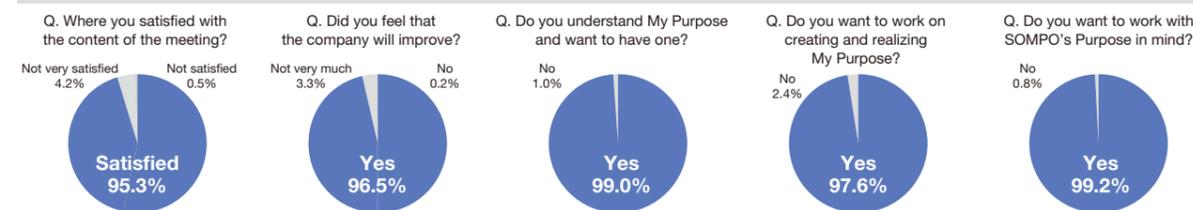
In the post-participation questionnaire, 99% of the employees answered that they would like to have a My Purpose, indicating that this resonated with them.



The Group's top executive personally speaks to and engages in dialogue with Group employees

Questionnaire for Town Hall Meeting participants

[Questionnaire results (total of 7 meetings)]



Implementation of cross-Group training and movement from the field starting point

Various measures were implemented in order to keep the fire lit in the hearts of employees following participation in the Town Hall Meetings, including training and workshops to support the formulation of My Purpose across the Group, and meetings to share My Purpose. Approximately 4,000 employees participated in the 20 sessions (as of the end of July 2022). Employees who participated in these measures could be considered the starting point, from which the establishment of the "Purpose Promotion Committee," the holding of "Meetings to Share My Purpose," and other voluntary initiatives in various companies and departments have expanded. The movement to formulate and respect My Purpose is spreading throughout the Group.



About 4,000 people have participated in a total of 20 sessions

Wanting to make all people smile

Kazuko Endo, Manager, Awaji Ekimae, Sampo Care

My Purpose is that I want to provide a space where all people can live while smiling and a place where they can make amazing lifelong memories. It was my grandmother, who lived together with me, who taught me the importance of smiling and offering kindness to those around me.

My beloved grandmother suffered from rheumatism. After she became unable to walk, I brought food to her room every mealtime, and we would talk for about an hour. The time I spent with my grandmother, who always seemed to enjoy talking with me, led me to my goal of becoming a caregiver. When residents and their families tell me with a smile that they are glad they picked this location, and that they are glad I am the one providing care, I feel truly happy to be doing this job.

I will continue to enjoy working with my colleagues with a smile so that we can fulfil the role of partners in the lives of our residents.



My Purpose

Providing a space where all people can live while smiling and a place where they can make amazing lifelong memories

I hope that no one will ever have to experience the regret I experienced that day...

Akemi Chatani, Manager, Sampo Japan Partners Kyoto Branch



My Purpose is to increase the number of people who can live with a smile and have peace of mind through insurance so that they do not become waylaid by accidents in life.

After joining our company, I knew I needed to review my parents' life insurance, but I kept putting it off. When my father was diagnosed with cancer, I hurried to check their life insurance and found that it did not provide sufficient coverage, which closed off their treatment options. I felt bad for my parents and angry at myself. I do not want anyone else to experience the deep regret I felt at that time.

My job now is to deliver peace of mind to customers through answering phones and other such tasks, and to organize the organization members.

By understanding My Purpose now, my behavior and awareness have changed. I am now able to go the extra mile with a sense of purpose, even in matters that made me hesitant in the past, and I feel a sense of fulfillment and of accomplishment.

My Purpose

I will never forget to behave with sincerity. I will increase the number of people who can live with a smile by providing ways to prepare ahead of time through insurance so that those in front of me can live a rich life without worries and not be waylaid by accidents in life.

Changes brought about by My Purpose

Eiji Yoshinaga, Branch Manager, Corporate Division 1, Corporate Department, Sampo Himawari Life Insurance



I feel that what was most important was that I was able to clearly verbalize my inner self in the process of creating My Purpose.

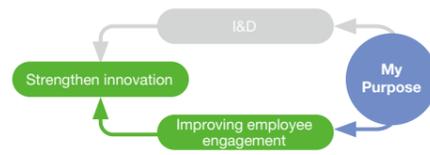
I believe that clear verbalization will lead to a clearer understanding of those around us, and furthermore, to the creation of an environment in which differences in thinking can be recognized and respected. In fact, I believe that team members now have a clearer understanding of their own purposes and the purpose of the company/organization than ever before. From a management standpoint, it is easier to support each individual in finding an understanding that allows them to realize their own purpose. As a result, I feel that we are making positive efforts to promote D&I and improve engagement.

Also, although it may be a side effect, I presume that everyone understands and resonates with my personal "My Purpose," and that we have become able to work together to achieve it as a sales organization (laugh). I am grateful to each and every member.

My Purpose

I would like to properly execute our mission in an unprecedented positive and constructive manner, retain the ability to do so, and utilize the function of insurance to help the world so that reason and justice can prevail.

2 From improving engagement to creating innovation



4.4 Increasing job satisfaction through technical and professional skills 8.2 Improving economic productivity through innovation 9.b Added-value creation through innovation

Engagement is enhanced when all employees with a My Purpose take on challenges based on their intrinsic motivation in an environment where they can feel a sense of individuality, happiness, and fulfillment. To this end, we will emphasize dialogue centered on My Purpose to encourage employees to take on challenges based on each individual's intrinsic motivation, enhance engagement, and systematically improve the ability to generate innovation.

Various measures to achieve purpose-driven organizational management

My Purpose 1-on-1 training

In order to encourage employees to take on challenges based on their intrinsic motivation through dialogue centered on My Purpose, we have conducted Group-wide My Purpose 1-on-1 training for managers and above 267 times (as of August 16, 2022) for approximately 2,500 personnel.

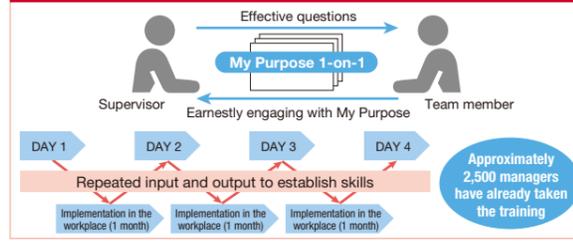
The KPI is to have 100% of all targeted personnel take the training by the end of FY2023. 86% of targeted personnel are expected to complete the training by the end of this fiscal year.

The My Purpose 1-on-1 is a "personal-level" 1-on-1 meeting between a supervisor and his or her subordinate that focuses on My Purpose, looking back on past experiences and encouraging taking on challenges towards one's future ideal state ("My Vision") for the realization of My Purpose.

By implementing and habitually conducting dialogue based on this dialogue flow in each department, we will foster a culture that generates taking on new challenges and innovation, which will lead to the realization of SOMPO's Purpose.



My Purpose 1-on-1 training



Dialogue flow to encourage taking on challenges based on intrinsic motivation from dialogue



Town Hall Meeting for Domestic Leaders

In FY2022, we held a Town Hall Meeting with Group CEO Sakurada for the 3,600 leaders in Japan who are the key to implementing a new era of management that makes the most of each and every employee who works in a purpose-driven manner. There were discussions on what a leader should be and how organizations should be managed in order to make our efforts to spur taking on challenges and innovation through dialogue based on My Purpose sustainable.

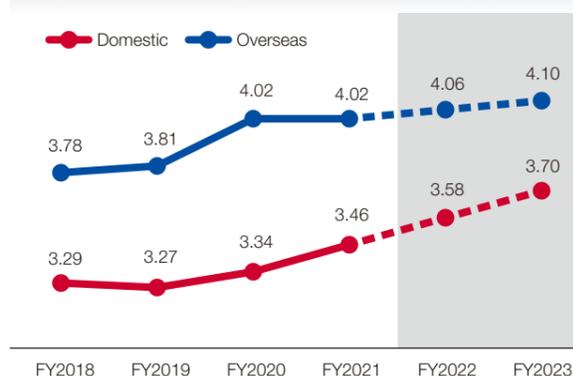
Group CEO Sakurada conveyed passionate messages

to the participants, such as, "Sometimes it is the leader's role to connect the mission with each person's My Purpose," and "Purpose management is tough, and is an opportunity for leaders to demonstrate their abilities." Many of the leaders present received inspiration for solving their daily hesitations and concerns. In the post-attendance questionnaire, 99% of participants answered that they understood and recognized the importance of purpose and the role of leaders in leading purpose-driven organizations.

Engagement Survey

Based on the belief that improving the fulfillment and happiness of every employee is the driving force for achieving high productivity, we have set employee engagement as a common KPI for the Group since FY2021. We have adopted Gallup's Q12 survey for our Engagement Survey, and conduct it twice per year for domestic and overseas group companies. In the most recent Engagement Survey, approximately 75% of the Group companies showed an increase in their scores. We are gradually seeing the effects of our measures to spread the concept of purpose. Going forward, we will continue and expand various measures to further improve employee engagement in the future.

Gallup Engagement Survey results and target scores (5-point scale)



My Purpose draws out the capabilities of organizations

Ryuichi Futakuchi, Manager, Nagoya Automobile Sales Department 3, Sampo Japan Insurance

I first realized what My Purpose is when I was engaged in my daily management duties, and found myself thinking, "I want to create an environment where I can fully understand my team members and each of them can demonstrate 120% of his or her capabilities."

Firstly, I disclosed my personal My Purpose to all team members in my workplace to help them understand me.

In addition, by holding meetings to share My Purpose in my department, mutual understanding has deepened between team members, and I feel that team cohesion has increased when I see things like people moving to voluntarily help each other.

We usually link My Purpose with work goals and engage in dialogue to draw out what each team member wants to do.

Under these circumstances, positive changes are being made, such as results being generated through taking on new challenges and team members applying for the job challenge program in order to seize career opportunities for themselves.

The quality of communication has also changed, and this has had an impact on the engagement survey.

I feel that the key to a strong organization is for each of us to continue this cycle of dialogue based on My Purpose to encourage employees to take on new challenges and attain achievements.



My Purpose

We must actively engage with people, increase opportunities to exchange smiles with colleagues, and create an environment where colleagues believe in each other and work enthusiastically together. We must also draw out maximal team capabilities and realize a society where no one is isolated or lonely.

My Purpose changed my values

Tomoko Yanagihara, Business General Manager and Senior Leader, Tokyo Chuo Division 4, Sampo Care



I attained my current position after having worked in the finance and real estate industries, but I didn't previously have much familiarity with the concept of respecting the aspirations of individuals and engaging with work in this way. However, when I became a manager, I found that the employees I was overseeing would not follow my instructions in the way I wanted them to at all, and I got the distinct feeling that the old style of management would no longer work. After that, I learned the importance of dialogue and implemented it. But that alone was not enough.

It was during this time that I encountered the concept of "conducting dialogue with team members with My Purpose as the starting point."

At last year's Town Hall Meeting, I was struck by Mr. Sakurada's statements, "It is important to firstly think of My Purpose," and "I want you to use the company as a place to realize your own purpose."

Through subsequent training and other activities, I have realized that this is truly an idea that fits the times.

My Purpose

I want to create a workplace where employees feel satisfied with their jobs, and increase the number of things that our clients have been able to do because of Sampo

I believe that everyone will be able to be happy at work if we can create an organization in which we seek the overlap between My Purpose and SOMPO's Purpose together, and assist each other in taking on challenges. I will continue to directly engage with each of my team members, and implement dialogue based on My Purpose.

Initiatives in which My Purpose has led to innovation and results

Katsuaki Namba, Manager, Kariya Sales Section, Nagoya Automobile Development Department, Sampo Japan Insurance

In the department I belong to, we are aiming for a "purpose-driven work style." All employees have formulated their own My Purpose, which they share with one another in the workplace and move to implement themselves.

Furthermore, since this fiscal year, we have been holding "meetings to share My Purpose initiatives and actual examples" with the companies and agencies we are in charge of. Through these efforts, we are contributing to the human resource development and organizational development of our corporate clients. We are also building new relationships based on purpose with corporate group companies that we have not had much of a chance to connect with in our 130-year history. We are definitely feeling a positive response.

For example, I recently held a purpose-sharing meeting with companies that had never done insurance business with us before. This meeting led to a significant change in the way our customers view our company and our employees, and to a new business relationship that transcends the boundaries of our history. In addition, at another company, we shared the department manager's My Purpose with the employees, which ended up resonating with many of them. Subsequently, the quality and breadth of communication grew, which in turn led to new sales projects.

We believe that the sharing of My Purpose is not limited to the framework of insurance, but leads to the creation of a team of colleagues who can take on the challenge of solving social issues together. We will continue to actively engage in such efforts going forward.

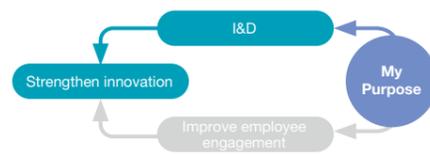


My Purpose

Toward a world where everyone can live with a raison d'être

3 From I&D* to creating innovation

4.5 Education and professional training for people with disabilities 5.5 Participation and advancement of women 10.2 Strengthening people's capabilities and promoting inclusion



The Sampo Group works to foster a culture in which employees from various backgrounds respect each other's My Purpose and recognize diverse values. This culture and our human resource strategy based on My Purpose have created a virtuous cycle that attracts diverse talents from outside the company and further strengthens I&D, creating new innovations through the concentration and collision of diverse values.

I&D through My Purpose

Sharing and resonating with My Purpose

Inclusion of each employee's diverse My Purpose and their utilization as a force for Group innovation starts with understanding and recognizing one another's My Purpose. The Sampo Group is disseminating "SOMPO DNA," a biography of the futures of 100 Sampo Group employees with diverse personalities who are motivated by their respective My Purpose and are realizing their aspirations on the Sampo stage, both inside and outside the company. In addition, through other means such as videos, cross-Group communities, and sharing meetings at each workplace, we are promoting efforts to disclose and respect each other's My Purpose among employees, including directors and officers.



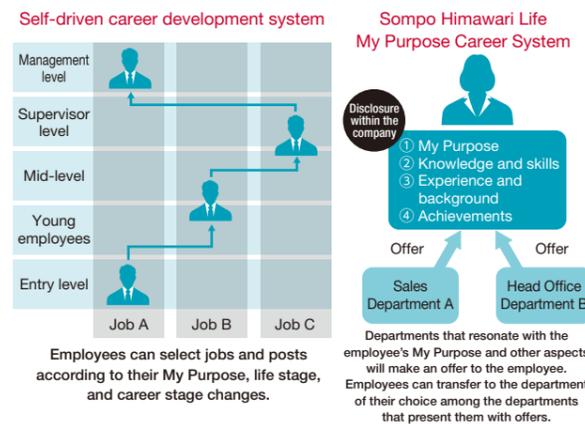
Click here for the biographies of 100 Sampo Group employees (SOMPO DNA)
<https://www.sampo-dna.info/> (only Japanese)

A system to further promote I&D and to encourage taking on challenges and innovation

Introduction of a personnel system that supports career development based on My Purpose

The Sampo Group is advancing the introduction and expansion of a personnel system that enables employees to make choices in their own life and career paths based on My Purpose, and to demonstrate their achievements.

Sampo Holdings is promoting self-driven career development centered on job selection led by the employees themselves, including not reassigning employees without their consent and introducing a system whereby employees can run for department or section manager posts. In addition, at Sampo Himawari Life, each employee discloses their knowledge, skills, experience, career history, and achievements to the company along with his or her My Purpose as part of the "Himawari My Purpose Career System" It allows employees to choose where they would like to move to from among the departments that have offered them a new position based on this information.



Career recruitment

The Sampo Group actively promotes career recruitment with the main purpose of promoting I&D and acquiring highly specialized talents. After we began hiring in April 2020, we have hired approximately 100 mid-career hires, or 20% of our workforce, over the past two years. We have placed mid-career hires in the respective posts of general manager, section manager, and person in charge. By integrating the strengths of each of our existing internal human resources, we have been able to create new value.

Closing the gender gap

The Sampo Group is building a climate and environment that supports how easy it is for female employees to work, including by introducing a training program that supports balancing life events and career advancement, an unconscious bias diagnostic tool, and training videos. As a result of these efforts, the number and ratio of female managers as of April 1, 2022 are respectively 1,843 and 26.8% (target by April 1, 2024: 30%). In addition, the Succession Plan for the Group's major key posts (88 posts in total) sets a numerical target of 50% female candidates by FY2022, and efforts are being advanced to achieve this target.

*Inclusion is important for respecting and acknowledging each employee's diverse "My Purpose" and characteristics, and having them fully demonstrate their unique abilities, which will lead to innovation. In order to express this meaning, this part uses the acronym I&D for diversity and inclusion (D&I).

Meetings to share My Purpose in order to deepen mutual understanding among team members

Hiroshi Arisue, Senior Deputy Manager, Customer Communication Planning Department, Sampo Japan Insurance

In the previous fiscal year, we held a meeting to share My Purpose among a portion of members. This fiscal year, we asked department managers and various leaders to hold meetings to share My Purpose with team members across the entire workplace. Currently, we are supporting the sharing and creation of My Purpose through 1-on-1 meetings and other opportunities, and we plan to invite interested parties from among the team members to participate in sharing sessions in the future.

Through the meetings to share My Purpose, we were able to both learn more about ourselves and help the members around us understand us. In addition, by learning that each member around us has different thoughts and feelings, and by learning about the background that led up to those thoughts and feelings, our sense of mutual understanding has deepened even further. In the workplace, we are able to make decisions while having more meaningful communication, taking into consideration each other's ideas and areas of expertise, and this has resulted in a high level of synergy.

Meetings to share My Purpose are a necessary initiative for My Purpose, which is to "walk together, struggle together, and share joy together with many people." We intend to continue to actively hold these meetings.



My Purpose

Walking together, suffering together, and sharing joy together with many people

I decided to enter the Group because Sampo Group's philosophy based on My Purpose resonated with me

Kanami Matsuda, Deputy Manager, Sustainable Management Office, Sampo Holdings



For some time, I have been thinking about my career from the perspective of what I want to do and what I can do to achieve it. Then I came across Sampo, a company that values My Purpose. I truly resonated with the concept of building one's own career by making the most of the company's fields, centering on My Purpose, and decided to join Sampo.

My personal My Purpose is to be honest about how I feel and to use the power of communication to support a society overflowing with positive support.

Going forward, I would like to utilize my knowledge and experience in branding and communication, which I gained in an industry completely different from Sampo. I will strive to send positive support to everyone in the Sampo Group, each with their own diverse values, so that they can tackle their daily work honestly with their own feelings. I also want to face my daily work with honesty in order to embody my personal My Purpose.

My Purpose

I will provide support through the power of communication for a society that can be honest with its own feelings and overflows with positive support.

Taking on new challenges and innovations created by My Purpose

Ayumi Ito, Deputy Manager, Corporate Branch Office, Oita Branch, Sampo Japan Insurance

In the department to which I belong, we try to draw out individual thoughts (My Purpose) through dialogue (1-on-1) with each member and assign roles that match them.

Through regular dialogue with the section manager, I reconfirmed that I have a strong desire to contribute to my hometown of Oita, and I was assigned to Oita Prefecture this fiscal year.

Currently, as a step toward realizing My Purpose, I am considering an event using the Sampo Group's original SDGs card game to create a deep connection with Oita Prefecture.

This card game was developed to promote understanding of Sampo's SDGs initiatives, based on the starting point of Sampo colleagues' wish to "communicate more about the company."

When considering an event, we exchange opinions with other employees who are considering similar events. As everyone has their own ideas and plans, it is a good opportunity to be exposed to ideas, which in turn contribute to deepening one's own thinking.

In this way, by bringing together and connecting a diverse group of colleagues with their own My Purpose, new ideas will lead to the creation of new challenges and innovation, and I feel that the Sampo Group as a whole will become a stronger company.



My Purpose

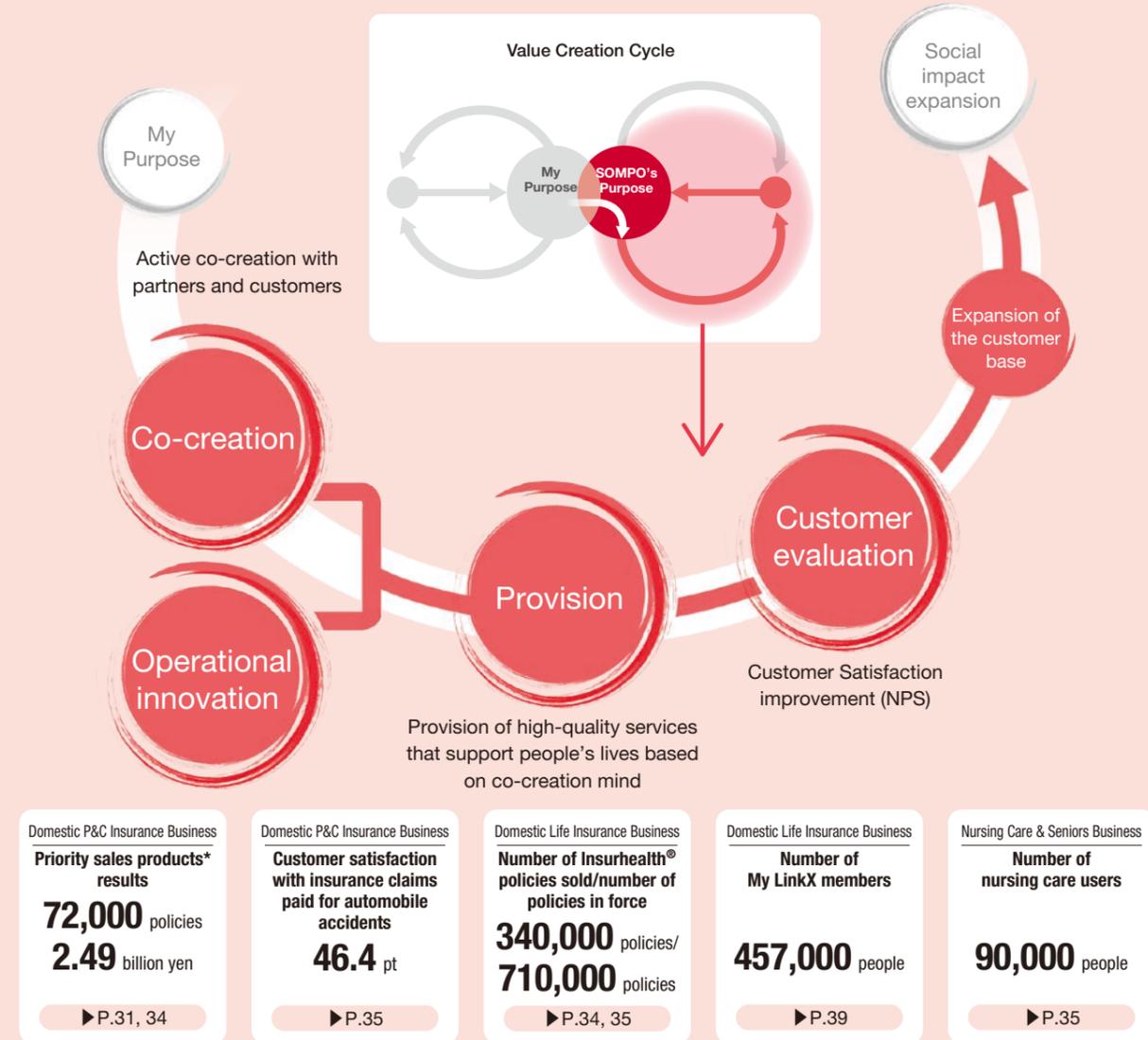
For the world and its people - I want to connect with people, learn from them, and keep smiling~

Value Creation Cycle: Route of Existing Business



Expansion of our customer base through the provision of high-quality products and services based on co-creation mind

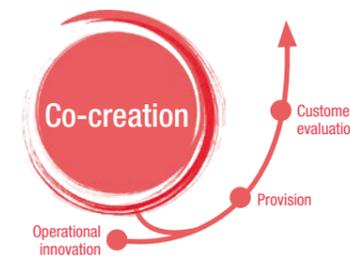
At the Sampo Group, employees are motivated by My Purpose, the driving force for the realization of SOMPO's Purpose. All of the Group's employees are working as one in existing business domains to provide high-quality services through co-creation with partners and thereby expand our customer base. This part will introduce specific examples of such efforts at each Group company, along with the thoughts of the employees involved in these efforts.



*Figures are actual results for FY2021
*Priority sales products include Medical Master, Nyuin Passport, New DRIVING! and UGOKU

Expansion of our customer base with the co-creation mind

Highly-engaged employees driven by My Purpose are shifting to high-value-added operations through **operational innovation**, and are working eagerly on **co-creation** with partners to **provide** the market with high-quality products and services that support customers' lives in diverse business domains. Through these efforts, we aim to further expand our customer base and achieve business growth by enhancing **customer evaluations** based on trust and empathy.



Creation of high-quality products and services through co-creation with partners and customers

In order to fully and appropriately reflect the opinions obtained from the market obtained by employees with diverse values in the development of products and services, we actively engage in co-creation with partners and customers. We aim to create high-quality products and services that are not limited by our own technologies and expertise.

The "Nyuin Passport" thoroughly reflects customers' needs

Sompo Japan Insurance

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

The new medical insurance "Nyuin Passport," launched in June 2021, was created reflecting opinions from over 10,000 customers.

The product was developed after repeatedly conducting street interviews, qualitative and quantitative surveys, and the like with customers, thoroughly considering what customers wanted. Focused on customer views such as, "There is a burden on families left behind after someone is hospitalized," "Concerns about having enough money in the event of hospitalization," and "The many administrative procedures are cumbersome," we realized the industry's first coverage and a procedure that can be completed via smartphone. This product provides peace of mind from before hospitalization to afterwards, creating an environment in which customers can focus on their treatment.



Taking on new challenges unbound by precedent

Nobuya Yamamoto Senior Deputy Manager, Healthcare Business Group, Personal Lines Product Development Department

I feel it rewarding and motivating to take on new challenges through my work. This product was a great challenge for me, as it was developed by a team that was thoroughly focused on customer feedback, without being bound by precedent, with the desire to be of help with insurance in times of need. As a result, we have become able to pay insurance claims in as little as 30 minutes, which led to our winning the top prize in the "2021 Nikkei Superior Products and Services Awards." We will continue to take on the challenge of solving the issues faced by our customers and society by working without being bound by precedent with our customers as our central focus.



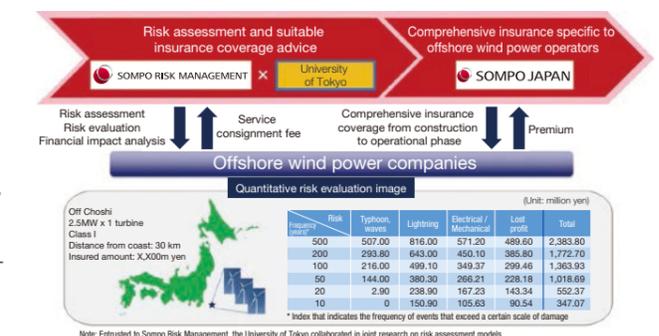
"ONE SOMPO WIND Services" contribute to realizing a net-zero society

Sompo Japan Insurance

7.2 Expanding renewable energy share 13.2 Climate change countermeasures 17.16 Multi-stakeholder partnership

In Japan, the spread and stable supply of renewable energy is a major challenge in working toward the net-zero society that the world is striving to achieve. Although offshore wind power has great potential and is expected to be introduced in the future, one of its issues is that it is exposed to various risks such as typhoons, lightning strikes, and other natural disasters, as well as accidents such as those involving undersea cables. Based on joint research with the University of Tokyo, our Group developed a risk assessment model and launched "ONE SOMPO WIND Services," which is comprehensive insurance that covers various risks for offshore wind power operators and includes risk assessments from construction work to business operations. In this way, we support offshore wind power operators in Japan and contribute to the spread of renewable energy.

ONE SOMPO WIND Services



Encouraging the spread of renewable energy

Yosuke Murakami Senior Deputy General Manager, Head of Energy Underwriting Section, Corporate Marketing Department VI

We believe it is our duty for the future young generation, who will shoulder the future, to visualize the unknown risks of offshore wind power projects, develop appropriate risk hedging measures, and contribute to the sustainable growth of the offshore wind power industry, which will play a leading role in providing safe and eco-friendly energy. Through ONE SOMPO WIND Services, we support our customers in public tenders and financing. We will continue to support the spread of renewable energy, the key to controlling the risk of climate change, which is considered to be a factor that increases the risk of natural disasters.

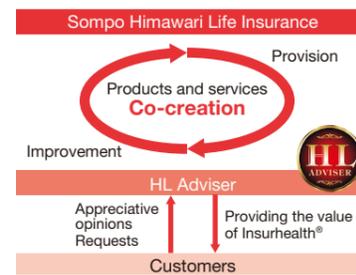


Co-creation with HL Advisors who provide high-quality products and services

Sompo Himawari Life Insurance

3.4 Mental health and welfare promotion 8.10 Accessibility to insurance and financial services 17.16 Multi-stakeholder partnership

Sompo Himawari Life Insurance recognizes Himawari Life advisors as life insurance sales representatives of the highest quality who combine “high consulting and proposal skills,” “realization of health support,” and “customer-centric operation.” Under the motto of “Creating together” with HL Advisors, we provide customers with the value of Insurhealth® which combining the traditional role of life insurance to prepare for any possibility with day-to-day healthcare support functions, and deliver “security, health, and wellbeing,” thereby increasing the number of new customers who appreciate Insurhealth®. We will also work on co-creation to realize a Health Support Enterprise by utilizing the views of HL Advisors who are closest to our customers.



The best partners that can protect customers for any possibility and their day-to-day healthcare

Sho Yamashita Senior Deputy Manager, Sales Planning Department



I feel it is rewarding to deliver security and wellbeing to future customers by listening to and supporting HL Advisors. I would like to work with HL Advisors, our highest quality partners toward establishing a Health Support Enterprise, to spread the value of Insurhealth® and to receive happy comments from our customers.

Evolving the value of Insurhealth® together

Kyogo Furuhashi Senior Deputy Manager, Sales Planning Department



I would like to solve social issues by focusing attention on others and carefully listening to them. HL Advisors are our highest quality partners who can help more customers solve their problems by providing the value of Insurhealth®. HL Advisors are essential to the realization of My Purpose, and I would like to continue to work with them to advance Insurhealth®.

“Eyeco Support” development through dialogues with visually impaired

Prime Assistance

3.4 Mental health and welfare promotion 9.2 Promoting industry development through innovation, increasing employment and GDP 17.16 Multi-stakeholder partnership

With the desire to offer “service that only people can provide,” Prime Assistance (PRA) developed “Eyeco Support” to meet the needs of people with vision disabilities who want to freely go out whenever they wish. This service was developed through a trial-and-error process involving dialogues with visually impaired. By providing information on the surrounding area obtained by operators via smartphone images, the service enables timely access to necessary information and greatly expands the choices and range of activities for people with vision disabilities. We are expanding our circle of co-creation through demonstration experiments with local governments, airlines, and railroad companies that share the same awareness of the issues involved in this service.



Eliminating all barriers and bring smiles to socially oppressed

Reiko Fujita Deputy Manager, Life Support Business Dept.



I want to develop services that empower people who suffer from barriers caused by isolation and disparities, together with my team members. “Eyeco Support” is the embodiment of this. In developing Eyeco Support, we held dialogues with people with vision disabilities, and I believe we were able to reflect their voices in our development because PRA is close to the end users in terms of their lifestyles and thoughts. Going forward, I would like to contribute to realizing a society where everyone, regardless of whether they have a disability, can fully demonstrate their abilities and challenge themselves to make their dreams come true.

Supporting people’s lives with digital and communication capabilities

Mitsue Fujii Life Support Business Dept.



I joined PRA because I was involved in the early stages of the development of this product as an advisor. Initially, I was involved in product development as an end-user with a vision disability, and felt delighted to see a product being created. When I joined the company as an employee, I felt the weight of my responsibilities, but I believe that PRA provides an environment where I can take on challenges together with its members. Currently, we are moving from the development phase to the user expansion phase. I would like to expand the value of this product, which supports people’s lives through digital and communication capabilities, to many people.



Shifting to high value-added services that only people can provide

The Sompo Group is working to shift to a work style that aims to provide high value-added services that only people can provide, such as creating more time to spend with customers, by promoting operational innovation through the use of digitalization and technology.

Future Nursing Care Creation Project aiming to improve the quality of nursing care and reduce the workload of caregiving staff

Sompo Care

1.3 Implementation of an appropriate social protection system and measures 3.4 Mental health and welfare promotion 8.6 Promoting a safe and secure work environment

This project aims both to improve the quality of nursing care and to reduce the workload of caregiving staffs by reviewing work at nursing facilities from the perspectives of “facility management,” “care management,” and “nursing care services.”

Specifically, we are utilizing the latest technology and real data to create more time by reviewing work processes, and are promoting efforts to provide optimal services to users by spending more time on “tasks that only people can do,” such as talking with them.



Improvement of care quality

We provide the highest quality nursing care services that only people can provide by offering optimal care for each individual (meaning custom-made care) based on the philosophy of “respect humanity” while being careful about people’s mental and physical conditions, and values such as “what people can do” and “what people want to do.”

As part of this, we are focusing on helping our users to live their lives to the end in their own way by utilizing our original “Yumeyui Note,” which allows them to make a record of their lives thus far and dreams they wish to realize, and to share their individual values and goals for their lives.



Reducing the workload of caregiving staffs

By introducing technology into nursing facilities, we are working to satisfy our users and reduce the workload of frontline staffs.

For example, the “Biami” shower bathing device for nursing care not only allows users to bathe comfortably without fear of drowning, as there is no need to fill the bathtub with hot water, but also reduces the workload of caregivers by allowing one person to assist bathing in a special bathtub, which normally requires two people.

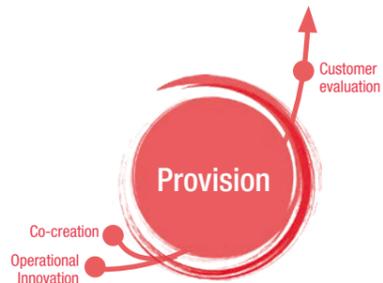


Interview with the Facility Head of Sompo no Ie Haruhino

Takashi Kozawa Senior Facility Head

We have been working since FY2020 as one of the leading homes in the future nursing care creation project. Previously, we had relied on experience and intuition of staff members to give nursing care, so it took a certain amount of time to train new staff members, for example. However, by utilizing technology, we have been able to standardize work and reduce the workload of staff. Staff members are able to use their free time to spend more time with residents than ever before, and I believe this has led to improved quality.





Providing high-quality products and services that solve social issues

Through accelerated cooperation to enhance product and service capabilities and business innovation aimed at providing high value-added services, the Sampo Group is working to provide high-quality products and services that solve social issues and support our customers' business innovation and lifestyles.

“Medical Master” to solve the issues of SME proprietors

3.3 Eradication and control of epidemics and infectious diseases 3.4 Mental health and welfare promotion 8.3 Supporting micro, small, and medium enterprises through innovation

To fulfil the needs of SME proprietors desiring to take good care of their employees and easily obtain insurance, we have been offering the new product “Medical Master” for SMEs since June 2021. This product is paid for by the company without requiring employees to pay premiums, and covers not only tangible assets owned by the company, but also the people who support the company, such as proprietors and employees. SME proprietors wishing to enhance their employee benefit programs to be just as good as those of large companies in order to secure talented employees and prevent turnover have been highly impressed with the simplicity of the procedures, including the fact that it is not necessary to register or provide notification of employees. Through this product, we protect a wide range of SMEs and their employees from various risks.

Sampo Japan Insurance



Members with diverse characteristics demonstrate their strengths

Kazuteru Yamada Group Leader, SME Package Product Development Team, Commercial Business Strategy and Underwriting Department

I wish to contribute to the creation of an environment where employees are able to work with peace of mind for many years. I would also like to respond to the concerns of proprietors, among them preventing employee turnover and labor shortages. The Medical Master Development Project was initiated by a team that transcended departmental boundaries with this in mind. I believe that when members with diverse backgrounds combine their knowledge and experience, we can accomplish a great job that is greater than the sum of our individual strengths. Although I myself only joined the team in the middle of the project, we were able to overcome the many challenges that arose, one by one, by sharing our wisdom with each other. Indeed, I feel that we were able to complete the project precisely because of the strengths shown by our diverse team members. I would like to continue to respect the diversity of my colleagues whilst creating products that will please our customers.



Providing cancer insurance that offers total support from before onset to post-treatment care

1.4 Accessibility of people to all services and financial resources 3.4 Mental health and welfare promotion 8.10 Accessibility to insurance and financial services

The “Health Support Cancer Insurance: Yuuki no Omamori” launched in October 2021 provides total support from before onset to post-treatment care. It is a “new form of cancer insurance” that is both rational and compatible with the latest cancer treatments based on the High-cost Medical Expense Benefit system. Smokers who successfully quit smoking after enrollment can change to a less expensive non-smoker premium rate. Furthermore, we have introduced the industry’s first system in which premiums are not charged for the first three months of cancer coverage from the time of concluding the contract.



Supporting the fulfilling lives of customers

Toshihiko Morita Senior Deputy Manager, Business Planning Department

This product provides total support from before the onset of cancer to after treatment concludes. We introduce a cancer risk screening service that can be performed at home, allowing early detection of cancer. If people get cancer, we support the improvement of physical issues by introducing online exercise lessons for cancer patients. I would like to continue to focus on the significance of my involvement in each job, and refine the high quality of the services we deliver to our customers.



Developing insurance that is attentive to customers' needs

Aya Tanaka Senior Deputy Manager, Product Planning Department

This product responds to customer needs by offering two types of coverage: a “treatment benefit type” that pays benefits for each month of receiving treatment under the High-cost Medical Expense Benefit system, and a “diagnosis benefit type” that pays benefits in a lump sum to be used in a variety of ways. We will continue to develop insurance that is attentive to customers' needs, and deliver insurance that is generally considered “hard to understand” and “difficult” in an easy-to-understand manner.



Expanding our customer base based on trust and empathy

We are working to expand our customer base, which will support steady business growth, by earning the trust and empathy of customers and society in each of our business domains through provision of cooperation-oriented high-quality products and services.

No. 1 in the agency-based non-life insurance category of the J.D. Power “2021 Contact Center Support Satisfaction Survey”!

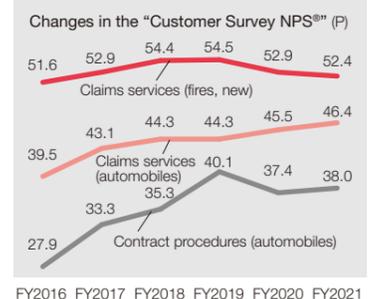
3.6 Promoting traffic safety 8.10 Accessibility to insurance and financial services 11.2 Providing access to sustainable transportation systems

This survey's purpose is to discover the level of satisfaction of people who used contact center support at financial institutions within the past year for resolving problems, making various inquiries, and gathering information on products and services. Sampo Japan ranked first in the agency-based non-life insurance company category, receiving the highest ratings in all four factors: ease of use, adequacy of information provided and responses to requests, politeness of explanations/politeness of responses, and time required to solve problems and respond.

Sampo Japan is also working to firmly establish customer-centric work management*, and has established “Customer Survey NPS®” as one of the indicators to evaluate the status of this. Our evaluation by customers who have completed contract procedures and received claims services has improved compared to that before the announcement of the customer-centric work management policy (as of the end of FY2016).

*Sampo Japan conducts customer-centric work management based on a thorough understanding of the customer's perspective at all points of contact with customers, in accordance with its Management Philosophy.

Sampo Japan Insurance

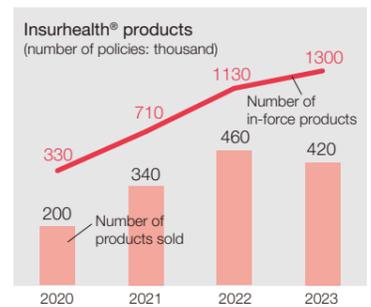


The number of applications for “Health Support Cancer Insurance: Yuuki no Omamori” has reached 200,000!

1.4 Accessibility of people to all services and financial resources 3.4 Mental health and welfare promotion 8.10 Accessibility to insurance and financial services

The number of applications for “Health Support Cancer Insurance: Yuuki no Omamori” reached 200,000 in July 2022. Customers who have subscribed have commented favorably, noting that “it motivated me to quit smoking” and “the fact that there is no duplication of premiums was a deciding factor in my decision to review my cancer insurance.” It has also been highly evaluated by financial

planners and other experts, and has won the grand prize and top place in various cancer insurance rankings. This product, Insurhealth®, is a “new type of cancer insurance” that provides total support from before the onset of cancer to post-treatment care. We will continue to expand the number of Insurhealth® products sold and in-force as we aim to become a Health Support Enterprise.



Sampo Care won the top prize of the “Asia Pacific Eldercare Innovation Awards” for efforts to assist users independence!

3.4 Mental health and welfare promotion 9.2 Promoting industry development through innovation, increasing employment and GDP 17.16 Multi-stakeholder partnerships

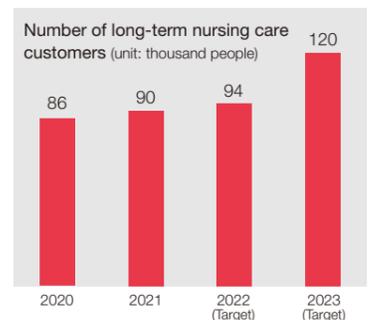
Through its nursing care service, which offers “assistance for independence” that respects each person's “individuality,” Sampo Care provides “Sampo Care Independence Assistance that Supports Independent Lifestyles” with the concept of improving quality of life (QOL) for seniors. This was entered in the “Operator of the Year—Assisted Living” category and won the top prize.

Under the theme of “Rethinking the Way Eldercare is Provided,” a panel of judges composed of global experts evaluated more than 200 outstanding innovations in eldercare entered from around the world and presented awards in each category.

In order to provide nursing care services

that lead to “assistance for independence,” we are working to provide optimal care based on a deep understanding of the needs of each individual senior through care management, conducting educational training and case study sessions for staff as a peripheral approach to assistance for independence, and accumulating and analyzing data through the active utilization of ICT and digital technology. By working to understand the gap between the essential needs of each senior and the content of services provided, we are striving to provide more appropriate nursing care services. Through these efforts, we will increase the number of long-term nursing care customers and support more seniors by

providing optimal long-term care services that are individualized and of high quality to each and every senior.

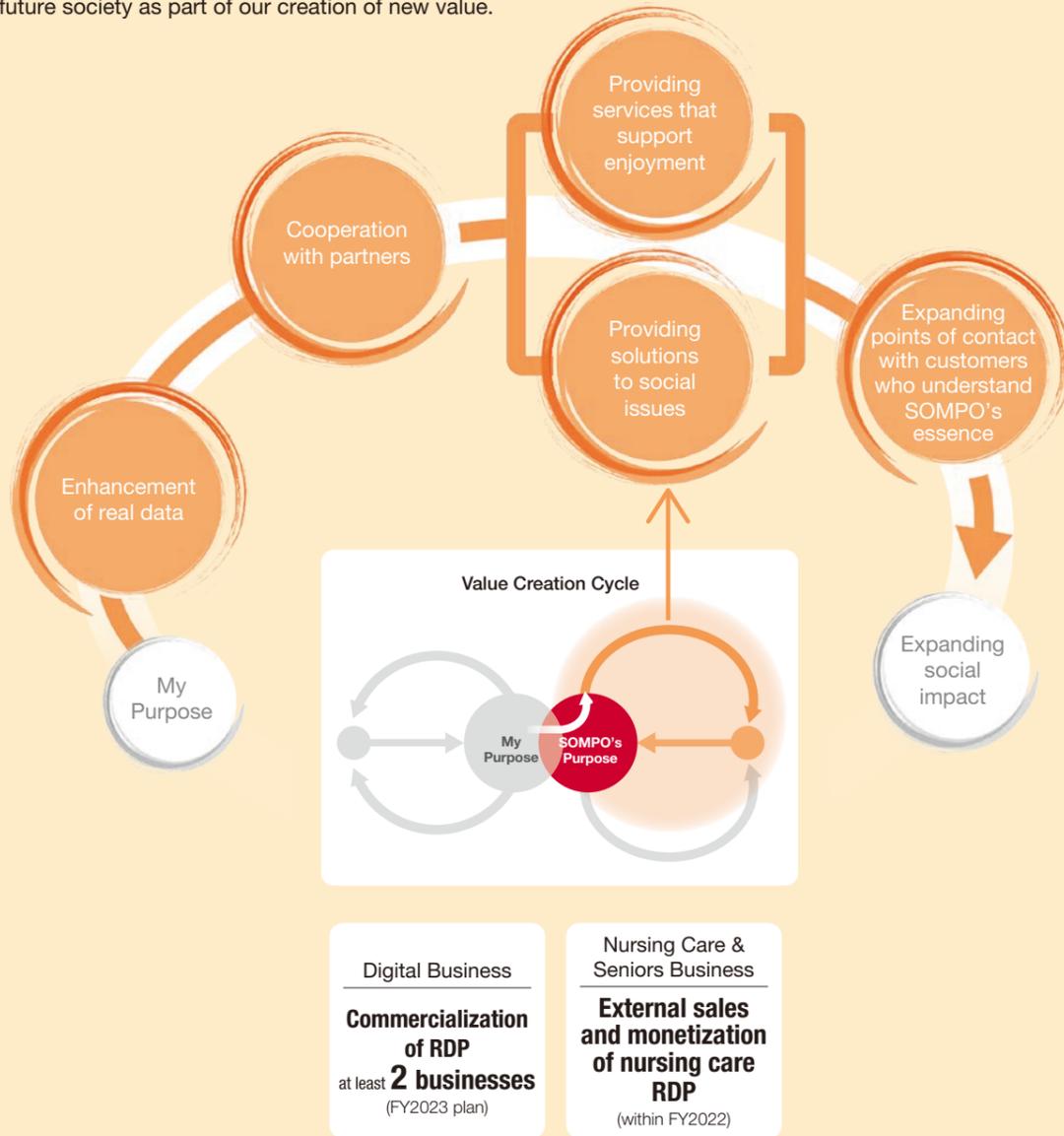


Value Creation Cycle: Route of New Value Creation



Providing solutions to change our future society

With the trust we have cultivated through our existing businesses and the abundance of high-quality real data we have accumulated, we are working to create new value beyond the boundaries of existing businesses by attracting diverse businesses and human resources as cooperation partners, promoting DX, and establishing our new RDP business model. The content here introduces specific efforts by each company to provide solutions that will change our future society as part of our creation of new value.



By thoroughly promoting the digital transformation (DX) of each business, which we have been working on since 2016, we aim to further accelerate the DX of the entire Group and increase corporate value by implementing revenue growth and improving operational efficiency in existing businesses, and by linking the efforts of Sampo Group companies to each business and company both in Japan and overseas.

In addition, by linking DX initiatives to RDP, we aim to develop and provide innovative SaaS solutions, especially in the nursing care and healthcare areas where social needs are high, and to materialize our unique RDP business.

Group CDO
Albert Chu

DX Strategy to realize digital transformation

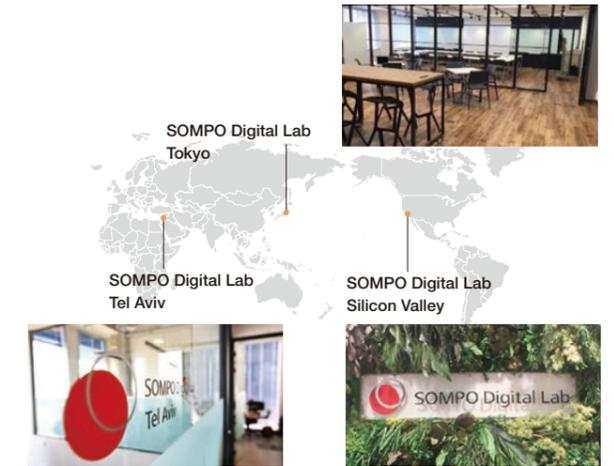
The Group is developing two mutually important efforts that are digital and data-driven: “new customer value creation through new businesses” and “DX promotion for existing Group businesses.”

We have positioned DX promotion as a foundational initiative, and have set up an organization to discover digital technologies, appointed a CDO to take charge of DX promotion, and secured and trained personnel to realize digital transformation (securing DX specialists and DX human resources development) as its three pillars. Through the organic functions in each of these pillars, we are working to accelerate DX initiatives and realize transformation. In addition, we will utilize data accumulated through the DX initiatives of the entire Group, and seek to enhance corporate value through the creation of customer value by linking it to our efforts for the realization of the Real Data Platform (RDP), a framework for creating new solutions that contribute to security, health, and wellbeing.

The SOMPO Digital Lab transforms existing businesses and creates new businesses

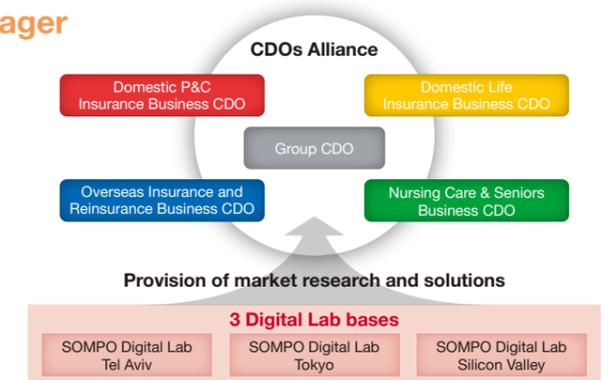
Since the establishment of the Digital Strategy Planning Department (now the Digital and Data Strategy Department) in April 2016, the SOMPO Digital Lab has been supporting the Sampo Group digital business at three bases in Tokyo, Silicon Valley, and Tel Aviv.

Each of the three bases is involved in its local community, and gathers cutting-edge information while also utilizing the venture capital network, enabling the collection of information on the latest technologies and approaches to leading local companies. In addition, through mutual collaboration by the bases to realize DX for the entire Group, they provide optimal solutions to diverse business needs and support the transformation of existing businesses and the creation of new businesses for each Group company.



Appointment of the DX Promotion Manager

The Group CDO, who is the DX Promotion Manager for the entire Group, and the four CDOs appointed in each business to promote DX in the Group's core businesses will build an alliance to promote DX initiatives. In addition, the three SOMPO Digital Lab bases, which serve as “antennae” to quickly pick up on advanced digital technologies, are also responsible for market research, proof of concept (PoC) work, and solution provision, offering comprehensive support to each business, and thereby accelerating DX initiatives across the Group.



Envisioned status and expected effects achieved through DX

Business	Envisioned status through DX	Expected effects in FY2023
Domestic P&C Insurance	<ul style="list-style-type: none"> Digital transformation of organizations and business processes (defensive DX) Creation of new digital business models to improve CX/UX (offensive DX) 	15.1 billion yen (Improvement of underwriting income/expenses and operational efficiency)
Overseas Insurance and Reinsurance	<ul style="list-style-type: none"> Business process transformation and automation Realization of differentiation through utilization of new technologies Improvement of quality and speed of decision making through data integration Realization of loss prevention through digital utilization 	1.9 billion yen (Improvement of underwriting income and expenditure, operational efficiency enhancement)
Domestic Life Insurance	<ul style="list-style-type: none"> Expansion of Himawari fans by improving the value of Insurhealth® (insurance + healthcare) Pursuit of operational efficiency and optimization 	4 billion yen (New business opportunities, operational efficiency enhancement)
Nursing Care & Seniors	<ul style="list-style-type: none"> Realizing of projects of creation of future nursing care with high quality and productivity by utilizing digital data e.g. evolution of assisted living homes and at home nursing care models 	900 million yen (Operational efficiency enhancement)

SOMPO's partners for creating new value

9.5 Research promotion and technology improvement through innovation 11.5 Disaster-resilient community development 17.16 Multi-stakeholder partnership

The Somo Group aims to realize SOMPO's Purpose and enhance corporate value by working with like-minded partners to promote initiatives that create new value by providing solutions that help solve social issues.

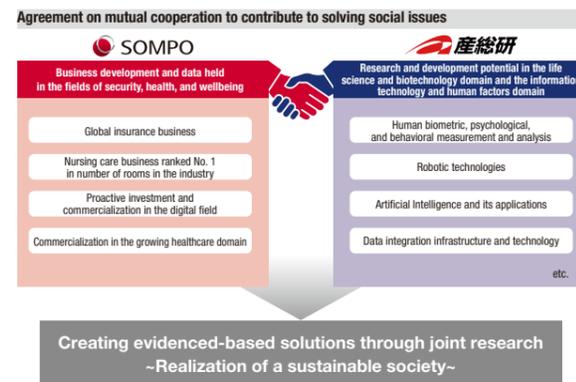
Palantir Technologies Inc

To provide new solutions by utilizing large amounts of high-quality real data, SOMPO has formed a business alliance consisting of three companies including Palantir Technologies Inc. (hereinafter "Palantir") and Palantir Technologies Japan K.K., which was established as a joint venture with Palantir.

By combining Palantir's technology with our Group's real data, we are working to develop a real data platform (RDP) and take on the challenge of creating new value. With regard to the preceding nursing care RDP, solutions for nursing facilities are scheduled to be deployed by the end of FY2022, and we are steadily proceeding with preparations to this end.

National Institute of Advanced Industrial Science and Technology (AIST)

Sompo Holdings has concluded an agreement on comprehensive mutual cooperation with 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 respective fields. SOMPO and AIST 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 discerning the actual state of the nursing care process, with the aim of disseminating this to the world as a security, health, and wellbeing solution coming from Japan.



Advancement and automation of underwriting operations

3.4 Promotion of mental health and welfare 8.2 Improving economic productivity through innovation 8.10 Accessibility to insurance and financial services

Palantir's data analysis platform "Foundry" was introduced for underwriting work (hereinafter "UW").

By integrating data scattered both inside and outside the company and storing it in one place, Foundry has created an end-to-end solution to increase efficiency and improve the accuracy of decisions.

At present, Foundry is used as the main system for UW, primarily by the corporate fire insurance underwriting department. In addition to promoting data-based pricing and optimization of underwriting conditions, the system has enabled us to identify SME-scale contracts with high loss ratios that could not be identified in the past and allowed us to review their underwriting conditions, yielding a steady improvement in income and expenditures in FY2021.

Going forward, we aim to further advance and automate UW by expanding our efforts for new types of insurance and integrating risk models and AI technology in the future.

Sompo Japan Insurance

In addition, through cooperation with Hitachi, Ltd., we were the first in the insurance industry to commercialize natural disaster portfolio optimization technology using cutting-edge pseudo-quantum computing, and we introduced this into natural disaster risk underwriting decisions in FY2022. The technology uses a pseudo-quantum computer to rapidly calculate a portfolio that balances both risk-taking and stable profitability from a vast number of possible combinations of underwriting and reinsurance conditions for natural disaster risks. We have already begun using this technology for earthquake insurance for corporate clients, and will continue to expand its use in underwriting and reinsurance arrangements for other types of insurance.

Sompo Japan will continue to promote DX through the utilization of cutting-edge technologies, including real data platforms and quantum technology.

Providing new value utilizing digital technology and data

Sompo Himawari Life Insurance

3.4 Mental health and welfare promotion 9.5 Creating added value through innovation 17.16 Multi-stakeholder partnership

In order to realize SOMPO's Purpose, we are leveraging digital technology and data to provide value that makes our customers healthier. To date, we have provided new value through collaboration with Binah.ai, an Israeli startup company with H2 in Taiwan and Niigata University. Our collaboration with Binah.



ai was in the healthcare field, and involved joint development of a function that allows customers to check their stress conditions by simply taking a photographic portrait of a face. This function is provided through the "LinkX Health Try" app, which supports improvement of lifestyle habits. This app also includes other functions utilizing

technology from a Silicon Valley startup company that acquires health checkup data from images. In addition, H2 is developing Health2Sync App a health management app for diabetics that is used by approximately 900,000 people worldwide.

Through our business alliance, we support the prevention of serious illness by manage chronic conditions efficiently. Moreover, we are conducting joint research with Niigata University on the effects of improvement of lifestyle habits through voluntary lifestyle review using the app.

We will continue to provide new value by leveraging our domestic and international networks and expertise.



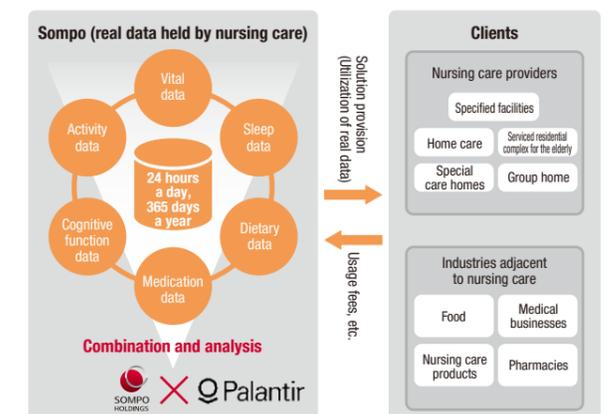
Service Design, Senior Deputy Manager, Business Planning Department
Airi Ito

Nursing Care RDP—transformation into a platformer in the nursing care and seniors business field

3.4 Mental health and welfare promotion 9.2 Creating added value through innovation 17.16 Multi-stakeholder partnership

Overview of the nursing care RDP

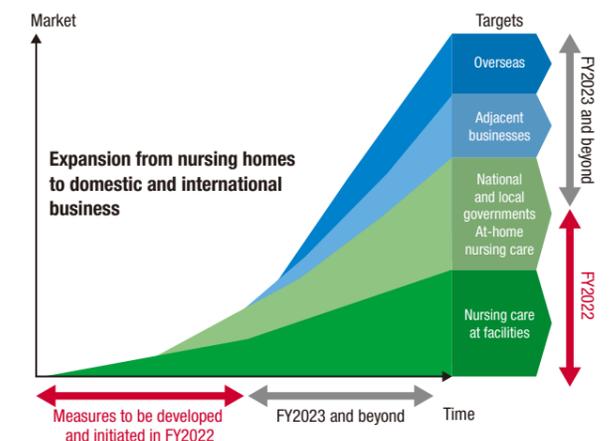
In the nursing care and seniors business, we are taking on the challenge of resolving the gap between the growing demand for nursing care and the supply of nursing care due to the social issue of Japan's aging population, and improving the sustainability of the nursing care insurance system. A major pillar of these efforts is the "Nursing Care RDP (Real Data Platform)". The main pillar of this initiative is the "Nursing Care Real Data Platform (RDP)." Based on industry leader Sompo Care's big data (real data) on users, operational capabilities such as services and know-how, and Palantir's data integration, the RDP aims to contribute to the sustainability of the entire industry by creating new solutions that contribute to improve productivity with good quality and deploying them in the nursing care and adjacent industries.



Vision for the Nursing Care RDP

The goals of the Nursing Care RDP are not only to expand into the nursing care and adjacent industries, but also to realize a sustainable nursing care insurance system in cooperation with both national and local governments, and to expand business overseas.

As the first step, we started collaboration with a partner company for nursing care facilities in June 2022, with full-scale sales planned to begin by the end of the fiscal year. At the same time, we aim to establish a system that has the potential to become the de facto standard by collaborating with local governments to build a home nursing care model and study caregiver support services, and by standardizing technology and care quality through joint research with the AIST.



Business model and practice of the Nursing Care RDP

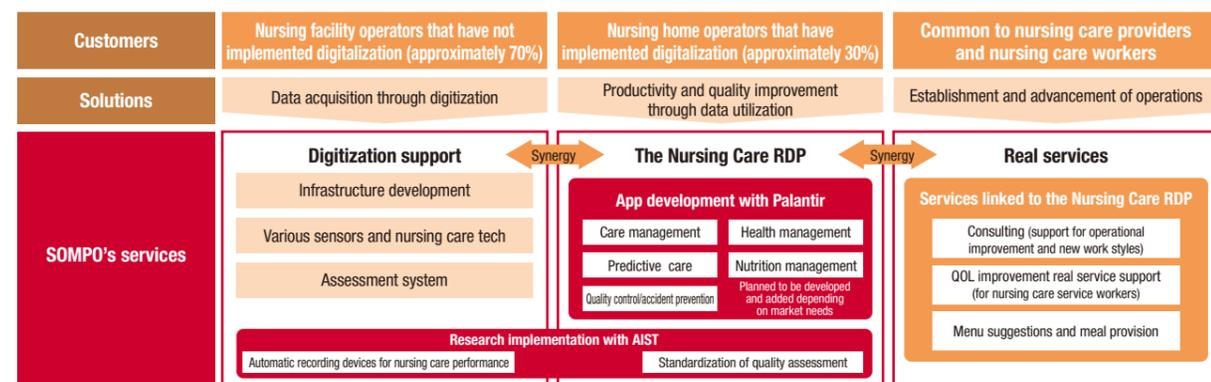
Business model of the Nursing Care RDP

We are considering supporting nursing facilities with three menus : the Nursing Care RDP, support for digitalization and real service provision as a business model.

For nursing care providers that have already implemented digitalization, we will provide the solutions (apps) we have developed to help them improve productivity and quality through data utilization. For nursing care providers whose various records have not been digitalized and their operation have not been systematized yet, we will support development of their infrastructure by supporting digitization and aid visualization

through centralized management for various data, along with creating a system that enables them to acquire and utilize real data. Furthermore, in addition to data-related support, we will also provide support in terms of real services, such as Sompo Care's know-how and services, in order to establish and enhance operations.

By providing such support, we will spread SOMPO's aim of improved productivity accompanied by good quality throughout the industry, and take on the challenge of contributing to improving the sustainability of the nursing care insurance system.



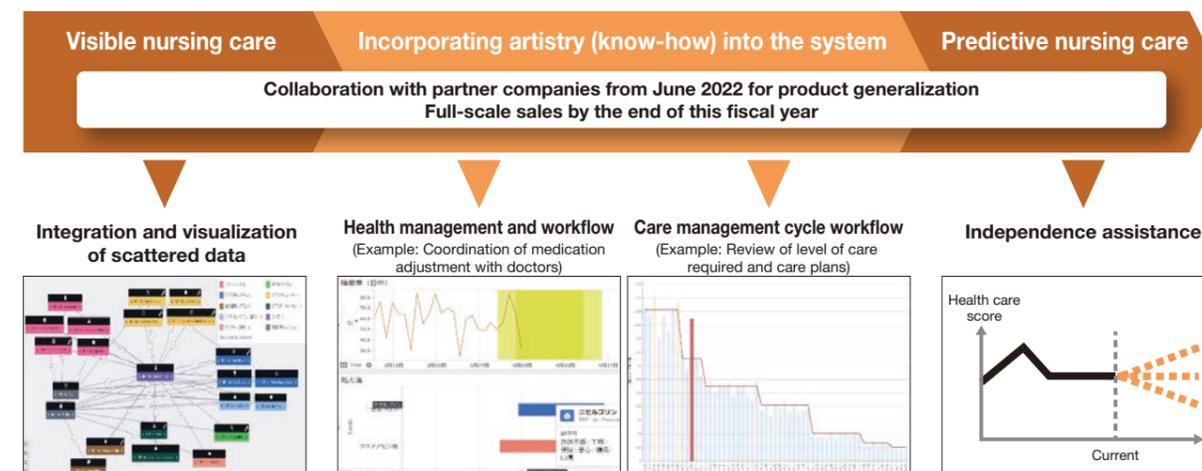
Specific examples of solutions for nursing facilities

Health management and workflow

This app provides suggestions on changes in health condition by centralizing and analyzing information from various sensors and daily customer records. We are developing and verifying this app with the expectation that it will be effective in coordinating with doctors to adjust medications, provide necessary interventions, and more.

Care management cycle workflow

Based on the real data and records obtained, this app provides suggestions in terms of four aspects of the care management flow: assessment, care planning, nursing staff workflow (schedules), and nursing care records. We are developing and verifying the app with the expectation that it will be effective in implementing a review of the level of care required and care plans.



The future we aim for with the Nursing Care RDP

On the implementation of the demonstration

Interview with the Facility Head of Sompo no Ie, Kawasaki Miyamae Daisuke Sasaki Senior Facility Head

As a leading home exercising nursing care RDP, we are currently conducting a demonstration of a module that utilizes real data. Previously, our information on users (real data) was scattered across multiple systems and paper documents, and it took time to find necessary information. The centralization of information has reduced the time required to create care plans and improved the quality of care. The data also suggests appropriate timing and methods of care predicted from the data, and thanks to this we are beginning to be able to provide high-quality care for our users when they need it. We believe that we will be able to provide each customer with more personalized care due to being able to interact with them more in the time created by the system.



Project leader's comment Naoki Hiranuma General Manager of the Data Strategy Department, Sompo Care

Currently, we are using the predictive nursing care function at two facilities, proceeding with efforts to prevent the deterioration of customers whose condition has been predicted to be worse, and preparing to expand the number of users and roll out the system. We are aiming to allow our users to achieve "the ability to continue living their own lives by preventing the worsening of health conditions as much as possible," and to realize the goals of "reduce workload caused by prevention from deteriorating health conditions of users and improve motivation by providing care tailored to each individual user," and "stabilize management by reducing staff workload and preventing employee turnover" for our Company.



Towards promotion of the nursing care RDP

Takahiro Iwamoto
Executive Director and Chief Digital Officer, Sompo Care



One of the social issues facing Japan is the declining birthrate and aging population, which is a major problem that no industry can avoid. The aging of society means that while the number of seniors will increase, the working-age population will decrease — something that will have a particularly large impact on the nursing care industry. The Ministry of Health, Labor and Welfare (MHLW) has announced an estimate that by 2040, there will be a shortage of 690,000 nursing care workers to support seniors. We at SOMPO feel a strong sense of urgency about this issue, and have thought about what we can do to improve the sustainability of the nursing care industry. As a result, we have concluded that instead of focusing solely on our own growth, it is essential to work hand in hand with other nursing care providers, medical care, and other adjacent industries to achieve growth for society as a whole through the Nursing Care RDP.

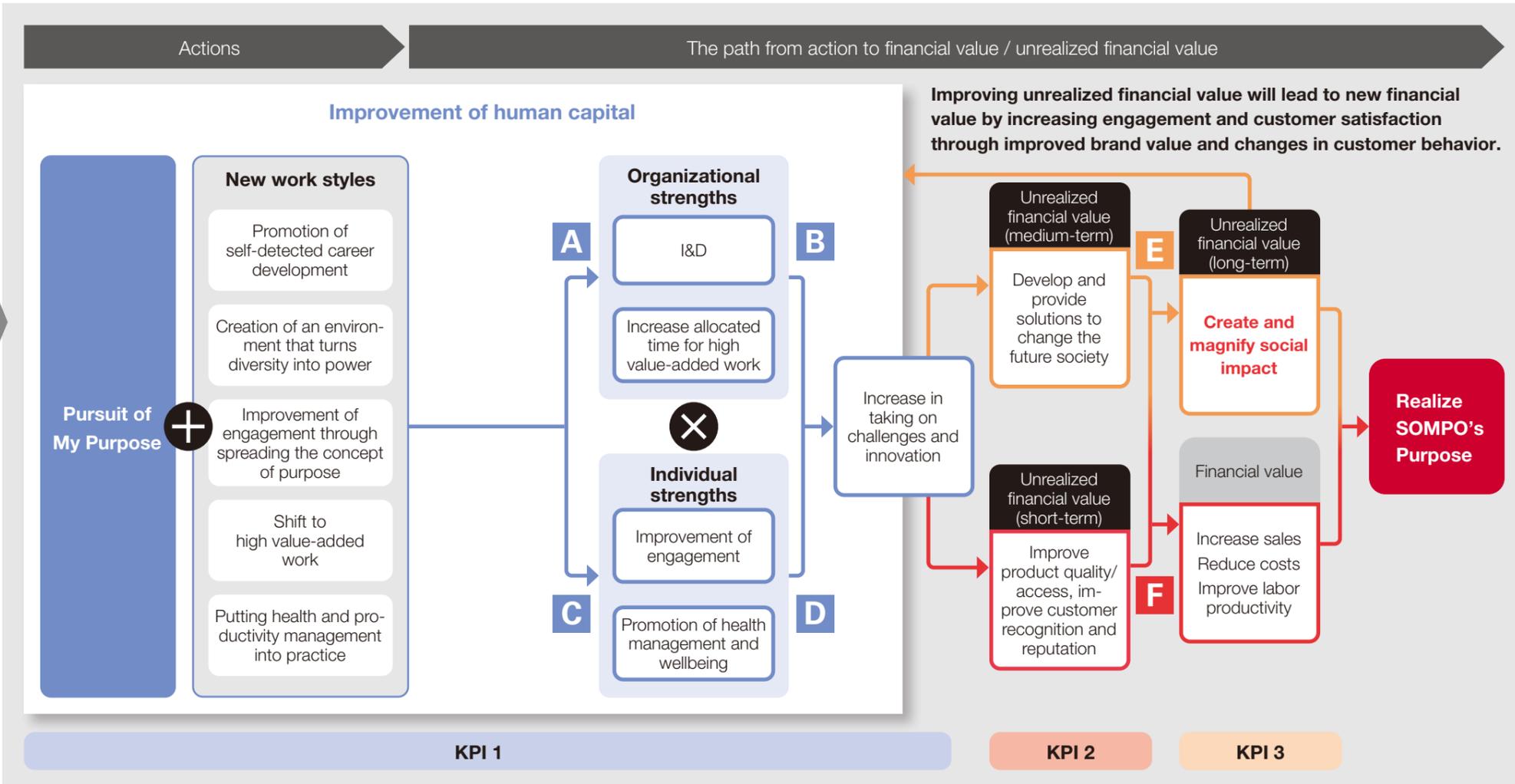
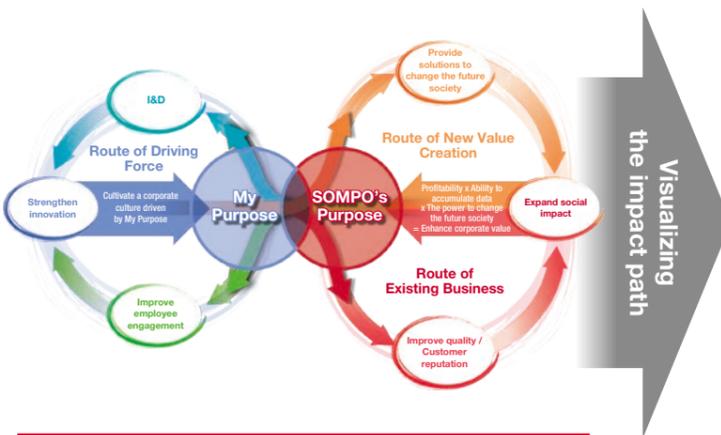
Through our Nursing Care RDP efforts, we aim to improve productivity with good quality throughout the nursing care industry as a whole. We will ensure the calculation of nursing care fees and personnel systems through appropriate care management, improve the activities of daily living (ADL) and QOL of users through health management and future predictions, and in turn have this lead to reductions in social security costs. Through this, we hope to create a world in which users, employees, and future society can all benefit from "the three goods" (good for the buyer, seller, and society).

Improving Unrealized Financial Value – Visualizing the impact path of human capital

Efforts to visualize SOMPO's Unrealized Financial Value

The Group calls any value that leads to financial or corporate value in the mid- to long-term **“Unrealized Financial Value,”** and the entire Group works to improve it while attempting to visualize it as much as possible by determining its impact path. Using the “Value Creation Cycle” that lays out the path to realizing SOMPO's Purpose, we set key levers/KPI to improve unrealized financial value. By improving each of these indicators, we will demonstrate to our stakeholders how we are progressing in managing the path to achieving SOMPO's Purpose.

*Value that is not shown on financial statements is generally called “non-financial value,” but we call it “unrealized financial value” because we believe such items will lead to financial and corporate value in the mid- to long-term.



The Impact Path

We have visualized the path our efforts to improve unrealized financial value through our investment in human capital will take to creating financial and corporate value.

We believe that our My Purpose initiative and new work style will lead to improvements in human capital, i.e. organizational strength and individual abilities, by improving engagement and I&D. This will work to drive other efforts to produce innovation and improve short-, medium-, and long-term unrealized financial value. Through this, we will increase financial value in a sustainable way and achieve our purpose.

This time, we particularly focused on visualizing the impact path for human capital. Based on the narrative created by this impact path, we have set sequential KPIs for each lever to gauge and display progress (see table on right.) We will verify each of these connections using data gathered within the Group and objective data published by external organizations, and thereby work to improve the impact path.

KPI 1	Details	2021 financial results	See Page 22
My Purpose	• Executives and employees (As of March 31, 2022)	73,676 (27,070 male; 46,606 female)	
	• My Purpose training participation ratio (FY2021)	66.0% (FY2023 goal: 100%) *1	
Engagement	• Employee engagement	Domestic: 3.46 points Overseas: 4.02 points*2	
	• Productivity indicators connected to health and productivity management	93.8%*3	
	• Number of companies certified as Health & Productivity Management Outstanding Organizations	22 (14 large companies, 8 small to medium-sized companies)	
I&D Data	• Percentage of female executives (As of April 1, 2022)	9.0%	
	• Percentage of executives who are foreign-born (As of July 1, 2022)	14.7%*4	
	• Percentage of female candidates in succession plans	32.4%*5	
	• Percentage of female managers (As of April 1, 2022)	26.8%	
	• Percentage of employees with disabilities (As of April 1, 2022)	2.41%	

*1 Participation rate in domestic P&C insurance, domestic life insurance, and nursing care and seniors businesses
*2 FY2023 targets – Domestic: 3.70 points, Overseas: 4.10 points

KPI 2	Details	FY2021 results	See Page 30
Quality/customer reputation	• Sales of priority products	72,000 at 2.49 billion yen	
	• Customer satisfaction with car accident response	46.4pt	
	• Number of Insurhealth® packages sold/owned	340,000/710,000	
	• Number of nursing care users	90,000	

KPI 3	Details	Goal	See Page 36
Solutions	• Group sales created using RDP	500 billion yen (mid- to long-term goal)	
	• External sales and monetization of RDP products and services	Two or more businesses by end of FY2023.	
Social impact	• Details planned for release in November 2022		

*3 Targeting Sampo Japan and Sampo Himawari Life
*4 Ratio of executive directors, executive officers, vice presidents: (5 out of 34 total)
*5 Targeting the Group CEO, other chief officers, presidents, and other key posts (total 88)

Improving Unrealized Financial Value – Visualizing the impact path of human capital

Verifying the impact path connections

Organizational improvement route

Individual improvement route

A My Purpose dialogue accelerates I&D

Formulating My Purpose, engaging in dialogue about it, and sharing it within the organization are all key to nurturing I&D culture—a culture that accepts diverse values—and form the foundation upon which such a culture is built.

At SOMPO, we have confirmed that the more an organization engages in one-on-one discussions with employees about their My Purpose, the more that organization tends to recognize and accept diverse values.

B I&D fosters an intrinsic motivation that encourages more people to take on challenges

We believe that individuals with different values can more easily demonstrate their talents and strengths at organizations that foster I&D culture, and are more likely to take on the challenge of producing innovation.

SOMPO has confirmed that organizations that accept diversity in values tend to have employees who are more willing to take on challenges to realize their My Purpose.

C My Purpose dialogue improves engagement faster

We believe that formulating a My Purpose and discussing it one-on-one with supervisors and subordinates encourages employees to work autonomously based in that purpose, which leads to improved engagement.

SOMPO has confirmed that organizations that engage in one-on-one dialogues about My Purpose tend to have higher engagement.

*Normal correlation between one-on-one dialogues and engagement is roughly 0.5.

D Engagement increases intrinsic motivation encouraging more employees to take on challenges

We believe that improving engagement leads to greater innovation and more employees taking on challenges based on their own intrinsic motivations.

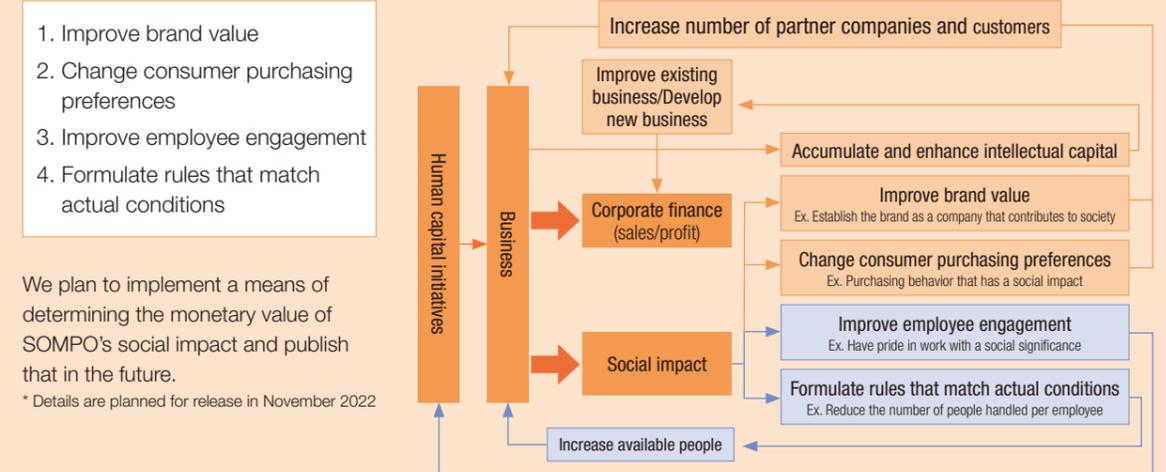
SOMPO has confirmed that highly-engaged organizations tend to have employees more motivated to take on challenges to realize their My Purpose.

Unrealized Financial Value (Medium-term, Long-term)

E The challenge of visualizing SOMPO's social impact and the connection to future financial value

By organizing impact paths and converting them into monetary values, we will clarify the social impact we produce that go beyond the scale of our operations. The four paths shown below show how social impact can lead to future financial value, and by taking these paths, we believe that our social impact will be returned to us in the form of human capital and business activity, and thereby produce financial value.

Example: Nursing care business



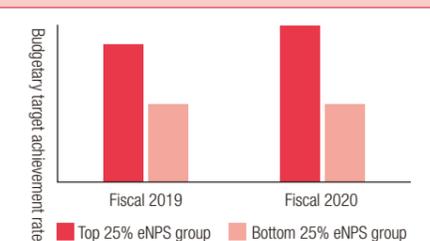
Unrealized Financial Value (Short-term)

F Improving engagement leads to improved quality and performance through individuals taking on challenges and increasing innovation

It is expected that organizations with high engagement are able to improve labor productivity and quality. Here at the Group, we have analyzed the correlation between engagement (eNPS)* and budgetary target achievement rate, and confirmed that sales branches that score highly tend to have higher rates of achievement in subsequent fiscal years.

* eNPS or "employee Net Promoter Score" is a metric used at Somo Japan to measure employee engagement, and is an indicator based on the question, "Would you encourage your friends or family to join the company?"

We compared and confirmed engagement (eNPS) and budgetary target achievement rates for the top 25% and bottom 25% of Somo Japan's roughly 550 sales branches. We were able to confirm that there is a statistically significant difference between the two groups, **with higher achievement rates in the upper 25% of sales branches compared to the lower 25%.**



*This analysis was conducted by Somo Institute Plus.

*Our analysis is based on a survey about engagement aimed at employees of Somo Holdings and conducted by Somo Institute Plus. We are currently looking into expanding future analysis to include surveys conducted on each group company.

*Understanding correlation coefficient: Generally speaking, the closer the coefficient is to "1," the stronger the positive relationship between two variables is. A strong correlation between the variables is suggested for any coefficient with an absolute value roughly between 0.7 and 1.0.

Strategy/Capital

Fiscal 2021 marked the first year in the three-year Mid-Term Management Plan to realize SOMPO's Purpose, and through the efforts of the entire Group, it began with record profits for the second year in a row.

Each business in the Group will continue to drive the Value Creation Cycle, implement the three basic strategies at the heart of the Plan – scale and diversification, new customer value creation, and new work styles – and bring to life our “Theme Park for Security, Health & Wellbeing.”

A Message from the Group CFO/CSO

By allocation of management resource for a establishment of the resilient business portfolio and sustainable growth, we are aiming for the realization of SOMPO's Purpose and development of its corporate value.

Group CFO/Group CSO
Masahiro Hamada

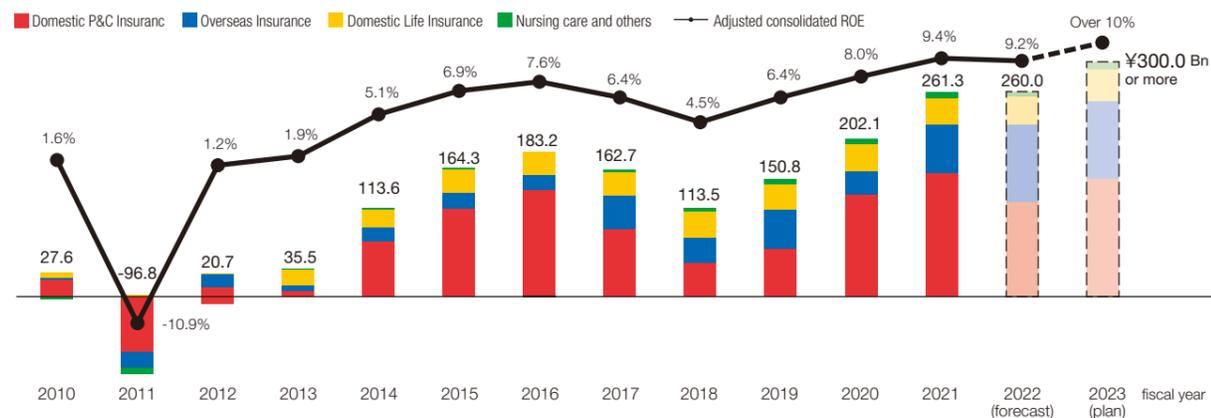


The external environment in which we operate just seems like VUCA where the future is unpredictable. New social challenges became apparent while customer values and needs have changed dramatically. SOMPO's Purpose is to “create a society in which every person can live a healthy, prosperous and happy life in one's own way with a Theme Park for Security, Health & Wellbeing” which lies at the core of business management. My mission as the Group CFO and CSO is to fulfill SOMPO's Purpose and enhance enterprise value by building a resilient business portfolio to adapt to such changes in the business environment, and balancing “defensive” initiatives, such as ensuring financial soundness, and “offensive” initiatives, such as allocating resources to ensure the Group's sustainable growth even in the age of VUCA.

When I reflect on the ten years since NKSJ Holdings, Inc. (current Sompo Holdings, Inc.) was founded in 2010, we have successfully and dramatically transformed the revenue base and business portfolio. First, the two domestic P&C insurance subsidiaries, our core business, were gradually integrated and made more profitable, and as a result of the merger in September 2014, a core Group company and one of the largest P&C insurer in Japan was created. Sompo Japan Insurance Inc. which generates stable cash flow and has a solid business foundation, reviewed its pricing strategy, dramatically improved profitability through earnings structure reform, such as productivity improvement by utilizing digital technologies, and continues to evolve. We also expanded the overseas insurance business to address challenges, such as Japan's population decline, low birthrate and population aging, and natural disasters, and to increase geographical and risk diversification of the business portfolio with too much weight on domestic P&C insurance, entered into the nursing care business, and worked aggressively on the utilization of digital technologies. In the overseas insurance business, we expanded into fast-growing emerging countries, including Turkey, Malaysia, and Brazil, and successfully completed large M&As

in developed countries, including UK-based Canopus Group in 2014 and Bermuda-based Endurance Specialty Holdings Ltd. (current Sompo International Holdings Ltd.) in 2017, to expand into specialty insurance, etc. where higher profits and growth were expected, and the business size increased by leaps and bounds. We also built a global platform by reorganizing subsidiaries in the overseas insurance business and established a robust business foundation by enhancing governance. In other business areas, we made a full entry into the nursing care business in FY2015, implemented a series of measures to improve service quality and productivity, and materially expanded the fields where SOMPO delivers value. Furthermore, we worked on creating new businesses, including the establishment of “SOMPO Digital Lab” in Tokyo, Silicon Valley, and Tel Aviv as one of the early adopters of digital technologies in Japan, and steady enhancement of framework as a data solution provider by partnering with U.S.-based Palantir Technologies Inc. that has the best data analytics capability in the world. We diversified and ensured stability of the revenue base by honing our competitive edge in each business while allocating resources boldly across the group. As a result, adjusted consolidated profit increased from JPY27.6 billion in FY2010 to JPY202.1 billion in FY2020, the highest ever at that time, while adjusted consolidated ROE rose from 1.6% in FY2010 to 8.0% in FY2020 as big advances were made. In just 10 years since founding, Sompo Holdings accomplished such transformation, strengthened business foundation, accumulated capital, and paved the way for the group to grow substantially and accelerate the realization of “A Theme Park for Security, Health & Wellbeing.”

To continue on the growth path in the 2010s, we are working on the current Mid-Term Management Plan (FY2021-2023) to realize further growth of Sompo Group in the 2020s. In developing the plan, I mulled over the megatrends in the next 10 years as the Group CSO. Globally, new risks are emerging due to climate change, advances in digital technologies, and



social change, and a new normal society is being formed as a result of divided society, inflation, rising geopolitical risk, etc. while Japan faces social challenges due to population decline, low birthrate and population aging ahead of other countries. Social change and future challenges were brought forward due to the spread of COVID-19 and uncertainty is rising.

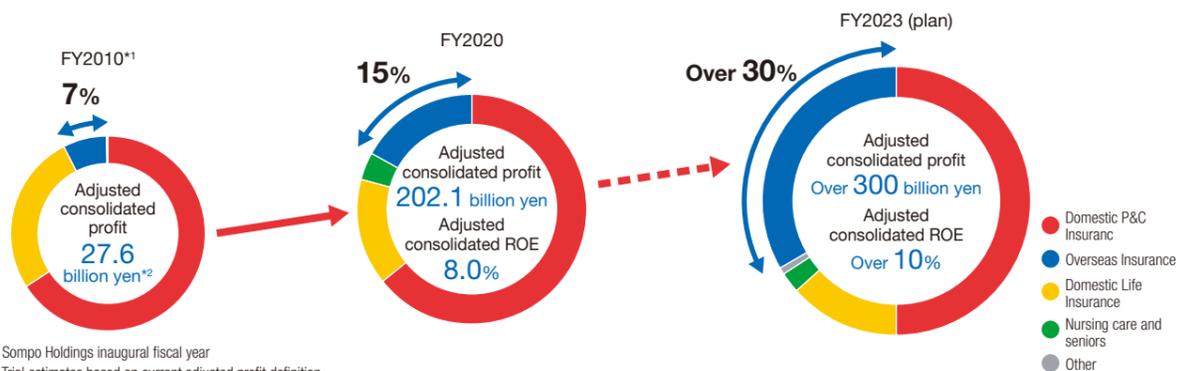
In such environment, three core strategies to focus on were developed. And we are working on “scale and diversification” being aware of the importance of preparedness against uncertainties and resilience more than ever as insurance is the founding business, “new customer value creation” by addressing social challenges across boundaries of insurance, and “new work style” that underpin all challenges.

We set specific KGIs and KPIs for each core strategy and have made good progress toward achievement. On “scale and diversification,” we aim to generate adjusted consolidated profit of JPY300 billion or more with adjusted consolidated ROE of 10% or higher by establishing a stable revenue base comparable to global peers, enhance capital efficiency, stability, and growth to build resilience as well as sufficient geographical and risk diversification driven by further improvement in the profitability of the domestic P&C insurance business and growth of the overseas insurance business. On “new customer value creation,” we decided to focus on the Real Data Platform (RDP) that utilizes vast amount of real data obtained in the

insurance and nursing care businesses, etc. as a key tactic to fulfill our purpose of realizing “A Theme Park for Security, Health & Wellbeing.” We aim to address social challenges and develop business models that can be monetized by delivering RDP solutions. The development of the RDP is at the most advanced stage in the nursing care business and new services will be announced in the near future. On “new work style,” various measures are being implemented so that each and every employee is motivated by My Purpose, satisfied and happy at work, and achieves unparalleled productivity toward delivering SOMPO’s Purpose.

In executing the core strategies, we will aggressively invest for growth by using capital of around JPY600 billion over the current Mid-Term Management Plan period. This is to ensure that the goals of the Mid-Term Management Plan are achieved through investment in M&A and organic growth of primarily the overseas insurance business for “scale and diversification” and investment in digital and advanced technologies mainly in the RDP for “new customer value creation.”

As the Group CFO, I would like to explain the three core strategies from a financial perspective. I believe that the execution of three core strategies will lead to enterprise value enhancement through improvement in stock valuation, including the P/B ratio. As you know, the P/B ratio is obtained by multiplying the ROE by the P/E ratio. The ROE has the largest

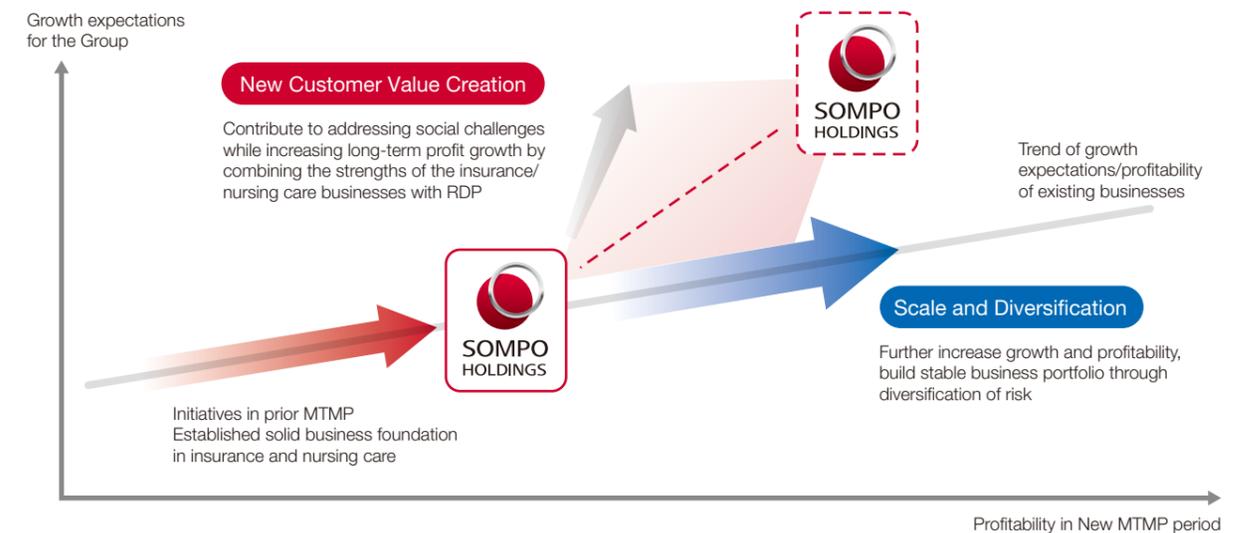


*1 Sompo Holdings inaugural fiscal year
*2 Trial estimates based on current adjusted profit definition

impact in improving stock valuation. So we will work on “scale and diversification” mainly in the core insurance business, generate large cash flows from small capital, and increase ROE steadily at both the individual business and group level. Specifically, we will reduce strategic shareholding, interest rate risk, etc. and invest the proceeds in capital efficient business and domains. However, in reality, it is difficult to increase the ROE to, for example, 30% since certain levels of capital must be maintained in the insurance business according to the regulations of each country. Therefore, it is important to increase the P/E ratio in addition to the ROE to increase enterprise value. Growth expectations, including unrealized financial value, and profit stability are closely related to the P/E ratio. We aim to increase the P/E ratio by generating stable cash flow through “scale and diversification” driven by the growth of the insurance business as well as raising growth expectations in non-insurance areas, such as through investment in human capital for “new customer value creation” and “new work

style,” and eventually increase stock valuation and enterprise value which still have room for improvement.

We are also more aware than before through valuation analysis that shareholder return influences stock price and that dividend increases are especially important. Under the current Mid-Term Management Plan, 50% of adjusted consolidated profit will be returned as basic return, and we plan to steadily increase the total shareholder return through profit growth, and increase the ratio of dividends to total shareholder return. We will also deliver supplemental return depending on financial performance and capital situation. In FY2021, we decided to return JPY150.7 billion to shareholders, the highest level ever, including supplemental return of JPY20 billion based on interim results, in light of the strong financial performance. In FY2022, dividends are expected to increase by JPY50 to JPY260 per share (interim: JPY130, final: JPY130) based on profit growth outlook, representing DPS growth for nine consecutive years.



We made a good start toward achieving management targets in FY2021, the first year of the current Mid-Term Management Plan. While there were positive surprises considered to be one-off, such as fewer traffic accidents due to the spread of COVID-19 and larger investment profit owing to strong financial market environment, adjusted consolidated profit reached JPY261.3 billion, a record high of for the second consecutive year and adjusted consolidated ROE was 9.4% owing to solid underlying business performance, including the progress of earnings structure reform in the domestic P&C insurance business and stronger-than-expected top line growth in the overseas insurance business. In the remaining FY2022 and FY2023, we will further accelerate initiatives in

existing businesses, invest for growth, step up DX, and work on creating a conglomerate premium to increase the probability of achieving adjusted consolidated profit of JPY300 billion or more and adjusted consolidated ROE of 10% or higher, the management targets for FY2023, the final year of the Mid-Term Management Plan.

SOMPO will allocate resources, invest for growth, and deliver attractive shareholder return along with profit growth to deliver social value driven by purpose and continue to enhance enterprise value. Please stay tuned to future growth of Sompo Group.

SOMPO's Capital as a Source of Competitiveness History

In 1888, Tokyo Fire Insurance Company, one of the Group's forerunners, was established as Japan's first fire insurance company with the mission of protecting people from the threat of fire. This sense of mission has been passed down throughout our 130-year history, and is linked to our current Management Philosophy. As social issues change and become more complex, we have expanded the Group's business domains to include life insurance, nursing care, digital, and more with

P&C insurance at the core, taken on the challenge of solving a wide range of social issues, and cultivated our strengths—namely, trust and responsibility from society. The numerous capital assets we have amassed by leveraging these strengths are the source of our competitiveness today.



Financial capital

Social and relationship capital

Human capital

Intellectual capital

Natural capital

STRATEGY/CAPITAL

SOMPO's History of Cultivating Trust and Responsibility

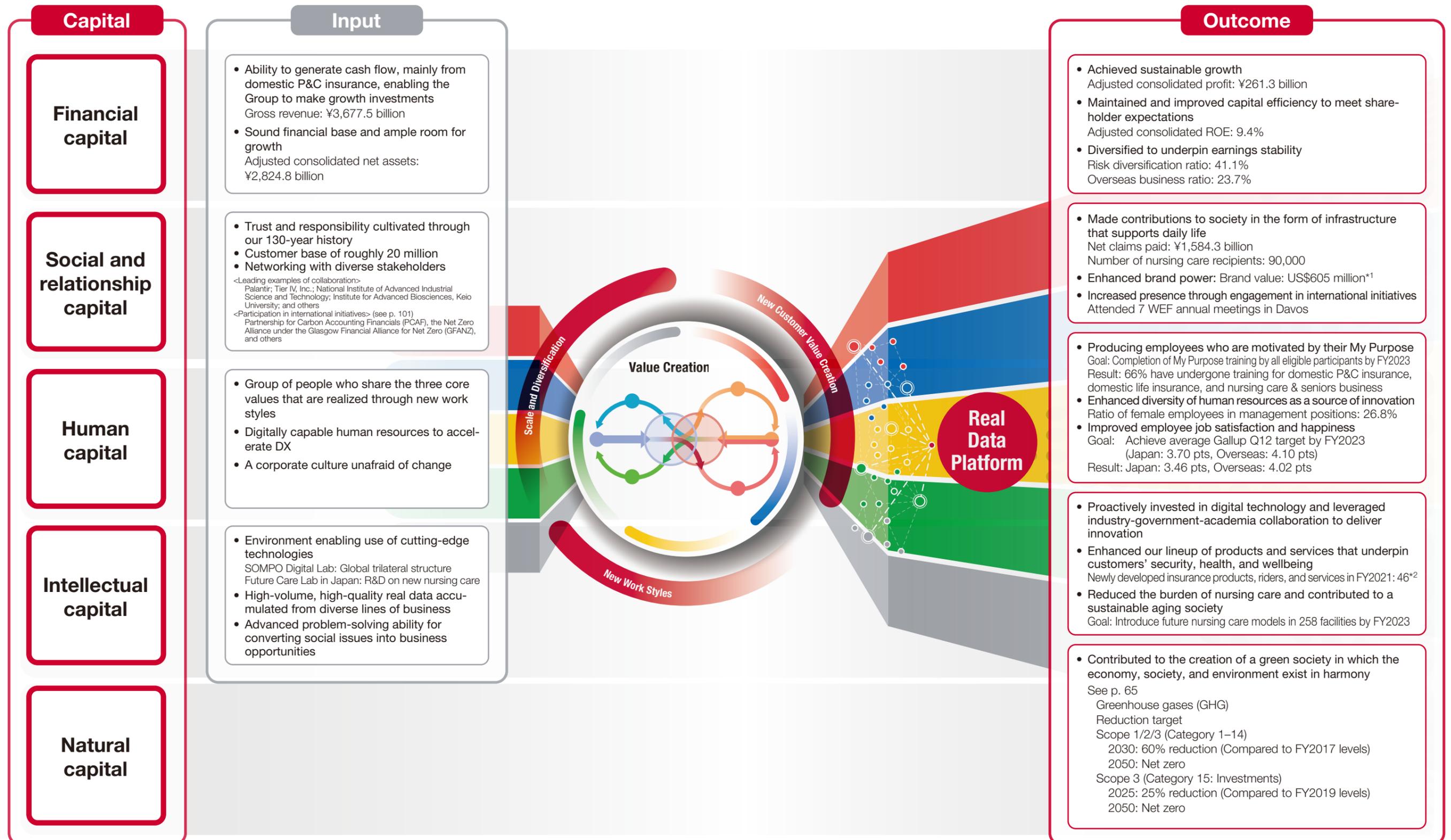
<p>1992 Established the Department of Global Environment (the first for a Japanese financial institution) We established a department dedicated to the companywide promotion of solutions to global environmental issues, and have proactively addressed environmental issues through collaboration with stakeholders.</p>	<p>2010 Established NKSJ Holdings (now SOMPO Holdings) We started by improving the profitability of existing lines of business, before proactively shifting management resources to growth areas to build a stable earnings base.</p>	<p>2016 Established SOMPO Digital Labs We established SOMPO Digital Labs in Tokyo, Silicon Valley, and Tel Aviv to function as research and development bases for digital strategies, and have constructed a system to realize the digital transformation (DX) of the entire Group through information gathering and networking.</p>	<p>2019 Established Palantir Technologies Japan We jointly established Palantir Technologies Japan together with Palantir to achieve security, health, and wellbeing for Japanese companies and society through big data analysis by leveraging each other's strengths.</p>	<p>2021 Launched Mid-Term Management Plan, Announced SOMPO's Purpose SOMPO launched a Mid-Term Management Plan to achieve its purpose: to create a society in which every person can live a healthy, prosperous and happy life true to themselves by way of a Theme Park for Security, Health & Wellbeing.</p>	
<p>1996 Entered the life insurance business We entered the life insurance business when Yasuda Fire & Marine (now Sompo Japan) outsourced the agency and administrative operations of INA Life Insurance and established Nippon Fire Partner Life Insurance and Koa Fire & Marine Magokoro Life Insurance.</p>	<p>2003 Launched full-fledged initiatives for diversity (the first for a Japanese financial institution) Starting with the establishment of a department dedicated to the promotion of active participation by women, we have constructed systems and frameworks to support the active participation of diverse human resources.</p>	<p>2015 Entered the nursing care business in earnest Through our entry into the nursing care business in earnest, we have invested in the future through efforts such as confronting the social issues of a low birthrate and an aging population, providing nursing care services that leverage technology to provide both high productivity and quality, and opening the Future Care Lab in Japan.</p>	<p>2017 Acquired Endurance (now SOMPO International) Through disciplined M&As, we have expanded the scale of our business and reorganized our subsidiaries to build a global platform that has contributed to the diversification effects of the Group along with increased revenue and high profit growth.</p>	<p>2020 Established Headquarters for Promoting New Work Styles We have positioned the promotion of new work styles as the biggest project in our 130-year existence to transform our corporate culture, and have established the Headquarters for Promoting New Work Styles with the Group CEO at its head with the aim of becoming a group of people who share the three core values through the employees' pursuit of My Purpose.</p>	<p>2021 Concluded the Agreement on Comprehensive Mutual Cooperation to Solve Social Issues (National Institute of Advanced Industrial Science and Technology) With the aim of contributing to the growth of the Japanese economy through the promotion of joint research and the social implementation of its results, we concluded an agreement to solve social issues with the National Institute of Advanced Industrial Science and Technology, one of the largest research institutes in Japan.</p>

SOMPO's Capital as a Source of Competitiveness Capital

Over our 130-year history, we have accumulated numerous capital assets that serve as the source of our competitiveness.

We will combine our stable revenue base and diverse capital built on relationships of trust with a variety of

stakeholders to create value that only SOMPO can offer. Our 74,000 employees, each motivated by their own My Purpose, are the driving force for our Value Creation Cycle, which we are using to achieve sustainable growth and realize SOMPO's Purpose.



*Actual figures for FY 2021 unless otherwise noted

*1 Based on a survey by Interbrand Japan, Inc.

*2 Simple aggregate of the number of newly developed products, services and riders released by Sompo Japan and Sompo Himawari Life in FY2021

Overview of Mid-Term Management Plan

Sompo Holdings launched the current Mid-Term Management Plan in fiscal 2021. Since it is difficult to predict the future with certainty in the VUCA age, this plan covers a three-year period through FY2023.

In order to realize the vision for society outlined in SOMPO's Purpose, the Mid-Term Management Plan details the initiatives that we will undertake by the end of FY2023. By carefully executing our three core strategies of Scale and Diversification, New Customer Value Creation, and New Work Style, we aim to achieve the goals of an adjusted consolidated profit of ¥300.0 billion or more, and an adjusted consolidated ROE of 10% or higher.

Mid-Term Management Plan (FY2021-2023)

Goals

Realizing "A Theme Park for Security, Health & Wellbeing"

- Adjusted consolidated profit: ¥300.0 billion or more
- Adjusted consolidated ROE: 10% or higher
- Increase the risk diversification effect
- A solution provider that goes beyond the boundaries of insurance

Three Core Strategies

1 Scale and Diversification

To ensure that the company has a resilient business foundation capable of withstanding rapid changes in the environment, such as increasingly severe natural disasters and the spread of COVID-19, we will work to improve profitability and productivity and expand our customer base, with a focus on the insurance business. We will also expand businesses and grow profits by utilizing M&As and other means, and thereby change our business portfolio and improve capital efficiency.

2 New Customer Value Creation

To deliver unprecedented value, we are focusing on establishing the Real Data Platform which organically links real data from various businesses and domains by recognizing the transformative power of digital technology and data. We are also engaged in new business development in areas with a high affinity to our existing businesses.

3 New Work Style

It is essential to increase job satisfaction and happiness of all employees and achieve high productivity for sustainable growth of the Group. We aim to build a group of talent practicing the Three Core Values (Mission-Driven, Professionalism, and Diversity & Inclusion) by reforming various systems and developing human resources.

SDGs in Business Management

▶ P.59

Capital Policy and ERM

▶ P.66

Governance

▶ P.68

Key Financial Performance Indicators

	FY2020 actual	FY2021 actual	FY2022 forecast	FY2023 plan	
Adjusted consolidated profit	¥202.1 billion	¥261.3 billion	¥260.0 billion	¥300.0 billion or more	
Adjusted consolidated ROE	8.0%	9.4%	9.2%	10% or higher	
Diversification effects	Risk diversification ratio	39.4%	41.1%	42.2%	Improvement on FY2020
	Overseas business ratio	14.9%	23.7%	38.5%	30% or higher
New Customer Value Creation	—	—	—	External sales and monetization of products and services (in two businesses or more)	

Domestic P&C Insurance

	FY2020 actual	FY2021 actual	FY2022 forecast	FY2023 plan
Adjusted profit	¥130.1 billion	¥157.4 billion	¥120.0 billion	¥150.0 billion or more
Net premiums written*1	¥1,903.4 billion	¥1,941.7 billion	¥1,987.6 billion	¥2,000.0 billion
E/I combined ratio*1	94.3%	93.5%	93.7%	91.7%
Reduction of strategic shareholdings	¥70.3 billion	¥50.1 billion	¥50.0 billion	¥50.0 billion (three-year total: ¥150.0 billion)

Overseas Insurance and Reinsurance

	FY2020 actual	FY2021 actual	FY2022 forecast	FY2023 plan
Adjusted profit	¥30.0 billion	¥61.8 billion	¥100.0 billion	¥100.0 billion or more
GWP growth rate*2	+37.8%	+31.1%	+4.7%	Annual rate of approx. +9%
E/I combined ratio*2	97.8%	93.9%	90.7%	88-89%

Domestic Life Insurance

	FY2020 actual	FY2021 actual	FY2022 forecast	FY2023 plan
Adjusted profit	¥32.5 billion*3	¥33.6 billion	¥35.0 billion	¥40.0 billion or more
Annualized new premiums*4	¥29.8 billion	¥35.6 billion	¥46.0 billion	¥50.0 billion
Policies in force	4.26 million	4.45 million	4.72 million	5.00 million
Investment for ALM matching*5	—	¥329.4 billion	¥300.0 billion	¥300.0 billion

Nursing Care and Seniors

	FY2020 actual	FY2021 actual	FY2022 forecast	FY2023 plan
Adjusted profit	¥7.3 billion	¥5.9 billion	¥6.0 billion	¥8.0 billion or more
Revenue	¥131.8 billion	¥136.1 billion	¥151.1 billion	¥162.0 billion
Occupancy rate*6	89.4%	91.1%	92.9%	93.8%

New Customer Value Creation

FY2023 plan	External sales and monetization of products and services that utilize RDP	Two businesses or more	Mid- to long-term target	Group revenue generated by the utilization of RDP	¥500.0 billion or more
-------------	---	------------------------	--------------------------	---	------------------------

*1 Sompo Japan (excl. CALI, household earthquake insurance) *2 Sompo International commercial business *3 Recalculated according to current definitions *4 Based on sales performance *5 30-year maturity equivalent *6 As of the end of the fiscal year

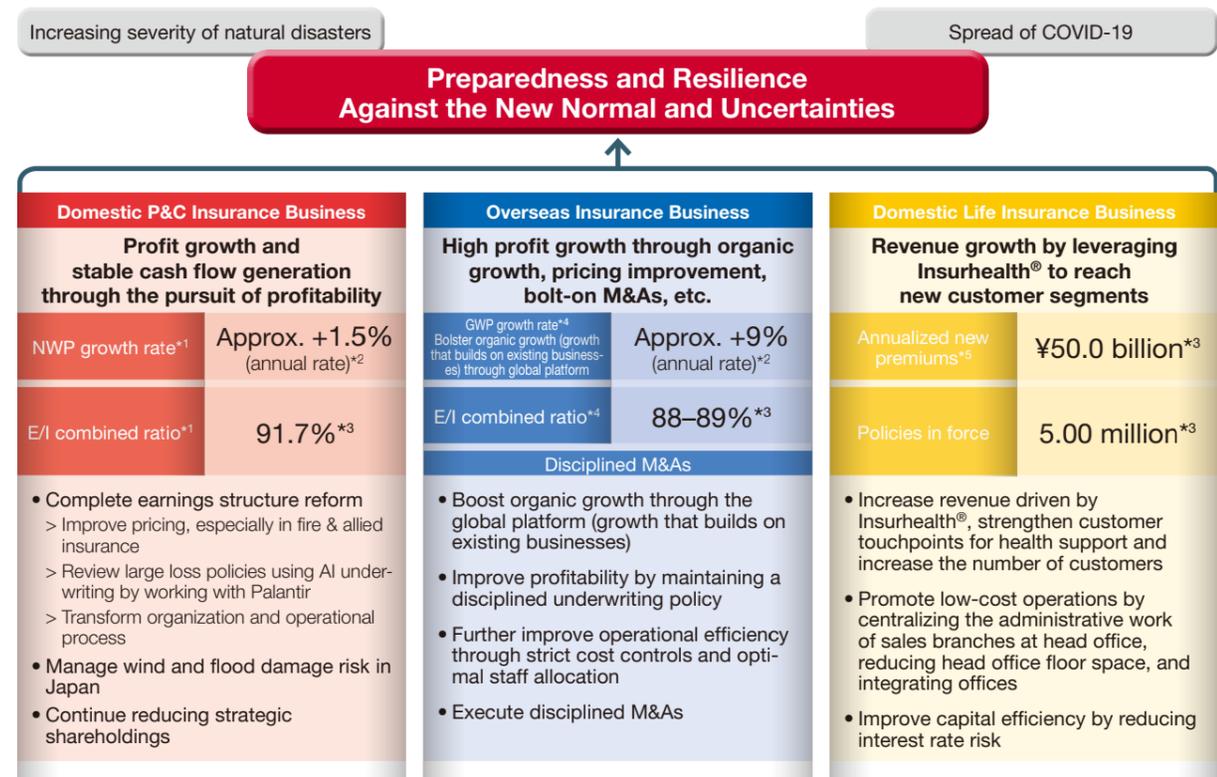
Three Core Strategies

1 Scale and Diversification

To prepare for uncertainty and the “new normal,” characterized by increasingly severe natural disasters and the spread of COVID-19, the Company will accelerate initiatives on Scale and Diversification, which is one of the core strategies of the Mid-Term Management Plan and build a resilient portfolio.

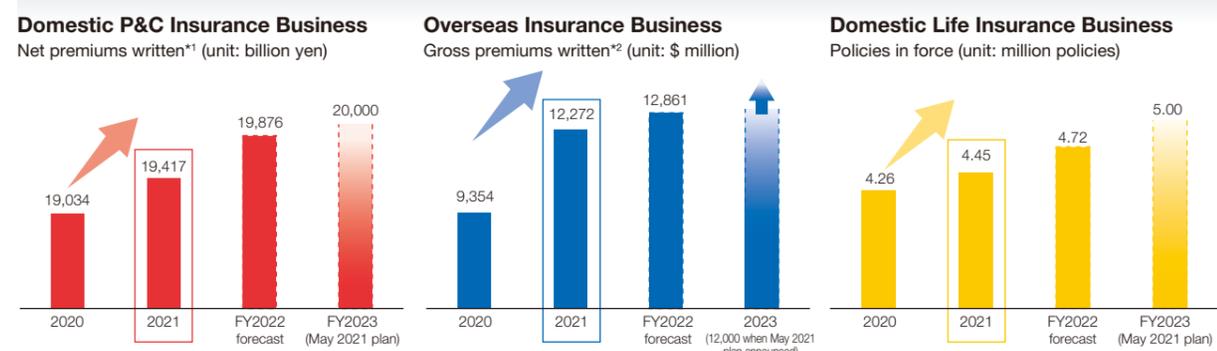
On Scale and Diversification, we will focus on the three insurance businesses (Domestic P&C Insurance, Overseas Insurance and Reinsurance, and Domestic Life Insurance) where solid business foundations have been established. In the Domestic P&C Insurance Business, we will improve

profitability further as well as strengthen the ability to generate cash flow by completing the earnings structure reform. We will grow the Overseas Insurance and Reinsurance Business through disciplined M&As and high profit growth driven by organic growth, pricing improvement, etc. We will increase revenue from the Domestic Life Insurance Business by leveraging Insurhealth® to reach new customer segments. In FY2021, the first year of the Mid-Term Management Plan, the three insurance businesses grew steadily toward strengthening the Group’s resilience.



*1 Sompo Japan (excl. CALI, household earthquake insurance) *2 FY2021–2023 *3 FY2023 *4 Sompo International commercial business *5 Based on sales performance

FY2021 Results of Initiatives in Three Insurance Businesses



*1 Sompo Japan (excl. CALI, household earthquake insurance) *2 Sompo International commercial business

2 New Customer Value Creation

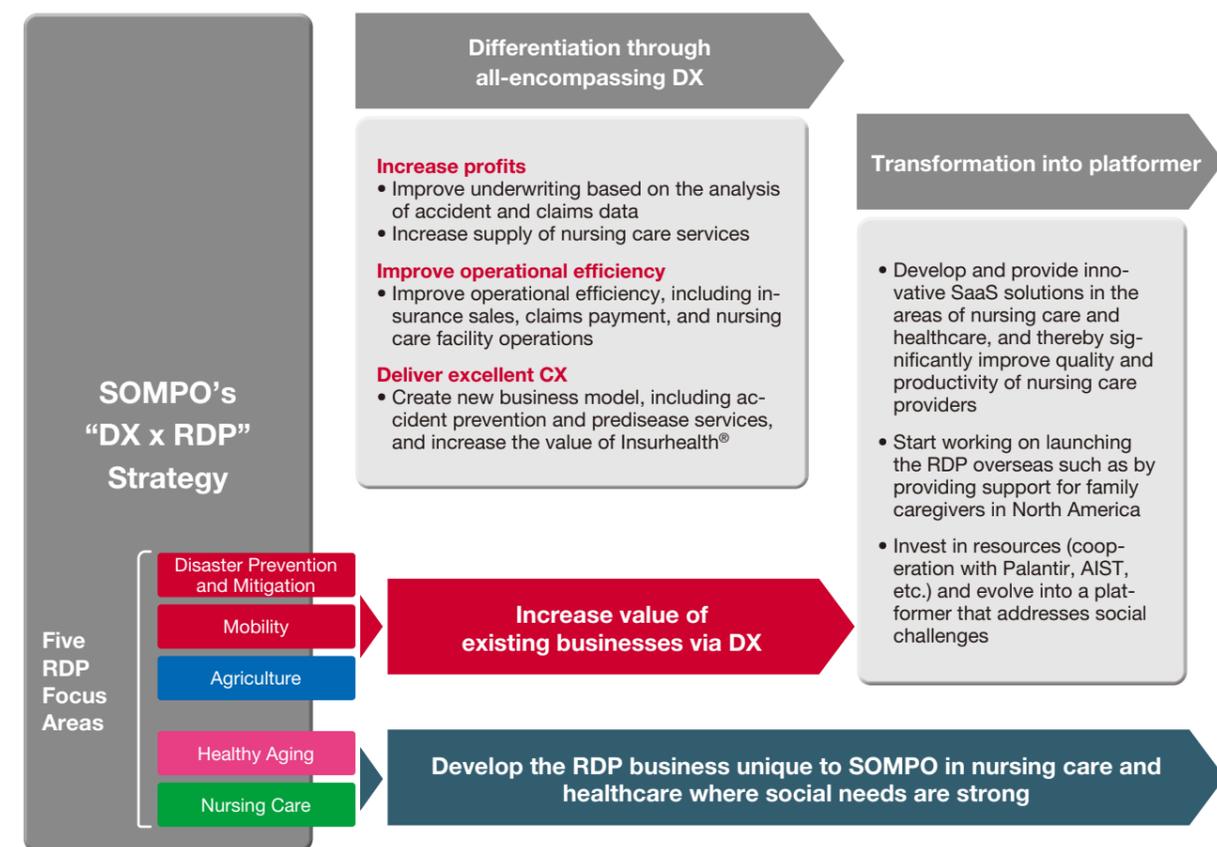
Focus Areas and Progress

For greater progress in realizing “A Theme Park for Security, Health & Wellbeing,” we started to work on digital transformation (DX) to develop solutions in five areas by leveraging our strengths. Our RDP strategy is to develop unimitatable, unique solutions from the RDP and eventually build ecosystems. The next course of action was clarified for areas where a focus on increasing the value of existing businesses would help develop solutions (disaster prevention & mitigation, mobility, agriculture) and areas where solutions should be developed by anticipating the future ecosystems (healthy aging and nursing care).

In the Domestic P&C Insurance Business, we are changing the underwriting mechanism through DX initiatives. Information asymmetry has been reduced through data integration and good progress has been made in developing a platform for turning all employees in marketing into underwriters. In FY2021, we managed to improve underwriting result by changing underwriting conditions of specific policies. As such we will focus on increasing the value of existing businesses

with respect to the three areas (disaster prevention & mitigation, mobility, agriculture) where substantial improvement in productivity and profitability by transforming existing businesses would help deliver high value added services. In these areas, therefore, we will focus on improving the value of our existing businesses for the time being.

The nursing care industry faces two major social challenges which are widening gap between labor supply and demand caused by the rising demand due to the growth of older population and declining supply due to low birthrate, and soaring social security expenditure. Since it is necessary to improve operational quality as well as productivity to address these challenges, Sompo Care started to cooperate with external nursing care providers based on the results of PoC and solutions developed. As such we are working on initiatives to become a platformer by developing the RDP business in the two areas where social needs for ecosystems are strong (nursing care and healthcare).



3 SOMPO's New Work Style

A New Work Style to Realize My Purpose and SOMPO's Purpose

One of the core strategies of the Sampo Group's Mid-Term Management Plan is to promote a New Work Style, with the goal of improving the job satisfaction and happiness of each of its employees, and achieving an overwhelmingly high level of productivity. This New Work Style will be built on individual employees seeking to achieve their personal "My Purpose"—with the ultimate goal of realizing SOMPO's Purpose.

To achieve this, we aim to Create the ideal group of talent who share the Three Core Value of Mission-Driven, Professionalism, and Diversity & Inclusion. We will implement various Group-wide policies to establish this workforce, and we will verify the progress of these policies and implement improvements using Human Capital Impact Pass, a framework that systematizes and visualizes the status of these initiatives.



Key Group-wide Policies to Create the ideal group of talent who share the Three Core Value

The Sampo Group is carrying out various initiatives to establish a Mission-Driven workforce, with two of the key initiatives being: the implementation of "My Purpose 1-on-1," which seeks to empower employees to adopt a self-directed work style by incorporating My Purpose into their work and engaging in regular employee-supervisor dialogue; and the establishment of a "Self-chosen Career-Development System," which enables employees to choose a career path based on their own My Purpose. Through these initiatives, the Group encourages employees to align their individual My Purpose with the Group-wide SOMPO's Purpose, pursue both in their day-to-day work, and so achieve improved job satisfaction and productivity.

To improve Professionalism, the Sampo Group carries out training for selected employees of all levels, with the goal of nurturing human resources capable of driving Group management forward on a global basis. For younger employees, we offer the in-house SOMPO Global University, in partnership with the National University of Singapore Business School. Sampo Japan has also established Sampo Japan University

for online learning. By providing employees with opportunities for self-directed learning, it supports their efforts to take on new challenges. Furthermore, we are working to develop effective digital human resources so that we can implement a business model premised on the use of digital technology. To this end, we have assigned all our employees to one of three categories—DX Planning Talents; DX Expert Talents; and DX Utilization Talents—and we are implementing training systems tailored to each category.

The Sampo Group has positioned diversity and inclusion (D&I) as part of its business strategy, and is promoting it under the slogan "Diversity for Growth." One of the goals of promoting D&I is to encourage innovation. In order to realize SOMPO's Purpose, we need to welcome the "good clashes of knowledge" that occur when diverse people interact, and build on them to innovate and find new value. We intend to facilitate major innovation by fomenting a Group-wide culture in which employees share their individual My Purposes and respect and accept each other.

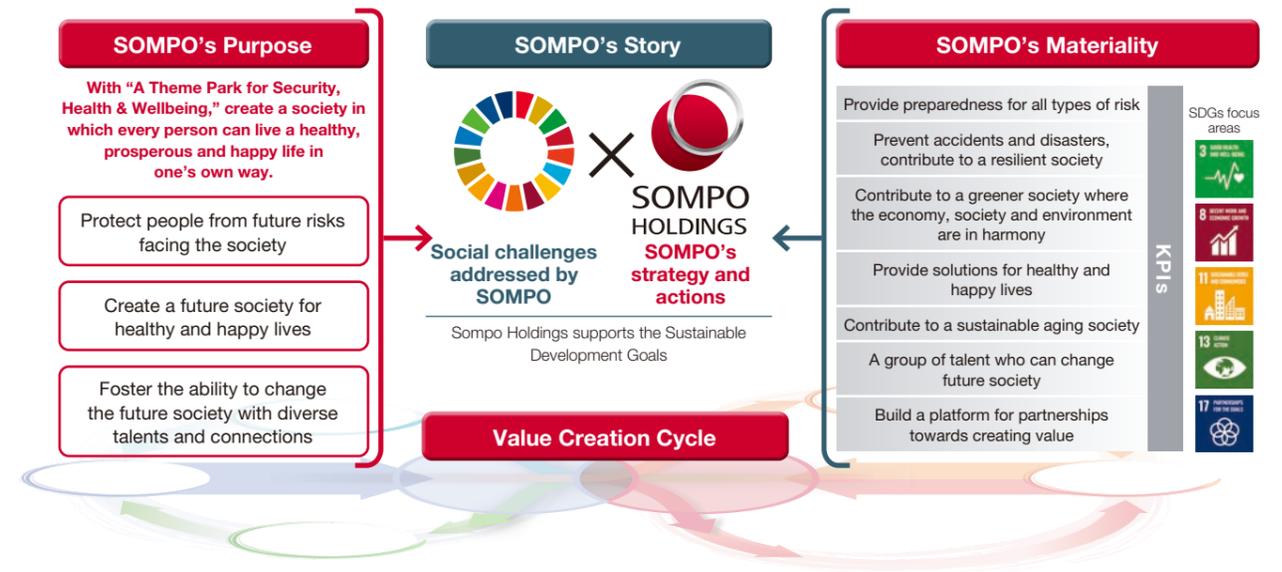
Group Business Foundation SDGs in Business Management

Overview of SDGs in Business Management

In its current Mid-Term Management Plan, the Sampo Group has positioned "SDGs in Business Management" as one of our Group Business Foundations to create economic and social value by using its core business to resolve social challenges. To do this, we have designated seven Materialities—or priority issues—for realizing SOMPO's Purpose. We have also

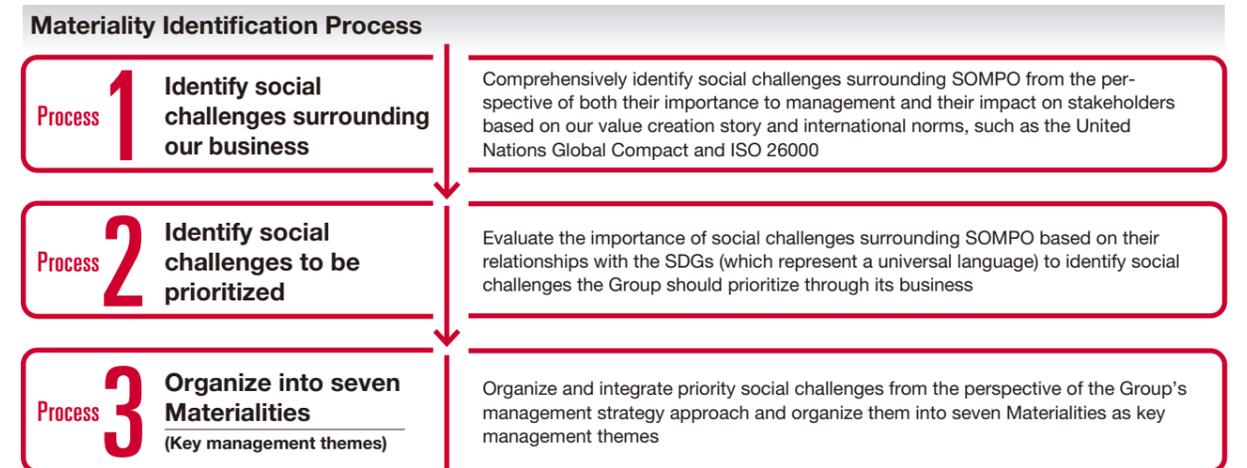
set KPIs for each Materiality to facilitate the creation of highly effective PDCA cycles, visualizing our progress and identifying issues.

By driving value creation cycles through this SDGs in Business Management framework, we seek to promote Group-wide initiatives for realizing SOMPO's Purpose.



Identifying Materiality

The Sampo Group has identified social challenges based both on international norms and on its mission to realize SOMPO's Purpose. After assessing their importance according to their relevance to SDGs, we have identified priority social challenges, and organized, integrated, and systematized them as Materiality.



Integrating Materiality KPIs and the Value Creation Cycle

The Sampo Group has set KPIs for each Materiality to measure progress toward achieving its Materiality goals. By integrating these Materiality KPIs with important elements and KPIs of our value creation cycle, we have created a system for executing a PDCA cycle for our SDGs Management.

SDGs Matrix: Social Challenges and SDGs Addressed by SOMPO

This matrix follows ISO 26000 frameworks to clarify the relationship between the social challenges facing SOMPO, which were identified in Process 1 of the Materiality Identification Process, and the core subjects of ESG and ISO 26000. It also indicates which of the 169 SDG Targets the Sompo Group will contribute to through the provision of its products and services. In Process 2, we

narrowed down Materiality candidates based on their level of importance, and identified which social challenges to prioritize through our business. Finally, in Process 3, we organized, integrated, and systematized these social challenges according to our strategies. We have termed these challenges “Materialities,” or priority issues for realizing SOMPO’s Purpose.



ESG Category	ISO 26000 Seven Core Subjects	Social challenges facing SOMPO	1	2	3	4	5	6	7	8
G	Organizational governance	Fulfilling governance functions						△5.5		△8.8
		Refining ERM								△8.10
		Strengthening cyber security resilience								△8.10
		Strengthening resilience against increasingly uncertain international affairs								
Fair operating practices		Ensuring compliance								△8.8
		Preventing corruption								△8.8
Human rights		Incorporating ESG into the value chain							●7.2	●8.7
		Responding appropriately to risks to human dignity and human rights	△1.3		●3.4	●4.4	△5.4			●8.8
S	Community involvement and development	Preventing the spread of infectious diseases			●3.3					●8.10
		Improving employee engagement			△3.4	●4.4	△5.4			●8.2
		Improving the Group's ability to innovate				△4.4	△5.b			●8.2
		Promoting diversity & inclusion	△1.4		△3.4	●4.5	●5.5			●8.2
		Promoting health and productivity management*			●3.4					●8.8
		Investing in human resources (lifelong learning and recurrent education)				●4.4				●8.2
		Investing in human capital			△3.4	△4.4	△5.5			●8.2
		Supporting regional development for regional revitalization								
		Promoting culture and the arts					△4.7			
		Promoting financial inclusion and ensuring universal access to insurance	●1.4	●2.3	●3.3					
Consumer issues		Contributing to a society that is resilient against natural disasters	●1.5							●8.10
		Contributing to a safe and secure next-generation mobility society			●3.6					●8.10
		Contributing to a sustainable social security system	●1.3		●3.4		●5.4			●8.8
		Supporting people who are vulnerable to disasters	△1.5							
		Co-creating with diverse stakeholders to achieve transformation	●1.4	●2.4	●3.6	●4.7	●5.5	●6.6	●7.a	●8.10
		Responding to a data-driven society			●3.4	△4.4	△5.b			△8.10
		Improving the quality of customer services			●3.6					●8.10
		Safeguarding privacy								△8.8
		Contributing to a smart society			●3.4					
		Extending life expectancy	△1.4		●3.4	△4.4	△5.4			●8.10
E	Environment	Providing products and services that reflect changes in people's values and behavior			●3.4					●8.10
		Educating future generations (disaster prevention and traffic safety)			●3.6	●4.7		△6.6		
		Educating future generations (the environment)				●4.7				
		Promoting sustainable finance (underwriting and developing insurance products)			△3.9				●7.a	△8.10
		Promoting sustainable finance (investment and lending)			△3.9				●7.a	△8.3
		Contributing to a sustainable food supply	●1.5	●2.4				△6.6		●8.10
E	Environment	Contributing to a carbon neutral society	●1.5	●2.4	△3.9	△4.7		△6.6	●7.2	
		Contributing to a circular economy						●6.b		
		Contributing to a society in harmony with nature						●6.6		

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

Process 3
Organize into seven Materialities (Key management themes)

- 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

STRATEGY/CAPITAL

*1 SDG targets strongly linked to Sompo Group's initiatives are marked as "●," and those moderately linked are marked as "△."
The Sompo Group will continuously review the matrix in light of developments in its problem-solving business and changes to social challenges.
*2 This matrix was formulated under the supervision of Professor Hidemitsu Sasaya of the Chiba University of Commerce.
* "Health and productivity management" is a registered trademark of Nonprofit Organization KenkoKeiei.

Materiality KPIs

The Sampo Group has set KPIs for each Materiality to define its actions for realizing SOMPO's Purpose, and to gauge the progress of these actions. By integrating these KPIs with important elements of our value creation cycle, we have created a system that enables us to implement said value creation cycle. In fiscal 2021, we achieved 24 of the 29 KPIs for which we had set single-year targets. As our initiatives and strategies for realizing SOMPO's Purpose evolve and change, we are expanding our Materiality KPIs.

Indeed, we have committed to adding a further four KPIs in fiscal 2022, and plan to subsequently add two more. In this way, by establishing a Group-wide framework that facilitates the creation of a PDCA cycle for our value creation cycle, we are making progress towards realizing SOMPO's Purpose.

Materiality	Materiality Subcategory	Materiality KPIs	
		KPIs	Target Business
Provide preparedness for all types of risk	Promoting financial inclusion and ensuring universal access to insurance	Domestic net written premiums (contribution to promoting insurance)	Domestic P&C Insurance
		Overseas gross written premiums (contribution to promoting insurance)	Overseas Insurance and Reinsurance
	Contributing to a sustainable food supply	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 (core products)	Domestic P&C Insurance
Prevent accidents and disasters, contribute to a resilient society	Contributing to a society that is resilient against natural disasters	Expansion of AgriSampo's agricultural insurance business to more countries	Overseas Insurance and Reinsurance
		Customer satisfaction with insurance claims paid for natural disasters	Domestic P&C Insurance
	Contributing to a safe and secure next-generation mobility society	★ Development of products and services that help adapt to or mitigate climate change	All Group businesses
		No. of sales and premiums for insurance products that contribute to a safe and secure next-generation mobility society (core products)	Domestic P&C Insurance
Contribute to a greener society where the economy, society and environment are in harmony	Promoting sustainable finance (underwriting and developing insurance products, and investment and lending)	★ Customer satisfaction with insurance claims paid for car accidents	Domestic P&C Insurance
		No. of participants in disaster prevention and traffic safety training	All Group businesses
	Contributing to a carbon neutral society, to a circular economy, and to a society in harmony with nature	Participation and activities in sustainability-related initiatives and rule-making	All Group businesses
		No. of engagements with investee and borrower companies	All Group businesses
Provide solutions for healthy and happy lives	Promoting sustainable finance (underwriting and developing insurance products, and investment and lending)	Reduction rate for Group greenhouse gas emissions	All Group businesses
		Switch to renewable energy sources	All Group businesses
	Contributing to a carbon neutral society, to a circular economy, and to a society in harmony with nature	★ Reduction rate for greenhouse gas emissions of investee and borrower companies	All Group businesses
		Incorporating ESG into the value chain	All Group businesses
Contribute to a sustainable aging society	Contributing to a sustainable social security system	No. of participants in environmental education programs	All Group businesses
		No. of Insurhealth® policies sold	Domestic Life Insurance
	Contributing to a smart society	No. of Insurhealth® policies in force	Domestic Life Insurance
		Sales share of Insurhealth® products	Domestic Life Insurance
A group of talent who can change future society	Improving employee engagement	★ No. of My Link X members	Domestic Life Insurance
		Company name recognition	Domestic Life Insurance
	Promoting health and productivity management, and responding appropriately to risks to human dignity and human rights	Perception as a company that promotes health	Domestic Life Insurance
		No. of branch offices offering dementia prevention programs	Nursing Care and Seniors
Build a platform for partnerships towards creating value	Promoting a data-driven society	Health guidance business revenue	Strategic business
		Mental health service revenue	Strategic business
	Investing in human capital	No. of smart community proof of concepts	Nursing Care and Seniors
		No. of facilities introducing future nursing care model	Nursing Care and Seniors
Investing in human resources (lifelong learning and recurrent education)	Promoting diversity & inclusion	Nursing care facility occupancy rate	Nursing Care and Seniors
		No. of nursing care users	Nursing Care and Seniors
	Investing in human resources (lifelong learning and recurrent education)	Care provider turnover rate	Nursing Care and Seniors
		★ Social impact of Nursing Care Business	Nursing Care and Seniors
Investing in human capital	Promoting diversity & inclusion	Employee engagement	All Group businesses
		My Purpose training participation rate	All Group businesses
	Investing in human resources (lifelong learning and recurrent education)	Telework rate	All Group businesses
		Health and productivity management indicators (Work Limitations Questionnaire)	All Group businesses
Investing in human capital	Promoting diversity & inclusion	Ratio of female managers	All Group businesses
		Ratio of employees with disabilities	All Group businesses
	Investing in human resources (lifelong learning and recurrent education)	Shift to job-based HR system	All Group businesses
		No. of digital personnel developed and recruited	All Group businesses
Investing in human capital	Promoting a data-driven society	Group revenue generated by utilizing Real Data Platform	Digital
		External sales and monetization of Real Data Platform products and services	Digital
	Investing in human resources (lifelong learning and recurrent education)	★ Nursing Care RDP indicators	Nursing Care and Seniors

Co-creating with diverse stakeholders to achieve transformation

Fulfilling governance functions

Investing in human capital

★ KPIs added in fiscal 2022
☆ KPIs scheduled for addition

Numerical Targets	Partnership KPIs	FY2021 Results		Relevant SDG Targets			SOMPO's Vision for Society and for the Group
		Results	Status of single-year targets	1.4	8.10	11.b	
FY2021: ¥1,988.6bn; FY2022: ¥2,055.3bn; FY2023: ¥2,079.9bn		¥1,999.6bn	Achieved	1.4	8.10	11.b	A safe and secure society, which is also protected from new risks such as climate change, infectious diseases, and cyberattacks due to the evolution of insurance
FY2021: +7.9%; FY2022: +7.1%; FY2023: +6.9% *USD base		+25.8%	Achieved	1.4	8.10	13.1	
FY2021: 4.43M; FY2022: 4.72M; FY2023: 5.00M		4.45M	Achieved	1.4	3.4	8.10	
Increase YoY		YoY increase: +12,000 insurance product sales; +¥2.25bn premiums	Achieved	3.3	3.4	8.10	
Increase number of countries by FY2023		No increase	No single-year target set	1.5	2.4	13.1	A society in which risks are controlled and damage is minimized by detecting and preventing warning signs
Improve YoY		YoY improvement: -3.3 points	Not achieved	1.5	11.b	13.1	
Publish and update development results		—	—	1.5	13.1	13.3	
Increase YoY		YoY increase: +59,000 insurance product sales; +¥240mn premiums	Achieved	3.6	8.10	11.2	
Improve YoY		—	—	3.6	8.10	11.2	An inclusive and resilient carbon neutral society where people and nature coexist in harmony
FY2021: 15,000; FY2022: 18,000		23,036	Achieved	3.6	4.7	11.b	
Publish and update activity results		Joined PCAF and three GFANZ sector-specific alliances	No single-year target set	9.4	11.4	13.3	
Increase YoY		Increase YoY	Achieved	7.a	9.4	13.a	
60% reduction by 2030 (compared to 2017 levels), net zero by 2050 *Targets include Scopes 1, 2, and 3, but exclude investee and borrower companies		228,051tCO2e	No single-year target set	7.2	12.8	13.2	A society in which people who need support can live independent, healthy, and happy lives in a way true to themselves
70% utilization rate by FY2030		2.2%	No single-year target set	7.2	12.2	13.2	
25% reduction by 2025 (compared to 2019 levels), net zero by 2050 *For Scope 3, Category 15 emissions		FY2020 Equities: 948,530 tCO2e Bonds: 906,207 tCO2e	—	7.a	12.8	13.2	
FY2021: 11,500; FY2022: 9,000		6,595	Not achieved	4.7	13.3	14.1	
End of FY2021: 300,000; End of FY2022: 460,000; End of FY2023: 420,000	Increase in no. of partnerships 1) No. of collaborations and partnerships announced to the public 2) No. of proof-of-concept and pilot tests conducted through collaborations and partnerships 3) No. of solutions provided through collaborations and partnerships	End of FY2021: 600,000; End of FY2022: 1,130,000; End of FY2023: 1,300,000	710,000	Achieved	1.4	3.4	8.10
End of FY2021: 60%; End of FY2022: 70%; End of FY2023: 80%		End of FY2021: 60%; End of FY2022: 70%; End of FY2023: 80%	68.3%	Achieved	3.4	3.a	8.10
FY2022: 700,000; FY2023: 1,000,000		FY2022: 700,000; FY2023: 1,000,000	457,000	—	1.4	3.4	8.10
End of FY2021: 60%; End of FY2022: 70%; End of FY2023: 80%		End of FY2021: 60%; End of FY2022: 70%; End of FY2023: 80%	51.7%	Not achieved	3.4	3.a	8.10
Life insurance industry ranking for Sampo Himawari Life Insurance: End of FY2021: No. 5; End of FY2022: No. 3; End of FY2023: No. 1		No.9	Not achieved	3.4	3.a	8.10	A hopeful society in which the burden is reduced on people tasked with supporting an aging population and a declining birthrate
FY2021: 38; FY2022: 82; FY2023: 171		41	Achieved	3.4	5.4	10.2	
FY2021: ¥3.519bn; FY2022: ¥3.881bn		¥3.746bn	Achieved	3.4	3.5	4.7	
FY2021: ¥1.485bn; FY2022: ¥1.619bn		¥1.493bn	Achieved	3.4	4.4	8.8	
FY2021: 10; FY2022: 10		12	Achieved	3.4	3.d	11.3	An organization whose diverse workforce has the capacity to develop innovative solutions and transform future society
FY2021: 28; FY2022: 73; FY2023: 258		23	Not achieved	1.3	3.4	8.8	
FY2021: 90.8%; FY2022: 92.9%; FY2023: 93.8%		91.1%	Achieved	1.3	3.4	10.2	
FY2021: 90,000; FY2022: 94,000; FY2023: 120,000		90,000	Achieved	1.3	3.4	5.4	
FY2021: 11.4%; FY2022: 11.0%; FY2023: 10.5%		11.4%	Achieved	1.3	3.4	8.5	An organization that innovates based on facts and data, and that promises fulfilling lives for an aging population and for the people who support it
Plans to disclose future social impact of Nursing Care Business		—	—	1.3	3.4	8.5	
Average Gallup Q12 score of 3.70 pt in Japan and 4.10 pt overseas by end of FY2023		3.46 pt in Japan, and 4.02 pt overseas	Achieved	4.4	8.2	9.b	
End of FY2023: 100% of eligible employees		66% of employees from Domestic P&C, Domestic Life Insurance, and Nursing Care and Seniors Businesses	Achieved	4.5	4.4	8.2	
50% or more of whole Group *excluding frontline care givers		65.0%	Achieved	4.4	5.4	8.8	An organization that innovates based on facts and data, and that promises fulfilling lives for an aging population and for the people who support it
Improve YoY at all companies		93.8%	Achieved	3.4	8.2	8.8	
End of FY2023: 30%		26.8%	Achieved	5.5	8.2	10.2	
End of FY2023: 2.5%		2.41%	Achieved	4.5	8.2	10.2	
Introduce job-based system at all companies by end of FY2023		Introduced at Sampo Holdings and Sampo Himawari Life Insurance; job-posting system introduced at Saison Automobile and Fire Insurance Company	No single-year target set	8.2	8.5	9.5	An organization that innovates based on facts and data, and that promises fulfilling lives for an aging population and for the people who support it
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, and CX agile design training: 3,000 DX utilization personnel: 17,100 participants in training		DX specialists: 31 DX planning personnel a) Employees who have completed basic DX training: 1,979 b) Participants in AI planning, data utilization, and CX agile design training: 791 DX utilization personnel: 10,656 participants in training	Achieved	4.4	8.2	9.5	
¥500bn (medium- to long-term target)		No results	No single-year target set	3.4	9.5	17.16	
Two projects or more by end of FY2023		No results	No single-year target set	3.4	9.2	17.16	
Targets to be decided based on business plans		—	—	3.4	8.2	9.2	

SOMPO Climate Action

In its current Mid-Term Management Plan from FY2021, the Sompō Group has positioned climate change as a priority social challenge. We launched “SOMPO Climate Action” to adapt to climate change, to mitigate climate change, and to contribute to transforming society.

SOMPO Climate Action

1. Adapt to Climate Change

Enhance social resilience by collaborating on the development and provision of products and services

- Contribute to sustainable agriculture via AgriSompō
- Develop products and new businesses for disaster prevention and mitigation
- Provide corporate BCP service

2. Mitigate Climate Change

Achieve Net Zero Group GHG Emissions by 2050

- Use renewable energy across the Group (70% by 2030)
- Engage in sustainable procurement that supports biodiversity
- Develop products and new businesses for the promotion of clean energy
- Establish corporate decarbonization services

3. Contribute to Transforming Society

Support Social Transformation through Collaborations with NPOs and Other Stakeholders, and through Engagement as a Financial Institution

- Promote engagement with investee companies
- Proactively participate in rule-making and policy proposals
- Develop environmental personnel

1. Four Actions to Adapt to Climate Change

Having analyzed the potential risks and opportunities that climate change will have on our Group, we have established a basic policy of engaging in four actions to achieve our Climate Action plan:

- 1) Formulate and execute a Green Transition Plan;
- 2) Strengthen our internal response systems;
- 3) Enhance our Climate Risk Framework;
- 4) Create climate-related business opportunities.

2. Formulate and Execute a Green Transition Plan

The goal of our Group is to achieve net-zero greenhouse gas (GHG) emissions by 2050, including our underwriting operations and our investee and borrower companies. To this end, the entire Group is promoting the following actions.

Initiative 1: Formulate Interim GHG-Reduction Targets for Investee and Borrower Companies

In fiscal 2021, we set ourselves the goal of achieving net-zero GHG emissions across our entire value chain—including investee and borrower companies—by 2050. In May 2022, we strengthened our engagement with our investee and borrower companies by setting an interim target of reducing GHG emissions by 25% by 2025 (compared to 2019 levels).

Initiative 2: Strengthen Underwriting and Investee and Borrower Company Policies

Our Group believes sustainability to be a driver of long-term value creation, and we make decisions for our underwriting operations, investee and borrowing companies, and business activities based on the basic approach outlined in SOMPO's Purpose.

For further information about our Underwriting Operations and Investee and Borrower Company ESG Policies, please visit our corporate website:

<https://www.sompo-hd.com/en/csr/system/vision/>

Renewable energy is particularly important as we transition towards a green society, and we seek to achieve our SOMPO Climate Action plan through the following initiatives for our underwriting operations and investee and borrowing companies.

Initiatives for Underwriting, Investment and Loan

- We will not underwrite new insurance or make new investments in or loans for new or existing coal power plants or thermal coal mine projects.
- We also will not underwrite new insurance or make new investments in or loans for oil and gas extraction projects in the oil sands or the Arctic National Wildlife Refuge (ANWR).
- We will not insure or make investments or loans to companies that they do not establish a GHG reduction plan by January 2025, that derive at least 30% of their revenues from coal-fired power generation, thermal coal mines, or oil sands, or electric utilities companies that generate at least 30% of their energy from coal, or that oil and gas extract in the ANWR.

For further information about our policies, please visit our corporate website.

<https://www.sompo-hd.com/en/csr/system/vision/>

Initiative 3: Join Net Zero Organizations

The Sompō Group became the first Japanese insurance company to join three of the sector-specific alliances that comprise the Glasgow Financial Alliance for Net Zero (GFANZ), a global alliance of financial institutions committed to achieving net-zero GHG emissions by 2050. Through our membership in these organizations, we intend to contribute to the establishment of rules aimed at realizing social transformation, and to accelerate our initiatives to achieve net zero by promoting decarbonization in our underwriting operations, and reducing GHGs in our investments.

The Three Sector-Specific GFANZ Alliances (2022)

- Net-Zero Insurance Alliance
- Net-Zero Asset Owner Alliance
- Net Zero Asset Managers Initiative

3. Information Disclosures that Follow TCFD Recommendations

The Sompō Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and works to disclose various initiatives and information related to climate change with high levels of transparency. For further information, please visit our corporate website:

<https://www.sompo-hd.com/en/csr/materiality/topic2/>

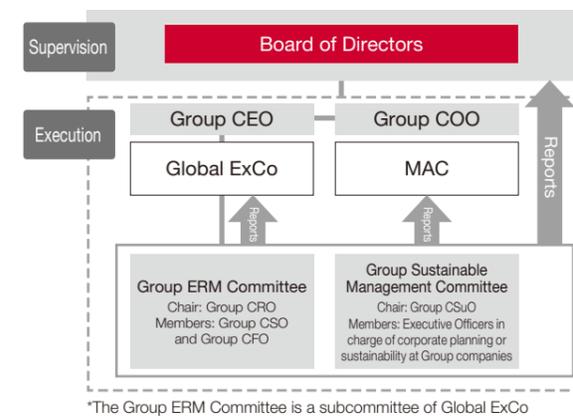
Climate Change Governance System

The Sompō Group has designated “contributing to a green society in which the economy, society, and environment exist in harmony” as one of its Materialities for realizing SOMPO's Purpose. To this end, we have established a system in which our Executive Officers formulate and execute climate change strategies and measures, and progress is supervised by the Board of Directors.

Chaired by the Group Chief Sustainability Officer, the Group Sustainable Management Committee ensures these strategies and measures are communicated to employees, and verifies the initiatives of Group companies. Based on the Committee's discussions, the latest information regarding our climate change strategies and measures are reported to the Global Executive Committee (Global ExCo) and the Managerial Administrative Committee (MAC).

The Group Chief Risk Officer (Group CRO) has established a risk control system based on the “SOMPO Group's Basic Policy on ERM,” comprehensively identifies and evaluates the risks to each business through the Group ERM Committee, a subcommittee of Global ExCo, and periodically reports to the MAC and the Board of Directors on the management status of the Group's “material risks” including climate change.

The Board of Directors receives reports regarding discussions and deliberations held by Global ExCo and MAC. It oversees the appropriateness of strategies in light of SOMPO's Purpose, and monitors the execution of these measures by Directors and Executive Officers.



*The Group ERM Committee is a subcommittee of Global ExCo

Number of meetings and discussions on the subject of climate change held by each committee in FY2021:

- Global ExCo: 2
- MAC: 5
- Group Sustainable Management Committee: 3
- Group ERM Committee: 2

Strategy and Scenario Analysis

1) Assessment and analysis of climate-related risks and opportunities

Once environmental changes related to climate change have been identified, the risks and opportunities they present to our Group's business are assessed and analyzed according to two timeframes: short-term, medium-term (5–10 years), and long-term (10–30 years). These assessments and analyses are used when proposing strategies and discussing concrete measures.

2) Climate change-related business initiatives

Based on the above analyses and the Group's basic policy on climate change, we work to promote the spread of renewable energy through our insurance (mitigation), engage in disaster-prevention and mitigation through collaboration with our stakeholders (adaptation), and continuously invest in ESG bonds.

For further information about our initiatives, please visit our corporate website:

<https://www.sompo-hd.com/en/csr/action/>

3) Scenario analysis

Based on the assessments and analyses of climate change-induced risks and opportunities outlined above, we also conduct scenario analyses on physical risks and transition risks.

1. Physical risks

The growing severity and frequency of natural disasters such as typhoons, floods, and storm surges has increased the likelihood of unexpectedly large claim payouts, and consequentially financial impact on the Group. In the P&C insurance business, risks can be controlled by revising underwriting conditions and reinsurance policies based on incidence trends. We are also working to ensure resilience based on geographic diversification, quantification based on short- and long-term climate forecasts, and long-term scenario analysis results.

To quantitatively grasp risks, we use weather and climate big data, such as the Database for Policy Decision-making for Future Climate Change (d4PDF). We seek to understand the medium- and long-term (5–10 years) impact of 2°C and 4°C rises in average temperature on typhoons, floods, and storm surges, and on the incidence of extreme weather events. In addition, we estimate the impacts of these phenomena using simple quantitative analysis tools, based on guidelines issued by the United Nations Environment Programme Finance Initiative's TCFD Insurer Pilot Group.

Estimate results

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

At present, we use the scenario analysis framework provided by the Network for Greening the Financial System, which is examining financial supervisory responses to climate change risk.

2. Transition risks

We have analyzed the impact of transition risks on assets held by the Group (Japanese and foreign equities and corporate bonds) using the model provided by MSCI, based on scenarios in which global warming are limited to 1.5°C, 2°C, or 3°C. We focused on the impact of policy risks associated with the transition to a low-carbon global economy and the impact of technological opportunities from climate change mitigation and adaptation initiatives. These analyses indicate that while the impact on Japanese equities is the largest, the overall impact of policy risks is limited as it is offset by that of technological opportunities.

Risk Management

The Company has established a risk appetite framework to clarify which risks the Group should take and which it should avoid, in order to increase the achievability of the Group Management Philosophy, SOMPO's Purpose, and Group management plans.

With regard to climate change-related risk, we have established a Climate Change Risk Framework in light of the fact that climate change will impact various aspects of our Group's business, and that these impacts will be lasting and uncertain.

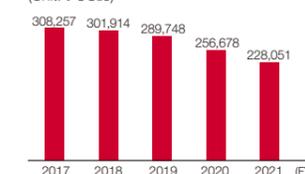
We have visualized these risks in our Climate Change Risk Map, using risk assessments that presuppose various policy shifts. The findings of this risk map are fed back into our existing risk control system framework, with the goal of enhancing our risk management.

Metrics and Targets

1) Key Metrics

Scope 1–3 GHG emissions*1 excluding Scope 3 Category 15 (investments and loans)

(Unit: t-CO₂e)



Scope 3 Category 15*2

Absolute GHG emissions

(Unit: t-CO₂e)



Weighted Average Carbon Intensity

(Unit: t-CO₂e / USD millions)

FY	Equities	Bonds
2019	119.60	121.07
2020	100.58	133.77

For further information about other indicators, please visit the Company website.

<https://www.sompo-hd.com/en/csr/esg/data/>

2) Key Targets

GHG reduction targets

	Scope 1–3 (excluding investments and loans)	Scope 3 Category 15 investments and loans
2025	60% reduction (compared to 2017 levels)	25% reduction (compared to 2019 levels)
2030		
2050	Net zero	Net zero

[Third-party verification]

To ensure the reliability of reported figures, Sompō Holdings has received third-party verification from Lloyd's Register Quality Assurance Limited (LRQA) for its calculations of greenhouse gas emissions (Scope 1–3) in FY 2021.

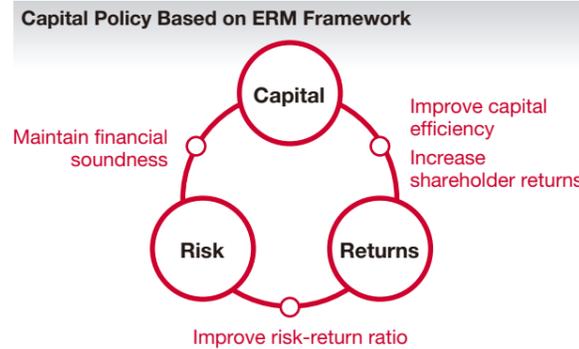
*1 Total Scope 1 (direct emissions from use of gasoline, etc.), Scope 2 (indirect emissions from energy sources, such as electricity), and Scope 3 (indirect emissions across the entire value chain, including transportation, business travel, etc.) GHG emissions. This total covers the emissions of the Company itself and of its key consolidated subsidiaries. Note that emissions for FY2017–FY2020 have been recalculated based on FY2021 calculation methodologies.

*2 Calculated for Scope 1 and Scope 2 in Japanese and foreign listed stocks and bond investees using data provided by MSCI ESG Research. GHG emissions are our share of emissions based on investee's Enterprise Value Including Cash (EVIC), and WACI is the weighted average of each investee's GHG emissions per unit sales, according to the holding percentage for that investee in our portfolio.

Group Business Foundation: Capital Policy

Basic Capital Policy

The Company's Capital Policy is based on the Enterprise Risk Management (ERM) framework, and its Basic Capital Policy is to appropriately control the balance of capital, risk, and return to achieve a number of goals: maintaining robust financial health; achieving steady improvements in capital efficiency to grow profits to a world-class level and deliver adjusted consolidated ROE of 10% or more; and ensuring attractive shareholder returns (dividends and share buybacks) commensurate with both profit and shareholder equity levels.



Improving Capital Efficiency

To sustainably boost the Group's capital efficiency, the Company has been executing M&As and other growth investments, and investing in digital technologies and other fields with high capital efficiency. To make these investments, we are using stable cash flows generated by our existing businesses, as well as capital generated by reducing risk. Through these initiatives, we aim to achieve our mid-term goals of increasing 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. We have also set individual ROE goals for each of our businesses. By monitoring the initiatives these businesses implement, we intend to improve capital efficiency and increase the adjusted profits of the Group as a whole.

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

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

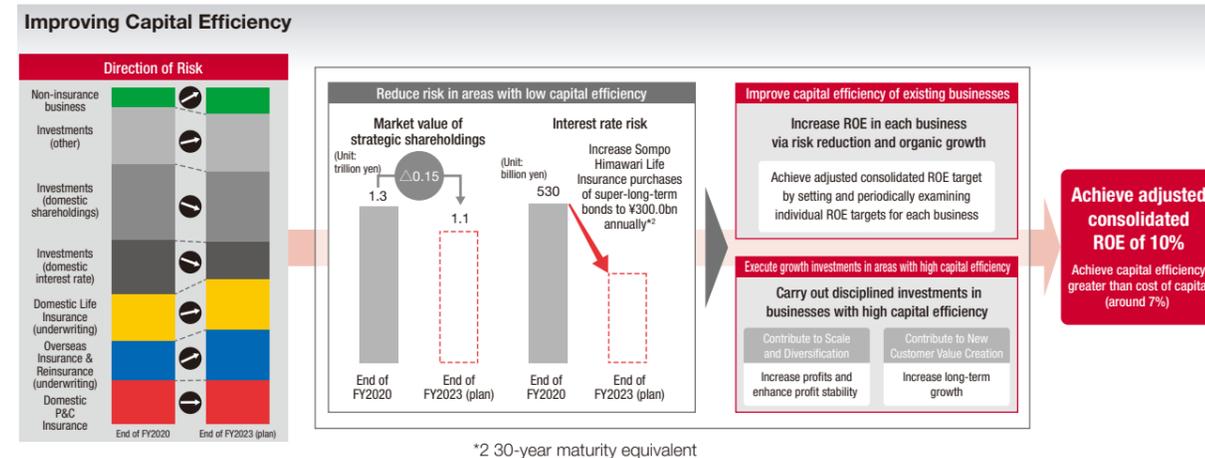
The Risk Appetite Statement (RAS) outlines our medium-term risk-taking policy, and is the basis on which we carry out initiatives to improve the Group's risk profile, and steadily increase its capital efficiency. The RAS describes the approach to risk-taking we intend to take for each category of risk, based on their risk-return ratios. In line with the RAS, we will reduce strategic shareholdings that have low capital efficiency and reduce domestic interest rate

risks by strengthening ALM. Our KPIs for the current Mid-Term Management Plan include reducing strategic shareholdings by approximately ¥150 billion and purchasing ¥300 billion of super-long-term bonds annually through our Domestic Life Insurance Business. We steadily carried out these initiatives in fiscal 2021, selling strategic shareholdings to the value of ¥50.1 billion, and purchasing super-long-term bonds worth ¥329.4 billion.

As part of the current Mid-Term Management Plan, we also plan to allocate management resources worth around ¥600.0 billion to growth investments that contribute to our Scale and Diversification and New Customer Value Creation core strategies.

For our Scale and Diversification strategy, we will invest in M&As and organic growth primarily in our Overseas Insurance and Reinsurance Business, with the aim of bettering our chances of achieving our management targets. For our New Customer Value Creation strategy, we intend to invest in creating a Real Data Platform (RDP) and in companies that possess digital and other advanced technologies, as well as in the healthcare domain, with the twin aims of contributing to the resolution of social issues and boosting growth over the medium to long term.

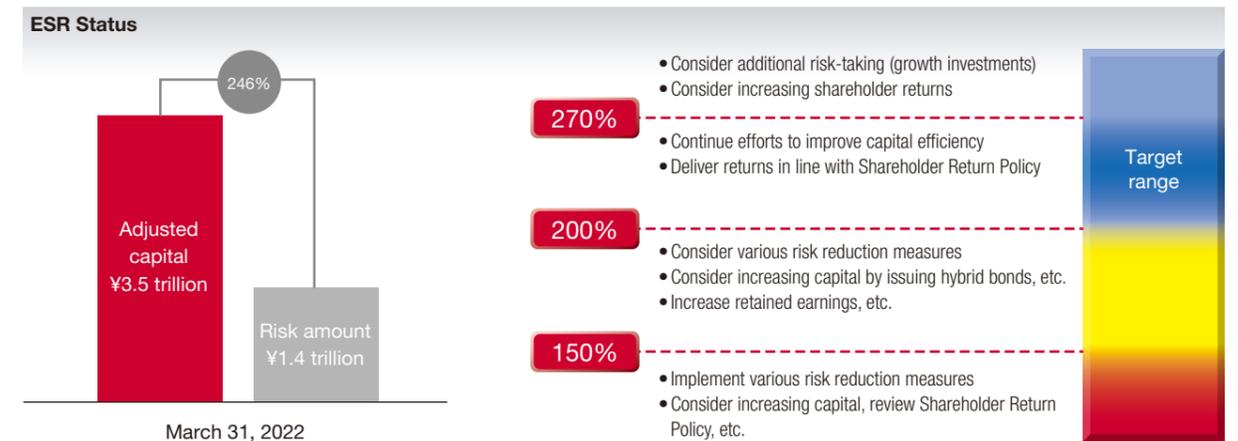
We have established a disciplined investment framework when it comes to considering M&As: we assess the consistency of any potential deal with our business strategy, and analyze any expected synergies; we have also set a hurdle rate that takes into account the weighted average cost of capital (WACC) based on financial leverage and the industry characteristics of the acquisition target.



Maintaining Financial Soundness

To maintain robust financial health, the Company manages 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—an ESR of 200% to 270%—and risk tolerance as a guide to appropriate capital levels from the perspective of financial soundness and capital efficiency, and we implement appropriate capital policies according to these ESR target levels. In calculating ESR, we take into account recent regulatory trends

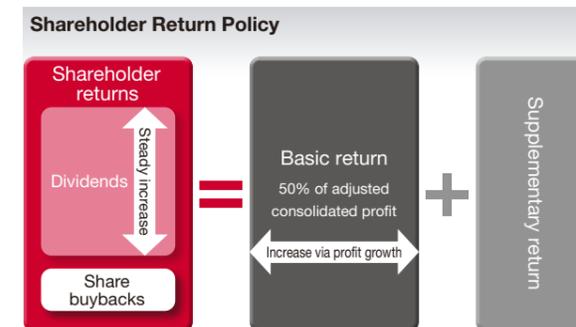


Shareholder Returns

The Company aims to provide attractive shareholder returns, in line with a basic policy to continuously increase dividends through sustainable profit growth while taking both its financial soundness and the prevailing business environment into consideration. We also maintain the option of flexibly executing share buybacks depending on share prices and capital availability.

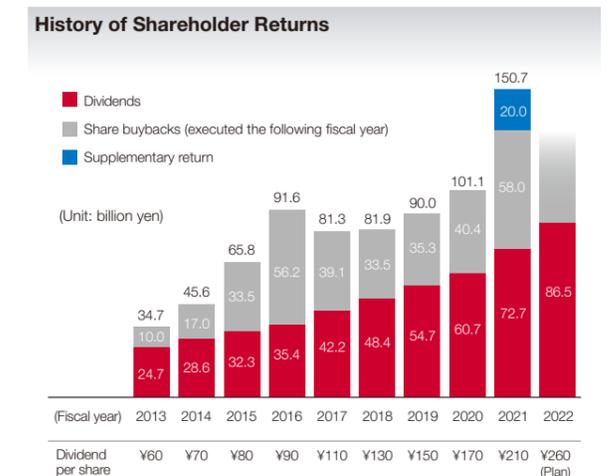
Our Shareholder Return Policy for the current Mid-Term Management Plan stipulates a basic shareholder return rate equivalent to 50% of adjusted consolidated profit, as well as

supplementary returns depending on financial performance, the financial market environment, and capital conditions. In addition, we intend to steadily increase the total amount of returns (total dividends + share buybacks) through profit growth, increase dividends in line with this profit growth, and so raise the ratio of dividends to total payout. Based on this policy, we project an annual dividend of ¥260 per share in fiscal 2022, which comprises an interim dividend of ¥130 and a year-end dividend of ¥130. This marks an increase of ¥50 from fiscal 2021, and is the ninth consecutive year of dividend increases.



Note: Supplementary return will be provided in the following circumstances, depending on risk and capital conditions and outlook for the future. Cases for supplementary returns include:

- When ESR constantly exceeds the target range
- When it is required to maintain the previous fiscal year's level of return, in cases where adjusted profit declines due to one-time factors such as natural disasters
- When growth investments such as large-scale M&As are not expected
- When improved capital efficiency, etc., is deemed necessary



Governance

Sompo Holdings is changing rapidly on many dimensions. Transformation of its existing businesses, creation of new business platforms, and expansion in new markets and businesses outside of Japan.

All this requires effective strategic planning, risk taking, and investment as both a business group as a whole, and as a member of different markets and communities. This in turn requires an organization with a clear overall vision, where executives are empowered and informed in enable effective decision making, and where knowledge and best practices are shared throughout the group to create synergies of growth for the future. One of the key enabling factors for this is good governance - the ability to be transparent, accountable, and objective. Governance, an integral part of the group's management and transformation, is a topic of constant debate and discussion within SOMPO. This dialogue was held so that our stakeholders can get an inside look into what governance means to us and how we are constantly striving to improve it.

This dialogue was coordinated by Dr. Scott Trevor Davis, Sompo Holdings board member, chair of the Nominations Committee, and a professor at the College of Business, Rikkyo University.



Director and Management Members Dialogue SOMPO's evolving governance

(1) The "Why" that drives the mission and strategy of transformation

Davis Many companies are feeling the pressure to change their business models as a result of challenges that have become apparent due to shifting trends in the business environment. At Rikkyo University I have developed a framework called the Good Business Initiative which enables corporations to reframe their operations strategically, build business platforms of new and better relationships, and continually realize a shared vision of the common good through purpose driven, transformative innovation. Using this framework I can see that SOMPO has transformed strategically and coherently over the last ten years by always starting its inquiries by asking "why" in response to new challenges and emerging trends in the environment. Through this process SOMPO has established a clear purpose (reason for existence) in its pursuit of a "Theme Park for Security, Health & Wellbeing" on the long term and an approach towards the transformation needed to accomplish this as a process of qualitative evolution. I would like to ask Sakurada-san first, what has driven and enabled this qualitative evolution?

Sakurada The reason is simple – sustainability. The awareness that transformation is essential to increase the sustainability of business and a sense of emergency are the drivers. The starting point was the desire for Sompo Group to remain "indispensable" for stakeholders even up to 100 years into the future. We started to reflect on the fundamental reason for the existence of SOMPO by asking "why." We cannot say for sure that P&C insurance, the Group's founding business, would still exist in society as something valuable in 100 years' time, and it may even disappear. To ensure the sustainability of business, we need to become a reliable company that is "always there to help our customers in their daily lives" and "consulted with by the customers if there is a problem" rather than just a "P&C insurance company" that is needed only when customers face in negative situations such as accidents and disasters. As our discussions progressed, this became a common understanding among the leadership team. I believe that the basic desire of our customers is happiness, that is to live a life with "security," "health" and "wellbeing" so to become a company that can be "counted on to prolong current happiness" and "dependable even up to the very last days of a customer's life." It was inevitable therefore that we not only enhance our capability as a P&C insurance company, but also transform the whole business.

Davis How is it possible to maintain this highly intense, ongoing discussion of what is and could be SOMPO's purpose and unique social contribution?

Sakurada First, it is because the "Theme Park for Security, Health & Wellbeing" is incomplete. There is still a large gap between the Theme Park that we aspire to realize and the current Sompo Group. If SOMPO were already "indispensable", stakeholder evaluation would be much higher. Unfortunately 99% of people around the world still have an image of Sompo Group as a "P&C insurance company" and the mindset of a majority of employees is probably also that of an "insurance company." We have not yet become a company that "turns zero into a positive" which is an evolution from "turning a negative into zero" which has been the conventional role of insurance. Also, even though we are a leading company in Japan's P&C insurance market, it is a small market when seen globally. Therefore, we are not yet "indispensable" for people around the world.

One opportunity to overcome the current situation is nursing care. Our efforts to put the abstract concept of "security and health" into practice through the Nursing Care & Seniors Business, and to differentiate by utilizing digital technologies are also extremely important for growth, sustainability, and fulfilling purpose. When customers select nursing care services and facilities, unlike insurance policies, they are highly conscious of the "company" that operates the business. Customers check reviews, including word of mouth, by themselves and actually visit the facility to ask questions. Only then do they finally decide that "a facility operated by this company is suitable as their last home."

SOMPO has become a leading company in the nursing care industry but stakeholder evaluation is polarized. One view is that "SOMPO recorded a net profit but it is a red ocean market, and there is uncertainty about future profitability." The other reaction is positive commending us for "entering into the nursing care market and addressing this national crisis."

SOMPO's stance on addressing social challenges through business is increasingly appreciated, but it is difficult to say that the future value of the business and expectations toward SOMPO are currently reflected in the stock price. Based on this in order to enhance the business continuity of Sompo Group, our challenge is to make future growth both understandable and achievable through the concept of "unrealized financial value." In the process of addressing this challenge, we have set our goal to become a "real data platformer" that integrates

Director and Management Members Dialogue



Outside Director
Scott Trevor Davis

the large amount of data obtained from frontline nursing care for people's happiness. To expedite realization of our vision, we formed business alliances with Palantir Technologies Inc. which has the best data analytics capability in the world, and ABEJA, Inc. which excels in AI solutions including deep learning. We will execute a strategy to deliver an infrastructure for providing services that combine the nursing facility management know-how developed by Sompo Group with digital technologies as the new real data platform (RDP) in nursing care to nursing care providers first in Japan. The potential market size in Japan is at least JPY10 trillion and we will expand this revolutionary service platform to neighboring industries to build an ecosystem that contributes to increasing sustainability of society rather than simply competing with other companies. We are currently seeing a good response here as the number of alliances with excellent business partners is increasing. This is entirely different from the past when we only operated the insurance business. I feel that the development and operation of the RDP has now entered this second phase of cooperation with business partners to build ecosystems for the future.

(2) Vigilance for governance

Davis Behind the Group's ability to practice effective management that maintains objectivity and transparency, the process of deciding what commitments to make to which stakeholders, and engaging in dialogue with individual stakeholders in order to fulfill those commitments, is largely due in my view to SOMPO's approach to governance as a dynamic, evolving process while also maintaining a sense of urgency. What factors have made this kind of approach to governance possible?

Sakurada The biggest step was becoming a company with committees in 2019. We had a non-mandatory Nomination & Compensation Committee before then, but now both the

Nomination Committee and Compensation Committee are comprised only of non-executive directors, neither of which am I a member. This arrangement is highly objective, and impartial. For me this tense atmosphere is a good and constructive thing. I always prepare well to avoid any situations in which I cannot provide a clear explanation to a fundamental question about business management. By virtue of the committees being comprised of non-executive directors, I acquired the habit of pushing myself in advance to be able to explain logically about the "Why" and "What." To me these independent directors are neither a group of friends nor enemies, but rather people who think deeply and seriously about issues in management issues together with me and who are a source of wisdom and insight for me. I think it is very important to build and maintain such tense yet constructive atmosphere.

(3) Building a "Silo-free organization" with governance

Davis Sompo Holdings, Inc. employs a Business Owner System and a Group CxO System. There is however a view among organizational management experts that this kind of matrix organization is typical of companies in mature business phases caught up at the end of growth curves. However, at SOMPO's this system is aimed for total optimization and has enabled agile and flexible decision-making and business execution. Why was this kind of group management system built?

Sakurada I was previously head of both Sompo Holdings and Sompo Japan Insurance. Since the business size and profits of Sompo Japan accounted for a large majority of the group's total, I thought there was no issue with spending a large part of my time on the management of Sompo Japan. However, I felt that by doing so I would eventually run up against a wall when promoting the Theme Park vision and partnering up with foreign companies and companies in other industries. Therefore, I decided to concentrate on my roles as the CEO of Sompo Holdings and introduced the Business Owner System so that each business company can be managed with relative autonomy. In what is nowadays called a silo organization, the Business CEOs were given great authority and a vertical organizational structure to facilitate quick decision-making and business execution. Since then, I have monitored the strategy and management of each business, and have been in charge of the overall management of Sompo Holdings. After a while, however, the daily allocation of my own attention and time became difficult, and early signs of sub optimization became apparent in some individual businesses. A horizontal business structure to look at group-wide matters, including human resources, IT and

risk management thus became necessary. I think these kinds of issues back then arising from the fact that the advantages of a holding company structure were not fully realized give rise to a conglomerate discount. Besides, the horizontal lines rather than the vertical lines are crucial for realizing the Theme Park vision. Therefore, the Group CxO System was introduced to make the Business CEOs aware of these horizontal lines and also to create a healthy atmosphere of urgency wherein managers could actually forfeit the capital and human resource allocations to other businesses if they were not vigilant. As a result, it became easier to make the best decisions as a group and implement measures across the group. As the Group CEO, I also recognize that the Business Owner System and Group CxO System are necessary mechanisms to ensure both vertical and horizontal perspectives.

Davis It is often said that the role of governance is to ensure checks and balances. However, a distinct feature of SOMPO's governance is the Global ExCo which is an advisory body to the Group CEO. I think it offers a highly effective forum for the Business CEOs and Group CxOs to share information and know-how within the group, candidly exchange views without being bound by their own responsibilities or positions, and make high level decisions.

Sakurada I totally agree with you. The mission of each Business CEO is to win in a bottom line competition. Each Business CEO works with pride not only in terms of revenue and profit contribution, but also in the value they deliver to society. The CxOs responsible for the horizontal lines check whether the competition in the vertical line is fair and healthy from the perspectives of capital efficiency, risk management, and human resource development, etc. The mission statement of each Group CxO is also distributed across all Group CxOs so that all of them can make commitments. In addition, it was made clear that the Business CEOs are not the only ones to have clear missions, and that the Group CxOs are also held accountable for results. The Business CEOs and Group CxOs are rivals as well as partners with whom they build cooperative relationships. For example, if the CFO wants to achieve better results, it is essential for them to have a convincing discussion with the business owners. Currently it is very clear to me that healthy competition, mutual understanding and co-creation at the management level is contributing significantly to overall optimization.

(4) Scalability of governance

Global ExCo

Davis Shirakawa-san, you were appointed as the President



Group CEO, and Chairman and Representative Executive Officer
Kengo Sakurada

of Sompo Japan, the core company of Sompo Group, as well as the CEO of Domestic P&C Insurance Business in April 2022, and therefore now also attend the Global ExCo meetings. What is your impression of the Global ExCo?

Shirakawa I think it is extremely beneficial to have not only members based in Japan but also members based overseas to meet and discuss business and synergies. In fact, when I was appointed president, I was almost preoccupied with the domestic P&C insurance business. However, after I started to participate in the Global ExCo meetings and communicate with other members, I became more aware of group synergies, such as those with overseas business operations. When I return to my desk after the Global ExCo meeting, I continue to think about and chose what kind of instructions I should give as the President of Sompo Japan from the perspective of the best solution for the group.

A popular topic at a recent Global ExCo meeting was the Nursing Care RDP. I have been inspired by the leadership team being the first in Japan, and to change the world, by using RDP in the nursing care industry and the discussion about the technologies that make RDP possible. My ambition has gone up one or two levels, since I am in charge of the insurance business.

CxO System

Davis Sompo Japan also recently introduced its own internal CxO System. How do you plan to utilize this system?

Shirakawa Recently, we established a roadmap for transforming the business model of the domestic P&C insurance business segment. The roadmap is a largescale initiative to promote transformation with all departments working together, including human resource management and development, agency training, sales and marketing, and claims. Obviously, it



CEO of Domestic P&C Insurance Business
Giichi Shirakawa

is not possible for every line director or department to respond by simply doing their best, so we would like to fully benefit from the new CxO system to make the most of, and optimize, our effectiveness. We also believe that this transformation will create synergies not only for Sompo Japan but also for the group as a whole, and I will work with the Group CxOs to make us more effective and to revitalize our organization. We hope to accelerate this transformation over the next 12 months or so.

Communication with the Directors

Davis Sompo Holdings has adopted the company with committees models and has one of the most stringent governance structures in Japan. Under this structure the independent directors of Sompo Holdings are given great authority and frequently exchange views with the key members of each business unit. I think one of the distinct features of Sompo Group is that the leadership team has a wide variety of opportunities to frankly exchange views. How do you see this from your position?

Shirakawa The directors are very open with the Business CEOs leading the business companies, and I have a direct personality, so I feel that it is easy to build a good relationship. Since we are entering a period when we need to exchange views on group strategy and the business execution plan at a deeper level, being able to communicate freely without being held back by our own responsibility or position will be even more helpful.

Davis There are also things that the directors of Sompo Holdings should bear in mind. The directors should dispel the assumption that “the leadership team understands what we are thinking without us having to say anything” and try to have more careful discussions with the Business CEOs. And since the Business CEOs are given great authority over their own

businesses, I think it is critical that they in turn should provide insights into customer needs and organizational issues at places where group wide management is discussed.

Shirakawa As you said, Sompo Japan has the best understanding of the changes that are taking place in the domestic P&C insurance market, and I think it is difficult for Sompo Holdings to gain a real hands-on understanding of this market. So, I also see it as my mission as the Business CEO to thoroughly explain to the whole group the initiatives that will maximize benefits, based on new trends observed in our industry.

(5) Investment: not just about resource allocation but also resource activation under SOMPO's matrix management

Business Owner System and Global ExCo

Davis Oba-san, as the CEO of the Domestic Life Insurance Business, what do you think are the distinct features of Sompo Group's management structure and governance that are distinctive when compared with other companies?

Oba The biggest difference must be the Business Owner System. The Business CEOs are given a lot of authority, but this does not mean that they have a free hand to do whatever they want. First of all, there is the overall direction of Sompo Holdings and, based on that direction, I make decisions on strategies, investment allocations, etc. for the life insurance business. There is a fine balance between decentralized and centralized authority under this system, and that system has evolved in a unique way.

Davis What is your approach to the Global ExCo?

Oba The Global ExCo is an invaluable forum because of the balance between centralized and decentralized authority. For me, it is like coordinate axes [a two-dimensional space] for decision-making and business execution. The vertical axis represents the time from now to the future. For example, our goals are backcasted by Narasaki-san, the CEO of Digital Business and Chu-san, the Group CDO, and then discussed at the Global ExCo. Since I tend to be closer to the current situation and the field, the Global ExCo is a forum to check on how well we are moving toward our vision for the future. The horizontal axis represents the scope of our business domains. The Global ExCo is also functioning well as a forum to view the life insurance market in Japan and overseas from a higher viewpoint and to check on whether our strategic execution in

the life insurance business is ahead or behind where it needs to be to reach our goals. So, the Global ExCo and Business Owner System work together, and both are essential. Also, Okumura-san was recently appointed as the Group COO and became a member of the Global ExCo, so we began to see a unique “chemical reaction” in our discussions.

Davis I sometimes try to picture how the management and governance of Sompo Holdings would have been now without a forum like the Global ExCo. We would probably end up having long investment meetings taking half day and endless one-on-one meetings, and each business would probably have become impenetrable silos.

Oba Looking at our investment strategy, without the Global ExCo, future-oriented investment would have been limited and more emphasis would have been placed on slightly more conservative investments. In other words, future-oriented investment is widely discussed at the Global ExCo. I focus my attention on the future when the investment strategy is being discussed. Because of the Global ExCo, we are able to have discussions that link current business strategies with future goals.

Davis By making bold investments essential for the whole of Sompo Group on the long term, means that the life insurance business will also have more options for future strategies and opportunities.

Oba I totally agree. I would like to deliver exciting investment opportunities that increase business possibilities at the Global ExCo. Investments that include digital innovations are particularly important. We will also continue promoting DX [digital transformation] in the life insurance business and contribute to using RDP in group companies.

(6) Group advantage of having a “big picture”

Davis The nursing care & seniors business has the shortest history within Sompo Group, but I feel that it is developing at the fastest speed. The role of the nursing care business is increasingly important in addressing the challenges of aging society. Tell me about the changes you have observed in the frontline over the past few years.

Endo I used to work in insurance, and compared with that experience, the nursing care business is clearly attracting attention from society, and I think the employees feel that their



CEO of Domestic Life Insurance Business
Yasuhiro Oba

job directly contributes to addressing the social challenges that Japan is facing. Four hundred and forty new graduates joined in fiscal 2022. Approximately 70% of them decided to join the company because they wanted to return something to society, as their grandparents devoted a lot of attention to them during their childhoods. We currently have about 25,000 employees, and many of them find it motivating to see the seniors smile. I have a renewed feeling that Sompo Group entered a good business field.

I still cannot forget the words of Sakurada-san, the Group CEO, when we entered this business. He said that “there is no need to think about synergies with P&C insurance, so just think about becoming a top player as a nursing care provider.” This separation was necessary because once we become aware that “this company is Sompo Japan's business partner” with our subcontractors and business partners, we might not be able to make the best decisions. I always keep his words in mind to keep our strategy clear.

Davis So Sakurada-san did not enter the nursing care business to boost the immediate short term performance of Sompo Group, but rather he was aware of the need for a qualitative transformation of the nursing care industry and a service provider that does its best for that purpose.

Endo As Sakurada-san pointed out, employee development is the key to becoming a top player. The work environment at that time was not so good, and employee education was not up to par. Therefore, I decided to start by providing wide-ranging education for our employees.

I now feel that Sompo Care Inc. is in the top tier of the industry for both business size and quality of service. The employee turnover rate, which used to around 25%, has improved to around 11%. We have increased the compensation and salaries of caregivers working at Sompo Care so that they are comparable to the average salary for a nurse. This level



CEO of Nursing Care & Seniors Business
Ken Endo

has “perked up” the whole industry. The Japanese government pays attention to the initiatives of Sompo Holdings and Sompo Care, and has invited us to participate on several committees. I feel that Sompo Group is helping to resolve challenges associated with aging by improving the quality of nursing care, while protecting people against risks through insurance.

Global ExCo

Davis You are the CEO of Nursing Care & Seniors Business and therefore also a member of the Global ExCo, so tell me about the advantages of this forum and your experience of it to date.

Endo A diverse group of members from around the world participate in Global ExCo discussions. We discuss the same topic, including the vertical and horizontal business lines, such as P&C insurance, life insurance, and nursing care, which I think is an approach that is unique to SOMPO. Taking the example of nursing care, five or six years ago some members might have viewed SOMPO as entering a risky business. However, the majority of Global ExCo members are now very interested and want to know more about nursing care. The biggest advantage of Global ExCo meetings is that we can fully discuss the businesses and value creation that mesh with group strategy. For example, it is extremely important to understand and reflect on the business, investment plans, etc. of Sompo International before adapting them to another business. Topics such as the new styles of working and *My Purpose* could be different in insurance and nursing care, but it is a big advantage that we can discuss them together.

Looking at governance at Sompo Holdings, the leadership team is selected from a global perspective and includes members with diverse backgrounds. The team develops investment plans and, for example, we have invested in the nursing care business and other non-insurance businesses seven years ago. I think this is symbolic of SOMPO’s governance.

Group CxO System

Davis Please tell me about the progress of the Nursing Care RDP.

Endo We will announce the sales plan and product lineup on IR Day in November this year. We will start by promoting the Nursing Care RDP to nursing care providers, and then explore the possibility of using this in the Digital Garden Cities initiatives (smart cities) for local governments. Palantir’s technology for big data analytics will be one of the key elements in this plan. We will develop solutions that allow people to gather and analyze care records, including diets, predict changes in physical conditions in three months’ time, and then develop strategies. Palantir’s technology is a major differentiating factor for us in this industry.

Davis Only Sompo Care was able to partner with Palantir in the nursing care industry undoubtedly because Narasaki-san who was then the Group CDO deeply understood the importance and potential of the nursing care business that we’re constantly discussing, and noticed the affinity with Palantir’s technology. I believe that this sort of positive creative energy will continue to grow for as long as the CxO deeply understands the perspective of the Business CEOs.

Endo The Nursing Care RDP has the potential to change the world. I believe that the value delivered by the Nursing Care RDP can contribute directly to addressing the high-priority social challenges facing Japan and could have a positive impact on national policies.

Davis If we did not enter the nursing care industry, Sompo Group would have looked quite different now. And the Group CDO probably would not have been as powerful as he is now.

(7) Non region specific governance

What makes SOMPO different is a shared big picture, that is, not just Japan “and” or “versus” overseas.

Davis Everyone in Japan for years has been talking about the importance of being global. As the CEO of Sompo International Holdings Ltd. how do you see the global needs of SOMPO and their achievement to date?

Shea We are already a significantly global and scaled P&C insurer. The difference with other carriers is our dependency on the Japanese marketplace. In FY2021 total premium written by Sompo Group were larger than many global firms,

but few realizes this. While we are pleased with the present situation we need to balance the portfolio geographically and generate more income from outside of Japan. The only way to achieve this is to grow our customer base internationally while always maintaining a focus on the bottom line. Our strategy is to grow our customer base both in our existing and new geographies and contribute more operating income to the Sompo Group from the Overseas business and to establish the SOMPO brand in the global insurance market. Such purpose and strategy for growth are exciting propositions for our employees.

Global ExCo=Transformation of corporate culture

Davis You participated in the Global ExCo a couple of times. I also observe the meetings and can say with authority that every single time, the level of the game increases. Can you tell me what you got out of it and how the Global ExCo is working for the business and organization of Sompo International?

Shea The Global ExCo is a great forum. Coming to Tokyo for the week of Global ExCo affords me many opportunities on both ends of those meetings to meet and develop relationships with the other ExCo members and senior leaders. I believe Sakurada-san would like even more debate among the members and I believe this is happening. Senior leaders are encouraged to ask challenging questions which I think that is good. Constructive challenges and open debates and not just a forum to disseminate information will result in the best outcomes and ensure our strategies align with group priorities.

Real challenge is when I go back home and meet with the leadership team of Sompo International to make sure that the information and what we have talked about are disseminated to them, and they in turn inform their teams. If this doesn’t happen we lack consistency and focus. I am also encouraging the leadership team of Sompo International to visit Japan and meet their colleagues. I believe it would send a strong message to host a Global ExCo meeting outside of Tokyo and showcase our business in those markets.

Davis In the past in most Japanese organizations, decisions were generally made in advance, with the meetings more like a sort of ritual to go through the list, and check and confirm them in the meeting. But here at SOMPO, we are seeing serious debate about important things related to group strategies on a face to face level.

Shea I am aware of this process and I do think it still happens within SOMPO but to a lesser extent and moving in the right direction. Debate and discussion are critical to making



CEO of Overseas Insurance and Reinsurance Business
James Shea

good decisions. Senior leaders need to reach into the organization and talk to a broad number and levels of employees to understand what is happening where the business gets done. Some of the best meetings that I have is when I go to an office and say I want to talk to employees who has been here less than a year. They often have less filter and will tell you exactly what they think because they are not worried about any repercussions or retaliation. I believe the same candidness exists when speaking with employees of various levels in Japan. Based upon some of conversations they told me what they would like to see more change, and are interested in what is happening overseas. I believe the next generation of employees would like to be compensated for performance and value creation. I think they would also be willing to take greater risk to transcend the existing promotion system and convention. Our job is not to tell Sakurada-san what we think he wants to hear. We should tell him what we think.

Evolution of the global business through SOMPO’s transformation

Davis How do you want to contribute to the Global ExCo to make it even more effective?

Shea I think there is not enough understanding of how our business is conducted overseas. Much of our business at Sompo International is done through intermediaries and our competition is very different than it is in Japan. How we need to distinguish ourselves overseas is therefore different than how we need to distinguish ourselves in Japan. We all share the same objectives but how we go about achieving will have both a consistency of priorities (Purpose, Customers, Profit) but will differ in terms of the “how” we achieve them.

For Sompo Group to be successful as a global organization, we need to have a globally minded leadership team. This team does not have to be experts an expert in a particular business but they have to be curious and open mind. I will

Director and Management Members Dialogue



CEO of Digital Business
Koichi Narasaki

continue to communicate what is working in our markets to attract customers to SOMPO and where we need to focus our resources to successfully execute on our strategies.

Davis In recent years, SOMPO International's management and governance have undergone a rapid evolution. In 2017, Endurance joined the Sompo Group, and its founder, John Charman, became the head of SOMPO International. Please tell us about the impact of this very significant change and John Charman's legacy for the Sompo Group as a whole.

Shea Over my 25+ year career I have had many roles across three companies. Each time I moved into a new role or responsibility I have had the feeling that I didn't finish the job. It is important to realize that this is normal. You take it from A to B, someone else takes it from B to C, and then someone else takes from C, etc. It is never done and it is always evolving. I think John Charman's contribution, his legacy, was absolutely critical in doing what he did in the A to B phase. I believe he created a business that can rank and compete with any peer in our industry by focusing on the culture of underwriting, people and applying technical expertise to everything we do. He did it intentionally and quietly. I was surprised Sompo International became a \$13-\$14 billion business. I believe John knew that the next stage is now to be a little bit louder. He had brought it all together, successfully merged, pointed the business in the right direction, and steered through some difficult markets. And now we need to leverage this base to grow our customer base and increase our contribution to the Group.

My role is now is to take Sompo International to the next level. How we combine the positive features of a large company with what we already have.

Davis I think one part of Mr. Charman's legacy for SOMPO was that he demonstrated that in different areas in different businesses, there are other forms of governance that are

different, but also incredibly effective. And SOMPO was able to learn from that and benefited enormously. But things change, some things have to change. As you said, the job is never finished.

(8) Governance for creating the right future

Davis How do you interpret transformation at SOMPO?

Narasaki SOMPO is trying to change to win the game in the future and reach a higher position, not just protect the current position. This is transformation for SOMPO. What we are trying to do is transform ourselves. Unlike other companies that are trying to avoid mistakes at all costs, we are trying to change the game.

I think this kind of change leadership—turning transitions in society and in the times into opportunities—is built into SOMPO. If we were in a different company, this would not happen. Certainly, if this was not how we operated, we would not have made a major investment in Palantir Technologies.

Davis So, you are saying that somebody with deep experience in digital technology is used to looking at the big picture of society and industry, and then thinks ahead and sees a worldwide view. Tell me about the digital strategy to promote transformation at SOMPO.

Chu I think SOMPO is a company that is changing insurance and nursing care. Peter Drucker said that “the best way to predict the future is to create it.” That is what we are doing at SOMPO.

There are three “horizons” in our digital strategy. One is the digital transformation (DX). It is the core and also fundamental. Probably 80% of my work right now is to make sure that we make the X (transformation), that we measure the X, and that we see the impact of DX across all of our businesses and that we use the horizontal approach.

Horizon two is the RDP, or taking what we have learned and introducing a new service model to the rest of the industry created from the data that we collected through business, for example, in a core business like nursing care. So, we not only upgraded the 400 nursing care facilities of Sompo Care, but we also have the opportunity to upgrade the other 60,000 nursing care providers in this industry in Japan, and to help the Japanese economy be more productive and more efficient.

Beyond that, we have horizon three or Web 3.0, where we really look at where things are going to be in five to ten years. That is what Narasaki-san and I have been talking about. Some

of the core technologies of Web 3.0, such as blockchains, smart contracts, and tokens, are working and have the potential to completely change industries, especially finance and insurance. So, we are anticipating changes and experimenting with them so that we can create viable businesses in the future. Our aim is to be ready when the shift takes place on a large, mainstream scale and to be the leader in providing insurance products and services quickly during the Web 3.0 economy.

I am confident that there is no insurance company in the world that has such a comprehensive view of the future and how we are really helping create it together using a digital strategy. So, my point here is that Narasaki-san and I are here as members of SOMPO's leadership team to create the future using this three-horizon strategy.

Narasaki We are able to execute this strategy because we have good governance based on the balance of close communication among the leadership team and mutual understanding. In fact, there are three strengths. First, we have Sakurada-san, a visionary leader. He always asks us about what we are doing, right down to the smallest detail. Also, he is very accessible, to an extent that just does not happen in other companies.

Second is the Board of Directors of Sompo Holdings. We are in close communication with the Board about what we are trying to accomplish. As well, we discuss extensive opportunities with the Board and how the Board is thinking about the way forward and what is expected of us. Third is the Global ExCo. The remarkable thing about SOMPO's Global ExCo is that there are no politics or politicking. At the Global ExCo, we talk openly about all the key metrics as well as the significant problems, and decide whether we agree or disagree. The Global ExCo is open to all Business CEOs and Group CxOs as well as to Sompo Holdings' Board members. So, everyone has a deep understanding of what is going on for every major topic in the group's business management. The level of transparency and a balanced view are incredibly important for us.

Without any one of these three strengths of SOMPO's governance, nothing that we have accomplished to date would have been possible. We would not have been able to see this far into the future and act without the three strengths.

(9) Governance is about people. That is why “I (inclusion)” is placed above “D (diversity).”

Davis As I listened to the wide range of topics discussed today, I strongly felt that the key to good governance is having excellent human resources and that this also hinges



Group CDO (Group Chief Digital Officer)
Albert Chu

in the quality of the method of succession planning for the Group CEO. At SOMPO I know that the concepts of diversity, fairness and sense of belonging are deeply incorporated into succession planning and that Sompo Group has worked hard to create its common goals and purpose, and to attract people of diverse backgrounds and values and ensure that they are active in a culture of transformation within each business company. Why are you putting so much emphasis on human resources?

Sakurada If the only approach to human resource management is diversity, then simply being different is enough to be good. Taken to the extreme it means that an anarchic state where everything was totally inconsistent would be best. This is why an organization needs the inclusivity in order to take in and accept diversity. There is no purpose in an organization which is incapable of including and spanning differences – there could be no mission. While it is important that everybody should be able to go about things in their own way, there must be something within Sompo Group that unites us toward common goals and missions, something which I believe is purpose. By establishing a specific overall purpose for SOMPO, I seek to build an organization of talented individuals who can create and achieve their own purpose. This is why we need to focus on human resources. Inclusion is a prerequisite for such group, but the more diverse they are, the more interesting the company becomes. In the end, what matters the most is people. People and companies are constantly evolving. While business management has a life of its own, we make it mission-driven with purpose and diversity. For me, the framework that enables this at Sompo Group is governance.

Governance

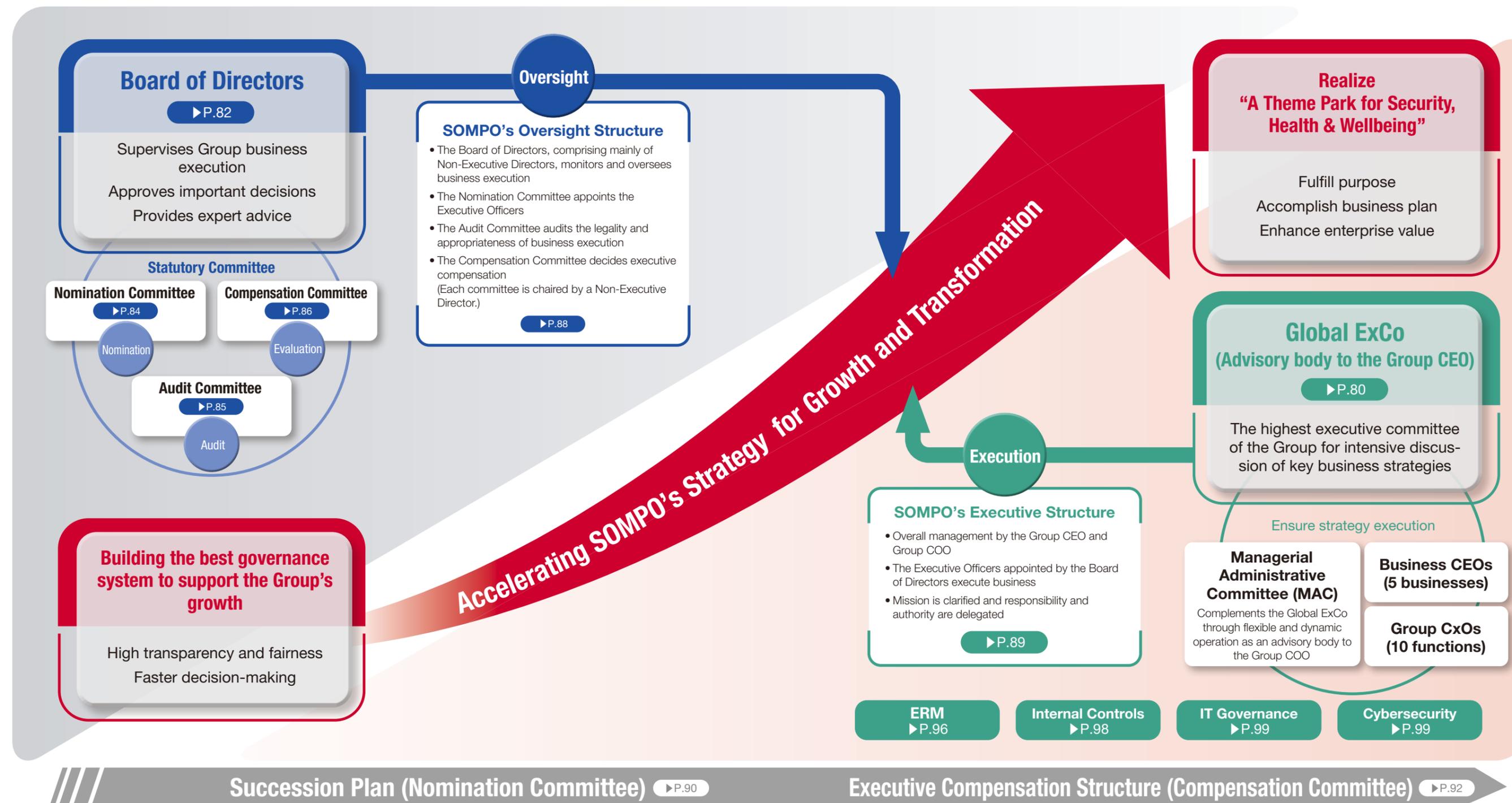
Overview of the Corporate Governance Structure

The Group has continued to transform (qualitative evolution) toward “A Theme Park for Security, Health & Wellbeing” to remain indispensable even in 100 years’ time. And it is SOMPO’s governance that supports this transformation.

As a company with committees, we established a system where the executive team is given great authority under the oversight of the Directors, comprising mainly of Non-Executive Directors, and elected by the shareholders. Among the statutory committees that are important for the Board of Directors to provide oversight, the Nomination Committee and Compensation Committee are comprised only of non-executive members, creating a healthy tension between the executive team and ensuring high transparency and fairness.

The Executive Officers and Executive Vice Presidents appointed by the Board of Directors make fast decisions by working together while honing their expertise under the Business Owner System and Group CxO System, and dynamically implement Group strategies with a sense of oneness.

The Global ExCo is the highest executive committee of the Group and members with diverse background, including the Business CEOs who manage individual business and Group CxOs who have deep expertise in their respective functional area have frank discussion across regions and time frame as well as make decisions for Group Best to realize “A Theme Park for Security, Health & Wellbeing.”



Main features of the Global Executive Committee (Global ExCo)

The Sampo Group's highest executive committee

Top global executives of the Group meet together for the Global ExCo.

The Global ExCo is an advisory body to the Group CEO and serves as a place to have intensive discussion of key topics, such as Group growth strategy based on the future outlook and social environment as well as the progress in the business plan and addressing business challenges.

The most distinct feature of the Global ExCo is the sense of oneness and speed based on the three key principles set out when it was established, which are Candor, Group Best, and Fact Base. In the meetings, the Business CEOs

and Group CEOs who are highly diverse with different nationalities and missions express their opinions frankly and have future-oriented discussion while sometimes leading to a new awareness and positive conflict. All members reconfirm the agreed matters, challenges recognized, etc. before the meeting is concluded and each member takes the next step promptly and surely in their own business/functional area. This way of decision-making and active, top-down approach represent "SOMPO -ness."



The Three Key Principles

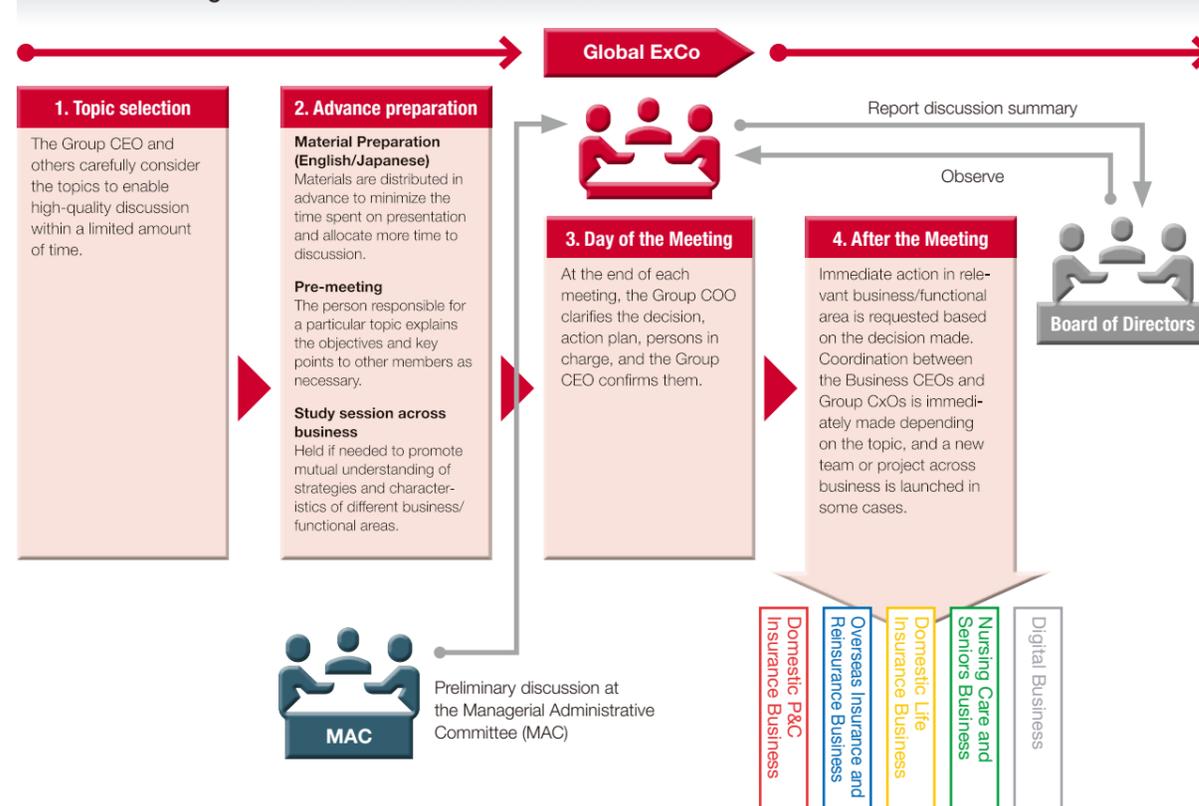
Candor	Candidly share challenges in each business/functional area and discuss to address them. Have in-depth discussion while sometimes playing devil's advocate and creating positive conflict.
Group Best	Have discussion with a bird's eye view of the entire Group as the highest executive committee of the Group. Refrain from speaking only for own business/functional area and aim to maximize outcomes for the entire Group.
Fact Base	Focus on quantitative information and subjective facts (including qualitative information from third parties, such as investors) in the discussion.

Global ExCo Structure

Chairman	Group CEO
Members	Group CEO, Group COO (Moderator), 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, Group CxOs

* The Global ExCo is managed in a way to increase transparency of governance through proactive information sharing by the executives, such as reporting the summary of discussion to the Board of Directors each time and allowing the Directors to observe the meetings.

Committee management centered on the Global ExCo



The Global ExCo meets five to six times a year. The topics are carefully selected and the discussion points are clarified beforehand to complete the necessary discussion within a limited amount of time, and active participation of all members are required on the day. In fiscal 2021, the members discussed mainly the newly-launched Mid-Term Management Plan, capital policy, shareholder return, initiatives to enhance enterprise value, Real Data Platform (RDP) strategy, new work style, etc.

In fiscal 2022, the Global ExCo will discuss the progress in existing businesses toward accomplishing the Mid-Term Management Plan, evaluation of new investment to boost profits, RDP strategy, etc. Group resource allocation conducive to selecting and executing the best corporate strategy based on the future outlook, including demographic change, and in response to rapid changes in the business environment, improvement of disclosure and communication with stakeholders to enhance enterprise value, etc. will also be examined further.

Main topics discussed by Global ExCo

Fiscal 2021	Fiscal 2022
<ul style="list-style-type: none"> • Mid-Term Management Plan • Enhancing SOMPO's enterprise value • Investment projects in Japan and overseas • Enterprise risk management (ERM) • RDP and digital strategy • Climate action policy • New work style 	<ul style="list-style-type: none"> • Mid-Term Management Plan • Enhancing SOMPO's enterprise value • Investment projects in Japan and overseas • Growth strategy • Capital allocation • RDP and digital strategy • Improving communication with stakeholders

Characteristics of the Board of Directors

Function and Role of the Board of Directors

The Board of Directors makes decisions about important management issues as stipulated in the Rules of Board of Directors, as well as fulfills obligations stipulated by laws and the Articles of Incorporation, all while supervising the status of business execution. The Chairman of the Board is selected by the Board of Directors in accordance with the Articles of Incorporation, with the position taken by a director who serves concurrently as Group CEO.

In addition, the majority of the directors on the Board shall be outside directors to ensure supervision remains effective, and to demonstrate sufficient diversity, due consideration will be given to gender, nationality, etc. At the same time, by appointing corporate executives, academics, and those with specialized knowledge of law, finance, and accounting to the Board, we are building a system of governance with high transparency and improved fairness.

Efforts to secure and improve the effectiveness of the Board of Directors

All members of the Board of Directors, including the Chairman, are acutely aware of the need to secure and improve the effectiveness of the Board, and we have established a cycle of constant discussion and implementation throughout the year through the following initiatives.

1. Implementation and use of preliminary briefing sessions for the Board of Directors

In order to ensure that discussions within the Board of Directors are constructive and productive, preliminary briefing sessions are held for all outside directors before every meeting of the Board, during which discussion is held on any opinions or questions that arise during the briefing sessions. Integrating preliminary briefing sessions and meetings of the Board in this way allows for discussions to be both efficient and substantial, and ensures that the knowledge and perspectives of outside directors are also directly reflected in how the Board operates.

2. Efforts to show the supervisory function of Board of Directors

The Board is actively engaged in initiatives that demonstrate supervisory functions, such as by increasing information sharing to enable the Board to better understand performance

in order to avoid creating any distance between the Board of Directors and the executive departments, and to maintain sufficient communication.

Concrete examples include the business execution reports made by business CEOs and Group CxOs at board meetings; providing observer access to directors for various executive department committees such as the Global Executive Committee, the Managerial Administrative Committee, and other such committees; holding information sharing meetings with outside directors to report on business execution items not limited to issues discussed by the Board in a timely matter; holding free discussions on business execution items from the perspective of business CEOs; and engaging in opinion exchanges between outside directors and representative executive officers.

3. Conducting surveys on the effectiveness of the Board of Directors

The Board also emphasizes efforts to actively incorporate the opinions of directors through such means as annual surveys that include self-evaluation by each director, in order to create opportunities to gain an overall analysis and evaluation of the effectiveness of the Board of Directors as a whole.

Progress on deliberations on important topics discussed by the Board of Directors

Important discussion topics	Details
Evaluate and enhance the value of intangible assets (branding, engagement)	<ul style="list-style-type: none"> The importance of fostering a sense of solidarity among employees through new work styles; the ideal personnel system that contributes to improving engagement; and the corporate culture the Group is aiming for How to connect the different elements of these initiatives to improve corporate value
Policies for responding to ESG-related issues	<ul style="list-style-type: none"> The importance of aligning and clarifying policies for responding to climate change risks throughout the Group
How to communicate constructively with capital markets	<ul style="list-style-type: none"> Providing information and communicating effectively with investors as a means of maintaining a dialogue with capital markets regarding important management strategies
Constructing the Real Data Platform	<ul style="list-style-type: none"> The importance of business model construction, risk management, and customer perspectives in the Real Data Platform concept How to strengthen data marketing in digital business

Free discussion: a mechanism for active sharing of business execution information

In fiscal 2021, we increased the frequency and content of information sharing meetings and held multiple free discussions on business execution information from the management perspective of business CEOs in order to ensure there would be sufficient communication between directors and executive officers. Execution reports are continuously submitted before the decision-making stage and regular discussions are held between members of the Board of Directors, regardless of whether items in question are required to be submitted as proposals to the Board or not. In last year's effective evaluation of the Board of Directors, when looking into potential operational issues under the COVID-19 response, we identified that more realistic information sharing and better communication between the Board and the executives was an urgent issue, particularly between business CEOs, and the intensive free

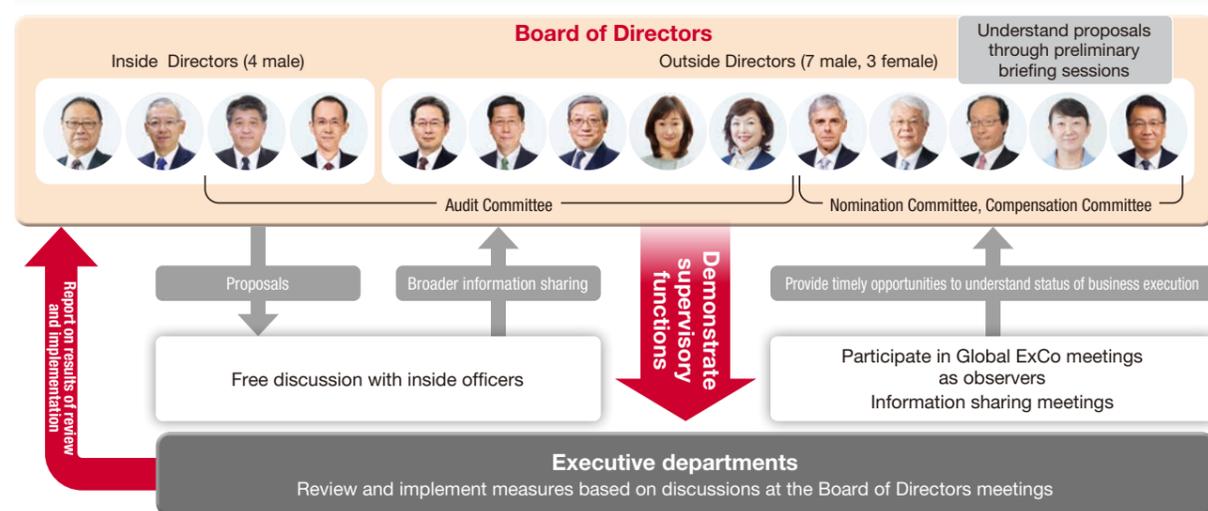
discussions between the executives of each business and the Board were seen to have been extremely effective.

In addition, regarding the topics that should be discussed in greater detail by the Board of Directors, it has been noted that various points of view are being addressed and significant progress is being made. Particularly when touching upon purpose management and engagement, the Board has been holding active discussions and providing practical reports, and the discussions themselves are seen to have become more comprehensive. Moreover, discussions are generally conducted with the Board having sufficient awareness of the issues at hand: executives give their directives careful consideration when implementing proposals, at which point the Board of Directors is then able to deliberate again on progress made in what could be called a "virtuous cycle."

Previous Free Discussions Held

Topics discussed in fiscal 2021	
<ul style="list-style-type: none"> Strategies for the Domestic P&C Insurance Business Strategies for the Overseas Insurance and Reinsurance Business *In April 2022 Strategies for the Domestic Life Insurance Business 	<ul style="list-style-type: none"> Strategies for the Nursing Care & Seniors Business Strategies for the Digital Business Efforts aimed at sustainable growth for the Group

A virtuous cycle created by demonstrating the supervisory function of the Board of Directors



Further evolution of the Board of Directors to realize the Group's vision

The Group aims to strengthen the supervisory function of the Board of Directors and expedite business execution through delegating a large amount of authority to the executive departments by means of separating management oversight from business execution. By establishing the Nomination, Audit, and Compensation committees as statutory bodies within the organization, we are also able to work towards building a governance system that is highly transparent and fairer.

Between intensive deliberations on important management themes by the Board of Directors, and the Nomination, Audit, and Compensation committees appointing officers, determining their compensation, and supervising the legality and validity of their execution of duty, each of these bodies is more faithfully fulfilling its roles, and engaging in more intense discussions to remain accountable to our stakeholders. Additionally, active deliberations are being undertaken within the Global Executive Committee, the highest decision-making body in the Group,

to achieve the Mid-Term Management Plan that serves as the foundation of our management strategy, and to realize our goal of becoming "A Theme Park for Security, Health & Wellbeing."

The governance system in place allows the directors to supervise and monitor the executive departments and their decision-making, and it is our belief this system is optimized to match our management and business strategies, and that it sufficiently secures a framework for increasing the efficiency of the Board of Directors.

In order to realize our goals as a Group, we will use this governance system as the foundation for us to effectively utilize free discussions between directors and executive departments about important management topics, and by also continually improving the quality of our decision-making, we aim to meet the expectations of our shareholders and other stakeholders.

About the Nomination Committee



We intend to create a diverse portfolio of Group officers, and contribute to realizing SOMPO's Purpose and improving corporate value

Outside Director, Chair of the Nomination Committee
Scott Trevor Davis

The Nomination Committee aims to improve transparency and fairness in the Group's governance by introducing a third-party perspective to deliberations concerning the appointment and dismissal of Directors and Executive Officers at all Group companies.

The Group is currently promoting transformation—or qualitative change—with the goal of achieving SOMPO's Purpose, namely to become "A Theme Park for Security, Health & Wellbeing." In order to further accelerate the realization of our Purpose, in fiscal 2021, we implemented the Succession Plan and selected and appointed new candidates for the following key positions: Group Chief Operating Officer & President, CEO of the Domestic P&C Insurance Business, CEO of the Overseas Insurance and Reinsurance Business, and CEO of

the Nursing Care & Seniors Business. Under this new management, the Group has made a healthy start to fiscal 2022.

Improving diversity among Group officers is critical both to realizing SOMPO's Purpose and to developing our global business—not just in insurance but in wide-ranging sectors, including nursing care, and digital. The Nomination Committee works to improve diversity among Group officers both when appointing individual Directors and Executive Officers and when formulating the Succession Plan.

Through its deliberations, the Nomination Committee intends to establish a diverse portfolio of Group officers, and contribute to realizing SOMPO's Purpose and to improving corporate value.

Nomination Committee Performance

The Nomination Committee met 11 times in fiscal 2021. Its main agenda items are listed below.

Implementing the Succession Plan for key Sampo Group positions	<ul style="list-style-type: none"> In line with the Succession Plan, the Committee selected and publicly announced new candidates for the following key Sampo Group positions: Group Chief Operating Officer & President, CEO of Domestic P&C Insurance Business, CEO of Overseas Insurance and Reinsurance Business, and CEO of Nursing Care & Seniors Business.
Formulating the Succession Plan	<ul style="list-style-type: none"> Certain key positions are critical for bringing about the further transformation and growth of the Sampo Group; in the Succession Plan, the Committee has established a system that will produce high-quality individuals from diverse backgrounds in a stable and effective way. A total of 88 key positions in the Group, including the position of Group CEO, are governed by the Succession Plan. When selecting succession candidates, the Committee draws up various criteria for consideration, such as the proportion of positions held by women, to ensure a diverse pool of talented personnel.
Appointing Executive Officer candidates	<ul style="list-style-type: none"> After considering the criteria for the appointment of Directors and the balance of the Board of Directors as a whole, the Committee resolved an issue related to the appointment of Director candidates to be submitted to the Annual General Meeting of Shareholders.
Appointing Executive Officers	<ul style="list-style-type: none"> The Committee resolved an issue related to the appointment of Executive Officers.
Appointing Directors at Sampo Japan and Sampo Himawari Life Insurance	<ul style="list-style-type: none"> The Committee resolved an issue related to the appointment of Director candidates at Sampo Japan Insurance and Sampo Himawari Life Insurance.

About the Audit Committee



We carry out highly effective audits that cater both to the growth of our business and rapid environmental changes, and thereby meet the expectations of our stakeholders

Outside Director, Chair of the Audit Committee
Naoki Yanagida

The Audit Committee is primarily comprised of Outside Auditors, ensuring high transparency and fairness. Roles are divided according to the diverse skillsets and backgrounds of its composite members, and the Committee carries out highly effective audits.

We seek to contribute to work style reforms through our auditing methods. For example, since fiscal 2020 we have proactively used video conferencing systems in response to the spread of COVID-19. By promoting auditing methods that are efficient both for those carrying out and those receiving the audits, we ensure our audits are of the highest quality. Going forward, we will continue to explore new methods for carrying out even more effective audits.

Fiscal 2021 marked the beginning of a new Mid-term Management Plan. The Company is aggressively pushing a wide range of new initiatives—such as solutions that utilize real data—to achieve its goal of becoming "A Theme Park for Security, Health and Wellbeing." Future audits will therefore have to be broader in scope and more specialized. Accordingly, in order to carry out audits of greater quality, in June 2022 the Audit Committee welcomed two new committee members with wide-ranging knowledge and expertise. The Audit Committee now comprises seven members. The Audit Committee will continue its efforts to meet stakeholder expectations by conducting audits of the highest quality.

Audit Committee Performance

The Audit Committee met 12 times in fiscal 2021.

The Audit Committee formulates basic policies for audits and auditing plans, carries out audits year-round in accordance with these plans, and provides audit reports and a summary of its auditing activities at the end of each fiscal year. A report is provided to the Audit Committee following the completion of each audit activity, enabling the Committee to regularly verify the progress of the auditing plan. The Committee's year-round auditing activities include: attending important

meetings and verifying important decisions; collecting information through meetings with Representative Executive Officers, through meetings with Business CEOs and Group CxOs, through meetings with general managers of departments and offices, and through site visits to Group companies in Japan and overseas; and providing feedback and suggestions regarding management operations.

Our auditing activities for fiscal 2021 are outlined below.

Audit Committee Responsibility System	The Audit Committee Responsibility System was introduced with the aim of conducting audits of greater depth. Each Business CEO and Group CxO is assigned a primary auditor from among the members of the Audit Committee, and audits are carried out mainly through this primary auditor.
Collaborating with the Internal Audit Department	In order to strengthen collaboration with the Internal Audit Department, various opportunities are created for exchanging opinions. For example, the General Manager of the Internal Audit Department attends meetings between Audit Committee members and officers, and is present at site visits to Group companies both in Japan and overseas. The Internal Audit Department also discusses the results of internal audits with Audit Committee members.
Collaborating with Independent Accounting Auditors	In order to strengthen collaboration with Independent Accounting Auditors, we established a plan for year-round meetings with Ernst & Young ShinNihon LLC. We work to mutually improve audit quality by ensuring frequent communications and engaging in lively exchanges of opinion.
Measures to improve audit activities	To combat COVID-19 and to promote new work styles, we have improved the efficiency of various auditing activities—including Audit Committee and other meetings, and site visits to Group companies in Japan and overseas—through the widespread use of video conferencing and other remote methods. We have also implemented measures to ensure there is sufficient time for discussions.

About the Compensation Committee



The Compensation Committee will continue to discuss the Sampo Group's executive compensation structure, with a view to increasing its incentivizing effects

Outside Director, Chair of the Compensation Committee
Kazuhiro Higashi

The Compensation Committee aims to improve transparency and fairness in the Group's governance by introducing a third-party perspective to deliberations about compensation for Directors and Executive Officers at all Group companies.

It is imperative that the executive compensation structure not only imparts positive effects on governance, but also provides real incentives for Group officers. In fiscal 2021, the Compensation Committee recommended revisions to the executive compensation structures at both Sampo Japan and Sampo Himawari Life Insurance. This formed part of our efforts to develop a more mission-driven executive compensation structure not only at Sampo Holdings, the holding company,

but across the entire Group—and particularly at its core business companies.

Two of the key questions concerning our Group's executive compensation structure are: "what compensation package should we award to the Group CEO?" and "how can we properly evaluate this?" In fiscal 2021, the Compensation Committee carefully deliberated the Group CEO's strategic goals and initiatives, and assessed the Group CEO's overall compensation, fixed compensation, and performance-linked compensation.

The Committee will continue to discuss the Sampo Group's executive compensation structure, with a view to increasing its incentivizing effects.

Compensation Committee Performance

The Compensation Committee met 10 times in fiscal 2021. The main agenda items of the Compensation Committee in fiscal 2021 are outlined below.

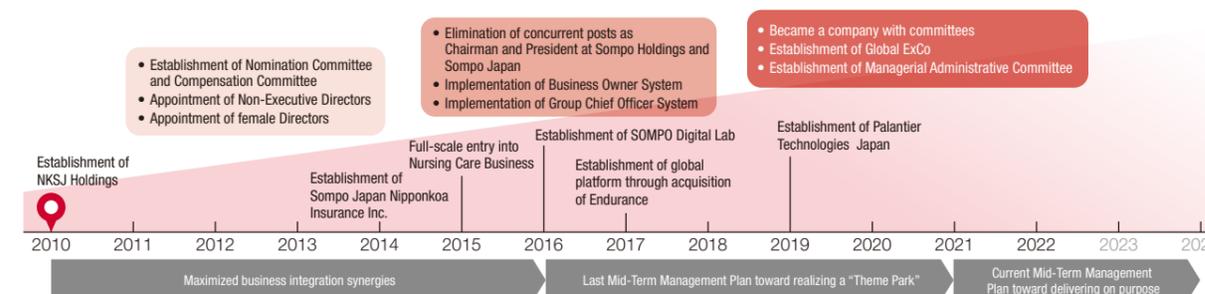
Revising executive compensation structures at Sampo Japan and Sampo Himawari Life Insurance	<ul style="list-style-type: none"> In light of the Group's Policies on Decisions Pertaining to Executive Compensation, the Committee discussed whether any aspects of the executive compensation structure at the Group's core businesses—Sampo Japan, Sampo International, Sampo Himawari Life Insurance, and Sampo Care—needed revising. Following these discussions, the Committee made recommendations regarding the executive compensation structures at Sampo Japan and Sampo Himawari Life Insurance to the Boards of Directors at both companies, in order to align them more closely to the Group's Policies on Decisions Pertaining to Executive Compensation. As of April 2022, revisions were executed in line with these recommendations.
Performance-linked compensation of the Group CEO	<ul style="list-style-type: none"> The Committee assessed the Group CEO's initiatives in fiscal 2021, and determined the payment rates and payment amounts for performance-linked compensation.
Strategic goals and base amount of compensation of the Group CEO	<ul style="list-style-type: none"> The Committee discussed the Group CEO's fiscal 2022 strategic goals of 1. Establishing RDP; 2. Engagement, and inclusion & diversity; and 3. Improving corporate value. Based on these strategic goals, it determined the base amount of compensation for fiscal 2022. <ol style="list-style-type: none"> Establishing RDP: Realize the creation of a real data platform (RDP) as a useful and socially-common framework that creates new customer value and contributes to the solving of social issues. Engagement, and inclusion and diversity: Accelerate inclusion and diversity efforts with the aim of "creating innovation" and "improving employee happiness and job satisfaction," and realize an organizational and corporate culture in which diverse employees accept each other, respect each others' "My Purpose," and are able to fully demonstrate their individual strengths. Improving corporate value: Enhance brand value by globally disseminating SOMPO's purpose, RDP, and promotion of sustainability management, and enhance corporate value by increasing recognition amongst stakeholders. The base amount of compensation for fiscal 2022 was determined based on the above strategic goals.
Performance-linked compensation of Executive Officers at Sampo Holdings	<ul style="list-style-type: none"> The Committee assessed the fiscal 2021 initiatives of Sampo Holdings Executive Officers, and determined the performance-linked compensation payment rates and payment amounts.
Strategic goals and base amount of compensation of Executive Officers at Sampo Holdings	<ul style="list-style-type: none"> The Committee discussed the fiscal 2022 strategic goals of all Executive Officers at Sampo Holdings and, based on these strategic goals, determined the base amount of compensation for fiscal 2022.

Evolving Governance

Sampo Holdings was established in 2010 as a holdings company and decided to transform to realize "A Theme Park for Security, Health & Wellbeing" to address the challenge of realizing sustainable growth as a P&C insurance Group that conducts business mainly in Japan which faces population decline, population aging, and low economic growth. Since then, we have continued to evolve governance to transform in

a more progressive and steady way.

Future-oriented discussion by diverse executives and high-quality, agile decision-making are crucial for delivering on SOMPO's Purpose 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" and it is SOMPO's governance that has underpinned our efforts.



Business Execution that Combines Centrifugal and Centripetal Forces

Since the merger of P&C insurance subsidiaries in 2014, Sampo Holdings has worked to build a business foundation through a full entry into the nursing care business (2015), founding of SOMPO Digital Lab (2016), development of a global platform with the acquisition of Endurance (2017), etc. to realize "A Theme Park for Security, Health & Wellbeing."

These transformation that have shaped the framework of today's SOMPO were made possible by the matrix governance structure comprised of the Business Owner System and Group CxO System. The Business CEO who is the chief

executive of a business is delegated great authority to drive the Group's growth and expansion by developing business policies, accomplishing business plans, etc. while the Group CxO who has deep expertise in respective functional area is delegated authority to exert an influence over group-wide issues across business.

Business execution that combines the centrifugal and centripetal forces has driven transformation toward realizing a "Theme Park."

Accelerating Governance Transformation

Sampo Holdings became a company with committees in 2019 and the Global ExCo and Managerial Administrative Committee (MAC) were established to accelerate transformation for realizing a Theme Park, building on the business foundation which had been established.

Through this governance reform, management oversight and business execution were separated and substantial authority was delegated to executives to establish an effective oversight and execution structure where the Non-Executive Directors with expert knowledge focus on management oversight and key management policy decisions.

The traditional way of running the executive committee which comprised mainly of Japanese members was revamped

and the Global ExCo, the highest executive committee, was established. The Global ExCo drives SOMPO's transformation as the members with different nationality and background discuss key challenges for the Group from a truly diverse perspective, share best practices, make decisions based on global information, not just about insurance.

This governance structure has formed the cornerstone of SOMPO's transformation, such as the establishment of a new company with Palantir to realize the RDP vision, and realizing synergies toward creating a conglomerate premium.

The Group will continue to transform to realize "A Theme Park for Security, Health & Wellbeing" and pursue the best governance for sustainable growth.

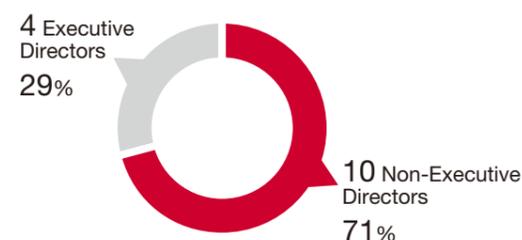
Oversight Structure

Sompo Holdings is a company with committees and has strengthened oversight by the Board of Directors by separating management oversight and business execution, and expedited business execution by delegating substantial authority to executives. In addition, three statutory committees (Nomination Committee, Audit Committee, and Compensation Committee) were established for a governance structure that provides greater transparency and fairness.

Board Composition

10 of the 14 members of the Board of Directors—or 71%—are Non-Executive Directors

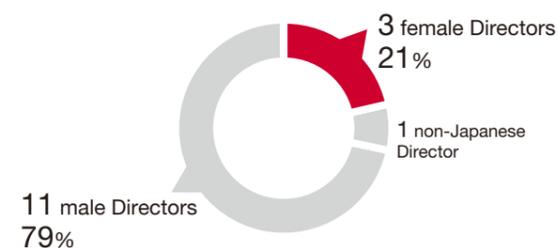
*The number and ratio of Non-Executive Directors increased since founding in April 2010 when 6 of the 12 Directors (50%) were Non-Executive Directors.



Director Diversity

Of the 14 members of the Board of Directors, 3 are female and 11 are male; 1 of the male Directors is non-Japanese

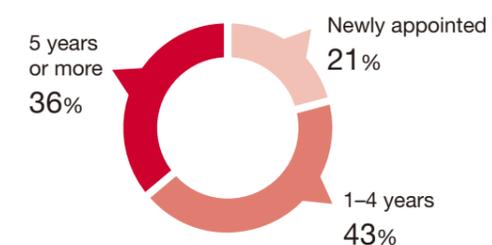
*At the time of founding, there was no female Director (the number and ratio has increased), and 1 non-Japanese Director (the number and ratio has remained the same)



Director tenure

The average tenure of the Directors is 3.8 years (including the tenure as the Audit & Supervisory Board member)

*When the tenure of the Non-Executive Director exceeds 8 years, the existence of a strong reason for reappointment is carefully assessed and reappointment is not prevented if such reason exists.



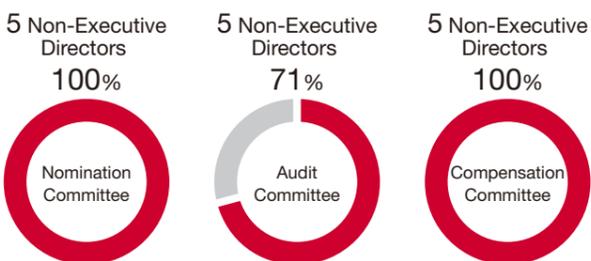
Directors Appointed at the General Meeting of Shareholders, as of July 1, 2022

Executive Directors	Non-Executive Directors		
 Kengo Sakurada Also serves as Executive Officer	 Scott Trevor Davis Chair of the Nomination Committee	 Kazuhiro Higashi Chair of the Compensation Committee	 Masayuki Waga
 Mikio Okumura Also serves as Executive Officer	 Takashi Nawa	 Meyumi Yamada	
 Toshihiro Teshima	 Naoki Yanagida Chair of the Audit Committee	 Isao Endo	 Kumi Ito
 Satoshi Kasai	 Hideyo Uchiyama	 Misuzu Shibata	

Nomination Committee Composed solely of Non-Executive Directors	Audit Committee Composed mainly of Non-Executive Directors	Compensation Committee Composed solely of Non-Executive Directors
---	--	---

Committee Composition

The composition of the three legally-mandated committees is as follows: the Nomination Committee and Compensation Committee are comprised of Non-Executive Directors only; the Audit Committee is comprised mainly of Non-Executive Directors



Executive Structure

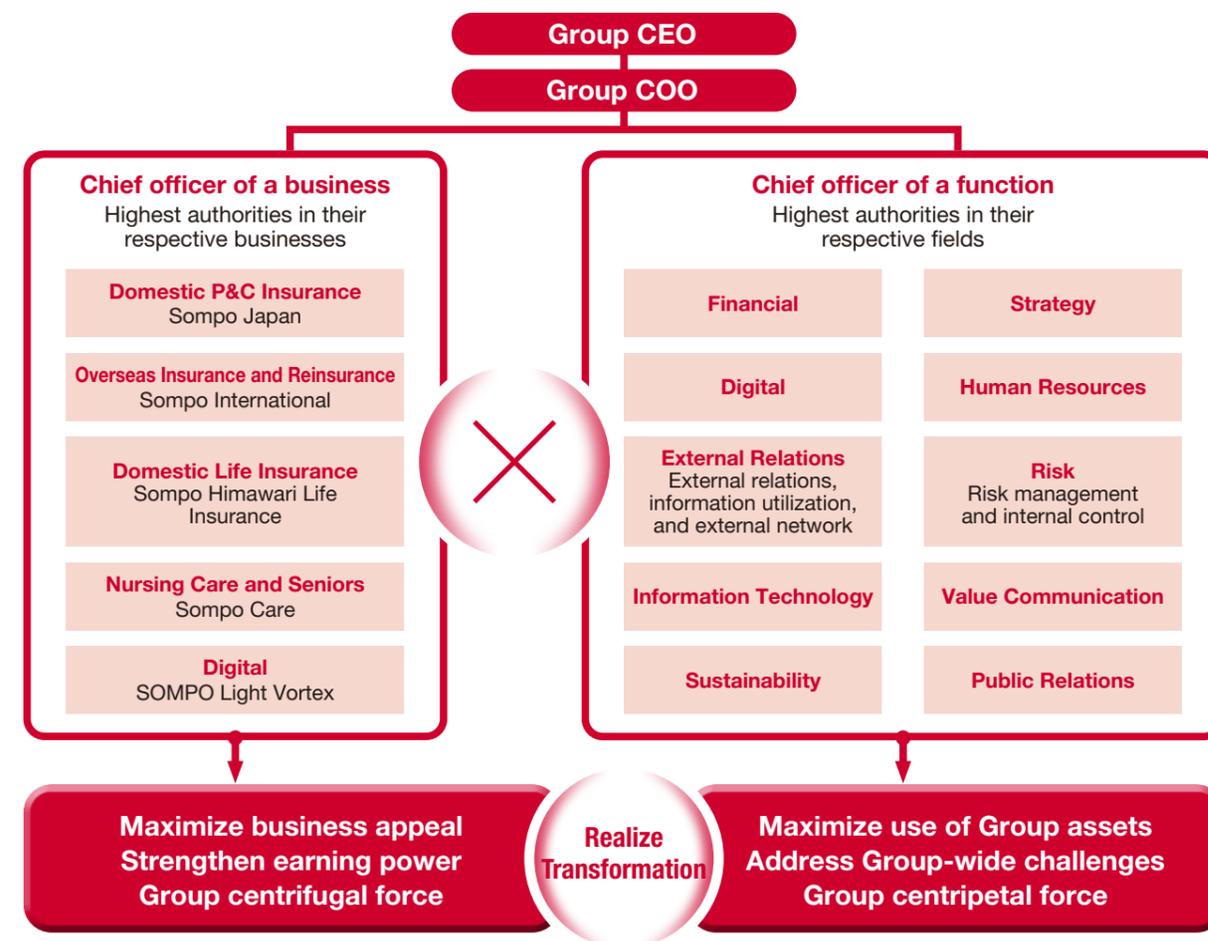
Sompo Holdings established an executive structure that combines the Business Owner System and Group CxO System to continue transforming with agility and flexibility even in the VUCA age.

Business Owner System

The Business CEO drives the Group's growth and expansion by formulating business policies, accomplishing business plans, and improving the quality of business operations as the chief executive of a business.

Group CxO System

The Group CxO who has deep expertise in a functional area exerts necessary influence across business over practicing Group management philosophy, fulfilling purpose, enhancing enterprise value, creating a conglomerate premium, etc. to maintain a sense of oneness and soundness throughout the Group.



Directors and Executive Officers with a Diverse Array of Backgrounds

The Company places great importance on the diversity of its Director and Executive Officer portfolio when formulating the Succession Plan and when appointing Directors and Executive Officers. For this reason, we appoint Directors and Executive Officers with diverse expertise and backgrounds, and so create a system that facilitates high-quality decision-making for the transformation of our Group.

8 Directors and Executive Officers have previously worked for companies outside the Sompo Group



**Directors and Executive Officers* refers to the Group CEO, the Group COO, Business CEOs, and Group CxOs; there are 16 Directors and Executive Officers at the Sompo Group.

Succession Plan

1. Goals of the Succession Plan

The Sampo Group is seeking to become “A Theme Park for Security, Health & Wellbeing.” To this end, we are formulating a Succession Plan as part of our efforts to reliably and effectively produce high-quality talent from diverse backgrounds who can take up positions that are key to realizing further business reforms and growth.

2. Positions Covered in the Plan

The Succession Plan covers a total of 88 key positions in the Group, including Group CEO, Group CxOs, Business CEOs, and other important positions in domestic and overseas businesses. Positions covered by the Plan are selected according to their importance both to the Group as a whole and to individual businesses, and based on the rarity of replacing talent in these positions.

3. Criteria for Selecting Candidates

Succession candidates are selected according to the categories listed below. In order to increase diversity, candidates for each position must meet certain criteria. Candidates may be selected from talent systematically nurtured within the Company, or recruited from outside of the Group.

(1) Candidate category

Talent who might assume key positions within 5 years	N (Next) talent
Talent who might assume key positions in 5 to 10 years	F (Future) talent

(2) Criteria for selecting candidates with the goal of increasing diversity of talent pool

- Five or more N talent candidates and five or more F talent candidates must be selected for each position.
- Women must account for 40% or more of N talent candidates and F talent candidates for each position.
- An age distribution ratio for candidates must be set for each position.

4. Procedures for Considering the Succession Plan

The Succession Plan is formulated by the Nomination Committee according to predetermined evaluation criteria. The roles, functions, and required skills and experience for each position are defined both for the present and the future. Based on these definitions, a wide range of succession candidates for each position is selected both from inside and outside the Company. The Succession Plan is drawn up using the diverse and expert insight of the members of the Nomination Committee. The Committee also engages in proactive and constructive discussions to build a stronger and more diverse pool of candidates.



5. Coordinating the Succession Plan with the Appointment, Placement, and Development of Executive Officers

The Company wishes to effectively coordinate the Succession Plan with the appointment, placement, and development of Executive Officers at the Sampo Group. We systematically nurture diverse management talent by providing selected candidates with opportunities for dispatch training and challenging assignments so that they develop the required skillsets.

Policies for Appointment of Directors and Executive Officers

The Company appoints Directors and Executive Officers in accordance with the Policies for Appointment of Directors and Executive Officers outlined below. Candidates Directors are selected by the Nomination Committee and approved at the General Shareholders Meeting. Candidate Executive Officers are selected by the Nomination Committee and approved by the Board of Directors.

(1) Policies for the Appointment of Directors

The Company not only supervises and guides its subsidiaries, but also formulates a Group-wide management strategy that encompasses the business strategies of subsidiaries engaged in P&C insurance and various other businesses. The Company is responsible for ensuring the execution and realization of these strategies.

The Board of Directors is comprised primarily of Outside Directors, so that it can draw on diverse and independent viewpoints and carry out objective evaluations of management issues. When appointing Outside Directors, nationality, gender, and other forms of diversity are considered.

Additionally, Directors are appointed according to criteria outlined in the Comprehensive Guidelines for Supervision of Insurance Companies. Outside Directors are appointed according to I. “Competency Requirements,” II. “Criteria for Independence of Outside Directors,” and III. “Requirements for Terms of Office.”

For the purpose of carrying out substantive discussions, the number of Directors is limited to 15, 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 gendered division of labor and LGBTQ.

① Competency Requirements

The Company appoints Outside Directors who have a wide range of knowledge and experience in various fields. They may include corporate executives, academic experts, and professionals who have expert knowledge of law, or of finance and accounting.

Outside Directors are required to be able to devote the time and effort necessary to properly fulfill the role and responsibilities of Director.

② Criteria for the Independence of Outside Directors

The Company will assess the independence of Outside Directors from the Company based on the criteria below.

- 1) Personal Relationships: kinship between the candidate and any

officer or employee of the Group; status of mutual appointments of Directors and Executive Officers between the Company and the company which the candidate is originally from.

- 2) Capital Relationships: the holding by the candidate of shares in the Company, 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. Reappointment is not prevented if such reasons are found.

(2) Policies for the composition of Executive Officers and criteria for their appointment

① Policies for the composition of Executive Officers

The Company systematically develops managerial talent based on the Succession Plan. Regarding the composition of Executive Officers as a whole, the Company places importance on the diversity—including gender, age, experience, and nationality—and the balance of the management team.

② Criteria for appointing Executive Officers

The Company appoints Executive Officers in accordance with the following criteria:

- The candidate is able to realize transformation based on the Group Management Philosophy and Vision.
- The candidate is able to develop the next generation of leaders who will drive the Group’s transformation.
- The candidate is able to foster a Group culture that fills employees with confidence and pride, and encourages them to boldly take on challenges with high aspirations.
- The candidate is driven by their own mission and able to take action accordingly.
- The candidate has a high level of expertise and insight regarding the mission and roles they are tasked with.
- The candidate has experience and a track record regarding the mission and roles they are tasked with.
- The candidate understands the importance of diversity and is able to leverage it to create value.
- The candidate has the ability to make fair and impartial judgments and to achieve goals.
- The candidate has a fair and honest personality.

Outside Director Support System

Prior to meetings of the Board of Directors, Outside Directors are provided with explanations by the Corporate Legal Department of the Secretariat of the Board of Directors, and by the departments in charge of each agenda item. Additionally, the Human Capital Department provides assistance to Outside Directors as the Secretariat of the Nomination Committee and the Compensation Committee, and the Audit Committee Office

provides assistance to Outside Directors as the Secretariat of the Audit Committee.

The Company also makes efforts to provide Outside Directors with various types of information, including the Group’s newsletter, Integrated Annual Report, Customer Feedback White Paper, Sustainability Report, and IR presentation materials.

Executive Compensation Structure

The Company regards its executive compensation structure as an important aspect of corporate governance. The goal of the executive compensation structure is to increase corporate value and to share interests with shareholders. The executive compensation structure is formulated by the Compensation Committee, which is chaired by an Outside Director, and incorporates objective points

of view. It is based on the basic policies outlined below. The Company's Policies on Decisions Pertaining to Executive Compensation describes the Basic Policies on Executive Compensation, the composition of executive compensation, how compensation is determined for each position, and the details of each type of compensation.

Basic Policies on Executive Compensation (applicable to all Group companies)

- The level and system of compensation shall ensure that top talent can be acquired and retained for the senior management of the Sampo Group.
- The executive compensation structure shall be consistent with the Group business strategy. It shall incentivize Directors and Executive Officers to improve their performance with the goal of achieving Group growth.
- Compensation shall reflect not just single-fiscal-year performance, but also reflect medium- to long-term results and the initiatives of Directors and Executive Officers.
- Compensation shall be determined in accordance with the scale of future-oriented missions undertaken by Directors and Executive Officers, and with the results of these missions. Compensation may take fixed factors associated with specific job titles or positions into consideration.
- The Company's Compensation Committee shall deliberate the compensation structures of the Company and its key subsidiaries, to ensure they have the objectivity, transparency, and fairness to fulfill accountability to stakeholders.

1. Overview of Executive Compensation Structure

The Company considers the current Mid-Term Management Plan to be a period for realizing the transformation of the entire Group and each of its businesses. The Company regards performance-linked compensation for officers, the scale of the mission for realizing this transformation, and related initiatives as important elements of corporate governance, which underpins this transformation.

The Company believes that all officers should demonstrate and act in accordance with their own duties and mission, based on the principles of being mission-driven (having a sense of mission and job satisfaction, and working with a sense of personal involvement) and of being results-oriented. The executive compensation structure is not designed to award officers a fixed compensation amount based only on their duties or position; instead,

compensation is determined in accordance with the scale of the future-oriented mission they are undertaking, and with the results of these missions.

The Company assigns a grade to each position according to its responsibilities, with Group CEO being the position with the highest grade. The standard amount of total compensation packages for each position are determined according to these grades. The base amount of the total compensation package for each officer is determined every fiscal year, and reflects the scale of the mission assigned to the officer in question.

The Compensation Committee deliberates and determines the amount and composition of compensation for each Director and Executive Officer at the Company, in accordance with the decision-making process and calculation methods described below.

a) Decision-Making Process for Total Compensation Packages

The Company sets compensation levels for each officer on an individual basis, according to the scale of the mission assigned to each officer and their own personal performance. The Company

does not adopt the conventional approach of determining compensation according to a table that assigns different amounts of compensation for each officer rank.



b. Composition of compensation for officers

Compensation for officers consists of: fixed compensation (monthly salary), which is based on the duties and responsibilities of each officer; and variable compensation, which is linked to performance. Variable compensation comprises: performance-linked cash compensation, which is compensation linked to short-term performance paid out every fiscal year in accordance with fiscal-year performance; and performance-linked stock compensation, which

is compensation linked to long-term performance, and whose goal is to increase the association between compensation and medium- to long-term growth in corporate value. The composition of compensation is designed to incentivize officers to make decisions based not only from a single-fiscal-year perspective but from medium- and long-term perspectives, and to take Company performance and share price into consideration.

Overview of Executive Compensation System

	Type of compensation	% of total		Comments
		Group CEO	Other officers	
Fixed compensation	Monthly salary	33.4%	50-70%	<ul style="list-style-type: none"> Set for each officer in accordance with the roles and duties of their position Cash compensation paid monthly
Variable compensation	Performance-linked cash compensation	33.3%	15-25%	<ul style="list-style-type: none"> A base amount is set; actual payment is determined based on annual performance Based on an assessment of each officer's level of achievement for financial and strategic goals Paid in cash in June after the conclusion of the fiscal year
	Performance-linked stock compensation	33.3%	15-25%	<ul style="list-style-type: none"> Determined according to medium- and long-term performance, in order to align officer activities with the interests of shareholders and to promote the medium- and long-term growth of the Group Based on assessments of profit growth rates compared to competitor companies and of 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 awarded to officers after retirement
	Subtotal	66.6%	30%-50%	
Total		100.0%	100.0%	

c. Approaches and calculation methods for each of type of compensation

Fixed compensation (monthly salary)

The Company sets fixed compensation (monthly salary) in accordance with the responsibilities of each officer's position. In principle, an equal amount is paid each month.

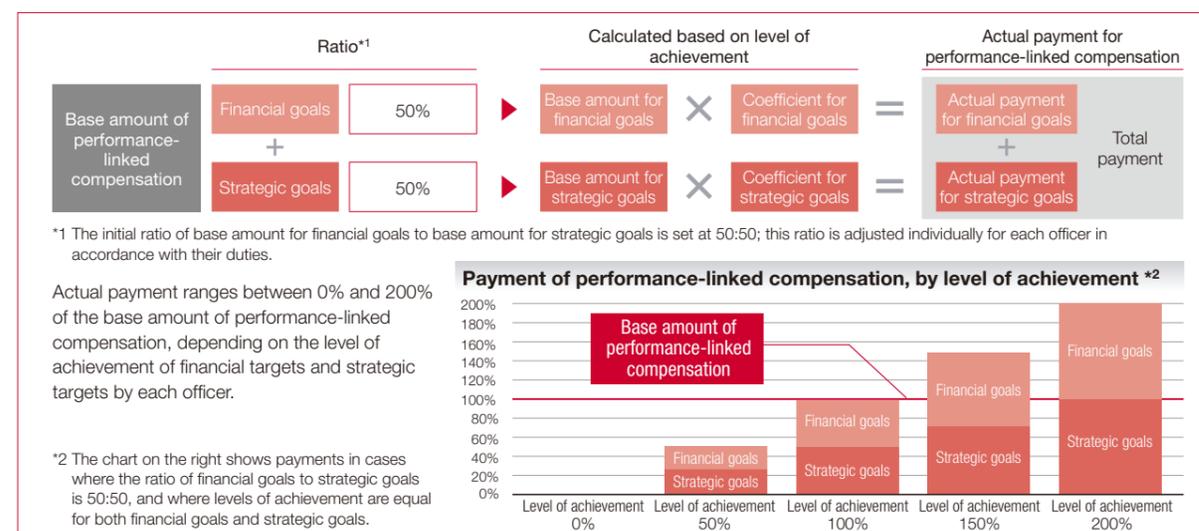
An appropriate level of fixed compensation (monthly salary) is set according to the following parameters: the standard amount of fixed compensation is based on the total compensation package for the grade assigned to the officer's position; the base amount takes into consideration the mission of the individual officer, and the nature of the officer's roles and responsibilities. Reference is also made to market compensation levels, as quantified by officer compensation surveys conducted by third-party compensation consulting firms.

Performance-linked compensation

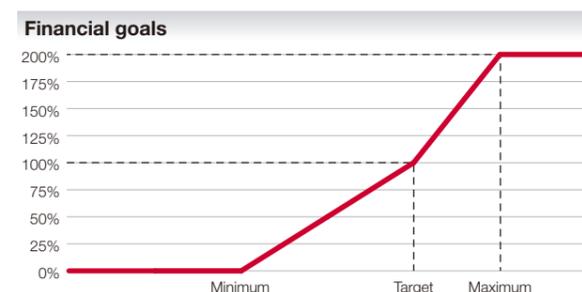
The Company operates a performance-linked compensation system that rewards officers for the contributions they made to each business's single-fiscal-year performance. This is aimed at incentivizing officers to improve performance for the sake of the Group's growth, while ensuring the executive compensation structure and the Group's business strategies are in alignment. In order to ensure that performance-linked compensation reflects

both the financial performance and the strategic performance goals associated with management plans in a balanced manner, the Company adopts a performance-linked compensation system that comprises "financial performance-linked compensation" and "strategic performance-linked compensation." To provide stronger incentives, the Company applies a coefficient to the base amounts of performance-linked compensation. This coefficient varies according to the level of achievement of strategic goals set for the mission assigned to each officer, ranging from 0% to 200%.

- To determine performance-linked compensation, the Company first sets a base amount of performance-linked compensation. This base amount is then multiplied by a coefficient that reflects the level of achievement of single-fiscal-year financial goals and strategic goals.
- The base amount of performance-linked compensation is defined as the amount to be paid if financial goals and strategic goals are fully achieved. The base amount is determined individually for each officer.
- Performance-linked compensation comprises financial performance-linked compensation and strategic performance-linked compensation. The allocation ratio of these two compensations is determined by the Compensation Committee in accordance with the nature of the mission assigned to each officer.



Executive compensation structure



*The financial goal coefficient is 100% when the targeted financial performance is achieved; in this case, the base amount of compensation will be paid. Depending on the level of achievement of financial goals, actual payment will range from 0% to 200% of the base amount.
 *The graph above indicates the relationship between level of achievement and actual payment.

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

*The coefficient is determined in accordance with the level of achievement of strategic goals established for each officer; this coefficient is then multiplied with the base amount. A coefficient of 100% is used when strategic targets have been fully met; 200% is the maximum and 0% the minimum.

Indicators used for performance-linked compensation

The table on the right summarizes the financial indicators used to determine performance-linked compensation. Financial indicators are set for each business; strategic goals are set for each officer.

Notes:

- Net premiums written for the Domestic P&C Insurance Business excludes amounts relating to CALI and household earthquake insurance.
- Net income for the Domestic P&C Insurance Business is the standalone figure for Sompo Japan Insurance.
- The E/I combined ratio for the Domestic P&C Insurance Business is the standalone figure for Sompo Japan Insurance, excluding CALI and household earthquake insurance.

Business domain	Financial indicators for FY2022
Entire Group	Adjusted consolidated profit, adjusted consolidated ROE
Domestic P&C Insurance Business	Net premiums written, adjusted profit, ROE, net income, E/I combined ratio
Overseas Insurance and Reinsurance Business	Gross premiums written, adjusted profit
Domestic Life Insurance Business	Increase in adjusted EV, adjusted profit, ROE, number of policies in force
Nursing Care and Seniors Business	Revenue, adjusted profit, ROE

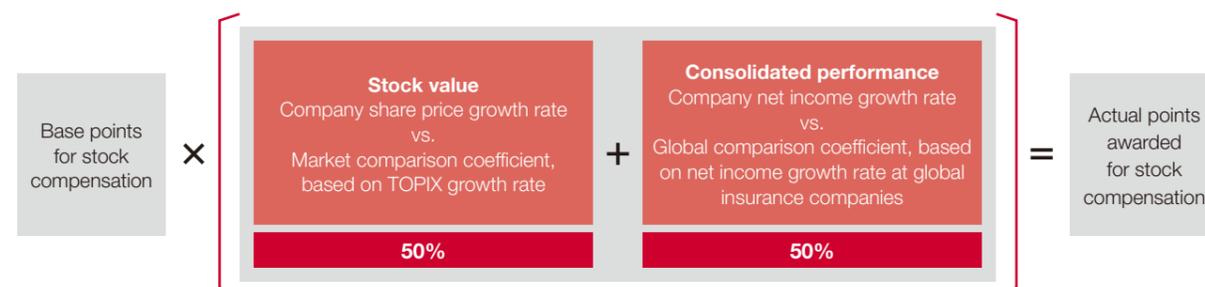
Performance-linked stock compensation

The Company believes it is vital that the Group as a whole grows sustainably over the long term. At the Annual General Meeting of Shareholders held in June 2016, the Company introduced a performance-linked stock compensation system, with the following goals: to clarify the relationship between the compensation paid to Group officers on the one hand, and performance and stock value on the other; to ensure that officers share both the benefits of rising share prices and the risks of falling share prices with shareholders; and to thereby incentivize officers to improve medium- to long-term performance and increase corporate value.

This compensation system is linked to the Company's medium- to long-term performance. The amount of stock points awarded to officers varies according to the Company's share

price performance relative to TOPIX (stock value), as well as to the growth rate of the Company's net income relative to the growth rates at global insurance business companies (consolidated performance).

- To determine performance-linked stock compensation, the Company first sets a base number of points for stock-based compensation; this base number is then multiplied by a coefficient that reflects performance relative to the market both for consolidated performance and for medium- to long-term stock value.
- To determine the coefficient used for performance-linked stock compensation, the average stock value over the past three fiscal years is divided by the figure of the base year; this coefficient is then applied to the base number of points.



2. Total compensation, total compensation by type, and number of eligible officers for each officer category, in FY2021

The total compensation, total compensation by type, and the number of eligible officers for each officer classification in the current fiscal year are outlined below.

Officer category	Total compensation (million yen)	Compensation by type (million yen)				No. of eligible executives
		Fixed compensation (monthly compensation)	Retirement benefits, etc.	Performance-linked compensation		
				Cash compensation (Performance-linked cash compensation)	Non-cash compensation (Performance-linked stock compensation)	
Directors (excluding Outside Directors)	48	43	—	3	2	4
Outside Directors	154	154	—	—	—	11
Executive Officers	2,020	1,169	—	602	248	22
Total	2,224	1,367	—	605	251	35

Notes:

- The values for total compensation, total compensation by type, and the number of eligible officers include: seven Executive Officers who resigned on March 31, 2021; and three Directors who resigned at the end of the 11th Annual General Meeting of Shareholders held on June 28, 2021.
- Compensation for the two Directors who concurrently serve as Executive Officers is separated into Director compensation and Executive Officer compensation; the compensation for each position is included in the applicable total compensation value. For this reason, the total number of eligible officers differs from the combined number of eligible officers for each classification.
- "Performance-linked cash 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 current fiscal year. It excludes provisions to reserves for the previous fiscal year. "Performance-linked stock compensation" is non-cash compensation, and is the total of: the amount of provisions to reserves for stock benefits recorded for the current fiscal year, based on performance in the previous fiscal year.
- All compensation for Directors and Executive Officers is compensation from the insurance holding company. There is no compensation from the parent of the insurance holding company.

3. Total consolidated compensation for each officer in FY2021

Executives who received compensation totaling 100 million yen or more are listed below.

Name	Total compensation from the Company and its consolidated subsidiaries (million yen)	Officer category	Company category	Total compensation by type from the Company and its consolidated subsidiaries (million yen)			
				Fixed compensation (monthly compensation)	Retirement benefits, etc.	Performance-linked compensation	
						Cash compensation (Performance-linked cash compensation)	Non-cash compensation (Performance-linked stock compensation)
Kengo Sakurada	432	Director	The Company	6	—	1	1
		Executive Officer	The Company	127	—	178	118
Shinji Tsuji	106	Director	Sompo Japan Insurance	—	—	—	—
		Executive Officer	The Company	6	—	1	1
			Sompo Himawari Life Insurance	60	—	19	18
Keiji Nishizawa	152	Director	Sompo Care	—	—	—	—
		Executive Officer	The Company	—	—	—	—
James Shea	818	Director	Sompo Japan Insurance	78	—	38	35
		Executive Officer	The Company	488	—	—	—
John R. Charman	357	Executive Officer	Sompo International Holdings Ltd.	85	—	244	—
		Director	The Company	147	—	210	—
Nigel Frudd	187	Executive Officer	Sompo International Holdings Ltd.	0	—	—	—
		Executive Officer	The Company	—	—	187	—
Mikio Okumura	113	Executive Officer	The Company	55	—	33	24
		Director	Sompo International Holdings Ltd.	—	—	—	—

Notes:

- The amounts of performance-linked compensation show compensation paid in the current fiscal year; provisions to reserves in the current fiscal year are not included.
- For compensation paid in foreign currencies, the amounts show yen equivalents.
- Nigel Frudd resigned as Executive Officer on March 31, 2021.
- Performance-linked cash compensation for Nigel Frudd includes expenses related to partial supplementation for income tax.

Enterprise Risk Management (ERM)

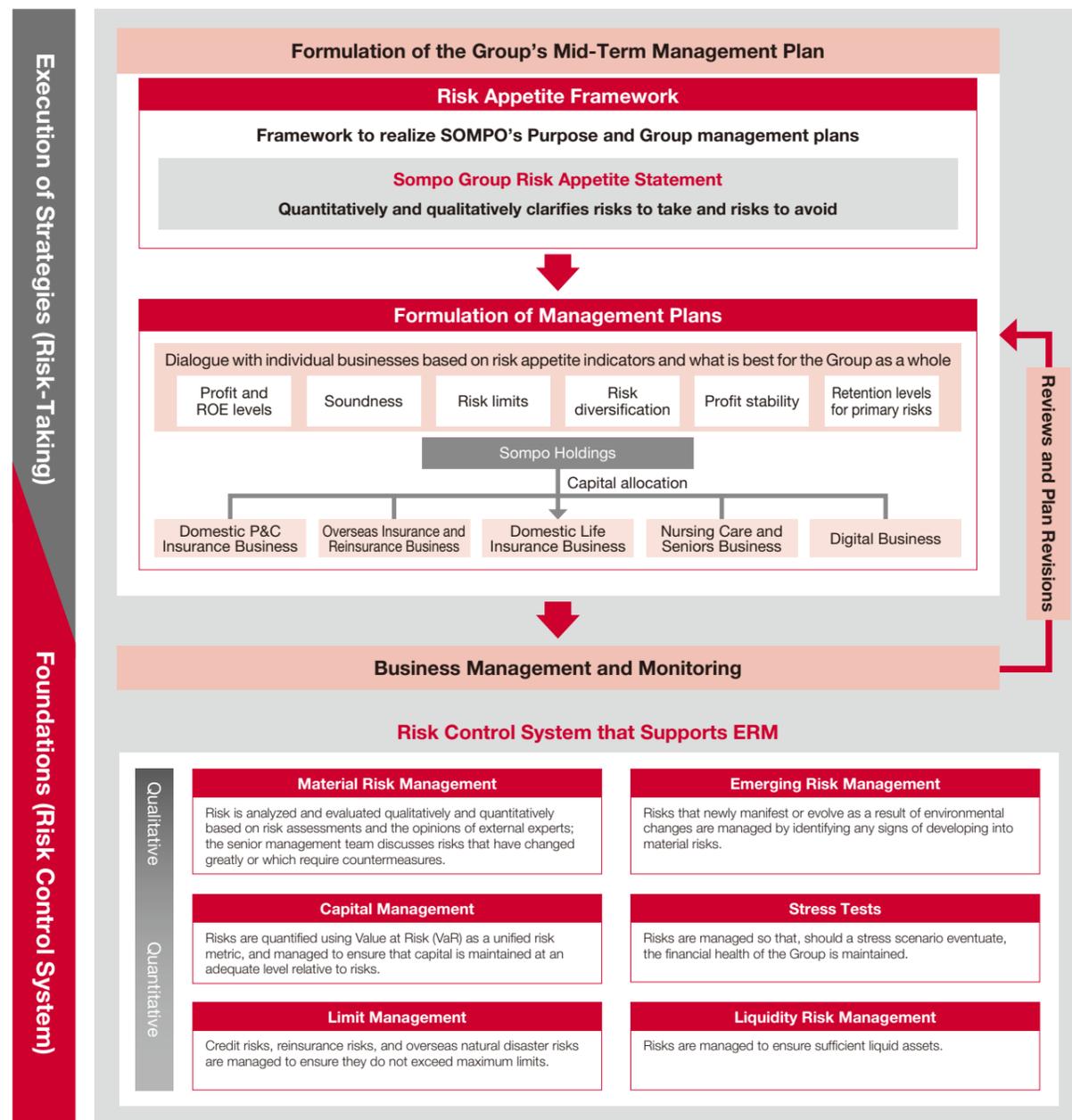
ERM as the “Compass of Management”

We live in a world of increasing uncertainty and risk. Climate change is driving more frequent occurrence of large-scale natural disasters, the threat of cyber-attacks is growing, and the global geopolitical environment is increasingly chaotic. This challenges our ability to chart the optimal course we should take as a Group.

The role of ERM is to navigate the Group through these unpredictable seas, acting as the compass to show the

optimal direction. As such, ERM provides three functions: (1) accurately analyzing and grasping the Group’s current position; (2) detecting and sensitively responding to possible future risks in advance; and (3) clearly indicating the best course of action for the Group to take. ERM’s mission is to fulfill these functions as a “compass of management” and to lead the Group to realize its management philosophy and SOMPO’s Purpose.

Overview of the Sampo Group’s Enterprise Risk Management



Strengthening and Evolving ERM to Realize SOMPO’s Purpose

Sompo Group is working to improve its resilience in two ways: firstly, by accelerating “Scale and Diversification” initiatives, primarily in its insurance business; secondly, through “New Customer Value Creation” initiatives, to improve long-term profit growth while contributing to solving social issues.

We are developing an ERM framework that supports these initiatives – rather than just extending and enhancing our existing insurance business-based paradigm, we are evolving the framework so that it is fully adapted to our new business

models. For example, we are taking on the challenge of evolving ERM by establishing both quantitative and qualitative risk management frameworks for the non-insurance businesses, such as digital business, based on the expertise accumulated in the insurance and nursing businesses. Through our analysis and verification of risks in the “new normal” world, such as climate change and increasingly sophisticated cyber-attacks, we are also contributing to the identification and pursuit of business-side opportunities and threat reduction initiatives.

ERM of the Sampo Group

The Group ERM framework aims to maximize corporate value while balancing capital, risk, and return. To effect this, it has two main components: the “Risk Appetite Framework,” which supports conscious risk-taking in pursuit of strategic objectives, and the “Risk Control System,” which contributes to stabilizing the foundations of our business.

1. Risk Appetite Framework

The “Risk Appetite Framework” is a system for increasing the certainty of achieving the Group’s strategic goals – as set forth in the Management Philosophy, SOMPO’s Purpose, and the Group’s Management Plan – by taking risks based on the Sampo Group Risk Appetite Statement. This clearly states the risks the Group will take and the risks it will avoid. We formulate a Group’s Management Plan and allocate capital to each business, after dialogue with the respective management teams, based on risk appetite indicators and the perspective of overall Group optimization.

For further details, please visit the corporate website: <https://www.sompo-hd.com/en/company/risk/>

2. Risk Control System

For effective risk control, Sompo Group uses a “Risk Control System” that identifies, analyzes, and evaluates the various risks surrounding the Group.

The Group defines risks that could have a significant impact on its business as “material risks”; we comprehensively identify and evaluate these risks based on risk assessments and expert opinions and insights. We evaluate the frequency of occurrence and the severity of impact across three risk dimensions (economic loss, business continuity, and reputational damage) in both qualitative and quantitative terms. We also confirm the status of countermeasures.

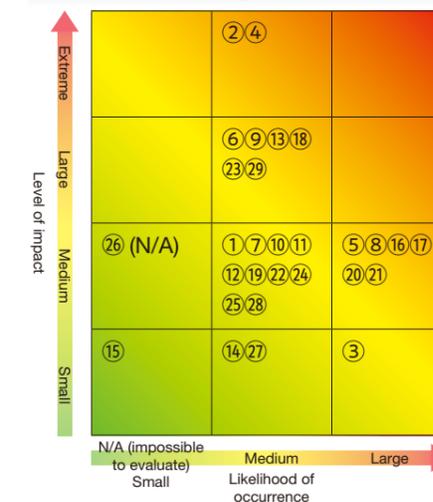
Additionally, the Group defines “emerging risks” as risks that have the potential to emerge or change, through changes in the environment or other factors, such that they would have a significant impact on the Group in the future. We manage emerging risks appropriately by monitoring any signs that they may develop into material risks.

Through Capital Adequacy Management, Stress Testing, Risk Limit Management, and Liquidity Risk Management, we strive to minimize unexpected losses and stabilize profits. <https://www.sompo-hd.com/en/ir/financial/risk/>

List of Material Risks

Type	No.	Material Risk	Type	No.	Material Risk
Management Strategy Risks	①	Deterioration of and changes in competitive environments	Operational Risks and Compliance Risks	⑯	Failures of third-party management
	②	Deterioration of economic environments		⑰	System failures
	③	Geopolitical events		⑱	Cyber security
	④	Pandemics		⑲	Labor
	⑤	Regulatory changes		⑳	Leakages of customer information (excluding cyberattacks)
	⑥	Weak governance		㉑	Misconduct and leakages of confidential information
	⑦	Mistaken evaluation of new business risks		㉒	Conduct
	⑧	Delays to large-scale system development projects		㉓	Major earthquakes in Japan
	⑨	Climate change (physical risks and transition risks)		㉔	Major storms and floods in Japan
	⑩	Sustainability		㉕	Major natural disasters overseas
	⑪	Reputation		㉖	Cyber integration
	⑫	Inadequate human resources		㉗	Mistaken evaluation of Nursing Care Business environments
	Financial and Investment Risks	⑬		Significant market deterioration	㉘
⑭		Bankruptcy of loan, investment, and reinsurance destinations	㉙	Business interruptions	
⑮		Cash requirements in times of large-scale disasters			

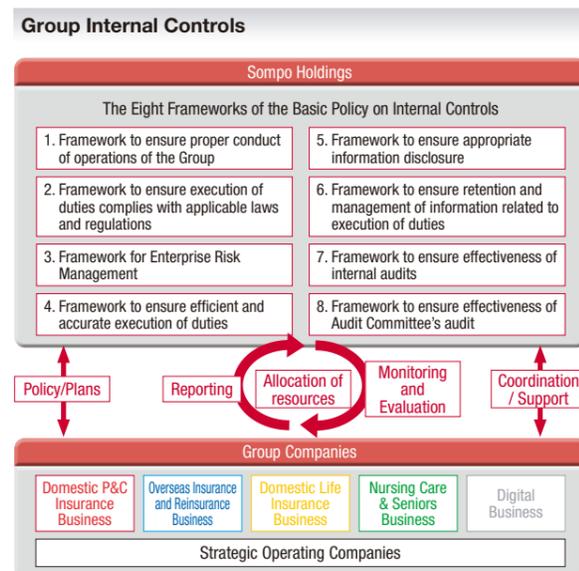
Material Risk Heatmap



Group Internal Controls to Support Corporate Governance

The Board of Directors has established eight frameworks in the Basic Policy on Internal Controls as a foundation for improving corporate value and for ensuring the proper conduct of operations within the Group. In addition, to ensure that the Group's controls function both effectively and efficiently, the Company enters into management contracts with each Group company, properly understands and checks the situation at each company, and continuously works to enhance and strengthen internal control systems at a Group level.

For further details, please visit the corporate website: <https://www.sompo-hd.com/en/company/governance/policy/>



Compliance Initiatives

As part of its commitment to compliance, the Company has formulated various policies and codes of conduct, such as the Sompo Group Basic Policy on Compliance, and established compliance systems, and raised awareness of these policies among Group officers and employees. We are a company that seeks to maintain a healthy social presence; to this end, rather than viewing compliance simply as complying with laws and regulations, we have been working to develop a culture that encourages behavior that conforms to corporate ethics and social norms.

We coordinate with Group companies so that they can increase the effectiveness of their compliance initiatives, and we have been working to evolve our compliance frameworks based on Group strategies and external environments. In response to increased social awareness of data protection, for example, we are implementing measures for privacy risks. In order to quickly discover problem events, we have strengthened our whistle-blower system, and we are also working to identify latent conduct risks and improve our understanding of

similar phenomena.

While the Group has insurance business at its core, it has expanded into new business areas such as the Nursing Care & Seniors Business and Digital Business. We have also been working to create new businesses and transform existing businesses through partnerships and the use of new digital technologies and data. When developing compliance 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, we participate in Group company meetings, and vice-versa; we also hold Chief Compliance Officer meetings, attended by the heads of the Compliance Departments in each business. This is a forum to share examples of effective initiatives undertaken by each business, and to exchange opinions on the issues we face. In this way, through our efforts to understand conditions at the Group and share information, we support the development of compliance frameworks at Group companies.

Developing the Group's Internal Audit Framework

The Company has established the Sompo 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, we endeavor to enhance corporate value and meet the expectations of stakeholders by developing an efficient and effective Group-wide internal audit framework, and by conducting risk-based internal audits that take into account the characteristics

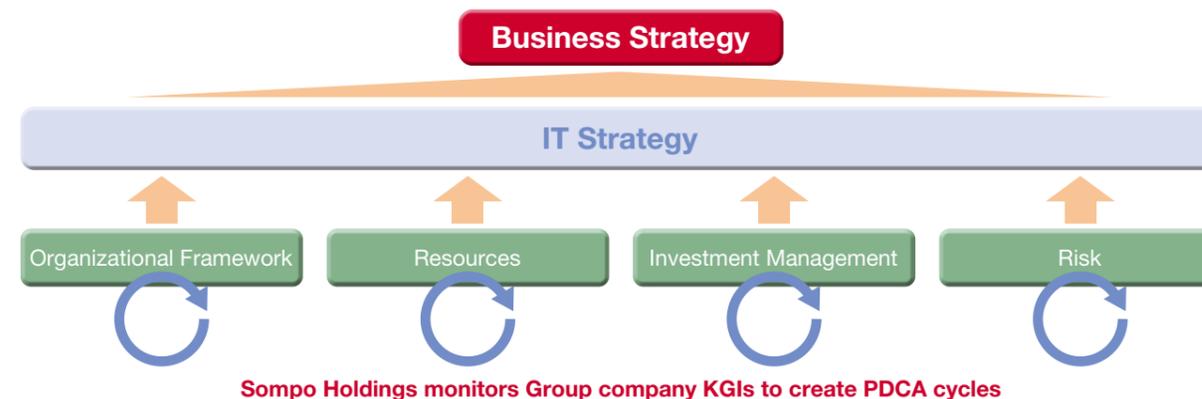
and strategies of our businesses.

Specifically, we have expanded our monitoring functions and adopted a flexible approach to the auditing of changing risks. In conjunction with these efforts, we help Group companies develop their own internal audit frameworks by evaluating the quality of their internal audits and recommending ways to rectify any issues they have identified.

IT Governance

Each entity's system implementation, operation processes are aligned in accordance with each country and industry regulations. By continuously improving the PDCA cycle via KGI

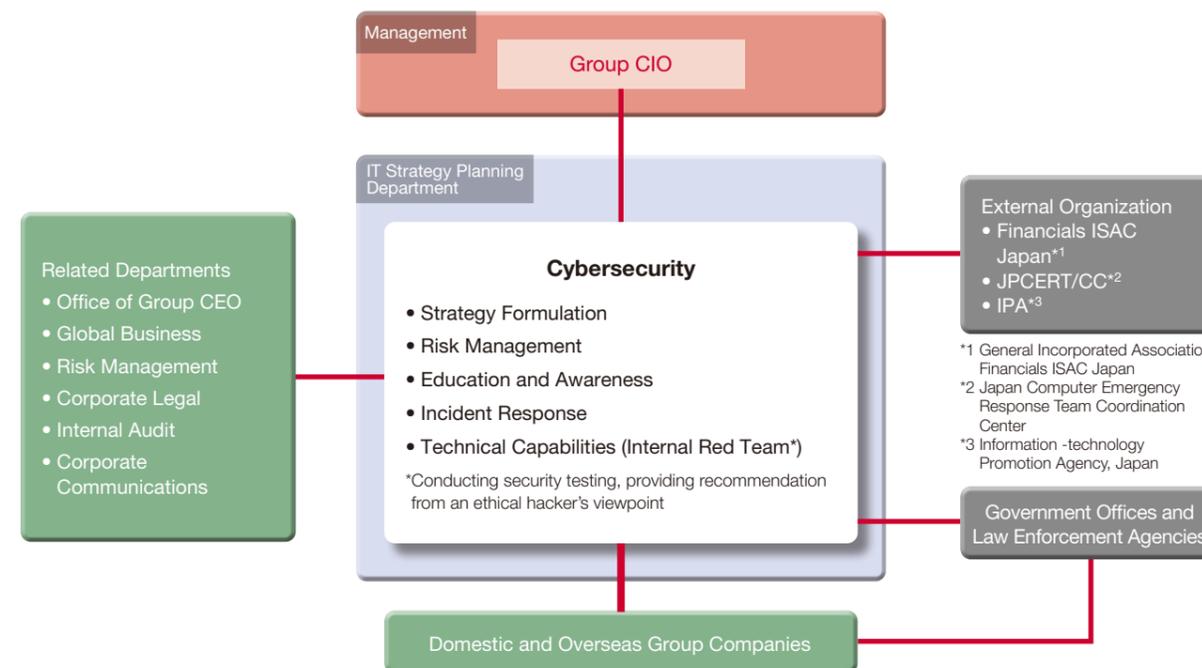
monitoring and aligning to international standards, we strive to optimize the IT processes to support the Group-wide business and IT strategy.



Responses to Cyber Risks

The company takes cybersecurity as a social responsibility. In response to cyber risks, we established "SOMPO Group Security Basic Policy" as the cornerstone to continuously improve the efficiency and effectiveness of the cyber risk management. A specialized team of cybersecurity professionals within IT Strategy Planning Department is formed to formulate strategies and strengthen cybersecurity capabilities

across the group. The team has a shared responsibility model with the entity in managing cyber risk and increase group maturity on both day-to-day operation and during emergency. Cybersecurity is prioritized and closely knitted with the business and IT strategy to help the company gain a competitive edge and deliver a safe, secured digital transformation.

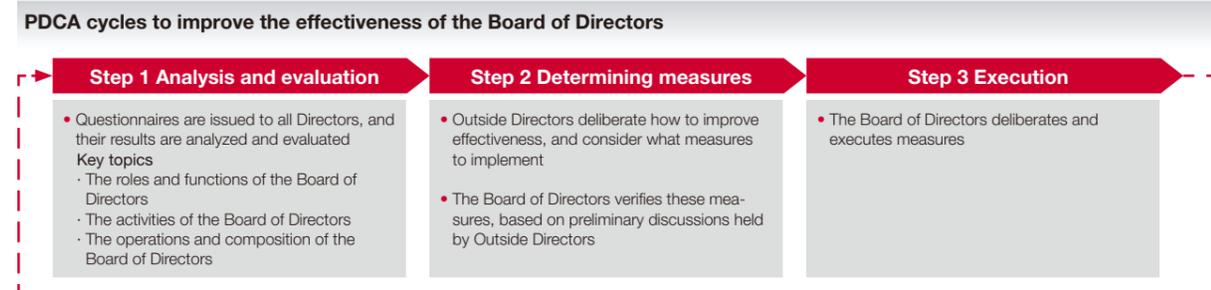


Evaluating the Effectiveness of the Board of Directors

Improving the effectiveness of the Board of Directors through PDCA cycles

As part of its efforts to improve the effectiveness of the Board of Directors, every year the Company issues a questionnaire, which includes a self-evaluation section, to each Director. We use the results of these questionnaires to analyze and evaluate the effectiveness of the Board of Directors as a whole. We also work to improve the functionality of the Board of Directors, and

strengthen corporate governance. To this end, we actively incorporate the opinions of Directors, verify measures for any identified issues and for the further evolution of the Company, and carry out PDCA cycles for the execution of concrete initiatives that enhance the functionality of the Board of Directors.



Key Initiatives and Results in Fiscal 2021

In fiscal 2021, based on the previous year's evaluation of the effectiveness of the Board of Directors, the Board of Directors carried out the initiatives outlined below.

Important fiscal 2021 topics deemed to require more thorough discussions

- Evaluating and increasing the value of non-visible assets such as branding and engagement
- Policies for handling ESG-related issues
- Constructive communication with capital markets
- Construction of the Real Data Platform

Key issues	Key initiatives
<ul style="list-style-type: none"> Ensuring sufficient exchanges of opinions with Executive Officers Ensuring focused discussions on important topics Ensuring sufficient communication between Directors and Executive Officers, through both face-to-face and remote methods 	<ul style="list-style-type: none"> Increasing frequency and expanding content of information sharing meetings Holding several free discussion meetings, and allocating time for focused discussions with executive divisions about the management strategies of each business, and about improving corporate value Holding discussions with onsite personnel in the Digital Business Holding hybrid meetings to create opportunities for in-person discussions regarding agenda items and other topics

The Board of Directors recognizes that these initiatives proactively contribute to improving the effectiveness of the Board of Directors.

Board of Directors Operational Policy for Fiscal 2022

The topics deemed to require more thorough discussion by the Board of Directors in fiscal 2022, and the initiatives considered potentially effective in allowing the Board to function better, are outlined below.

Topics deemed to require more thorough discussion in fiscal 2022

- Evaluating and increasing the value of non-visible assets such as branding and engagement
- Policies for handling ESG-related issues
- Constructive communication with capital markets
- New value creation through DX and RDP
- Business portfolios, and synergies between businesses
- Measuring the effectiveness of Purpose management
- Managing risk, including cyber security systems

Key initiatives to enable the Board of Directors to function better

- Ensuring sufficient communication between Directors and Executive Officers, through both face-to-face and remote methods
- Ensuring focused deliberations on highly important topics
- Clarifying what matters should be deliberated at Board of Directors meetings, and using preliminary briefing sessions effectively
- Creating systems—such as on-site inspections, multiple reporting lines, etc.—that improve understanding of the status of execution of business operations
- Ensuring communication and information-sharing between Directors and legally-mandated committees

With the above points in mind, the Company will implement initiatives that help the Board of Directors to function better. We will also further evolve our governance systems through the use of PDCA cycles rooted in evaluations of the effectiveness of the Board of Directors.

Sustainability Governance

The Company has established a system of sustainability governance whereby Executive Officers execute measures in line with Group-wide strategies and policies aimed at realizing SOMPO's Purpose, and the Board of Directors monitors their performance.

The Group Chief Sustainability Officer (Group CSuO) is in overall charge of sustainability at the Group, and is responsible for formulating and executing strategies related to sustainable management, and for overseeing the sustainability functions of the entire Group.

The Group Sustainable Management Committee is chaired by the Group CSuO, and its membership comprises Executive Officers in charge of corporate planning and sustainability at Group companies. The Committee carries out preliminary discussions on climate change and other sustainability issues, taking the various perspectives of Group businesses and companies into account. It then submits policies and measures for discussion to Global ExCo and MAC, thereby raising the quality of our decision-making. The Board of Directors (including preliminary briefing meetings) also receives reports on the discussions held by Global ExCo and MAC, thereby increasing the effectiveness of its supervisory functions.

The Committee is responsible for promoting the sustainability initiatives of the entire Group; to this end, it monitors the progress of and identifies potential issues in implementation plans formulated by Group companies to

achieve Materialities and Materiality KPIs for the realization of SOMPO's Purpose.



Committee Discussion Topics, April 2021–June 2022

- Sharing the Group's Mid-Term Management Plan and the policy for SDGs in Business Management in FY2021
- Formulating Materiality KPIs (MAC preliminary discussions)
- Revising the Group's net-zero targets (MAC preliminary discussions)
- Discussing the Group's climate change strategy (Global ExCo preliminary discussions)
- Summarizing initiatives for the first half of FY2021
- Summarizing full-year initiatives for FY2021

Active Participation in Initiatives

Through participation in initiatives in Japan and overseas, the SOMPO Group creates opportunities to engage in dialogue with advanced corporations and international organizations, to gain knowledge, and to learn about previous advanced efforts, with the goal of creating a cycle to improve its own initiatives. We recognize that collaborative efforts by diverse

parties are more effective than individual efforts at tackling various issues; we therefore actively participate in different initiatives, from planning to involvement. In addition, we seek to contribute to the realization of a sustainable society by disseminating what we have learned through our participation in such initiatives.



Directors



Kengo SAKURADA

Mikio OKUMURA



Scott Trevor DAVIS

Kazuhiro HIGASHI

Takashi NAWA

Meyumi YAMADA



Masayuki WAGA

Naoki YANAGIDA

Isao ENDO

Hideyo UCHIYAMA



Misuzu SHIBATA

Kumi ITO

Toshihiro TESHIMA

Satoshi KASAI

Name	Kengo SAKURADA	Mikio OKUMURA	Scott Trevor DAVIS	Kazuhiro HIGASHI	Takashi NAWA	Meyumi YAMADA	Masayuki WAGA
Positions	Director	Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director
Term of Appointment	April 2010	June 2022	June 2014	June 2020	June 2020	June 2021	June 2022

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	●	●		●			●

Name	Naoki YANAGIDA	Isao ENDO	Hideyo UCHIYAMA	Misuzu SHIBATA	Kumi ITO	Toshihiro TESHIMA	Satoshi KASAI
Positions	Independent Outside Director	Director	Director				
Term of Appointment	June 2019	June 2014	June 2019	June 2020	June 2021	June 2021	June 2022

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 tables show skills and areas of expertise particularly expected for each director and do 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 2021)
Attended 13 out of 13 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 Sompo 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. Appointed to current position at the Company in April 2022 (as Group CEO, Director, and Chairman and Representative Executive Officer).



Mikio Okumura
Director
(Born November 23, 1965)

Newly appointed

Career Summary

Joined Yasuda Fire & Marine Insurance Co., Ltd. in April 1989. Has worked in the management of the domestic P&C insurance, overseas insurance and reinsurance, and the nursing care and seniors businesses, and in 2019 was appointed to the position of Group CSO. Currently oversees management of the entire Group as COO. Appointed to current position at the Company in June 2022 (as Group COO, Director, and President and Representative Executive Officer).



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 2021)
Attended 13 out of 13 Board of Directors meetings, 11 out of 11 Nomination Committee meetings, and 10 out of 10 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 2021)
Attended 12 out of 13 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.



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

Attendance at Board of Directors meetings and other official meetings (Fiscal 2021)
Attended 13 out of 13 Board of Directors meetings, and 12 out of 12 Audit 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.



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

Attendance at Board of Directors meetings and other official meetings (Fiscal 2021)
Attended 12 out of 13 Board of Directors meetings, and 10 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 2021)
Attended 13 out of 13 Board of Directors meetings, 11 out of 11 Nomination Committee meetings, and 10 out of 10 Compensation Committee meetings

Important Concurrent Positions

Vice-Chair, Osaka Chamber of Commerce and Industry / Outside Director, Honda Motor Co., Ltd.

Reason for Appointment

Has experience in finance and management in the banking business, and in 2013, was appointed Director, President, and Representative Executive Officer of Resona Holdings, and Representative Director and President of Resona Bank, Limited. Has held numerous other important posts in the business world, including Chairperson of the Osaka Bankers Association and Vice-Chair of the Osaka Chamber of Commerce and Industry. Is expected to fortify the supervisory and decision-making functions of the Board of Directors with his wealth of knowledge and experience in upper management of major companies. 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 2021)
Attended 12 out of 13 Board of Directors meetings, 10 out of 11 Nomination Committee meetings, and 10 out of 10 Compensation Committee meetings

Important Concurrent Positions

Representative Director, Genesis Partners / Director (Outside), NEC Capital Solutions Co., Ltd. / Director (Outside), Fast Retailing Co., Ltd. / Director (Outside) Ajinomoto Co., Inc. / Visiting Professor of International Corporate Strategy, Hitotsubashi Business School / Advisor, Sumitomo Mitsui Trust Bank, Limited / Professor, Graduate School of Business Administration, Kyoto University of Advanced Science / Audit & Supervisory Board Member, The Asahi Shimbun Co., Ltd.

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.

Directors



Misuzu Shibata
Director (Outside)
Member of the Audit Committee
(Born July 25, 1974)
*Registered as Misuzu Koyama on family register.

Attendance at Board of Directors meetings and other official meetings (Fiscal 2021)
Attended 13 out of 13 Board of Directors meetings, 11 out of 11 Nomination Committee meetings, and 10 out of 10 Compensation Committee meetings

Important Concurrent Positions

Attorney-at-law / Director (Outside), Delica Foods 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)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2021)
Attended 10 out of 10 Board of Directors meetings, 9 out of 9 Nomination Committee meetings, and 8 out of 8 Compensation Committee meetings

Important Concurrent Positions

Director, istyle, Inc. / Director (Outside), Seino Holdings Co., Ltd. / Director (Outside), Seven & i Holdings Co., Ltd.

Reason for Appointment

In addition to entrepreneurial and management experience in executive positions, has a wealth of practical experience in digital and other forms of marketing, has served as a member of committees connected to government bodies such as the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry, and has extensive knowledge accumulated from working in policy development. In addition, is actively working to promote the participation of women in the workplace, and is expected to provide valuable advice on issues connected to diversity and inclusion. Appointed to current position at the Company in June 2021.



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

Attendance at Board of Directors meetings and other official meetings (Fiscal 2021)
Attended 10 out of 10 Board of Directors meetings, and 9 out of 9 Audit Committee meetings

Important Concurrent Positions

Executive Consultant, 4U Lifecare Inc. / Director (Outside), True Data / Director (Outside), Fuji Furukawa Engineering & Construction Co. Ltd.

Reason for Appointment

Has experience in operational strategic at electronics manufacturers and other companies, has served as Chief Marketing Officer (CMO) at a healthcare company, and has extensive knowledge of IT and other digital technologies, and marketing. Participated in the launch of a non-profit organization that promotes the participation of women in the workplace, and is expected to provide valuable advice on issues connected to diversity and inclusion. Appointed to current position at the Company in June 2021.



Masayuki Waga
Director (Outside)
Member of the Nomination Committee and the Compensation Committee
(Born April 10, 1958)

Newly appointed

Important Concurrent Positions

None

Reason for Appointment

After holding various important posts at Mitsubishi Chemical Corporation headquarters and business departments both in Japan and overseas, was appointed President and Chief Executive Officer in 2018. Has management experience in global organizations and in driving change in personnel system and corporate culture. Due to his experience and achievements in top management at such major corporation, he is expected to provide valuable advice regarding the Group's business strategy, global management, and transformational strategies. Appointed to current position at the Company in June 2022.



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

Attendance at Board of Directors meetings and other official meetings (Fiscal 2021)
Attended 10 out of 10 Board of Directors meetings, and 9 out of 9 Audit Committee meetings

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 Sompo Japan Nipponkoa in 2018. Made a Senior Advisor of Sompo Japan Insurance Inc. in April 2021. Appointed to current position at the Company in June 2021.



Satoshi Kasai
Director Member of Audit Committee
(Born December 22, 1962)

Newly appointed

Career Summary

Joined Yasuda Fire & Marine Insurance Co., Ltd. in April 1985. Has experience in planning, human resources, and systems departments in the domestic P&C insurance business, and in 2017, was appointed the Group's Chief Human Resource Officer (CHRO) and Director and Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. In 2019, was appointed CEO of the Group's nursing and healthcare business, and was made Group Advisor in April 2022. Appointed to current position at the Company in June 2022.

Directors and Executive Officers

Executive Officers



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



Mikio Okumura
Group COO (Chief Operating Officer)
President and Representative Executive Officer
(Born November 23, 1965)



Giichi Shirakawa
CEO of Domestic P&C Insurance Business,
Senior Vice President and Executive Officer
(Director, President and Representative Executive
Officer of Sampo Japan Insurance Inc.)
(Born August 19, 1970)



James Shea
CEO of Overseas Insurance and Reinsurance
Business, Senior Vice President and Executive
Officer
(Executive Chairman of the Board of Directors and
Chief Executive Officer of Sampo International
Holdings Ltd.)
(Born November 18, 1965)



Yasuhiro Oba
CEO of Domestic Life Insurance Business,
Senior Vice President and Executive Officer
(Director, President and Representative CEO of
Sampo Himawari Life Insurance Inc.)
(Born September 30, 1965)



Ken Endo
CEO of Nursing Care & Seniors Business,
Senior Vice President and Executive Officer
(Director, Chairman and Representative CEO of
Sampo Care Inc.)
(Born March 3, 1954)



Koichi Narasaki
CEO of Digital Business, Senior Executive Vice
President and Executive Officer
(CEO of Palantir Technologies Japan and CEO of
Sampo Light Vortex, Inc.)
(Born January 4, 1958)



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



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



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



Koji Ishikawa
Group CERO (Group Chief External Relations
Officer)
Executive Vice President and Executive Officer
(Born December 22, 1968)



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

Executive Officers



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)



Taisei Kawazoe
Group CIO (Chief Information Officer)
Senior Vice President and Executive Officer
(Born December 4, 1967)



Kenneth Reilly
Executive Vice President
(General Manager, Global Business Department)
(Born August 29, 1973)



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



Katsuyuki Tajiri
Executive Vice President
(Global Consumer P&C Insurance (Retail)
Business)
(Born October 8, 1967)



Yasuki Kume
Deputy CEO of Nursing Care & Seniors Business
Senior Vice President
(Born January 14, 1972)



Takamitsu Washimi
Senior Vice President
(Director, President and Representative COO of
Sampo Care Inc.)
(Born September 19, 1972)



Tsutomu Yamaguchi
Senior Vice President
Group Deputy CFO
(General Manager, Office of Group CFO)
(Born October 6, 1966)

Business

In our efforts to realize SOMPO's Purpose, it is the Somo Group's five core businesses that are the drivers of our Value Creation Cycle.

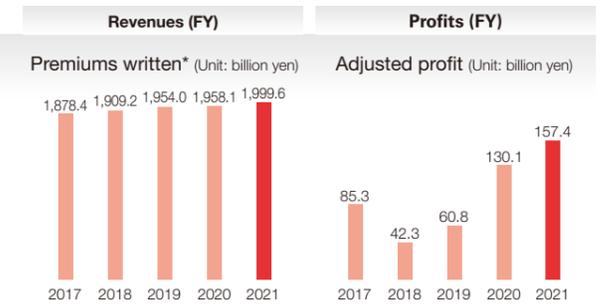
In these businesses, we are working to provide greater value in our existing spheres of operations, engaging in initiatives for new value creation, and promoting human resources strategies to fashion a workforce capable of achieving our goals.

To achieve further growth, we intend to generate Group-wide synergies that cannot be generated via individual businesses alone.

At a Glance

Domestic P&C Insurance Business

Sompo Japan lies at the heart of the Domestic P&C Insurance Business. To maintain stable and sustainable growth amid a rapidly changing business environment, we are incorporating customer feedback into our product development, and using AI to strengthen our underwriting functions. To create new value, we are developing services in the fields of mobility, disaster-prevention and mitigation, and autonomous driving.



*Combined total of net premiums written at three Domestic P&C Insurance Business insurance companies: Sompo Japan Insurance, Saison Automobile & Fire Insurance, and Mysurance (excl. CALL, household earthquake insurance).

Overseas Insurance and Reinsurance Business

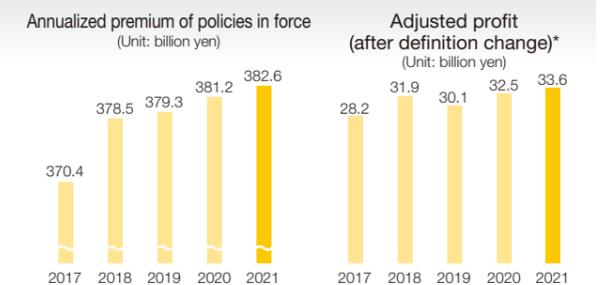
Sompo International provides diverse services—including the world's largest international agricultural insurance service—to customers in 29 countries around the world. It is central to the expansion of the entire Group's operations, and is key to the Group's portfolio diversification. The Business has turned its attention to new risks facing society, including those related to cyber and renewable energy, and is promoting innovation through the creation of new customer value.



Domestic Life Insurance Business

Sompo Himawari Life, as "A Health Support Enterprise," helps customers remain healthy through offering innovative new value of "Insurhealth®," which combines the traditional role of life insurance to prepare for any possibility with day-to-day healthcare support functions.

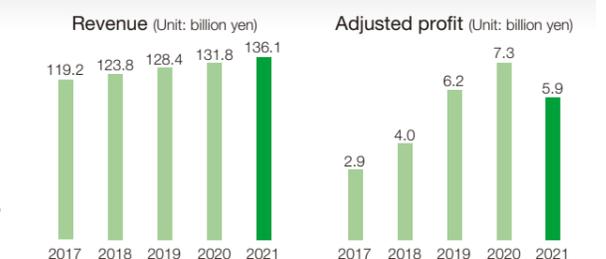
We are working on minimizing "any possibility" by integrating the original functions of Insurance with Healthcare.



*Values for FY2020 and earlier have been modified in line with the current definition of "adjusted profit"; from FY2021, adjusted profit excludes both gains and losses on sale of securities, and impairment losses on securities

Nursing Care and Seniors Business

Centered around Sompo Care, the Nursing Care and Seniors Business provides customers with a comprehensive line-up of nursing care services for use in a wide range of settings, from care facilities to the home. To create new value, the Business is developing high-quality services that make use of technologies and real data, building ecosystems that incorporate related companies and industries, and providing support for the elderly before they require care.



Digital Business

In fiscal 2021, the Digital Business established SOMPO Light Vortex, which creates, develops and manages new businesses with utilizing digital technologies. The Business also works to support the development of digital technologies at the Group, and invest in promising startups. To encourage the use of real data and the development of RDP, the Company and the U.S. software platform company Palantir have jointly established Palantir Technologies Japan. Together, they are currently engaged in the development of a proprietary business model.

Project to build a Conglomerate Premium

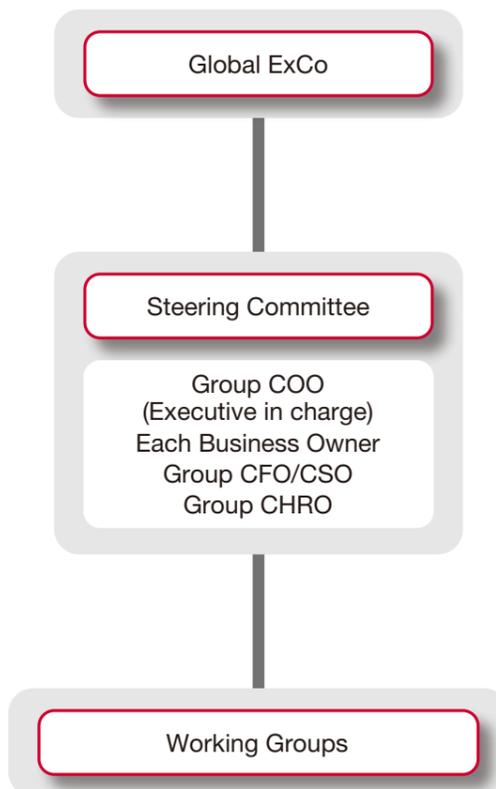
The Sampo Group has taken the lead in its five core business areas – Domestic P&C Insurance, Overseas Insurance and Reinsurance, Domestic Life Insurance, Nursing Care & Seniors, and Digital – to create powerful value. Supporting this framework is the Business Owner System introduced in 2016. Giving business CEOs substantial authority to execute their own business strategy planning, investment decisions, and personnel allocation has led to an increase in centrifugal force as well as quicker decision-making and operational execution.

To make even more progress, we believe it is necessary to create a conglomerate premium (i.e. “group synergy”), by increasing centripetal force and allowing for rational risk-taking made possible by the Sampo Group as a whole, rather than by each individual business. Specifically, we will not only aim to

enjoy the financial benefits through optimized risk-taking as a group under the slogan “Tsunagu, Tsunagaru, Tsunageru” (or “connecting, making connections and being connected”), but also aim to create major value for our customers and society by providing new services and solutions leveraging our data and knowledge gained in the development of various businesses of the Group.

In order for SOMPO to move forward with this project to create a conglomerate premium, we have formed a steering committee under Global ExCo, the highest executive committee in the Group, and with the Group COO at the helm, we are promoting organizational initiatives with the participation of the different business owners, as well as the Group’s CFO, CSO, and CHRO.

Organization/System Chart



Working groups' initiatives

We have set up working groups under the Steering Committee to facilitate the creation of a conglomerate premium and thoroughly pursue the Group’s best interests. The working groups were launched in three fields that were considered the most likely to produce quick results: retention and cession, investment, and multinational businesses.

The retention and cession working group reviews risk

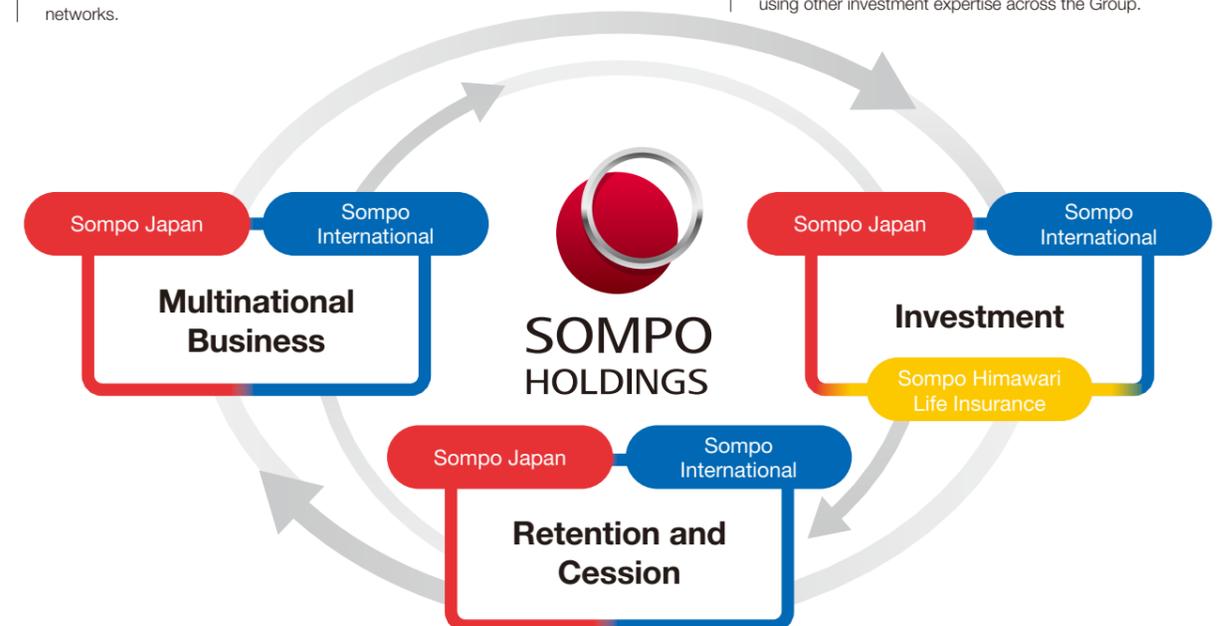
retention optimization and reinsurance coverage on a Group-wide basis, while the investment working group studies on taking additional risks by harnessing economies of scale and the use of the Group’s excess capital. The multinational business working group looks into building a platform, sharing systems and digital technologies, and increasing cross-selling activities.

Multinational Business Working Group

Aims to increase earnings by providing customers around the world with integrated services that harness the Group’s networks.

Investment Working Group

Aims to expand investment income of the Group-wide by effectively managing the Group’s assets in the European and US markets with a wealth of investment opportunities, and using other investment expertise across the Group.



Retention and Cession Working Group

Aims to optimize risk retention and diversification by harnessing the economies of scale of two property and casualty insurance companies with different operational areas and business models, thereby increasing the resilience of the Group.

Executive Vice President, Head of Tokyo Office, Sampo International and Executive Vice President, General Manager of Global Business Department, Sampo Holdings, Inc.

Kenneth Reilly



One of SI Tokyo Office’s critical missions is to leverage our collective strengths across SOMPO’s domestic and overseas businesses. The SI Tokyo Office is taking the lead in advancing and managing these global initiatives.

In our working groups, members across both SOMPO Holdings and subsidiary companies work together to share expertise, information and openly exchange ideas. The Steering Committee made up of Business CEOs and CxO’s have substantive discussions based on these recommendations to determine the best path forward to implementation and execution.

In an ever changing marketplace, it is imperative to remain nimble. At the same time, the team focuses on the risks and opportunities and keeping core to our commitment to our customers, colleagues, business partners, and shareholders. The SI Tokyo office will pursue opportunities that enhance the core value of the Group, while increasing internal communication and leveraging the overall strengths of the organization.

Domestic P&C Insurance Business

Creating value that realizes SOMPO's Purpose in the domestic P&C insurance business

The social value created by the domestic P&C insurance business can be found in its ability to protect people from the risks of society and other people found in all eras, and in its contribution to the realization of a sustainable society.

Based on a foundation of employee happiness and job satisfaction, we will contribute to society by creating valuable products and services for our customers in the insurance business and beyond in the realms of security, health, and wellbeing.

The Aim of the Mid-Term Management Plan

In the domestic P&C insurance business, we aim to create new customer value and new businesses that contribute to solving social issues, along with the goal of monetizing these businesses. In addition, we will promote reform of our corporate culture – the bedrock on which our efforts are built – and

foster an organizational culture in which each and every one of our diverse range of employees can demonstrate their own creativity and originality, can make value judgements from the customer's point of view, and are able to make decisions and act quickly.

Vision	Deliver a secure tomorrow full of happiness and life for all people, communities, and society as a whole.
Mission	Based on a foundation of employee happiness and job satisfaction, we will contribute to society by creating valuable products and services for our customers in the insurance business and beyond in the realms of security, health, and wellbeing.
Brand Slogan	Innovation for Wellbeing

Realize "A Theme Park for Security, Health & Wellbeing"

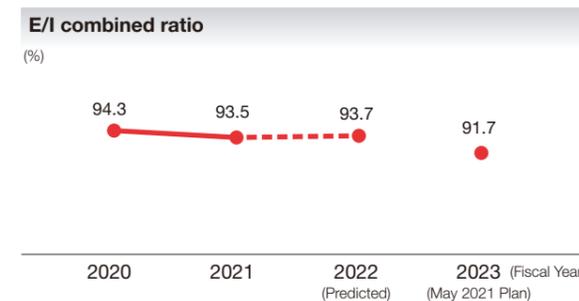
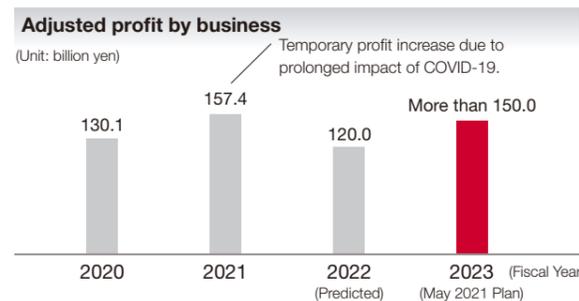
SOMPO's Purpose
With "A Theme Park for Security, Health and Wellbeing," create a society in which every person can live a healthy, prosperous and happy life in one's own way.

Existing business area strategies aimed at co-creation

In the domestic P&C insurance business, we aim to build and maintain a business structure that grows stably and sustainably through co-creation with our customers and partner companies, even as the business environment changes with the increasing frequency and severity of natural disasters, and the decrease in vehicle ownership.

In fiscal 2021, we began selling new products born out of the wishes of our customers such as the Hospitalization Passport and UGOKU (moving insurance), and after

introducing efforts to reform our profit structure by strengthening our underwriting capabilities using AI developed by Palantir Technologies Japan, we were able to exceed our initially-planned goals with an operational adjusted profit of 157.4 billion yen. In fiscal 2022, we will accelerate our efforts to improve profitability by introducing AI functionality at sales offices, harnessing AI when responding to accidents to increase productivity, and more.



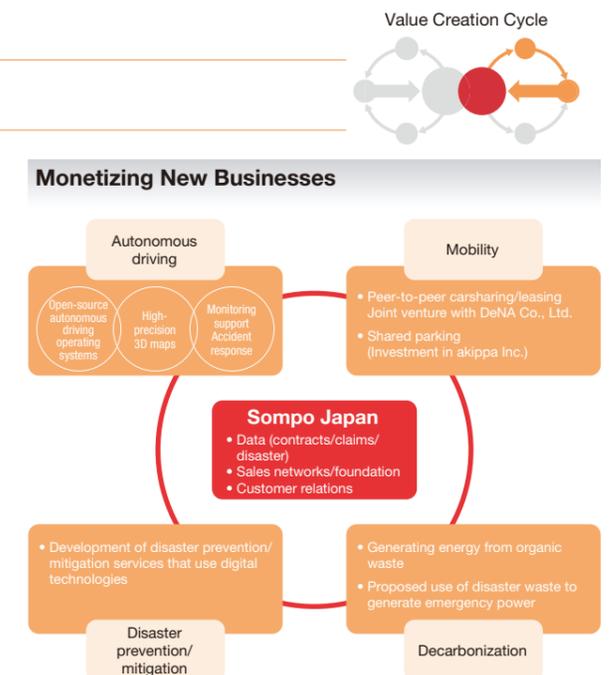
*Sompo Japan only. Excluding CALI and household earthquake insurance.

Strategies for New Value Creation

In order to create new value, we will promote concrete initiatives to expand mid- to long-term profitability in areas that are highly compatible with the domestic P&C insurance business such as mobility, disaster prevention & mitigation, autonomous driving, and decarbonization.

We developed Japan's first insurance for providers of autonomous driving systems in collaboration with Tier IV, Inc., Aisan Technology Co., Ltd., and the University of Tokyo in 2022 February.

We will continue to work hard to create new value by developing solutions for decarbonization and services aimed at disaster prevention and mitigation.



Strategies to strengthen the foundation needed for cultural change

Based on a foundation of employee happiness and job satisfaction, Sompo Japan aims to contribute to society by creating valuable products and services for our customers in the insurance business and beyond in the realms of security, health, and wellbeing.

Efforts we introduced in fiscal 2021 to improve employee job satisfaction include SOMPO Quest, an in-house side job system thought up by employees, and the Remote Challenge Course, a system based on the premise of remote working which allows employees to challenge themselves to apply to the posts they wish to fill without relocating.

We will continue to promote personnel development that leads to innovative ways of creating new value for customers, and will use work style reform to become a company in which every employee is highly motivated and finds their work satisfying.



My Purpose Challenges



Tatsuya Watanabe
Manager,
Strategic Business Design
Department

Recent technological leaps and the increased complexity of social issues has resulted in the need for major changes to be made in the P&C insurance industry, and in order to secure new sources of revenue, we have been promoting initiatives in areas that are particularly compatible with P&C insurance, such as mobility, and disaster prevention and mitigation. For example, car leasing services are closely related to the P&C insurance business, and factors such as sales agents suggesting new approaches to car ownership that a customer could take can be expected to lead to purchases of automobile insurance and increased convenience in the future. I hope to continue to contribute to expanded earnings in the domestic P&C insurance business and the realization of the concept of becoming a "theme park for security, health, and wellbeing."

Overseas Insurance and Reinsurance Business

The value provided by Overseas (Re)Insurance Business is geared towards achieving SOMPO's Purpose

Sompo International contributes 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.

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 will be working towards a goal of generating 50% of the operating income for the Overseas operations.

Vision for the Current MTMP

The Overseas Insurance and Reinsurance business remains focused on serving international clients (both corporate and individuals), providing excellent customer service, and continuing to identify and develop new, profitable business opportunities for the future. We will support the Group's efforts to deliver social value while also creating economic value and strengthening its fundamentals, embracing our role as a primary driver for growth and risk diversification.

Sompo International has become a stronger, dynamic and

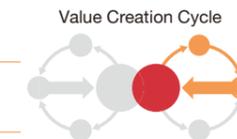
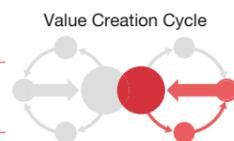
more relevant market presence, with a focus on keeping our customers and trading partners at the center of everything we do. We will continue to invest in the best talent and tools to meet the strategic goals of our business while helping to drive brand recognition around the world. As we focus on expansion and sustainable growth, our new regional structure will enable us to better leverage our underwriting acumen, market expertise and consistency of appetite as we enhance the ease of doing business around the world.

Scale and Diversification

Sompo International makes up USD 13.8 billion of the USD 35 billion+ Gross Premiums Written for Sompo's global P&C insurance business. Offering a diverse portfolio of over 30 lines of business, we're a market-leading provider of insurance and reinsurance products, including one of the largest

multinational crop insurance organization in the world. With operations in 29 countries and access to over 100 countries through our multinational platform, our products and services include:

Global Commercial Insurance	Global Commercial Insurance, offering Property and Casualty products, including agriculture, through regional platforms in North America, EMEA, Latin America and Asia Pacific.
Global Consumer Insurance	Global Consumer Insurance, including high-quality, personal lines solutions tailored to local markets.
Global Reinsurance	Global Reinsurance, including a broad range of specialized and multiline capabilities across a wide range of reinsurance products in key markets worldwide.



Insurance for New Risks

At Sompo International, we continue to honor our commitment and responsibility as a global corporate citizen while innovating to meet client needs. This means optimizing opportunities to utilize our products and services to address local issues as we have done within our agriculture business in order to help support a "no hunger" society and the economic viability of farmers in key markets around the world.

We are also expanding our renewable energy business to assist in the delivery of a green recovery from the global

pandemic with our One Sompo One Energy approach, which includes upstream energy, downstream energy, conventional power and renewables under one umbrella to best support our clients in a seamless energy transition.

By working to create a consciously profitable organization for the benefit of all stakeholders, we can bring innovative insurance solutions to the market, and in turn, help to build a sustainable future for our company and the world.

Innovations created by Inclusive Diversity

We believe that an inclusive culture is a key enabler for innovation, better decision making and attracting the best talent. And it's the right thing to do. We continue to invest in building out an inclusive and diverse work environment and are committed to progress in this area.

In addition to launching our Sompo Women in Insurance Management (SWIM) program, we enhanced our parental leave and paid time-off policies globally and have adopted inclusive recruiting practices. Our Inclusive Diversity Council is progressing on building the foundation for executing on our Inclusive Diversity framework and we continue to develop robust intern and trainee programs to help build a diverse talent pipeline for the future.

At Sompo International, our story starts with people. With a focus on collaborative and productive relationships with each other and our clients, brokers and business partners, we

value the contributions of every person. We are committed to celebrating diversity, embedding inclusive organization design, providing learning and development in this area, providing active support for under-represented groups and sharing our voice on the topic.

Our Inclusive Diversity Council continues to build on the progress already made within the company to further embed Inclusive Diversity into every aspect of who we are as an organization. All our senior leaders participate in the Inclusive Leader Journey, a program designed to further embed inclusive leadership across our organization. We sponsor and contribute to the Everywoman in Insurance Forum as well as Dive In (the global festival for inclusion and diversity in the insurance industry), the African Caribbean Insurance Network (ACIN) and celebrate diverse talent across our organization through our talent Spotlight series.



Isla Baillie
Executive Vice President, Global Head of Talent and Inclusion

It's an exciting time to help build an engaged, inclusive and high-performing culture for Sompo International. Inclusive Diversity plays a critical role in Sompo International's story of growth, scale, talent and relevance as we move towards becoming a top 10 insurance organization. Our efforts in this area are key to our success as our people continue to be what truly differentiates us in the marketplace.

Domestic Life Insurance Business



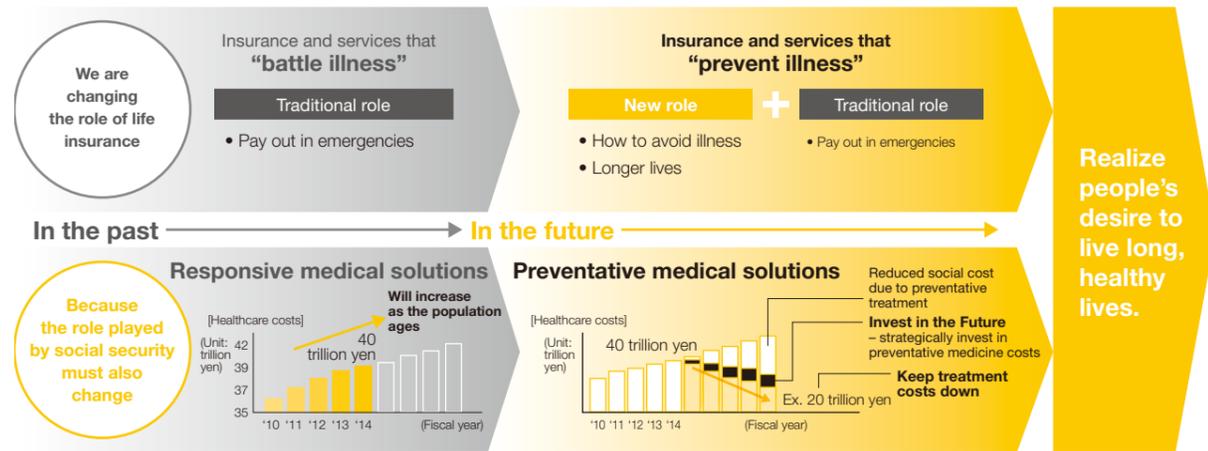
Creating value that realizes SOMPO's Purpose in the domestic life insurance business

Life insurance has traditionally played a complementary role to the social security system, but the environment in which we operate has undergone some drastic changes, with declining birthrates, an aging population, and other social issues coming to the fore. We at Sampo Himawari Life Insurance believe that insurance needs to change to include not only conventional risk management partnered with responsive medical care, but also wellness management based in preventative medicine that aims to extend peoples' lives. To realize SOMPO's Purpose, we aim to be a "Health Support Enterprise."

The Aim of the Mid-Term Management Plan

Sampo Himawari Life Insurance aims to build a healthy, happy society for the future, and to do so, we work in our role as a "Health Support Enterprise" to support the healthy lives of each and every citizen. In order to transform into such a company, we are now offering new, innovative value through

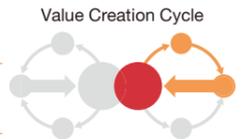
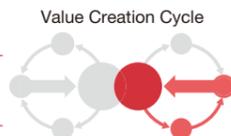
Insurhealth®, which combines the traditional role of life insurance to prepare for any possibility with day-to-day healthcare support functions. Our aim is to help people live rich lives and achieve their dreams in the coming era of 100-year lifespans.



1 Existing business area strategies aimed at co-creation

Our most skilled life insurance representatives are certified as HL Advisors, and they provide highly capable consultations, help support health, and work in a customer-oriented manner. HL Advisors take the lead when working closely with customers, and work with agents and representatives

nationwide to expand the customer base and ensure growth through the innovative value of Insurhealth®, which combines the traditional role of life insurance to prepare for any possibility with day-to-day healthcare support functions. Efforts like these have helped us maintain high customer satisfaction.

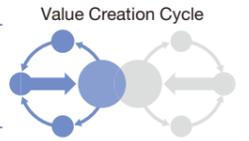


2 Strategies for New Value Creation

We believe that DX is the key to accelerating our transformation into a Health Support Enterprise. By increasing our use of new technologies and data from sources inside and outside of the company, we can maximize the value of Insurhealth® we provide to customers, and can optimize what we offer to each customer to teach them how to live healthy lives. We will

continue to expand app and service functionality to achieve this, and increase added value to play a close role in the lives of each and every customer. These various initiatives will bring us more customers who support the company, and will lead to further growth.

3 Strategies to strengthen the foundation needed for cultural change



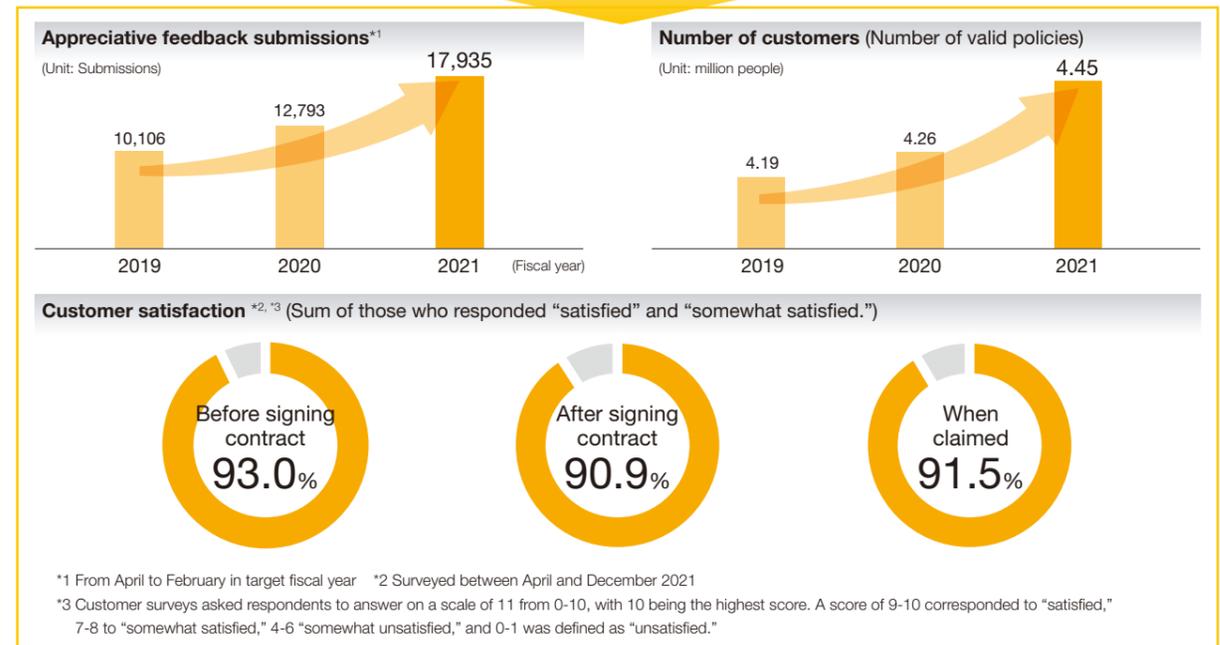
Creating and sharing My Purpose

We are helping employees find their My Purpose through one-on-one discussions to improve job satisfaction and reason for living. We have also developed a system that allows employees to communicate what they have chosen as My Purpose to others, and to add updates on how they are working to improve themselves. More than 1,600 employees have added their My Purpose to the internal system.

Workplace purpose

In order to help employees visualize the connection between their own personal My Purpose and their workplace purpose, each workplace internally releases a publication called the "Department Navigator" that describes what each department does and aims to achieve. This has increased the effectiveness of the "job challenge system" that allows employees to work in other departments they are interested in.

Results of the strategic execution of 1, 2, and 3



My Purpose Challenge – Establishing a Health Support Enterprise



Ryoko Shimba
Manager,
Management Planning

We would like to create a society where diversity is taken for granted and everyone can play an active role and enjoy life in their own way. With this in mind, we are breaking away from the traditional image of the life insurance company, and are working daily to take on the unprecedented challenge of establishing a Health Support Enterprise in order to usher in the era of Insurhealth®, where insurance makes people healthier.

The path to change is challenging because there is no right answer, but we will continue to work on social issues by extending healthy life expectancy under the slogan "Wellness for Happiness." I hope to lead the SOMPO Group toward the realization of the SOMPO's Purpose by solving social issues.

Nursing Care & Seniors Business

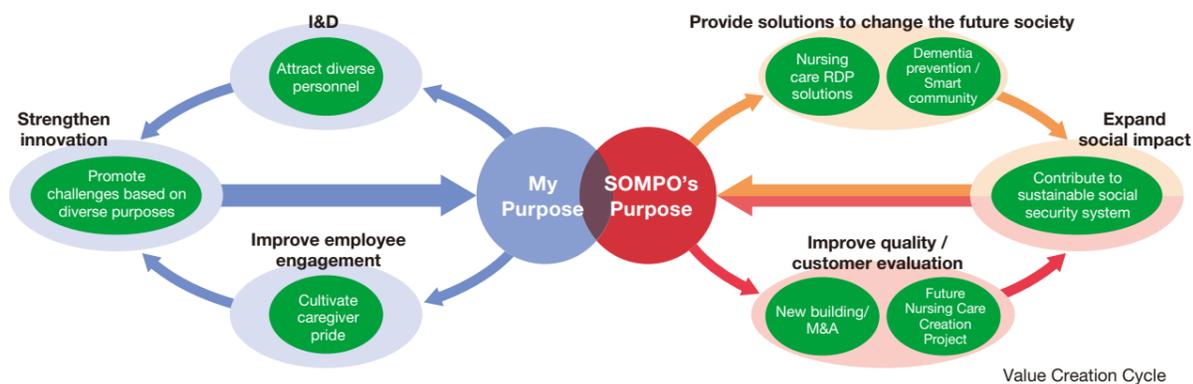
Creating value that realizes SOMPO's Purpose in the nursing care and seniors business

The number of elderly people requiring nursing care is increasing with the rapid aging of the population, and it is expected that the domestic nursing care market will continue to grow. However, there is still a shortage of care workers at nursing care sites. Sompo Care, Inc. has a new slogan – *Change the future of nursing care* – and is promoting efforts in three directions to respond to these social issues and changes in the market environment: expansion of existing business areas, creation of new value, and increasing innovation based on the My Purpose concept. By doing so, we can contribute to the construction of a sustainable social security system, and contribute to the realization of SOMPO's Purpose: to become a theme park for security, health, and well-being, and thereby build a society where everyone can live a healthy and prosperous life in line with their own personal wants and needs.

Our target in the Mid-Term Management Plan

The Mid-Term Management Plan has taken the first steps towards realizing Sompo's purpose with the construction of the first new building since the launch of Sompo Care, the implementation of M&A, challenges for creating new value through nursing care RDP and others, and the improved

treatment of the care workers who are the backbone of these efforts. We will further accelerate our efforts by the end of FY 2023, refining SOMPO's expertise and services, and taking on the challenge of building a system that will deliver those services to the industry.



Existing business area strategies aimed at co-creation

We are building a nursing care model for the future using the safe, high-quality technologies verified by the Future Care Lab in Japan, and advances in scientific nursing care harnessing real data. In this way, we will increase our abilities to provide nursing services by improving working conditions such that we can secure skilled personnel. We will harness our high supply capacity to support the expanding demand

for nursing care through our own corporate growth, by effectively combining internal development and strategic M&A to build a full line-up of services ranging from in-home care to facility care. We have made steady progress, with the deployment of our future nursing care model in 25 Sompo Care facilities in fiscal 2021, the opening of a new building in April 2022, and the acquisition of Nexus Care.



Strategies for New Value Creation

Through our nursing care RDP and solutions business, we will build an ecosystem that helps sustain the entire industry and support more seniors by providing SOMPO's real data and services to nursing care providers and partners in adjacent industries.

We are not only supporting seniors in nursing care, but also contribute to realizing a society where elderly people can live their own prosperous lives the way they want, with dementia support programs and smart community operations as our services for seniors before they need nursing

care, and take on the challenge of helping people live longer healthy lives while keeping social security costs down.

Our solutions business was deployed to more than 500 nursing care facilities in fiscal 2021, and proposals are under way to implement nursing care RDP in some Sompo Care facilities and at partner companies. We are also striving to create new value for society with trials of dementia prevention programs, and collaborations with local governments such as the city of Aizuwakamatsu to build smart communities.



Strategies to strengthen the foundation needed for cultural change

Nursing care professionals become close to users and bring some color to the ends of their lives. At the same time, they are faced with various social issues, and many of them feel it is their mission to solve those issues.

We believe that we can cultivate "caregiver pride," a combination of a high degree of specialization and a caring attitude, and contribute to the social value creation of our company if users' reason for living and employees' own My Purpose overlap, and they have the passion, emotions, and pride to work hard.

As part of this, we have implemented the Purpose Management Dojo to help employees find and enrich their own sense of purpose. We will expand this initiative to the general manager level this fiscal year, then to the manager level thereafter, and we believe that this will lead each organization to become more purpose-driven in their work, and various innovations will be made.

The foundation of the nursing care & seniors business is the integration of the company's purpose with the My Purpose of each employee and user, and having employees work with passion, emotion, and pride



"My Purpose" Challenge – Changing the image of the nursing care industry



Kumiko Shimoda
Senior Deputy Manager, Human Resource Section, Personnel Department

My purpose is to help build a society where, when I get old and perhaps need nursing care, I can receive the care I want in the place I want to live, and live my life the way I want to and enjoy it to the last. That is why it is necessary to change the image people have of the nursing care industry, and I will do my best to help spread the idea both inside and outside the company that the nursing care industry is an attractive one. If our employees interact with users with pride and a sense of job satisfaction, I believe that will help users be themselves as they live active lives.

Digital Business

Creating value that realizes SOMPO's Purpose in the digital business

Our company aims to help customers live their lives with security, health, and wellbeing, to realize SOMPO's Purpose, and to contribute to the SDGs. In order to do so, we will continue to provide new customer value by making full use of digital, AI, and data analysis technologies, promote behavioral change through risk visualization, improve quality of life (QoL) through various means of support for better health, and provide health support that enables women to be active in the workplace.

The Aim of the Mid-Term Management Plan

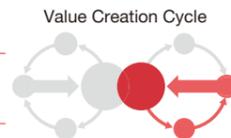
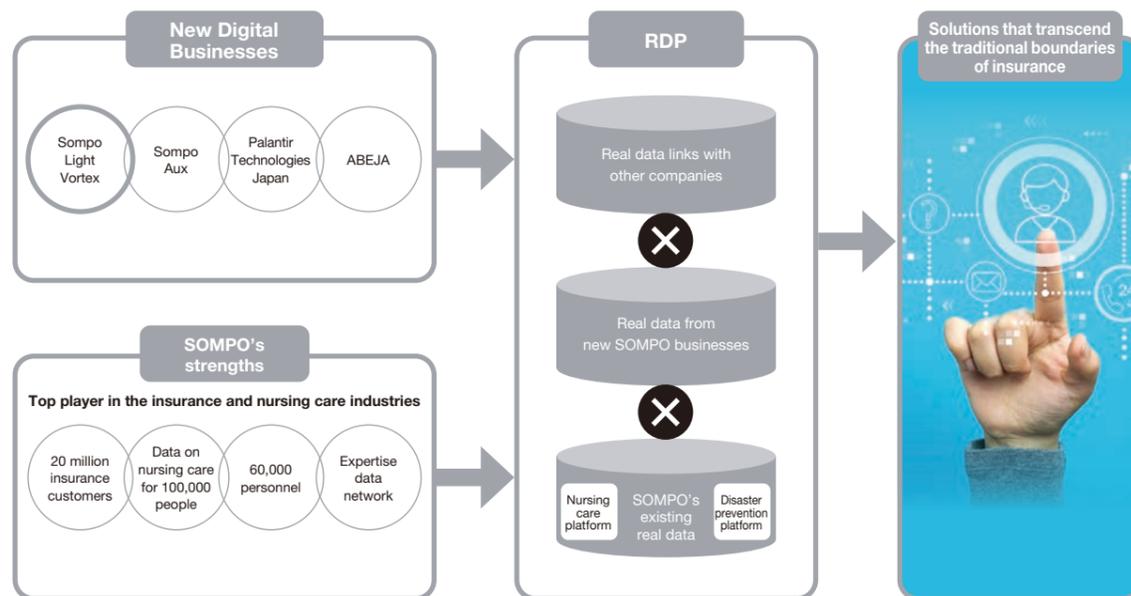
Insurance provides peace of mind through monetary payouts in the case of unexpected accident, injury, or illness. However, we aim to create a healthier world by preparing for and preventing such unforeseen situations and thereby

take on the challenge of eliminating accidents, disasters, and illness, and through the digital transformation of society, we hope to build a world that offers security, health, and wellbeing without the need for insurance.

Existing business area strategies aimed at co-creation

Sompo Light Vortex is leading a collaboration with BtoB auction business Sompo Aux, data platform software company Palantir Technologies Japan, and skilled AI and data analysis company ABEJA, and by harnessing the strengths of these

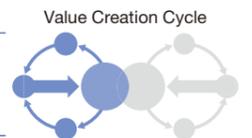
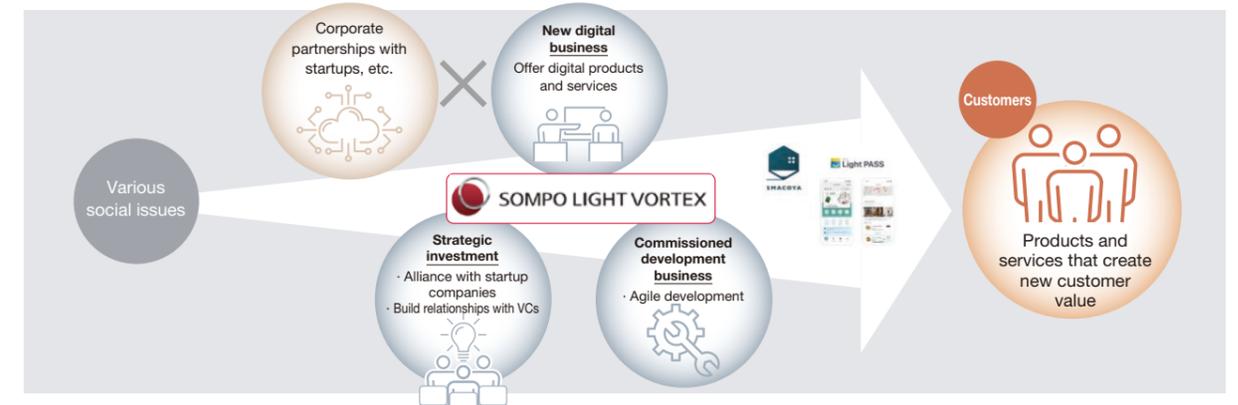
four companies, we are working to increase revenue in the digital business through DX efforts in digital and data fields with the Group, and through offering business solutions that transcend the traditional boundaries of insurance.



Strategies for New Value Creation

Sompo Light Vortex is the company at the core of our digital business, and it aims to achieve the Sompo Group goal of becoming a theme park for security, health, and well-being. In order to build a society where anyone can enjoy healthy, rich lives, we aim to solve social issues by offering digital

products and services in collaboration with excellent startups and business partners. We will also continue to work to create new value by providing new services in the areas of mobility and healthy aging, and providing new life experiences by utilizing unoccupied houses.



Strategies to strengthen the foundation needed for cultural change

Hiring external personnel

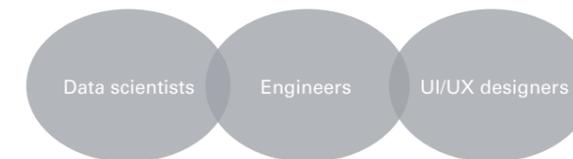
Many of our specialist personnel such as data scientists, engineers, and UI/UX designers are brought in from outside the company, and as key members of our in-house development teams, they support quicker and more agile development through a collaborative framework with the business departments.

Nurturing talent (nurturing DX talent)

In order to implement DX throughout the entire Group, we need people to lead the effort, and the many Group employees need to understand what digital technologies do and how to use them. In order to help all employees in the Group to become DX talent, we have created more than ten programs that offer everything from basic to practical training, and a total of roughly 15,000 employees have participated in these programs.

DX specialists

Personnel with advanced specializations able to put plans in motion



DX planning personnel

Nurture planning personnel who serve as the core DX planning staff; a total of roughly 15,000 employees have taken the courses



My Purpose Challenge



Yosei Harada
Chief UX Designer,
Digital and Data Strategy
Department

I would like to contribute to design thinking taking root in business settings. Furthermore, I hope to foster a culture of seeing matters from the customer's perspective when creating new things through the use of user surveys and other ideas in partnership with the business departments. To that end, the in-house development team—comprised mostly of engineers using design thinking and agile development tactics—participates in digital PoCs and trials in cooperation with other companies with the aim of promoting DX throughout the Group, and in new digital business development at Sompo Light Vortex. In addition, we also work closely with the data scientists and engineers within each RDP project.

Strategic Operating Companies

Sompo Asset Management



Since 1993, the asset management business has continued to incorporate ESG elements into its investment value analysis, and since the launch of the Sompo Japan Green Open fund in September 1999, we have been actively developing investment products that emphasize ESG perspectives. In March 2020, we began selling Japanese ESG funds in the European market, the home of ESG investment. In January 2022, we announced our participation in the Net Zero Asset Managers Initiative (an international effort to achieve net zero greenhouse gas emissions from investment portfolios by 2050), and now we are further promoting stewardship activities and working to strengthen our investment capabilities in order to contribute to the creation of a sustainable society.



Fresh House



Fresh House is a renovation company with 30 offices in Tokyo and seven other prefectures that handles both indoor and outdoor renovation and remodeling.

The company harnesses its wealth of knowledge and experience accumulated through more than 140,000 construction projects to work with the Group's nursing care businesses to provide home renovations tailored to those requiring nursing care, but we are also able to suggest and apply improvements to the overall living environment of a home.

In addition, we use drones equipped with infrared cameras to conduct 500 inspections a year as a part of our effort to prevent and mitigate damage due to natural disasters through home renovation, and have signed an agreement with the prefectural government of Kanagawa to use those drones in cooperation with the government in times of natural disaster.



Sompo Health Support



We respond to a wide range of needs for data-based health plans and preventative health operations for health insurance associations, mutual aid associations, and other medical insurers.

Combining a nation-wide network of specialists with the latest digital and ICT support tools, we offer services targeting to health risks, from providing health information to specific health guidance and methods to prevent serious illness.

Our occupational health activities at companies allow for comprehensive support, from professional support centered on mental health care to tools that help measure stress and productivity.

Additionally, we analyze health data to better understand health-related issues, and help support the promotion of health management and collaborative health.



Domestic P&C Insurance Business Companies

Saison Automobile and Fire Insurance Company



Our main product, Otona no JidoushaHoken, was given high marks by ALSOK for accident scene relief support, and thanks to the support of our customers, we exceeded 1.2 million contracts in force in March 2022. Through offering digital services such as Hoken Note and SA/PO/PO and connections with real agents, we clarify the worries and risks faced by our customers, and by offering products and services tailored to each individual to eliminate these worries or risks, we aim to help people live secure, healthy lives.

Sompo Risk Management



We aim to provide services and solutions for security, health, and wellbeing to earn the trust of our customers in normal times, based in a foundation built upon our digital, risk management, and cybersecurity business operations. In addition, we hope to provide the solutions and services to meet customers needs in response to new social issues and risks, and thereby become indispensable to communities.

Prime Assistance



As a part of the Sompo Group, we assist people living in safe, secure and healthy lives by providing the highest level of services 24 hours a day, 365 days a year in mobility, home assistance, health care, and overseas traveler assistance businesses. We are also taking on the challenge of building a new business to address social issues and contributing to local communities through such services as Eyeco Support for the visually-impaired, and NORUMO, a mobility service for local communities. In doing so, our goal is to evolve into an assistance company capable of offering solutions and assistance for all kinds of problems.

Sompo Japan Partners



As one of the largest insurance agencies in Japan with service bases around the country, we provide roughly one million customers with comprehensive P&C and life insurance services to help them find security, health, and wellbeing.

We place great importance on the opinions and thoughts of every customer, and aim to continue pleasing them as their agency of choice by fulfilling one of our main principles—our promise to our customers to reach out to them and understand how they live.

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 corporate-type DC plans and individual-type DC plans (iDeCo). Services range from plan implementation for companies and asset building support for participants (employees), to account management. With the aim of realizing a prosperous and bright future for customers, the company is committed to supporting their long-term asset building throughout their life stages by providing "Tsumitate Navi," a smartphone app equipped with robo-advisor.

Mysurance



Mysurance is the Sompo Group's short-term insurance company, and we work completely online in collaboration with digital platforms and other industries to provide travel cancellation insurance, smartphone insurance, etc. We conduct customer surveys, and immediately reflect what we have learned on our product websites in our effort to provide a comfortable insurance purchase and claim experience for our customers. As an insurance company, we aim to create experiential value using digital technologies and to quickly respond to the new needs of customers in these changing times.

Sompo Warranty



Based on warranty regulations, we provide extended warranty services for the repair of broken or defective products for a period of time after a manufacturer's warranty expires, with a focus on household electrical appliances, home appliances, and mobile phones. In order to respond to our customers' wide range of needs, we are working to improve service quality through such means as a new service that allows customers to confirm repair status in real time. We will continue to provide innovative, high quality warranty services to contribute to the safety and security of our customers.

Reference Information

Information Disclosure

The Sampo Group has established a Basic Policy on Disclosure (<https://www.sampo-hd.com/en/company/disclosure/policies/>) as part of its efforts to disclose information in an appropriate and timely manner, so that customers, shareholders, investors, and other stakeholders can better understand the Group's management and other initiatives.

Corporate Website and Integrated Annual Report

The corporate website provides corporate data, information about Group businesses, information for shareholders and investors, and information about 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 are, in principle, attended by the Group CEO and the senior management teams. 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 one-on-one discussions with domestic and overseas investors.

These discussions are an opportunity for the Company 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. This, in turn, contributes to the formulation of management strategies and the execution of operations.

Briefings and Meetings Held in Fiscal 2021

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	7 times
One-on-one meetings with institutional investors	279 times
Information sessions for individual investors	4 times

Information related to sustainability in the Integrated Annual Report

As part of its strategies and initiatives, the Company discloses information related to the environment, society, and other sustainability topics that are key to improving corporate value in the Integrated Annual Report. For further information about sustainability, please visit our corporate website or refer to the Sustainability Report.
<https://www.sampo-hd.com/en/csr/>

Third-Party Recognition (Inclusion in ESG Indices)

(as of September 30, 2022)

<p>Dow Jones Sustainability Indices (World/Asia Pacific)</p> <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	<p>FTSE4Good Index series</p> <p> FTSE4Good</p>	<p>FTSE Blossom Japan Index</p> <p> FTSE Blossom Japan</p>
<p>2022 Constituent MSCI Japan ESG Select Leaders Index</p> <p>2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p>	<p>MSCI ESG Leaders Indexes Constituent*</p> <p>2022 MSCI ESG Leaders Indexes Constituent</p>	<p>2022 Constituent MSCI Japan Empowering Women (WIN) Select Index</p> <p>2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>
<p>S&P/JPX Carbon Efficient Index</p> <p></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.

Governance Member Endorsement of the Integrated Annual Report

Publication of the Integrated Annual Report 2022

In May 2021, Sampo Holdings announced 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. Over the past year, the entire Group has engaged in various initiatives aimed at realizing this purpose. So that we can communicate these initiatives to our stakeholders in an easy-to-understand manner, this year's report centers on our "Value Creation Cycle."

The "Value Creation Cycle" is implemented by all Group companies so that they can create value in SOMPO's characteristic manner. It comprises three different paths: the "Route of Driving Force" (left), which fosters a culture that is driven forward by employees following their own My Purpose; the "Route of Existing Business" (bottom-right), which generates trust and empathy through the provision of high-quality services rooted in a desire for co-creation; and the "Route of New Value Creation" (top-right), which consists of both SOMPO's proprietary RDP business model and differentiation based on a data-driven digital transformation. Our "Purpose Management" seeks to realize sustainable growth by mobilizing these three paths to generate wide-ranging value.

This year's edition of the Integrated Annual Report focuses on the My Purpose of individual employees, without whom the Value Creation Cycle cannot start. By communicating stories that include the aspirations and thoughts of the employees who engage in various initiatives, we wanted to ensure that the reader would experience a sense of reality and energy, and also a feeling of expectation that SOMPO will realize its Purpose. It is imperative that the value generated by these initiatives is "unrealized financial value," which will contribute to future improvements in both financial and corporate value. The Sampo Group is embarking on the challenge of communicating the progress of its value creation and its Purpose Management. To this end, we are clarifying the impact paths and key levers that lead to future financial value—with a focus on human capital—and have started both setting and visualizing the progress of KPIs.

In fiscal 2021, we achieved record profits for the second year in succession. However, in order to ensure that this is not a fleeting success but instead contributes to sustainable growth, it is vital that we accelerate our Purpose Management. Inspired by My Purpose, we are trying to transform our corporate culture, in which challenges and innovation are generated in every aspect of our business through intrinsic motivation, and so accelerate the provision of SOMPO's unique value.

It is my hope that this report will facilitate constructive dialogue for a better future with all Sampo Group stakeholders.



Group Chief Sustainability Officer
Ryoko Shimokawa

Editorial Policy

The Company prepared the Integrated Annual Report 2022 with reference to the International Integrated Reporting Framework*1 and METI's Guidance for Collaborative Value Creation*2. It provides easy-to-understand explanations about the capital and business models used in our value creation process, as well as the value we deliver to our stakeholders.

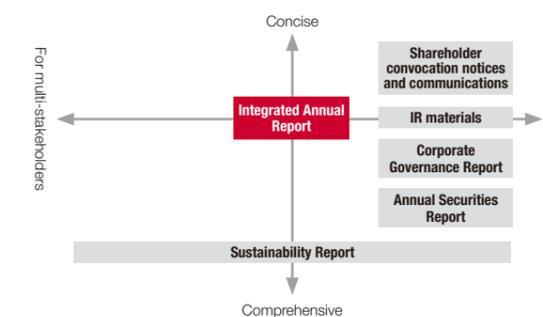
This report also serves as disclosure materials based on Article 271-25 of the Insurance Business Act and Article 210-10-2 of the Ordinance for Enforcement of the Insurance Business Act.

*1 An international corporate reporting framework maintained by the Value Reporting Foundation, which enables companies to tell their short-, medium-, and long-term value creation stories.

*2 Guidance developed by Japan's Ministry of Economy, Trade and Industry to encourage companies and investors to deepen mutual understanding through information disclosure and dialogue, thereby promoting collaborative value creation.

Group companies and departments involved in the creation of the Integrated Annual Report 2022

Sampo Holdings: Sustainable Management Department, Corporate Communications Department, Office of Group CEO, Office of Group CFO, Human Capital Department, Corporate Legal Department, Group Business Management Department, Digital and Data Strategy Department, Global Management Department, Innovation for Aging & Wellness Department, IT Strategy Planning Department, Secretarial Department, Accounting Department, Risk Management Department, Internal Audit Department, Audit Committee Office, New Business Management Department
Sampo Japan Insurance, Sampo International, Sampo Himawari Life Insurance, Sampo Care, Sampo Asset Management, FRESHHOUSE, Sampo Health Support, Saison Automobile and Fire Insurance Company, Sampo Japan DC Securities, Sampo Risk Management, Mysurance, Prime Assistance, Sampo Warranty, and Sampo Japan Partners



Financial Section

Financial Highlights	127
Business Overview	129
Translated Report of Independent Auditors	137
Consolidated Financial Statements	145
Overview of Business Results of Principal Consolidated Subsidiaries (Unaudited)	203
Solvency Margin Ratio of Sompo Holdings, Inc. on a Consolidated Basis (Unaudited)	215
Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)	217

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	FY2021	FY2021
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	4,167,496	34,050
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	3,215,713	26,274
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	325,183	2,656
Ordinary Profit	(6,437)	(51,815)	104,783	112,391	208,309	216,853	241,713	141,890	198,959	192,451	215,097	315,512	2,577
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	224,842	1,837
Comprehensive Income	(143,120)	(48,098)	319,047	149,965	469,485	(116,689)	226,949	177,754	(54,460)	(77,806)	512,417	143,823	1,175
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	644.24	5.26
Dividends	80.0	80.0	60.0	60.0	70.0	80.0	90.0	110.0	130.0	150.0	170.00	210.00	1.71
(Of which, Interim)	—	—	—	30.0	30.0	40.0	40.0	55.0	65.0	75.0	80.00	105.00	0.85
Diluted Net Income	—	—	104.87	106.77	132.61	393.66	418.71	361.09	391.96	333.89	397.16	643.86	5.26
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	2,040,789	16,674
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	13,787,835	112,654
Equity Ratio (%)	12.0	11.2	13.9	14.5	17.8	16.1	15.1	15.8	14.6	13.3	15.4	14.7	—
Consolidated Solvency Margin Ratio (%)	—	549.8	688.3	783.1	803.4	851.4	748.9	862.5	859.8	856.1	871.8	773.0	—
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	342,602,649	—
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	261.3	2,135
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	9.4	—

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 FY2016 definitions are presented.
 6. U.S. dollar amounts are translated from yen at the rate of ¥122.39 = U.S. \$1.00, the approximate rate prevailing at March 31, 2022.

Definition of Adjusted Consolidated Profit, Adjusted Consolidated ROE, etc. (FY2021 and later)

Adjusted profit for each business*1	Definition
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)
Overseas insurance and reinsurance business	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) - Gains/losses on sales of securities and impairment losses on securities (after tax)
Nursing care & seniors	Net income
Digital*3	Net income - Gains/losses on sales and impairment losses related to investment (after tax)
Others*4	Net income
Adjusted consolidated profit	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 P&C 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.
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 SOMPO Light Vortex, Inc., Palantir Technologies Japan K.K., Sampo AUX Inc. and ABEJA, Inc.
 *4 Total of Sampo Health Support Inc., Wellness Communications Corporation, Sampo Asset Management Co., Ltd. and FRESHHOUSE Co., Ltd.
 *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)

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.

Business Overview

Domestic P&C Insurance Business

1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	489,347	19.12%	6.18%	500,724	19.55%	2.32%
Marine insurance	44,422	1.74	(4.25)	49,065	1.92	10.45
Personal accident insurance	247,367	9.66	(8.77)	236,459	9.23	(4.41)
Voluntary automobile insurance	1,147,002	44.81	0.86	1,147,521	44.79	0.05
Compulsory automobile liability insurance	238,823	9.33	(17.85)	220,617	8.61	(7.62)
Others	392,803	15.35	(0.56)	407,515	15.91	3.75
Total	2,559,767	100.00	(1.60)	2,561,904	100.00	0.08
Deposits of premiums by policyholders	93,496	3.65	(17.77)	81,009	3.16	(13.36)

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.

2. 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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	306,813	13.97%	7.42%	328,029	14.80%	6.91%
Marine insurance	40,585	1.85	(13.47)	46,841	2.11	15.41
Personal accident insurance	154,095	7.02	(8.83)	153,498	6.92	(0.39)
Voluntary automobile insurance	1,140,677	51.93	0.83	1,141,991	51.51	0.12
Compulsory automobile liability insurance	238,136	10.84	(15.30)	217,261	9.80	(8.77)
Others	316,265	14.40	(1.72)	329,525	14.86	4.19
Total	2,196,574	100.00	(1.76)	2,217,148	100.00	0.94

Note) Figures are amounts before the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	214,777	17.59%	(8.32)%	216,465	17.92%	0.79%
Marine insurance	24,933	2.04	(12.26)	22,999	1.90	(7.75)
Personal accident insurance	72,054	5.90	(16.66)	70,378	5.83	(2.33)
Voluntary automobile insurance	561,357	45.97	(8.60)	567,452	46.98	1.09
Compulsory automobile liability insurance	175,844	14.40	(8.66)	159,225	13.18	(9.45)
Others	172,256	14.11	(3.93)	171,450	14.19	(0.47)
Total	1,221,222	100.00	(8.53)	1,207,972	100.00	(1.08)

Note) Figures are amounts before the elimination of internal transactions between segments.

4. Investment assets

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Deposits	559,146	8.70%	504,107	7.90%
Receivables under resale agreements	59,999	0.93	73,999	1.16
Monetary receivables bought	21,700	0.34	20,104	0.31
Money trusts	27,566	0.43	20,683	0.32
Securities	4,149,549	64.59	4,291,143	67.21
Loans	597,638	9.30	494,703	7.75
Land & buildings	225,203	3.51	210,442	3.30
Total investment assets	5,640,804	87.80	5,615,185	87.94
Total net assets	6,424,928	100.00	6,385,083	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.

5. Securities

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Government bonds	689,718	16.62%	678,580	15.81%
Municipal bonds	14,933	0.36	12,419	0.29
Corporate bonds	679,548	16.38	646,357	15.06
Domestic stocks	1,310,674	31.59	1,271,703	29.64
Foreign securities	1,295,479	31.22	1,455,844	33.93
Others	159,194	3.84	226,237	5.27
Total	4,149,549	100.00	4,291,143	100.00

Notes)

1. Figures are amounts after the elimination of internal transactions between segments.

2. As of March 31, 2021, others primarily comprised security investment trust beneficiary securities amounting to 144,175 million yen. As of March 31, 2022, others primarily comprised security investment trust beneficiary securities amounting to 212,389 million yen.

6. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
	Deposits	30	544,443	0.01	13	513,791
Call loans	0	83	0.03	—	—	—
Receivables under resale agreements	1	47,414	0.00	2	63,101	0.00
Monetary receivables bought	165	20,652	0.80	156	21,222	0.74
Money trusts	769	24,193	3.18	592	16,223	3.66
Securities	105,744	3,040,774	3.48	108,038	3,162,829	3.42
Loans	6,002	627,297	0.96	4,880	541,421	0.90
Land & buildings	3,050	233,634	1.31	2,915	233,822	1.30
Subtotal	115,765	4,538,494	2.55	116,600	4,542,413	2.57
Others	290	—	—	229	—	—
Total	116,056	—	—	116,830	—	—

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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	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	2,393	544,443	0.44	4,018	513,791	0.78
Call loans	0	83	0.03	—	—	—
Receivables under resale agreements	1	47,414	0.00	2	63,101	0.00
Monetary receivables bought	165	20,652	0.80	156	21,222	0.74
Money trusts	5,035	24,193	20.81	1,307	16,223	8.06
Securities	160,104	3,040,774	5.27	147,680	3,162,829	4.67
Loans	5,401	627,297	0.86	5,652	541,421	1.04
Land & buildings	3,050	233,634	1.31	2,915	233,822	1.30
Derivatives	(13,258)	—	—	(2,604)	—	—
Others	2,063	—	—	1,512	—	—
Total	164,957	4,538,494	3.63	160,642	4,542,413	3.54

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, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	530,843	39.10%	523,802	34.03%
Foreign stocks	47,897	3.53	50,062	3.25
Others	536,635	39.53	695,124	45.16
Subtotal	1,115,376	82.16	1,268,990	82.45
Yen-denominated securities				
Foreign bonds	19,367	1.43	20,190	1.31
Others	222,890	16.42	249,913	16.24
Subtotal	242,258	17.84	270,104	17.55
Total	1,357,634	100.00	1,539,094	100.00
Yield on foreign investments				
Income yield		4.61%		4.41%
Realized yield		5.02		4.86

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 (3) Yield a. Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as (3) Yield b. Realized yield.
- 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. As of March 31, 2022, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 633,790 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 185,565 million yen.

Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	726,973	23.29%	998,565	37.36%

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, 2021		As of March 31, 2022	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	23,543,116	0.49%	23,301,172	(1.03)
Individual annuities	223,239	(2.81)	216,055	(3.22)
Group insurance	2,715,790	(1.34)	2,700,035	(0.58)
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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	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	2,141,022	2,141,022	—	1,924,487	1,924,487	—
Individual annuities	—	—	—	—	—	—
Group insurance	57,758	57,758	—	23,963	23,963	—
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, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Deposits	178,483	5.05%	137,951	3.71%
Securities	3,259,427	92.15	3,476,022	93.53
Loans	41,985	1.19	41,428	1.11
Land & buildings	444	0.01	432	0.01
Total investment assets	3,480,342	98.39	3,655,835	98.37
Total net assets	3,537,254	100.00	3,716,323	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.

4. Securities

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Government bonds	2,140,848	65.68%	2,370,357	68.19%
Municipal bonds	67,837	2.08	57,678	1.66
Corporate bonds	460,723	14.14	421,119	12.11
Domestic stocks	10,132	0.31	9,859	0.28
Foreign securities	578,222	17.74	611,887	17.60
Other securities	1,662	0.05	5,120	0.15
Total	3,259,427	100.00	3,476,022	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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	136,169	—%	—	124,249	—%
Securities	45,844	3,064,930	1.50	48,199	3,301,806	1.46
Loans	1,238	44,423	2.79	1,248	41,526	3.01
Land & buildings	—	433	—	—	449	—
Subtotal	47,082	3,245,956	1.45	49,447	3,468,032	1.43
Others	—	—	—	—	—	—
Total	47,082	—	—	49,447	—	—

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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	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	0	136,169	0.00%	—	124,249	—%
Securities	47,754	3,064,930	1.56	46,862	3,301,806	1.42
Loans	1,238	44,423	2.79	1,248	41,526	3.01
Land & buildings	—	433	—	—	449	—
Derivatives	(389)	—	—	464	—	—
Total	48,604	3,245,956	1.50	48,575	3,468,032	1.40

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, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	544,605	95.42%	567,076	93.95%
Others	33	0.01	11,951	1.98
Subtotal	544,638	95.42	579,027	95.93
Yen-denominated securities				
Foreign bonds	8,901	1.56	8,820	1.46
Others	17,226	3.02	15,770	2.61
Subtotal	26,128	4.58	24,590	4.07
Total	570,766	100.00	603,618	100.00
Yield on foreign investments				
Income yield		1.94%		2.00%
Realized yield		2.19		2.16

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 (3) Yield a. Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as (3) Yield b. Realized yield.
- 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.
As of March 31, 2022, others in foreign currency denominated securities is entirely attributable to security investment trust beneficiary securities, and others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.

Nursing Care & Seniors Business

Ordinary income decreased 1.9 billion yen, to 136.6 billion yen, compared with the fiscal year ended March 31, 2021. Net income attributable to shareholders of the parent increased 0.2 billion yen from the fiscal year ended March 31, 2021, to 1.3 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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	638,907	19.61%	9.16%	698,230	19.16%	9.29%
Marine insurance	88,985	2.73	(5.59)	104,894	2.88	17.88
Personal accident insurance	250,048	7.67	(9.68)	239,911	6.58	(4.05)
Voluntary automobile insurance	1,217,128	37.35	(1.36)	1,217,407	33.41	0.02
Compulsory automobile liability insurance	238,823	7.33	(17.85)	220,617	6.05	(7.62)
Others	824,414	25.30	8.31	1,163,307	31.92	41.11
Total	3,258,306	100.00	0.50	3,644,369	100.00	11.85
Deposits of premiums by policyholders	93,496	2.87	(17.77)	81,009	2.22	(13.36)

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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	459,304	15.71%	13.05%	524,266	16.30%	14.14%
Marine insurance	82,005	2.80	(6.00)	92,493	2.88	12.79
Personal accident insurance	156,744	5.36	(9.85)	156,850	4.88	0.07
Voluntary automobile insurance	1,217,620	41.65	(0.29)	1,217,232	37.85	(0.03)
Compulsory automobile liability insurance	238,136	8.15	(15.30)	217,261	6.76	(8.77)
Others	769,737	26.33	17.38	1,007,609	31.33	30.90
Total	2,923,547	100.00	3.47	3,215,713	100.00	9.99

Note) Figures are amounts after the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	275,451	18.12%	(9.85)%	311,296	19.65%	13.01%
Marine insurance	45,217	2.98	(8.88)	45,867	2.89	1.44
Personal accident insurance	72,797	4.79	(17.51)	71,164	4.49	(2.24)
Voluntary automobile insurance	597,948	39.34	(9.59)	612,647	38.67	2.46
Compulsory automobile liability insurance	175,844	11.57	(8.66)	159,225	10.05	(9.45)
Others	352,603	23.20	1.32	384,195	24.25	8.96
Total	1,519,862	100.00	(7.63)	1,584,397	100.00	4.25

Note) Figures are amounts after the elimination of internal transactions between segments.

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

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, 2022, 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, 2022, 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.

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

Assessment of goodwill related to the overseas insurance business	
Description of Key Audit Matter	Auditor's Response
<p>The goodwill of ¥151,012 million recorded in the consolidated balance sheet of the Group as of March 31, 2022 includes ¥124,645 million of goodwill related to the 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 the 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 (9) 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 the 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. (SIH) as the core company, includes the direct insurance and reinsurance business in the commercial segment mainly for specialty insurance, and the consumer segment (referred to as the retail segment until the previous consolidated fiscal year) mainly for personal insurance. The overseas insurance business is conducted in developed markets such as Bermuda and North America, as well as in emerging markets such as Turkey, South America and Southeast Asia.</p> <p>The goodwill of the overseas insurance business relates to the business of SIH, which consists of the goodwill related to the acquisition of Endurance Specialty Holdings Ltd. (currently</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, the consideration of developments in operating performance, the consideration of any changes that would significantly reduce the recoverable amount due to the discontinuation or reorganization of business, and the consideration of 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. ● We made inquiries to the Group's officers in charge of the overseas insurance business and the management of SIH with respect to the results of operations and business plans of the commercial and consumer segments of the overseas insurance business.

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

<p>SIH), goodwill related to the acquisition of overseas subsidiaries of the consumer segment included in the platform for the consumer segment's insurance business, and goodwill related to the acquisition of the overseas insurance business by SIH.</p> <p>The overseas insurance business is operated globally both in developed and emerging markets and has two distinct segments: commercial and consumer segments. In the commercial segment, business performance has grown due to the expansion of the US agricultural insurance business and the rate increase of insurance premiums, but in the consumer segment, it is necessary to pay attention to the impact on business performance due to trends such as a competition for automobile insurance, regulations in each country, inflation, foreign exchange and interest rates. As described above, in the execution of the overseas insurance business strategy, there are various risk factors, such as continued premium rate hike due to the hardening commercial insurance market, economic slowdown due to the COVID-19 pandemic, natural catastrophic losses such as hurricanes, competitive environment in each country where the business is conducted, and trends in regulations and economic indicators. 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 the overseas insurance business was required for the current period.</p> <p>In our audit, it is crucial to assess the business performance of SIH's commercial and consumer segments and the progress of the business plans approved by the management. The various risk factors mentioned above affect the ordinary income/loss of SIH 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 insurance underwriting business. Estimates of the growth rate of net premiums written and the loss ratio are highly dependent on management's judgment.</p>	<ul style="list-style-type: none"> ● We conducted ongoing communications with our network firms serving as local auditors of SIH and inspected the audit workpapers of the 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 regulations. ● We made inquiries to the local management about the trend of the business performance and business plan of the company selected in consideration of the company size and so on in the commercial segment of SIH. ● We conducted ongoing communications with the local auditors of the selected companies in consideration of the company size and so on and considered the status of business performance by inspecting the audit workpapers of the local auditors in the consumer segment of SIH. ● We involved our network firms serving as local auditors of SIH, our valuation specialists and actuaries to consider 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.
---	---

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

<p>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.</p>	
--	--

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

Estimate method to Statistical IBNR reserve	
Description of Key Audit Matter	Auditor's Response
<p>The Group recorded ¥ 1,959,817 million of "Reserve for outstanding losses and claims" in the consolidated balance sheet as of March 31, 2022. 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 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</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 internal controls 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 considered the development in the loss development factor with the development in the amount of insurance claims. - We considered 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 considered the management's estimates by comparing them with our estimates. ● In order to assess the data used for estimating the statistical IBNR reserve (e.g. insurance claims), we selected samples to consider 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.

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

<p>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"> ● 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.
--	---

Other Information

The other information comprises the information included in the annual report (Yukashoken Hokokusho) that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

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.

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

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.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 24, 2022

Noboru Miura
Designated Engagement Partner
Certified Public Accountant

Hirotsugu Kamoshita
Designated Engagement Partner
Certified Public Accountant

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, 2021		As of March 31, 2022		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Assets:						
Cash and deposits	*5	1,068,985	8.15%	1,170,892	8.49%	101,906
Receivables under resale agreements		59,999	0.46	73,999	0.54	14,000
Monetary receivables bought		21,700	0.17	20,104	0.15	(1,595)
Money trusts		27,698	0.21	20,815	0.15	(6,883)
Securities	*3, *4, *5, *6	9,036,200	68.88	9,542,035	69.21	505,835
Loans	*4	639,631	4.88	536,132	3.89	(103,499)
Tangible fixed assets:	*1, *2, *5	362,195	2.76	353,438	2.56	(8,757)
Land		120,244		114,278		(5,966)
Buildings		139,471		132,446		(7,024)
Leased assets		66,807		64,381		(2,425)
Construction in progress		3,946		12,618		8,672
Other tangible fixed assets		31,726		29,713		(2,012)
Intangible fixed assets:		422,238	3.22	428,266	3.11	6,028
Software		118,128		108,110		(10,017)
Goodwill		163,555		151,012		(12,542)
Other intangible fixed assets		140,554		169,143		28,588
Other assets	*4	1,481,467	11.29	1,618,878	11.74	137,411
Net defined benefit asset		83	0.00	179	0.00	96
Deferred tax assets		6,652	0.05	31,741	0.23	25,088
Allowance for possible credit losses		(8,196)	(0.06)	(8,649)	(0.06)	(452)
Total assets		13,118,656	100.00	13,787,835	100.00	669,178

Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2021		As of March 31, 2022		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Liabilities:						
Underwriting funds:		8,891,259	67.78%	9,445,446	68.51%	554,187
Reserve for outstanding losses and claims		1,646,818		1,959,817		312,999
Underwriting reserves		7,244,440		7,485,628		241,188
Corporate bonds		529,591	4.04	539,742	3.91	10,150
Other liabilities	*5	1,380,322	10.52	1,536,282	11.14	155,960
Net defined benefit liability		80,497	0.61	69,767	0.51	(10,730)
Reserve for retirement benefits to directors		35	0.00	9	0.00	(26)
Reserve for bonus payments		30,421	0.23	41,814	0.30	11,392
Reserve for bonus payments to directors		1,083	0.01	767	0.01	(316)
Reserve for stocks payments		1,953	0.01	2,401	0.02	448
Reserves under the special laws:		100,212	0.76	105,389	0.76	5,176
Reserve for price fluctuation		100,212		105,389		5,176
Deferred tax liabilities		72,109	0.55	5,424	0.04	(66,685)
Total liabilities		11,087,487	84.52	11,747,045	85.20	659,558
Net assets:						
Shareholders' equity:						
Common stock		100,045	0.76	100,045	0.73	—
Capital surplus		244,060	1.86	134,962	0.98	(109,097)
Retained earnings		876,066	6.68	1,028,109	7.46	152,043
Treasury stock		(73,772)	(0.56)	(24,965)	(0.18)	48,807
Total shareholders' equity		1,146,399	8.74	1,238,152	8.98	91,752
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		997,904	7.61	838,843	6.08	(159,061)
Deferred gains and losses on hedges		4,406	0.03	3,429	0.02	(977)
Foreign currency translation adjustments		(141,211)	(1.08)	(68,911)	(0.50)	72,299
Remeasurements of defined benefit plans		10,862	0.08	16,605	0.12	5,743
Total accumulated other comprehensive income		871,961	6.65	789,966	5.73	(81,995)
Stock acquisition rights		467	0.00	446	0.00	(20)
Non-controlling interests		12,340	0.09	12,224	0.09	(115)
Total net assets		2,031,168	15.48	2,040,789	14.80	9,620
Total liabilities and net assets		13,118,656	100.00	13,787,835	100.00	669,178

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, 2021 (April 1, 2020 to March 31, 2021)		Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		3,846,323	100.00%	4,167,496	100.00%	321,172
Underwriting income:		3,403,765	88.49	3,656,896	87.75	253,131
Net premiums written		2,923,547		3,215,713		292,165
Deposits of premiums by policyholders		93,496		81,009		(12,486)
Interest and dividend income on deposits of premiums, etc.		32,031		30,944		(1,086)
Life insurance premiums written		346,177		325,183		(20,994)
Other underwriting income		8,512		4,045		(4,466)
Investment income:		279,437	7.27	338,496	8.12	59,058
Interest and dividend income		198,288		215,785		17,497
Investment gains on money trusts		5,046		1,353		(3,693)
Investment gains on trading securities		1,526		853		(673)
Gains on sales of securities		78,654		112,354		33,699
Gains on redemption of securities		3,116		4,836		1,719
Investment gains on special account		4,912		1,767		(3,145)
Other investment income		19,923		32,491		12,568
Transfer of interest and dividend income on deposits of premiums, etc.		(32,031)		(30,944)		1,086
Other ordinary income:		163,120	4.24	172,103	4.13	8,982
Other ordinary income		163,120		172,103		8,982
Ordinary expenses:		3,631,226	94.41	3,851,984	92.43	220,757
Underwriting expenses:		2,903,127	75.48	3,099,481	74.37	196,354
Net claims paid		1,519,862		1,584,397		64,535
Loss adjustment expenses	*1	127,052		132,036		4,984
Net commissions and brokerage fees	*1	549,324		632,667		83,342
Maturity refunds to policyholders		196,812		190,527		(6,285)
Dividends to policyholders		65		28		(36)
Life insurance claims paid and other payments		95,399		100,557		5,158
Provision for reserve for outstanding losses and claims		135,941		252,510		116,569
Provision for underwriting reserves		275,451		203,433		(72,018)
Other underwriting expenses		3,217		3,322		105
Investment expenses:		51,126	1.33	37,383	0.90	(13,743)
Investment losses on money trusts		11		45		34
Losses on sales of securities		7,901		11,869		3,968
Impairment losses on securities		5,752		5,966		214
Losses on redemption of securities		479		4		(475)
Losses on derivatives		28,165		15,368		(12,796)
Other investment expenses		8,817		4,129		(4,687)
Operating, general and administrative expenses	*1	537,431	13.97	570,387	13.69	32,956
Other ordinary expenses:		139,541	3.63	144,731	3.47	5,190
Interest paid		13,734		14,960		1,225
Provision for allowance for possible credit losses		1,778		1,915		136
Losses on bad debt		29		108		78
Investment losses on the equity method		3,147		5,675		2,528
Other ordinary expenses		120,850		122,071		1,221
Ordinary profit		215,097	5.59	315,512	7.57	100,414

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, 2021 (April 1, 2020 to March 31, 2021)		Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		9,639	0.25%	15,364	0.37%	5,724
Gains on disposal of fixed assets		9,639		15,364		5,724
Extraordinary losses:		29,799	0.77	13,243	0.32	(16,555)
Losses on disposal of fixed assets		2,468		5,670		3,202
Impairment losses	*2	19,805		2,396		(17,409)
Provision for reserves under the special laws:		4,825		5,176		351
Provision for reserve for price fluctuation		4,825		5,176		351
Other extraordinary losses	*3	2,699		—		(2,699)
Net income before income taxes		194,937	5.07	317,632	7.62	122,695
Income taxes		86,681	2.25	123,161	2.96	36,480
Deferred income taxes		(34,633)	(0.90)	(32,139)	(0.77)	2,494
Total income taxes		52,047	1.35	91,022	2.18	38,975
Net income		142,890	3.71	226,610	5.44	83,719
Net income attributable to non-controlling interests		407	0.01	1,767	0.04	1,359
Net income attributable to shareholders of the parent		142,482	3.70	224,842	5.40	82,360

Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
		Amount	Amount
Net income		142,890	226,610
Other comprehensive income:			
Unrealized gains and losses on securities available for sale		419,752	(159,488)
Deferred gains and losses on hedges		(1,187)	(977)
Foreign currency translation adjustments		(58,186)	71,828
Remeasurements of defined benefit plans		8,752	5,755
Share of other comprehensive income of affiliates accounted for under the equity method		396	94
Total other comprehensive income	*1	369,527	(82,787)
Comprehensive income		512,417	143,823
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		511,700	142,847
Comprehensive income attributable to non-controlling interests		717	976

Consolidated Statement of Changes in Net Assets

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	Non-controlling 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 Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	244,060	876,066	(73,772)	1,146,399
Changes during the period:					
Dividends			(68,747)		(68,747)
Net income attributable to shareholders of the parent			224,842		224,842
Acquisition of treasury stock				(60,430)	(60,430)
Disposal of treasury stock		(10)		150	139
Cancellation of treasury stock		(109,087)		109,087	—
Changes in the scope of consolidation			(4,052)		(4,052)
Net changes in items other than shareholders' equity					
Total changes during the period	—	(109,097)	152,043	48,807	91,752
Balance at the end of the period	100,045	134,962	1,028,109	(24,965)	1,238,152

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling 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	997,904	4,406	(141,211)	10,862	871,961	467	12,340	2,031,168
Changes during the period:								
Dividends								(68,747)
Net income attributable to shareholders of the parent								224,842
Acquisition of treasury stock								(60,430)
Disposal of treasury stock								139
Cancellation of treasury stock								—
Changes in the scope of consolidation								(4,052)
Net changes in items other than shareholders' equity	(159,061)	(977)	72,299	5,743	(81,995)	(20)	(115)	(82,132)
Total changes during the period	(159,061)	(977)	72,299	5,743	(81,995)	(20)	(115)	9,620
Balance at the end of the period	838,843	3,429	(68,911)	16,605	789,966	446	12,224	2,040,789

Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2021 (April 1, 2020 to March 31, 2021)	March 31, 2022 (April 1, 2021 to March 31, 2022)	
		Amount	Amount	Amount
Cash flows from operating activities:				
Net income before income taxes		194,937	317,632	122,695
Depreciation		40,811	53,932	13,121
Impairment losses		19,805	2,396	(17,409)
Amortization of goodwill		27,892	26,536	(1,356)
Increase (decrease) in reserve for outstanding losses and claims		123,845	233,362	109,516
Increase (decrease) in underwriting reserves		262,905	194,259	(68,645)
Increase (decrease) in allowance for possible credit losses		69	(103)	(173)
Increase (decrease) in net defined benefit liability		(1,425)	(3,197)	(1,771)
Increase (decrease) in reserve for retirement benefits to directors		5	(26)	(31)
Increase (decrease) in reserve for bonus payments		(2,043)	10,296	12,340
Increase (decrease) in reserve for bonus payments to directors		381	(322)	(703)
Increase (decrease) in reserve for stocks payments		551	654	103
Increase (decrease) in reserve for price fluctuation		4,825	5,176	351
Interest and dividend income		(198,288)	(215,785)	(17,497)
Losses (gains) on investment in securities		(67,615)	(99,350)	(31,735)
Interest expenses		13,734	14,960	1,225
Foreign exchange losses (gains)		(17,992)	(29,474)	(11,482)
Losses (gains) related to tangible fixed assets		(7,174)	(9,706)	(2,531)
Losses (gains) related to loans		2	0	(1)
Investment losses (gains) on the equity method		3,147	5,675	2,528
Decrease (increase) in other assets (other than investing and financing activities)		108,735	(72,763)	(181,498)
Increase (decrease) in other liabilities (other than investing and financing activities)		(17,284)	65,410	82,694
Others		32,840	21,201	(11,638)
Subtotal		522,667	520,767	(1,899)
Interest and dividend received		199,536	201,430	1,894
Interest paid		(14,008)	(15,506)	(1,497)
Income taxes paid		(81,993)	(106,671)	(24,677)
Cash flows from operating activities		626,202	600,021	(26,181)

Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2021 (April 1, 2020 to March 31, 2021)	March 31, 2022 (April 1, 2021 to March 31, 2022)	
		Amount	Amount	Amount
Cash flows from investing activities:				
Net decrease (increase) in deposits		7,626	10,079	2,452
Purchase of monetary receivables bought		(5,188)	(2,884)	2,304
Proceeds from sales and redemption of monetary receivables bought		3,238	4,183	945
Increase in money trusts		(46)	(20)	26
Decrease in money trusts		14,247	9,790	(4,457)
Purchase of securities		(1,682,472)	(1,944,183)	(261,710)
Proceeds from sales and redemption of securities		1,277,258	1,496,848	219,590
Loans made		(151,608)	(106,430)	45,177
Collection of loans		188,228	204,982	16,753
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		111,921	47,624	(64,296)
Others		(37,428)	(25,433)	11,994
Total of investment transactions		(274,223)	(305,442)	(31,218)
Total of operating activities and investment transactions as above		351,978	294,578	(57,399)
Acquisition of tangible fixed assets		(24,542)	(21,497)	3,044
Proceeds from sales of tangible fixed assets		13,167	22,716	9,548
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)
Others		(50,649)	(44,316)	6,333
Cash flows from investing activities		(359,516)	(348,540)	10,975
Cash flows from financing activities:				
Repayments of borrowings		(32,387)	(30,482)	1,904
Net increase (decrease) in payables under securities lending transactions		42,926	673	(42,252)
Proceeds from sales of treasury stock		63	2	(60)
Acquisition of treasury stock		(35,322)	(60,430)	(25,107)
Dividends paid		(55,997)	(68,657)	(12,659)
Dividends paid to non-controlling shareholders		(5,121)	(839)	4,281
Others		(8,658)	(10,374)	(1,715)
Cash flows from financing activities		(94,498)	(170,108)	(75,610)
Effect of exchange rate changes on cash and cash equivalents		(22,341)	1,735	24,076
Increase (decrease) in cash and cash equivalents		149,846	83,107	(66,739)
Cash and cash equivalents at the beginning of the period		967,753	1,117,770	150,016
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries		169	6,429	6,259
Cash and cash equivalents at the end of the period	*1	1,117,770	1,207,306	89,536

Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 72 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 Warranty Inc.
 Sompo Risk Management Inc.
 Sompo Light Vortex, Inc.

Sompo Warranty Inc. is included in the scope of consolidation from the fiscal year ended March 31, 2022 due to an increase in its materiality.

Sompo Light Vortex Inc. is included in the scope of consolidation from the fiscal year ended March 31, 2022 as it newly became a subsidiary.

(2) Names of major non-consolidated subsidiaries

Names of major subsidiaries

Sompo Systems, Inc.

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: 14 companies

Names of major affiliates

Capital Insurance Corporation
 Universal Sompo General Insurance Company Limited
 AYA SOMPO Insurance Company Limited
 Tier IV, Inc.
 Palantir Technologies Japan K.K.
 ABEJA, Inc.
 DeNA SOMPO Mobility Co., Ltd.
 akippa Inc.
 DeNA SOMPO Carlife Co., Ltd.

ABEJA, Inc. is included in the scope of equity method from the fiscal year ended March 31, 2022 as it became an affiliate through the acquisition of shares.

Capital Insurance Corporation changed its name from Hitachi Capital Insurance Corporation on July 1, 2021.

(2) The non-consolidated subsidiaries and affiliates (Sompo Systems, Inc., 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 stocks and others without a quoted market price) are carried at fair value. Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.

(f) Stocks and others without a quoted market price of securities available for sale 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 policies for significant revenue and expenses

In the Nursing Care & Seniors Business, performance obligations are satisfied when various nursing care services at nursing homes (fee-based nursing homes) or the assisting equipment sales services are provided to nursing facility residents, and revenue is recognized at the point in time when such performance obligations are satisfied.

The Company hereby recognizes the revenue from the service for the nursing facility residents as the net amount that remains after deducting the amount to pay to the suppliers from the amount received from the customers regarding the transaction in which the SOMPO HOLDINGS's role is the agent.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) Adoption of the consolidated taxation system

The Company and some of the domestic consolidated subsidiaries have adopted the consolidated taxation system from the fiscal year ended March 31, 2022.

(Significant accounting estimates)

1. Impairment of goodwill

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2022

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Goodwill	163,555	151,012

(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, 2023

Impairment losses can occur if there is a significant decrease in the undiscounted future cash flows, resulting from an event that 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) accompanied by indications of impairment.

2. Reserve for outstanding losses and claims

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2022

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Reserve for outstanding losses and claims	1,646,818	1,959,817

(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, 2023

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.

(Changes in Accounting Policies)

1. Application of "Accounting Standard for Fair Value Measurement", etc.

The Company has applied "Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Statement No.30, July 4, 2019), etc. from the beginning of the fiscal year 2021 and the new accounting policy specified in "Accounting Standard for Fair Value Measurement", etc. for the future in accordance with the transitional treatment based on Paragraph 19 of "Accounting Standard for Fair Value Measurement" and Paragraph 44- 2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). In addition, the effect on Consolidated Financial Statements is immaterial.

2. Application of "Accounting Standard for Revenue Recognition", etc.

The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. from the beginning of the fiscal year 2021 and recognizes the revenue as the amount expected to be entitled in exchange for goods or services when the control of promised goods or services transferred to the customers.

The Company hereby recognizes the revenue from the service for the nursing facility residents, to which the Company previously recognized the revenue as the gross amount received from the customers, as the net amount that remains after deducting the amount to pay to the suppliers from the amount received from the customers regarding the transaction in which the SOMPO HOLDINGS's role is the agent.

The Company applies "Accounting Standard for Revenue Recognition", etc. in accordance with the transitional treatment based on the conditional clause of Article 84 of "Accounting Standard for Revenue Recognition." In addition, the effect of application of the accounting standard on Consolidated Financial Statements is immaterial.

(Accounting standards and guidance issued but not yet effective)

- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

(1) Outline

Treatment concerning measurement and notes of fair value of investment trusts and treatment concerning notes to fair value of Investments in Partnerships, etc. to be recorded net on the balance sheet in an amount equivalent to ownership interest are defined.

(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, 2023.

(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

(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 3,810 million yen and its number of shares is 991,700 shares at the end of the fiscal year ended March 31, 2021, while its carrying amount is 3,693 million yen and its number of shares is 961,300 shares at the end of the fiscal year ended March 31, 2022.

2. 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, 2021	As of March 31, 2022
418,670	406,556

*2. The amounts of advanced depreciation of tangible fixed assets are as follows.

(Millions of yen)	
As of March 31, 2021	As of March 31, 2022
14,841	12,609

*3. Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)		
	As of March 31, 2021	As of March 31, 2022
Securities (stocks)	49,026	38,047
Investments in jointly controlled companies	1,857	1,437
Securities (equity interests)	3,761	10,405

*4. The individual amounts and the total amount of bankrupt or de facto bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans among loans under the Insurance Business Act are as follows.

(Millions of yen)		
	As of March 31, 2021	As of March 31, 2022
Bankrupt or de facto bankrupt loans	50	31
Doubtful loans	36	28
Loans overdue for three months or more	69	35
Restructured loans	—	—
Total	156	96

Note) Bankrupt or de facto bankrupt loans represent loans to borrowers who are in bankruptcy due to reasons such as the filing of petition for commencement of bankruptcy proceedings, reorganization proceedings, or rehabilitation proceedings.

Doubtful loans represent, among loans which are not included in bankrupt or de facto bankrupt loans, loans for which the borrower is not yet bankrupt, but it is highly probable that the principal cannot be collected and interest cannot be received in accordance with the contract due to the deterioration of the financial condition and business performance of the borrower.

Loans overdue for three months or more represent, among loans that are not included in bankrupt or de facto bankrupt loans and doubtful 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 bankrupt or de facto bankrupt loans, doubtful loans, and loans overdue for three months or more, 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.

(Changes in method of presentation)

In conjunction with the enforcement of the "Cabinet Office Order to Partially Amend the Regulation for Enforcement of the Banking Act, etc." (Cabinet Office Order No. 3, January 24, 2020) on March 31, 2022, the classification of "risk-monitored loans" under the Insurance Business Act is presented in accordance with the classification of loans for disclosure under the law on emergency measures for the revitalization of the financial functions.

*5. Pledged assets and secured debts are as follows.

Pledged assets

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Deposits	63,790	83,835
Securities	560,123	608,872
Tangible fixed assets	2,399	1,606
Total	626,312	694,315

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, 2021	As of March 31, 2022
Other liabilities (payables under securities lending transactions)	337,061	385,359
Other liabilities (borrowings)	307	239
Other liabilities (deposits)	47	47
Total	337,416	385,646

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, 2021	As of March 31, 2022
297,927	338,128

*6. The amounts of lending securities under loan agreements of securities are as follows.

(Millions of yen)	
As of March 31, 2021	As of March 31, 2022
488,416	571,113

Notes to the Consolidated Statement of Income

*1. Main components of operating expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Agency commissions, etc.	526,468	574,545
Salaries	233,287	248,025

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, 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.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Omitted as they are not material.

*3. Other extraordinary losses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Expenses pertaining to COVID-19 measures	1,722	—
Expenses pertaining to changes of company names	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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	677,986	(108,309)
Reclassification adjustments	(91,920)	(111,948)
Before tax effects adjustments	586,066	(220,257)
Tax effects	(166,313)	60,769
Unrealized gains and losses on securities available for sale	419,752	(159,488)
Deferred gains and losses on hedges		
The amount occurred during the period	(263)	(116)
Reclassification adjustments	(1,383)	(1,239)
Before tax effects adjustments	(1,647)	(1,355)
Tax effects	459	378
Deferred gains and losses on hedges	(1,187)	(977)
Foreign currency translation adjustments		
The amount occurred during the period	(58,186)	71,828
Remeasurements of defined benefit plans		
The amount occurred during the period	12,500	7,786
Reclassification adjustments	(369)	275
Before tax effects adjustments	12,130	8,061
Tax effects	(3,378)	(2,306)
Remeasurements of defined benefit plans	8,752	5,755
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	418	272
Reclassification adjustments	(21)	(177)
Share of other comprehensive income of affiliates accounted for under the equity method	396	94
Total other comprehensive income	369,527	(82,787)

Notes to the Consolidated Statement of Changes in Net Assets

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 of the 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 Shareholders' Meeting held on June 22, 2020	Common stock	27,388	75	March 31, 2020	June 23, 2020
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 Shareholders' Meeting 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 Shareholders' Meeting 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 Shareholders' Meeting 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.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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	—	25,631	347,698
Total	373,330	—	25,631	347,698
Treasury stock				
Common stock	18,373	12,391	25,669	5,096
Total	18,373	12,391	25,669	5,096

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 991 thousand shares and 961 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- The decrease in the number of shares outstanding of common stock of 25,631 thousand shares is due to the decrease as a result of a cancellation of treasury stock in accordance with approval of the Board of Directors.
- Breakdown of increase in treasury stock of common stock of 12,391 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval of the Board of Directors: 12,384 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 25,669 thousand shares is as follows.
Decrease due to cancellation of treasury stock in accordance with approval of the Board of Directors: 25,631 thousand shares
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 30 thousand shares
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 6 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	446
Total		446

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 Shareholders' Meeting held on June 28, 2021	Common stock	32,035	90	March 31, 2021	June 29, 2021
Board of Directors' Meeting held on November 19, 2021	Common stock	36,711	105	September 30, 2021	December 7, 2021

Notes)

- The "total amount of dividends" based on the resolution of the General Shareholders' Meeting held on June 28, 2021 includes 89 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, 2021 includes 100 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 Shareholders' Meeting held on June 27, 2022	Common stock	36,074	Retained earnings	105	March 31, 2022	June 28, 2022

Note) The "total amount of dividends" based on the resolution of the General Shareholders' Meeting to be held on June 27, 2022 includes 100 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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Cash and deposits	1,068,985	1,170,892
Receivables under resale agreements	59,999	73,999
Securities	9,036,200	9,542,035
Time deposits with original maturities of more than 3 months	(60,724)	(56,285)
Securities other than cash equivalents	(8,986,690)	(9,523,335)
Cash and cash equivalents	1,117,770	1,207,306

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, 2021	As of March 31, 2022
Due within one year	19,051	18,705
Due after one year	177,081	159,977
Total	196,133	178,682

(Lessor)

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Due within one year	211	324
Due after one year	1,136	1,497
Total	1,348	1,821

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 based on the perspectives of 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, etc.

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 catastrophic events, to adequately manage and ensure the liquid assets to cope with these payments.

Each group company has rules formulated in reference to the SOMPO 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

In view that certain assumption is employed to measure the fair value of financial instruments, 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. Financial instruments' fair value, etc. and breakdown by level of fair value

Carrying amount, fair value, unrealized gains and losses and fair value by level are as follows.

Investment trusts to which the transitional treatment provided in Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019; hereinafter the "Fair Value Measurement Guidance") is applied, stocks and others without a quoted market price, Investments in Partnerships to which the transitional treatment provided in Paragraph 27 of the Fair Value Measurement Guidance is applied, etc., are not included in the following table (Please refer to (1) *1, Note 3 and Note 4). The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure the fair value.

Level 1 fair value: Fair value measured using observable inputs, of which quoted market prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in the level of the lowest level input among the level to which each of the inputs belongs.

(1) Financial instruments measured at fair value on the consolidated balance sheet

As of March 31, 2021

(Millions of yen)	
	Carrying amount
Monetary receivables bought	21,700
Money trusts	27,698
Securities:	
Trading securities	31,211
Securities available for sale	6,921,257
Total assets	7,001,866
Derivative transactions ^(*) :	
Hedge accounting is not applied to	2,890
Hedge accounting is applied to	(33,746)
Total derivative transactions	(30,856)

(*) 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 [].

As of March 31, 2022

(Millions of yen)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary receivables bought	—	20,104	—	20,104
Money trusts	—	20,815	—	20,815
Securities:				
Trading securities				
Domestic bonds	4,490	1,808	—	6,299
Domestic stocks	8,978	—	—	8,978
Foreign securities	15,282	2,024	—	17,307
Securities available for sale ^(*)				
Domestic bonds	1,038,805	970,193	—	2,008,999
Domestic stocks	1,230,493	—	—	1,230,493
Foreign securities	979,228	1,733,201	27,654	2,740,083
Others	1,281	—	16	1,297
Total assets	3,278,559	2,748,148	27,670	6,054,378
Derivative transactions ^(*) ^(*) :				
Currency-related	—	(79,532)	—	(79,532)
Interest-related	—	4,629	—	4,629
Bond-related	—	3,317	—	3,317
Others	16	(28)	264	252
Total derivative transactions	16	(71,613)	264	(71,332)

(*) Investment trusts to which the transitional treatment provided in Paragraph 26 of the Fair Value Measurement Guidance is applied are not included in the balance of this tally. The carrying amount of the investment trusts on the consolidated balance sheet is 1,066,604 million yen.

(*) 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 liabilities in total are shown in the brackets [].

(*) Among the derivative transactions, the carrying amount of transactions to which hedge accounting is applied is (65,511) million yen.

(2) Financial instruments other than those measured at fair value on the consolidated balance sheet

"Cash and deposits," "receivables under resale agreements," and "payables under securities lending transactions" are omitted, as the majority of these are short term (within 1 year) and the fair value approximates the book value.

As of March 31, 2021

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
Securities:			
Bonds held to maturity	1,221,845	1,475,033	253,187
Policy reserve matching bonds	751,622	768,113	16,490
Loans	639,631		
Allowance for possible credit losses ^(*)	(34)		
	639,597	654,527	14,929
Total assets	2,613,065	2,897,674	284,608
Corporate bonds	529,591	545,550	15,959
Borrowings	45,979	45,988	8
Total liabilities	575,571	591,539	15,967

(*) This figure represents deductions to loans as general and individual allowance for possible credit losses.

As of March 31, 2022

(Millions of yen)

	Fair value				Carrying amount	Unrealized gains and losses
	Level 1	Level 2	Level 3	Total		
Securities:						
Bonds held to maturity						
Domestic bonds	1,227,242	180,397	—	1,407,640	1,204,717	202,922
Foreign securities	7,273	21,520	—	28,794	22,520	6,273
Policy reserve matching bonds						
Domestic bonds	923,917	10,420	—	934,337	966,496	(32,159)
Loans ^(*)	—	—	547,076	547,076	536,108	10,968
Total assets	2,158,434	212,338	547,076	2,917,848	2,729,843	188,005
Corporate bonds	—	552,806	—	552,806	539,742	13,064
Borrowings	—	15,498	—	15,498	15,496	1
Total liabilities	—	568,305	—	568,305	555,238	13,066

(*) This figure represents deductions to loans of 24 million yen as general and individual allowance for possible credit losses.

Notes

1. A description of the valuation technique(s) and inputs used in the fair value measurements

Assets

Monetary receivables bought

The fair value is measured at prices obtained from third parties and is classified as Level 2 fair value based on the inputs used for the prices obtained.

Money trusts

In principle, the fair value is measured at the value of securities managed as a trust asset calculated by the same method used for "securities" and is classified as Level 2 fair value based on the level of such securities.

Securities

The fair value of securities for which unadjusted quoted market prices in active markets are available is classified as Level 1 fair value.

This mainly includes stocks and government bonds. If a publicly available quoted market price is used but the market is not active, the fair value of such securities is classified as Level 2 fair value. This mainly includes municipal bonds and corporate bonds.

The fair value of investment trusts is measured at published quoted market prices, etc. and a level is not assigned to investment trusts, applying the transitional treatment provided in Paragraph 26 of the Fair Value Measurement Guidance.

The fair value of private placement bonds is measured at the value calculated using prices obtained from third parties. The fair value that uses observable inputs or where the effect of unobservable inputs is not material is classified as Level 2 fair value, while those that use significant unobservable inputs are classified as Level 3 fair value.

Loans

The fair value of loans is measured at the amount obtained by discounting expected future cash flows to be collected for each loan by a discount rate equal to the risk free rate for the corresponding period plus a credit risk premium and a liquidity premium based on internal ratings, and is classified as Level 3 fair value.

Liabilities

Corporate bonds

The fair value of corporate bonds is measured at the value calculated using prices on exchanges and the price published by industry associations, etc. and is classified as Level 2 fair value.

Borrowings

The fair value of borrowings is measured using the discounted cash flow method based on the sum of principal and interest, remaining period and an interest rate reflecting credit risk, and is classified as Level 2 fair value.

Derivative transactions

The fair value of exchange traded transactions is based on the closing price of exchanges, etc. The fair value of OTC transactions is measured at the value calculated based on the discounted present value of future cash flows and option pricing models using inputs such as interest rates and foreign exchange rates.

The fair value of exchange traded transactions is mainly classified as Level 1 fair value. The fair value of OTC transactions that use observable inputs or where the effect of unobservable inputs is not material is classified as Level 2 fair value, while those that use significant unobservable inputs are classified as Level 3 fair value.

2. Level 3 fair value of financial instruments measured at fair value on the consolidated balance sheet

(1) Reconciliation from the balance at the beginning of the period to the balance at the end of the period and unrealized gains (losses) included in profit or loss

As of March 31, 2022

(Millions of yen)

	Securities	Derivative transactions
	Securities available for sale	Others
Balance at the beginning of the period	13,418	2,119
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss ⁽¹⁾	(387)	746
Recorded in other comprehensive income ⁽²⁾	2,331	237
Purchases, sales, issuances and settlements	12,308	(2,839)
Balance at the end of the period	27,670	264
Net realized and unrealized gains and losses of financial instruments held at the end of the reporting period included in profit or loss for the period ⁽¹⁾	—	962

(1) Included in "investment income" and "investment expenses" in the consolidated statement of income.

(2) Included in "Unrealized gains and losses on securities available for sale" and "foreign currency translation adjustments" of "other comprehensive income" in the consolidated statement of comprehensive income.

(2) A description of valuation processes used in fair value measurements

The fair values of financial instruments held by departments that trade financial instruments are measured and verified in accordance with basic policies stipulated by each group company. The measurement results are verified by departments independent from the departments that trade financial instruments.

In measuring fair value, the Company uses a valuation model that most appropriately reflects the nature, characteristics and risks of each asset. In addition, when using quoted market prices obtained from third parties, the Company verifies whether the prices are valid using appropriate methods, such as by confirming the valuation techniques and inputs used.

3. 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 "Securities."

(Millions of yen)

	As of March 31, 2021
Domestic stocks	73,256
Foreign securities	23,041
Others	13,563
Total	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.

4. The carrying amounts of stocks and others without a quoted market price and Investments in Partnerships, etc. on the consolidated balance sheet are as follows. They are not included in "securities" in the table disclosed in fair value and breakdown by level of fair value of financial instruments.

(Millions of yen)

	Carrying amount
	As of March 31, 2022
Stocks and others without a quoted market price ⁽¹⁾	82,955
Investments in Partnerships, etc. ⁽²⁾	185,280

(1) Stocks and others without a quoted market price include unlisted stocks, and they are not subject to fair value disclosure in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19).

(2) Investments in Partnerships, etc. are mainly investment partnerships, and they are not subject to fair value disclosure in accordance with Paragraph 27 of the Fair Value Measurement Guidance.

5. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

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.

As of March 31, 2022

	(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	1,164,562	6,228	—	—
Receivables under resale agreements	73,999	—	—	—
Monetary receivables bought	—	969	—	19,117
Securities:				
Bonds held to maturity:				
Government bonds	6,300	83,765	225,541	727,377
Municipal bonds	—	1,000	—	43,400
Corporate bonds	4,400	4,500	800	99,300
Foreign securities	4,962	10,552	653	—
Policy reserve matching bonds:				
Government bonds	—	—	6,000	948,900
Corporate bonds	—	—	—	11,900
Fixed maturity securities available for sale:				
Government bonds	87,016	150,045	248,104	467,694
Municipal bonds	—	1,800	9,500	11,500
Corporate bonds	31,583	153,322	75,490	599,810
Foreign securities	198,283	1,050,253	793,283	942,791
Others	11,518	7,029	26,204	1,205
Loans ^(*)	184,035	254,976	62,538	34,571
Total	1,766,662	1,724,442	1,448,116	3,907,567

(*) 7 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy, legally or substantially in bankruptcy and who are highly probable to go bankrupt in the future are not included.

6. 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, 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

As of March 31, 2022

	(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	34,506	—	—	—	—	498,612
Long-term borrowings	15,256	48	41	14	13	71
Lease obligations	9,048	8,437	7,522	6,957	6,428	39,870
Payables under securities lending transactions	385,359	—	—	—	—	—
Total	444,171	8,486	7,564	6,971	6,441	538,554

Securities

1. Trading securities

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Unrealized gains and losses recognized in the statement of income	4,835	1,639

2. Bonds held to maturity

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

As of March 31, 2022

	(Millions of yen)		
	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,086,043	1,295,977
	Foreign securities	19,545	25,851
	Subtotal	1,105,589	1,321,829
Securities whose fair value does not exceed their carrying amount	Domestic bonds	118,674	111,662
	Foreign securities	2,975	2,942
	Subtotal	121,649	114,605
Total	1,227,238	1,436,434	209,195

3. Policy reserve matching bonds

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
	Domestic bonds	403,529	391,420	(12,108)
Total		751,622	768,113	16,490

As of March 31, 2022

(Millions of yen)				
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	244,471	261,774	17,303
	Domestic bonds	722,025	672,562	(49,462)
Total		966,496	934,337	(32,159)

4. Securities available for sale

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.

As of March 31, 2022

(Millions of yen)				
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,271,303	1,168,831	102,472
	Domestic stocks	1,191,869	379,955	811,913
	Foreign securities	2,113,763	1,810,929	302,833
	Others	190,781	165,269	25,512
	Subtotal	4,767,718	3,524,986	1,242,731
Securities whose carrying amount does not exceed their cost	Domestic bonds	737,695	762,653	(24,957)
	Domestic stocks	38,624	45,836	(7,212)
	Foreign securities	1,636,053	1,688,726	(52,673)
	Others	92,099	93,379	(1,279)
	Subtotal	2,504,472	2,590,595	(86,122)
Total		7,272,190	6,115,581	1,156,609

Notes)

- Stocks and others without a quoted market price and Investments in Partnerships are not included in the above table.
- Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts 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, 2021 and 2022

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

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	151,559	979	5,584
Domestic stocks	52,983	39,042	1,293
Foreign securities	917,840	69,110	4,880
Others	5,495	2,950	111
Total	1,127,878	112,082	11,869

6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2021 and 2022

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).

For the fiscal year ended March 31, 2022, impairment losses on securities available for sale (excluding stocks and others without a quoted market price and Investments in Partnerships) amount to 2,944 million yen (domestic stocks: 1,537 million yen, foreign securities: 1,406 million yen), and impairment losses on stocks and others without a quoted market price and Investments in Partnerships amount to 1,110 million yen (domestic stocks: 744 million yen, foreign securities: 366 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, 2021	As of March 31, 2022
Unrealized gains and losses recognized in the statement of income	29	(32)

2. Money trusts held to maturity

None.

3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2021

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	27,106	23,595	3,510

As of March 31, 2022

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	20,269	14,952	5,316

4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2021 and 2022

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.

For the fiscal year ended March 31, 2022, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding stocks and others without a quoted market price and Investments in Partnerships) amount to 12 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.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency derivatives

As of March 31, 2021

(Millions of yen)

	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)

As of March 31, 2022

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	50,394	—	(3,382)	(3,382)
Long	2,280	—	1,472	1,472
Currency options:				
Short	12,087	—	(254)	(240)
Long	10,250	—	1	(12)
Currency swaps	20,835	—	(7,102)	(7,102)
Total	—	—	(9,265)	(9,265)

(2) Interest rate derivatives

As of March 31, 2021

(Millions of yen)

	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)

As of March 31, 2022

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Interest rate futures:				
Short	4,462	—	(11)	(11)
Over-the-counter transactions:				
Interest rate swaps:				
Receipt fix / Payment float	3,962	2,306	(114)	(114)
Total	—	—	(126)	(126)

(3) Equity derivatives

As of March 31, 2021

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Equity index futures:					
Short	5,000	—		(1)	(1)
Total	—	—		(1)	(1)

As of March 31, 2022

None.

(4) Bond derivatives

As of March 31, 2021

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
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.

As of March 31, 2022

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Bonds forwards:					
Short	6,360	—		(6,462)	15
Long	9,600	—		9,780	(0)
Total	—	—		3,317	14

(5) Others

As of March 31, 2021

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
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

As of March 31, 2022

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Credit derivatives:					
Short	1,260	1,087		21	21
Over-the-counter transactions:					
Weather derivatives:					
Short	8,389	4,139		(1,401)	149
Long	2,548	1,655		2,260	229
Earthquake derivatives:					
Short	94,575	10		(854)	668
Long	40,698	6		277	(237)
Loss development cover:					
Short	2,916	2,916		(50)	(50)
Total	—	—		252	781

2. Derivative transactions to which hedge accounting is applied

(1) Currency derivatives

As of March 31, 2021

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	869,620	—	(37,420)
	Long		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
Total			—	—	(39,857)

Note) The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of the corporate bonds and borrowings in "Financial Instruments" as they are treated along with hedged items, which are foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings.

As of March 31, 2022

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	996,690	—	(67,529)
	Long		142,983	—	27
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	142,767	—	Note
Total			—	—	(70,267)

Note) The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of the corporate bonds and borrowings in "Financial Instruments" as they are treated along with hedged items, which are foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings.

(2) Interest rate derivatives

As of March 31, 2021

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	60,500	52,500	6,111
Total			—	—	6,111

As of March 31, 2022

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	52,500	44,500	4,755
Total			—	—	4,755

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, Sompo 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. Sompo 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. Defined benefit plans

(1) Reconciliation of beginning and ending balances of the retirement benefit obligation

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Retirement benefit obligation at the beginning of the period	178,080	182,092
Service cost	11,441	11,554
Interest cost	1,004	1,023
The amount of actuarial difference occurred	5,701	(2,683)
Retirement benefit paid	(13,536)	(16,077)
The amount of prior service costs occurred	—	24
Changes in the scope of consolidation	9	—
Others	(608)	78
Retirement benefit obligation at the end of the period	182,092	176,012

Note) Retirement benefit expenses 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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Plan assets at the beginning of the period	84,434	101,943
Expected return on plan assets	365	400
The amount of actuarial difference occurred	18,230	5,002
The amount of employer contributions	1,419	1,360
Retirement benefit paid	(1,870)	(2,033)
Others	(636)	65
Plan assets at the end of the period	101,943	106,740

(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, 2021	As of March 31, 2022
Funded retirement benefit obligation	174,172	167,820
Plan assets	(101,943)	(106,740)
	72,228	61,079
Unfunded retirement benefit obligation	7,919	8,191
Asset ceiling adjustments	265	316
Net liabilities and assets on the consolidated balance sheet	80,413	69,587
Net defined benefit liability	80,497	69,767
Net defined benefit asset	(83)	(179)
Net liabilities and assets on the consolidated balance sheet	80,413	69,587

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Service cost	11,441	11,554
Interest cost	1,004	1,023
Expected return on plan assets	(365)	(400)
Amortization of actuarial difference	(321)	284
Amortization of prior service costs	(48)	(0)
Others	(0)	10
Retirement benefit expenses for defined benefit plans	11,710	12,472

Note) Retirement benefit expenses 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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Prior service costs	51	24
Actuarial difference	(12,182)	(8,086)
Total	(12,130)	(8,061)

(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, 2021	As of March 31, 2022
Unrecognized prior service costs	—	24
Unrecognized actuarial difference	(15,002)	(23,080)
Total	(15,002)	(23,056)

(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, 2021	As of March 31, 2022
Bonds	20	21
Stocks	67	67
Joint investment assets	3	2
Life insurance general accounts	7	8
Cash and deposits	1	0
Others	2	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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Discount rate	Domestic consolidated subsidiaries	0.2 – 0.7	0.3 – 0.8
	Foreign consolidated subsidiaries	1.8 – 6.8	2.9 – 8.9
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0 – 1.5	0.0 – 1.5
	Foreign consolidated subsidiaries	6.8	8.9

3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 8,158 million yen for the fiscal year ended March 31, 2021 and amounts to 9,832 million yen for the fiscal year ended March 31, 2022.

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 Sompo Japan Insurance Inc. ("former Sompo 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, 2022).

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.

7. 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, 2022).
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.

	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 Sompo 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 Sompo 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, 2022).
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 Sompo 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)	210 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: 21,000 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*	266 stock acquisition rights (Note 4)	237 stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 26,600 stocks (Notes 4, 5)	Common stock: 23,700 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, 2022).

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, 2022 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, 2021	Vested	Exercised	Forfeited	March 31, 2022
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	27,350	—	—	—	27,350
24th issue	37,200	—	—	—	37,200
25th issue	34,900	—	—	—	34,900
26th issue	22,400	—	1,400	—	21,000
27th issue	29,000	—	2,400	—	26,600
28th issue	26,500	—	2,800	—	23,700

(b) Unit value information

(Stocks)

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2022 (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	—	1,808 (Note 1)
24th issue	1	—	1,372
25th issue	1	—	1,328
26th issue	1	5,601	2,296
27th issue	1	5,038	2,403
28th issue	1	5,022	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, 2022.

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, 2021	As of March 31, 2022
Deferred tax assets:		
Underwriting reserves	193,998	218,547
Reserve for outstanding losses and claims	42,424	47,320
Intangible fixed assets of tax accounting	39,766	40,535
Impairment losses on securities and real estate	35,510	34,004
Reserve for price fluctuation	28,008	29,413
Net defined benefit liability	22,460	19,517
Others	60,255	74,322
Deferred tax assets subtotal	422,424	463,661
Valuation allowance	(54,644)	(61,856)
Total deferred tax assets	367,780	401,804
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(401,545)	(343,160)
Unrealized gains and losses on consolidated subsidiaries	(7,991)	(8,191)
Others	(23,700)	(24,136)
Total deferred tax liabilities	(433,237)	(375,488)
Net deferred tax assets (liabilities)	(65,457)	26,316

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, 2021	As of March 31, 2022
Japanese statutory income tax rate	30.6	30.6
(Reconciliation)		
Tax rate differences in subsidiaries	(3.3)	(6.7)
Amortization of goodwill	4.4	2.6
Increase (Decrease) of valuation allowance	(3.5)	2.1
Others	(1.4)	0.1
Effective tax rate after the application of tax effect accounting	26.7	28.7

Segment information, etc.

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 & seniors business" are determined as the reportable segments. The businesses not covered by the reportable segments, such as the Company, extended warranty business, asset management business, defined-contribution pension business, etc., 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, and "Nursing care & seniors business" consists mainly of providing nursing care service.

(Change of the reportable segment names, etc.)

From the fiscal year ended March 31, 2022, the category name of the reportable segment, which was previously named "Nursing care & healthcare business" is changed to "Nursing care & seniors business" and the healthcare business, which was previously included in the "Nursing care & healthcare business" segment, is now included in the "Others" segment.

The effect of this change on the comparative information is immaterial.

The segment name in the fiscal year ended March 31, 2021 is also shown as the new segment name.

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.

(Application of "Accounting Standard for Fair Value Measurement", etc.)

As described in "Changes in Accounting Policies", the Company applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019), etc. from the beginning of the fiscal year 2021.

The effect of this change on segment income (loss) for the fiscal year ended March 31, 2022 is immaterial.

(Application of "Accounting Standard for Revenue Recognition", etc.)

As described in "Changes in Accounting Policies", the Company applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. from the beginning of the fiscal year 2021.

The effect of this change on segment income (loss) for the fiscal year ended March 31, 2022 is immaterial.

3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

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 & seniors 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 & seniors 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, 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:	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 & seniors business include 1,722 million yen of expenses pertaining to COVID-19 measures.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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 & seniors business	Total				
Sales (Note 1):									
Sales from transactions with external customers	2,217,148	1,005,247	318,501	136,661	3,677,558	89,999	3,767,558	399,938	4,167,496
Sales from internal transactions or transfers among segments	—	—	—	1	1	16,559	16,560	(16,560)	—
Total	2,217,148	1,005,247	318,501	136,663	3,677,560	106,558	3,784,118	383,377	4,167,496
Segment income	138,288	42,168	15,949	1,367	197,773	27,069	224,842	—	224,842
Segment assets	6,385,083	3,232,407	3,716,323	163,731	13,497,544	290,290	13,787,835	—	13,787,835
Other items:									
Depreciation	25,889	21,402	497	5,134	52,923	1,009	53,932	—	53,932
Amortization of goodwill	11	21,716	—	4,807	26,536	—	26,536	—	26,536
Interest and dividend income	117,041	49,601	49,447	96	216,187	402	216,589	(804)	215,785
Interest paid	7,022	5,676	59	2,203	14,961	0	14,962	(2)	14,960
Investment gains (losses) on the equity method	73	888	—	—	961	(6,637)	(5,675)	—	(5,675)
Extraordinary gains (Note 5)	15,149	213	0	—	15,364	0	15,364	—	15,364
Extraordinary losses (Note 6)	11,307	937	956	7	13,209	34	13,243	—	13,243
Impairment losses	1,650	745	—	—	2,396	—	2,396	—	2,396
Income tax expenses	45,902	18,871	6,414	3,364	74,554	16,468	91,022	—	91,022
Investment in affiliates accounted for under the equity method	1,484	9,919	—	—	11,403	13,106	24,509	—	24,509
Increase in tangible and intangible fixed assets	55,199	8,035	2,440	4,362	70,036	988	71,025	—	71,025

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 & seniors 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), extended warranty business, asset management business, 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:	399,938 million yen
Elimination of internal transactions among segments:	(16,560) million yen
- Segment income 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 15,149 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 5,404 million yen of losses on disposal of fixed assets and 4,251 million yen of provision for reserve for price fluctuation.

Related information

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 & seniors 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.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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	524,266	92,493	156,850	1,217,232	217,261	1,007,609	3,215,713

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	304,713	4,150	16,319	—	325,183

2. Information by geographic area

(1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,624,841	604,567	448,149	3,677,558

Notes)

- Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care & seniors 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
318,849	34,588	353,438

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

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 & seniors business	Total			
Impairment losses	8,045	11,760	—	—	19,805	—	—	19,805

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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 & seniors business	Total			
Impairment losses	1,650	745	—	—	2,396	—	—	2,396

Information related to amortization of goodwill and balance of goodwill by reportable segments

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 & seniors 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

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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 & seniors business	Total			
Amortization for the fiscal year ended March 31, 2022	11	21,716	—	4,807	26,536	—	—	26,536
Balance as of March 31, 2022	—	124,645	—	26,366	151,012	—	—	151,012

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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net assets per share	5,686.22 yen	5,919.73 yen
Net income per share	397.40 yen	644.24 yen
Diluted net income per share	397.16 yen	643.86 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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net income per share		
Net income attributable to shareholders of the parent	142,482	224,842
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	142,482	224,842
Average number of common stocks outstanding	358,531 thousand shares	348,999 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:		
Stock acquisition rights	214 thousand shares	209 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, 2021	As of March 31, 2022
Total net assets	2,031,168	2,040,789
Amount to be deducted from total net assets:		
Stock acquisition rights	467	446
Non-controlling interests	12,340	12,224
Net assets attributable to common stocks	2,018,361	2,028,118
Number of common stocks used for calculation of net assets per share	354,956 thousand shares	342,602 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 996 thousand for the fiscal year ended March 31, 2021 and is 963 thousand for the fiscal year ended March 31, 2022. The number of the treasury stock deducted above mentioned is 991 thousand as of March 31, 2021 and is 961 thousand as of March 31, 2022.

Significant Subsequent Events

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, 2022.

1. Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a policy to provide with basic return (50% of adjusted consolidated profit) and supplementary return based on its performance trends, market conditions and its capital conditions, etc., with the option of stock buybacks depending on capital conditions other than paying dividends regarding shareholder return. In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return (basic return) for the financial results of fiscal year ended March 31, 2022.

2. Details of stock buybacks

(1) Class of shares	Common stock of the Company
(2) Potential total number	16,000,000 shares (upper limit)
(3) Total price	58,000,000,000 yen (upper limit)
(4) Period	June 1, 2022 — November 17, 2022

Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

	(Millions of yen)		
	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	524,711	477,918	(46,793)
Cash	6	9	2
Deposits	524,705	477,909	(46,796)
Receivables under resale agreements	59,999	73,999	14,000
Monetary receivables bought	21,700	20,104	(1,595)
Money trusts	27,566	20,683	(6,883)
Securities:	5,127,170	5,259,488	132,318
Government bonds	688,810	678,580	(10,229)
Municipal bonds	5,865	5,720	(145)
Corporate bonds	666,751	625,139	(41,612)
Domestic stocks	1,346,490	1,308,357	(38,133)
Foreign securities	2,267,968	2,426,435	158,466
Other securities	151,282	215,255	63,972
Loans:	636,618	519,703	(116,915)
Policy loans	4,966	3,978	(987)
Ordinary loans	631,652	515,724	(115,927)
Tangible fixed assets:	238,916	227,274	(11,641)
Land	91,407	84,917	(6,489)
Buildings	115,629	104,824	(10,805)
Leased assets	2,835	2,371	(464)
Construction in progress	2,124	9,675	7,550
Other tangible fixed assets	26,918	25,486	(1,432)
Intangible fixed assets:	188,576	209,721	21,145
Software	105,388	94,972	(10,415)
Other intangible fixed assets	83,188	114,749	31,561
Other assets:	573,319	543,748	(29,570)
Premiums receivable	1,326	1,630	303
Agency accounts receivable	180,163	190,101	9,938
Foreign agency accounts receivable	25,978	13,682	(12,296)
Coinsurance accounts receivable	16,284	14,105	(2,178)
Reinsurance accounts receivable	110,676	71,448	(39,227)
Foreign reinsurance accounts receivable	65,195	36,890	(28,304)
Proxy service receivable	151	49	(101)
Accounts receivable	46,574	69,667	23,093
Accrued income	8,181	8,145	(36)
Advance deposits	15,201	14,952	(249)
Earthquake insurance deposits	4,681	2,842	(1,839)
Suspense payments	71,138	64,901	(6,236)
Deposits paid for future transactions	7,875	8,034	159
Derivative assets	6,287	5,113	(1,173)
Cash collateral paid for financial instruments	13,594	42,174	28,580
Other assets	7	7	—
Prepaid pension cost	303	—	(303)
Deferred tax assets	—	22,481	22,481
Allowance for possible credit losses	(3,006)	(2,751)	254
Allowance for possible investment losses	(6,198)	(5,689)	509
Total assets	7,389,677	7,366,684	(22,993)

	(Millions of yen)		
	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	4,557,828	4,557,431	(396)
Reserve for outstanding losses and claims	872,465	900,122	27,657
Underwriting reserves	3,685,362	3,657,309	(28,053)
Corporate bonds	433,560	433,560	—
Other liabilities:	715,115	700,176	(14,939)
Coinsurance accounts payable	6,024	5,800	(223)
Reinsurance accounts payable	75,005	70,308	(4,697)
Foreign reinsurance accounts payable	23,014	22,539	(474)
Payables under securities lending transactions	155,831	156,505	673
Borrowings	45,810	15,358	(30,451)
Income taxes payable	58,298	8,535	(49,762)
Deposits received	2,903	2,796	(106)
Unearned income	308	297	(11)
Accounts payable	196,486	230,272	33,785
Suspense receipts	90,686	94,315	3,628
Derivative liabilities	26,397	49,831	23,434
Cash collateral received for financial instruments	28,733	38,702	9,969
Lease obligations	3,492	2,745	(747)
Asset retirement obligations	2,121	2,165	44
Reserve for retirement benefits	89,608	85,576	(4,031)
Reserve for bonus payments	16,315	15,719	(595)
Reserve for bonus payments to directors	115	117	1
Reserves under the special laws:	91,097	95,331	4,233
Reserve for price fluctuation	91,097	95,331	4,233
Deferred tax liabilities	11,434	—	(11,434)
Total liabilities	5,915,075	5,887,913	(27,162)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	70,000	70,000	—
Capital reserves	70,000	70,000	—
Retained earnings:	502,291	529,398	27,107
Other retained earnings:	502,291	529,398	27,107
Reserve for advanced depreciation	10,963	10,590	(373)
General reserve	83,300	83,300	—
Retained earnings carried forward	408,027	435,508	27,481
Total shareholders' equity	642,291	669,398	27,107
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	827,905	805,943	(21,961)
Deferred gains and losses on hedges	4,406	3,429	(977)
Total valuation and translation adjustments	832,311	809,372	(22,939)
Total net assets	1,474,602	1,478,770	4,168
Total liabilities and net assets	7,389,677	7,366,684	(22,993)

Sompo Japan Insurance Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	2,486,893	2,490,458	3,564	0.1%
Underwriting income:	2,301,534	2,300,385	(1,148)	(0.0)
Net premiums written	2,141,433	2,158,791	17,357	0.8
Deposits of premiums by policyholders	93,496	81,009	(12,486)	(13.4)
Interest and dividend income on deposits of premiums, etc.	31,987	30,895	(1,091)	(3.4)
Reversal of underwriting reserves	33,237	28,053	(5,184)	(15.6)
Foreign exchange gains	427	893	465	109.0
Other underwriting income	951	742	(209)	(22.0)
Investment income:	172,705	175,824	3,119	1.8
Interest and dividend income	126,178	147,980	21,801	17.3
Investment gains on money trusts	5,046	1,353	(3,693)	(73.2)
Gains on sales of securities	65,724	42,554	(23,170)	(35.3)
Gains on redemption of securities	2,977	4,580	1,603	53.9
Foreign exchange gains	4,556	9,990	5,433	119.2
Other investment income	208	261	52	25.2
Transfer of interest and dividend income on deposits of premiums, etc.	(31,987)	(30,895)	1,091	—
Other ordinary income	12,654	14,248	1,594	12.6
Ordinary expenses:	2,289,461	2,279,648	(9,813)	(0.4)
Underwriting expenses:	1,929,500	1,933,287	3,787	0.2
Net claims paid	1,189,878	1,175,024	(14,854)	(1.2)
Loss adjustment expenses	112,817	115,456	2,639	2.3
Net commissions and brokerage fees	414,829	423,007	8,177	2.0
Maturity refunds to policyholders	196,812	190,527	(6,285)	(3.2)
Dividends to policyholders	65	28	(36)	(56.0)
Provision for reserve for outstanding losses and claims	13,330	27,657	14,326	107.5
Other underwriting expenses	1,765	1,585	(180)	(10.2)
Investment expenses:	26,297	12,523	(13,773)	(52.4)
Investment losses on money trusts	11	45	34	311.2
Losses on sales of securities	886	4,390	3,503	395.4
Impairment losses on securities	3,292	1,805	(1,487)	(45.2)
Losses on redemption of securities	460	—	(460)	(100.0)
Losses on derivatives	13,096	2,476	(10,620)	(81.1)
Other investment expenses	8,549	3,806	(4,743)	(55.5)
Operating, general and administrative expenses	321,415	323,947	2,532	0.8
Other ordinary expenses:	12,248	9,889	(2,358)	(19.3)
Interest paid	7,065	7,016	(49)	(0.7)
Provision for allowance for possible credit losses	106	—	(106)	(100.0)
Losses on bad debt	11	19	7	66.0
Other ordinary expenses	5,065	2,854	(2,210)	(43.6)
Ordinary profit	197,432	210,810	13,377	6.8

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Extraordinary gains:	9,611	16,336	6,724	70.0%
Gains on disposal of fixed assets	9,611	16,336	6,724	70.0
Extraordinary losses:	14,458	14,906	448	3.1
Losses on disposal of fixed assets	2,100	6,097	3,996	190.3
Impairment losses	7,404	4,575	(2,829)	(38.2)
Provision for reserves under the special laws:	3,980	4,233	252	6.4
Provision for reserve for price fluctuation	3,980	4,233	252	6.4
Other extraordinary losses	972	—	(972)	(100.0)
Net income before income taxes	192,585	212,239	19,654	10.2
Income taxes	75,076	71,889	(3,186)	(4.2)
Deferred income taxes	(29,486)	(25,857)	3,628	—
Total income taxes	45,590	46,031	441	1.0
Net income	146,994	166,207	19,212	13.1
Underwriting result:				
Net premiums written	(+) 2,141,433	2,158,791	17,357	0.8
Net claims paid	(-) 1,189,878	1,175,024	(14,854)	(1.2)
Loss adjustment expenses	(-) 112,817	115,456	2,639	2.3
Net operating expenses:	(-) 720,583	728,559	7,975	1.1
Net commissions and brokerage fees	414,829	423,007	8,177	2.0
Operating, general and administrative expenses related to underwriting	305,754	305,552	(201)	(0.1)
Underwriting result	118,153	139,749	21,595	18.3
Underwriting profit	66,368	63,053	(3,315)	(5.0)
Ratios:				
Net loss ratio	(%) 60.8	59.8	(1.1)	
Net operating expenses ratio	(%) 33.6	33.7	0.1	
Combined ratio	(%) 94.5	93.5	(1.0)	

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)
Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	28,821	20,757	(8,063)
Cash	0	0	0
Deposits	28,821	20,757	(8,063)
Securities:	36,689	46,865	10,175
Government bonds	907	—	(907)
Municipal bonds	9,068	6,699	(2,369)
Corporate bonds	12,796	21,218	8,422
Domestic stocks	42	38	(4)
Foreign securities	5,962	7,927	1,965
Other securities	7,912	10,981	3,069
Tangible fixed assets:	509	403	(105)
Buildings	114	105	(8)
Leased assets	332	243	(88)
Other tangible fixed assets	63	54	(8)
Intangible fixed assets:	3,882	5,715	1,832
Software	3,879	5,712	1,833
Other intangible fixed assets	3	2	(0)
Other assets:	5,850	5,943	93
Premiums receivable	1,552	1,830	278
Agency accounts receivable	198	103	(95)
Coinsurance accounts receivable	12	9	(2)
Reinsurance accounts receivable	183	90	(92)
Foreign reinsurance accounts receivable	31	23	(7)
Accounts receivable	797	936	139
Accrued income	29	38	9
Advance deposits	506	481	(25)
Suspense payments	2,539	2,428	(110)
Deferred tax assets	1,282	1,744	461
Allowance for possible credit losses	(101)	(0)	101
Total assets	76,934	81,430	4,495

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	54,965	57,382	2,416
Reserve for outstanding losses and claims	21,029	22,115	1,085
Underwriting reserves	33,935	35,266	1,331
Other liabilities:	5,427	5,641	214
Coinsurance accounts payable	35	36	0
Reinsurance accounts payable	194	214	20
Foreign reinsurance accounts payable	85	74	(11)
Income taxes payable	214	406	192
Deposits received	32	32	0
Accounts payable	1,976	1,798	(178)
Suspense receipts	2,549	2,826	276
Lease obligations	338	252	(85)
Reserve for retirement benefits to directors	27	9	(17)
Reserve for bonus payments	474	410	(63)
Reserve for bonus payments to directors	28	15	(12)
Reserves under the special laws:	69	87	18
Reserve for price fluctuation	69	87	18
Total liabilities	60,992	63,547	2,555
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:	(57,754)	(55,321)	2,433
Other retained earnings:	(57,754)	(55,321)	2,433
Retained earnings carried forward	(57,754)	(55,321)	2,433
Total shareholders' equity	15,198	17,631	2,433
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	744	250	(493)
Total valuation and translation adjustments	744	250	(493)
Total net assets	15,942	17,882	1,939
Total liabilities and net assets	76,934	81,430	4,495

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	55,270	58,636	3,366	6.1%
Underwriting income:	55,122	58,234	3,112	5.6
Net premiums written	55,078	58,185	3,107	5.6
Interest and dividend income on deposits of premiums, etc.	43	48	4	10.9
Investment income:	135	271	136	101.1
Interest and dividend income	175	283	108	62.1
Gains on sales of securities	0	23	22	2,332.4
Gains on redemption of securities	3	—	(3)	(100.0)
Other investment income	—	12	12	—
Transfer of interest and dividend income on deposits of premiums, etc.	(43)	(48)	(4)	—
Other ordinary income	13	130	117	888.1
Ordinary expenses:	55,048	56,215	1,167	2.1
Underwriting expenses:	39,805	41,114	1,309	3.3
Net claims paid	31,597	33,260	1,662	5.3
Loss adjustment expenses	4,239	4,239	(0)	(0.0)
Net commissions and brokerage fees	1,145	1,189	44	3.9
Provision for reserve for outstanding losses and claims	1,419	1,085	(333)	(23.5)
Provision for underwriting reserves	1,393	1,331	(62)	(4.5)
Foreign exchange losses	0	0	0	56.5
Other underwriting expenses	9	8	(1)	(12.1)
Investment expenses:	8	0	(7)	(92.8)
Losses on sales of securities	4	0	(3)	(86.4)
Other investment expenses	3	—	(3)	(100.0)
Operating, general and administrative expenses	15,171	15,008	(162)	(1.1)
Other ordinary expenses:	63	91	28	45.2
Interest paid	6	5	(0)	(9.8)
Provision for allowance for possible credit losses	18	—	(18)	(100.0)
Losses on bad debt	0	—	(0)	(100.0)
Other ordinary expenses	38	85	47	124.6
Ordinary profit	222	2,421	2,199	989.3

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change	
	Amount	Amount			
Extraordinary gains:	1	—	(1)	(100.0)%	
Gains on disposal of fixed assets	1	—	(1)	(100.0)	
Extraordinary losses:	84	33	(50)	(60.1)	
Losses on disposal of fixed assets	71	15	(56)	(79.1)	
Impairment losses	—	0	0	—	
Provision for reserves under the special laws:	12	18	5	46.8	
Provision for reserve for price fluctuation	12	18	5	46.8	
Net income before income taxes	139	2,387	2,247	1,608.5	
Income taxes	75	296	220	294.2	
Deferred income taxes	(1,568)	(341)	1,226	—	
Total income taxes	(1,493)	(45)	1,447	—	
Net income	1,633	2,433	800	49.0	
Underwriting result:					
Net premiums written	(+)	55,078	58,185	3,107	5.6
Net claims paid	(-)	31,597	33,260	1,662	5.3
Loss adjustment expenses	(-)	4,239	4,239	(0)	(0.0)
Net operating expenses:	(-)	16,285	16,160	(125)	(0.8)
Net commissions and brokerage fees		1,145	1,189	44	3.9
Operating, general and administrative expenses related to underwriting		15,140	14,970	(169)	(1.1)
Underwriting result		2,955	4,526	1,570	53.1
Underwriting profit		197	2,168	1,971	998.2
Ratios:					
Net loss ratio	(%)	65.1	64.4	(0.6)	
Net operating expenses ratio	(%)	29.6	27.8	(1.8)	
Combined ratio	(%)	94.6	92.2	(2.4)	

Sompo Himawari Life Insurance, Inc. (Non-consolidated)
Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	178,483	137,951	(40,532)
Deposits	178,483	137,951	(40,532)
Securities:	3,260,451	3,476,978	216,526
Government bonds	2,142,389	2,371,793	229,403
Municipal bonds	67,662	57,515	(10,146)
Corporate bonds	460,381	420,802	(39,579)
Domestic stocks	10,132	9,858	(273)
Foreign securities	578,222	611,887	33,665
Other securities	1,662	5,120	3,458
Loans:	41,985	41,428	(556)
Policy loans	41,980	41,425	(554)
Ordinary loans	4	3	(1)
Tangible fixed assets:	1,540	2,219	678
Buildings	444	432	(12)
Leased assets	630	1,389	758
Other tangible fixed assets	465	396	(68)
Intangible fixed assets:	—	1,234	1,234
Other intangible fixed assets	—	1,234	1,234
Agency accounts receivable	93	99	5
Reinsurance accounts receivable	1,284	1,599	315
Other assets:	54,897	54,377	(519)
Accounts receivable	39,494	35,899	(3,595)
Prepaid expenses	2,369	3,672	1,302
Accrued income	8,788	9,276	487
Advance deposits	2,496	2,462	(34)
Derivative assets	117	18	(99)
Cash collateral paid for financial instruments	1,000	2,310	1,310
Suspense payments	540	655	114
Other assets	89	85	(4)
Deferred tax assets	13,804	22,434	8,630
Allowance for possible credit losses	(76)	(76)	0
Total assets	3,552,464	3,738,246	185,782

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	3,143,577	3,290,913	147,335
Reserve for outstanding claims	39,293	40,896	1,602
Policy reserves	3,099,850	3,245,593	145,742
Reserve for dividends to policyholders	4,433	4,423	(9)
Agency accounts payable	4,215	5,663	1,448
Reinsurance accounts payable	814	990	175
Other liabilities:	221,891	280,038	58,147
Payables under securities lending transactions	181,229	228,854	47,624
Income taxes payable	4,934	109	(4,825)
Accounts payable	11,788	17,493	5,705
Accrued expenses	6,195	7,747	1,551
Deposits received	122	125	2
Derivative liabilities	15,949	23,578	7,628
Lease obligations	735	1,577	841
Suspense receipts	936	553	(382)
Reserve for bonus payments to directors	37	38	1
Reserve for retirement benefits	4,581	4,971	389
Reserve for possible reimbursement of prescribed claims	1,041	936	(104)
Reserves under the special laws:	9,045	9,969	924
Reserve for price fluctuation	9,045	9,969	924
Total liabilities	3,385,204	3,593,521	208,317
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	13,333	13,333	—
Capital reserves	13,333	13,333	—
Retained earnings:	94,052	95,477	1,424
Legal reserve	3,916	3,916	—
Other retained earnings:	90,135	91,560	1,424
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	89,810	91,235	1,424
Total shareholders' equity	124,635	126,060	1,424
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	42,624	18,664	(23,959)
Total valuation and translation adjustments	42,624	18,664	(23,959)
Total net assets	167,260	144,725	(22,535)
Total liabilities and net assets	3,552,464	3,738,246	185,782

Sompo Himawari Life Insurance, Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	503,714	493,056	(10,658)	(2.1)%
Insurance premiums and other:	441,549	436,893	(4,656)	(1.1)
Insurance premiums	438,847	433,472	(5,375)	(1.2)
Reinsurance income	2,701	3,421	719	26.6
Investment income:	56,037	53,709	(2,327)	(4.2)
Interest and dividend income and other:	47,090	49,413	2,323	4.9
Interest and dividends on securities	45,754	48,027	2,272	5.0
Interest on loans	1,238	1,248	10	0.9
Other interest and dividends	97	137	39	40.7
Gains on sales of securities	3,767	1,653	(2,113)	(56.1)
Gains on redemption of securities	190	255	64	34.1
Gains on derivatives	—	464	464	—
Foreign exchange gains	48	153	104	214.9
Reversal of allowance for possible credit losses	28	—	(28)	(100.0)
Other investment income	—	2	2	—
Investment gains on special account	4,912	1,767	(3,145)	(64.0)
Other ordinary income:	6,127	2,453	(3,674)	(60.0)
Fund receipt for annuity rider	740	935	194	26.3
Fund receipt for claim deposit payments	1,519	1,509	(10)	(0.7)
Reversal of reserve for outstanding claims	3,858	—	(3,858)	(100.0)
Other ordinary income	9	8	(1)	(11.0)
Ordinary expenses:	471,585	466,611	(4,973)	(1.1)
Insurance claims and other:	195,395	215,929	20,534	10.5
Insurance claims	37,848	39,023	1,175	3.1
Annuity payments	11,208	11,834	625	5.6
Insurance benefits	47,781	50,100	2,318	4.9
Surrender benefits	90,275	107,023	16,748	18.6
Other refunds	4,989	4,254	(735)	(14.7)
Reinsurance premiums	3,291	3,693	402	12.2
Provision for policy reserves and other:	180,048	147,345	(32,702)	(18.2)
Provision for reserve for outstanding claims	—	1,602	1,602	—
Provision for policy reserves	180,047	145,742	(34,304)	(19.1)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	1.8
Investment expenses:	2,554	3,461	906	35.5
Interest paid	69	59	(9)	(14.2)
Losses on sales of securities	1,966	3,261	1,294	65.8
Impairment losses on securities	8	—	(8)	(100.0)
Losses on derivatives	389	—	(389)	(100.0)
Provision for allowance for possible credit losses	—	0	0	—
Other investment expenses	120	139	19	16.1
Operating expenses	87,288	94,804	7,516	8.6

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	6,299	5,070	(1,229)	(19.5)%
Claim deposit payments	1,441	1,379	(61)	(4.2)
Taxes	2,187	2,015	(171)	(7.9)
Depreciation	493	497	3	0.8
Provision for reserve for retirement benefits	447	389	(57)	(12.9)
Other ordinary expenses	1,730	788	(942)	(54.4)
Ordinary profit	32,129	26,444	(5,684)	(17.7)
Extraordinary gains:	7	0	(6)	(89.6)
Gains on disposal of fixed assets and other	7	0	(6)	(89.6)
Extraordinary losses:	892	956	64	7.2
Losses on disposal of fixed assets and other	60	32	(28)	(47.1)
Provision for reserves under the special laws:	831	924	92	11.2
Provision for reserve for price fluctuation	831	924	92	11.2
Provision for reserve for dividends to policyholders	3,207	3,158	(48)	(1.5)
Net income before income taxes	28,036	22,329	(5,706)	(20.4)
Income taxes	8,305	5,717	(2,587)	(31.2)
Deferred income taxes	(318)	687	1,005	—
Total income taxes	7,986	6,405	(1,581)	(19.8)
Net income	20,049	15,924	(4,125)	(20.6)

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 company group to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, e.g. occurrence of major catastrophes 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 the scope of entities for consolidated solvency margin ratio calculation shall match with the treatment of consolidated financial statements, subsidiaries defined under the Insurance Business Act (i.e. over 50 percent of voting right acquired by the Company) are generally included in the calculation.
- Solvency margin ratio is one of the objective indicators for the regulatory authorities to monitor financial soundness of insurance company group. Solvency margin ratio exceeding 200 percent 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 decreased by 98.8 points from previous fiscal year to 773.0 percent.

Sampo Holdings, Inc. (Consolidated) Consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
(A) Total Consolidated Solvency Margin	3,726,169	3,697,989
Capital and funds, etc.	919,036	1,033,111
Reserve for price fluctuation	100,212	105,389
Contingency reserve	35,006	35,949
Catastrophic loss reserve	501,005	558,190
General allowance for possible credit losses	4,901	5,474
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,235,717	1,037,412
Unrealized gains and losses on land	122,264	114,601
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	14,956	23,088
Surplus such as premium fund	172,210	161,014
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	2	7
Deductions	50,417	57,743
Others	237,713	247,933
(B) Total Consolidated Risks	854,817	956,727
$\sqrt{(R_1^2+R_2^2+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R ₁)	274,839	339,295
Underwriting risk for life insurance business (R ₂)	15,280	15,226
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	11,266	11,935
Underwriting risk related to small amount and short term insurance companies (R ₄)	8	27
Guaranteed interest rate risk (R ₅)	23,977	22,389
Guaranteed minimum benefit risk for life insurance policies (R ₆)	396	400
Investment risk (R ₇)	528,122	560,798
Business management risk (R ₈)	21,719	24,522
Major catastrophe risk for property and casualty insurance policies (R ₉)	210,717	250,884
(C) Consolidated Solvency Margin Ratio	871.8%	773.0%
$[(A) / \{(B) \times 1/2\}] \times 100$		

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, e.g. 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 objective 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, 2021	As of March 31, 2022
(A) Total Non-consolidated Solvency Margin	2,981,500	3,042,067
Capital and funds, etc.	642,291	669,398
Reserve for price fluctuation	91,097	95,331
Contingency reserve	1,693	2,475
Catastrophic loss reserve	497,543	554,520
General allowance for possible credit losses	138	132
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,019,668	988,227
Unrealized gains and losses on land	139,670	132,656
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	46,647	46,381
Others	202,484	212,146
(B) Total Non-consolidated Risks	847,602	872,214
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	192,158	196,903
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	15,501	13,946
Investment risk (R ₄)	611,108	623,096
Business management risk (R ₅)	19,822	20,380
Major catastrophe risk (R ₆)	172,367	185,055
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	703.5%	697.5%

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, 2021	As of March 31, 2022
(A) Total Non-consolidated Solvency Margin	19,668	21,775
Capital and funds, etc.	15,198	17,631
Reserve for price fluctuation	69	87
Contingency reserve	11	11
Catastrophic loss reserve	3,461	3,669
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	926	374
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	8,582	8,841
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	6,833	7,011
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	16	15
Investment risk (R ₄)	1,434	1,763
Business management risk (R ₅)	287	302
Major catastrophe risk (R ₆)	1,308	1,304
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	458.3%	492.5%

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).

Corporate Data

Sompo Himawari Life Insurance, Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
(A) Total Non-consolidated Solvency Margin	422,651	389,628
Capital, etc.	124,635	126,060
Reserve for price fluctuation	9,045	9,969
Contingency reserve	33,301	33,462
General allowance for possible credit losses	2	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)	53,280	23,330
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	172,210	161,014
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(5,052)	—
Brought in capital, etc.	—	—
Deductions	—	—
Others	35,228	35,787
(B) Total Non-consolidated Risks	57,881	57,302
$\sqrt{(R_1+R_3)^2+(R_2+R_3+R_7)^2+R_4}$		
Underwriting risk (R ₁)	14,399	14,226
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	11,266	11,935
Guaranteed interest rate risk (R ₂)	8,460	8,427
Guaranteed minimum benefit risk (R ₇)	396	400
Investment risk (R ₃)	41,324	40,451
Business management risk (R ₄)	1,516	1,508
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	1,460.4%	1,359.8%

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.

Corporate Overview 221

Share and Shareholder Information 222

The Company, Subsidiaries, and Affiliates 224

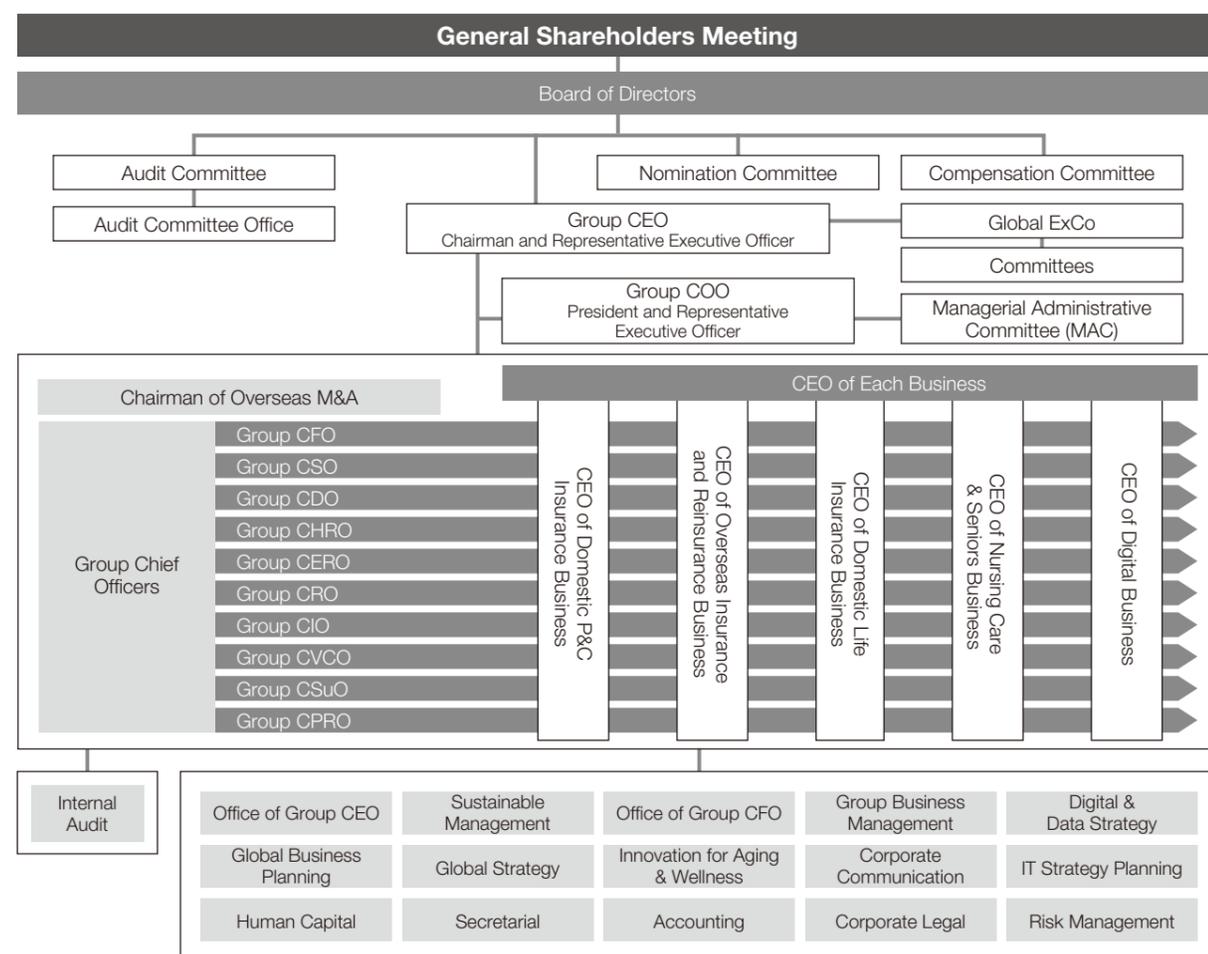
Corporate Overview

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, Chairman and Representative Executive Officer:	Kengo Sakurada
Employees:	474*
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 (Prime Market)
URL:	https://www.sompo-hd.com/en/

* As of March 31, 2022

Organization Chart

(As of August 1, 2022)



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 CERO: Group Chief External Relations 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 (Prime Market)

Matters for the General Meeting of Shareholders

The 12th General Meeting of Shareholders was held on June 27, 2022. 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 2021 (April 1, 2021 to March 31, 2022)
- The financial statements for fiscal 2021 (April 1, 2021 to March 31, 2022)

Matters to Be Resolved

- Proposal No. 1: Disposition of Retained Earnings
 - Proposal No. 2: Partial Amendments to the Articles of Incorporation
 - Proposal No. 3: Appointment of 14 Directors
- The proposals were approved as initially proposed.

Distribution and Shares

(As of March 31, 2022)

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	347,698,689 (Including treasury stock)
(4) Total number of shareholders	49,082

2. Types of Shareholders

Category	Number of Shareholders	Number of Shares Held (Thousands) ¹	Portion of Shares Outstanding (%) ²
National and Regional Governmental Organizations	2	8	0.00
Financial Institutions	154	128,935	37.08
Securities Companies	50	16,683	4.80
Other Corporations	1,012	24,244	6.97
Foreign Investors	923	136,659	39.30
Individuals and Others	46,941	41,167	11.84
Total	49,082	347,698	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, 2022)

Name of Shareholder	Number of Shares Held (Thousands)	Percentage of Shares Outstanding (Excluding Treasury Stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	61,024	17.76
Custody Bank of Japan, Ltd. (Trust account)	19,165	5.58
GOVERNMENT OF NORWAY	14,926	4.34
JP MORGAN CHASE BANK 380055	12,931	3.76
Sompo Holdings Employee Shareholders Association	8,666	2.52
JPMorgan Securities Japan Co., Ltd.	6,163	1.79
STATE STREET BANK WEST CLIENT - TREATY 505234	5,557	1.62
The Dai-ichi Life Insurance Company, Limited	4,492	1.31
JP MORGAN CHASE BANK 385781	4,184	1.22
NIPPON EXPRESS HOLDINGS, INC.	3,901	1.14

Note: 1. In addition to the above, the Company holds 4,134 thousand shares of treasury stock. This number of treasury stock does not include 961 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 (4,134 thousand shares).
3. The shares held by The Dai-ichi Life Insurance Company, Limited are those 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., The Dai-ichi Life Insurance Company Retirement Benefit Trust).

The Sompo Group consists of 95 subsidiaries and 21 affiliates. The Group is engaged in domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care & seniors businesses. Major Group companies are as follows.

Domestic P&C Insurance

- ◎ Sompo Japan Insurance Inc.
- ◎ SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
- ◎ Sompo Japan Partners Inc.
- ◎ Mysurance Inc.
- ★ Capital Insurance Corporation

Overseas Insurance and Reinsurance Business

- ◎ 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

- ◎ Sompo Himawari Life Insurance, Inc.

Nursing Care & Seniors

- ◎ Sompo Care Inc.

Financial and Other Services

- ◎ Sompo Warranty Inc. (Extended warranty)
- ◎ SOMPO Light Vortex Inc. (Digital-related)
- ◎ Sompo Asset Management Co., Ltd. (Asset management)
- ◎ Sompo Japan DC Securities Inc. (Defined contribution pension plans)
- ◎ Sompo Risk Management Inc. (Risk management)
- ◎ Sompo Health Support Inc. (Healthcare)
- ★ Tier IV, Inc. (Autonomous driving platform development)
- ★ Palantir Technologies Japan K.K. (Software sales)
- ★ DeNA SOMPO Mobility Co., Ltd. (Consumer-to-consumer car sharing)
- ★ ABEJA, Inc. (AI-related)
- ★ DeNA SOMPO Carlife Co., Ltd. (Private car leasing)
- ★ akippa Inc. (Parking space sharing)

Note: The meanings of each symbol are as follows. ◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method

Sompo Holdings, Inc.

DATA

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.	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.	Shinjuku-ku, Tokyo	February 28, 1989	100 million Japanese yen	Domestic P&C Insurance	—	100.0
Mysurance Inc.	Shinjuku-ku, Tokyo	July 17, 2018	2,075 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	1,872,498 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.	Shinagawa-ku, Tokyo	May 26, 1997	3,925 million Japanese yen	Nursing Care & Seniors	100.0	—
Sompo Warranty Inc.	Chiyoda-ku, Tokyo	August 20, 2009	95 million Japanese yen	Others (Extended warranty)	100.0	—
SOMPO Light Vortex, Inc.	Shinjuku-ku, Tokyo	July 1, 2021	12,198 million Japanese yen	Other (Digital-related)	100.0	—
Sompo Asset Management Co., Ltd.	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management service)	100.0	—
Sompo Japan DC Securities Inc.	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	—
Sompo Health Support Inc.	Chiyoda-ku, Tokyo	October 1, 2018	10 million Japanese yen	Other (Healthcare)	100.0	—
47 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
Capital Insurance Corporation	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	100 million Japanese yen	Other (Autonomous driving platform development)	18.0	—
Palantir Technologies Japan K.K.	Shibuya-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	—
ABEJA, Inc.	Minato-ku, Tokyo	September 10, 2012	3,114 million Japanese yen	Others (AI-related)	—	22.0
DeNA SOMPO Carlife Co., Ltd.	Shibuya-ku, Tokyo	March 25, 2019	100 million Japanese yen	Other (Private car leasing)	39.0	—
akippa Inc.	Naniwa-ku, Osaka city, Osaka	February 2, 2009	100 million Japanese yen	Other (Parking space sharing)	33.5	—
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.

Sompo Holdings, Inc.

26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku,
Tokyo 160-8338, Japan

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