

New Mid-Term Management Plan (FY2021-2023)

May 26, 2021
Sompo Holdings, Inc.



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Reference

Key Points of the New Mid-Term Management Plan (MTMP)

Key Points

SOMPO's Purpose and SDGs in business management

1. Establish the value SOMPO delivers to society through "A Theme Park for Security, Health & Wellbeing"
2. Create economic and social value through core businesses that contribute to addressing social challenges

Steady profit growth and unique business model



1. Steadily increase profit and enhance resilience of the insurance/nursing care businesses
2. Evolve into a solution provider leveraging the strengths of existing businesses with RDP*

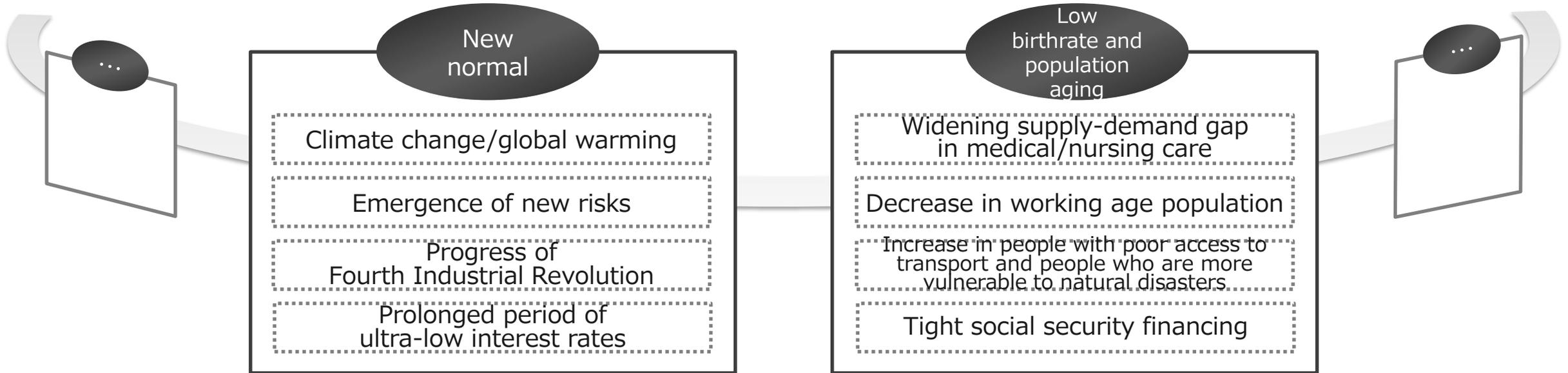
*Real Data Platform

Management targets and shareholder return

1. Become one of the world's most profitable and capital efficient companies (Adjusted consolidated profit ¥300bn+, Adjusted consolidated ROE 10%+)
2. Pursue basic policy of increasing dividends in line with profit growth and raise the ratio of dividends to total payout

External Environment

- Constantly changing external environment changed rapidly due to COVID-19
- SOMPO will transform to keep pace with changes and address growing social challenges over the long term



With/Post-COVID-19 changes

- New lifestyles
- Remote/non-face-to-face
- Increased importance of healthcare/nursing care
- Greater value of data

Prepare for uncertainty, acquire resilience

Digitalize business, conduct business remotely, utilize data

Long-term approach to addressing social challenges

Respond to new work style, remote work

Changes in social values

- Stakeholder capitalism
- ESG/SDGs
- Diversity

SOMPO's Purpose

- Define SOMPO's purpose of delivering value to society through "A Theme Park for Security, Health & Wellbeing"
- Deliver value to society, primarily by building ecosystems based on Real Data Platform

Management Philosophy

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

SOMPO's Purpose

Realize a society where everyone can enjoy a healthy and prosperous life in one's own way
 with **"A Theme Park for Security, Health & Wellbeing"**

The value SOMPO delivers to society

Protect people from future risks facing society

Provide preparedness for all types of risk

Prevent accidents and disasters,
 contribute to a resilient society

Create a healthy, happy future society

Provide solutions for healthy and happy lives

Contribute to a sustainable aging society

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

Foster the power to change future society through diverse talent and connections

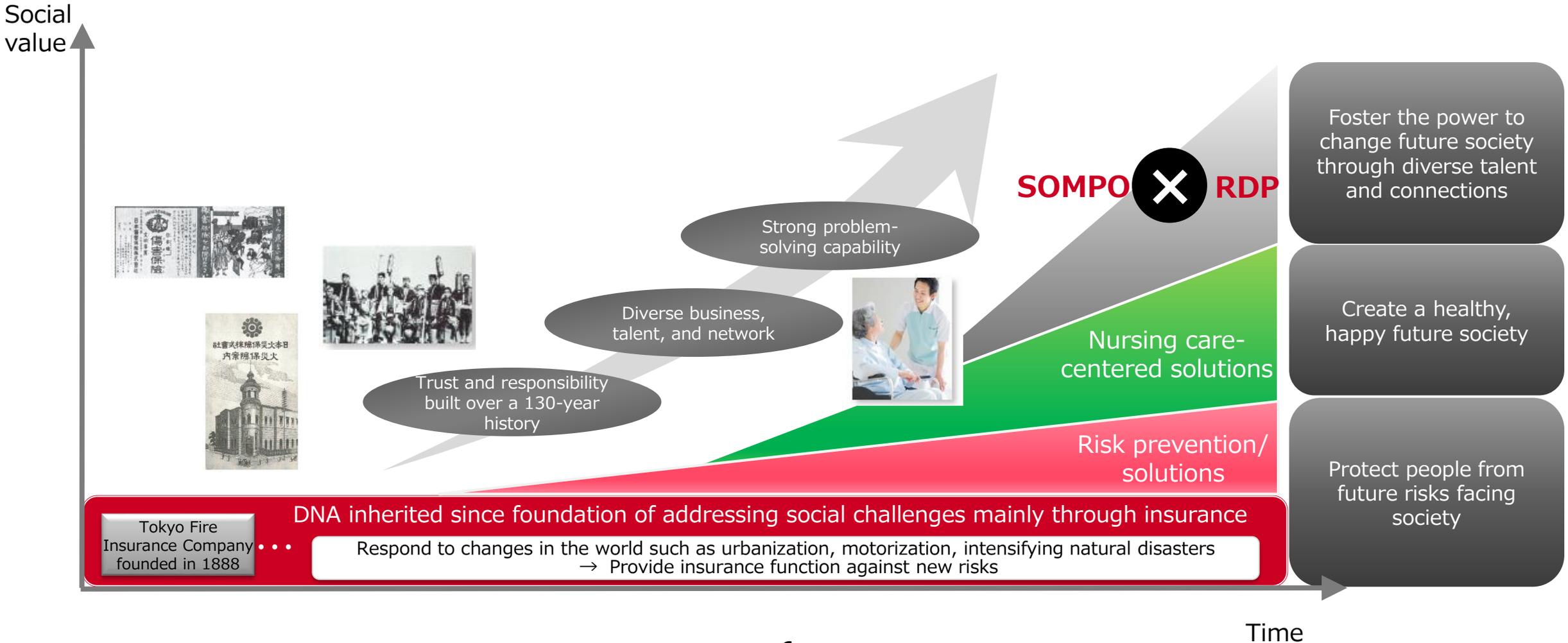
A group of talent
 who can change future society

Build a platform for partnerships towards creating value

 : Key themes for realizing our purpose (SOMPO's materiality)

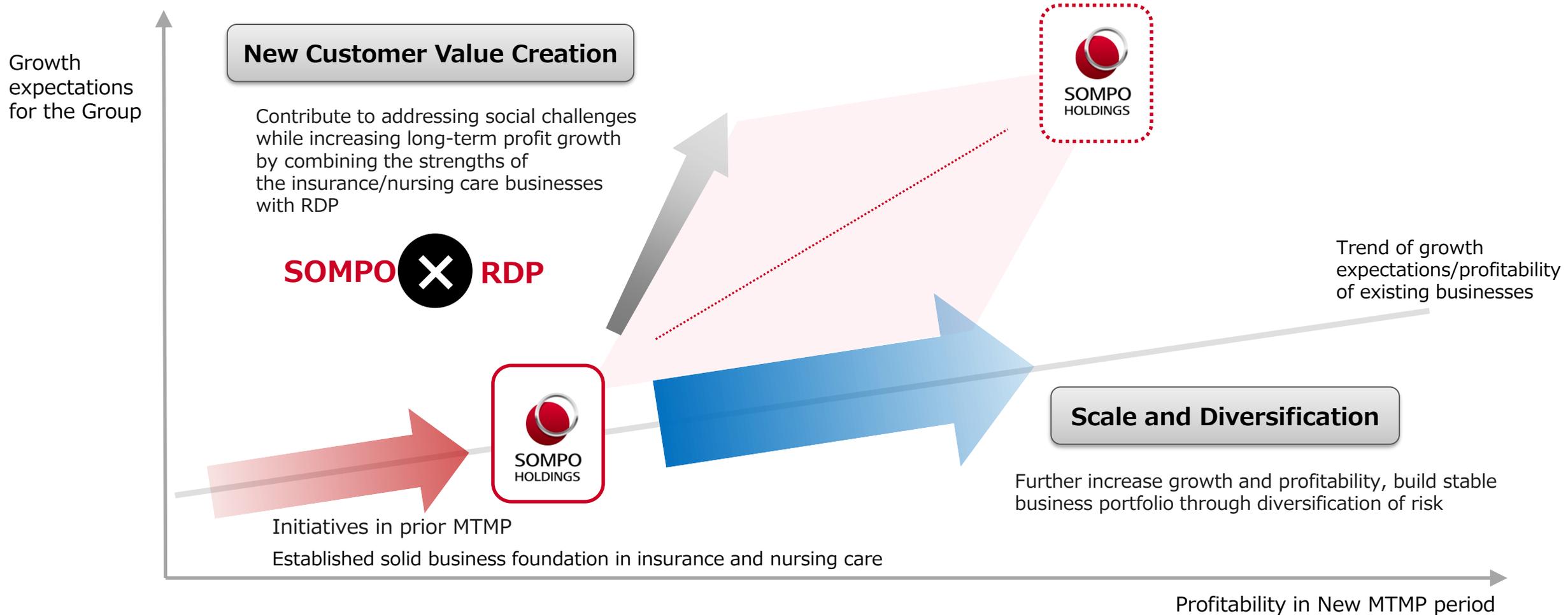
SOMPO's Challenge

- Seek to evolve into a solution provider that goes beyond the boundaries of insurance, with the DNA inherited since foundation of addressing social challenges mainly through insurance
- Leverage SOMPO's achievements to date and strengths to offer solutions to social challenges through a wide range of business activities



Enhancing Corporate Value

- Generate stable cashflow through further growth/higher profitability in the insurance/nursing care businesses
- Create new value for customers over the medium to long term, based on social challenges and new normal such as population decline, ultra low interest rates and the supply-demand gap in nursing care
- Enhance corporate value by addressing social challenges and following a steeper growth curve by leveraging the strengths of existing businesses and implementing RDP strategy that utilizes real data obtained from these



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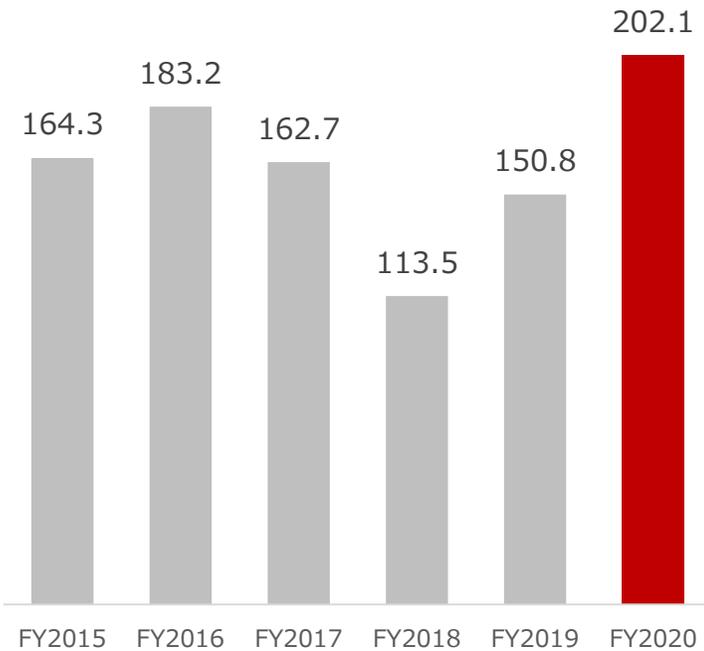
Reference

Review of Prior MTMP 1: Management Targets and Shareholder Return

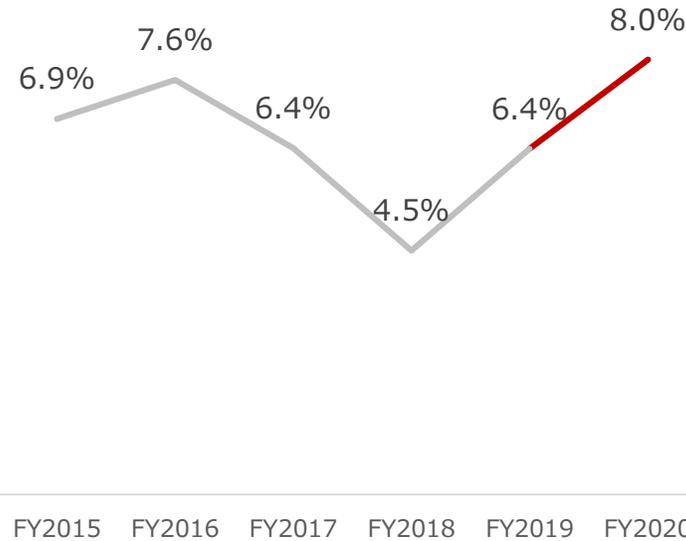
- Adjusted consolidated profit for FY2020 was a record high of ¥202.1 billion, and adjusted consolidated ROE met its 8.0% target.
- Steadily increased shareholder return with dividend increases for the eighth consecutive fiscal years (including planned dividend for FY2021) and the total payout amount for FY2020 was ¥101.1 billion

Adjusted consolidated profit

(Billions of yen)

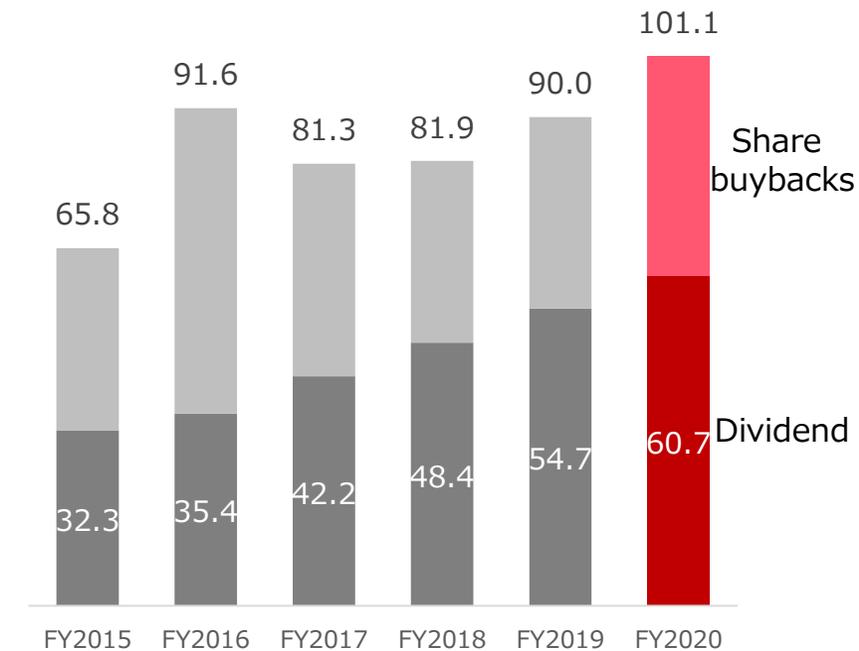


Adjusted consolidated ROE



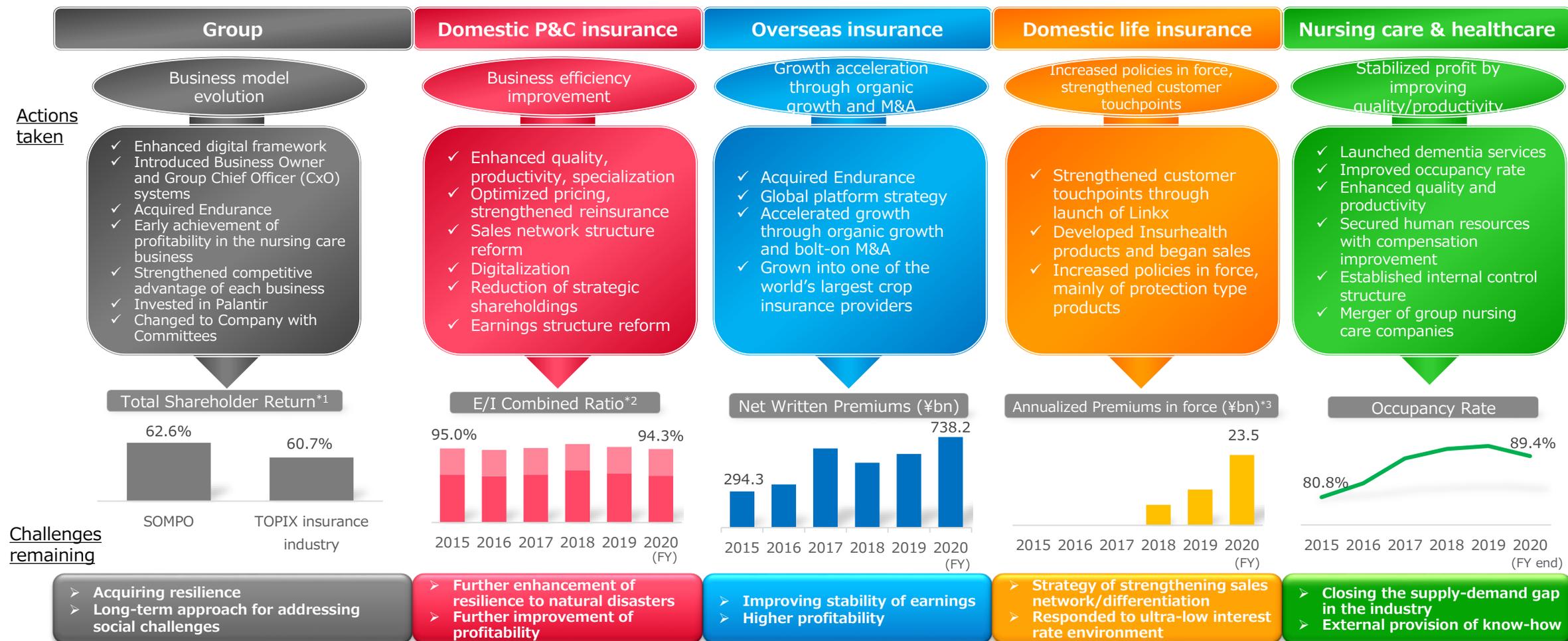
Shareholder return

(Billions of yen)



Review of Prior MTMP 2: Main Initiatives

- Steady progress in qualitative evolution towards realizing “A Theme Park for Security, Health & Wellbeing,” such as expansion of overseas business and the early achievement of profitability in the nursing care business
- Steadily implemented plan based on changes in the external environment and became closer to realizing “A Theme Park for Security, Health & Wellbeing”



*1 From announcement of prior MTMP (May 26, 2016) - March 31, 2021, source: Bloomberg *2 Sompo Japan (excl. CALI, household earthquake) E/I combined ratio (=E/I loss ratio + net expense ratio) *3 Insurhealth products (the same applies hereafter)

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Reference

SOMPO's Purpose and the New Mid-Term Management Plan

- Seek to acquire resilience and evolve into a solution provider that goes beyond the boundaries of insurance to realize the Group Management Philosophy
- Aim to realize "A Theme Park for Security, Health & Wellbeing" as the goals of the new Mid-Term Management Plan

SOMPO's Purpose

Protect people from future risks facing society

Create a healthy, happy future society

Foster the power to change society through diverse talent and connections

Three Core strategies

Scale and Diversification

New Customer Value Creation

New Work Style

New Mid-Term Management Plan

Goals

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

- Adjusted consolidated profit: ¥300bn+
- Adjusted consolidated ROE: 10%+
- Bring out risk diversification effect
- Solution provider that goes beyond insurance

Group Management Foundation

Capital policy/ERM

SDGs in business management

Governance

Management Targets

- Aim for adjusted consolidated profit of ¥300 billion+, adjusted consolidated ROE of 10%+ in FY2023
- Improve the risk diversification ratio and raise the overseas business ratio from the perspective of profit stability
- While the management targets are likely be achieved through organic growth, increase the probability of achieving these targets by executing M&As, given the uncertainties of natural disasters

Management targets

	FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted consolidated profit	¥202.1bn	¥205.0bn	¥300.0bn+ *
Adjusted consolidated ROE	8.0%	7.4%	10%+
Diversification effect	Risk diversification ratio	39.4%	Improve vs. FY2020
	Overseas Business ratio	14.9%	
New Customer Value Creation	-	-	30%+
			External sales/monetization of products/services (2 businesses or more)

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

Main KPIs

- In addition to adjusted profit by business, set top-line and profitability targets as KPIs
- In addition to setting targets for the Group's efforts to acquire resilience, set rough guides for our long-term approach to addressing social challenges

Domestic P&C				Overseas insurance			
	FY2020 actual	FY2021 forecast	FY2023 plan		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥130.1 billion	¥105.0 billion	¥150.0 billion+	Adjusted profit by business	¥30.0 billion	¥60.0 billion	¥100.0 billion+
Net written premiums*1	¥1,903.4 billion	¥1,929.3 billion	¥2,000.0 billion	Gross Written premiums growth rate*4	+ 37.8%	+ 10.2%	Around + 9% per annum
E/I combined ratio*1	94.3%	94.8%	91.7%	E/I combined ratio*4	97.8%	91.7%	88% range
Reduction of strategic shareholdings	¥70.3 billion	¥50.0 billion	¥50.0 billion (3-year cumulative total: ¥150 billion)				
Domestic life				Nursing care & seniors			
	FY2020 actual	FY2021 forecast	FY2023 plan		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥33.8 billion	¥32.5 billion	¥40.0 billion+	Adjusted profit by business	¥7.3 billion	¥6.5 billion	¥8.0 billion+
Annualized new premiums*2	¥298 billion	¥43.0 billion	¥50.0 billion	Net sales	¥131.8 billion	¥137.5 billion	¥162.0 billion
Number of policies in force	4.26 million	4.43 million	5.00 million	Occupancy rate*5	89.4%	90.8%	93.8%
Investment for ALM matching*3	-	¥300.0 billion	¥300.0bn/year (¥900.0bn in 3years)				
New Customer Value Creation							
FY2023 plan	External sales and monetization of products/services utilizing RDP		2 businesses or more	Medium- to long-term targets	Group revenue generated by the utilization of RDP		¥500.0 billion+

*1 Sompo Japan (excl. CALI, household earthquake) *2 Performance evaluation basis *3 30-year maturity equivalent *4 SI Commercial *5 At fiscal year end

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Reference

Core Strategy 1: Scale and Diversification - Acquiring Resilience

- To address climate change/global warming, ultra-low interest rate environment around the world, etc., accelerate initiatives for scale and diversification and enhance resilience further
- In Domestic P&C insurance, further increase profitability and strengthen the ability to generate cash flows by accomplishing earnings structure reform
- In Overseas insurance, enhance scale and diversification by increasing revenue and realizing high profit growth that reflected market hardening and by executing disciplined M&As

Climate change/global warming

Global ultra-low interest rate environment

Prepare for uncertainty, acquire resilience

Scale and Diversification

Domestic P&C insurance

Profit growth/stable cash flow generation by the pursuit of profitability

Growth rate of net premiums written*1

Approx. + 1.5% (per annum)*2

E/I combined ratio*1

91.7%

Overseas insurance

High profit growth through rate increases that reflected market hardening

Growth rate of gross premiums written*3

Approx. + 9% (per annum)*2

E/I combined ratio*3

88% range

Disciplined M&As

Domestic life insurance

Revenue growth by the cultivation of new customer segments with Insurhealth

Annualized new premiums*4

¥50.0bn

Policies in force

5.00 million

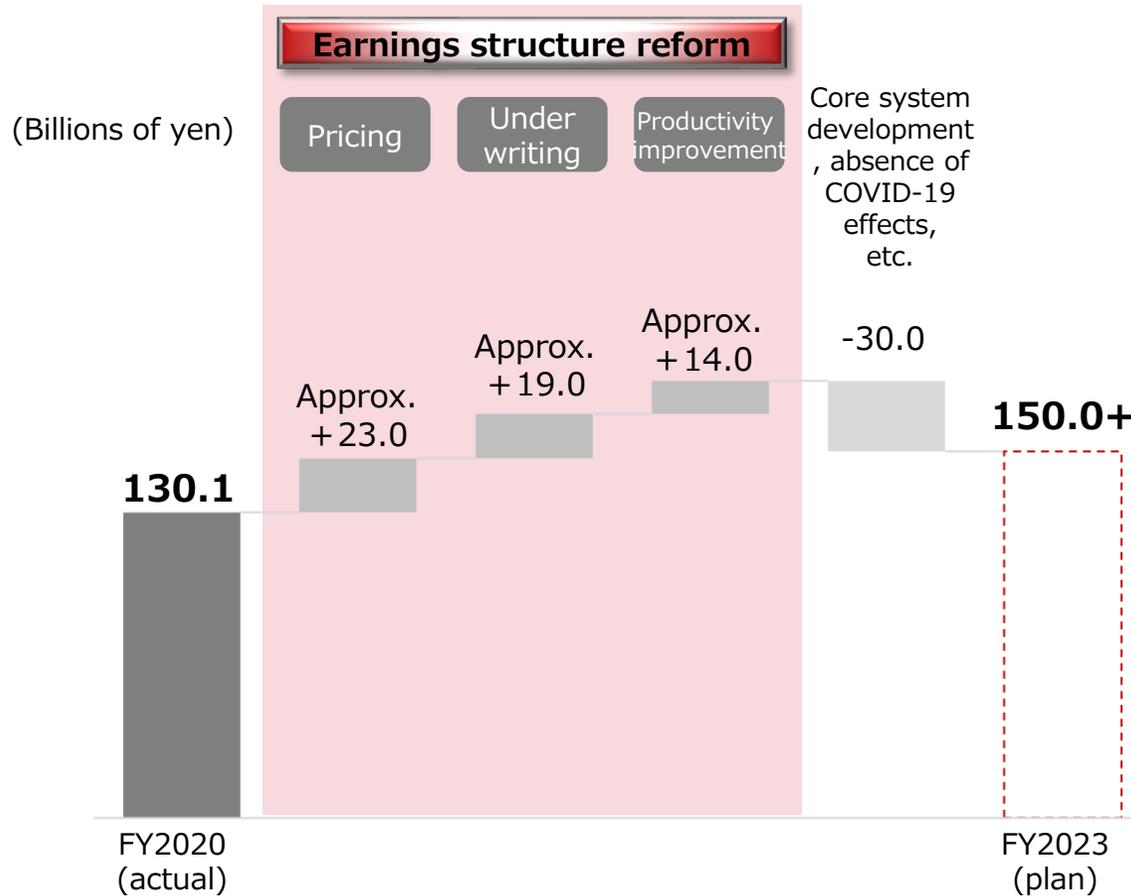
: FY2023 (plan) *1 Sampo Japan (excl. CALI, household earthquake)

*2 FY2021-2023 *3 SI Commercial *4 Sales performance basis

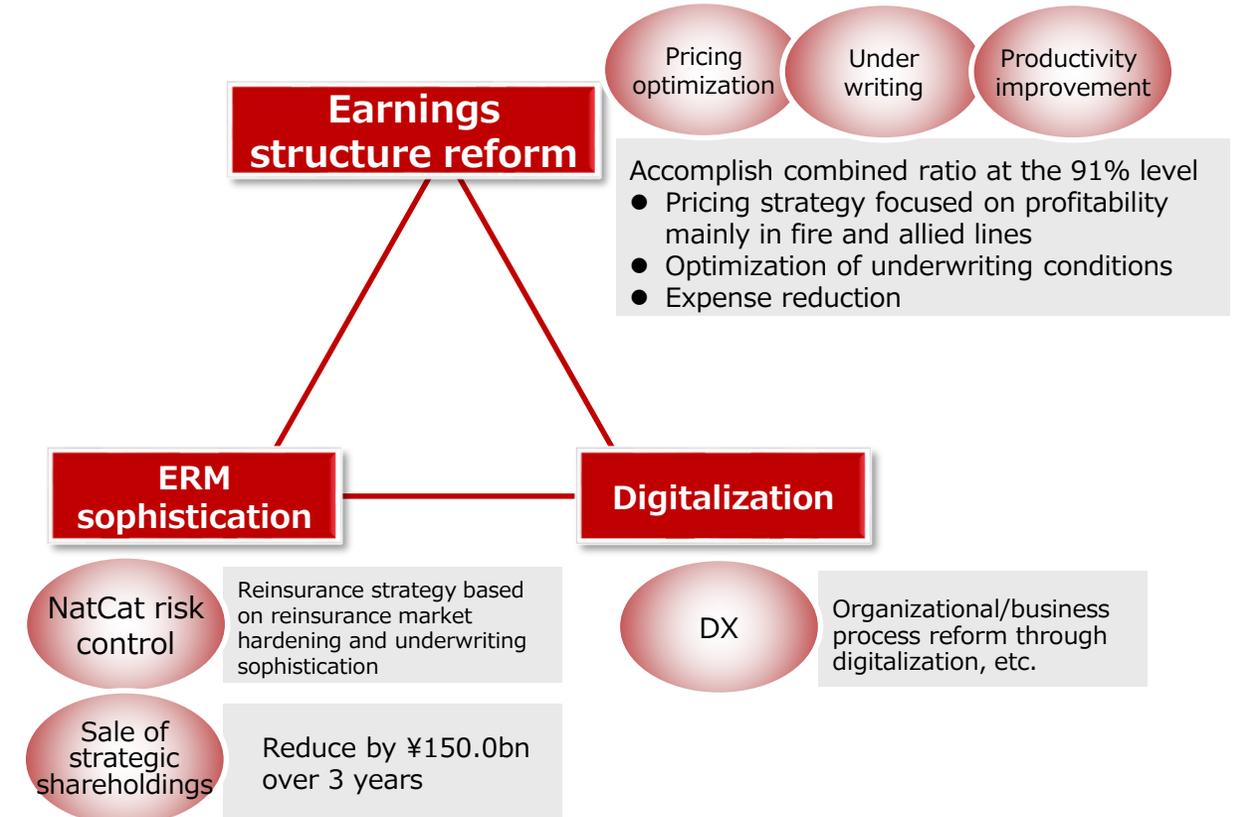
Core Strategy 1: Scale and Diversification - Domestic P&C Insurance

- Aim to increase profit by ¥57.0bn (after tax) by accelerating earnings structure reform with enhanced underwriting capability utilizing technologies
- Additionally, enhance resilience by improving productivity with digitalization, optimizing reinsurance strategy, continuing the sale of strategic shareholdings, etc.

Variation factors of domestic P&C insurance adjusted profit



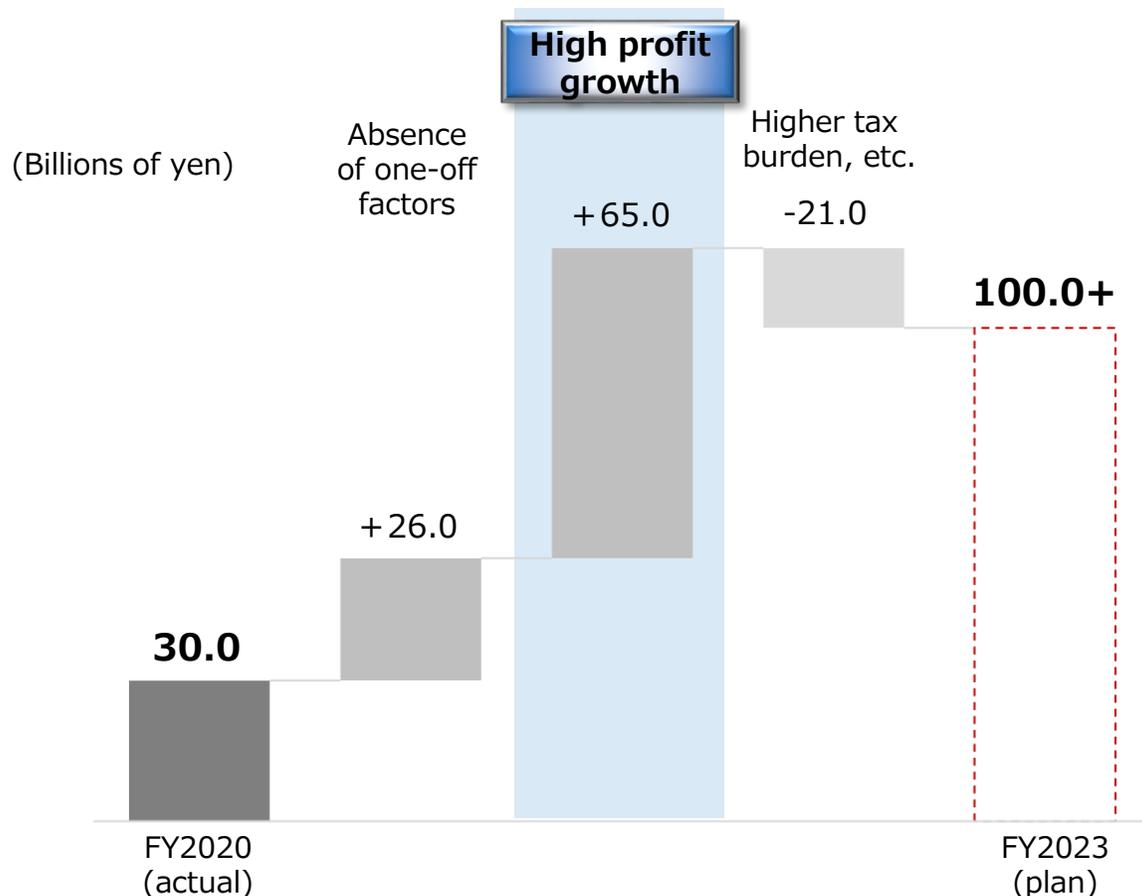
Main initiatives for raising resilience such as earnings structure reform



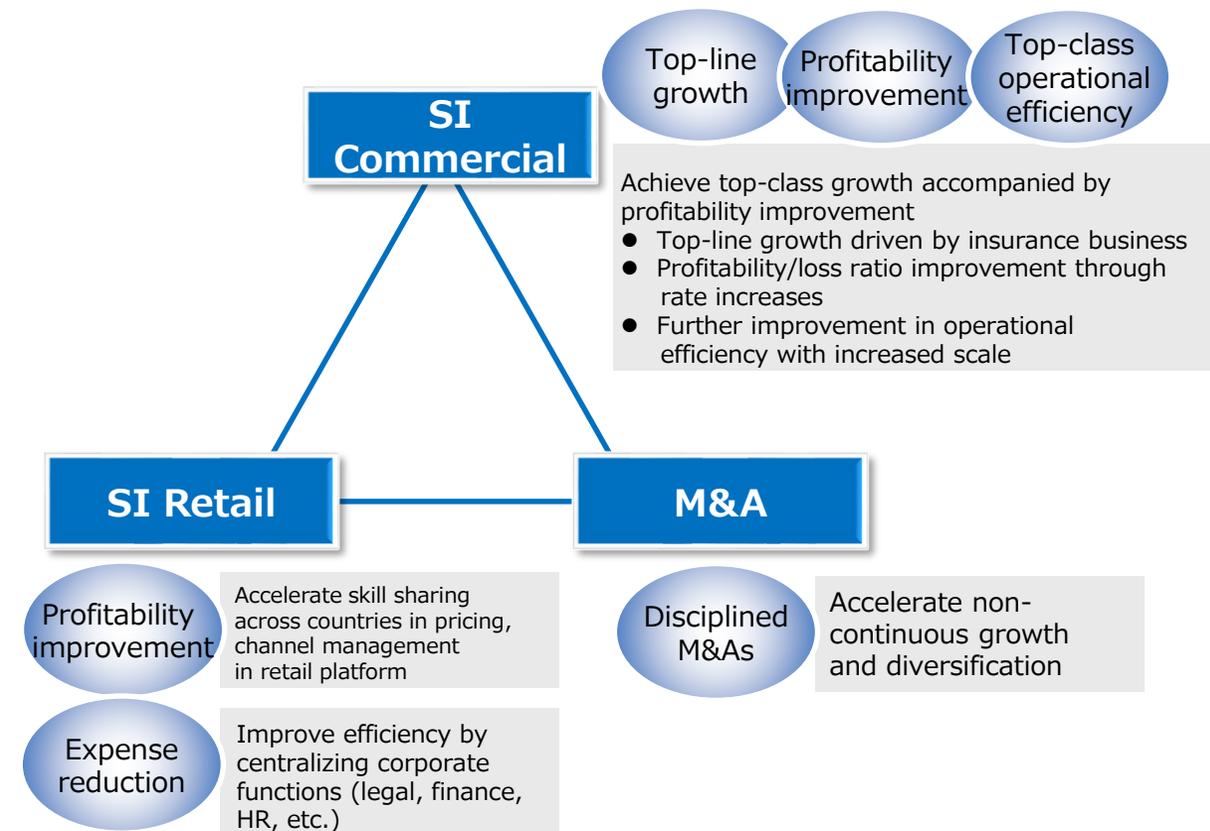
Core Strategy 1: Scale and Diversification - Overseas Insurance

- SI Commercial aims to be among the fastest growing companies in the industry accompanied by profitability improvement, taking advantage of the hardening market
- SI Retail aims to increase profitability by sharing best practices and centralizing corporate functions
- In addition, accelerate non-continuous growth and diversification by executing disciplined M&As

Variation factors of overseas insurance adjusted profit

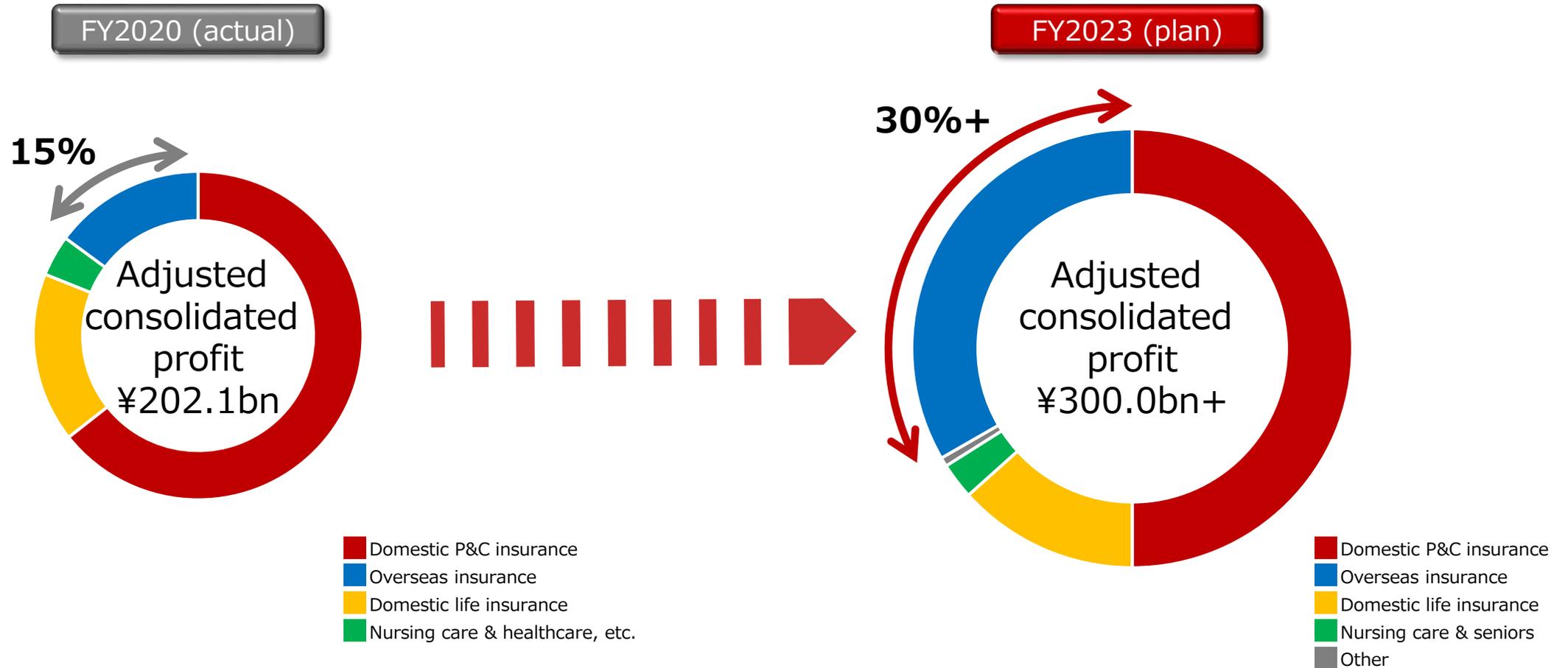


Main initiatives towards high profit growth



(Reference) Changes in Business Portfolio

- Aim to maintain the ratio of overseas insurance business to total portfolio at around 30%+ through scale and diversification efforts



Core Strategy 2: New customer value creation -SOMPO×RDP-

- Develop Real Data Platform (RDP) as a framework to benefit society by contributing to addressing social challenges
- SOMPO will be the hub by leveraging the strengths in real data obtained from existing businesses and partner firms' know-how and technology to provide subscription-based software and solutions externally
- Contribute to addressing social challenges and increase profits in the medium and long term by increasing profits in existing businesses and creating entirely new customer value through business collaboration with mechanism for creating connections with new customers and process for ultimately building ecosystems towards social implementation

New customer value creation

SOMPO's strengths

Leading player in the insurance and nursing care businesses

20 million insurance customers

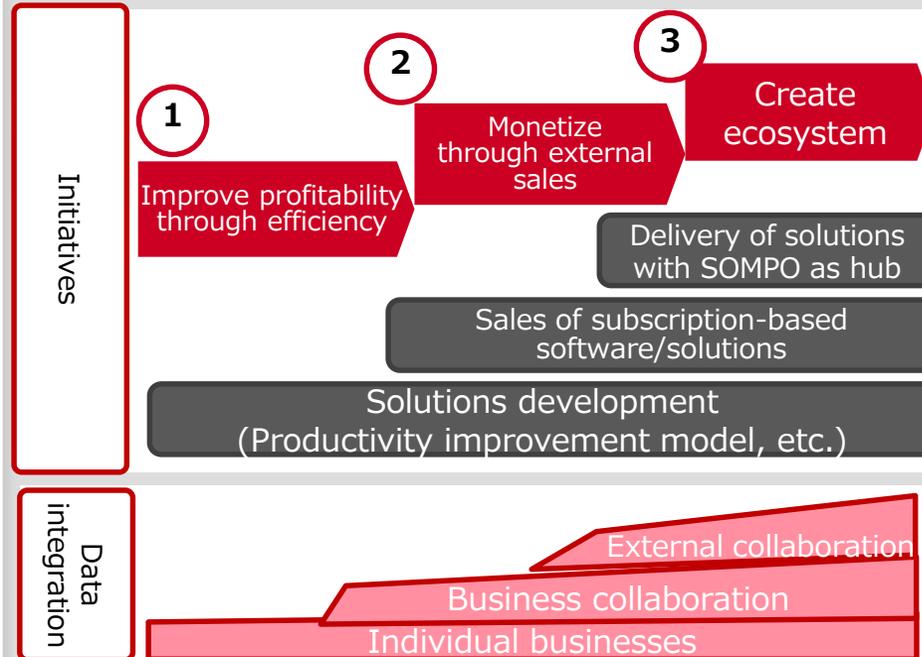
100,000 nursing care user data

60,000 employees

Know-how/data networks

Companies with know-how

RDP development process



Social challenges facing SOMPO

New normal

Low birthrate and population aging

Contribution to addressing social challenges

Business size (revenue)

Aim for ¥500.0bn+ in the medium to long term

Core Strategy 2: New customer value creation -Focus Areas and Progress-

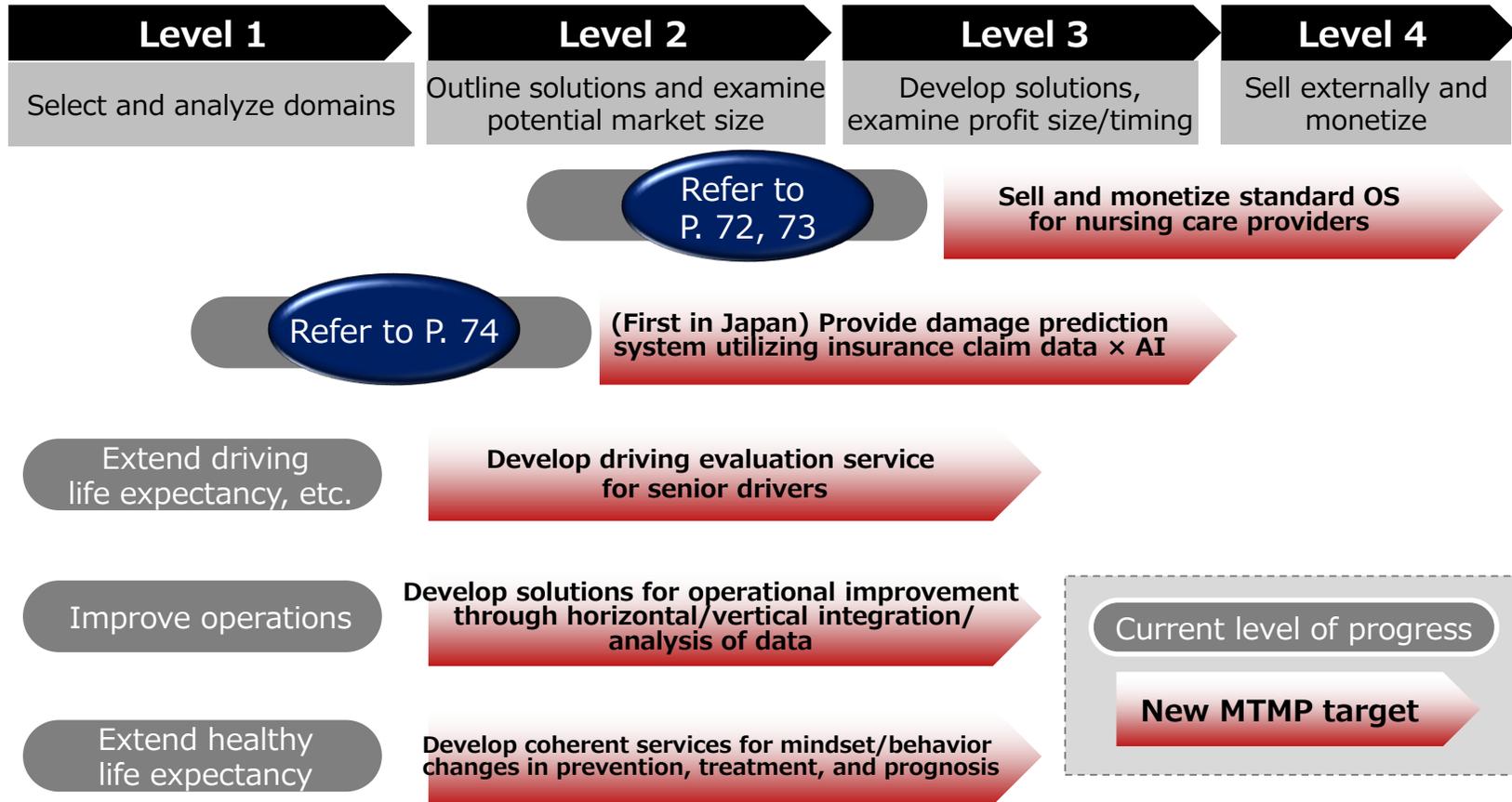
- Selected five domains to focus on from the perspective of SDGs and a Theme Park for Security, Health & Wellbeing in light of social value and data held by SOMPO, and aim for early delivery of solutions with external sales and monetization in each domain
- Leverage SOMPO's strengths (data, networks, know-how, talent) to pursue further growth in these domains

SOMPO X RDP

Early delivery of solution: External sales and monetization

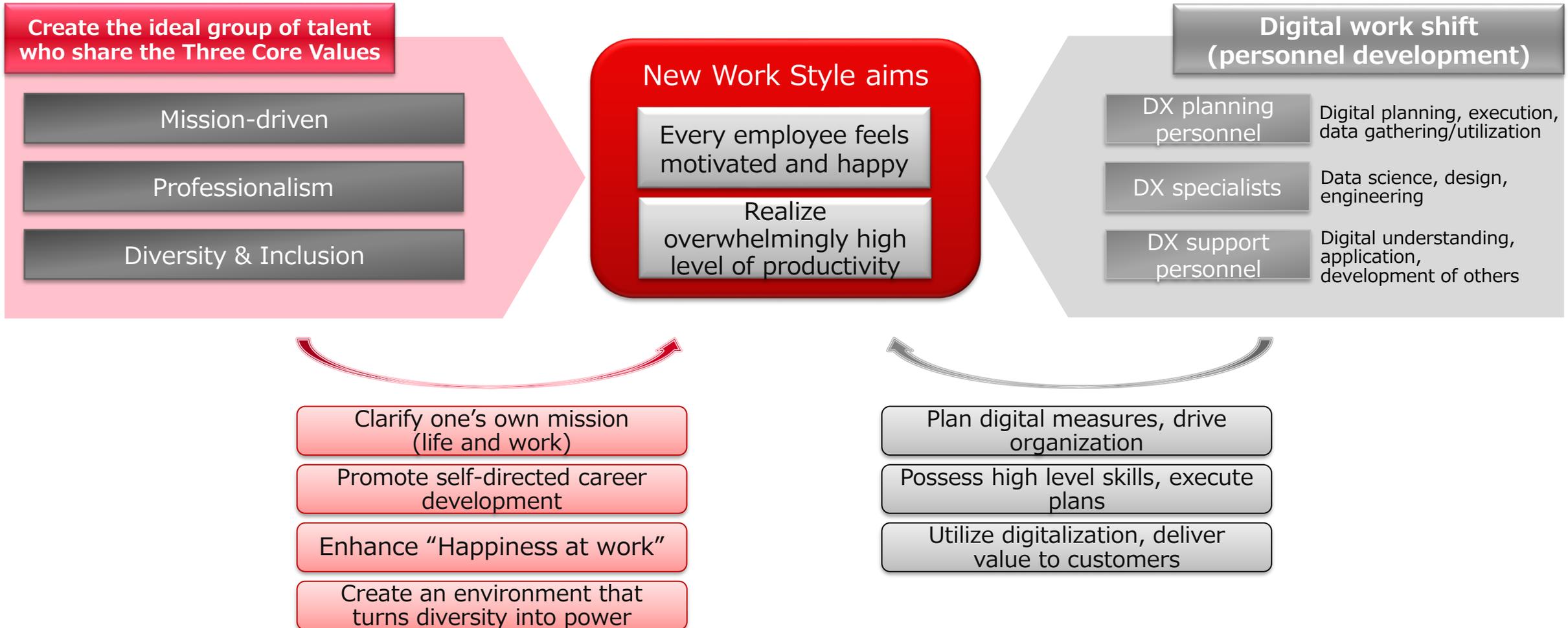
Further growth in domains leveraging strengths

Business	Domain
Nursing Care & seniors	Nursing care Improve quality in nursing care industry (operational/vital/care data)
Domestic P&C insurance	Disaster prevention & mitigation Minimizing the extent of damage through disaster forecasting (insurance policy/insurance claims/disaster data)
	Mobility Optimize services to people with poor access to transport (self-driving OS/accident/insurance claims data)
Overseas insurance	Agriculture Increase farmers' operational efficiency and profits (crop insurance data on soil/weather/yield, etc.)
Domestic life insurance, nursing care & seniors, digital healthcare	Healthy aging Extend healthy life expectancy through a data-driven approach (life insurance/healthcare related data)



Core Strategy 3: New Work Style

- Promote new work style to increase engagement and happiness of employees, and achieve an overwhelmingly high level of productivity
- For this, promote the creation of the ideal group of talent who share the Three Core Values, digital work shift, and new work style in each business



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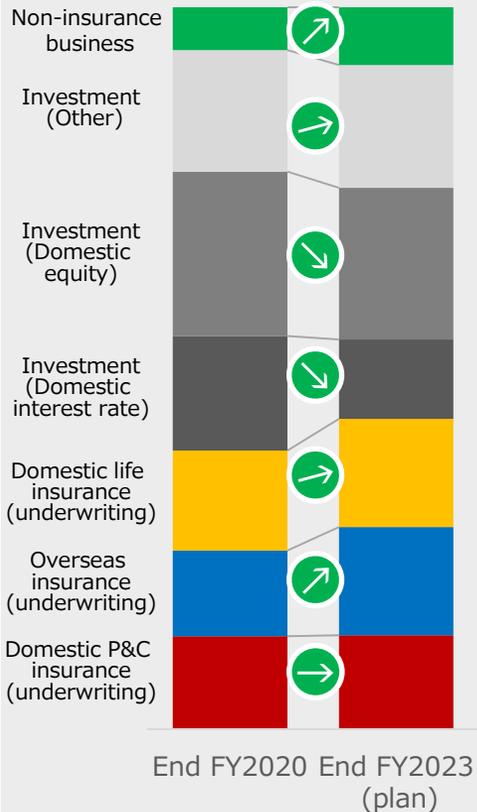
Reference

Enhancing Capital Efficiency

- Aim to further enhance group capital efficiency by reducing risks in areas with low risk-return, such as through the reduction of strategic shareholdings (around ¥150.0bn over 3 years) and interest rate risk, improving capital efficiency in existing business, and allocating capital to businesses with high capital efficiency

Achieve capital efficiency exceeding capital cost

Direction of risk



Reduce risk in areas with low capital efficiency



Enhance capital efficiency in existing business

Increase ROE in each business by risk reduction and organic growth

Aim to achieve adjusted consolidated ROE target by setting and periodically examining ROE targets for each business

Growth investment in areas with high capital efficiency

Disciplined investment in businesses with high capital efficiency

Contribute to scale and diversification
Increase profits and enhance stability of profit

Contribute to new value creation
Increase long-term growth

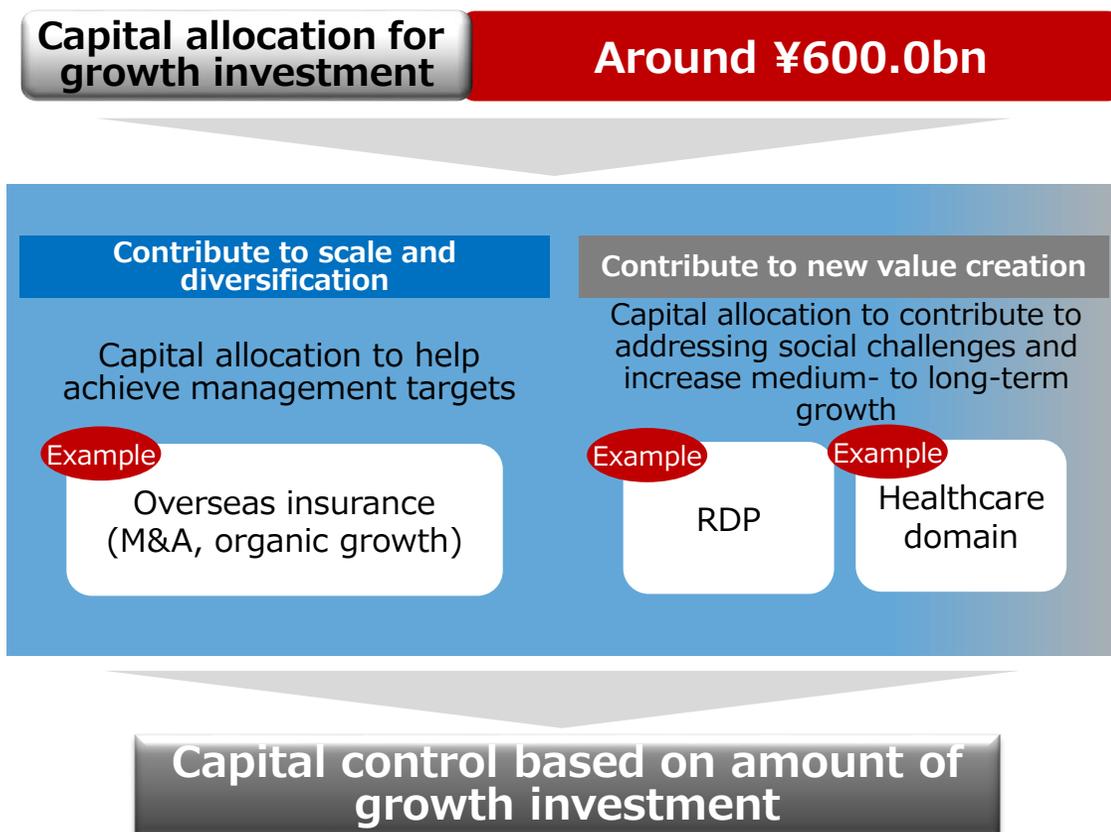
Achieve adjusted consolidated ROE of 10%+

Achieve capital efficiency greater than capital cost (around 7%)

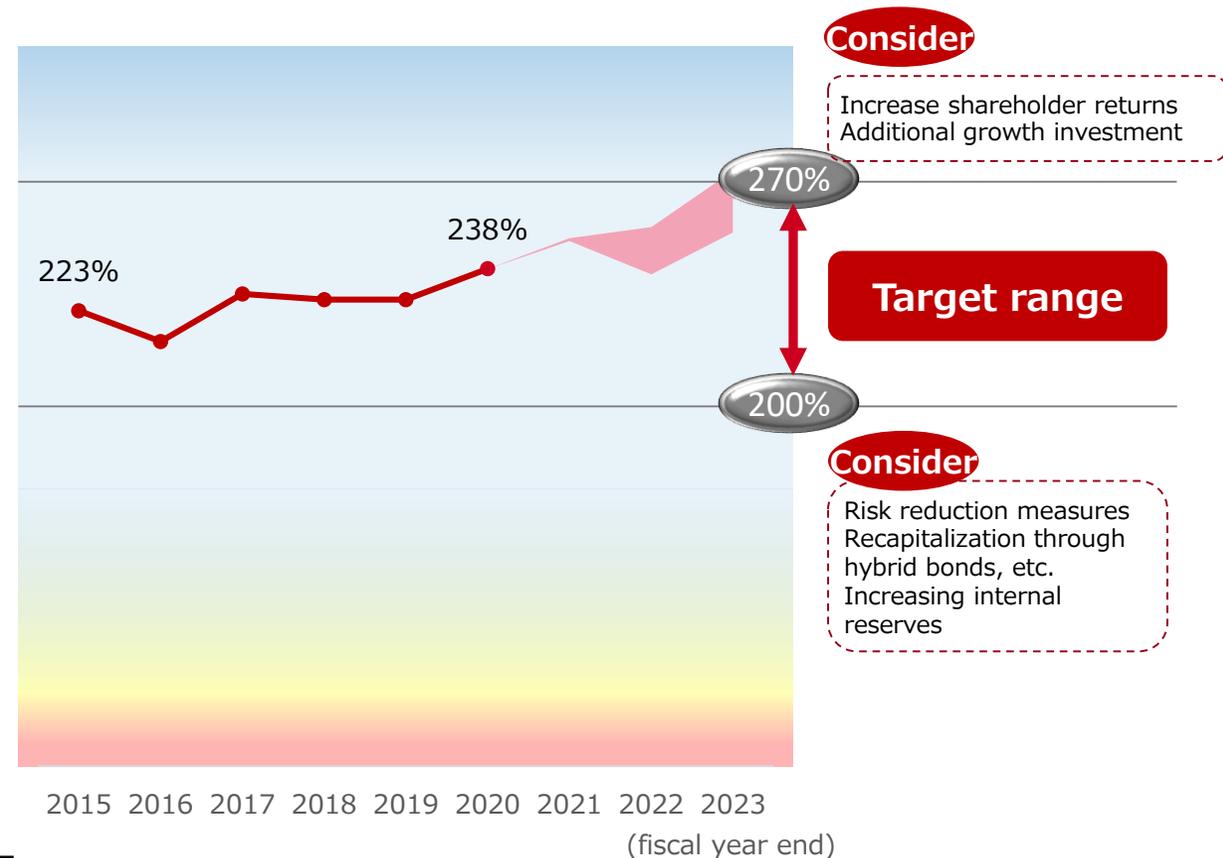
Capital Allocation for Growth Investment and ESR Target Range

- Capital allocation for growth investment is assumed to be around ¥600.0bn. Aims to help achieve management targets and increase long-term growth
- Change ESR target range to 200-270% (previously 180-250%) considering the amount of capital allocated for growth investment, maintaining credit ratings
- While carrying out disciplined growth investment, consider increasing returns to shareholders if ESR exceeds 270%

Capital allocation for growth investment and key areas



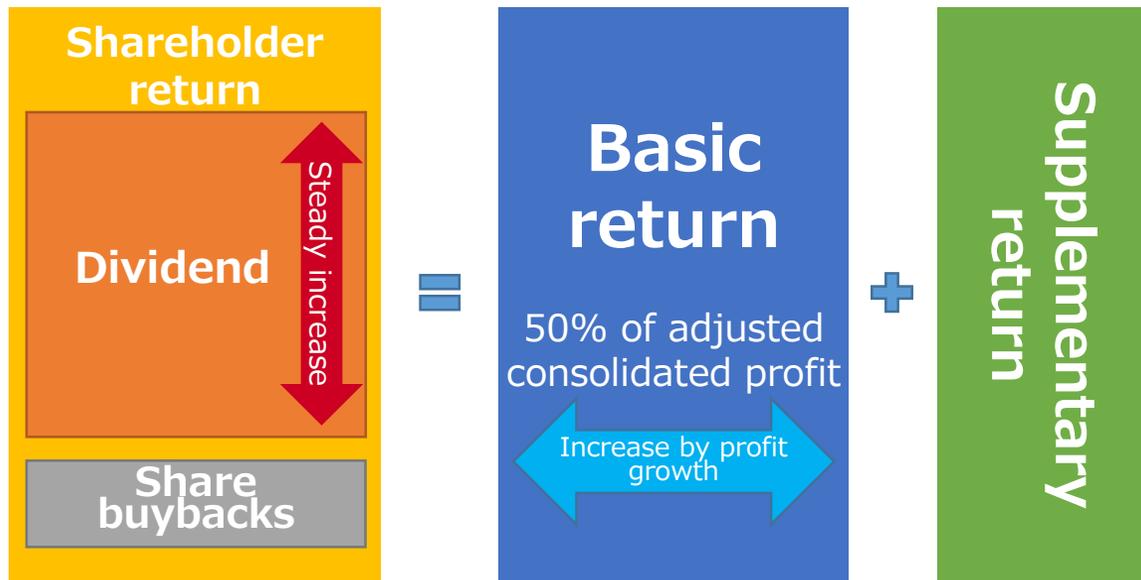
ESR trend and target range



Shareholder Return Policy

- Pay out 50% of adjusted consolidated profit as basic return and provide supplementary return depending on financial performance, market environment, and capital situation
- Our basic approach is to increase dividends in line with profit growth and increase the ratio of dividends to total payout

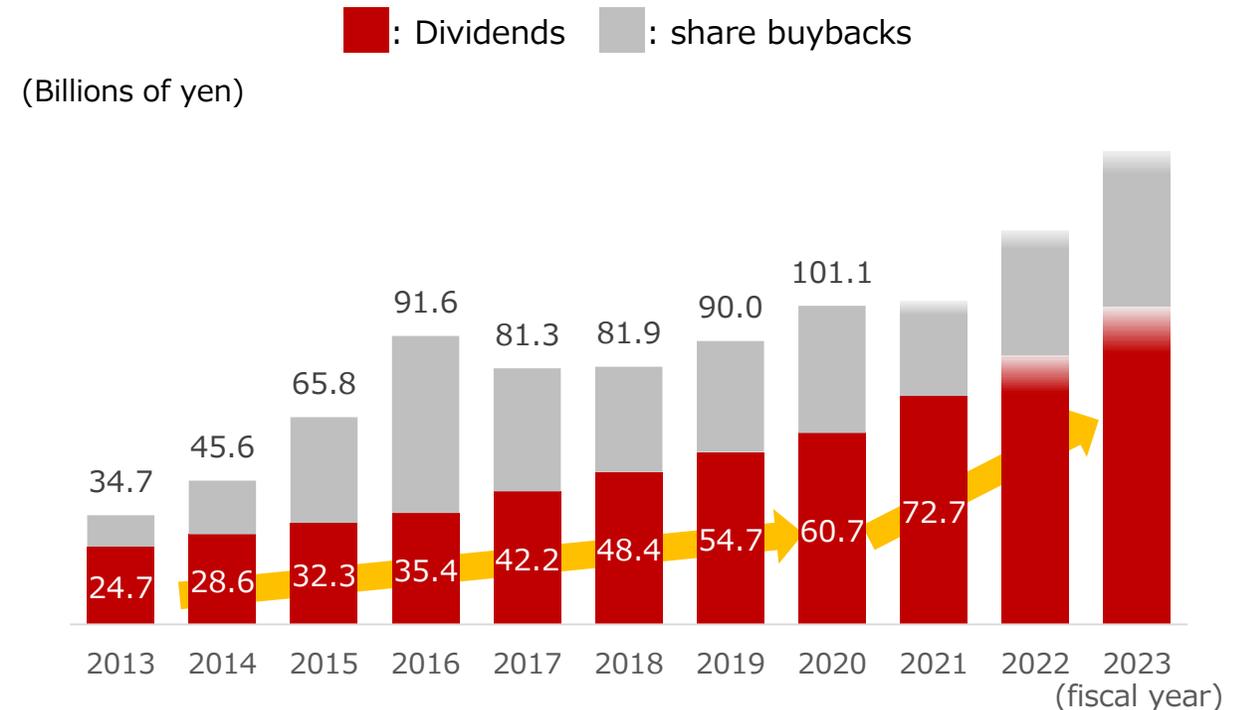
Shareholder return policy



Pay supplementary returns in the following cases based on risk and capital situations and future outlook. Cases for supplementary returns include:

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

History of shareholder returns*1



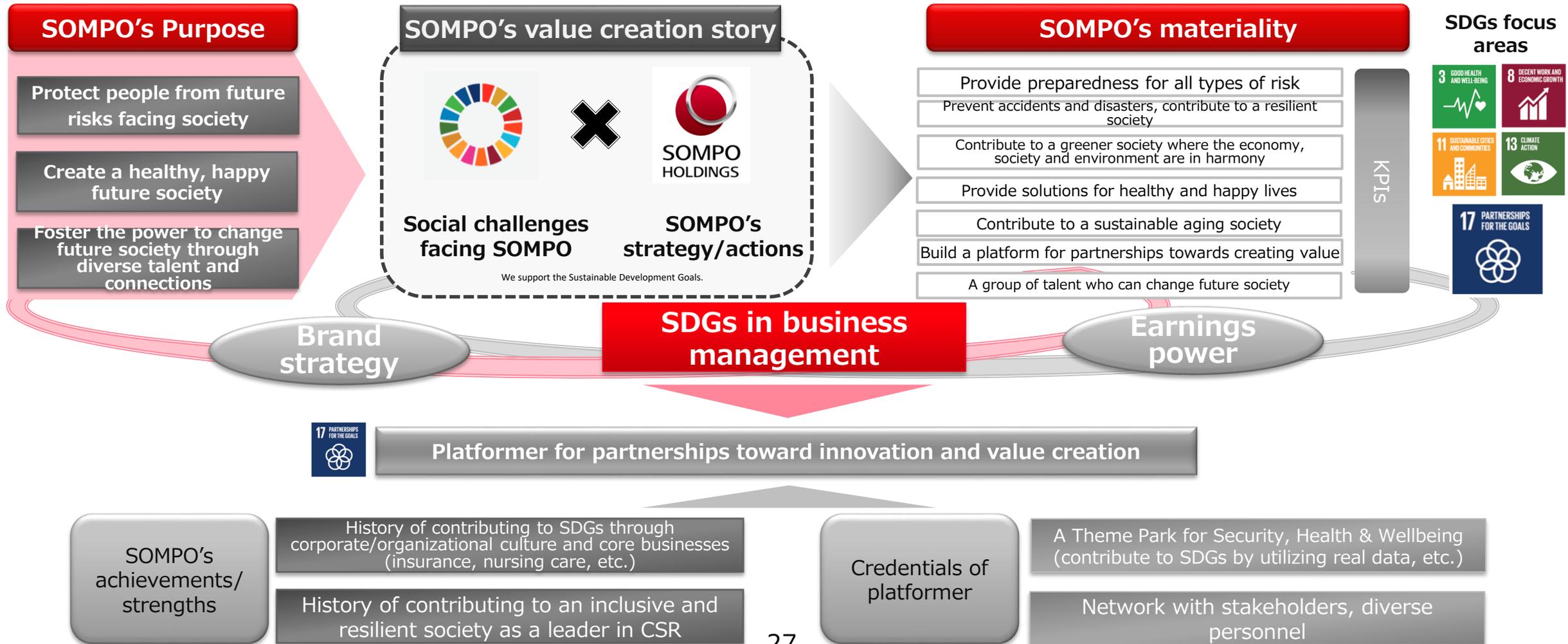
DPS *2	¥60	¥70	¥80	¥90	¥110	¥130	¥150	¥170	¥210
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*1 FY2021 onwards are rough estimates.

*2 DPS(FY2021): forecast

SDGs in Business Management

- For the social challenges, strategies and actions to be taken to realize SOMPO's Purpose, set materiality/KPIs and incorporate these into the management framework, objectively evaluate the results with reference to the SDGs, a common global language, to practice "SDGs in business management", and create social/economic value
- Leverage the credentials of platformer for social changes with a history of and strengths in contributing to the SDGs through core businesses as much as possible to realize sustainable growth



(Reference) SDGs in Business Management: SOMPO Climate Action

- SOMPO’s strengths lie in our achievements and history of tackling global environmental issues since the 1990s, which has been highly recognized by multiple stakeholders. We will implement measures against climate change by linking SOMPO’s strengths with partnership strategy
- As a measure against climate change, we will implement SOMPO Climate Action with 3 undertakings:
 - Adapt to climate change, 2. Mitigate climate change, 3. Contribute to the transformation of society

SOMPO Climate Action

1. Adapt to climate change

Help enhance societal resilience by developing/ offering products/services through collaboration

- Contribute to sustainable agriculture with AgriSompo
- Develop products/new businesses for disaster prevention & mitigation
- BCP support service for companies

2. Mitigate climate change

Achieve net zero group GHG emissions (by 2050)

- Group’s introduction of renewable energy (60% by 2030)
- Sustainable procurement that considers biodiversity
- Develop products/new businesses for the promotion of clean energy
- Service for promoting decarbonization for companies

3. Contribute to societal transformation

Support the transition of society by collaborating with stakeholders, such as NGOs, and engaging as financial institution

- Engagement with investee companies
- Proactive involvement in rule making, policy advocacy
- Develop environmental personnel

Together with stakeholders, aim to realize an inclusive and resilient carbon neutral society where people and nature are in harmony



SOMPO’s strengths

-Addressing global environmental issues for 30 years ahead of our time-

Management understanding/ leadership since the 1992 Rio summit

Climate change adaptation measures utilizing risk management

Relationship of trust with NGOs, experts, etc., built through collaborative projects, the Group’s Environment Foundation, etc.

Built “Green SOMPO” brand through product development with consideration for ESG (underwriting, green funds, etc.), and environmental education for students/citizens



Policy for SDGs in business management -A partnership platformer-

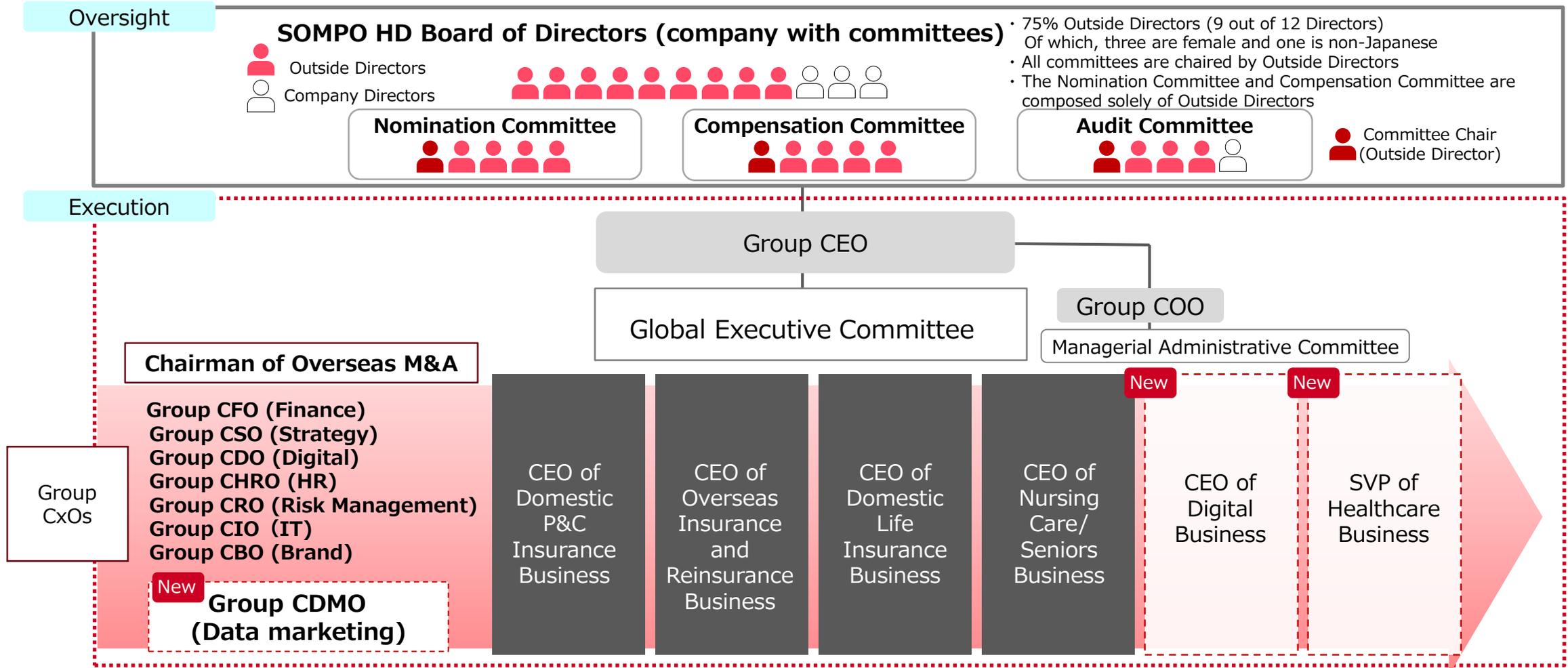
A Theme Park for Security, Health & Wellbeing (Contribution to SDGs utilizing real data, etc.)

Network with stakeholders

Diverse personnel

Corporate Governance

- Maintain a governance structure by which the Board of Directors mainly composed of Outside Directors oversee business execution
- Added digital and healthcare to business segments and the Group CDMO (Data Marketing) to realize “A Theme Park for Security, Health & Wellbeing”



Next CEO of Overseas Insurance and Reinsurance Business

Release

SOMPO HOLDINGS NEWS RELEASE
A Theme Park for Security, Health & Wellbeing

May 25, 2021
Sompo Holdings, Inc.

Notice of Change in Executive Officers

Sompo's Overseas Insurance and Reinsurance Business saw its top line grow to \$12 billion dollars, making a significant leap forward and positioning the business for continued growth into the future. We credit this achievement to the disciplined underwriting culture and the robust governance structure established under the great leadership of John R. Charman, CEO of Overseas Insurance and Reinsurance Business over the past four years since the acquisition of Endurance in 2017.

We would like to take this opportunity to announce that John R. Charman will retire at the end of March next year. The timing for this transition is appropriate given that the transformation of Sompo International is sufficiently progressed having achieved the scale and relevance necessary to compete and win in the global insurance and reinsurance market. In addition, Sompo International has assembled the most talented staff in the industry, has a very strong and experienced leadership team and a succession plan that is now in place to drive even stronger growth and superior results going forward. With these goals accomplished and over 50 years in the insurance industry, John decided that he would like to retire at the end of his current contract and spend more time with his family.

The executive management team of the Sompo Group including Kengo Sakurada, the Group CEO of Sompo Holdings Inc. and John R. Charman, have been engaged for some time now in a process to identify candidates for the successor to the CEO of Overseas Insurance and Reinsurance Business that are fit to lead the Overseas Insurance and Reinsurance Business and who aspire to further growth and even greater success in the future. As a result of this process, the below-mentioned extremely qualified candidate has been selected. After being proposed to the Nomination Committee and the Committee's resolution of the appointment of the candidate, the appointment has been resolved at the Board of Directors subject to regulatory approvals. Accordingly, the following notice is given.

1. Change in Executive Officer
[Effective September 1, 2021]

(New Title)	(Name)	(Current Title)
Executive Officer	John R. Charman	CEO of Overseas Insurance and Reinsurance Business Executive Officer

*Mr. John R. Charman will retire from Executive Chairman of the Board of Directors of Sompo International Holdings Ltd. effective on the same date.

2. Appointment of Executive Officer
[Effective September 1, 2021]

(New Title)	(Name)	(Current Title)
CEO of Overseas Insurance and Reinsurance Business Executive Officer	James Shea	—

*Mr. James Shea will be appointed Executive Chairman of the Board of Directors and Chief Executive Officer of Sompo International Holdings Ltd. subject to regulatory approvals, effective on the same date. *Mr. Mikio Okumura will retire from Chief Executive Officer of Sompo International Holdings Ltd. and will be appointed Vice Chairman of Sompo International Holdings Ltd. effective on the same date. In addition, he will continue to serve as Senior Executive Vice President and Executive Officer and Group Co-Chief Strategy Officer of Sompo Holdings, Inc.

End of document

Brief background of Mr. Shea



At Zurich
CEO Commercial Insurance
(with 9,000 employees)

President of Global Specialty Lines
Regional President for
Central Europe and CIS

At AIG
Careers as an underwriter in
Europe, Asia, and the U.S.

Began career with several banks
in the U.S. and Canada

I. Key Points of New Mid-Term Management Plan

II. Review of Prior Mid-Term Management Plan

III. New Mid-Term Management Plan

1. Overview

2. Three Core Strategies

3. Group Management Foundation

4. Business Strategies

(1) Domestic P&C Insurance

(2) Overseas Insurance

(3) Domestic Life Insurance

(4) Nursing Care & Seniors

(5) Digital/Healthcare

(6) RDP

(7) Investment Strategy

Reference

Review of Prior Mid-Term Management Plan



Pursued top-line growth as in the past

Started far-sighted structural reforms

From FY2016

Do the right thing

- ◆ Customer-oriented/frontline-driven (Headquarters reform)
- ◆ Delegation of authority to the frontline

From FY2017

To become a better company

- ◆ Zero-based work review
- ◆ Channel innovation
- ◆ 3 missions: quality, productivity, specialization

From FY2018

New challenges

- ◆ Creation of new business models and new businesses by the Strategic Business Design Department and Business Creation Department

Enhanced adaptability to change

Enhanced profitability

Built a foundation for the future

- Corporate culture change (**Spirit**)
- Change in value standards
- Profits
- Personnel development (Revision of HR system, Sompo Japan University)
- New work style/operational process
- ERM

Started structural reforms

- Earnings structure reform (including personnel structure reform) (CR 91%/zero-based review + AI/RPA)
- Sales network structure reform (CI+G*)

New challenges

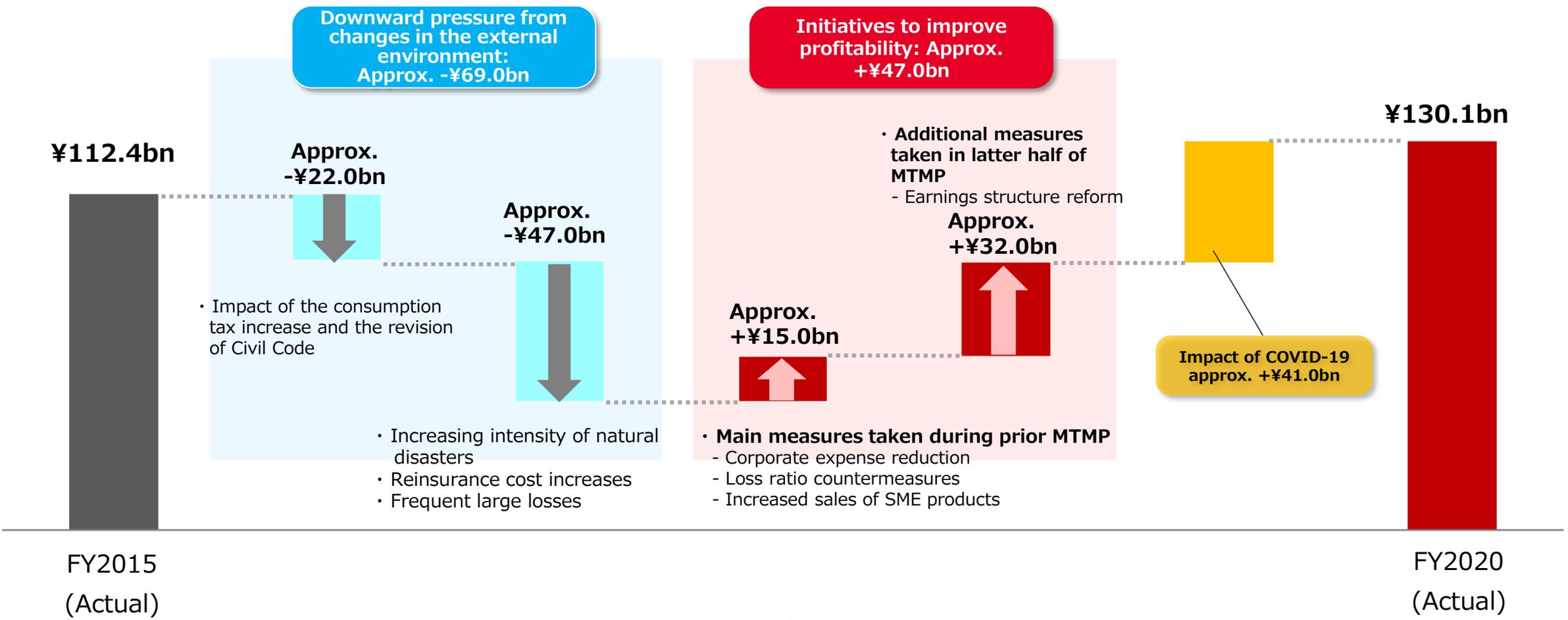
- Development of new business (MaaS/Disaster prevention & mitigation/Self-driving vehicles, etc.)
- Development of new products and services (Next Retail PT/New Solution PT)

Acceleration of growth strategy

Key Achievements of the Prior Mid-Term Management Plan

- During the prior Mid-Term Management Plan, we steadily implemented a range of measures to improve profitability
- Initiated further reforms of earnings structure and strengthened the fundamentals in light of abrupt changes in the environment such as the increasing intensity of natural disasters

Adjusted profit (FY2020 actual vs. FY2015)



Earnings Structure Reform Results

• Efforts on pricing optimization, underwriting, productivity improvement with digitalization resulted in greater gains than planned

Earnings structure reform (including personnel structure reform)

Pricing optimization

+¥11.2bn

- Pricing strategy that emphasizes profitability, such as optimizing group discounts for corporate employees and setting rates based on age
 - Automobile insurance: Jan. 2020 approx. +3%
 - Fire and allied lines: Oct. 2019 approx. +7%
 - Jan. 2021 approx. +8-9%

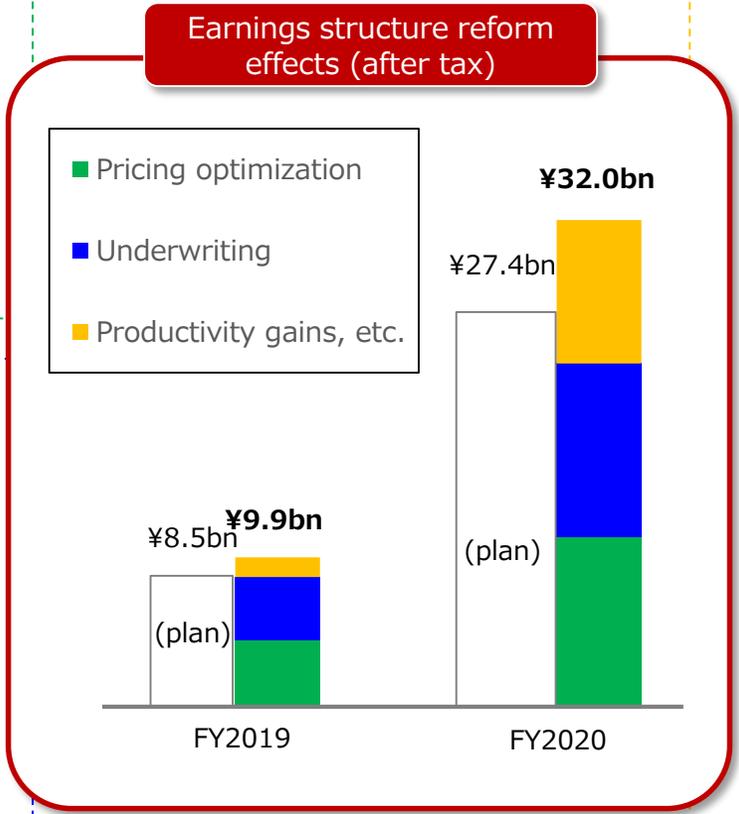
Underwriting

+¥11.4bn

- Optimized rates and underwriting conditions for high-loss agencies and corporate policies
- Accident prevention support

Effect of high-loss policy countermeasures

Fiscal Year	Effect of high-loss policy countermeasures (¥bn)
FY2019	4.0
FY2020	9.8



Productivity improvement

+¥9.4bn

- Advance sales network structure reform
- Digitalization (AI/RPA)/zero-based work review
 - FY2019 reduction in deemed working hours was 3.11 million work hours
 - FY2020: 3.5 million work hours
 - Workload reduction: approx. 300 tasks

Headcount*

4,070 fewer people

Start Date	Headcount
FY2017 start	25,372
FY2019 start	24,311
FY2020 start	21,302

Figures in dark grey boxes are the after-tax effects that appeared in FY2020

*Based on employees engaged in Sompo Japan operations

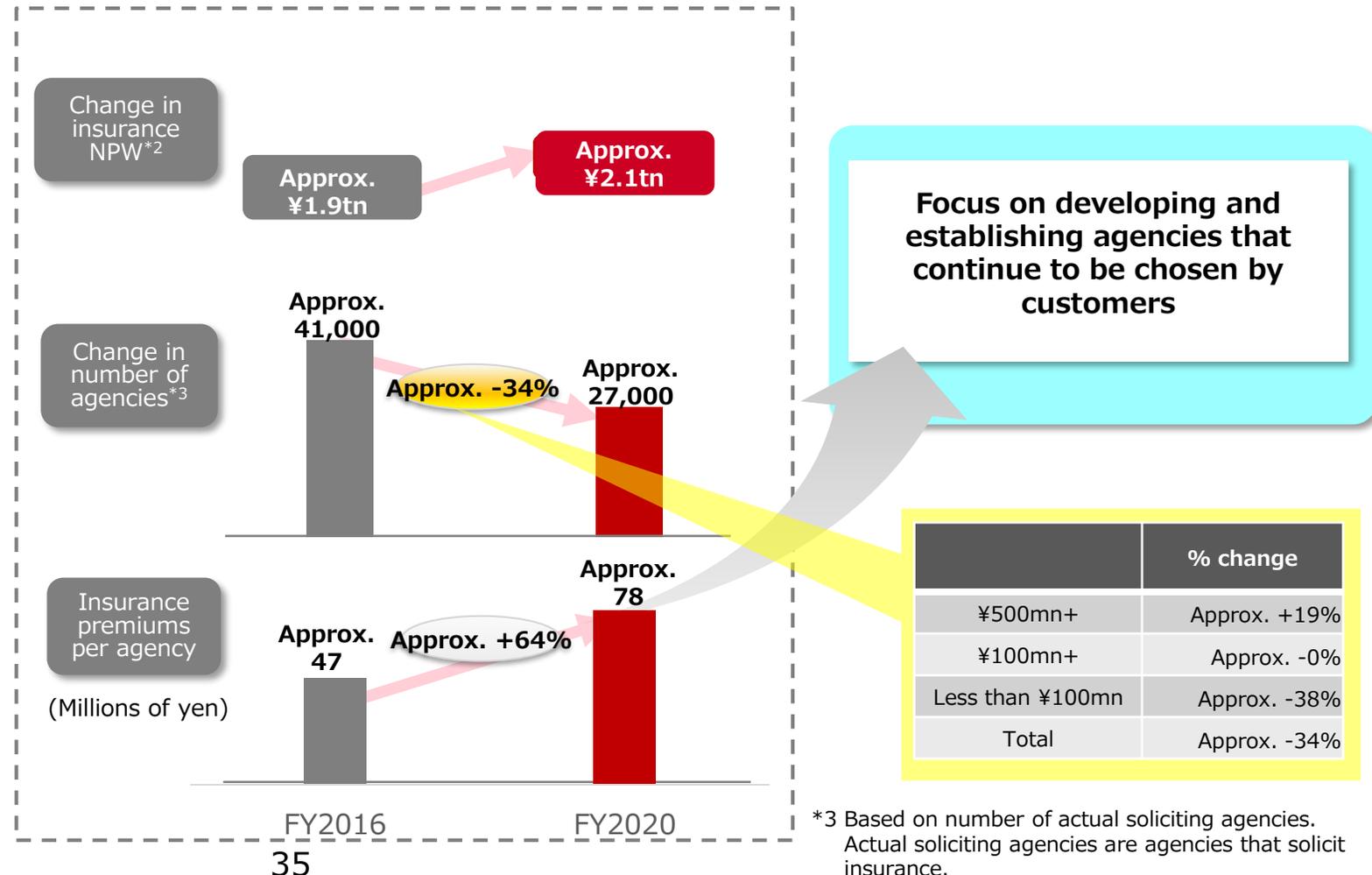
Sales Network Structure Reform Results

- Focused on sales network structure reform, especially improving the quality and promoting self-sufficiency of agencies, towards sustainable growth in the future
- Built sales network and improved productivity to continue to be chosen by customers

Building a foundation for growth (based on sales performance insurance premiums*1)

Growth rate by agency size

	Weight of Insurance premiums as of FY2016-end	2-year average growth rate*2 (FY2015-2016)
¥500mn+	37.9%	+3.0%
¥100mn+	34.5%	+1.2%
Less than ¥100mn	27.7%	-0.8%
Total	-	+1.3%



*1 Excluding CALI

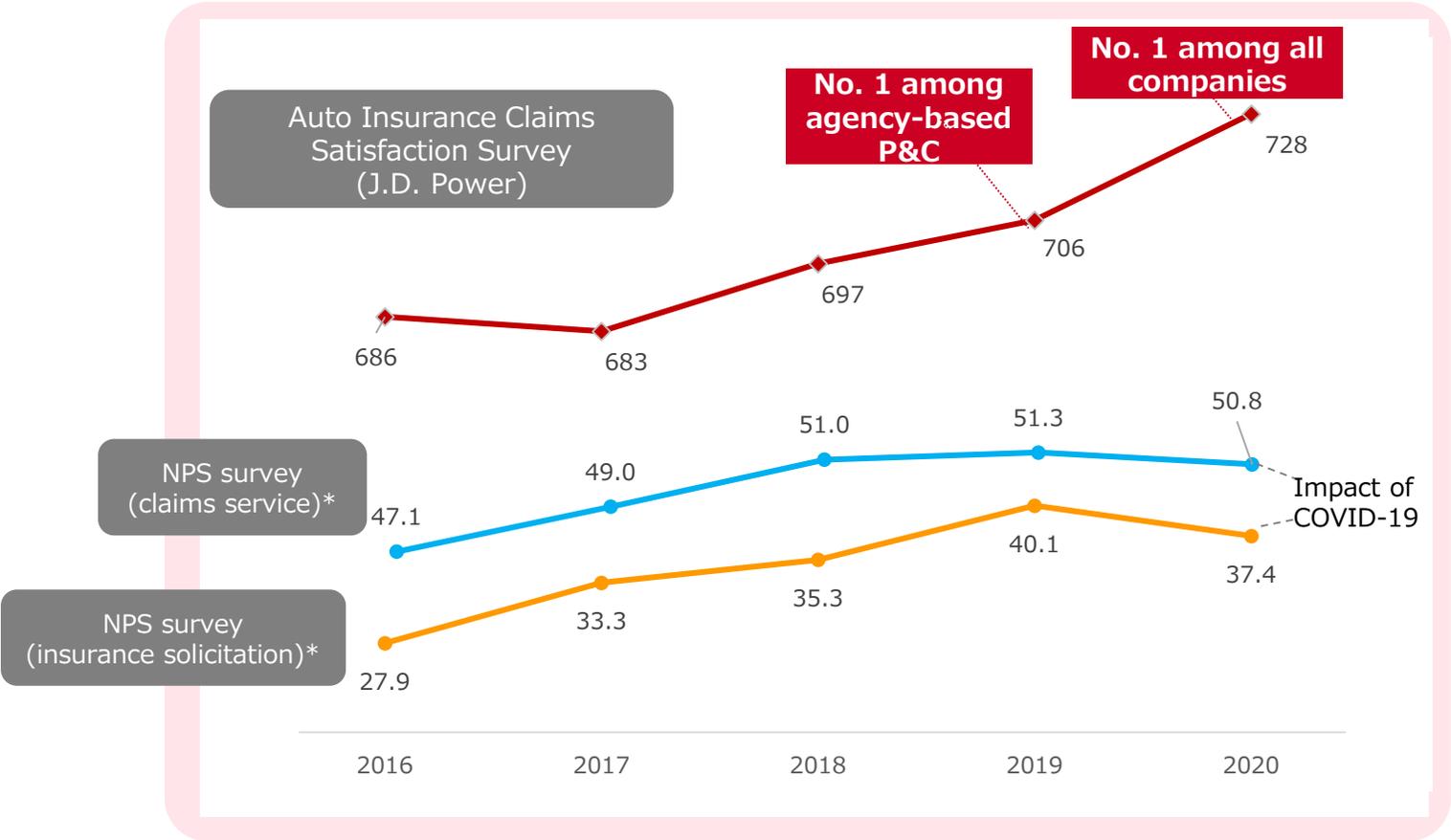
*2 Excluding CALI/household earthquake

*3 Based on number of actual soliciting agencies. Actual soliciting agencies are agencies that solicit insurance.

Improving Customer Service Quality

- The responsiveness of agencies and claims service departments have a major impact on improving customer satisfaction with regard to claims service
- Efforts to improve agency quality by implementing sales network structure reform and to create value in the claims service departments resulted in SOMPO being ranked best in the industry in terms of customer satisfaction with claims service

Improved customer service quality through sales network structure reform and value creation in the claims service departments



Sales network structure reform

Value creation by claims service departments

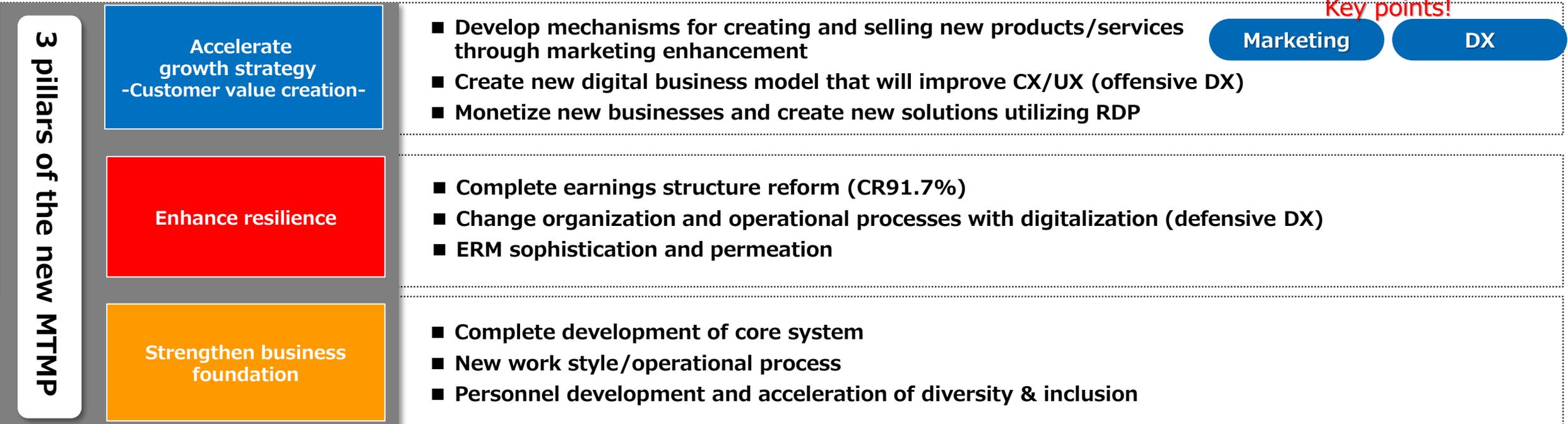
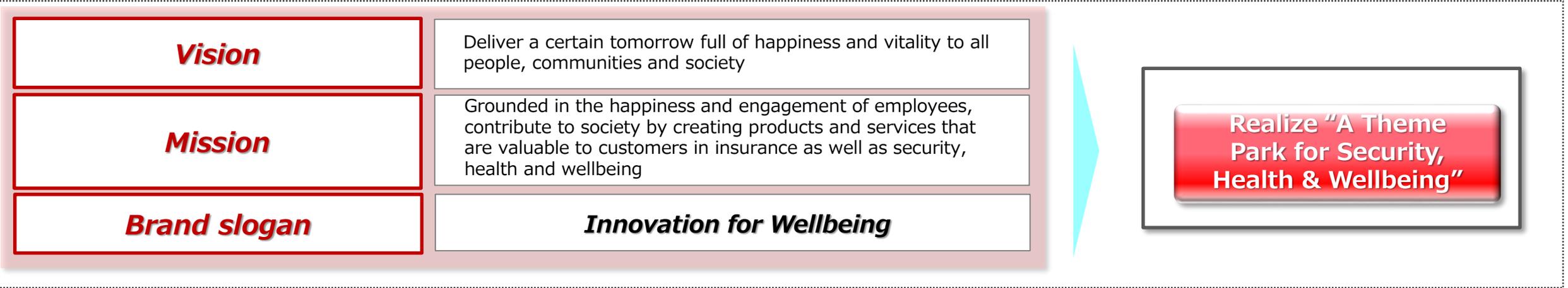
Higher specialization

Higher quality

Higher productivity

* Net promoter score. A score obtained by subtracting the response rate of 0 to 6 (low royalty) from the response rate of 9 to 10 (high royalty) out of the customer's 10-level royalty score

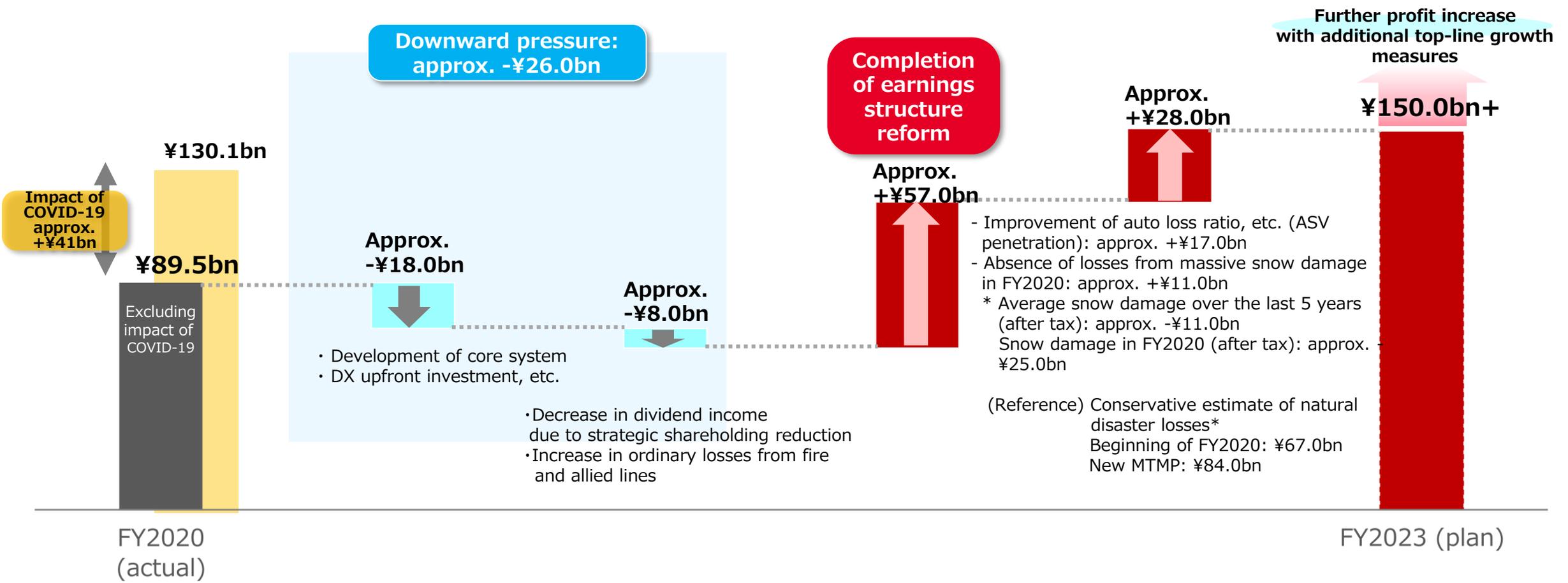
Vision and the 3 Pillars of the New Mid-Term Management Plan



3-year Profit Growth Plan in the New Mid-Term Management Plan

- Aim for dramatic profit growth by completing earnings structure reform, although there are upfront investment costs for the future
- Aim for further profit growth exceeding plan through additional top-line growth strategies

Adjusted profit (FY2023 plan vs. FY2020)

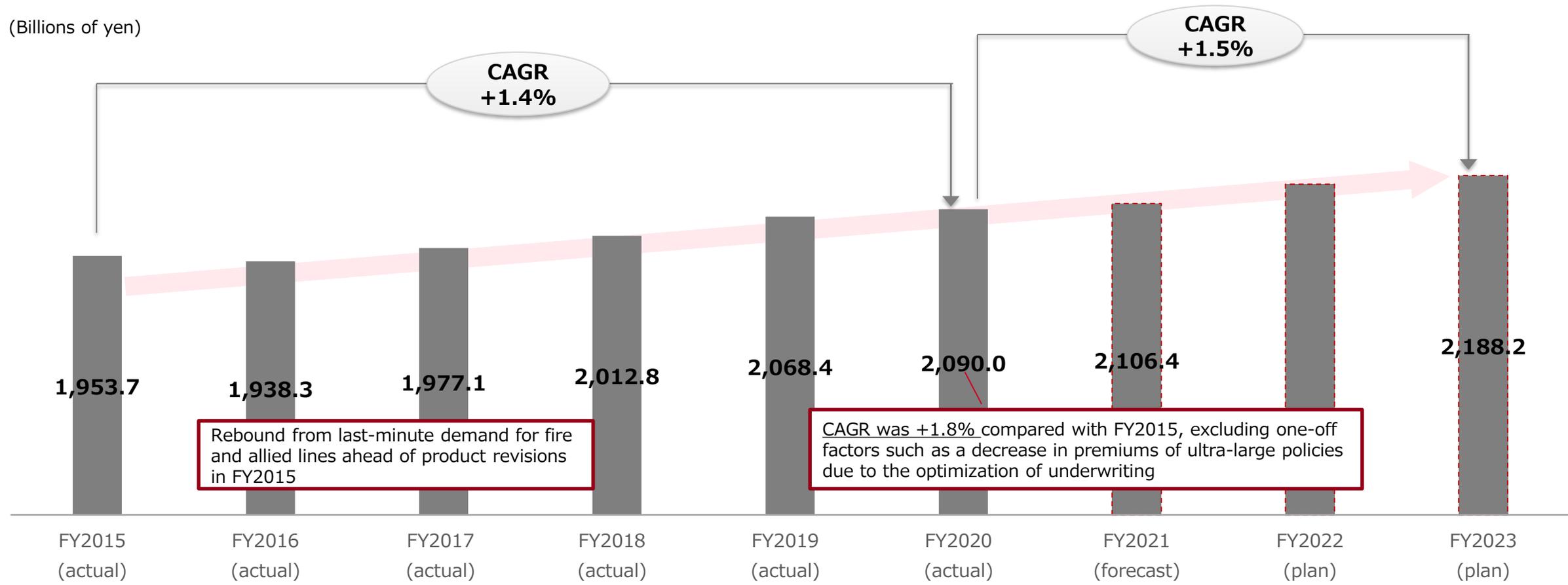


Acceleration of Growth Strategy 1 : Growth of Net Written Premiums

- Improved the quality of sales network and achieved top-line growth over the past five years
- In the New MTMP, expect top-line growth on a par with that in the prior MTMP

Trends in net written premiums* (Sompo Japan)

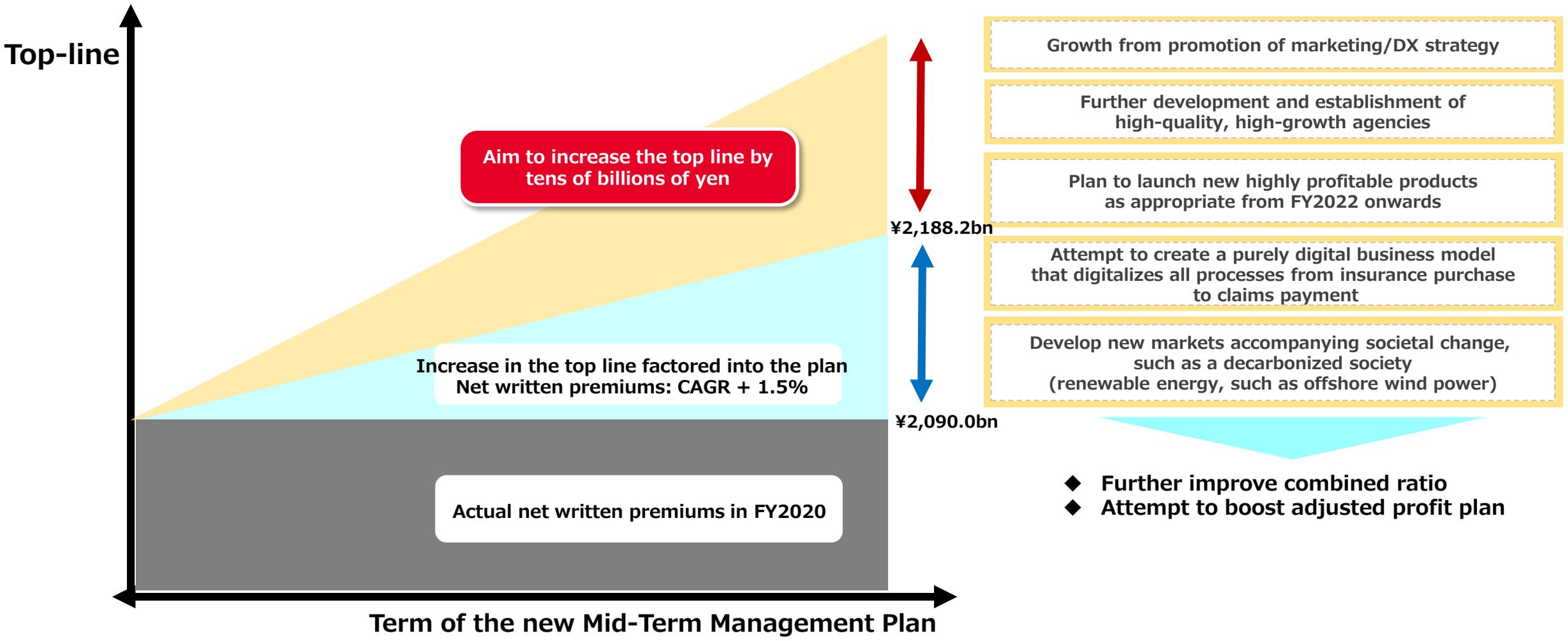
(Billions of yen)



*Excluding CALI/household earthquake
 Since FY2020, the impact of COVID-19 will be about -¥40.0bn annually

Acceleration of Growth Strategy 2 : Measures to Boost Profit Plan by Top-line Growth

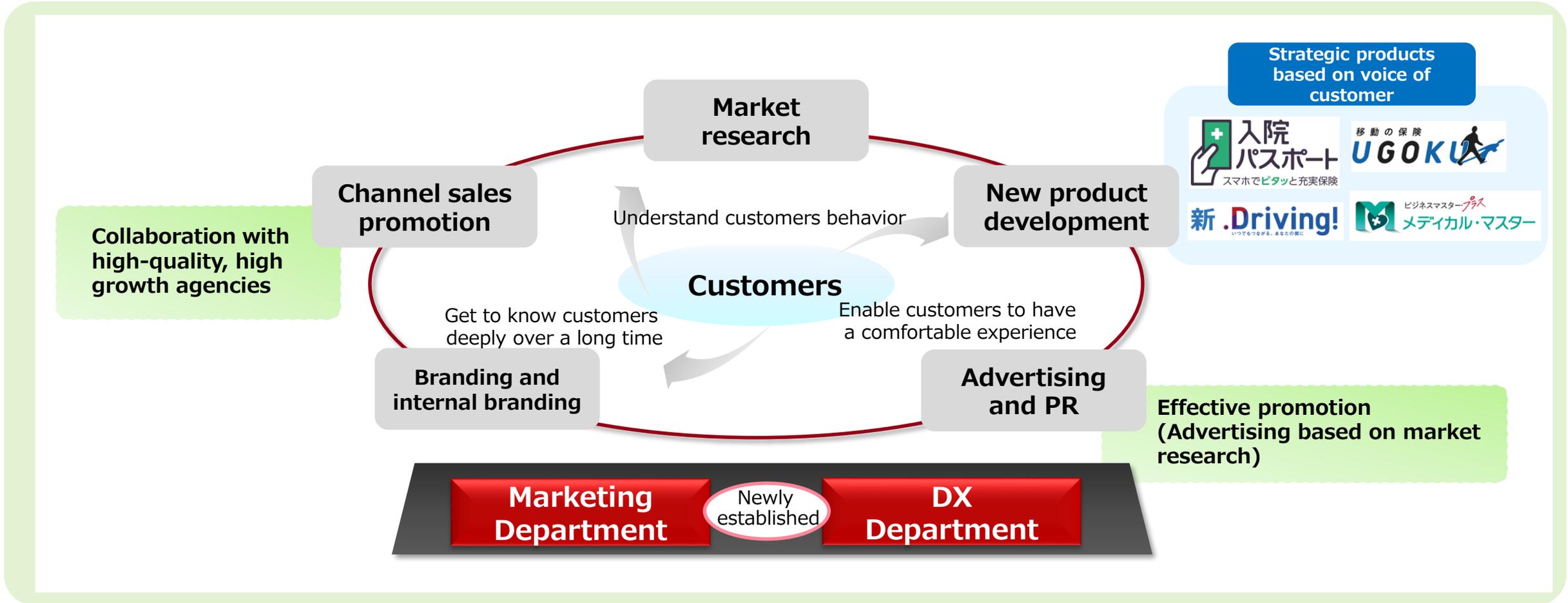
- Implement a range of top-line growth strategies to increase the top line more than planned



Acceleration of Growth Strategy 3 : Promotion of Marketing and Digital Transformation

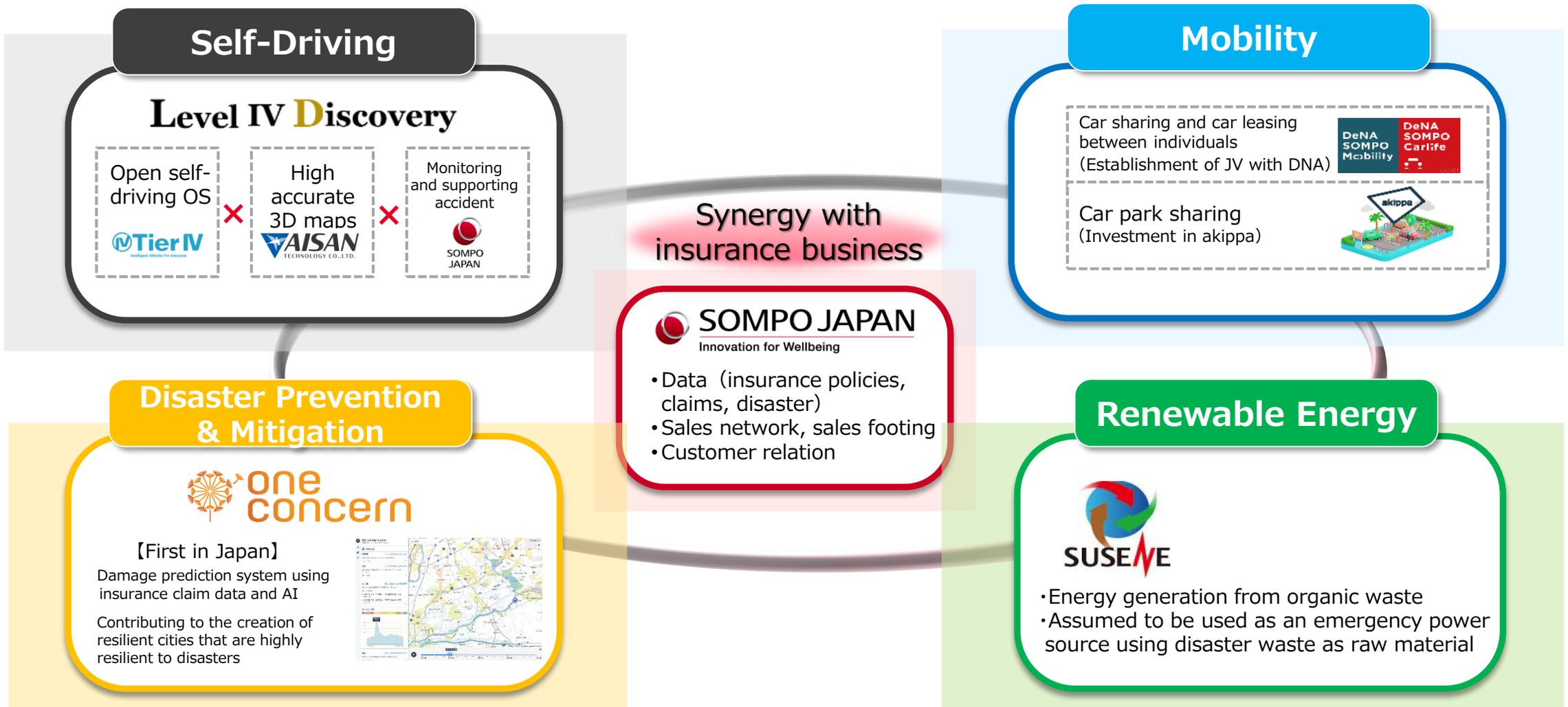
- Make the best use of the newly established Marketing Department and DX Department to (1) establish digital marketing (CRM/marketing automation), and (2) build a "selling mechanism" that integrates processes such as market research, product development, advertising, agency sales, and claims service

Growth strategy from enhanced marketing/DX



Acceleration of Growth Strategy 4 : Monetization of New Businesses

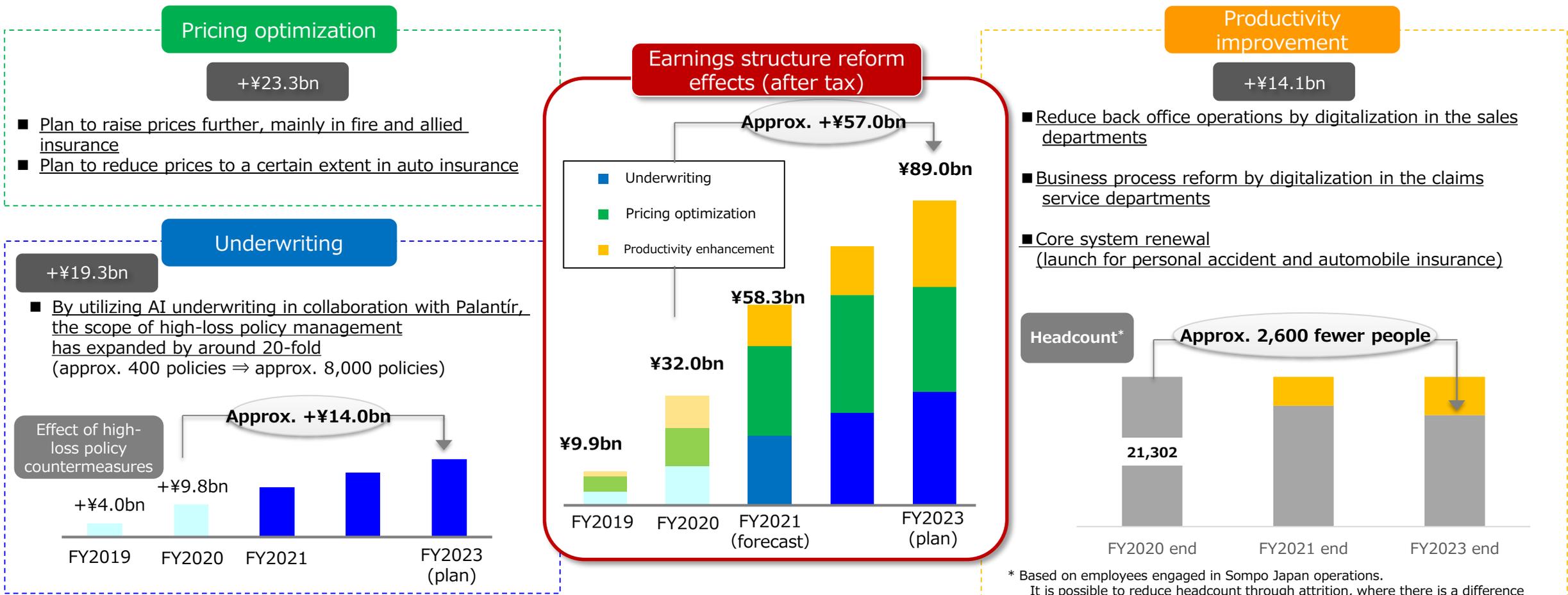
• Aim to expand revenue streams over the medium to long-term to create new customer and social value in the fields of mobility, disaster prevention & mitigation, and self-driving, which have a high affinity with the insurance business



Enhancing Resilience 1 : Earnings Structure Reform

- Aim for substantial profit increase by accelerating efforts to date and continue reforms such as further strengthening underwriting utilizing technology

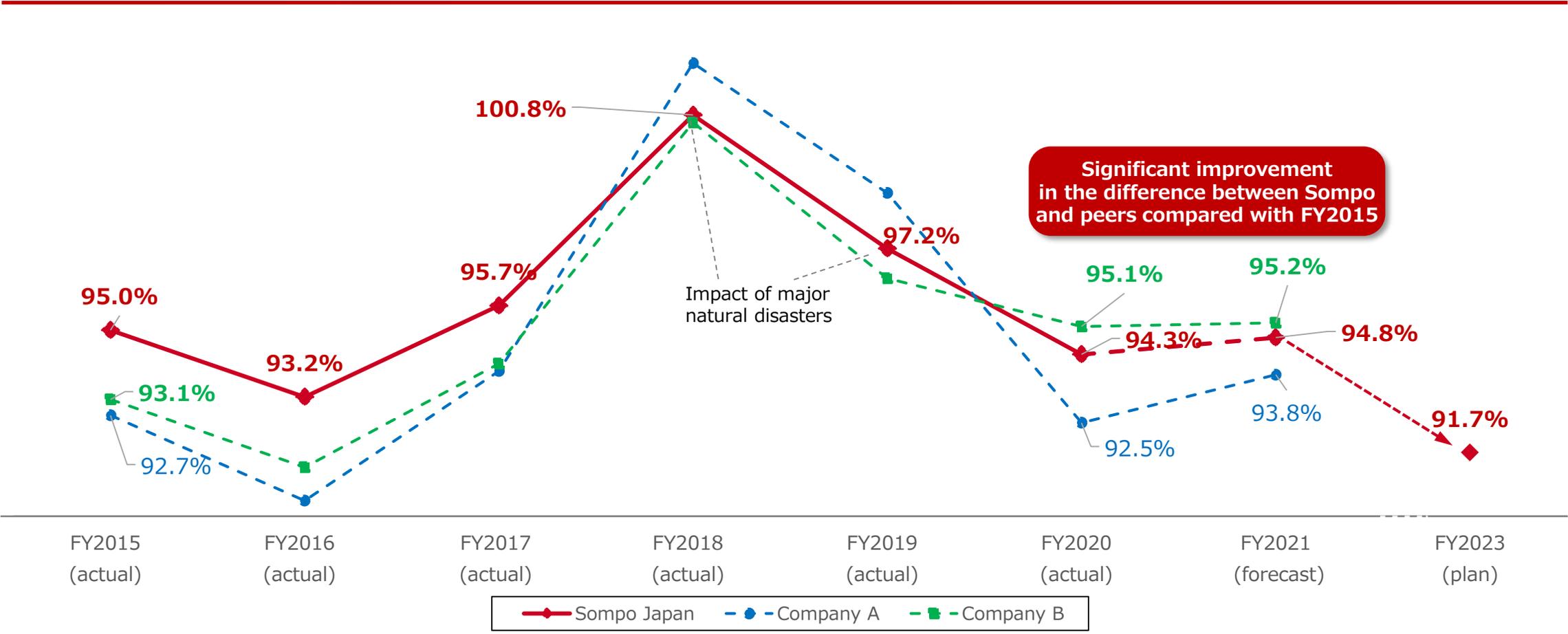
Earnings structure reform



Enhancing Resilience 2 : Improvement of Combined Ratio

- Sompo's combined ratio has significantly improved in comparison to peers over the prior MTMP period
- Aim to further enhance resilience by pushing ahead with the new MTMP strategy and achieving a combined ratio of 91.7%

Combined ratio (Excluding CALI/household earthquake, E/I basis)

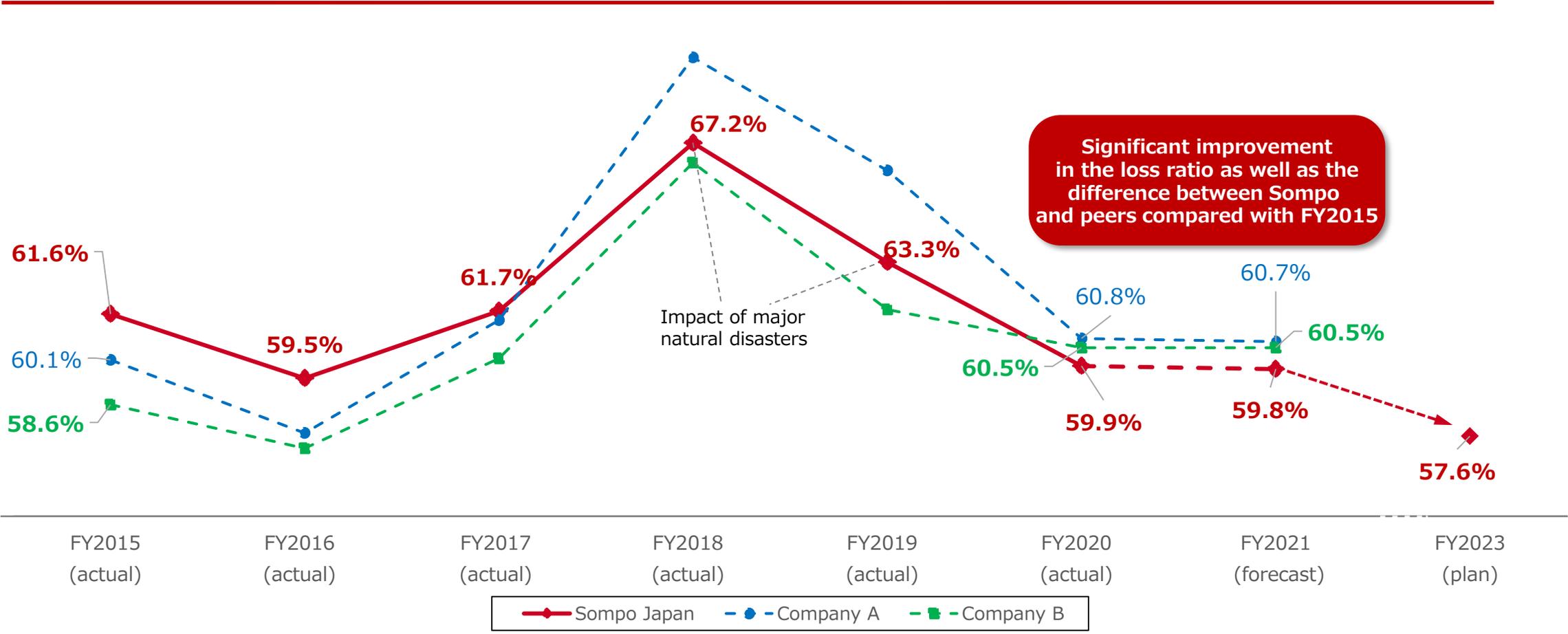


*Based on the disclosure materials of other companies

Enhancing Resilience 3 : Improvement of Loss Ratio

- Sompo's E/I loss ratio has significantly improved as a result of efforts on pricing optimization and underwriting
- We will step up efforts to further improve E/I loss ratio

Loss ratio (Excluding CALI/household earthquake, E/I basis)

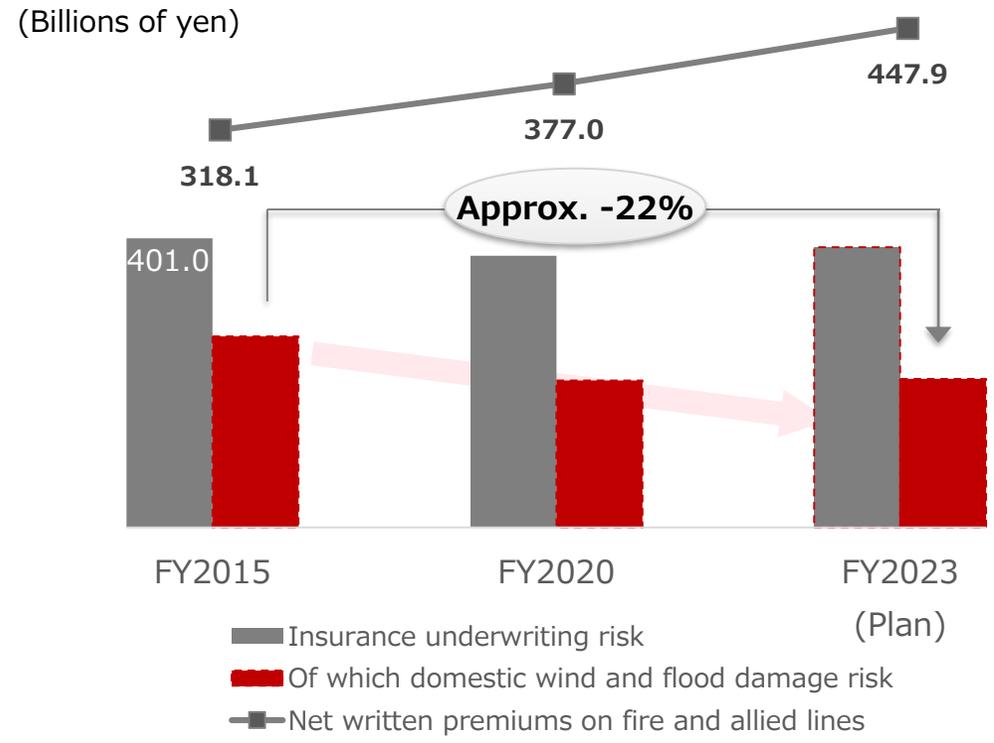


*Based on the disclosure materials of other companies

Enhancing Resilience 4 : Sophistication and Permeation of ERM

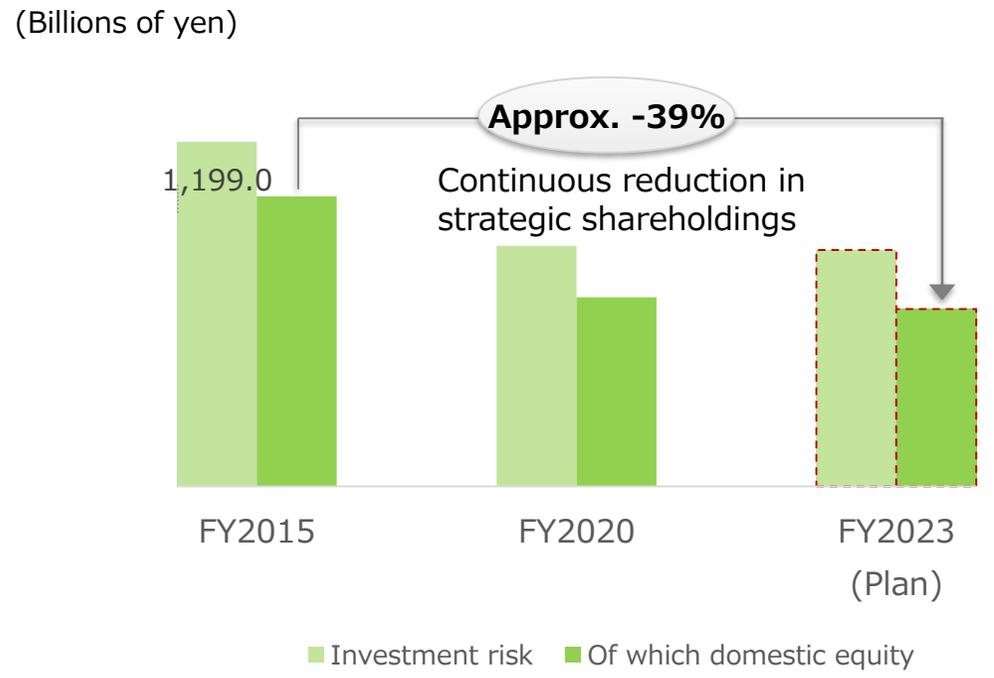
- Ensure financial soundness and stable profits even in a rapidly changing external environment by controlling the balance between risk and return while enhancing ERM, such as the utilization of ROR

Domestic wind and flood damage risk (Sompo Japan)



Appropriately control domestic natural disaster risk through reinsurance strategy and underwriting despite of the hardening reinsurance market

Investment risk (Sompo Japan)



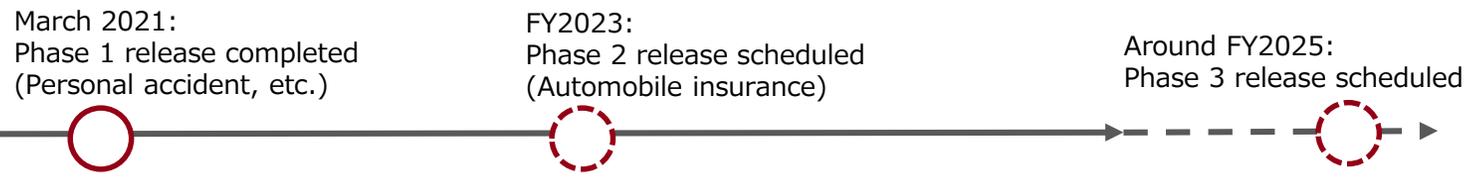
Continue to reduce strategic shareholdings while aiming to improve return by diversifying investment methods

Strengthening Business Foundation

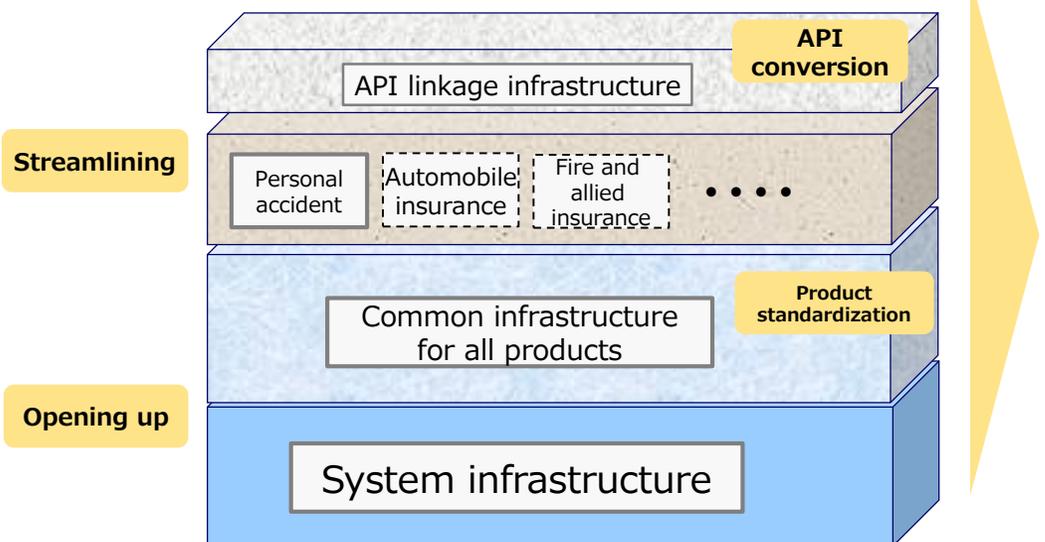
- Sequentially renew the core system and establish a agile product development framework that captures customer needs and foundation for productivity improvement

Completion of core system renewal

- Release sequentially the core system of which development started in the prior MTMP



System renewal to strengthen business foundation



Effects of system renewal

- Streamlining (to 1/5th the size) ⇒ Ensure flexibility and scalability, and reduce running cost
- Opening up/API conversion ⇒ Flexible responses to environmental changes and technological progress
- Speeding up product development ⇒ Reduce product development time by about 50%
Realize synergies with marketing function enhancement
- Minimization of branch office work ⇒ Improve productivity
- Standardization of product regulations and office work ⇒ Offer easy-to-understand products (eliminate functional differences between products)

Business Plan Targets/Main KPIs

KGI

Main KPIs

Indicator	Actual	Plan	
		FY2021	FY2023
Adjusted profit	¥130.1bn	¥105.0bn	¥150.0bn+
ROE by business	11.0%	8.0%	11%
Net written premiums*1 SJ	¥1,903.4bn	¥1,929.3bn	¥2,000.0bn
Combined ratio*1 SJ	94.3%	94.8%	91.7%
Reduction of strategic shareholdings*2	¥70.3bn (FY2016-FY2020 cumulative total: ¥542.7bn)	¥50.0bn	¥50.0bn (3-year cumulative total: ¥150.0bn)

*1 Excluding CALI/household earthquake, E/I basis

*2 Based on the market value of stocks sold

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(5) Digital/Healthcare

(6) RDP

(7) Investment Strategy

Reference

Significant Wide-Ranging Strategic Initiatives Accomplished in Recently Completed Mid-term Management Plan

- Achieved industry leading growth within Sompo International's ("SI") commercial P&C global (re)insurance platform
- Consolidated retail companies into one organization to achieve consistent leadership and oversight

Transformed SI P&C to Become an Important, Relevant Global Leader

Meaningfully Expanded Scale

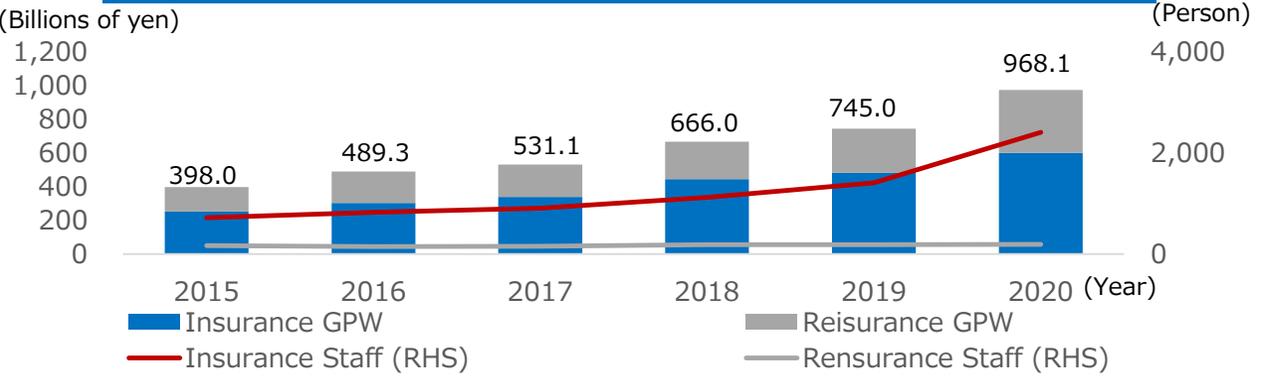
- Growth achieved through identifying and attracting industry recognized underwriters and successfully completing bolt-on M&A's
- In 2020 achieved market leading growth by strategically taking advantage of substantial price increases across the board

Disciplined Underwriting Impacted by Large Industry Events

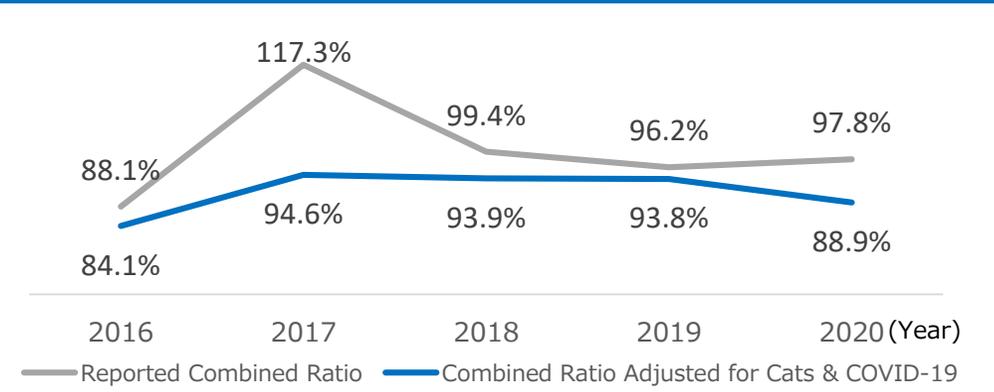
Maintained Discipline

- 2016 through 2020 each ranked within the ten largest insured loss years for the insurance industry
- Active daily risk management has led to losses being significantly lower than most of our peers

Commercial P&C Gross Written Premiums Average Annual Growth of 23%



Commercial P&C Combined Ratio Averaged 91% When Excluding Catastrophes



Focused Growth Strategies

Expand Capabilities

Within insurance we have significantly expanded our global underwriting team through attracting recognized industry leaders

Bolt-on M&A

Successfully identified and integrated new businesses that expanded our underwriting expertise and/or enhanced distribution

From 2017 to 2020 SI Doubled Its Gross Premiums

- Launched Global Risk Solutions
- Launched AgriSompo
- Acquired Lexon
- Acquired Diversified (Will impact 2021 premiums)
- Launched SomPro
- Acquired A&A

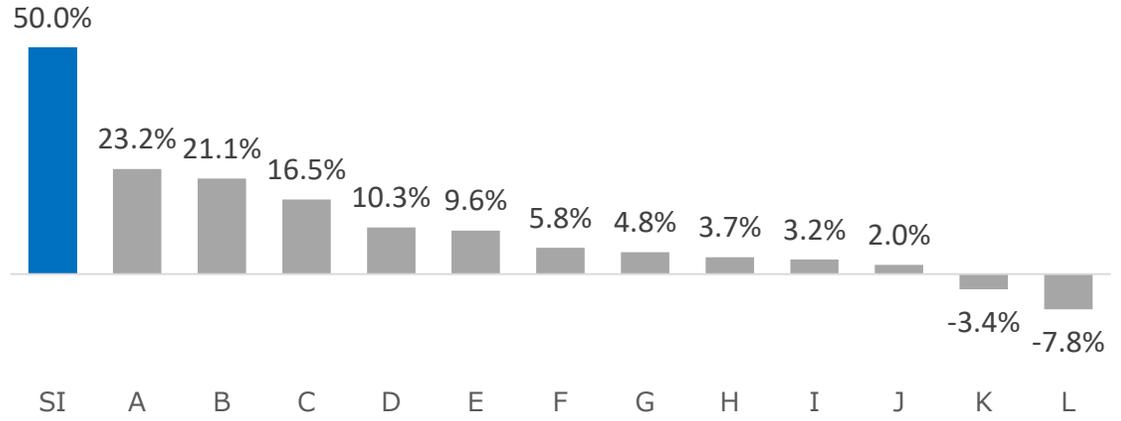
*Exclude f.Sompo America's and others figure prior to 2017. Combined Ratio in 2017 include acquisition costs.

SI's Commercial P&C Business Made Strong Progress in 2020 in Spite of Industry Challenges

2020 Net Written Premiums Growth

¥207.0 billion of Premium Growth

SI leveraged its underwriting expertise and conservative financial position to significantly expand in favorable pricing environment

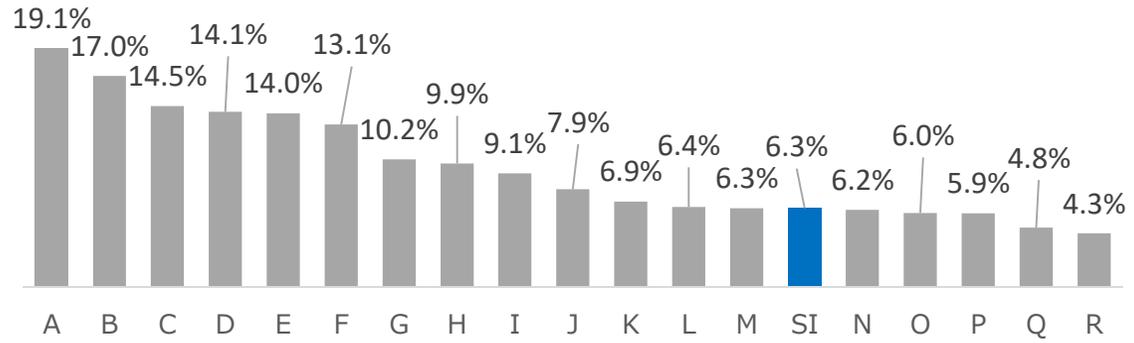


Source: S&P Market Intelligence

2020 COVID and Catastrophe Losses

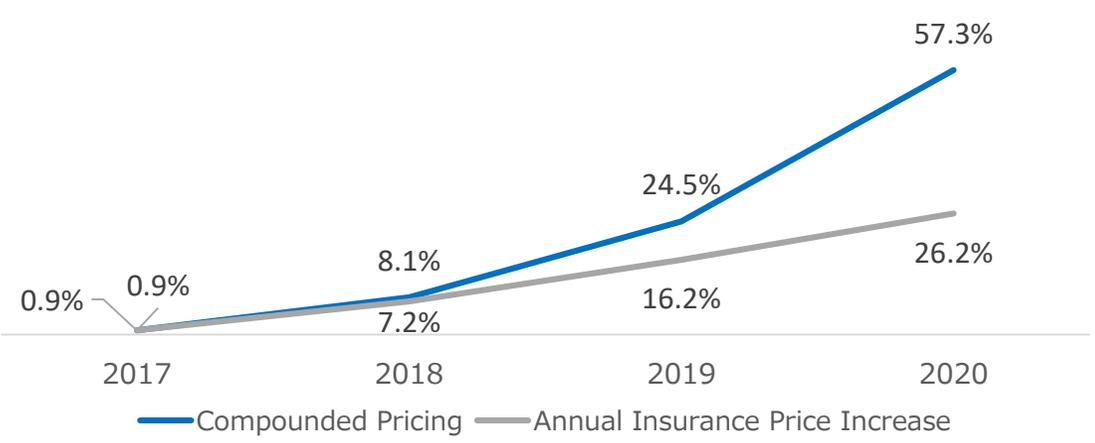
Industry Losses ≥ ¥10 Trillion

SI's underwriting discipline and expertise delivered substantially more favorable results compared to peers



*Peers Comps: the ratio of Cats and COVID-19 losses in 2020 relative to equity capital at the end of 2019
Source : Company Filings

Accelerated Pricing Increases Were Market Leading

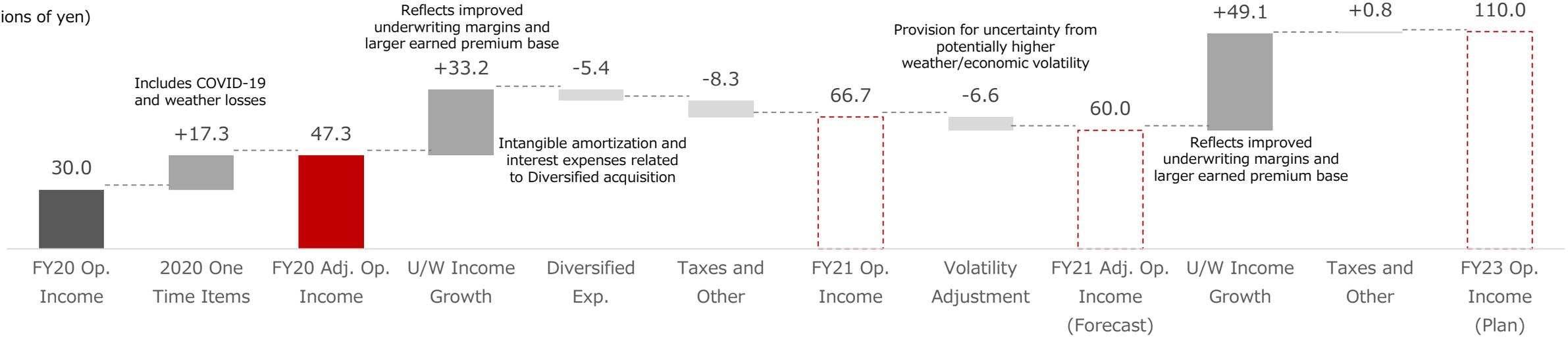


Key 2020 Strategic Achievements

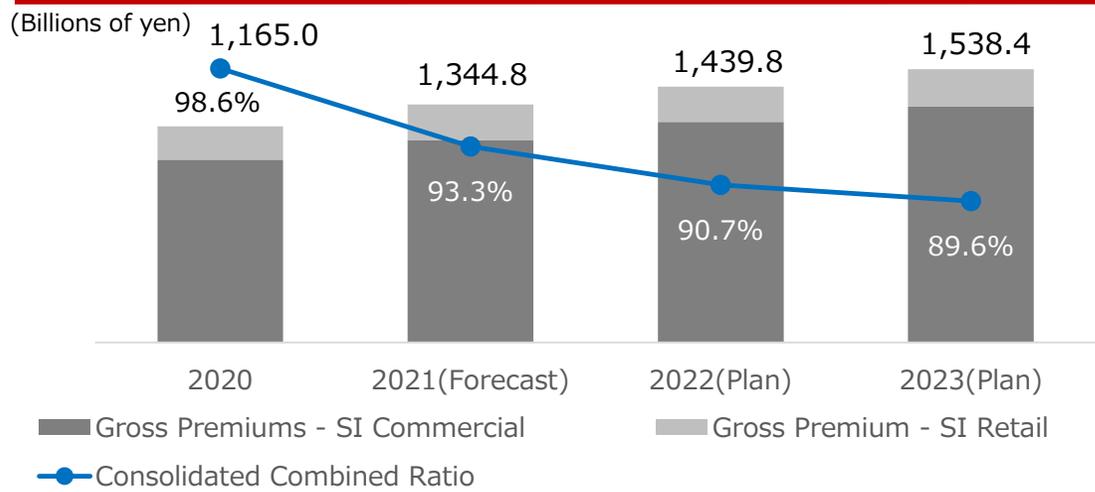
- Acquired Diversified Crop Insurance in late December 2020
 - Has more than doubled US crop insurance book of business in 2021, further enhancing business diversification
 - Establishes SI as the largest global agriculture (re) insurance company
- Achieved market leading cumulative price increases ahead of loss trend while taking a disciplined approach to addressing adverse industry trends
- Careful cycle management and use of capital allowed us to grow more rapidly when pricing conditions substantially improved

Overseas Expects Substantial Improvement in Operating Income Over Next Three Years

(Billions of yen)



Pricing Improvements Driving Margin Expansion



Key Operating Income Assumptions

- Net investment income remains relatively flat as a growing asset base is largely offset by reduced interest rates
 - Continue to maintain a conservatively managed investment portfolio
- Forecasted catastrophe loss ratio impacts remain level with 2020 elevated level
- No large M&A or bolt-or acquisitions assumed
- Insurance pricing conservatively improves 11% in 2021 with moderating positive improvements in future years

Sompo International's Commercial P&C Segment is Poised to Continue its Strong Growth in the Foreseeable Future

- Gross Premium Growth is Expected to Continue to Outpace Peers Supported by Strategic Initiatives and Stronger Financial Position
- Net Premiums Will Grow at a Faster Pace Due to Higher Premium Retentions in a More Favorable Market

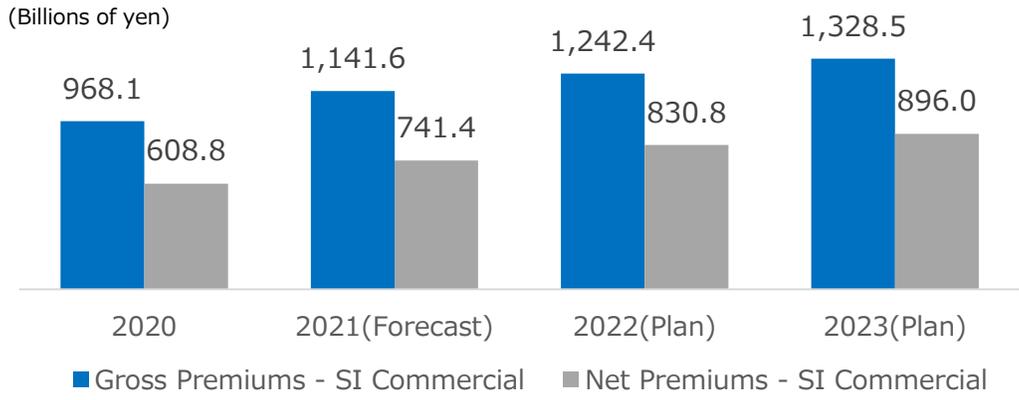
Leveraging Global Leadership Position to Facilitate Growth

- Profitable growth will remain a key priority
- We will continue to be opportunistic while remaining disciplined in our underwriting approach

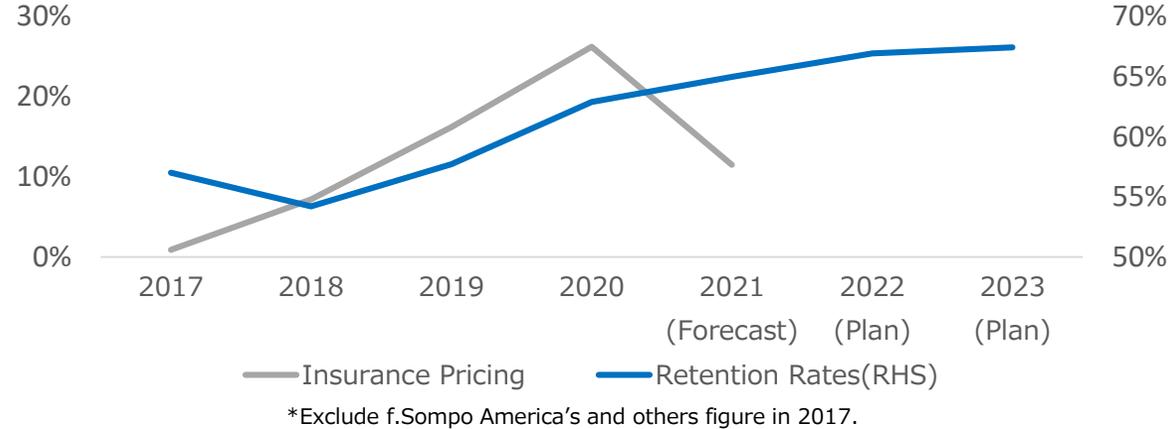
Insurance Pricing Has Remained Strong in 2021

- Given market uncertainty over COVID losses, low interest rates and rising loss cost trends, pricing is expected to remain strong in 2021 COVID-19
- Pricing increases expected to moderate somewhat in 2022 and 2023 but remain positive and beneficial to profitability

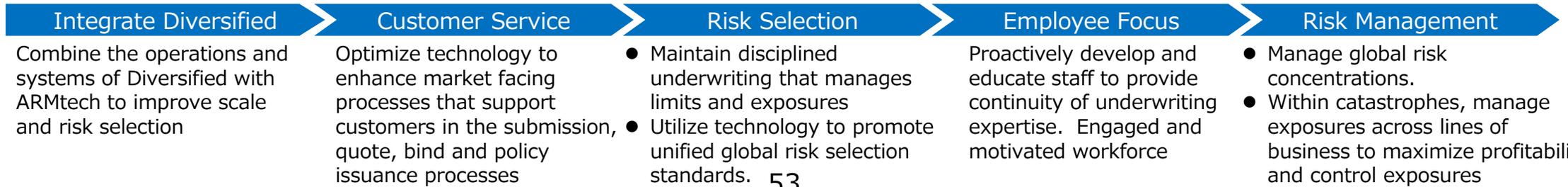
Gross Written Premiums Grow Approximately ¥100 Billion/Year



SI Has Actively Retained More Premium as Pricing Improved



Strategic Priorities



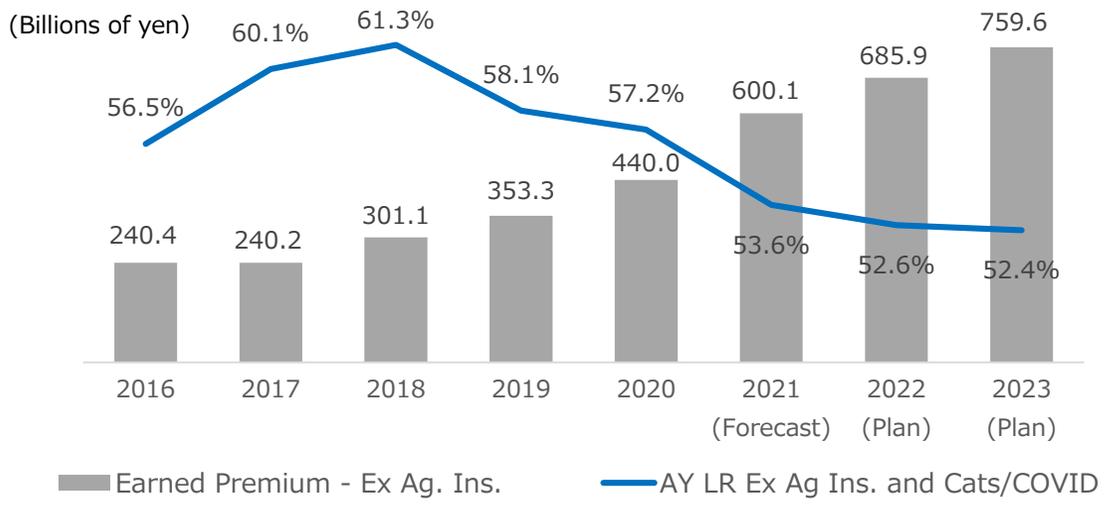
Sompo International's Commercial P&C Margins are Expected to Meaningfully Expand Over Next Three Years

- Our Market Leading Prices in Excess of Loss Cost Trends Will Favorably Impact Loss Ratios
- Earned Premium Growth Will Further Expand Operating Scale Leading to Greater Expense Efficiencies

Improved Pricing Will Lead to Margin Expansion

- As pricing increases have compounded starting in 2018, underlying rate adequacy has dramatically improved
- Loss ratios are expected to further improve as the related premiums are recognized in earnings

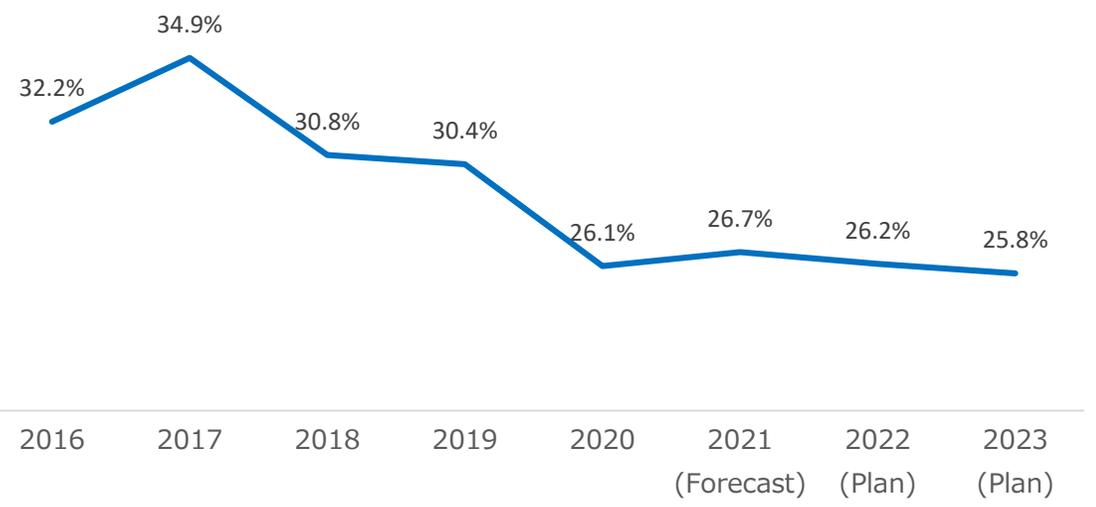
Accident Year Loss Ratio Less Catastrophes/COVID and Agriculture Insurance



Sompo International Has Actively Reduced Its Expense Ratio

- Improved from substantial growth in business, strong overall cost controls and disciplined, modern staff model. At the same time key investing in integrated platforms and systems
- As earned premiums continue to grow, additional scale will be achieved

SI Has Strategically Achieved an Industry Leading Expense Ratio



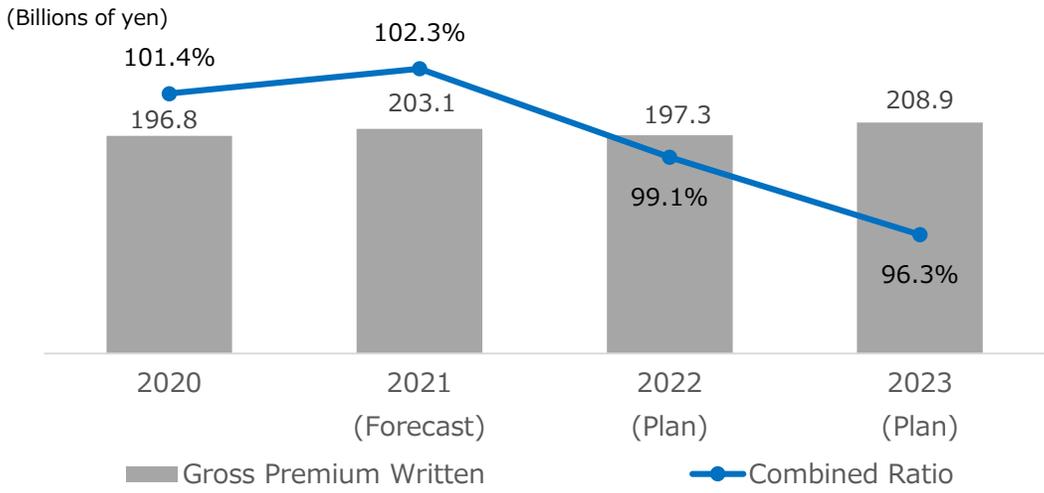
- Profitability is expected to meaningfully expand in the new Medium-Term plan supported by ;
 1) much improved continued compounded rate adequacy, 2) greater scale and diversification, 3) continued global premium expansion, 4) a higher retention of profitable business, 5) prudently purchases reinsurance and 6) continuing industry leading expense efficiency
- SI has created a profitable global business that maintains a large U.S. presence and is supported by strong, meaningful relationships with leading global distribution partners that benefit from our size and industry expertise.

*Exclude f.Sompo America's and others figure prior to 2017.

Retail Operations Are Being Integrated Under One Common Management Structure to Facilitate Improved Profitability

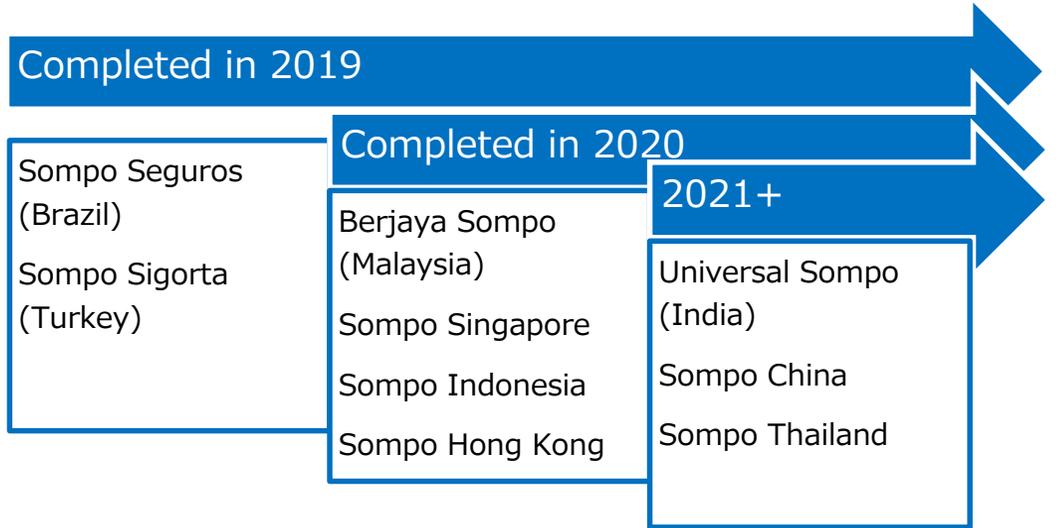
Forecasted 2021 to 2023 Results

Profitability Focus Retail focus is on improving profitability paired with modest premium growth as pricing environment is more challenging



* The forward rate at the time of business planning is used for the conversion from the local currency of the Retail Business.

Legal Transfer of Retail Entities Into SIH



While the majority of retail companies have been legally transferred into SIH, all retail companies are under common centralized management oversight

Key Strategic Initiatives

Common Leadership	Enhance Culture	Support Functions	Skill Transfer	One Retail Platform
To enhance corporate structure, created Combined Executive Leadership Committee comprised of retail and commercial executives to provide common leadership for retail companies	Enriched corporate culture at each retail company to focus on longer term horizon, innovation and collaboration among other retail entities	Restructure support functions (legal, finance, risk management, audit, IT and HR) to improve efficiencies and create consistent services	<ul style="list-style-type: none"> Accelerated skill transfer (data analysis, pricing, and channel management) between retail companies Strengthen underlying business fundamentals 	<ul style="list-style-type: none"> Unify all strategy, actions and message into one Sompo Retail Platform Enhance long term profitability and growth potential

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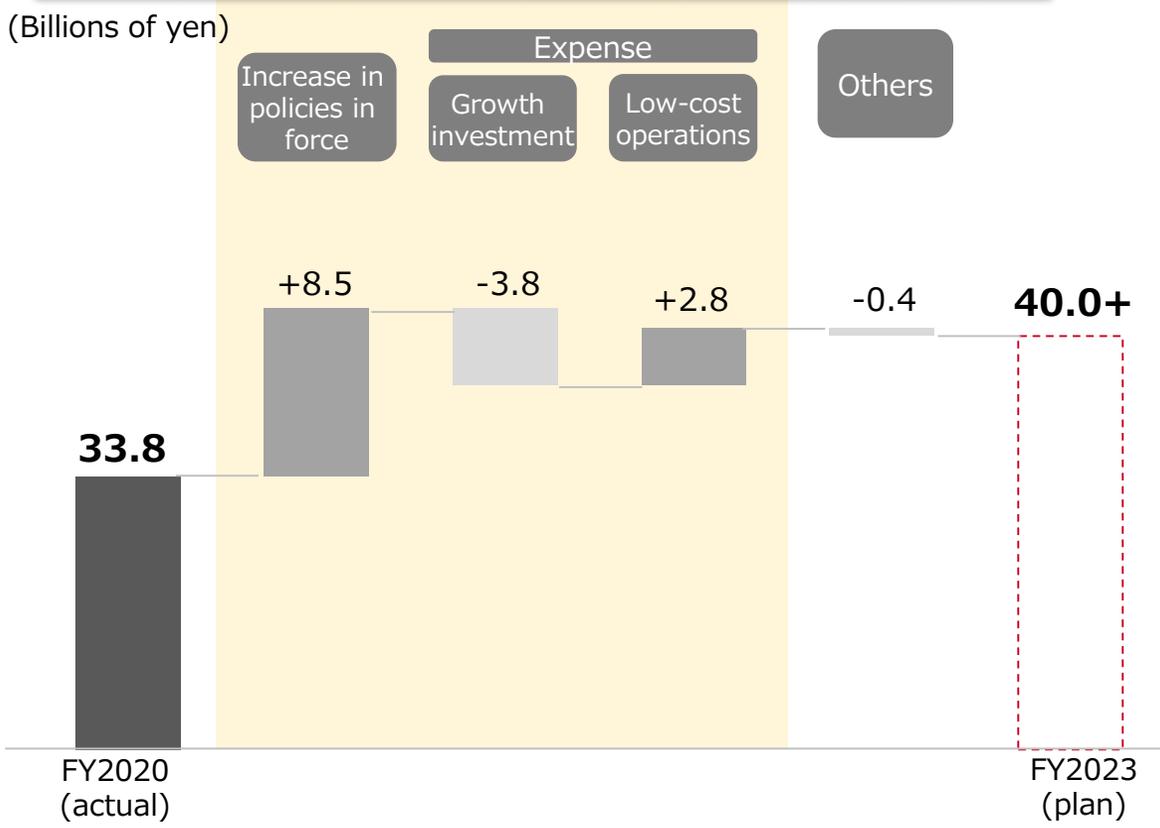
Reference

Strategy Overview

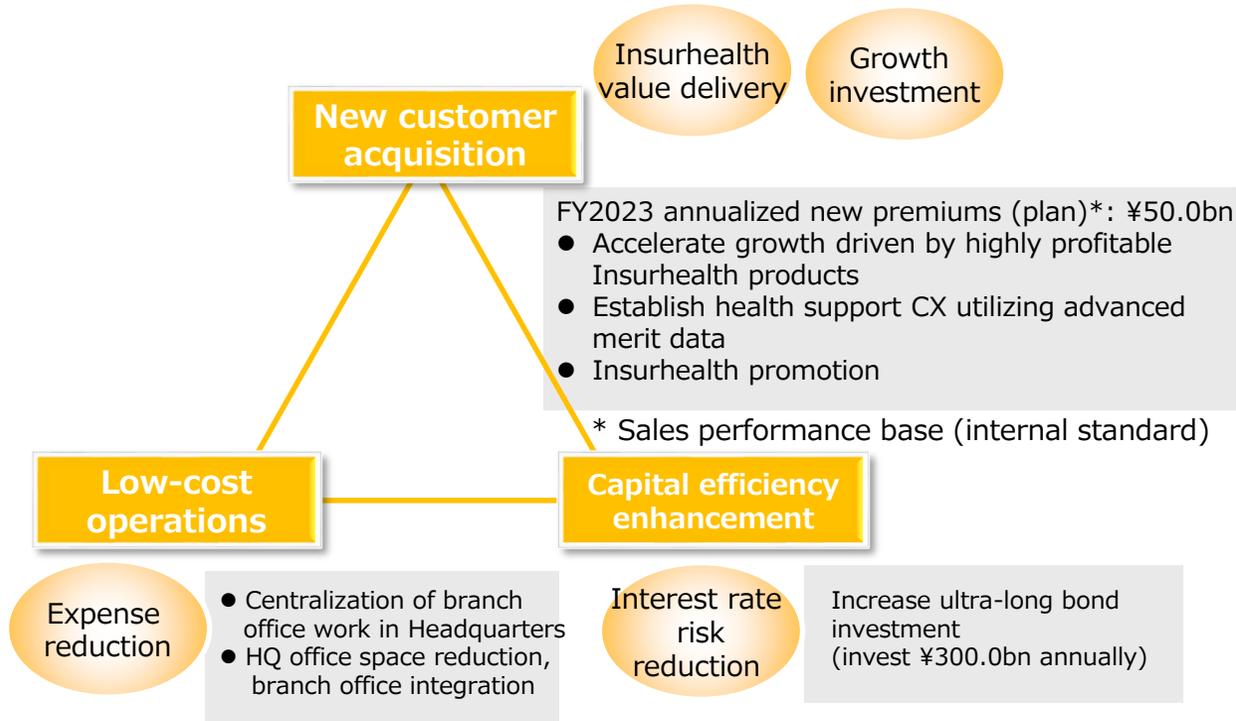
- Aim for adjusted profit of ¥40.0bn or more in FY2023 by increasing the number of customers, driven by Insurhealth®
- Aim for sustainable growth through a growth strategy to become established as a “health support enterprise”

Variation factors of domestic life insurance adjusted profit

Growth strategy to become established as a health support enterprise



Growth strategy to become established as a “health support enterprise”



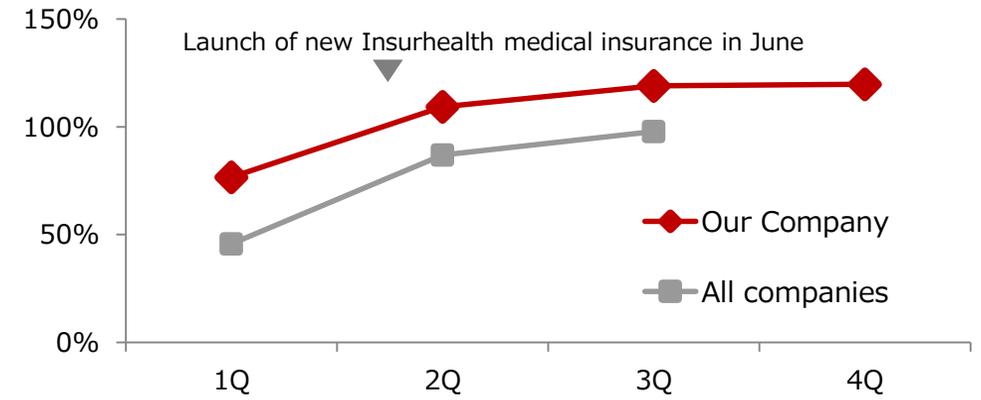
New Customer Acquisition

- Driven by Insurhealth®, increase sales volume in FY2023 to ¥50.0bn*¹ by improving sales productivity
- Through health support CX*² based on data analysis, deliver the value of Insurhealth® to healthcare service users as well

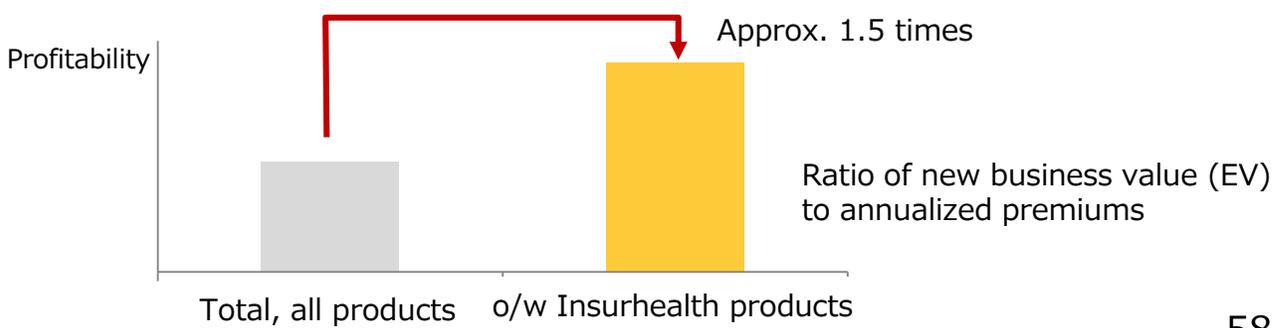
Insurhealth value delivery

- Enhance sales productivity through digitalization and new work style, and step up efforts to develop new markets
- Increase profits through expansion of sales of highly profitable Insurhealth products

◆ FY2020 YoY change in annualized new premiums (quarterly)



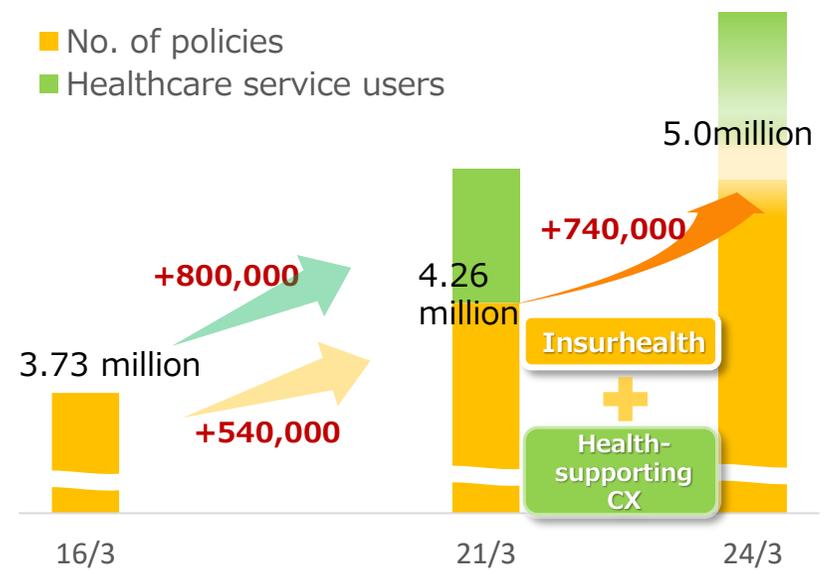
◆ Insurhealth product profitability comparison (vs. all products)



Increase in customers (policies in force)

- Enhance health support CX by utilizing accumulated insurance policy data, health data, etc.
- In addition to new markets, turn healthcare service users into policyholders

◆ Projection of policies in force



*1 Sales performance base (internal standard)
 *2 Communication activities to make customers healthier by delivering Insurhealth value

Low-cost Operations

- Control fixed costs through the centralization of branch office work in Headquarters and reduction in HQ office space
- Develop diverse human resources and increase productivity by continuous improvements in response to changes in environment

Productivity-focused reforms

Creation of time for sales through the centralization of branch office work in Headquarters

- Reduction in branch office work. Down 60% YoY in FY2020 (vs. FY2015)

Reform of HR system

- Introduction of a job-based HR system

Establishment of new business operations

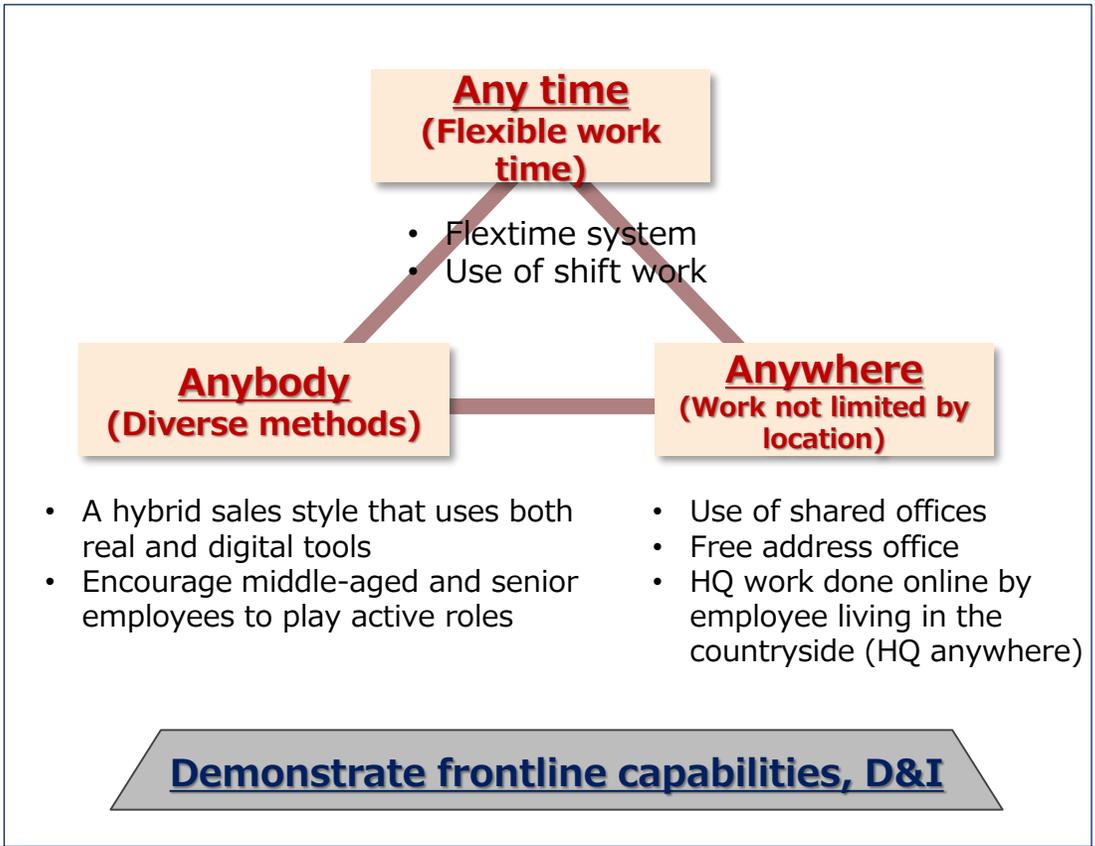
- Full implementation of online solicitation
- Increase in online procedures by customers

Business resource optimization

- HQ office space reduction, branch integration



Training and development of diverse human resources



Enhancing Capital Efficiency

- Increase purchase of ultra-long bonds to ¥300.0bn annually to reduce interest rate risk
- Control interest rate risk on the liability side by developing products that take risk-return efficiency into consideration

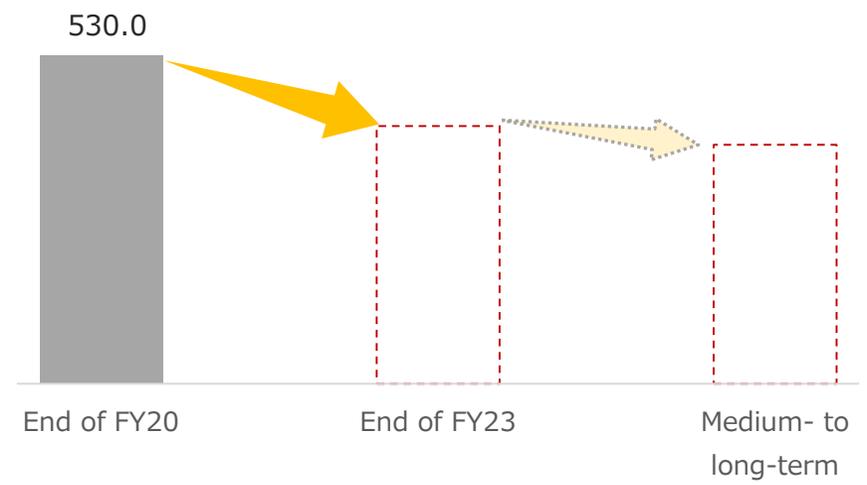
Policy to reduce domestic interest rate risk

Increase purchase of ultra-long bonds to ¥300.0bn* annually and reduce interest rate risk

* Net purchase amount by deducting sales from purchases, 30-year bond equivalent

Control of amount of interest rate risk

(Billions of yen)



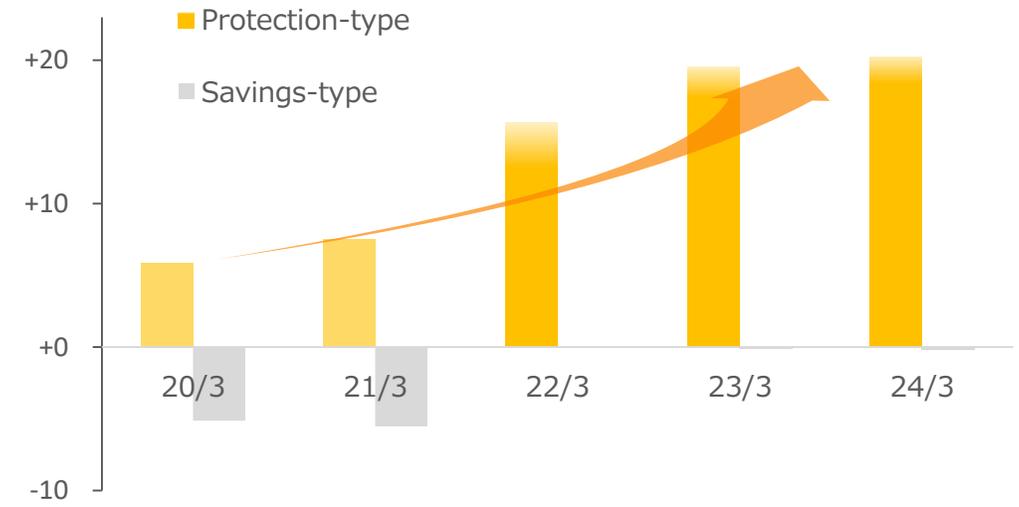
Risk management in product development

- Develop products that take new business ROR into consideration, reflect in evaluation indicators
- Improve portfolio centered on protection-type products that are resilient to interest rate risk

Annualized premium of policies in force (net increase)

(Billions of yen)

Accelerate increase of policies in force, mainly of protection-type products



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(6) RDP

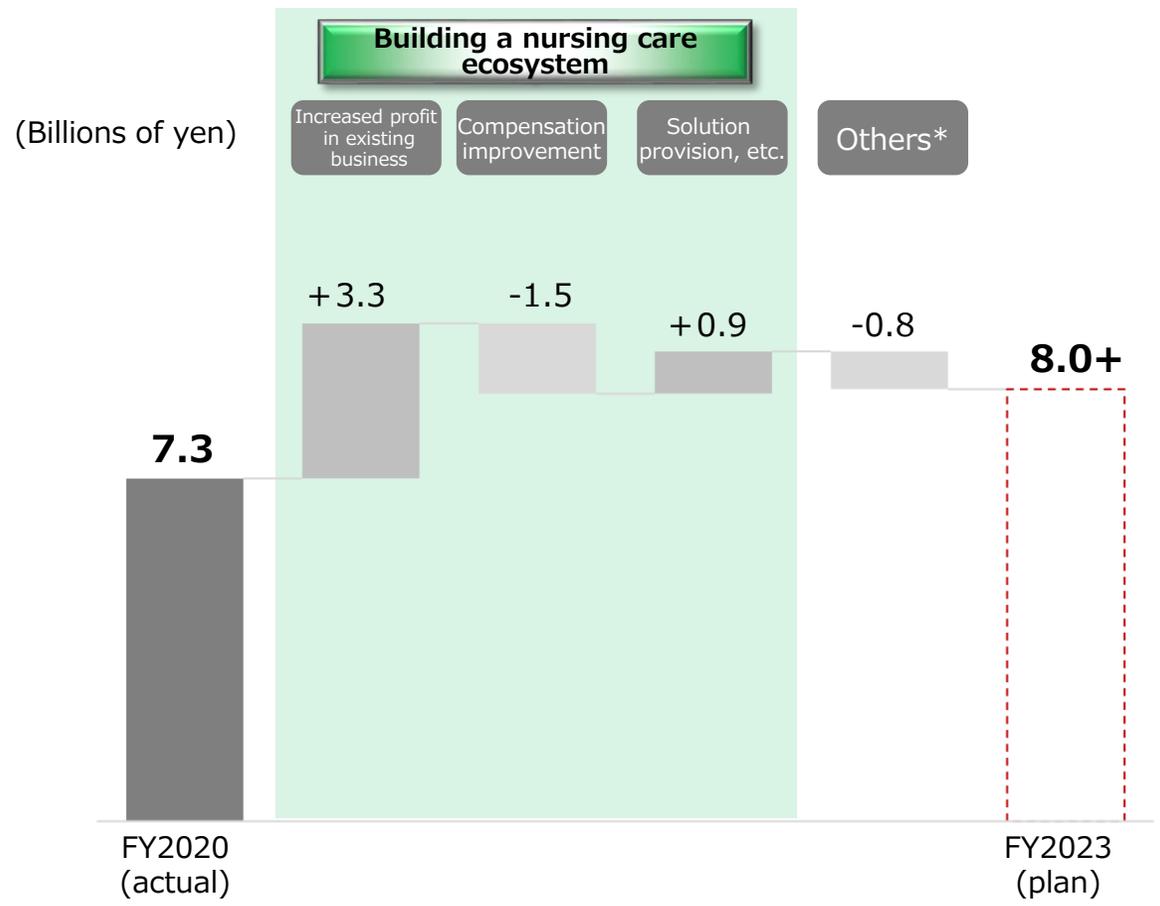
(7) Investment Strategy

Reference

Strategy Overview

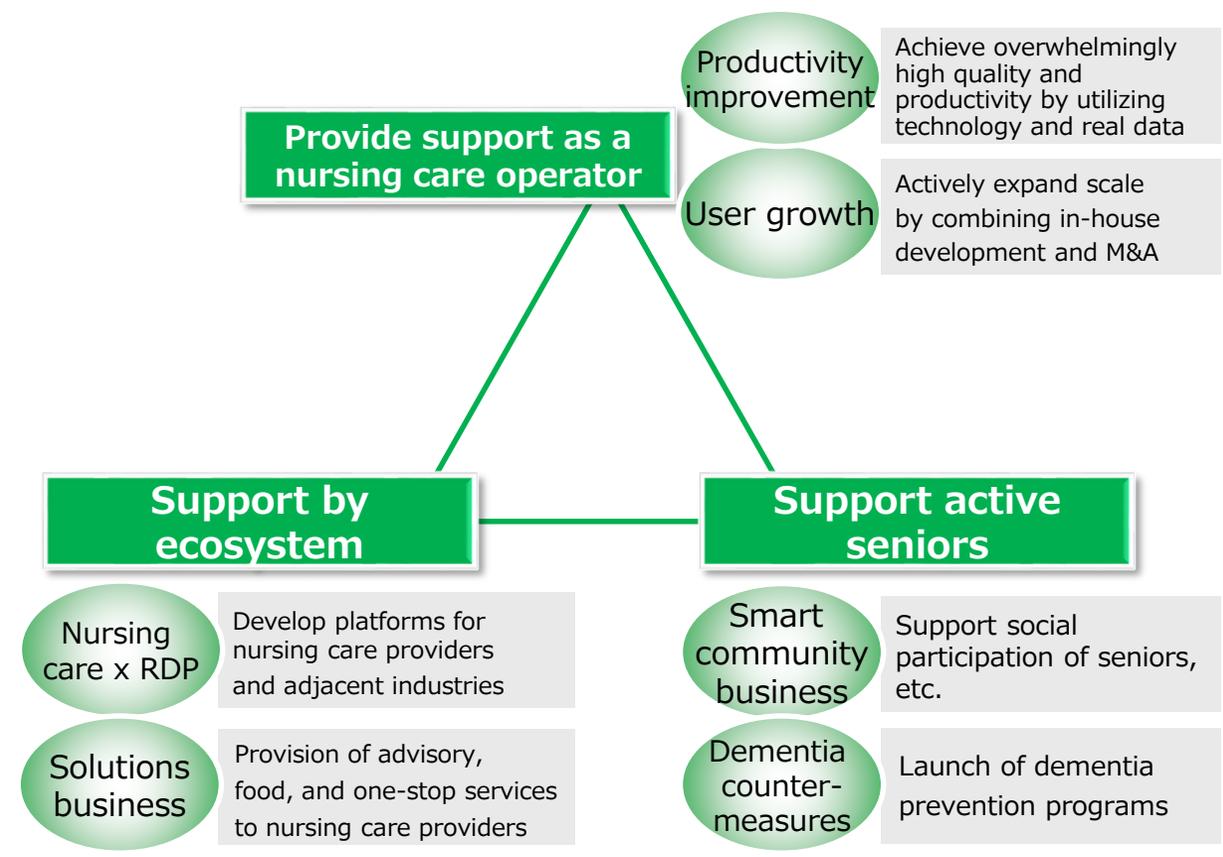
- In the existing businesses, increase the number of users, achieve both overwhelmingly high quality and productivity, and generate profits that cover the impact of compensation improvement
- With RDP development as the key driver, develop a solution business for nursing care providers and commercialize services to support active seniors

Variation factors of nursing care & seniors adjusted profit



*Absence of one-off factors, etc.

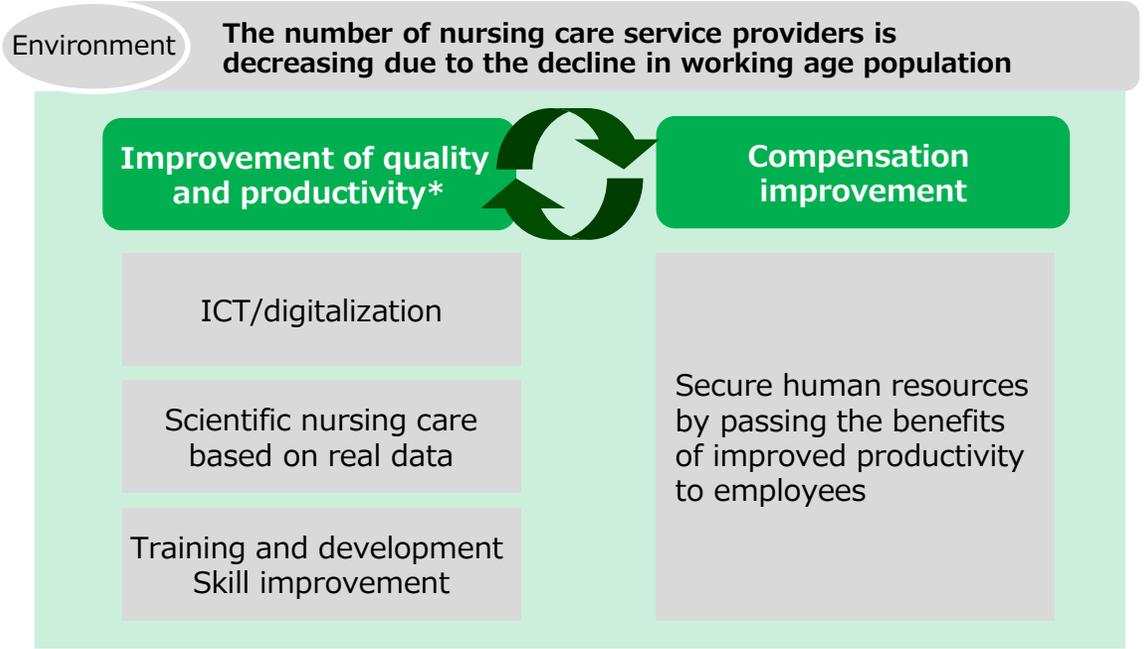
Major initiatives to build a nursing care ecosystem



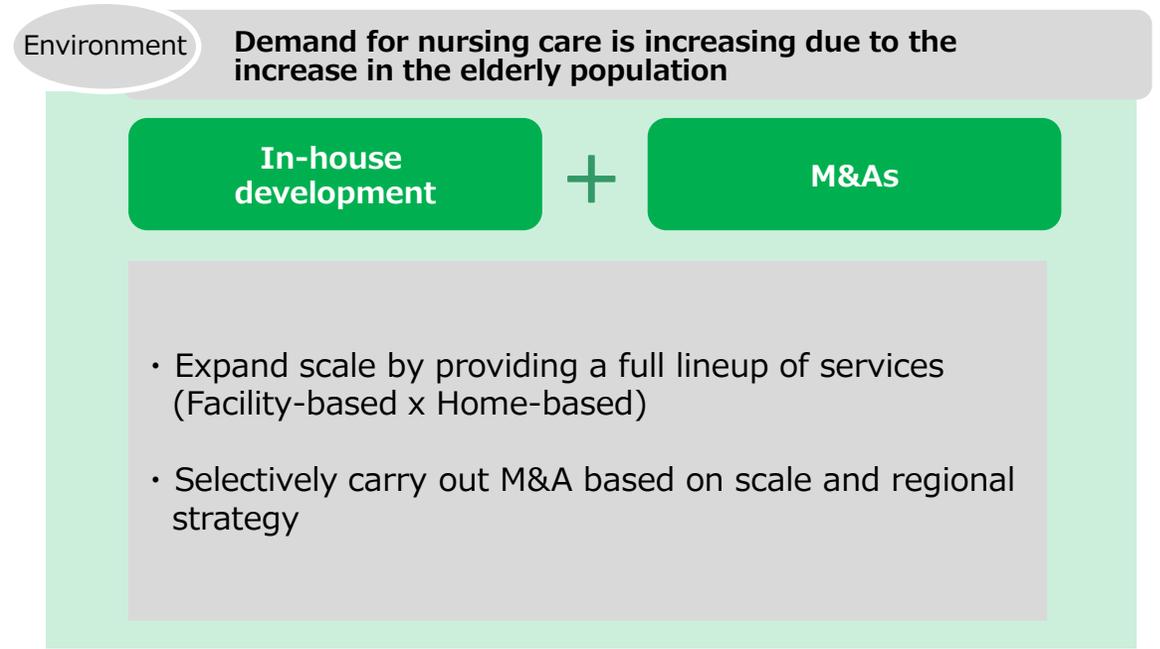
Providing Support as Nursing Care Operator

- Strengthen the supply capacity of nursing care services by securing human resources through compensation improvement, etc., and productivity improvement through the use of technology
- Actively expand scale by effectively combining in-house development and M&A to meet the growing demand for nursing care

Increase the capacity to “supply” nursing care services Productivity improvement



Support the expanding "demand" for long-term care User growth



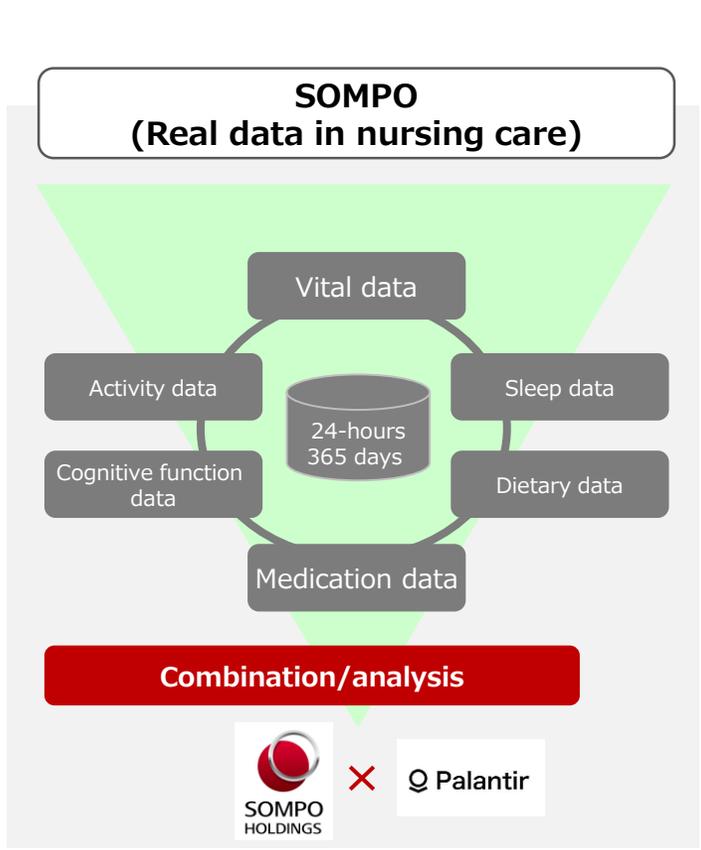
Growth as a nursing care operator

*Increase residents supported by one caregiver from the current approx. 2 to 3-4

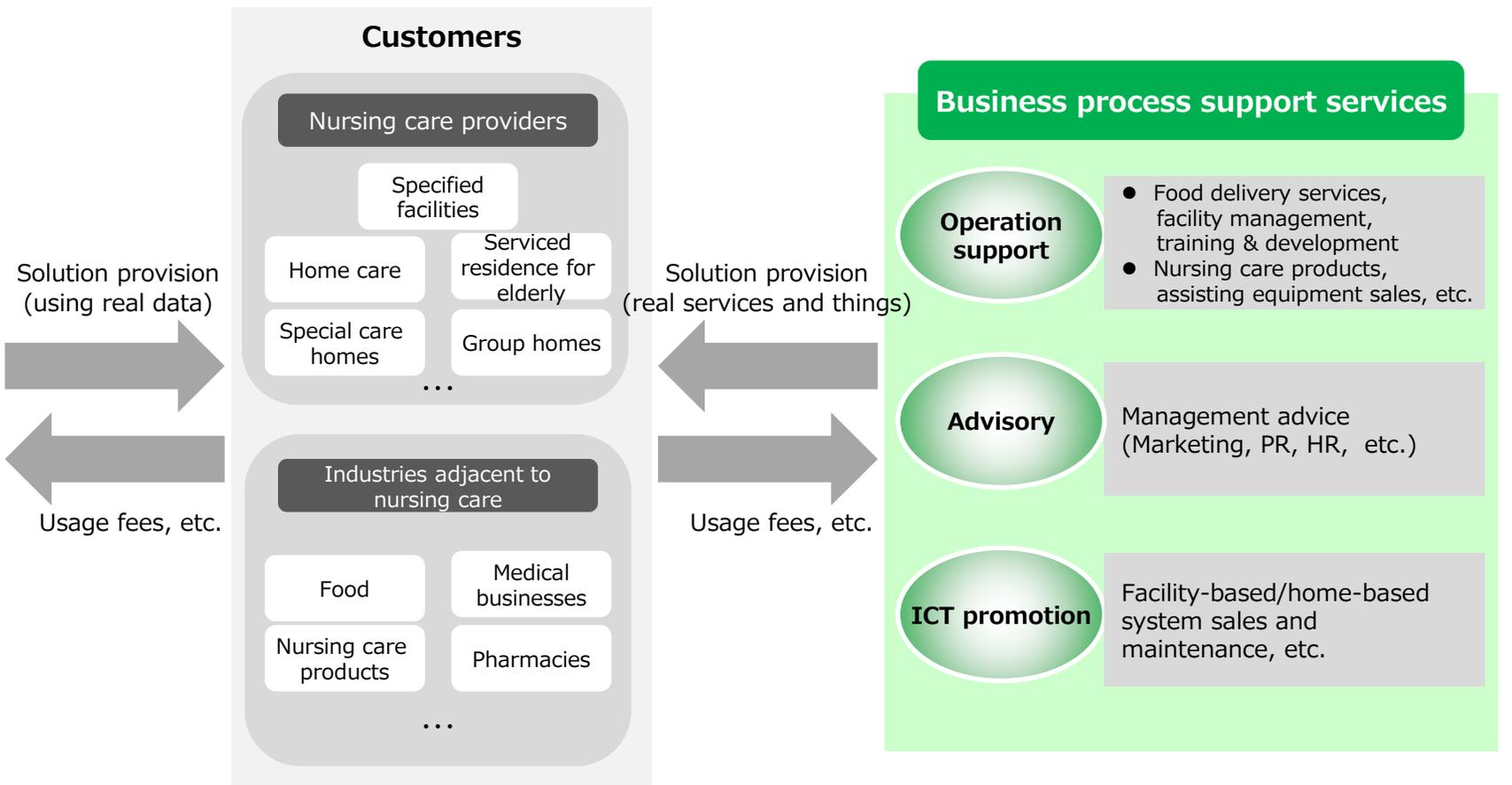
Supporting by the Ecosystem

- Build an ecosystem by creating a platform for real data and real services and providing them to other nursing care providers and adjacent industries
- Offer the SOMPO business model as a solution and help improve the sustainability of the industry

Real Data Platform vision



Solutions business (real services/things)

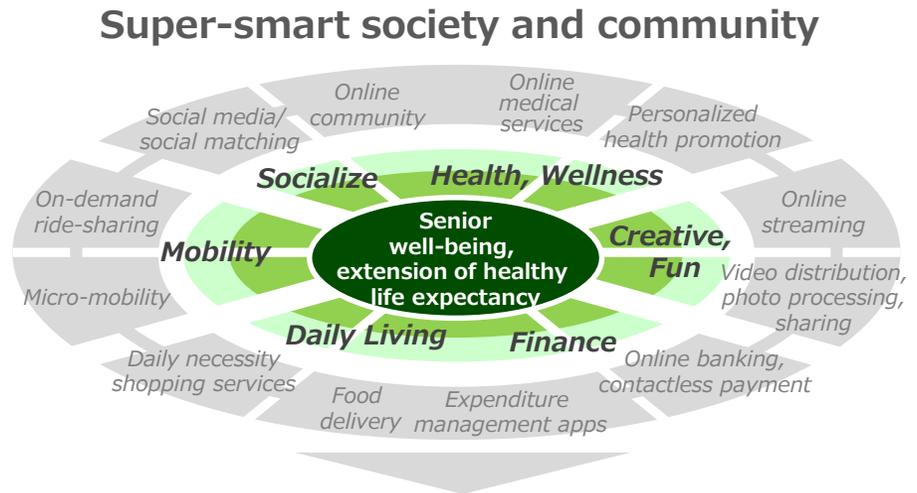


Supporting Active Seniors

- Aim to realize well-being by encouraging active seniors to change their mindset and behavior, and by supporting their social participation
- Prevent dementia and support people living with dementia by developing a program for preventing cognitive decline

Start of smart community business (SOMPO)

Contributing to realize a society where seniors can live prosperously in their own way in a super-smart society



PoC (proof of concept) started at local governments nationwide

Mindset/behavior change support

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

Carer* support

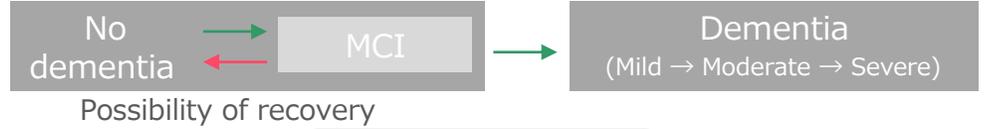
For carers having problems with home care, provide services such as an introductory course on nursing care knowledge and skills, including digitalization, and community formation with carers in the community (peers)

*Families, etc.. who give nursing care at home

Launch of cognitive decline prevention services

To create a "society where people can live in their own way, even if they are preparing for or have dementia"

Process of cognitive decline



Dementia prevention program



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

Start full-scale service provision in FY2021

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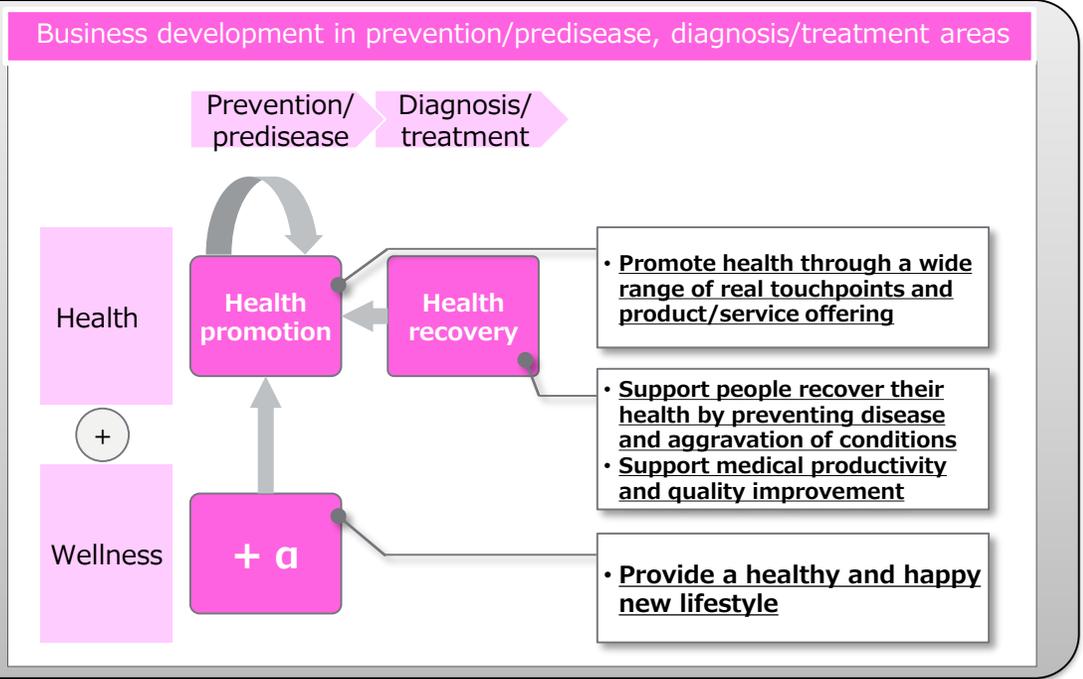
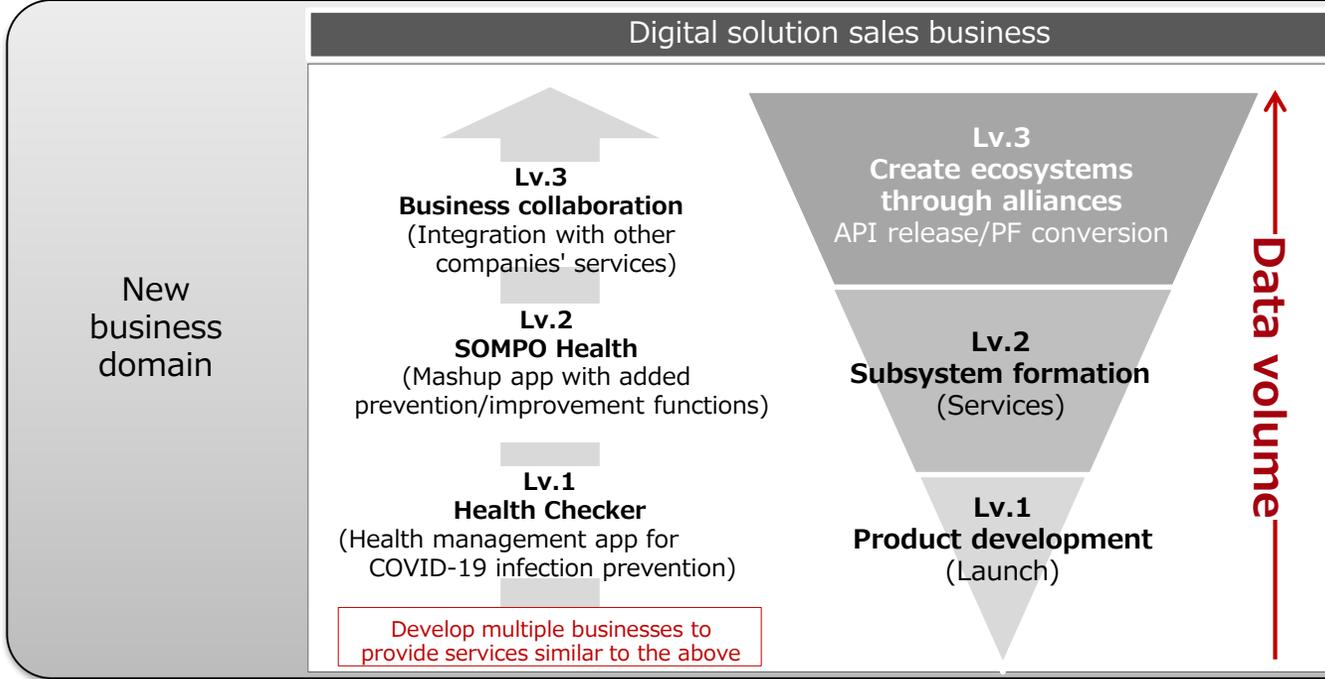
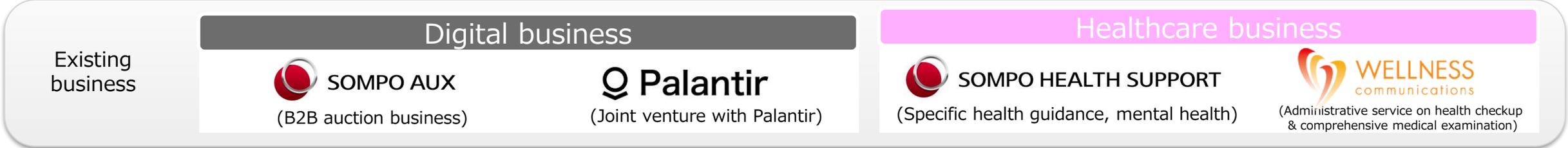
(6) RDP

(7) Investment Strategy

Reference

Strategy Overview

- Establish two new business segments to realize the Theme Park and transform business portfolio. Aim for dramatic growth based on existing business companies
- In the digital business, aim to monetize digital solutions, such as product development and sales in collaboration with startups who have advanced technology
Apply the data and knowhow accumulated in the digital business to the development of RDP solutions for other businesses/domains and contribute to monetization as RDP
- In the healthcare business, promote business development from prevention/predisease to diagnosis/treatment areas to extend healthy life expectancy and support the improvement of medical productivity and quality. Utilize digital technology on a real business foundation, accumulate data from inside and outside the company as real data hub in these areas, and aim to create new value



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(Reprint) SOMPO×RDP

- Develop Real Data Platform (RDP) as a framework to benefit society by contributing to addressing social challenges
- SOMPO will be the hub by leveraging the strengths in real data obtained from existing businesses and partner firms' know-how and technology to provide subscription-based software and solutions externally.
- Contribute to addressing social challenges and increase profits in the medium and long term by increasing profits in existing businesses and creating entirely new customer value through business collaboration with mechanism for creating connections with new customers and process for ultimately building ecosystems towards social implementation

New Customer Value Creation

SOMPO's strengths

Leading player in the insurance and nursing care businesses

- 20 million insurance customers
- 100,000 nursing care user data
- 60,000 employees
- Know-how/data networks

Companies with know-how

- Palantir
- one concern
- TierIV

RDP development process

Initiatives

- 1 Improve profitability through efficiency
- 2 Monetize through external sales
- 3 Create ecosystem

Delivery of solutions with SOMPO as hub

Sales of subscription-based software/solutions

Solutions development (Productivity improvement model, etc.)

Data integration

- Individual businesses
- Business collaboration
- External collaboration

Social challenges facing SOMPO

- New normal
- Low birthrate and population aging

Contribution to addressing social challenges

Business size (revenue)

Aim for ¥500.0bn+ in the medium to long term

(Reprint) Focus Areas and Progress

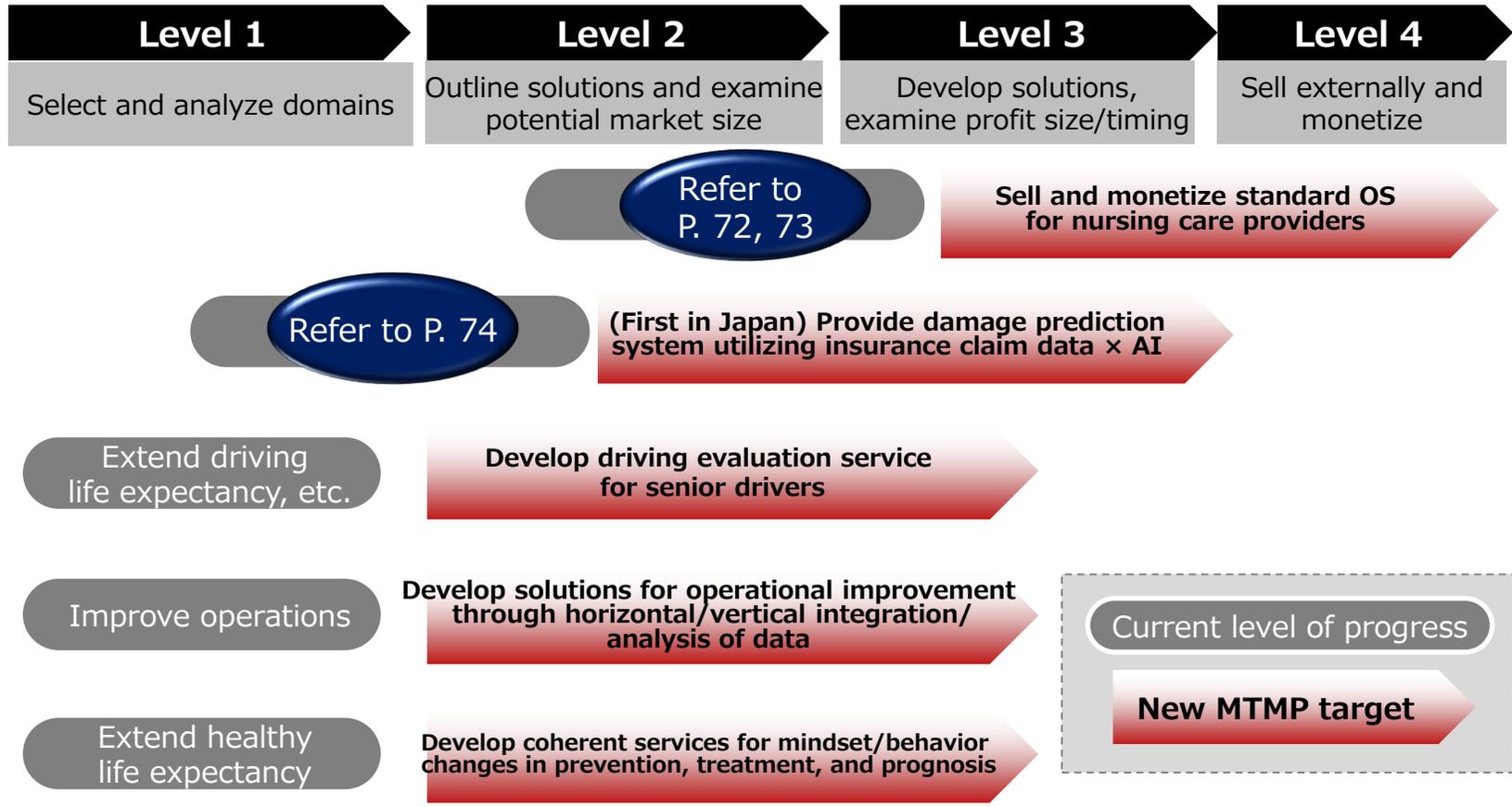
- Selected five domains to focus on from the perspective of SDGs and a Theme Park for Security, Health & Wellbeing in light of social value and data held by SOMPO, and aim for early delivery of solutions with external sales and monetization in each domain
- Leverage SOMPO's strengths (data, networks, know-how, talent, etc.) to pursue further growth in these domains



Early delivery of solution: External sales and monetization

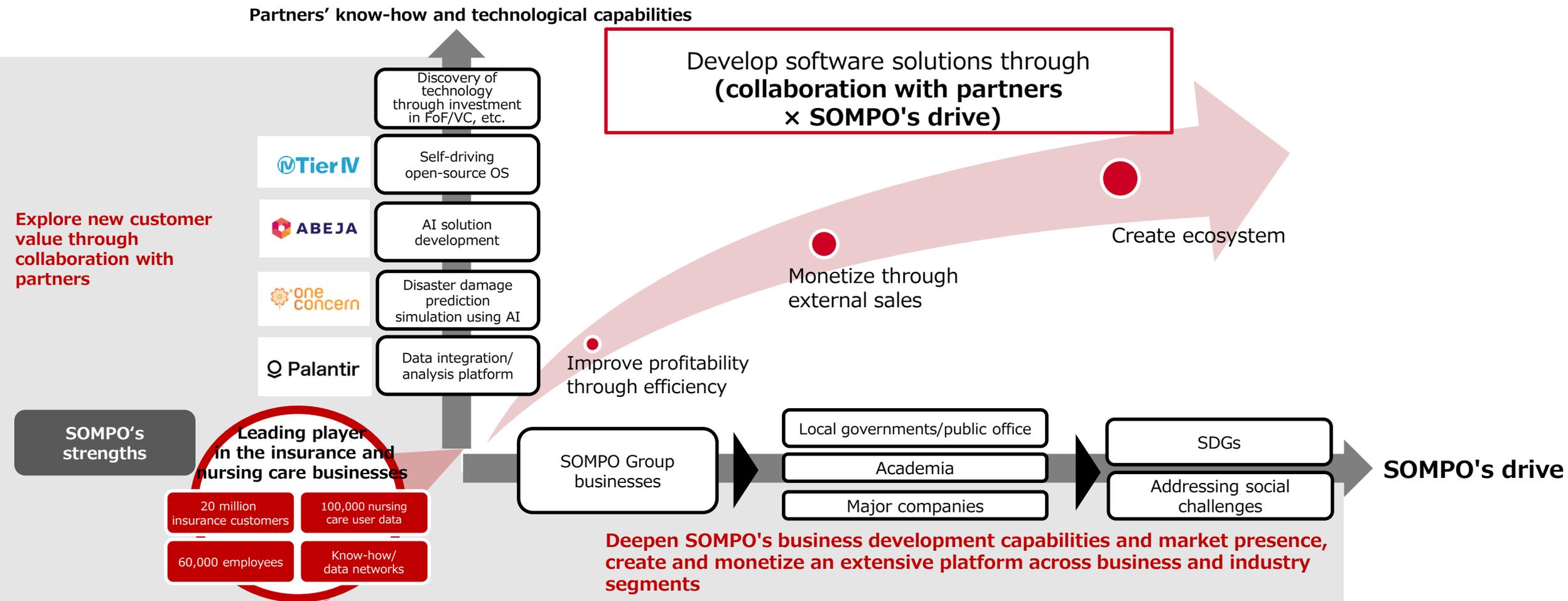
Further growth in domains leveraging strengths

Business	Domain
Nursing Care & seniors	Nursing care Improve quality in nursing care industry (operational/vital/care data)
Domestic P&C insurance	Disaster prevention & mitigation Minimizing the extent of damage through disaster forecasting (insurance policy/insurance claims/disaster data)
	Mobility Optimize services to people with poor access to transport (self-driving OS/accident/insurance claims data)
Overseas insurance	Agriculture Increase farmers' operational efficiency and profits (crop insurance data on soil/weather/yield, etc.)
Domestic life insurance, nursing care & seniors, digital healthcare	Healthy aging Extend healthy life expectancy through a data-driven approach (life insurance/healthcare related data)



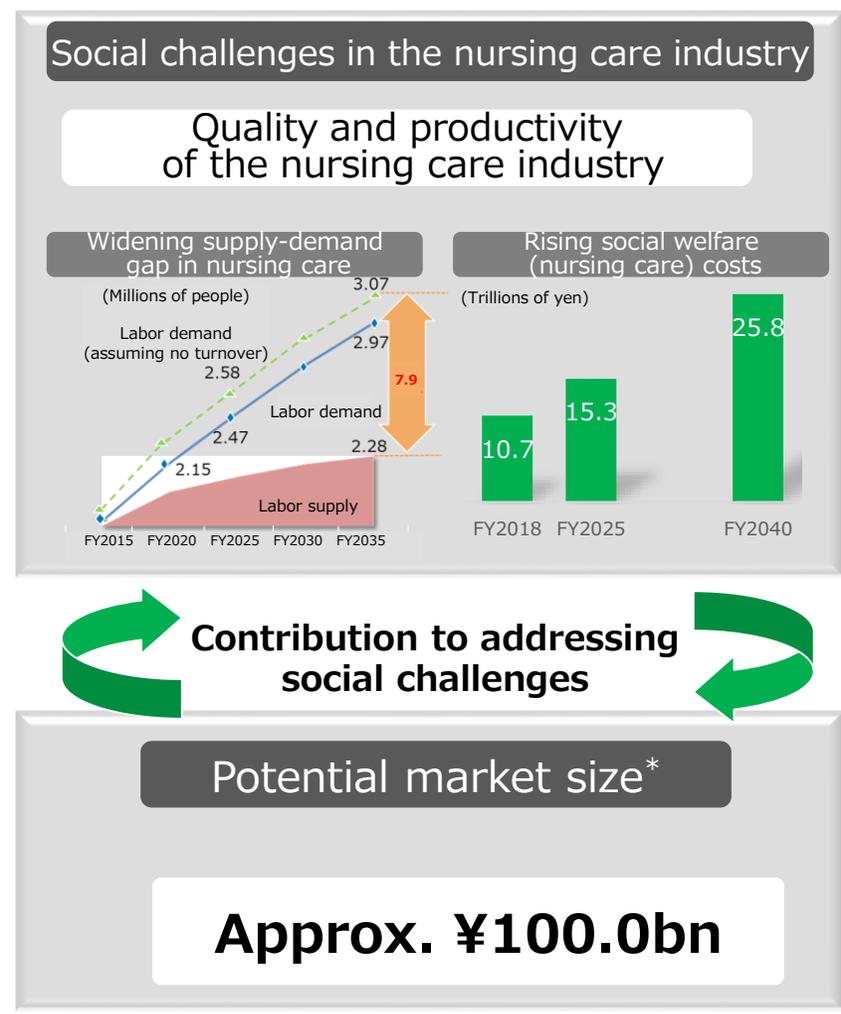
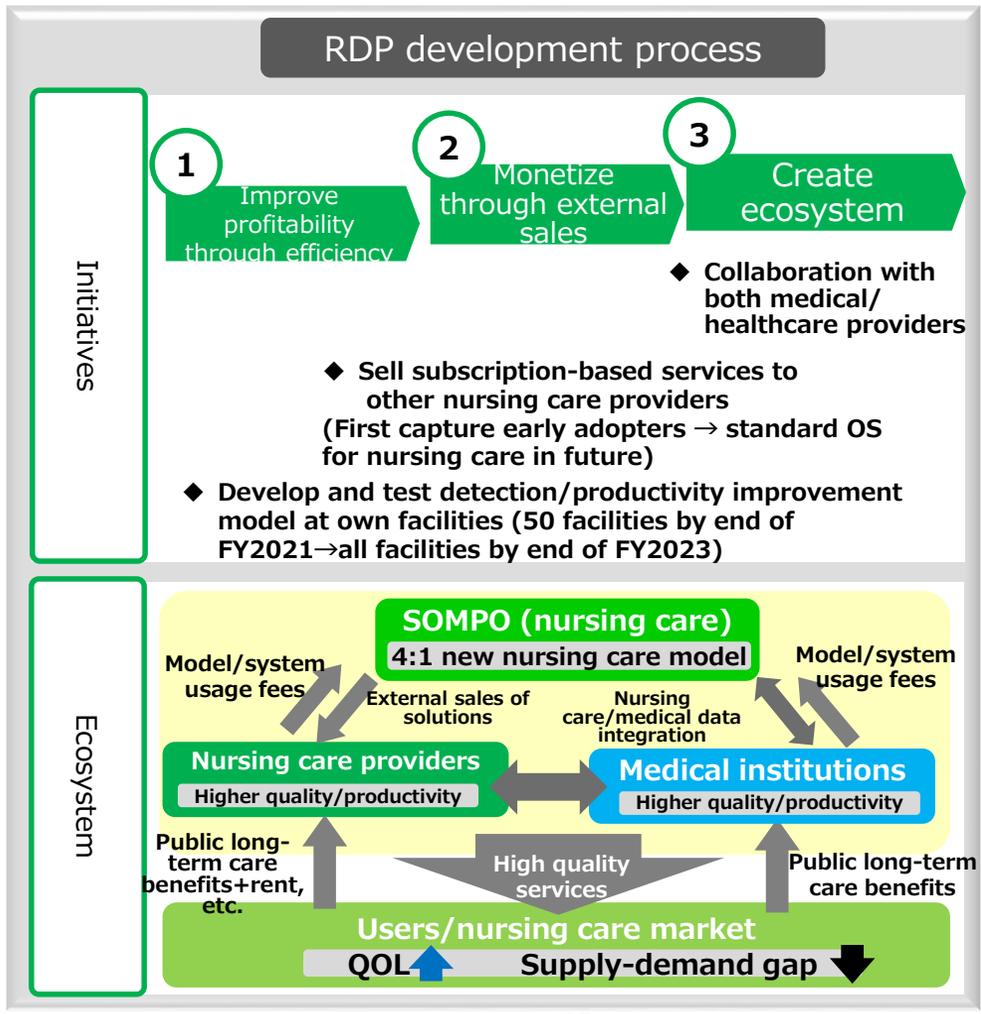
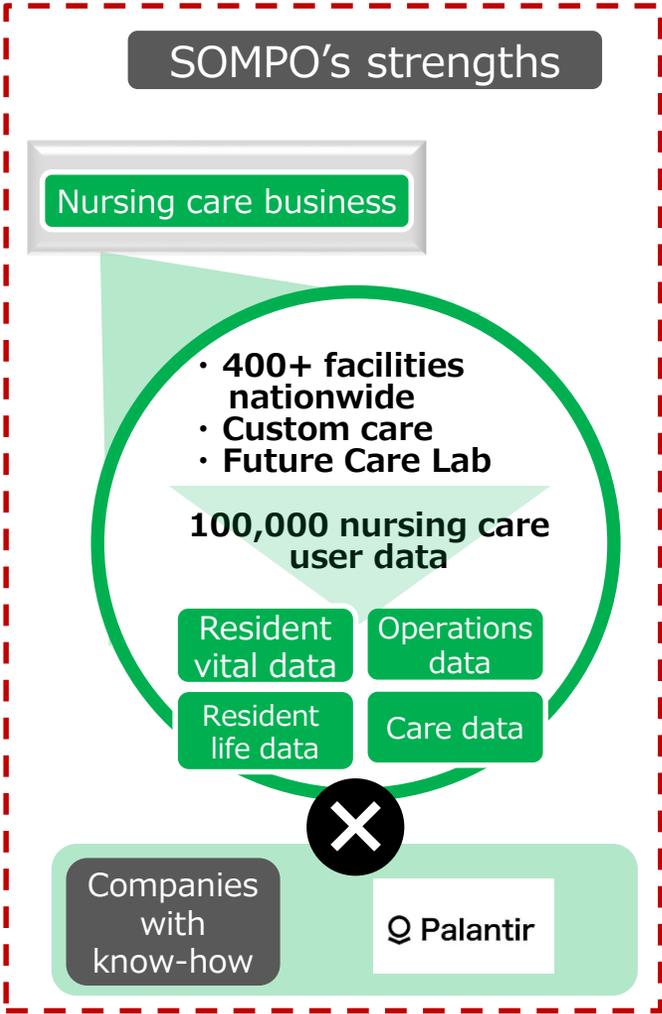
Creation of Software Business Model

- As a leading player in the insurance and nursing care businesses, we combine the strengths of real data obtained from business activities with the know-how and technological capabilities of partners to create new solutions that go beyond the boundaries and scope of existing businesses. We will provide these as subscription-based software solutions (Real Data Platform) in a wide range of domains by leveraging the market presence of the SOMPO Group
- We will contribute to the realization of a sustainable society and develop a software business model with an overwhelming lineup of solutions, and increase profits



Nursing Care × RDP

- Currently conducting proof of concept at own facilities to determine effectiveness of nursing care x RDP utilizing data obtained in the nursing care business, SOMPO's strength
- We will develop solutions and provide subscription-based services to nursing care providers in FY2021
- Potential market size is around ¥100.0bn. Contribute to addressing the social challenge of improving both the quality and productivity of the nursing care industry while increasing profits



*Our estimates based on personnel expenses associated with facility-based care, efficiency improvement rate of solutions, etc.

Nursing Care x RDP -Proof Through SOMPO Care-

- Verified through past pilots that it is possible to improve and optimize nursing care operations by utilizing data
- Started outreach efforts to acquire early adopters, while expanding internal implementation to accumulate further data and know-how
- Accelerate efforts to launch and monetize as an external sales product. Aim to provide the standard OS in the nursing care industry early

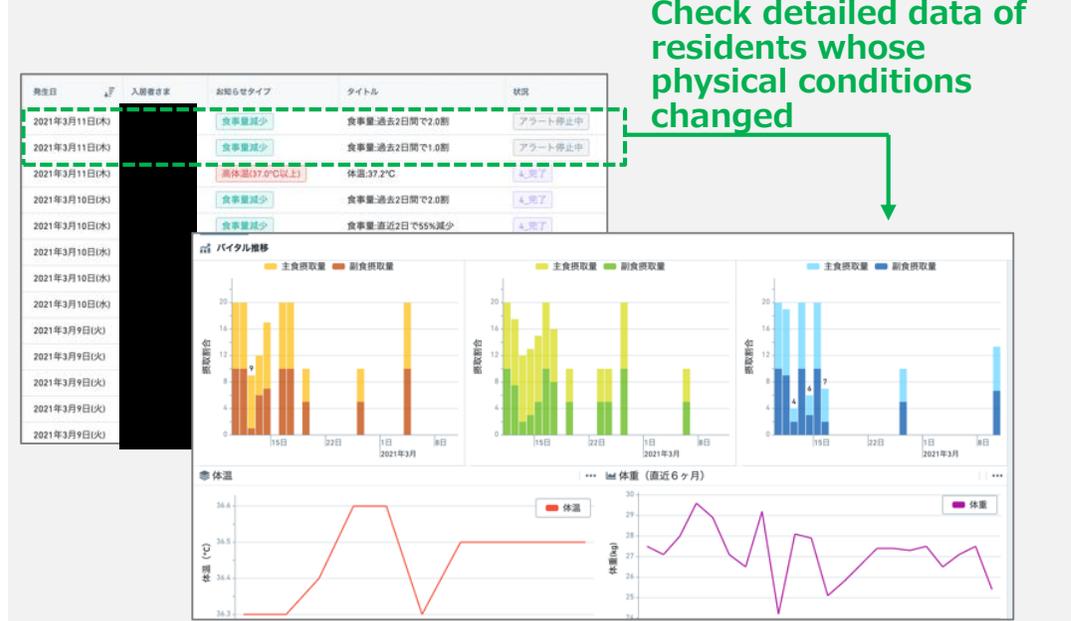
Demonstration result 1: Improvement of decision accuracy through data integration

- ✓ Integrated data from different systems and displayed the information needed to make decisions in the best way
- ✓ Improved decision-making accuracy on response needed by clearly showing the comparison and changes of assessment, care schedule, and care results



Demonstration result 2: Quick action based on the latest data

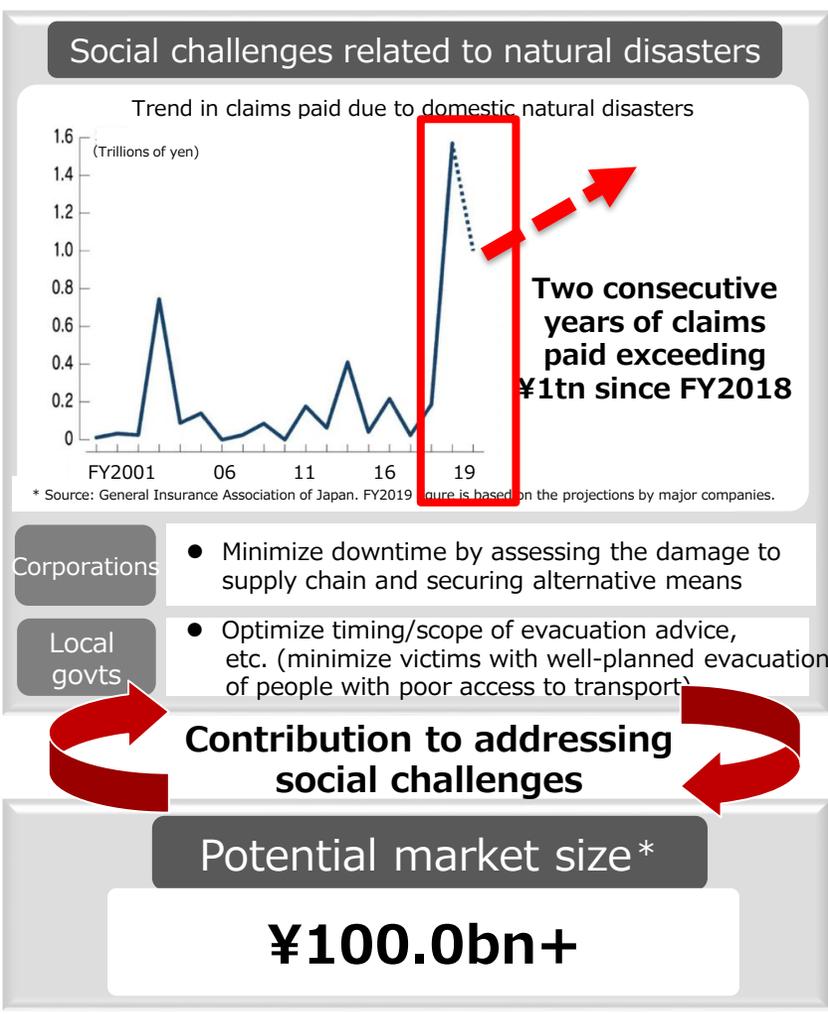
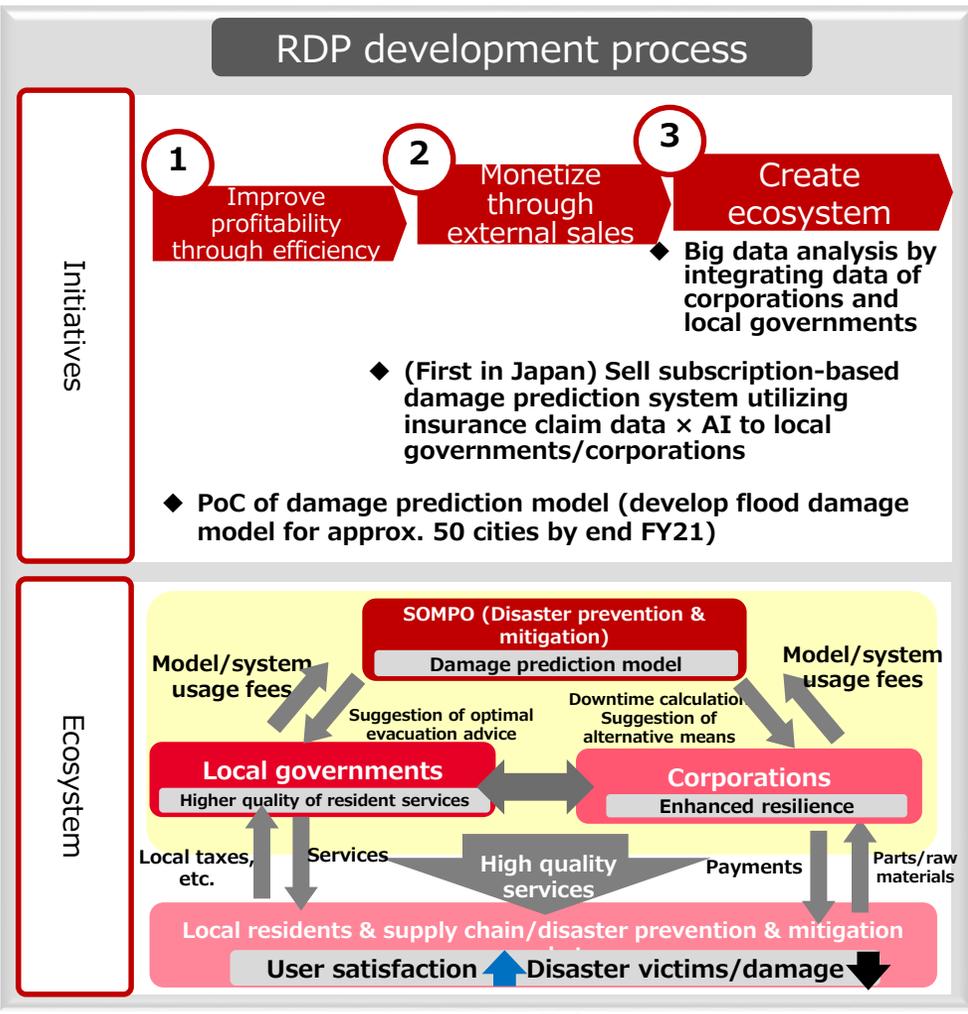
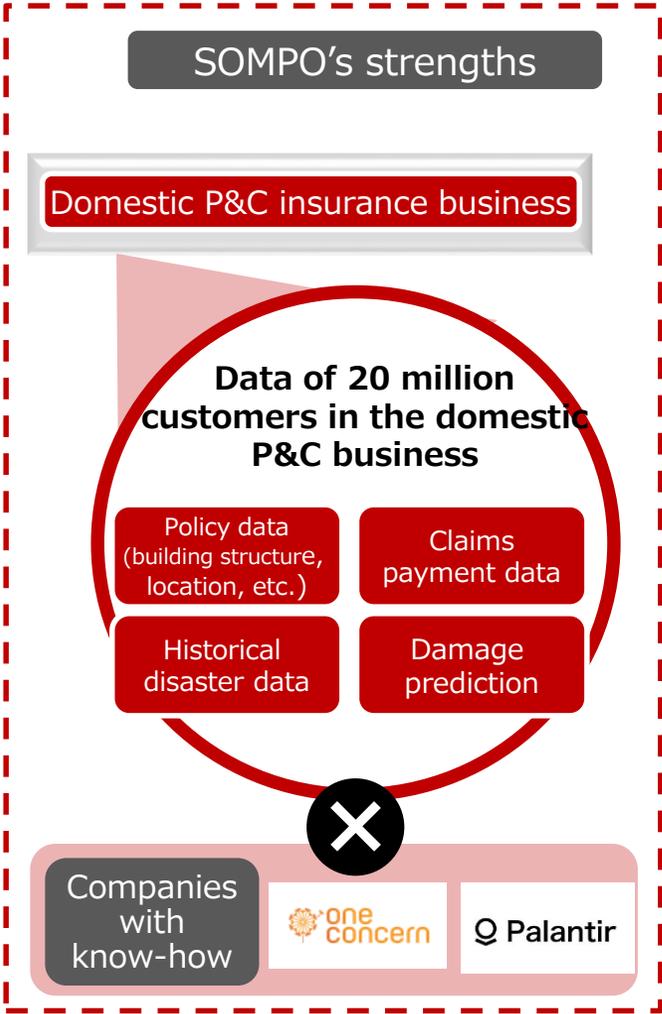
- ✓ Identified residents whose physical conditions changed, and prioritized necessary measures
- ✓ Completed necessary information collection by displaying related vital data, etc. in an integrated manner



Started approaching prospective customers for external sales

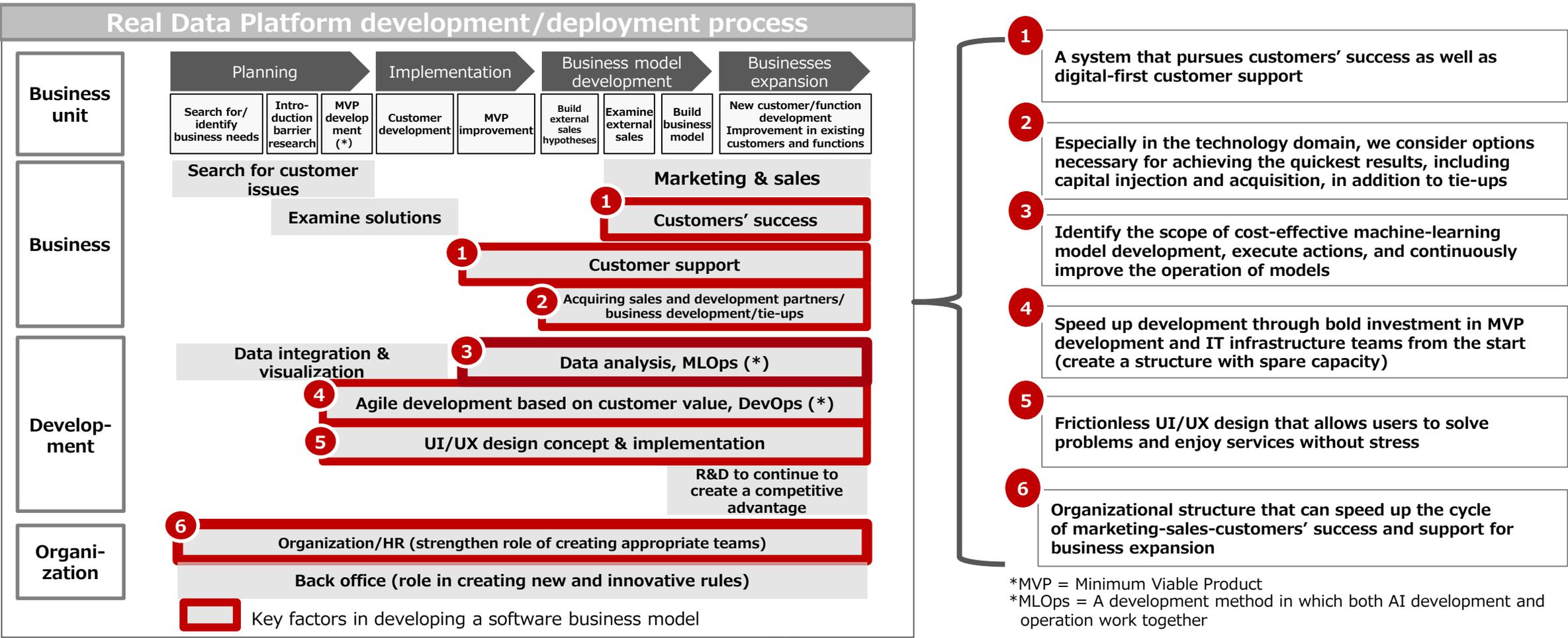
Disaster Prevention & Mitigation x RDP

- Provide optimal solutions to corporations and local governments through Disaster Prevention & Mitigation x RDP utilizing data obtained in the domestic P&C insurance business, SOMPO's strength, and One Concern's damage prediction simulation
- Potential market size is over ¥100bn. Establish path to monetization while addressing the social challenge of disaster prevention & mitigation in the new normal



Key Factors for Creation of Software Business Model

- Through projects with partners mainly in the nursing care domain, we identified factors that are essential for the provision of subscription-based software solutions (Real Data Platform) and are important in developing a software business model
- While not all factors are satisfied at present, we will create a software business model by satisfying and complementing these through efforts such as internal development, collaboration with partners, and taking into the Group



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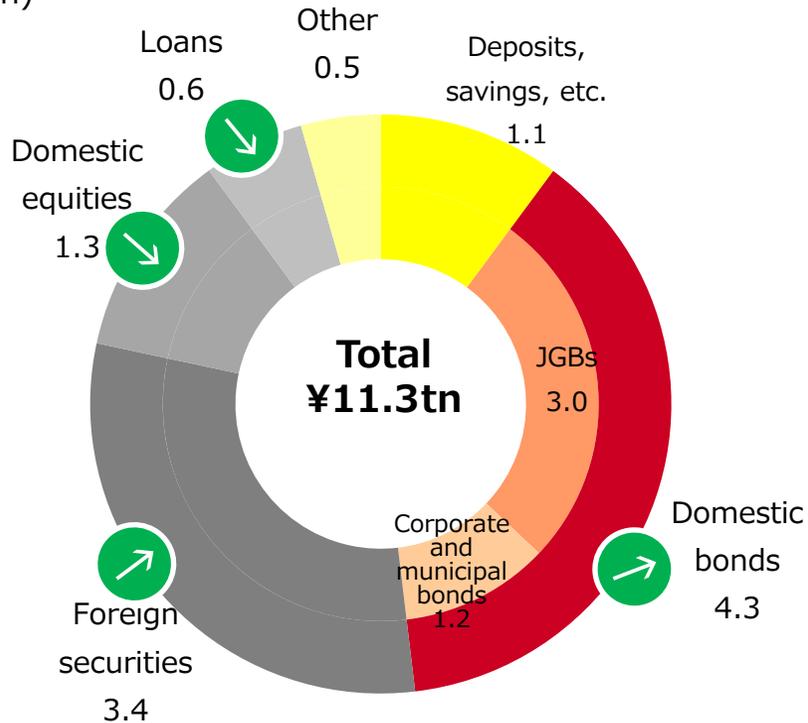
Reference

Investment Strategy

- Interest and dividend income is expected to decrease by ¥15.0bn in FY2021-2023 due to the reduction of strategic shareholdings and lower interest rates
- Aim to steadily increase investment income by further diversifying investment portfolio and carefully assessing credit risk while taking into account the characteristics of liabilities

Group assets under management*1

(Trillion yen)



● Arrows indicate the direction of allocation (illustration)

*1 As of the end of March 2021, Group consolidated basis (trillion yen)

*2 Excluding the impact of interest and dividend income associated with fund redemption, etc.

*3 For Sompo Japan general accounts/yen interest rate assets, etc.

Initiatives to increase investment income*2

Challenges in investment

Decline in interest and dividend income due to low interest rates and reduction in strategic shareholdings

Impact Around -¥15.0bn (after tax)

Main initiatives

Increase credit investment while considering asset quality and risk diversification

Profit increase Around +¥20.0bn (after tax)

- Increase foreign credit investment (including currency-hedged)

Reinvestment yield*3 perspective

Aiming for 1.0 to 1.5% based on the current market environment

- Increase REIT investment
- Increase alternative investment

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Management Targets

Numerical targets for plan

(Billions of yen)	FY2020		FY2021		FY2023	
	(Actual)	(Segment ROE)* ⁵	(Forecast)	(Segment ROE)	(Plan) * ⁶	(Segment ROE)
Domestic P&C insurance	130.1	11.0%	105.0	8.0%	150.0+	11.4%
Overseas insurance	30.0	3.8%	60.0	7.9%	100.0+	11.6%
Domestic life insurance	33.8	4.2%	32.5	4.3%	40.0+	5.7%
Nursing care/seniors* ³	8.1	14.2%	6.5	11.5%	8.0+	14.3%
Digital, etc.	-	-	1.0	-	2.0+	-
Total (Adjusted consolidated profit)	202.1	-	205.0	-	300.0+	-
Adjusted consolidated ROE*⁴	8.0%	-	7.4%	-	10%+	-
ROE (J-GAAP)	7.9%	-	6.2%	-	-	-

Definition of adjusted profit*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

Operating Income*²
 Equity-method affiliates are in principle included as net income

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 costs (after tax)
 - Depreciation of acquisition costs (after tax)
 - Gains/losses on sales of securities and impairment losses on securities (after tax)

Nursing care/seniors

Healthcare, etc.

Net income

Digital

Net income
 - Gains/losses and impairment losses on investment (after tax)

*¹ Adjusted profit for each business excludes one-time factors and special factors such as subsidiary dividends, etc.

*² Operating income excluding one-time factors (= Net income - Net foreign exchange gains/losses - Net realized and unrealized gains/losses - Net impairment losses recognized in earnings, etc.)

*³ FY2020 nursing care & healthcare, etc., adjusted profit = Net income (excluding one-time factors)

*⁴ Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)

Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve, etc., in domestic P&C insurance (after tax) + Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets

Domestic life insurance adjusted net assets = Net assets (J-GAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

*⁵ ROE for each business = Adjusted profit for each business / Allocated capital for each business (Total consolidated net assets of the companies of each business or the required capital based on risk model. Average at the end/start of each fiscal year.)

Regarding the ROE for each business, it is not suitable to use for comparison between businesses since each business is defined differently based on its characteristics. The introduction of this aims to increase the probability of achieving the adjusted consolidated ROE and ROE targets for each business by monitoring the progress of each business.

*⁶ The plan is based on the assumption of organic growth. We will increase the probability of achieving the plan by adding 30.0 billion yen in profit through M&A to offset downside risks (30.0 billion yen) due to the impact of natural disasters and other factors beyond our expectations.

Social Challenges and SDGs SOMPO Will Address

- Focus areas are “3: Good health and well-being”, “8: Decent work and economic growth”, “11: Sustainable cities and communities” and “13: Climate action”
- Make a significant impact on society as a platformer for “17: Partnerships for the goals” by involving various partners

ESG category	ISO26000 7 Core Subjects	Social issues surrounding SOMPO	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
G	Organizational governance	Refining governance																			
		Refining ERM																			
		Strengthening cyber security																			
	Fair operating practices	Strengthening compliance																			
Anti-corruption																					
S	Human rights	Value chain with considering ESG																			
		Human dignity and Human Rights Risk																			
		Preventing the spread of infectious diseases																			
	Labour practices	Improving employee engagement through new work style																			
		Developing and utilizing innovatable human resources																			
		Promoting diversity and inclusion																			
		Promoting a health and productivity management																			
	Community involvement and development	Investment in HR (Lifelong Learning / Recurrent Education)																			
		Supporting regional development for regional revitalization																			
		Promoting cultures and arts																			
		Financial inclusion and promoting insurance to vulnerable and all people																			
		Contribution to the resilient society against natural disasters																			
		Contribution to the safe and peaceful next-generation mobility society																			
		Contribution to a sustainable social security system																			
	Consumer issues	Support for people vulnerable to disasters																			
		Partnership with various stakeholders																			
Promoting a digital society																					
Improving quality of customer services																					
Privacy Protection																					
Contribution to a smart society																					
Extending healthy life expectancy																					
E	The environment	Providing products and services reflecting changes in people's value and behavior																			
		Next generation education: Education for disaster prevention and traffic safety																			
		Next generation education: Education for environment																			
		Sustainable finance (Insurance)																			
		Sustainable finance (Investment and Lending)																			
		Contribution to a sustainable food supply																			

*Social challenges strongly linked with SDGs targets are marked as “●”, and those somewhat linked are marked as “△”. SOMPO will continuously review this in response to the development of problem solving business, changes in social challenges, etc.

SDGs focus areas

Note Regarding Forward-looking Statements

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.

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