

Sompo Holdings Integrated Annual Report 2023



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Editorial Policy

The Company prepared the Integrated Annual Report 2023 with reference to the International Integrated Reporting Framework*1 and METI's Guidance for Collaborative Value Creation*2. It provides an easy-to-understand explanation of our business model and 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.

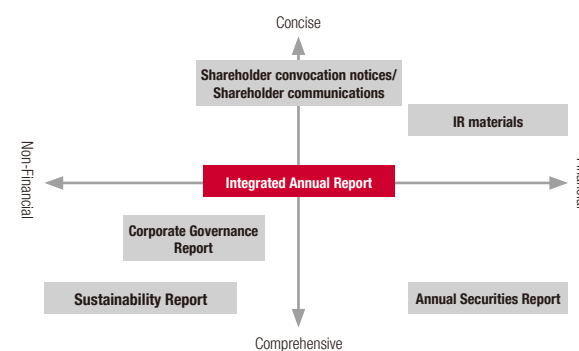
*1 An international corporate reporting framework maintained by the Value Reporting Foundation, which enables companies to tell their short-, medium-, and long-term value creation stories.

*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.



About the cover design

The design of the cover of this Integrated Annual Report 2023 was inspired by the "Value Creation Cycle," which serves as a common framework across the Sompo Group. The image, which shows My Purpose (which is unique for each employee) superimposed over SOMPO's Purpose, expresses SOMPO's unique story of providing a wide range of value to society.



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.



We would like to deeply apologize to our customers, shareholders, agents, business partners, and all other stakeholders, for the compliance issues that have surfaced, including employee involvement in the practice of adjusting premiums at our subsidiary, Sompo Japan Insurance, and fraudulent insurance claims by used car dealerships that act as insurance agencies for Sompo Japan Insurance. We understand the significant inconvenience and concerns this has caused.

As a Group with insurance as its mainstay business that depends upon the trust of society, we take the current situation very seriously. We have established an investigative committee comprising external lawyers and the like and we are making every effort to fully clarify the situation. We are committed to ascertaining the facts and the true causes of these events and going forward the Group will work as one to regain the trust of all stakeholders.

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To create a society in which every person can live a healthy, prosperous and happy life in one's own way

We will never let this lofty ambition be dismissed as a mere pipe dream.

In these uncertain times, the one thing that we rely upon is the thoughts and feelings that are in the heart of every one of us.

SOMPO strives to evolve into a powerful organization where every employee respects one another and works with a sense of fulfillment and happiness by facing each employee's thoughts and feelings deeply.

When diverse values and thoughts intermingle and we are passionately motivated to take on a challenge, the "Value Creation Cycle" continues to expand and accelerate.

In this way, new innovations that make security, health & wellbeing possible will continue to be created.

The thoughts and feelings that are in the heart of every employee will make SOMPO's Purpose a reality

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

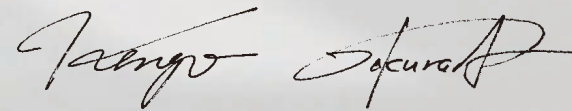
- Protect people from future risks facing the society
- Create a future society for healthy and happy lives
- Foster the ability to change the future society with diverse talents and connections

Message from the Group CEO

SOMPO's unique purpose-driven management will make it indispensable.

Kengo Sakurada

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



Introduction

The world is undergoing VUCA (Volatility, Uncertainty, Complexity, and Ambiguity). Events unimaginable in the past have occurred in quick succession and with immense impact on our daily lives, from the normalization of extreme weather and severe natural catastrophes, to rapid advances in artificial intelligence (AI), the COVID-19 pandemic and soaring energy and resource prices due to Russia's invasion of Ukraine. In an increasingly chaotic world, we cannot predict the future even a few months ahead, let alone in a year's time.

All the more so because of the world we live in. Each person needs to think proactively, flexibly adapt to changes and overcome many challenges. There is no time to stop and think. Individuals with personal identity and organizations, a group of individuals, need to think about

the ideal nation and society, and try to make innovation happen no matter small it may be to realize a society with high levels of happiness. I call this a "Society Co-Created by *Seikatsusha*" that would be realized by various stakeholders coming together.

This Japanese term "*Seikatsusha*" encompasses individuals in their multiple roles or experiences, from that of a family member, to being a consumer, a workers, member of organizations, and as one of a group of individuals. As members of a "Society Co-Created by *Seikatsusha*," firms need to broaden the diversity and talent in their organizations, and to drive even more innovation to create "happiness" in many facets for all stakeholders in society. I believe that a precondition for this is inclusion where a diversity of individuals are valued and respected, and that "purpose" forms the foundation of inclusion.

SOMPO's purpose-driven management

Purpose-driven management unique to SOMPO

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." It sets out the social challenges that SOMPO should address, values delivered by SOMPO to the society, and approach to fundamental needs and values of humans to "live in good security, health, and wellbeing." It also indicates the future direction, such as common goal and mission, of diverse businesses and employees of Sompo Group.

At SOMPO, we are working to put our unique "purpose-driven management" at the heart of our business management. This 'SOMPO style' is expressed in the diversity of our business segments and purpose-driven management. The Group's diverse business segments, including insurance, nursing care, and digital, work along a common "Theme Park" strategy, and coordinate and cooperate across business boundaries to deliver on SOMPO's Purpose. This initiative is driven by the intrinsic "My Purpose" of our individual employees and their diverse backgrounds, and is pushed ahead by unleashing their capabilities to the fullest. This is what I consider purpose-driven management that is unique to SOMPO. SOMPO aims to become a corporate group that creates various innovations to increase the happiness of multiple stakeholders by practicing purpose-driven management unique to SOMPO.

Message from the Group CEO

“My Purpose” as a driver

“My Purpose” represents the individual’s purpose of work and life, and is intrinsic to the individual’s experience and values. “My Purpose” expressed by Sampo Group employees is diverse, such as “to bring customers more smiles through insurance” (P&C insurance) and “to provide a place for making the best memories” (Nursing Care). By aligning “My Purpose” with SOMPO’s Purpose, individuals repeatedly take on new challenges driven by their intrinsic motives to realize common purpose. We continue to develop our corporate culture in this way.

Based on the belief that it is of utmost importance for executives to speak with own words and have dialogues with employees, I have been holding town hall meetings since 2021. I have discussed “My Purpose” with Sampo Group employees around the world (cumulative total of 25,000 people) and conveyed the objective of SOMPO’s unique purpose-driven management. Because SOMPO employees from diverse business segments, countries, and regions can inspire and energize each other through discussion of “My Purpose” and SOMPO’s Purpose, I will continue to actively hold these meetings as the leader of Sampo Group.

It is more important than anything else to expand new challenges on a group-wide basis to push through purpose-driven management unique to SOMPO. In 2022, we launched a new “SOMPO Award” for outstanding Sampo Group employees around the world. The Group-wide award scheme is aimed at changing corporate culture by encouraging employees to repeatedly take on challenges driven by My Purpose and to do so without fear of failure. Although it was the first year since the launch, nearly 1,000 excellent projects driven by My Purpose were submitted for consideration. These included a SOMPO-way children’s cafeteria by a team formed to “make it widely known that nursing care is a valuable and wonderful occupation.” Another was for development of a remote support service for people with vision impairment or blindness, and driven by the desire to “realize a society where every person feels excited.” The SOMPO Award provides a forum for Sampo Group



employees to talk about own challenges driven by My Purpose and recognize each other for their efforts. I hope this would receive empathy and connect Sampo Group employees around the world, help expand the circle of new challenges, and accelerate innovation.

Developing Unrealized Financial Value into enterprise value

Enhancing Unrealized Financial Value

Efforts that form the basis of purpose-driven management, are termed “non-financial” initiatives. These efforts do not directly increase financial value, but aim to raise financial value and enterprise value in the mid- to long-term. In terms of the social value created by firms, stakeholders expect firms to work on addressing greater social challenges and deliver value. This is exactly why firms exist. The firm needs to communicate eloquently, based on evidence, about how to enhance enterprise value by commercializing “non-financial” initiatives, which social challenge the firm tries to address, and its unique social value. Together, these eventually raise enterprise value.

At SOMPO, value created by such initiatives that raise financial value and enterprise value in the mid- to long-term is what we call “Unrealized Financial Value.” We will increase these initiatives on a group-wide basis while ensuring these help raise financial value and enterprise value. Employee engagement is high at diversified organizations, while financial performance is strong at highly engaged organizations. We leverage various metrics to measure and analyze these correlations as we pursue internal and external routes to help increase financial value and enterprise value.

Social value created by “egaku,” a Real Data Platform for Nursing Care

An initiative unique to SOMPO that creates enormous social value is “egaku,” a Real Data Platform for Nursing Care that we commercialized in FY2023. Predictions are for a labor supply and demand gap in nursing care, as a result of low fertility and the aging population that would result in a system collapse by 2040 in Japan and later occur in other countries. By visualizing and analyzing real data, such as daily vital data of care home residents, “egaku” enables the best care for each person. It also brings other benefits, such as improvements to productivity and the quality of care. It allows employees to focus on the care services that only humans can provide,

making time for employees, and increasing employee satisfaction and engagement. We will roll out “egaku” to the entire nursing care industry, not just in SOMPO. We aim to make this service a de facto standard in the nursing care industry helping to close the labor supply and demand gap in nursing care, which is predicted to widen to 690,000 people in 2040. We will also contribute to a future society where everyone can receive nursing care when needed.

According to our estimates, “egaku” would close the labor supply and demand gap in nursing care by 220,000 people and create GDP-equivalent social value of 3.7 trillion yen (US\$ 27.8 billion). I have not heard of any other effective solution, in Japan or around the world, that helps close this labor supply and demand gap in nursing care, so SOMPO will confidently forge ahead to address challenges facing the world, not just Japan. We will support as many seniors as possible, steadily work on creating value by changing the future of nursing care, something only SOMPO can accomplish, and enhance enterprise value.

To become “indispensable”

Lastly, I will touch upon the Mid-Term Management Plan.

Sampo Holdings, Inc. was established in 2010 with the integration of two Japanese P&C insurance companies. Since then, we have aggressively transformed the group to establish “A Theme Park for Security, Health & Wellbeing,” a unique business model in the world, and to be “indispensable.” In our core insurance business, we have worked to build a business portfolio conducive to further growth and resilience by improving the profitability of our Japanese P&C and life insurance companies. We have done this through integration, and by establishing a global platform with the acquisition of a large foreign insurance company. We have steadily built a business foundation to realize “A Theme Park for Security, Health & Wellbeing” by fully entering the nursing care industry in 2015, investing aggressively in the digital business since 2016, and forming an alliance and strong partnership with Palantir Technologies.

Our goal under the 3-year Mid-Term Management Plan which started in FY2021 is to realize “A Theme Park for Security, Health & Wellbeing” based on these foundations.

The focus of the 3-year period is to deliver on our purpose, and the Group has worked as one in implementing initiatives. As a result, the Overseas Insurance and Reinsurance Business has become a driver of the group’s growth and established a strong financial foundation which is integral to forging ahead to realize



our Theme Park vision. The wealth of real data derived from our diverse businesses, which is one of SOMPO’s strengths, is utilized through “egaku,” a new business that creates enormous social value. In FY2022, we missed our adjusted consolidated profit target due to one-off effects but in FY2023, adjusted consolidated profit is expected to reach a new record high of 280 billion yen, and the ROE target of 10% is likely to be met. As Group CEO, I feel confident about our accomplishments towards our Theme Park vision, which we have been working on for more than 10 years.

However, if asked whether SOMPO has yet realized our Theme Park vision and became indispensable, I have to answer not to the degree I had hoped, and we need to continue the pursuit. As Group CEO, I will work closely with Mikio Okumura, our Group COO, to accelerate purpose-driven management unique to SOMPO, increase workplace diversity based on inclusion, utilize data and digital technologies to their fullest, and continue to create new value that helps to address social challenges. I will work to ensure SOMPO becomes the corporate group we aspire it to be, and to make SOMPO indispensable by ensuring we deliver unique value in the world.

Message from the Group COO

Our Purpose is to create a society in which every person can live a healthy, prosperous, and happy life in their own way.

To this purpose, we strive to meet the changing needs of customers and earn their trust while strengthening our core and our resilience.

The origin of the Sompo Group is in Tokyo Fire Insurance Company, Inc., Japan's first fire insurance company, founded in 1888. When fires occurred, Tokyo Fire Insurance Company representatives not only provided financial compensation in the form of insurance, but also rushed in before anyone else and risked their own lives to protect customers from the fire.

Over 135 years, we have inherited this DNA and it is now part of SOMPO's Purpose.

We deliver "Security, Health & Wellbeing" to our customers to create a society in which every person can live a healthy, prosperous, and happy life. To this end, we protect people from future risks facing society, create a future society for healthy and happy lives, and foster the ability to change future society through diverse talents and connections. We will continue to deliver these three values.

To achieve this, I believe it is essential to first gain an accurate grasp of the changes in society and Sompo Group's business environment, and to then take a hard look at our own business model and values and take what we learn to heart. As the Group Chief Operating Officer (COO), I am relentless in developing our future-oriented mindset and implementing what we have to do to meet the changing needs of customers and earn their trust while strengthening our core and our resilience.

Mikio Okumura

Group COO
Director
President and Representative Executive Officer



Squarely facing a tough environment

Since taking office as Group COO last April, I continue to question myself to ensure I correctly and calmly recognize the business environment in which the Group finds itself and how to squarely face harsh reality to realize SOMPO's Purpose and achieve sustainable growth.

First of all, I believe we must accept the demographic dynamics of Japan, our main market. For the first time in history, Japan is facing a permanent population decline. In fact, Japan's population declined from a peak of about 128 million people in 2008 to about 124.6 million in 2023. Since this is a decrease of only 2.6%, many may not even realize that the population is declining. However, the decline in the number

of births is remarkable. In 1965, when I was born, there were about 1.82 million births, but in 2022, there were less than 800,000 births, the lowest number in history. According to one study, Japan's population is projected to fall below 100 million by 2056, and the number of births will fall below 500,000 by 2059. In other words, there is no question that Japan is facing a steep population decline going forward.

Furthermore, expectations are that the working-age population aged 15–64 will decline from its peak of approximately 87.16 million in 1995 to 74 million in 2023 and 52.75 million in 2050. Meanwhile, the percentage of seniors aged 65 and over continues to rise, reaching 28.9% in 2022. In other words, because the number of those working is decreasing, the number of people supporting those not working is not increasing, it will be impossible for the economy to keep growing. We need to take these demographic changes to

heart and not remain stuck in a business model that assumes a steadily growing population and economy, as has been the case in the past.

Next is climate change, which is a global social issue and a growing risk. We cannot avoid this issue, both to pass on a better society to the next generation and for SOMPO to achieve sustainable growth. Natural disasters continued to rage in 2022, with insured losses of approximately 18.5 trillion yen, well over the 10-year average of 12.7 trillion yen. The intensification of natural disasters has been increasing by 5–7% annually for the past 30 years, and is expected to continue. As a Group whose core business is P&C insurance and which is expected to protect people from the risk of natural disasters, we must reconsider how we conduct business that enhances our resilience and ability to deliver peace of mind to our customers.

Moreover, supply chains have been disrupted by the COVID-19 pandemic, while inflation has continued at levels not seen in recent decades. Prices continue to rise more than expected in Japan, as evidenced by the higher-than-expected consumer price index released by the Bank of Japan in July of this year. In Japan, where deflation has persisted for a long time, not many people have experienced an economic environment of sustained inflation. Under such circumstances, it is necessary to constantly think about what to change and what not to change.

Most important of all is the transformation of customers' values and needs that accompanies these changes in the business environment. For example, when it comes to insurance procedures, value in the customer experience is advancing by leaps and bounds, with insurance that can be easily purchased with just a few clicks on a smartphone, and

Message from the Group COO



video explanations of personalized policies, among other innovations. We need to provide new services that respond to the evolution and transformation of these customer expectations. In addition, preventive and pre-symptomatic needs that arise before insurance is needed, will continue to grow in the future.

Our business model up until now has certainly worked. In the future, however, as the external environment and assumptions change significantly, society will have no need for business models, values, and ways of working based on the past, no matter how successful they were before. I recognize that there are many issues that must be re-examined, including, for example, industry practices such as cross-shareholdings between companies and joint underwriting by several insurance companies under the same terms and conditions. Above all, we need to re-examine our own mentality and corporate culture.

We must accept these realities and truths without averting our eyes, accurately identify changes in customer needs, and develop concrete measures to address them. I am determined to take the lead in driving the transformation of the Group.

What we have been working on

To respond to changes in the external environment, we have been working on scale expansion and risk diversification in the current Mid-Term Management Plan. Since the establishment of Sompo Holdings in 2010, the Domestic P&C Insurance Business has generated the majority of the Group's earnings.

However, the P&C insurance business is strongly correlated with population, which means at some point we may face a situation where it stops growing, since as I mentioned earlier, we are in an environment of steady population decline. Therefore, in addition to embarking on earnings structure reform in the Domestic P&C Insurance Business, we have been pushing ahead with a reconsideration of the earnings structure and business portfolio of the Group as a whole, including the aggressive allocation of management resources to overseas insurance markets with high growth potential, and entering the nursing care market that is expected to expand as the population ages.

This effort has shown some results. The Group's premiums written have grown significantly, mainly in our Overseas Insurance and Reinsurance Business from around 1.9 trillion yen in 2010 when Sompo Holdings was established, to nearly double at approximately 3.6 trillion yen in FY2022. I am also proud to report that our efforts towards scale expansion and risk diversification have had some success. For example, the ratio of the Overseas Insurance and Reinsurance Business to adjusted profit increased from about 15% in FY2020 before the start of the current Mid-Term Management Plan to about 43% in FY2022.

In the Japanese senior market, which is expected to expand, Sompo Group holds the No. 1 position in terms of the number of rooms for nursing care. We are seeing a good response from customers with an improving occupancy rate thanks to the expansion of nursing facilities and home-based offices, and the increasing productivity and sustained quality of our nursing care. As a result, sales in FY2023 are expected to exceed the targets set in our Mid-Term Management Plan.

There are two lessons I have learned through my experience as head of our nursing care business. One is the value of the nursing care business in enabling us to have daily contact with customers, something that is difficult to achieve with insurance. The second is the seriousness of the nursing care supply-demand gap; that is, the fact that staff involved in care cannot keep up with the increase in the number of seniors in need of care, which is a serious social problem. This is truly a national crisis that is not only a problem for Japan but is expected to be faced by other developed countries in the future, and a matter I believe SOMPO must face and solve for.

We have developed the "egaku" service as one solution to realize that vision. It enables visualization of the health status of residents in nursing care facilities and predicts the necessary support for seniors receiving nursing care. This solution not only enables appropriate services to be provided, but also reduces the burden on care workers. As a result, we expect it to improve productivity while sustaining the quality of care and improve engagement among caregivers. In turn, I believe this will contribute to closing the nursing care supply-demand gap.

We developed the "egaku" service using data sourced from nursing care users and others and technology from our partners, including Palantir, one of the world's leading data analysis companies. We will use this data and technology to meet the true needs of our customers. This is the strategy incorporated into our Real Data Platform (RDP), of which the commercialized service "egaku" is the first step.

Going forward, we will use data and technology to meet customer needs, not only in the nursing care business but in various other Group businesses. Data from our customers will help us better understand their needs, and develop and provide new services for them. We will continue to build our platform for delivering this value.

Taking on the challenge of creating new value

Again, we need to change ourselves to better meet our customers' needs. We need to rethink our organization, systems, and business model and build a structure that can respond seriously to customer needs and make quick decisions. Embedding diversity and inclusion in our organization is also essential to meeting and responding to these diverse voices and needs. That way, all executives and employees from the head office to the operational frontlines must listen to the voices of customers and other stakeholders, think proactively about what is required of us and what our end goal should be, and must speak-up and be heard within their respective organizations. Transforming into such a corporate culture is more important than anything else. To achieve sustainable growth, Sompo Group will work to strengthen resilience in the broad sense of building a strong and flexible organization that is more resilient to environmental changes.

On the financial side, in addition to the scale and diversification I mentioned earlier, we have achieved a certain level of success, such as improving investment income by having the Domestic P&C Insurance Business and the Overseas Insurance and Reinsurance Business work together as one with the aim of creating a conglomerate premium, but there is still much more to be done.

Our slogan for these efforts is "Building and Making Connections."

The Overseas Insurance and Reinsurance Business has grown to a scale approaching that of the Domestic P&C Insurance Business, and the premiums written by the Group as a whole are already among the best in the world. Tightly connecting these two businesses should make it possible to further grow the P&C insurance business by boosting its expertise in insurance underwriting, boosting its efficiency through optimal underwriting risk retention and optimized operations, and offering its products on a global basis. Going forward, as a global P&C insurance group, we will properly

assess our customers' risks, provide optimal coverage, and further improve our resilience to protect people from a wide range of risks.

In the area of health and wellness too, I believe we can work more effectively by connecting the Group's businesses. We are supporting the extension of healthy life expectancy, i.e., the ability of as many customers as possible to stay healthy for as long as possible, through the "Insurhealth®" product from our Domestic Life Insurance Business. In addition, our Nursing Care & Seniors Business is trying to contribute to closing the supply-demand gap in nursing care through the "egaku" service.

In the future, we intend to connect the services of these two businesses of life insurance and nursing care. We will use technology to connect the data from our customers, and then connect the services of various partners that support health and wellness. We will establish business-to-business connections, and use technology and data to connect with customers and stakeholders.

The Group will also provide solutions to the changing behaviors and needs of customers at each stage of their lives. To that end, we will connect the data from our customers to the various services offered by Sompo Group, including P&C insurance, life insurance, and healthcare, to support our customers take action to improve their health and wellness, and provide high-quality nursing care services as they age and need nursing care. In this way, we hope to evolve to be a companion in the lives of our customers.

I believe that the business environment and customer needs will continue to change, but rather than averting my eyes from the realities and inconvenient truths facing Sompo Group, I will seize these opportunities and lead reforms that promote growth. With the trust of our stakeholders, which is more important than anything else, I will continue to work hard to improve the Group's corporate value and realize SOMPO's Purpose.

Strategy to Realize SOMPO's Purpose

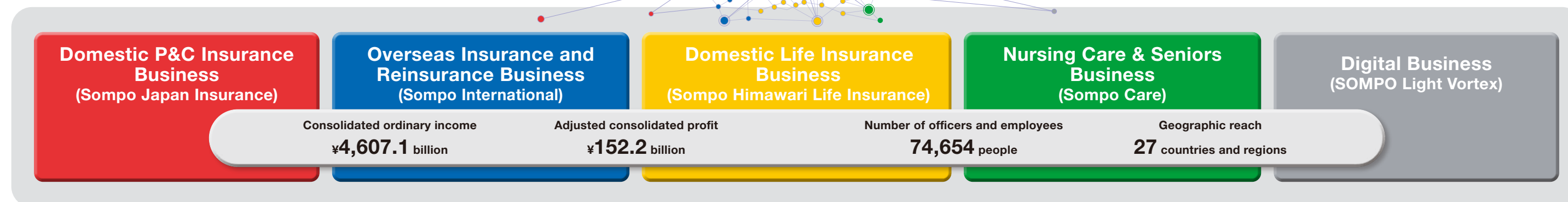
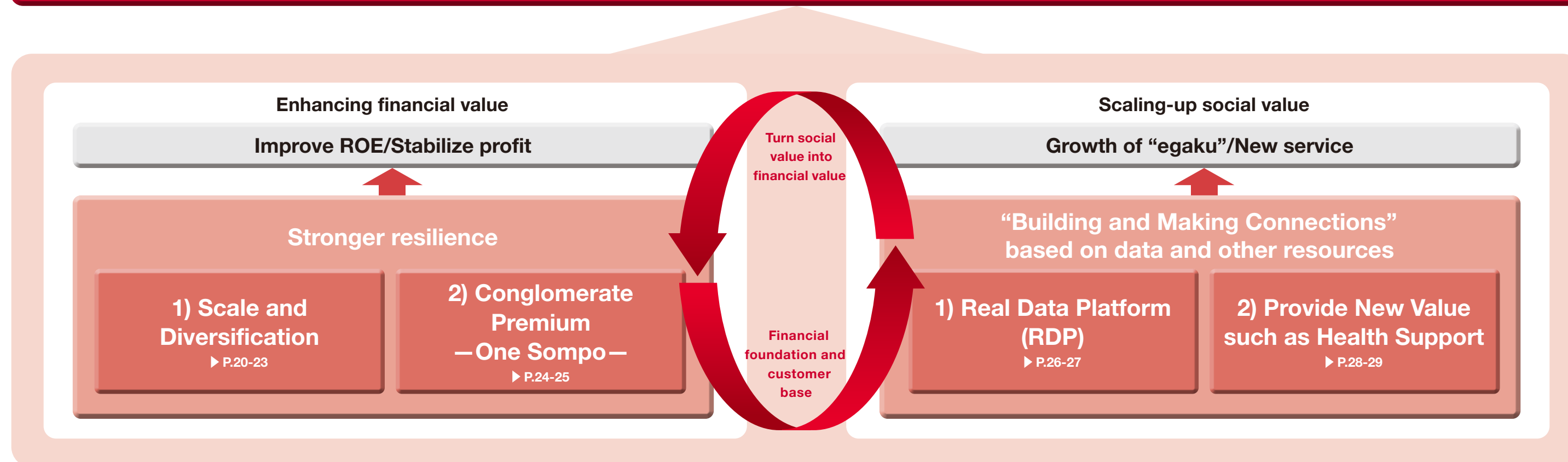
Strengthening resilience is essential for SOMPO to continue meeting the needs of its customers in order to realize SOMPO's Purpose. We aim to improve financial value by further promoting scale and diversification, which we have been working on under the Mid-Term Management Plan, as well as pursuing a conglomerate premium, while providing and returning to the Group the financial and customer base gained from these activities.

In addition, we aim to create social value by making use of the diversity of our business, which is one of the strengths of SOMPO, and by using data and other resources as the starting point for our strategy of "Building and Making Connections." Using the abundant data from the Group's operations as a starting point, we will connect our businesses to each other and make

connections with multi-stakeholders to understand the needs of our customers and adapt to their changing behavior. We will also create value that only SOMPO can provide and that only SOMPO can deliver, thereby enhancing our corporate value.

Key to the implementation of these strategies will be our digital strategies. In addition to contributing to business efficiency, cost reduction, and new service development through digital transformation (DX) (Horizon 1), we are spearheading the transformation of the business itself, for example by contributing to the development of new businesses by utilizing data accumulated through DX (Horizon 2). Furthermore, in anticipation of major changes in the future, such as Web3 and AI, we will continue to drive our own transformation and take on the challenge of realizing SOMPO's Purpose (Horizon 3).

SOMPO's Purpose



*Parentheses indicate major companies in each business segment. *As of March 31, 2023

Message from the Group CFO/CSO

Execution of medium-term profitability measures and effective capital policies will drive SOMPO's growth

Masahiro Hamada

Group CFO/CSO



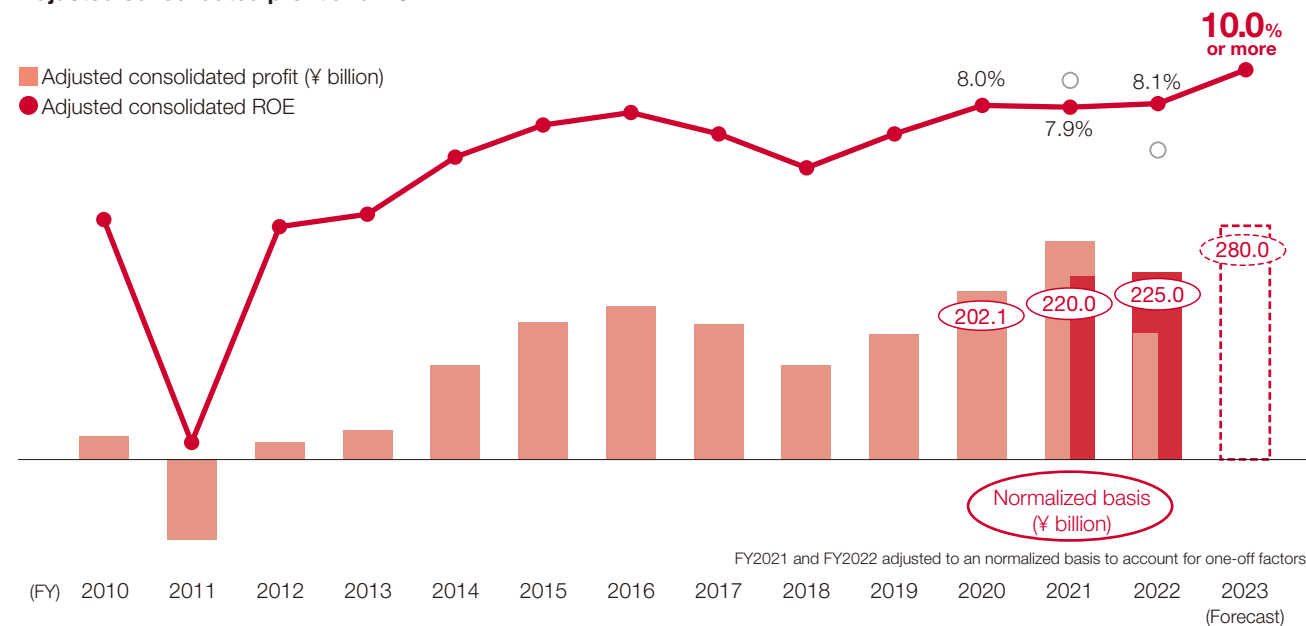
Progress on management targets

Our Mid-Term Management Plan that kicked off in FY2021 calls for adjusted consolidated profit of more than ¥300 billion and adjusted consolidated ROE of at least 10% as the management targets for FY2023, the final year of the plan. In the last two years, we have made solid progress on the initiatives outlined in the plan, including earnings structure reforms in the Domestic P&C Insurance Business and growth in the Overseas Insurance and Reinsurance Business. This has led to a steady improvement in underlying profitability.

On the other hand, the operating environment, particularly in the Domestic P&C Insurance Business, has changed significantly over the last two years. Specifically, the earnings environment in the

Domestic P&C Insurance Business is becoming increasingly challenging mainly because natural disasters are growing more severe and occurring more frequently; margins on fire and allied insurance, including major accidents and the like, have deteriorated; car accidents have increased more than expected after COVID-19; and unit repair costs for voluntary automobile insurance have skyrocketed due to inflation. Taking the impact of these factors firmly into account, we are forecasting adjusted consolidated profit of ¥280 billion in FY2023, just shy of the Mid-Term Management Plan target. However, we expect adjusted consolidated ROE to exceed the 10% target, partly reflecting the impacts of shareholder returns, the reduction of strategic shareholdings, and other capital policy measures.

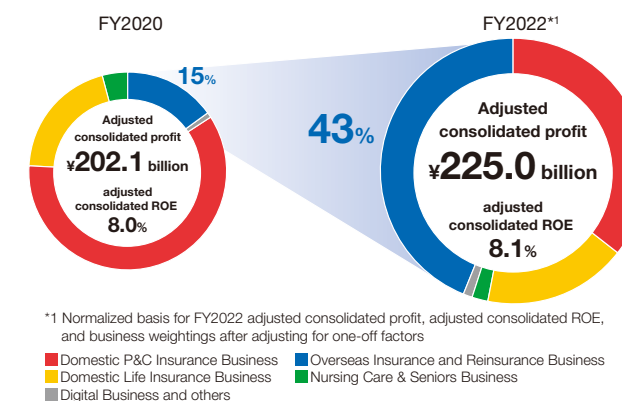
Adjusted consolidated profit and ROE



Measures boosting profitability during the MTMP period

Looking back on the first two years of the Mid-Term Management Plan, after stripping out one-off factors such as the increase in COVID-19 hospitalization benefits, FY2022 adjusted consolidated profit on a normalized basis came to ¥225.0 billion, which represents steady growth from the ¥202.1 billion posted in FY2020, the final year of the previous plan. Aided by the tailwind of a rising interest rate environment, we also recorded strong topline growth centering on the Overseas Insurance and Reinsurance Business, thereby achieving Group-wide annualized sales growth of more than 10%. Also, growth in the Overseas Insurance and Reinsurance Business predominantly from rate hikes and bolt-on M&As was the driver of Group-wide adjusted consolidated profit and, as a result, the overseas business weighting in the Group increased by approximately 30% over this two-year period, contributing to the diversification and stabilization of Group profit.

Weighting of Overseas Insurance and Reinsurance Business as a percentage of adjusted consolidated profit (normalized basis)



Furthermore, in addition to the steady progress made on initiatives in each business, in FY2022 we launched a new "conglomerate premium" initiative and promoted appropriate risk-taking throughout the Group in order to generate profit through the pursuit of the Group Best concept. The first step was to deploy concrete measures across businesses in the areas of retention & cession, asset management, and multinational. We are forecasting an after-tax profit boost of around ¥15 billion in FY2023 as a result of this initiative.

Evolution of each business in Japan

In the Domestic P&C Insurance Business, we have steadily carried out the earnings structure reforms outlined in the Mid-Term Management Plan. Standardizing pricing to match income and expenditures for insurance contracts, strengthening underwriting with the use of Palantir's data analysis technology, and boosting productivity by improving business processes with the use of digital tools, among other initiatives, have all yielded better-than-expected results.

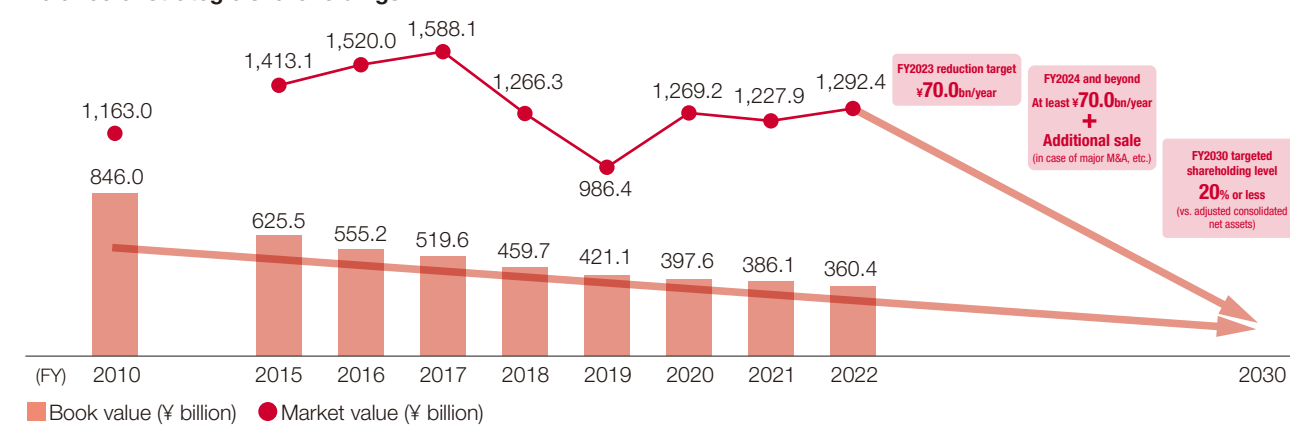
In the Domestic Life Insurance Business, revenue deteriorated in FY2022 owing to one-off insurance claim payments in connection with COVID-19, but the continued rollout of Insurhealth® products, which combine insurance and health support functions, has led to steady topline growth. As a result, we expect to achieve our Mid-Term Management Plan target for adjusted profit as well.

In the Nursing Care & Seniors Business, we made steady progress on developing "egaku," our Real Data Platform (RDP). Moreover, we beefed up our external sales structure mainly through the acquisition of ND Software Co., Ltd., a company that holds an industry-leading share of the nursing care software market, and pressed ahead with the development of a business foundation aimed at solving issues in society.

Capital policy during the MTMP period

Even on the capital policy front, we are making steady progress on the objectives of the Mid-Term Management Plan chiefly by minimizing risk in areas characterized by low capital efficiency and allocating capital to growth investments. Particularly regarding the strategic shareholdings of Sompo Japan Insurance, when the Mid-Term Management Plan was formulated, we set a reduction target of ¥50 billion per year (for a cumulative reduction of ¥150 billion over the plan's three-year period), but with the aim of further improving capital efficiency and generating surplus capital, we ramped up the annual pace of reductions to ¥70 billion starting from FY2022. Our policy in the medium term is to lower the balance of our strategic shareholdings to 20% or less compared to adjusted consolidated net assets by FY2030. However, this target is also a milestone on the way to further reductions in strategic shareholdings and we intend to continue this reduction in FY2030 onwards.

Balance of strategic shareholdings



Message from the Group CFO/CSO



As for interest rate risk, when we formulated the Mid-Term Management Plan, we aimed to have Sampo Himawari Life Insurance purchase super-long-term bonds worth ¥300 billion on an annual basis (for a total of ¥900 billion over the course of the plan), but in light of rising interest rates, we accelerated the pace of its super-long-term bond purchases to ¥489.3 billion in FY2022. As a result, the amount of interest rate risk at the end of FY2022 had been lowered to roughly one third of the level at the start of the Mid-Term Management Plan.

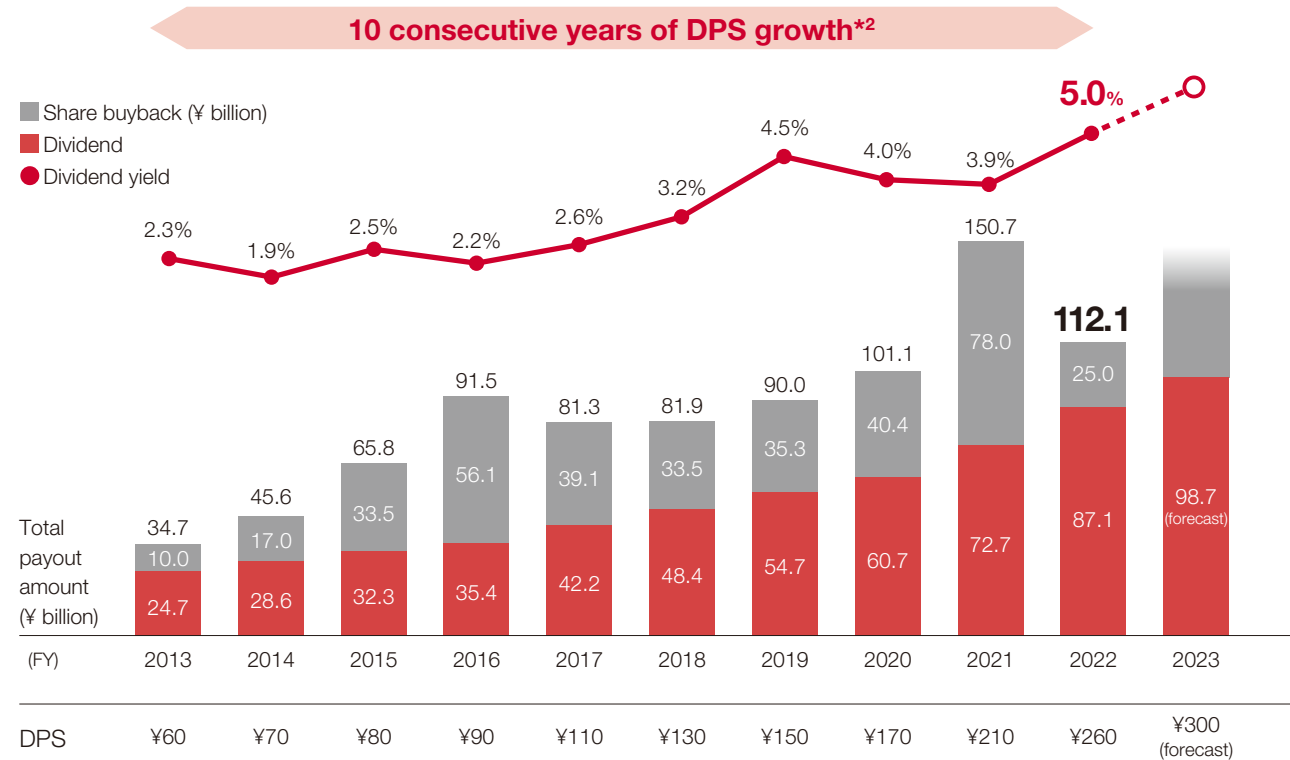
At the same time, ¥600 billion was earmarked for growth investments during the period of the Mid-Term Management Plan. In the first two years, we invested some ¥400 billion to facilitate

an increase in capital in the Overseas Insurance and Reinsurance Business and to acquire ND Software in the Nursing Care & Seniors Business. In FY2023 as well, we will continue to seek out investment opportunities that align with our medium- to long-term strategy and make investments at appropriate valuations with a high degree of discipline.

In terms of funds for these growth investments, in 2022 Sampo Japan Insurance issued its first series of straight corporate bonds for the purpose of financing the conglomerate premium initiative. Also, in 2023 we financed the acquisition of ND Software with the Group's first-ever issuance of ESG social bonds. This marks the first issuance of social bonds by a Japanese insurance group and many of the investors who endorsed our commitment to solving issues expressed their intentions of investing.

Turning to shareholder returns, we have long aimed to deliver attractive returns to shareholders whilst striking the right balance between improving capital efficiency and our appetite for growth investments. Specifically, 50% of adjusted consolidated profit is currently being paid as basic return. We have also provided supplementary returns in keeping with our transparent shareholder returns policy; in FY2021 we delivered an extra ¥20 billion to shareholders as a way of adjusting our capital levels, and in FY2022 we extended additional returns in order to maintain the previous fiscal year's level of return when profit declined. We also aim to raise dividends in line with profit growth, which is why we have hiked dividends for 10 consecutive years since FY2014. Plus, we have achieved annualized DPS growth of more than 20% since the start of the current Mid-Term Management Plan.

Shareholder returns



*2 Includes FY2023 forecast

On the topic of financial soundness, as of the end of FY2022, our economic solvency ratio (ESR)—an economic value-based equity ratio indicator—was 223%, within our target range of 200%–270%. Whilst we continue to invest in growth, there are still no concerns regarding our financial soundness, even though profit has been dented by one-off factors and earnings have been impacted by financial market volatility.

Even despite changes in the external environment weighing on

Group profits, we recognize that the steadfast execution of strategic and financial measures in the Mid-Term Management Plan has helped drive the share price to an all-time record high and is contributing to a recovery in the P/B ratio to above 1.0x (J-GAAP basis). On the other hand, the adjusted P/B ratio (which takes into account the impact of Japan's unique insurance accounting standards) is still currently below 1.0x, so going forward we will aim to get this multiple above 1.0x by further advancing our efforts.

Price-to-Book Ratio



Medium-term management strategy

While FY2023 is the final year of the current Mid-Term Management Plan, it is also the year in which we will formulate the next one. Even though each line of business is steadily growing, we are cognizant of the increasingly challenging business environment. That is why in FY2023, in addition to the current raft of Mid-Term Management Plan initiatives, we started implementing measures to further boost profitability over the medium term.

In our domestic and overseas P&C insurance operations, we will aim to further strengthen our resilience. In Japan, to improve the profitability of fire and allied lines in which margins have deteriorated in particular, we will aim to get earnings back into the black by the mid-2020s through fundamentally improving underwriting conditions with a review focused on not only premium levels, but shorter policy durations and the scope of coverage. Also, to boost productivity, we intend to simplify operations by discontinuing and consolidating products and streamline organizational structures, and improve the persistently high expense ratio to around 31%.

In the Overseas Insurance and Reinsurance Business, as the rate hike cycle that has hitherto supported steady topline growth gradually peaks out, we will look to engage in more profitable underwriting operations and build a diversified underwriting portfolio. We will also invest in geographical expansion with the aim of further stabilizing revenue. We are planning to invest in Canada, Europe, and Southeast Asia in order to diversify away from our existing businesses that are concentrated in the US and the UK.

In the Domestic Life Insurance Business and Nursing Care & Seniors Business, we will use data to generate stronger earnings and create value for society.

For the former, we continue to expand sales of Insurhealth®

products, but by analyzing the real data collected from these contracts, we can use it to encourage healthy behavior among customers and propose new services. With this approach, we will aim to generate synergies between stronger sales of insurance and health promotion efforts as a company that supports people's health.

As for the Nursing Care & Seniors Business, we will press ahead with the full-scale commercialization of the "egaku" project. With the inclusion of synergies with ND Software, which was acquired in 2023, our sights are set on ¥30 billion in sales and ¥10 billion in operating profit by FY2030. Our long-term aim is to become the de facto standard in the industry. We will also endeavor to solve issues in society by filling in the caregiver supply-demand gap.

With these measures for boosting profitability, along with an appropriate capital policy, we aim to drive the share price higher, improve valuations, and enhance corporate value. We attach a lot of importance to improving the P/B ratio as a key benchmark indicator.

Whilst the P/B ratio can be broken down to ROE and the P/E ratio, our domestic and overseas P&C insurance operations in particular are the mainstays of the Group and the driving forces behind ROE improvement as they are strengthening our resilience and maximizing synergies. On the other hand, especially in the Domestic Life Insurance Business and the Nursing Care & Seniors Business, initiatives like "egaku" are indicative of our focus on creating new added value and social value with real data. With this approach, we aim to stoke future growth expectations from investors and lift the P/E ratio.

Furthermore, we will continue to provide attractive returns to shareholders with the aim of realizing an adjusted P/B ratio above 1.0x at the earliest possible time.

We are confident of achieving further growth in the Group's businesses and enhancing overall corporate value.

Mid-Term Management Plan

With the aim of achieving the SOMPO's Purpose, we are currently implementing the three core strategies outlined in the Mid-Term Management Plan that kicked off in FY2021.

In addition to advancing our "Scale & Diversification" strategy such as chalking up topline growth of more than 10% annually and expanding the profit weighting of the Overseas Insurance and Reinsurance Business, we have also made steady progress on the core strategy of "New Customer Value Creation." For example, we launched the "egaku" Nursing Care RDP project and acquired ND Software, a company that boasts the leading share of the nursing care software market.

For the "New Work Style," we went about implementing what we call "Purpose Management" based on the My Purpose approach of each and every employee, and we undertook various initiatives aimed at improving human capital as the driving force of SOMPO's Unique Value Creation.

For FY2023, the final year of the plan, even though we expect to reach our adjusted consolidated ROE target of at least 10%, we are forecasting adjusted consolidated profit of ¥280 billion, which mainly reflects the impacts of increasingly intense natural disasters, global price inflation, and the COVID-19 pandemic.

Taking the challenging external environment into account, we will continue to work towards generating further growth and achieving SOMPO's Purpose by not only completing our current initiatives, but also by initiating and executing measures to boost profitability over the medium term.

Mid-Term Management Plan (FY2021–2023)

Objectives at the time of plan announcement

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
- Be a solution provider that goes beyond the boundaries of insurance

Three Core Strategies

1

Scale and Diversification

- Global topline growth
- Higher profit weighting of Overseas Insurance and Reinsurance Business
- Benefits of earnings structure reform in Domestic P&C Insurance Business

2

New Customer Value Creation

- Launch of "egaku" Nursing Care RDP
- Provision of new value through Insurhealth®

3

New Work Style

- Transition to Purpose Management
- Implementing Purpose Management based on the value creation cycle
My Purpose-based initiatives for improving human capital
Rollout of Group-wide "SOMPO Awards"

Business Foundation

Capital Policy/ERM

SDGs in Business Management

Governance

Key Financial Performance Indicators

*Targets refer to the Mid-Term Management Plan announced in 2021.

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)	
Adjusted consolidated profit	¥202.1 billion	¥261.3 billion	¥152.2 billion	¥280.0 billion	¥300.0 billion or more	
Adjusted consolidated ROE	8.0%	9.4%	5.5%	10% or higher	10% or higher	
Diversification effects	Risk diversification ratio	39.4%	41.1%	39.5%	40% or higher	Improvement on FY2020
	Overseas business ratio	14.9%	23.7%	43.2%*1	50% or higher	30% or higher

Domestic P&C Insurance

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)
Adjusted profit	¥130.1 billion	¥157.4 billion	¥32.0 billion	¥80.0 billion	¥150.0 billion or more
Net premiums written*2	¥1,903.4 billion	¥1,941.7 billion	¥2,014.7 billion	¥2,047.4 billion	¥2,000.0 billion
E/I combined ratio*2	94.3%	93.5%	100.9%	97.3%	91.7%
Reduction of strategic shareholdings	¥70.3 billion	¥50.1 billion	¥70.3 billion	¥70.0 billion	¥50.0 billion (three-year total: ¥150.0 billion)

Overseas Insurance and Reinsurance

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)
Adjusted profit	¥30.0 billion	¥61.8 billion	¥93.3 billion	¥150.0 billion	¥100.0 billion or more
GWP growth rate*3	+37.8%	+31.1%	+9.9%	+10.6%	Annual rate of approx. +9%
E/I combined ratio*3	97.8%	93.9%	93.5%	91.6%	88–89%

Domestic Life Insurance

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)
Adjusted profit	¥32.5 billion*4	¥33.6 billion	¥17.8 billion	¥40.0 billion	¥40.0 billion or more
Annualized new premiums*5	¥29.8 billion	¥35.6 billion	¥36.1 billion	¥46.0 billion	¥50.0 billion
Policies in force	4.26 million	4.45 million	4.71 million	5.00 million	5.00 million
Investment for ALM matching*6	—	¥329.4 billion	¥489.3 billion	¥300.0 billion	¥300.0 billion

Nursing Care & Seniors

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)
Adjusted profit	¥7.3 billion	¥5.9 billion	¥5.9 billion	¥7.0 billion	¥8.0 billion or more
Revenue	¥131.8 billion	¥136.1 billion	¥149.8 billion	¥178.8 billion	¥162.0 billion
Occupancy rate*7	89.4%	91.1%	92.3%	94.8%	93.8%

New Customer Value Creation

RDP		Nursing Care RDP "egaku"			
FY2023 target	Medium-to-long term target	FY2022 actual	FY2023 target	FY2030 target	FY2040 target
External sales and monetization of products and services that utilize RDP: Two businesses or more	Group revenue generated by the utilization of RDP: ¥500.0 billion or more	Decision on "egaku" launch	No. of facilities introducing "egaku" Nursing Care RDP: 100	Operating income of "egaku" Nursing Care RDP: ¥10 billion	Social impacts that "egaku" Nursing Care RDP creates: ¥3.7 trillion (elimination of supply-demand gap of 220,000 people)

*1 FY2022 overseas business ratio calculated using adjusted consolidated profit on a normalized basis to account for one-off factors

*2 Sompo Japan Insurance (excl. CALI, household earthquake insurance) *3 Sompo International commercial business *4 Recalculated according to current definitions

*5 Based on sales performance *6 30-year maturity equivalent *7 As of the end of the fiscal year

Further Strengthening Resilience 1) Scale and Diversification

Events that were unimaginable in the recent past are now occurring one after another, including natural disasters of increasing intensity, supply chain disruptions due to the COVID-19 pandemic, and higher-than-expected levels of inflation. In order to protect people from all kinds of risks in the face of this new normal, the Sampo Group has been striving to improve resilience by pursuing “Scale and Diversification” as a basic strategy in its Mid-Term Management Plan.

The pillars of the strategy are the expansion of global scale, the advancement of risk diversification, and the reform of the earnings structure in Japan. This part of the report describes the efforts of the two businesses that are driving these “Scale and Diversification” efforts: the Overseas Insurance and Reinsurance Business and the Domestic P&C Insurance Business.

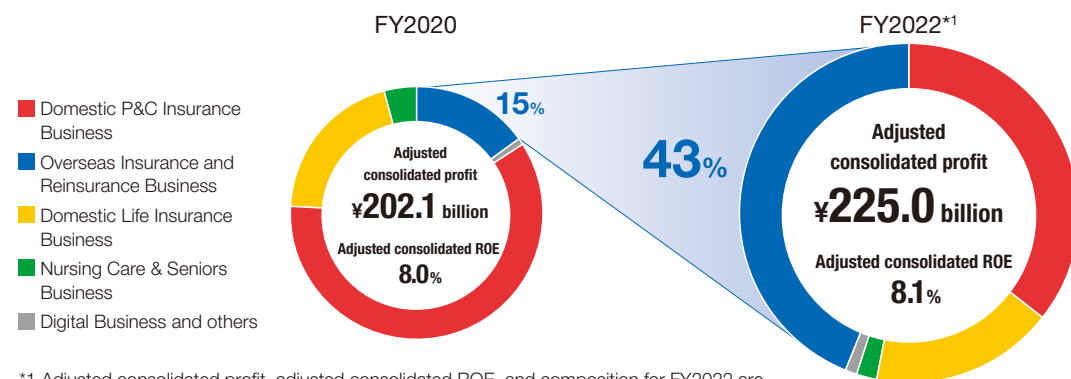
Advancing “Scale and Diversification” Globally

Results so far

In line with the current Mid-Term Management Plan, which calls for “Scale and Diversification” as a strategy to increase profit stability by moving away from a business portfolio in which the Domestic P&C Insurance Business generates the majority of profits, we have been working on the allocation of management resources to the Overseas Insurance and

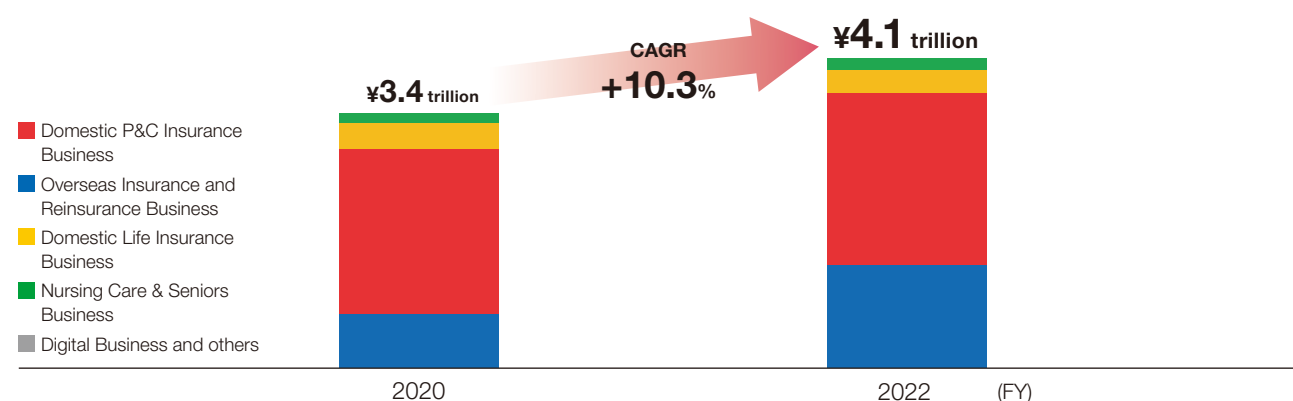
Reinsurance Business. As a result, the Overseas Insurance and Reinsurance Business has grown significantly over the past two years. In FY2022, the Overseas Insurance and Reinsurance Business accounted for 43% of the Group’s total profits, reflecting progress in diversifying the Group’s business portfolio and improving its resilience.

Overseas Insurance and Reinsurance Business accounts for more Group profits (progress in business portfolio diversification)



*1 Adjusted consolidated profit, adjusted consolidated ROE, and composition for FY2022 are reported on a normalized basis, adjusted for one-time factors

Expand scale by increasing premium income*2 of Overseas Insurance and Reinsurance Business



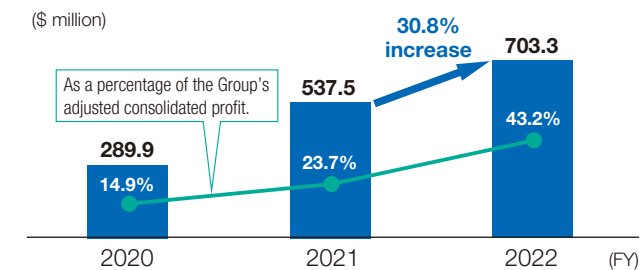
*2 Net premiums written + life insurance premiums + net sales in Nursing Care & Seniors Business

Achievements of Overseas Insurance and Reinsurance Business that led the Group

In FY2022, Sampo International continued to contribute strong growth in operating income with an adjusted profit of \$703.3 million, up 30.8% from FY2021 and contributing materially to the overall profit to Sampo Group. This result was achieved despite significant CAT events across the industry and supported by a continued focus on exposure management, diversification of the portfolio and prioritizing underwriting discipline. The combined ratio across Sampo International commercial insurance was 93.5% with the accident year combined ratio improving 0.8 pts to 92.1% in the calendar year. Gross Premiums Written were \$15.8 billion, 11.3% higher than in

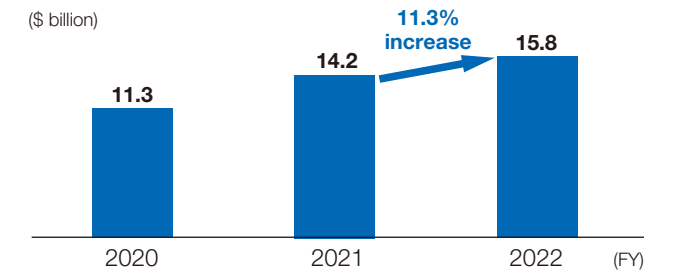
the previous year. The global commercial business expanded 9.9% as pricing trends remained positive and elevated commodity prices boosted agriculture insurance premiums. Both the commercial and consumer Insurance and reinsurance business segments contributed to this growth with the reinsurance portfolio surpassing \$4 billion in Gross Premiums Written and a combined ratio of 90.1%. The consumer business also posted strong organic premium growth driven. Excluding the impact of foreign exchange and inflation in this market, the growth of the overall consumer business was double digit compared to the prior year.

Transition in the adjusted profit of Sampo International



* The percentage of Overseas Insurance and Reinsurance Business in the Group’s adjusted consolidated profit is calculated on a normalized basis excluding one-off effects.

Transition in Gross Premiums Written of Sampo International



Future actions

After delivering market leading results there are still opportunities for Sampo International to grow while continuing to support existing customers with a simplified and compelling product and service offering. Today, the insurance segment is heavily focused on business in the United States and United Kingdom. This provides an opportunity to expand into some of the other top 10 P&C markets globally as well as into new geographies within borders to participate in local and regional retail and Excess & Surplus markets. Selectively expanding the commercial insurance business into Canada, Continental

Europe and Southeast Asia as well as delivering a broader commercial offering to our customers in Brazil will also be key drivers of growth. As the opportunities and market presents itself, we are ready to deploy more capacity to our reinsurance customers.

The introduction of the SOMPO brand to new customers and new markets along with geographic expansion and a sharp customer focus will position Sampo International to successfully deliver on commitments to the Sampo Group.

Comments from business owner



James Shea
CEO of Overseas Insurance and Reinsurance Business

Over the past several years Sampo International has grown to be a leading provider of commercial insurance and reinsurance in our markets outside of Japan. With over 130 years of history servicing over one million commercial and consumer customers across the world and a global P&C business of \$35 billion+ we believe it is time to focus on increased brand awareness and leveraging our size and financial strength to support existing and future customers on a level with other global P&C carriers.

A high performing successful organization attracts the best talent and creates a culture of empowerment. By delivering market-leading results, our organization will continue to give-back to society and the communities we operate in. We are excited about the future.

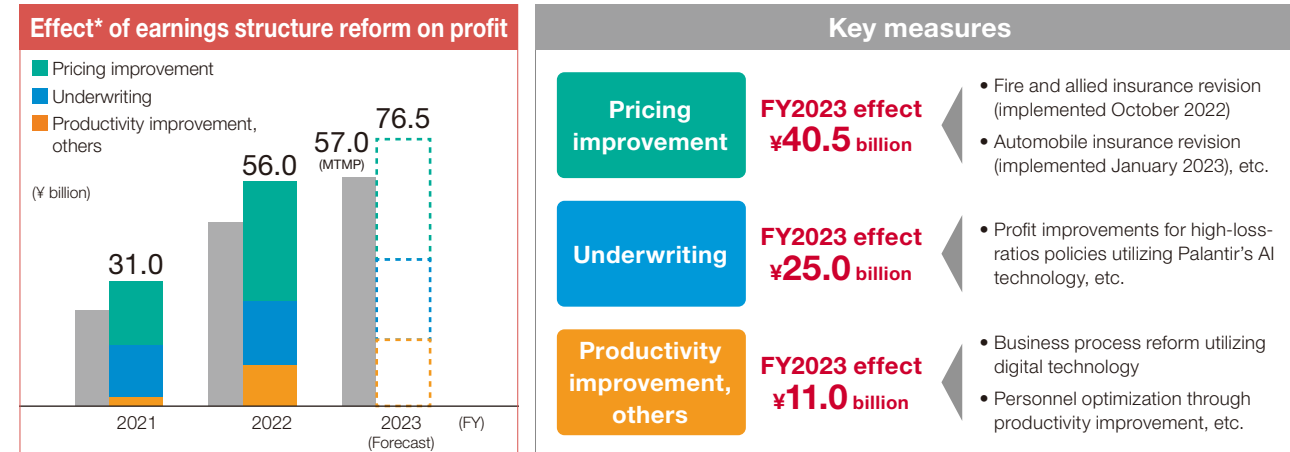
Earnings Structure Reform in Domestic P&C Business

Results so far

In order to continue fulfilling our mission of supporting the Security, Health & Wellbeing of our customers even in a rapidly changing environment, Sompo Japan Insurance has been working on earnings structure reform since fiscal 2019 under a three-pronged strategy of optimizing pricing, strengthening

underwriting, and improving productivity.

As a result, in fiscal 2023, the final year of the current Mid-Term Management Plan, we expect an increase in profit of 76.5 billion yen, which exceeds the initial target and represents a solid contribution to resilience.



* The effects are estimated by comparing with FY2020 actual on an after tax basis

Specific measures

With regard to optimizing pricing, we have worked to improve profitability by revising the product details and premium setting in our mainstay fire and allied insurance and automobile insurance products.

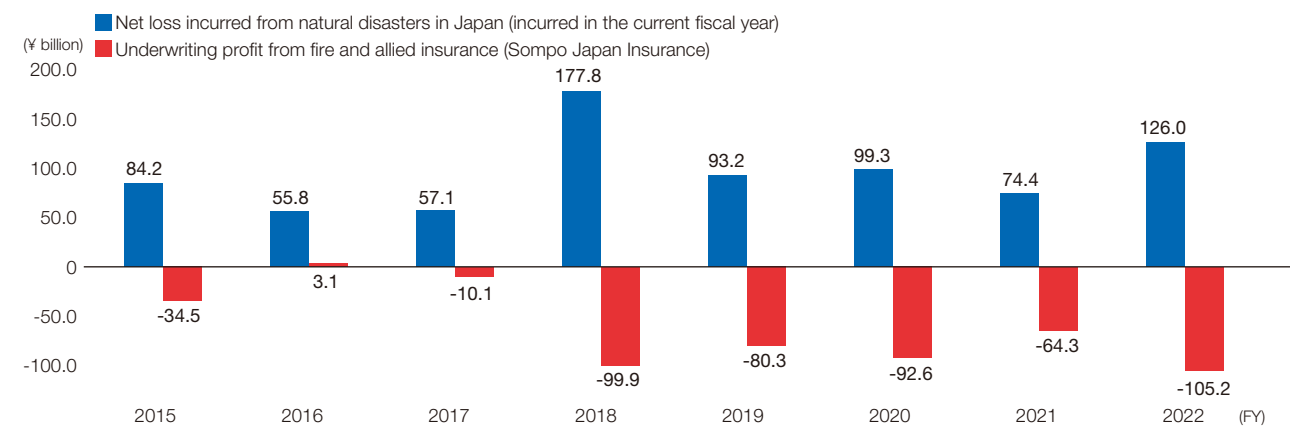
In terms of underwriting, we are using Palantir's AI underwriting to improve revenue from policies with high loss ratios.

With regard to productivity, we are improving productivity and optimizing our workforce by promoting business process

reforms that leverage digital technology.

Although these efforts are steadily generating results, the business environment has deteriorated significantly in recent years due to the increase in the frequency of natural disasters and higher-than-expected inflation. We recognize that further improvement in profitability is necessary to sustainably fulfill our responsibilities as an insurance company in the future.

Losses incurred due to natural disasters and balance of payments in fire and allied insurance



Future actions

While steadily continuing the measures that have been implemented so far as earnings structure reform, such as pricing optimization and utilizing Palantir's technology for underwriting, we will work on in-depth profit improvement measures and further productivity improvements, aiming to achieve an expense ratio of 31% in the medium to long term.

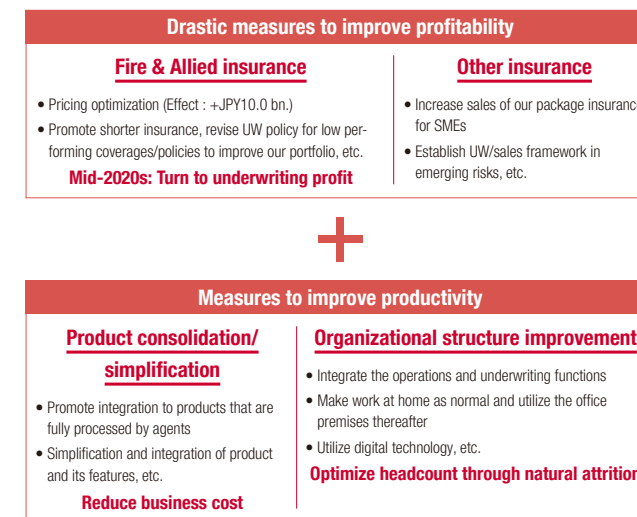
Improving the profitability of fire and allied insurance is an

urgent issue, and we aim to make a profit by the mid-2020s.

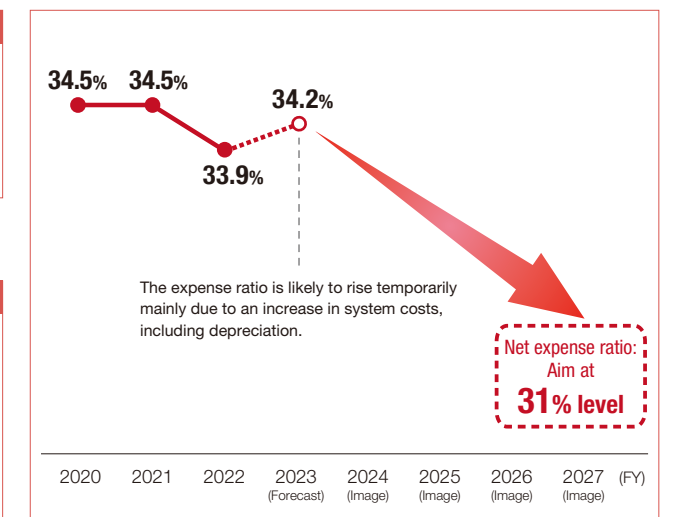
Specific measures to achieve profitability will include a fundamental review of premium rates and implementing portfolio improvements by reviewing coverage for unprofitable policies.

We will accelerate efforts to improve profitability in light of changes in the business environment, including more frequent natural disasters and an increase in large losses.

Actions to improve earnings



Expense ratio* outlook



*Sompo Japan Insurance (Excluding CALI & household earthquake)

Comments from business owner



Giichi Shirakawa
CEO of Domestic P&C Insurance Business

With regard to the earnings structure reform we are pursuing under the current Mid-Term Management Plan, steady progress is being made on our profit improvement measures utilizing Palantir's digital technology, which is one of the Group's advantages.

In addition, the positive feedback from our customers about our products and services has enabled us to achieve our target for net premiums written (excluding CALI and household earthquake) in fiscal 2022, one year ahead of schedule (the original target was for 2023, the final year of the Mid-Term Management Plan).

On the other hand, the business environment is undergoing major, non-transitory changes, such as more severe and frequent natural disasters, and the loss ratio, especially for fire and allied insurance, has remained high, putting pressure on profits.

Therefore, as a new action aimed at recovering profits, we will implement measures that go a step further than conventional measures. Specifically, in addition to reducing operating expenses through thorough productivity improvements, we plan to revise our rate levels in the next product revision based on the most recent earnings conditions and strengthen underwriting.

Our founding philosophy of "contributing to public welfare and the stability of people's lives and industrial development" remains unchanged to this day. We will work to restore profitability in order to continue to provide fire and allied insurance, which is an established social infrastructure, as a sustainable insurance product.



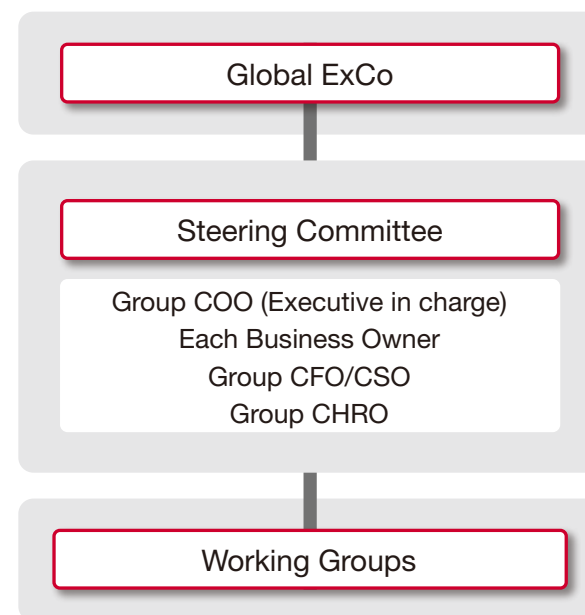
Project to leverage our strengths across the Group



In order to improve resilience, it is essential that each SOMPO business continues to improve its financial discipline, underwriting expertise, operational efficiency and market competitiveness. As we respond to the everchanging needs and risks of our customers, it is important that we leverage our expertise across the Sampo Group. In order for SOMPO to profitably grow and develop as a group, it will be necessary to enhance resilience by developing a capital efficient organization and deepening cooperation across the business units. With this mind, we launched the "One Sampo" project to create a collaborative and resilient business structure.

In order to connect the various businesses of the Sampo Group, we established a steering committee under the Global ExCO, the highest executive committee, and formed a project team with Group COO in charge, each business owner, Group CFO/CSO, and Group CHRO as members. We have been working on this project since FY2022.

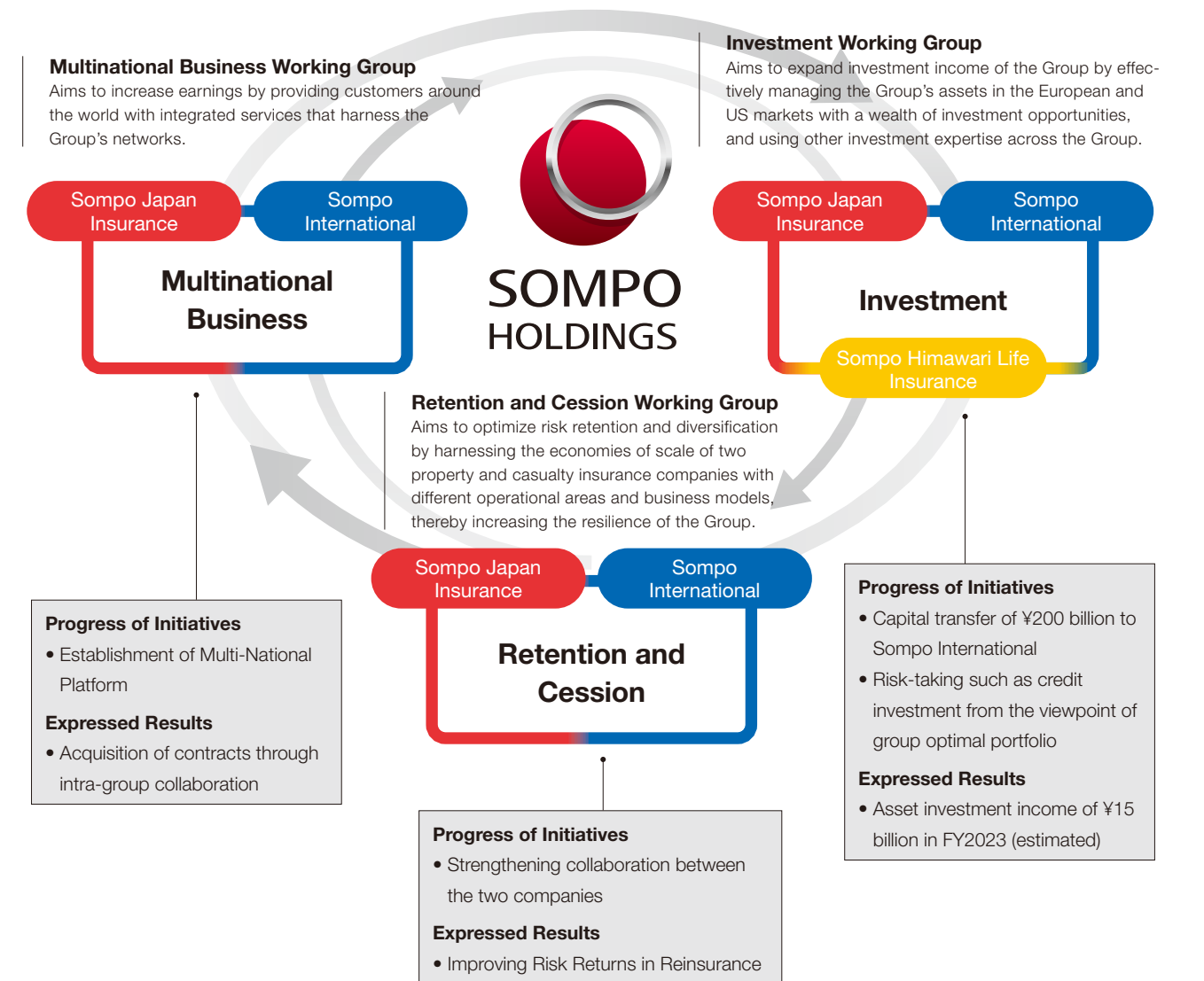
Organization/System Chart



Achievements in FY2022

In FY2022, the Group established a working group under the three main themes of "Retention and Cession," "Investment," and "Multinational Business." As a result, in FY2023, the Group worked to accelerate cooperation between Sampo Japan Insurance and Sampo International in the area of Retention and Cession, which led to improvement in Risk Returns.

In Investment, a capital transfer of ¥200 billion to Sampo International and diversification of operations are expected to generate an impact of ¥15 billion. In Multinational Business, Sampo Japan Insurance has established a platform and continues to acquire contracts through cooperation with Sampo International.



Toward the Post-Medium-term Management Plan

A new medium-term management plan is scheduled to start in FY2024, and we will work to improve the resilience of the Group even more than before and drive benefits by leveraging our strengths globally.

1) Real Data Platform (RDP)

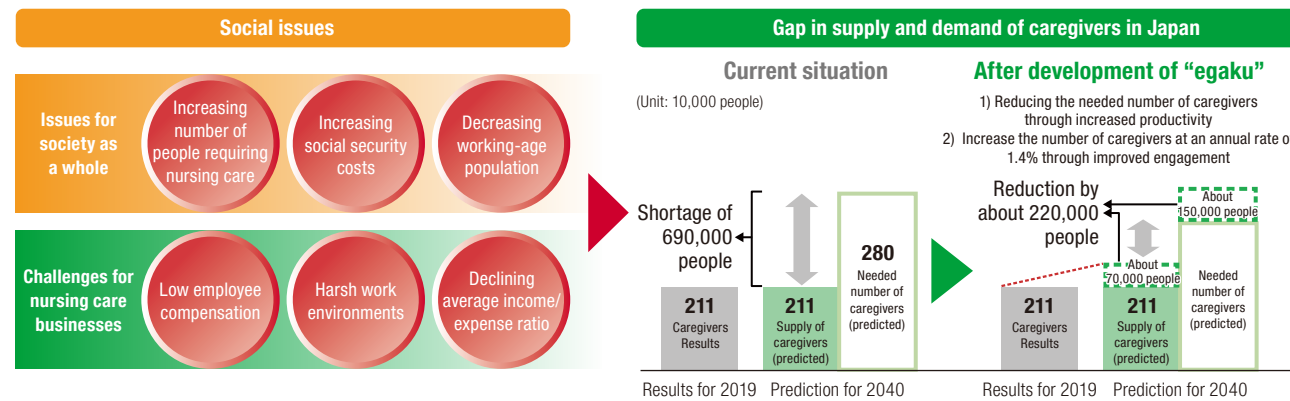
In our Nursing Care & Seniors Business, “egaku” is the embodiment of the RDP concept set forth in the Mid-Term Management Plan. Launched in FY2023, “egaku” combines real data on nursing care that became available through digitization, which has been promoted in the nursing care business, with Palantir’s analytical technology and the network of our partner ND Software. Through “egaku,” we will work to close the gap between supply and demand, which is a challenge for nursing care in Japan.

Social issues and the background of the creation of “egaku”

In Japan, there are issues facing society as a whole, such as the increasing number of people requiring nursing care due to an aging population, rising social security costs, and a decreasing working-age population. In addition, bankruptcies and closures of nursing care businesses, of which 80% are small businesses, are increasing due to factors such as low employee compensation, harsh work environments, and declining average income/expense ratios. In 2040, the gap between supply and demand for caregivers to provide nursing care is expected to climb to 690,000 people.

Our Nursing Care & Seniors Business is taking on the challenge of closing the gap between the growing demand for nursing care and the supply of caregivers, and improving the

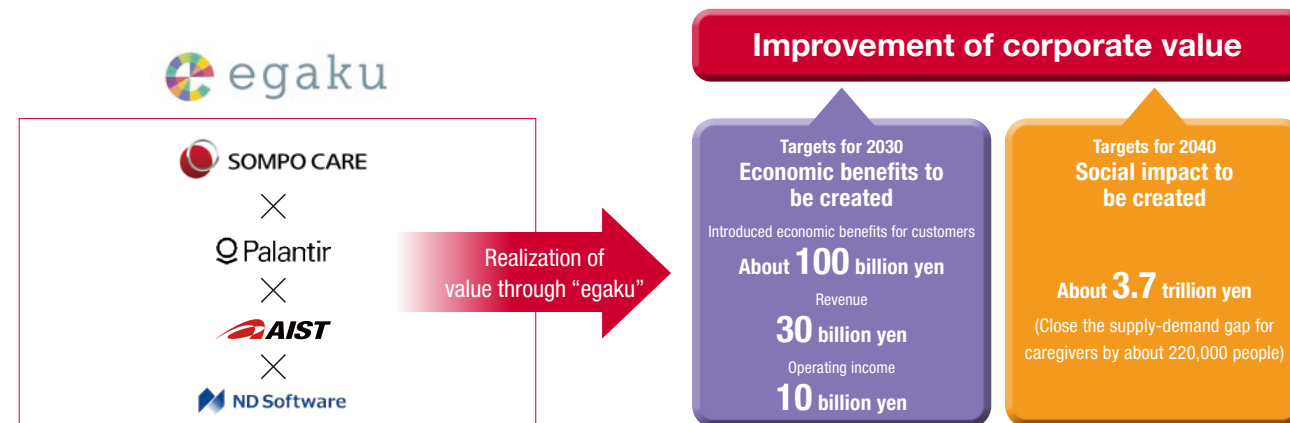
sustainability of the nursing care insurance system. A major pillar of this is “egaku,” a Real Data Platform (RDP) for Nursing Care that provides security, health, and wellbeing. “egaku” will create solutions that contribute to improving productivity with quality based on industry leader Sompō Care’s big data (real data) on users, as well as its operational capabilities such as services and know-how, Palantir’s data integration technology, and the R&D potential of the National Institute of Advanced Industrial Science and Technology (AIST). Furthermore, “egaku” aims to contribute to the sustainability of the industry as a whole by developing solutions leveraging ND Software’s products, channels, and customer base.



Goals of “egaku”

“egaku” aims to become the de facto standard for the nursing care industry as a whole. Its objective is to improve the sustainability of the nursing care industry by reducing the needed number of caregivers through increased productivity and increasing the number of caregivers through improved engagement (fostering job satisfaction among nursing care workers), and to minimize impacts on people’s lives through various means, such as through a reduction in nursing care

employee turnover. The targets set for 2030 regarding economic value to be created are 100 billion yen in introduced economic benefits for customers, 30 billion yen in revenue, and 10 billion yen in operating income. Our target for 2040 is to create about 3.7 trillion yen worth of social impact by closing the supply-demand gap for caregivers by about 220,000 people, and through such initiatives, the Sompō Group aims to improve its corporate value.



“egaku” services

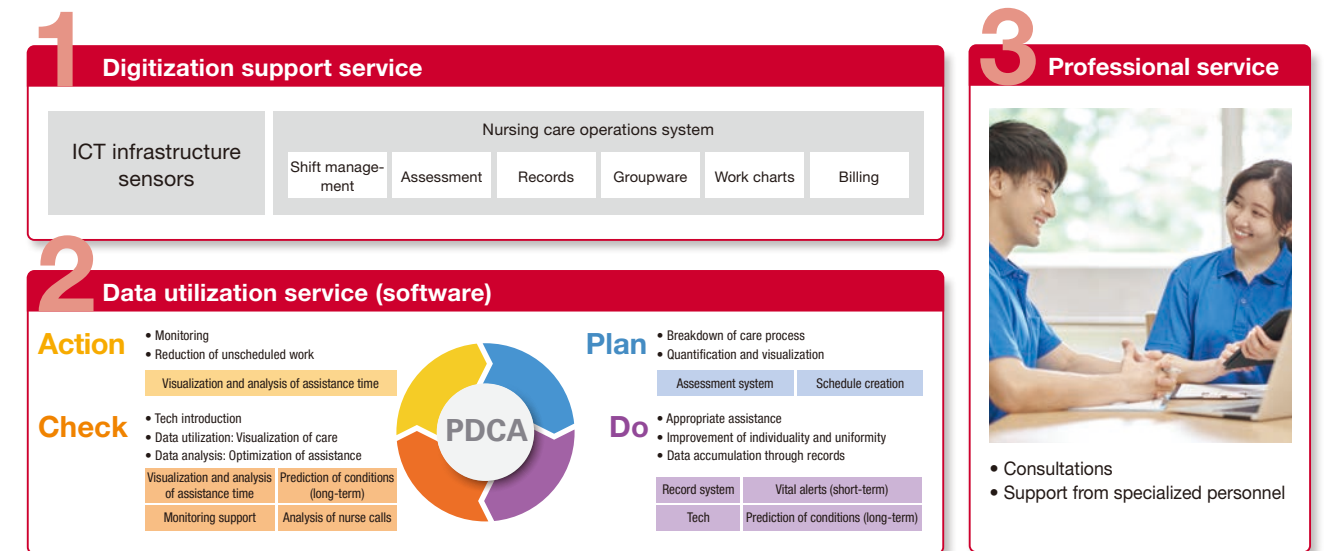
“egaku” provides three types of services to meet the needs of nursing care businesses: digitization support services, data utilization services, and professional services.

Regarding its digitization support services, “egaku” leverages the effectiveness of its synergy with ND Software to provide support to nursing care businesses in acquiring data through digitization and introducing business systems, and links these services to its data utilization services.

Regarding its data utilization services, “egaku” provides an app developed with Palantir to improve productivity and

quality, and supports improvements in the quality of care by visualizing it through data utilization and freeing up time through improvements in operational efficiency due to assistance optimizations via data analysis.

Regarding its professional services, “egaku” strongly supports PDCA cycles for care management, which have the value of providing data utilization services through consultations on management methods and support from specialized personnel that solve operational issues for nursing care businesses made visible through the use of data.



Roadmap

In the two-year business launch period from FY2023 to FY2024, “egaku” will increase the number of companions working to realize sustainable nursing care through the use of data in the nursing care industry while building up a track record of its use both internally and externally. We aim to provide “egaku” to 100 locations in FY2023, and to a cumulative total of 300 locations in FY2024.

In the medium term, we aim to achieve a revenue of 30

billion yen and an operating income of 10 billion yen in FY2030 for Sompō Care by building an at-home nursing care model in cooperation with local governments and expanding overseas. In the long term, we will work on standardizing nursing care quality through joint research with AIST, offer SOMPO’s know-how to nursing care businesses through “egaku,” and aim to establish a system that will become the de facto standard for the entire nursing care industry.

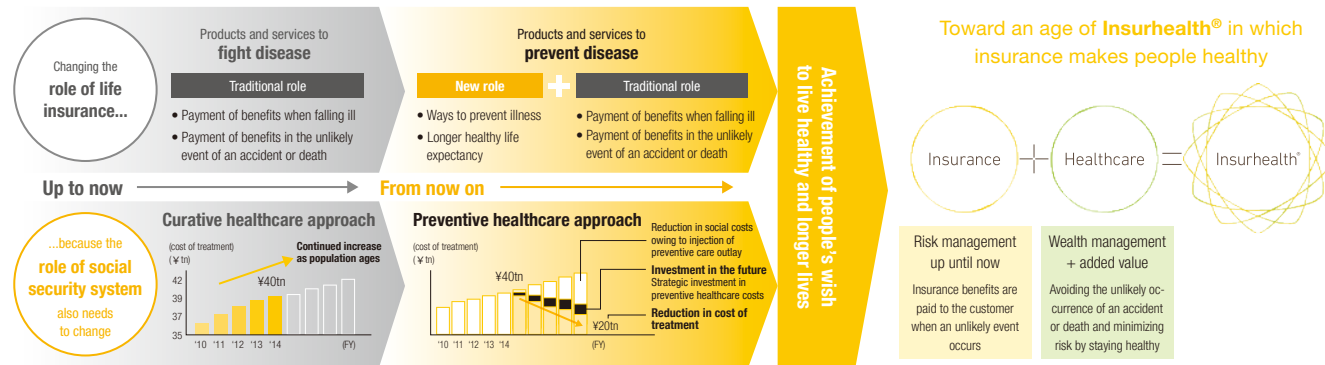


“Building and Making Connections” based on data and other resources
2) Providing New Value through Insurhealth®

New value to customers provided by Insurhealth®

Life insurance originally played a complementary role to the social security system, but its role will change dramatically due to the declining birthrate, aging population, and demographic changes. For example, the Japanese government proclaimed a goal to “lengthen life expectancy” in its Future Investment Strategy 2018, and the public and private sectors are working together to support health promotion and disease prevention for each and every citizen.

Sompo Himawari Life believes that in an era when people live for 100 years, in addition to life insurance’s traditional role of preparing for “any possibility,” it is important to provide support tailored to the “everyday” health of each and every customer. We are transforming ourselves into a “health support enterprise” to help realize people’s desire to live long, healthy lives. To achieve this, we will provide new value in the form of Insurhealth®, a combination of the essential functions of insurance and the health support functions of healthcare.



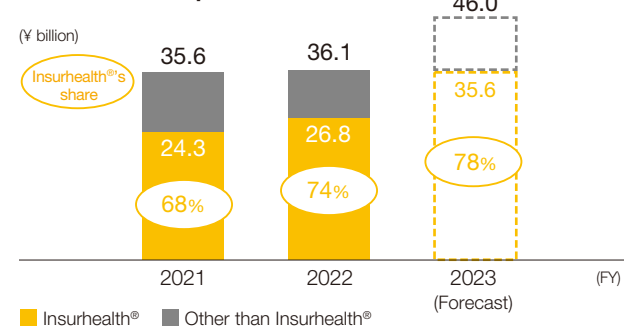
Outcomes

Insurhealth® product sales results

Annualized new premiums*1 continue to grow steadily, driven by the Insurhealth® products launched in FY2018. They account for 74% of our FY2022 sales results. The cumulative sales of Insurhealth® products by the end of June 2023 amounted to 92.0 billion yen with an expansion to 1.3 million policies.

*1 Sales performance basis

Annualized new premiums



Specific initiatives

Expansion of the Insurhealth® product lineup and health support CX

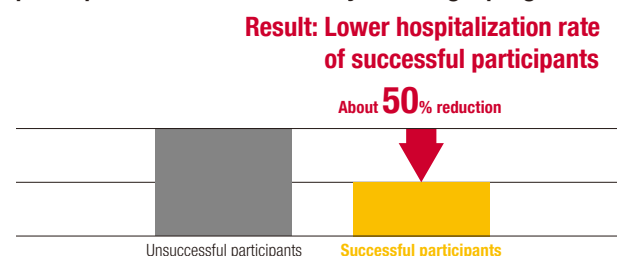
We have launched a total of 10 Insurhealth® products to date. For the income protection insurance “Jibun to Kazoku

Contributing to the health of customers

The Get☆Healthy Challenge! program*2 has reached a cumulative total of more than 10,000 customers who have succeeded in the challenge in the three years since its launch in May 2020. An analysis of data from the program’s customers shows that the hospitalization rate of successful participants is about 50% lower than that of unsuccessful participants, suggesting that the program may prevent the occurrence of future health risks in addition to improving smoking cessation and health conditions (BMI, blood pressure, etc.).

*2 A program in which customers whose health conditions (blood pressure, BMI, smoking status) improve after enrollment can have their premiums reduced, and can also receive an amount equivalent to the difference in premiums retroactive to the policy enrollment date as a gift payment for undertaking the health challenge

Hospitalization rates of successful and unsuccessful participants in the Get☆Healthy Challenge! program



no Omamori” launched in April 2018 as the first Insurhealth® product, we introduced the Get☆Healthy Challenge! program, the first-ever program in the industry to support improvements in the health of customers.*3

We also launched the cancer insurance “Health Support Cancer Insurance: Yuuki no Omamori” in October 2021, which offers total support from before onset to post-treatment care through “prevention” in the form of premium discounts for quitting smoking and the promotion of lifestyle maintenance and improvement apps, “early detection” by providing cancer risk screening services, reasonable “coverage” in response to the social security system and the real-life, up-to-date situation of cancer treatment, and “post-treatment care” by providing services for cancer patients, realizing a “new form of cancer insurance.”

In addition, “Health Support Variable Insurance Shorai no Omamori,” which was launched in May 2023, was the first of its kind in the industry to introduce a “health stage system,” which adds to health reserves based on a customer’s smoking

Future actions

Based on the analysis of data from customers who succeeded in the Get☆Healthy Challenge! program, we have found that customers who had undergone changes in their living environment have a higher success rate in the challenge than those who had not.

In other words, it can be said that times when people experience changes in their living environment are also when their health awareness rises and when changes in health-related actions are likely to occur. Going forward, by preparing and utilizing data on our customers, we will communicate with them at the most optimal timing when each individual’s health awareness is rising. For example, we started testing the use of the generative AI system ChatGPT for communication with customers. Through such efforts, we aim to improve the precision of communication with customers, which will lead to further support for their health-related actions in the future.

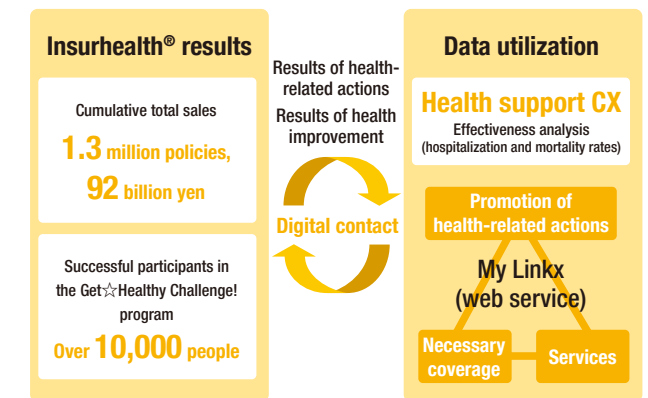
Furthermore, due to digitization, customers can easily access insurance procedures and health care services from devices such as smartphones and computers via My Linkx (web service), our digital contact point with customers. As

status and health conditions at the time of enrollment, and a new challenge system, which further adds to health reserves based on a customer’s success in quitting smoking and improvements in their health conditions after enrollment.*4

In addition to providing the Insurhealth® products mentioned above, we are also engaged in communication activities (health support CX) to help customers experience better health through the value of these products. For example, in the Get☆Healthy Challenge! program, we continuously encourage customers in every possible way to take on challenges even after they have enrolled, thereby realizing health support. We also provide support to help customers maintain their health after successful completion of the challenge.

*3 As of March 29, 2018, based on Sompo Himawari Life research
 *4 As of February 20, 2023, based on Sompo Himawari Life research

a milestone to make My Linkx available to all customers, we aim to reach one million registered users in FY2023. Additionally, to further evolve it as a “gateway connecting insurance and health,” we will build a system to strengthen the linkage between the respective functions of insurance and health.



Comments from business owner



Yasuhiro Oba
 CEO of Domestic Life Insurance Business

As a health support enterprise, Sompo Himawari Life provides customers with unprecedented new value in the form of Insurhealth®. Given the strong sales of Insurhealth® products and the many joyful comments received from customers who succeeded in the Get☆Healthy Challenge! program, we feel that Insurhealth® has steadily penetrated the market and is helping to realize health support for our customers.

In addition, in the 2023 Life Insurance Satisfaction Study conducted by J.D. Power, we were ranked first in the overall satisfaction ranking in the specialized insurance agency category. We believe the fact that we received the highest rating in the three factors of “customer service,” “premiums paid,” and “products offered” is a reflection of the recognition we have received for our efforts regarding Insurhealth®.

As a health support enterprise, Sompo Himawari Life will have all its executives and employees work together to help as many customers as possible live longer, healthier, and more fulfilling lives by continuing to provide Insurhealth® products and further support customers’ health-related actions through the utilization of health support CX.

Evolution of SOMPO's Digital Strategy

SOMPO's digital strategy was launched in 2016 to tackle disruptive innovation in the era of VUCA (volatility, uncertainty, complexity, and ambiguity). Our efforts focused on digital transformation (DX) of existing businesses to improve business efficiency and create new customer contact points using digital technology. Aiming to create new businesses utilizing the vast amount of real data obtained through each of our businesses, we launched the Real Data Platform (RDP) and commercialized it as the Nursing Care RDP "egaku" in 2023.

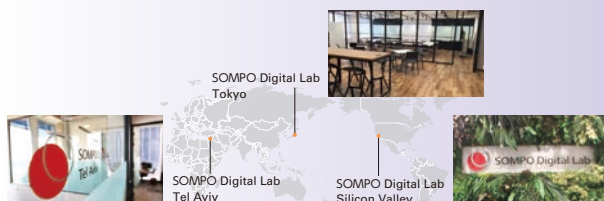
In anticipation of major changes in the near future, such as the advent of the era of Web3 and AI, we created the position of CDO (Chief Digital Officer) in the Group's main businesses and established a CDO alliance to coordinate with the Group CDO. Through this alliance, we will lead the transformation of the Group and continue to take on the challenge of realizing SOMPO's Purpose and continuously enhancing corporate value.

Horizon 1 DX

To take on the challenge of disruptive innovation through digitalization ("digital disruption"), in 2016 we established SOMPO Digital Lab in Tokyo and Silicon Valley and launched our digital strategy.

In addition to acting as an "antenna" to pick up on advanced digital technologies as early as possible, SOMPO Digital Lab was established as a structure responsible for market research and PoC/solution delivery and providing comprehensive support to each business unit.

Recognizing cyber risk as a material risk to corporate management due to the threat posed by the increasing seriousness and sophistication of cyberattacks, we established SOMPO Digital Lab in Tel Aviv (Israel) in November 2017 and entered the cybersecurity business in January 2018.



- April 2016**
Established SOMPO Digital Lab in Tokyo and Silicon Valley
- May 2016**
Established Group CDO (Chief Digital Officer) position
- November 2017**
Established SOMPO Digital Lab in Tel Aviv
- January 2018**
Entered the cybersecurity business
- March 2019**
Established the short-term insurance company Mysurance as an in-house digital startup

Horizon 2 RDP

SOMPO possesses valuable and vast amounts of real data on accidents, disasters, lifestyles, health, and nursing care obtained through its insurance, nursing care, and healthcare businesses. Thinking that we can leverage this data to provide new solutions, we started building a Real Data Platform (RDP) that will serve as a foundation for utilizing real data to help solve social issues and realize "A Theme Park for Security, Health & Wellbeing."



- November 2019**
Established Palantir Technologies Japan jointly with US-based Palantir Technologies Inc.
- April 2020**
Established joint CDO (Chief Digital Officer) structure
- June 2020**
SOMPO, Palantir, and Palantir Technologies Japan agree to launch "Real Data Platform for Security, Health & Wellbeing" in Japan
- September 2020**
Established B-to-B auction business Sompox Aux.

2019:
Launch of RDP

Horizon 3 Era of Web3 and AI

To further accelerate our DX and RDP efforts, we created the position of CDO in each of the Group's main business units, and established a CDO alliance to coordinate with the Group CDO.

In the Nursing Care & Seniors Business, we collaborated with Palantir to develop software solutions and developed "egaku" to support Japan's nursing care industry through in-house utilization and collaboration with external nursing care providers, commercializing it in April 2023.

SOMPO will continue to take on challenges in order to transform itself and continue to grow sustainably in the face of the rapid evolution and development of new technologies that have the potential to have a major impact on society such as generative AI and LLMs (large language models), as well as the possibility of the arrival of a new ecosystem (Web3) based on the blockchain and related technologies to replace conventional centralized systems.



- April 2021**
Capital and business alliance with ABEJA, an AI development startup
- July 2021**
Established SOMPO Light Vortex, a core digital technology business
- April 2022**
Created the position of CDO in the Group's main businesses and established a CDO alliance to coordinate with the Group CDO
Started using DX metrics to manage the progress of DX measures and their results
- April 2023**
Launched "egaku" Nursing Care RDP

2021:
Acceleration of DX × RDP

Preparing for
changes to come

Three Horizons of SOMPO's Digital Strategy

SOMPO's digital strategy proceeds strategically through three horizons (stages).

Horizon 1, the cornerstone of our digital strategy, focuses on increasing profits by improving operational efficiency and achieving cost reductions through digital transformation (DX) in each SOMPO business unit.

Horizon 2, which looks ahead to the next 3-5 years, aims to create new businesses using data accumulated through DX; that is, to implement a Real Data Platform (RDP).

In Horizon 3, which looks ahead to the next 5-8 years, we are considering various possibilities, including how to introduce disruptive technologies such as AI and Web3 into the mainstream to spur the development of new products and services.

In this special feature, the Sompo Group leaders who drive these three horizons summarize the progress and future prospects of these efforts.

Horizon 1 DX (Digital Transformation)

CDOs invigorating DX at SOMPO



Albert Chu
Sompo Holdings Group CDO

Akiko Murakami
Sompo Japan Insurance Inc. CDO

Alfred Goxhaj
Sompo International CIO/CDO

Motoyuki Nishikawa
Sompo Himawari Life Insurance CDO

Takahiro Iwamoto
Sompo Care CDO

DX in each business unit

Albert The theme of today's dialogue is Horizon 1. Our business unit CDOs are key to our Horizon 1 initiatives, so please outline the initiatives you are taking and progress being made.

Murakami In the P&C Insurance Business, our first goal is to achieve sophistication and efficiency in claim payment and underwriting. This is because the impact of natural disasters has become more severe in recent years, and it is anticipated that insurance itself will not be viable if the same costs are incurred as in the past.

Meanwhile, digital technology has become commonplace in our everyday lives. Going forward, we need a system that not only sells insurance online and through sales channels, but also adapts to our customers' digital behavior and allows them to enroll in insurance as soon as they need it. We must accelerate this behavior shift to online purchasing and create a new insurance purchasing experience. By aiming to create this new digital sales methodology and customer experience, we will streamline our business processes.

Alfred There is a lot of potential in DX but primarily I see it as creating a new business ecosystem that must benefit



all stakeholders in the insurance supply chain while maximizing profitability.

Increasing the value of data is key to that end. The insurance business accumulates a vast amount of data, but to reliably maximize profits, data on all insurance products must be integrated and its value augmented with third-party data.

The next challenge is the digitization and speed of business processes. Almost all business processes that are currently touched by human hands or processed by human brains need to be digitized at speed.

The third challenge is reducing complexity. Complexity can slow process, create friction, and cost money. It may seem contradictory, but I believe it is important to implement less technology and more robust technology.

By 'robust' I also mean improving mobility so that decision-makers can leverage the value of information wherever they are and whenever they need access to it.

Nishikawa The DX we are tackling at Sompo Himawari Life Insurance has two areas of scope. The first area, which I call "offense," involves further refining Insurhealth® and further supporting the health of our customers. The second, which I call "defense," includes streamlining and reconfiguring operations and creating optimal and pleasant customer experiences. During this first year of Horizon 1, we have been reviewing how policy data is managed and exploring ways to explain insurance products using new digital technology. With these activities, I think we are not only producing results in Horizon 1, but also sowing the seeds for results in Horizon 2. Our challenge going forward will be to harvest the fruit from these seeds and use technology and data to deliver real business impact.

Iwamoto At Sompo Care, we are creating a sustainable nursing care system. We therefore started with the ambitious goal of creating a prosperous, long-lived Japan. In the nursing care industry, people of various ages and

working styles are passionate about their day-to-day work. Their work is characterized by the need to provide attentive service and keep accurate records at the same time. Since 2017 we have been implementing measures such as centralizing long-term care insurance claims and other administrative tasks and introducing smartphones to document nursing care that occurs on-site. In 2019, we established the Future Care Lab in Japan to begin research on technology and robots that can take over caregiving tasks themselves, such as watching over those who require nursing care. The studies conducted at the lab cover about 200 items per year and are gradually becoming a part of our field operations.

As the birthrate declines and the population ages, by 2040 it is estimated there will be a shortage of 690,000 nursing care workers, so we are actively working on the use of data to achieve operational efficiency while maintaining and improving the quality of care. I believe that by utilizing data, we can contribute to extending healthy life expectancy and reducing social security expenditures by lowering hospitalization and morbidity rates.

Murakami When it comes to data, I see a need for it in all areas. In the P&C Insurance Business, we are promoting the use of data in underwriting.

Sompo Japan Insurance uses Palantir's "Foundry" on a single information platform to efficiently collect historical loss ratios and various other data, and now it can automatically generate underwriting results for simple cases. In the future, we intend to use that data to achieve more advanced underwriting. Furthermore, when a large-scale disaster occurs, insurance claims from customers are concentrated, but with digitalization, multiple people can simultaneously access information and efficiently proceed with claim payment procedures at the time of the disaster.



CDOs' visions for the future

Albert Sowing the seeds of DX and reaping the rewards through the business is very exciting to see. Can you please talk about your visions of how you will harvest what you have sown so far?

Murakami The P&C insurance business is in need of a major transformation, and we would like to make a solid contribution to this through digital technology. My vision for the future is not just to digitize one business process, but to transform the business processes themselves by connecting their data. For example, in addition to utilizing historical policy and claim data used in underwriting and results data from insurance payouts, I want to further accelerate data-driven product revisions and underwriting policy revisions by further utilizing this vast amount of data.

My goal is to make this data available to all employees. From account managers all the way up to executive officers and the President, I think it's important to keep an eye on the data as we proceed with company management and operations. Data connects all of your business processes, which in turn transforms your business processes.

Nishikawa At Sampo Himawari Life Insurance, as we strive to transform into a health support enterprise, a path to success is now in sight. For example, we have clear evidence that the hospitalization rate is reduced by half for customers who use our Get☆Healthy Challenge! program, which lowers your premiums if you get healthier, compared with customers who do not use it. Furthermore, we are constantly upgrading the digital services, or what I call "infrastructure," to support the Get☆Healthy Challenge! program.

Our next challenge is to make this path to success clearer and wider. Specifically, creating a mechanism for customers to change their behavior towards health makes our customers healthier and establishes our brand as a Health Support Enterprise, which in turn creates a new cycle that brings in new customers. To this end, it's important to use data to develop Insurhealth® and services that are tailored to each individual, and to create a system that offers them at the time they are needed. At Sampo Himawari Life, combining internal and external data to create this mechanism is a project for Horizon 2, and I believe that this will lead to the realization of a life insurance Real Data Platform.

Iwamoto When it comes to how to achieve a long and healthy life, we need to make full use of data when thinking about where to focus and what can be done. The first idea is to use the data to recognize changes early and link them to early action to avoid hospitalization. The second idea, taking a longer view, is that now that a large number of users' daily life logs are available, it's possible to infer a

person's future situation based on the past record of people in similar situations. We are now beginning to explore, trying to do activities that use this inferred information to help prevent aggravation of people's conditions and support their self-reliance.

Albert That shows the power of data to not only improve the quality of life of our residents, but also the quality of care provided by caregivers. What is your vision for the future of the Overseas Insurance and Reinsurance Business?

Alfred The data is the artery and the blood that provides life to the business. Data-driven decision-making means eliminating subjectivity and making scientific decisions. It should be the key to success and for the company's future growth. At a simple stage, analyzing the causes and reasons for losses can help us develop a better business. At a more developed stage, a comprehensive analysis of data from multiple sources, both internal and external, is key to increasing profitability and improving the structural strength of the business.

But the data accuracy is just as important. We have implemented what we call the Reconciliation Reporting System. A set of complex reports automatically reconciles all of our transactions on a daily basis and verifies that the information is passed correctly between business applications. It is a system that allows us to notice errors in real or due time by automating and reconciling everything.

CDO alliance

Albert Thank you all. One of SOMPO's uniqueness is that everyone of us as CDOs has our own vision, points of view and initiatives. We formed the CDO Alliance to harness our combined DX expertise and foster cross-functional collaboration in digital and data. I would like to ask you about the strength of our CDO Alliance collaboration and how we can all contribute to the Group.

Murakami The term "Insurtech" is used to describe technology related to insurance, but if you look at its elements and technologies, it is by no means limited to insurance. For example, many of the technologies, including making decisions by looking at images and interacting with customers using avatars, apply not only to insurance but also nursing



care and other fields. I would like to share these technological trends and the results of our PoC (proof of concept) tests within our CDO Alliance.

Alfred The first that comes to mind is sharing ideas and successes. In addition, we can learn a lot from other industries. We have had our fair share of success in the insurance and nursing care industry, but there is only so much we can take or learn from these industries. We should learn from other industries, incorporate the lessons from them into our solutions, and evolve them. I believe this will open up an even greater horizon for us.

Nishikawa One nice thing about the CDO Alliance is that it lets us simulate the successes and failures of other businesses' efforts, learn from them, and apply them to our own efforts. Another is that we can cooperate in the development of human resources. If we can learn what others are doing through exchanges among members working on DX in each business unit and bring those ideas back to our own companies and develop them, we can create an environment that enables faster progress in human resource development.



Iwamoto If you want to start using generative AI, for example, it should be possible to share know-how and examples pertaining to the health of seniors between the nursing care and life insurance businesses. I hope that such ideas will be discussed and fleshed out within the Alliance, and I look forward to working on them together.

Albert As another important perspective, what do you think could be done to reach out and promote digital transformation to our colleagues who work in areas other than our digital department?

Iwamoto It's not easy to get people to use a digital device just by saying "Here, use this." However, when you tell them, "Using this will bring such-and-such benefits to the users you are in charge of," they will be more likely to use it. We need to learn the power of communication.



Nishikawa The reason why people use digital is that there is some problem that needs to be solved in the field. I think we need to demonstrate that the digital solution is effective at solving their problem, no matter how small it may be.

In that sense, the ability to communicate, as Mr. Iwamoto mentioned earlier, is also important. The magic formula is to create a number of small successes to give them a sense of purpose and accomplishment.

I think it's important to solicit ideas from everyone and inspire a movement under the banner of "Let's try something, it worked, let's do it again!"

Alfred In our case, it's been a little bit different. The culture in our company is that people are insatiable when it comes to technology. They can't have enough. The problem is that technology doesn't solve every business problem. We try to make AI especially, work on the most difficult problems, but we also highlight them that it can be risky if not used properly. Another problem in our side in the digital department is what to pick, what to choose, how to attack the area where the benefits are the greatest. We are past the stage of impressing upon users that technology is great. We are at the stage where teaching them that it is risky if they don't comply with regulations and compliance.

Murakami Listening to Alfred, I was thinking that the problem is that people don't want to change what's working right now.

To overcome that barrier, we need to lower the barrier to having machines do part of the process for simple cases. This will free up time for people to work on the more difficult cases and higher value-added work. It's possible that AI will do very advanced things in the future, but it is important to build trust that people with expertise will ultimately confirm whether it is correct and that technology will be integrated and utilized in a way that ensures that people are doing the things that only people can do.

Making the Data Business a Reality

Future of Nursing Care Realized by the Nursing Care Real Data Platform “egaku”

In Horizon 2 of its digital strategy, we will develop new businesses by utilizing various data accumulated through DX. Since the Real Data Platform concept was first proposed, we have been making Group-wide efforts to implement it. Finally, the service was launched as “egaku” in 2023.

This section presents a discussion on the topic of “egaku” and the future of nursing care between Ken Endo, CEO of the Nursing Care & Seniors Business, who is leading the realization of Horizon 2 with “egaku” and Tsuneya Matsuyama, President and Representative Director of ND Software, which is participating in this ecosystem as a partner.



Ken Endo

CEO of Nursing Care & Seniors Business



Tsuneya Matsuyama

President and Representative Director
ND Software

Background of the development of “egaku”

Endo In Japan, the demand for nursing care will continue to rise steadily due to the increase in the number of people requiring nursing care as the population ages. Meanwhile, the working-age population, including those who provide nursing care, will continue to decline. According to an estimate by Japan’s Ministry of Health, Labour and Welfare, the gap between labor supply (personnel providing nursing care) and demand (from seniors in need of nursing care) is expected to expand to 690,000 by 2040.

Japan’s nursing care system is a wonderful system unparalleled in the world, with various types of services, including facility-based and home-based services, arranged all over the country, from Hokkaido to Okinawa. My concern is that such a system will become unsustainable due to the widening gap between the supply of caregivers and the demand for them.

The development of “egaku” was driven by the desire to do something about this situation and to provide an ecosystem to save nursing care in Japan.

Matsuyama ND Software contributes to the sound operation of nursing care providers and supports the nursing care insurance system by providing software for office management and on-site operational support, with a focus on nursing care and welfare. Closing the gap between supply and demand for caregivers is a very important issue that we must address.

We need to increase the appeal of the nursing care industry, which has to compete with other industries for talent. Otherwise, the gap between supply and demand for caregivers may expand beyond the estimate from Japan’s Ministry of Health, Labour and Welfare. As for how to increase the appeal of the nursing care industry, these four improvements are necessary: staff compensation, job satisfaction, quality of care, and productivity. And the key to these improvements is the use of IT and digital technologies. I believe that “egaku” will enable us to “visualize” nursing care, leading to better staff compensation, job satisfaction, and improvement in quality and productivity of care.



Data-driven ecosystem

Endo It is said that there are 60,000 nursing care providers in Japan, but the market share of the five largest companies, including ours, is about 3%, so it’s an industry dominated by small and medium-sized businesses. We are working to expand our facilities and business sites, but simply expanding the size of our company is not enough to change the entire nursing care industry and revolutionize the future of nursing care in Japan.

However, Sompo Care has daily record data for 80,000 clients and more than 20,000 employees—in other words, real big data. Analyzing this data will surely reveal something. If we can use this data to help our clients, and if we can build and provide an ecosystem for our efforts in the nursing care industry, I believe we can change nursing care in Japan. With this in mind, we decided to proceed with detailed investigations.

That’s when the partnership with Palantir started and the Real Data Platform (RDP) concept was launched.

Matsuyama ND Software, like the Sompo Group, is a company that has been pursuing “Security, Health & Wellbeing” in nursing care and disability welfare facilities. Our goal is to use our system to support nursing care and disability welfare facilities to achieve “Security, Health & Wellbeing” for our clients. And our employees are strongly motivated to pursue happiness not only for businesses that use our system but also for more nursing care and disability welfare facilities and clients. This is perfectly aligned with the Sompo Group’s Purpose.

We were the first software company to join the Sompo Group. I believe that by joining the Group, getting involved in actual business operations, and providing solutions that utilize real data, we can help increase productivity, profitability, staff compensation, and job satisfaction, as well as increase recruitment and reduce turnover. This will help communicate the value of new solutions created by a partnership between companies with real data and IT, DX, and software companies. If more and more IT, DX, and software companies around the world say, “we want to work with SOMPO,” I think this will lead to transformation in those industries too, not just the nursing care industry.

Value created by “egaku”

Endo Our plan for “egaku” calls for net sales of 30 billion yen and operating profit of 10 billion yen by fiscal 2030. Another important thing is the social value that “egaku” creates.

We estimate that by closing the supply-demand gap of about 220,000 caregivers, “egaku” can generate social value of about 3.7 trillion yen by 2040, and we aim to achieve that goal.

And as “egaku” increases productivity, this will free up resources to improve the compensation of all employees working in the nursing care industry. The ultimate goal is to increase the appeal of the nursing care industry by creating this kind of virtuous cycle throughout the industry.

To this end, we will make “egaku” the de facto standard in the industry. In other words, I believe that if we can reach the point where nursing care providers can’t imagine losing access to “egaku,” we can bring about a major change in the industry.



Matsuyama From my perspective, the great thing about “egaku” for nursing care sites, which currently rely on paper records and where data exists in different places, is that it is a system that transforms their paperwork-centered operations into data-driven, operation-centered management.

The on-site management know-how accumulated up to now can be converted into data, and this data can be used to improve operations and care services. There is also the issue that some nursing care recipients and their families see a lack of respect for their wishes when they look at the current way of doing things. There are many providers who want to move away from the uniformity of care, where services are left to the whims of the providers and everyone receives the same services.

The “egaku” system can support the operation of such nursing care, greatly contributing to the ideal in which each person is able to receive the nursing care he or she wants.

For example, the data on the time spent on care might show that person A receives above-average care, while person B receives below-average care. This observation could indicate that person A might be receiving excessive care, potentially hindering their independence, while person B might not be receiving enough care. This kind of

Making the Data Business a Reality
Future of Nursing Care Realized by the Nursing Care Real Data Platform “egaku”

analysis makes it possible to provide individualized care tailored to each person’s needs. Nursing care that has traditionally depended on the intuition and experience of individual staff members can be “visualized” and linked to operations. This is the great thing about “egaku.”

Endo I agree with you. To give an example of what “egaku” can do, if a facility has 70 clients, for example, 70 names will appear on the screen, and their weekly time spent on care can be viewed in comparison to the standard

time spent on care. This means that we can see at a glance which clients are requiring more than the standard amount of time spent on care. These cases may be relevant to assistance with eating or going to the toilet. For example, in the case of assisting with bowel movements, maybe you go to their room but find that they aren’t ready to go yet, or maybe you discover they are suffering from incontinence.

In short, there may be many reasons why the time spent on care is out of sync. Once the cause of the problem is identified, a solution can be found, such as

Screen shot of “egaku” (partial)



shifting the time of day for bowel movements. What used to be locked away in the minds of the staff now becomes visible, and you can see the whole picture.

Matsuyama In some cases, staff can even hinder their client’s independence. For example, maybe a staff member is helping you change your clothes, when you could manage it by yourself in 30 minutes. This can also be visualized by “egaku,” which can improve the quality of care by enabling individualized care. With “egaku” we can provide care that respects the dignity of the individual and is tailored to the wishes of the client.

Endo When Sompco Care approaches facilities that provide uniformity of care, we advise them to change this style of operation. We encourage them to adopt “egaku” to visualize the nursing care provided at their facility and help them switch to personalized care.

Response to “egaku”

Endo The early adopters outside of Sompco Care are implementing “egaku” so that management can increase

productivity while not compromising the quality of care, which will ultimately lead to more efficient staffing and improved compensation. They understand the need for this and what it will take to make it happen.

When “egaku” is deployed in the field, home directors, staff, and other front-line nursing care workers must change their existing operations. Resistance to this change is the challenge. It is important that each person on site understands what it is we are doing and why we are doing it. To that end, the first priority is to create a large number of “success stories.”

As you can imagine, our own facilities are the ones that are responding the best right now. They use “egaku” a lot. Home managers, care conductors, and others in leadership roles have a strong sense of its usefulness. The next step is to bring the rest of the staff on board. It is important to spread and deploy it in a way that makes people feel motivated and comfortable working with it.

I believe that increasing the number of these success stories outside of Sompco Care is the most important way to spread “egaku” throughout the industry, so we are now working on the goal of introducing “egaku” at 100 business sites in fiscal 2023.



Also, although many establishments in Japan have installed software for handling nursing care insurance claims, competition for nursing care record systems is fierce, making it a battle over the user-friendliness of each system. Looking ahead to the future development of “egaku,” my hope is that ND Software will increase our advantage in nursing care record systems and increase the synergies with “egaku.”

Future prospects

Endo Fiscal 2023 will be a very important year. As I mentioned earlier, our challenge is to expand the number of businesses that are happy they introduced “egaku.”

ND Software has a high market share in specialty nursing homes, and I believe that if we succeed in making a case for using “egaku” there, deployments will accelerate.

It’s not enough for Sompco Care to say that our system is good; the most important thing is that people hear it from other companies in the same industry, which will be the engine for promoting “egaku.”

In addition, many people receive nursing care at home, not in institutions. How to introduce “egaku” there is the next challenge. In a facility, we can collect data 24 hours a day, 365 days a year, but we have contact with people who receive nursing care at home only a few times a week.

Currently, smart cities and special digital health zones are being developed all over Japan. This is a healthcare data platform that connects medical and nursing care led by local governments. These platforms are created by the local governments, and the data is gathered there. Deploying “egaku” there is the key to success in the home-based sector.

Some local governments have already started collaborating with us. There are also local governments that started collaborating with Sompco Japan Insurance as a result of the regional cooperation agreements that Sompco Japan Insurance is promoting across Japan. Local governments in Japan are facing serious problems of aging and declining

population. I think they can benefit from effective use of technologies like our recently launched “Care-ale,” a new smartphone app we developed for home-based care that makes it easy to share physical conditions and daily events.

By improving the productivity of the nursing care business, “egaku” enables everyone to receive nursing care. As a result, fewer people will need to leave work in order to care for their relatives, and even if the number of nursing care staff does not increase, we can still contribute to closing the supply-demand gap of caregivers, which is a major social issue, and generate social value of about 3.7 trillion yen. I want to make this a reality.

Matsuyama ND Software aims to become the software company that can best support nursing care and disability welfare facilities in Japan in order to solve the problem of nursing care in Japan. What we need to do specifically is to bundle our current software with “egaku”; in other words, to create a system that works well with “egaku.” In particular, we aim to use our nursing care records system to acquire a variety of data from the field and build a system that can improve operations.

We are determined to do our best to contribute to reducing the burden on nursing care sites, thereby improving the productivity of the entire nursing care industry and the sustainability of the outstanding nursing care insurance system that Japan is so proud of.

Endo Our medium- to long-term challenge is to expand overseas. Supporting overseas nursing care providers in their business operations through “egaku” is one way to do this. In particular, we are seriously considering providing education and training know-how.

The “egaku” system is based on real data, and some regions have strict regulations on acquiring personal information overseas, but I hope we can overcome these problems and provide the world with value that only SOMPO can offer and that only SOMPO can deliver.

Strategies for Coming Disruption



Koichi Narasaki
CEO of Digital Business



Albert Chu
Group CDO (Group Chief Digital Officer)

Current state of digital industry

Narasaki We have talked a lot about Web3 and AI, but what are your thoughts on Web3 and AI in the three horizons of the Sompo Group's digital strategy?

Albert The beginning of technological innovation in Silicon Valley is, as the name suggests, silicon. There have been several technological waves since then, including the PC, the Internet, and mobile devices. The next wave that we can clearly see now is Web3 we and AI. Web3 differs from the existing internet (Web2.0), which is based on a few tech giants, who dominate the majority of search, e-commerce, social media and how we interact with the internet. Web3 will transform the way we utilize data. Web3 is powered by technologies like blockchain and smart contracts, which will make the world more decentralized and transparent.

Web3 brings changes to many industries. In a Web3 world, everyone owns their own data and will choose who can have access to the data.

The exponential growth of AI in the past year can be attributed to generative AI, which can generate large-scale language models.

We build a model using data published on the Internet

as training material. There is so much information on the internet that any question you ask an AI chatbot will almost certainly be answered. You may not know what is right and wrong, yet they give good answers.

Narasaki Interesting, isn't it?

Albert The ability to produce new sentences, such as Shakespeare-style essays, is an example aspect generative AI.

Narasaki In Shakespearean style?

Albert Right. I believe that generative AI will have an impact on a wide range of businesses, including finance, insurance, healthcare, and even content creation and entertainment. For example, in the field of customer service, many customers phone the call center or use chat applications to get information, all of which can be done more efficiently with the help of generative AI. In other words, it is feasible to construct an AI model that can deliver more accurate and faster answers by creating a database of all the information that the company has, such as how to repair it, and having the AI learn from it.



When a customer asks a very difficult question, generative AI can assist customer agents respond swiftly.

Narasaki Since everything is dispersed and there is no center of gravity, there is no need for tech giants there. AI will also be open-sourced, commoditized, and free to use. The asymmetry of value and information in the conventional software model will be broken. In other words, real data obtained from actual business is important on the user side.

Albert Absolutely. Experts in the relevant subject matter of that data are required to collect real data. So our expertise is an asset.

Narasaki Exactly.

Albert Many people are concerned that AI may cause them to lose their jobs. However, in my opinion, AI can assist people do their tasks first, making their work more efficient. Because AI can integrate real data with a vast amount of experience and knowledge, it will benefit professionals. But in the end, final decisions on specific tasks will need to be judged by the professional. As a result, I believe that professionals are still very vital and they will use AI as a productivity enhancer.

Narasaki Like it or not, the paradigm shift brought about by AI is a huge disruption. I think SOMPO is better prepared for the coming disruption than other companies. How are you dealing with disruption?

Albert We're ready because we anticipate disruption, which is why we take a three-horizon digital strategy.

Horizon 1 is DX (Digital Transformation), and Horizon 2 is the utilization of the data generated from it to create new business opportunities. Horizon 3 is about projecting disruption through specific technologies that will change the industry, such as blockchain, smart contracts, and AI. So we're now preparing to understand these disruptive technologies, experiment with them, bring them into our daily use cases to see how we can improve our productivity and create new services based on Web3 and AI.

Thus, because we have a vision for the future, we can be prepared for transformation and disruption. But it's hard to work to realize our vision.

The superiority and uniqueness of SOMPO's digital strategy

Albert Over the past years, SOMPO has demonstrated its commitment to implementing its vision and digital strategy. Palantir is one example of this. We've realized that data is critical, but we need a modern, best-in-class platform to ingest and analyze all of that data. And as Mr. Narasaki, CEO of Palantir Technologies Japan, is well aware, we not only do capture data, but we also effortlessly transfer it into Palantir's Foundry. You can now create new analysis and tools that can accelerate towards this new disruptive world of Horizon 3.

Narasaki The first is nursing care. The Real Data Platform "egaku" is based on Palantir's Foundry. Currently, generative AI is being built on top of it, and the knowledge of experts and specialists in specialized fields can be incorporated into "egaku." You can take advantage of the expertise of specialists in this area. It will revolutionize the care industry, including home care, so that everyone can benefit.

In addition, in the underwriting of non-life insurance, we are already showing significant improvement in profitability through "Foundry."

Albert SOMPO is expanding globally and creating exciting opportunities worldwide. AI and Web3 are global technologies — not just Japanese or American. As a result, the tools and models we develop can readily become global, accelerating our ability to work worldwide more



quickly and efficiently. “Oshiete SOMPO!” and “Oshiete Himawari Life!” are examples of where we are using AI today. Can you tell us more about that?

Narasaki “Oshiete SOMPO!” and “Oshiete Himawari Life!” are an internal FAQs that provide sales employees and agents with answers to all questions about insurance products, including detailed terms and conditions. They incorporate AI technology to provide an easier user interface. Like a smart friend, you can ask, “I’m in this situation, what should I do?”

Albert Earlier, I mentioned that SOMPO has a global footprint. In addition, we have SOMPO Digital Labs not only in Tokyo, but also in Silicon Valley and Tel Aviv, creating global tech ecosystems for SOMPO. What are your thoughts on our global network?

Narasaki Our global network, Palantir, and strategic partners such as ABEJA, which went public in June 2023, enable us to leverage each technology. And at the same time, we have a common vision, and there are probably other start-ups and other allies.

Albert Another great asset we have are the business unit CDOs inside our Group. The CDOs of Sompo Japan Insurance, Sompo International, Sompo Himawari Life Insurance, and Sompo Care, together with SOMPO Light Vortex and SOMPO Digital Lab, have formed the CDO Alliance. Through this CDO Alliance, we can collaborate and develop synergies across all digital and data initiatives.

For example, all CDOs are working on AI initiatives. Because what one business CDO is doing with AI can

be applied to another business, different AI cases can be shared and collaborated across businesses — and also being to create new solutions. This not only eliminates the need for businesses to start from scratch, but it also opens up new potential beyond what each CDO can do on their own.

Narasaki “egaku” is a pioneering example of this. Mr. Iwamoto, CDO of Sompo Care, is working on RDP for Nursing Care, and together with us, he came up with a service that could meet the needs of people outside the group. This is the first successful example, and I think there will be more in the future.

The other is Palantir, Palantir Technologies Japan. For them, SOMPO is one of many Japan customers and a pilot customer case.

Albert Essentially, we realize the power of real data. With AI and Web3, we go beyond SOMPO and can provide these solutions to rest of the industry. It’s important to have this vision, isn’t it?

Narasaki You are right.

Albert “egaku” has already started to build a platform for the nursing care industry. Mr. Sakurada’s vision of creating platform-driven business is being realized and deployed.

The world is flattening because it is becoming more global. If someone makes something in the U.S. or Japan, it can be sold it all over the world. I think technologies like AI and Web3 are creating a more digital, flatter world.

Narasaki Let’s see. Everything is flat, blockchain and decentralized, so if you make something as software, whatever solution it is, you can sell it to anyone in the world without any hurdles. That’s how a flattened world works.

Albert This, I think, can also be applied to insurance. As a global property and casualty insurance company, SOMPO may be able to develop next-generation insurance products based on new technologies such as blockchain, smart contracts and digital payments.

Narasaki Insurance underwriting itself will be entirely AI-based, making it simpler and more comprehensive in terms of user experience. Even the framework of insurance products may become more sophisticated and provide complete coverage of all risks, even invisible ones.

What’s next?

Albert A SOMPO LLM (Large Language Model) platform, for example, may create intelligent assistants for care workers and their work in the nursing care sector. As we mentioned earlier, we may be able to establish a platform and APIs that are open for third parties to create new products and services. And while you can help them in accelerating their vision, you also can participate in their business model.

Narasaki In this open platform-like effort, I think LLMs can use APIs to interface beyond silos and leverage each other’s capabilities. The platforms are independent in a way, but still interconnected. So it’s like a cloud archetype, and basically it helps everyone who uses them to be a winner.

Albert SOMPO addresses social issues not only in Japan, but around the world. Ageing is not simply a concern in Japan; it will become even more prevalent in other countries in Europe, the United States and China in the near future. The platform we build must be global in scope to create an ecosystem.

Narasaki We will build an ecosystem on which application services for several different industries will be implemented. That’s the image, isn’t it?

Albert What we can do is leverage AI and Web3 to solve social issues while also benefiting SOMPO’s customers. That, I believe, is our role in the advancement of AI and Web3.

Narasaki I think we are very lucky. We have real data, we have a traditional business in a good way, we have customers and we have enormous resources.

Coupled with the advent of Web3 and AI, I think our future is very bright.

Albert Indeed, with Web3 and AI, we are now like where the internet stood 25 years ago. In 1998, Yahoo, Amazon and Google had just started. It’s astounding to witness how much change has taken place since then. This serves as a strong reminder of the rapid pace at which the future unfolds. To successfully navigate this journey, we must always be on the cutting edge, be agile and adaptable, see what’s happening and incorporate it into our vision. I think that’s a point of differentiation for SOMPO, as we set ourselves apart with our digital vision.

Narasaki That’s a very good point. We have a lot of experience and we bring positivity to SOMPO.

I consider myself very lucky and grateful to SOMPO and its purpose, as well as the decision that SOMPO made to establish a digital division seven years ago.

Albert I, too, am grateful. When I worked at Apple was, one of my mottos was “The journey is the reward.” We’re on this journey together. It’s not just the destination that’s important, it’s the journey itself. And this fits very well with my purpose. My purpose is to harness technology to change society. I believe that by taking this journey together, we can once again change the world.

Narasaki Also, my purpose has always been altruistic to benefit others. The basis of insurance is to benefit society, and that’s why I do that. I am proud to be in SOMPO.



Value Creation Cycle — Common Framework to Realize Purpose —

At the core of the Sompo Group's business management is its Purpose, which 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."

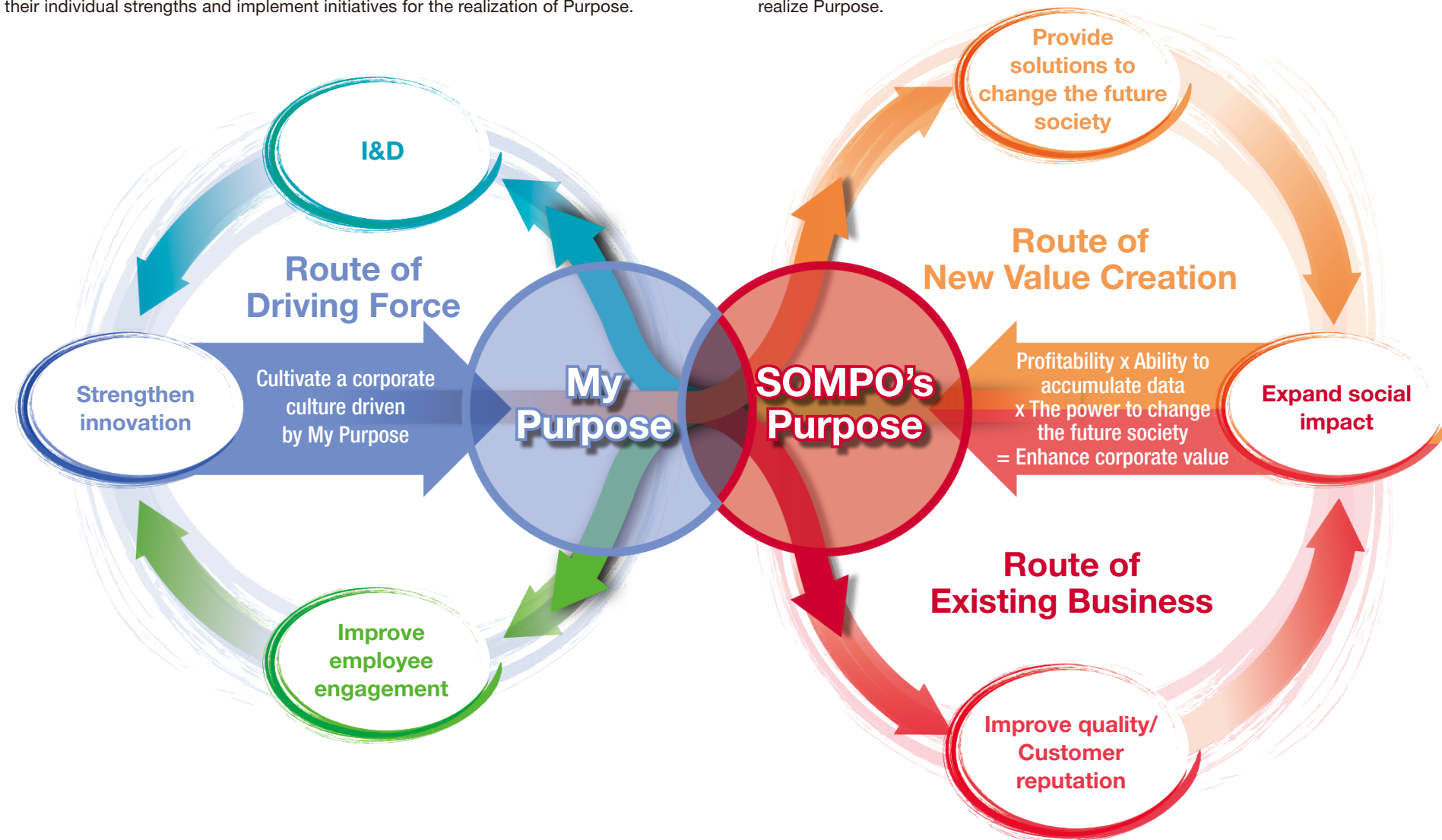
Based on the "Value Creation Cycle," which serves as a common framework across the Group, our diverse businesses connect and collaborate across business boundaries under a single "Theme Park" strategy, and our employees, who have diverse backgrounds, use My Purpose as a starting point to maximize their individual strengths and implement initiatives for the realization of Purpose.

The "Value Creation Cycle" consists of three parts: the Route of Driving Force, which is driven by My Purpose; the Route of Existing Business, which aims to improve our reputation with customers by providing high-quality services; and the Route of New Value Creation, which works to provide solutions to change the future society.

The continuous creation of value through this three-part cycle is the means by which we increase our corporate value and realize Purpose.

My Purpose and SOMPO's Purpose

We are working to spread the Purpose concept and voluntary efforts to achieve it among all Group employees by overlapping "My Purpose," which signifies each employee's life goals and meaning of their work, and "SOMPO's Purpose." As a result, we aim to realize SOMPO's Purpose by linking our employees' sense of fulfillment and happiness to the creation of innovation through their daily work as they take on challenges in their own way.



Route of Driving Force

We respect each other's My Purpose and recognize each other's diverse values. In such a workplace full of I&D* (Inclusion & Diversity), each employee works with high engagement, feeling a sense of self-worth, happiness, and fulfillment. Then, driven by My Purpose, they repeatedly take on challenges and create innovations. This fosters a culture in which this behavior becomes the norm and the driving force for the realization of Purpose.

Main initiatives

- Town hall meetings by the Group CEO
- My Purpose 1-on-1 meetings
- SOMPO Awards

Route of Existing Business

Employees driven by "My Purpose" are working to develop and provide high-quality products and services in existing business domains, such as insurance and nursing care, by enthusiastically engaging in cooperation with partners and shifting to high value-added operations through business innovation. Through business activities in these existing business domains, we aim to foster trust and empathy from our customers and achieve steady growth and further development of our businesses.

Main initiatives

- Global top-line growth
- Earnings structure reform in the Domestic P&C Insurance Business
- Creation of conglomerate premium (One Sompo)

Route of New Value Creation

SOMPO will attract cooperation partners by utilizing its abundant real data obtained from various business activities of its existing businesses, and will provide solutions for the problems encountered by future society through DX and SOMPO's unique business model RDP, thereby creating impact.

Main initiatives

- "egaku" Nursing Care RDP
- Health support through Insurhealth®

* 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).

Human Capital Management for Enhancing Corporate Value



Kazushi Ambe

Sony Group Corporation
Senior Executive Vice President
Corporate Executive Officer

Chiharu Takakura

Co-Representative, Takakura & Company LLC
Strategic Advisor, Rohto Pharmaceutical Co., Ltd.

Shinichi Hara

Sompo Holdings
Group CHRO

Kazushi Ambe

Joined Sony in 1984. Served as Vice President of Sony Ericsson Mobile Communications and Senior Vice President of Sony Corporation of America, among other positions, before becoming Corporate Executive and then EVP & Corporate Executive Officer at Sony in 2016. Became Executive Vice President & Corporate Executive Officer in 2018 and has served in his current position since 2020. Mr. Ambe is leading a human resources strategy to help every employee grow and take on challenges to achieve Sony Group's business purpose, to "Fill the world with emotion, through the power of creativity and technology," based on its corporate culture of valuing diversity and an equal relationship between the company and its employees.

Chiharu Takakura

Joined Japan's Ministry of Agriculture, Forestry and Fisheries in 1983. After working as Associate Director of the Human Resources Department at Pfizer Japan Inc., she became General Manager of Global Human Resources at Ajinomoto Corporation in 2014, and then Director and CHRO at Rohto Pharmaceutical Co., Ltd. in 2020. Has served in her current position since 2023. Also serves as an outside director of Mitsui Sumitomo Insurance, Nomura Real Estate Holdings, and Niterra. Ms. Takakura has been leading human resources strategies at global companies in Japan and overseas for more than 25 years. In recent years, as an opinion leader in the human resources field, she has promoted the development of diverse next-generation human resources, for example by focusing on the concept of "Will," which refers to allowing each individual to determine what kind of value they want to provide to society through their career.

Paradigm shift

Ambe A paradigm shift is taking place today that is making talent a focus of attention. Companies are trying to maximize the potential of each individual employee, which I see as an inevitable result of changes in the social environment and a common awareness of the issues shared by all companies. In addition, because the business environment remains challenging, everyone has a higher sense of urgency than before, and everyone wants to make their own choices and act on their own. This is the change we've been witnessing. This is an opportunity for companies, and I believe that seizing it will open up enormous possibilities. Since its founding 77 years ago, Sony has continued to uphold the spirit of its founder, and has always made individual initiative the core of the company's growth. We are going back to the basics once again

and trying to link individual growth to corporate growth.

Takakura I have been involved in the human resources world for about 25 years, and during this time, I have seen a shift in thinking about human capital. Twenty-five years ago, employees were viewed as a resource, but since then, the idea of human "assets" has spread, and concepts such as human resource management, talent management, and succession plans have emerged.

Furthermore, over the past 10 years, employees have become a form of "capital." Since it is people who create value when creating new things, I believe that the challenge for management has become how to generate value by investing resources in these people.

What I think is important is how to respond to rapid advances and changes in technology and other

circumstances. Among these circumstances is the shortage of workers, which means the value of each individual is becoming more and more important. In the younger generation especially, values about work are changing, and they have a new consciousness that they want to do something for society. Hence the term "ESG native."

Hara The world has changed, and we live in a time where we must focus on the individual. At SOMPO, we have our Purpose, which represents what is necessary to remain an essential organization for society and continue to thrive.

We used to expand our business and grew with our customers, buoyed by the rising population and economic growth. Yet, the demographic shift to "fewer children and living longer" reality changed how society works – along with technological advances. We wondered, "Is our conventional business model a fit for society? Would it be enough to stay solely with insurance?" The vision for innovation kicked off at that point, where we realized that it was time to expand into other fields and change how we offer insurance. We wanted employees and the organization to take on challenges to make the innovation happen. Building an organization and seeking out individuals who enjoy a challenge – that's what our human capital management aims for. Build an inclusive culture that encourages innovation. Every employee keeps their engagement high and takes on challenges. That is the goal of SOMPO's human capital management.

Human capital management initiatives

Hara The first step we took toward practicing human capital management was to shift their thinking about "work." We encouraged employees to change their perception from "I am there for the company." to "The company is there for me." We then began MY Purpose to embody that initiative. Let's look at the company as a stage. Employees are encouraged to describe what they want to accomplish and cherish most in life. They will play the role on the stage represented by the company.

As an intangible measure, we organize "Townhall Meetings," where the Group CEO delivers messages interacting with employees. We also implement "MY Purpose 1-on-1 meetings" where managers and their members have interactive sessions. We have also established a cross-Group "SOMPO Award" to encourage challenge and innovation through My Purpose, and we celebrate each other's efforts under the slogan "A Cheer for Every Challenge." Through these efforts, we strive to transform our corporate culture into one that is full of challenges based on My Purpose.

Regarding tangible structures, we need systems to enable people to develop their careers to realize My Purpose. Therefore, we are expanding the job-based employment and job posting systems to encourage self-driven work styles.



Takakura Over the past 20 years, Rohto Pharmaceutical has grown steadily from 500 to 1,700 employees and from 50 billion yen to over 200 billion yen in sales. What makes me proudest is the fact that we have continued to launch new businesses. We went from being an eye drop company to making skin care our main business. Nowadays, focusing on health inside the stomach, we operate a farm and make and sell hamburgers and other processed foods, and are even entering the field of regenerative medicine.

The key to launching new businesses is the philosophy that has guided Rohto since its founding: "There is no business without people." It's a little old-fashioned, but we have a very flat organizational culture, with things like sports days, company trips, and birthday cake parties. Because Rohto has always put people at the center, valuing people as individuals regardless of organizational boundaries, a "hand-raising" culture that values employee initiative has taken root and even younger employees can express their opinions. In such a culture, you can even apply for promotion on your own rather than waiting for promotion from your boss. The goal is to find a place where the purpose of the individual intersects with "Connect for Wellbeing," which is the company's purpose and philosophy.

About eight years ago, we also started allowing employees to pursue jobs and businesses on the side. This is due to our Chairman's belief that "employees are not the property of the company." The idea is, since they're not our property, let's let them do what they want to do and work energetically outside of the company.

The core of the human resources system is that employees should be professionals. This is a difficult task, but we must create value for society, not for the company. Therefore, at Rohto, we do not look for needs in our careers, but work to create needs on our own, considering the future value to society of our solutions.

During my time at Ajinomoto, we presented awards for best practices, similar to the SOMPO Award, after gathering examples from around the world of people promoting our slogan "Eat Well, Live Well." I think it is very important to bring people into the limelight and recognize them.



Ambe When running a business, we have many assets at our disposal: financial assets, branding, intellectual property, and technology among them. However, one asset in particular, namely talent, is special in terms of being difficult to quantify and visualize and requiring a long time horizon. Above all, because people have agency and ego, they are not like other resources that management is free to use however it sees fit. Precisely because of these characteristics, I see great potential in coming to terms with this form of capital we call “people.” Synchronizing “people” as a form of capital with the direction of management requires a certain level of expertise, and I believe this is what is now being asked of human resources departments. I believe that this represents an opportunity for us to increase the value of the human resources function.

Inevitably, we must reexamine the relationship between employees, who have agency and ego, and the company, placing them on an equal footing. Dialogue is important to ensure that employees feel empowered and motivated by the work they are assigned to do. The structures and systems that make up and embody Sony’s culture can be broadly divided into two categories: systems in which the company encourages employees and systems in which employees exercise their own judgment. One system continually asks, “Do you have the desire or interest to take on this kind of challenge?” while the other continually asks, “Please tell us your current thoughts and judgments.” At SOMPO you routinely hold town hall meetings and give SOMPO Awards. Trying to maintain an equal relationship requires you to continue to show respect for individual autonomy, and this is also a form of dialogue in a broad sense.

Hara As you say, dialogue is very important. For example, supervisors and their members regularly interact in MY Purpose 1-on-1 meetings by sharing their MY Purposes. Work and tasks will become part of their MY Purposes, incentivizing them to challenge themselves to consummate MY Purpose.

Ambe What is important is independent agency. I agree

with SOMPO’s approach of defining what the company aims to achieve and the significance of its existence, and then having each individual establish their own sense of values. At Sony too, we express our Purpose as the intersection of two overlapping circles, the first circle labeled “Special You” and the second circle labeled “Diverse Sony,” based on Sony’s People Philosophy: “Special You, Diverse Sony.” I think the common driver for the realization of both circles is “growth.” Both individual employees and the company must continue to grow. Growth is the common agenda for both the employee and the company, each of which has very different characteristics.

The most important action in achieving growth is “challenge.” Akio Morita, one of Sony’s founders, said, “Challenges always involve risks, but the risk of not trying is greater than the risk of trying. The opposite of progress is not regress but maintenance of the status quo.” He always said that if you’re satisfied with the status quo, you lag behind the progress of the world, which is to say you regress in relative terms. Through our human resources systems and opportunities, we encourage employees to have a dialogue about continuing to grow together.

When a business takes on a new challenge, it entails great risk, but with insurance products, you feel a sense of reassurance like when someone puts a hand on your shoulder and says, “Don’t worry, it’s all right.” Since SOMPO deals in insurance, I feel that we are developing a business with great significance as society continues to take on challenges.

I learned many things from Microsoft’s efforts to change its corporate culture based on the idea of a “Growth Mindset,” but I’m also keenly aware that changing the culture is extremely difficult and daunting. Instead of denying or changing what exists now, we aim for our vision of the future we aspire to achieve. That is the company’s Purpose and the individual’s My Purpose. I believe that growth can be the biggest common driver for both parties to achieve this goal.

Hara I, too, realize how difficult it is for a large-scale company with a legacy to change its culture.

However, it is also true that gradually, more and more



employees sympathize with My Purpose and challenge themselves to realize it.

Takakura The Ito Report on Human Capital identifies three perspectives required for a human resources strategy. The third perspective is organizational and individual behavior change. Without this, the corporate culture cannot change. Rohto continues to say that “there is no business without people,” but what Mr. Ambe just said makes me realize that if this behavioral change is not present in both the individual and the organization, the culture cannot be maintained.

In order to start a new business in the future, it is necessary to choose a direction to head in, and that is something that leaders, the management team, and everyone needs to think about. We need insight into the future to decide where to shine our light. Insight into the future is becoming more difficult than in the past 20 or 30 years. If you spend 24 hours a day on the work in front of you, how will you get any insight into the future? Moreover, without time for study and dialogue between different industries, new businesses will not arise. Thinking this way, we in human resources need to create a place where employees can reallocate the time spent on their current work to other areas. The side jobs and businesses I mentioned earlier are exactly this. Without this kind of cross-border learning, you won’t notice the need to change your behavior. As Mr. Ambe said, change is difficult and sometimes you have to change your surroundings to realize it. If cross-border learning can do this, I believe that directing people’s time and energy to areas other than their main work is also part of our job in human resources.

The direction Japanese companies should go

Ambe After Japan’s “30 lost years,” I think growth is more important than anything else. When asked at a press conference what word he would emphasize, the new president of the Sony Group, Hiroki Totoki, emphatically answered “growth.” Sony has six diverse businesses, each of which has many enormous competitors. Since it cannot afford to concentrate its capital in just one business, which is a handicap of its diversity, Sony must continue to create value by using its diversity as a competitive advantage. There is a sense of urgency that we must continue to grow to do this. The growth strategy of generating value from diverse businesses is exactly the same as the human resources strategy of generating value from diverse human resources. I have always valued the opportunity to interact directly with the employees we depend on to support Sony’s future growth, starting with our excellent engineers around the world. Through these conversations, I get the sense that, even more than remuneration, true growth opportunities are the

expectations we share. I believe that supporting the growth of individuals leads to corporate growth, which in turn helps us meet the expectations of the capital market.

If corporate value is an indicator of corporate growth, I think that an indicator of employee growth is an engagement indicator that shows that employees are working with enthusiasm and satisfaction. There is objective data showing a clear correlation between highly engaged organizations and company performance. I believe that our goal and responsibility in human resources is to support the growth of the company by supporting the growth of its employees so that they remain a highly engaged group at all times.

Takakura Both companies and individuals need to start thinking about growth again. I have also said that we are in an era of co-growth, where the company and the individual are equal. When individuals take on challenges, the company evolves. As the company evolves, new businesses emerge and there are more opportunities for individuals to take on new challenges. Six years ago, I drew a diagram of this “cycle of co-growth.” To achieve co-growth, Ajinomoto has worked to establish a global human resources system. To continue to grow in the future, we need an ethic of self-denial for our own good. It is human nature to think that if there is growth and success, it will continue, but this impulse must be resisted. I feel that My Purpose, centered firmly on the individual as the source of energy, is very important for adapting to change and growing.

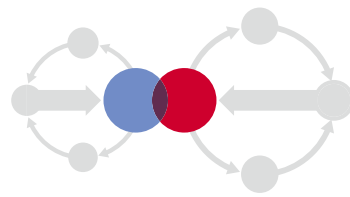
From a management perspective, there are two things to do. The first is to increase the overlap between the direction the company is headed and the thinking of each individual. The second is to continuously send out the clear message that personal growth and the evolution of the company will happen, and that there will be more opportunities to take on challenges.



Hara Your messages have been genuinely encouraging. My Purpose is the source of innovation, which bolsters SOMPO’s Purpose. We will continue our efforts toward realizing MY Purpose.

Starting point of the Value Creation Cycle

Value creation that originates from My Purpose



The Sompo Group has set its Purpose to be "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." With this Purpose at the core of our management, our Group is taking on the challenge of "Purpose Management" that is unique to SOMPO. Under the strategy of a "theme park" that includes our diverse insurance, nursing care, and digital businesses, and with the origin point of "My Purpose" which epitomizes the aspirations of each of our employees who have diverse backgrounds, we aim to realize SOMPO's Purpose as well as the My Purpose of each employee by overlapping the company and individual purposes, transforming individual strengths into organizational strengths, and conducting collaboration that transcends business boundaries.

Approach and starting point for SOMPO's Purpose Management

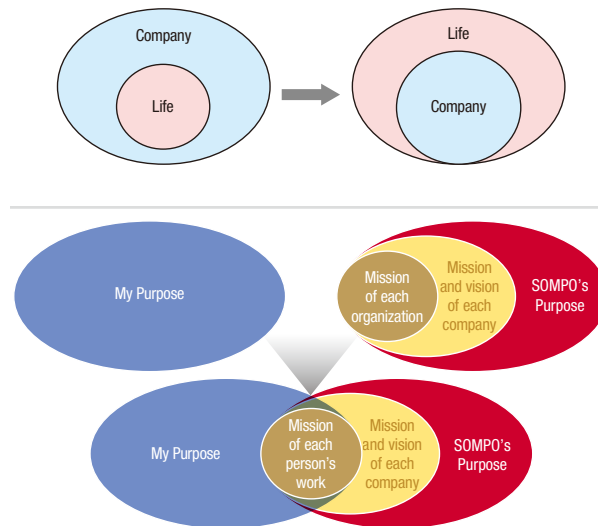
The driving force behind Purpose Management is each and every employee of the Group.

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," the Sompo 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.

At the Town Hall Meetings held from September to November 2021, Group CEO Sakurada personally told about 10,000 employees that "the essence (of My Purpose) is using the company to achieve one's purpose," "the most important thing is one's purpose in life," and "when My Purpose and the company's Purpose mesh, each and every employee can do a good job and have a happy life, leading to the realization of SOMPO's Purpose."

This was the starting point for SOMPO's unique Purpose Management that originates from My Purpose.



Photograph of a Town Hall Meeting

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.

My Purpose is something that each of us already has inside ourselves.

By verbalizing your purpose, you can use it as a guideline as well as a driving force for your own life and career. In the Sompo 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. This is what we mean when we say My Purpose.



Town Hall Meetings by Group CEO Sakurada

The Town Hall Meetings, in which Group CEO Sakurada speaks directly to employees, are important as a starting point for SOMPO's Purpose Management, and can be called the beginning of a new journey for SOMPO.

Messages tailored to transformation phases

During Group CEO Sakurada's Town Hall Meetings, he gives messages and conducts dialogue with employees on different themes in line with the Group's culture transformation phases, thereby addressing My Purpose and inspiring employees to empathize with SOMPO's Purpose and take action.

Dialogue at the Global Town Hall Meeting



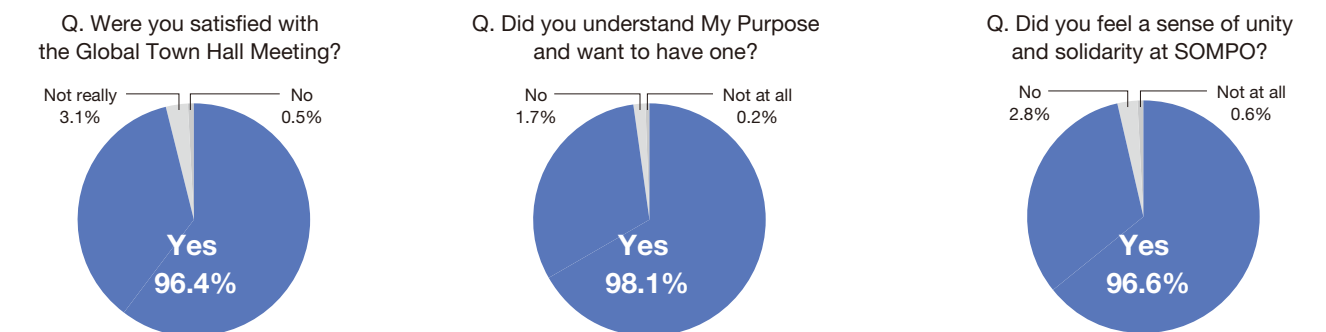
Dialogue between our executive leadership and Group employees

At the Town Hall Meetings, employees themselves talk about My Purpose and engage in direct dialogue with Group CEO Sakurada on the theme of My Purpose. Through dialogue between Group CEO Sakurada and representative employees, employees deepen their understanding of matters such as "the meaning of My Purpose" and "why it is necessary." Listening to such dialogue widens the circle of empathy and creates a sense of unity and solidarity throughout the organization.

Global Town Hall Meetings

We have also held Global Town Hall Meetings since FY2022. These meetings bring together employees from our diverse businesses in Japan and overseas in an online space to exchange opinions while respecting the diversity of the participants.

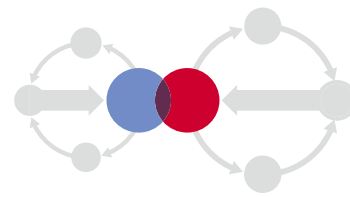
Global spread of Purpose Management, as seen in the Global Town Hall Meeting questionnaire



Summary of the Town Hall Meetings

(1) Theme (2) Target participants (3) Number of meetings (4) Number of participants

Year	Theme	Target participants	Number of meetings	Number of participants
FY2021	(1) What are SOMPO's Purpose and My Purpose, and why are they necessary?	(2) Domestic officers and employees	(3) 7 meetings	(4) About 10,000
FY2022	(1) What is management that elicits a spirit of challenge based on My Purpose?	(2) Domestic management layer	(3) 2 meetings	(4) About 4,000
FY2022	(1) What do we want to achieve that originates in My Purpose? + other themes	(2) Domestic and overseas officers and employees	(3) 4 meetings	(4) About 8,000
FY2023	(1) What is the relationship between SOMPO's Purpose, the various business missions, and My Purpose?	(2) Domestic and overseas officers and employees	(3) 3 meetings (planned)	(4) About 3,000 (as of August 31, 2023)



Overview of initiatives to spread the concept of Purpose

For the promotion throughout the Group of SOMPO's Purpose Management that originates from My Purpose, we are developing initiatives to spread the concept of Purpose from three layered perspectives.

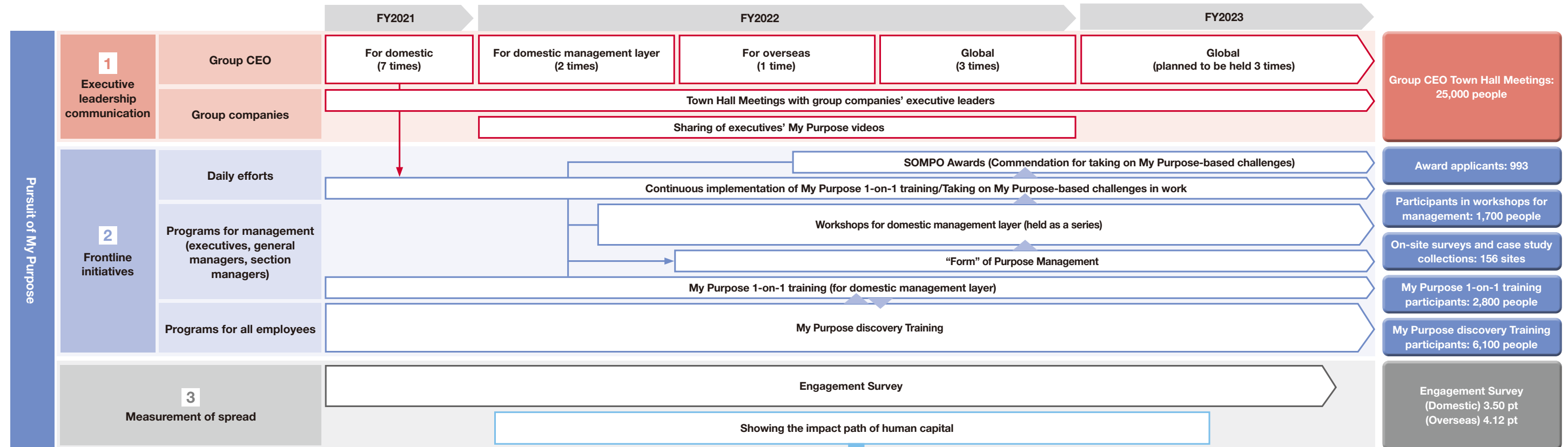
The first is "Executive leadership communication," represented by Town Hall Meetings, which encourages change toward the realization of Purpose. Led by Group CEO Sakurada, executive leaders from each business hold Town Hall Meetings on a regular basis to deliver top-down messages in line with the transformation phase.

The second is "Frontline initiatives." In order to realize Purpose and transform our culture, it is essential for each employee

who empathizes with the messages from the executive leaders to put them into practice in the offices. To support this, we are organically linking and developing bottom-up initiatives such as My Purpose 1-on-1 training for management, various workshops, and the SOMPO Awards, a Group-wide awards program.

The third is "measurement and modeling." These initiatives to spread the concept of Purpose are combined and accumulated as knowledge, which is then provided as feedback to the "executive leadership" and "offices" to further evolve and deepen the initiatives.

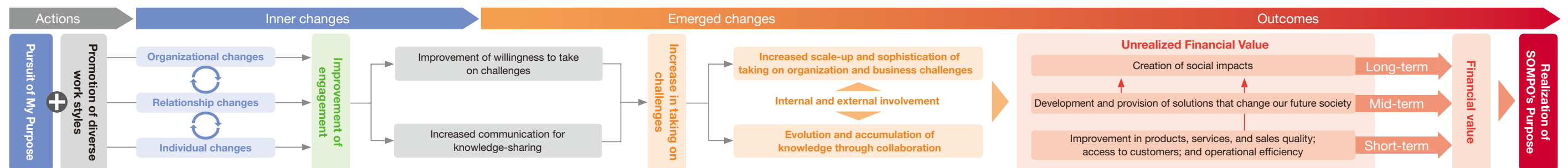
The overview of the spread of SOMPO's Purpose shows that we organically link the layered initiatives, gain understanding and verify them from both qualitative and quantitative perspectives, and move them forward.



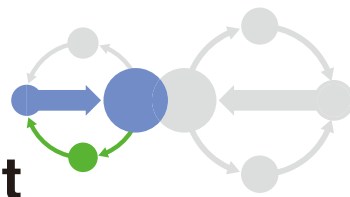
Visualizing the impact path of human capital

Our Group uses the term "Unrealized Financial Value" to refer to value that leads to financial or corporate value in the mid- to long-term that is generated by human capital-related initiatives (actions), including the spread of the concept of SOMPO's Purpose, and the entire Group is working to improve it. By visualizing the paths through which they lead to the creation of value, we are also steadily advancing Purpose Management that originates from My Purpose by using an evidence-based approach and having it lead to sustainable growth and increased corporate value.

Specifically, we are working to map "Human Capital Impact Path" with a series of paths that lead to creation of financial value by generating changes that lead to improved engagement within the organization with actions concerning pursuit of My Purpose and promotion of diverse work styles, as well as changes that encourage taking on challenges. We are promoting the utilization of the human capital impact paths by detailing the paths, estimating the financial impact, and managing KPIs in conjunction with the strategy.



Value Creation Cycle: Route of Driving Force (Engagement) Toward improvement of engagement

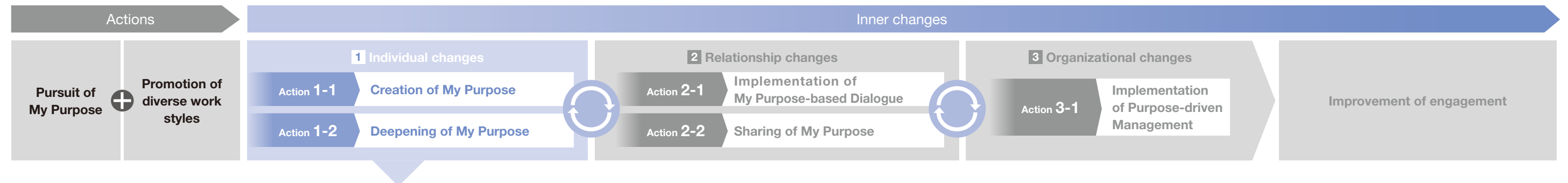


Engagement increases through the mutual functioning of three types of change: “individual changes,” “relationship changes,” and “organizational changes.” With My Purpose as the starting point, we are working to spark “inner changes,” consisting of three changes that occur within individuals and the organization, which will lead to higher engagement by taking various actions such as spreading the concept of Purpose and reforming work styles.

We will create “individual changes” through engagement with My Purpose, “relationship changes” through dialogue and

sharing via My Purpose, and “organizational changes” via this process in the entire organization. Then, through mutual functioning of these three changes and their upward spiral, we will increase engagement and have this lead to “emerged changes” in the form of taking on challenges and innovations.

This part introduces our efforts to improve engagement through these three changes.



1 Individual changes

The driving force behind the Sompo Group’s growth is each and every employee. The start of the transformation of the entire Group will firstly be the generation of “individual changes” by having each and every Group employee engage with their own My Purpose.

By having each employee formulate their own My Purpose, they will be able to face themselves and identify what is important to them,

what makes them unique, what makes them happy, and what makes them fulfilled. Realizing this while working will improve engagement and lead to willingness to take on challenges and creation of innovation based on their own intrinsic motivation.

Here are introductions of some of the measures we are taking to generate “individual changes.”

Action 1-1 Creation of My Purpose

Creation of My Purpose: Support the formulation of My Purpose

Making a formulation of My Purpose is not easy. However, My Purpose is something that already exists within each of us. The Sompo Group provides support to employees to help them discover and verbalize the My Purpose inside them.

My Purpose discovery Training

To support each employee formulate their own My Purpose, we offer “My Purpose discovery Training.” The training is held on a regular monthly basis across the Group so that anyone can work on determining My Purpose at any time. The training has been held 25 times with 6,100 participants.

For the training, external lecturers are invited to explain the background of the need for My Purpose and the method for creating My Purpose. In addition, employees who have already created My Purpose serve as panelists to share their own My Purpose, their experiences in creating it, and their subsequent changes. This enables the training participants to work on formulation their own My Purpose with as positive an attitude as possible.

Through these efforts, we help each and every employee engage with My Purpose by considering what kind of a person they are and what happiness means to them.

Cumulative number of trainings: 25
Cumulative number of participants: 6,100

Action 1-2 Deepening of My Purpose

Deepening of My Purpose: [For management layer] My Purpose 1-on-1 Training

In the workplace, workplace supervisors, who have received training in dialogue on the theme of My Purpose, assist their team members in formulating and deepening their own My Purpose.

The My Purpose-centered dialogue between supervisors and team members helps the members deepen the My Purpose that they have created.

In order to support these efforts by workplace supervisors for their team members, the Sompo Group is developing Group-wide My Purpose 1-on-1 Training for all domestic management layer.

The KPI for this training is to have all eligible employees take it by the end of FY2023, and this is expected to be completed within the current fiscal year. The training is divided into several programs. These comprehensive programs cover everything from the creation of My Purpose by managers to methods for My Purpose-based Dialogue with their team members. In addition, a period of implementation in the workplace is always provided between the multiple programs so that through repeated input and output, the skills of the managers can become solidified and self-driven work styles based on each employee’s My Purpose can be established.

[My Purpose 1-on-1]
Dialogue on a regular basis with supervisors based on My Purpose

DAY 1 DAY 2 DAY 3 DAY 4

Repeated input and output to establish skills

Implementation in the workplace (1 month) Implementation in the workplace (1 month) Implementation in the workplace (1 month)

Comments from employees who have created My Purpose

The following comments have come from employees who have created and deepened their own My Purpose through training supporting the creation of My Purpose as well as dialogue with their workplace supervisors. Engaging with My Purpose in this way brings about changes in each employee’s feelings and actions.

I found myself getting truly interested and created My Purpose. I became able to verbalize my vision for myself, and it gave me an opportunity to think about my future career and next actions.

Yuko Sekimizu
Business System Promotion Office, Business Planning & Development Department
Sompo Japan Insurance Inc.

When I tried looking back at each of my past actions, I realized that everything is connected. I am glad that I found what I value.

Kenta Iida
Kitakyushu Branch, Kyushu Regional Division, Sompo Himawari Life Insurance Inc.

- I learned tips on how to lead a life with no regrets
- It gave me an opportunity to reexamine myself
- It gave me a boost to take on my own challenges
- I was glad to gain a new awareness of the values I have cherished
- I was able to clarify what I want to do in the future and the direction I want to go
- I became able to look forward even when I am having difficulties

Verification Individual changes

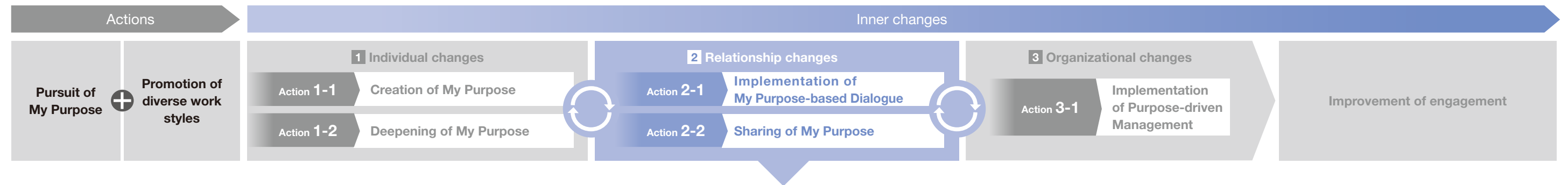
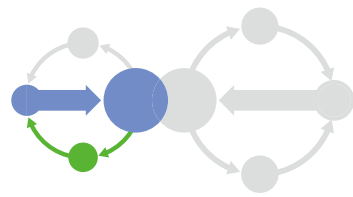
Verbalizing My Purpose and recognizing the overlap with SOMPO’s Purpose is the foundation for increasing motivation for daily work.

Our company has found that the more the organization has verbalization of My Purpose and recognizes the overlap of My Purpose and SOMPO’s Purpose, the higher the engagement.

Correlation between the “verbalization of My Purpose” and “engagement score”

Correlation between “overlap of My Purpose and SOMPO’s Purpose” and “engagement score”

* Our analysis is based on a survey about engagement aimed at employees of the Sompo Group and conducted by Sompo Institute Plus.



2 Relationship changes

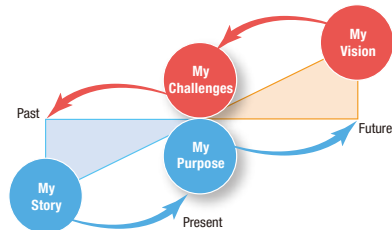
When “individuals” who have engaged with My Purpose disclose My Purpose to their supervisors and workplace team members and participate in My Purpose-based Dialogue, “relationship changes” will arise. In addition, dialogue among supervisors and workplace team members about My Purpose can lead to new insights about the My Purpose of the individuals.

In this way, “individual changes” and “relationship changes” function together, and new value is created through the acceleration of both types of change. Here are introductions of two efforts for generating “relationship changes.”

Action 2-1 Implementation of My Purpose-based Dialogue

Relationship changes between supervisors and team members: Daily dialogue through My Purpose

Once individuals have formulated their own My Purpose, My Purpose-centered dialogue is held between managers and team members in the workplace. Rather than a 1-on-1 meeting focused on conventional job content, the My Purpose 1-on-1 is a “personal-level” 1-on-1 meeting between a supervisor and his or her team member that focuses on My Purpose, looking back on past experiences and encouraging taking on challenges toward one’s future ideal state “My Vision” for the realization of My Purpose. Many of the following comments have been heard from workplace managers and team members who have actually implemented the My Purpose 1-on-1, and changes have arisen in the relationships between supervisors and team members that were not seen in the previous 1-on-1s.



Comments from team members

Disclosing My Purpose to my supervisor made me feel more secure and made it easier to have conversations in my daily work.

I felt that my supervisor was looking out for me when I was assigned work based on My Purpose.

Comments from managers

By disclosing our formative experiences and My Purpose together (between supervisor and team members), we were able to close the gap between us, and I began to receive more consultations than before.

I assigned responsibilities based on the My Purpose of each team member, and they have been proactive in carrying out their work without much advice from me.

Action 2-2 Sharing of My Purpose

Relationship changes with workplace team members: Implementation of My Purpose Disclosure and Meetings to Share My Purpose

In addition to My Purpose-based Dialogue between workplace supervisors and team members, having team members in the same workplace share their My Purpose together has a positive impact on their relationships. Effective efforts to create such relationship changes among team members in the workplace are “My Purpose Disclosure” and “Meetings to Share My Purpose” that are held in each workplace.

By disclosing My Purpose in the workplace and speaking at “Meetings to Share My Purpose” about each other’s formative experiences and the Purposes created from those experiences, mutual understanding among workplace team members is fostered as well as a culture of respect for each other’s values. In addition to speaking themselves, the participants also receive feedback from other team members in their workplace, which leads to new insights and further deepening of their My Purpose.

In each workplace of the Group, various efforts are being made to spread movements for disclosing My Purpose and holding Meetings to Share My Purpose. Through the sharing of My Purpose and dialogue with others, relationships among colleagues are beginning to change.

My Purpose Disclosure: My Purpose Compilation



By talking to team members about my Purpose during the meetings to Share My Purpose, I clarified areas where there is room for deeper exploration.

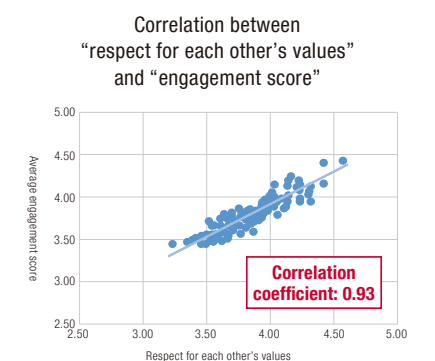
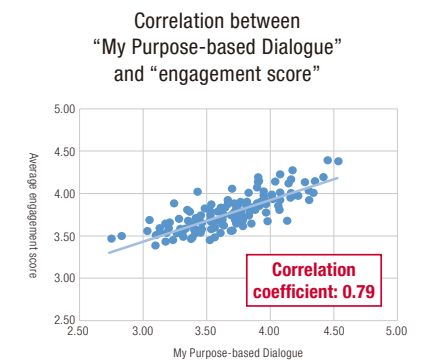
Meetings to Share My Purpose



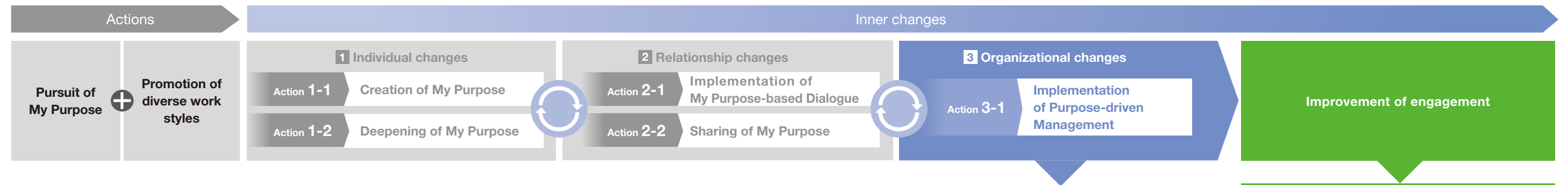
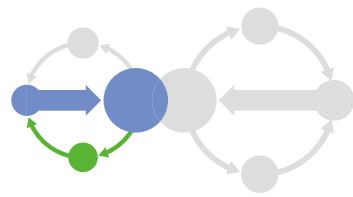
Conducting meetings to Share My Purpose has increased the number of daily conversations among team members. There have also been positive results for engagement.

Verification Relationship changes

We believe that dialogue with supervisors based on My Purpose and mutual recognition of each other’s values contributes to increased diversity and improved engagement. We have confirmed that the more the organization has My Purpose-based Dialogue as well as mutual recognition of each other’s values, the higher the engagement.



* Our analysis is based on a survey about engagement aimed at employees of the Somo Group and conducted by Somo Institute Plus.



3 Organizational changes

In an organization where there is mutual recognition of diverse values based on the My Purpose of individuals, it is easier to generate innovation by increasing engagement, creating willingness to take on challenges, and increasing communication. The key to having such a corporate culture take root and implementing it at the organizational level is the “management” of the

organization. In order to transform the management and bring about “organizational changes,” the Sompo Group is implementing a variety of measures.

Improvement of engagement

Engagement

Despite various difficulties and issues, the results of the engagement survey show an upward trend across the Group, showing that the fruits of our efforts are emerging. The data also shows that increasing engagement can lead to an increase in willingness to take on challenges, and we have confirmed the higher the engagement score of the organization, the higher tendency to take on challenges.

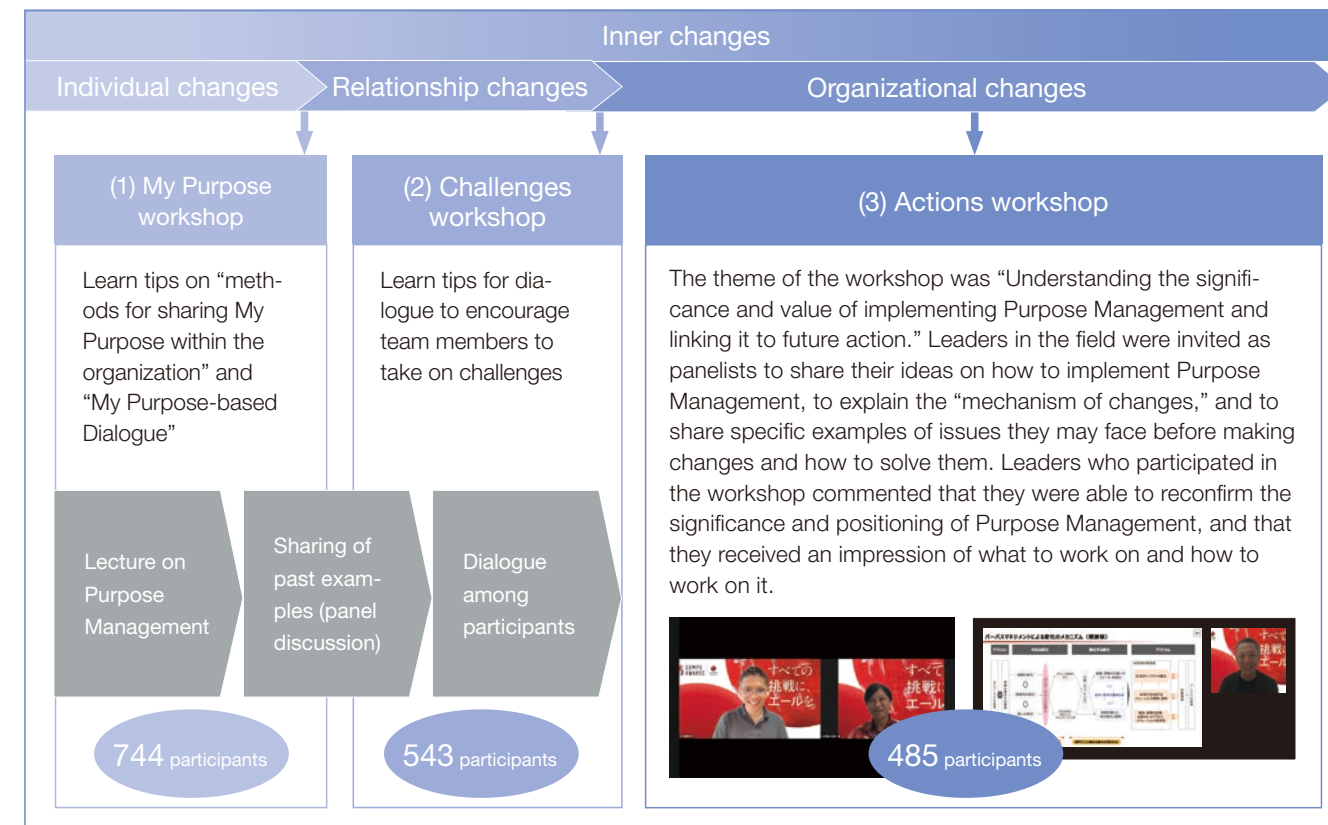
By continuing and expanding the development of various measures in response to the mechanism of changes going forward, we aim to increase engagement and the total amount of taking on challenges, and thereby work to foster our Group’s envisioned corporate culture.

Action 3-1 Implementation of Purpose-driven Management

As one of the measures, we are conducting a survey of the conditions at sites with pioneering Purpose Management to clarify the mechanism of organizational transformation originating from My Purpose. We are also designing and holding “workshops for management” based on the “form” of Purpose Management to implement the transformation.

A total of 11 workshops of three types with 1,700 participants were held in accordance with the organizational transformation phases.

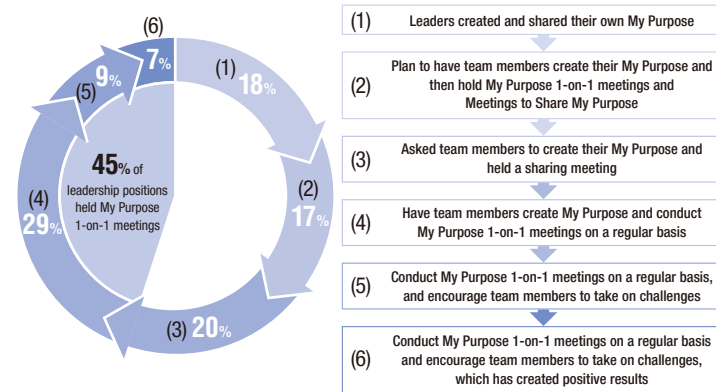
In the workshops, breakout sessions are held among the participants to collect comments from the field and what is happening in the field (tacit knowledge), and this information is reflected in the Purpose Management form (explicit knowledge). By continuing this cycle, we are working with management in the field to promote management transformation.



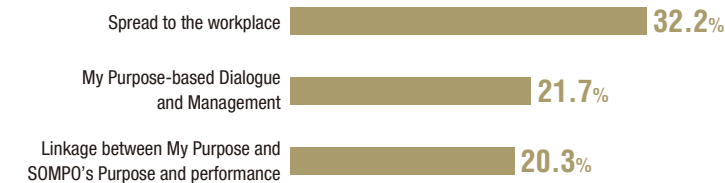
Current situation on management

Progress in My Purpose-based Dialogue for management

(May 2023 survey for domestic leadership positions, N=360)

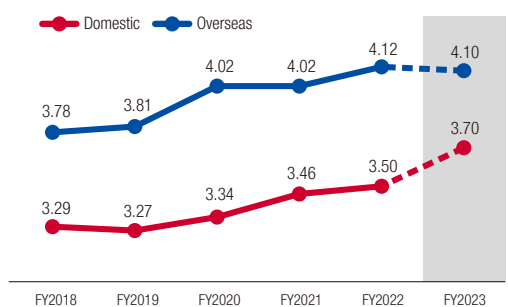


Management concerns (top 3)

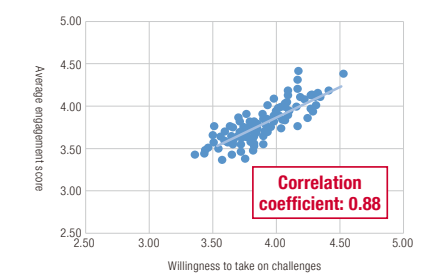


The reality is that management in the workplace faces a variety of concerns and issues when implementing Purpose Management. That is why we at the Sompo Group are aiming to create and implement a new form of SOMPO’s Purpose Management with managers in the field. The challenge undertaken by the Sompo Group has only just begun.

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

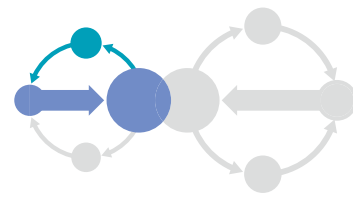


Correlation between “engagement score” and “willingness to take on challenges”



* Our analysis is based on a survey about engagement aimed at employees of the Sompo Group and conducted by Sompo Institute Plus.

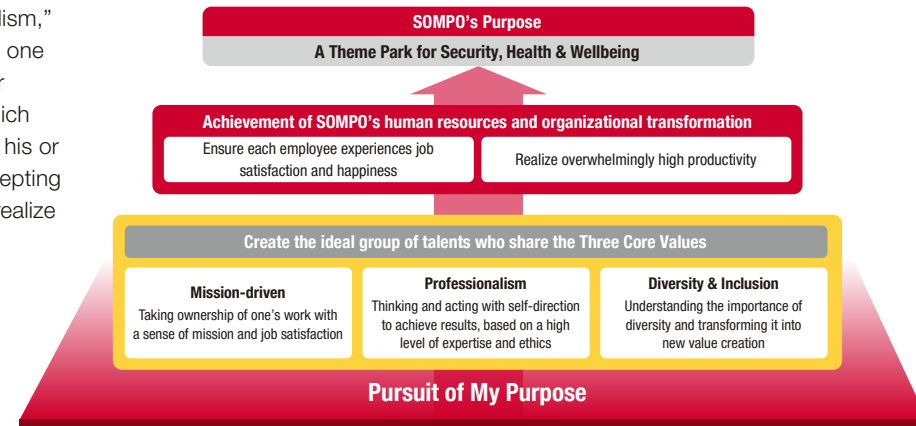
Value Creation Cycle: Route of Driving Force (I&D) Enhancement of organizational strengths with diversity



The creation of innovation is essential for realizing SOMPO's Purpose, and the key to this is inclusion and diversity (I&D). We are promoting various efforts under our belief that innovation is created through collaboration and discussion among human resources with diverse values and skills, including differences in gender, disabilities, nationality, age, and work experience.

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

Alongside "Mission-driven" and "Professionalism," we have positioned "Diversity & Inclusion" as one of our Three Core Values to be shared by our employees. By fostering an I&D culture in which each employee at each workplace leverages his or her abilities and strengths while mutually accepting others, we will aim to create innovation and realize SOMPO's Purpose beyond that.



Fostering of I&D culture by sharing My Purpose

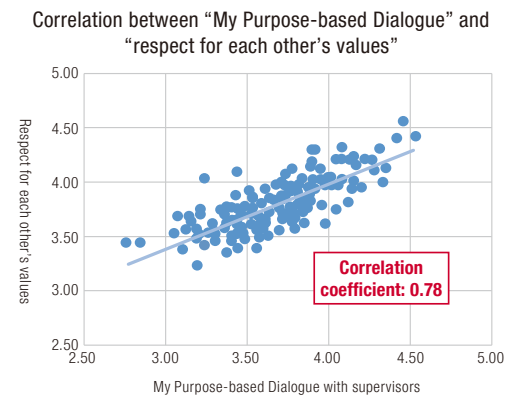
My Purpose is the key to spreading I&D. Mutual respect and acceptance of each other's My Purpose increases the sense of security at the organization and is the foundation for fostering an inclusive culture that welcomes diverse backgrounds and values, such as gender, disability, nationality,

age, and work experience. In fact, our internal data analysis confirms that the more My Purpose-based Dialogue is conducted at an organization, the stronger tendency there is for mutual acceptance of diverse values.

Correlation between "My Purpose" and "I&D"

With the utilization and analysis of various human capital data, including on I&D, we have found that organizations that share My Purpose tend to have a "higher awareness of mutual acceptance of diverse values." Similarly, we have also confirmed that organizations that have a "higher awareness of mutual acceptance of diverse values" have an "increase in taking on challenges toward achieving My Purpose."

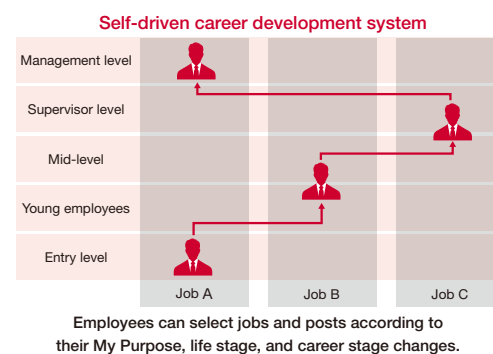
* Our analysis is based on a survey about engagement aimed at employees of the Sompo Group and conducted by Sompo Institute Plus.



Mechanism to support the realization of diverse forms of My Purpose

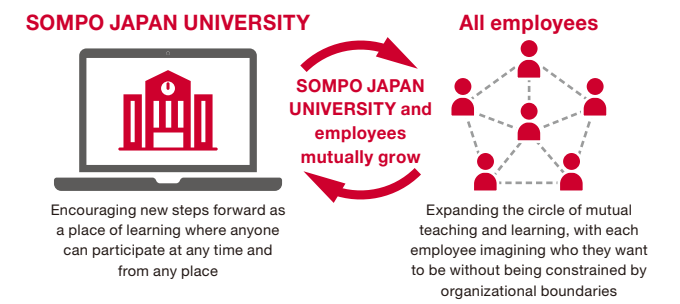
Self-driven career development system

As a mechanism to support the realization of diverse forms of My Purpose, we are 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 posts of general manager, section manager, and person in charge. At each Group company, we are discussing and reviewing company-initiated reassignments and transfers as well as expanding the self-driven career development system while taking into account the characteristics of each business.



Establishment of our in-house online university

Sompo Japan Insurance established SOMPO JAPAN UNIVERSITY, an in-house online university, in October 2020 with the aim of structuring and promoting "self-directed learning" based on My Purpose. Because SOMPO JAPAN UNIVERSITY is an online university, it allows employees to take courses without being restricted by location, time, or current work duties. By providing equal opportunities to acquire various types of knowledge, we aim to foster and establish a culture of studying, taking on challenges, and mutually teaching and learning from one another through diverse human resources.



Acquisition and strategic allocation of diverse human resources

(closing the gender gap, promoting employment of people with disabilities, career recruitment)

We believe that considering a healthy gender balance in corporate management and a workforce composition with diverse backgrounds will eliminate tokenism, strengthen corporate governance, and contribute to sustainable growth through innovation. The Sompo Group has set the numerical targets of having a 30% or more ratio of female managers with influence over management decision-making, and a 2.5% ratio of employees with disabilities. We are advancing initiatives to achieve these targets by April 1, 2024.

The Sompo Group has established succession plans for the Group's key positions (86 posts in total), including the Group CEO, Group COO, Group CxO, business owners, and other key posts in domestic and overseas businesses.

Currently, the ratio of female candidates in the succession plans is 41.9% (as of the end of FY2022), and our goal is to increase it to 50% in the future.

We are also actively engaged in career recruitment, with the main purpose of promoting I&D and acquiring highly specialized talents. Since we began hiring in April 2020, we have hired about 150 mid-career hires, or about 30% of our workforce, over the past three years. We have placed mid-career hires in the respective posts of general manager, section manager, and person in charge. By integrating their strengths with those of each of our existing internal human resources, we have been able to create new value.

Health and Productivity Management^{®1} as the foundation for realization of My Purpose

We believe that it is important to maintain good mental and physical health in order to realize My Purpose. The Group regards the maintenance and promotion of employee health as one of the important themes of management. Data related to Health and Productivity Management[®]

(presenteeism, stress checks, etc.) is set as an important KPI in our Human Capital Impact Path, and we are in the process of analyzing its relationship to financial value and Unrealized Financial Value.

KPI items	FY2020	FY2021	FY2022
Ratio of female managers ^{*2}	24.2%	26.8%	28.1%
Ratio of female directors and executive officers ^{*3}	8.6%	9.0%	11.5%
Ratio of female candidates in succession plans	25.4%	32.4%	41.9%
Ratio of foreign national directors and executive officers ^{*4}	12.1%	14.7%	15.2%
Wage gap between men and women ^{*5}	—	—	67.2%
Ratio of male employees who take childcare leave	—	71%	75%
Ratio of employees with disabilities ^{*3}	2.42%	2.41%	2.36%
Number of companies certified as Health and Productivity Management [®] Outstanding Organizations	20 companies	22 companies	22 companies
Productivity indicators connected to Health and Productivity Management [®] (WLQ)	93.8%	93.8%	93.5%

^{*1} Health and Productivity Management[®] is a registered trademark of Nonprofit Organization Kenkokeiei.

^{*2} FY2020 figure is as of March 31. Figures for FY2021 and FY2022 are as of April 1 of the following fiscal year.

^{*3} Figures are as of April 1 of the following fiscal year.

^{*4} Figures are as of July 1 of the following fiscal year.

^{*5} Standalone figure for Sompo Holdings.

SOMPO Awards

The Sompo Group introduced the new group-wide award program of "SOMPO Awards" in 2022 to advance from a phase in which our employees understand and empathize with My Purpose and I&D (inclusion and diversity) into a phase in which they transform their understanding into power and actually take action.

By awarding the efforts arising from the My Purpose of each and every employee toward realizing SOMPO's Purpose, this award program is to transform our corporate culture into one that embraces challenges and is driven by employees' My Purpose.



SOMPO AWARD OF THE YEAR

One Grand Prize out of all entries



The Gutto Award



A special award for the one which resonated the most with employees. This is selected from among the category award winners through employee voting.

Best Category Award

One Grand Prize per category



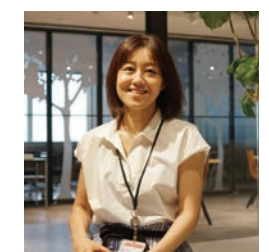
Messages from the award winners



Kazuhisa Hoshino
Sompo Care
West Japan First Promotion Division
Regional Business Promotion Department

We promoted this project hoping that it would make users happy and that children in the community would think of the nursing care profession as a worthy career to aspire to. We believe that this project was only achievable because of the support and cooperation of the users and on-site staff. We would like to continue to expand the circle of community interaction among the users, children, and care workers as one integrated area.

▶ For details on the initiatives, see page 66



Reiko Fujita
Prime Assistance
Business Development Division
Planning Office

The My Purpose that I uphold is "to resolve the world's inequality and disparity in a sustainable way with our partners." There were many individuals who have assisted and supported us in order to realize this wish through "Eyeco Support." We believe that if were not for every single one of them, we would not have been able to win this award, so we are filled with gratitude toward everyone who has shared this purpose with us.

▶ For details on the initiatives, see page 66

The SOMPO Awards are a group-wide internal award program that recognizes ideas and initiatives based on each employee's My Purpose which then lead to the realization of SOMPO's Purpose. In FY2022, the first year of the program, more than simply introducing a new awards program, we have also closely coordinated our efforts with such purpose penetration strategies as holding town hall meetings and case study sessions to help spread the program, resulting in a total of 993 entries from Sampo Group companies in Japan and overseas.

Overview of the Program

Aiming to transform our corporate culture into one that embraces challenges and is driven by employees' My Purpose, we divided the SOMPO Awards into the three categories of "Learning from Challenge," "Building a Unified Culture," and "Driving Sampo's Purpose," and then collected initiatives and ideas. For the selection process, emphasis was placed on stories that were unique to those individuals and based on the feelings, sense of mission, and My Purpose behind their challenges, along with whether qualities distinct to the Sampo Group were conveyed, such as I&D, Group synergy, and contribution to resolving social challenges. Moreover, as part of the selection process, interactive methods were adopted, including conversational style interviews to delve deeper into the applicant's thinking and implementing employee voting to select the initiatives that resonated the most with them.



Providing an opportunity for Employees to talk about Challenges Together

The case study sessions were held to encourage as many employees as possible to "take a step forward in taking on a challenge" toward the transformation into a culture full of challenges driven by My Purpose, which is the goal of the SOMPO Award program. By providing small talk sessions for employees who have already applied for the SOMPO Awards to talk about what challenges they have taken on, we provided an opportunity for those who have not yet applied to think about their own challenges.



Launching the SOMPO Awards Website

From among the actual applications, about 300 initiatives were disclosed with the aspirations of the applicants. By communicating our corporate stance on Purpose Management internally and externally along with sharing the aspirations and challenges of Group colleagues, we have encouraged employees to take on new challenges, fostered pride in the company, and strengthened the sense of unity within the Group.



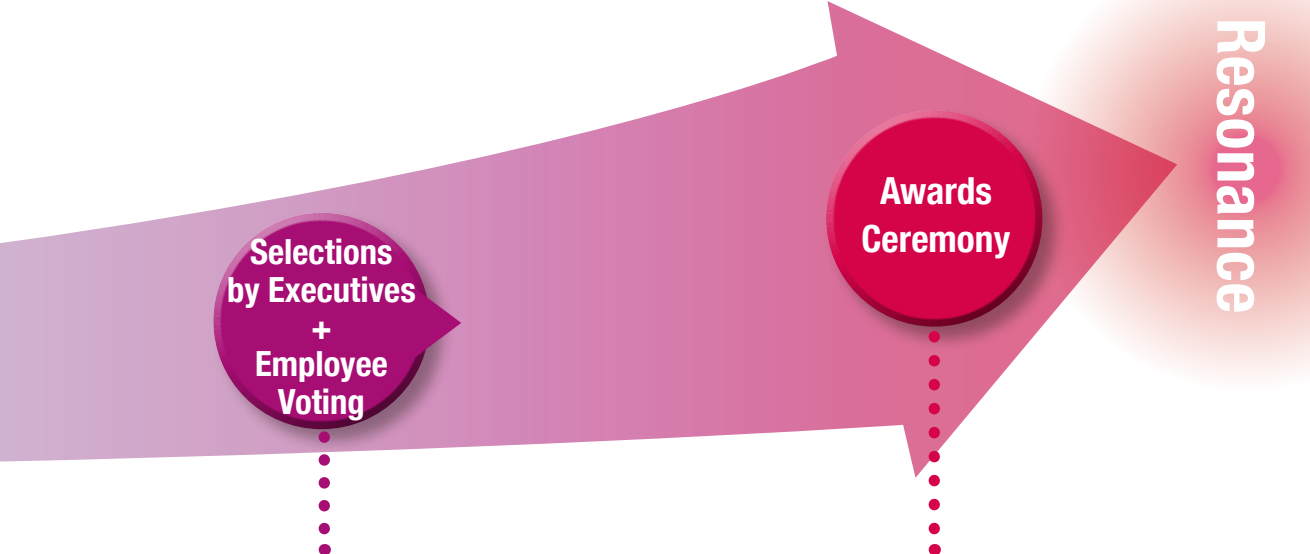
▲ Please check our special website here. <https://www.sompo-award.info/english.html>

Aspiration behind the launch of the program

Since joining the company, I have been given the opportunity to take on various challenges by the company, which led me to think about how I could use my position to encourage my colleagues in the Group to take on new challenges. In addition, I felt that while we are a group with diverse businesses, from the viewpoint of a single employee, there may not be sufficient chances to feel this diversity. These thoughts led me to establish the "SOMPO Award," a Group-wide award system that supports each and every employee's unique challenges, with a focus on raising the total amount of challenges. The key message, "Our Purpose begins with you," contains our desire to honor, encourage, and support the challenges of all employees.

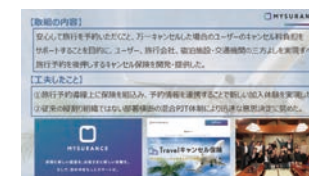


Shizuka Matsumoto
Sampo Holdings
Sustainable Management Office



Employee Voting

For the selection of the Special Award (Gutto Award), which is everyone's top choice for the one resonating the most from all of the challenges, employee voting was carried out by all Group employees among the 20 eligible category award winners selected previously. Through voting, Group colleagues transcended national and business boundaries to cheer on each other's challenges, leaving numerous comments which included, "I also want to take on challenges together," and "I felt proud to be a member of a group that undertakes these great efforts."



Category Award winners created their own materials to share initiative overviews along with the results and lessons learned with Group colleagues.



A one-minute video was employed to convey the aspirations and enthusiasm for the initiatives that could not be fully imparted with slides and to create a circle of empathy within the Group.

Awards Ceremony

An awards ceremony was held to share and honor all of their challenges and present the SOMPO Award of the Year, the Gutto Award, and the Best Category Awards. The Group's first awards ceremony, held at a hybrid of a real venue and a metaverse, provided an opportunity to experience SOMPO's unique approach to Purpose Management, where employees in Japan and overseas are interactively involved and diverse businesses work together as one. In addition, Group CEO Kengo Sakurada delivered the following message at the Awards Ceremony: "My hope is that by hearing about the challenges arising from everyone's My Purpose and honoring them, everyone will leave here having some insights and hints for their next challenges as well as colleagues to undertake them with."



SOMPO Awards

SOMPO AWARD OF THE YEAR Award

Kokorozashi Award - Aspiration -

Promotion Project of the SOMPO style Children's Cafeteria in the Chubu Region!

Description of Initiative

- Mr. Hoshino changed careers and entered the nursing care industry with the ambition to "change people's perception by conveying that the nursing care profession is highly specialized and is a worthwhile profession." Gradually, he became convinced that the direction of the company's transformation matched his own ambitions.
- He took on the challenge of building the best possible team by working across business divisions to promote the SOMPO Style Children's Cafeteria while utilizing the strengths of each person in charge.
- As a result, through running the SOMPO Style Children's Cafeteria as a place for multigenerational exchange, they have not only improved teamwork but also contributed to fostering children's aspirations to become future caregivers and to creating the perception that nursing care facilities are cheerful and open.



Sompo Care Inc.
Promotion Project of the SOMPO Style Children's Cafeteria in the Chubu Region

Messages of Support from Executives

- "Nursing care work is a wonderful and worthwhile profession! I would like everyone to know that!" Sparked by these emphatic feelings of Mr. Hoshino, a project team was formed and the SOMPO Style Children's Cafeteria was carried out with teamwork leveraging each of the members' strengths.
- I felt that this initiative set a great example for Purpose Management. I hope that they continue to strengthen their team through the expansion of the Children's Cafeteria and undertake the challenge of transforming the nursing care industry!

Comments on Employee Voting

The other day, I visited a home located in Nagoya. I felt that it had the power to create change for children and the elderly as well as the society and community.

It is rewarding for us workers to see the residents smiling as they interact with children. It makes me happy to see children showing interest in nursing care work.

Jitsugen Award - Impact -

Okinawa Children's Future Work Experience Event

Description of Initiative

- The members' desire to "contribute to the development of Okinawa and resolve its issues" led them to take on the challenge of resolving Okinawa's issue of child poverty.
- The branch manager also showed commitment to the project and fully supported the members.
- As a result, the "Okinawa Children's Future Work Experience Event," in which children learn about work from professionals, was planned as an opportunity for children to have high aspirations and was achieved through co-creation with 17 companies and organizations.
- The event attracted a great deal of interest, with the number of applications far exceeding the number of participants along with attracting numerous media outlets to cover it.



Sompo Japan Insurance Inc.
Okinawa Contribution Team

Messages of Support from Executives

- I was really impressed by the fact that this project focuses on issues specific to the local community and encourages the children of Okinawa to pave the way for their own futures through co-creation with many like-minded stakeholders.
- I also applaud the fact that there was an effort to create time through a thorough review of business operations behind the realization of this project.
- Congratulations. We look forward to seeing your future efforts!

Comments on Employee Voting

This is a wonderful initiative which takes on the challenge of doing what is possible now for the future without putting off local issues. I hope that these kinds of activities will spread from Okinawa to the rest of Japan.

This is a wonderful initiative that has the potential for lateral development into other regions outside of Okinawa. We would like to develop it further in coordination with our activities.

Gutto Award - Like -

Hakken & Shinka Award - Discovery & Transformation -

A Society Where Everyone Can Fully Enjoy Their Life Regardless of Disability "Eyeco Support"

Description of Initiative

- Led by Ms. Fujita, the organizer, and Ms. Fujii, who is visually impaired, this initiative arose from the desire by those involved to "create a more exciting society for everyone, regardless of one's disability."
- With the support of SOMPO Digital Lab and the Digital and Data Strategy Department, a service providing "visual information by voice" to those who cannot see or have difficulty seeing was developed using Prime Assistance's call center.
- Users have commented that as the number of things they can do increases, they feel more motivated to try new things.



Prime Assistance Inc.
Team Eyeco Support

Messages of Support from Executives

- I think this is a challenge of great social significance that was realized by the overlap of people's desire to "enrich the lives of people with disabilities," including Ms. Fujii, who agreed with the aim of the project and changed jobs to join the development team, and Ms. Fujita, who promoted the project to please Ms. Fujii who is working together.
- Please keep that aspiration and continue to take on challenges!

Comments on Employee Voting

It contributes to making everyone's life fulfilling in their own way and is truly an effort that brings us closer to realizing SOMPO's Purpose.

When I heard the users voice their delight, I felt proud and was moved as a member of the company providing this service.

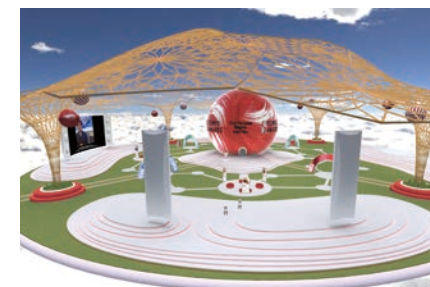
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An Awards Ceremony Utilizing a Metaverse

The first SOMPO Awards Ceremony was held combining a real venue with a metaverse. It was the Group's first attempt at introducing a metaverse into an awards ceremony, and the motivation behind this was to have the employees make an awards ceremony of their own. We introduced a metaverse with interactive elements so that employees could not only watch and listen to the awards ceremony but also create and enliven it themselves by praising the winners and sending them words of encouragement while transcending the boundaries between countries and businesses.

Employees who participated in the Awards Ceremony's metaverse watched the live broadcast of the ceremony on the metaverse screen and cheered on the winners by clapping, dancing, and making other reactions as well as using the chat. In addition to the live broadcast, participants also viewed videos and posters about the award-winning projects on the metaverse and enjoyed interacting with other participants.

The emotions felt within the real venue were shared with these participants, resonating in such comments as, "Listening to the interviews with the award winners made me cry."



Transforming into a Culture of Challenge and Innovation Based on My Purpose



My Purpose-driven culture change

Shimokawa Seeking to break away from the “me in the company” work-style paradigm that has traditionally been dominant in Japan, Sompo Group has been pursuing Purpose Management based on “My Purpose,” which refers to one’s own purpose of life or meaning of work. The idea is to foster a culture driven by My Purpose and make it the driving force for sustainable growth and increased corporate value enhancement. I believe that the essence of Purpose Management is to create value unique to SOMPO, that is, to provide happiness to people and pursue sustainable growth by solving social issues.

We have deployed a variety of measures over the past three years, but since culture change is not something that can be achieved overnight, we purposefully try to do so in a connected and linked manner, rather than having the measures culminate in some single event. For example, in response to the theme and content of the town hall meetings, which are carried out as a means of communication by top management, we have implemented on-site measures such as My Purpose training, and training for the management level in conjunction with these town halls, and have measured their effectiveness and progress through engagement surveys and other means. Starting in fiscal 2022, we established the SOMPO Awards, a Group-wide award system, not

only to encourage employees to take on challenges driven by My Purpose, but also to praise and support those who have taken on such challenges, and to try to transform the culture into one of challenge and innovation.

Another thing we are working on is building “impact paths.” The goal is to improve our ability to tell our story by visualizing the mechanism by which various initiatives based on the pursuit of My Purpose lead to increased willingness to take on challenges, and then presenting evidence of this through data analysis and other means.

In this way, we are proceeding through trial and error. First, however, I’d like to ask Mr. Endo and Ms. Yamada what they think about the Group’s approach and thinking.

Endo I believe we have reached a point in time when many Japanese companies are in need of a paradigm shift that will fundamentally change the relationship between the company and the individual, and Sompo Group has been recognized for its forward-thinking efforts in this regard. However, such a paradigm shift requires a truly fundamental change in mindset, both for the company and the individual. This is not something that can be easily changed after a few years of work. I recognize that things will change gradually over the course of five to ten years, by all possible means. As a start, we are taking on many challenges and seeing tangible changes. This is a long-term effort, so it is important to keep

sending out the message and stick with it. I fully agree with this direction, and I think Japanese companies will not be able to survive without such efforts.

Yamada I too believe that a paradigm shift is the most important concept right now. Not only will the relationship between the company and the individual change, but we are now experiencing so many global natural disasters that we’ve entered a world where “abnormalities” are an everyday occurrence. I don’t think there is anyone who does not experience social issues such as global warming and geopolitical risks on a daily basis as a global citizen. The younger generation, in particular, feels a sense of crisis as a personal matter, and when we think about the future society of our children, there are a lot of problems that adults have the responsibility to address. Under such circumstances, I think that the basic premise of the company must be to contribute to society through the pursuit of economic value, or else young people, in particular, will not find their work fulfilling.

Therefore, I think Purpose Management is a very reasonable approach. I recently had the opportunity to participate in voting for the SOMPO Awards. I was impressed by how this initiative is happening from the bottom up; people are thinking seriously about social issues and tackling them while getting others around them involved.

Shimokawa Thank you very much. In order for us to remain needed by society 100 years from now, we ourselves must grow and change. To do so, we must fundamentally shift our paradigm. With this in mind, we are undertaking this major reform. When it comes to social issues, we agree that, both as a company and as individuals, we can grow by tackling larger social issues.

Changes as a result of our initiatives

Shimokawa Next, I would like to talk about the changes we have seen in our employees as a result of the various initiatives over the past three years. In my opinion, there are three main types of changes.

The first is personal change. I think of the My Purpose initiative as an activity that awakens employee I&D (Inclusion & Diversity). I feel that slowly but surely more and more employees are becoming aware of what they want to do, the significance of their work, and their goals through the process of formulating them. I also feel that through activities to share My Purpose in the workplace, people are starting to become aware of the individuality of their colleagues around them.

The second change is in the management level. Managing employees who have awakened to their individuality has never been more difficult. Having My Purpose is not the goal; the original aim of My Purpose is to inspire people to

take on challenges. A survey of managers showed that only about 45% of all respondents have reached that point. As for the concerns of the managers, they seem to be experiencing difficulties in terms of how to interact with and manage employees on the theme of My Purpose, how to connect My Purpose with SOMPO’s Purpose and one’s mission or work in the workplace, and how to unite their teams.

The third type of change is what we have seen from the SOMPO Awards. We received 993 applications from all over the world, and approximately 7,500 employee votes were cast to evaluate the entries. This level of response was unexpected, but in a good way. It made me feel that many employees are interested in the challenges their colleagues are tackling and want to cheer them on. In addition, based on the initiatives submitted, I realized that many employees are thinking about solutions to new social issues and how they want to implement them, and are actually translating that into action.

On the other hand, it is true that there are still many employees who are not willing to take on challenges, or who are willing to take on challenges but are not ready to take action, and it makes me feel that we still have a long way to go. Do you have any advice regarding these changes and future challenges?

Yamada I watched the video of the SOMPO Awards and was first of all very surprised at the amount of energy the employees had. On the other hand, depending on their type of job or duties, some may find it difficult to connect their work with My Purpose and the social issues they want to solve. I think this award has provided a lot of inspiration to all of our employees. From this starting point, I hope you will make the award more valuable and continue to improve it so that more and more people will identify personally with it.

Endo In general, there is a 2-6-2 rule in organizations, with about 20% of the workforce being highly motivated and aware of the issues. I think what we are seeing now is the stirrings of this 20% of people. The issue is the other 80% of the workforce. In reality, there are many employees who are unable to ride a wave of change like this. Culture change, which is the ultimate goal, is about the people on the operational frontlines becoming self-reliant and self-driven, free from the prodding of management. Therefore, we must find, educate, and motivate core personnel who can lead these activities on the operational frontlines and exert centrifugal force. Once people who demonstrate this kind of initiative become the majority, the atmosphere will change dramatically. Looking at the survey figure Ms. Shimokawa cited earlier, we have not reached 50% yet, so I think this is where the next challenge lies.

Right now, it’s a personal challenge, but I think the ultimate goal is how to spread a workplace atmosphere where it is

Transforming into a Culture of Challenge and Innovation Based on My Purpose



natural to take on challenges. Going forward, we need to establish good examples at the level of the individual workplace.

Shimokawa After all, managers are the key. The activities to-date have created a spark in the top 20%, which has gradually ignited a fire in the management level and is beginning to have a positive impact on some organizational units. From the point of view of making this the majority, we have no choice but to work in a steadfast manner.

Endo In addition to working in a steadfast manner, the attitudes and conduct of managers such as department heads and section chiefs are of course very important. Even if we create a spark in one awakened individual, their motivation will falter unless they get empathy from others and understanding from their superiors. It's a mistake to say, "I'm busy with the work at hand, so culture change will have to wait." In order to achieve results in our work, we must first create a good culture and demonstrate individual initiative. How many managers understand this? When I look at various companies, the managers are too busy to really work on it. Creating a good culture in each workplace unit is an important point and a major challenge.

What is "innovation capacity"?

Shimokawa I understand the importance of establishing culture at the level of the individual workplace. In addition to this, to increase corporate value, I believe we must bring about innovation in a broad sense, in both new areas and existing businesses. What is innovation capacity? In other words, what capabilities should a company and its employees develop to increase their innovation capacity?

Yamada Perhaps the most important thing is the ability to set goals. I think it's important to adopt the perspective of, "how can we approach social issues to make things a little better?" It doesn't have to be a technical discovery; it could be just a rethinking or redesign of existing businesses and operations.

Plus, a strong will. I believe that a high-energy organization with a strong will is the minimum requirement to generate innovation.

Endo We tend to think of innovation as a brilliant individual coming up with ideas and concepts that no one else has thought of. Of course, in addition to such Western-style deductive innovation by an individual, there is also Japanese-style inductive innovation.

An example is "*kaizen*," the Japanese philosophy of continuous improvement. First, we apply *kaizen* to improve our own workplaces and services. Then, as an extension of this process, ideas are inductively generated from the field, such as providing customers with services that will make them happier and contribute more to society. It can start with a small challenge, a small change. It happens as a matter of course. I believe this is what it means to be an organization capable of innovation. To that end, it is important to develop human resources who can use their ingenuity to creatively solve problems on-site.

Once "*kaizen*" becomes a culture, it gains strength. Everyone starts looking for *kaizen* ideas without being told to do so. Major innovations can emerge from this.

As Ms. Yamada said, *kaizen* requires setting goals first, and then increasing the number of individuals and teams who can do it themselves. I believe that culture change is about introducing good examples and creating a positive atmosphere that encourages people to adapt to the desired culture.



Yamada Many startups start with nothing but ambition and struggle to accomplish something. Precisely because they are clear about what they want to accomplish, they are able to draw on their connections and contacts, their own solutions, or the support of others, and go from "zero to one." That's why they keep thinking a lot about how to do that. Despite making a large number of mistakes through trial and error, they manage to move forward one step at a time. Each person, in their respective positions, actively does better work, or in other words, accumulates a series of *kaizen* improvements one at a time. I think this is the only way to achieve the goal.

Endo I call it "Changing small and basic things" because someone who cannot even change where their own feet are planted cannot possibly create something great. Changing small and basic things also requires a spirit of challenge and frontier spirit. The management team needs to be more aware of this, but of course the bigger the organization, the more weight and distance there is. It takes tremendous courage for frontline employees to try to change something. Therefore, the person with the initiative who can demonstrate that courage will first change his or her small and basic things. When such things are done autonomously on the operational frontlines, it means a good atmosphere has been created. I believe that this is exactly what culture is all about, and how to spread such an atmosphere is very important for the future. Once someone's fire has been lit, they need to be led well to keep the flame from dying.

Yamada Japanese organizations are expected to be cooperative, and tend to fall into a kind of codependent relationship. But if you have a group of self-reliant individuals, they will be much more engaged with the company as a result. I think it all comes down to how the company can create an environment where people can work with independence and where mistakes are tolerated.

Shimokawa It is important to increase the number of employees with a sense of ownership and initiative, and to support them in a work environment that does not hinder them. If you do this, the value generated by each employee increases, and the value of the company as a whole increases.

Expectations for the future

Shimokawa Lastly, what do we need to do in order for our stakeholders to have high expectations of us as a company that can achieve improvements in corporate value through culture change?

Yamada In the case of SOMPO, since the areas we are involved in are directly linked to social issues, I think consumers have higher expectations for us. We live in an age when the culture on which a company is based is transparent to consumers. To be chosen by consumers and, by extension, society, we need to focus on activities that resonate with them.

I think that when you are inside a company, you tend to focus on short-term results and trends within the industry. As an independent director, I believe it's my role to speak out from a third-party perspective, and give as broad a perspective as possible, such as what kind of value contribution our company has the potential to make to society, while being aware of the viewpoints of a wide range of stakeholders.



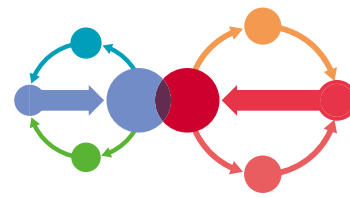
Endo Recently in Japan, talented people are leaving major companies and flocking to start-ups. The biggest contributing factor to this phenomenon is culture. Naturally, unless an organization has a good culture, it will not retain or attract good people. Management needs to be keenly aware that we are in such a culture-first era, and we must continue to be a company capable of accumulating top talent. And, ultimately, it must be linked to corporate value. It is important to be keenly aware that we are no longer being selected simply because we are large or well-known.

Another point is we need to think about how to value employees who make these kinds of efforts to accomplish very good things. A person who has taken on a challenge must be highly valued, and a person who has not taken on a challenge must not be. Otherwise, it will not take root as a culture. I believe that creating an environment where people who take on new challenges and show initiative are highly valued will lead to true culture change.

Shimokawa As you say, our measures to increase the speed of change and help culture change take root, such as by incorporating it into the employee assessment system, are not yet sufficient, so we need to keep this in mind and work towards those goals.

Culture change is a major premise for increasing the effectiveness of the various human resources investments the Group is making, and from the perspective of investors, consumers, and society, culture change is a leading indicator for improving corporate value. To gain the trust of society, we will continue to take on the challenge of achieving My Purpose and SOMPO's Purpose, even though we know it is not easy to change the culture of a corporate group with more than 70,000 employees. Nonetheless, we will work together every day as a Group to make progress, even if it is just one step forward. We will continue to take the necessary steps to ensure that everyone can feel the change.

Improving Unrealized Financial Value Visualizing the Impact Path of Human Capital



Initiatives to visualize SOMPO's Unrealized Financial Value

Our company uses the term Unrealized Financial Value to refer to value that leads to financial or corporate value in the mid- to long-term that is generated by human capital-related initiatives originating from My Purpose, and the entire Group is working to improve this. By visualizing this value as much as possible by determining its impact path, we are also steadily advancing Purpose Management by using an evidence-based approach and having it lead to sustainable growth and increased corporate value.

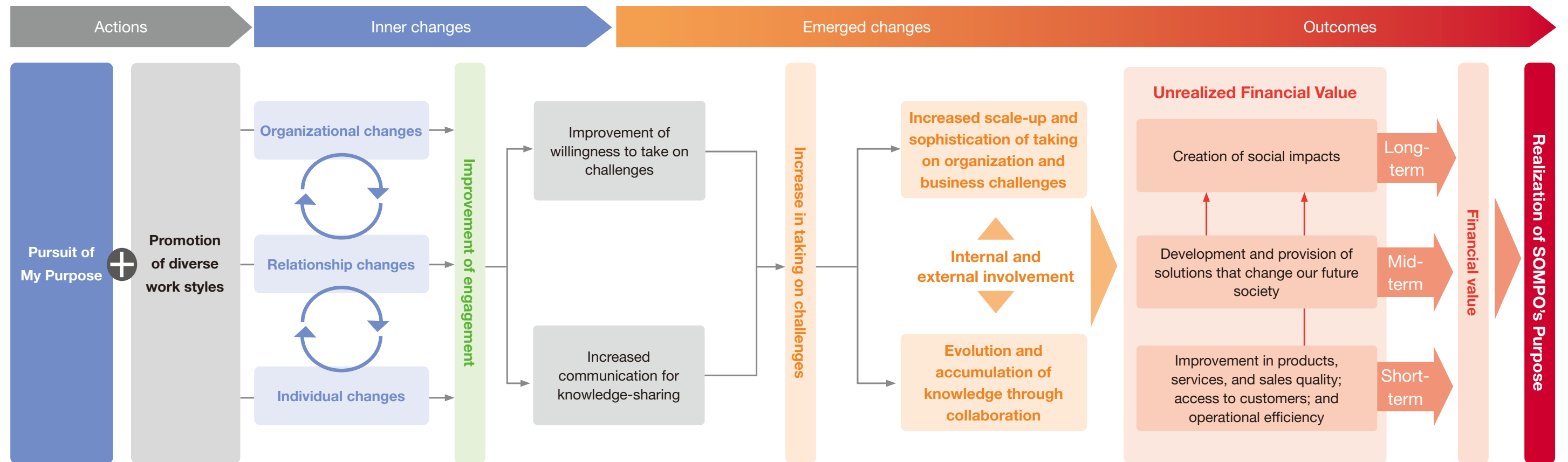
Using the Value Creation Cycle that lays out the path to realizing SOMPO's Purpose, we set key levers/KPIs to improve Unrealized Financial Value. By improving each of these indicators, we will demonstrate to our stakeholders the progress made in Purpose Management.

* 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.

Initiatives to enhance the impact path

With the starting point of the pursuit of My Purpose, how do our various actions to improve human capital increase engagement, accelerate I&D, increase the total amount of taking on challenges and innovation, and improve financial value and ultimately corporate value? We call this path the Human Capital Impact Path and are taking on the challenge of visualizing and implementing it.

This fiscal year, we focused on enhancing the impact path based on the previous year's content. Specifically, we worked to identify the "mechanism of changes" generated by human capital-related actions originating from My Purpose, based on case studies of changes observed at sites throughout the Sompo Group and actual data measured within the company. The items of changes in last fiscal year's impact path, which were expressed as "improvement of individual strengths" and "improvement of organizational strengths," were considered to be "inner changes." These were detailed as a mechanism by which the three elements of "individuals," "relationships," and "organizations" mutually affect each other and change, leading to increased engagement. On the other hand, We also worked to draw a path for the items of changes that we saw as "emerged changes" that would lead to increased challenges and innovation and, ultimately outcomes.



Typical KPIs	KPIs for actions through inner changes		
	KPI	Details	FY2022 results
My Purpose	Executives and employees		74,654 (27,446 male; 47,208 female)
	My Purpose training participation ratio		90%*1
Engagement	Employee engagement		Domestic: 3.50 points, Overseas: 4.12 points*2
	Productivity indicators connected to Health and Productivity Management® (WLQ)		93.5%
	Number of companies certified as Health and Productivity Management® Outstanding Organizations		22 (14 large companies, 8 medium-sized companies)
I&D data	Percentage of female directors and executives (As of April 1, 2023)		11.5%
	Percentage of directors and executives who are foreign-born (As of July 1, 2023)		15.2%*3
	Percentage of female candidates in succession plans		41.9%*4
	Percentage of female managers (As of April 1, 2023)		28.1%
	Percentage of employees with disabilities (As of April 1, 2023)		2.36%

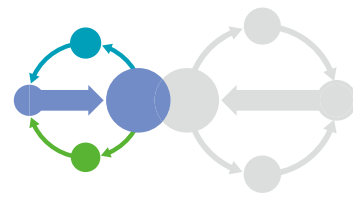
*1 Participation ratio in the company and domestic Group companies.
*2 Average Gallup Q12 scores. FY2023 targets – Domestic: 3.70 points, Overseas: 4.10 points.

*3 Ratio of directors, executive officers, vice presidents: (5 out of 33 total).
*4 Targeting the Group CEO, Group COO, Group CxO, Business CEOs, and other key posts (total of 86).

KPIs for emerged changes through outcomes		
KPI	Details	FY2022 results
Taking on challenges	Number of SOMPO Awards applications	993
Communication	Number of employee votes for the SOMPO Awards	7,493
Quality/customer reputation	Sales numbers and premiums of priority products	Number of sales: 399,000, premiums: 4.53 billion yen
	Customer satisfaction with insurance claims payments for automobile accidents	Down 0.8 points YoY
	Number of Insurhealth® packages sold/owned	Number of sales: 440,000, packages owned: 1.10 million
	Number of My Linkx members	770,000
Solutions	Number of nursing care users	92,000
	Operating profit of Nursing Care RDP ("egaku")	Target value: 10 billion yen*5 by 2030
Social impact	External sales and monetization of RDP products and services	Launch of "egaku" from FY2023
	Social impact created by Nursing Care RDP ("egaku")	Target value: 3.7 trillion yen*5 by 2040
	Reduction rate in financed emissions	11% reduction*6 from 2019

*5 Target values are shown due to the launch in FY2023.
*6 Actual result for FY2021 is shown.

Improving Unrealized Financial Value Evidence of Inner Changes



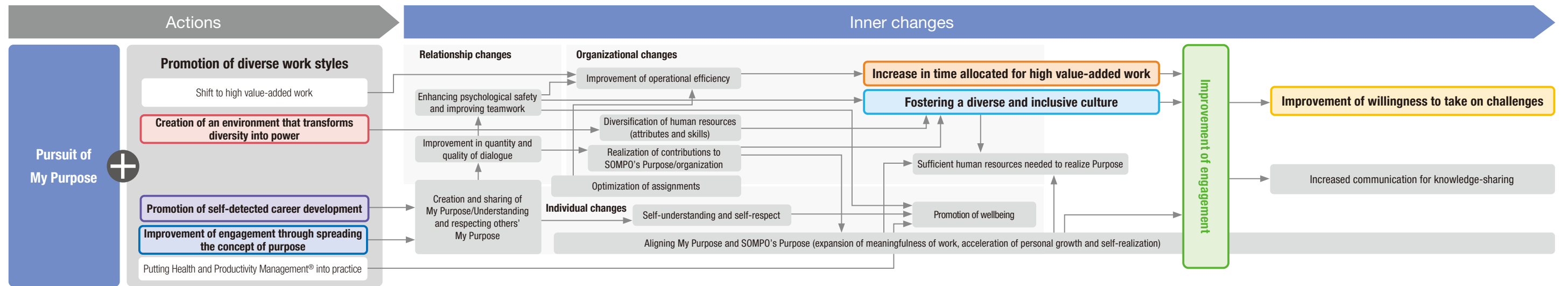
Initiatives for sophisticate inner changes

We worked to clarify the mechanism of changes which we call inner changes, which entail various human capital improvement initiatives originating from the pursuit of My Purpose leading to changes in individuals, relationships among employees, and the organization, which in turn lead to increased engagement. We then analyzed the data we had accumulated in-house and actual case studies in the field to verify the probability of the mechanism of changes from both quantitative and qualitative perspectives. This part introduces some of our initiatives.

Verification of the mechanism of inner changes

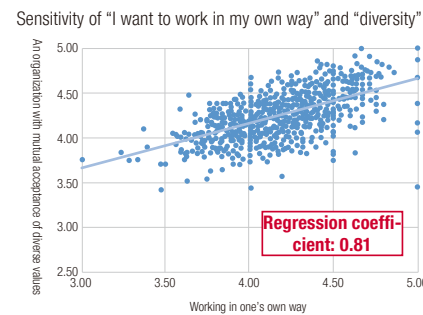
We identified from various data that measures and actions to promote diverse work styles, starting with the pursuit of My Purpose, converge with engagement through the mutual functioning of the three elements of individuals, relationships, and organizations, leading to an increase in taking on challenges. We will increase the certainty of achievement of initiatives to improve engagement in each organization of the entire Group by setting sub-KPIs related to changes in the process leading to improved engagement and actions that generate such changes.

* With regard to inner changes that lead to improved engagement from actions, based on our internal multi-year human capital-related survey data, we have conducted regression analysis and quantitatively identified multiple forms of evidence that support the probability of a causal relationship between changes. (Excerpts from some of the verification case studies are shown below)



Verification 1 Creation of an environment that transforms diversity into power → Fostering a diverse and inclusive culture
A one point increase in the sense of “I want to work in my own way” will yield a 0.81 point increase in the sensed value of “fostering an organizational culture with mutual acceptance of diversity”

We have confirmed the strong tendency that by creating an environment that transforms diversity into strength through having employees decide on My Purpose and conducting dialogue and sharing within the organization based on My Purpose, there will be an increase in the sense of “Working in one’s own way,” which will thereby advance I&D and give people the sense of an “organization with mutual acceptance of diverse values.”



Verification 2

Action	Regression coefficient
A Fostering a diverse and inclusive culture	0.38
B Promotion of self-detected career development	0.28
C Improvement of engagement through spreading the concept of purpose	0.14
D Increase in time allocated for high value-added work	0.03

Improvement of engagement

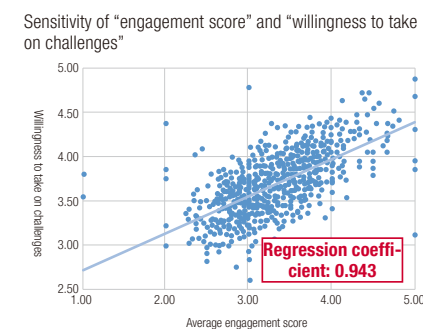
Engagement increases if there are increases in scores for various actions and changes, such as “fostering a diverse and inclusive culture”

- A A one point increase in the score representing the sense of “an organization with mutual acceptance of diversity” will increase the engagement score by 0.38 points
- B A one point increase in the score representing the sense of “self-detected career development” will increase the engagement score by 0.28 points
- C A one point increase in the score for My Purpose 1-on-1 meetings will increase the Engagement score by 0.14 points
- D A one point increase in the score for time allocated for high value-added work will increase the engagement score by 0.03 points

* For the results of multiple regression analysis, there was omission of items and intercepts with small regression coefficients and small impact on the objective variable.

Verification 3 Improvement of engagement → Improvement of willingness to take on challenges
A one point increase in the engagement score will yield a 0.943 point increase in the sensed value of “willingness to take on challenges”

Our company has confirmed that various actions based on My Purpose lead to higher engagement, and that individuals and organizations with higher engagement tend to be more motivated to take on challenges based on intrinsic motivation.



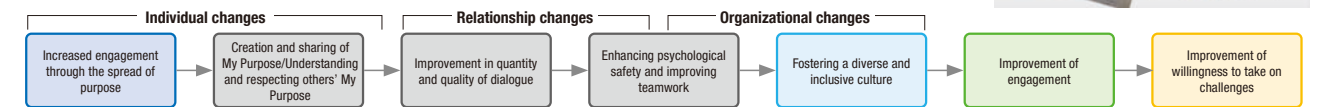
Case studies of changes that have occurred in the field

Motivated by My Purpose, we started to challenge ourselves

Motivated by the My Purpose to “help people around us envision a bright future and realize who they want to be,” the several gathered team members developed the “Kita Support MIRAI Project” with the aim of learning about change, ourselves, and the people around us. In FY2022, we planned activities on the theme of “reconsideration” of My Purpose, created a video for team members struggling with My Purpose creation and reconsideration, and held a My Purpose roundtable discussion in collaboration with other departments. During times when the project is not going well, the team members remember My Purpose and gain the strength to continue activities through repeated introspection. We would like to continue our extensive activities in pursuit of new discoveries and positive influences on those around us.



Path image (selected representative items in the case study)

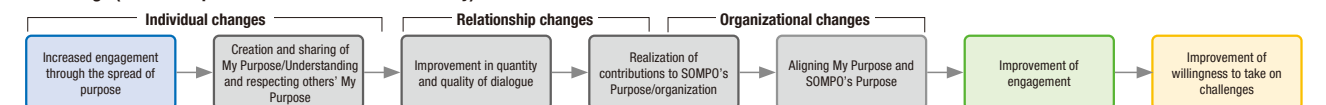


Motivated by My Purpose, we have started to spread our vision and realize Purpose within our departments

We have established a cross-departmental Committee to Spread Vision and Purpose and are developing initiatives with the hope of spreading the vision of departments among all members of that department and making them aware of it in their daily work. Specifically, we have created tools that contribute to the spread of My Purpose throughout the organization, such as a vision video in which all members participate, an explanatory video for the creation of My Purpose, and a compilation of all team members’ Purposes. Through a series of initiatives, a sense of ownership has been created among team members, and mutual understanding has increased. In addition, as each member now understands the organization’s Purpose and align it and My Purposes, the department’s mission, “protect customers at all costs,” has become a commonplace part of the organization.

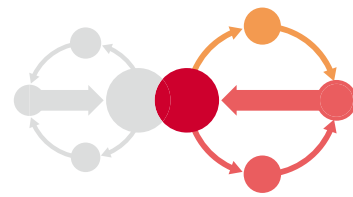


Path image (selected representative items in the case study)



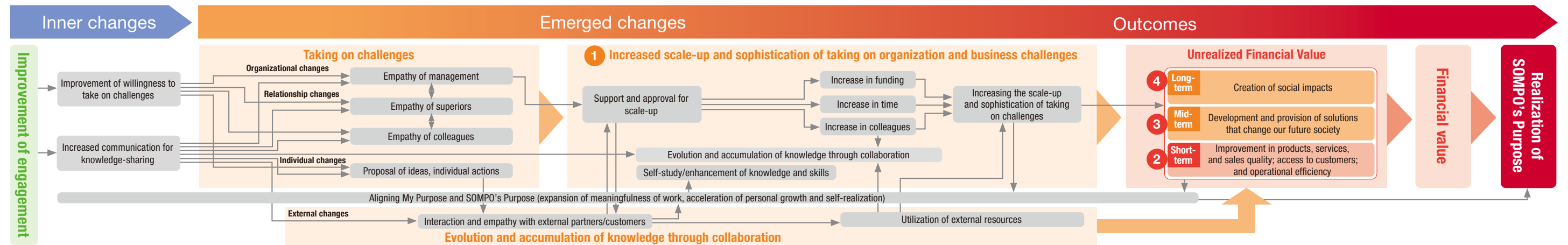
* Our analysis is based on a survey about engagement aimed at employees of the Sampo Group and conducted by Sampo Institute Plus.
 * The regression coefficient expresses the “degree of influence (sensitivity) on the result,” meaning how much the result will change if the factor used to predict that certain result changes by one. The verification results introduced in this report have been confirmed to be statistically significant. (A significance level of 5% or less is used.)

Improving Unrealized Financial Value Evidence for Emerged Changes and Outcomes



Initiatives to advance emerged changes and to estimate medium- and long-term outcomes

We believe that human capital improvement initiatives originating from My Purpose will increase engagement and create Unrealized Financial Value through an increase in emerged changes, such as taking on challenges. This fiscal year, we have been working to visualize this mechanism, accumulate and analyze evidence (case studies and data) that shows that engagement contributes to improved outcomes, and visualize medium- to long-term outcomes (such as trial calculations of social impact). This part introduces some of our initiatives.



1 Organizations with high engagement spend around 30% more time on tasks that create high added value

We confirmed that the top 25% of organizations with the highest engagement scores spend about 30% more time on tasks that create high added value, such as new sales, compared to organizations with average scores and below.

* For this verification, tasks that create high added value were defined as the percentage of time spent on tasks that provide value-added products and services to customers to time spent on one's own tasks.

Increased engagement and taking on challenges impact improved performance and quality

We conducted a regression analysis of the relationship of willingness to take on challenges and engagement scores with business performance and quality, based on data accumulated within the Group organizations. As a result, we quantitatively identified multiple forms of evidence that substantiate that increased engagement and taking on challenges contributes to improved quality, such as customer satisfaction, and improved business performance.

(Example: The regression coefficient is 6.36 points for engagement score and the customer satisfaction index for auto insurance claims payments)

2 3 Case studies of changes that have occurred in the field

Case study 1 Group-wide system development to improve efficiency and effectiveness of claims payment operations for large-scale disasters

With a strong desire to contribute to the rapid rebuilding of the lives of our customers in disaster-affected areas, we developed and introduced an unprecedented system for payment of insurance claims in the event of a disaster, utilizing the "Foundry" data platform provided by Palantir. We actually used that system for payment of insurance claims for the disaster of the earthquake off the coast of Fukushima Prefecture in 2022. We were able to promptly deliver insurance claims payments to customers by significantly improving our business operations.

Case study 2 Participation in the prefectural smart city model project by proposing a health care service, "LinkCross Blood Glucose Coaching," to the core city

Based on the My Purpose to "Think about what we can do and take action so that everyone we interact with can feel as healthy and happy as possible throughout their lives," we proposed that our city promote health and prevent serious illnesses by using our health care service "LinkCross Blood Glucose Coaching." As a result, a consortium led by the city was formed, and the healthy and happy community development using ICT (Diabetes Prevention) project (only in Japan) using LinkCross Blood Glucose Coaching was launched and adopted as a smart city model project by the prefecture.



Case study 3 Development of the new insurance product travel cancel insurance that contributes to solving social issues

We developed and provide travel cancel insurance to encourage travel reservations with the strong desire to create new experiences and value with insurance by changing the "impossible" of conventional insurance to "possible." This product has helped to realize the three-way satisfaction between users, travel agencies, and accommodations/transportation, and has contributed to the recovery of demand for domestic travel.



Travel cancel insurance brochure (in Japanese)

Verification of the mechanism of emerged changes

Individuals and organizations that have increased their engagement will take specific actions, represented by "taking on challenges" and "communication," toward realizing their Purpose. Then, while involving both internal and external stakeholders, to create outcomes they will evolve and accumulate knowledge through collaboration, and increase the scale-up and sophistication of organization and business challenges. Our company refers to this series of processes as "emerged changes," and is working to visualize them and verify them through data and case studies. However, the mechanism of changes from emerged changes to outcomes differs from company to company and department to department, and we have not yet been able to fully clarify it. We will continue to make progress in these initiatives while linking them to the strategies and measures of various areas and businesses.

4 Social impacts generated by SOMPO

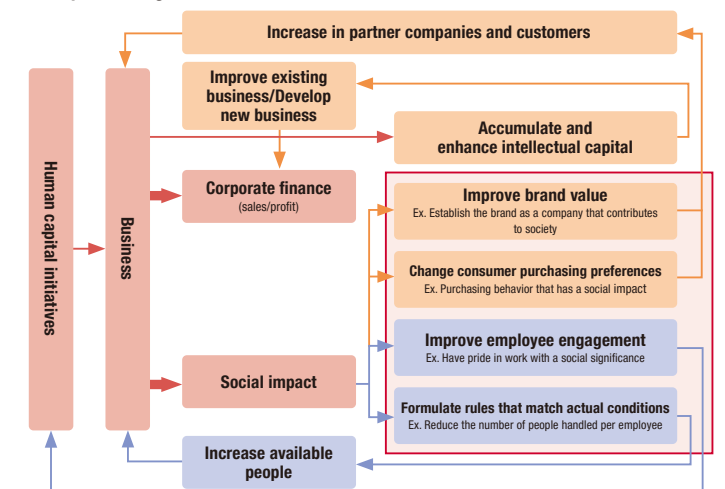
Linkage of social impacts to future finance

By organizing the impact paths and converting them into monetary values, we will clarify the social impacts we produce that go beyond the scale of our operations.

The following four paths show how social impact can lead to future financial value. We believe that these paths will lead to improvement in human capital and an increase in the number of partner companies and customers, which in turn will lead to an increase in financial value.

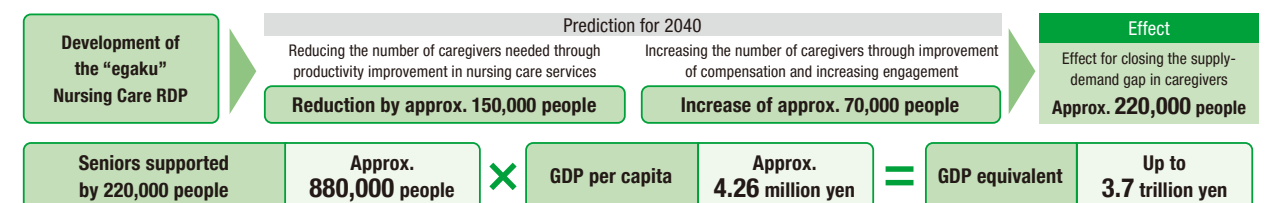
- (1) Improve brand value
- (2) Change consumer purchasing preferences
- (3) Improve employee engagement
- (4) Formulate rules that match actual conditions

Example: Nursing care business



Example of social impact calculation: Social impact created by Nursing Care RDP ("egaku")

"egaku" consists of three services: digitization support service, data utilization service, and professional service. Through the development of these services, we aim to improve the productivity of nursing care businesses, increase staff engagement, and enhance the job attraction of nursing care work. We aim to close the gap between supply and demand for caregivers by 220,000*1 and to support up to 880,000*2 seniors in 2040. We estimate that this will prevent people from quitting or restricting work for nursing care and create a social impact of up to 3.7 trillion yen in terms of GDP equivalent.



*1 Assuming deployment of "egaku" to 30% of home care providers and 10% of at-home care providers who all successfully reduce the No. of caregivers needed and increase the No. of caregivers, just like at Sompo Care.

*2 Assuming that deregulation allows 1 caregivers to support about 4 seniors.

Business Foundation

Capital Policy/ERM ▶ P.79

SDGs in Business Management ▶ P.82

Climate Action ▶ P.88

Governance ▶ P.94

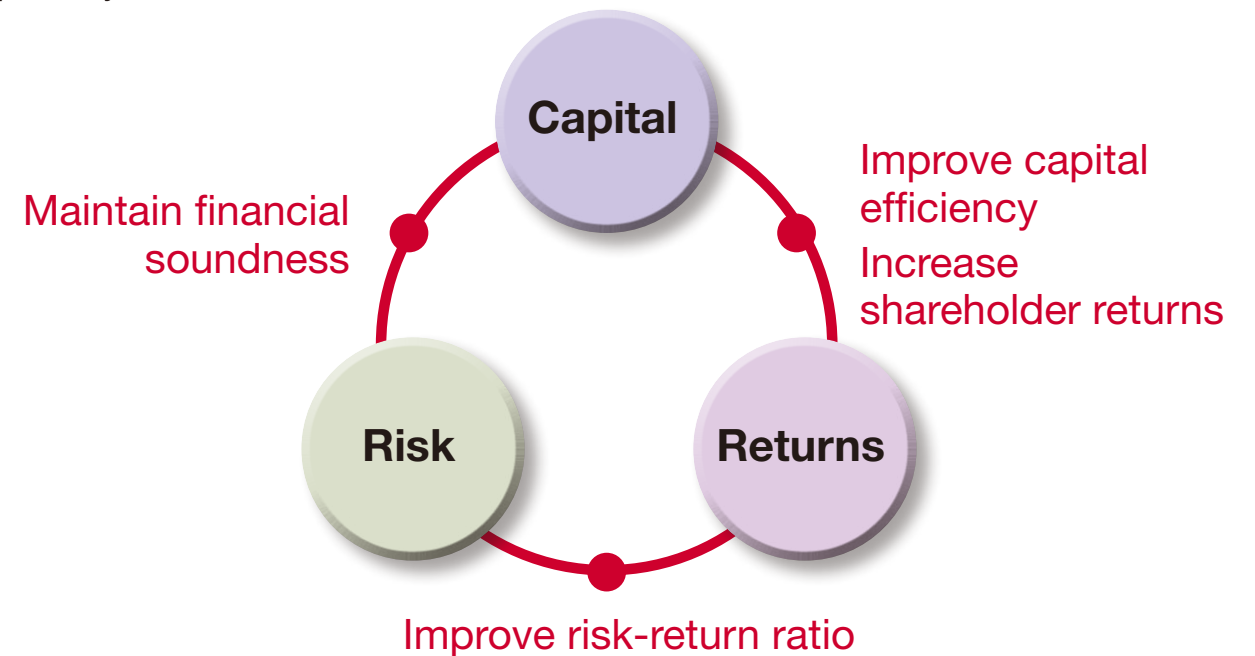
Capital Policy/ERM

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.

Capital Policy Based on ERM Framework



Improving capital efficiency

In order to improve the Group's capital efficiency in a sustained manner, we use both the stable cash flow generated from existing businesses and the capital generated by reducing risk to invest in areas of high capital efficiency, including M&As and other growth investments and digital technologies. With these measures geared towards improving capital efficiency, we aim to achieve a capital efficiency with an adjusted consolidated ROE of 10% or higher and expand Group profit levels over the medium term. We have also established ROE targets for each business and by monitoring the initiatives implemented in each business, we intend to improve capital efficiency and increase adjusted profits for 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 the CAPM*1.

*1 The capital asset pricing model (CAPM) is a method used to calculate expected return using the following equation: risk-free rate + beta (sensitivity of our share price to the stock market) × market risk premium

To clearly define the Group's medium-term risk-taking policy and direction, we have established a risk appetite statement (RAS) as part of the current Mid-Term Management Plan. The RAS outlines our approach to risk taking in each risk category based on return on risks (ROR). Based on the RAS, we are reducing our strategic shareholdings that have low capital efficiency and lowering our exposure to domestic interest rate risks by strengthening ALM. Our initial KPIs for the three-year period of the Mid-Term Management Plan were to sell off roughly ¥50 billion in strategic shareholdings each year and purchase super-long-term bonds to the tune of ¥300 billion annually through the Domestic Life Insurance Business. In fiscal 2021, the first year of the plan, we kept to this schedule by selling strategic shareholdings worth ¥50.1 billion and buying up super-long-term bonds to the value of ¥329.4 billion. In fiscal 2022, however, we stepped up the pace by selling ¥70.3 billion in strategic shareholdings and purchasing super-long-term bonds worth ¥489.3 billion, thus reducing risk at a pace faster than initially planned. We will continue to reduce our strategic shareholdings with the aim of trimming the level back down to less than 20% of adjusted consolidated net assets on

a market value basis by fiscal 2030.

Cash flow generated by each business will be used for M&As and other growth investments. Under the current Mid-Term Management Plan, our policy is to allocate management resources worth ¥600 billion to growth investments in the areas of scale and diversification and new value creation, two of the three core strategies in the plan.

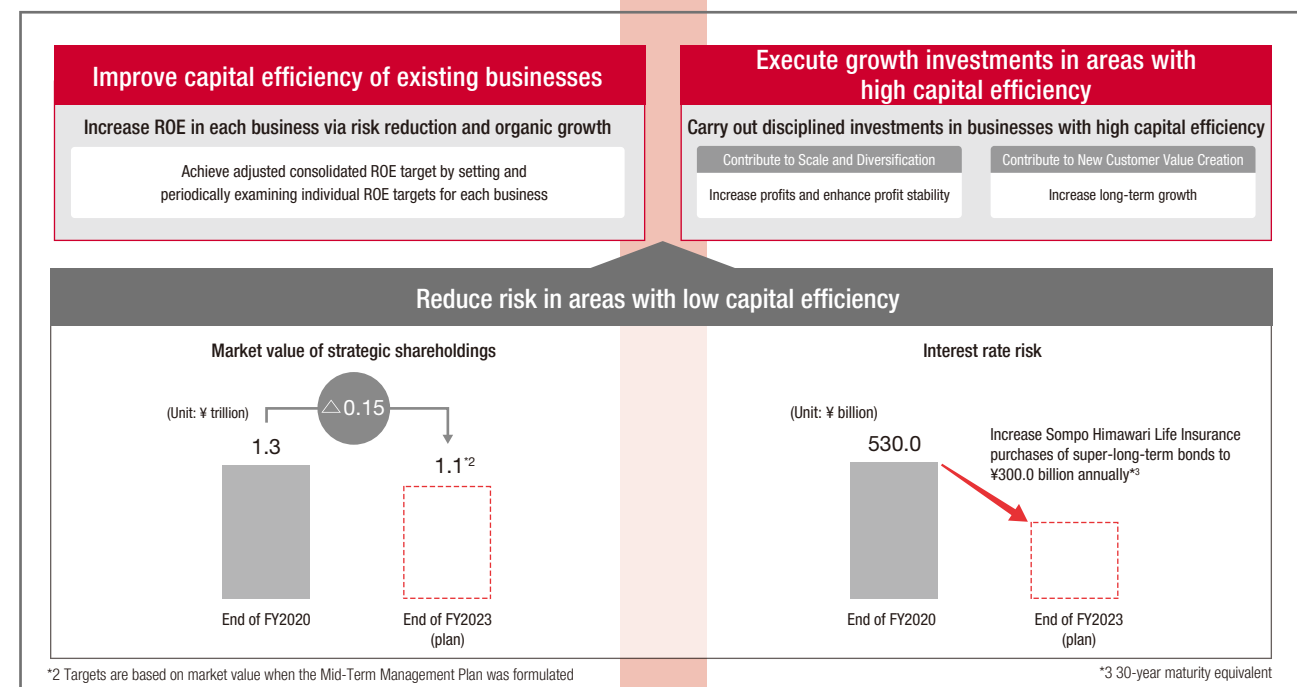
For our scale and diversification strategy, we will invest in M&As and organic growth primarily in our Overseas Insurance and Reinsurance Business, with the aim of bettering our chances of achieving our management targets. For our new customer value creation strategy,

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.

Improving Capital Efficiency

Achieve adjusted consolidated ROE of 10%
Achieve capital efficiency greater than cost of capital (around 7%)



Direction of Risk

	Domestic P&C Insurance	Overseas Insurance and Reinsurance (underwriting)	Domestic Life Insurance (underwriting)	Investments (domestic interest rate)	Investments (domestic shareholdings)	Investments (other)	Non-insurance business
End of FY2020	Red	Blue	Yellow	Grey	Grey	Grey	Green
End of FY2023 (plan)	Red	Blue	Yellow	Grey	Grey	Grey	Green

(Arrows indicate risk direction: Right for Domestic P&C, Overseas Insurance, Domestic Life, Investments (other); Left for Investments (domestic interest rate), Investments (domestic shareholdings).)

Maintaining financial soundness

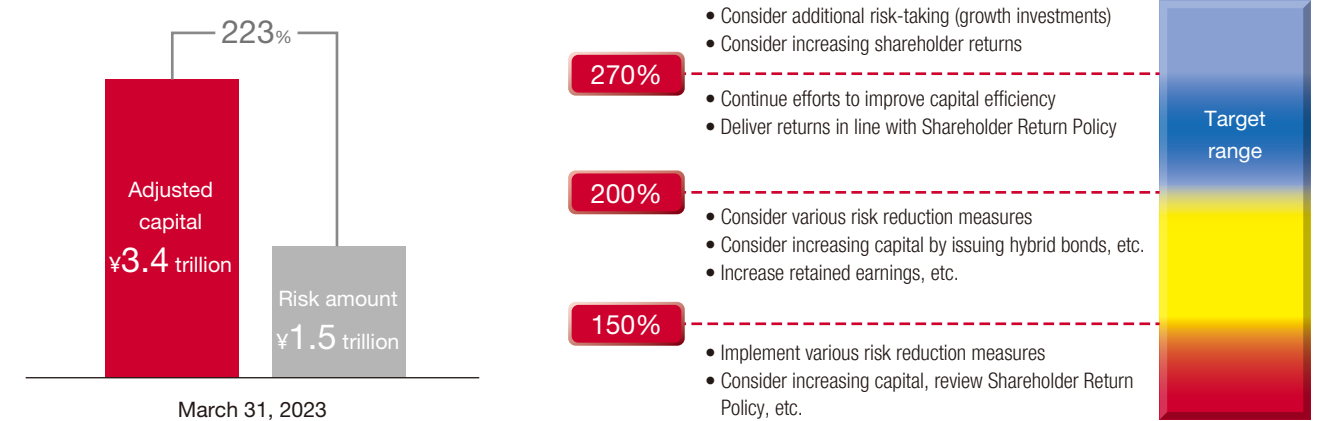
To maintain robust financial health, the Company manages capital based on the economic solvency ratio (ESR), which compares capital and risk based on economic value.

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

As of March 31, 2023, our ESR level was 223%. This falls within our target range, indicating that our financial health is satisfactory.

ESR Status



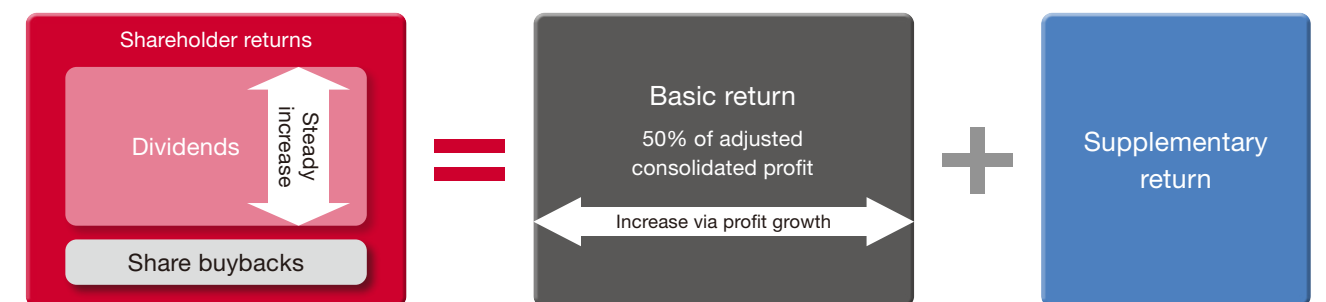
Shareholder returns

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 returns policy in the Mid-Term Management Plan is to pay 50% of adjusted consolidated profit as basic return and provide supplementary returns depending on

financial results, the financial market environment, and capital availability, among other factors. We intend to steadily increase the total amount of returns (total dividends + share buybacks) through profit growth, raise dividends in line with this growth, and increase the weighting of dividends as a percentage of returns to shareholders. In keeping with this policy, in fiscal 2023 we are forecasting an annual dividend of ¥300 per share (interim dividend of ¥150 and year-end dividend of ¥150). This represents a ¥40 hike from fiscal 2022 and will be the 10th straight year of a dividend increase.

Shareholder Return Policy



* Supplementary returns will be provided in the following circumstances, depending on risk and capital situations and the future outlook. Circumstances 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

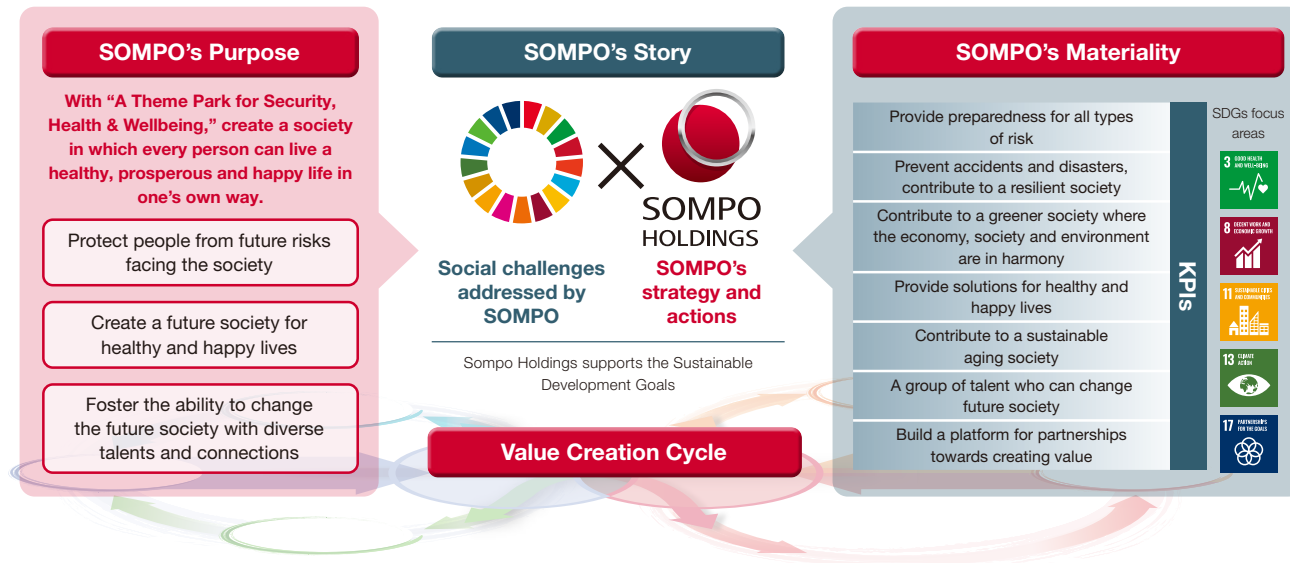
SDGs in Business Management

Sustainability promotion framework

In its current Mid-Term Management Plan, the Sompo 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 Cycle through this SDGs in Business Management framework, we seek to promote Group-wide initiatives for realizing SOMPO’s Purpose.



Promotion structure

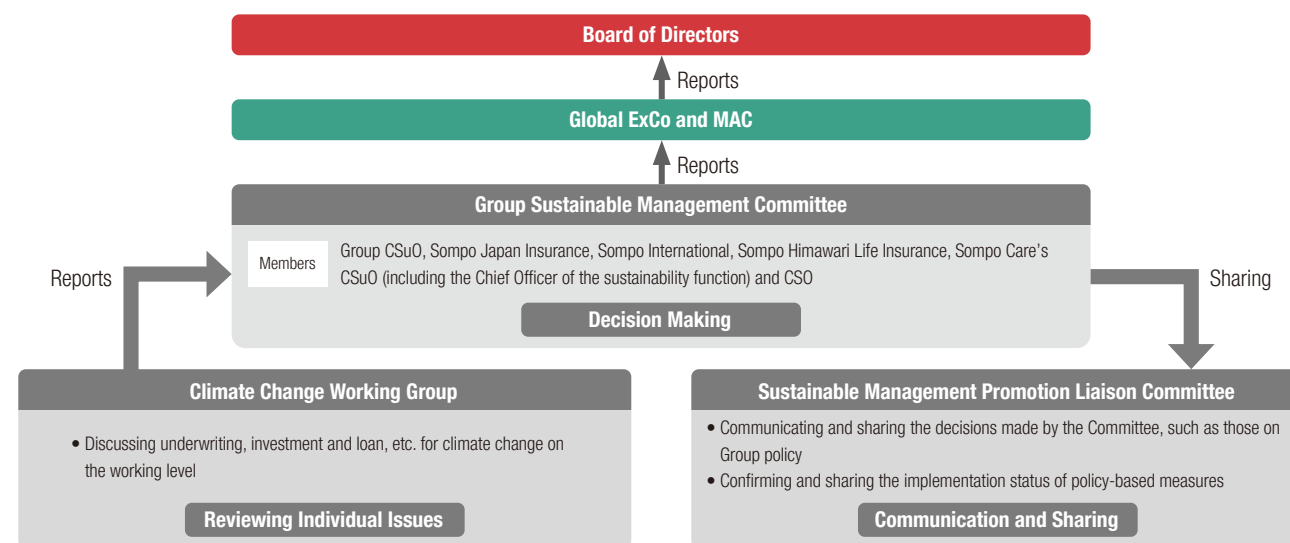
SOMPO has established a system of sustainability governance whereby Executive Officers execute measures in line with Group-wide strategies and policies aimed at realizing SOMPO’s Purpose, and the Board of Directors monitors their performance.

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.

As a promotion structure, we have positioned the “Group Sustainable Management Committee” (hereinafter “Committee”) as a body to promote sustainability for the

entire Group. The Committee, whose members include the CSuO and CSO for the four main businesses in Japan and overseas, discusses and makes decisions on climate change and other ESG issues. Under the Committee are the “Climate Change Working Group” and the “Sustainable Management Promotion Liaison Committee,” whereby they have established a system to review individual issues, share information, and implement measures based on discussions by the Committee.

Discussions at the Committee are regularly reported to the Global ExCo (Global Executive Committee), which is the Group’s top executive committee body, the MAC (Managerial Administrative Committee), and the Board of Directors.



Identifying Materiality

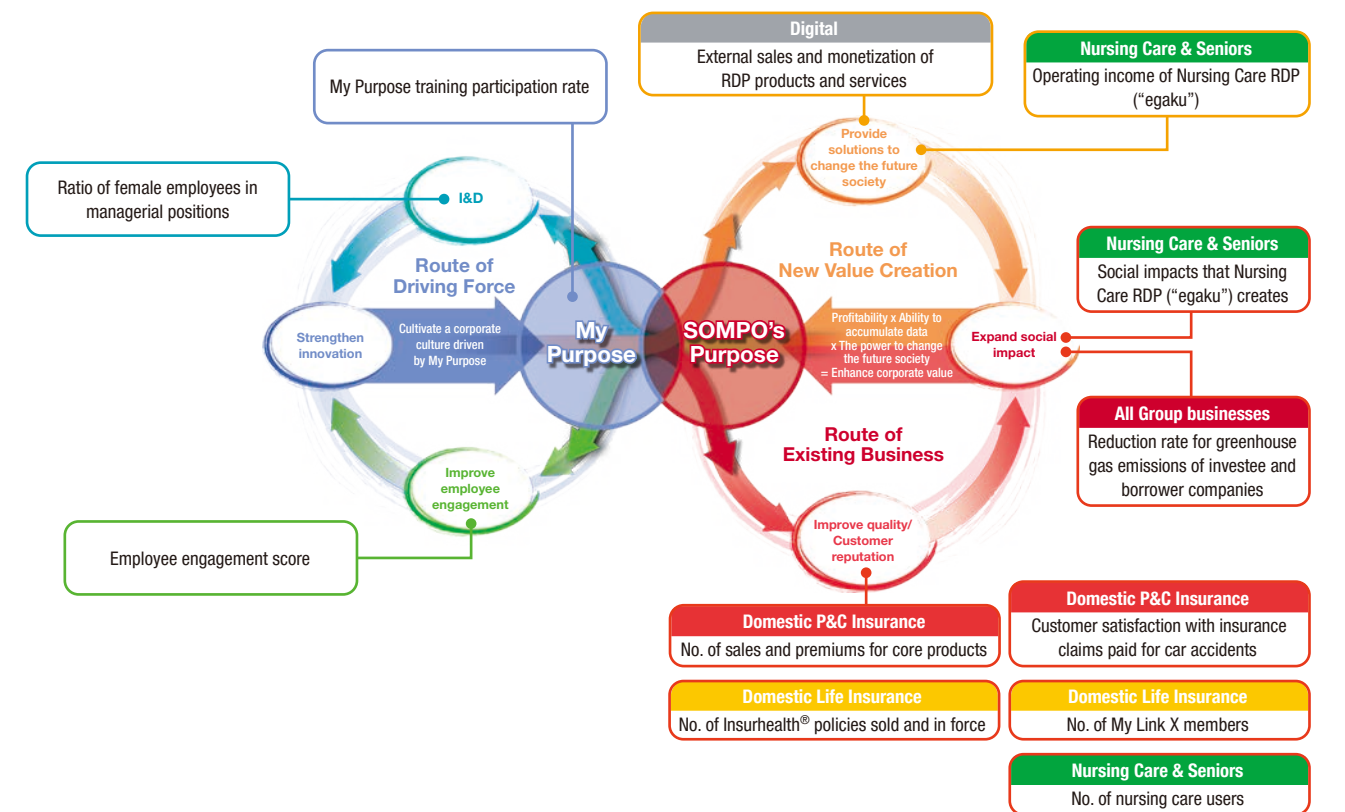
The Sompo Group has identified social challenges based both on international norms and on its mission to realize SOMPO’s Purpose. After assessing their importance according to their relevance to SDGs, we have identified priority social challenges, and organized, integrated, and systematized them as Materiality.

Materiality Identification Process



Integrating Materiality KPIs and the Value Creation Cycle

We have established Materiality KPIs to measure the progress of our efforts to achieve Materiality goals. In setting these KPIs, we structure the implementation of our Value Creation Cycle through SDGs Management by integrating the important levers for the Value Creation Cycle and its KPIs.



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 Somp 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	9	10	11	12	13	14	15	16	17	Priority social challenges		
G	Organizational governance	Fulfilling governance functions					△ 5.5			△ 8.8	● 9.b								● 16.7	△ 17.17	☆	
		Refining ERM									△ 8.10					△ 13.1				△ 16.5		
		Strengthening cybersecurity resilience									△ 8.10	△ 9.1										
	Fair operating practices	Fair, useful, accurate, prompt, and easy-to-understand disclosure																		● 16.6		
		Strengthening resilience against increasingly uncertain international affairs																		● 16.1		
S	Human rights	Ensuring compliance								△ 8.8		△ 10.3								● 16.5		
		Preventing corruption								△ 8.8		△ 10.3								● 16.5		
	Labor practices	Incorporating ESG into the value chain													● 12.2	● 13.2	△ 14.2	△ 15.1	△ 16.2	● 17.17	☆	
		Responding appropriately to risks to human dignity and human rights	△ 1.3		● 3.4	● 4.4	△ 5.4				● 8.8		△ 10.2							● 16.1		☆
		Coexistence with infectious diseases			● 3.3						△ 8.10											
		Improving employee engagement			△ 3.4	● 4.4	△ 5.4				● 8.2	● 9.b										☆
		Improving the Group's ability to innovate					△ 4.4	△ 5.b			● 8.2	● 9.b										☆
		Promoting diversity & inclusion	△ 1.4		△ 3.4	● 4.5	● 5.5				● 8.2		● 10.2		△ 12.6							
	Community involvement and development	Promoting Health and Productivity Management®			● 3.4						● 8.8										△ 17.16	☆
		Investing in human resources (lifelong learning and recurrent education)				● 4.4					● 8.2	● 9.b	△ 10.2									☆
		Investing in human capital			△ 3.4	△ 4.4	△ 5.5				● 8.2	● 9.b	△ 10.2									☆
		Supporting regional development for regional revitalization												△ 11.3							● 17.16	
		Promoting culture and the arts					△ 4.7														● 17.16	
		Promoting financial inclusion and ensuring universal access to insurance	● 1.4	● 2.3	● 3.3						● 8.10	△ 9.3		● 11.b		● 13.1					● 17.16	☆
		Contributing to a society that is resilient against natural disasters	● 1.5								● 8.10			● 11.b		● 13.1					● 17.16	☆
		Contributing to a safe and secure next-generation mobility society			● 3.6						● 8.10	● 9.b		● 11.2							● 17.16	☆
		Contributing to a sustainable social security system	● 1.3		● 3.4		● 5.4				● 8.8		△ 10.2								● 17.16	☆
		Supporting people who are vulnerable to disasters	△ 1.5											△ 11.b		△ 13.3					△ 17.16	
		Co-creating with diverse stakeholders to achieve transformation	● 1.4	● 2.4	● 3.6	● 4.7	● 5.5	● 6.6	● 7.a	● 8.10	● 9.2	● 10.4	● 11.b	● 12.5	● 13.3	● 14.2	● 15.1	● 16.2	● 17.16	☆		
		Consumer issues	Responding to a data-driven society			● 3.4	△ 4.4	● 5.4				● 8.5	● 9.5									● 17.16
Improving the quality of customer services				● 3.6						● 8.10	△ 9.5				● 13.1					● 17.16	☆	
Safeguarding privacy										△ 8.8									● 16.5			
Contributing to a smart society				● 3.4								● 11.3		△ 13.1					● 17.16	☆		
Extending life expectancy	△ 1.4			● 3.4	△ 4.4	△ 5.4				● 8.10		△ 10.2								● 17.16	☆	
Providing products and services that reflect changes in people's values and behavior				● 3.4						● 8.10				△ 12.8						● 17.16		
Educating future generations (disaster prevention and traffic safety)				● 3.6	● 4.7		△ 6.6						● 11.b							● 17.16	☆	
E	Environment	Educating future generations (the environment)				● 4.7							● 11.b	● 12.3	● 13.3	● 14.1			● 17.16	☆		
		Promoting sustainable finance (underwriting and developing insurance products)			△ 3.9				● 7.a	△ 8.10	● 9.1		● 11.4		● 13.3	△ 14.1	△ 15.5			● 17.16	☆	
		Promoting sustainable finance (investment and lending)			△ 3.9					● 7.a	△ 8.3	● 9.4		● 11.4		● 13.a	△ 14.1	△ 15.5			● 17.16	☆
		Contributing to a sustainable food supply	● 1.5	● 2.4					△ 6.6	● 8.10					● 13.1					● 17.16	☆	
		Realizing a carbon neutral society	● 1.5	● 2.4	△ 3.9	△ 4.7			△ 6.6	● 7.2		△ 9.1		△ 11.4	● 12.8	● 13.2	△ 14.1	△ 15.5			● 17.16	☆
		Contributing to a circular society							● 6.b						● 12.5	△ 13.3	● 14.1	△ 15.4			● 17.16	☆
		Biodiversity conservation, contributing to the realization of a society in harmony with nature							● 6.6						● 12.5	△ 13.3	● 14.1	△ 15.2			● 17.16	☆

- Provide preparedness for all types of risk
- Prevent accidents and disasters, contribute to a resilient society
- Contribute to a greener society where the economy, society and environment are in harmony
- Provide solutions for healthy and happy lives
- Contribute to a sustainable aging society
- A group of talent who can change future society
- Build a platform for partnerships towards creating value

*1 SDG targets strongly linked to Somp Group's initiatives are marked as "●," and those moderately linked are marked as "△."
 The Somp 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

In addition to organizing key management issues in the way of realizing the Group's Purpose into seven Materialities, KPIs have been set for each materiality to define what actions need to be done and to ensure that they were penetrated in the field and that their progress is monitored.

Besides using materiality KPIs as indicators to take on day-to-day challenges in each business and field, the Group also reviews, updates, and expands them according to evolving and changing of the Group's initiatives and strategies. Changes were made in 2023, such as the creation of new KPIs related to its "egaku" business launched in April.

By defining not only financial but also non-financial indicators and promoting a common framework, the Group will work together as one to realize SOMPO's Purpose.

★Newly added KPIs in FY2023

Key KPIs to measure progress in the Value Creation Cycle

Materiality	Materiality Subcategory	Materiality KPIs				FY2022 Results		Relevant SDG Targets			SOMPO's Vision for Society and for the Group
		KPIs	Target Business	Numerical Targets	Partnership KPIs	Results	Status of single-year targets	1.4	8.10	11.b	
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	FY2021: ¥1,988.6bn; FY2022: ¥2,055.3bn; FY2023: ¥2,079.9bn		¥2,079.3bn	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
		Overseas gross written premiums (contribution to promoting insurance)	Overseas Insurance and Reinsurance	FY2021: +7.9%; FY2022: +7.1%; FY2023: +6.9% *USD base		+11.3%	Achieved	1.4	8.10	13.1	
		No. of life insurance policies in force (contribution to promoting insurance)	Domestic Life Insurance	FY2021: 4.43M; FY2022: 4.72M; FY2023: 5.00M		4.71M	Not achieved	1.4	3.4	8.10	
		No. of sales and premiums for insurance products that help people prepare for illness and injury (core products)	Domestic P&C Insurance	Increase YoY		YoY increase: +2,890 insurance product sales; +¥500mil premiums	Achieved	3.3	3.4	8.10	
Prevent accidents and disasters, contribute to a resilient society	Contributing to a sustainable food supply	Expansion of AgriSampo's agricultural insurance business to more countries	Overseas Insurance and Reinsurance	Increase number of countries by FY2023		—	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
		Customer satisfaction with insurance claims paid for natural disasters	Domestic P&C Insurance	Improve YoY		YoY improvement: +1.6 points	Achieved	1.5	11.b	13.1	
		Development of products and services that help adapt to or mitigate climate change	All Group businesses	Publish and update development results		Published in various disclosures	No single-year target set	1.5	13.1	13.3	
		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	Increase YoY		YoY increase: +324,220 insurance product sales; +¥1.54bn premiums	Achieved	3.6	8.10	11.2	
Contribute to a greener society where the economy, society and environment are in harmony	Contributing to a society that is resilient against natural disasters	Customer satisfaction with insurance claims paid for car accidents	Domestic P&C Insurance	Improve YoY		YoY improvement: -0.8 points	Not achieved	3.6	8.10	11.2	An inclusive and resilient carbon neutral society where people and nature coexist in harmony
		No. of participants in disaster prevention and traffic safety training	All Group businesses	FY2021: 15,000; FY2022: 18,000; FY2023: 20,000		17,963	Not achieved	3.6	4.7	11.b	
		Participation and activities in sustainability-related initiatives and rule-making	All Group businesses	Publish and update activity results		Published in various disclosures	No single-year target set	9.4	11.4	13.3	
		No. of engagements with investee and borrower companies	All Group businesses	Increase YoY		Decrease YoY	Not achieved	7.a	9.4	13.a	
Provide solutions for healthy and happy lives	Extending life expectancy	Reduction rate for Group greenhouse gas emissions	All Group businesses	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		239,554 tCO ₂ e	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
		Switch to renewable energy sources	All Group businesses	70% utilization rate by FY2030		5.1%	No single-year target set	7.2	12.2	13.2	
		Reduction rate for greenhouse gas emissions of investee and borrower companies	All Group businesses	25% reduction by 2025 (compared to 2019 levels), net zero by 2050 *For Scope 3, Category 15 emissions		FY2021 Equities: 931,821 tCO ₂ e Bonds: 909,893 tCO ₂ e	No single-year target set	7.a	12.8	13.2	
		No. of participants in biodiversity conservation activities and environmental education programs	All Group businesses	FY2021: 11,500; FY2022: 9,000; FY2023: 10,500		9,472	Achieved	4.7	13.3	14.1	
Contribute to a sustainable aging society	Contributing to a sustainable social security system	No. of Insurhealth® policies sold	Domestic Life Insurance	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 FY2022 Results: 1) 112 2) 41 3) 51	440,000	Not achieved	1.4	3.4	8.10	A hopeful society in which the burden is reduced on people tasked with supporting an aging population and a declining birthrate
		No. of Insurhealth® policies in force	Domestic Life Insurance	End of FY2021: 600,000; End of FY2022: 1,130,000; End of FY2023: 1,300,000		1,100,000	Not achieved	1.4	3.4	8.10	
		Sales share of Insurhealth® products	Domestic Life Insurance	End of FY2021: 60%; End of FY2022: 70%; End of FY2023: 80%		74%	Achieved	3.4	3.4	8.10	
		No. of My Link X members	Domestic Life Insurance	FY2022: 700,000; FY2023: 1,000,000		770,000	Achieved	1.4	3.4	8.10	
A group of talent who can change future society	Investing in human capital	Company name recognition	Domestic Life Insurance	End of FY2021: 60%; End of FY2022: 70%; End of FY2023: 70%		56.8%	Not achieved	3.4	3.a	8.10	An organization whose diverse workforce has the capacity to develop innovative solutions and transform future society
		Perception as a company that promotes health	Domestic Life Insurance	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.8	Not achieved	3.4	3.a	8.10	
		No. of branch offices offering dementia prevention programs	Nursing Care & Seniors	FY2021: 38; FY2022: 82; FY2023: 194		133	Achieved	3.4	5.4	10.2	
		Health guidance business revenue	Strategic business	FY2021: ¥3.519bn; FY2022: ¥3.881bn; FY2023: ¥4.039bn		¥3.693bn	Not achieved	3.4	3.5	4.7	
Build a platform for partnerships towards creating value	Promoting a data-driven society	Mental health service revenue	Strategic business	FY2021: ¥1.485bn; FY2022: ¥1.619bn; FY2023: ¥1.764bn		¥1.600bn	Not achieved	3.4	8.8	4.4	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
		No. of smart community proof of concepts, revenue in smart community business	Nursing Care & Seniors	FY2021: 10; FY2022: 10; FY2023: ¥20mil *Revenue in the first year of commercialization		9	Not achieved	3.4	11.3	3.d	
		No. of facilities introducing future nursing care model	Nursing Care & Seniors	FY2021: 28; FY2022: 73; FY2023: 180		37	Not achieved	1.3	3.4	8.8	
		Nursing care facility occupancy rate	Nursing Care & Seniors	FY2021: 90.8%; FY2022: 92.9%; FY2023: 94.8%		92.3%	Not achieved	1.3	3.4	10.2	
Investing in human resources (lifelong learning and recurrent education)	Enhancing the organization's ability to innovate	No. of nursing care users	Nursing Care & Seniors	FY2021: 90,000; FY2022: 94,000; FY2023: 100,000		92,000	Not achieved	1.3	3.4	5.4	At Sampo Holdings, job-based system was expanded to non-managers
		Care provider turnover rate	Nursing Care & Seniors	FY2021: 11.4%; FY2022: 11.0%; FY2023: 11.4%		11.7%	Not achieved	1.3	3.4	8.5	
		Employee engagement	All Group businesses	Average Gallup Q12 score of 3.70 pt in Japan and 4.10 pt overseas by end of FY2023		3.50 pt in Japan, and 4.12 pt overseas	No single-year target set	4.4	8.2	9.b	
		My Purpose training participation rate	All Group businesses	End of FY2023: 100% of eligible employees *HD and group companies in Japan		90%	No single-year target set	3.4	4.4	8.2	
Promoting a data-driven society	Investing in human capital	Telework rate	All Group businesses	50% or more of whole Group *excluding frontline care givers		43%	Not achieved	4.4	5.4	9.b	End of FY2023: DX specialists: 69 DX planning personnel a) Employees who have completed basic DX training: 4,173 b) Participants in AI planning, data utilization, and CX agile design training: 1,797 DX utilization personnel: 17,281 participants in training
		Health and Productivity Management® indicators (Work Limitations Questionnaire)	All Group businesses	Improve YoY at all companies		93.5%	Not achieved	3.4	4.4	8.8	
		Ratio of female managers	All Group businesses	End of FY2023: 30% *As of April 1st, 2024		28.1%	No single-year target set	5.5	8.2	10.2	
		Ratio of employees with disabilities	All Group businesses	End of FY2023: 2.5% *As of April 1st, 2024		2.36%	No single-year target set	4.4	8.2	10.2	
Promoting a data-driven society	Investing in human capital	Shift to job-based HR system	All Group businesses	Introduce job-based system at all companies by end of FY2023		At Sampo Holdings, job-based system was expanded to non-managers	No single-year target set	8.2	8.5	9.5	Commercialize "egaku" from FY2023
		No. of digital personnel developed and recruited	All Group businesses	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		4,173	No single-year target set	4.4	8.2	9.5	
		Group revenue generated by utilizing Real Data Platform	Digital	¥500bn (medium- to long-term target)		Commercialize "egaku" from FY2023	No single-year target set	3.4	9.5	17.16	
		External sales and monetization of Real Data Platform products and services	Digital	Two projects or more by end of FY2023		Commercialize "egaku" from FY2023	No single-year target set	3.4	9.5	17.16	
Promoting a data-driven society	Investing in human capital	★ No. of facilities introducing Nursing Care RDP "egaku"	Nursing Care & Seniors	End of FY2023: 100 facilities		—	—	3.4	8.5	9.2	★ Operating income of Nursing Care RDP "egaku"
		★ Operating income of Nursing Care RDP "egaku"	Nursing Care & Seniors	End of FY2030: ¥10bn		—	—	3.4	8.2	9.2	
		★ Social impacts that Nursing Care RDP "egaku" creates	Nursing Care & Seniors	End of FY2040: ¥3.7trillion *Close the labor supply demand gap of 220,000 people		—	—	1.3	3.4	8.5	

Climate Action

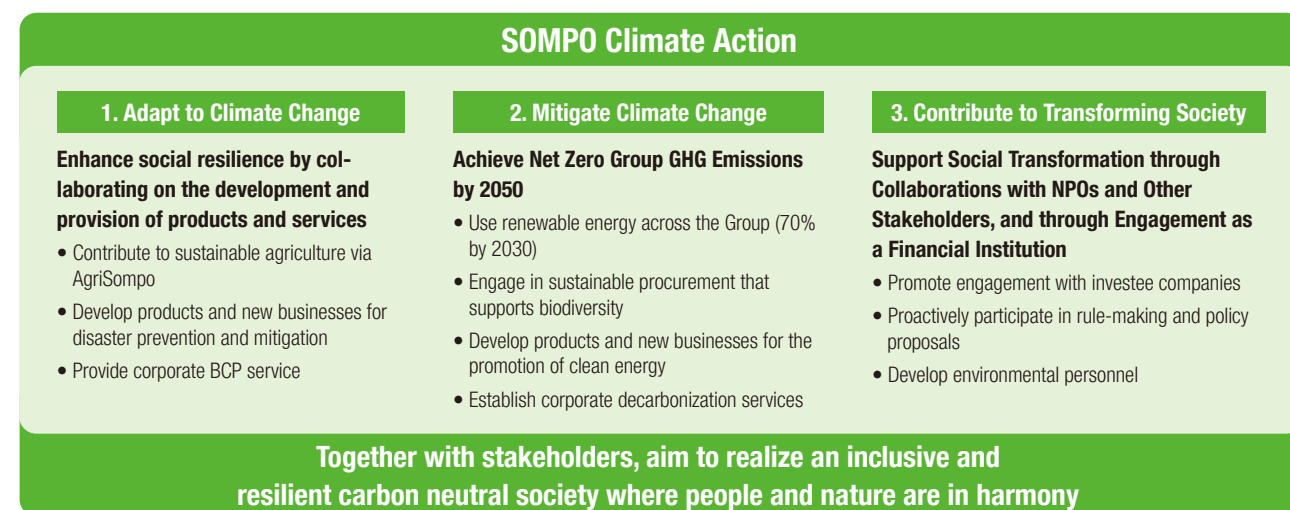
Climate change is a social issue that has wide-ranging impact at the global scale, including the intensification and increased frequency of natural disasters, droughts, and chronically rising sea levels. It threatens the security, safety, and health of people's lives, and for our Group, whose main business is P&C insurance, it is regarded as posing the risk of significantly affecting our business.

For this reason, the Sompo Group has positioned climate change as a priority challenge to address and has adopted "SOMPO Climate Action" as a principle of its Mid-Term Management Plan to strategically tackle this issue on a group-wide basis.

SOMPO Climate Action

Since the 1990s, the Group has been tackling global environmental issues in collaboration with a wide range of stakeholders. Our strength has been our pioneering environmental initiatives spanning over 30 years, and by combining these with the partnership strategies set forth in our Mid-Term

Management Plan, we will implement the three actions of adapting to climate change, mitigating climate change, and contributing to transforming society. Together with stakeholders, we aim to realize an inclusive and resilient carbon neutral society where people and nature are in harmony.



Basic Policies and Specific Initiatives for Implementing SOMPO Climate Action

Four Basic Policies	Specific Initiatives
Formulate and Execute a Green Transition Plan	<ul style="list-style-type: none"> Initiative to achieve interim greenhouse gas (GHG) reduction targets of investee and borrower companies <ul style="list-style-type: none"> Formulation of Interim Targets Toward Net-Zero by 2050 (reduction of 25% by 2025 [compared to 2019 levels]) Contributions through underwriting/investment and loan <ul style="list-style-type: none"> We will not underwrite insurance or make investments in or loans for coal power plants or thermal coal mine projects, etc. We will not insure or make investments or loans to companies that do not establish a GHG reduction plan by January 2025 and are highly dependent on coal (derive at least 30% of their revenues from coal, etc.) <p><small>* Investee and Borrower Company ESG Policies, please visit our corporate website: https://www.sompo-hd.com/en/csr/system/vision/</small></p>
Strengthen our Response Systems for Climate Strategies and Risks	<ul style="list-style-type: none"> Reorganization of the Group Sustainable Management Committee <ul style="list-style-type: none"> Reorganizing the Committee body by adding managers from Overseas Insurance and Reinsurance Business
Enhance our Climate Risk Framework	<ul style="list-style-type: none"> Building of a new climate risk framework <ul style="list-style-type: none"> Identifying, assessing, and managing the risks by taking a look at scenarios in which climate change may impact the Group through various pathways.
Respond to Climate-Related Business Opportunities	<ul style="list-style-type: none"> Promotion of autonomous initiatives for each business <ul style="list-style-type: none"> Expanding businesses that view climate change as an opportunity (agricultural insurance, offshore wind-related insurance, etc.), and developing new insurance and consulting services

Disclosure based on the TCFD recommendations

The following are the Group's governance, strategies, risk management, and indicators and targets to properly address climate-related risks and opportunities and to aim for the Group's sustainable growth and enhanced enterprise value.

For detailed disclosure based on the TCFD Recommendations, please refer to our corporate website (<https://www.sompo-hd.com/en/csr/materiality/topic2/>), Annual Securities Report, or Sustainability Report.

1. Governance

(1) Role of Board of Directors

The Sompo Group has designated "contributing to a green society where the economy, society, and environment are in harmony" as one of its priority issues (Materiality) for realizing SOMPO's Purpose.

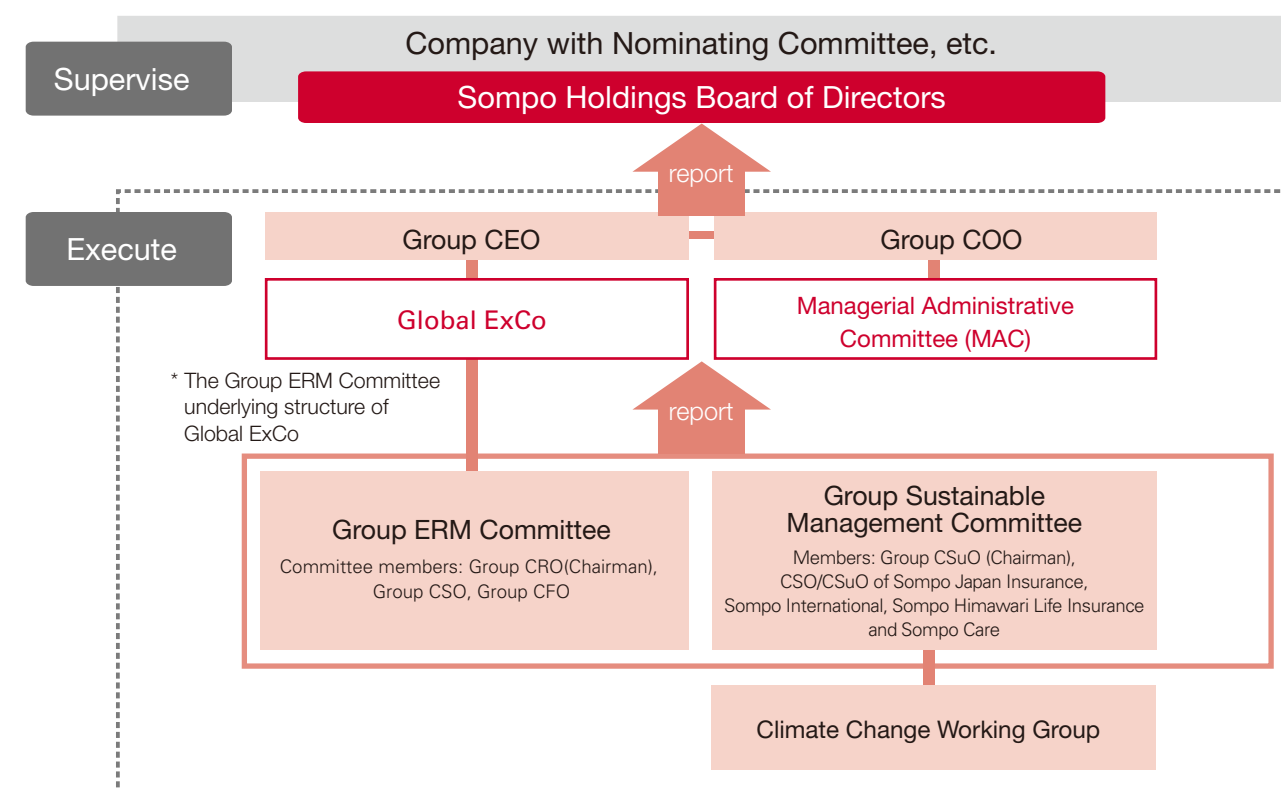
The Board of Directors is responsible for setting group-wide strategies and policies as well as supervising the execution of operations by senior vice presidents and executive officers toward the realization of SOMPO's Purpose.

(2) Role of senior vice presidents and executive officers

The Group CSuO (Chief Sustainability Officer) is responsible for formulating and implementing sustainable management strategies as the chief executive in the area of sustainability. Regarding climate change and the Group's sustainable management strategy, by discussing climate change and the Group's sustainable management strategy as well as how to respond to these issues in light of related risks and opportunities at the Group Sustainable Management Committee, which consists of the CSuO (including the

Executive Officer overseeing the sustainability function) and CSO of each Group company, we have established a group-wide sustainability promotion system to support the decision-making of the Group CSuO. In addition, the Sustainable Management Office has been established to support the execution of the Group CSuO's responsibilities.

Regarding risk management, we have developed a risk control system based on the Sompo Group Basic Policy on ERM established by the Board of Directors, and through the Group ERM Committee, which is a subordinate body of the Global Executive Committee, an advisory body to the Group CEO, the Group CRO (Chief Risk Officer) comprehensively identifies and evaluates risks in each business, designates risks that could have a significant impact on the Group as "material risks," whereby the status of risk management is periodically reported to the Board of Directors and the Managerial Administrative Committee, which is an advisory body to the Group COO, to verify the effectiveness of the measures, etc.



2. Strategy

In our Mid-Term Management Plan from FY2021, we set forth the “SOMPO Climate Action,” which implements a combined approach to climate change risks and opportunities, and are taking actions to “adapt to climate change,”

(1) Climate-related risks and opportunities

“Physical risks,” such as the intensification and increased frequency of natural disasters, droughts, and chronically rising sea levels due to the progression of climate change as well as “transition risks,” in which the strengthening of laws and regulations and the development of new technologies toward the transition to a decarbonized society that lead to changes in industrial structures and markets, may affect corporate finances and reputations in various ways and associated liability risks may materialize.

“mitigate climate change,” and “contribute to transforming society.” For more information, please refer to “SOMPO Climate Action.”

Based on the results of research conducted by external organizations such as the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS), we have identified the risks and opportunities posed by climate change to our business and have developed a medium-term (5 to 10 years: approx. 2030) and long-term (10 to 30 years: approx. 2050) timeline for evaluation, analysis, and response.

Environmental change		Impact on our company	Risk	Opportunities
Physical	Acute	Frequency of typhoons and hurricanes, change in intensity, drought, and increased wildfires	●	—
		Deterioration in the agricultural insurance balance	●	●
	Chronic	Increased insurance payments due to flooding caused by rising sea levels	●	—
		Sea level rise, increase in average temperature, deforestation, and biodiversity impacts	●	—
Transition	Policy	A decline in the real estate market (a decline in asset prices)	●	—
		Political instability and conflict	●	—
	Law	A new pandemic	●	—
		Promotion of policies related to renewable energy and energy conservation	Price fluctuations of stocks and bonds	●
	Technology	Higher energy prices	●	—
		Reparations, changes in laws, and new a legal interpretation	Legal risks such as climate litigation	●
Market	Energy storage, renewable energies, and other new technologies	Decarbonization through the spread of new technologies	●	●
	Investment in and consumer preference for environmentally friendly companies	Reputation	●	●
		Changes in consumer behavior	●	●

(2) Scenario analysis

A. Physical risks

P&C insurance business could be financially affected by higher-than-expected insurance payouts due to the increased severity and frequency of natural disasters, including typhoons, floods, and storm surges. In 2018, we started working with universities and other research institutions to quantitatively grasp risks based on scientific findings. Based on large-scale analysis using weather and climate big data, such as the Database for Policy Decision-making for Future Climate Change (d4PDF), we are working to understand the long-term impacts of a climate with higher average temperatures with respect to changes in the average trends for storm surges affected by typhoons, floods and sea level changes and trends in the occurrence of extreme weather events. We are also analyzing and evaluating the medium-term impact over the next five to ten years and incorporating this information into our business strategies.

We have also estimated the impact related to typhoons using a simple quantitative analysis tool based on guidance issued in January 2021 by the TCFD insurance working group of UNEP FI (United Nations Environment Programme Finance Initiative). We will continue our analysis using the scenario analysis framework being developed by the Network for Greening the Financial System (NGFS), which works on financial regulatory responses to climate change risks.

Estimate results

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

B. Transition risks

To understand the medium- to long-term impact of the transition to a decarbonized society on our company, we analyzed the impact on our Group’s assets using the Climate Value-at-Risk (CVaR) provided by MSCI for policy risks arising from tighter laws and regulations and global economic changes that will affect companies in the transition to a decarbonized society and technology opportunity arising from climate change mitigation and adaptation initiatives, based on the NGFS scenarios.

In addition, since it is important to encourage companies that have not yet made progress in decarbonization efforts to reduce transition risk, we use the Implied Temperature Rise (ITR) provided by MSCI to quantitatively analyze whether our portfolio companies have set GHG emission reduction targets consistent with the goal of limiting global warming to 2°C by FY2100.

* For the results of the transition risk analysis, please refer to our corporate website (<https://www.sompo-hd.com/en/csr/materiality/topic2/>), Annual Securities Report, or Sustainability Report.

(3) Resilience improvement initiatives

The following are the Group’s key initiatives to increase its resilience to climate change.

A. Responding to risks

Category	Initiatives
Initiatives and Policies for investee companies	<ul style="list-style-type: none"> Strengthening our engagement with the top 20 high greenhouse gas (GHG) emitting investee companies among our equity holdings Promoting the replacement of high GHG emitting sectors with low emitting sectors at the time of maturity
Underwriting Initiatives and Policy	<ul style="list-style-type: none"> Suspending new insurance underwriting for new and existing coal-fired power generation and coal mine development (thermal coal) <p>* Investee and Borrower Company ESG Policies, please visit our corporate website: https://www.sompo-hd.com/en/csr/system/vision/</p>
Our Own GHG Emission Reductions	<ul style="list-style-type: none"> Switching to renewable energy sources for power generation in buildings we own

B. Responding to opportunities

Category	Initiatives
Energy Sources	<ul style="list-style-type: none"> • ONE SOMPO WIND Service for offshore wind power companies • Development of insurance dedicated to hydrogen and ammonia transportation
Products and Services	<ul style="list-style-type: none"> • The global roll-out of agricultural insurance by AgriSampo • development and provision of climate risk consulting service
Markets	<ul style="list-style-type: none"> • Partnership agreement with Weathernews Inc.

3. Risk Management

Climate change can impact various aspects of the Group's business, including our non-insurance business, and the impacts are long-term and highly uncertain. To manage climate change risks, including the risks associated with natural disasters, we have developed a climate change risk framework to complement our existing risk control system and to identify, assess, and manage risks by taking an in-depth look at scenarios in which the Group is affected through various pathways in the long-term.

The climate change risk framework "identifies environmental changes," "discusses their impact on the Group," and "assesses risks and controls" to capture the complex

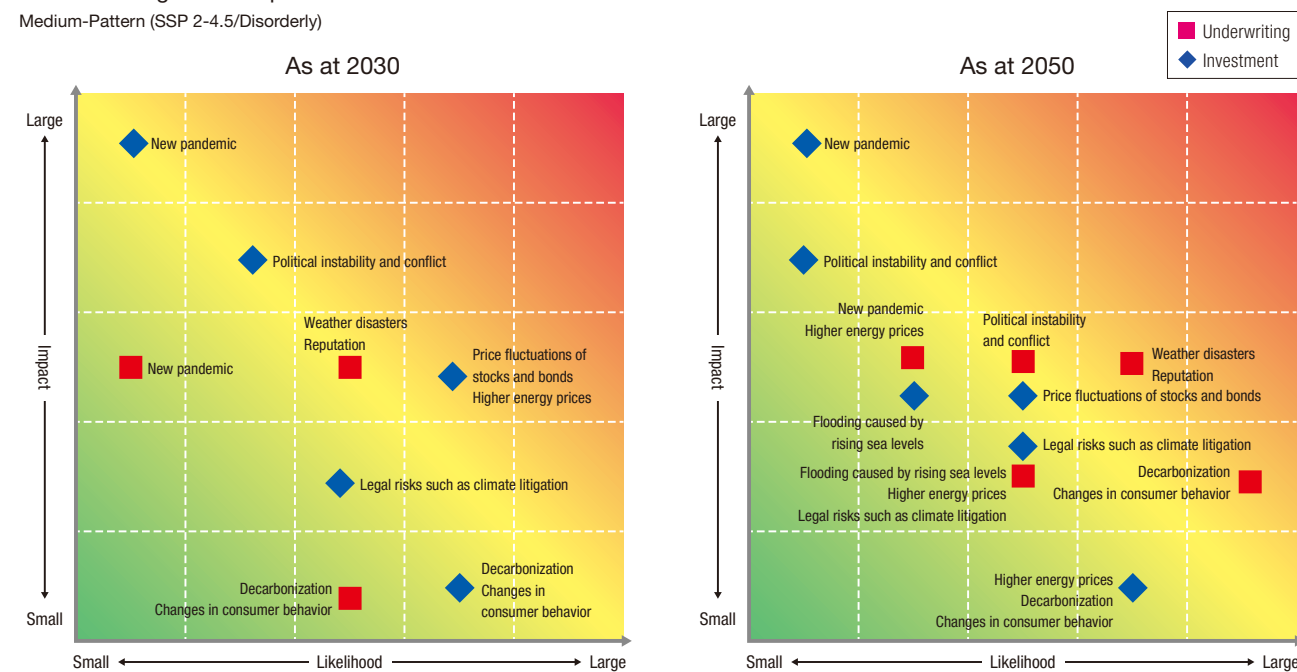
impacts of climate change.

Based on the assessment results, risks that require continuous monitoring are visualized as "Climate Change Risk Map" to provide a bird's eye view of the impact, likelihood, timing of occurrence, and trends of risks that primarily affect insurance underwriting and asset management, and thereby stimulating discussions on climate change at the Board of Directors and other executive bodies.

* For more information on the climate change risk framework, please refer to our corporate website (<https://www.sompo-hd.com/en/csr/materiality/topic2/>), Annual Securities Report, or Sustainability Report.

Climate Change Risk Map

Medium-Pattern (SSP 2-4.5/Disorderly)

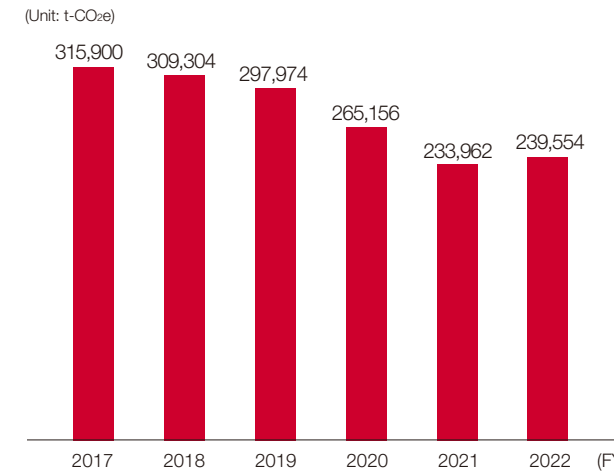


4. Metrics and Targets

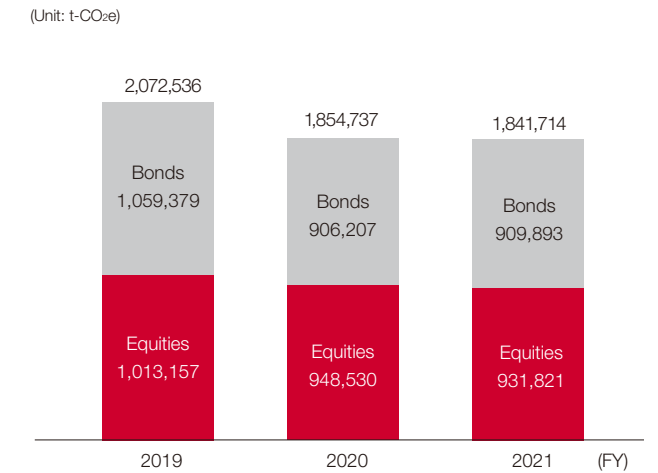
(1) Key Metrics

Total GHG emissions

Scope 1-3*1 (excluding Category 15, investments and loans)



Scope 3 (Category 15, Investment and Loan)*2



Weighted Average Carbon Intensity*2,3

Unit: t-CO₂e/\$ US million

FY	Equities	Bonds
2019	119.60	121.07
2020	100.58	133.77
2021	125.05	167.04

[Third-party verification]

To ensure the reliability of reported figures, Sompo Holdings has received third-party verification from British Standards Institution for its calculations of greenhouse gas emissions (Scope 1-3).

*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-FY2021 have been recalculated based on FY2022 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. (coverage of listed stocks is 86% and coverage of corporate bonds is 82%, with both based on market price). 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. Please note that numerical data may be revised retroactively.

*3 The WACI calculation method has changed starting with FY2021 figures.

(2) Key Targets

GHG reduction targets

	Scope 1-3 (excluding Category 15, 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

Governance

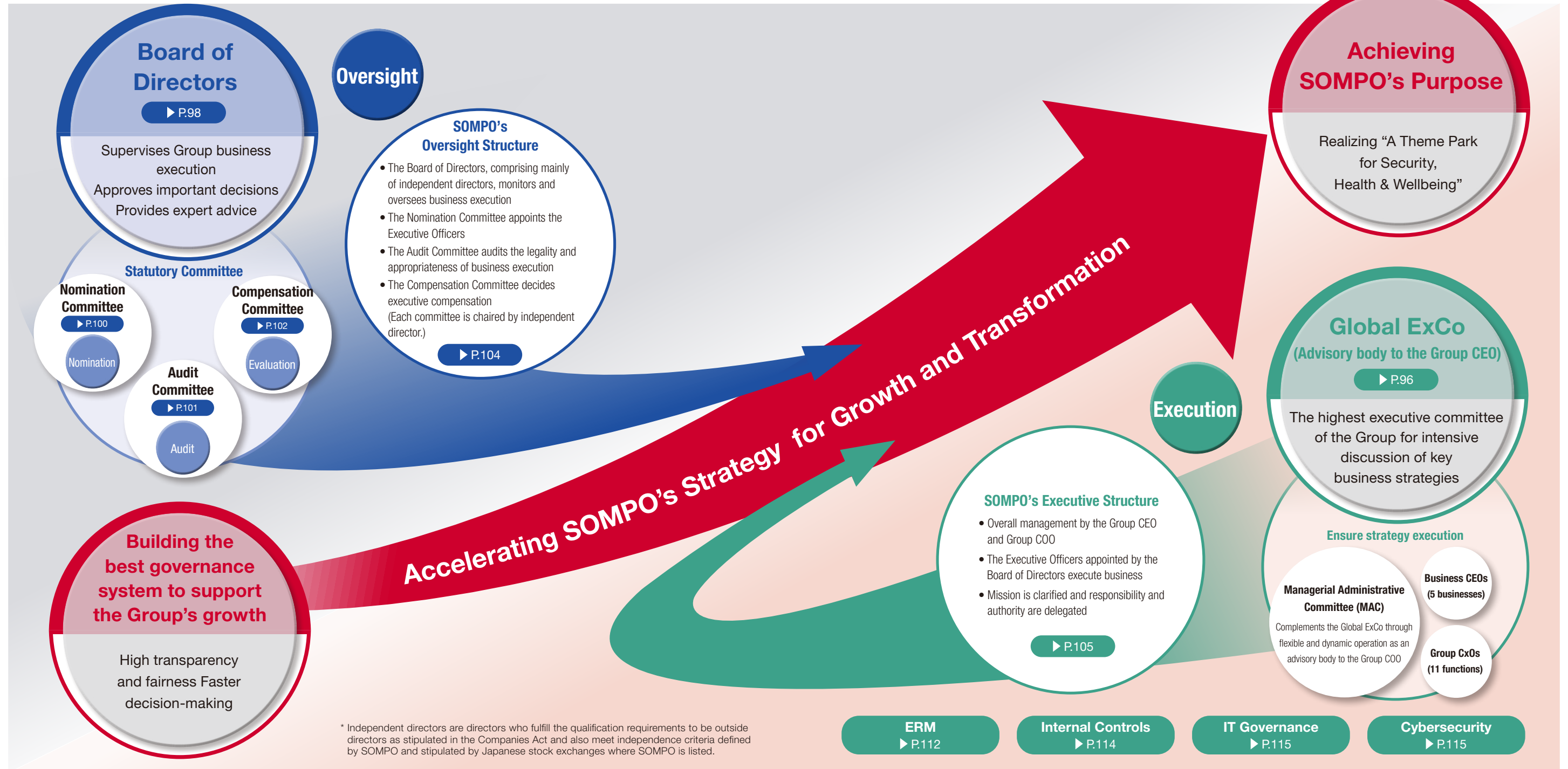
Overview of corporate governance

For the Group to remain an indispensable presence even 100 years from now, we continue to press ahead with a transformation aimed at realizing SOMPO's Purpose. Our corporate governance spearheads and supports this transformation.

Under a "company with committees" structure, we have established a system in which considerable authority is delegated to the executive divisions under the oversight of the Board of Directors, comprised by a majority of independent directors*. Also, of the statutory committees that are critical to ensuring the Board engages in effective oversight, both the Nomination Committee and Compensation Committee are comprised only of independent directors. This guarantees an appropriate tension between the Board of Directors and the executive divisions, along with a high level of transparency and fairness.

The executive divisions are based on the Business Owner and Group CxO systems, executive officers appointed by the Board work together to hone their respective expertise, and in doing so, make prompt business decisions and dynamically execute the Group's strategies with a view to achieving SOMPO's Purpose.

In addition, in order to further drive the transformation of our business lines and generate sustained growth, we are designing a succession plan and executive compensation structure that will reliably and effectively produce talented personnel from different backgrounds.





Global Executive Committee (Global ExCo)

Sompo Group's highest Executive Committee

The Global ExCo meetings are attended by the Group's global executives.

The Global ExCo is an advisory body to the Group CEO that facilitates intensive discussions on key topics, such as Group growth strategies based on the future outlook and social environment, as well as the progress of business plans and how management issues are being addressed.

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, namely (1) Candor, (2) Group Best, and (3) Fact-based discussion of issues. During

the meetings, the Business CEOs and Group CxOs who are highly diverse with different missions and nationalities frankly exchange opinions. They engage in future-oriented discussions while sometimes gaining fresh insights and creating positive conflict. Before the meeting is concluded, all members reconfirm the agreed matters, identified challenges, etc. Each member then swiftly and reliably follows-up with appropriate actions in their own business/functional area. This way of decision-making and proactive, top-down approach is the hallmarks of SOMPO-ness.

Three Key Principles

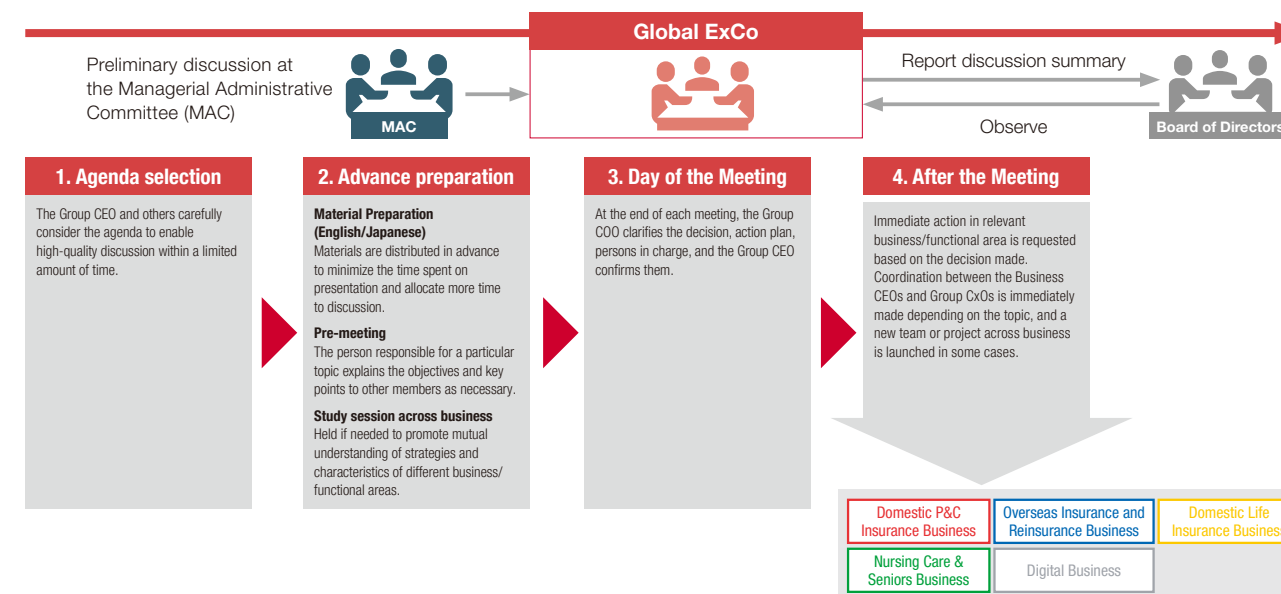
Candor	Candidly share challenges in each business/functional area and discuss to resolve them. Have in-depth discussion while sometimes playing devil's advocate and creating positive conflict.
Group Best	Have discussion taking a bird's eye view of the entire Group as the highest executive committee of the Group. Refrain from speaking only for one's 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, 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 agenda items are carefully selected and the discussion points are clarified beforehand so that the necessary discussions can be completed within the limited amount of time. The active participation of all members is also required on the day.

In fiscal 2022, the Global ExCo discussed how existing businesses are working towards meeting the targets of the current Mid-Term Management Plan (FY2021–2023), the measures aimed at creating a conglomerate premium, the Real Data Platform (RDP) strategy, and the investment

projects in and outside Japan to spur further growth. In addition, the Global ExCo discussed medium- and long-term Group management strategies in light of the rapidly changing business environment and demographic change.

In fiscal 2023, the Global ExCo plans to discuss the selection of optimal business strategies toward the Group's medium- and long-term vision, how Group resources should be allocated for this, improving communication with stakeholders, and increasing enterprise value.

Main topics discussed by the Global ExCo

- Group management strategies and business plans
- Purpose-driven management
- Enhancing SOMPO's enterprise value
- RDP strategy/digital strategy
- Creating a conglomerate premium
- Growth strategies (investment projects in and outside Japan, etc.)
- Improving communication with stakeholders
- Capital allocation policy/shareholder return policy

Characteristics of the Board of Directors

Function and Role of the Board of Directors

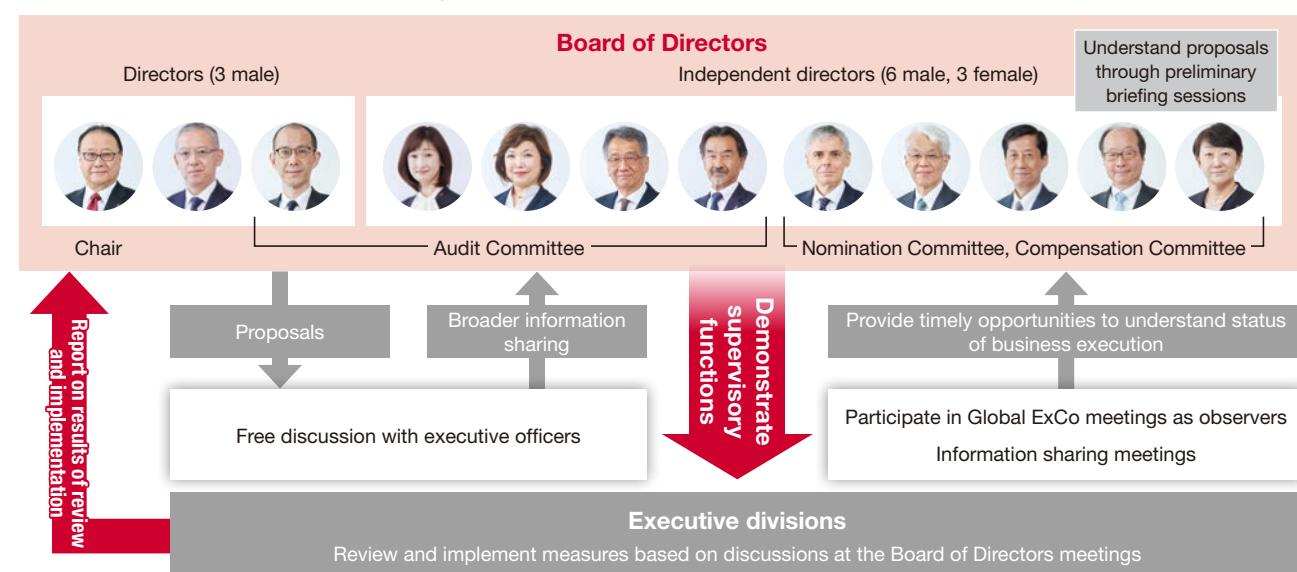
The Board of Directors fulfills its responsibilities as stipulated by laws and regulations and the Articles of Incorporation. It also makes decisions on important business matters as set forth in the Rules of Board of Directors, whilst also aiming to exercise its supervisory function regarding business execution.

To guarantee the effectiveness of oversight, the Board has a

majority of independent directors, and to ensure a considerable degree of diversity among its members, gender, nationality, and other factors are also taken into consideration. The governance structure is designed to enhance transparency and fairness by appointing company managers, academics, and those with specialized knowledge of law, finance, and accounting.

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

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



All directors, including the chairman, are acutely aware of the need to guarantee and improve the effectiveness of the Board. We have established a cycle of constantly engaging in discussions and utilizing opinions to share timely and appropriate information about the Company's business over the course of the year with the following specific initiatives.

1. Preliminary briefing sessions for the Board of Directors

In order to ensure that the discussions of the Board of Directors are constructive and productive, preliminary briefing sessions are held for all outside directors before every meeting of the Board. During the Board meetings, discussions are informed by the opinions and questions raised at these sessions. Integrating preliminary briefings and Board meetings 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. Giving scope to the supervisory function of the Board of Directors

We actively undertake initiatives that help the Board demonstrate its supervisory function, such as by strengthening

information sharing so that the directors can better understand how business is being executed. This ensures sufficient communication is maintained without creating a sense of distance between the Board of Directors and the executive divisions.

Specific initiatives

- Business execution reports made by business CEOs and Group CxOs at the Board of Directors
- Providing observer access to directors to sit in on various committee meetings, such as the Global Executive Committee and the Managerial Administrative Committee
- Holding information-sharing meetings to provide timely updates to outside directors regarding items of business execution, without restricting the discussions solely to Board agenda items
- Holding free discussions about information concerning business operations
- Having outside directors and representative executive officers exchange opinions etc.

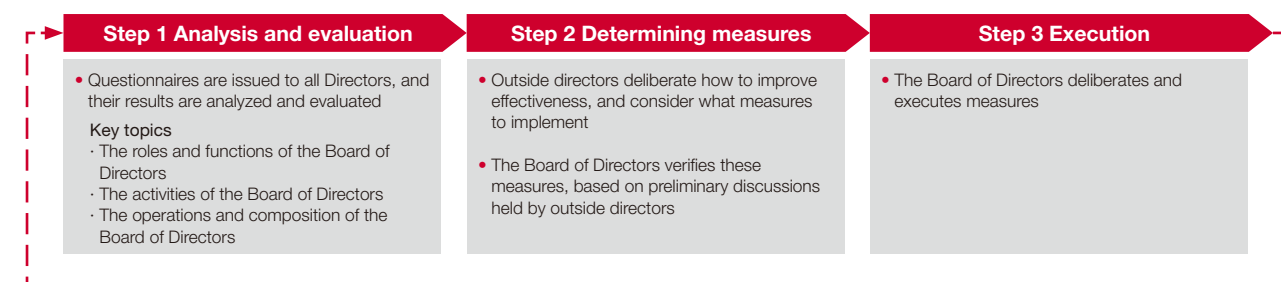
Evaluating the effectiveness of the Board of Directors

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.

PDCA cycles to improve the effectiveness of the Board of Directors



FY2022 evaluation results and FY2023 initiatives

<p>Main assessments of FY2022 initiatives</p>	<ul style="list-style-type: none"> ● Opinions were actively exchanged during the preliminary briefings held in conjunction with Board meetings, and as such, the sessions were assessed to be extremely valuable. ● Discussions during the Board meetings were assessed to have become more substantial than before, but at the same time, there was feedback suggesting that additional information and insights from other directors who did not attend the preliminary session would have been useful and that more clarification is needed regarding which points are to be discussed during the board meeting. ● Alongside the continued practice of expanded free discussions introduced in the previous fiscal year and the executive division reports and continual Board discussions, the on-site visits to each business were assessed to be useful in better understanding how business is being carried out. ● The balance between in-person and online Board meetings in the post-COVID era, as well as efforts to go paperless, were assessed to be contributing to really effective Board management. ● To allocate enough time for discussions on important future topics, it was suggested that free discussion time be further utilized and that the timely sharing of information needs to be continued going forward.
<p>Initiatives in Fiscal 2023</p>	<p>The following are the topics that the Company's directors believe management ought to start or continue, discussing in more depth, as well as initiatives that might be effective in enabling the Board to function better. The Company will bear these items in mind and continue to take measures to enhance the Board's effectiveness.</p> <p>Topics that ought to be discussed in more depth by management:</p> <ul style="list-style-type: none"> ● Evaluating and increasing the value of non-visible assets such as branding and engagement ● Policies for handling ESG-related issues ● Policy on constructive communication with the capital markets ● New value creation through DX and RDP ● Business portfolio and policy on synergies between businesses ● Policy on measuring the benefits of purpose management ● Risk management policy, including a cybersecurity framework <p>Key initiatives to enable the Board of Directors to function better</p> <ul style="list-style-type: none"> ● Issue-driven, focused discussions dedicated to important topics ● Clarifying what matters should be deliberated at Board meetings and using preliminary briefing sessions effectively ● Establishing mechanisms to help the Board understand the Company's operations, including on-site visits ● Ensuring communication and information sharing between outside directors and statutory committees

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.

Scott Trevor Davis
Independent Director,
Chair of the Nomination Committee

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."

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 & Seniors, 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.

In fiscal 2022, based on the reorganization of the composition of the Board of Directors (reducing the total number of directors by 2 and the number of outside directors by 1), we selected candidates for the Board of Directors and the head of the Sompo International Tokyo Office. In addition, for the purpose of more effectively implementing the business strategy of the entire Group, we set up opportunities for the direct exchange of opinions between the Nomination Committee and each Business CEO in appointing Directors and Executive Officers of the major Group companies.

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 10 times in fiscal 2022. Its main agenda items are listed below.

Topic	Details
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 Sompo 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 86 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 Director 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 Sompo Japan Insurance and Sompo Himawari Life Insurance	<ul style="list-style-type: none"> The Committee resolved an issue related to the appointment of Director candidates at Sompo Japan Insurance and Sompo Himawari Life Insurance.

About the Audit Committee



We contribute to the enhancement of corporate value through appropriate audits of the Group's wide range of business areas, and thereby meet the expectations of our stakeholders.

Misuzu Shibata
Independent Director,
Chair of the Audit Committee

The Audit Committee consists of five directors, four of whom are independent directors. Under our highly independent and objective structure consisting mainly of them, we conduct audit activities with the mission of protecting stakeholders' interests through information sharing and active exchange of opinions among the Audit Committee and cooperation with the Internal Audit Department.

Audits are conducted mainly through meetings with executive officers and other members of the Board of Directors. In fiscal 2022, we visited several Group companies to gain a deeper understanding of the actual business conditions through direct interviews with on-site staff members, thereby ensuring highly effective audits.

Under the Medium-Term Management Plan launched in fiscal 2021, the Company is aggressively pushing new initiatives—such as solutions that utilize real data—to achieve

its goal of becoming "A Theme Park for Security, Health & Wellbeing," and our audits have therefore become broader in scope. In this fiscal year, the final year of the Medium-Term Management Plan, I believe we can contribute to the enhancement of corporate value by drawing on the knowledge, expertise, and diverse backgrounds of each Member of the Audit Committee to conduct effective and high-level audits in a wide range of business areas in accordance with our auditing objectives in order to ensure the appropriateness of our efforts to achieve SOMPO's Purpose.

Going forward, the Audit Committee will work to improve appropriate communication with the executive divisions and streamline its auditing methods based on timely and accurate information gathering and active discussions among the committee members, and will continue its efforts to meet stakeholder expectations by conducting audits of the highest quality.

Audit Committee Performance

The Audit Committee met 13 times in fiscal 2022.

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 2022 are outlined below.

Topic	Details
Audit Committee Responsibility System	The Audit Committee Responsibility System, which is continuing from the preceding fiscal year, 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. Audit Committee members other than the primary auditor also actively participate, and after the audit, the committee has a lively exchange of opinions.
Collaborating with the Internal Audit Department	In order to strengthen collaboration with the Internal Audit Department, as in the preceding fiscal year, 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 and participates in the lively exchange of opinions as described above.
Collaborating with Independent Accounting Auditors	We established a plan for year-round meetings with Ernst & Young ShinNihon LLC on the Overseas Insurance and Reinsurance Business and other businesses, and we work to mutually improve audit quality by ensuring frequent communications and engaging in lively exchanges of opinion, including requesting the provision of information from the viewpoint of an independent accounting auditor.
Measures to improve audit activities	<ul style="list-style-type: none"> The Audit Committee and other meetings were held both face-to-face and using video conferencing as appropriate to increase efficiency and ensure sufficient time for discussion. We visited several Group companies to gain a deep understanding of the actual business conditions through direct interviews with on-site staff members.

About the Compensation Committee



The Compensation Committee will increase the incentivizing effects of the Sampo Group's executive compensation structure to contribute to the enhancement of corporate value.

Kazuhiro Higashi
Independent Director,
Chair of the Compensation Committee

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 to contribute to the enhancement of corporate value. From this perspective, we discussed revisions to Sampo Holdings' executive compensation system, and the following specific measures were taken effective April 2023: 1. Revision of the compensation levels; 2. A decrease in the fixed compensation ratio (increase in the variable compensation ratio); 3. Use of metrics for brand value and engagement as evaluation metrics in the strategic targets for performance-linked compensation; 4.

Revision of long-term incentive program (changed from stock trust method to phantom stock method). These revisions will be implemented in the executive compensation plans of the major Group companies in fiscal 2024.

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 2022, 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 to contribute to the enhancement of corporate value.

Compensation Committee Performance

The Compensation Committee met 11 times in fiscal 2022. The main agenda items of the Compensation Committee in fiscal 2022 are outlined below.

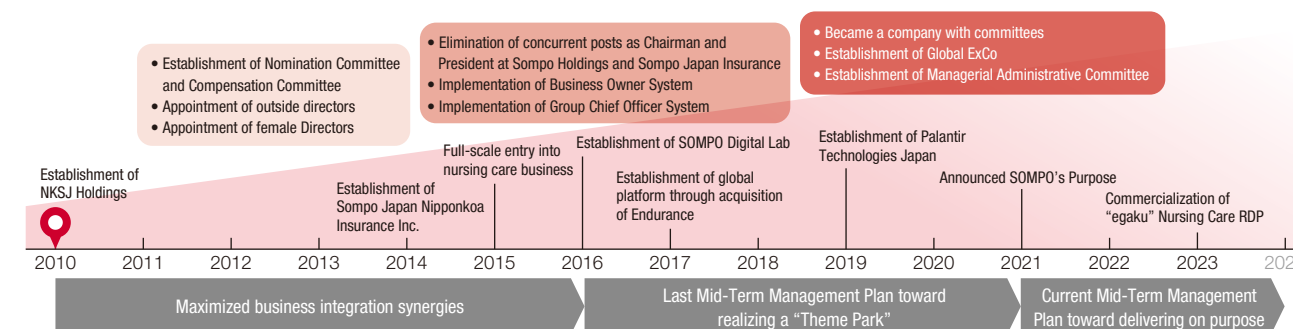
Topic	Details
Revising executive compensation structures at Sampo Holdings	<ul style="list-style-type: none"> Discussions were held to increase the incentivizing effects of the executive compensation structure of Sampo Holdings, and the following revisions were implemented as of April 2023: <ol style="list-style-type: none"> Revision of the compensation levels A decrease in the fixed compensation ratio (increase in the variable compensation ratio) Use of metrics for brand value and engagement as evaluation metrics in the strategic targets for performance-linked compensation Revision of long-term incentive program (changed from stock trust method to phantom stock method)
Policy for handling differences in executive compensation between Japan and overseas	<ul style="list-style-type: none"> Regarding differences in executive compensation between Japan and overseas, we conducted a study of our attractiveness to Directors and Executive Officers using assessments from an outside consulting firm and other sources. We confirmed that going forward, we will make efforts to raise our attractiveness to Directors and Executive Officers outside of the Group to form a more competitive Director and Executive Officer portfolio.
Performance-linked compensation of the Group CEO	<ul style="list-style-type: none"> The Committee assessed the Group CEO's initiatives in fiscal 2022, 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 approved the Group CEO's fiscal 2023 strategic goals of 1. Business portfolio transformation; 2. Engagement, and inclusion & diversity; and 3. Improving corporate value. <ol style="list-style-type: none"> Promote the transformation of the Sampo Group's business portfolio with the aim of realizing SOMPO's Purpose. 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 2023 was determined based on the above strategic goals.
Performance-linked compensation of Executive Officers	<ul style="list-style-type: none"> The Committee assessed the fiscal 2022 initiatives of Executive Officers. It determined the performance-linked compensation payment rates and payment amounts.
Strategic goals and base amount of compensation of Executive Officers	<ul style="list-style-type: none"> The Committee approved the fiscal 2023 strategic goals of all Executive Officers at Sampo Holdings and, based on these strategic goals, determined the base amount of compensation for fiscal 2023.

Governance that continues to lead and support the realization of our Purpose

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 Group that conducts business mainly in Japan which faces population decline, population aging, and low economic growth. In 2021, we officially proclaimed 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. Our Purpose identifies what kind of value we will provide to society.

Again and again, it is SOMPO's governance that has clearly indicated the direction in which the Group should move and has led the transformations to achieve this.



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 transformations 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 his or her respective functional area, is delegated authority to exert an influence over group-wide issues across business. Building a business execution system that combines the centrifugal and centripetal forces in this way has driven transformation toward realizing a "Theme Park."

Accelerating further transformation to achieve our Purpose

Building on the business foundation which had been established, in 2019 Sampo Holdings transitioned to a company with committees and established the Global ExCo to accelerate transformation to achieve our Purpose. 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 outside directors with expert knowledge focus on management oversight and key management policy decisions.

In terms of execution, we established Global ExCo, the highest executive committee. At Global ExCo, members with different nationalities and backgrounds discuss key

challenges for the Group from a truly diverse perspective, share best practices, and make decisions based on global information, not just about insurance. This is the driving force behind SOMPO's transformation to achieve its Purpose.

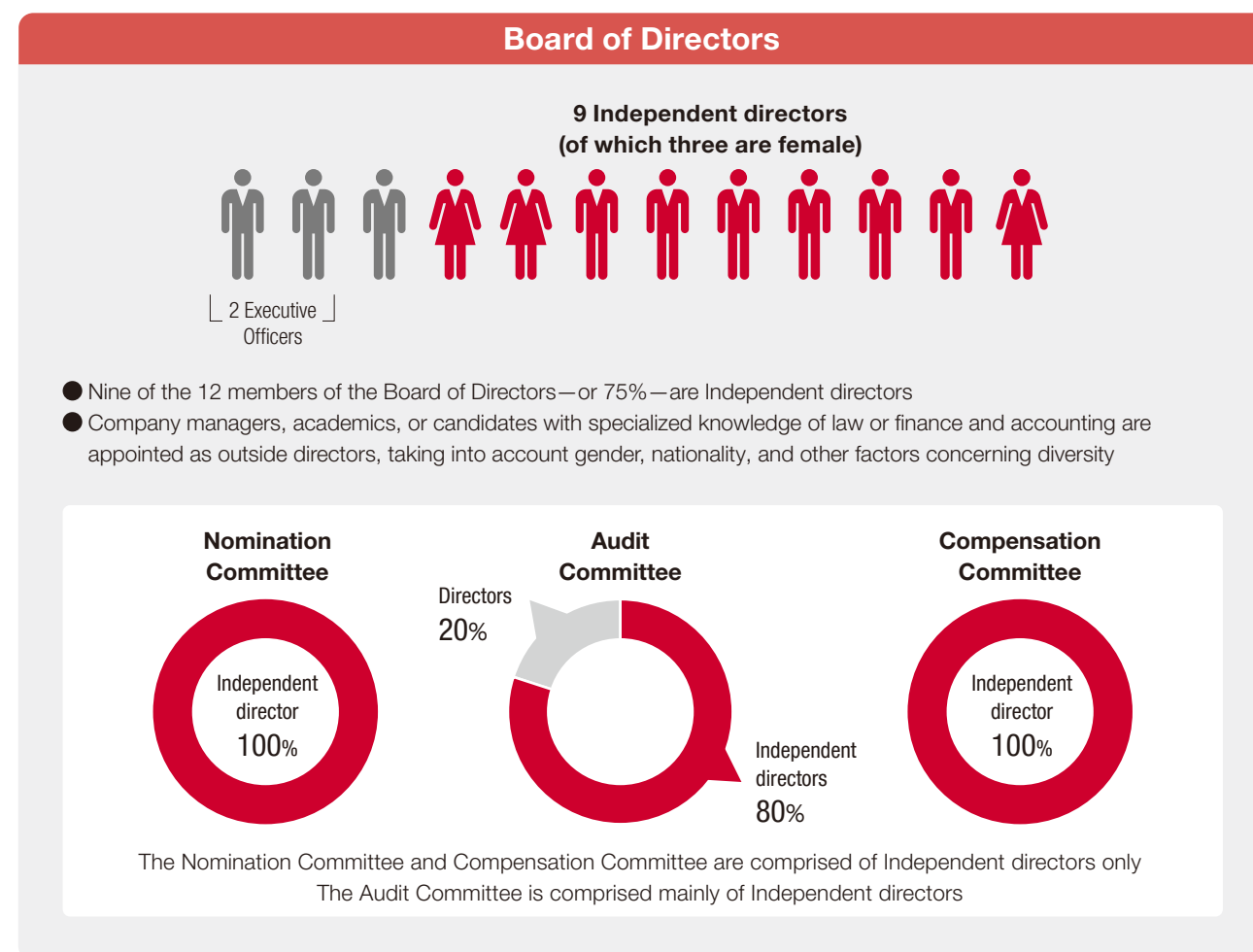
This governance structure has formed the cornerstone of SOMPO's transformation, such as the establishment of a global platform (P&C insurance) that will serve as the foundation for the Group's growth and earnings and a new company with Palantir to realize the Nursing Care RDP "egaku."

The realization of SOMPO's Purpose is a long journey. Going forward, we will continue to transform ourselves to achieve this by building on a foundation of evolving governance.

Oversight structure

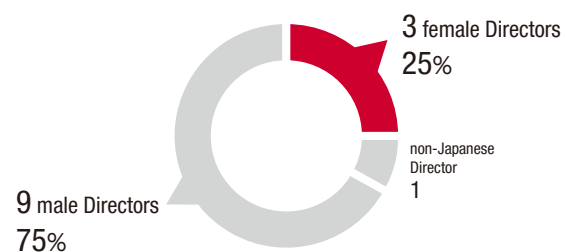
Under a “company with committees” structure, we are endeavoring to expedite business execution by strengthening the oversight of the Board of Directors, which is made up of mostly independent directors, and delegating considerable authority to the executive divisions.

In addition, an independent director serves as chair on all three statutory committees: the Nomination Committee, the Audit Committee, and the Compensation Committee. This governance structure is designed to enhance transparency and fairness.



Director Diversity

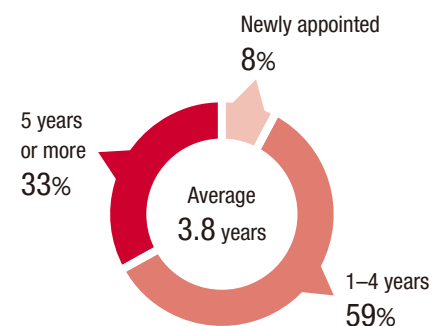
Of the 12 members of the Board of Directors, 3 are female and 9 are male; 1 of the male Directors is non-Japanese



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 outside director exceeds 8 years, the existence of a strong reason for reappointment is carefully assessed and reappointment is not prevented if such reason exists.



Executive structure

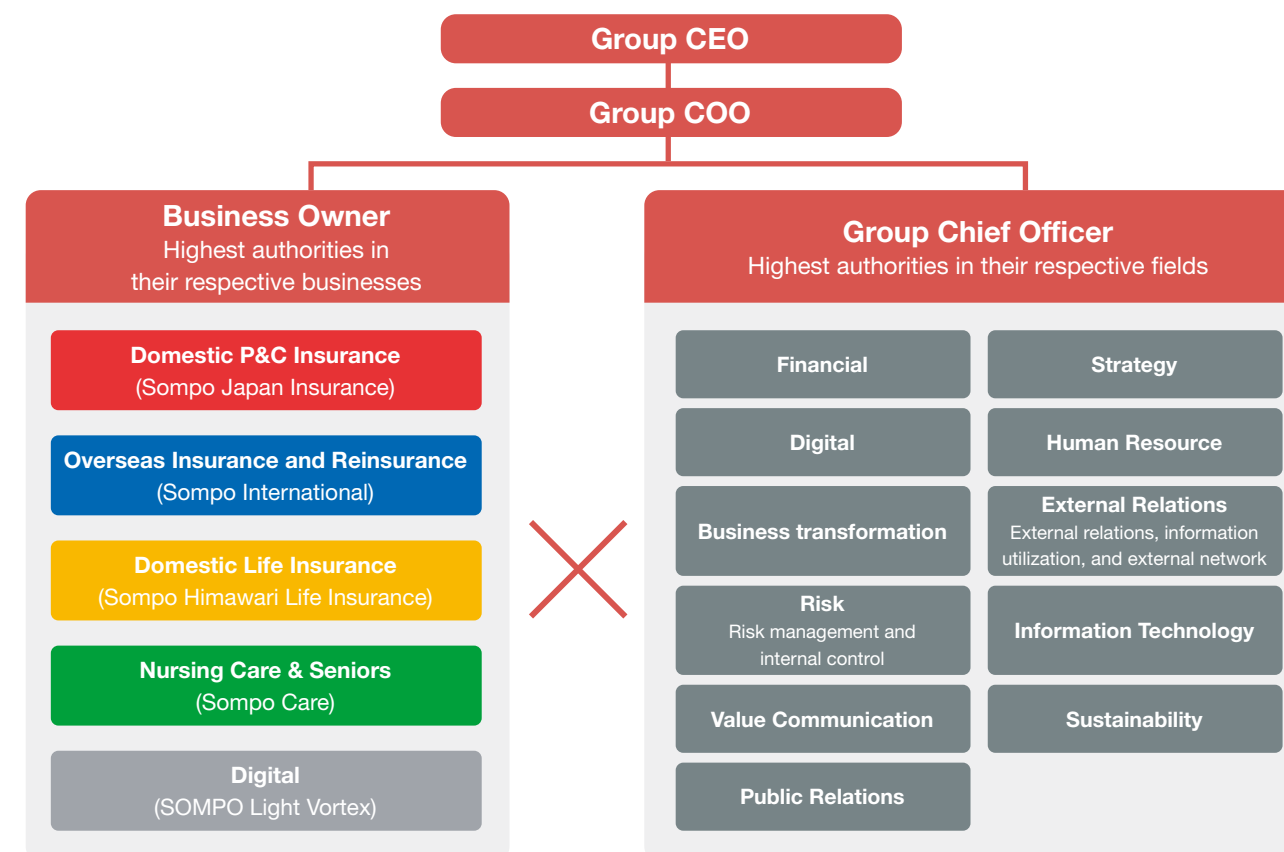
We employ a matrix-style executive framework that is a combination of the Business Owner and Group Chief Officer (CxO) systems. It enables the Company to make agile and flexible decisions and conduct business even in such rapidly changing times.

Business Owner system

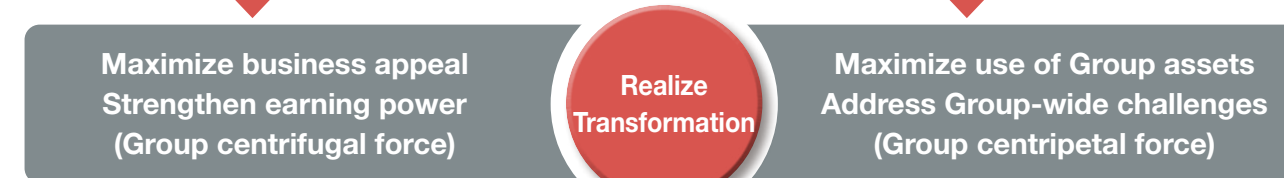
With this system, the business CEOs drive the Group's growth and expansion by formulating business policies, accomplishing business plans, and improving the quality of business operations as the managers of each business.

Group CxO system

This system enables the Group CxOs—all of whom possess a high degree of expertise in their respective business domains—to exert as much influence required throughout the Group to help realize SOMPO's Purpose and enhance corporate value.



* Main Group company in each line of business shown in parentheses.



Directors and executive officers with Diverse Array of backgrounds

The directors and executive officers hailing from diverse backgrounds keep their respective missions in mind when engaging in discussions and making high-quality decisions for the purpose of achieving the transformation of the Group. To that end, we strongly emphasize diversity in our human resources portfolio when formulating a succession plan and appointing directors and executive officers.

8 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, Group CxOs, and the Chairman of Overseas M&A; there are 16 directors and executive officers in 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 86 key positions in the Group, including Group CEO, Group COO, 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

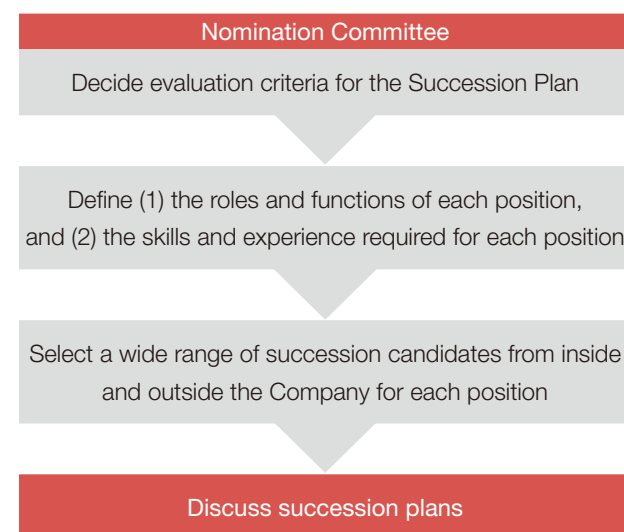
Talent who might assume key positions within 5 years	N (Next) talent
Talent who might assume key positions in 5 to 10 years	F (Future) talent

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

- Six or more N talent candidates and five or more F talent candidates must be selected for each position.
- Women must account for 50% 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 1) “Competency Requirements,” 2) “Criteria for Independence of outside directors,” and 3) “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.

- a) 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.

- b) Capital Relationships: the holding by the candidate of shares in the Company, and the status of shareholding by the Group.
 c) Business Relationships: business transactions or donations between the Group and the candidate.
 d) Significant interests other than the above.

3) Requirements for Terms of Office

If the total terms of office as the outside director or 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 purpose.
- 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 Integrated Annual Report, Annual Securities 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 the independent 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

Scale of mission and approach to realizing a transformation and earnings-linked executive compensation structure

Stock price-linked compensation (phantom stock)	Shared value with shareholders
	Incentives for achieving medium- and long-term plans
	Retention of human resources
Performance-linked compensation	Reflective of financial results : Adjusted consolidated ROE
	Reflective of strategies : Strategic goals
Fixed compensation (monthly salary)	

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

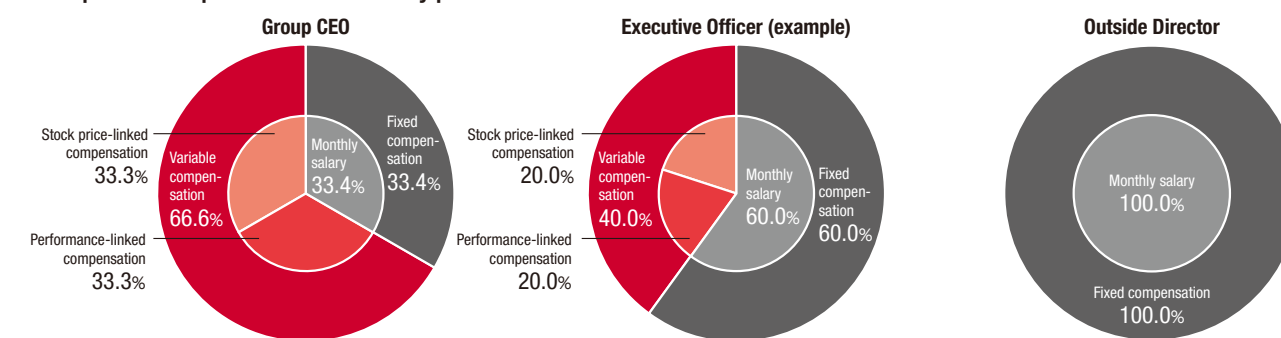
Compensation for officers consists of: fixed compensation (monthly salary), which is based on the duties and responsibilities of each officer; and variable compensation, which is linked to performance. Variable compensation comprises: performance-linked cash compensation, which is compensation linked 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
	Stock price-linked compensation	33.3%	15-25%	<ul style="list-style-type: none"> Payment amount is determined in accordance with the share price in order to share value with shareholders and promote medium- and long-term growth of the Group Payment in cash at any time after a certain period has elapsed since the granting of units up until retirement and also upon retirement
Subtotal		66.6%	30%-50%	
Total		100%	100%	

Examples of compensation structure by position



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

(1) 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.

(2) Performance-linked compensation

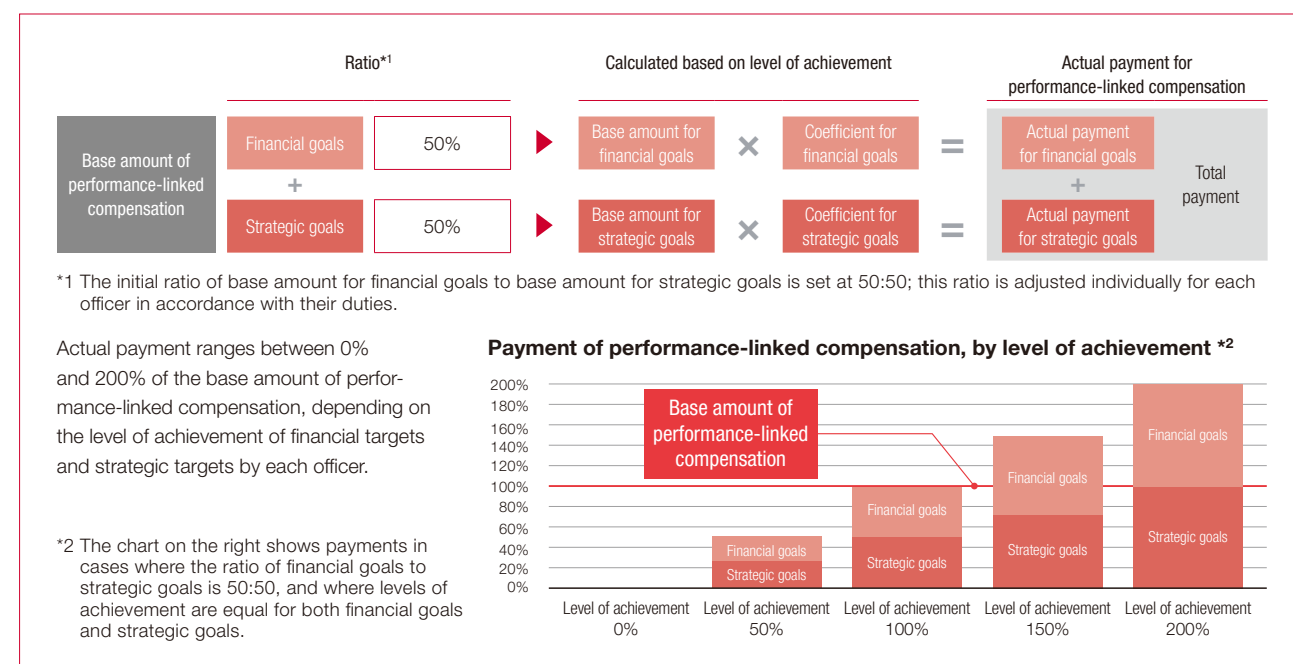
The Company operates a performance-linked compensation system that rewards officers for the contributions they made to each business's single-fiscal-year performance. In order to ensure that performance-linked compensation reflects both the financial performance and the strategic performance goals associated 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

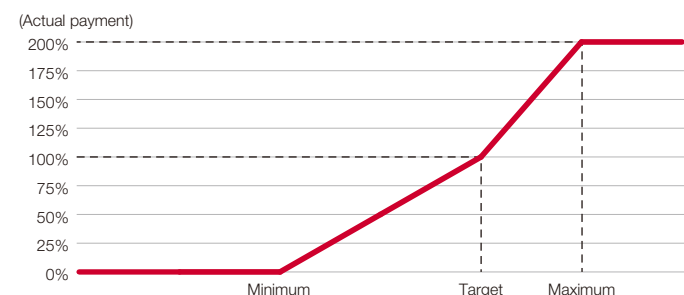
first sets a base amount of performance-linked compensation. This base amount is then multiplied by a coefficient that reflects the level of achievement of single-fiscal-year financial goals and strategic goals.

- 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.
- The performance indicators adopted as the financial goals include adjusted consolidated ROE, among others, for the fiscal year, and the coefficient is determined according to the actual results versus the targets in the business plan.
- The performance indicators adopted as the strategic goals are the metrics agreed on by the Group CEO, business CEO, or other director or executive officer responsible for their evaluation in accordance with the mission of each director and executive officer, and the coefficient is determined according to the level of achievement.
- Of the performance indicators adopted as the strategic goals, an engagement indicator for all directors and executive officers and a brand value indicator for some directors and executive officers have been set as mandatory components for measuring Unrealized Financial Value.

Executive compensation structure



Financial goals



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. Note: The graph above indicates the relationship between level of achievement and actual payment.

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.

*1 Net income for the Domestic P&C Insurance Business is the standalone figure for Sampo Japan Insurance.
 *2 In the Nursing Care & Seniors Business, the financial indicator adopted for the president of Sampo Care is adjusted profit at Sampo Care (standalone basis).
 *3 Adjusted profit and sales in the digital business are for Palantir Technologies Japan (standalone basis).

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.

Business domain	Financial indicators for FY2023
Entire Group	Adjusted profit, Adjusted consolidated ROE
Domestic P&C Insurance Business	Adjusted profit, Net income
Overseas Insurance and Reinsurance Business	Adjusted profit
Domestic Life Insurance Business	Adjusted profit, Increase in adjusted EV
Nursing Care & Seniors Business	Adjusted profit
Digital Business	Adjusted profit, Revenue

(3) Stock price-linked compensation

The Company believes it is vital that the Group as a whole grows sustainably over the long term. For the purpose of maintaining the link between compensation for directors and executive officers and stock value, as well as further raising the awareness and talent retention that contributes to stronger earnings and greater corporate value over the medium-to-long term, we discontinued the previous performance-linked stock compensation plan and introduced a new stock price-linked compensation (phantom stock, or PS), effective from April 1, 2023. For this compensation, PS offering the same economic value as cash stock is issued to the directors and executive officers. An overview of this system is as follows.

The number of units granted is determined by multiplying the stock price-linked compensation base amount, which varies depending on the magnitude of the mission of each director and executive officer, by the previous year's strategic goal evaluation coefficient and dividing it by the Company's share price.

$$\left[\text{Stock price-linked compensation base amount} \times \text{Strategic goal evaluation coefficient from previous FY} \right] \div \left[\text{Company's closing share price on the grant date} \right] = \text{Number of units granted}$$

The units granted will vest at the end of the fiscal year three years after the grant date. Once vested, they will be categorized into PS 1 and PS 2. If the director or executive officer resigns voluntarily before the vesting date, the units will not be eligible for vesting.

- PS 1 and PS 2 units will be divided evenly (50% each) and be subject to the following.
 - PS 1: After vesting, an amount based on the current share price at any time up until retirement, along with an equivalent cumulative dividend amount, will be paid in cash.
 - PS 2: Upon retirement, an amount based on the share price calculated with a prescribed method, along with an equivalent cumulative dividend amount, will be paid in cash.

The payment amount will be determined as follows.

Payment based on the exercise of rights for PS 1 at any time

$$\left[\text{Number of PS 1 units designated by the director or executive officer} \times \text{Closing share price on the day the director or executive officer indicated their intention to receive PS 1} \right] + \text{Equivalent cumulative dividend amount}$$

Payment based on the exercise of rights for PS 1 and PS 2 upon retirement

$$\left[\text{Number of unexercised PS 1 and PS 2 units up until the day of retirement} \times \text{Share price at the time of retirement (calculated based on a prescribed method)} \right] + \text{Equivalent cumulative dividend amount}$$

2. Total compensation, total compensation by type, and number of eligible officers for each officer category, in FY2022

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		
				Performance-linked cash compensation	Performance-linked stock compensation	
Directors (excluding outside directors)	78	73	—	2	2	5
Outside directors	187	187	—	—	—	10
Executive Officers	1,725	779	—	642	302	19
Total	1,990	1,040	—	645	305	31

*1 The amounts for total compensation, total compensation by type, and the number of eligible directors and executive officers include: one executive officer who resigned on March 31, 2021; six executive officers who resigned on March 31, 2022, and one director who resigned at the end of the 12th Annual General Meeting of Shareholders held on June 27, 2022.
 *2 Compensation for the two directors who concurrently serve as executive officers and the one director who concurrently served as executive officer up until March 31, 2022, is separated into director compensation and executive officer compensation; the compensation for each position is included in the applicable total compensation amount. For this reason, the total number of eligible directors and executive officers differs from the combined number for each classification.
 *3 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 prior to revisions to the Company's Policies on Decisions Pertaining to Executive 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.
 *4 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 FY2022

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	
						Performance-linked cash compensation	Performance-linked stock compensation
Kengo Sakurada	477	Director	Sampo Holdings, Inc.	6	—	2	1
		Executive Officer		127	—	209	130
Mikio Okumura	308	Director	Sampo Holdings, Inc.	—	—	—	—
		Executive Officer		99	—	127	75
James Shea	721	Director	Sampo International Holdings Ltd.	—	—	—	—
		Executive Officer		267	—	—	—
John R. Charman	915	Director	Sampo Holdings, Inc.	160	—	293	—
		Executive Officer		—	—	278	—
		Director	Sampo International Holdings Ltd.	—	—	636	—

*1 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.
 *2 For compensation paid in foreign currencies, the amounts show yen equivalents.
 *3 James Shea resigned as Executive Officer on March 31, 2023 and was appointed Senior Vice President on April 1, 2023.
 *4 John R. Charman resigned as Executive Officer on March 31, 2022.

Enterprise Risk Management (ERM)

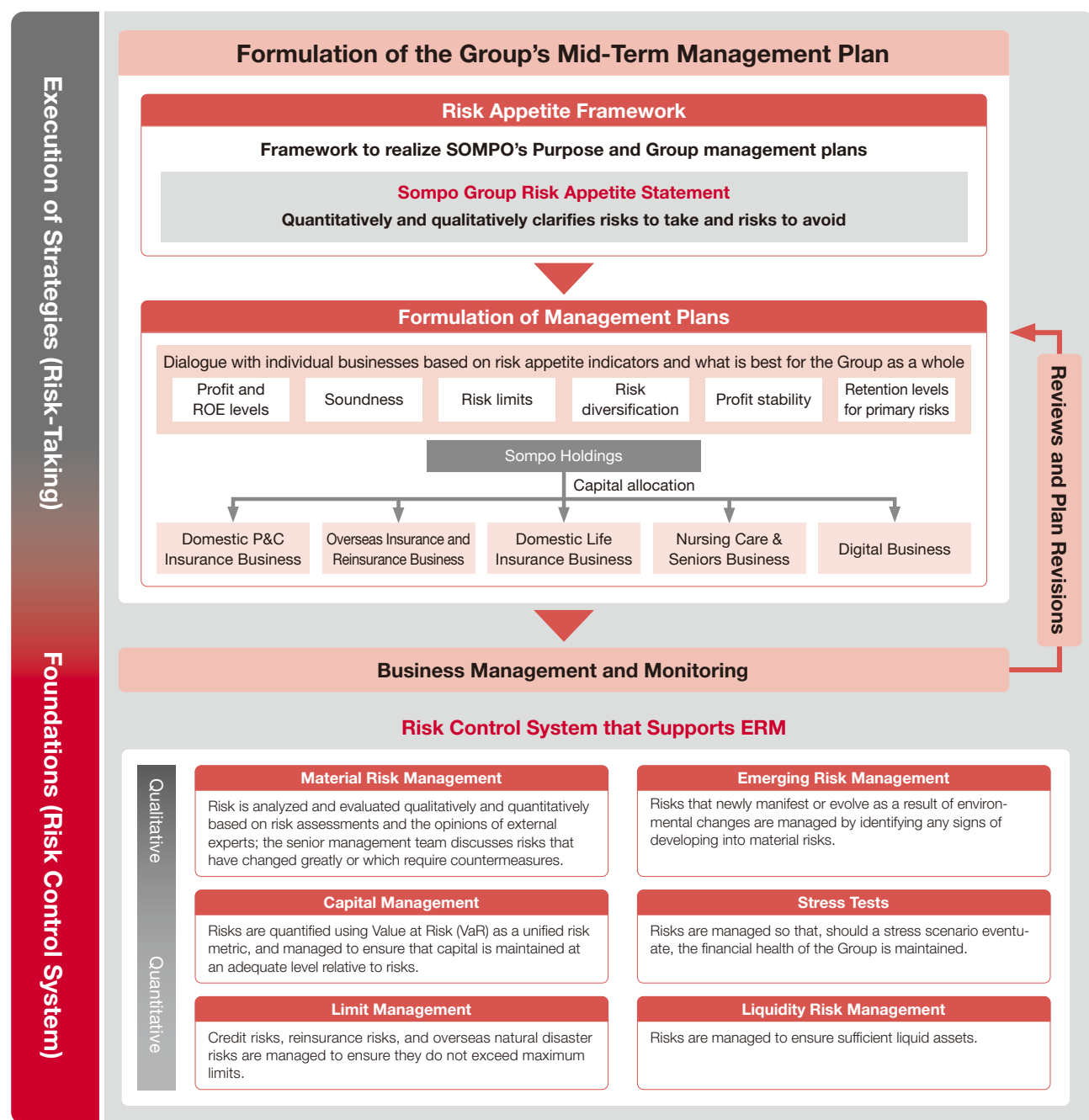
ERM as the “Compass of Management”

The increased severity and frequency of natural disasters caused by climate change, heightened geopolitical risks, the threat of cyberattacks, and the rapid advancement of AI and other digital technologies, among other factors, are increasing uncertainty in our business environment.

As we accelerate scale and diversification initiatives centering on the insurance business, we are also committed to creating new customer value in order to contribute to addressing issues in society and improving prospects for profit growth over the long-term. To achieve this, we make use of the ERM

framework, also known as the “compass of management,” to guide the Group in the best direction by not only avoiding losses before they happen, but by reducing opportunity losses, such as missed investments in new businesses. We make sure of this by (1) accurately analyzing and grasping the Group’s current position (multifaceted analysis), (2) sensitively detecting potential future risks (accurately understanding and addressing key risks), and (3) clearly indicating which course the Group ought to take (recommendation of an optimal business portfolio).

Overview of the Sampo Group’s Enterprise Risk Management



Pursuing resilience from two aspects

The COVID-19 pandemic that emerged in 2019 served as a valuable lesson for companies about the importance of resilience in the face of operational disruptions and interruptions. Even in the wake of the pandemic, with geopolitical divisions widening and cyberattacks becoming more sophisticated due to emerging technologies, our ERM will require “resilience” from two aspects: risk portfolio and operations.

The first aspect involves the building of a resilient portfolio that is supportive of management discussions to continually review risks that should be taken and the risks to be avoided

by quantifying the impacts on financial soundness, profitability, and capital efficiency, taking into account the rapidly changing internal and external business environment.

The second aspect is the establishment of resilient operations, which involves visualizing how increasingly diverse and complex risks will affect the Group and establishing operations to ensure that our businesses and services can continue even when risks materialize.

Pursuing these two aspects of resilience in our ERM will contribute to the sustained growth of the Group.

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.sampo-hd.com/en/company/risk/>

2. Risk Control System

For effective risk control, Sampo Group uses a “Risk Control

System” that identifies, analyzes, and evaluates the various risks surrounding the Group.

We define risks that could have a significant impact on business as “material risks” and we comprehensively identify and evaluate these risks based on risk assessments and the insights of experts. We use concrete scenarios to form assumptions of how we might be impacted by a material risk, evaluate the probability of occurrence and the degree of impact (in three categories: economic loss, business continuity, and reputational damage) from both qualitative and quantitative points of view, and then discuss the adequacy of our countermeasures.

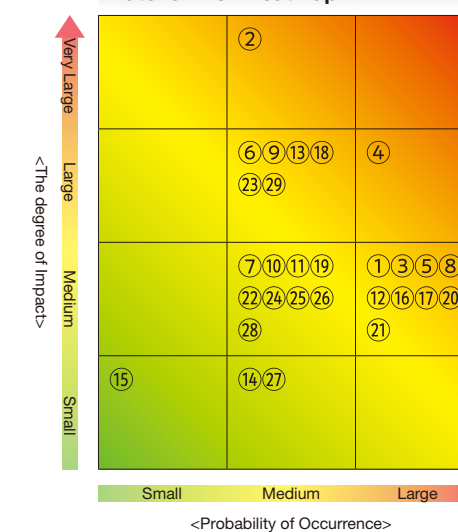
Additionally, the Group defines “emerging risks” as risks that have the potential to emerge or change, through changes in the environment or other factors, such that they would have a significant impact on the Group in the future. We manage emerging risks appropriately by monitoring any signs that they 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.sampo-hd.com/en/ir/financial/risk/>

List of Material Risks

Category	No.	Material Risks	Category	No.	Material Risks	
Strategic risk	①	Deterioration of or change of competitive environment	Operational and compliance risk	⑯	Failure of third-party (outsourced contractors) management	
	②	Great Recession		⑰	IT failures	
	③	Geopolitical Risk		⑱	Cybersecurity	
	④	Pandemic		⑲	Labor risk	
	⑤	Changes in regulatory systems		⑳	Leakage of customer information (Excluding cyberattack)	
	⑥	Poor governance		㉑	Misconduct and leakage of confidential information	
	⑦	Ill-informed risk taking related to new businesses		㉒	Conduct risk	
	⑧	IT strategy		Business risk	㉓	Large-scale earthquake in Japan
	⑨	Climate Change (Physical risks, Transition risks)			㉔	Huge wind and flood disaster in Japan
	⑩	Sustainability Risk			㉕	Large-scale natural disasters overseas
	⑪	Reputational Risk			㉖	Cyber-accumulation risk
	⑫	Insufficient human resources			㉗	Misjudging the nursing care business environment
⑬	Major market downturn and economic crisis	㉘	Serious misconduct in the nursing care business			
⑭	Reinsurance and investment credit risk	Other risks	㉙		Business interruption risk	
⑮	Liquidity in the event of a major disaster					

Material Risk Heatmap

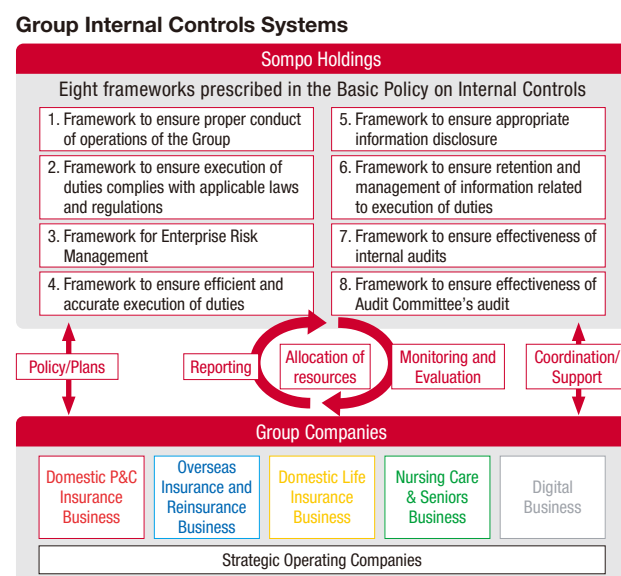


Group internal controls to support corporate governance

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.

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

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.



Compliance initiatives

As part of our commitment to compliance, we have formulated various policies and codes of conduct, such as the Somo 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 the abidance of laws and regulations, we have been working to develop a culture that encourages each and every employee to independently and autonomously behave in a way that conforms to corporate ethics and social norms.

We coordinate with Group companies so they can increase the effectiveness of their compliance initiatives, and we have been working to evolve our compliance framework based on Group strategies and external environments. In response to the increased awareness of data protection in society, for example, we are adopting measures to address evolving privacy risks. We are also working to identify potential conduct risks to improve our ability to detect early warning signs.

In addition, we are offering a greater level of protection to reporters that use our whistle-blowing system, which is an important mechanism for the early detection of issues. We are also ensuring strict confidentiality and establishing systems based on the relevant laws and regulations in each country.

Developing the Group's internal audit framework

We have established the Somo 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

As a result, we now have in place a whistle-blowing system that can be readily utilized by employees if a workplace issue arises that cannot be easily resolved.

In fiscal 2022 there were 261 whistle-blowing cases and we are working hard to revamp the system so that users can feel comfortable when utilizing it.

While the Group has the insurance business at its core, we have expanded into new business areas such as the Nursing Care & Seniors Business and the 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, we must consider not only 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 throughout the Group and share information, we are supporting the development of compliance frameworks at each Group company.

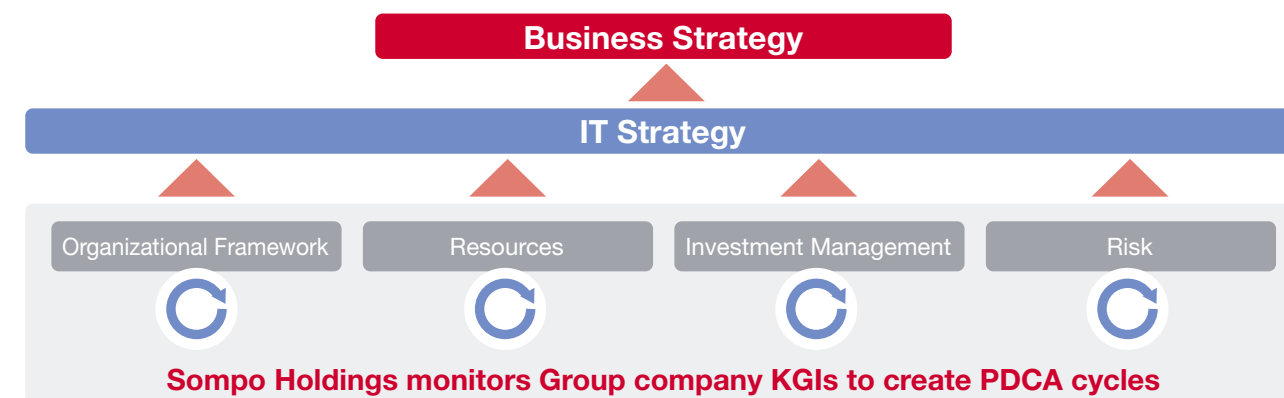
characteristics and strategies of our businesses.

Specifically, we have expanded our monitoring functions and adopted a flexible approach to the auditing of evolving risks. In conjunction with these efforts, we help Group companies develop their own internal audit frameworks mainly by evaluating the quality of their internal audits, including verification by external evaluation agencies, and by 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

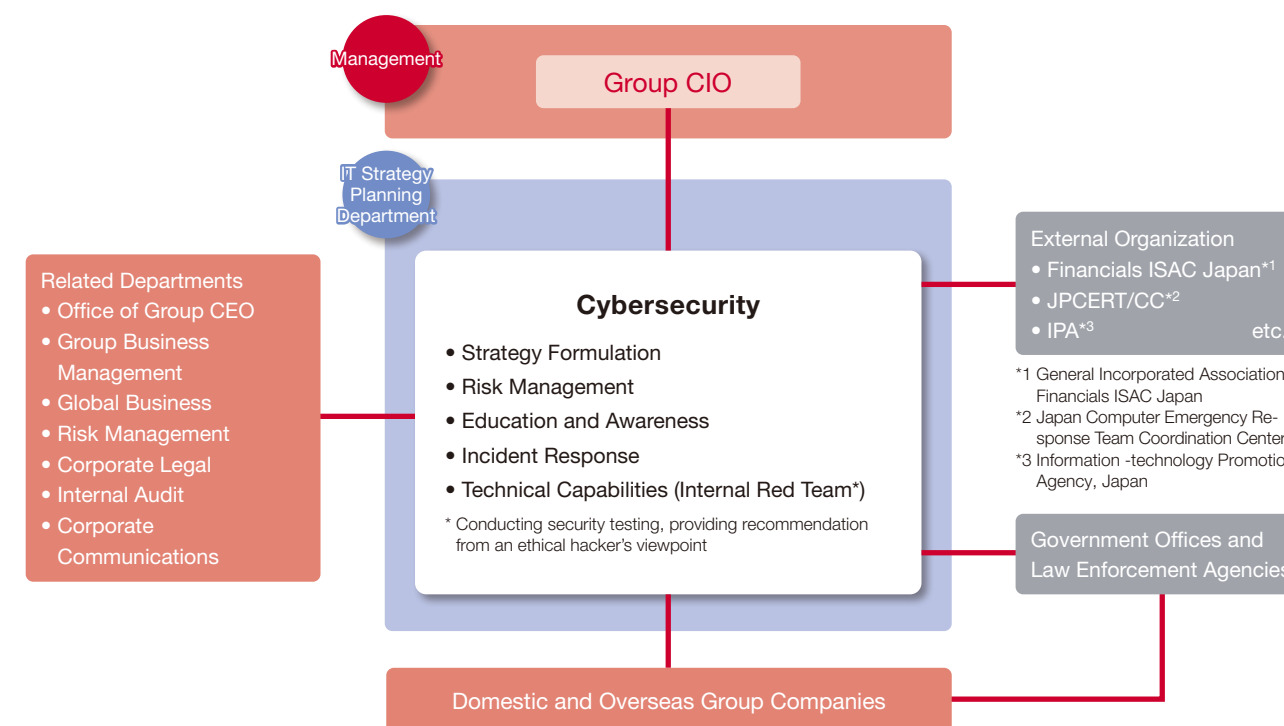
KGI monitoring and aligning to international standards, we strive to optimize the IT processes to support the Group-wide business and IT strategy.



Responses to cyber risks

The company takes cybersecurity as a social responsibility. In response to cyber risks, we established "Somo Group Basic Policy on Cyber Security" 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.



Directors



Kengo SAKURADA Mikio OKUMURA Scott Trevor DAVIS Kazuhiro HIGASHI Isao ENDO Takashi NAWA Meyumi YAMADA Misuzu SHIBATA Kumi ITO Masayuki WAGA Toru KAJIKAWA Satoshi KASAI

Name	Kengo SAKURADA	Mikio OKUMURA	Scott Trevor DAVIS	Kazuhiro HIGASHI	Isao ENDO	Takashi NAWA	Meyumi YAMADA	Misuzu SHIBATA	Kumi ITO	Masayuki WAGA	Toru KAJIKAWA	Satoshi KASAI	Board Diversity
Reappointment/ new appointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	New appointment	Reappointment	Other Directors 25% All Directors Independent Directors 75%
Positions	Director	Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Director	Other Directors 3 Independent Directors 9
			Nomination Committee Compensation Committee	Nomination Committee Compensation Committee	Nomination Committee Compensation Committee	Nomination Committee Compensation Committee	Nomination Committee Compensation Committee	Nomination Committee Compensation Committee	Audit Committee	Audit Committee	Audit Committee	Audit Committee	Audit Committee
Expected roles, skills and areas of expertise for directors													Male 9 Female 3
1) Business strategy	●	●	●	●	●	●	●	●	●	●	●	●	Nominations Committee Independent Directors 100%
2) Global management	●	●	●	●	●	●	●	●	●	●	●	●	
3) ESG, SDGs	●	●	●	●	●	●	●	●	●	●	●	●	Other Directors 0 Independent Directors 5
4) Transformation strategies	●	●	●	●	●	●	●	●	●	●	●	●	
5) Digital	●	●			●	●	●	●	●	●			Other Directors 20% Audit Committee Independent Directors 80%
6) HR strategy	●	●	●	●	●	●			●	●	●	●	
7) Finance, accounting	●	●		●	●		●		●	●	●	●	Other Directors 1 Independent Directors 4
8) Corporate governance	●	●	●	●		●	●	●		●	●	●	
9) Legal, risk management	●	●		●				●		●	●		Other Directors 0 Independent Directors 5

* 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

(As of July 1, 2023)

Directors



Kengo Sakurada
Director
(Born February 11, 1956)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2022)
Attended 14 out of 14 Board of Directors meetings

Career Summary

Joined Yasuda Fire & Marine Insurance Co., Ltd. in April 1978. Gained experience in P&C Insurance Business integration, alliances, planning, sales, and systems, as well as having enjoyed a global career in international financial institutions before being appointed Director and Managing Executive Officer of Sampo Japan Insurance Inc. in 2010. In 2012, he took over as the Company's Representative Director, President, and Executive Officer, and currently oversees management of the entire Group as Group CEO. Previously Chairman of Japan Association of Corporate Executives (Keizai Doyukai) from 2019 to 2023. 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)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2022)
Attended 11 out of 11 Board of Directors meetings

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 & Seniors Business, 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 (Independent)
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 2022)
Attended 14 out of 14 Board of Directors meetings, 10 out of 10 Nomination Committee meetings, and 11 out of 11 Compensation Committee meetings

Important Concurrent Positions

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

Reason for Appointment

Has broad knowledge as an erudite scholar and provide appropriate advice to the company's management, especially through his research on strategic management, ESG and CSR at the university. He can also be expected to provide multifaceted advice from a global perspective. Appointed to current position at the Company in June 2014.



Isao Endo
Director (Independent)
Member of the Nomination Committee and the Compensation Committee
(Born May 8, 1956)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2022)
Attended 14 out of 14 Board of Directors meetings, and 12 out of 13 Audit Committee meetings

Important Concurrent Positions

Director of NEXTAG Co., Ltd. (Outside)
Director of TANAKA Holdings Co., Ltd. (Outside)

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.



Kazuhiro HIGASHI
Director (Independent)
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 2022)
Attended 14 out of 14 Board of Directors meetings, 10 out of 10 Nomination Committee meetings, and 11 out of 11 Compensation Committee meetings

Important Concurrent Positions

Vice-Chair, Osaka Chamber of Commerce and Industry
Director of Honda Motor Co., Ltd. (Outside)

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 (Independent)
Member of the Nomination Committee and the Compensation Committee
(Born June 8, 1957)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2022)
Attended 14 out of 14 Board of Directors meetings, 10 out of 10 Nomination Committee meetings, and 11 out of 11 Compensation Committee meetings

Important Concurrent Positions

President of Genesys Partners, Inc.
Member of the Board of NEC Capital Solutions Limited (Outside)
Guest Professor of School of International Corporate Strategy, Hitotsubashi University Business School
Advisor of Sumitomo Mitsui Trust Bank, Limited
Professor, Division of Business Administration, Graduate School of Business Administration, Kyoto University of Advanced Science
Audit & Supervisory Board Member of The Asahi Shimbun Company (Outside Auditor)

Reason for Appointment

Has practical experience at major Japanese trading companies and global consulting firms and 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 on the Board of Directors at the Company. Appointed to current position at the Company in June 2020.

Directors



Misuzu Shibata
Director (Independent)
Chair 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 2022)
Attended 14 out of 14 Board of Directors meetings, 2 out of 2 Nomination Committee meetings, 9 out of 10 Audit Committee meetings, and 2 out of 2 Compensation Committee meetings

Important Concurrent Positions

Attorney-at-law
Director of DELICA FOODS HOLDINGS CO., LTD. (Outside)
Director of PILOT CORPORATION (Outside)

Reason for Appointment

Has extensive knowledge and experience as a lawyer and work experience at the Financial Services Agency. She is expected to leverage her expert knowledge and experience to provide valuable advice about corporate governance from the viewpoint of the Board of Directors' oversight and decision-making functions, and with regard to diversity & inclusion. Appointed to current position at the Company in June 2020.



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

Attendance at Board of Directors meetings and other official meetings (Fiscal 2022)
Attended 14 out of 14 Board of Directors meetings, and 13 out of 13 Audit Committee meetings

Important Concurrent Positions

Managing Partner of Office KITO
Director of True Data Inc. (Outside)
Director of FUJII FURUKAWA ENGINEERING & CONSTRUCTION CO.LTD (Outside)
Director of Ryohin Keikaku Co., Ltd. (Outside)

Reason for Appointment

Has experience in operational strategy 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.



Toru Kajikawa
Director (Independent)
Member of the Audit Committee
(Born September 24, 1951)

Newly appointed

Important Concurrent Positions

Chairman and Representative Employee of Grant Thornton Taiyo LLC
Audit & Supervisory Board Member of Kakiyasu Honten Co., Ltd. (Outside Auditor)
Audit & Supervisory Board Member of Kikkoman Corporation (Outside Auditor)
Audit & Supervisory Board Member of MITSUBISHI PENCIL CO., LTD. (Outside Auditor)

Reason for Appointment

Has professional knowledge and experience as a certified public accountant and a wealth of experience as a manager. He is expected to provide valuable advice concerning corporate governance in particular by leveraging his experience in offering audit and management advice to companies of all sizes in various sectors, as well as his plentiful knowledge and experience as a manager of an audit firm. Appointed to current position at the Company in June 2023.



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

Attendance at Board of Directors meetings and other official meetings (Fiscal 2022)
Attended 14 out of 14 Board of Directors meetings, 10 out of 10 Nomination Committee meetings, and 11 out of 11 Compensation Committee meetings

Important Concurrent Positions

Director of istyle Inc.
Director of SEINO HOLDINGS CO., LTD (Outside)
Director of Seven & i Holdings Co., Ltd. (Outside)

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.



Masayuki Waga
Director (Independent)
Member of the Audit Committee
(Born April 10, 1958)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2022)
Attended 11 out of 11 Board of Directors meetings, 8 out of 8 Nomination Committee meetings, and 9 out of 9 Compensation Committee meetings

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.



Satoshi Kasai
Director
Member of Audit Committee
(Born December 22, 1962)

Attendance at Board of Directors meetings and other official meetings (Fiscal 2022)
Attended 11 out of 11 Board of Directors meetings, and 10 out of 10 Audit Committee meetings

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 Sampo Japan Nipponkoa Insurance Inc. In 2019, was appointed CEO of the Group's Nursing & Healthcare Business, and was made Group Advisor in April 2022. Appointed to current position at the Company in June 2022.

Directors and Executive Officers

(As of August 1, 2023)

Executive Officers



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



Mikio Okumura
Group COO (Group 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 Chief Executive Officer
of Sompo Japan Insurance Inc.)
(Born August 19, 1970)



James Shea
CEO of Overseas Insurance and Reinsurance
Business, Senior Vice President
(Executive Chairman of the Board of Directors
and Chief Executive Officer of Sompo
International Holdings Ltd.)
(Born November 18, 1965)



Yasuhiro Oba
CEO of Domestic Life Insurance Business,
Senior Vice President and Executive Officer
(Director, President and Chief Executive Officer
of Sompo 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 Chief Executive Officer
of Sompo Care Inc.)
(Born March 3, 1954)



Koichi Narasaki
CEO of Digital Business, Senior Executive Vice
President and Executive Officer
(Chief Executive Officer of Palantir
Technologies Japan and Director,
Chairman and Chief Executive Officer of
SOMPO Light Vortex, Inc)
(Born January 4, 1958)



Nigel Frudd
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)



Kazufumi Watanabe
Group CXO
(Group Chief Transformation Officer)
Executive Vice President and Executive Officer
(Born January 23, 1963)



Koji Ishikawa
Group CERO
(Group Chief External Relations Officer)
Executive Vice President and Executive Officer
(Born December 22, 1968)

Executive Officers



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



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



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)



Kenneth Reilly
Executive Vice President
(General Manager, Global Business
Department)
(Born August 29, 1973)



Yuji Kawauchi
Executive Vice President
(Head of New Business in Asia etc. (excluding
P&C Insurance))
(Born December 24, 1965)



Katsuyuki Tajiri
Executive Vice President
(General Manager, Office of Group CEO and
General Manager, Global Strategy Office)
(Born October 8, 1967)



Emiko Maki
Executive Vice President
Deputy General Manager, Office of Group CEO
(Born June 29, 1965)



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
Sompo Care Inc.)
(Born September 19, 1972)



Tsutomu Yamaguchi
Senior Vice President
Group Deputy CFO
(General Manager, Office of Group CFO)
(Born October 6, 1966)

Strategic Operating Companies

Sompo Asset Management

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, Sompo Asset Management has been actively developing investment products that emphasize ESG perspectives. In March 2020, it began selling Japanese ESG funds in the European market, the home of ESG investment. Also, since fiscal 2020 Sompo Asset Management has published an Impact Report as a communication tool to provide customers with easy-to-understand information about its ESG/stewardship activities and the results thereof. It intends to include even more funds in the report, continually research how best to communicate easy-to-understand information, and reference the initiatives detailed in the report when engaging in dialogue with investee companies.



FRESHHOUSE

FRESH HOUSE

Ahead of its 30th anniversary, FRESHHOUSE is transforming its operations in order to provide customers with more sophisticated and high value-added services through its remodeling business. It is accelerating the restructuring of its stores to better match customer needs, and leveraging its proposal capabilities and construction know-how accumulated from 13 consecutive years of recognition in a remodeling design contest to spearhead a branding campaign centering on renovation and high-performance products. FRESHHOUSE's goal is to become a company that provides even higher quality services. In addition, for the purpose of strengthening collaboration with the Group's nursing care business, FRESHHOUSE has established a dedicated business department for the remodeling of nursing care, through which it proposes and constructs more comfortable living spaces for the elderly.



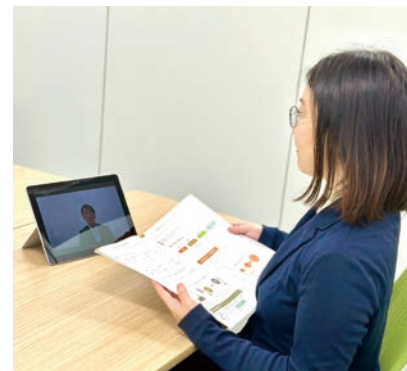
Sompo Health Support

SOMPO HEALTH SUPPORT

Sompo Health Support meets the needs of broad-ranging health programs and health promotions of medical insurers. Combining a nationwide network of specialists with the latest digital technology-based support tools, it offers outcome-oriented services, from the provision of health information to specific health guidance and serious illness prevention.

Sompo Health Support comprehensively supports the occupational health systems of companies with mental health support from professional psychologists and a network of occupational physicians and health nurses.

Additionally, it provides stress checks, productivity measurements, and other tools, analyzes health data to better understand health-related issues, and provides services to support the Health and Productivity Management® and collaborative health.



Domestic P&C Insurance Business Companies

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY

SAISON INSURANCE

The mainstay product, Otona no JidoushaHoken, was given high marks by ALSOK for accident scene relief support, and thanks to the support of its customers, contracts in force exceeded 1.3 million in March 2023. The company uses digital services like Hoken Note and SA/PO/PO, as well as in-person customer service, to support safe and reliable day-to-day living by providing tailor-made products and services that eliminate any concerns or risks that customers face.

Sompo Risk Management

SOMPO RISK MANAGEMENT

Sompo Risk Management aims to provide services and solutions for security, health, and wellbeing to earn the trust of customers in normal times, based on a foundation built upon digital/analytics, risk management, and cybersecurity business operations. In addition, it hopes to provide solutions and services to meet customer needs in response to new social issues and risks, and thereby become indispensable to communities.

Prime Assistance

Prime Assistance

Prime Assistance assists people living in safe, secure, and healthy lives by providing top qualified services 24 hours a day, 365 days a year in the field of mobility, home, healthcare, and overseas travel. Moreover, Prime Assistance aims to evolve into an assistance company that helps customers with numerous challenges in society by addressing social issues and contributing to the local community, via new businesses such as Eyeco Support for the visually-impaired and NORUMO, a mobility service for local communities.

Sompo Japan Partners

SOMPO JAPAN PARTNERS

As one of the largest insurance agencies in Japan with service bases around the country, Sompo Japan Partners provides roughly one million customers with comprehensive P&C and life insurance services to help them find security, health, and wellbeing.

It places great importance on the opinions and thoughts of every customer, and aims to continue pleasing them as their agency of choice by fulfilling one of its main principles—the promise to its customers to reach out to them and understand how they live.

Sompo Japan DC Securities

SOMPO JAPAN DC SEC.

As a defined contribution pension (DC) plan administrator, Sompo Japan DC Securities (SJDC) offers a bundled service ranging from implementation of corporate-type DC plans to pension benefit procedures, which is rarely seen in Japan. SJDC is particularly strong in English services, and is the industry leader in the number of foreign-affiliated company contracts. Additionally, SJDC offers comprehensive services related to Individual-type DC plans (iDeCo) to meet customer expectations. SJDC is also committed to providing high-quality services such as "Tsumitate Navi," the industry's first smartphone app equipped with a robo-advisor.

Mysurance

MYSURANCE

As the Sompo Group's small amount, short-term insurance provider, Mysurance collaborates with platform providers and other partners in other industries to provide digitally driven online insurance products, including travel cancellation insurance, smartphone insurance, and home contents insurance. Mysurance aims to continuously create products in quick fashion to accommodate changes in society and the environment, and to also meet emerging customer needs. Its goal is to provide customers with a comfortable and convenient experience every step of the way, from insurance enrollment to the payment of claims.

Sompo Warranty

SOMPO WARRANTY

Sompo Warranty provides an extended warranty service, based on warranty provisions, to cover the repair of a product malfunction or defect for a fixed duration following the expiration of a manufacturer's warranty. This service is primarily for home appliances, housing fixtures and equipment, and smartphones. In order to meet the wide-ranging needs of its customers, Sompo Warranty is working on improving service quality by developing a system geared towards expanding its product range of eligible products and further enhancing customer experience. Sompo Warranty will continue to offer innovative and high quality extended warranty services that guarantee safety and security.

Information disclosure

The Sampo Group has established the Sampo Group 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

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>

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 our 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 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 2022

Briefings for institutional investors and analysts (IR meetings)	2 times
Financial results conference calls for institutional investors and analysts	2 times
Topical meetings hosted by senior management team and outside directors	2 times
Conferences sponsored by securities companies	7 times
One-on-one meetings with institutional investors	378 times
Information sessions for individual investors	5 times








Information related to sustainability in the Integrated Annual Report

WEB

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 August 1, 2023)

<p>Dow Jones Sustainability Indices (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 Index</p>
<p>FTSE Blossom Japan Sector Relative Index</p>  <p>FTSE Blossom Japan Sector Relative Index</p>	<p>MSCI ESG Leaders Indexes*</p>  <p>2023 MSCI ESG Leaders Indexes Constituent</p>	<p>MSCI Japan ESG Select Leaders Index</p>  <p>2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p>
<p>MSCI Japan Empowering Women Index (WIN)</p>  <p>2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<p>S&P/JPX Carbon Efficient Index</p>  <p>S&P/JPX Carbon Efficient Index</p>	

* The inclusion of Sampo Holdings in MSCI indices and the use of MSCI logos, trademarks, service marks, or index names does not mean that MSCI or its affiliates sponsors, recommends, or promotes Sampo Holdings. MSCI indices are the exclusive property of MSCI and the names and logos are trademarks or service marks of MSCI or its affiliates.

Governance Member Endorsement of the Integrated Annual Report

Publication of the Integrated Annual Report 2023

First and foremost, I would like to deeply apologize to our customers, shareholders, agents, business partners, and all other stakeholders, for the compliance issues that have surfaced, including employee involvement in the practice of adjusting premiums at our subsidiary, Sampo Japan Insurance, and fraudulent insurance claims by used car dealerships that act as insurance agencies for Sampo Japan Insurance. We understand the significant inconvenience and concern this has caused.

We position our Integrated Annual Report as a communication tool to convey the unique value creation story of SOMPO to all stakeholders and to facilitate constructive dialogue.

In last year's report, we focused on My Purpose, which is at the core of SOMPO's Purpose Management and represents the purpose of life and the meaning of work. We used the value creation cycle and the impact path to demonstrate how the aspirations and thoughts of employees involved in various initiatives lead to financial value. Once again, I would like to express our gratitude for the various feedback and advice we have received from investors, business partners, and other stakeholders as we continue to further evolve our business operations.

In this year's report, we want to communicate the Group's initiatives aimed at realizing "A Theme Park for Security, Health & Wellbeing," the objective of the Mid-Term Management Plan. And following on from last year, we have devoted some pages to highlight the changes that have occurred over the past year as a result of the initiatives originating from the My Purpose concept. I hope that you can get even the slightest glimpse of the growing affinity among our employees for the unique approach of aligning the My Purpose project implemented thus far with the Company's purpose and how we are adopting a corporate culture that embraces challenges, along with the fact that this sentiment will likely become a driving force for the realization of our purpose.

Even though it has been more than two years since these initiatives were started, we have not yet achieved a transformation in the values and actions of every individual in the Group's 70,000-plus workforce, nor have we successfully transformed our corporate culture. Despite the many challenges, the Group is working together and making progress, one step at a time, each and every day. Going forward, we will continue to listen attentively to the feedback and opinions of all our stakeholders.



Ryoko Shimokawa
Group CSuO

Group companies and departments involved in the creation of the Integrated Annual Report 2023

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 Promotion Office
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

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Consolidated Financial Indicators for Sampo Holdings

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019		FY2020	FY2021	FY2022	FY2022 (USD base)
Key Figures (Millions of Yen, Millions of U.S. dollars)												
Ordinary Income	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	4,607,134	34,502
Net Premiums Written (P&C Insurance)	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	3,670,717	27,489
Life Insurance Premiums	277,230	277,208	297,696	323,860	346,998	349,606	356,064		346,177	325,183	316,752	2,372
Ordinary Profit	112,391	208,309	216,853	241,713	141,890	198,959	192,451		215,097	315,512	122,530	917
Net Income Attributable to Shareholders of the Parent	44,169	54,276	159,581	166,402	139,817	146,626	122,515		142,482	224,842	91,156	682
Comprehensive Income	149,965	469,485	(116,689)	226,949	177,754	(54,460)	(77,806)		512,417	143,823	(32,648)	(244)
Per Share Information (Yen, U.S. dollars)												
Net Income	106.98	132.85	394.21	419.15	361.39	392.26	334.12		397.40	644.24	270.64	2.02
Dividends	60.0	70.0	80.0	90.0	110.0	130.0	150.0		170.00	210.00	260.00	1.94
(Of which, Interim)	30.0	30.0	40.0	40.0	55.0	65.0	75.0		80.00	105.00	130.00	0.97
Diluted Net Income	106.77	132.61	393.66	418.71	361.09	391.96	333.89		397.16	643.86	270.53	2.02
Financial Condition (Millions of Yen, Millions of U.S. dollars)												
Total Net Assets	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	1,868,902	13,996
Total Assets	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	14,460,232	108,292
Equity Ratio (%)	14.5	17.8	16.1	15.1	15.8	14.6	13.3		15.4	14.7	12.8	—
Consolidated Solvency Margin Ratio (%)	783.1	803.4	851.4	748.9	862.5	859.8	856.1		871.8	773.0	584.0	—
Stock Information (Shares)												
Number of Shares Outstanding (Excluding Treasury Stock)	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	333,083,607	—
Adjusted Financial Indicators (Billions of Yen, Millions of U.S. dollars)												
Adjusted Consolidated Profit	35.5	113.6	164.3	183.2	162.7	113.5	150.8		202.1	261.3	152.2	1,140
Adjusted Consolidated ROE (%)	1.9	5.1	6.9	7.6	6.4	4.5	6.4		8.0	9.4	5.5	—

Notes: 1. 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."
 2. As for adjusted consolidated profit and adjusted consolidated ROE for fiscal 2013-2015, estimated amounts calculated based on FY2016 definitions are presented.
 3. U.S. dollar amounts are translated from yen at the rate of ¥133.53 = U.S. \$1.00, the approximate rate prevailing at March 31, 2023.

Definition of Adjusted Consolidated Profit, Adjusted Consolidated ROE, etc. (FY2021 and later)

Adjusted profit for each business*1	Domestic P&C Insurance	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	Operating income*2 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	Net income – Gains/losses on sales and impairment losses related to investment (after tax)
	Others	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*3	
Adjusted consolidated ROE	Adjusted consolidated profit/ Adjusted consolidated net assets (All values in the denominator are the average of the fiscal-year opening and closing balances.)	
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/ Adjusted consolidated profit	

*1 Adjusted profit by business segment excludes one-time gains and losses or special factors such as dividend from group companies.
 *2 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.)
 *3 Adjusted net assets of Domestic Life Insurance = Net assets of Domestic Life Insurance (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 J-GAAP 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, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	500,724	19.55%	2.32%	553,594	20.93%	10.56%
Marine insurance	49,065	1.92	10.45	59,117	2.24	20.49
Personal accident insurance	236,459	9.23	(4.41)	234,121	8.85	(0.99)
Voluntary automobile insurance	1,147,521	44.79	0.05	1,149,439	43.46	0.17
Compulsory automobile liability insurance	220,617	8.61	(7.62)	225,489	8.53	2.21
Others	407,515	15.91	3.75	422,948	15.99	3.79
Total	2,561,904	100.00	0.08	2,644,710	100.00	3.23
Deposits of premiums by policyholders	81,009	3.16	(13.36)	70,773	2.68	(12.64)

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	328,029	14.80%	6.91%	385,476	16.83%	17.51%
Marine insurance	46,841	2.11	15.41	54,947	2.40	17.30
Personal accident insurance	153,498	6.92	(0.39)	155,352	6.78	1.21
Voluntary automobile insurance	1,141,991	51.51	0.12	1,143,902	49.94	0.17
Compulsory automobile liability insurance	217,261	9.80	(8.77)	211,113	9.22	(2.83)
Others	329,525	14.86	4.19	339,804	14.83	3.12
Total	2,217,148	100.00	0.94	2,290,596	100.00	3.31

Note) Figures are amounts before the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	216,465	17.92%	0.79%	286,787	21.25%	32.49%
Marine insurance	22,999	1.90	(7.75)	22,956	1.70	(0.19)
Personal accident insurance	70,378	5.83	(2.33)	87,443	6.48	24.25
Voluntary automobile insurance	567,452	46.98	1.09	617,608	45.77	8.84
Compulsory automobile liability insurance	159,225	13.18	(9.45)	144,986	10.74	(8.94)
Others	171,450	14.19	(0.47)	189,706	14.06	10.65
Total	1,207,972	100.00	(1.08)	1,349,489	100.00	11.72

Note) Figures are amounts before the elimination of internal transactions between segments.

4. Investment assets

(Millions of yen)

	As of March 31, 2022		As of March 31, 2023	
	Amount	% of total amount	Amount	% of total amount
Deposits	504,107	7.90%	495,820	8.40%
Receivables under resale agreements	73,999	1.16	69,999	1.19
Monetary receivables bought	20,104	0.31	20,366	0.35
Money trusts	20,683	0.32	21,105	0.36
Securities	4,291,143	67.21	3,874,601	65.68
Loans	494,703	7.75	441,994	7.49
Land & buildings	210,442	3.30	207,941	3.52
Total investment assets	5,615,185	87.94	5,131,828	86.99
Total net assets	6,385,083	100.00	5,899,190	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.

5. Securities

(Millions of yen)

	As of March 31, 2022		As of March 31, 2023	
	Amount	% of total amount	Amount	% of total amount
Government bonds	678,580	15.81%	512,262	13.22%
Municipal bonds	12,419	0.29	12,701	0.33
Corporate bonds	646,357	15.06	514,550	13.28
Domestic stocks	1,271,703	29.64	1,276,277	32.94
Foreign securities	1,455,844	33.93	1,319,952	34.07
Others	226,237	5.27	238,856	6.16
Total	4,291,143	100.00	3,874,601	100.00

Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- As of March 31, 2022, others primarily comprised security investment trust beneficiary securities amounting to 212,389 million yen. As of March 31, 2023, others primarily comprised security investment trust beneficiary securities amounting to 222,247 million yen.

6. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
	Deposits	13	513,791	0.00%	19	493,775
Receivables under resale agreements	2	63,101	0.00	3	71,653	0.00
Monetary receivables bought	156	21,222	0.74	151	20,389	0.74
Money trusts	592	16,223	3.66	602	16,172	3.73
Securities	108,038	3,162,829	3.42	108,761	3,114,015	3.49
Loans	4,880	541,421	0.90	4,401	467,601	0.94
Land & buildings	2,915	223,822	1.30	2,768	210,937	1.31
Subtotal	116,600	4,542,413	2.57	116,707	4,394,544	2.66
Others	229	—	—	363	—	—
Total	116,830	—	—	117,070	—	—

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 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, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	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	4,018	513,791	0.78%	3,628	493,775
Receivables under resale agreements	2	63,101	0.00	3	71,653	0.00
Monetary receivables bought	156	21,222	0.74	151	20,389	0.74
Money trusts	1,307	16,223	8.06	3,103	16,172	19.19
Securities	147,680	3,162,829	4.67	132,540	3,114,015	4.26
Loans	5,652	541,421	1.04	5,193	467,601	1.11
Land & buildings	2,915	223,822	1.30	2,768	210,937	1.31
Derivatives	(2,604)	—	—	(13,460)	—	—
Others	1,512	—	—	818	—	—
Total	160,642	4,542,413	3.54	134,746	4,394,544	3.07

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 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, 2022		As of March 31, 2023	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	523,802	34.03%	343,103	24.23%
Foreign stocks	50,062	3.25	45,404	3.21
Others	695,124	45.16	790,698	55.84
Subtotal	1,268,990	82.45	1,179,206	83.27
Yen-denominated securities				
Foreign bonds	20,190	1.31	22,794	1.61
Others	249,913	16.24	214,103	15.12
Subtotal	270,104	17.55	236,898	16.73
Total	1,539,094	100.00	1,416,104	100.00
Yield on foreign investments				
Income yield		4.41%		3.64%
Realized yield		4.86		2.91

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, 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. As of March 31, 2023, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 727,439 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 158,285 million yen.

Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
	Net premiums written	998,565	37.36%	1,380,120

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, 2022		As of March 31, 2023	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	23,301,172	(1.03)	22,858,745	(1.90)
Individual annuities	216,055	(3.22)	208,801	(3.36)
Group insurance	2,700,035	(0.58)	2,659,037	(1.52)
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, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	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	1,924,487	1,924,487	—	1,724,168	1,724,168	—
Individual annuities	—	—	—	—	—	—
Group insurance	23,963	23,963	—	93,951	93,951	—
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, 2022		As of March 31, 2023	
	Amount	% of total amount	Amount	% of total amount
Deposits	137,951	3.71%	79,308	2.02%
Securities	3,476,022	93.53	3,734,465	95.14
Loans	41,428	1.11	42,150	1.07
Land & buildings	432	0.01	433	0.01
Total investment assets	3,655,835	98.37	3,856,357	98.24
Total net assets	3,716,323	100.00	3,925,327	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.

4. Securities

(Millions of yen)

	As of March 31, 2022		As of March 31, 2023	
	Amount	% of total amount	Amount	% of total amount
Government bonds	2,370,357	68.19%	2,692,301	72.09%
Municipal bonds	57,678	1.66	56,882	1.52
Corporate bonds	421,119	12.11	380,316	10.18
Domestic stocks	9,859	0.28	10,424	0.28
Foreign securities	611,887	17.60	587,130	15.72
Other securities	5,120	0.15	7,409	0.20
Total	3,476,022	100.00	3,734,465	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, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	124,249	—%	—	76,004	—%
Securities	48,199	3,301,806	1.46	53,797	3,601,588	1.49
Loans	1,248	41,526	3.01	1,270	41,788	3.04
Land & buildings	—	449	—	—	438	—
Subtotal	49,447	3,468,032	1.43	55,068	3,719,820	1.48
Others	—	—	—	—	—	—
Total	49,447	—	—	55,068	—	—

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, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	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	—	124,249	—%	—	76,004	—%
Securities	46,862	3,301,806	1.42	62,628	3,601,588	1.74
Loans	1,248	41,526	3.01	1,270	41,788	3.04
Land & buildings	—	449	—	—	438	—
Derivatives	464	—	—	(4,773)	—	—
Total	48,575	3,468,032	1.40	59,125	3,719,820	1.59

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, 2022		As of March 31, 2023	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	567,076	93.95%	543,789	93.94%
Others	11,951	1.98	12,989	2.24
Subtotal	579,027	95.93	556,779	96.18
Yen-denominated securities				
Foreign bonds	8,820	1.46	8,604	1.49
Others	15,770	2.61	13,496	2.33
Subtotal	24,590	4.07	22,100	3.82
Total	603,618	100.00	578,879	100.00
Yield on foreign investments				
Income yield		2.00%		2.28%
Realized yield		2.16		1.54

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, 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.
As of March 31, 2023, 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 increased by 15.0 billion yen, to 151.6 billion yen, compared with the fiscal year ended March 31, 2022. Net income attributable to shareholders of the parent decreased by 0.5 billion yen from the fiscal year ended March 31, 2022, to 0.7 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, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	698,230	19.16%	9.29%	811,188	19.89%	16.18%
Marine insurance	104,894	2.88	17.88	134,251	3.29	27.99
Personal accident insurance	239,911	6.58	(4.05)	238,659	5.85	(0.52)
Voluntary automobile insurance	1,217,407	33.41	0.02	1,263,857	31.00	3.82
Compulsory automobile liability insurance	220,617	6.05	(7.62)	225,489	5.53	2.21
Others	1,163,307	31.92	41.11	1,404,014	34.43	20.69
Total	3,644,369	100.00	11.85	4,077,460	100.00	11.88
Deposits of premiums by policyholders	81,009	2.22	(13.36)	70,773	1.74	(12.64)

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, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	524,266	16.30%	14.14%	627,013	17.08%	19.60%
Marine insurance	92,493	2.88	12.79	117,017	3.19	26.51
Personal accident insurance	156,850	4.88	0.07	159,745	4.35	1.85
Voluntary automobile insurance	1,217,232	37.85	(0.03)	1,263,943	34.43	3.84
Compulsory automobile liability insurance	217,261	6.76	(8.77)	211,113	5.75	(2.83)
Others	1,007,609	31.33	30.90	1,291,883	35.19	28.21
Total	3,215,713	100.00	9.99	3,670,717	100.00	14.15

Note) Figures are amounts after the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)			Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	311,296	19.65%	13.01%	401,364	20.61%	28.93%
Marine insurance	45,867	2.89	1.44	48,789	2.51	6.37
Personal accident insurance	71,164	4.49	(2.24)	88,314	4.53	24.10
Voluntary automobile insurance	612,647	38.67	2.46	678,374	34.83	10.73
Compulsory automobile liability insurance	159,225	10.05	(9.45)	144,986	7.44	(8.94)
Others	384,195	24.25	8.96	585,818	30.08	52.48
Total	1,584,397	100.00	4.25	1,947,647	100.00	22.93

Note) Figures are amounts after the elimination of internal transactions between segments.

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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, 2023, 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, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of goodwill related to the overseas insurance business	
Description of Key Audit Matter	Auditor’s Response
The goodwill of ¥197,729 million recorded in the consolidated balance sheet of the Group as of March 31, 2023 includes ¥118,746 million of goodwill related to the overseas insurance business. The related notes are the	Our audit procedures performed to assess goodwill included the following, among others:

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<p>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 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 SIH), goodwill related to the</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, uncertainty over the international situation caused by a war in Ukraine, financial turmoil in the United States (e.g., bankruptcy of local banks) 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.
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<p>acquisition of overseas subsidiaries of the consumer segment, 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 which enhance the importance of the commercial segment in Sompo Group. On the other hand, business performance of the consumer segment has been affected by 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, situation of the COVID-19, uncertainty over the international situation caused by the war in Ukraine, financial turmoil in the United States (e.g., bankruptcy of local banks), 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</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.
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<p>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> <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>	
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Estimate method to Statistical IBNR reserve	
Description of Key Audit Matter	Auditor's Response
<p>The Group recorded ¥ 2,382,382 million of "Reserve for outstanding losses and claims" in the consolidated balance sheet as of March 31, 2023. 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.

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<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.
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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.

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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 consolidated 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.

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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 23, 2023

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, 2022		As of March 31, 2023		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Assets:						
Cash and deposits	*5	1,170,892	8.49%	1,246,638	8.62%	75,746
Receivables under resale agreements		73,999	0.54	69,999	0.48	(4,000)
Monetary receivables bought		20,104	0.15	21,915	0.15	1,810
Money trusts		20,815	0.15	21,236	0.15	421
Securities	*3, *4, *5, *6	9,542,035	69.21	9,808,182	67.83	266,146
Loans	*4	536,132	3.89	484,145	3.35	(51,986)
Tangible fixed assets:	*1, *2, *5	353,438	2.56	360,882	2.50	7,444
Land		114,278		112,957		(1,320)
Buildings		132,446		137,542		5,096
Leased assets		64,381		64,935		554
Construction in progress		12,618		15,875		3,256
Other tangible fixed assets		29,713		29,571		(141)
Intangible fixed assets:		428,266	3.11	543,122	3.76	114,856
Software		108,110		99,161		(8,949)
Goodwill		151,012		197,729		46,716
Other intangible fixed assets		169,143		246,232		77,088
Other assets	*4	1,618,878	11.74	1,816,820	12.56	197,941
Net defined benefit asset		179	0.00	230	0.00	50
Deferred tax assets		31,741	0.23	98,173	0.68	66,431
Allowance for possible credit losses		(8,649)	(0.06)	(11,114)	(0.08)	(2,465)
Total assets		13,787,835	100.00	14,460,232	100.00	672,397

Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2022		As of March 31, 2023		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Liabilities:						
Underwriting funds:		9,445,446	68.51%	10,118,934	69.98%	673,487
Reserve for outstanding losses and claims		1,959,817		2,382,382		422,564
Underwriting reserves		7,485,628		7,736,552		250,923
Corporate bonds		539,742	3.91	609,051	4.21	69,309
Other liabilities	*5	1,536,282	11.14	1,642,946	11.36	106,664
Net defined benefit liability		69,767	0.51	59,235	0.41	(10,532)
Reserve for retirement benefits to directors		9	0.00	16	0.00	6
Reserve for bonus payments		41,814	0.30	42,488	0.29	674
Reserve for bonus payments to directors		767	0.01	487	0.00	(279)
Reserve for stocks payments		2,401	0.02	2,669	0.02	267
Reserves under the special laws:		105,389	0.76	110,858	0.77	5,469
Reserve for price fluctuation		105,389		110,858		5,469
Deferred tax liabilities		5,424	0.04	4,642	0.03	(782)
Total liabilities		11,747,045	85.20	12,591,329	87.08	844,284
Net assets:						
Shareholders' equity:						
Common stock		100,045	0.73	100,045	0.69	—
Capital surplus		134,962	0.98	134,708	0.93	(253)
Retained earnings		1,028,109	7.46	1,035,772	7.16	7,662
Treasury stock		(24,965)	(0.18)	(82,145)	(0.57)	(57,179)
Total shareholders' equity		1,238,152	8.98	1,188,381	8.22	(49,770)
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		838,843	6.08	587,917	4.07	(250,925)
Deferred gains and losses on hedges		3,429	0.02	2,412	0.02	(1,016)
Foreign currency translation adjustments		(68,911)	(0.50)	54,890	0.38	123,802
Remeasurements of defined benefit plans		16,605	0.12	20,555	0.14	3,950
Total accumulated other comprehensive income		789,966	5.73	665,776	4.60	(124,189)
Stock acquisition rights		446	0.00	269	0.00	(177)
Non-controlling interests		12,224	0.09	14,475	0.10	2,251
Total net assets		2,040,789	14.80	1,868,902	12.92	(171,886)
Total liabilities and net assets		13,787,835	100.00	14,460,232	100.00	672,397

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, 2022 (April 1, 2021 to March 31, 2022)		Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		4,167,496	100.00%	4,607,134	100.00%	439,638
Underwriting income:		3,656,896	87.75	4,090,702	88.79	433,806
Net premiums written		3,215,713		3,670,717		455,003
Deposits of premiums by policyholders		81,009		70,773		(10,235)
Interest and dividend income on deposits of premiums, etc.		30,944		30,159		(785)
Life insurance premiums written		325,183		316,752		(8,430)
Other underwriting income		4,045		2,299		(1,746)
Investment income:		338,496	8.12	325,711	7.07	(12,784)
Interest and dividend income		215,785		241,475		25,690
Investment gains on money trusts		1,353		3,105		1,752
Investment gains on trading securities		853		2,200		1,347
Gains on sales of securities		112,354		75,524		(36,829)
Gains on redemption of securities		4,836		2,389		(2,446)
Investment gains on special account		1,767		1,430		(337)
Other investment income		32,491		29,744		(2,746)
Transfer of interest and dividend income on deposits of premiums, etc.		(30,944)		(30,159)		785
Other ordinary income:		172,103	4.13	190,720	4.14	18,617
Other ordinary income		172,103		190,720		18,617
Ordinary expenses:		3,851,984	92.43	4,484,604	97.34	632,620
Underwriting expenses:		3,099,481	74.37	3,597,988	78.10	498,506
Net claims paid		1,584,397		1,947,647		363,250
Loss adjustment expenses	*1	132,036		135,859		3,822
Net commissions and brokerage fees	*1	632,667		703,159		70,492
Maturity refunds to policyholders		190,527		181,722		(8,805)
Dividends to policyholders		28		7		(21)
Life insurance claims paid and other payments		100,557		132,543		31,986
Provision for reserve for outstanding losses and claims		252,510		322,801		70,291
Provision for underwriting reserves		203,433		164,048		(39,384)
Other underwriting expenses		3,322		10,197		6,875
Investment expenses:		37,383	0.90	113,781	2.47	76,397
Investment losses on money trusts		45		2		(42)
Losses on sales of securities		11,869		58,653		46,783
Impairment losses on securities		5,966		12,325		6,359
Losses on redemption of securities		4		—		(4)
Losses on derivatives		15,368		28,121		12,753
Other investment expenses		4,129		14,678		10,548
Operating, general and administrative expenses	*1	570,387	13.69	598,472	12.99	28,085
Other ordinary expenses:		144,731	3.47	174,363	3.78	29,631
Interest paid		14,960		15,966		1,006
Provision for allowance for possible credit losses		1,915		4,852		2,936
Losses on bad debt		108		77		(30)
Investment losses on the equity method		5,675		1,844		(3,831)
Other ordinary expenses		122,071		151,622		29,550
Ordinary profit		315,512	7.57	122,530	2.66	(192,982)

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, 2022 (April 1, 2021 to March 31, 2022)		Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		15,364	0.37%	8,957	0.19%	(6,406)
Gains on disposal of fixed assets		15,364		8,957		(6,406)
Extraordinary losses:		13,243	0.32	8,078	0.18	(5,165)
Losses on disposal of fixed assets		5,670		2,371		(3,298)
Impairment losses		2,396		148		(2,247)
Provision for reserves under the special laws:		5,176		5,469		292
Provision for reserve for price fluctuation		5,176		5,469		292
Losses on reduction of real estate		—		88		88
Net income before income taxes		317,632	7.62	123,409	2.68	(194,223)
Income taxes		123,161	2.96	32,237	0.70	(90,924)
Deferred income taxes		(32,139)	(0.77)	(1,759)	(0.04)	30,379
Total income taxes		91,022	2.18	30,477	0.66	(60,544)
Net income		226,610	5.44	92,931	2.02	(133,678)
Net income attributable to non-controlling interests		1,767	0.04	1,774	0.04	6
Net income attributable to shareholders of the parent		224,842	5.40	91,156	1.98	(133,685)

Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
		Amount	Amount
Net income		226,610	92,931
Other comprehensive income:			
Unrealized gains and losses on securities available for sale		(159,488)	(251,113)
Deferred gains and losses on hedges		(977)	(1,016)
Foreign currency translation adjustments		71,828	122,626
Remeasurements of defined benefit plans		5,755	3,971
Share of other comprehensive income of affiliates accounted for under the equity method		94	(47)
Total other comprehensive income	*1	(82,787)	(125,580)
Comprehensive income		143,823	(32,648)
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		142,847	(33,206)
Comprehensive income attributable to non-controlling interests		976	557

Consolidated Statement of Changes in Net Assets

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 Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	134,962	1,028,109	(24,965)	1,238,152
Effect of hyperinflation			(4,225)		(4,225)
Adjusted beginning balance	100,045	134,962	1,023,883	(24,965)	1,233,926
Changes during the period:					
Dividends			(79,816)		(79,816)
Net income attributable to shareholders of the parent			91,156		91,156
Acquisition of treasury stock				(58,026)	(58,026)
Disposal of treasury stock		(253)		846	592
Changes in the scope of consolidation			547		547
Net changes in items other than shareholders' equity					
Total changes during the period	—	(253)	11,888	(57,179)	(45,545)
Balance at the end of the period	100,045	134,708	1,035,772	(82,145)	1,188,381

	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	838,843	3,429	(68,911)	16,605	789,966	446	12,224	2,040,789
Effect of hyperinflation								(4,225)
Adjusted beginning balance	838,843	3,429	(68,911)	16,605	789,966	446	12,224	2,036,564
Changes during the period:								
Dividends								(79,816)
Net income attributable to shareholders of the parent								91,156
Acquisition of treasury stock								(58,026)
Disposal of treasury stock								592
Changes in the scope of consolidation								547
Net changes in items other than shareholders' equity	(250,925)	(1,016)	123,802	3,950	(124,189)	(177)	2,251	(122,115)
Total changes during the period	(250,925)	(1,016)	123,802	3,950	(124,189)	(177)	2,251	(167,661)
Balance at the end of the period	587,917	2,412	54,890	20,555	665,776	269	14,475	1,868,902

Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

	(Millions of yen)			
	Notes No.	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Increase (Decrease)
		Amount	Amount	Amount
Cash flows from operating activities:				
Net income before income taxes		317,632	123,409	(194,223)
Depreciation		53,932	51,591	(2,341)
Impairment losses		2,396	148	(2,247)
Amortization of goodwill		26,536	30,277	3,741
Increase (decrease) in reserve for outstanding losses and claims		233,362	314,074	80,712
Increase (decrease) in underwriting reserves		194,259	167,566	(26,693)
Increase (decrease) in allowance for possible credit losses		(103)	1,591	1,694
Increase (decrease) in net defined benefit liability		(3,197)	(5,931)	(2,733)
Increase (decrease) in reserve for retirement benefits to directors		(26)	6	32
Increase (decrease) in reserve for bonus payments		10,296	(3,792)	(14,088)
Increase (decrease) in reserve for bonus payments to directors		(322)	(302)	20
Increase (decrease) in reserve for stocks payments		654	796	141
Increase (decrease) in reserve for price fluctuation		5,176	5,469	292
Interest and dividend income		(215,785)	(241,475)	(25,690)
Losses (gains) on investment in securities		(99,350)	(6,931)	92,418
Interest expenses		14,960	15,966	1,006
Foreign exchange losses (gains)		(29,474)	(28,522)	952
Losses (gains) related to tangible fixed assets		(9,706)	(6,496)	3,210
Losses (gains) related to loans		0	743	742
Investment losses (gains) on the equity method		5,675	1,844	(3,831)
Decrease (increase) in other assets (other than investing and financing activities)		(72,763)	(18,137)	54,626
Increase (decrease) in other liabilities (other than investing and financing activities)		65,410	(80,600)	(146,010)
Others		21,201	32,748	11,546
Subtotal		520,767	354,043	(166,724)
Interest and dividend received		201,430	231,330	29,899
Interest paid		(15,506)	(16,372)	(866)
Income taxes paid		(106,671)	(120,109)	(13,438)
Cash flows from operating activities		600,021	448,892	(151,129)

Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

	(Millions of yen)			
	Notes No.	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Increase (Decrease)
		Amount	Amount	Amount
Cash flows from investing activities:				
Net decrease (increase) in deposits		10,079	(9,072)	(19,152)
Purchase of monetary receivables bought		(2,884)	(2,187)	696
Proceeds from sales and redemption of monetary receivables bought		4,183	1,776	(2,406)
Increase in money trusts		(20)	(3,000)	(2,979)
Decrease in money trusts		9,790	3,634	(6,156)
Purchase of securities		(1,944,183)	(2,157,767)	(213,584)
Proceeds from sales and redemption of securities		1,496,848	1,905,741	408,892
Loans made		(106,430)	(127,178)	(20,747)
Collection of loans		204,982	173,989	(30,992)
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		47,624	168,818	121,193
Others		(25,433)	(135,637)	(110,203)
Total of investment transactions		(305,442)	(180,882)	124,559
Total of operating activities and investment transactions as above		294,578	268,009	(26,569)
Acquisition of tangible fixed assets		(21,497)	(24,142)	(2,645)
Proceeds from sales of tangible fixed assets		22,716	13,365	(9,350)
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		—	(64,931)	(64,931)
Sales of stocks of subsidiaries resulting in changes in the scope of consolidation		—	3,329	3,329
Payments for sales of stocks of subsidiaries resulting in changes in the scope of consolidation		—	(19,538)	(19,538)
Others		(44,316)	(51,835)	(7,518)
Cash flows from investing activities		(348,540)	(324,634)	23,905
Cash flows from financing activities:				
Repayments of borrowings		(30,482)	(16,288)	14,194
Issuance of corporate bonds		—	227,000	227,000
Redemption of corporate bonds		—	(173,370)	(173,370)
Net increase (decrease) in payables under securities lending transactions		673	21,353	20,680
Proceeds from sales of treasury stock		2	115	112
Acquisition of treasury stock		(60,430)	(58,026)	2,403
Dividends paid		(68,657)	(79,718)	(11,060)
Dividends paid to non-controlling shareholders		(839)	(1,081)	(242)
Others		(10,374)	(12,348)	(1,974)
Cash flows from financing activities		(170,108)	(92,364)	77,743
Effect of exchange rate changes on cash and cash equivalents		1,735	30,764	29,029
Increase (decrease) in cash and cash equivalents		83,107	62,657	(20,449)
Cash and cash equivalents at the beginning of the period		1,117,770	1,207,306	89,536
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries		6,429	1,075	(5,353)
Cash and cash equivalents at the end of the period	*1	1,207,306	1,271,040	63,733

Notes to the Consolidated Financial Statements

Sompo Holdings, Inc.

Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 74 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.
Berjaya Sompo Insurance Berhad
Sompo Seguros S.A.
Sompo Himawari Life Insurance, Inc.
Sompo Care Inc.
ND Software Co., Ltd.
Sompo Warranty Inc.
Sompo Light Vortex, Inc.
Sompo Asset Management Co., Ltd.
Sompo Japan DC Securities Inc.
Sompo Risk Management Inc.
Sompo Health Support Inc.

ND Software Co., Ltd. and its three subsidiaries are included in the scope of consolidation from the fiscal year ended March 31, 2023 as they became subsidiaries through the acquisition of shares.

(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: 12 companies

Names of major affiliates

Capital Insurance Corporation
Universal Sompo General Insurance Company Limited
Palantir Technologies Japan K.K.
Tier IV, Inc.
DeNA SOMPO Mobility Co., Ltd.
ABEJA, Inc.
DeNA SOMPO Carlife Co., Ltd.
akippa Inc.

(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 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

The benefit formula method is mainly used for calculating the 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 differences are 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 risks 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 risks 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 a hedged item and interest rate swaps as a hedging instrument are grouped by certain remaining periods, and then designated as a 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 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 risks 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. A 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 risks 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 SOMPO HOLDINGS' 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.

(Significant accounting estimates)

1. Impairment of goodwill

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2023

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Goodwill	151,012	197,729

(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 (ASBJ) 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, 2024

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, 2023

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Reserve for outstanding losses and claims	1,959,817	2,382,382

(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 a 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, 2024

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 the unreported occurrence of events that trigger payment.

(Changes in Accounting Policies)

Application of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Guidance No.31, June 17, 2021) from the beginning of the fiscal year ended March 31, 2023, and has prospectively applied the new accounting policies specified in the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional treatment based on Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. In addition, the effect of this change on the Consolidated Financial Statements is immaterial.

(Accounting standards and guidance issued but not yet effective)

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.

Name of accounting standards	Outline	Scheduled date of application
IFRS 9 "Financial Instruments"	Prescribes the classification, measurement and others of financial instruments	Beginning of the fiscal year ending March 31, 2024
IFRS 17 "Insurance Contracts"	Prescribes the recognition, measurement and others of insurance liabilities	Beginning of the fiscal year ending March 31, 2024

These accounting standards have been applied retrospectively and the beginning balance of retained earnings decreases by 9,191 million yen due to the cumulative effect reflected in net assets at the beginning of the consolidated fiscal year ended March 31, 2023. The amounts in the attached consolidated financial statements are before retrospective application.

(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 a prerequisite to the introduction of the Plan. Based on the Rules, the Company entrusted money to a trust bank for acquiring shares to be delivered later, and the trust bank has acquired shares in the Company using the money entrusted 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" (ASBJ Practical Issue Task Force No. 30, March 26, 2015). Expenses and corresponding reserves 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 3,693 million yen and its number of shares is 961,300 shares at the end of the fiscal year ended March 31, 2022, while its carrying amount is 3,280 million yen and its number of shares is 853,700 shares at the end of the fiscal year ended March 31, 2023.

2. Accounting treatment in a hyperinflationary economy

During the fiscal year ended March 31, 2023, as the cumulative inflation rate in Turkey exceeded 100% over three years, we determined that our subsidiary in Turkey, which has the Turkish lira as its functional currency, is operating under a hyperinflationary economy. The financial statements of the Turkish subsidiary have therefore been consolidated with adjustments made in accordance with IAS 29, "Financial Reporting in Hyperinflationary Economies." IAS 29 requires that the financial statements of subsidiaries in a hyperinflationary economy be restated to the unit of measurement as of the end of the reporting period before inclusion in the consolidated financial statements.

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, 2022	As of March 31, 2023
406,556	420,172

*2. The amounts of advanced depreciation of tangible fixed assets are as follows.

(Millions of yen)	
As of March 31, 2022	As of March 31, 2023
12,609	12,325

Note) For the tangible fixed assets acquired by using the grant of governmental subsidies in the fiscal year ended March 31, 2023, the amount of advanced depreciation deducted from its acquisition cost was 88 million yen.

*3. Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023
Securities (stocks)	38,047	49,111
Investments in jointly controlled companies	1,437	1,980
Securities (equity interests)	10,405	13,281

*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, 2022	As of March 31, 2023
Bankrupt or de facto bankrupt loans	31	30
Doubtful loans	28	18
Loans overdue for three months or more	35	34
Restructured loans	—	—
Total	96	83

Note) Bankrupt or de facto bankrupt loans represent loans to borrowers who are in bankruptcy due to reasons such as the filing of the 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.

*5. Pledged assets and secured debts are as follows.

Pledged assets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Deposits	83,835	30,610
Securities	608,872	788,282
Tangible fixed assets	1,606	928
Total	694,315	819,821

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, 2022	As of March 31, 2023
Other liabilities (payables under securities lending transactions)	385,359	575,531
Other liabilities (borrowings)	239	134
Other liabilities (deposits)	47	—
Total	385,646	575,666

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, 2022	As of March 31, 2023
338,128	518,569

*6. The amounts of lending securities under loan agreements of securities are as follows.

(Millions of yen)

As of March 31, 2022	As of March 31, 2023
571,113	669,649

Notes to the Consolidated Statement of Income

*1 Main components of operating expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Agency commissions, etc.	574,545	627,049
Salaries	248,025	257,195

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.

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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	(108,309)	(318,820)
Reclassification adjustments	(111,948)	(7,118)
Before tax effects adjustments	(220,257)	(325,938)
Tax effects	60,769	74,825
Unrealized gains and losses on securities available for sale	(159,488)	(251,113)
Deferred gains and losses on hedges		
The amount occurred during the period	(116)	3,662
Reclassification adjustments	(1,239)	(1,060)
Adjustments of asset acquisition cost	—	(4,012)
Before tax effects adjustments	(1,355)	(1,409)
Tax effects	378	393
Deferred gains and losses on hedges	(977)	(1,016)
Foreign currency translation adjustments		
The amount occurred during the period	71,828	122,626
Remeasurements of defined benefit plans		
The amount occurred during the period	7,786	6,217
Reclassification adjustments	275	(734)
Before tax effects adjustments	8,061	5,482
Tax effects	(2,306)	(1,511)
Remeasurements of defined benefit plans	5,755	3,971
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	272	(6)
Reclassification adjustments	(177)	(41)
Share of other comprehensive income of affiliates accounted for under the equity method	94	(47)
Total other comprehensive income	(82,787)	(125,580)

Notes to the Consolidated Statement of Changes in Net Assets

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 held on June 27, 2022 includes 100 million yen in dividends to be paid on the shares in the Company held by the BBT.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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	347,698	—	—	347,698
Total	347,698	—	—	347,698
Treasury stock				
Common stock	5,096	9,709	190	14,615
Total	5,096	9,709	190	14,615

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 961 thousand shares and 853 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Breakdown of increase in treasury stock of common stock of 9,709 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval of the Board of Directors: 9,704 thousand shares
Increase due to purchase of shares less than a full trading unit: 4 thousand shares
- Breakdown of decrease in treasury stock of common stock of 190 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 107 thousand shares
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 82 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	269
Total		269

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 27, 2022	Common stock	36,074	105	March 31, 2022	June 28, 2022
Board of Directors' Meeting held on November 18, 2022	Common stock	43,742	130	September 30, 2022	December 6, 2022

Notes)

- The "total amount of dividends" based on the resolution of the General Shareholders' Meeting held on June 27, 2022 includes 100 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 18, 2022 includes 111 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 26, 2023	Common stock	43,411	Retained earnings	130	March 31, 2023	June 27, 2023

Note) The "total amount of dividends" based on the resolution of the General Shareholders' Meeting to be held on June 26, 2023 includes 110 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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Cash and deposits	1,170,892	1,246,638
Receivables under resale agreements	73,999	69,999
Monetary receivables bought	20,104	21,915
Securities	9,542,035	9,808,182
Time deposits with original maturities of more than 3 months	(56,285)	(75,860)
Monetary receivables bought other than cash equivalents	(20,104)	(20,366)
Securities other than cash equivalents	(9,523,335)	(9,779,469)
Cash and cash equivalents	1,207,306	1,271,040

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, 2022	As of March 31, 2023
Due within one year	18,705	19,197
Due after one year	159,977	168,068
Total	178,682	187,266

(Lessor)

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Due within one year	324	278
Due after one year	1,497	1,129
Total	1,821	1,407

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 risks 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 risks, credit risks 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.

Stocks and others without a quoted market price and Investments in Partnerships, etc are not included in the following table (Please refer to Note 3).

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, 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 ^{(*)1}				
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 ^{(*)2} ^{(*)3} :				
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)

^{(*)1} 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) 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.

^{(*)2} 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 [].

^{(*)3} Among the derivative transactions, the carrying amount of transactions to which hedge accounting is applied is (65,511) million yen.

As of March 31, 2023

(Millions of yen)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary receivables bought	—	21,915	—	21,915
Money trusts	—	21,236	—	21,236
Securities:				
Trading securities				
Domestic bonds	4,688	1,394	—	6,083
Domestic stocks	9,591	—	—	9,591
Foreign securities	15,967	7,931	—	23,898
Securities available for sale				
Domestic bonds	742,025	801,862	—	1,543,888
Domestic stocks	1,233,564	—	—	1,233,564
Foreign securities	1,132,532	2,001,162	697,810	3,831,505
Others	69,189	2,242	160,308	231,741
Total assets	3,207,560	2,857,745	858,119	6,923,425
Derivative transactions ^{(*)1} ^{(*)2} :				
Currency-related	—	(11,139)	—	(11,139)
Interest-related	—	3,261	—	3,261
Stock-related	(1)	—	—	(1)
Bond-related	—	7,694	—	7,694
Others	(1)	(27)	(265)	(295)
Total derivative transactions	(3)	(210)	(265)	(479)

^{(*)1} 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 [].

^{(*)2} Among the derivative transactions, the carrying amount of transactions to which hedge accounting is applied is (6,881) 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, 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
Total liabilities	—	552,806	—	552,806	539,742	13,064

^(*) This figure represents deductions to loans of 24 million yen as general and individual allowance for possible credit losses.

As of March 31, 2023

(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	1,181,881	164,846	—	1,346,728	1,208,639	138,089
Foreign securities	26	12,766	—	12,792	12,845	(53)
Policy reserve matching bonds						
Domestic bonds	1,299,564	9,585	—	1,309,149	1,410,404	(101,255)
Loans ^(*)	—	—	492,119	492,119	484,114	8,004
Total assets	2,481,472	187,197	492,119	3,160,789	3,116,003	44,785
Corporate bonds	—	605,519	—	605,519	609,051	(3,532)
Total liabilities	—	605,519	—	605,519	609,051	(3,532)

(*) This figure represents deductions to loans of 31 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, government bonds and listed investment trusts. 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.

For unlisted investment trusts, the fair value is measured at published quoted market prices, etc. provided by the investment trust management company, and is classified as Level 2 or Level 3 fair value based primarily on the level of the components of the trust assets. 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.

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 ^(*)	(387)	746
Recorded in other comprehensive income ^(**)	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 ^(*)	—	962

(*) Included in "investment income" and "investment expenses" in the consolidated statement of income.

(**) 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.

As of March 31, 2023

(Millions of yen)

	Securities	Derivative transactions
	Securities available for sale	Others
Balance at the beginning of the period	753,556	264
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss ^(*)	8,896	990
Recorded in other comprehensive income ^(**)	(13,617)	135
Purchases, sales, issuances and settlements	109,283	(1,656)
Balance at the end of the period	858,119	(265)
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 ^(*)	15,353	372

(*) Included in "investment income" and "investment expenses" in the consolidated statement of income.

(**) 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. 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	Carrying amount
	As of March 31, 2022	As of March 31, 2023
Stocks and others without a quoted market price ^(*)	82,955	95,252
Investments in Partnerships, etc. ^(**)	185,280	200,767

(*) 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).

(**) Investments in Partnerships, etc. are mainly investment partnerships, and they are not subject to fair value disclosure in accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31).

4. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

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.

As of March 31, 2023

	(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	1,237,525	9,003	—	—
Receivables under resale agreements	69,999	—	—	—
Monetary receivables bought	1,552	380	—	20,117
Securities:				
Bonds held to maturity:				
Government bonds	7,100	251,135	91,171	703,777
Municipal bonds	—	1,000	—	43,400
Corporate bonds	4,200	500	600	99,300
Foreign securities	3,812	6,364	2,615	—
Policy reserve matching bonds:				
Government bonds	—	—	—	1,452,400
Corporate bonds	—	—	—	11,900
Fixed maturity securities available for sale:				
Government bonds	38,016	146,969	143,685	381,960
Municipal bonds	—	5,300	6,500	11,500
Corporate bonds	36,324	125,209	70,547	503,039
Foreign securities	184,667	1,191,547	977,900	1,132,442
Others	247	19,206	25,416	1,170
Loans ^(*)	170,862	227,149	58,494	27,631
Total	1,754,307	1,983,766	1,376,929	4,388,638

(*) 6 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.

5. 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, 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

As of March 31, 2023

	(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	—	—	—	—	85,829	516,222
Long-term borrowings	1,294	1,288	1,261	1,261	1,241	26
Lease obligations	10,868	8,941	8,278	7,284	6,516	38,477
Payables under securities lending transactions	575,531	—	—	—	—	—
Total	587,694	10,230	9,540	8,545	93,587	554,726

Securities

1. Trading securities

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Unrealized gains and losses recognized in the statement of income	1,639	2,635

2. Bonds held to maturity

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	209,934
	Foreign securities	19,545	25,851	6,305
	Subtotal	1,105,589	1,321,829	216,239
Securities whose fair value does not exceed their carrying amount	Domestic bonds	118,674	111,662	(7,011)
	Foreign securities	2,975	2,942	(32)
	Subtotal	121,649	114,605	(7,043)
Total	1,227,238	1,436,434	209,195	

As of March 31, 2023

	(Millions of yen)			
	Carrying amount	Fair value	Unrealized gains and losses	
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,076,224	1,231,876	155,652
	Foreign securities	6,477	6,566	89
	Subtotal	1,082,701	1,238,442	155,741
Securities whose fair value does not exceed their carrying amount	Domestic bonds	132,414	114,851	(17,563)
	Foreign securities	6,368	6,226	(142)
	Subtotal	138,783	121,077	(17,705)
Total	1,221,484	1,359,520	138,036	

3. Policy reserve matching bonds

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
Securities whose fair value does not exceed their carrying amount	Domestic bonds	722,025	672,562	(49,462)
Total	966,496	934,337	(32,159)	

As of March 31, 2023

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	187,245	198,839	11,593
Securities whose fair value does not exceed their carrying amount	Domestic bonds	1,223,159	1,110,309	(112,849)
Total		1,410,404	1,309,149	(101,255)

4. Securities available for sale

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)

1. Stocks and others without a quoted market price and Investments in Partnerships are not included in the above table.
2. 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.

As of March 31, 2023

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	737,040	680,127	56,913
	Domestic stocks	1,211,725	370,543	841,181
	Foreign securities	1,221,400	1,017,548	203,852
	Others	188,026	174,656	13,370
	Subtotal	3,358,193	2,242,875	1,115,318
Securities whose carrying amount does not exceed their cost	Domestic bonds	806,847	865,614	(58,767)
	Domestic stocks	21,838	24,806	(2,967)
	Foreign securities	2,610,105	2,852,932	(242,826)
	Others	133,788	139,486	(5,698)
	Subtotal	3,572,579	3,882,840	(310,260)
Total		6,930,773	6,125,715	805,057

Notes)

1. Stocks and others without a quoted market price and Investments in Partnerships are not included in the above table.
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

5. Policy reserve matching bonds sold during the fiscal years ended March 31, 2022 and 2023

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

None.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	76,574	4,332	76
Total	76,574	4,332	76

6. Securities available for sale sold during the fiscal years ended March 31, 2022 and 2023

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

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	324,704	19,014	14,537
Domestic stocks	74,018	42,802	670
Foreign securities	862,845	5,612	43,356
Others	12,735	3,766	11
Total	1,274,303	71,197	58,576

7. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2022 and 2023

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).

For the fiscal year ended March 31, 2023, impairment losses on securities available for sale (excluding stocks and others without a quoted market price and Investments in Partnerships) amount to 9,839 million yen (domestic stocks: 882 million yen, foreign securities: 8,940 million yen, other: 16 million yen), and impairment losses on stocks and others without a quoted market price and Investments in Partnerships amount to 1,535 million yen (domestic stocks: 1,034 million yen, foreign securities: 501 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, 2022	As of March 31, 2023
Unrealized gains and losses recognized in the statement of income	(32)	6

2. Money trusts held to maturity

None.

3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2022

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	20,269	14,952	5,316

As of March 31, 2023

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	20,836	17,353	3,482

4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2022 and 2023

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.

For the fiscal year ended March 31, 2023, 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 89 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, 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)

As of March 31, 2023

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	70,685	—	(1,203)	(1,203)
Long	14,424	—	241	241
Currency options:				
Long	10,000	—	6	(15)
Currency swaps	1,992	—	42	42
Total	—	—	(912)	(934)

(2) Interest rate derivatives

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)

As of March 31, 2023

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Interest rate futures:				
Short	5,507	—	(2)	(2)
Long	743	—	(0)	(0)
Over-the-counter transactions:				
Interest rate swaps:				
Receipt fix / Payment float	3,280	—	(82)	(82)
Total	—	—	(84)	(84)

(3) Equity derivatives

As of March 31, 2022

None.

As of March 31, 2023

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Stock index futures:				
Short	3,504	—	(1)	(1)
Total	—	—	(1)	(1)

(4) Bond derivatives

As of March 31, 2022

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Bonds forwards:				
Short	6,360	—	(6,462)	15
Long	9,600	—	9,780	(0)
Total	—	—	3,317	14

As of March 31, 2023

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Bonds forwards:				
Short	11,783	—	(10,598)	149
Long	20,449	—	18,292	(149)
Total	—	—	7,694	(0)

(5) Others

As of March 31, 2022

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
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

As of March 31, 2023

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	1,355	691	18	18
Over-the-counter transactions:				
Weather derivatives:				
Short	4,664	—	(75)	45
Long	1,080	—	386	(10)
Earthquake derivatives:				
Short	98,150	—	(869)	690
Long	43,810	—	290	(251)
Loss development cover:				
Short	3,363	3,363	(45)	(45)
Total	—	—	(295)	446

2. Derivative transactions to which hedge accounting is applied

(1) Currency derivatives

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) Forward foreign exchange contracts and others to which assignment accounting is applied are treated along with hedged items, i.e., foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings. The fair value of foreign currency denominated corporate bonds (liabilities) is included in the fair value of corporate bonds in "Financial Instruments."

As of March 31, 2023

(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	696,497	—	(10,198)
	Long		153,228	—	213
Total			—	—	(10,227)

(2) Interest rate derivatives

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

As of March 31, 2023

(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	44,500	37,000	3,346
Total			—	—	3,346

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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Retirement benefit obligation at the beginning of the period	182,092	176,012
Service cost	11,554	11,050
Interest cost	1,023	1,180
The amount of actuarial difference occurred	(2,683)	(5,424)
Retirement benefit paid	(16,077)	(17,631)
The amount of prior service costs occurred	24	—
Changes in the scope of consolidation	—	960
Others	78	423
Retirement benefit obligation at the end of the period	176,012	166,570

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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Plan assets at the beginning of the period	101,943	106,740
Expected return on plan assets	400	388
The amount of actuarial difference occurred	5,002	1,065
The amount of employer contributions	1,360	1,522
Retirement benefit paid	(2,033)	(2,042)
Others	65	392
Plan assets at the end of the period	106,740	108,066

(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, 2022	As of March 31, 2023
Funded retirement benefit obligation	167,820	157,019
Plan assets	(106,740)	(108,066)
	61,079	48,953
Unfunded retirement benefit obligation	8,191	9,550
Asset ceiling adjustments	316	501
Net liabilities and assets on the consolidated balance sheet	69,587	59,004
	69,767	59,235
Net defined benefit liability		
Net defined benefit asset	(179)	(230)
Net liabilities and assets on the consolidated balance sheet	69,587	59,004

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Service cost	11,554	11,050
Interest cost	1,023	1,180
Expected return on plan assets	(400)	(388)
Amortization of actuarial difference	284	(744)
Amortization of prior service costs	(0)	7
Others	10	(13)
Retirement benefit expenses for defined benefit plans	12,472	11,091

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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Prior service costs	24	(12)
Actuarial difference	(8,086)	(5,470)
Total	(8,061)	(5,482)

(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, 2022	As of March 31, 2023
Unrecognized prior service costs	24	12
Unrecognized actuarial difference	(23,080)	(28,535)
Total	(23,056)	(28,523)

(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, 2022	As of March 31, 2023
Bonds	21	22
Stocks	67	66
Joint investment assets	2	1
Life insurance general accounts	8	8
Cash and deposits	0	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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Discount rate	Domestic consolidated subsidiaries	0.3 – 0.8	0.4 – 1.3
	Foreign consolidated subsidiaries	2.9 – 8.9	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	8.9	8.9

3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 9,832 million yen for the fiscal year ended March 31, 2022 and amounts to 10,657 million yen for the fiscal year ended March 31, 2023.

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, 2023).
Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former Sampo Japan but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 25.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and senior vice president of Sampo Japan Insurance Inc.
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.

- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.
 - Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
 - Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
 - Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
 - Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
 - Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
 - Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
 - Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
 - Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - A proposal approving a merger agreement in which the Company is the disappearing entity;
 - A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
 - Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

(b) Stock options transferred from former NIPPONKOA and granted by the Company

	17th issue	18th issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 5 Others (Note 1): 7	Directors and senior vice presidents of former NIPPONKOA: 7 Others (Note 1): 11
Number of stock options granted by types of shares	Common stock: 35,775 stocks (Note 2)	Common stock: 50,400 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to June 29, 2024	April 1, 2010 to June 29, 2025
Number of stock acquisition rights*	14 stock acquisition rights (Note 3)	13 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 3,150 stocks (Notes 3, 4)	Common stock: 2,925 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,385 Amount of capital incorporation (Note 5)	Issue price: 2,385 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2023).
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*	0 stock acquisition rights (Note 3)	0 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 0 stocks (Notes 3, 4)	Common stock: 0 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*	0 stock acquisition rights (Note 3)	0 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 0 stocks (Notes 3, 4)	Common stock: 0 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, 2023).
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*	826 stock acquisition rights (Note 4)	194 stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 20,650 stocks (Notes 4, 5)	Common stock: 19,400 stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,809 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*	201 stock acquisition rights (Note 4)	130 stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 20,100 stocks (Notes 4, 5)	Common stock: 13,000 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*	157 stock acquisition rights (Note 4)	137 stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 15,700 stocks (Notes 4, 5)	Common stock: 13,700 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, 2023).

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, 2022	Vested	Exercised	Forfeited	March 31, 2023
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	—	0
20th issue	2,700	—	2,700	—	0
21st issue	4,275	—	4,275	—	0
22nd issue	5,175	—	5,175	—	0
23rd issue	27,350	—	6,700	—	20,650
24th issue	37,200	—	17,800	—	19,400
25th issue	34,900	—	14,800	—	20,100
26th issue	21,000	—	8,000	—	13,000
27th issue	26,600	—	10,900	—	15,700
28th issue	23,700	—	10,000	—	13,700

(b) Unit value information

(Stocks)

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2023 (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	5,356	2,440 (Note 1)
20th issue	1	5,356	2,440 (Note 1)
21st issue	1	5,356	2,440 (Note 1)
22nd issue	1	5,356	2,440 (Note 1)
23rd issue	1	5,356	1,808 (Note 1)
24th issue	1	5,551	1,372
25th issue	1	5,682	1,328
26th issue	1	5,669	2,296
27th issue	1	5,669	2,403
28th issue	1	5,570	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, 2023.

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, 2022	As of March 31, 2023
Deferred tax assets:		
Underwriting reserves	218,547	222,460
Reserve for outstanding losses and claims	47,320	48,822
Intangible fixed assets of tax accounting	40,535	41,481
Impairment losses on securities and real estate	34,004	33,376
Reserve for price fluctuation	29,413	30,940
Others	93,840	114,720
Deferred tax assets subtotal	463,661	491,800
Valuation allowance	(61,856)	(51,473)
Total deferred tax assets	401,804	440,327
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(343,160)	(300,221)
Unrealized gains and losses on consolidated subsidiaries	(8,191)	(8,175)
Others	(24,136)	(38,398)
Total deferred tax liabilities	(375,488)	(346,796)
Net deferred tax assets (liabilities)	26,316	93,530

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, 2022	As of March 31, 2023
Japanese statutory income tax rate	30.6	30.6
(Reconciliation)		
Tax rate differences in subsidiaries	(6.7)	(11.4)
Amortization of goodwill	2.6	7.5
Non-taxable revenue such as dividends received	(1.8)	(5.2)
Non-deductible expenses such as entertainment expenses	0.9	1.4
Corporate inhabitant tax on a per capita basis, etc.	0.3	0.6
Others	2.9	1.1
Effective tax rate after the application of tax effect accounting	28.7	24.7

3. Accounting treatment of corporate and local income taxes, and tax effect accounting associated therewith

The Company and certain domestic consolidated subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system starting from the fiscal year ended March 31, 2023. In addition, the Company has complied with "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (ASBJ Practical Issue Task Force No. 42, August 12, 2021) for the accounting treatment of corporate and local income taxes, or accounting treatment and disclosure of tax effect accounting regarding these taxes.

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 a 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, digital-related business, asset management 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 and nursing care-related services.

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 "Implementation Guidance on Accounting Standard for Fair Value Measurement," etc.)

As described in "Changes in Accounting Policies," the Company applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021), from the beginning of the fiscal year ended March 31, 2023.

The effect of this change on segment income (loss) for the fiscal year ended March 31, 2023 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, 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.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	2,290,596	1,386,039	310,834	151,646	4,139,117	36,801	4,175,919	431,215	4,607,134
Sales from internal transactions or transfers among segments	—	—	—	36	36	18,374	18,411	(18,411)	—
Total	2,290,596	1,386,039	310,834	151,683	4,139,154	55,176	4,194,330	412,804	4,607,134
Segment income (loss)	55,084	48,032	1,006	793	104,916	(13,759)	91,156	—	91,156
Segment assets	5,899,190	4,047,692	3,925,327	265,241	14,137,450	322,781	14,460,232	—	14,460,232
Other items:									
Depreciation	26,367	18,143	654	5,498	50,663	927	51,591	—	51,591
Amortization of goodwill	—	25,003	—	5,274	30,277	—	30,277	—	30,277
Interest and dividend income	117,484	68,533	55,068	93	241,180	1,312	242,492	(1,016)	241,475
Interest paid	7,592	6,112	150	2,117	15,973	1	15,975	(8)	15,966
Investment gains (losses) on the equity method	83	877	—	—	960	(2,805)	(1,844)	—	(1,844)
Extraordinary gains (Note 5)	5,854	3,099	3	—	8,957	—	8,957	—	8,957
Extraordinary losses (Note 6)	6,228	610	1,004	198	8,043	35	8,078	—	8,078
Impairment losses	148	—	—	—	148	—	148	—	148
Income tax expenses	15,728	14,473	591	2,226	33,020	(2,542)	30,477	—	30,477
Investment in affiliates accounted for under the equity method	1,564	16,598	—	—	18,163	21,915	40,079	—	40,079
Increase in tangible and intangible fixed assets	67,009	7,443	2,586	94,422	171,460	1,366	172,827	—	172,827

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, digital-related business, asset management business, etc.
- Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	431,215 million yen
Elimination of internal transactions among segments:	(18,411) 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 5,854 million yen of gains on disposal of fixed assets. In addition, extraordinary gains for overseas insurance business are 3,099 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 4,480 million yen of provision for reserve for price fluctuation.

Related information

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.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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	627,013	117,017	159,745	1,263,943	211,113	1,291,883	3,670,717

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	297,639	3,740	15,372	—	316,752

2. Information by geographic area

(1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,692,663	827,396	619,057	4,139,117

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
323,965	36,917	360,882

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

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

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	148	—	—	—	148	—	—	148

Information related to amortization of goodwill and balance of goodwill by reportable segments

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

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	—	25,003	—	5,274	30,277	—	—	30,277
Balance as of March 31, 2023	—	118,746	—	78,983	197,729	—	—	197,729

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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Net assets per share	5,919.73 yen	5,566.64 yen
Net income per share	644.24 yen	270.64 yen
Diluted net income per share	643.86 yen	270.53 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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Net income per share		
Net income attributable to shareholders of the parent	224,842	91,156
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	224,842	91,156
Average number of common stocks outstanding	348,999 thousand shares	336,818 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:		
Stock acquisition rights	209 thousand shares	128 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, 2022	As of March 31, 2023
Total net assets	2,040,789	1,868,902
Amount to be deducted from total net assets:		
Stock acquisition rights	446	269
Non-controlling interests	12,224	14,475
Net assets attributable to common stocks	2,028,118	1,854,157
Number of common stocks used for calculation of net assets per share	342,602 thousand shares	333,083 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 963 thousand for the fiscal year ended March 31, 2022 and is 866 thousand for the fiscal year ended March 31, 2023. The number of the treasury stock deducted above mentioned is 961 thousand as of March 31, 2022 and is 853 thousand as of March 31, 2023.

Significant Subsequent Events

1. The Issuance of a Domestic Unsecured Straight Bond (Social Bond)

On April 27, 2023, the Company issued a domestic unsecured straight bond (social bond) as follows.

1 Issuer	Sompo Holdings, Inc.
2 Name of Bonds	1st series of unsecured straight bond with inter-bond pari passu clause (social bond)
3 Aggregate principal amount	JPY 70 billion
4 Denomination	JPY 100 million
5 Issue price	JPY 100 per amount of JPY 100 of each bond
6 Redemption price	JPY 100 per amount of JPY 100 of each bond
7 Maturity dates	April 27, 2028 (5-year bonds)
8 Interest rates	0.479% per annum
9 Offering period	April 21, 2023
10 Payment date	April 27, 2023
11 Interest payment dates	April 27 and October 27 of each year
12 Use of funds	Repayment of short-term borrowings (bridge loan) procured to acquire shares of ND Software
13 Third-party evaluation	Third-party evaluation obtained from Japan Credit Rating Agency, Ltd.
14 Joint lead managers	Mizuho Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Daiwa Securities Co. Ltd. Nomura Securities Co., Ltd. SMBC Nikko Securities Inc. BofA Securities Japan Co., Ltd.
15 Structuring agent	Mizuho Securities Co., Ltd.
16 Fiscal agent	Mizuho Bank, Ltd.
17 Credit rating	AA+ (Japan Credit Rating Agency, Ltd.)
18 Securities depository	Japan Securities Depository Center, Incorporated

2. 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 19, 2023.

(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 (supplementary return) for the financial results of fiscal year ended March 31, 2023.

(2) Details of stock buybacks

(a) Class of shares	Common stock of the Company
(b) Potential total number	7,000,000 shares (upper limit)
(c) Total price	25,000,000,000 yen (upper limit)
(d) Period	June 1, 2023 — November 16, 2023

Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

	(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	477,918	474,287	(3,630)
Cash	9	7	(1)
Deposits	477,909	474,280	(3,628)
Receivables under resale agreements	73,999	69,999	(4,000)
Monetary receivables bought	20,104	20,366	261
Money trusts	20,683	21,105	421
Securities:	5,259,488	5,085,990	(173,498)
Government bonds	678,580	512,262	(166,318)
Municipal bonds	5,720	5,545	(175)
Corporate bonds	625,139	490,450	(134,688)
Domestic stocks	1,308,357	1,312,035	3,678
Foreign securities	2,426,435	2,539,168	112,732
Other securities	215,255	226,528	11,273
Loans:	519,703	563,994	44,290
Policy loans	3,978	2,897	(1,081)
Ordinary loans	515,724	561,096	45,372
Tangible fixed assets:	227,274	232,078	4,803
Land	84,917	82,690	(2,227)
Buildings	104,824	104,503	(320)
Leased assets	2,371	5,526	3,155
Construction in progress	9,675	14,711	5,036
Other tangible fixed assets	25,486	24,646	(839)
Intangible fixed assets:	209,721	235,489	25,767
Software	94,972	83,412	(11,560)
Other intangible fixed assets	114,749	152,076	37,327
Other assets:	543,748	531,253	(12,495)
Premiums receivable	1,630	3,053	1,423
Agency accounts receivable	190,101	189,583	(518)
Foreign agency accounts receivable	13,682	14,041	358
Coinsurance accounts receivable	14,105	10,351	(3,753)
Reinsurance accounts receivable	71,448	68,738	(2,710)
Foreign reinsurance accounts receivable	36,890	38,482	1,591
Proxy service receivable	49	62	13
Accounts receivable	69,667	104,377	34,710
Accrued income	8,145	6,192	(1,952)
Advance deposits	14,952	13,860	(1,091)
Earthquake insurance deposits	2,842	1,432	(1,409)
Suspense payments	64,901	67,550	2,648
Deposits paid for future transactions	8,034	7,985	(48)
Derivative assets	5,113	4,767	(346)
Cash collateral paid for financial instruments	42,174	764	(41,410)
Other assets	7	7	—
Deferred tax assets	22,481	40,035	17,553
Allowance for possible credit losses	(2,751)	(2,751)	0
Allowance for possible investment losses	(5,689)	(5,180)	509
Total assets	7,366,684	7,266,668	(100,016)

	(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	4,557,431	4,547,526	(9,905)
Reserve for outstanding losses and claims	900,122	960,373	60,251
Underwriting reserves	3,657,309	3,587,152	(70,156)
Corporate bonds	433,560	527,000	93,440
Other liabilities:	700,176	589,464	(110,711)
Coinsurance accounts payable	5,800	6,256	455
Reinsurance accounts payable	70,308	72,058	1,749
Foreign reinsurance accounts payable	22,539	26,148	3,609
Payables under securities lending transactions	156,505	177,859	21,353
Borrowings	15,358	77	(15,280)
Income taxes payable	8,535	5,679	(2,855)
Deposits received	2,796	2,787	(9)
Unearned income	297	316	18
Accounts payable	230,272	186,409	(43,862)
Suspense receipts	94,315	85,662	(8,653)
Derivative liabilities	49,831	7,878	(41,952)
Cash collateral received for financial instruments	38,702	9,976	(28,725)
Lease obligations	2,745	6,142	3,396
Asset retirement obligations	2,165	2,211	45
Reserve for retirement benefits	85,576	78,879	(6,697)
Reserve for bonus payments	15,719	15,240	(478)
Reserve for bonus payments to directors	117	87	(29)
Reserves under the special laws:	95,331	99,792	4,461
Reserve for price fluctuation	95,331	99,792	4,461
Total liabilities	5,887,913	5,857,992	(29,920)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	70,000	70,000	—
Capital reserves	70,000	70,000	—
Retained earnings:	529,398	508,480	(20,918)
Other retained earnings:	529,398	508,480	(20,918)
Reserve for advanced depreciation	10,590	11,867	1,276
Reserve for promoting open innovation	—	270	270
General reserve	83,300	83,300	—
Retained earnings carried forward	435,508	413,043	(22,465)
Total shareholders' equity	669,398	648,480	(20,918)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	805,943	757,782	(48,160)
Deferred gains and losses on hedges	3,429	2,412	(1,016)
Total valuation and translation adjustments	809,372	760,194	(49,177)
Total net assets	1,478,770	1,408,675	(70,095)
Total liabilities and net assets	7,366,684	7,266,668	(100,016)

Sompo Japan Insurance Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	2,490,458	2,623,349	132,891	5.3%
Underwriting income:	2,300,385	2,399,389	99,003	4.3
Net premiums written	2,158,791	2,225,531	66,740	3.1
Deposits of premiums by policyholders	81,009	70,773	(10,235)	(12.6)
Interest and dividend income on deposits of premiums, etc.	30,895	30,102	(793)	(2.6)
Reversal of underwriting reserves	28,053	70,156	42,103	150.1
Foreign exchange gains	893	2,218	1,325	148.3
Other underwriting income	742	606	(135)	(18.3)
Investment income:	175,824	210,057	34,233	19.5
Interest and dividend income	147,980	166,250	18,270	12.3
Investment gains on money trusts	1,353	3,105	1,752	129.6
Gains on sales of securities	42,554	53,878	11,324	26.6
Gains on redemption of securities	4,580	2,389	(2,191)	(47.8)
Foreign exchange gains	9,990	13,369	3,378	33.8
Other investment income	261	1,166	905	346.7
Transfer of interest and dividend income on deposits of premiums, etc.	(30,895)	(30,102)	793	—
Other ordinary income	14,248	13,902	(345)	(2.4)
Ordinary expenses:	2,279,648	2,498,423	218,774	9.6
Underwriting expenses:	1,933,287	2,109,098	175,810	9.1
Net claims paid	1,175,024	1,311,226	136,201	11.6
Loss adjustment expenses	115,456	115,369	(87)	(0.1)
Net commissions and brokerage fees	423,007	439,225	16,218	3.8
Maturity refunds to policyholders	190,527	181,722	(8,805)	(4.6)
Dividends to policyholders	28	7	(21)	(75.2)
Provision for reserve for outstanding losses and claims	27,657	60,251	32,594	117.9
Other underwriting expenses	1,585	1,295	(289)	(18.3)
Investment expenses:	12,523	51,543	39,019	311.6
Investment losses on money trusts	45	2	(42)	(94.6)
Losses on sales of securities	4,390	22,936	18,546	422.5
Impairment losses on securities	1,805	1,954	149	8.3
Losses on derivatives	2,476	13,362	10,885	439.5
Other investment expenses	3,806	13,286	9,480	249.1
Operating, general and administrative expenses	323,947	325,566	1,618	0.5
Other ordinary expenses:	9,889	12,215	2,325	23.5
Interest paid	7,016	7,587	571	8.1
Provision for allowance for possible credit losses	—	48	48	—
Losses on bad debt	19	31	11	59.1
Other ordinary expenses	2,854	4,548	1,694	59.4
Ordinary profit	210,810	124,926	(85,883)	(40.7)

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Increase (Decrease)	Rate of change
	Amount	Amount		
Extraordinary gains:	16,336	5,854	(10,481)	(64.2)%
Gains on disposal of fixed assets	16,336	5,854	(10,481)	(64.2)
Extraordinary losses:	14,906	6,206	(8,699)	(58.4)
Losses on disposal of fixed assets	6,097	1,596	(4,500)	(73.8)
Impairment losses	4,575	148	(4,426)	(96.8)
Provision for reserves under the special laws:	4,233	4,461	227	5.4
Provision for reserve for price fluctuation	4,233	4,461	227	5.4
Net income before income taxes	212,239	124,573	(87,665)	(41.3)
Income taxes	71,889	14,435	(57,453)	(79.9)
Deferred income taxes	(25,857)	2,096	27,953	—
Total income taxes	46,031	16,531	(29,499)	(64.1)
Net income	166,207	108,041	(58,165)	(35.0)
Underwriting result:				
Net premiums written	(+) 2,158,791	2,225,531	66,740	3.1
Net claims paid	(-) 1,175,024	1,311,226	136,201	11.6
Loss adjustment expenses	(-) 115,456	115,369	(87)	(0.1)
Net operating expenses:	(-) 728,559	745,649	17,089	2.3
Net commissions and brokerage fees	423,007	439,225	16,218	3.8
Operating, general and administrative expenses related to underwriting	305,552	306,424	871	0.3
Underwriting result	139,749	53,286	(86,463)	(61.9)
Underwriting profit (loss)	63,053	(19,833)	(82,886)	(131.5)
Ratios:				
Net loss ratio	(%) 59.8	64.1	4.3	
Net operating expenses ratio	(%) 33.7	33.5	(0.2)	
Combined ratio	(%) 93.5	97.6	4.1	

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)
Balance Sheet

	(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	20,757	17,032	(3,725)
Cash	0	0	(0)
Deposits	20,757	17,032	(3,725)
Securities:	46,865	50,419	3,554
Municipal bonds	6,699	7,156	457
Corporate bonds	21,218	24,099	2,881
Domestic stocks	38	38	0
Foreign securities	7,927	6,796	(1,131)
Other securities	10,981	12,328	1,346
Tangible fixed assets:	403	351	(52)
Buildings	105	95	(10)
Leased assets	243	189	(54)
Other tangible fixed assets	54	67	12
Intangible fixed assets:	5,715	7,594	1,879
Software	5,712	7,591	1,879
Other intangible fixed assets	2	2	—
Other assets:	5,943	6,853	910
Premiums receivable	1,830	1,943	113
Agency accounts receivable	103	125	22
Coinsurance accounts receivable	9	13	4
Reinsurance accounts receivable	90	87	(3)
Foreign reinsurance accounts receivable	23	10	(13)
Accounts receivable	936	1,076	140
Accrued income	38	54	15
Advance deposits	481	495	13
Suspense payments	2,428	3,046	617
Deferred tax assets	1,744	1,862	118
Allowance for possible credit losses	(0)	(2)	(2)
Total assets	81,430	84,112	2,682

	(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	57,382	62,687	5,305
Reserve for outstanding losses and claims	22,115	25,005	2,890
Underwriting reserves	35,266	37,682	2,415
Other liabilities:	5,641	5,641	0
Coinsurance accounts payable	36	36	0
Reinsurance accounts payable	214	209	(5)
Foreign reinsurance accounts payable	74	64	(9)
Income taxes payable	406	198	(208)
Deposits received	32	37	4
Accounts payable	1,798	1,853	55
Suspense receipts	2,826	3,040	214
Lease obligations	252	200	(51)
Reserve for retirement benefits to directors	9	15	5
Reserve for bonus payments	410	395	(14)
Reserve for bonus payments to directors	15	17	1
Reserves under the special laws:	87	107	19
Reserve for price fluctuation	87	107	19
Total liabilities	63,547	68,865	5,317
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:	(55,321)	(56,242)	(921)
Other retained earnings:	(55,321)	(56,242)	(921)
Retained earnings carried forward	(55,321)	(56,242)	(921)
Total shareholders' equity	17,631	16,709	(921)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	250	(1,462)	(1,713)
Total valuation and translation adjustments	250	(1,462)	(1,713)
Total net assets	17,882	15,247	(2,635)
Total liabilities and net assets	81,430	84,112	2,682

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	58,636	65,192	6,555	11.2%
Underwriting income:	58,234	64,503	6,268	10.8
Net premiums written	58,185	64,446	6,260	10.8
Interest and dividend income on deposits of premiums, etc.	48	56	8	16.6
Foreign exchange gains	—	0	0	—
Investment income:	271	624	352	129.7
Interest and dividend income	283	341	57	20.2
Gains on sales of securities	23	340	316	1,329.7
Other investment income	12	—	(12)	(100.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(48)	(56)	(8)	—
Other ordinary income	130	64	(66)	(50.6)
Ordinary expenses:	56,215	66,067	9,852	17.5
Underwriting expenses:	41,114	49,520	8,406	20.4
Net claims paid	33,260	38,536	5,276	15.9
Loss adjustment expenses	4,239	4,415	176	4.2
Net commissions and brokerage fees	1,189	1,255	65	5.5
Provision for reserve for outstanding losses and claims	1,085	2,890	1,804	166.3
Provision for underwriting reserves	1,331	2,415	1,083	81.4
Foreign exchange losses	0	—	(0)	(100.0)
Other underwriting expenses	8	7	(1)	(13.6)
Investment expenses:	0	337	336	55,523.8
Losses on sales of securities	0	336	335	55,314.8
Impairment losses on securities	—	1	1	—
Operating, general and administrative expenses	15,008	16,096	1,088	7.2
Other ordinary expenses:	91	112	21	23.0
Interest paid	5	4	(1)	(17.9)
Provision for allowance for possible credit losses	—	2	2	—
Other ordinary expenses	85	105	19	23.2
Ordinary profit (loss)	2,421	(875)	(3,296)	(136.2)

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Increase (Decrease)	Rate of change	
	Amount	Amount			
Extraordinary losses:	33	24	(9)	(27.8)%	
Losses on disposal of fixed assets	15	0	(14)	(99.1)	
Impairment losses	0	4	4	926.0	
Provision for reserves under the special laws:	18	19	1	7.1	
Provision for reserve for price fluctuation	18	19	1	7.1	
Net income (loss) before income taxes	2,387	(899)	(3,287)	(137.7)	
Income taxes	296	15	(280)	(94.7)	
Deferred income taxes	(341)	6	347	—	
Total income taxes	(45)	22	67	—	
Net income (loss)	2,433	(921)	(3,355)	(137.9)	
Underwriting result:					
Net premiums written	(+)	58,185	64,446	6,260	10.8
Net claims paid	(-)	33,260	38,536	5,276	15.9
Loss adjustment expenses	(-)	4,239	4,415	176	4.2
Net operating expenses:	(-)	16,160	17,217	1,057	6.5
Net commissions and brokerage fees		1,189	1,255	65	5.5
Operating, general and administrative expenses related to underwriting		14,970	15,962	992	6.6
Underwriting result		4,526	4,276	(249)	(5.5)
Underwriting profit (loss)		2,168	(959)	(3,128)	(144.3)
Ratios:					
Net loss ratio	(%)	64.4	66.6	2.2	
Net operating expenses ratio	(%)	27.8	26.7	(1.1)	
Combined ratio	(%)	92.2	93.4	1.1	

Sompo Himawari Life Insurance, Inc. (Non-consolidated)
Balance Sheet

	(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	137,951	79,308	(58,643)
Deposits	137,951	79,308	(58,643)
Securities:	3,476,978	3,735,314	258,336
Government bonds	2,371,793	2,693,598	321,805
Municipal bonds	57,515	56,732	(783)
Corporate bonds	420,802	380,019	(40,783)
Domestic stocks	9,858	10,424	565
Foreign securities	611,887	587,130	(24,757)
Other securities	5,120	7,409	2,288
Loans:	41,428	42,150	721
Policy loans	41,425	42,148	722
Ordinary loans	3	2	(0)
Tangible fixed assets:	2,219	1,750	(468)
Buildings	432	433	1
Leased assets	1,389	1,005	(384)
Construction in progress	—	3	3
Other tangible fixed assets	396	307	(89)
Intangible fixed assets:	1,234	3,620	2,386
Other intangible fixed assets	1,234	3,620	2,386
Agency accounts receivable	99	119	20
Reinsurance accounts receivable	1,599	1,650	50
Other assets:	54,377	59,467	5,089
Accounts receivable	35,899	40,994	5,095
Prepaid expenses	3,672	4,525	853
Accrued income	9,276	9,672	396
Advance deposits	2,462	2,645	183
Derivative assets	18	948	930
Cash collateral paid for financial instruments	2,310	20	(2,290)
Suspense payments	655	572	(82)
Other assets	85	87	2
Deferred tax assets	22,434	39,503	17,068
Allowance for possible credit losses	(76)	(51)	24
Total assets	3,738,246	3,962,833	224,586

	(Millions of yen)		
	As of March 31, 2022	As of March 31, 2023	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	3,290,913	3,423,777	132,864
Reserve for outstanding claims	40,896	40,758	(137)
Policy reserves	3,245,593	3,378,531	132,937
Reserve for dividends to policyholders	4,423	4,488	64
Agency accounts payable	5,663	5,134	(528)
Reinsurance accounts payable	990	1,075	85
Other liabilities:	280,038	414,812	134,773
Payables under securities lending transactions	228,854	397,672	168,818
Income taxes payable	109	41	(67)
Accounts payable	17,493	602	(16,890)
Accrued expenses	7,747	7,655	(91)
Unearned income	—	0	0
Deposits received	125	130	5
Derivative liabilities	23,578	6,523	(17,054)
Cash collateral received for financial instruments	—	130	130
Lease obligations	1,577	1,154	(423)
Suspense receipts	553	544	(9)
Other liabilities	—	357	357
Reserve for bonus payments to directors	38	25	(12)
Reserve for retirement benefits	4,971	5,316	344
Reserve for possible reimbursement of prescribed claims	936	542	(393)
Reserves under the special laws:	9,969	10,958	988
Reserve for price fluctuation	9,969	10,958	988
Total liabilities	3,593,521	3,861,642	268,121
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	13,333	13,333	—
Capital reserves	13,333	13,333	—
Retained earnings:	95,477	96,422	945
Legal reserve	3,916	3,916	—
Other retained earnings:	91,560	92,505	945
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	91,235	92,180	945
Total shareholders' equity	126,060	127,005	945
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	18,664	(25,815)	(44,479)
Total valuation and translation adjustments	18,664	(25,815)	(44,479)
Total net assets	144,725	101,190	(43,534)
Total liabilities and net assets	3,738,246	3,962,833	224,586

Sompo Himawari Life Insurance, Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	493,056	518,504	25,448	5.2%
Insurance premiums and other:	436,893	434,473	(2,420)	(0.6)
Insurance premiums	433,472	430,164	(3,307)	(0.8)
Reinsurance income	3,421	4,308	887	25.9
Investment income:	53,709	82,038	28,329	52.7
Interest and dividend income and other:	49,413	54,982	5,569	11.3
Interest and dividends on securities	48,027	53,471	5,444	11.3
Interest on loans	1,248	1,270	21	1.8
Other interest and dividends	137	240	102	74.8
Gains on sales of securities	1,653	18,732	17,078	1,032.7
Gains on redemption of securities	255	—	(255)	(100.0)
Gains on derivatives	464	—	(464)	(100.0)
Foreign exchange gains	153	6,890	6,736	4,386.0
Reversal of allowance for possible credit losses	—	2	2	—
Other investment income	2	0	(1)	(66.1)
Investment gains on special account	1,767	1,430	(337)	(19.1)
Other ordinary income:	2,453	1,992	(461)	(18.8)
Fund receipt for annuity rider	935	434	(501)	(53.6)
Fund receipt for claim deposit payments	1,509	1,257	(251)	(16.7)
Reversal of reserve for outstanding claims	—	137	137	—
Other ordinary income	8	162	154	1,855.1
Ordinary expenses:	466,611	512,173	45,562	9.8
Insurance claims and other:	215,929	253,947	38,017	17.6
Insurance claims	39,023	42,542	3,519	9.0
Annuity payments	11,834	12,144	310	2.6
Insurance benefits	50,100	79,929	29,828	59.5
Surrender benefits	107,023	111,098	4,075	3.8
Other refunds	4,254	4,145	(109)	(2.6)
Reinsurance premiums	3,693	4,086	393	10.6
Provision for policy reserves and other:	147,345	132,937	(14,407)	(9.8)
Provision for reserve for outstanding claims	1,602	—	(1,602)	(100.0)
Provision for policy reserves	145,742	132,937	(12,805)	(8.8)
Provision for interest portion of reserve for dividends to policyholders	0	0	(0)	(3.4)
Investment expenses:	3,461	21,717	18,256	527.5
Interest paid	59	150	91	153.2
Losses on sales of securities	3,261	16,637	13,375	410.1
Losses on derivatives	—	4,773	4,773	—
Provision for allowance for possible credit losses	0	—	(0)	(100.0)
Other investment expenses	139	155	16	11.7
Operating expenses	94,804	99,017	4,212	4.4

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	5,070	4,553	(516)	(10.2)%
Claim deposit payments	1,379	1,522	142	10.3
Taxes	2,015	1,994	(20)	(1.0)
Depreciation	497	654	157	31.6
Provision for reserve for retirement benefits	389	344	(44)	(11.5)
Other ordinary expenses	788	37	(750)	(95.2)
Ordinary profit	26,444	6,330	(20,114)	(76.1)
Extraordinary gains:	0	3	2	308.3
Gains on disposal of fixed assets and other	0	3	2	308.3
Extraordinary losses:	956	1,449	492	51.5
Losses on disposal of fixed assets and other	32	16	(15)	(49.0)
Provision for reserves under the special laws:	924	988	63	6.9
Provision for reserve for price fluctuation	924	988	63	6.9
Other extraordinary losses	—	444	444	—
Provision for reserve for dividends to policyholders	3,158	3,371	212	6.7
Net income before income taxes	22,329	1,512	(20,816)	(93.2)
Income taxes	5,717	338	(5,379)	(94.1)
Deferred income taxes	687	229	(458)	(66.7)
Total income taxes	6,405	567	(5,837)	(91.1)
Net income	15,924	945	(14,979)	(94.1)

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 an 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 a 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 the “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 the 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 rights 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 the financial soundness of an insurance company group. A 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 189.0 points from the previous fiscal year to 584.0 percent.

Sampo Holdings, Inc. (Consolidated) Consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
(A) Total Consolidated Solvency Margin	3,697,989	3,252,617
Capital and funds, etc.	1,033,111	900,226
Reserve for price fluctuation	105,389	110,858
Contingency reserve	35,949	37,938
Catastrophic loss reserve	558,190	545,598
General allowance for possible credit losses	5,474	8,150
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,037,412	752,515
Unrealized gains and losses on land	114,601	112,041
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	23,088	28,591
Surplus such as premium fund	161,014	145,353
Subordinated debt, etc.	433,560	427,000
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	7	25
Deductions	57,743	54,970
Others	247,933	239,288
(B) Total Consolidated Risks	956,727	1,113,737
$\sqrt{(R_1^2+R_2^2+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R ₁)	339,295	413,736
Underwriting risk for life insurance business (R ₂)	15,226	14,810
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	11,935	13,089
Underwriting risk related to small amount and short term insurance companies (R ₄)	27	97
Guaranteed interest rate risk (R ₅)	22,389	20,729
Guaranteed minimum benefit risk for life insurance policies (R ₆)	400	401
Investment risk (R ₇)	560,798	632,507
Business management risk (R ₈)	24,522	28,570
Major catastrophe risk for property and casualty insurance policies (R ₉)	250,884	304,310
(C) Consolidated Solvency Margin Ratio	773.0%	584.0%
$[(A) / \{(B) \times 1/2\}] \times 100$		

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 the 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).
- 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 a 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 the "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 the financial soundness of insurance companies. A solvency margin ratio exceeding 200 percent 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, 2022	As of March 31, 2023
(A) Total Non-consolidated Solvency Margin	3,042,067	2,952,779
Capital and funds, etc.	669,398	648,480
Reserve for price fluctuation	95,331	99,792
Contingency reserve	2,475	3,624
Catastrophic loss reserve	554,520	541,683
General allowance for possible credit losses	132	172
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	988,227	935,188
Unrealized gains and losses on land	132,656	129,929
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	433,560	427,000
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	46,381	36,213
Others	212,146	203,119
(B) Total Non-consolidated Risks	872,214	947,373
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	196,903	202,217
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	13,946	12,362
Investment risk (R ₄)	623,096	692,323
Business management risk (R ₅)	20,380	21,983
Major catastrophe risk (R ₆)	185,055	192,263
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	697.5%	623.3%

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No.50 of the Ministry of Finance (1996).

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
(A) Total Non-consolidated Solvency Margin	21,775	19,323
Capital and funds, etc.	17,631	16,709
Reserve for price fluctuation	87	107
Contingency reserve	11	11
Catastrophic loss reserve	3,669	3,915
General allowance for possible credit losses	—	0
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	374	(1,421)
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	8,841	9,442
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	7,011	7,612
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	15	13
Investment risk (R ₄)	1,763	1,747
Business management risk (R ₅)	302	320
Major catastrophe risk (R ₆)	1,304	1,309
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	492.5%	409.2%

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, 2022	As of March 31, 2023
(A) Total Non-consolidated Solvency Margin	389,628	309,186
Capital, etc.	126,060	127,005
Reserve for price fluctuation	9,969	10,958
Contingency reserve	33,462	34,301
General allowance for possible credit losses	2	1
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)	23,330	(35,854)
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	161,014	145,353
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	—	(8,748)
Brought in capital, etc.	—	—
Deductions	—	—
Others	35,787	36,168
(B) Total Non-consolidated Risks	57,302	58,712
$\sqrt{(R_1+R_3)^2+(R_2+R_3+R_7)^2+R_4}$		
Underwriting risk (R ₁)	14,226	13,924
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	11,935	13,089
Guaranteed interest rate risk (R ₂)	8,427	8,354
Guaranteed minimum benefit risk (R ₇)	400	401
Investment risk (R ₃)	40,451	41,622
Business management risk (R ₄)	1,508	1,547
(C) Non-consolidated Solvency Margin Ratio [(A) / { (B) × 1/2 }] × 100	1,359.8%	1,053.2%

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
2. Guaranteed minimum benefit risk is calculated by using the standard method.

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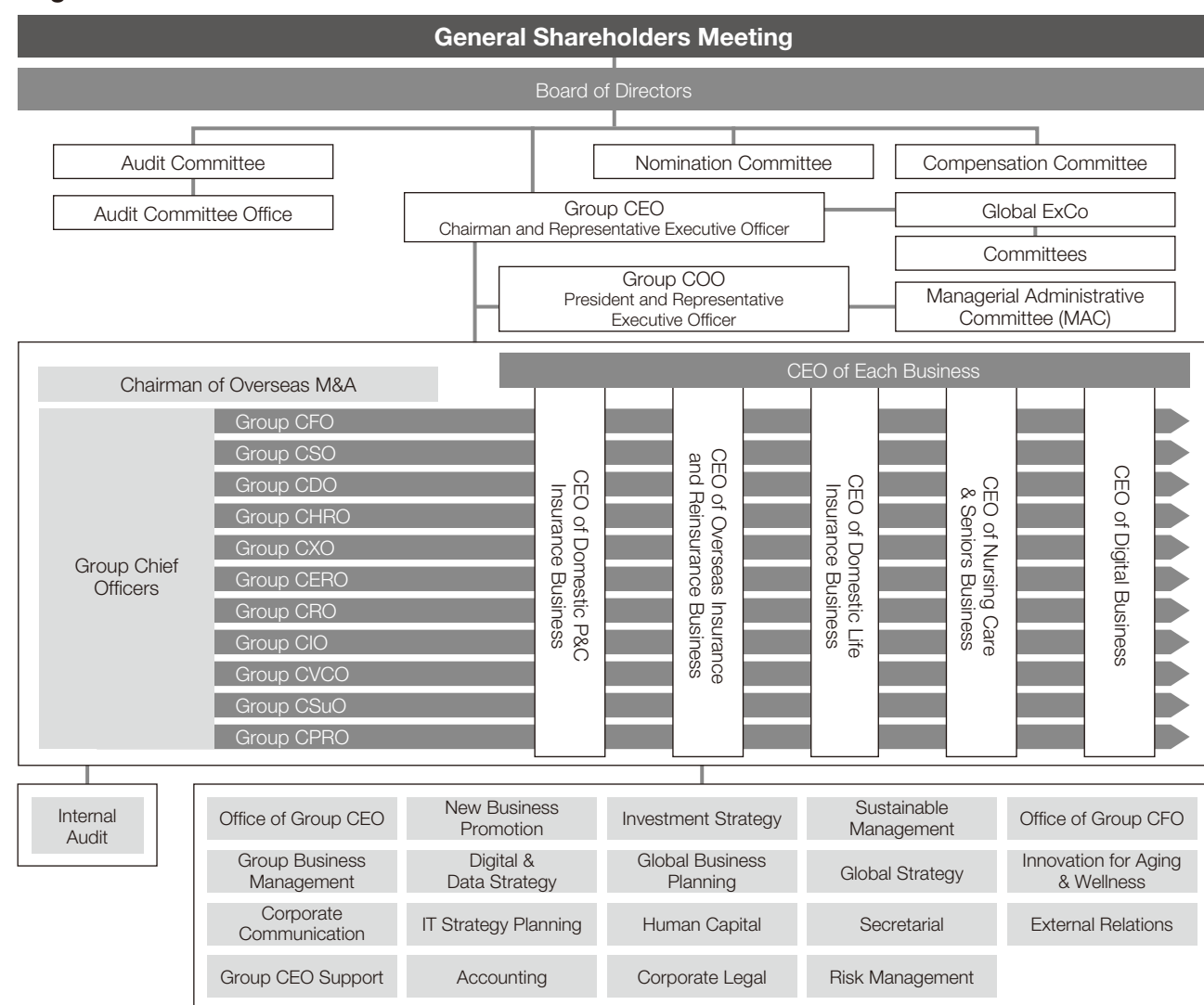
Corporate Overview

Company name: Sampo 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: 506*
 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.sampo-hd.com/en/>

* As of March 31, 2023

Organization Chart

(As of August 1, 2023)



Group CEO and other abbreviated titles represent the following positions:
 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 CXO: Group Chief Transformation 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:** Sampo Holdings issues public notices electronically. (<https://www.sampo-hd.com/publication/>)
 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 13th General Meeting of Shareholders was held on June 26, 2023. 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 2022 (April 1, 2022 to March 31, 2023)
- The financial statements for fiscal 2022 (April 1, 2022 to March 31, 2023)

Matters to Be Resolved

- Proposal No. 1: Disposition of Retained Earnings
 - Proposal No. 2: Appointment of 12 Directors
- The proposals were approved as initially proposed.

Distribution and Shares

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	60,169

2. Types of Shareholders

(As of March 31, 2023)

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	151	119,672	34.42
Securities Companies	56	24,859	7.15
Other Corporations	1,111	23,993	6.90
Foreign Investors	944	125,598	36.12
Individuals and Others	57,905	53,566	15.41
Total	60,169	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, 2023)

Name of Shareholder	Number of Shares Held (Thousands)	Percentage of Shares Outstanding (Excluding Treasury Stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	60,103	18.00
Custody Bank of Japan, Ltd. (Trust account)	22,401	6.71
JP MORGAN CHASE BANK 380055	11,100	3.32
GOVERNMENT OF NORWAY	8,727	2.61
Sompo Holdings Employee Shareholders Association	8,591	2.57
JPMorgan Securities Japan Co., Ltd.	7,829	2.34
STATE STREET BANK WEST CLIENT - TREATY 505234	6,026	1.80
JP MORGAN CHASE BANK 385781	4,126	1.24
NIPPON EXPRESS HOLDINGS, INC.	3,901	1.17
Naigai Kisen Co., Ltd.	3,419	1.02

Note: 1. In addition to the above, the Company holds 13,761 thousand shares of treasury stock. This number of treasury stock does not include 853 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 (13,761 thousand shares).

The Sompo Group consists of 97 subsidiaries and 20 affiliates. The Group is engaged in Domestic P&C Insurance, Overseas Insurance, Domestic Life Insurance, and Nursing care & Seniors. 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

- ◎ 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>
- ◎ Berjaya Sompo Insurance Berhad <Malaysia>
- ◎ Sompo Seguros S.A. <Brazil>
- ★ Universal Sompo General Insurance Company Limited <India>

Domestic Life Insurance

- ◎ Sompo Himawari Life Insurance, Inc.

Nursing Care & Seniors

- ◎ Sompo Care Inc.
- ◎ ND Software Co., Ltd.

Others

- ◎ 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 plan)
- ◎ Sompo Risk Management Inc. (Risk management)
- ◎ Sompo Health Support Inc. (Healthcare)
- ★ Palantir Technologies Japan K.K. (Software sales)
- ★ Tier IV, Inc. (Autonomous driving platform development)
- ★ 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.

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 and Reinsurance	—	100.0
Endurance Specialty Insurance Ltd.	Pembroke (Bermuda, British Overseas Territory)	November 30, 2001	12,000 thousand U.S. dollars	Overseas Insurance and Reinsurance	—	100.0
Endurance Assurance Corporation	New York, Purchase (U.S.A.)	September 5, 2002	5,000 thousand U.S. dollars	Overseas Insurance and Reinsurance	—	100.0
Endurance Worldwide Insurance Limited	London (U.K.)	April 10, 2002	215,967 thousand British pounds	Overseas Insurance and Reinsurance	—	100.0
SI Insurance (Europe), SA	Luxembourg (Luxembourg)	January 12, 2018	30 thousand euros	Overseas Insurance and Reinsurance	—	100.0
Sompo Sigorta Anonim Sirketi	Istanbul (Turkey)	March 30, 2001	195,498 thousand Turkish liras	Overseas Insurance and Reinsurance	—	100.0
Sompo Holdings (Asia) Pte. Ltd.	Singapore (Singapore)	August 1, 2008	790,761 thousand Singaporean dollars	Overseas Insurance and Reinsurance	—	100.0
Berjaya Sompo Insurance Berhad	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand Malaysian ringgits	Overseas Insurance and Reinsurance	—	70.0
Sompo Seguros S.A.	Sao Paulo (Brazil)	October 8, 1943	1,872,498 thousand Brazilian reals	Overseas Insurance and Reinsurance	—	99.9
Sompo Himawari Life Insurance Inc.	Shinjuku-ku, Tokyo	July 7, 1981	17,250 million Japanese yen	Domestic Life Insurance	100.0	—
Sompo Care Inc.	Shinagawa-ku, Tokyo	May 26, 1997	3,925 million Japanese yen	Nursing Care & Seniors	100.0	—
ND Software Co., Ltd.	Nanyo-shi, Yamagata	December 20, 2018	100 million Japanese yen	Nursing Care & Seniors	100.0	—
Sompo Warranty Inc.	Chiyoda-ku, Tokyo	August 20, 2009	95 million Japanese yen	Other (Extended warranty)	100.0	—
SOMPO Light Vortex, Inc.	Shinjuku-ku, Tokyo	July 1, 2021	12,198 million Japanese yen	Other (Digital-related)	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 Asset Management Co., Ltd.	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management)	100.0	—
Sompo Japan DC Securities Inc.	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million Japanese yen	Other (Defined contribution pension plan)	—	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	—
52 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 and Reinsurance	—	34.6
Palantir Technologies Japan K.K.	Shibuya-ku, Tokyo	October 15, 2019	5,432 million Japanese yen	Other (Software sales)	50.0	—
Tier IV, Inc.	Nakamura-ku, Nagoya city, Aichi	December 1, 2015	104 million Japanese yen	Other (Autonomous driving platform development)	27.7	—
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	100 million Japanese yen	Other (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	—
4 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.

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