

August 2, 2021

Sompo Holdings, Inc.

**Strengthening Sustainable Management Framework and Setting Materiality KPIs  
to deliver SOMPO's Purpose**

~Initiatives to enhance corporate value through value communication~

Sompo Holdings, Inc. (Group CEO, President and Representative Executive Officer: Kengo Sakurada) formed the "Value Communication Team" on August 1, 2021 to accelerate efforts to deliver "SOMPO's Purpose" and to enhance corporate value through effective communication with multi-stakeholders, including financial market participants.

As for sustainability, Sompo Holdings established a new "Group Chief Sustainability Officer (Group CSuO)" position to strengthen the framework for promoting sustainable management to deliver SOMPO's Purpose, and set "Materiality KPIs" to incorporate the social challenges the Group addresses, strategies, and actions into the management framework and to implement the PDCA cycle for creating both economic and social values.

(Reference)

Notice Concerning Change in Organizational Structure with regard to Corporate Value Enhancement Initiatives and Change in Directors

[https://www.sompo-hd.com/-/media/hd/en/files/news/2021/e\\_20210728\\_1.pdf?la=ja-JP](https://www.sompo-hd.com/-/media/hd/en/files/news/2021/e_20210728_1.pdf?la=ja-JP)

## **1. Strengthening sustainable management framework to deliver SOMPO's Purpose**

On August 1, 2021, Sompo Holdings established the Group CSuO position to further strengthen management framework. The Group CSuO is responsible for the permeation of "SOMPO's Purpose" throughout the Group, formulating and executing sustainable management strategies that continue to provide value to society, developing strategies to enhance brand value, communicating to multi-stakeholders, and will drive the Group's sustainable management.

In addition, the Group CSuO, as the chair of the Group Sustainable Management Committee comprised of executives in charge of corporate planning or sustainable management at Group companies, will promote sustainable management for the entire Group, while the newly formed "Value Communication Team" will work to improve communication with multi-stakeholders.

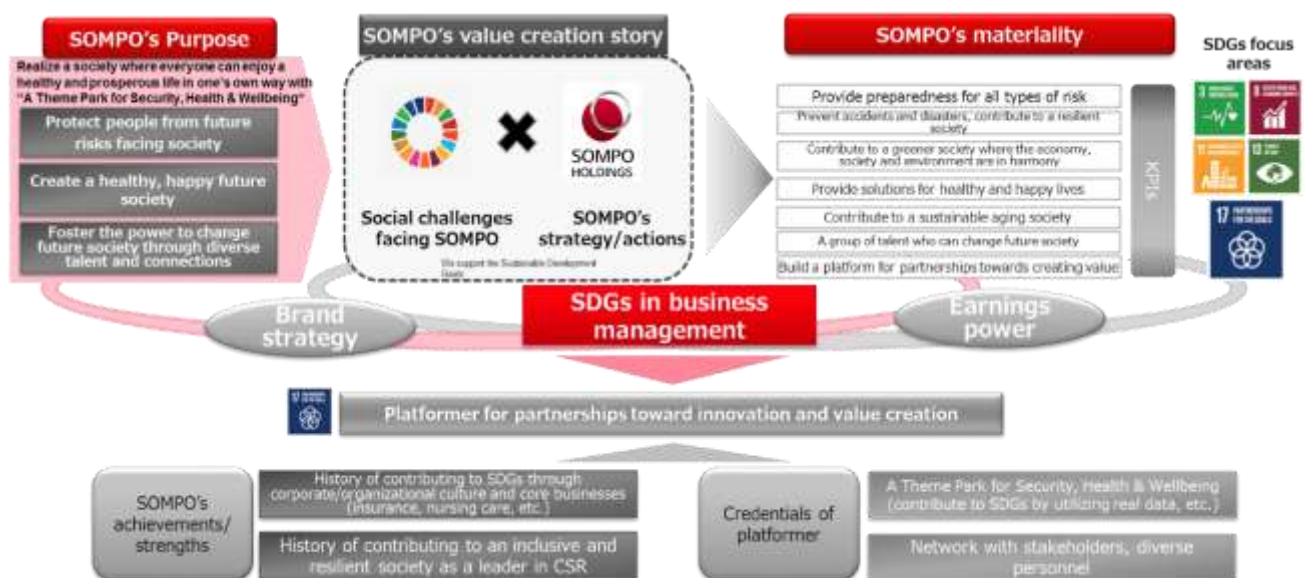
## 2. Setting Materiality KPIs to practice "SDGs in Business Management"

In the Mid-Term Management Plan starting in FY 2021, the Group has positioned SDGs in Business Management as one of the management foundation to create economic and social values by addressing social challenges through core businesses, with the aim of delivering SOMPO's Purpose. With SDGs in Business Management, the Group will incorporate the social challenges to be addressed, strategies and actions to deliver SOMPO's Purpose into the management framework, and improve earnings power for sustainable growth by objectively communicating and appealing the outcomes with the SDGs, a universal language, and implementing the PDCA cycle.

To clarify the challenges to be addressed to deliver SOMPO's Purpose, the Group identified "Materiality," key management issues to prioritize efforts, and announced it together with the Mid-Term Management Plan. In identifying it, the Group comprehensively reviewed social challenges based on the Group's value creation story and global standards, such as the United Nations Global Compact and ISO 26000, an international standard in social responsibility, and then used the "SDGs Matrix" to organize the relationship between these challenges and the SDGs 169 targets to evaluate their importance.

As the first step to incorporate efforts to deliver SOMPO's Purpose into the management framework, the Group has set "Materiality KPIs" (refer to appendix). These KPIs are linked to the business management indicators and KPIs for new work style, etc. that the Group is working on under the Mid-Term Management Plan, and the KPI system reflects SDGs in business management, which aims to address social challenges through core businesses. The Group will use these KPIs to manage progress and steadily implement the PDCA cycle to deliver SOMPO's Purpose.

### <Overview of SDGs in Business Management>



### **3. Future action**

For the society that we are aiming to realize with “A Theme Park for Security, Health and Wellbeing,” Sompo Holdings will work to make "SOMPO's Purpose" permeate throughout the Group and steadily implement “SDGs in Business Management” to deliver SOMPO’s Purpose. With the newly formed "Value Communication Team," the Group will work to enhance brand value and corporate value by communicating and appealing these initiatives to multi-stakeholders.

(End)

## Materiality KPIs

Materiality (SOMPO's material management issues)	Materiality subcategories Narrowed down from social issues facing SOMPO, SDGs, and international standards	Materiality KPIs				Relevant SDG targets			Society SOMPO aims for / Vision to be realized
		Proposed KPIs	Target business	Numerical targets	Partnership KPIs				
Provide preparedness for all types of risk	Financial inclusion and promoting insurance to vulnerable and all people	Domestic net written premiums (contribution to promoting insurance)	Domestic P&C insurance	FY2021: 1,988.6 bn yen FY2023: 2,079.9 bn yen	<b>Increase in partnerships</b>	1.4	8.10	11.7	Due to the evolution of insurance, people are protected from new risks such as climate change, infectious diseases and cyberattacks, and can live a safe and peaceful life.
		Overseas gross written premiums (contribution to promoting insurance)	Overseas insurance	FY2021: +7.9% FY2023: +6.9%		1.4	8.10	13.1	
		No. of life insurance policies in force (contribution to promoting insurance)	Domestic life insurance	FY2021: 4,430,000 FY2023: 5,000,000		1.4	3.3	8.10	
		No. of sales and premiums for insurance products that help people prepare for illness and injury (Medical Master, Nyuin Passport)	Domestic P&C insurance	Increase YoY		3.3	3.4	8.10	
	Contribution to a sustainable food supply	Expansion of AgriSomp'o's agricultural insurance bu	Overseas insurance	Increase in number of target countries by FY2023		1.5	2.4	13.1	
Prevent accidents and disasters, contribute to a resilient society	Contribution to the resilient society against natural disasters	Customer satisfaction in natural disaster insurance payouts	Domestic P&C insurance	Improvements YoY	<b>(1) No. of collaborations/partnerships announced to the public (2) No. of PoC* and pilot tests conducted through collaborations/partnerships (3) No. of solutions provided through collaborations/partnerships</b>	1.5	11.b	13.1	Risks are controlled and damage is minimized by identifying signs and preventing damage.
	Contribution to the safe and peaceful next-generation mobility society	No. of sales and premiums for insurance products that contribute to safe and peaceful next-generation mobility society (New DRIVING!, UGOKU)	Domestic P&C insurance	Increase YoY		3.6	8.10	11.2	
	Next-generation education (disaster preparedness and traffic safety)	No. of participants in disaster preparedness and traffi	All the Group	FY2021: 15,000		3.6	4.7	11.b	
Contribute to a greener society where the economy, society and the environment are in harmony	Sustainable finance (insurance, investing and lending)	Participation and activities in sustainability-related i	All the Group	Publish activity results	<b>*Proof-of-Concept</b>	9.4	11.4	13.3	Inclusive and resilient carbon neutral society where people and nature are in harmony
		No. of engagements with investment portfolio companies	Domestic P&C Insurance / SAM	Increase YoY		7.a	9.4	13.a	
	Greenhouse gas emission reduction rate	All the Group	Scopes 1-3: 60% reduction by FY2030 (compared to 2017), net zero by FY2050 *The target for FY2050 includes investment portfolio	7.2		12.8	13.2		
	Blue chain with considering ES	Switching to renewable energy electricity sources	All the Group	70% introduction rate by FY2030		7.2	12.2	13.2	
	Next-generation education (environ	No. of participants in environmental education progr	All the Group	FY2021: 11,500		12.3	13.3	14.1	

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		Proposed KPIs	Target business	Numerical targets	Partnership KPIs						
Provide solutions for healthy and happy lives	Extending healthy life expectancy	Partnership with various stakeholders	No. of Insurhealth policies sold	Domestic life insurance	End of FY2021: 300,000, End of FY2023: 4,200,000	<b>Increase in partnerships</b>  (1) No. of collaborations/partnerships announced to the public (2) No. of PoC* and pilot tests conducted through collaborations/partnerships (3) No. of solutions provided through collaborations/partnerships  *Proof-of-Concept	1.4	3.4	8.10	Those who need support can live a healthy and happy life with dignity as individuals	
			No. of Insurhealth policies held	Domestic life insurance	End of FY2021: 600,000, End of FY2023: 1,300,000		1.4	3.4	8.10		
			Insurhealth product sales share	Domestic life insurance	End of FY2021: 60% End of FY2023: 80%		3.4	3.a	8.10		
			Company name recognition	Domestic life insurance	End of FY2021: 60% End of FY2023: 80%		3.4	3.a	8.10		
			Perception as a health-promoting company	Domestic life insurance	End of FY 2021: No. 5 in the life insurance industry End of FY2023: No. 1 in the industry		3.4	3.a	8.10		
			No. of facilities offering dementia prevention programs	Nursing care and seniors	FY2021: 38 FY2023: 171		3.4	5.4	10.2		
			Health guidance business sales	Healthcare	FY2021: 3.519 bn yen		3.4	3.5	4.7		
			Mental health service sales	Healthcare	FY2021: 1.485 bn yen		3.4	4.4	8.8		
			Contribution to a smart society	No. of smart community proof of concepts	Nursing care and seniors		FY2021: 10 FY2022: 10	3.4	3.d		11.3
			Contribute to a sustainable aging society	Contribution to a sustainable social security system	Partnership with various stakeholders		No. of facilities that introduce a Future Nursing Care model	Nursing care and seniors	FY2021: 28 FY2023: 258		1.3
Nursing care facility occupancy rate	Nursing care and seniors	FY2021: 90.8% FY2023: 93.8%				1.3	3.4	10.2			
No. of nursing care users	Nursing care and seniors	FY2021: 90,000 FY2023: 120,000				1.3	3.4	10.2			
Care provider turnover rate	Nursing care and seniors	FY2021: 11.4% FY2023: 10.5%				1.3	3.4	8.5			

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A group of talent who can change future society	Improving employee engagement through new work style	Co-creation with various stakeholders	Employee engagement	All businesses of the Group	End of FY2023: Gallup Q12 average points: (domestic) 3.70 pt, (overseas) 4.10 pt	Increase in partnerships  (1) No. of collaborations/partnerships announced to the public (2) No. of PoC** and pilot tests conducted through collaborations/partnerships (3) No. of solutions provided through collaborations/partnerships  **Proof of Concept	4.4	8.2	8.8	Our diverse employees develop innovative solutions and have the power to drive transformation towards a better society.			
			My Mission training participation rate	All businesses of the Group	End of FY2023: 100% of eligible employees		3.4	4.4	8.2				
			Telework rate	All businesses of the Group	More than 50% of whole Group *Nursing care frontline not included		4.4	5.4	8.8				
	Health and productivity management, human dignity and human rights risk		Health and productivity management index (WLQ)* *Work Limitations Questionnaire	All businesses of the Group	Improvements YoY at each company		3.4	4.4	8.8				
			Promoting diversity and inclusion	Ratio of female managers	All businesses of the Group		End of FY2023: 30%	5.5	8.2		10.2		
	Ratio of employees with disabilities			All businesses of the Group	End of FY2023: 2.5%		4.4	8.2	10.2				
	Investment in HR (Lifelong learning / Recurrent education)		Shift to job-based HR system	All businesses of the Group	Realize job-based system at each company by the end of FY2023		8.2	8.5	9.5				
			No. of digital personnel developed/employed	All businesses of the Group	End of FY2023 DX specialists: 177 DX planning personnel (A) Employees who have completed basic DX training: 4,000 (B) Participants in AI planning, data utilization, CX agile design training: 3,000 Personnel using DX: 17,100 training participants		4.4	8.2	9.5				
			Build a platform for partnerships towards creating value	Promoting a digital society	Group revenue generated by utilizing RDP* *Real Data Platform		Digital	500 bn yen (long-term target)	3.4		9.2	11.b	SOMPO proposes a prosperous life for both people who support and people who are supported in an aging society by creating innovation based on facts and data.
					External sales and monetization of RDP products and services		Digital	More than two projects by the end of FY2023	3.4		9.2	11.b	

(Reference Material)

### SDGs Matrix

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																		●16.7						
		Refining ERM																			●16.5					
		Strengthening cyber security																								
	Fair operating practices	Strengthening compliance																			●16.5					
Anti-corruption																				●16.5						
S	Human rights	Value chain with considering ESG									●7.2	●8.7				●12.2	●13.2	△14.2	△15.1	△16.2	●17.17					
		Human dignity and Human Rights Risk	△1.3		●3.4	●4.4	△5.4														●16.1	●17.16				
	Labour practices	Preventing the spread of infectious diseases			●3.3																△13.1					
		Improving employee engagement through new work style			△3.4	●4.4	△5.4																			
		Developing and utilizing innovativable human resources				△4.4	△5.b																			
		Promoting diversity and inclusion	△1.4		△3.4	●4.5	●5.5																			
		Promoting a health and productivity management			●3.4																	△17.16				
		Investment in HR (Lifelong Learning / Recurrent Education)				●4.4																●17.16				
	Community involvement and development	Supporting regional development for regional revitalization																				●17.16				
		Promoting cultures and arts				△4.7																●17.16				
		Financial inclusion and promoting insurance to vulnerable and all people	●1.4	●2.3	●3.3																	●17.16				
		Contribution to the resilient society against natural disasters	●1.5																			●17.16				
		Contribution to the safe and peaceful next-generation mobility society			●3.6																	●17.16				
		Contribution to a sustainable social security system	●1.3		●3.4																	●17.16				
		Support for people vulnerable to disasters	△1.5																			△17.16				
		Partnership with various stakeholders	●1.4	●2.4	●3.6	●4.7	●5.5	●6.6	●7.8	●8.10	●9.2	●10.4	●11.b	●12.5	●13.3	●14.2	●15.1	●16.2	●17.16							
	Consumer issues	Promoting a digital society	●1.5	●2.4	●3.4	△4.4	△5.b	△6.4	△7.b	△8.10	●9.2	△10.2	●11.b	△12.5	△13.1	△14.2	△15.8	△16.1	●17.16							
		Improving quality of customer services			△3.6																	●17.16				
		Privacy Protection																				●16.5				
		Contribution to a smart society			●3.4																	●17.16				
Extending healthy life expectancy		△1.4		●3.4	△4.7																●17.16					
Providing products and services reflecting changes in people's value and behavior																					●17.16					
Next generation education: Education for disaster prevention and traffic safety				●3.6	●4.7		△6.6														●17.16					
Next generation education: Education for environment																					●17.16					
E	The environment	Sustainable finance (Insurance)			△3.9						●7.a	△8.10	●9.1	●11.4	●13.3	△14.1	△15.5			●17.16						
		Sustainable finance (Investment and Lending)									●7.a	△8.3	●9.4		△12.c	●13.a	△14.1	△15.5			●17.16					
		Contribution to a sustainable food supply	●1.5	●2.4								●8.10									●13.1	●17.16				
		Contributing to a green 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				
		Contribution to a circulating society/economy										●6.b										●12.5	△13.3	●14.1	△15.4	●17.16
		Contribution to a society in harmony with nature										●6.6											●12.5	△13.3	●14.1	△15.2

\*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.