

Integrated Annual Report 2020



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Group Management Philosophy

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

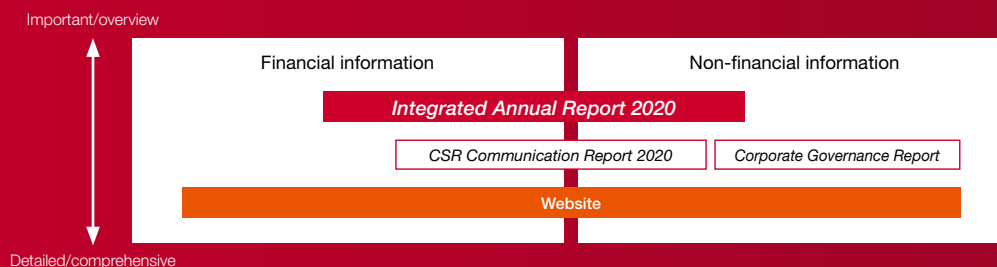
Editorial Policy for *Integrated Annual Report 2020*

This report has been prepared as an integrated annual report with the aim of explaining to stakeholders, in an easily understood manner, about the Sompo Group as it transforms itself into “A Theme Park for Security, Health & Wellbeing” based on the Group Management Philosophy indicated above. This report comprehensively describes past performance and future strategies from both financial and non-financial perspectives and was prepared while referencing the International Integrated Reporting Framework*¹ and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment.*²

In addition, the Company has published disclosure materials based on Article 271-25 of the Insurance Business Act and Article 210-10-2 of the Ordinance for Enforcement of the Insurance Business Act.

*1 An international corporate reporting framework issued by the International Integrated Reporting Council, which was established in 2010

*2 A guidance issued by Japan's Ministry of Economy, Trade and Industry to encourage companies and investors to foster mutual understanding through information disclosure and dialogue and thereby promote collaborative value creation



Information Related to Sustainability in This Report

Information related to sustainability, such as for the environment and society, is presented in this report as it relates to our strategies and initiatives, with an emphasis on key aspects that help improve our corporate value. For more information about sustainability, please refer to our CSR website below.

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

Forward-Looking Statements

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

Boasting a History of Value Creation

The Sampo Group traces its roots back to Japan's first fire insurance company, established in 1888 with the aim of providing protection from the threat of fire in everyday life. Since then, Japanese society has changed due to the decline and aging of its population, climate change, and new conditions emerging as a result of technological innovation. In response, we have helped tackle issues by passing down and putting into practice a philosophy focused on working for the wellbeing of people and society. In the coming era, we will continue taking on the challenge of new value creation in order to realize our vision of "A Theme Park for Security, Health & Wellbeing."

Staying True to Our Legacy

Tokyo Fire Insurance Company, Inc., the predecessor of Sampo Holdings' core company Sampo Japan Insurance Inc., formed the Tokyo Fire Brigade to protect policyholders from fire 24 hours a day, 365 days a year.



At the time, due to the large number of wooden homes, fire was a serious social problem, and our "insurance company firefighters" provided a service that was relied upon. With respect to customer protection, as an insurance company we have passed down a sense of mission and commitment over a history spanning more than 130 years. Consequently, this mind-set has become a central component of our Group Management Philosophy.

Integrating Businesses in Response to a Changing Operating Environment

Over the century following the founding of Tokyo Fire Insurance Company, the insurance industry became regulated under the so-called convoy system, with insurance providers offering similar insurance policies and premiums.



In 1996, revisions to the Insurance Business Act (part of reforms that were Japan's financial Big Bang) greatly accelerated deregulation, leading to intensified competition and a realignment of the insurance industry. Uniting strengths fostered by remaining customer-focused throughout their histories, Sampo Group forerunners Sampo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., joined to establish NKSJ Holdings, Inc., in April 2010.

Realizing “A Theme Park for Security, Health & Wellbeing”

Through the aforementioned initiatives, the Sampo Group has grown by anticipating dramatic changes in external conditions and repeatedly merging and integrating with an array of companies that are focused on security, health, and wellbeing but which have different backgrounds and cultures from those of the Group. Of course, all aspects of the future cannot be foreseen. The emergence of COVID-19 and the resulting dramatic changes in conditions are one example of such uncertainty. Nonetheless, even in this era of volatility, uncertainty, complexity, and ambiguity (VUCA), we will realize our vision of “A Theme Park for Security, Health & Wellbeing” by transforming each business and strengthening collaboration among businesses, with solid financial foundations and steady profit generation providing a base for these initiatives.

Sustaining Growth

With a range of innovations and economic crises accelerating social change, the Sampo Group has been transforming itself into a corporate entity that grows by helping solve social issues.

The domestic P&C insurance business is developing in step with social trends. In response to the decrease in car ownership in Japan as its population declines and ages, we are facilitating the adoption of autonomous cars and promoting development in the mobility field. For example, we have recently entered the car sharing and private car leasing businesses.

In the overseas insurance business, 2017 saw the Group lay the foundations for global growth by completing its largest-ever M&A, which entailed the acquisition of Endurance (now Sampo International).

Meanwhile, in the domestic life insurance business, Sampo Japan Himawari Life Insurance Co., Ltd., and NIPPONKOA Life Insurance Company, Limited, merged to establish NKSJ Himawari Life Insurance, Inc., in 2011. Responsible for the Group's domestic life insurance business, the merged company has stepped up the pace of growth by further strengthening management foundations. At the same time, the company is transforming into a health support enterprise that rests on the twin pillars of Insurhealth® and health and productivity management.*

The Group entered the nursing care business in earnest with the acquisitions of the major nursing care provider Watami no Kaigo Co., Ltd., in 2015 and Message Co., Ltd., in 2016. In 2018, the Group integrated its four nursing care operating companies to create Sampo Care Inc. We now offer a comprehensive lineup of nursing care services that cater to the specific needs of customers in their local communities.

In accordance with our digital strategies, we established SOMPO Digital Labs in Tokyo and Silicon Valley in 2016 and in Tel Aviv in 2018. Anticipating the growing importance of big data utilization, the Group established Palantir Technologies Japan K.K. jointly with Palantir Technologies Inc. in 2019. Palantir Japan has already begun to provide many different types of companies and organizations with data solutions.

The Group has also been steadily strengthening its management structure. We introduced a Business Owner system in 2016 and a Group Chief Officer (CxO) system in the following year. Moreover, in 2019 we transitioned from a Company with an Audit & Supervisory Board structure to a Company with Committees structure.

* Registered trademark of the incorporated nonprofit organization Workshop for the Management of Health on Company and Employee



Value Creation Model

Business Environment ▶ P. 22

Rapid technological innovation and digitalization

Changes in market conditions

Climate change and natural catastrophes

Group Management Philosophy

▶ P. 1

Business Strategy
(Mid-Term Management Plan)

▶ P. 21 ▶ P. 23

Management Capital

Sustainability ▶ P. 24

Addressing social issues through engagement

- Group CSR Material Issues
- Stakeholder engagement
- Proactive participation in initiatives
- Reinforcement of sustainability promotion structure

Digital Technologies ▶ P. 32

Digitally transforming existing businesses and shifting to digital businesses

- Establishment of SOMPO Digital Labs (Tokyo, Silicon Valley, and Tel Aviv)
- Dual Chief Digital Officer (CDO) structure
- Building of Real Data Platform

Human Resources ▶ P. 36

Transforming human resources

- Consolidated Group employees: 47,535 (as of March 31, 2020)
- Diversity
- Professionalism
- Mission-driven

Financial Health ▶ P. 40

Maintaining robust financial health and improving capital efficiency

- ESR (Economic Solvency Ratio): 227% (as of March 31, 2020)
- Adjusted consolidated ROE: 6.4% (as of March 31, 2020)

Value Creation



SOMPO HOLDINGS

A Theme Park for Security, Health & Wellbeing

Domestic P&C Insurance Business

▶ P. 52

Overseas Insurance Business

▶ P. 56

Domestic Life Insurance Business

▶ P. 62

Nursing Care & Healthcare Business

▶ P. 65

People want to live safer, healthier, and more secure lives.

To respond to the deeply held desires shared by everyone, we will marshal our strengths to create high-quality solutions for people to live safer, healthier, and more secure lives.

By combining these solutions, we will become a “theme park” of possibilities and opportunities for everyone.

Target Profile

“A Theme Park for Security, Health & Wellbeing”

A Sompo Group that is not only valuable but indispensable



Contributing to the happiness of customers, society, and the world

Sustainable Society



Robust Corporate Governance Structure ▶ P. 70

- Company with Committees structure
- Executive compensation structure designed to maximize corporate value while aligning with shareholder interests
- Global ExCo ▶ P. 18, Managerial Administrative Committee (MAC)
- Matrix-style management with Business Owner system and Group Chief Officer (CxO) system

A Message from the Group CEO



Transformation Focused on Becoming “A Theme Park for Security, Health & Wellbeing”

A handwritten signature in black ink, reading 'Kengo Sakurada'.

Kengo Sakurada

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

Preface

With COVID-19 continuing to wreak havoc worldwide, I would like to express heartfelt sympathy for those infected with the virus as well as real respect for the professionals who are risking infection daily as they struggle on the front lines of medicine and nursing care.

The spread of this virus has brought about a paradigm shift in society and in how people think and act. In a society characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), the Sampo Group has sought to win out through the evolution of its businesses to realize “A Theme Park for Security, Health & Wellbeing.” For example, we have advanced digitalization, leveraged real data, and

entered the nursing care business. Going forward, I believe such in-house initiatives are likely to become even more conspicuous. By taking on key tasks, we will create new value. In these efforts, we will sustain growth through the establishment of new business models and the utilization of digital technologies. Moreover, we will strengthen governance to support this growth. In addition, work-style reform will enhance productivity. Based on its solid strategy of realizing “A Theme Park for Security, Health & Wellbeing,” the Group will continue steadily moving forward with the measures required for further value creation and enhancement of corporate value.

1. The Final Fiscal Year of the Mid-Term Management Plan

Fiscal 2020 is the final fiscal year of the current Mid-Term Management Plan, which we have been implementing since fiscal 2016. The current fiscal year will be a pivotal phase in which transformation aimed at realizing “A Theme Park for Security, Health & Wellbeing” shifts rapidly into top gear.

Since its 2010 establishment as a corporate group centered on the domestic P&C insurance business, the Sampo Group has aggressively enhanced profitability and invested management resources in growth fields. These efforts have included the integration of in-house domestic P&C insurance and domestic life insurance companies and the acquisition of large-scale overseas insurance businesses. Further, the Group steadily laid the foundations for its present

businesses by entering the nursing care business in earnest in 2015 and by beginning proactive investments in digital technology businesses in 2016.

Under the current plan, since fiscal 2016 we have been rigorously heightening the appeal of each business, seeking new business opportunities, creating collaborations among in-house businesses, and taking advantage of digital technologies to enhance services for customers. Aiming to help address social issues and realize a sustainable society, we will push ahead with the reformation of our business portfolio and corporate culture, establish a business scale with global reach and presence, and build unique business models that other companies cannot match.

2. A Commitment to Transformation Based on a Strong Sense of Crisis

(1) Digital Disruption

A strong sense of crisis led the Sampo Group to initiate self-transformation. We saw that the traditional P&C insurance company business model would become unsustainable.

The Group started as a P&C insurer. Our role has always been one of mitigating negative events by restoring things to their original state. In other words, when customers

suffer losses due to accidents or fires, we pay benefits. We realized that the importance of P&C insurance would remain unchanged. Nonetheless, advances in solutions that use innovations in AI, Internet of Things (IoT), and other digital technologies to reduce or prevent accidents, fires, and injuries created a strong sense of crisis accompanied by a conviction that we had to transform ourselves.

A Message from the Group CEO

Further, many different businesses and industries are getting involved in digital disruption, which gives rise to completely new business formats through innovations in digital technologies. Similarly, the Group's mainstay insurance business will be drawn into the whirlpool of digitalization as self-driving technology for automobiles advances and as companies from other industries enter the insurance business.

If new technologies are to break up our business model, we would prefer to do the breaking up, reinventing ourselves in the process. Based on this conviction, we decided to take advantage of our core competence in digital technologies to move forward with Group-wide innovation focused on creating new customer experiences.

(2) Operating Environment

Our operating environment is changing dramatically.

As well as the effect of COVID-19 on day-to-day life, a low-interest-rate environment, more-severe natural catastrophes, and the threat of cyberattacks have become part of the “new normal” worldwide. Also, rapid globalization and digitalization have produced inequality and divisions in societies, driving the emergence of populism and authoritarianism. Moreover, divisions and conflicts among generations and between developed and emerging countries are becoming increasingly serious.

In response to the rapid changes in the current operating environment, we must reexamine, redefine, and rebuild existing business models based on insight into the true nature of things that is unconstrained by the past or by established practices.

(3) Japan's Role

I feel that the volatile operating environment has set the stage for Japan to play a greater role in international society, particularly given the lessons the country has

learned in the process of steadily overcoming a series of natural catastrophes and other challenges.

In my view, Japan's companies should rehabilitate their traditional corporate philosophy and values, which focused on simultaneously benefiting three parties: the buyer, the seller, and society. I believe Japanese companies can contribute to solutions that help the world address inequality, division, and other issues inherent in capitalism. Japan is the first country to encounter certain major social issues, including how to maintain a nation's finances and social welfare system in response to a rapidly aging population and a contracting working-age population. By implementing an optimized societal model in response to such social issues and disseminating it, Japan can make itself valuable and indispensable to the common good of the world.

(4) Concrete Action for a Sustainable Society

Every year, I attend the meeting of the World Economic Forum, often called the Davos Conference. In 2020, the forum hosted numerous discussions on sustainability under the theme of “Stakeholders for a Cohesive and Sustainable World.” The forum left me with the strong impression that, as such issues as climate change, human rights, food, energy, and loss of biodiversity become increasingly inter-related and complex, we as the Earth's stakeholders need to take concrete action aimed at leaving a sustainable society to future generations. The discussions reaffirmed that, with 10 years remaining until 2030—by which time the sustainable society targeted through the Sustainable Development Goals (SDGs) should be realized—concrete action is expected not only from governments and citizens but also from companies.

The 2021 Davos Conference will be themed on “The Great Reset,”* in other words, a commitment to laying the economic and societal groundwork for cooperation that creates a fairer future that is more sustainable and has greater resiliency. As society undergoes significant changes and a range of social issues surface, in partnership with stakeholders we must take concrete action to build an

* Source: World Economic Forum press release, June 3, 2020
<https://www.weforum.org/press/2020/06/the-great-reset-a-unique-twin-summit-to-begin-2021>



inclusive society in which “no one will be left behind.” My sense of crisis stems from the fact that failure to do so may result in our elimination from society.

3. Value Creation Story

(1) Target Profile: “A Theme Park for Security, Health & Wellbeing”

Against this backdrop, “A Theme Park for Security, Health & Wellbeing” is our target profile.

“A Theme Park for Security, Health & Wellbeing” does not only mitigate negative events by functioning as an economic backstop in the way that conventional insurance does when unlikely events occur. Before such events, we use our products and services to be a partner that remains close to and enriches the daily lives of customers. For example, our offerings help prevent diseases and dementia, reduce fires, and promote safe driving. In other words, we provide value by making a positive contribution to the quality of people’s lives. To put this another way, the Sampo Group gives concrete form to the abstract concepts of security, health, and wellbeing. Our vision entails addressing social issues and providing cohesive support by accompanying people, who are the main constituents of society, throughout their lives and by making appropriate use of digital and other leading-edge technologies. Ultimately, our vision is to contribute to the happiness of customers, society as a whole, and all stakeholders, including the Earth. To this end, in the field of security, health, and wellbeing we will continue providing solutions that bring together the expertise and real data accumulated by our respective businesses and which dovetail digital technologies with operations that call for the human touch. In this way, we will become a unique creator of new value.

Looking to the future, companies should promote growth by taking on businesses that help humanity realize its aspirations and address environmental and social issues. As a consequence of such efforts, corporate value will increase, and sustainability will spread. This is precisely the scenario envisioned when we refer to “A Theme Park for Security, Health & Wellbeing.”



By being useful when unlikely events occur and bringing happiness into lives as a result and by helping solve social issues, the Sampo Group will ensure that its presence remains valuable and indispensable to society.

(2) The Sampo Group’s Strengths

To realize the aforementioned vision, we will leverage our three major strengths.

Sustainability

Our first strength is sustainability. The Group’s starting point was a firefighting service established more than 130 years ago. We founded Japan’s first fire insurance company because we wanted to protect people from fires, a serious social issue at the time due to the large number of wooden buildings. This desire to help address social issues is expressed in our current Group Management Philosophy, which calls on us to “contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible.”

In addressing the increasingly complex social issues of recent years, an indispensable approach is the creation of impactful initiatives through cooperation that brings



together the capabilities of diverse stakeholders. From generation to generation, the Group has passed down an approach to business that emphasizes such stakeholders. To date, we have contributed to the realization of a sustainable society through an array of different businesses and research activities based on industry–academia–government partnerships, tie-ups with companies in other industries, and cooperative initiatives with civil society.

For example, Future Care Lab in Japan, a laboratory that we established last year with the aim of developing new ways of incorporating technology into nursing care, is jointly conducting R&D that combines the technologies of start-ups, major manufacturers, and research bodies with the Group's operational know-how in relation to nursing care facilities. Going forward, we will utilize leading-edge technologies to enhance quality of life and bring people happiness. By partnering with a wide variety of entities to offer products and services that enable people to be happy throughout the entirety of their lives, we will help tackle the social issues that Japan is facing as its population ages. Moreover, I believe our initiatives will win acceptance in the wider world.

Digital Strategy

The second strength of the Sampo Group is its digital strategy, which is critical in efforts to evolve and enhance the productivity of existing businesses and to create new businesses. Also, we are bringing together diverse professionals to drive our digital strategy forward. To underpin the digital strategy, we have established SOMPO Digital Labs—a trilateral structure encompassing Tokyo, Silicon Valley, and Tel Aviv. Furthermore, we have recruited our chief digital officer externally.

In utilizing digital technologies, real data is particularly important. “Real data” refers to data that is not obtainable from the Internet and is instead acquired through sensors that detect the real-world activities of individuals and companies. We will use digital technologies to gain an in-depth understanding of the actual activities and issues of society and customers as well as to conduct high-speed, high-data-volume analyses of the causes of these issues. Then, we will use our findings as the basis for solutions.

Through its insurance and nursing care & healthcare businesses, the Sampo Group has accumulated huge volumes of valuable real data on accidents, catastrophes, lifestyles, health, and nursing care. We believe that using such data will allow us to provide solutions that prevent accidents and diseases, thereby converting our real data into an invaluable asset.

With a view to realizing such solutions, last year we collaborated with a major data analysis company in the United States, Palantir Technologies Inc. (“Palantir”), to jointly establish Palantir Technologies Japan K.K. When I visited Palantir, I found it shockingly different from the technology companies that I had visited in Japan and other countries. I got the clear impression that, in focusing on big data analysis, the personnel of Palantir not only take pride in their advanced technological capabilities but are also a group that emphasizes the social meaning of the company's existence and which has a philosophy of considering how technologies can be used to benefit people and society. When thinking about Japan's current social issues, knowledge and inquiries enlightened by such a philosophy will be important. Furthermore, this year we decided to acquire a stake in Palantir. Working with the company, we will leverage its advanced software technology to create a platform for the utilization of real data, called the Real Data Platform for Security, Health and Wellbeing.

On the other hand, real data includes a large amount of important personal information. For this reason, if we are to utilize real data successfully, naturally we must comply with statutory laws and regulations. Of equal importance, however, is an approach to real data that carefully takes

into consideration concerns people may have so that they feel comfortable trusting the Sampo Group with their information. In addition, we need to market products and services with merits that engender in customers a willingness to providing information voluntarily. Through our joint venture, we will realize such products and services and develop solutions to social issues by utilizing our new partner's big data analysis technology—which is among the best in the world.

Transformation of Human Resources

The Group's third strength is its human resources. This year's Davos Conference unveiled the concept of "talentism," meaning an approach that places importance on personnel and their capabilities. The argument put forward was that we must bring together the world's talent to grapple with the world's issues. I was particularly sympathetic to the view that, as talent is not limited to a small number of geniuses but is present in everyone, full-fledged measures to promote diversity and inclusion should be taken. The same can be said of the Sampo Group. Our management team has to provide strong support for the establishment of a corporate environment that is conducive to the transformation of human resources. The goal should be to enable each employee to draw on his or her talents and strengths and drive the Group toward its mission and goals.

Further, given the significant restrictions on travel and face-to-face meetings that have been introduced worldwide in response to the current COVID-19 crisis, not only business practices but also lifestyles will have to change dramatically. The crisis has provided a powerful reminder of the importance of common practices, such as ensuring employees have an environment in which they can work healthily and with peace of mind. We have to see the aforementioned changes as a rare opportunity to make a fresh start as an even better entity and as an opportunity to contribute to society.

Specifically, we want to tackle work-style reform. The Sampo Group will transition to a rigorously results-oriented corporate culture, heighten the emotional intelligence quotient of employees so that they can accurately intuit stakeholders' varied and rapidly changing needs, and encourage behavior based on a strong awareness of productivity. Also, as factors that both support and are supported by heightened productivity awareness, we will accelerate efforts to enhance work quality and establish location-independent work styles. Furthermore, we will invest unstintingly to advance these initiatives. To realize digital transformation in workplaces, we will revamp work processes by utilizing digital technologies and AI and introducing robotic process automation (RPA) and promote new work styles by updating work rules and enabling new forms of communication. By becoming a group that achieves high levels of competitiveness and sound growth as its employees work with a sense of mission and job satisfaction, I want us to set a favorable precedent that helps address issues in Japan's job market.

Another of our focuses will be diversity and inclusion. It is important to establish conditions that allow us to implement the work-style reform that I just mentioned and thereby attract diverse personnel who can realize their capabilities and contribute significantly to operations. Looking back at the 30-year Heisei era, I feel that Japan



ought to be chastened by the lack of innovation that was the result of excessive conformity. If I were to be self-critical, I would say that, in a similar way, we are still very much lacking in diversity and inclusion. The essence of innovation lies in gathering diverse individuals, embracing the resulting “good clashes,” and using them to find new value. Accordingly, we have to realize major innovations by achieving true diversity and inclusion through earnest consideration of each person’s talents and strengths that is uninfluenced by nationality, gender, or age.

4. Accelerated Transformation toward the Future

As already mentioned, under the current Mid-Term Management Plan, which began in fiscal 2016, the Sampo Group has been taking maximum advantage of its strengths to move forward steadily with the transformation of each business and of the whole Group into a “A Theme Park” as the ultimate goal. In other words, we have been focusing on “qualitative evolution,” which refers to qualitative transformation of our business portfolio and corporate culture. Quantitatively, in the early 2020s we aim to reach adjusted consolidated profit of ¥300.0 billion and adjusted consolidated ROE of 10%.

(1) Review of the Period through Fiscal 2019

Partly reflecting the effect of a series of large-scale natural catastrophes in Japan that continued up until last year, in fiscal 2019 we recorded adjusted consolidated profit of ¥150.8 billion and adjusted consolidated ROE of 6.4%. Excluding the effect of domestic natural catastrophes, the revenue base of each business grew steadily. The original fiscal 2020 targets were adjusted consolidated profit of ¥205.0 billion–¥215.0 billion and adjusted consolidated ROE of around 8.0%. However, we have set adjusted

To ensure the success of its reforms, the Sampo Group must pursue transformation that creates a mission-driven, results-oriented corporate culture. Consequently, we aim to evolve into a corporate group in which each person clearly understands his or her role, focuses on accomplishing it, and thinks and acts independently based on a strong sense of ownership. I would like our employees to consider what they can do in their areas of specialty and to hone their capabilities even further. I believe that companies that value such personnel sustain growth.

consolidated profit of ¥187.0 billion and adjusted consolidated ROE of at least 8.1% as revised targets for the current fiscal year. These targets are based on calculations that only take into account the effects of the spread of COVID-19 on fiscal 2020 targets that, at the present juncture, have a high probability of manifestation and can be reasonably calculated.

Further, in light of thorough discussions by the senior management team about the effect of COVID-19 on returns to shareholders, we decided to pay the dividends and implement the share buybacks that were originally planned for fiscal 2019. Meanwhile, for fiscal 2020 we expect to increase dividends for the seventh consecutive fiscal year. The aforementioned decision is in accordance with our policy on returns to shareholders—which is to return between 50% and 100% of adjusted consolidated profit to shareholders through dividends and share buybacks and to continue steadily raising dividends—and demonstrates our unwavering commitment to the realization of sufficient returns to shareholders. We will continue to heighten corporate value by balancing financial soundness and investments for growth with the ongoing realization of attractive returns to shareholders.

(2) Reform of Corporate Governance

With its sights set on realizing transformation, over the past several years the Company has been steadily taking steps to strengthen its management structure. During its first 10 years, the Company had a hybrid organizational structure



that combined a non-legally mandated Nomination and Compensation Committee and a Company with an Audit & Supervisory Board structure. We further strengthened this structure through the introduction of a Business Owner system in fiscal 2016 and a Group Chief Officer (CxO) system in the following fiscal year.

In fiscal 2019, we strengthened supervisory governance capabilities. At the same time, we transitioned to a Company with Committees structure to delegate significant authority to executive divisions. By separating the supervision of business management from operational execution and by clarifying positions and roles, these reforms further strengthened both supervision and execution. Under the new structure, outside directors form a majority on the Board of Directors. Moreover, outside directors serve as chairpersons on each of the new, legally mandated Nomination, Audit, and Compensation committees, at meetings of which fair, lively discussions are held. Through the aforementioned measures, the Sompo Group has built a governance structure that will facilitate high levels of transparency and enhance fairness.

As for executive divisions, April 2019 saw the establishment of the Global Executive Committee (Global ExCo) as an advisory body to the Group CEO. Unlike the former Management Committee, in which mainly Japanese participants discussed a wide range of topics, the new body

includes executives from overseas and conducts intensive discussions focused on important Group-wide issues, such as strategies and policies. Moreover, Global ExCo is the Company's highest executive committee. Having executives from overseas, including those who head overseas insurance businesses, and other senior executives who have a thorough, intuitive understanding of overseas businesses participate in management discussions enables us to discuss the best methods, systems, and distribution of resources in light of global, diverse perspectives. In the Group, the decisions of the Global ExCo are promptly reflected in strategies at the individual business level and then translated into specific business decisions and actions to speed up the entire process. To help it reach decisions, Global ExCo meetings gather all types of information from around the world, not just insurance-related information. I doubt that there is a meeting quite like it anywhere.

Also, important matters related to domestic businesses and operational management are discussed by the Managerial Administrative Committee (MAC)—established in April last year as an advisory body to the Group COO—and then steadily implemented in operations. By making maximum use of the capabilities of Global ExCo and MAC, the Group will build a robust executive structure that supports corporate growth.

In Conclusion

As stakeholders in society, companies have a duty to use technologies appropriately for the common good, create value continuously, and be of use to society. Further, companies have a responsibility to define their target profiles and then act accordingly, because by doing so they will make a key contribution to the realization of a society that is more inclusive and more sustainable.

The Sompo Group must mobilize the wide range of talented employees who support it and take concrete action to address the issues of customers and society, thereby reestablishing the kind of society that gives rise to optimism in the young people who will lead the next generation. In addition, we must redouble our commitment

and forge ahead with the reform and transformation of our corporate culture. Although social issues of even greater complexity await it in the aftermath of COVID-19, the Group will make a concerted effort to overcome such challenges to realize “A Theme Park for Security, Health & Wellbeing,” and thereby ensure that the Sompo Group's presence remains valuable and indispensable. As we move forward, we would like to ask all of our stakeholders for their continued support.

A Tripartite Discussion among the Outside Directors Who Chair Committees



Scott Trevor Davis × Sawako Nohara × Naoki Yanagida
Chair of the Nomination Committee Chair of the Compensation Committee Chair of the Audit Committee

—Governance for the Realization of “A Theme Park for Security, Health & Wellbeing”—

Q1 | As outside directors of the Sampo Group, on what type of viewpoints do you place particular emphasis?

Davis Generally, I try to remain aware of the external viewpoint. I focus on being objective at all times and viewing actual situations in the context of what the ideal situation would be. Not being an internal executive, I am expected to adopt an external viewpoint and provide clear opinions on proposals submitted to me.

Personally, as my position as a faculty member calls for the separation of the personal and the professional, I am particularly aware of the importance of having such a viewpoint. No doubt my two colleagues will have their own particular approaches to achieving the appropriate viewpoint for an outside director.

Nohara As well as remaining aware of maintaining an external viewpoint of the Sampo Group, I focus on cultivating a broad perspective and taking a bird’s-eye view of the Group.

Rather than finding common ground, I believe it is important to offer opinions from a different viewpoint, thereby broadening horizons a little and encouraging appreciation of new perspectives. In this sense, my role is to make the kind of stir that stimulates further discussion.

Another perspective that I am mindful of is, naturally, the significance of the appointment of a woman to my position. I think my being a woman gives me a heightened awareness of certain issues, and I try to offer opinions that will help enhance women’s status.

Yanagida I also take particular care to ensure that I provide evaluations from an external viewpoint. Management decisions are made after due consideration of how the outside world evaluates companies. Taking outside evaluations into consideration is extremely important for companies, which makes doing so vital for the Sampo Group too. We as outside directors have to adopt an approach of checking whether the Sampo Group’s management decisions make sense from the viewpoint of a third party. In other words, we have to check that such decisions are not being driven by in-house groupthink.

Further, as I chair the Audit Committee, I always focus on whether decisions are reasonable and have been taken based on appropriate procedures pursuant to the principles of management decision-making.

In addition, my approach is affected by the specific characteristics of the Sampo Group. I pay particular attention to the overseas insurance business as it is reforming rapidly and accounts for a significant share of the Group’s business. I also focus on the nursing care & healthcare business, which is in some ways an unusual business for an insurance company to be engaged in.

Davis I believe that outside directors have superiors, namely, the shareholders who delegate responsibilities to them.

Also, I think that reflecting the various policies, positions, and expectations of shareholders is important, which is why I consciously try to represent shareholders’ opinions in discussions.

Nohara Rather than just contributing from an external perspective to the making of in-house decisions, the role of an outside director includes acting as a representative of

shareholders and providing supervision and recommendations in relation to the management of a company. I believe that we are in a position to draw on the lessons learned throughout our respective careers and make positive pronouncements based on the experience and specialized knowledge we have garnered. With a view to enhancing the Sampo Group's value, I provide supervision from a broad viewpoint as well as constructive suggestions.

Q2 | **Sampo Holdings transitioned to a Company with Committees structure one year ago. What changes have you noticed since then?**

Nohara Previously unified, the functions of management supervision and operational execution have been separated. Consequently, the Board of Directors focuses exclusively on making decisions on management plans and supervising the progress of operational execution, while specific matters pertaining to executive divisions come under the purview of the Global Executive Committee (Global ExCo) and the Managerial Administrative Committee (MAC).

My impression is that this new structure has speeded up business management.

Davis With the aim of achieving a transfer of authority to executive divisions rather than to the individuals thereof, at the same time as transitioning to a Company with Committees structure, the Company created Global ExCo, a decision-making platform for executive divisions that encompasses overseas matters, and MAC, a decision-making platform for executive divisions that mainly deals with domestic affairs.

I think the speed of business management has increased because this structure is functioning very effectively.

Nohara By attending Global ExCo meetings as an observer, I have gained insight into not only domestic businesses but also overseas businesses.

As a result of having a vantage point closer to frontline operations and witnessing the types of topics on which the leaders of operating companies focus in discussions that transcend corporate and national boundaries and becoming familiar with the management plans under consideration, I am better able to read between the lines of agenda items submitted to the Board of Directors. Moreover, such insight has made it easier to audit the progress of operational execution.

Yanagida I agree. Attending meetings of Global ExCo or reading its documents make it abundantly clear that the committee is committed to bringing matters to a resolution at meetings whenever possible. Of course, some matters cannot be resolved at meetings. However, the Global ExCo members' approach of setting concrete time limits and moving matters forward accordingly is very clearly in evidence. My impression is that all committee members take the approach of holding discussions to reach decisions rather than having a discussion for discussion's sake.

Davis I think that the transition to a Company with Committees structure has speeded up business management. Conversely, it has also slowed down certain things. Time spent on considering and evaluating management strategies has increased significantly. Consequently, modulated, extremely in-depth discussions have become possible.

While on the one hand the discussion of certain matters has been expedited, more time is now devoted to discussing matters that require thorough examination. Thus, I feel that a sounder overall balance has been achieved.

So far, we have been speaking about speed. However, the most important consideration is whether the management structure is sufficiently flexible to enable strategic decision-making. With respect to providing enough time to mull over management strategies in advance and securing venues for discussions of such strategies, I feel that the Sampo Group's governance structure meets both of these requirements very well.

For a more detailed explanation of Global ExCo, please see page 18.

Q3 | **In relation to the Sampo Group's vision of realizing "A Theme Park for Security, Health & Wellbeing," what expectations do you have?**

Nohara In terms of showing the form that globalization and the diversification of businesses should take, I believe this is an excellent vision. In Japan, expectations of the vision are probably already mounting with regard to contributions toward addressing the country's social issues. Moreover, I hope that the vision will become a turning point that leads to the Group increasing its presence and becoming a high-profile corporate group internationally.

At present, the Group's four major pillars are the domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care & healthcare businesses, with digital technology businesses and other business being added steadily. As the Group evolves, it is also developing a variety of services. For example, it is offering nursing care and dementia-related



Scott Trevor Davis

Director
Chair of the Nomination Committee
Member of the Compensation Committee

services in Asia. Beyond Asia, the Group is likely to strengthen the rolling out of such products and services as agricultural insurance going forward. Whether the Group can market these products and services in a rapid and appealing manner will be key. I believe that the Group can step up collaboration between its domestic and overseas bases and provide services globally that earn strong customer endorsement.

Yanagida The use of the words “theme park” was not a product of management priorities but came about as a result of focusing on the priorities of customers. Having set out the “theme park” concept, the Group should make itself into a place that people visit with the expectation of being able to benefit from great services. In other words, I would like to see the formation of a corporate group inspiring all customers to feel that SOMPO services can enrich their lives and that they can rely on the Sompō Group to offer good ideas for improving their lives.

Currently, insurance companies are associated with services that people rely on when accidents and other unlikely events occur. However, I hope the Group can go one step farther and become a more familiar presence in customers’ day-to-day lives.

Of course, customers will continue to rely on the Group when unlikely events occur, but it should also offer other useful services, including those for the prevention of accidents and illnesses and the minimization of disaster damage. The nursing care and dementia-related services that Ms. Nohara mentioned are examples of such services. I want to see the Group benefit the society of the future by establishing innovations for customers that enable the enrichment of all aspects of life.

Davis In order to realize “A Theme Park for Security, Health & Wellbeing,” I would like the Group to leverage effectively the relationships of trust that it has with customers.

The first time I listened to a discussion of the Sompō Group at a meeting of the Board of Directors, the topic was how to turn “on” elements that are currently “off.” For customers, services are “on” at the moment customers enter into an insurance policy and at the moment they make an insurance claim upon the occurrence of an unlikely event. At other times, however, points of contact between an insurance company and its customers are almost non-existent. Nonetheless, during such periods the customers maintain their policies because they continue to trust the Sompō Group and feel reassured that it will help them if they have a problem. I look forward to the Group leveraging these relationships of trust to find the kind of demand that even customers themselves do not realize is there during “off” periods and to then turn such switches “on.”

Q4 | Will the worldwide spread of COVID-19 affect the Sompō Group’s target profile?

Yanagida I think the target profile itself is unlikely to change, but the methodology and means by which it is realized could very well change.

Given that an acceleration of digitalization is inevitable, digital technologies are likely to become one of the main focuses when thinking about strategies.

However, it is not enough to just say in an abstract way, “yes, digital technologies are important.” Considerable differences in the extent to which companies implement concrete measures are certain to emerge going forward, thereby revealing the level of commitment of each company’s management team. Further, whether or not management teams are able to communicate their level of commitment to employees is an important point. I am sure that Sompō Group employees understand the strong commitment of their senior management team as it consistently issues messages to that effect. I anticipate that the whole Group will make a concerted effort to move forward toward its target profile.

Nohara While the vision of the “theme park” strategy has remained consistent from the outset, its content has changed in many ways. As events in society have unfolded, the Group has adroitly adjusted its direction or decided to expand and increase focus on certain fields that have become more certain.

Therefore, in a similar fashion the Group needs to take into account changes in demand from society that are resulting from the spread of COVID-19.

For example, although by necessity interactions tend to be noncontact and non-face-to-face, there must be growing demand for timely, painstaking communication focused on each individual’s needs. The Group has to think about how it communicates with customers and provides them with services. I believe services that enable new approaches in these regards can lead to the creation of new businesses.

Also, the Sompō Group has long stated its intention to build a lifestyle-related Real Data* Platform. As a platform developer, there is potential for the Group to provide lifestyle-related big data to other companies and to roll out a variety of its own services. Accordingly, the Group should adjust such initiatives to reflect the ongoing changes in society.

* “Real data” refers to data that is acquired from various real-life activities.

Davis In my view, demand for the “theme park” strategy has increased.



Sawako Nohara

Director
Chair of the Compensation Committee
Member of the Nomination Committee

Under this strategy, the Group provides a broad, varied menu of services that ensure and heighten security, health, and wellbeing. Consequently, from the viewpoint of consumers this range of services offers lifestyle solutions suited to each individual.

Of course, there were those who felt that they had no need for such solutions because if adequate societal infrastructure was in place their security, health, and wellbeing would probably be fine. For this reason, despite having attractive offerings the Group's "theme park" did not entirely match the circumstances of society and had yet to be fully utilized.

However, the crises and lack of provision in various respects that have stemmed from the worldwide spread of COVID-19 have given people firsthand experience of how difficult it is to deal with matters as an individual. As a result, my guess would be that those who did not feel the need for solutions now feel it necessary to ensure their security, health, and wellbeing as well as that of their families.

Over the past several years, the Sompo Group has been working extremely hard to build partnerships and networks that will enable the realization of a "theme park." Now is the perfect opportunity to use this infrastructure to benefit society.

Q5 | What are your impressions and evaluations of your first fiscal year as the chairs of your respective committees?

Yanagida For me, one of the main differences accompanying the transition to a Company with Committees structure is that my position has changed from that of an Audit & Supervisory Board member to that of a director who is an Audit Committee member. That said, I am not performing my duties from a completely different viewpoint, as I believe that the viewpoint I had as an Audit & Supervisory Board member is basically still required.

However, in addition to focusing on avoiding bad decision-making as I did previously, I now also concentrate on enabling better decision-making. Achieving the latter objective calls for proactive statements of opinion. Looking back over the fiscal year, this sums up the way in which my mind-set has changed.

Further, at meetings of the Audit Committee we have discussed the likelihood of having to develop innovative auditing methods in response to the spread of COVID-19. In some cases, the new approaches that replace previous methods may even prove to be more effective.

Davis As a result of the transition to a Company with Committees structure, the previous, non-mandatory Nomination and Compensation Committee was split into the Nomination and Compensation committees.

The existing frameworks of the previous Nomination and Compensation Committee together with the decision to include its former members on the Nomination and Compensation committees allowed the new committees to get off to a particularly solid, vigorous start.



Naoki Yanagida

Director
Chair of the Audit Committee

Governance involves making a promise, of which the most important commitment concerns management strategy. Governance demonstrates whether this promise is being kept. In other words, governance has two aspects: making an appropriate promise and keeping it.

The more that a nomination committee ceases to be a decoration and becomes truly active, the more that its discussions focus on what the promise is, how it can be kept, whether it is being kept properly, or when it will be kept. Over the past fiscal year, the Sompo Group has gone through this process very rapidly.

The Group CEO firmly believes that good governance is indispensable for the realization of transformation. I think this commitment has been even more in evidence at meetings of the Nomination Committee over the past fiscal year.

Nohara During the past fiscal year, I think the Compensation Committee has established an effective base and framework. Going forward, however, I want to work on deepening their substantiveness.

Compensation Committee members are tasked with discussing the compensation of those in executive officer positions and above. But rather than existing in isolation, the executive compensation system is connected to Company-wide systems that encompass all other employees, including those for personnel, evaluation, management, and training.

Recently, we have been discussing how young employees are evaluated, how talented personnel are identified, and how they are fostered. In addition, we have been discussing the need to seamlessly link such efforts with succession planning and the compensation system.

I believe that considering ways of ensuring each employee stays highly motivated will lead to enhanced corporate value. This is a weighty responsibility in the sense that the process of considering such matters should include an examination of the personnel system and in the sense that the associated issues must be thoroughly discussed, and then decisions must be reached.

1. Purpose and Position

In line with the Sampo Group’s vision of becoming “A Theme Park for Security, Health & Wellbeing,” Sampo Holdings newly established the Global Executive Committee (Global ExCo) in April 2019 as an advisory body to the Group CEO, believing it necessary to have a framework for advancing the globalization of management and improving the speed, flexibility, and quality of business execution. As the highest executive committee, Global ExCo comprises members of top management in key Group roles, such as Business CEOs inside and outside Japan and Group Chief Officers, who discuss topics of significant business importance, including Group strategies and business execution policies. These members are responsible for rapidly and accurately making high-level decisions, exchanging opinions directly and freely from the standpoint of the domains they oversee and viewpoints regardless of their position.

Unlike meetings of the management committee, in which mainly Japanese participants discussed a wide range of topics, Global ExCo has a diverse range of members, including overseas executives, who conduct intensive discussions focused on important Group-wide issues, such as strategies and policies. In addition to reporting the minutes of discussions

to the Board of Directors, which oversees the executives, directors are invited to observe Global ExCo in order to enhance transparency of the decision-making process.

At Global ExCo, participants from diverse backgrounds have had lively discussions about deploying capital, digital technologies, and AI with the aim of advancing toward the realization of “A Theme Park for Security, Health & Wellbeing.” In recent meetings, serious discussions have taken place about current shareholder returns, with a variety of opinions being aired in light of the business environment during and after the COVID-19 pandemic. Lately, deliberations have focused more on initiatives for providing new value that lead to the resolution of social issues, necessary measures for expanding existing and peripheral businesses, and policies for the next Mid-Term Management Plan. With one eye on the business environment, and with candor, considering what is best for the Group, and being rooted in facts as our three premises, discussions were held about making resilient progress toward value creation as a group and achieving sustained, strong growth, without fear of “good clashes.”

Key Topics Discussed

Group business plans

Capital policy

Human resource strategy

Digital strategy

Next Mid-Term Management Plan

New business strategies

Work-style reform

Other

Three Premises for Global ExCo

Candor

Candor entails discussions with a mind to solving problems by candidly talking about problems in businesses and domains. Deep discussions are held with “good clashes” by avoiding pre-established harmony and occasionally playing devil’s advocate.

Best for the Group

At the highest executive committee of the Group, the idea of what is best for the Group materializes in discussions that take a top-down perspective of the Group. Talk about what is best for one’s own business or domain is discouraged in a bid to maximize benefits for the entire Group.

Rooted in Facts

Discussions are encouraged to be rooted in facts through the use of qualitative data and objective facts (including third-party qualitative information, such as from investors).

2. Meeting Frequency and Format

In principle, Global ExCo is held six times a year. The Group CSO (Chief Strategy Officer) leads discussions and the Group CEO summarizes the discussions as the chairperson. At each meeting, four or five topics are discussed.



3. Members

From Japan, meeting participants comprise the Representative Executive Officers, Group CEO, and Group COO, as well as Business CEOs of the domestic P&C insurance business, domestic life insurance business, and nursing care & healthcare business and Group Chief Officers. From overseas, participants include the CEO of the Overseas Insurance and Reinsurance Business and the Chairman of Overseas M&A as official members. When necessary, meetings are held with other participants invited to discuss certain matters.



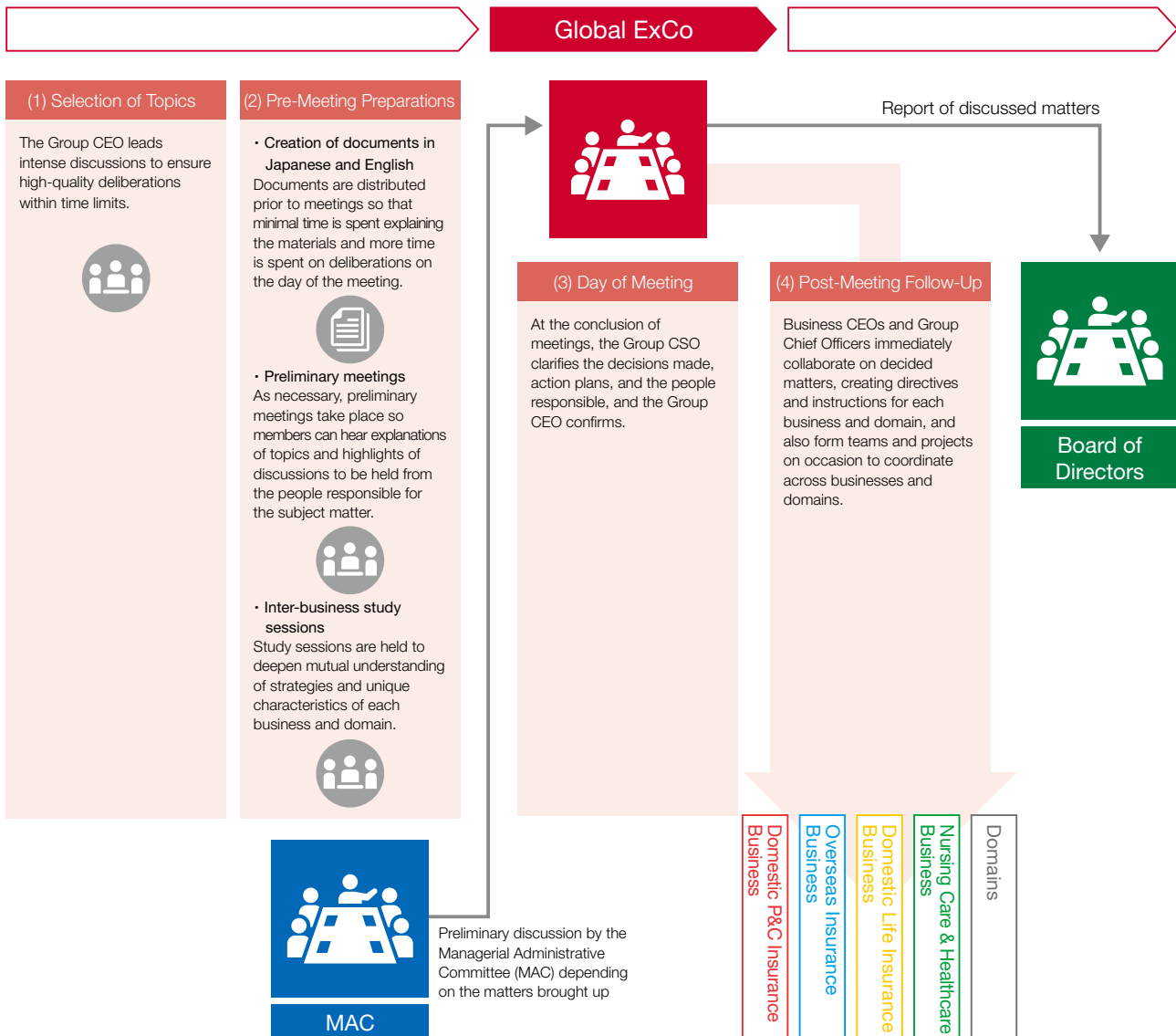
John R. Charman
CEO of Overseas Insurance
and Reinsurance Business



Nigel Frudd
Chairman of Overseas
M&A

4. Manner of Operation

The following framework has been set up for Global ExCo to enhance business execution speed and effectiveness.



As shown above, Sompo Holdings has put in place a framework, centered on Global ExCo, to rapidly effect a transformation through astute and flexible decision-making and rapid execution on a Group-wide basis.

Transformation through Qualitative Evolution and Mid-Term Management Plan

The Sompo Group has been steadily advancing the transformation (qualitative evolution) of the entire Group and each business with the aim of realizing “A Theme Park for Security, Health & Wellbeing.” After it was established in 2010, the Sompo Group has built its current business foundation by entering the nursing care business and proactively shifting management resources to growth fields, while focusing efforts on enhancing earnings capabilities by integrating the domestic P&C insurance business. Under the current Mid-Term Management Plan, which commenced in 2016, Sompo Holdings has accelerated the development of products, services, and new businesses untethered to existing businesses, transforming its business portfolio and diversifying business domains and earnings sources. In fiscal 2020, the final year of the current Mid-Term Management Plan, we are making a final push at transformation (qualitative evolution) toward the realization of “A Theme Park for Security, Health & Wellbeing.”



Building a Foundation for Growth

Basic Strategy

Maximize synergies from business integration

Strategies and Outcomes

- Increase business efficiency by integrating management of two core companies in domestic P&C insurance business
- Provide high-quality products and services by sharing and refining know-how
- Strengthen asset management capabilities
- Facilitate the early and smooth integration of two companies in domestic life insurance business
- Boost earnings by developing local markets and pursuing M&A and tie-ups in overseas underwriting business
- Establish assistance business and expand earnings sources through Group-wide sharing of financial services, etc.

Issues

- Increase profitability and build a highly integrated model by merging two companies in domestic P&C insurance business
- Monetize and share business foundation, including Group businesses

Establishing a Business Foundation

Basic Strategy

Proactively shift management resources to growth fields while improving profitability of existing businesses

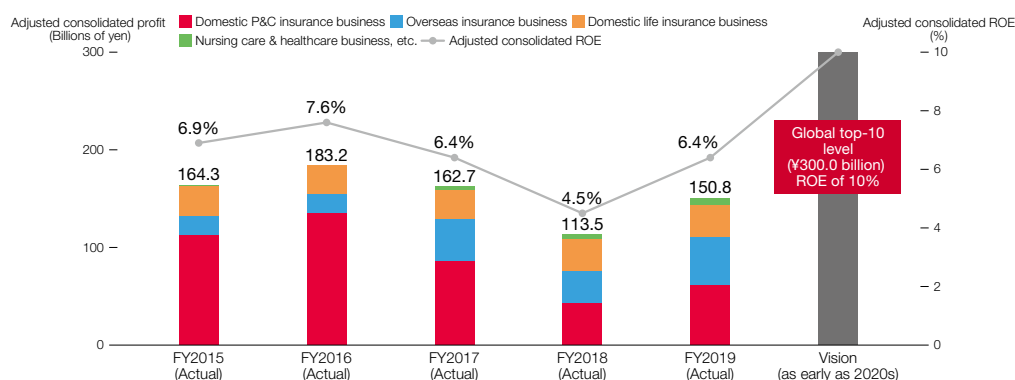
Strategies and Outcomes

- Creation of Sompo Japan Nipponkoa Insurance (now Sompo Japan Insurance) through merger of two core companies in domestic P&C insurance business
- Realization of higher business efficiency through early unification
- Earnings improvement on changes to rating system for automobile insurance
- Expansion of customer base by utilizing direct channels
- Higher weighting and greater scale in protection-type products in domestic life insurance business
- Execution of balanced M&A in specialty fields in Europe and the U.S. and retail fields, centered on automobile insurance in emerging markets, in overseas insurance business
- Full-scale entry into services business, including nursing care business and remodeling business acquisitions
- Begin advance into truly service-oriented industry by providing various progressive services

Issues

- Stopping at bolstering profitability in domestic insurance businesses, pursuit of scale and efficiency on a par with global players, and transforming structure to align with service-oriented industry

Progress on KPIs (Adjusted Consolidated Profit and Adjusted Consolidated ROE)



2016–2018
First half of current
Mid-Term Management Plan

Accelerating of Qualitative Evolution

Basic Strategy

Build a business foundation for realizing
“A Theme Park for Security, Health & Wellbeing”

Strategies and Outcomes

■ Establish and Sharpen Advantages in Each Business

- In the domestic P&C insurance business, reform the earnings structure by reviewing pricing strategy, etc., enhance preparations for natural catastrophe risks, and manage risk by unwinding cross-shareholdings
- In the overseas insurance business, make steady progress on post-merger integration with major acquisition Endurance (now Sampo International), launch retail platform concept, etc.
- In the domestic life insurance business, begin transformation into health support company centered on Insurhealth®
- In the nursing care & healthcare business, quickly turn profitably by improving productivity and merging / integrating Group companies

■ Group-Wide Strategy

- Advance digital strategy, build a global trilateral structure, and enter the cybersecurity business (Sampo Risk Management)
- Introduction of Business Owner system and Group Chief Officer (CxO) system, build a Group governance platform for transition to Company with Committees structure

Issues

- Earnings remained weak due to external factors, such as major natural catastrophes, despite steady growth at the outset of the plan. Issues include profit contributions and monetization with built-up business foundation.

2019–2020
Second half of current
Mid-Term Management Plan

Realizing Strong Growth

Basic Strategy

Implement measures to realize
“A Theme Park for Security, Health & Wellbeing”

Strategies

■ Establish and Sharpen Advantages in Each Business

- In the domestic P&C insurance business, reform earnings structure by optimizing pricing strategy and thoroughly reviewing business expenses, create new points of contact with customers, and establish new sources of earnings
- In the overseas insurance business, accelerate growth using global platforms and expand business foundation through bolt-on M&A
- In the domestic life insurance business, expand Insurhealth®, a combination of insurance and services to help maintain and improve health
- In the nursing care & healthcare business, increase productivity, turn a profit in peripheral businesses, and build a Sampo brand strong in dementia healthcare

■ Group-Wide Strategy

- Advance digital technology in existing businesses and proceed with data-driven business strategy
- Change the business portfolio, diversify business domains, and secure stable earnings sources
- Promote the globalization of management, mission-based work styles, and productivity by reforming the corporate culture

Issues

- Identify future issues and trends caused by changes in society and people's behavior during and after COVID-19

These reforms align with the Sampo Group's aim of becoming “A Theme Park for Security, Health & Wellbeing,” and we will continue to pursue Group reforms.

Business Environment and Medium-to-Long-Term Course

Although COVID-19 has increased uncertainties in the business environment, the Sampo Group views imaginable risks as business opportunities, and will strive to contribute to the security, health, and wellbeing of its customers and society as a whole by providing insurance and related services of the highest quality possible.

Politics

- Rise of protectionism and populism
- Increase in international political conflicts and trade friction
- Ballooning global debt (financial collapse of some emerging countries, enlarged fiscal deficits in developed countries)
- Large-scale immigration and refugees due to political instability

Economy

- Creation of economic blocks, corporate supply chain reorganization, vulnerabilities
- Changes in industry landscape from acceleration of digital technologies, including remote and non-contact technologies
- Flattening of global economic growth due to COVID-19
- Shift in focus to stakeholders with emphasis on diversity
- Expansion of investments and financing with emphasis on ESG

Society

- Increase in risks simultaneously happening in other regions (pandemics, cyberattacks, etc.)
- Larger and more severe wind and water damage, earthquakes and other natural catastrophes, and global climate change and global warming
- Increase in international conflicts, ethnic conflicts
- Greater inequality, such as poverty, permanent inequality
- Changes in labor markets
- Risk-off demand for predictions, forecasts and prevention using real data
- Population growth in emerging countries, growth of middle class
- Increase in elderly people worldwide
- Transition to carbon-free society
- Sharing economy
- Acceleration of initiatives for next-generation mobility

Technology

- Cybersecurity threats (information leakage, infrastructure damage)
- New automotive technology (automatic braking systems, self-driving cars, etc.)
- Non-contact healthcare and nursing services, labor reduction (online, sensors, etc.)
- Advances in clean energy technology
- Utilization of big data and advances in AI technology
- Advances in robot technology (for welfare settings, caregiving, etc.)

Rapid Technological Innovation and Digitalization

Risks

- Digital disruption and industry commoditization leading to tougher competition as companies from other sectors enter the insurance business
- Decline in accidents thanks to self-driving car technologies, less demand for insurance due to advances in CASE*
- Advanced data use, higher severity of cyber risks
- Departure of talented personnel who have diverse backgrounds and specialist knowledge etc.

Opportunities

- Greater potential in new businesses outside boundaries of insurance
- Creation of new business models for sharing economy
- Development of customer-oriented products that precisely match market needs
- Business models based on real data, cybersecurity
- Diverse employment formats, personnel management changes etc.

* Connected, autonomous, shared & services, and electric

Changes in Market Conditions

Risks

- Tougher competition in shrinking market
- Changes in needs from low birth rates and increase in elderly people
- Divergence between urban and rural
- Personnel shortages due to declining populations etc.

Opportunities

- Expansion of market share with high-quality services and increase in productivity via growth and work efficiency gains
- Growth in senior citizen market and development of new products and services
- Industry-government-academia projects to create problem-solving communities based on concepts of sharing and helping one another
- Work-style reform (diverse work styles, focus on output) etc.

Climate Change and Natural Catastrophes

Risks

- Increase in insurance payments due to more severe natural catastrophes
- Diminished business environment and foundation from the erosion and depletion of natural capital
- Changes in reinsurance market due to climate change and global warming etc.

Opportunities

- Strengthening of resilience to natural catastrophes, dispersion of risks in business portfolio
- Growth in ESG investments, development of products and services for decarbonized society
- Use of advanced technology to detect risks, creation of business models resilient to change etc.

► For more details about risks and opportunities related to climate change, please see page 28.

The Sampo Group's Management Objectives

- Enhance profitability of insurance business
- Improve balance between profitability and growth, decentralization caused by globalization
- Strengthen resilience through selection and concentration

- Expand services and secure earnings sources by expanding into peripheral business domains
- Provide total solutions for security, health, and wellbeing of customers
- Enact qualitative evolution and change in business portfolio

- Formulate data-driven growth strategies utilizing IT and digital technology
- Create new businesses by collaborating with advanced players
- Decide prices from a customer perspective

- Change business models with advanced digital technology (including remote work, online processes)
- Increase productivity and work efficiency in business divisions

- Solve social issues with Group strengths
- Build and commercialize a Real Data Platform
- Collaborate with stakeholders, proactively participate in initiatives
- Invest in ESG initiatives and the SDGs, step up initiatives

- Diversify and professionalize human resources who can innovate
- Emphasize output, change work styles during and after COVID-19
- Corporate culture reform (mission-driven, results-oriented)

Realize a society in which each and every person is empowered to find the best way to lead a richer life

A Theme Park for Security, Health & Wellbeing

The theme park created by matching various SOMPO solutions to each customer's needs



For the deeply held desire of people to live safer, healthier and more secure lives

Sustainability

History of the Sampo Group

1888

- Founding of Tokyo Fire Insurance Company, Inc. (now Sampo Japan Insurance Inc.), as Japan's first fire insurance company

Created a private fire brigade to protect customers from fire 24 hours a day, 365 days a year in Tokyo, which had many fires back then



1992

- Established the Department of Global Environment (a first for a financial institution in Japan)

1998

- Published Environmental Report

1999

- Launched the Sampo Japan Green Open Fund ("Buna no Mori") eco-fund

2001

- Published *Environment and Social Report 2001: Sustainability Report* (a first for a financial institution in Japan)

2011–2012

- Identified Group CSR Material Issues

2013–2014

- Created Group CSR-KPIs

History of Initiatives to Address Social Issues

The forerunner to the Sampo Group, Tokyo Fire Insurance Company, Inc., was founded in 1888 as Japan's first fire insurance company with the desire to protect the residents of Tokyo from fire. Today, the Group works to solve a variety of social issues toward the realization of a sustainable society, amid major changes in the social and economic landscape, such as population declines, low birth rates and an expanding elderly demographic, climate change, and technological advances.

In 1992, the Group established the Department of Global Environment (a first for a financial institution in Japan), tackling global environmental problems from an early stage. We began to publish the Environmental Report in 1998, and Sampo Asset Management started to manage the Sampo Japan Green Open Fund ("Buna no Mori") eco-fund in 1999. In 2001, the Company stepped up its efforts to disclose information with the publication of *Environment and Social Report 2001: Sustainability Report*, another first for a financial institution in Japan.

The effectiveness of Group-wide initiatives was reinforced with the inauguration of NKSJ Holdings, Inc. (now Sampo Holdings, Inc.), and the formulation of the Group CSR Vision in April 2010, the identification of Group CSR Material Issues in 2011–2012, and the creation of Group CSR-KPIs in 2013–2014.

In 2016, we started the Mid-Term Management Plan with the aim of achieving "A Theme Park for Security, Health & Wellbeing," and revised the Group CSR Material Issues to align better with trends in international society, such as the SDGs and the Paris Agreement. In 2018, with the intention of mitigating climate change, we set medium-to-long-term goals for reducing greenhouse gas emissions, targeting reductions of 21% by fiscal 2030 and 51% by fiscal 2050, compared with fiscal 2017 levels.

Group CSR Material Issues

The Group has identified social issues to address, and has decided on three key approaches that leverage Group strengths in order to continue efforts toward a sustainable society.

Five Material Issues	
1 Providing Solutions for Disaster Preparedness	Provide products and services to help improve disaster resilience, and collaborate with stakeholders on realizing a safer, more secure world.
2 Contributing to Health and Welfare	Provide high-quality nursing care and healthcare services, and implement projects that promote health and welfare with the aim of creating a society where all people are able to lead a fulfilling life.
3 Promoting the Manageability of Global Environmental Issues	Contribute to climate change adaptation and mitigation, biodiversity conservation, and other global environmental goals through value chain initiatives and provision of new solutions.
4 Empowering Community and Society	Through community outreach and initiatives in culture and the arts, improve the lives of people in local communities and become their most trusted corporate citizen.
5 Supporting Diversity and Inclusion in Private and Public Life	Respect the human rights and individuality of all stakeholders, supporting them in their pursuit of professional and personal development.
Our Vision	
Our Key Strengths	
1 Developing and providing innovative products and services using financial expertise and digital technologies to provide innovative solutions for social issues.	
2 Promoting the development of advanced human skills by fostering partnerships with stakeholders representative of broad sectors of civil society.	
3 Promoting the quality of life and its enrichment by the application throughout all our operations of our expertise and resources in the arts and culture.	

2015

- United Nation adopted the Sustainable Development Goals (SDGs)
- UN adopted the Paris Agreement
- Full-scale entry into the nursing care business



2016

- Started Mid-Term Management Plan to realize “A Theme Park for Security, Health & Wellbeing”
- Revised Group CSR Material Issues in light of trends in international society

2018

- Committed to help create Science Based Targets (SBT) and participated in financial SBT expert advisory group
- Set new medium-to-long-term targets to reduce greenhouse gas emissions based on Paris Agreement

2020

- Created Sustainability/CSR Committee

Strengths and Characteristics

Stakeholder Engagement

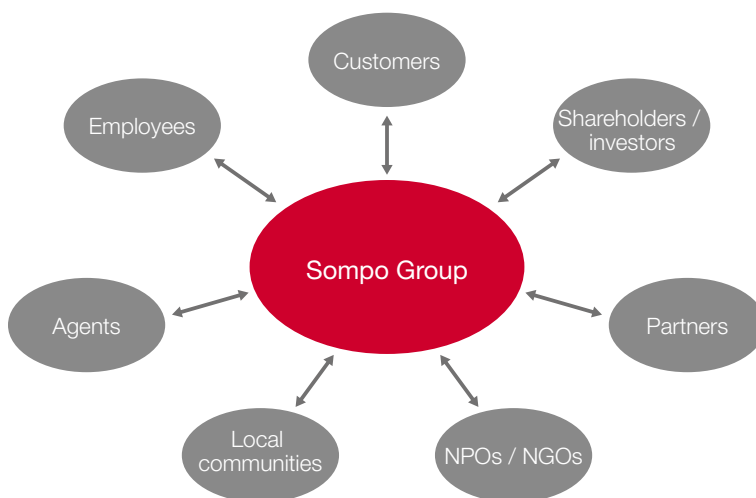
The Group places a priority on stakeholder engagement in keeping with the belief that communication with stakeholders is essential to amplify outcomes, by building relationships based on trust and cooperation while furthering a deeper understanding of social issues.

We have two primary aims in stakeholder engagement.

1. Reflect stakeholder opinions in Group decision-making to spark innovation in business and improve quality
2. Deepen mutual understanding and collaboration by proactively engaging with stakeholders to become a group that takes action toward creating a better society while sharing value systems with stakeholders

The Group aims to improve on these efforts by constantly engaging with stakeholders, while developing and advancing products and services that contribute to solutions for social issues, based on Group CSR Material Issues and Group CSR-KPIs.

We aim to help solve social issues that have materialized and worsened as a result of the COVID-19 pandemic, by providing support to local NPOs and medical institutions.



Proactive Participation in Initiatives

By participating in initiatives around the world, the Group takes advantage of opportunities to engage in dialogue with companies on the cutting edge and international institutions, gaining knowledge and learning about leading case studies that help improve its own initiatives in a constructive cycle.

With the awareness that cooperating with a diverse range of entities while addressing issues can have a larger impact, we proactively get involved in initiatives from the ground stage. Through information disclosures, the Company distributes information about its experiences gained through this participation in a bid to help create a sustainable society.

Key Initiatives and Participation Dates

1995		2005		2006	
					
World Business Council for Sustainable Development (WBCSD)	United Nations Environment Programme Finance Initiative (UNEP FI)	CDP	United Nations Global Compact (UNGC)	Principles for Responsible Investment (PRI) (a first for an insurance company in Japan)	
2011	2012	2017	2018	2019	
					
Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)	Principles for Sustainable Insurance (PSI)	The Montréal Carbon Pledge	Climate Action 100+	TCFD Consortium	

Reinforcing the Sustainability Promotion Structure

The Group has created a framework for advancing a broad range of CSR initiatives through the CSR Management System, which is based on the ISO 14001 standard. Group companies draw up CSR action plans for the year and implement a PDCA cycle to ensure improvement.

In order to accelerate efforts amid increasingly intertwined and complex social issues, the Group's Council for CSR Promotion was turned into the Sustainability/CSR Committee, headed by the Group COO, in April 2020. At the same time, two new working groups were formed, called CSR Promotion and ESG / Sustainability. This put into place a structure for enhancing effectiveness, by facilitating the exchange of

opinions with stakeholders, including Group business divisions, and discussions about the finer details of insurance underwriting, loans, and investments.



Examples of Initiatives for Priority Issues

1. CSO Learning Scholarship Program (2000–)

The Sompo Environment Foundation offers the CSO Learning Scholarship Program, an eight-month internship program for university undergraduate and graduate students in civil society organizations (CSOs, similar to NPOs and NGOs) that are active in the environmental field. This program aims to help participants become people who can contribute to environmental CSOs and a sustainable society, and 1,124 people have completed the program as of the end of fiscal 2019. A new internship program was launched in Jakarta, Indonesia, in February 2019, and the first class of 19 participants finished the program in October. Participants in the second program started in February 2020.



2. SAVE JAPAN Project (2011–)

Sompo Japan Insurance operates the SAVE JAPAN Project, an initiative to preserve biodiversity with citizen participation in nationwide events every year, in conjunction with regional environmental organizations, NPO support centers, and the Japan NPO Center. Its purpose is to provide opportunities for local residents to participate in environmental preservation activities. Activities are funded by cost savings when customers sign online agreements and online securities contracts, or when they choose recycled parts to fix automobiles that have been in an accident. As of the end of fiscal 2019, approximately 850 events have been held with more than 45,000 participants.



3. Revision of Group CSR Material Issues (2016–)

Sompo Holdings revised the Group CSR Material Issues in light of changes to its business portfolio and trends in international society, including the SDGs and the Paris Agreement. These revisions reflect the diverse perspectives and opinions of 16 stakeholders, including investors, consumers, government agencies, NPOs and NGOs, employees, CSR experts, and international institutions.

4. Diversity on the Arts Project (DOOR) (2017–)

Diversity on the Arts Project (DOOR) is a project based on the concept of “art x welfare” that Sompo Holdings launched in collaboration with Tokyo University of the Arts (TUA). A series of systematic and practical lectures on “art x welfare” were held at TUA, followed by workshops and other practical learning experiences on the front lines of welfare. The aim is to help create an inclusive society in which diverse people can live together by leveraging diverse values in art to train personnel who contribute to social inclusion.



5. Future Care Lab in Japan (2019–)

Sompo Holdings opened Future Care Lab in Japan as a project tasked with creating a new form of nursing care based on the coexistence of people and technology. At the same time, we opened a research center that will conduct verification tests on the latest technologies from Japan and overseas. Our intention is to redefine the roles played by people in nursing care by effectively utilizing information communications technology and digital technology through collaboration with research institutions and leading companies from around the world. We aim to achieve higher levels of satisfaction and more fulfilling daily lifestyles for people receiving nursing care, while improving the compensation and working conditions of caregivers and increasing productivity in nursing care services, by proposing new types of nursing care through the combination of people and technology.



Climate Change Initiatives

The Group supports the Task Force on Climate-related Financial Disclosures and is involved in various initiatives to address climate change as well as highly transparent information disclosure.

1. Governance and Risk Management

The Group has risk management systems based on the Group Basic Policy on ERM, established by the Board of Directors. Under these systems, risks that may have significant impact on the Group are defined as “Material Risks.” The Group Chief Risk Officer exhaustively identifies and assesses Material Risks involved in the Group’s business and reports regularly on the status of those risks at meetings of the Managerial Administrative

Committee (MAC), the Board of Directors, and other bodies.

Climate change risks, such as the occurrence of greater-than-expected damage from windstorms and floods as well as reputational damage and the impact on asset prices caused by the transition to a decarbonized society, are also recognized as Material Risks, and the Group’s executives are responsible for implementing countermeasures.

2. Addressing Climate Change Risks and Opportunities

(1) Response to Risks Associated with Intensification of Natural Catastrophe

The Group’s P&C insurance business has inherent risks of being affected by the intensification of natural catastrophes resulting from climate change. For this reason, the Company is engaged in measures including analysis using climate scenarios.

We conduct stress tests for such risks as windstorms and floods. The Group quantitatively assesses the impact of the stress scenarios to verify the adequacy of capital and the effectiveness of risk mitigation measures. Further, since 2018 we have been conducting large-scale analyses of typhoons and heavy rains using weather and climate big data from the Database for Policy Decision-Making for Future Climate Change (d4PDF).^{*} This entails quantifying changes in the average trends of natural catastrophes as well as quantifying trends in the occurrence of extreme weather events over the medium-to-long term under climates conditions where the temperature rises by 2°C and 4°C.

^{*} The Database for Policy Decision-Making for Future Climate Change was developed by the Program for Risk Information on Climate Change of the Ministry of Education, Culture, Sports, Science and Technology. By utilizing a number of experimental examples (Ensemble), future changes in extreme events such as typhoons and heavy rains can be evaluated stochastically and with higher accuracy. It is also characterized by its ability to draw more reliable conclusions about the impact of natural catastrophes caused by climate change on future society.

(2) Responding to Risks and Opportunities Associated with the Transition toward a Decarbonized Society

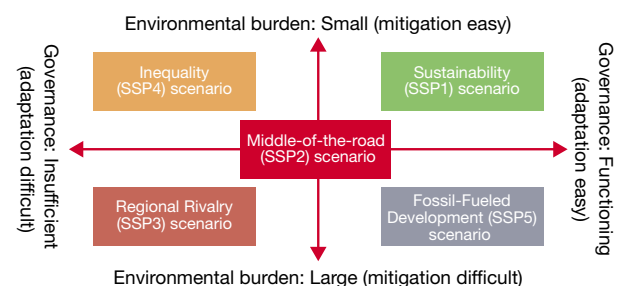
The Group’s future performance and financial position could be affected by changes in insurance needs and decline of the value of its assets under management, including stock equities, resulting from the strengthening of laws or regulations for the transition to a carbon-free society and changes in the industrial structure and local communities resulting from the development of technologies. At the same time, we believe that transformation of the industrial structure will lead to the expansion of business opportunities, such as the creation of new insurance needs and markets. Therefore, we are developing a variety of businesses in anticipation of a transition toward a decarbonized society.

To respond to the aforementioned risks and opportunities appropriately, the Group has established a system for ascertaining the situation and holding discussions at the Sustainability/CSR Committee, chaired by the Group Chief Operating Officer and comprising executives from respective Group companies, and reporting to the Managerial Administrative Committee (MAC) as necessary. The Company also continues to engage in dialogues with internal and external stakeholders as an important opportunity to grasp social and economic changes, understand expectations for the Group, and develop the Group’s business.

3. Measures Based on Climate Change Scenarios

The Group is undertaking various initiatives to prepare for a society with severe climate change and a low-carbon society, based on the Shared Socioeconomic Pathway (SSP) scenarios of the Intergovernmental Panel on Climate Change.

Shared Socioeconomic Pathway (SSP) Scenario Category



(1) Measures Based on an Intensified Climate

Change Scenario

In the Regional Rivalry (SSP3) scenario in which there is a reliance on conventional fossil fuels, a failure to take adequate measures against climate change, and a slowdown in economic development, climate change progresses, natural catastrophes become more severe, investment in infrastructure is insufficient, and vulnerability to natural catastrophes increases.

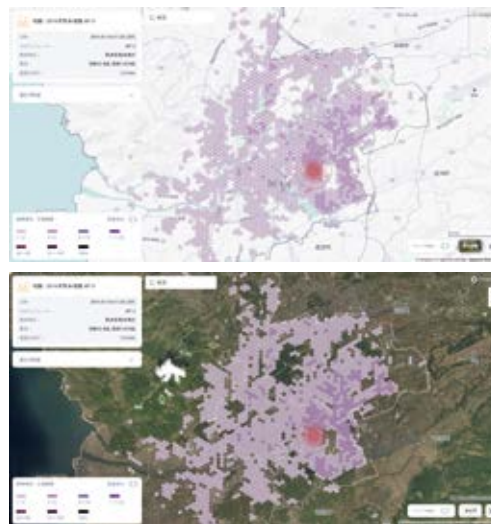
Based on the aforementioned scenario, the Group is working to strengthen its resilience in the medium-to-long term through assessment of the impact on the P&C insurance business using big data on weather and climate, optimizing insurance premium rates and reinsurance coverage, and taking the following steps.

- Strengthen the profitability of the domestic P&C insurance business by enhancing sales of new risk products and creating new customer services through the use of digital technology
- Expansion of business scope (diversification of revenue sources)
- Geographic diversification (overseas M&As)

<Main Initiatives in Japan>

Sompo Japan Insurance Inc. is working to predict natural catastrophes such as floods and earthquakes using various data related to regional disaster prevention, including data of weather and buildings as well as AI technology. For local governments, Sompo Japan aims to contribute to the safe and secure lives of residents and improve local resilience by providing Disaster Prevention / Mitigation Insurance to compensate for various expenses related to an evacuation, thereby supporting swift initial responses by local governments.

As the need for adaptation to climate change increases, opportunities for risk consulting services as well as P&C insurance are expected to expand. Since 2018, Sompo Risk Management Inc. has been participating in the Social Implementation Program on Climate Change Adaptation Technology (SI-CAT) of the Ministry of Education, Culture, Sports, Science and Technology; utilizing a database that projects the climates that would result from global warming with temperature increases of 2°C and 4°C; as well as collaborating with research institutions. Through the aforementioned initiatives, Sompo Risk Management aims to upgrade its natural catastrophe risk models, accumulate know-how on the disclosure of climate-related information, and expand businesses.



Earthquake damage prediction screenshots, map version (above)
satellite version (below)

<Main Initiatives Overseas>

In the overseas insurance business, Sompo International, our core intermediate holding company, launched *AgriSompo* as an integrated brand in the agricultural insurance field, which has long been its strength. *AgriSompo* is expanding its business to South America and Asia in addition to Europe and North America. In addition, following research and development conducted through a collaboration among Sompo Japan, Sompo Risk Management, and the Japan Bank for International Cooperation (JBIC), Weather-Indexing Insurance was launched in Southeast Asia in 2010. This product was recognized as meeting the requirement for membership of the Business Call to Action initiative in 2015. This initiative is led by the United Nations Development Programme (UNDP), with the aim of promoting the establishment of business models that combine commercial activities and sustainable development. By providing coverage for risks associated with windstorms, floods, droughts, and other natural catastrophes, Weather-Indexing Insurance and other products under the *AgriSompo* brand help reduce the business risks of farmers. We expect that demand for climate change adaptation, including demand for our products, will increase significantly centered on developing countries, which are vulnerable to climate change.



(2) Measures Based on a Low-Carbon Scenario

In the Sustainability (SSP1) scenario, a certain level of economic development underpins the effective implementation of climate change countermeasures and the achievement of harmony between the environment and the economy. Furthermore, a recycling-based society utilizing local resources, an energy-saving society, and post-materialistic sharing services develop.

In such a scenario, solar power, wind power, and other types of renewable energy would become mainstream. At the same time, a “mobility revolution” entailing the establishment of seamless public transportation systems in local communities would reduce the numbers of cars, which would mainly affect our domestic P&C insurance business.

<Contribution to the Dissemination of Renewable Energy>

The Group believes that switching to new sources of energy will play a significant role in the transition toward a decarbonized society. Therefore, we are advancing initiatives to contribute to the dissemination of renewable energy.

■ Consulting Services for Wind Power Generation Companies

In addition to providing wind power generation companies with P&C insurance products, the Group capitalizes on expertise acquired through joint research with universities, research



Photograph provided by WIND POWER Group

institutions, and other stakeholders to offer a risk management service that comprehensively covers the value chains of wind power generation businesses. More specifically, the service encompasses all phases of wind power generation projects, from project formation and operational start-up through to subsequent removal or replacement.

<Initiatives for CASE Cars>

The further penetration of CASE* cars will dramatically change the automobile insurance market. Aiming to build a new market in anticipation of this change, the Group is leveraging its data to pursue collaborative initiatives with companies in other industries and R&D institutions.

* Connected, autonomous, shared & service, and electric

■ Initiatives for Autonomous Cars

Efforts to improve energy efficiency by easing traffic congestion, improving the fuel efficiency of cars, and reducing distribution costs as well as efforts to realize seamless public transportation systems are likely to gather momentum. With this in mind, the Group aims to build a platform that combines digital technology with real data*¹ on driving, environmental burden, and traffic accidents acquired through its P&C insurance business to provide the accident prevention, monitoring,

and coverage needed for safe verification tests of autonomous car-related services. As part of these efforts, the Group has established the Connected Support Center as a base for research on response services for accidents and other issues involving autonomous cars. In addition, we are conducting joint research*² on the Level IV Discovery insurtech*³ solution, which supports verification tests of autonomous car-related services. Through the low-cost provision of a highly safe platform for autonomous car verification tests, the Group aims to expedite the realization of a society with safe autonomous cars.

*¹ "Real data" refers to data that is acquired from various real-life activities.

*² Joint research based on business tie-ups with Tier IV, Inc., a developer of systems for autonomous cars, and AISAN TECHNOLOGY Co., Ltd., a company with technology for high-precision 3D maps

*³ New, technology-enabled insurance products and services



An operator at the Connected Support Center speaking with a customer remotely

■ Initiatives for Shared & Service Cars

As it develops, mobility as a service (MaaS) is expected to fill in "last mile" gaps, thereby playing a critical role in seamless local transportation systems. Mindful of this, the Group offers risk management services for MaaS verification tests and provides insurance for municipal authorities and nonprofit organizations that operate mobility support services. In addition, by establishing businesses that facilitate customer-to-customer car sharing, private car leasing, and parking space sharing, the Company is popularizing such activities. We will contribute to the mobility revolution and create new business opportunities through the expansion of businesses that take advantage of our automobile insurance data and agent-based sales network. Further, as one solution to last mile issues, electric scooters have been attracting attention. With a view to popularizing electric scooters, the Group is developing dedicated insurance and conducting risk assessments to ensure safety.

(3) Other Initiatives

<Initiatives as an Institutional Investor>

As a responsible investor, the Group promotes various initiatives. For example, through dialogue we encourage investee companies to take measures in relation to climate change.

In addition to engaging with investee companies with respect to environmental, social, and governance (ESG) considerations, Sompo Japan is working on quantitative verification of the influence on its investment portfolio of climate change and other trends.

Sompo Asset Management Co., Ltd., participates in Climate Action 100+, an initiative that coordinates the engagement activities of institutional investors. In addition, the company actively encourages investee companies to reduce greenhouse gas (GHG) emissions and prepare long-term plans. Further, in September 2017 the company became a signatory to the Montréal Carbon Pledge, which is overseen by the Principles for Responsible Investment. Accordingly, it regularly calculates and discloses the overall emissions of the Japan Value Equity Sustainable Strategy, which is focused on long-term investment, as well as the GHG emissions per 10,000 beneficial interest units of the fund.

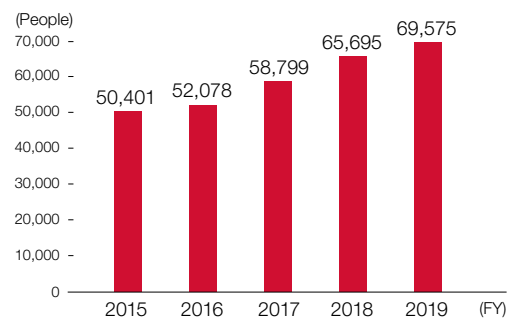


<Initiatives for the Development of Environmental Personnel in Partnership with Civil Society>

Since former Group company The Yasuda Fire & Marine Insurance Co., Ltd., established the Department of Global Environment in 1992, the Group has understood the importance of establishing a basis for spontaneous action by heightening each individual's awareness of and concern over climate

change and other environmental issues. For this reason, we continuously develop environmental personnel through collaboration with civil society. Further, the Group widely disseminates the results of research on environment-related issues that it conducts in cooperation with research institutions and government agencies.

Total Cumulative Participants in Environmental Conservation Awareness Activities



Note: Figures are the total of the number of people who participated in the SAVE JAPAN Project, which is a program for preserving rare species in Japan, and in Open Lectures on the Environment as well as of the number of people who completed the CSO Learning Scholarship Program, which provides an internship program for university and graduate program students in environmental nonprofit and nongovernmental organizations.

4. Metrics and Targets

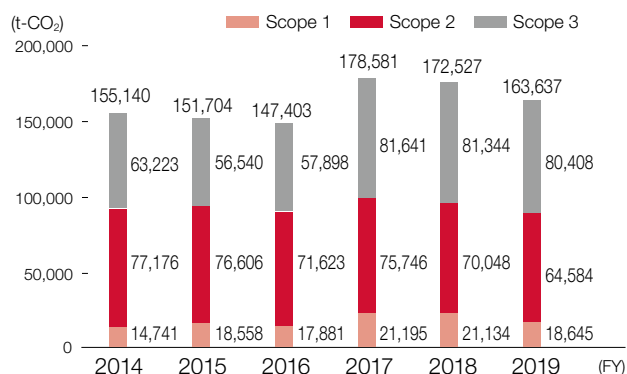
To encourage corporate social responsibility and ESG initiatives and check their effectiveness, the Group uses the following CSR key performance indicators (CSR-KPIs) to assess ongoing efforts.

- (1) Development and provision of products and services that contribute to climate change adaptation and mitigation
- (2) Number of participants in environmental conservation awareness and educational opportunities in collaboration with civil organizations
- (3) CO₂ emissions
- (4) Electricity consumption
- (5) Paper use

In fiscal 2018, we set reductions in GHG emissions versus fiscal 2017 levels of 21% by fiscal 2030 and 51% by fiscal 2050 as medium-to-long-term targets. To these ends, we are taking measures to mitigate climate change.

We are also implementing the aforementioned measures with a view to acquiring certification under the Science Based Targets (SBT) initiative, which promotes reductions in GHG emissions that will enable the realization of the Paris Agreement's long-term goals. Moreover, we are engaged in the creation of SBT frameworks. The Sompo Group is the only Japanese financial institution that is a member of the expert advisory group tasked with developing SBT guidelines for financial institutions.

Greenhouse Gas (GHG) Emissions (Scope 1–3)



Notes: 1. Figures are the total of Scope 1 (direct emissions due to use of gasoline, etc.), Scope 2 (indirect emissions from electricity and other energy sources), and Scope 3 (indirect emissions across entire value chains, including transport and business trips). The coverage of the survey is as follows.
 Fiscal 2014: Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., including their consolidated subsidiaries
 Fiscal 2015: The Company's main consolidated subsidiaries and operating companies
 Fiscal 2016–fiscal 2019: The Company and its main consolidated subsidiaries (Sompo Care Inc. included from fiscal 2017)
 2. Since fiscal 2012, the Group has received an Assurance Statement from a third-party certification organization.
 3. Fiscal 2017 and fiscal 2018 emissions have been recalculated using fiscal 2019 calculation methodologies.

Digital Technologies

◉ The Power to Predict and Prevent Accidents, Disasters, and Illness

Insurance, by paying a benefit when unexpected events occur, such as accidents, injuries, and illness, provides security. Going forward, we believe that, through the prevention of these unexpected events and the mitigation of accidents, disasters, and illness, insurance companies can help create a world of security, health, and wellbeing that does not require insurance. Moreover, we feel that these efforts will contribute to the realization of a sustainable society. In preparation for the

environmental changes resulting from the spread of COVID-19, the Sampo Group will invest in the latest digital technologies, such as AI, big data, CX agile* development, and design thinking; rigorously economize on the labor costs of existing businesses and increase their sophistication; and develop new digital technology businesses similar to Palantir Technologies Japan K.K. ("Palantir Japan").

* Agile development that is focused on customer experience

◉ Strengths and Differentiating Features

Aiming to realize digital transformation throughout the Group, SOMPO Digital Labs have been transforming existing businesses while creating new ones since the establishment of the Digital Strategy Planning Department in April 2016. These activities encompass businesses in Japan as well as overseas Group companies and are now conducted under a trilateral structure, which comprises SOMPO Digital Labs in Tokyo, Silicon Valley, and Tel Aviv.

As part of a human resource strategy focused on achieving digital transformation of its businesses, the Group has established two chief digital officer (CDO) positions. Previously, we had one Group CDO, Koichi Narasaki. Through external recruitment, we appointed Hiroshi Omata as Group Co-CDO in April 2020. Under this new structure, we will realize thoroughgoing digital transformation of existing businesses while transitioning toward new businesses enabled by digital technologies.

As well as the domestic P&C insurance and life insurance businesses and the overseas insurance business, the Group is engaged in the nursing care & healthcare business, among

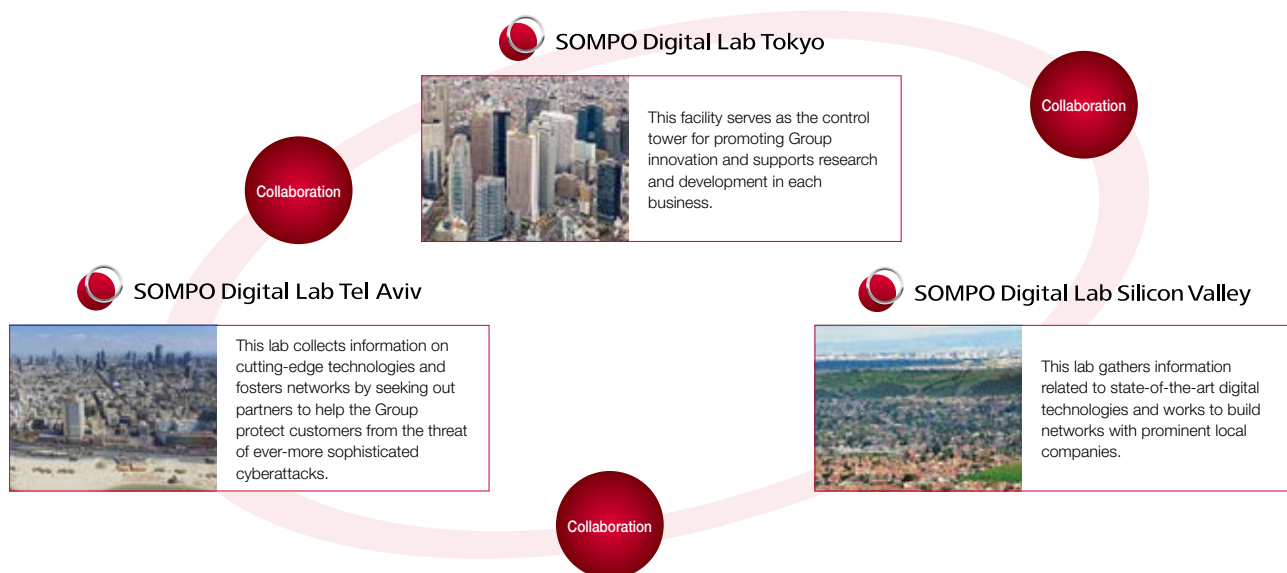
others. Through these businesses, we garner huge volumes of real data* on accidents, disasters, and other matters.

We can use this data not only to pay benefits when accidents and illness occur but also to provide solutions that prevent accidents and illness. In this way, we aim to transform our real data into a truly valuable resource.

To this end, in November 2019 we jointly established Palantir Japan with Palantir Technologies Inc. ("Palantir"), which is headquartered in the United States and in 25 countries worldwide has businesses that offer software platforms for big data analysis.

Further, to advance the building of a general-purpose, Real Data Platform for the Group, we established the Data Management Office in the Digital Strategy Planning Department in April 2020. As well as upgrading the Group's data-related governance and data utilization, the new office will foster data-related personnel in-house.

* "Real data" refers to data that is acquired from various real-life activities.



Basic Policy

1. Increase efficiency in all business segments

Utilize AI and other new technologies to enhance the productivity and efficiency of work previously performed manually

2. Use digital technologies to transform customer touchpoints

Develop products and services that enhance customer experiences by using the IoT and sensors

3. Market to digital natives

Develop products and services for the young generation familiar with digital technologies

4. Evolve new business models

Build new business models based on ideas and technologies that break completely with existing business fields

The intrinsic roles and corporate value of companies are evolving as the fourth industrial revolution advances technology and changes needs among digital natives.

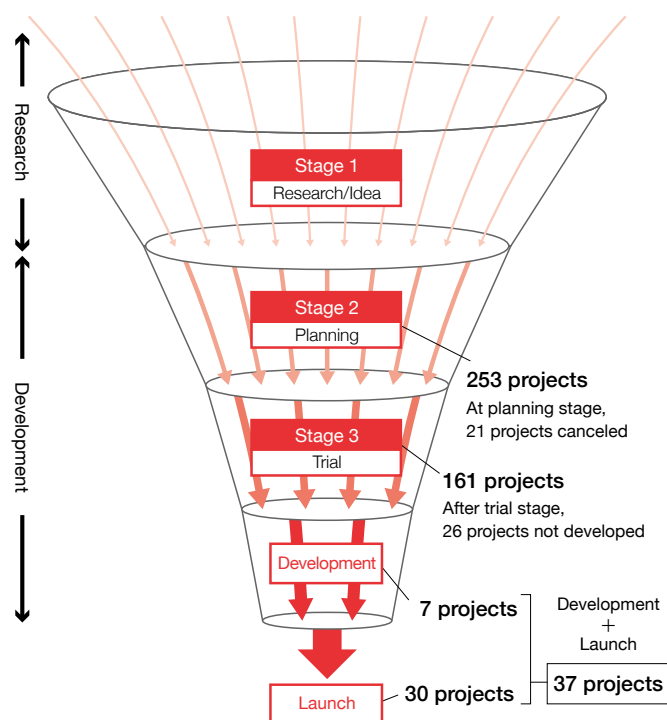
Also, the emergence of COVID-19 is driving dramatic change in society's systems, needs, and values. Around the world, remote, non-face-to-face communication is increasing and becoming entrenched. As a result, digital technologies and data utilization are very rapidly becoming an indispensable part of social infrastructure.

Reflecting a sense of crisis in relation to the possibility of our insurance business becoming unsustainable, we are building new business models that leverage digital technologies to provide security, health, and wellbeing. As part of these efforts, the Group has tasked SOMPO Digital Labs with the digitalization of existing businesses and the creation of new businesses and services. Accordingly, the labs are referring to and analyzing progressive examples from overseas as they conduct R&D on increasing work efficiency, adapting to changes in customer experiences, developing marketing approaches for digital natives (how to create points of contact with customers whom we could not reach before), and creating new business models. Specifically, we are incorporating AI into underwriting and claims services, developing IoT-enabled insurance and services, unbundling insurance functions to facilitate open innovation with partners, and using Palantir's technologies to develop co-creation businesses with other companies.

From the establishment of the Digital Strategy Planning Department in fiscal 2016 through the end of fiscal 2019, we conducted 253 proof-of-concept (PoC) tests. These PoC tests have resulted in the commercialization of 37 projects, including those slated for commercialization.

The Group will further strengthen its AI, big data, CX agile development, and design approaches; prepare and forge ahead with digital strategies; and create and advance new businesses enabled by digital technologies. As well as contributing to profits and continuing to drive the Group's digital transformation, the aforementioned measures will embed digital technologies into society, thereby helping address some of the issues that companies and society face.

Overview of Proof of Concept (PoC)

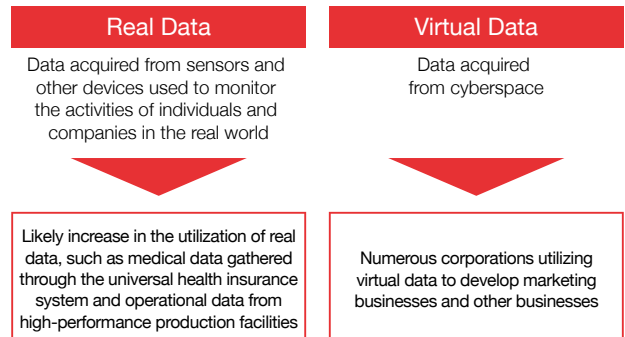


The Acceleration of Digital Transformation



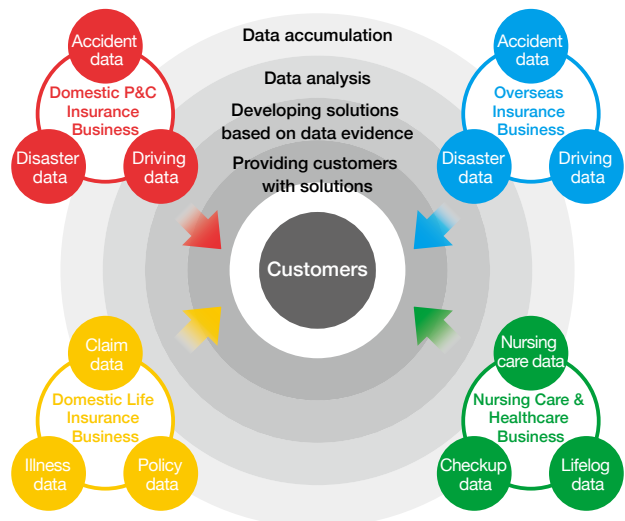
● The Importance of Real Data

Worldwide, numerous corporations are utilizing virtual data in the development of businesses. However, there is likely to be increased utilization of real data, and Japan is a rich source of such data. This trend promises to allow the creation of new solutions based on the results of real data analysis. Thus, the huge amounts of accident data and other real data that Sompo Holdings accumulates through its businesses are set to become a major resource in the creation of added value.



● Our Data Strategy

Sompo Holdings' real data is the key to realizing "A Theme Park for Security, Health & Wellbeing." We are engaged in a range of businesses, including the domestic P&C insurance, overseas insurance, and domestic life insurance businesses, as well as the nursing care & healthcare business. Consequently, the Group has accumulated a huge amount of real data on accidents, disasters, and other matters. We will build a Real Data Platform business model that utilizes these data. Through this platform, we will provide customers with high-value-added, quality services and address social issues, including the security, health, and wellbeing of customers and the aging of society.



Launch of a Real Data Platform for Security, Health and Wellbeing in Japan

In November 2019, Sompo Holdings and Palantir jointly established Palantir Japan, a technology company that provides Japanese institutions with software platforms for big data analysis. In June 2020, the three companies agreed on the launch in Japan of the Real Data Platform for Security, Health and Wellbeing, which will further strengthen relationships among the three companies.

In Japan, there is a tremendous amount of real data, such as medical and health data associated with national health insurance system, nursing care data on the world's fastest-aging population, and operating data of facilities that produce safe, reliable, and high-quality Japanese products. However, we believe that world-class value and business models based on utilizing real data have not yet been established. The aim is to build real data platforms in Japan by combining the Sompo Group's expertise in utilizing data for the provision of better services in the insurance, nursing care, and healthcare fields with the central platform solutions that Palantir delivers to the world's leading institutions and Palantir Japan's specialized knowledge. The initial development of the platform will be focused on nursing care and healthcare in Japan.

 Palantir

Make a better world
through software platforms

 SOMPO HOLDINGS
A Theme Park for Security, Health & Wellbeing

Make a better world through
services for security,
health, and wellbeing

Supporting
the digital
transformation
of Japanese
companies

Palantir Japan's technologies will provide strong support to fundamental, data-driven transformation of operations and decision-making not only in the Sompo Group but also in a range of companies and government agencies across Japan. As a result, we will be able to support efforts aimed at responding flexibly in an era of volatility, uncertainty, complexity, and ambiguity (VUCA); realizing strong competitiveness globally; and providing greater value to society as a whole. The goal is to establish Palantir Japan as an indispensable company in the provision of platforms for data utilization and digital transformation in Japan's industrial sector.

An Example of Real Data Utilization

Through a business tie-up with Paramount Bed Holdings Co., Ltd., the Company has begun introducing Nemuri SCAN sleep data measurement sensors to all of the approximately 18,000 bedrooms in the serviced residential complexes for senior citizens of Sompo Care Inc. This initiative is a world first.*1

Boasting the greatest number of senior housing units in Japan,*2 Sompo Care will collect large volumes of multifaceted real data 24 hours a day, 365 days a year. The company will use this data to analyze correlations. It will then share findings with major companies in the health and wellness field and offer solutions for the improvement of nursing care; a range of services for the early detection, prevention, and improvement of dementia; and services for the prevention of lifestyle-related ailments.

We will of course collect data in a manner that complies with respective laws and regulations. Moreover, we will encourage understanding of these activities by employing thoughtful approaches that take customers' feelings into consideration.

Using Palantir software for centralized and continuous data integration and analysis will enable the prediction of nursing care facility residents' state of health and reduce the workloads of nursing care professionals.



We have already begun a PoC test for the integration of various types of data on residents. This PoC test confirmed that timely detection of residents' state of health, or changes therein, enables nursing care professionals to respond quickly in accordance with each resident's status. Our initiative is the first of its kind anywhere in the world. Going forward, we will build a model that not only detects physical changes but also predicts an individual's state of health.

*1 This is the world's first initiative for the introduction of sensors to all of a company's many thousands of bedrooms in serviced residential complexes for senior citizens. (As of May 2020, survey conducted by the Company)

*2 Number of senior housing units: Approximately 25,600 (No. 1 in industry, as of May 2020, survey conducted by the Company)

"Senior housing" is a general term that encompasses nursing homes providing long-term care, serviced residential complexes for senior citizens, group homes, and other serviced residences.

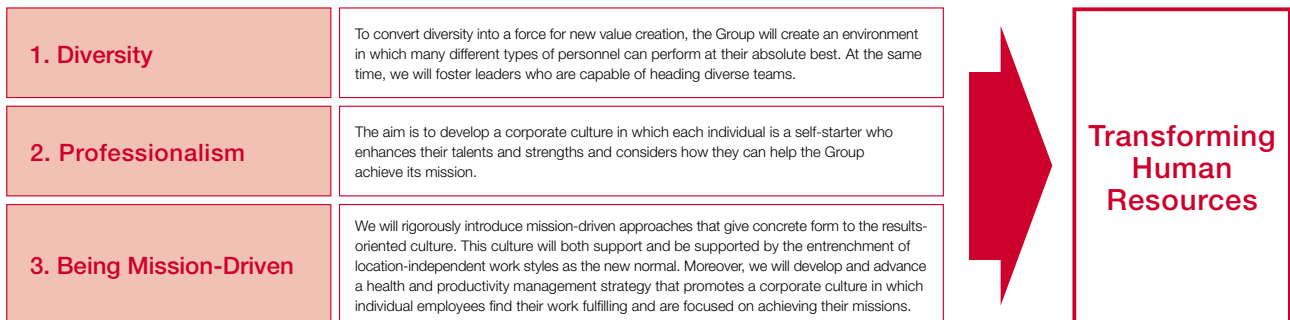
Human Resources

Transforming Human Resources to Realize “A Theme Park for Security, Health & Wellbeing”

Aiming to realize our Group Management Philosophy, which calls on us to “contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible,” we will transform our human resources. While differing in terms of nationality, gender, experience, and age, each of the Sampo Group’s employees will continue self-examination as to what they should be doing and take the initiative in transforming their behavior, in order to ensure they cater precisely to customers’ day-to-day needs and make a positive contribution to the quality of life—thereby creating “A Theme Park for Security, Health & Wellbeing.” These efforts will contribute to

the Group’s growth by transforming its corporate culture and by supporting reform of its business portfolio.

The Group will incorporate the concept of “talentism,” which values personnel and their abilities, and develop a corporate culture whereby each employee is able to take advantage of their individual attributes and talents in contributing to corporate activities. The spread of COVID-19 has overturned the premises of many different types of businesses. Viewing this crisis as a new opportunity, we will focus on the three core values of diversity, professionalism, and being mission-driven as we forge ahead with the transformation of our human resources.



Core Value 1. Diversity

—Understanding the Importance of Diversity and Using It to Create New Value—

1. Enhancing Productivity by Remodeling the Sampo Group’s Work Styles

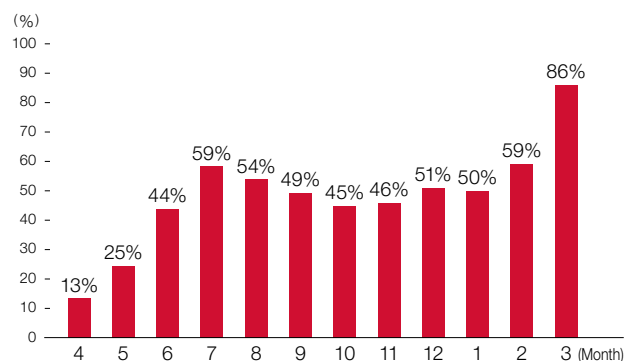
The changes brought about by the recent spread of COVID-19 have provided us with an opportunity to develop work styles that maximize productivity. Accordingly, we will redefine the target profile of each business and accelerate reforms focused on transitioning to location-independent and other new work styles. With the aim of enabling each employee to remain aware of the importance of high productivity as they work, make effective use of the time freed up, and utilize their particular talents fully, we are providing training focused on new management skill sets and revising work rules in ways conducive to the development of a results-oriented culture.

• Targeting More-Flexible Work Styles

We are using systems for shift work and telecommuting with our sights set on removing restrictions on time and place and increasing the flexibility of work styles. Ahead of the Tokyo

2020 Olympic and Paralympic Games, which were scheduled for the summer of 2020, we established a period in the summer of 2019 during which we encouraged all Group

Adoption of Telecommuting Group-Wide (FY2019)



employees to telecommute. Due to the spread of COVID-19, employees of our domestic bases have, in principle, been working from home since March 2020. Also, we are establishing various systems so that each employee can choose the work style best suited to their circumstances or to the nature



Telecommuting

of their duties. In our ongoing digital transformation of workplaces through the utilization of AI and the Internet of Things (IoT) for day-to-day duties and the introduction

of robotic process automation (RPA) to remodel work processes, we are also tailoring new work styles to reflect the specific requirements of particular frontline duties.

• Developing Diversity-Friendly Work Styles

As part of efforts to help employees achieve a favorable work-life balance, we are improving how leave is taken by offering employees a variety of ways of using annual leave. Employees can avail of special leave, which they can take on an hourly basis; refreshment leave, allowing the consecutive use of leave; and volunteer leave, which provides paid leave for volunteering. Through these leave-related innovations, we will encourage employees to take on new challenges, invest in their own growth, and realize advanced value creation.

2. Promoting Diversity and Inclusion

We view the promotion of diversity and inclusion as an essential management strategy for growth. Under the slogan “Diversity for Growth,” we are concentrating efforts on developing systems and a corporate climate that produce workplaces where employees with many different attributes can take maximum advantage of their particular strengths and work with a sense of fulfillment.

• Evolving into a Multinational Group

We believe that the pace of innovation can be increased by building a team whose members have a broad spectrum of backgrounds and values and by enabling them to demonstrate their various talents fully, regardless of nationality or gender. Accordingly, we have appointed a non-Japanese national with a high level of expertise to the position of director. In addition, two of the Group’s executive officers are foreign nationals: John R. Charman, CEO of the Overseas Insurance and Reinsurance Business, and Nigel Frudd, chairman of Overseas M&A. This diversity enables us to conduct discussions at meetings of the Board of Directors and Global ExCo based on global perspectives and diverse opinions. We are also actively recruiting personnel externally and assigning them to other highly specialized positions and cultivating open innovation.

• Empowering Our Female Employees

We aim for women to account for at least 30% of our managers by the end of 2020. To this end, we are conducting training programs designed to enhance the knowledge and skills of female employees and change their mind-sets. Group companies are also implementing their own training programs. Thanks to such programs, as of April 2020 at Sampo Japan Insurance Inc. female employees account for one director, one executive officer, and 12 general managers, while Sampo

Himawari Life Insurance Inc. has four female executive officers and one female general manager.

Also, Sampo Holdings, Inc., has been designated as a Nadeshiko Brand for the third consecutive year. The Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange grant this designation to listed companies that have outstanding records in the empowerment of women and which are, therefore, attractive to investors focused on medium-to-long-term enhancement of corporate value.



• Empowering Persons with Disabilities

The Sampo Group is promoting the employment of persons with disabilities with the aim of stably providing opportunities to such persons to realize their talents and gain a sense of fulfillment through work. In April 2018, we established SOMPO Challenged Inc. to promote and lead the steady employment of persons with disabilities throughout our organization and the creation of an environment where they can work with vitality.

• Creating an Environment That Respects Identity

To build a vibrant corporate organization, we are advancing a range of initiatives to create an environment in which everyone can work comfortably. These include establishing gender-free facilities that anyone can use and conducting training aimed at deepening understanding of LGBT individuals. In addition, we have made it possible for senior employees to continue working for as long as they can and want to do so, through the introduction of a system for rehiring employees after they reach retirement age.

3. Converting Personnel Diversity into a Strength

On a global basis, the Group coordinates the management of talented employees with a variety of related measures, which include putting in place succession planning for key positions, giving challenging assignments to core personnel, and conducting training for selected employees. We are building systems that effectively foster professionals in respective fields and which help personnel to plan and pursue careers leading to senior management positions.

• Heightening Specialization

Since fiscal 2018, we have been developing Japanese global leaders through the Sampo International Global Trainee Program. This program selects talented personnel engaged in specialized work in Japan and heightens their specialization even further by assigning them to specific positions in the highly specialized operations of an overseas subsidiary for several years. The program dispatched 13 employees in fiscal 2018 and seven in fiscal 2019 to divisions engaged in underwriting and other specialized areas. Plans call for the continuation of the program with a view to heightening employees' expertise even further.

• Fostering Globally Competent Leaders

To develop personnel capable of leading its global business management, the Group provides training for selected employees from three different employee levels. We cultivate the corporate leadership skills that will be needed in the future by having members of the senior management team conduct seminars and by assembling a wide range of participants from Group companies in Japan and overseas, so that they can hone their capabilities in friendly rivalry with each other.



An employee selected for training under the Global Executive Program gives a presentation on how his view of leadership has changed

Core Value 2. Professionalism

—Thinking and Acting Proactively in Light of Expertise—

In April 2020, we introduced a job-focused personnel system to transform our human resources into a diverse team of true professionals. The goal is to encourage a transformation in our corporate culture that heightens employee engagement and inspires diverse personnel to think and act in a mission-driven, results-oriented manner beneficial to the Group. With this goal in mind, we will undertake internal and external recruitment of personnel who have expertise, actively promote them to important positions, and accelerate the transformation of our organizational and corporate culture.

• Encouraging Independent Career Development

The Group is helping employees take the initiative in developing their careers. In providing this support, our focus is on digitalization and globalization, which will be particularly important for the transformation of our human resources. Through a variety of programs, we are encouraging independent career development that fosters expertise. For new employees, we use e-learning to help enhance IT literacy and to conduct an in-house entrepreneur development program. Programs

available to all employees include an improvement contest based on the Test of English for International Communication (TOEIC), English conversation educational materials, introductions to language schools, and overseas training in collaboration with Group companies around the world for selected employees.

• Leveraging IT

We are building a new human resource system with the aims of improving operations through process standardization and integrating human resource management Group-wide. Eight overseas Group companies have been using the system since fiscal 2018. Also, we are moving forward with a project to incorporate the system into the operations of certain domestic Group companies from fiscal 2021. Thanks to the new system, information sharing and communication have increased among overseas Group companies. As part of this initiative to digitalize human resource operations, Sampo Japan is conducting proving tests for the utilization of AI for recruitment and personnel reassignment.

Core Value 3. Being Mission-Driven

—Cultivating a Sense of Mission and Job Satisfaction—

1. Advancing Health and Productivity Management*1

In realizing our Group Management Philosophy, which calls on us to “contribute to the security, health, and wellbeing of

customers and society as a whole by providing insurance and related services of the highest quality possible,” the health of

employees—who drive our corporate activities—as well as the health of employees’ families is important. Also, our Group Policy for Human Rights emphasizes the need to ensure the vitality of work environments by maintaining and improving employee health. In accordance with the aforementioned philosophy and policy, the Sampo Group is implementing a varied range of measures to maintain and improve employee health Group-wide and at individual Group companies.

(1) Initiatives for the Maintenance and Improvement of Employee Health

To maintain and improve the health of each employee, we are taking measures that reflect employees’ state of health. For example, in response to the blood-sugar levels among Sampo Japan employees shown by past checkup results, the company widely disseminated information on the state of employee health through the issuance of a *Health Report* and launched a health-improvement campaign under a slogan urging employees to keep their blood sugar at healthy levels. Meanwhile, Sampo Himawari Life Insurance has been stepping up in-house antismoking measures. In April 2019, the company prohibited all employees from smoking during working hours. Further, the company made it explicit that being a nonsmoker was a prerequisite for all candidates who sought to join the company as new graduates in April 2020.

(2) Initiatives for the Creation of Vibrant Work Environments

We believe that ensuring the vitality of work environments sustains corporate growth by helping employees stay physically and mentally healthy and by increasing productivity. Accordingly, Group companies are taking a range of measures to enable diverse work styles, including measures focused on realizing appropriate working hours, telecommuting, shift work, and increased use of annual paid leave. Sampo Japan regularly conducts surveys of employees’ attitudes and uses the results to enhance job satisfaction and energize the company’s organizations.

2. Developing Measures to Enhance Employee Engagement

The Sampo Group defines “employee engagement” as the mind-set of an employee who has aligned their personal growth with the growth of the Group and, as a consequence, has an unbidden desire to make full use of their talents in pursuit of the Group’s strategies and goals. Based on the conviction that enhanced employee engagement can accelerate the transformation of its corporate culture, the Group has been conducting in-house surveys in earnest since fiscal 2017. At present, we survey 26 companies, of which nine are overseas and 17 are in Japan. In conjunction with the surveys, as part of measures aimed at enhancing employee engagement, we are conducting training focused on bringing out employees’ strengths.

(3) Initiatives for Data-Enabled Health Improvement

We are developing data-enabled health initiatives by collaborating with health insurance associations and by drawing on the data analysis expertise of Sampo Health Support Inc., which is engaged in healthcare businesses. Sampo Japan collects data on employees in relation to lifestyle, checkup results, and stress-check results and analyzes how said data correlates to working hours and presenteeism.*² Sampo Himawari Life Insurance’s efforts to evolve data-enabled health initiatives entail analyzing health data collected from wearable devices that are loaned gratis to all of the company’s employees, checkup results, and medical prescription data.

In 2020, for the second consecutive year METI and the Tokyo Stock Exchange jointly selected Sampo Holdings as a “Health & Productivity Stock,” a designation that recognizes companies with

outstanding health and productivity management.

At the same time, 12

Group companies were certified as “Outstanding Enterprises Engaging in Efforts for Health and

Productivity Management” in the large enterprise category of a system jointly conducted by METI and Nippon Kenko Kaigi. Moreover, eight of these Group companies were also certified as “Outstanding Enterprises Engaging in Efforts for Health and Productivity Management” in the large enterprise category (White 500). In partnership with health insurance associations, the Group will popularize health and productivity management among Group and client companies by distributing information internally and externally on the ongoing benefits of its initiatives while verifying and revising them.

*1 Registered trademark of the incorporated nonprofit organization Workshop for the Management of Health on Company and Employee

*2 Working despite mental or physical health issues, which can result in losses due to lower productivity



Examination of measures to enhance employee engagement, including those that involved members of the senior management team, together with analysis of results have brought to light successful examples that have not only enhanced engagement but also improved business performance. Employee engagement is likely to become more important than ever, particularly in the context of our efforts to use the changes resulting from the spread of COVID-19 as an opportunity to establish location-independent work styles as the new normal. Measures such as those for the enhancement of employee engagement will play a central role in establishing new work styles and creating a corporate culture in which each employee can gain a sense of satisfaction from accomplishing their missions.

Financial Strategy

Basic Capital Policy

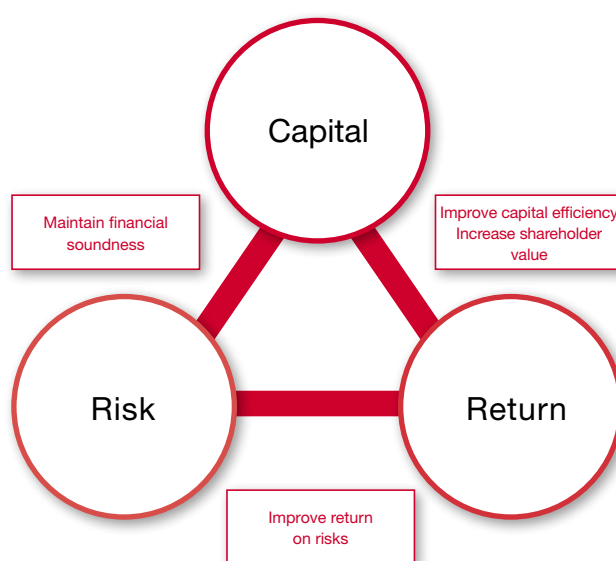
The basic capital policy of the Sompo Group entails appropriately controlling the balance between profits, capital, and risk and maintaining adequate financial soundness based on the Enterprise Risk Management (ERM) framework. Our basic policy for shareholder returns (shareholder dividends and share buybacks) is to provide attractive returns commensurate with profit and capital levels, based on our targets for growth in adjusted consolidated profit to ¥300.0 billion, steady improvement in capital efficiency to an adjusted consolidated ROE of 10.0% or more, and expansion driven by investments in growth businesses.

Uncertainty is growing over the near-term global economic outlook due to the hiatus in economic activities that has resulted from the spread of COVID-19. Even in such an environment, however, the Group still has robust financial foundations and its basic capital policy remains unchanged.

In accordance with our basic capital policy, we apply management procedures for financial soundness based on international capital regulations. Moreover, we utilize adjusted consolidated ROE and return on risk (ROR) as criteria for making management decisions in a wide range of fields, including investments and performance evaluation. We also

strive to enhance capital quality on a continuous basis and to promote a capital policy that facilitates the acquisition of returns in order to maximize corporate value.

Capital Policy Based on the ERM Framework



Improvement of Capital Efficiency

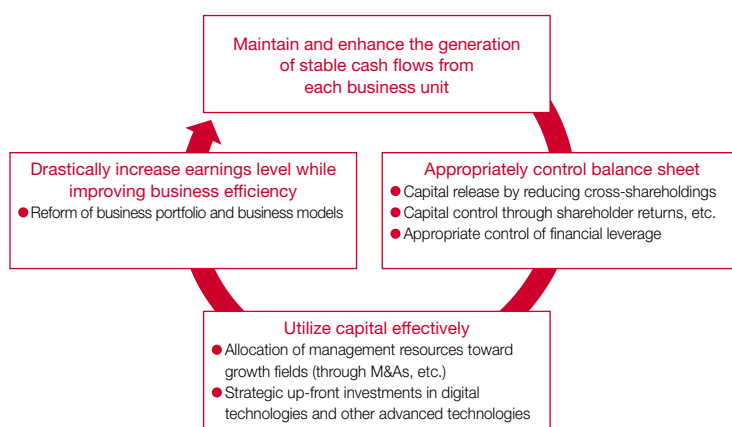
The Sompo Group has an operating cycle for improving capital efficiency (ROE) sustainably that was established on the basis of its ERM framework. The Group appropriately controls its balance sheet through such measures as continuing to reduce its cross-shareholdings, increasing shareholder returns, and managing financial leverage while maintaining and enhancing the generation of stable cash flows in each of its businesses. On this basis, we will allocate management resources toward growth fields (through M&As, for example) and conduct forward-looking strategic investments in various fields with the potential to bring about new businesses and to revolutionize industry structures, such as digital technologies and advanced sciences and technologies. In addition, we will work to achieve drastic improvements in business efficiency and profit levels by transforming our business portfolio and business models. As a result, we intend to achieve sustainable growth in adjusted consolidated profit and adjusted consolidated ROE and reach our medium-to-long-term targets.

In fiscal 2019, adjusted consolidated profit was ¥150.8 billion and adjusted consolidated ROE was 6.4%. This performance mainly reflected a year-on-year decrease in natural catastrophes in Japan and a favorable performance by the overseas insurance business. In fiscal 2020, while we have, to a certain degree, accounted for the ascertainable effects of the spread of COVID-19 at this juncture, we anticipate a normal level of damage from natural catastrophes. With this in mind, we expect profit levels and ROE to improve in fiscal 2020. (Further, at a point in time when detailed analysis of the effects of the spread of COVID-19 becomes possible, we plan to reflect this analysis in the premise of our performance forecast and make another announcement accordingly.) We are working diligently to steadily improve capital efficiency in order to quickly achieve our targets.

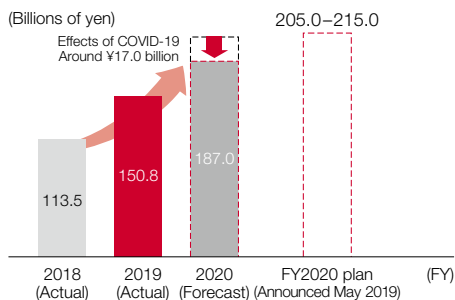
ROE Improvement Cycle

$$\text{Adjusted Consolidated ROE} = \frac{\text{Adjusted consolidated profit}}{\text{Adjusted consolidated net assets}}$$

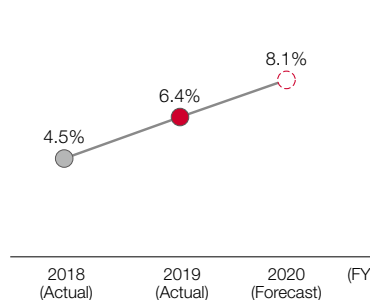
Cycle for Raising Adjusted Consolidated ROE to 10.0% or More



Adjusted Consolidated Profit



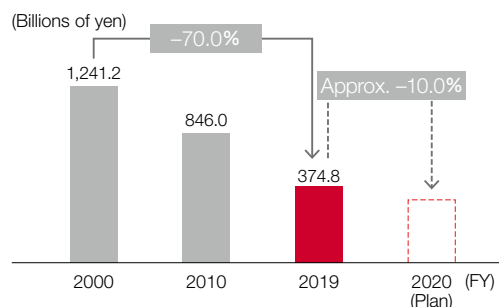
Adjusted Consolidated ROE



Policy on Cross-Shareholdings and Their Reduction

The Company's subsidiary Sampo Japan Insurance Inc. engages in cross-shareholdings for the purposes of receiving investment returns in the form of dividend income and share price appreciation, enhancing relations with insurance sales channels and business partners, and maintaining and strengthening insurance transactions with corporate clients. The Board of Directors annually examines the economic rationale for continuing to maintain cross-shareholding accounts. These examinations consider the future use of the shares based on the cross-shareholding objectives, such as supporting insurance transactions and strengthening alliances, review the long-term outlooks for unrealized gains from value appreciation and the

Balance of Cross-Shareholdings Based on Book Value



share value, and set quantitative risk-and-return assessment benchmarks for the associated insurance transactions and share values.

As part of the Group's capital policy, the Company implements a management policy of allocating a portion of the capital gains generated from the continuous selling of cross-shareholdings to investments in growth businesses, such as M&A activities, with the aim of ensuring financial soundness and improving capital efficiency. These activities are conducted in accordance with the medium-term and annual retention and

disposal plans for cross-shareholdings.

Under the current Mid-Term Management Plan, we plan to reduce cross-shareholdings by around ¥100.0 billion per year. In fiscal 2019, we reduced them by ¥100.4 billion. In the four years through fiscal 2019, we have reduced cross-shareholdings by ¥472.4 billion. We will continue to reduce the overall balance of cross-shareholdings going forward based on quantitative evaluations and extensive discussions with counterparties.

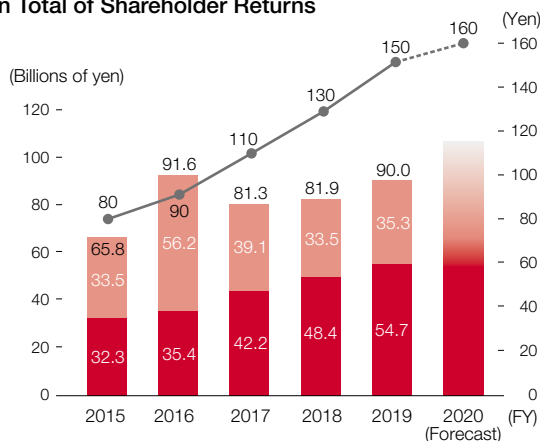
Shareholder Returns

The Sampo Group's basic policy on shareholder returns is to steadily increase dividends during the latter half of the Mid-Term Management Plan (fiscal 2019 and fiscal 2020) based on evaluations of the Company's financial position and the outlook for the operating environment. We seek to provide attractive shareholder returns with a flexible approach to share buybacks as an option that depends on the Company's stock price and capital condition.

Based on growth in adjusted consolidated profit, we plan to proactively increase total shareholder returns (total dividend payments + total share buybacks). In the latter half of the Mid-Term Management Plan, as a target for shareholder returns, we aim to attain a total payout ratio*1 of between 50% and 100% of adjusted consolidated profit.

As shareholder returns based on our performance in fiscal 2019, we paid an annual dividend of ¥150 per share, comprising an interim dividend of ¥75 and a year-end dividend of ¥75. This was a year-on-year increase of ¥20 per share in the annual dividend. In addition, we have announced a share buyback program for up to ¥35.3 billion for the purpose of enhancing shareholder returns. Following extensive discussions in light of such factors as the spread of COVID-19, which were held at Global Executive Committee (Global ExCo) meetings and other venues, the senior management team decided at a meeting of the Board of Directors to execute share buybacks in accordance with the current shareholder return policy. In fiscal 2019, the Company's total payout ratio was 60% of adjusted consolidated profit.

Trend in Total of Shareholder Returns

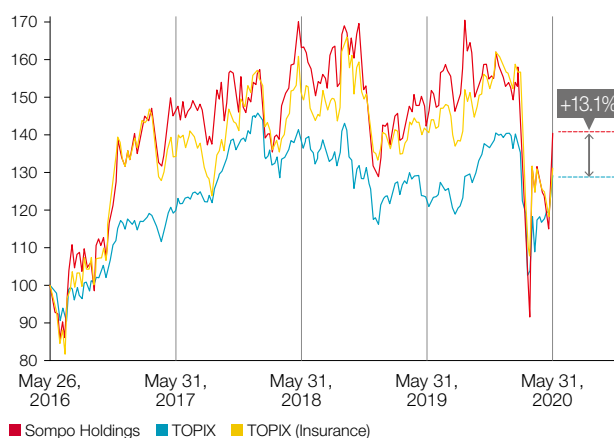


Adjusted consolidated profit (Billions of yen)	132.0	183.2	162.7	113.5	150.8	187.0
Total payout ratio	50%	50%	50%	72%	60%	—
(Reference) Share price, end of fiscal year (Yen)	3,188	4,079	4,282	4,098	3,343	—

■ Dividends (left scale) ■ Total share buybacks (for shareholder returns) (left scale)
● Annual dividends per share (right scale)

Note: Adjusted profit of the domestic life insurance business was excluded under the previous Mid-Term Management Plan (which ended in fiscal 2015).

Trend in Total Shareholder Returns (May 26, 2016 to May 31, 2020)



Note: Indexed to 100 from May 26, 2016, the date the Mid-Term Management Plan was announced.

As for fiscal 2020, although the spread of COVID-19 will affect our performance, at this juncture we expect higher profit levels. Therefore, we intend to raise dividend payments for the seventh consecutive year. Specifically, we plan to increase the annual dividend by ¥10 per share compared with that of fiscal 2019. This will give an annual dividend of ¥160 per share, comprising an interim dividend of ¥80 and a year-end dividend of ¥80.

Going forward, we will continue to use internal reserves and capital gains generated from sales of cross-shareholdings to conduct promising growth investments in pursuit of rapid

business growth. By allocating the additional profits generated through such growth to the enhancement of shareholder returns, we will maximize shareholder value. The Company's total shareholder returns*2 have comfortably exceeded performance on the TOPIX since the Company announced its Mid-Term Management Plan, underscoring the steady increase in shareholder value.

*1 The total payout ratio is an indicator of the weight of shareholder returns on the profit of each period and is calculated using the following formula.

Total payout ratio = (total dividend payments + total share buybacks (for shareholder returns) / adjusted consolidated profit

Note: Please see page 47 for the method of calculating adjusted consolidated profit.

*2 Total shareholder returns is the ratio of return after the reinvestment of dividends.

○ Maintenance of Financial Soundness

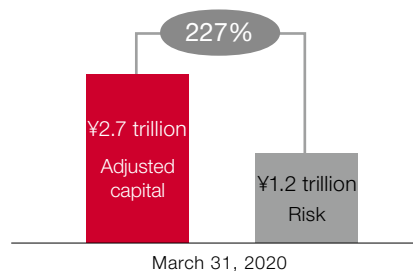
To maintain financial soundness, we manage capital based on the economic solvency ratio (ESR), determined by comparing economic value based on capital and risk. Capital management is carried out by establishing a target capital level (ESR: 180% to 250%) and a risk tolerance level as indicators of the amount of capital necessary for advancing Group strategies. When calculating ESR, we employ capital management methods based on international capital regulations in order to increase global comparability, taking into account recent regulatory trends and the disclosure status of insurance companies in Japan and overseas. Financial soundness is maintained and managed in this manner. With an ESR of 227% as of March 31, 2020, the level is within our target capital range, indicating that we are maintaining adequate financial soundness.

ESR (Economic Solvency Ratio)

Target Capital Level of around 180% to 250%

180%: Level leading to stable financial soundness based on results of stress tests

250%: Level set based on capital efficiency



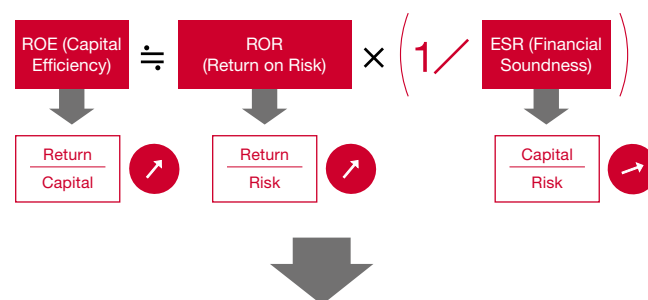
○ Improvement of Return on Risk

We use the return on risk indicator of ROR for making various management decisions in order to operate our businesses in a manner that ensures returns match or exceed the level of risks. By improving capital efficiency and maintaining financial soundness through improvements in various performance metrics, we seek to sustainably enhance corporate value.

When formulating business plans, the Group confirms the validity of plans in terms of outlooks for the Group's overall capital efficiency, financial soundness, and earnings stability as well as quantitative analyses of risks and returns of each business unit and line of business.

Not just limited to these areas, ROR functions as a yardstick for management in a wide range of individual policies. This indicator is utilized when selecting stocks as part of reducing cross-shareholdings; formulating reinsurance strategies with respect to the risk of natural catastrophes, which have been increasing in frequency recently; making investment decisions regarding M&A activities; setting insurance product underwriting strategies and premiums; and evaluating officer and employee performance.

Utilization of ROR (Breakdown of ROE)



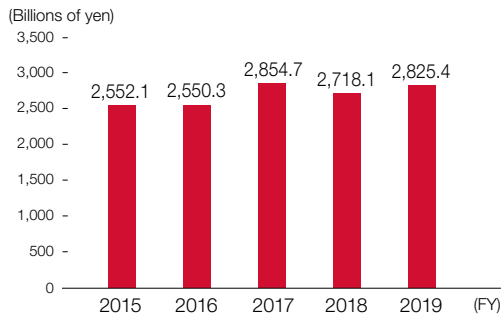
ROE can be broken down into ROR and the inverse of ESR. This fact illustrates that maintaining financial soundness while improving ROR will result in increased capital efficiency.

Financial and ESG Highlights

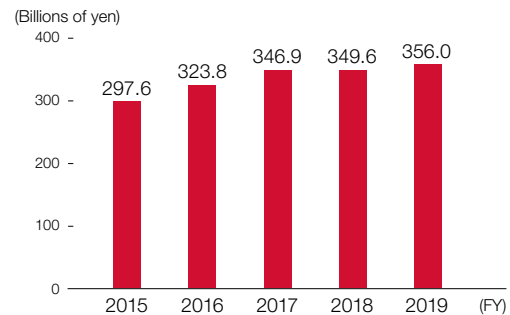
Financial Highlights

Rise in Premiums Written

Net Premiums Written (P&C Insurance)



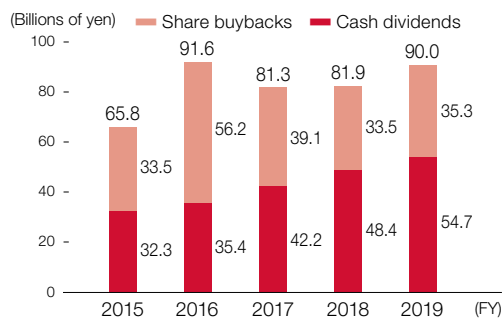
Life Insurance Premiums



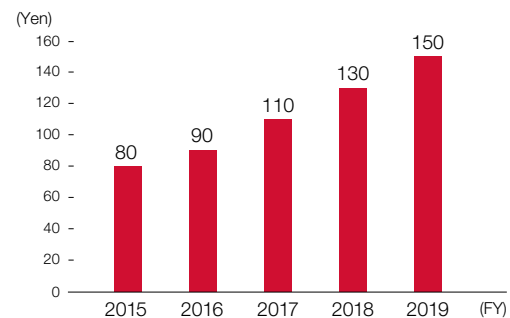
In fiscal 2019, the main increases in net premiums written were attributable to fire insurance and automobile insurance in the domestic P&C insurance business and to Sompo International in the overseas insurance business. Life insurance premiums written were steady thanks to an increase in business in force.

Plan to Increase Dividends for the Seventh Consecutive Year

Shareholder Returns



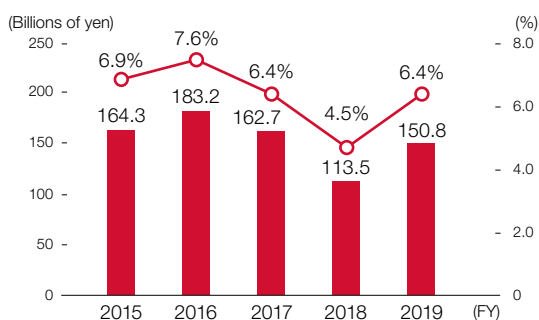
Dividends per Share



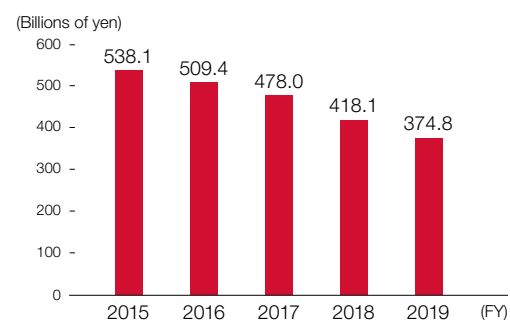
With the aim of realizing even more attractive shareholder returns, in fiscal 2019 we changed the target range for the total payout ratio to 50%–100%. In fiscal 2020, we expect to increase dividends for the seventh consecutive year. Going forward, our basic policy is to continue raising dividends.

Upward Medium-to-Long-Term Trend in Capital Efficiency, Steady Reduction in Strategic Holding Stocks

Adjusted Consolidated Profit / Adjusted Consolidated ROE



Balance of Strategic Holding Stocks*1



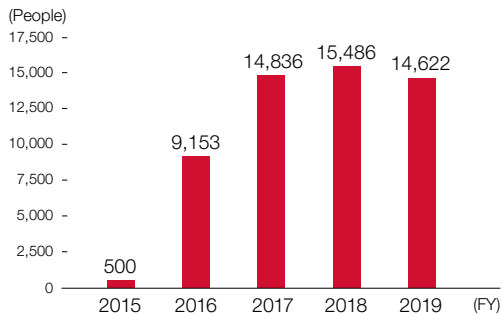
As in fiscal 2018, domestic natural catastrophes impacted performance in fiscal 2019. However, adjusted consolidated profit remains on pace to increase steadily once the impact from natural catastrophes returns to a normal level. Further, we are continuing to reduce strategic holding stocks and enhance capital efficiency.

*1 Balance of the book value of listed shares owned by Sompo Japan Insurance Inc. (non-consolidated) Note: For the definition of adjusted profit, please see page 47.

ESG Highlights

Promotion of Disaster Preparedness Educational Activities

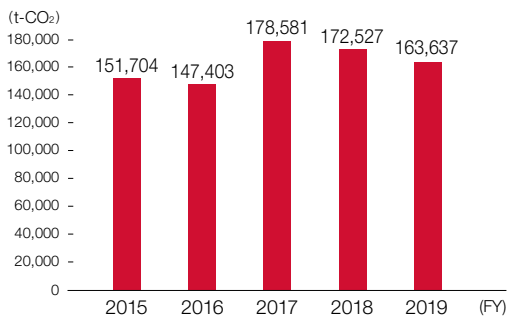
Participants in Disaster Preparedness Activities Conducted in Collaboration with NPOs and NGOs



Through the promotion of disaster preparedness educational activities, we will heighten the awareness of the general public, encourage correct understanding of disasters, and contribute to safety and peace of mind in daily life.

Reduction of Environmental Burden throughout Our Value Chain

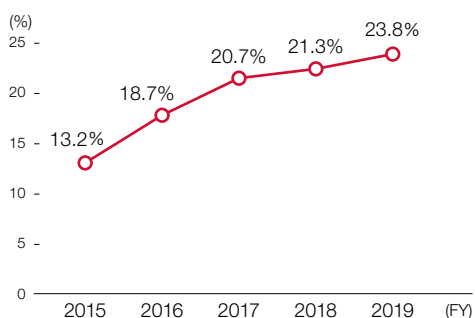
Greenhouse Gas Emissions (Scope 1-3)



Aiming to achieve reductions in greenhouse gas emissions versus fiscal 2017 levels of 21% by fiscal 2030 and 51% by fiscal 2050, we are reducing environmental burden throughout our value chain.

Advancement of Diversity and Inclusion

Ratio of Female Employees in Managerial Positions*2

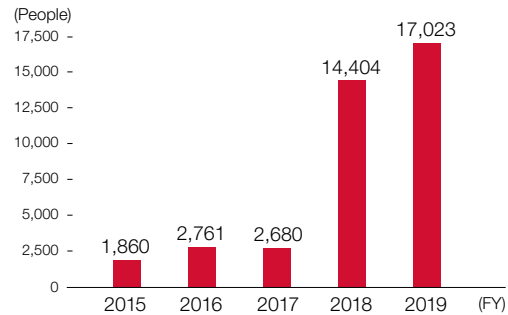


We view diversity as a management strategy that is indispensable for growth. Accordingly, we are taking measures to empower female employees and enable a variety of other personnel to realize their particular talents so that we are able to continue growing as a corporate group.

*2 Figures are as of the end of December of respective fiscal years for overseas consolidated subsidiaries and as of April 1 of the subsequent fiscal years for domestic operating companies.

Training of Support Personnel for Individuals with Dementia

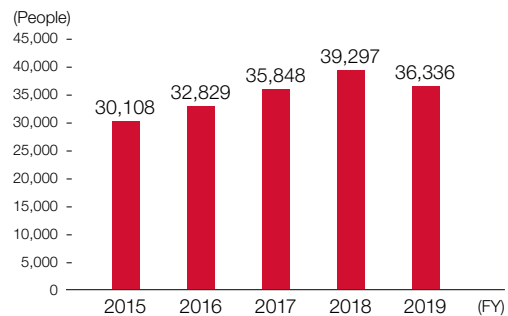
Participants in Health and Welfare Education Programs



Our aim is to foster personnel who have a good understanding of dementia and can provide proper support to those with the condition.

Proactive Employee Participation in Social Contribution Activities

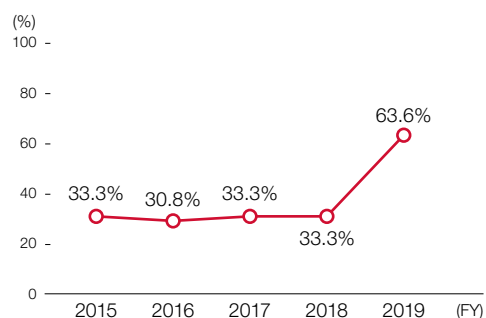
Employees Participating in Social Contribution Activities



A volunteer organization created by executives and employees, Sompō Chikyu Club, leads a variety of volunteer activities around Japan.

Governance Structure Centered on Outside Directors

Ratio of Outside Directors



Outside directors form a majority on the Company's Board of Directors. Moreover, the Company has built a system that facilitates constant improvement in the transparency and fairness of corporate governance.

Note: As of July 2020, the ratio of outside directors was 75%. (Please see "Composition of the Board of Directors" on page 76.)

Consolidated Financial and ESG Indicators for Sompo Holdings

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	
Key Figures								
Ordinary Income	2,621,689	2,790,555	2,843,226	3,008,339	3,282,343	3,256,186	3,419,530	
Net Premiums Written (P&C Insurance)	1,933,283	1,973,777	2,062,606	2,268,967	2,508,031	2,552,193	2,550,336	
Life Insurance Premiums	238,178	250,193	264,732	277,230	277,208	297,696	323,860	
Ordinary Profit	(6,437)	(51,815)	104,783	112,391	208,309	216,853	241,713	
Net Income Attributable to Shareholders of the Parent	(12,918)	(92,262)	43,618	44,169	54,276	159,581	166,402	
Comprehensive Income	(143,120)	(48,098)	319,047	149,965	469,485	(116,689)	226,949	
Per Share Information (Yen, U.S. dollars)								
Net Income	(31.11)	(222.30)	105.10	106.98	132.85	394.21	419.15	
Dividends	80.0	80.0	60.0	60.0	70.0	80.0	90.0	
(Of which, Interim)	—	—	—	30.0	30.0	40.0	40.0	
Diluted Net Income	—	—	104.87	106.77	132.61	393.66	418.71	
Financial Condition								
Total Net Assets	1,079,446	1,000,577	1,283,488	1,390,153	1,829,852	1,652,839	1,868,940	
Total Assets	8,981,974	8,893,378	9,178,198	9,499,799	10,253,431	10,186,746	11,931,135	
Equity Ratio (%)	12.0	11.2	13.9	14.5	17.8	16.1	15.1	
Consolidated Solvency Margin Ratio (%)	—	549.8	688.3	783.1	803.4	851.4	748.9	
Stock Information (Shares)								
Number of Shares Outstanding (Excluding Treasury Stock)	415,106,429	414,825,205	414,726,157	411,284,208	408,037,848	404,162,514	393,398,576	
Adjusted Financial Indicators								
Adjusted Consolidated Profit (Billions of yen)	80.7	1.2	111.6	101.5	138.3	164.3	183.2	
Adjusted Consolidated ROE (%)	4.2	0.1	5.4	4.3	5.2	6.9	7.6	
ESG indicators								
Participants in Disaster Preparedness Activities Conducted in Collaboration with NPOs and NGOs (People)	—	—	—	—	—	500	9,153	
Participants in Health and Welfare Education Programs (People)	—	—	102	80	189	1,860	2,761	
Greenhouse Gas Emissions (Scope 1–3) (t-CO ₂)* ¹	—	—	138,039	139,736	155,140	151,704	147,403	
Employees Participating in Social Contribution Activities* ²	—	30,785	26,017	22,412	31,623	30,108	32,829	
Ratio of Female Employees in Managerial Positions* ³ (%)	4.0	5.3	5.0	5.2	11.0	13.2	18.7	
Ratio of Outside Directors (%)	—	50.0	50.0	25.0	33.3	33.3	30.8	

Notes: 1. Sompo Holdings carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Net income per share, dividends per share, and number of shares outstanding (excluding treasury stock) are calculated based on the assumption that the reverse split of stocks was executed at the beginning of fiscal 2010.

2. Reflecting amendments to the "Accounting Standard for Business Combinations," etc., since fiscal 2015 the presentation of "net income" has been amended to "net income attributable to shareholders of the parent."

3. From the end of fiscal 2011, the consolidated solvency margin ratio as the standard of consolidated financial soundness has been calculated in accordance with the related laws and regulations, including the Ordinance for Enforcement of the Insurance Business Act, revised on March 31, 2011. Above, the figures for fiscal 2012 and before and the figures for fiscal 2013 and after are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of the solvency margin ratio that was enforced at the end of fiscal 2013. Figures are not presented for fiscal 2010.

4. Diluted net income per share for fiscal 2010 and fiscal 2011 is not shown due to the recording of net loss per share.

5. Since fiscal 2016, the definition of adjusted consolidated profit has been changed. (Fiscal 2015 figures have been recalculated and presented based on new standards.)

6. U.S. dollar amounts are translated from yen at the rate of ¥108.83 = U.S.\$1.00, the approximate rate prevailing at March 31, 2020.

*1 Figures are the total of Scope 1 (direct emissions due to use of gasoline, etc.), Scope 2 (indirect emissions from electricity and other energy sources), and Scope 3 (indirect emissions across entire value chains, including transport and business trips). The coverage of the survey is as follows.

Fiscal 2012: The Company's 27 consolidated subsidiaries

Fiscal 2013: Sompo Japan Insurance Inc., including consolidated subsidiaries, and NIPPONKOA Insurance Co., Ltd., including consolidated subsidiaries

Fiscal 2014: Sompo Japan Insurance Inc., including consolidated subsidiaries, NIPPONKOA Insurance Co., Ltd., including consolidated subsidiaries

Fiscal 2015: The Company's main consolidated subsidiaries and operating companies

Fiscal 2016-fiscal 2019: The Company and its main consolidated subsidiaries (Sompo Care Inc. subject to calculation from fiscal 2017)

Emissions in fiscal 2017 and fiscal 2018 were recalculated based on fiscal 2019 standards.

*2 Figures prior to fiscal 2013 shown for Sompo Japan Insurance Inc. and its Group companies.

*3 Data for overseas consolidated subsidiaries as of December 31 in each fiscal year. Data for domestic operating companies as of April 1 in next fiscal year; record dates differ before fiscal 2013.

Adjusted Financial Indicators

Adjusted consolidated profit is a profit indicator that is meant to more accurately reflect business results and is calculated by adjusting consolidated net income based on JGAAP for catastrophic loss reserve and other items. This indicator is used to determine shareholder returns.

	Millions of yen			Millions of U.S. dollars
	FY2017	FY2018	FY2019	FY2019
	3,770,052	3,643,040	3,760,366	34,552
	2,854,755	2,718,155	2,825,482	25,962
	346,998	349,606	356,064	3,271
	141,890	198,959	192,451	1,768
	139,817	146,626	122,515	1,125
	177,754	(54,460)	(77,806)	(714)
	361.39	392.26	334.12	3.07
	110.0	130.0	150.0	1.37
	55.0	65.0	75.0	0.68
	361.09	391.96	333.89	3.06
	1,916,210	1,779,911	1,612,584	14,817
	11,948,323	12,018,254	11,977,836	110,060
	15.8	14.6	13.3	—
	862.5	859.8	856.1	—
	380,579,944	372,426,159	364,125,082	—
	162.7	113.5	150.8	1,385
	6.4	4.5	6.4	—
	14,836	15,486	14,622	
	2,680	14,404	17,023	
	178,581	172,527	163,637	
	35,848	39,297	36,336	
	20.7	21.3	23.8	
	33.3	33.3	63.6	

Definition of Adjusted Consolidated Profit, Adjusted Consolidated ROE, etc. (Fiscal 2016–Fiscal 2019)

		Calculation method
Adjusted profit for each business ^{*5}	Domestic P&C insurance ^{*1}	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) – Special factors (e.g., dividend from subsidiaries)
	Overseas insurance	Net income (including major non-consolidated subsidiaries) Operating income is used for Sampo International Holdings. ^{*2}
	Domestic life insurance	Net income + Provision of contingency reserve (after tax) + Provision of reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Deferral of acquisition cost (after tax) – Depreciation of acquisition cost (after tax)
	Nursing care & healthcare, etc. ^{*3}	Net income
Adjusted consolidated profit		Total of above adjusted profits
Adjusted consolidated net assets		Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance, etc. (after tax) + Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets ^{*4}
Adjusted consolidated ROE		Adjusted consolidated profit/Adjusted consolidated net assets Note: The denominator is the average balance at the end/start of each fiscal year.

^{*1} The total of Sampo Japan Insurance Inc.; SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (including former Sampo 24 Insurance Company Limited); Sampo Japan Partners Inc.; Sampo Japan DC Securities Inc.; Sampo Risk Management Inc. (for fiscal 2017 and after); Mysurance Inc.; DeNA SOMPO Mobility Co., Ltd.; akippa Inc.; and DeNA SOMPO Carife Co., Ltd.

^{*2} The adjusted profit of Sampo International Holdings is defined as operating income net of fluctuating, one-time factors (Operating income = Net income – Net foreign exchange gains/losses – Net realized and unrealized gains/losses on sales of securities as well as impairment losses/valuation gains on securities – Net impairment losses recognized in earnings, etc.).

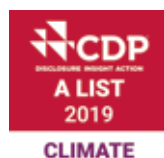
^{*3} The total of Sampo Care Inc. (the former Sampo Care Message Inc. and Sampo Care Next Inc.); Cedar Co., Ltd. (until fiscal 2018); Sampo Health Support Inc.; Sampo Asset Management Co., Ltd.; Prime Assistance Inc.; Sampo Warranty Inc.; Palantir Technologies Japan K.K.; FRESHHOUSE CO., LTD.; and Wellness Communications Corporation.

^{*4} Domestic life insurance adjusted net assets = Net assets (JGAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

^{*5} Adjusted profit for each business from fiscal 2018 excludes one-time profits/losses and special factors, such as dividends received from subsidiaries.

External Recognition of ESG Initiatives

We have been actively involved in ESG initiatives from an early stage, and our initiatives have been recognized by various institutions globally, as demonstrated by our inclusion in socially responsible investment (SRI) indices. (As of July 1, 2020)



Third-Party Verification To ensure the reliability of reported figures, Sampo Holdings has received a third-party verification from Lloyd's Register Quality Assurance Limited (LRQA) for its calculation of greenhouse gas emissions (Scope 1–3) in fiscal 2019.

Disclosure of Major ESG Data Information about other major ESG data is available on the Company's CSR website.
<https://www.sampo-hd.com/en/csr/esg/data/>

Enterprise Risk Management (ERM)

ERM is the “compass of management.” By enabling appropriate management of increasingly diverse and complex risks, ERM is underpinning our transformation into “A Theme Park for Security, Health & Wellbeing.” Furthermore, it is helping us increase corporate value and benefit society.

ERM Supporting the Realization of “A Theme Park for Security, Health & Wellbeing”

Emerging trends including the increased frequency of large-scale natural catastrophes, the prolongation of a low interest rate environment, and the spread of COVID-19 indicate the volatility, uncertainty, complexity, and ambiguity (VUCA) of the current era. In such an era, risk management’s role no longer simply entails taking measures to avoid loss. Increasingly, risk management is expected to “navigate” an optimal course for the Group by reducing the opportunity loss that it could incur as a result of mistimed investments or other miscalculations.

The roles of ERM can be likened to the three functions of a sophisticated compass in a voyage across rough, unpredictable seas. That is to say, ERM enables correct understanding of the Group’s current position, sensitive detection of potential risks, and clear indication of the route the Group should take. Given the volatility of the current environment, these capabilities are more important than ever.

For ERM to function accurately as the “compass of management,” dramatic changes in conditions inside and outside the Group must be appropriately understood. Moreover, all Group employees must understand and implement ERM correctly. Therefore, it is important to develop a deeply rooted risk management culture throughout our organization so that every employee can make decisions based on common criteria.

To ensure that all Group officers and employees understand ERM and move in the same direction, we have formulated the ERM Vision, which explains the basic philosophy and aims of ERM. Based on the vision, we are taking steps to develop a risk management culture throughout our organization. The goal is to realize world-class ERM by enabling the senior management team and all other employees to take concrete actions and decisions that enhance return on risk (ROR) and maintain stable financial soundness (the economic solvency ratio (ESR)).

We are advancing Group-wide transformation with a view to the realization of “A Theme Park for Security, Health &

Wellbeing.” This initiative includes the development of ERM optimally suited to the Group’s business model. To this end, we are building a framework for risk-taking that heightens capital efficiency and developing an ERM framework for the retail platform of the overseas insurance business.

ERM as the “Compass of Management”

ERM Vision

- The Sampo Group’s ERM aims to support both the enhancement of corporate value and contributions to society through appropriate risk management, achieving a mutually beneficial relationship with all stakeholders.
- To this end, we:
 - (1) identify and control changing and diversifying risks appropriately to maintain the Group’s financial soundness;
 - (2) provide services of the highest quality possible to our customers at fair and proper prices, and underwrite risks at appropriate premiums; and
 - (3) strive to construct an optimal business portfolio to realize “A Theme Park for Security, Health & Wellbeing.”
- Every employee and officer within the Group seeks to practice ERM up to the point that Sampo’s ERM becomes evaluated as No.1 in the world.

ERM Implementation

The Group is embedding tangible, practical ERM measures at all levels of its organization, from the pricing of insurance products in frontline operations through to important management decisions that affect the strategies of businesses.

Further, the Group has developed a robust risk control system that incorporates both qualitative and quantitative elements to minimize unforeseen losses in its operations.

1. Management Use of ERM

(1) Insurance Product Development and Management

While taking into account the characteristics of each insurance business, we verify ROR when setting insurance premiums in product development and when managing the profitability of products after launch. We use ROR not only in assessing and managing the profits of each product but also in establishing sales strategies and marketing budgets.

(2) Evaluation of Risks in M&A Deals

We decide on M&A deals and other new business investments after measuring investment effects and performing thoroughgoing due diligence. In this process, we also verify the appropriateness of investments from an ERM perspective, taking into consideration the impact of investment implementation on Group-wide capital efficiency (return on equity (ROE)), financial soundness relative to risk (ESR), and ROR.

(3) Natural Catastrophe Risk Management

We appropriately manage natural catastrophe risks by conducting quantitative analysis of data on past natural catastrophes and keeping the risks within tolerance levels, which are established in light of capital and profits. Further, in response to the recent increase in the frequency of natural catastrophes, we are acquiring the latest knowledge through analysis of the damage trends of recent typhoons and other natural catastrophes as well as through analysis of meteorological and climatic big data. We then incorporate our findings into in-house models and upgrade them. At the same time, we use evaluations of natural catastrophe risks when considering appropriate premium levels and in business management decisions on business plans and reinsurance strategies.

2. Risk Control System

(1) Material Risk Management

We exhaustively identify and assess the risks that businesses face and define risks that could have a significant impact on businesses as Material Risks. The Group determines the adequacy of countermeasures for Material Risks and continuously monitors these risks. If measures are found to be inadequate, we appoint a person responsible and implement countermeasures. Further, the Group defines emerging risks as those that are not currently material but which, due to environmental changes, could become material and have a significant impact on the Group in the future. We identify the precursors of risks becoming significant and manage such risks accordingly. Through dialogue with experts in Japan and

overseas and with reference to various sources of information, we identify candidate emerging risks. Of these risks, we monitor, research, and study on a Group-wide basis those with potential effects above a certain level. Such activities not only mitigate losses but also contribute to the realization of business opportunities through the development of new insurance products and services.

(2) Capital Adequacy Management

We quantify the various types of risks that we face by using value at risk (VaR) as a unified risk indicator. If needed, we take management measures to ensure that capital is maintained at an adequate level relative to risks.

The Sampo Group's ERM at a Glance

ERM: Three Functions of the "Compass of Management"

- (1) Correct understanding of the Group's current position (multifaceted analysis of the current situation)
- (2) Sensitive detection of potential risks (precise understanding of and countermeasures for important risks)
- (3) Clear indication of the route the Group should take (risk-taking commensurate with risk appetite)

Implementation of Strategies (Risk-Taking)

Risk Appetite Principles

- The Group aims to:
1. Become a globally competitive group and maximize corporate value by controlling the balance between capital, return, and risk appropriately, improving capital efficiency, and expanding Group profit
 2. Enhance the profitability of the domestic P&C insurance business and actively take risks in growth areas, namely, the overseas insurance business, the domestic life insurance business, and the nursing care & healthcare business
 3. Secure competitiveness among global insurers by maintaining financial soundness with a target credit rating of AA
 4. Maintain stable returns and target adjusted consolidated profit of around ¥300.0 billion and adjusted consolidated ROE of 10% or more to ensure the Group's sustainable growth

Risk-Taking Strategy

Specific directives for risk-taking in each business domain and target capital levels

Risk Tolerance

Level of financial soundness required to execute Group strategies

Risk-Taking in Accordance with Business Plans and Capital Allocation

Management Use of ERM

Enhancing profitability by incorporating ROR into individual measures for the development and management of insurance products, the evaluation of risks in M&A deals, and natural catastrophe risk control

Risk Control System

Material Risk Management

Risk is analyzed and evaluated qualitatively and quantitatively based on risk assessments and the opinions of external experts. The senior management team discusses risks that are changing rapidly or which require countermeasures.

Emerging Risk Management

Risks that change or manifest as a result of environmental changes are managed by identifying the signs of such risks becoming Material Risks.

Qualitative

Capital Adequacy Management

Management is conducted to ensure that capital is maintained at an adequate level relative to risks, which are quantified by using value at risk (VaR) as a unified risk indicator.

Stress Testing

Management is conducted to ensure that financial soundness would be maintained if stress scenarios were to materialize.

Quantification of qualitatively identified risks

Quantitative

Risk Limit Management

Credit, reinsurance counterparty, and overseas natural catastrophe risks are managed so that they do not exceed limits.

Liquidity Risk Management

Management is conducted to ensure adequate liquid assets are secured.

Foundations (Risk Control System)

(3) Stress Testing

To accurately identify and manage events that could significantly affect its business management, the Group conducts scenario stress testing, reverse stress testing, and sensitivity analyses on a Group-wide basis. We analyze the degree to which such events would affect both capital and risk and take countermeasures if required.

(4) Risk Limit Management

We have established limits on a Group-wide basis for credit risks, reinsurance counterparty risks, and overseas natural catastrophe risks to avoid huge losses arising from the occurrence of specific events. We manage the risks to ensure that they do not exceed these limits.

(5) Liquidity Risk Management

In addition to projecting cash needed for day-to-day operations, we project the maximum cash outflows that could result from such events as large-scale natural catastrophes. We then conduct management to ensure we have adequate liquid assets to meet such outflows.

Scenario Stress Testing	We evaluate how significantly large-scale natural catastrophes, financial market disruptions, and other stress scenarios could affect business management and verify capital adequacy as well as the effectiveness of risk mitigation measures. Moreover, we regularly verify the validity of stress scenarios to ensure that we can respond appropriately to environmental changes.
Reverse Stress Testing	We identify specific events that breach risk tolerance levels and consider appropriate countermeasures for stress events in advance.
Sensitivity Analyses	We identify the impact on capital and risks of fluctuations in key risk factors. Also, we verify the validity of in-house models by comparing theoretical figures calculated by in-house models with the figures of actual results.

TOPICS

Strengthening the Group's Actuarial Function

With the aim of maintaining and improving the Group's financial soundness and bolstering data analytics and information technologies that facilitate better management decision-making, the Group is strengthening its actuarial function that covers the entire organization. For example, we are preparing actuarial policies, enhancing human resources with respect to actuarial professionals, developing IT environments for data utilization, and upgrading the verification of internal models for ERM. As part of these efforts, in January 2020 we established the position of Group Chief Actuary (GCA) and appointed Edward Plowman as our first GCA. Mr. Plowman has served in a wide range of capacities in the insurance and reinsurance industries worldwide including Japan.



Edward Plowman (GCA)

6th Global CRO Assembly

The purpose of the Global CRO Assembly is to bring together the ERM and compliance managers of our main Group companies once a year, so that they can hold discussions and share progressive examples focused on Group-wide and individual tasks for the enhancement of ERM and compliance.

With "The Road to World-Class ERM" as its theme, the sixth assembly, held in January 2020, emphasized the importance of companies' senior management and relevant divisions' involvement in ERM. Discussions were held not only on ERM utilization but also on actions going forward. These discussions covered the tasks companies see as important in the strengthening of their ERM through to the preparation of action plans.



Lively discussion at a workshop



Participants included chief risk officers and ERM and compliance managers from Group companies in Japan and overseas

Domestic P&C Insurance Business

○ The Mission of This Business

As the Group's core business, the domestic P&C insurance business will at all times carefully consider the interests of customers when making decisions that shape the business. We will strive to support the security, health, and wellbeing of our customers and contribute to society as a whole through insurance and related services of the highest quality possible.

The domestic P&C insurance business meets a variety of customer needs through its operations. Sompo Japan Insurance Inc., which was established in 1888 as Japan's first

fire insurance company, primarily sells insurance through agencies as the core company in this business. SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, meanwhile, is responsible for direct sales. Furthermore, Sompo Japan DC Securities Inc. provides defined contribution pension fund management services, and Sompo Risk Management Inc. offers risk solution services, and the Group can deliver products and services of the highest quality that leverage the specialization of each Group company.

○ Business Environment and Basic Strategies

The Sompo Group has a roughly 30%* share of the domestic P&C insurance market, which is currently showing steady growth in premiums. From a medium-term perspective, the operating environment of the domestic P&C insurance business is undergoing dramatic changes. Factors behind this transformation include demographic changes, the increasing frequency of large-scale natural catastrophes, and the evolution of digital technologies and accompanying changes in customer values and behavior. Moreover, lifestyles are changing due to the spread of COVID-19.

Even in these dramatically changing times, we will view environmental changes as opportunities. At the same time, we will thoroughly reflect customer perspectives, create valuable

products and services, and continue benefiting society. Through these efforts, our goal is to become the P&C insurance company that is held in the highest regard by customers. Existing businesses will enhance productivity and profitability while taking measures in anticipation of such risks as an increase in natural catastrophes as well as the risk of a slowdown in economic growth or instability in financial markets due to the spread of COVID-19.

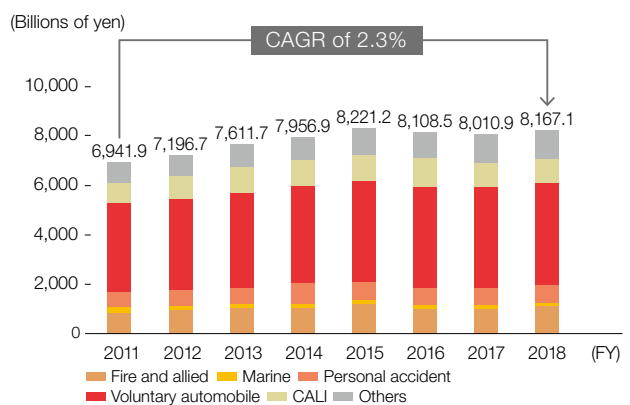
Meanwhile, new businesses will realize sustained growth by creating new points of contact with customers and new business models in light of changes in customer values and behavior and by continuing to contribute to society.

* Insurance, Hoken Kenkyujo



A verification test aimed at realizing a society with safe autonomous cars

Trend in Premiums* in the Domestic P&C Insurance Market



Source: Sigma Report, Swiss Re; Insurance, Hoken Kenkyujo

* Based on net premiums of P&C insurers in Japan excluding reinsurance companies

Progress of the Mid-Term Management Plan

The domestic P&C insurance business is predicted to account for about 50% of the Group's adjusted profit (fiscal 2020 target). Going forward, we aim for this business, which is the largest business segment, to contribute further to the Group's growth.

Results over Four Fiscal Years

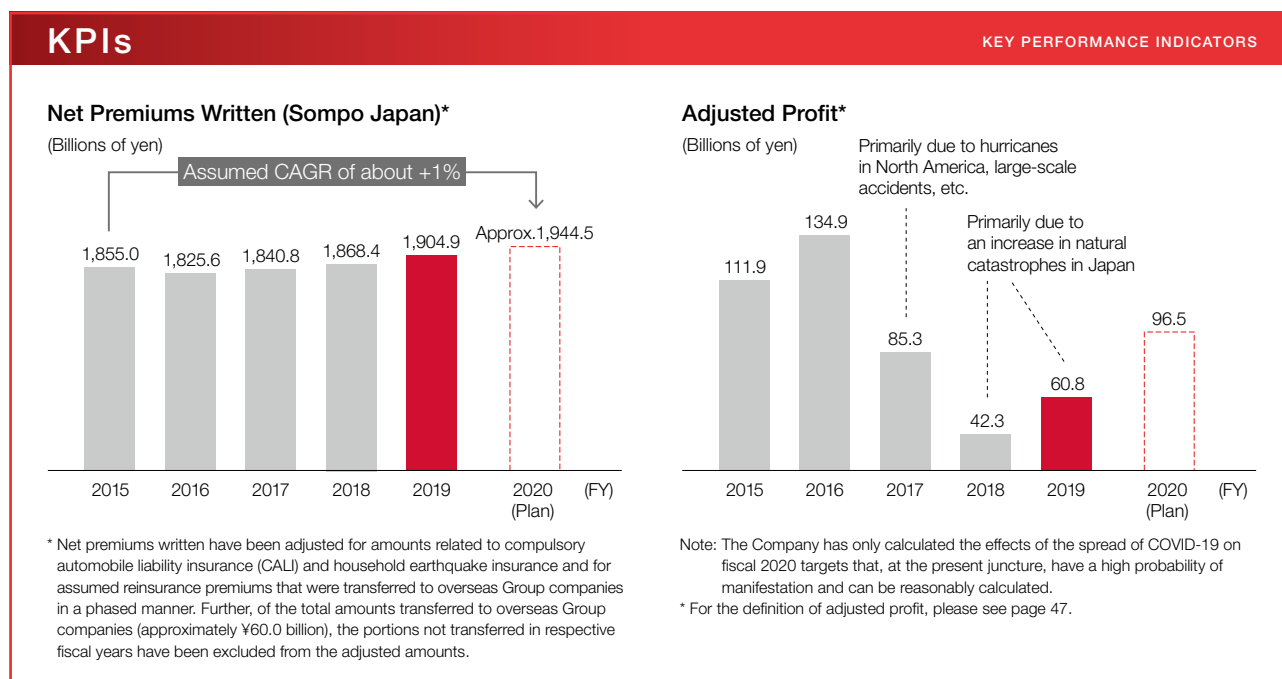
Although the business environment remained challenging during the past four fiscal years due to such factors as a series of large-scale natural catastrophes in Japan and overseas, we advanced initiatives aimed at managing risks appropriately and

increasing productivity. As a result, in fiscal 2019 adjusted profit rose year on year, despite being below our target at the beginning of the fiscal year.

Tasks for the Final Fiscal Year

A deterioration in business conditions is anticipated due to large-scale natural catastrophes and the spread of COVID-19. However, natural catastrophe frequency rates in Japan that are in line with those of average years and improvements in the productivity and profitability of existing businesses are likely to enable the domestic P&C insurance business to increase adjusted profit year on year, to ¥96.5 billion. Depending on

trends related to COVID-19, net premiums written could decline due to decreases in individual and corporate activity and purchasing, and incurred losses could increase in certain categories. Nonetheless, the domestic P&C insurance business will contribute to the growth of the Sampo Group by continuing to grow existing businesses and by creating new business models.



Medium-Term Target Profile

In response to significant changes in its operating environment, the domestic P&C insurance business will concentrate efforts on sustaining the growth of existing businesses and creating new business models, with a view to providing products and services that are of the highest quality and which support customers' security, health, and wellbeing.

Existing businesses will heighten their profitability and realize growth in accordance with quality by leveraging digital technologies to enhance productivity and to strengthen

support for agencies and by reforming the services of claims-handling departments to improve quality even further.

New businesses will take on the challenge of establishing new points of contact with customers and creating valuable products and services. In such initiatives, we will collaborate with digital platform developers and sharing-service providers and focus on the dramatic changes in digital technologies and industrial structures that are expected as well as on the accompanying changes in customers' values and lifestyles.

○ Toward “A Theme Park for Security, Health & Wellbeing” —Contributing to a Sustainable Society—

Launching a Chat Bot-Enabled, Real-Time Accident Response Service

Launched in October 2018, the LINE App Claim Service allows customers to make claims via smartphones. As an addition to this service, we have begun trialing a chat bot service that provides interactive accident responses 24 hours a day, 365 days a year. Thus, customers are able to receive accident responses when it suits them rather than only during the business hours of insurance companies.

Going forward, we will enhance services for customers by expanding and improving the menu of services. Specifically, we will upgrade the chat bot and add services that introduce repair shops and arrange car rentals.



A screenshot

Developing a Simulator That Extends “Driving Longevity”

Aiming to contribute to the reduction of automotive accidents involving senior drivers, which has become an important social issue, we have developed a driving simulator in partnership with SEGA Logistics Service Co., Ltd. The simulator provides diagnoses and training for driving-related cognitive functions and driving skills.

By enabling numerous people to use the driving simulator, we hope to reduce automotive accidents involving senior drivers and help realize a safe motorized society.



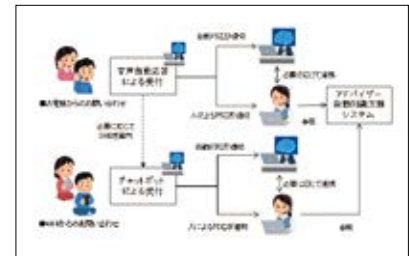
Our driving simulator

Introducing an AI-Enabled Inquiry-Handling System

We have developed the insurance industry’s first service that uses AI to understand what customers are saying and then transfers them to the appropriate help desk for dealing with the inquiry.

Until now, customers have had to follow recorded directions and press appropriate numbers. However, our new system uses voice recognition to understand what customers want and to automatically perform procedures based on the requests. Consequently, the system enables faster, smoother handling of inquiries from customers.

We will continue proactively incorporating digital technologies to realize call center services that integrate human and machine capabilities and thereby enhance the quality of customer services even further.



A rendering of our automated inquiry-handling system that uses voice recognition

Rolling Out Cost Insurance That Helps Reduce Food Waste

Food waste occurs when food that is still edible is discarded because, for whatever reason, it has lost market value. Reflecting the seriousness of the problem, the reduction of such waste has been set as a Sustainable Development Goal (SDG).

With this SDG in mind, we have launched an insurance product and an associated system to help reduce food waste. Specifically, food deemed to have lost market value due to an accident in transit is donated to Japan’s first food bank, the specified nonprofit corporation (nonprofit organization) Second Harvest Japan, and the cost of donating the food is covered by insurance payments.

Through the popularization of this product, Sompo Japan will support efforts to reduce food waste. We will also actively lower food waste by providing a loss prevention service designed to reduce insurance claims that result in food waste.



Second Harvest Japan



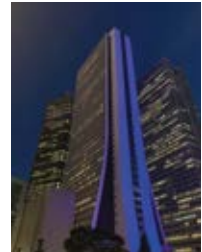
Helping reduce food waste

Company Outline (As of April 1, 2020)

Sompo Japan Insurance Inc.



With a view to being readily understandable to customers, the company changed its name to Sompo Japan Insurance Inc. in April 2020. As a core company in the Sompo Group, Sompo Japan supplies a wide range of P&C insurance and other services to contribute to the security, health, and wellbeing of its approximately 20 million customers across Japan. With the domestic P&C insurance business at its core, Sompo Japan will realize growth in accordance with quality and thereby become the most highly evaluated P&C insurance company.



Blue illumination of our head office in Shinjuku, Tokyo, to show gratitude to and support for medical professionals

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED



The original features of our mainstay product “Otona no Jidosha Hoken” include insurance rates that are set by age and a range of coverage options. Moreover, such services as ALSOK Reliable Accident Site Support Service have proven popular. Reflecting a favorable reputation, policies in force surpassed one million in March 2020. As the Sompo Group’s direct marketing insurance company, we aim to remain an insurance company that is understood and chosen by each customer.

Sompo Japan DC Securities Inc.



As the Sompo Group’s defined contribution pension plan administrator, we provide companies with bundled services covering everything related to the introduction through to the maintenance of defined contribution corporate pension plans, including supporting them in introducing systems and offering investment education and various types of information to participants (employees). We also provide many individuals with comprehensive services pertaining to individual-type defined contribution pension plans (iDeCo).

Sompo Risk Management Inc.



By providing services and solutions highly attuned to the client needs that stem from new social issues and risks, core businesses in the fields of analytics, risk management, and cybersecurity will support clients in their initiatives aimed at promoting security, health, and wellbeing. Thus, our efforts will focus on enabling enterprise risk management, business continuity management and planning, and cybersecurity measures.

Mysurance Inc.



As the Sompo Group’s small-amount, short-term insurance company, Mysurance Inc. creates new value in insurance by utilizing digital technologies to market products and services that cater to customers’ diverse needs. The company name was coined based on the phrase “My Insurance” and expresses our desire to offer customers personalized insurance that always helps when they have a problem.

Prime Assistance Inc.



As the Sompo Group’s assistance company, Prime Assistance supports the security and wellbeing of customers 24/7 through businesses that offer services of the highest grade, including roadside and home assistance as well as assistance in solving problems overseas. Further, we are actively developing new businesses, such as services for visitors to Japan and the SOMPO Egao Club, which is a platform themed on preventing and living with dementia. By steadily taking on new challenges, we aim to assist with many types of issues in society.

Sompo Warranty Inc.



The company provides extended warranty services, based on warranty provisions that cover the repair of a product malfunction or product defect for a fixed period after the expiration of a manufacturer’s warranty. These services are available for consumer electronics, housing equipment, solar power generation systems, mobile phones, and other products. Furthermore, for clients engaged in the management of rental housing, Sompo Warranty administers a warranty system for the restoration of rental housing appliances to their original condition. The company will continue to cater to a wide range of customer needs and to offer new extended warranty services.

Overseas Insurance Business

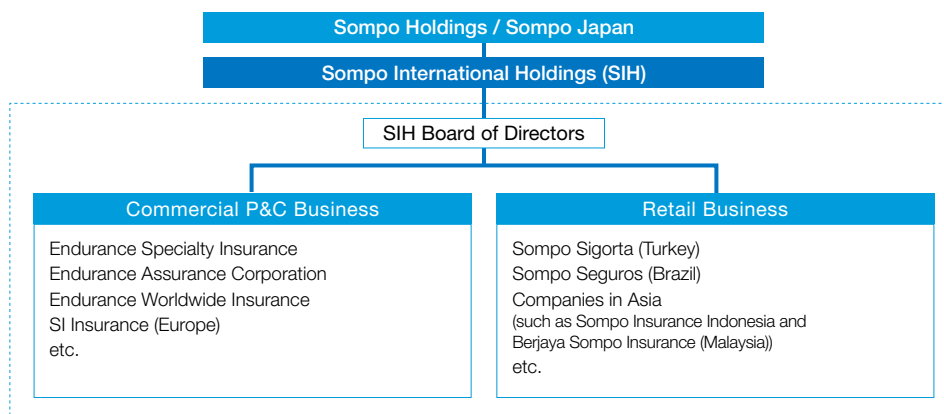
● The Mission of This Business

The strategic mission of the overseas insurance business is to continue the transformation of all the Sampo Group's P&C insurance and reinsurance businesses outside of Japan under a single, modern, integrated global structure. Through measured, strategic expansion and profitable growth, Sampo International is well on its way to achieving the stated goal of contributing over 40% of the Group's overall profits within the next few years. The overseas insurance business continues to outperform the industry, providing profitable growth and increased market share through a diversified P&C portfolio, vast underwriting expertise, deep broker and client relationships, and world-class claims handling. The integration of our retail insurance businesses, located throughout 30 countries around the world, into a single, powerful, globally integrated platform continues as we grow our significant client base by utilizing modern technology and providing superior customer

service and support. Our goal of establishing the high-quality Sampo retail brand globally and becoming a market leader in every country that we operate in will be achieved by maximizing the expertise and strengths of the organization across the entire platform.

At the core of the success of the overseas insurance business is a talented and experienced leadership team that is integrally aligned with Sampo Holdings. This structure provides strong corporate governance and alignment of underwriting, operations, strategy, and risk management. Focusing on strategic risk selection across the business' global, integrated footprint, Sampo International continues to identify and onboard strategically targeted acquisitions supporting the continued profitable growth of a well-balanced, attractive portfolio of global risks.

Overseas Insurance Business Unified Platform



● Business Environment and Basic Strategies

In 2019, the global P&C insurance industry experienced substantial rate increases driven by historically low interest rates, reduced capacity and risk appetites among major insurers, a rise in the frequency and severity of catastrophic events, increasing loss costs related to court settlements, and a growing number of insurance companies struggling to create and maintain profitable risk portfolios. Rate increases were most notable in the U.S. market throughout the year and across nearly all lines of commercial P&C business.

Heading into 2020, the unprecedented COVID-19 pandemic is contributing to significant levels of uncertainty within the risk management industry and throughout the global economy. As the industry adjusts to the new normal created by the pandemic, the overseas insurance business continues to operate from a position of strength. Sampo International is well-positioned to continue to meet the needs of its global employees, brokers, and customers and will leverage opportunities that have emerged as a result of disruption in the market, including aggressively hiring top talent and entering new lines of business.

Progress of the Mid-Term Management Plan

Results over Four Fiscal Years

In fiscal 2019, the fourth year of the Mid-Term Management Plan, adjusted profit in the overseas insurance business was ¥50.1 billion, up ¥17.1 billion from fiscal 2018.

The acquisition of Sampo International has significantly increased the Sampo Group's business scale and geographical diversification. Net premiums written and adjusted profit have risen 1.7 times and 2.5 times, respectively, compared with four

years ago. The top lines in North America and Europe, in particular, have grown significantly, accounting for about 70% of the total portfolio of the overseas insurance business. We have built a foundation to earn stable profits and grow in developed countries while increasing business scale as well as profitability in emerging countries over the medium-to-long term.

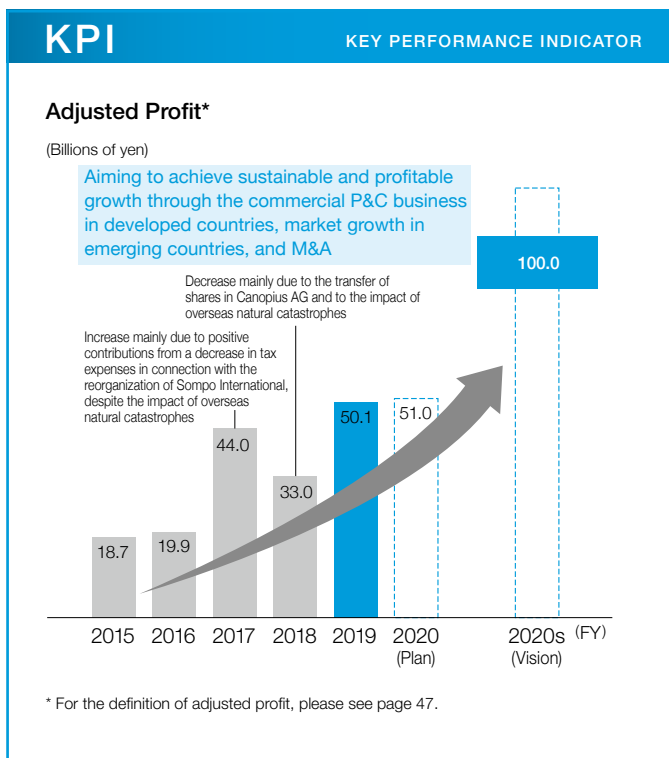
Tasks for the Final Fiscal Year

In fiscal 2020, the last year of the Mid-Term Management Plan, through the optimization of premiums written, growth of specialty insurance, and the sharing of expertise among retail companies, we plan to attain adjusted profit of ¥51.0 billion, which is more than that in fiscal 2019. If self-restraint with regard to the activities in our countries and regions of operation is prolonged, net premiums written may decrease due to reduced activity and purchasing by individuals and companies, while claims incurred may increase. We will continue to monitor the ongoing impact of COVID-19 closely.

Regarding the commercial P&C business, we plan to hedge the risks associated with traditional business lines by growing

our business in specialty insurance and maximize underwriting profit in view of the deterioration of the investment environment. For retail business, we shall share business resources to the greatest extent possible and further promote the sharing of expertise among Sampo Group companies to accelerate their growth and profitability.

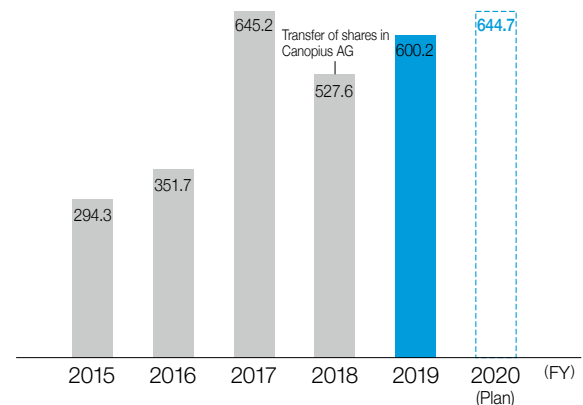
We will also move forward with efforts to reorganize our retail companies under Sampo International Holdings and strengthen our system so as to be able to make decisions quickly in line with our overall strategy, as well as to implement a flexible capital policy.



Net Premiums Written

(Billions of yen)

Through the acquisition of Endurance (now Sampo International), completed in 2017, net premiums written significantly increased.



Medium-Term Target Profile

As we continue our ongoing transformation, Sampo International is well-positioned to capitalize in providing relevant products and services to our clients, many of which face unprecedented challenges in an increasingly volatile economic environment. We have a strong track record of growing our business profitably while adapting to a changing risk landscape, and we will continue to push forward, investing in market-leading talent and technology.

Looking forward, we are steadfast in our commitment to creating the first truly global agriculture insurance business while seeking other opportunities through the development of new and enhanced products. We will expand our industry vertical strategy and increase our portfolio of industry solutions, and our core property, casualty, professional, and specialty products will continue to grow significantly in the U.S., while building relevance and scale in targeted products and markets.

We will continue to build an international market position, by developing the London & Bermuda market wholesale platform, expanding our distribution capabilities and management teams.

Our reinsurance business will remain relevant to our market, employees, and cedents through a consistent approach to our business partners. We will continue to grow our geographic footprint, in locations such as the U.K., Europe, Asia Pacific, South America, and Mexico while entering new market spaces.

Our retail platform will further enhance our capability of data analysis and usage, not only in pricing but also in claims handling and digital marketing. We will be able to continuously transform our processes through data and analytics, utilizing our unique skill-transfer structure, which will lead to innovative products, and services. The integration of all retail companies under Sampo International will drive an optimal organization structure, consolidated governance, the efficient use of capital, and expanded opportunities.

Sampo International P&C has a reputation as a market leader known for its financial strength and the ability to attract and retain the best people. We will deliver on our goal of becoming a leader in each country that we operate in and a top-10 Insurance organization globally.

Commercial P&C Strategy

Our strategy is to become one of the top-10 industry leaders within the next five years defined by scale, capability, and profitability. In order to achieve that, we will continue to deliver strong historic growth by attracting and retaining top talent, focusing on strategic risk selection, expanding geographically, and creating operating scale while maintaining core profitability globally in both insurance and reinsurance. Through long-term partnerships with brokers and clients, our leadership and experienced teams generate attractive returns for the risks we assume by utilizing tailored risk management solutions and leveraging top claims talent.

Going forward, the overseas insurance business will continue with a selective specialty underwriting focus and strategic efficiencies, such as the decision to create one platform in London, ceasing all insurance underwriting business with Lloyd's as of January 2021. With interest rates remaining historically low and as the COVID-19 pandemic continues to create market and economic uncertainty, our commercial P&C operation is ready to maximize new opportunities that these current market challenges are likely to create, while maintaining strong risk management strategies and a superior balance sheet to help drive profitable growth.

Retail Strategy

Our retail companies deliver a wide range of high-quality personal lines, small-to-medium enterprise, and corporate insurance solutions tailored to local markets. Operating mostly in emerging markets, where a high rate of premium growth is expected over the medium-to-long term, our retail platform helps retail companies achieve sustainable and profitable

growth by sharing technical resources and transferring knowledge and expertise. Integrating all retail companies under Sampo International Holdings will drive an optimal organization structure, consolidated governance, the efficient use of capital, and expanded opportunities to help deliver on our goal of becoming a leader in each country that we operate in.

M&A Strategy

We continue to take a disciplined approach to strategic M&A activities to build scale and scope in support of Sampo Holdings' vision of becoming a top-10 insurance company which contributes to the quality of life of stakeholders through "A Theme Park for Security, Health & Wellbeing."

The markets are experiencing extreme volatility with the uncertainty of the COVID-19 which we expect creating slowdown in transactions. Along with economic turmoil, we are

seeking opportunities to diversify and expand our overseas insurance platforms, whether through acquisitions, investments, or strategic partnerships, by closely monitoring the impact and duration of the outbreak through the Global Transaction Committee, which was established in fiscal 2019, along with the Transaction Core Team, to centralize high-level transaction management system.

Toward “A Theme Park for Security, Health & Wellbeing” —Contributing to a Sustainable Society—

AgriSompo: A Global Industry Leader Ensuring Food and Agriculture Sustainability by Delivering Innovative Insurance and Reinsurance Products to Agriculture Partners Worldwide

By delivering traditional and innovative products to the world’s farmers and providing solutions to crop-related issues, *AgriSompo*, Sompo International’s integrated global agriculture platform, continues to develop insurance and reinsurance products. *AgriSompo* offers crop producers, farmers, and other agri-businesses in the markets in which we operate comprehensive protection from financial losses resulting from droughts, floods, or other natural catastrophes using an integrated underwriting, technology, and distribution platform.

In addition, *AgriSompo* continues to develop traditional and innovative products to keep up with the constantly changing demands of climate change. In certain parts of the world, food is still not guaranteed and when a natural catastrophe hits, many farmers are left financially devastated. Offering protection

from the severe downside of natural catastrophes and mitigating the climate change risks and financial consequences brought about by climate change, *AgriSompo* aids the most vulnerable when natural catastrophes occur. Sompo International will continue to expand the platform globally, leveraging the Sompo Group’s broad licensing capabilities, and to partner with local government agencies to provide subsidized crop insurance programs that support resiliency efforts in countries such as India and Thailand. *AgriSompo* will help farmers and producers maintain a viable food supply and ensure that our supply is sustainable.



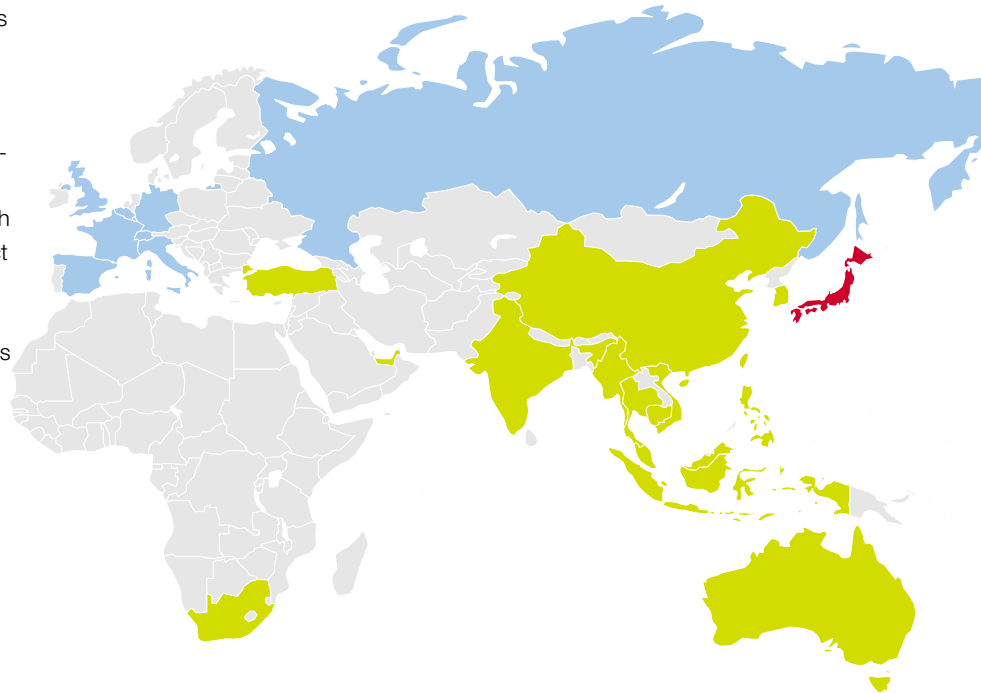
A presentation of insurance products and claims procedures to farmers (Thailand)

Global Expansion

Sampo Holdings (Asia) Pte. Ltd.

Based in Singapore, Sampo Holdings (Asia) is an intermediate holding company that is in charge of businesses in Asia and manages overseas bases in 14 countries, including ASEAN countries, India, and China. The company aims to enhance profitability and realize sustained expansion of its businesses through cross-regional measures, such as new product development, brand strategies, the sharing of resources on a Group-wide basis, and bancassurance sales at CIMB Group, which is a major banking group in the ASEAN region.

30 Countries



SOMPO SIGORTA

By leveraging methods of automobile insurance rate calculation that are based on the utilization of advanced data as well as methods of agent management, Sampo Sigorta has achieved sustained growth in Turkey's volatile P&C insurance market to become one of the country's leading insurance companies in terms of both sales and income (fifth-largest gross premiums and second-largest profit after tax in fiscal 2019). In realizing the capabilities of our retail platform, the company is playing a leading role. Its superior know-how is being transferred to the retail markets of Brazil, Malaysia, and other countries.

SOMPO SEGUROS

Providing both P&C and health insurance in Brazil's market, Sampo Seguros has established itself as the leading company in the marine insurance field (No. 1 in the industry between 2017 and 2019). As for the retail field, the company also aims to realize growth founded on sustained increases in profits by strengthening its product lineup and sales network and by utilizing its know-how in relation to the utilization of retail platforms in the automobile insurance field.

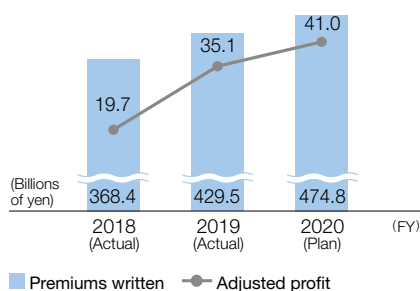
and Regions (As of March 31, 2020)



Sompo International is an insurance group that offers global underwriting and reinsurance services. As well as providing the commercial P&C sectors of developed countries with services centered on specialty insurance, the insurance group is building platforms in the retail sector, mainly in emerging countries. Sompo International will drive the growth of the Sompo Group's overseas insurance business by utilizing a truly integrated global platform and by capitalizing on expertise and insight in relation to underwriting and other areas.

Premiums Written*1 and Adjusted Profit*2 by Region

North America & Europe

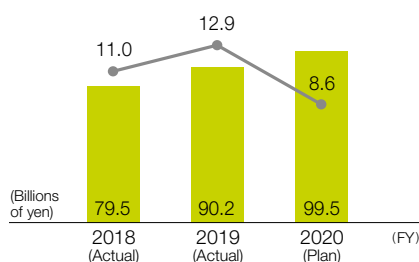


■ Premiums written ● Adjusted profit

Main Group Companies (Based on head office location)

- Sompo International Holdings Ltd.
- Endurance Specialty Insurance Ltd.
- Endurance Assurance Corporation
- Endurance Worldwide Insurance Limited
- SI Insurance (Europe), SA

Asia & the Middle East

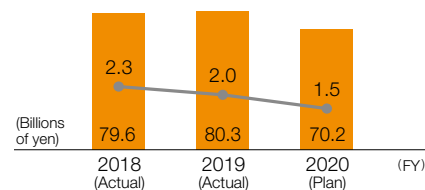


■ Premiums written ● Adjusted profit

Main Group Companies (Based on head office location)

- Sompo Sigorta Anonim Sirketi
- Sompo Holdings (Asia) Pte. Ltd.
- Sompo Insurance Singapore Pte. Ltd.
- Berjaya Sompo Insurance Berhad
- PT Sompo Insurance Indonesia
- Universal Sompo General Insurance Company Limited
- AYA SOMPO Insurance Company Limited
- Sompo Insurance China Co., Ltd.
- Sompo Insurance (Hong Kong) Company Limited

South America



■ Premiums written ● Adjusted profit

Main Group Company (Based on head office location)

- Sompo Seguros S.A.

*1 Amounts for premiums written are calculated using figures that have been adjusted based on the Company's ownership of consolidated subsidiaries and affiliates and, therefore, may differ from the amounts in the consolidated financial statements. Further, the figures for Group companies that conduct businesses in multiple regions have been included in the figures of the region that has the largest earnings.

*2 For the definition of adjusted profit, please see page 47. Further, the figures for Group companies that conduct businesses in multiple regions have been included in the figures of the region that has the largest earnings.

Domestic Life Insurance Business

● The Mission of This Business

In accordance with the Group Management Philosophy, Sompo Himawari Life Insurance Inc., is transforming into a health support enterprise. Such an enterprise helps both prepare for unlikely events and improve daily health. Thus, as a life insurance company, we support customers when unlikely events occur while enabling them to lead healthier lives day-to-day. In an era of 100-year lives, we want to help customers

enrich their lives and realize their aspirations. At the same time, our goal is to assist in the building of a vibrant, sustainable society. Going forward, we will continue providing Insurhealth®, which integrates insurance and health support functions to offer customers new value. In this way, we will benefit society by contributing to health and peace of mind.

● Business Environment and Basic Strategies

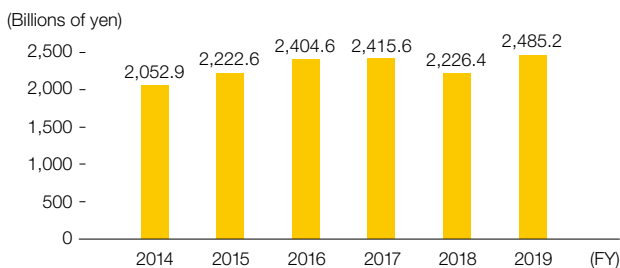
In the life insurance industry, the business environment is changing significantly. Major changes include the diversification of insurance needs as society ages, advances in digital technologies, and the normalization of low interest rates. Further, in response to the Japanese government's drive to extend healthy life expectancy, the public and private sectors are working together on initiatives to help citizens improve their health and avoid illness.

In this operating environment, Sompo Himawari Life Insurance aims to transform from a traditional life insurance company into a health support enterprise that stays beside

customers throughout their lives. To this end, we are rolling out Insurhealth®, integrating traditional insurance and healthcare functions to offer new value. While the insurance functions of these products provide financial support, their healthcare functions maintain and improve customers' health through prediction, prevention, and monitoring. Insurhealth® will enable Sompo Himawari Life Insurance's steady growth. By realizing our Policy on Customer-Oriented Business Operations and providing new value that traditional insurers cannot emulate, we will be an insurance company that is the first choice of customers.

Trend in Annualized Premiums from New Business in Japan

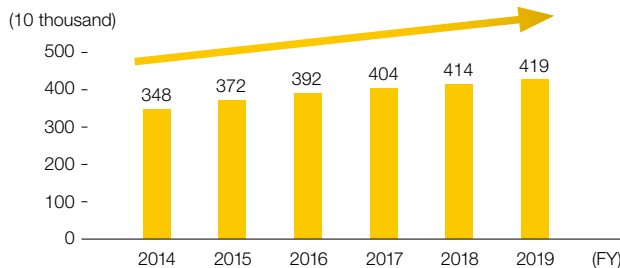
● Domestic life insurance market



Note: Individual insurance only
Source: Trends in Life Insurance (fiscal 2019), the Life Insurance Association of Japan

Sompo Himawari Life Insurance's Policies in Force

● Policies in force are increasing steadily



Progress of the Mid-Term Management Plan

Results over Four Fiscal Years

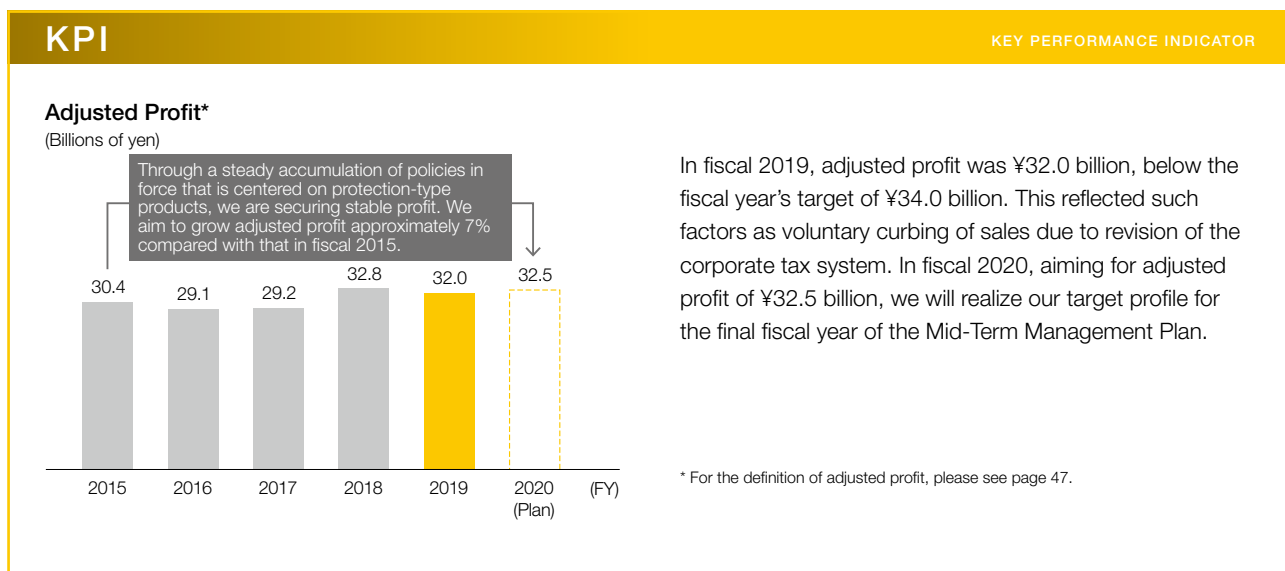
In the domestic life insurance business, a feature of the accounting treatment of life insurance is that in the first fiscal year of a policy it is recognized as an expense, with profit being realized from the following fiscal year onward. Consequently, the greater the number of new policies acquired the greater the downside pressure on profit. For this reason, we use as a key performance indicator (KPI) adjusted profit,

which is adjusted to correct the timing of expenses being incurred and to level profit. By continuing our long-standing strategy of pursuing a steady accumulation of policies in force that is more centered on protection-type products, we are securing stable profit. (We had 4.19 million policies in force as of the end of fiscal 2019.)

Tasks for the Final Fiscal Year

In fiscal 2020, the fiscal year ending March 31, 2021, we forecast adjusted profit of ¥32.5 billion. Through the introduction of new products, we will achieve an increase in policies in force that is centered on high-margin protection-type products. (We aim to have 4.31 million policies in force by end of fiscal 2020.)

Further, based on the two overriding strategies of achieving new growth and rapidly improving productivity, Sampo Himawari Life Insurance will continue to expedite the evolution and improvement of its initiatives aimed at realizing the vision of the Mid-Term Management Plan.



Medium-Term Target Profile

Going forward, joint public-private sector initiatives to extend healthy life expectancy will advance, and health-related demand is set to rise. At the same time, competition in the health field is expected to intensify as other companies develop health-focused insurance products. In response to this environment, Sampo Himawari Life Insurance will build brand value as a health support enterprise by concentrating

management resources on the development of new products and services that advance the evolution of Insurhealth® and by increasing the sales volume and service quality of these offerings. In conjunction with such efforts, we will radically reform sales operations by concentrating the administrative work of sales branches at head office, thereby rapidly improving productivity.



● Toward “A Theme Park for Security, Health & Wellbeing” —Contributing to a Sustainable Society—

Marketing Medical Insurance for Diabetics

In December 2019, we launched “BLUE” medical insurance, which helps ensure that diabetics continue their medical treatment. As befits an Insurhealth® product, BLUE provides new value by combining insurance and prevention of deterioration in the patient’s condition. Sampo Himawari Life Insurance has formed a business tie-up with H2, which provides the Health2Sync app for the management of diabetes and other chronic illnesses. Patients are encouraged to use the app for the ongoing management of their hemoglobin A1c levels. Moreover, upon meeting certain conditions, patients can transfer to types of medical insurance offered to those in good health. Our hope is that this system will help prevent the symptoms of diabetics becoming more severe.



Unveiling the Neurotrack Cognitive Health Program App

Sampo Himawari Life Insurance and Neurotrack Technologies, Inc., whose cofounder and CEO is Elli Kaplan, have partnered to develop the Neurotrack Cognitive Health Program, an app that discovers risks of cognitive function impairment at an early stage and supports preservation and improvement of cognitive functions. Launched in January 2020 and conveniently accessible via smartphones, the new app provides customers with comprehensive, science-based support covering early detection through to improvement.



The Neurotrack Cognitive Health Program app

Exhibiting at the World’s Largest Consumer Electronics Trade Show

In January 2020, Sampo Himawari Life Insurance became the first Japanese insurer*1 to set out a booth independently at CES, the world’s largest consumer electronics trade show. At the trade show in Las Vegas, Nevada, we heightened the international profile of the Insurhealth® concept and exhibited prototypes that utilize the latest technologies to provide insurance policyholders with innovative healthcare services.



The Sampo Himawari Life Insurance booth at CES 2020

Services Exhibited

- **Stress measurement app***2: Checks stress simply by using a tablet computer or smartphone to photograph the user’s face
- **Cognitive function check app***3: Checks cognition by using eye tracking
- **Lifestyle diseases prediction app***4: Uses AI to analyze an individual’s checkup results and predict the risk of lifestyle diseases up to six years ahead

We will continue utilizing analysis of data obtained through a variety of sensing technologies to recommend and provide personalized insurance products and services to each of our customers. Based on such groundbreaking measures, we will increase international awareness of our vision and aspirations as a health support enterprise.

*1 As of January 2020

*2 Collaborative development with binah.ai LTD.

*3 Collaborative development with Neurotrack Technologies, Inc.

*4 Collaborative development with Toshiba Corporation and Toshiba Digital Solutions Corporation

Nursing Care & Healthcare Business

The Mission of This Business

By delivering high-quality nursing care services that cater to growing demand, we will help resolve the issues faced by Japan as a super-aging society. In this way, we will assist in making “Japan an affluent country that can boast to the world of a long and quality life.” Further, aiming to develop into a mainstay business of the Sampo Group alongside insurance businesses, the nursing care & healthcare business will play a central role in the Group’s transformation into “A Theme Park for Security, Health & Wellbeing.”

To ensure that senior citizens can select and receive nursing care in the places where they want to live, Sampo Care Inc. offers a comprehensive lineup of nursing care services, covering services provided at home through to those provided at residential complexes. Moreover, through a new business that provides other nursing care providers with the nursing care know-how that Sampo Care has accumulated, the company will help enhance the quality and productivity of the nursing care sector as a whole.

Business Environment and Basic Strategies

The domestic nursing care market is expected to continue expanding as Japan’s rapidly aging society increases the number of senior citizens requiring nursing care. On the other hand, the workforce that underpins nursing care is likely to diminish as the working-age population declines. For this reason, establishing a sustainable business model by increasing productivity and securing and developing personnel is a pressing management task.

Given the aforementioned business environment, the nursing care business aims to create nursing care services that simultaneously realize high levels of productivity and quality. To this end, we will increase productivity by leveraging technologies and foster human resources by improving compensation and enhancing employee training. Another of our goals is to contribute to the building of a society that strives to prevent dementia and enables people, even if diagnosed with

dementia, to continue living with dignity as individuals. Accordingly, we are taking on the challenge of extending healthy life expectancy through the enhancement of our dementia care capabilities and through the development and rolling out of services designed to prevent the impairment of cognitive functions.

Sales of Listed Nursing Care Service Providers (Fiscal 2019)

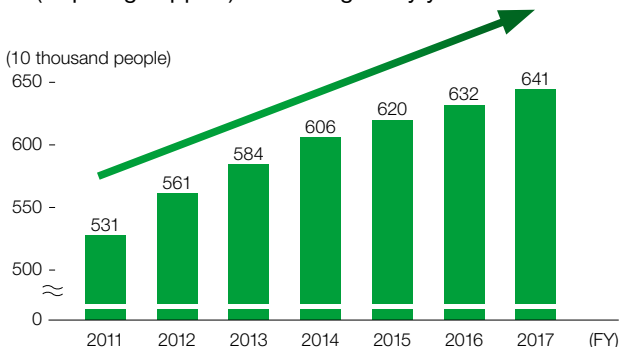
Second highest sales in the industry

1	Company A	¥153.7 billion
2	Sampo Care	¥128.4 billion
3	Company B	¥122.9 billion
4	Company C	¥ 91.1 billion
5	Company D	¥ 60.8 billion

Note: Prepared based on each company’s earnings presentation materials

Demand Growth

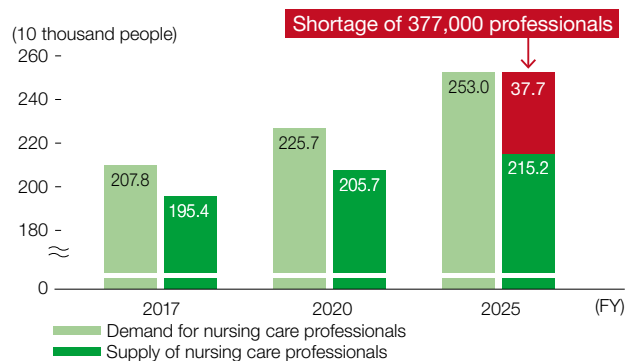
Number of people certified as requiring nursing care (requiring support) increasing every year



Note: Prepared by the Company based on the *Annual Report on the Status of the Long-term Care Insurance* of the Ministry of Health, Labour and Welfare

Nursing Care Professional Supply–Demand Gap

Shortage of 377,000 nursing care professionals forecast in fiscal 2025



Note: Prepared by the Company based on *Estimates of Supply and Demand of Nursing Care Professionals Toward 2025* of the Ministry of Health, Labour and Welfare

Progress of the Mid-Term Management Plan

Results over Four Fiscal Years

In the Mid-Term Management Plan's fourth fiscal year, fiscal 2019, the main operating company of the nursing care & healthcare business, Sompō Care, achieved an occupancy rate of 91.5% for serviced residences, only slightly below the

target set at the beginning of the fiscal year. Nonetheless, thanks to productivity enhancement and cost reduction measures, Sompō Care's adjusted profit surpassed the initial target for the fiscal year to reach ¥6.2 billion.

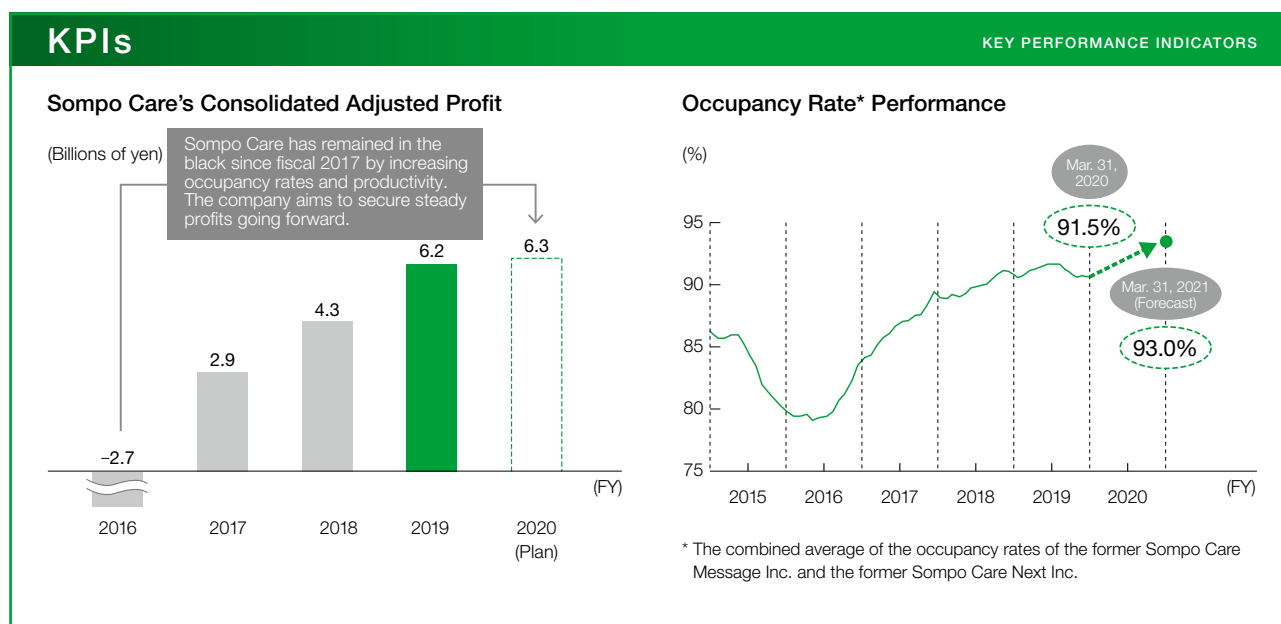
Tasks for the Final Fiscal Year

In fiscal 2020, the fiscal year ending March 31, 2021, we anticipate that our performance will benefit from improved occupancy rates and an increase in unit prices. However, partly as a result of providing a special allowance to frontline nursing care personnel due to the impact of COVID-19, we are targeting adjusted profit of ¥6.3 billion.

While the aforementioned adjusted profit target is premised on the achievement of an occupancy rate of 93.0% for serviced residences by March 31, 2021, performance could be

affected by a decline in new occupancies if the public refrains from going outdoors due to COVID-19.

Notes: 1. In the case of the nursing care & healthcare business, its numerical target for adjusted profit corresponds to its numerical target for net income. Further, occupancy rates are calculated through the division of the total number of residents at the end of a given fiscal year by the total number of housing units at the end of said fiscal year. As serviced residences account for a significant share of the revenues of Sompō Care's nursing care business, the occupancy rate of serviced residences has been adopted as a key performance indicator (KPI).
2. Forecasts of adjusted profit and occupancy rates are targets as of the submission date of this integrated annual report.



Medium-Term Target Profile

By securing and developing personnel and by utilizing technologies to heighten productivity, we will strengthen our ability to provide nursing care services and realize the highest levels of quality and productivity.

Assuming the progress of the aforementioned measures, we will cater to the burgeoning demand for nursing care by enhancing our comprehensive lineup of services—which enables senior citizens to select and receive nursing care in the places where they want to live—and by utilizing a solutions

business to provide other nursing care providers with the know-how that we have garnered in relation to nursing care services.

Further, with respect to the social issue of dementia, through the provision of services that help prevent the impairment of cognitive functions, we will contribute to the realization of a society that strives to prevent dementia and enables people, even if diagnosed with dementia, to continue living with dignity as individuals.

○ Toward “A Theme Park for Security, Health & Wellbeing” —Contributing to a Sustainable Society—

Rolling Out Business Process Support for Nursing Care Providers

April 2020 saw the launch of a nationwide Business Process Support service, which gives companies engaged in the operation of nursing care businesses as well as companies considering entry into the nursing care sector access to the extensive know-how and track record that Sampo Care has developed through the operation of its nursing care business. By providing a one-stop package that offers recommended residential complex management know-how, procurement strategies, training systems, and IT infrastructure, we will support nursing care providers throughout Japan. Through this new service, Sampo Care will help enhance the quality of nursing care services and the productivity of nursing care businesses and provide solutions to the numerous issues that the nursing care sector faces going forward.



The launch of Business Process Support

Beginning Participation in Town Development Projects

In a new initiative aimed at addressing the social issues arising from the aging of society and population decline in Japan, Sampo Care will participate in town development projects. With the provision of safe, high-quality nursing care services as an overall goal, the projects will promote the creation of sustainable, mutually supportive communities that are beneficial to their regions and conducive to exchanges across multiple generations.

Specifically, in partnership with major real estate developers and local companies, we will help extend healthy life expectancy and cater to the various other needs of municipal authorities and local communities. The project will support the day-to-day lives of people in local communities through the establishment of nursing care residential complexes and service offices and through the utilization of information and communication technology, the Internet of Things, and real data.* Moreover, for active senior citizens we plan to offer monitoring services and meal services, establish community spaces, and provide employment opportunities. Through such initiatives, the project will develop towns where people can engage more with each other.

Next to a site earmarked for the construction of a large-scale apartment building, the Yokohama Sakae Ward Project, which is already underway, will establish a nursing care residential complex incorporating the latest nursing care equipment. In addition, we plan to develop home-visit care and day-care services. The project is due for completion in April 2022. Meanwhile, under the Izumi Park Town Project our contribution to the development of a sustainable community will be to add value in the form of enhanced nursing care and medical services in a popular multipurpose residential estate with a history dating back more than 50 years. This project is slated for completion in spring 2023.

* Real data* refers to data that is acquired from various real-life activities.

Utilizing Body-Movement Sensors

We have been using Nemuri SCAN, manufactured by Paramount Bed Holdings Co., Ltd., since fiscal 2018. Installing Nemuri SCAN under a bed's mattress enables the product's built-in sensors to measure turning over, breathing, pulse, and other body movements of a bed's occupant and thereby ascertain their condition while asleep. Moreover, the product detects when the occupant sleeps, wakes, and gets out of bed, with mobile terminals allowing nursing care personnel to view this information in real time.



Sensors measure body movements to ascertain the condition of a bed's occupant while asleep.

The introduction of Nemuri SCAN to the Sampo Care La vie Re Yayoidai serviced residential complex for senior citizens has enhanced residents' quality of life and greatly improved work efficiency. The product enables the implementation of measures to enhance the quality of residents' sleep, prepare optimal nursing care plans, and prevent increases in the levels of care that residents need. Previously, touring the housing units of residents at night risked disturbing their sleep. However, as it is now possible to monitor residents remotely, personnel visit housing units to check on residents only when needed, and services can be provided when the residents have awakened. Further, the serviced residential complex has been able to reduce nighttime nursing care personnel from three to two as well as lighten workloads through a 40% reduction in the travel distance of personnel.

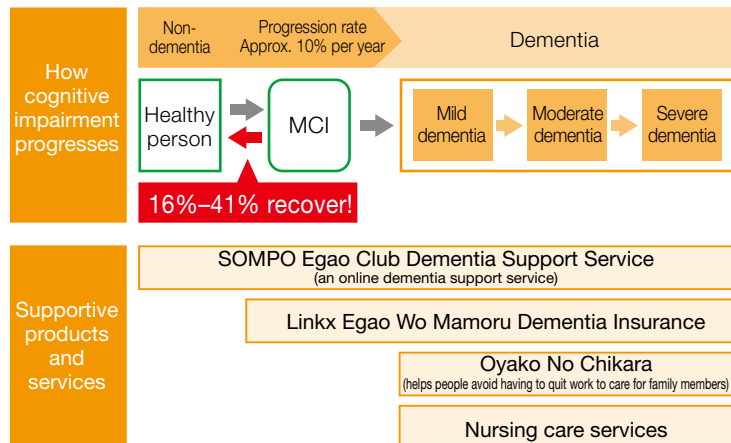
○ Initiatives on a Group-wide Basis

Developing the SOMPO Dementia Support Program

We have been developing the SOMPO Dementia Support Program Group-wide, aiming to build a society that strives to prevent dementia and enables people, even if diagnosed with dementia, to continue living with dignity as individuals. The Group provides a range of dementia-focused products and services. These include Oyako No Chikara, which helps people avoid having to resign from work to

care for family members and is offered by Sampo Japan Insurance Inc.; Linkx Egao Wo Mamoru Dementia Insurance, which pays out a lump-sum if mild cognitive impairment (MCI) or dementia is diagnosed and is provided by Sampo Himawari Life Insurance Inc.; and the SOMPO Egao Club Dementia Support Service, which introduces services that help prevent cognitive impairment and support people in their daily lives by helping them live with dignity even if they are diagnosed with dementia.

In addition, in 2019 the Sampo Group began participating in a government-subsidized R&D project tasked with verifying the efficacy of dementia prevention programs in curbing impairment of cognitive functions. Further, in 2020 Sampo Care launched the Anna-Konna website, which develops programs that are effective in reducing the risk and curbing the progression of cognitive decline and offers support to those providing dementia care in their homes. By mobilizing its unique capabilities as one of the largest insurance companies and nursing care service providers in Japan, the Sampo Group will continue developing and providing dementia-related solutions that meet customers' needs.



Personnel Development and Recruitment

Improving Personnel Retention and Training

In the nursing care industry, securing the personnel needed to meet growing nursing care demand and fostering personnel who can provide high-quality nursing care services are becoming issues.

Aiming to address these issues, in October 2019 Sampo Care raised the compensation of nursing care professionals, particularly that of certified care workers, to some of the highest levels for the occupation in respective regions. We aim to create conditions in which the highly specialized skills and knowledge of nursing care professionals receive due recognition. Also, we want to establish workplace environments in which personnel feel comfortable working and can fully demonstrate their skills. Going forward, we will raise the compensation of those who become nursing care team leaders to the same level as that of nurses, thereby enhancing the profession's social status.

Further, with a view to developing and retaining personnel, in Tokyo and Osaka we operate SOMPO Care University, an in-house university for the acquisition of nursing care knowledge and skills. The university concentrates on fostering not only nursing care specialists but also personnel who are highly focused on self-development and self-realization.

Our first priority is to enable customers to live with dignity and vitality as individuals. For this reason, we take pride in capitalizing on our specialized skills and knowledge to provide high-quality support that is responsive to the values and the mental and physical attributes of each customer. We call this mind-set "nursing care pride."



Providing support that suits each individual



Training at SOMPO Care University

COVID-19 Measures

Responding to the COVID-19 State of Emergency Declaration

Nursing care is indispensable in the day-to-day lives of senior citizens who use our services. Even amid the spread of COVID-19, we must continue providing nursing care services. Therefore, while providing services to customers we are taking measures to prevent the spread of infection. For example, we are stepping up the disinfection of service offices, using standard precautions to prevent infection when providing services, and rigorously checking the physical condition of customers and personnel. Further, at serviced residences we are enabling residents to receive "online visits" from their families.

Also, through its official YouTube channel Sampo Care has begun releasing original exercise videos, SOMPO Kaya Sumairu Taiso (Sampo Care Smile Exercise), for senior citizens and office workers who have become less active as a result of spending more time at home. Further, to help senior citizens prepare nutritional meals, the company has added the SOMPO Kaya Kantan! Sumairu Reshipishu (Sampo Care Simple! Smile Recipe Collection) to its official website.

Meanwhile, in response to the COVID-19 state of emergency declaration, we paid employees working at all service offices and residential complexes special allowances of ¥3,000 per day for permanent employees and ¥375 per hour, with an upper limit of ¥3,000 per day, for employees paid an hourly rate. Other personnel measures included conducting training online.



Sampo Care has released original exercise videos and a recipe collection.

● The Mission of Other Strategic Operating Companies

Our other strategic operating companies assist customers with building asset portfolios through asset management, undertake home remodeling, and provide comprehensive health support. These companies are enhancing their revenue models based on collaboration with the domestic P&C insurance business as well as with the businesses of other Group companies.

● Company Outline (As of April 1, 2020)

Sompo Asset Management Co., Ltd.



Sompo Asset Management Co., Ltd., proposes and provides top-caliber products and asset management services to assist customers in building asset portfolios over the medium-to-long term, with the aim of being the most customer-oriented asset management company in Japan.

FRESHHOUSE CO., LTD.



As a general remodeling company, FRESHHOUSE CO., LTD., aims to provide high-quality remodeling services that eliminate uneasiness, inconvenience, and discomfort and to create homes in which residents can live safely, comfortably, and with peace of mind.

Sompo Health Support Inc.



Sompo Health Support Inc. is focused on being a leading company in the support of mental and physical health by combining a long track record in the healthcare business with the latest knowledge and digital technologies to offer products and services that can be highly beneficial to health.

Wellness Communications Corporation



The goal of Wellness Communications Corporation is to increase the vitality of both companies and people by providing companies and health insurance associations with checkup outsourcing services and health information management systems.

● Toward “A Theme Park for Security, Health & Wellbeing” —Contributing to a Sustainable Society—

Sompo Asset Management: Celebrating the 20th Anniversary of “Buna no Mori”

Managed by Sompo Asset Management, the pioneering eco-fund Sompo Japan Green Open Fund (“Buna no Mori”) is celebrating the 20th anniversary of its establishment. Since it began incorporating environmental, social, and governance (ESG) factors into its investment value analyses in 1993, the company has built an extensive track record. Last year, the balance of the company’s ESG investment products surpassed ¥100.0 billion. Going forward, Sompo Asset Management will steadily advance initiatives focused on ESG investments.



FRESHHOUSE: Assisting Adaptation to New Lifestyles

In June 2020, FRESHHOUSE launched the Stay Reform remodeling plan to support new lifestyles that have emerged in a bid to prevent the spread of COVID-19. Stay Reform’s convenient assistance for adaptation to such lifestyles includes the remodeling of work-from-home spaces, the incorporation of touchless products, and the installation of delivery lockers for receiving packages without interfacing with others.



Sompo Health Support: Marketing the QUPiO With App

December 2019 saw the launch of Sompo Health Support’s QUPiO With, the industry’s first lifestyle improvement app to incorporate communication AI. The app closely monitors customers and, through conversation, draws their attention to findings. In this way, QUPiO With encourages customers’ continued, almost unconscious, use of the app, thereby helping inculcate healthy behavior.

Wellness Communications: Offering an Extensive Lineup of Health-Related Services

Wellness Communications is developing collaborations in the healthcare field with various Group companies. In particular, the company is collaborating with Sompo Health Support to realize seamless provision of a wide range of services related to health and disease prevention. These services include arranging checkups, encouraging people to have checkups, digitalizing checkup results, issuing health guidance, and identifying health issues based on analyses of checkup results and taking appropriate countermeasures.

Directors

Kazuhiro Higashi

Director (Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee

Hideyo Uchiyama

Director (Outside Director)
Member of the Audit Committee

Scott Trevor Davis

Director (Outside Director)
Chair of the Nomination Committee
Member of the Compensation Committee



Misuzu Shibata

Director (Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee

Naoki Yanagida

Director (Outside Director)
Chair of the Audit Committee

Shinji Tsuji

Group COO and Group CBO
Director, Deputy President and
Representative Executive Officer

Realizing “A Theme Park for

Kengo Sakurada
Group CEO
Director, President and
Representative Executive Officer

Isao Endo
Director (Outside Director)
Member of the Audit Committee

Takashi Nawa
Director (Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee



Sawako Nohara
Director (Outside Director)
Chair of the Compensation Committee
Member of the Nomination Committee

Atsuko Muraki
Director (Outside Director)
Member of the Audit Committee

Hidenori Hanada
Director
Member of the Audit Committee

Security, Health & Wellbeing”

Management Members

Directors

(As of July 1, 2020)



Director
Kengo Sakurada
(DOB: Feb. 11, 1956)

Attendance at Board of Directors meetings (fiscal 2019)

All 10 Board of Directors meetings

Summarized resume

Joined The Yasuda Fire & Marine Insurance Co., Ltd., in April 1978. In addition to his experience in business integration, business alliances, corporate planning, sales, and systems in the P&C insurance business, he has experience working at international financial institutions. He became representative director and president of Sampo Japan Insurance Inc. in 2010 and assumed the position of representative director and president of the Company in 2012. He was appointed chairman of Keizai Doyukai (Japan Association of Corporate Executives) in 2019. He has served in his current position since June 2019 (Group CEO, director, president and representative executive officer).



Director
Shinji Tsuji
(DOB: Dec. 10, 1956)

Attendance at Board of Directors meetings (fiscal 2019)

All 10 Board of Directors meetings

Summarized resume

Joined The Yasuda Fire & Marine Insurance Co., Ltd., in April 1979. Thanks to his experience in accounting, public relations, CSR, and sales in the P&C insurance business, he was responsible for the corporate management of Group companies as well as accounting and finance at the Company. He became representative director of the Company in 2014. He became Group CFO (Chief Financial Officer) in 2017, and then Group COO (Chief Operating Officer) in January 2019. He has concurrently served as Group CBO (Chief Brand Officer) since April 2019. He has been in his current position since June 2019 (Group COO, Group CBO, director, deputy president and representative executive officer).



Director
Member of the Audit Committee
Hidenori Hanada
(DOB: Aug. 15, 1958)

Attendance at Board of Directors meetings, etc. (fiscal 2019)

All 10 Board of Directors meetings, all 11 Audit Committee meetings, all three Audit & Supervisory Board meetings

Summarized resume

Joined The Nippon Fire & Marine Insurance Co., Ltd., in April 1981. He has deep insight with respect to the fields of finance and accounting as a result of many years of experience in the accounting section of the domestic P&C insurance business. He became an executive officer of the Company and Sampo Japan Nipponkoa Insurance Inc. in 2016. He became a full-time Audit & Supervisory Board member of the Company in June 2018. He has held his current position since June 2019.



Director (Outside Director)
Chair of the Compensation Committee
Member of the Nomination Committee
Sawako Nohara
(DOB: Jan. 16, 1958)

Attendance at Board of Directors meetings, etc. (fiscal 2019)

All 10 Board of Directors meetings, all 10 Nomination Committee meetings, all nine Compensation Committee meetings

Significant positions concurrently held

President of IPSe Marketing, Inc.
Auditor of Tokyo Gas Co., Ltd., (Outside Auditor)
Member of the Board (Outside) of DAIICHI SANKYO COMPANY, LIMITED
Project Professor of the Graduate School of Media and Governance, Keio University

Reasons for appointment

With her abundant experience as a company manager and broad knowledge of the IT industry, as well as deep insight gained through participation in policymaking during her term as an officer in government-related committees, including as a private-sector member of the Industrial Competitiveness Council, she is expected to provide appropriate advice on the management of the Company from diversified and professional perspectives. Further, she is expected to provide valuable advice on the initiative on women's empowerment in the workplace, which is one of the most important strategies of the Company. She has been in her current position since June 2013.



Director (Outside Director)
Chair of the Nomination Committee
Member of the Compensation Committee
Scott Trevor Davis
(DOB: Dec. 26, 1960)

Attendance at Board of Directors meetings, etc. (fiscal 2019)

All 10 Board of Directors meetings, all 10 Nomination Committee meetings, all nine Compensation Committee meetings

Significant positions concurrently held

Professor of the Department of Global Business, College of Business, Rikkyo University
Member of the Board of Bridgestone Corporation (Outside Director)

Reasons for appointment

With his broad knowledge as an erudite scholar, he is expected to provide appropriate advice on the management of the Company, especially through his research on strategic management and CSR at the university. Moreover, he is expected to provide diversified advice from global perspectives. He has been in his current position since June 2014.



Director (Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee
Kazuhiro Higashi
(DOB: Apr. 25, 1957)
New appointment

Significant positions concurrently held

Vice Chairman of The Osaka Chamber of Commerce and Industry
Chairman and Director of Resona Holdings, Inc.
Chairman and Director of Resona Bank, Limited

Reasons for appointment

Having experience in finance, corporate management, and other areas in the banking business, he took office as director, president and representative executive officer of Resona Holdings, Inc., and representative director, president, and executive officer of Resona Bank, Limited, in 2013. Further, he has served in numerous key positions in the business community, including chairman of Osaka Bankers Association and vice chairman of The Osaka Chamber of Commerce and Industry. With his abundant knowledge and experience as a senior executive in major corporations, he is expected to reinforce the supervisory and decision-making functions of the Board of Directors. He has been in his current position since June 2020.

Directors

(As of July 1, 2020)



Director (Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee

Takashi Nawa

(DOB: Jun. 8, 1957)

New appointment

Significant positions concurrently held

Professor of School of International Corporate Strategy, Hitotsubashi University Business School
President of Genesys Partners, Inc.
Member of the Board of NEC Capital Solutions Limited (Outside Director)
Director of FAST RETAILING CO., LTD. (Outside Director)
Member of the Board of Ajinomoto Co., Inc. (Outside Director)

Reasons for appointment

Having practical experience in a major Japanese trading company and global consulting firms, he was appointed professor of the Graduate School of International Corporate Strategy at Hitotsubashi University in 2010. With his abundant business experience as a management consultant, combined with his profound academic knowledge based on a global perspective, he is expected to reinforce the supervisory and decision-making functions of the Board of Directors. He has been in his current position since June 2020.



Director (Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee

Misuzu Shibata

(DOB: Jul. 25, 1974)

New appointment

Note: Misuzu Shibata's registered name is Misuzu Koyama.

Significant positions concurrently held

Attorney at Law
Director of DELICA FOODS HOLDINGS CO., LTD. (Outside Director)
Director of SPACE VALUE HOLDINGS CO., LTD. (Outside Director)

Reasons for appointment

She has abundant knowledge and experience as a legal expert, including experience working at the Financial Services Agency. With her professional knowledge and experience, she is expected to reinforce the supervisory and decision-making functions of the Board of Directors. She has been in her current position since June 2020.



Director (Outside Director)
Chair of the Audit Committee

Naoki Yanagida

(DOB: Feb. 27, 1960)

Attendance at Board of Directors meetings, etc. (fiscal 2019)

All 10 Board of Directors meetings, all 11 Audit Committee meetings, all three Audit & Supervisory Board meetings

Significant positions concurrently held

Attorney at Law
Audit & Supervisory Board Member of YKK CORPORATION (Outside Audit & Supervisory Board Member)
Director of Kusuri No Aoki Holdings Co., Ltd. (Outside Director)

Reasons for appointment

He has abundant knowledge and experience as a legal expert. He became an outside Audit & Supervisory Board member of the Company in 2014. His expert knowledge and experience will help improve the supervisory and decision-making functions of the Board of Directors. He has been in his current position since June 2019.



Director (Outside Director)
Member of the Audit Committee

Hideyo Uchiyama

(DOB: Mar. 30, 1953)

Attendance at Board of Directors meetings, etc. (fiscal 2019)

All 10 Board of Directors meetings, all 11 Audit Committee meetings, all three Audit & Supervisory Board meetings

Significant positions concurrently held

Certified Public Accountant
Executive Advisor of ASAHI Tax Corporation
Audit & Supervisory Board Member of OMRON Corporation (Outside Auditor)
Director of Eisai Co., Ltd. (Outside Director)

Reasons for appointment

He has abundant experience as a manager at one of Japan's leading auditing corporations and at a global consulting firm, in addition to his professional knowledge and experience as a certified public accountant. He was appointed an outside Audit & Supervisory Board member of the Company in 2017. His abundant knowledge and experience is expected to augment the supervisory and decision-making functions of the Board of Directors. He has been in his current position since June 2019.



Director (Outside Director)
Member of the Audit Committee

Atsuko Muraki

(DOB: Dec. 28, 1955)

Attendance at Board of Directors meetings, etc. (fiscal 2019)

All 10 Board of Directors meetings, all 11 Audit Committee meetings, all three Audit & Supervisory Board meetings

Significant positions concurrently held

Member of the Board of ITOCHU Corporation (Outside Director)
Director of Sumitomo Chemical Co., Ltd. (Outside Director)

Reasons for appointment

She has held important posts such as vice-minister, deputy director-general, and director-general of the Equal Employment, Children and Families Bureau in the Ministry of Health, Labour and Welfare as well as director-general for Policies of the Cabinet Office. She became an outside Audit & Supervisory Board member of the Company in 2017. Her sharp insight and abundant experience are expected to benefit the auditing and decision-making functions of the Board of Directors. She has been in her current position since June 2019.



Director (Outside Director)
Member of the Audit Committee

Isao Endo

(DOB: May 8, 1956)

Attendance at Board of Directors meetings, etc. (fiscal 2019)

All 10 Board of Directors meetings, all 10 Nomination Committee meetings, all nine Compensation Committee meetings

Significant positions concurrently held

Director of Ryohin Keikaku Co., Ltd. (Outside Director)

Reasons for appointment

With his broad insight based on practical experience at a global consulting firm and academic knowledge as a graduate school professor as well as abundant experience as a company manager, he provides appropriate advice on the management of the Company, especially based on deep and diversified perspectives gained through his practical research on *Gemba Power*. Thus, he is expected to provide management advice in light of broad perspectives. He has been in his current position since June 2014.

Note: Hidenori Hanada, Naoki Yanagida, Hideyo Uchiyama, and Atsuko Muraki served as Audit & Supervisory Board members until the end of the 9th General Meeting of Shareholders held on June 24, 2019. Therefore, the number of meetings of the Board of Directors each of them attended includes three attendances as Audit & Supervisory Board members. In addition, the combined total of the number of meetings of the Audit & Supervisory Board each of them attended when the Company had a Company with an Audit & Supervisory Board structure and the number of meetings of the Audit Committee they attended after the Company's transition to a Company with Committees structure has been included.

Management Members

Executive Officers

(As of July 1, 2020)



Group Chief Executive Officer
President and Representative Executive Officer

Kengo Sakurada
(DOB: Feb. 11, 1956)



Group Chief Operating Officer and
Group Chief Brand Officer
Deputy President and Representative
Executive Officer

Shinji Tsuji
(DOB: Dec. 10, 1956)



CEO of Domestic P&C Insurance Business
Executive Officer
(President and Chief Executive Officer,
Sompo Japan Insurance Inc.)

Keiji Nishizawa
(DOB: Feb. 11, 1958)



CEO of Overseas Insurance and
Reinsurance Business
Executive Officer
(Executive Chairman of the Board of Directors,
Sompo International Holdings Ltd.)

John R. Charman
(DOB: Oct. 22, 1952)



CEO of Domestic Life Insurance Business
Executive Officer
(President and Chief Executive Officer,
Sompo Himawari Life Insurance Inc.)

Yasuhiro Oba
(DOB: Sep. 30, 1965)



CEO of Nursing Care & Healthcare Business
Executive Officer
(Chief Executive Officer, Sompo Care Inc.)

Satoshi Kasai
(DOB: Dec. 22, 1962)



Senior Executive Vice President and
Executive Officer
Chairman of Overseas M&A
(Special Advisor to Group CEO)

Nigel Frudd
(DOB: Oct. 4, 1958)



Group Chief Financial Officer and
Group Co-Chief Strategy Officer
Executive Vice President and
Executive Officer

Masahiro Hamada
(DOB: Dec. 18, 1964)



Group Co-Chief Strategy Officer
Executive Vice President and
Executive Officer
(Chief Executive Officer,
Sompo International Holdings Ltd.)

Mikio Okumura
(DOB: Nov. 23, 1965)



Group Chief Digital Officer
Executive Vice President and Executive Officer

Koichi Narasaki
(DOB: Jan. 4, 1958)



Group Co-Chief Digital Officer and
Group Chief Information Officer
Executive Vice President and
Executive Officer

Hiroshi Omata
(DOB: Oct. 6, 1963)



Group Chief Risk Officer
Senior Vice President and Executive Officer

Takashi Izuhara
(DOB: Mar. 23, 1964)

Executive Officers

(As of July 1, 2020)



Group Chief Human Resource Officer
Executive Vice President and Executive Officer

Shinichi Hara

(DOB: Apr. 14, 1965)



Executive Vice President and Executive Officer
(General Manager, Global Business
Planning Department)

Yuji Kawauchi

(DOB: Dec. 24, 1965)



Senior Vice President and Executive Officer
(General Manager, Accounting Department)

Yasunori Kuroda

(DOB: Aug. 17, 1963)



Senior Vice President and Executive Officer
(General Manager, Innovation for Aging &
Wellness Department)

Takuto Kobayashi

(DOB: Nov. 22, 1965)



Senior Vice President and Executive Officer
(Retail Platform in Istanbul)

Katsuyuki Tajiri

(DOB: Oct. 8, 1967)



Senior Vice President and Executive Officer
(General Manager, Internal Audit Department)

Takato Udo

(DOB: Aug. 4, 1962)



Senior Vice President and Executive Officer
(General Manager, Secretarial Department)

Koji Ishikawa

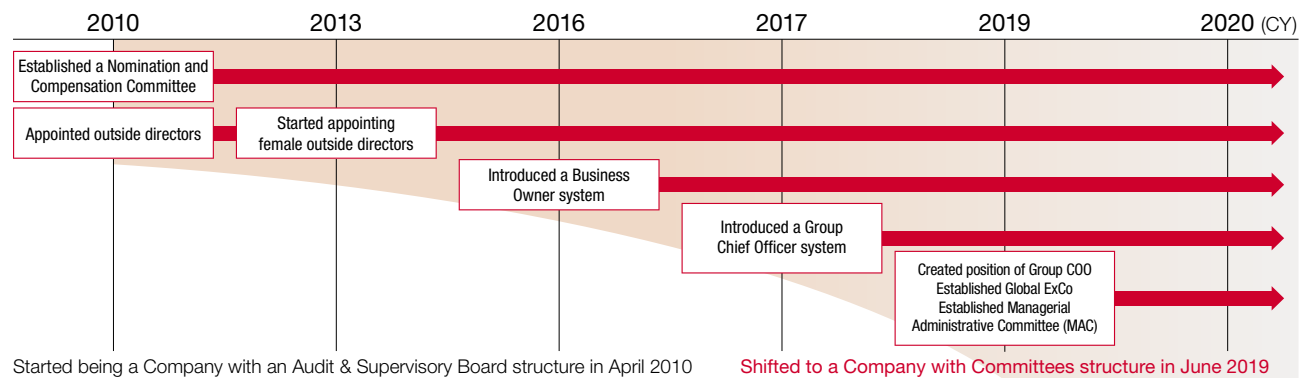
(DOB: Dec. 22, 1968)

Sompo Holdings' Unique Corporate Governance

The Sompo Group places great importance on strengthening relationships of trust with all stakeholders by constantly improving transparency and fairness of corporate governance and fulfilling its corporate social responsibility. The Board of Directors of Sompo Holdings formulated the Corporate Governance Policy to clarify basic policies regarding the formation of the overall vision for the Company's governance structure and governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

The Company has made solid progress in reinforcing the management structure of the Group, adopting a Business Owner system in fiscal 2016 and a Group Chief Officer (CxO) system in fiscal 2017. With its eye on the next stage, in June 2019 Sompo Holdings changed from a Company with an Audit & Supervisory Board structure to a Company with Committees structure, enabling it to more swiftly and proactively make decisions pertaining to business execution and realize the vision of the Group.

Corporate Governance Reforms to Date



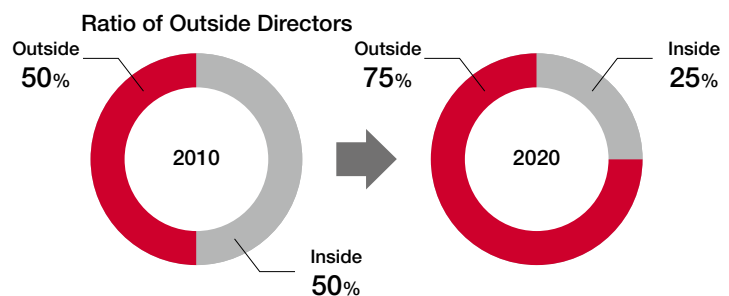
Composition of the Board of Directors

Sompo Holdings swiftly makes decisions and actively implements them toward realizing the Group's vision, taking advantage of diverse personnel located around the world to move forward with changes to its business portfolio and reforms to its corporate culture.

Ratio of Outside Directors

- As of July 2020, the number of outside directors was increased by one from the previous year, for a total of nine out of 12 directors (75%).

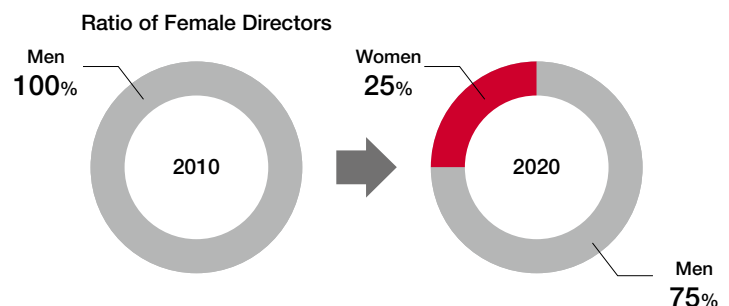
Note: The number and ratio of outside directors has increased from six out of 12 directors since the Company was established (April 2010).



Ratio of Female Directors

- As of July 2020, the number of female directors was three out of 12 directors (25%).

Note: There were zero female directors when the Company was established, representing an increase in the number and ratio since then.

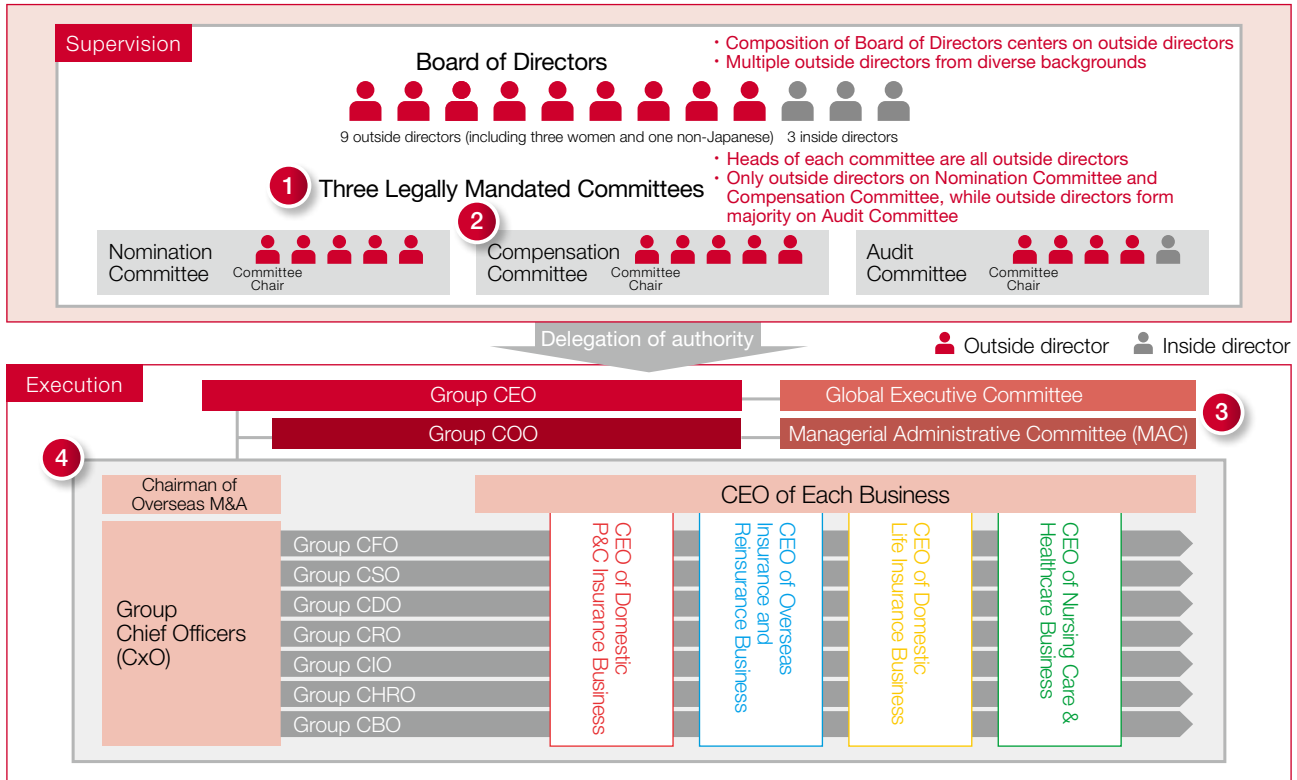


Ratio of Non-Japanese Directors

- As of July 2020, the number of non-Japanese directors was one out of 12 directors (8%).

Note: There was one non-Japanese director when the Company was established, for no change in the number or ratio since then.

Highlights of Corporate Governance Structure



Group CEO and other abbreviated titles represent the following positions.
 Group CEO: Group Chief Executive Officer / Group COO: Group Chief Operating Officer / Group CFO: Group Chief Financial Officer / Group CSO: Group Chief Strategy Officer /
 Group CDO: Group Chief Digital Officer / Group CRO: Group Chief Risk Officer / Group CIO: Group Chief Information Officer / Group CHRO: Group Chief Human Resource Officer /
 Group CBO: Group Chief Brand Officer

<p>1 Company with Committees Structure</p>	<p>Sompo Holdings transitioned to a Company with Committees Structure in June 2019. Separating management supervision from business execution allows the Company to reinforce the supervisory function of the Board of Directors and delegate significant authority to executive divisions for swifter business execution. The Company also established three legally mandated committees: the Nomination Committee, the Audit Committee, and the Compensation Committee. Such measures have formed a governance structure that achieves greater transparency and fairness.</p>
<p>2 Executive Compensation Structure Designed to Increase Corporate Value and Align Interests with Shareholders</p>	<p>The Company regards its executive compensation structure as an important aspect of corporate governance. Based on the Basic Policies on Executive Compensation, the executive compensation structure was designed from an objective perspective by the Compensation Committee, which is headed by an outside director.</p> <p>The Company's Policies on Decisions Pertaining to Executive Compensation describe the Basic Policies on Executive Compensation, the composition of compensation and how it is determined for each position, and the details of each type of compensation.</p>
<p>3 Global ExCo and MAC</p>	<p>Global ExCo, an advisory body to the Group CEO, discusses subjects that have a significant impact on management, such as Group-wide management strategies and business operation policies based on high-level insight and wide-ranging views from a global perspective. The decisions by the Global ExCo are promptly reflected in strategies at the individual business level and then translated into specific business decisions and actions to speed up the entire process.</p> <p>Important matters related to operational management are discussed in detail by the MAC, an advisory body to the Group COO, and then implemented in operations.</p> <p>By utilizing the functions of these two deliberative bodies to their utmost, we will build a robust executive system that supports the growth of the entire Group.</p>
<p>4 Matrix-Style Management with Business Owner System and Group Chief Officer (CxO) System</p>	<p>Within the business execution framework, under the overall supervision of the Group CEO and Group COO, executives are delegated authority by the Board of Directors to make business decisions and execute business. The Business Owner system and the Group Chief Officer (CxO) system have been adopted to clarify authorities and responsibilities, and to facilitate dynamic and flexible decision-making and business execution.</p>

Supervisory Framework

The Company elected to adopt a Company with Committees structure in June 2019 as part of efforts to strengthen corporate governance by separating management supervision from business execution, in order to reinforce the supervisory function of the Board of Directors and to accelerate business execution by delegating substantial authority to executive officers. The Company also established three committees: the Nomination Committee, the Audit Committee, and the Compensation Committee. This has put into place a governance system with improved transparency and fairness.

Board of Directors

The Board of Directors performs its duties as stipulated by law or the Articles of Incorporation, establishes important items for management defined in the Rules of Board of Directors, and serves a supervisory function overseeing the state of business execution. The chairman of the Board of Directors, who is appointed by the Board as stipulated in the Articles of Incorporation, also serves as a director and the Group CEO.

As of the conclusion of the 10th General Meeting of Shareholders, nine of the 12 directors are outside directors (a majority), consisting of 11 Japanese people and one non-Japanese person, of whom nine are men and three are women. The average length of service (including time served as an Audit & Supervisory Board member) is 4.3 years.



Nomination Committee

The Nomination Committee defines policy and standards for the appointment of directors and executive officers, determines the list of candidates, and is involved in the appointment of directors and executive officers at subsidiaries, depending on their business type and scale. In addition, the committee deliberates on the appointment and dismissal of the Group CEO based on a personal performance evaluation for the purpose of enhancing transparency and corporate governance.

The Nomination Committee consists of at least three directors, a majority of whom are from among the outside directors. The chair of the Nomination Committee is chosen from among the outside directors on the committee. As of July 2020, the committee comprises five outside directors.

Compensation Committee

The Compensation Committee determines the evaluation, compensation scheme, and compensation amounts of directors and executive officers, and is involved in deciding the compensation scheme of directors and executive officers at subsidiaries, depending on their business type and scale. In addition, the committee conducts a personal performance evaluation of the Group CEO to enhance transparency and objectivity in the compensation-deciding process, and to improve corporate governance.

The Compensation Committee consists of at least three directors, a majority of whom are from among the outside directors. The chair of the Compensation Committee is chosen from among the outside directors on the committee. As of July 2020, the committee comprises five outside directors.

Audit Committee

The Audit Committee audits—from a legal compliance and appropriateness perspective—the performance of duties by directors and executive officers, produces audit reports, and determines proposals regarding the appointment, dismissal, and non-reappointment of independent accounting auditors. It also exercises right of consent to decisions on auditor compensation and the like, formulates audit standards, basic policies for audits, and auditing plans, and conducts organization-wide audits.

The Audit Committee consists of at least three members selected from among directors who do not have any executive roles, and the majority of members are outside directors. In principle, the committee chair is an outside director, selected from among its members, and the committee has at least one full-time Audit Committee member and at least one Audit Committee member who has expert knowledge of finance and accounting. As of July 2020, there are five members on the committee, four of whom are outside directors.

Business Execution Framework

In this time of heightened volatility, uncertainty, complexity, and ambiguity (VUCA), a flexible and responsive management system is of utmost importance. To achieve such a management system, the Sampo Group has built a matrix-style management system comprising vertical and horizontal axes under the overall supervision of the Group CEO and Group COO. On the vertical axis, Business CEOs, who are heads of business segments, are delegated substantial authority to allow them to perform swift decision-making and business execution. On the horizontal axis, Group Chief Officers, who are the highest authority in their respective functional areas, oversee their area of responsibility on a Group-wide basis to ensure decision-making that is best for the Group and exercise functions laterally across the Group.

Business Owner System

Business CEOs are responsible for advancing plans for the entirety of their respective business segments while also helping build “A Theme Park for Security, Health & Wellbeing,” in order to contribute to the realization of the Group Management Philosophy and implement the Group’s management plans. Accordingly, Business CEOs are endowed with significant authority, related to areas such as business strategy formulation, investment decision-making, and human resource assignment, as required, to accomplish those objectives.

Since the introduction of the Business Owner system in April 2016, Business CEOs have been leading their business segments in implementing dynamic growth strategies and in taking flexible and responsive action to address issues through swift decision-making and business execution.



Group CxO System

Under the Group CxO system, Group Chief Officers act as the highest authority for the Group in their respective functional areas. In this capacity, they exercise their functions in the Group’s best interests, acting laterally across the Group based on the Group’s strategies and on their roles and responsibilities.

The Group CxO system was introduced in April 2017 to serve as a framework designed to promote strong, mission-driven leadership. The roles and functions as well as the skills and experience required of each Group Chief Officer are defined in the Group’s function portfolio. The roles and functions of Group Chief Officers as well as the number of officers and the fields for which officer positions exist are not set but will rather be flexibly revised as the operating environment of the Group or the management issues it faces change.





Executive Officers (Appointed by the Board of Directors)

Representative Executive Officers








 Group CEO, Director, President and Representative Executive Officer Kengo Sakurada <small>(Concurrently serving as a director)</small>	 Group COO, Group CBO, Director, Deputy President and Representative Executive Officer Shinji Tsuji <small>(Concurrently serving as a director)</small>
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Brand

CEOs of Businesses

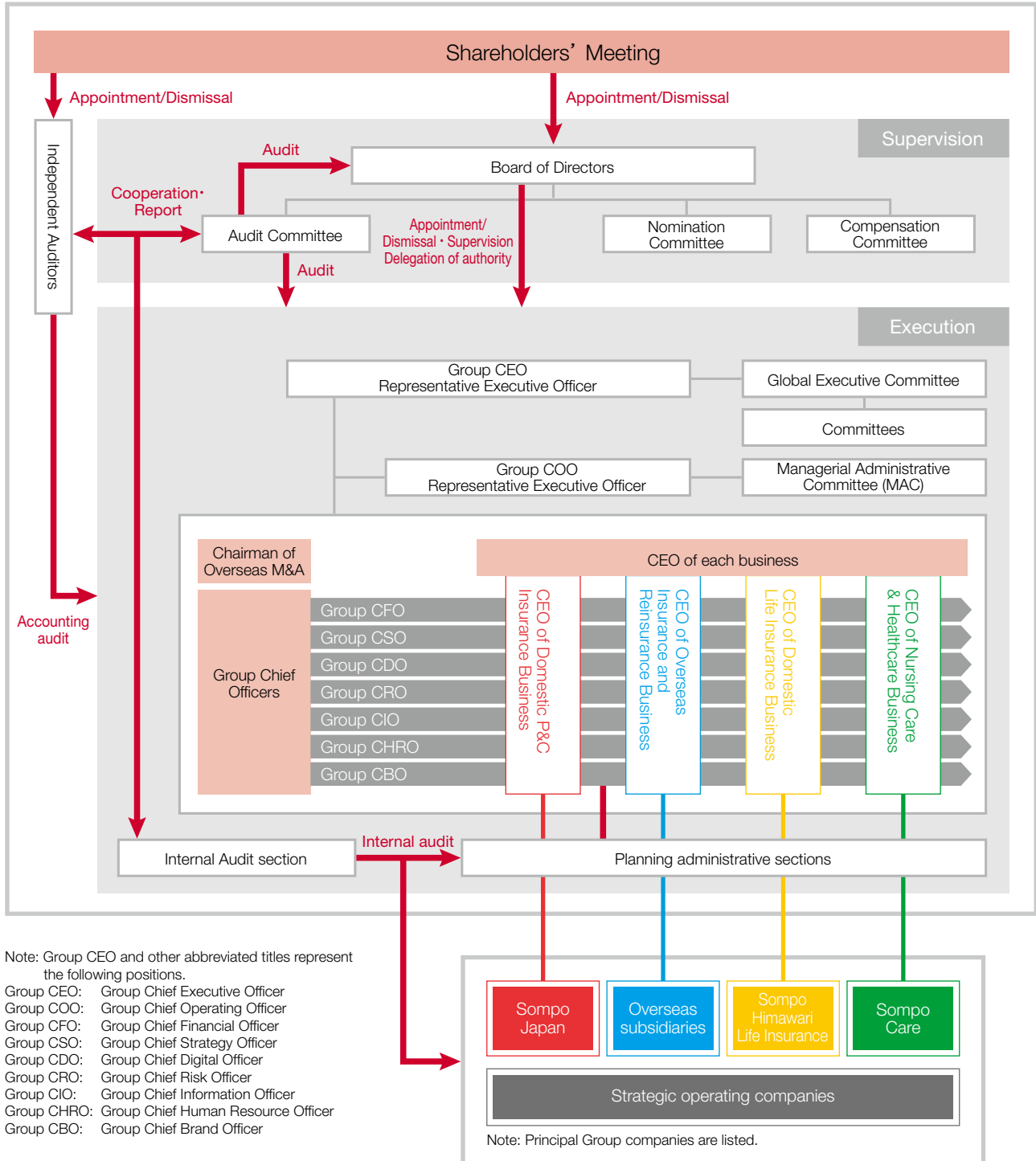
<div style="background-color: #e91e63; color: white; padding: 2px; font-size: 0.8em; margin-bottom: 5px;"> Domestic P&C Insurance Business </div>  CEO of Domestic P&C Insurance Business Executive Officer Keiji Nishizawa <small>(Sampo Japan Insurance Inc. President and Chief Executive Officer)</small>	<div style="background-color: #00bcd4; color: white; padding: 2px; font-size: 0.8em; margin-bottom: 5px;"> Overseas Insurance Business </div>  CEO of Overseas Insurance and Reinsurance Business Executive Officer John R. Charman <small>(Sampo International Holdings Ltd. Executive Chairman of the Board of Directors)</small>
<div style="background-color: #ffc107; color: white; padding: 2px; font-size: 0.8em; margin-bottom: 5px;"> Domestic Life Insurance Business </div>  CEO of Domestic Life Insurance Business Executive Officer Yasuhiro Oba <small>(Sampo Himawari Life Insurance Inc. President and Chief Executive Officer)</small>	<div style="background-color: #4caf50; color: white; padding: 2px; font-size: 0.8em; margin-bottom: 5px;"> Nursing Care & Healthcare Business </div>  CEO of Nursing Care & Healthcare Business Executive Officer Satoshi Kasai <small>(Sampo Care Inc. Chief Executive Officer)</small>

Executive Officers and Group Chief Officers

 Senior Executive Vice President and Executive Officer Chairman of Overseas M&A, Special Advisor to Group CEO Nigel Frudd <div style="background-color: #ffc107; color: white; padding: 2px; font-size: 0.8em; margin-top: 5px;"> Overseas M&A </div>	 Group CFO, Group Co-CSO Executive Vice President and Executive Officer Masahiro Hamada <div style="background-color: #ffc107; color: white; padding: 2px; font-size: 0.8em; margin-top: 5px;"> Finance / Strategy </div>
 Group Co-CSO Executive Vice President and Executive Officer Mikio Okumura <small>(Sampo International Holdings Ltd. Chief Executive Officer)</small> <div style="background-color: #ffc107; color: white; padding: 2px; font-size: 0.8em; margin-top: 5px;"> Strategy </div>	 Group CDO Executive Vice President and Executive Officer Koichi Narasaki <div style="background-color: #ffc107; color: white; padding: 2px; font-size: 0.8em; margin-top: 5px;"> Digital </div>
 Group Co-CDO, Group CIO Executive Vice President and Executive Officer Hiroshi Omata <div style="background-color: #ffc107; color: white; padding: 2px; font-size: 0.8em; margin-top: 5px;"> Digital / IT </div>	 Group CFO Senior Vice President and Executive Officer Takashi Izuhara <div style="background-color: #ffc107; color: white; padding: 2px; font-size: 0.8em; margin-top: 5px;"> Risk Management </div>
 Group CHRO Executive Vice President and Executive Officer Shinichi Hara <div style="background-color: #ffc107; color: white; padding: 2px; font-size: 0.8em; margin-top: 5px;"> Human Resources </div>	

Management Structure of Corporate Governance

(As of July 1, 2020)



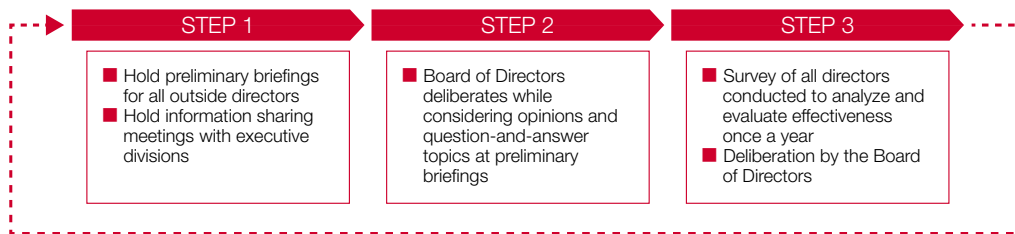
● Evaluation of Effectiveness of the Board of Directors

All directors are keenly aware of the need for efforts to increase the effectiveness of the Board of Directors and have established a cycle for transitioning to execution following debates held throughout the year.

To facilitate constructive and adequate discussions by the Board of Directors, preliminary briefings are given to all outside directors for each meeting, and the opinions, questions and answers, and other topics discussed at these briefings are referred to in discussions by the Board of Directors. Thanks to the coordination of these preliminary briefings and Board of

Directors meetings, highly condensed discussions can take place, and the insight of outside directors can be directly reflected in meetings of the Board of Directors.

This framework consistently ensures the means to perceive underlying conditions in the executive divisions from an oversight perspective. In addition, a survey that includes a self-evaluation of each director is conducted once a year, creating an opportunity to analyze and evaluate the overall effectiveness of the Board of Directors as well as incorporate the opinions of directors into corporate governance.

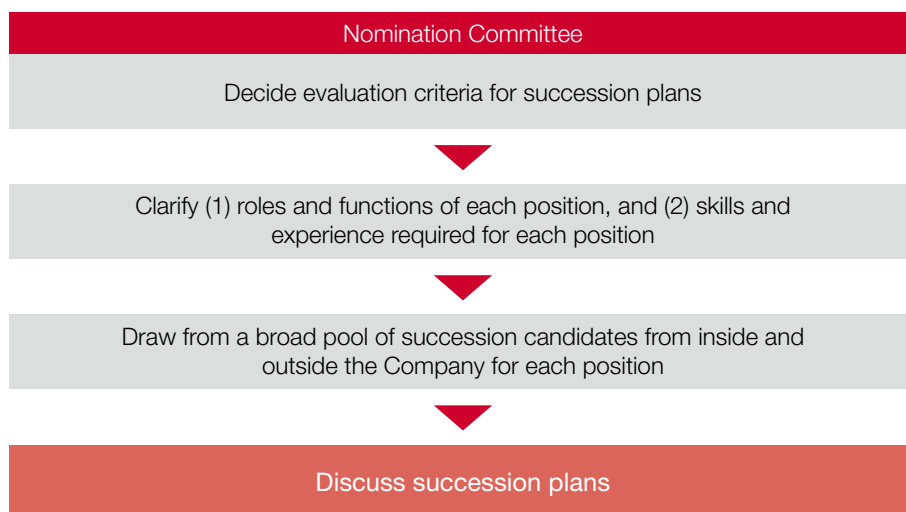


● Succession Planning

To realize growth in each business within the Group, Sampo Holdings draws up succession plans as part of a system to reliably and effectively promote high-quality personnel to key posts within the Group, such as Group CEO.

Succession plans are based on evaluation criteria decided beforehand by the Nomination Committee. Succession candidates for each position are selected broadly from incumbents

within the Company based on clearly stated skills and experience required for the role and function of the position. The succession plans are drawn up using the diverse and deep insight of the members on the Nomination Committee, which also engages in proactive and constructive discussions about building up a pool of qualified and diverse candidates.



○ Policies for the Appointment of Directors and Executive Officers

The appointment of officers at the Company is conducted in accordance with the following policies for the appointment of officers. Director candidates selected by the Nomination Committee are elected by resolution of the General Meeting of Shareholders, and executive officer candidates selected by the Nomination Committee are appointed by the Board of Directors.

(1) Policies for the Appointment of Directors

The Company supervises and guides its subsidiaries, formulating management strategies for subsidiaries engaged mainly in the P&C insurance business, as well as comprehensive management strategies for the entire Group. The Company is responsible for the execution and realization of these strategies. From this perspective, to facilitate objective decision-making with respect to management issues from a diverse and independent focus and perspective, the Board of Directors elects outside directors, who form a majority on the Board, with due consideration paid to diversity, including gender and nationality, who have a wide range of knowledge and

experience thanks to their backgrounds in corporate management, academia, and the legal profession, and who have specialized knowledge in finance and accounting.

Additionally, the appointment of directors is conducted based on the selection criteria that incorporate the Comprehensive Guidelines for Supervision of Insurance Companies. The Company formulated outside director independence criteria as a standard for the appointment of outside directors.

For the purpose of carrying out substantive discussions, the number of directors is limited to 15 in accordance with the Articles of Incorporation.

(2) Policies for the Appointment of Executive Officers

The Company has formulated a “desired image for executive officers” and “policies for the appointment of executive officers” to define required basic skills and qualifications as well as the balance between experience and achievements, as criteria and policies for the appointment of executive officers.

○ Standards Regarding the Independence of Outside Directors

The Company has defined “Outside Director Independence Criteria” based on standards required by financial instruments exchanges, and discloses these standards in its Corporate Governance Report and other materials.

Under the “Outside Director Independence Criteria,” the Company determines the independence of outside directors based on the matters set forth below:

1. Personal relationships: A kinship between the candidate and any officer or employee of the Group, status of mutual appointments of officers between the Company and the company that the candidate is originally from.
2. Capital relationships: The holding of shares in the Company by the candidate and the status of shareholding by the Group.
3. Business relationships: Business transactions or donations between the Group and the candidate.
4. Significant interests other than the above.

When an outside director is appointed, the Nomination Committee examines his or her independence, submits a proposal for the appointment of the director in question to the General Meeting of Shareholders, and files a notification that said director is an independent director as prescribed by each financial instruments exchange.

To facilitate worthwhile discussions on the Group’s business strategies and management issues from an independent and multifaceted focus and perspective, the Company elects a diverse range of independent outside directors, with due consideration paid to diversity, including gender and nationality, who have extensive knowledge and experience in corporate management, academia, and the legal profession, and who have specialized knowledge in finance and accounting. As a result, these outside directors are able to candidly, dynamically, and constructively contribute to deliberations and discussions at meetings of the Board of Directors, Nomination Committee, Audit Committee, and Compensation Committee.

○ Support System for Outside Directors

Prior to meetings of the Board of Directors, the Corporate Legal Department of the secretariat of the Board of Directors and the administrative departments behind each proposal meet to brief outside directors. The Human Capital Department acts as the secretariat for the Nomination Committee and the Compensation Committee, and the Audit

Committee Office acts as the secretariat for the Audit Committee in support of outside directors.

All outside directors receive a variety of documents for reference, including the Group Journal, Integrated Annual Report, Customer Feedback White Paper, CSR Communication Report, and IR briefing materials.

Executive Compensation Structure

The Company regards its executive compensation structure as an important aspect of corporate governance. The executive compensation structure has been configured with the aim of increasing corporate value and sharing interests with shareholders. The aforementioned structure is based on the basic policies outlined below and has been designed from an objective perspective by the Compensation Committee, which

is chaired by an outside director.

The Company's Policies on Decisions Pertaining to Executive Compensation describe the Basic Policies on Executive Compensation, the composition of compensation and how it is determined for each position, and the details of each type of compensation

Basic Policies on Executive Compensation (Common to Group Companies)

- (1) The composition and level of executive compensation shall enable the recruitment and retention of superior executive human resources as members of management of the Group.
- (2) The compensation structure shall be consistent with business strategies and promote incentives for executives to improve performance for the sake of the Group's growth.
- (3) Compensation shall reflect medium-to-long-term results and initiatives by executives as well as single-year results.
- (4) Compensation shall also be determined based on the magnitude of challenging missions undertaken for the future and their outcomes. Consideration may also be made for fixed factors according to roles and positions of executives.
- (5) Objectiveness, transparency, and fairness that can fulfill accountability to stakeholders shall be achieved in the compensation structure for the Company and major subsidiaries through a review process in the Compensation Committee inside the Group.

1. Overview of Executive Compensation Structure

The Company considers the current Mid-Term Management Plan as an opportunity for transforming each business and the entire Group. Initiatives and the magnitude of missions aimed at realizing transformation as well as executive compensation linked to the Company's performance are recognized as important facets of corporate governance underpinning this transformation initiative.

The Company, based on the principle of being mission-driven and results-oriented, is of the opinion that each executive

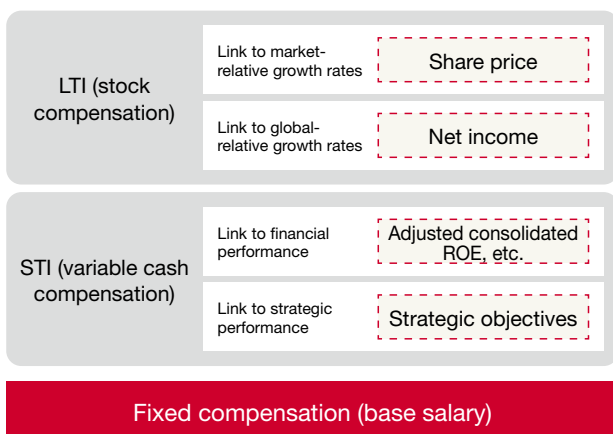
officer should demonstrate and act in accordance with their own duties and mission. Compensation for these executive officers is not a fixed amount based on their duties or position but decided in accordance with the magnitude of the missions they are undertaking for the future and the outcome of their efforts. The structure for executive compensation was designed with this philosophy in mind.

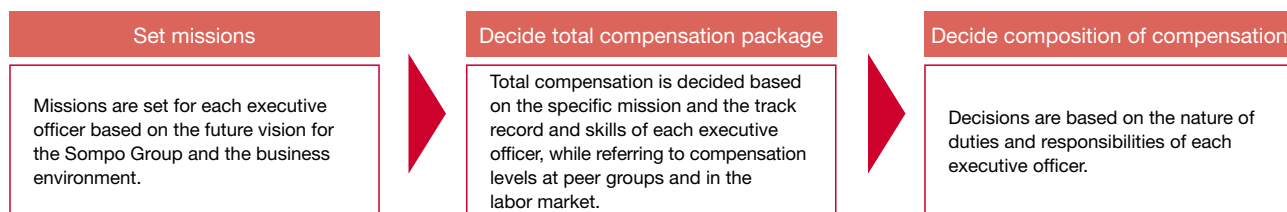
To realize this, the Company determines standard amounts for total compensation packages based on a post-grading system that sets grades for each post, with the Group CEO at the top grade, in accordance with the duties of each executive officer post. The magnitude of the mission assigned to each post is mirrored in the standard amount of the total compensation package for each executive officer, which is decided for each fiscal year.

Further, with respect to the compensation of all of the Company's directors and executive officers, the Compensation Committee deliberates and determines the amounts and breakdown of the compensation of each director and executive officer based on the decision-making process and calculation methods stated below.

a. Decision-making process for total compensation packages
The Company sets compensation levels on an individual basis with consideration made to the magnitude of the mission assigned to each executive officer and their own personal performance. For this reason, the Company does not use an approach whereby compensation is determined according to a traditional compensation table for each executive rank.

Motivate executive officers with a compensation structure that is linked to performance indicators in the Mid-Term Management Plan





b. Composition of executive compensation

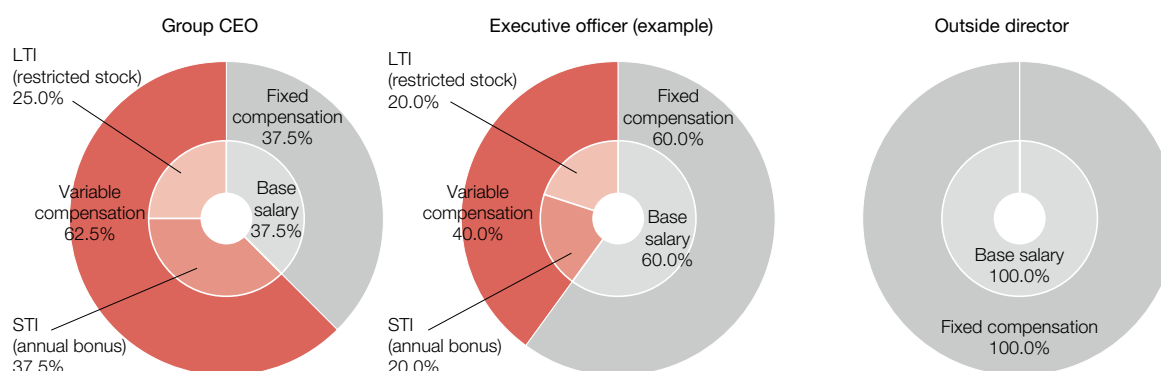
Executive officer compensation consists of a fixed component (base salary) based on the duties and responsibilities of each executive officer and a variable component linked to performance. Variable compensation comprises an annual bonus, which is compensation linked to short-term performance paid out on a fiscal-year basis in accordance with performance

during each year, and restricted stock, which is compensation linked to long-term performance in order to increase the association between compensation and growth in corporate value over the medium-to-long term. This composition is designed to motivate executive officers to make decisions based on longer-term earnings with a greater awareness of the share price, instead of focusing solely on a single fiscal year.

Outline of Executive Compensation Structure at Sampo Holdings

	Type of compensation	% of total		Remarks
		CEO	Other executive officers	
Fixed compensation	Base salary	37.5%	50.0–70.0%	<ul style="list-style-type: none"> Set for each individual in accordance with the responsibilities and duties of their assigned post Cash compensation paid monthly
Variable compensation	STI (annual bonus)	37.5%	15.0–25.0%	<ul style="list-style-type: none"> In addition to a set standard amount, payment amount is decided based on annual performance and achievements Assessment of each executive officer's achievement of financial targets and strategic targets Paid in cash in June after the conclusion of the fiscal year
	LTI (restricted stock)	25.0%	15.0–25.0%	<ul style="list-style-type: none"> Number of shares granted based on medium-to-long-term performance in order to align management with the interests of shareholders and facilitate the longer-term growth of the Group Reference is made to the profit growth rates of peer companies and share price performance relative to TOPIX over the past three fiscal years Points based on a trust agreement are awarded in September after the conclusion of the fiscal year; Stock is granted after retirement
	Subtotal	62.5%	30.0–50.0%	
Total		100.0%	100.0%	

Example of Compensation Composition by Position



c. Approaches and calculation methods for respective types of compensation

■ Fixed Compensation (Base Salary)

The Company sets fixed compensation (base salary) that is in accordance with the responsibilities of the post assigned to each executive officer and which is paid in equal amounts each month, in principle.

The amount of fixed compensation (base salary) is set at a level deemed fair in light of prevailing compensation levels on

the market, referring to a survey of executive compensation conducted by a third-party compensation consulting firm, with a standard amount for the total compensation package based on the post-grading system, as well as a base amount that depends on the nature of the duties and responsibilities of each executive officer while considering the mission of each post.

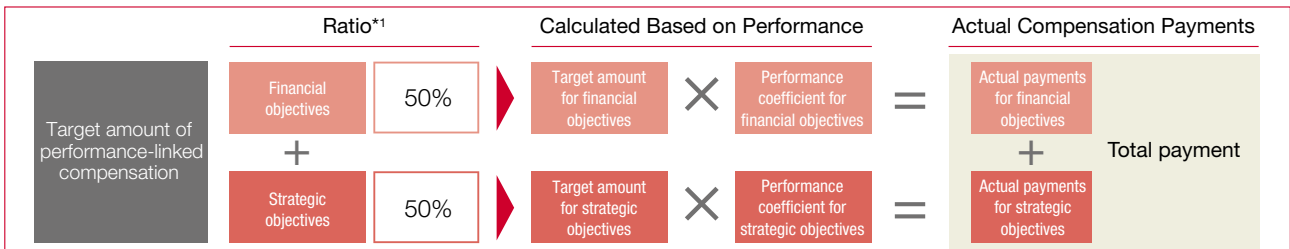
STI (Annual Bonus)

The Company has put in place a performance-linked compensation structure that rewards executive officers based on the business contributions they made in a single fiscal year, as well as establishing a framework that incentivizes executive officers to improve performance for the sake of the Group’s growth, while aligning the executive compensation structure to business strategies. A summary is as follows. In 2019, the Company introduced a new system for annual bonuses. To ensure that compensation reflects degrees of achievement in relation to both financial performance and strategic performance targets associated with management plans in a balanced manner, the Company revised annual bonuses so that they comprise financial performance-linked compensation and strategic performance-linked compensation. Moreover, to provide stronger incentives the Company revised the range of variation of the coefficient that is applied based on the degree of achievement of strategic objectives, which are set in accordance with the mission of each executive, from 50%–125% to 0%–200%.

- The annual bonus is determined by reflecting the degree of achievement toward financial targets and strategic targets

in a single fiscal year in the base amount of performance-linked compensation.

- The target amount of performance-linked compensation is defined as the amount to be paid when financial targets and strategic targets are achieved. This base amount is determined for each executive officer individually.
- The annual bonus consists of financial performance-linked compensation and strategic performance-linked compensation. The ratio of the two components is determined by the Compensation Committee in accordance with the nature of the mission assigned to each executive officer.
- The performance metrics for financial targets include adjusted consolidated ROE in the fiscal year, and the coefficient is determined as a ratio of actual performance to target performance (numerical targets in the business plan).
- The performance metrics for strategic targets are those agreed upon by the Group CEO, or other senior executives (such as Business CEOs in charge of evaluating performance, in accordance with the mission assigned to the executive officer in question, and the coefficient is set according to the degree of achievement.

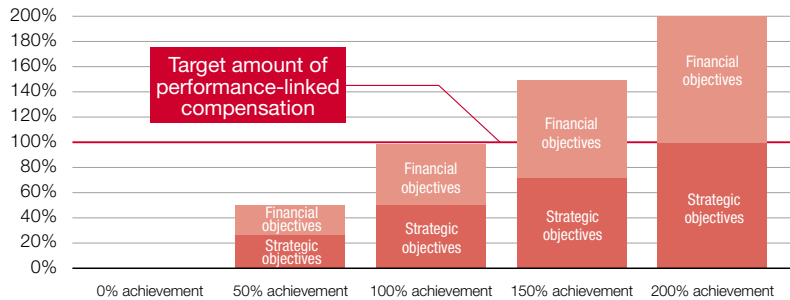


*1 The ratio of financial objectives to strategic objectives starts at 50:50 and is then adjusted for each executive officer in accordance with their duties.

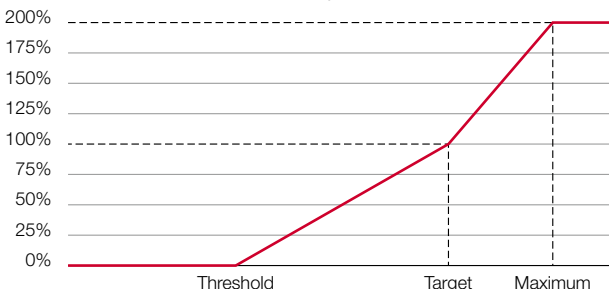
Examples of Performance-Linked Compensation Payment Level by Achievement Percentage*2

The actual payment for STI fluctuates between 0% and 200% of the target amount for STI depending on the level of achievement of financial targets and strategic targets by each executive officer.

*2 The chart on the right shows a ratio of 50:50 for financial objectives to strategic objectives, with achievement percentages equally distributed between both for illustration purposes.



Financial Objectives



Strategic Objectives

Level	Achievement
Results better than expected	200%
	175%
	150%
Results as expected	125%
Results worse than expected	100%
	75%
	50%
	25%
	0%

- Notes: 1. If the targeted financial performance is achieved, the financial target coefficient is 100% in the calculation of the target amount of compensation. The payment amount scales to the achievement of financial targets, proportionally ranging from 0% to 100%, and from 100% to 200%.
 2. The graph above is an example of the relationship between target achievement and actual payment.

Note: A coefficient is applied based on the achievement of strategic targets set for each executive officer. This coefficient is 100% if the strategic target is achieved, and scales from 0% for minimum to 200% for maximum achievement.

■ Indicators Used for Performance-Linked Compensation

The table on the right shows a summary of financial targets used to determine performance-linked compensation. Financial targets are set for each business that is overseen by an executive officer. Strategic objectives are set for each executive officer.

* ROR = Return on risk. The aim is to continuously improve the quality of capital, advance a capital policy that enables the proactive generation of returns, and maximize corporate value.

Business domain	Financial indicators (fiscal 2020)
Entire Group	Adjusted consolidated ROE
Domestic P&C insurance business	Net premiums written, adjusted profit, ROR,* net income, combined ratio
Overseas insurance business	Net premiums written, adjusted profit, ROR*
Domestic life insurance business	Increase in adjusted EV, adjusted profit, ROR*
Nursing care & healthcare business	Sales, ordinary profit

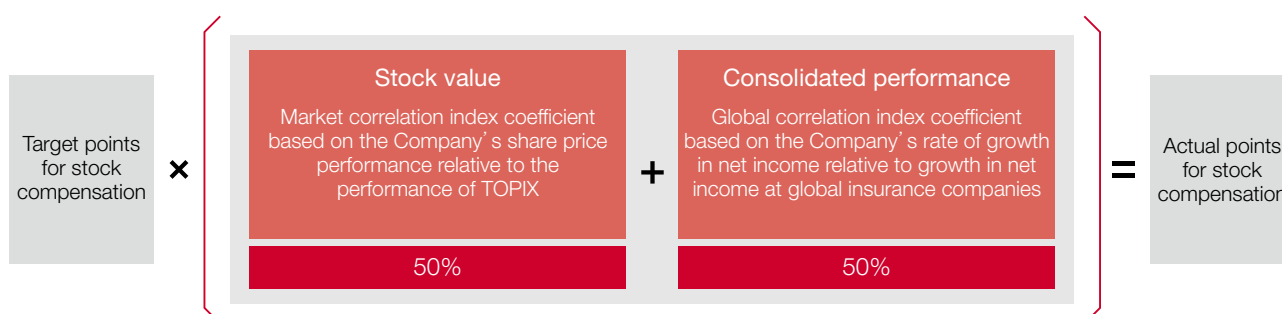
■ LTI (Restricted Stock)

The Company believes that the long-term, sustained growth of the Group as a whole is important. At the General Meeting of Shareholders held in June 2016, the Company introduced a performance-linked stock compensation system to further clarify the link between the compensation of executives and the Group's performance and share value. The aim of this compensation system is to encourage executives to contribute to the improvement of medium-to-long-term business performance and to the growth of corporate value, by having executives share not only the benefits of higher stock prices but also the risks of lower stock prices with shareholders.

Performance-linked stock compensation mirrors the Company's medium-to-long-term performance. This stock-based compensation depends on the Company's share price performance relative to TOPIX (stock value), as well as on the Company's rate of growth in consolidated net income compared with the rates of growth in consolidated net income

at global peers with operations centered on the insurance business (consolidated performance).

- Performance-linked stock compensation is determined using market comparisons for medium-to-long-term stock value and consolidated performance, expressed as a number of standard points for performance-linked stock compensation.
- The coefficient for stock value is determined by referring to the Company's share price performance relative to TOPIX over the past three fiscal years.
- The coefficient for consolidated performance is determined by comparing the Company's growth rate in consolidated net income over the past three fiscal years with the growth rates in consolidated net income over the same period of global peers with operations centered on the insurance business.
- With respect to the coefficient for performance-linked stock compensation, the average value over the past three fiscal years is divided by the figure of the base year and then reflected in the number of points granted.



2. For Each Officer Classification—Total Compensation, Total Compensation by Type, and the Number of Eligible Executives

In the fiscal year ended March 31, 2020, for each officer classification, total compensation, total compensation by type, and the number of eligible executives were as follows.

Officer classification		Total compensation (¥ million)	Total compensation by type (¥ million)				No. of eligible executives
			Fixed compensation (base salary)	STI (annual bonus)	LTI (restricted stock)	Retirement benefits, etc.	
Directors	Directors (excluding outside directors)	126	120	5	—	—	8
	Outside directors	104	104	—	—	—	7
Audit & Supervisory Board members	Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	15	15	—	—	—	2
	Outside Audit & Supervisory Board members	10	10	—	—	—	3
Executive officers		1,197	482	510	204	—	16
Total		1,454	733	516	204	—	36

- Notes: 1. The Company transitioned from a Company with an Audit & Supervisory Board structure to a Company with Committees structure at the end of the 9th General Meeting of Shareholders held on June 24, 2019. In accordance with this transition, for Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members) and outside Audit & Supervisory Board members, total compensation, total compensation by type, and the number of eligible executives include the total compensation for duties performed by Audit & Supervisory Board members as well as the number of Audit & Supervisory Board members who were incumbent between April 1, 2019, and June 24, 2019.
2. For directors (excluding outside directors), total compensation, total compensation by type, and the number of eligible executives include two directors who resigned on March 31, 2019, and four directors who resigned at the end of the 9th General Meeting of Shareholders held on June 24, 2019.
3. For directors (excluding outside directors), total compensation includes directors' compensation and executive officers' compensation received by directors who concurrently served as executive officers between April 1, 2019, and June 24, 2019, as well as compensation received by directors who did not concurrently serve as executive officers between the end of the 9th General Meeting of Shareholders held on June 24, 2019, and March 31, 2020. Further, directors who concurrently served as executive officers received executive officers' compensation of ¥73 million (fixed compensation (base salary): ¥67 million, annual bonus: ¥6 million). Six executives were eligible to receive executive officers' compensation.
4. For executive officers, total compensation includes directors' compensation received by executive officers who concurrently served as directors between the end of the 9th General Meeting of Shareholders held on June 24, 2019, and March 31, 2020. Further, two executive officers were eligible to receive directors' compensation.
5. Fixed compensation (base salary) is paid in cash.
6. An annual bonus is paid in cash and is the total of compensation based on performance in the fiscal year ended March 31, 2019, and provisions to reserves for compensation based on performance in the fiscal year ended March 31, 2020. (However, this excludes provisions to reserves for the fiscal year ended March 31, 2019.)
7. Restricted stock is the amount of provisions to reserves for stock benefits recognized as the portion for the fiscal year ended March 31, 2020, based on performance in the fiscal year ended March 31, 2019.
8. All compensation of directors, Audit & Supervisory Board members, and executive officers is from the insurance holding company. There is no compensation from the parent company of the insurance holding company.

3. Total Consolidated Compensation of Individual Executives

Executives who received compensation totaling not less than ¥100 million from the Company and its consolidated subsidiaries were as follows.

Name	Total compensation from the Company and its consolidated subsidiaries (¥ million)	Officer classification	Company category	Total compensation by type from the Company and its consolidated subsidiaries (¥ million)			
				Fixed compensation (base salary)	STI (annual bonus)	LTI (restricted stock)	Retirement benefits, etc.
Kengo Sakurada	326	Director	The Company	37	82	—	—
		Executive Officer		112	—	94	—
		Director	Sompo Japan Nipponkoa Insurance Inc.	—	—	—	—
Shinji Tsuji	100	Director	The Company	16	13	—	—
		Executive Officer		49	—	20	—
		Director	Sompo Himawari Life Insurance Inc.	—	—	—	—
Keiji Nishizawa	151	Director	The Company	—	—	—	—
		Executive Officer		—	—	—	—
		Director	Sompo Japan Nipponkoa Insurance Inc.	78	35	37	—
John R. Charman	107	Executive Officer	The Company	107	—	—	—
		Director	Sompo International Holdings Ltd.	0	—	—	—
Nigel Frudd	839	Executive Officer	The Company	0	—	—	—
		Director	Sompo International Holdings Ltd.	90	598	—	149

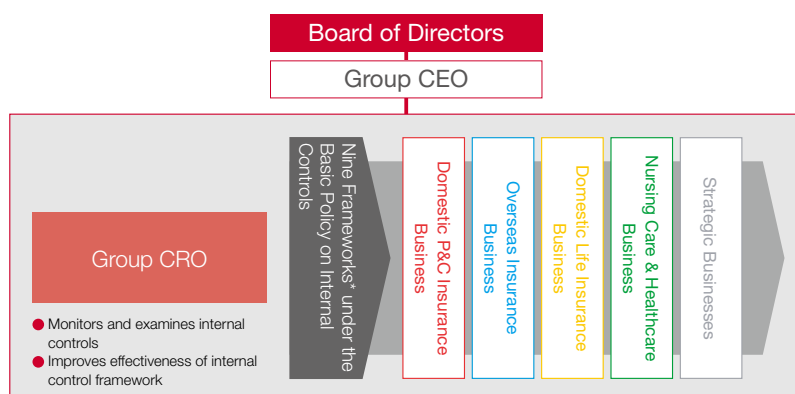
- Notes: 1. Regarding annual bonuses, with the exception of Nigel Frudd, compensation paid based on performance in the fiscal year ended March 31, 2019, has been included. Provisions to reserves in the fiscal year ended March 31, 2020, have not been included.
2. With respect to Kengo Sakurada and Shinji Tsuji, their directors' compensation from the Company and its consolidated subsidiaries includes executive officers' compensation received by directors who concurrently served as executive officers between April 1, 2019, and June 24, 2019, and their executive officers' compensation from the Company and its consolidated subsidiaries includes directors' compensation received by executive officers who concurrently served as directors between the end of the 9th General Meeting of Shareholders held on June 24, 2019, and March 31, 2020.
3. The compensation of John R. Charman and Nigel Frudd is paid in U.S. dollars. For John R. Charman, the foreign exchange rate at the time of the remittance of fixed compensation (base salary) is used. For Nigel Frudd, a foreign exchange rate of \$1 = ¥108.83, which was the prescribed in-house foreign exchange rate on March 31, 2020, has been used.
4. Assuming the degree of achievement for performance-linked compensation was 100%, John R. Charman's total compensation for the fiscal year ended March 31, 2020, is ¥380 million (fixed compensation: ¥141 million, annual bonus: ¥239 million, foreign exchange rate: \$1 = ¥108.83). Further, the amount stated in the table is the amount of compensation paid since his appointment as an executive officer.
5. Nigel Frudd resigned as CEO of Sompo International Holdings Ltd. on January 1, 2020. Accordingly, in relation to said company a portion of performance-linked compensation for the fiscal year ended March 31, 2020, was paid in that period. Further, an amount equivalent to one-fourth of the base amount of performance-linked compensation for the fiscal year ended March 31, 2020, was paid as position-retirement compensation.
6. Assuming the degree of achievement for performance-linked compensation was 100%, Nigel Frudd's total compensation for the fiscal year ended March 31, 2020, is ¥707 million (fixed compensation: ¥109 million, annual bonus: ¥598 million). Further, the amounts stated in the table are the amounts of compensation paid since his appointment as an executive officer.

Group Internal Controls Supporting Corporate Governance

The Sampo Group has established the Basic Policy on Internal Controls to guide the development and ongoing improvement of the Group-level internal control framework and form business foundations for ensuring appropriate Group operations and improving corporate value. To ensure that the nine frameworks

described under the Basic Policy on Internal Controls can function efficiently and effectively, the Board of Directors appropriately monitors and reviews the status and issues of the Group's internal controls, with the aim of enhancing the framework.

The Sampo Group Internal Control Framework



* Nine Frameworks

1. Framework for ensuring proper conduct of operations of the Group
2. Framework for ensuring execution of duties of directors, executive officers, and employees in compliance with applicable laws and the Company's Articles of Incorporation
3. Enterprise Risk Management (ERM) framework
4. Framework to ensure effective and accurate execution of duties
5. Framework for ensuring financial soundness
6. Framework for ensuring appropriate information disclosure
7. Framework for retention and management of information related to executive officers' performance of their duties
8. Framework to ensure internal audits' effectiveness
9. Framework related to Audit Committee's audits

Commitment to Compliance

The Group has formulated various policies, such as the Group Basic Policy on Compliance as well as the Group Compliance Code of Conduct, and is raising awareness of these policies among Group officers. We also anticipate various compliance-related risks and work to prevent such risks from manifesting themselves so that each Group company can increase the effectiveness of compliance initiatives based on these policies.

For example, in regions where overseas countries' laws (laws and regulations other than those of Japan or the country in which we do business) apply, we use the Group's internal and external networks to gather information regarding revisions to laws and regulations in countries and regions around the world, and then confirm categories requiring responses. We provide this information to Group companies in Japan and overseas, supporting their readiness in terms of compliance.

In addition, we are working to introduce data analytics to identify potential risks of inappropriate actions by employees.

While the Group has positioned the insurance business at its core, it has been expanding into such new business areas as nursing care and healthcare. The Company has also been carrying out initiatives to create new businesses and transform existing businesses through partnerships and the use of new digital technologies and data. When developing frameworks, it is necessary to consider not only the relevant laws but also the characteristics, scale, and operating conditions of each Group company as well as the potential risks they face. As such, in addition to requiring reports from each Group company, our members participate in Group companies' meetings, and vice versa. We work to understand the conditions at each Group company and share information via company visits, helping us support the development of frameworks at Group companies.

Developing the Group's Internal Audit Framework

Sampo Holdings has established the Sampo Group Basic Policy on Internal Audits, which defines internal audits as processes for assessing the internal control framework and providing recommendations on methods for its improvement. Accordingly, the Company endeavors to develop an efficient and effective internal audit framework that spans the entire Group. Moreover, the Company makes efforts to enhance corporate value and meet the expectations of stakeholders by

conducting risk-based internal audits that take into account business characteristics and management strategies.

Specifically, the Company enhances its monitoring functions and takes a flexible approach to the auditing of changing risks. In conjunction with these efforts, the Company supports Group companies in developing their own internal audit frameworks by evaluating the quality of internal audits and recommending ways of rectifying issues identified.

IT Governance

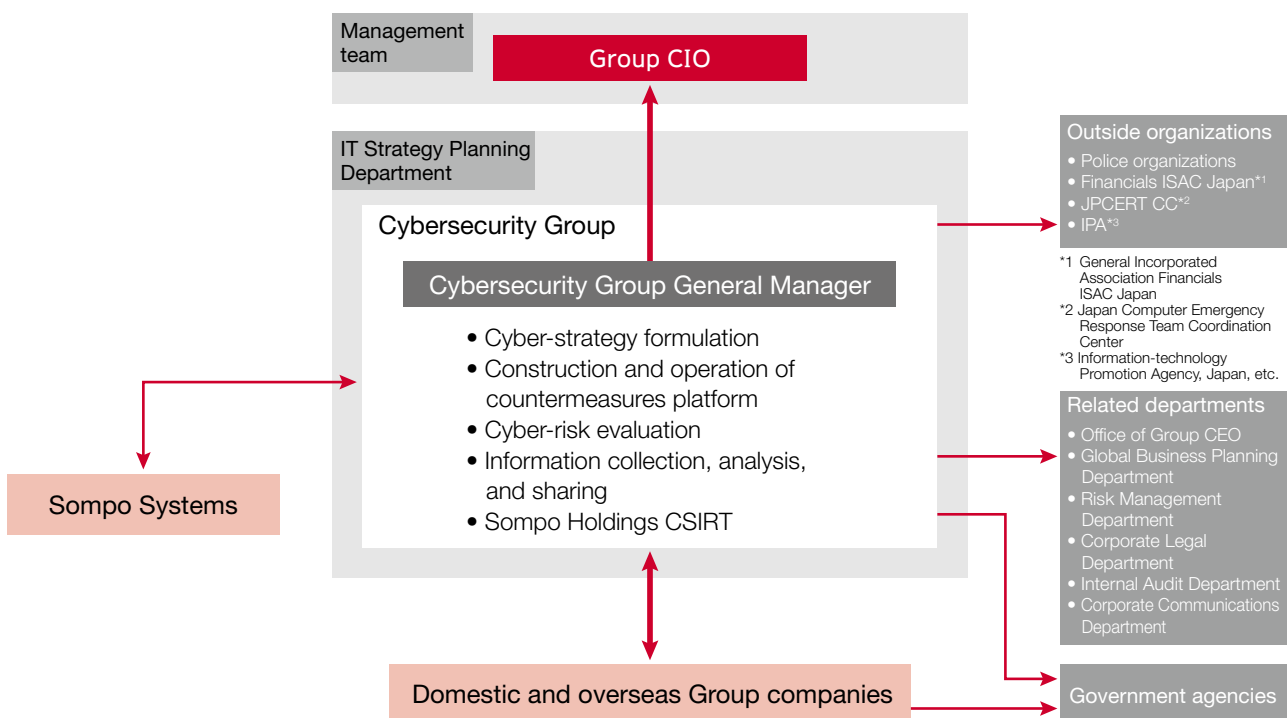
Evolving the IT systems of Group companies requires processes based on the regulations of each country and industry in which we operate. Other management processes are also kept in line with international standards. Group synergies are also being pursued by reducing system costs and risks by

standardizing systems and appropriately assigning and training IT personnel. By upgrading our IT architecture to reflect present and future digital trends, we will update system infrastructure in order to execute strategic digital projects.

Responses to Cyber Risks

As cyber risks increase in step with the evolution of technologies and changes in environments, the Sampo Group is further strengthening its ability to respond to cyber risks. As part of such efforts, the Group has set up the Cybersecurity Group as a specialized organization tasked with systematically and comprehensively responding to cyber risks Group-wide. This team of experts has assumed the existing capabilities of the Sampo Holdings CSIRT (Computer Security Incident Response Team) and works with the cybersecurity managers of Group companies to manage security risks on a day-to-day basis and in emergencies. One of the new team's main missions is to increase the level of maturity in the management of security risks throughout the Group. We view a transformation of cybersecurity that is focused on reforming security culture

under the new organization as underpinning the digital transformation of businesses, which we are proceeding with in tandem with the latest advances in technologies, and as a critical factor for our success. For this reason, we will continue strengthening and moving forward with cybersecurity initiatives decisively. Furthermore, cybersecurity is a company's social responsibility. The Cybersecurity Group will proactively embed security in domestic and overseas business strategies and in IT strategies. The transformation of security into a source of competitive superiority in each of its businesses will enable the Sampo Group to realize its management philosophy by providing security and safety to customers, business partners, and shareholders.



Information Disclosure

The Group has established a basic disclosure policy and strives to disclose information in an appropriate and timely manner to ensure that its various stakeholders, including customers, shareholders, and other investors, understand the Group's management and other initiatives.

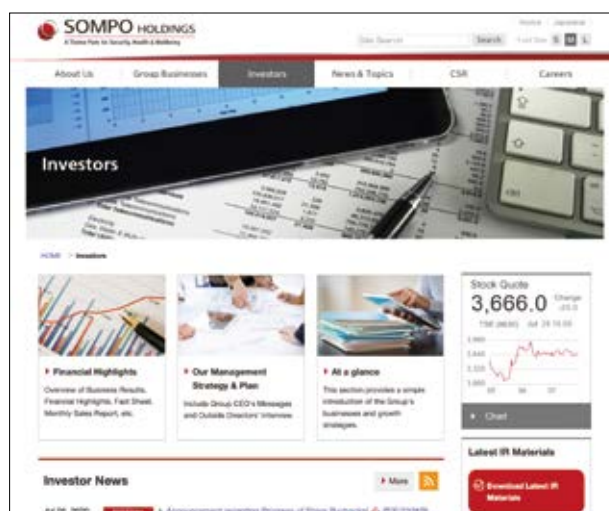
Corporate Website / Integrated Annual Report

The Company's corporate website is a source of corporate data as well as information on Group businesses, topics of interest to shareholders and other investors, and CSR activities. We also post timely news releases on this website. The English version of the website provides a variety of information for people overseas.

<URL>

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

In addition to the corporate website, the Company publishes its integrated annual report (in Japanese and English), which provides easy-to-understand explanations of the Group's profile, management policies, and operating performance.



Regular Briefings for Investors and Analysts

The Company holds regular briefings for investors and analysts. Presentation materials used in these briefings are made available to all interested parties on the Company's corporate website.

IR meetings are held twice annually with the Group CEO and other members of senior management in attendance, in principle, and include presentations and question-and-answer sessions. The Company also arranges for members of senior management, including the Group CEO, to take part

in discussions with domestic and overseas investors on an individual basis.

Through such discussions, the Company is able to explain its management policies and other topics in an appropriate manner to investors, while also providing the Board of Directors and members of senior management with timely feedback on investor interests and concerns, which contributes to the formulation of management strategies and the execution of operations.

<Briefings, etc., Held in Fiscal 2019>

Business strategy explanation meetings for institutional investors and analysts (IR meetings)	2 times
Financial results conference calls for institutional investors and analysts	2 times
Conferences sponsored by securities companies	3 times
One-on-one meetings with institutional investors	274 times
Information sessions for individual investors	8 times

Note: In February and March 2020, conferences sponsored by securities companies were canceled due to the spread of COVID-19.

Financial Section

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Segment Overview (Unaudited)

Domestic P&C Insurance Business

1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	426,238	16.76%	6.25%	460,860	17.72%	8.12%
Marine insurance	46,123	1.81	(1.83)	46,395	1.78	0.59
Personal accident insurance	262,694	10.33	(5.01)	271,152	10.42	3.22
Voluntary automobile insurance	1,123,163	44.15	(0.35)	1,137,169	43.72	1.25
Compulsory automobile liability insurance	297,246	11.69	(0.06)	290,712	11.18	(2.20)
Others	388,254	15.26	7.73	395,028	15.19	1.74
Total	2,543,721	100.00	1.36	2,601,318	100.00	2.26
Deposits of premiums by policyholders	111,132	4.37	(7.68)	113,703	4.37	2.31

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	265,519	12.08%	(5.92)%	285,630	12.78%	7.57 %
Marine insurance	44,315	2.02	(6.48)	46,901	2.10	5.84
Personal accident insurance	172,856	7.86	(5.17)	169,024	7.56	(2.22)
Voluntary automobile insurance	1,118,765	50.88	(0.48)	1,131,317	50.60	1.12
Compulsory automobile liability insurance	278,788	12.68	(4.53)	281,141	12.57	0.84
Others	318,458	14.48	9.70	321,809	14.39	1.05
Total	2,198,702	100.00	(0.89)	2,235,825	100.00	1.69

Note) Figures are amounts before the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	276,294	19.59%	36.93%	234,257	17.55%	(15.21)%
Marine insurance	34,103	2.42	17.26	28,418	2.13	(16.67)
Personal accident insurance	91,729	6.50	(4.85)	86,460	6.48	(5.74)
Voluntary automobile insurance	620,252	43.97	1.91	614,177	46.00	(0.98)
Compulsory automobile liability insurance	206,781	14.66	(4.02)	192,508	14.42	(6.90)
Others	181,396	12.86	20.71	179,299	13.43	(1.16)
Total	1,410,557	100.00	8.37	1,335,120	100.00	(5.35)

Note) Figures are amounts before the elimination of internal transactions between segments.

4. Investment assets

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Deposits	489,138	7.48%	498,845	8.04%
Receivables under resale agreements	64,999	0.99	69,999	1.13
Monetary receivables bought	11,703	0.18	19,897	0.32
Money trusts	40,862	0.62	32,871	0.53
Securities	4,067,374	62.20	3,733,595	60.20
Loans	661,077	10.11	640,492	10.33
Land & buildings	223,925	3.42	227,009	3.66
Total investment assets	5,559,080	85.01	5,222,710	84.21
Total net assets	6,539,595	100.00	6,202,067	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

5. Securities

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Government bonds	782,353	19.23%	725,677	19.44%
Municipal bonds	17,358	0.43	16,993	0.46
Corporate bonds	604,069	14.85	648,197	17.36
Domestic stocks	1,310,730	32.23	1,032,571	27.66
Foreign securities	1,284,594	31.58	1,213,155	32.49
Others	68,268	1.68	96,998	2.60
Total	4,067,374	100.00	3,733,595	100.00

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- As of March 31, 2019, Others primarily comprised security investment trust beneficiary securities amounting to 54,455 million yen.
As of March 31, 2020, Others primarily comprised security investment trust beneficiary securities amounting to 81,998 million yen.

6. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	246	455,187	0.05%	125	624,748	0.02%
Call loans	—	—	—	0	138	0.03
Receivables under resale agreements	2	62,238	0.00	2	60,795	0.00
Monetary receivables bought	134	6,844	1.96	150	14,310	1.05
Money trusts	2,093	73,463	2.85	1,211	39,016	3.11
Securities	98,459	3,232,253	3.05	102,070	3,031,755	3.37
Loans	7,010	646,947	1.08	6,967	655,420	1.06
Land & buildings	3,499	233,316	1.50	3,106	225,384	1.38
Subtotal	111,447	4,710,251	2.37	113,634	4,651,572	2.44
Others	1,166	—	—	1,201	—	—
Total	112,613	—	—	114,835	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Income is the sum of interest and dividend income and the amount equivalent to the interest and dividend income that is included in investment gains on money trusts and investment losses on money trusts in consolidated statements of income.
- Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

(2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	298	455,187	0.07%	(1,911)	624,748	(0.31)%
Call loans	—	—	—	0	138	0.03
Receivables under resale agreements	2	62,238	0.00	2	60,795	0.00
Monetary receivables bought	134	6,844	1.96	150	14,310	1.05
Money trusts	4,438	73,463	6.04	(2,305)	39,016	(5.91)
Securities	188,269	3,232,253	5.82	154,920	3,031,755	5.11
Loans	8,039	646,947	1.24	5,532	655,420	0.84
Land & buildings	3,499	233,316	1.50	3,106	225,384	1.38
Derivatives	(6,685)	—	—	(9,404)	—	—
Others	2,247	—	—	(288)	—	—
Total	200,244	4,710,251	4.25	149,802	4,651,572	3.22

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Investment profit (realized basis) excludes investment expenses from total amount of investment income and interest and dividend income on deposits of premiums, etc., on the Consolidated Statement of Income.
- Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

7. Foreign investments

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	674,539	49.85%	566,195	44.27%
Foreign stocks	107,917	7.98	66,832	5.23
Others	344,420	25.45	407,329	31.85
Subtotal	1,126,877	83.28	1,040,358	81.34
Yen-denominated securities				
Loan for non-resident	1,100	0.08	—	—
Foreign bonds	31,854	2.35	25,394	1.99
Others	193,298	14.29	213,277	16.67
Subtotal	226,252	16.72	238,672	18.66
Total	1,353,130	100.00	1,279,031	100.00
Yield on foreign investments				
Income yield		2.53%		3.16%
Realized yield		2.64		3.01

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Figures include the amount managed as money trust.
- Assets associated with foreign investments under income yield within yield for foreign investments are calculated using the same method as 6. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield for foreign investments are calculated using the same method as 6. Yield (2) Realized yield.
- As of March 31, 2019, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 251,149 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 130,875 million yen. As of March 31, 2020, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 296,870 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 156,769 million yen.

Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	519,452	(18.37)%	589,657	13.52%

Note) Figures are amounts before the elimination of internal transactions between segments.

Domestic Life Insurance Business

1. Total amount of business in force

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	23,073,457	5.46%	23,429,156	1.54 %
Individual annuities	237,554	(4.19)	229,689	(3.31)
Group insurance	2,710,674	(2.66)	2,752,617	1.55
Group annuities	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of individual annuities represent the sums of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

2. Total amount of new business

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Individual insurance	4,244,311	4,244,311	—	2,475,501	2,475,501	—
Individual annuities	—	—	—	—	—	—
Group insurance	17,092	17,092	—	14,223	14,223	—
Group annuities	—	—	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of new business and net increase on conversion for individual annuities represent annuity fund at the beginning of annuity payment.

3. Investment assets

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Deposits	92,843	3.09%	116,117	3.61%
Securities	2,804,105	93.28	2,982,789	92.71
Loans	41,734	1.39	43,163	1.34
Land & buildings	445	0.01	445	0.01
Total investment assets	2,939,128	97.77	3,142,515	97.68
Total net assets	3,006,265	100.00	3,217,267	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

4. Securities

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,843,724	65.75%	1,900,955	63.73%
Municipal bonds	66,010	2.35	74,315	2.49
Corporate bonds	425,426	15.17	515,609	17.29
Domestic stocks	8,649	0.31	7,319	0.25
Foreign securities	460,294	16.42	484,588	16.25
Total	2,804,105	100.00	2,982,789	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

5. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	86,033	—%	—	73,150	—%
Monetary receivables bought	—	—	—	0	24	0.00
Securities	43,308	2,623,647	1.65	44,417	2,829,437	1.57
Loans	1,235	40,686	3.04	1,290	42,482	3.04
Land & buildings	—	422	—	—	448	—
Subtotal	44,544	2,750,789	1.62	45,708	2,945,542	1.55
Others	—	—	—	—	—	—
Total	44,544	—	—	45,708	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Income amount represents interest and dividend income on the Consolidated Statement of Income.
- Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

(2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	—	86,033	—%	—	73,150	—%
Monetary receivables bought	—	—	—	0	24	0.00
Securities	44,460	2,623,647	1.69	47,011	2,829,437	1.66
Loans	1,235	40,686	3.04	1,290	42,482	3.04
Land & buildings	—	422	—	—	448	—
Derivatives	(926)	—	—	(374)	—	—
Total	44,769	2,750,789	1.63	47,928	2,945,542	1.63

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Investment profit (realized basis) excludes investment expenses from investment income on the Consolidated Statement of Income.
- Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

6. Foreign investments

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	429,747	94.74%	454,709	94.93%
Subtotal	429,747	94.74	454,709	94.93
Yen-denominated securities				
Foreign bonds	8,410	1.85	8,855	1.85
Others	15,459	3.41	15,421	3.22
Subtotal	23,870	5.26	24,276	5.07
Total	453,618	100.00	478,986	100.00
Yield on foreign investments				
Income yield		2.02%		1.95%
Realized yield		1.94		2.28

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Assets associated with foreign investments under income yield within yield on foreign investments are calculated using the same method as 5. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as 5. Yield (2) Realized yield.
- As of March 31, 2019, others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.
As of March 31, 2020, others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.

Nursing Care & Healthcare Business

Ordinary income increased 6.9 billion yen, to 134.4 billion yen, compared with the fiscal year ended March 31, 2019. Net income attributable to shareholders of the parent increased 1.5 billion yen from the fiscal year ended March 31, 2019, to 1.3 billion yen.

(Reference) Overview of Entire Business

1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	531,642	17.05%	(1.23)%	585,284	18.05%	10.09 %
Marine insurance	88,929	2.85	(14.78)	94,251	2.91	5.98
Personal accident insurance	271,240	8.70	(5.86)	276,844	8.54	2.07
Voluntary automobile insurance	1,207,020	38.70	(3.45)	1,233,940	38.06	2.23
Compulsory automobile liability insurance	297,246	9.53	(0.06)	290,712	8.97	(2.20)
Others	722,477	23.17	5.14	761,156	23.48	5.35
Total	3,118,558	100.00	(1.48)	3,242,190	100.00	3.96
Deposits of premiums by policyholders	111,132	3.56	(7.68)	113,703	3.51	2.31

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.
2. Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	375,171	13.80%	(17.39)%	406,295	14.38%	8.30 %
Marine insurance	81,730	3.01	(22.40)	87,241	3.09	6.74
Personal accident insurance	180,270	6.63	(6.50)	173,875	6.15	(3.55)
Voluntary automobile insurance	1,199,516	44.13	(3.37)	1,221,171	43.22	1.81
Compulsory automobile liability insurance	278,788	10.26	(4.53)	281,141	9.95	0.84
Others	602,677	22.17	5.89	655,757	23.21	8.81
Total	2,718,155	100.00	(4.78)	2,825,482	100.00	3.95

Note) Figures are amounts before the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	345,793	20.40%	2.46%	305,562	18.57%	(11.63)%
Marine insurance	53,424	3.15	(15.20)	49,624	3.02	(7.11)
Personal accident insurance	95,396	5.63	(5.51)	88,253	5.36	(7.49)
Voluntary automobile insurance	671,375	39.61	(1.13)	661,398	40.20	(1.49)
Compulsory automobile liability insurance	206,781	12.20	(4.02)	192,508	11.70	(6.90)
Others	322,119	19.01	6.57	347,993	21.15	8.03
Total	1,694,889	100.00	(0.19)	1,645,340	100.00	(2.92)

Note) Figures are amounts before the elimination of internal transactions between segments.



Independent Auditor's Report

The Board of Directors
Sompo Holdings, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Sompo Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan
June 26, 2020

Noboru Miura
Designated Engagement Partner
Certified Public Accountant

Hirotsugu Kamoshita
Designated Engagement Partner
Certified Public Accountant

Makoto Kubodera
Designated Engagement Partner
Certified Public Accountant

Consolidated Financial Statements

Consolidated Balance Sheet

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2019		As of March 31, 2020		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Assets:						
Cash and deposits	*5	971,469	8.08%	925,014	7.72%	(46,454)
Receivables under resale agreements		64,999	0.54	69,999	0.58	5,000
Monetary receivables bought		11,869	0.10	21,183	0.18	9,314
Money trusts		40,993	0.34	33,003	0.28	(7,990)
Securities	*3, *5, *6	8,012,734	66.67	7,970,386	66.54	(42,348)
Loans	*4, *7	703,255	5.85	684,094	5.71	(19,161)
Tangible fixed assets:	*1, *2, *5	355,144	2.96	374,393	3.13	19,249
Land		128,381		126,045		(2,336)
Buildings		124,558		135,333		10,775
Leased assets		55,598		71,969		16,370
Construction in progress		13,260		8,311		(4,948)
Other tangible fixed assets		33,345		32,734		(611)
Intangible fixed assets:		401,165	3.34	407,988	3.41	6,823
Software		21,023		18,822		(2,201)
Goodwill		198,694		172,665		(26,029)
Other intangible fixed assets		181,447		216,501		35,054
Other assets		1,447,194	12.04	1,428,879	11.93	(18,315)
Net defined benefit asset		207	0.00	186	0.00	(21)
Deferred tax assets		15,663	0.13	70,886	0.59	55,223
Allowance for possible credit losses		(6,442)	(0.05)	(8,179)	(0.07)	(1,736)
Total assets		12,018,254	100.00	11,977,836	100.00	(40,417)

Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2019		As of March 31, 2020		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Liabilities:						
Underwriting funds:		8,348,638	69.47%	8,544,735	71.34%	196,096
Reserve for outstanding losses and claims		1,559,910		1,558,502		(1,408)
Underwriting reserves		6,788,727		6,986,233		197,505
Corporate bonds		510,383	4.25	504,089	4.21	(6,294)
Other liabilities	*5	1,113,887	9.27	1,091,499	9.11	(22,387)
Net defined benefit liability		103,796	0.86	94,094	0.79	(9,702)
Reserve for retirement benefits to directors		31	0.00	30	0.00	(0)
Reserve for bonus payments		30,363	0.25	32,969	0.28	2,605
Reserve for bonus payments to directors		261	0.00	702	0.01	440
Reserve for stocks payments		1,347	0.01	1,619	0.01	271
Reserves under the special laws:		90,722	0.75	95,387	0.80	4,664
Reserve for price fluctuation		90,722		95,387		4,664
Deferred tax liabilities		38,910	0.32	125	0.00	(38,785)
Total liabilities		10,238,342	85.19	10,365,252	86.54	126,909
Net assets:						
Shareholders' equity:						
Common stock		100,045	0.83	100,045	0.84	—
Capital surplus		244,170	2.03	244,129	2.04	(40)
Retained earnings		712,745	5.93	788,922	6.59	76,177
Treasury stock		(2,902)	(0.02)	(38,842)	(0.32)	(35,940)
Total shareholders' equity		1,054,058	8.77	1,094,254	9.14	40,196
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		763,859	6.36	578,261	4.83	(185,597)
Deferred gains and losses on hedges		6,449	0.05	5,593	0.05	(856)
Foreign currency translation adjustments		(62,937)	(0.52)	(83,214)	(0.69)	(20,276)
Remeasurements of defined benefit plans		(3,551)	(0.03)	2,103	0.02	5,654
Total accumulated other comprehensive income		703,820	5.86	502,743	4.20	(201,076)
Stock acquisition rights		632	0.01	551	0.00	(81)
Non-controlling interests		21,399	0.18	15,033	0.13	(6,365)
Total net assets		1,779,911	14.81	1,612,584	13.46	(167,327)
Total liabilities and net assets		12,018,254	100.00	11,977,836	100.00	(40,417)

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		3,643,040	100.00%	3,760,366	100.00%	117,325
Underwriting income:		3,220,047	88.39	3,334,680	88.68	114,632
Net premiums written		2,718,155		2,825,482		107,327
Deposits of premiums by policyholders		111,132		113,703		2,571
Interest and dividend income on deposits of premiums, etc.		38,203		35,140		(3,063)
Life insurance premiums written		349,606		356,064		6,458
Other underwriting income		2,949		4,289		1,339
Investment income:		273,249	7.50	266,713	7.09	(6,536)
Interest and dividend income		188,722		204,135		15,412
Investment gains on money trusts		5,445		202		(5,243)
Investment gains on trading securities		—		324		324
Gains on sales of securities		110,913		90,376		(20,536)
Gains on redemption of securities		1,709		1,032		(677)
Investment gains on special account		391		—		(391)
Other investment income		4,271		5,782		1,511
Transfer of interest and dividend income on deposits of premiums, etc.		(38,203)		(35,140)		3,063
Other ordinary income:		149,743	4.11	158,973	4.23	9,229
Other ordinary income		149,743		158,973		9,229
Ordinary expenses:		3,444,081	94.54	3,567,915	94.88	123,833
Underwriting expenses:		2,737,949	75.16	2,839,225	75.50	101,276
Net claims paid		1,694,889		1,645,340		(49,548)
Loss adjustment expenses	*1	135,759		130,144		(5,615)
Net commissions and brokerage fees	*1	504,932		531,419		26,487
Maturity refunds to policyholders		205,423		212,156		6,733
Dividends to policyholders		128		101		(26)
Life insurance claims paid and other payments		88,471		94,610		6,138
Provision for reserve for outstanding losses and claims		13,119		8,394		(4,724)
Provision for underwriting reserves		89,730		212,208		122,478
Other underwriting expenses		5,494		4,848		(646)
Investment expenses:		35,798	0.98	48,166	1.28	12,368
Investment losses on money trusts		1,006		2,507		1,501
Investment losses on trading securities		195		—		(195)
Losses on sales of securities		10,984		6,562		(4,421)
Impairment losses on securities		13,425		23,307		9,882
Losses on redemption of securities		236		455		218
Losses on derivatives		2,766		6,999		4,233
Investment losses on special account		—		1,925		1,925
Other investment expenses		7,184		6,408		(775)
Operating, general and administrative expenses	*1	540,542	14.84	539,172	14.34	(1,369)
Other ordinary expenses:		129,792	3.56	141,350	3.76	11,558
Interest paid		13,902		14,166		263
Provision for allowance for possible credit losses		420		1,219		799
Losses on bad debt		27		54		27
Investment losses on the equity method		593		8,952		8,359
Other ordinary expenses		114,848		116,956		2,108
Ordinary profit		198,959	5.46	192,451	5.12	(6,507)

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		12,868	0.35%	1,873	0.05%	(10,995)
Gains on disposal of fixed assets		12,868		1,873		(10,995)
Extraordinary losses:		9,799	0.27	17,133	0.46	7,334
Losses on disposal of fixed assets		2,427		4,532		2,104
Impairment losses		1,735		2,672		936
Provision for reserves under the special laws:		4,626		4,664		37
Provision for reserve for price fluctuation		4,626		4,664		37
Other extraordinary losses	*2	1,009		5,264		4,255
Net income before income taxes		202,029	5.55	177,191	4.71	(24,838)
Income taxes		43,276	1.19	71,733	1.91	28,457
Deferred income taxes		16,380	0.45	(17,729)	(0.47)	(34,110)
Total income taxes		59,657	1.64	54,004	1.44	(5,652)
Net income		142,372	3.91	123,187	3.28	(19,185)
Net income (loss) attributable to non-controlling shareholders		(4,253)	(0.12)	671	0.02	4,925
Net income attributable to shareholders of the parent		146,626	4.02	122,515	3.26	(24,110)
Gross investment margin		237,451		218,546		(18,904)
Other ordinary income and expenses		19,951		17,622		(2,328)
Investment gains and losses on the equity method		(593)		(8,952)		(8,359)
Extraordinary gains and losses		3,069		(15,260)		(18,330)

Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
		Amount	Amount
Net income		142,372	123,187
Other comprehensive income:			
Unrealized gains and losses on securities available for sale		(154,942)	(185,486)
Deferred gains and losses on hedges		(601)	(856)
Foreign currency translation adjustments		(40,913)	(19,739)
Remeasurements of defined benefit plans		(328)	5,660
Share of other comprehensive income of affiliates accounted for under the equity method		(47)	(570)
Total other comprehensive income	*1	(196,832)	(200,993)
Comprehensive income		(54,460)	(77,806)
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		(49,978)	(78,553)
Comprehensive income attributable to non-controlling shareholders		(4,481)	747

Consolidated Statement of Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	408,335	603,615	(128,182)	983,814
Cumulative effects of changes in accounting policies			3,529		3,529
Restated balance	100,045	408,335	607,144	(128,182)	987,343
Changes during the period:					
Dividends			(45,208)		(45,208)
Net income attributable to shareholders of the parent			146,626		146,626
Acquisition of treasury stock				(39,127)	(39,127)
Disposal of treasury stock		(50)		295	244
Cancellation of treasury stock		(164,112)		164,112	—
Changes in the scope of consolidation			4,182		4,182
Changes in interest of the parent related to transactions with non-controlling shareholders		(2)			(2)
Net changes in items other than shareholders' equity					
Total changes during the period	—	(164,165)	105,600	125,279	66,714
Balance at the end of the period	100,045	244,170	712,745	(2,902)	1,054,058

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	922,425	7,050	(22,317)	(3,205)	903,954	749	27,692	1,916,210
Cumulative effects of changes in accounting policies	(3,529)				(3,529)			—
Restated balance	918,896	7,050	(22,317)	(3,205)	900,425	749	27,692	1,916,210
Changes during the period:								
Dividends								(45,208)
Net income attributable to shareholders of the parent								146,626
Acquisition of treasury stock								(39,127)
Disposal of treasury stock								244
Cancellation of treasury stock								—
Changes in the scope of consolidation								4,182
Changes in interest of the parent related to transactions with non-controlling shareholders								(2)
Net changes in items other than shareholders' equity	(155,037)	(601)	(40,620)	(346)	(196,604)	(116)	(6,292)	(203,013)
Total changes during the period	(155,037)	(601)	(40,620)	(346)	(196,604)	(116)	(6,292)	(136,298)
Balance at the end of the period	763,859	6,449	(62,937)	(3,551)	703,820	632	21,399	1,779,911

Consolidated Statement of Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	244,170	712,745	(2,902)	1,054,058
Changes during the period:					
Dividends			(51,632)		(51,632)
Net income attributable to shareholders of the parent			122,515		122,515
Acquisition of treasury stock				(36,328)	(36,328)
Disposal of treasury stock		(35)		387	352
Changes in the scope of consolidation			154		154
Changes in interest of the parent related to transactions with non-controlling shareholders		(5)			(5)
Others			5,139		5,139
Net changes in items other than shareholders' equity					
Total changes during the period	—	(40)	76,177	(35,940)	40,196
Balance at the end of the period	100,045	244,129	788,922	(38,842)	1,094,254

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	763,859	6,449	(62,937)	(3,551)	703,820	632	21,399	1,779,911
Changes during the period:								
Dividends								(51,632)
Net income attributable to shareholders of the parent								122,515
Acquisition of treasury stock								(36,328)
Disposal of treasury stock								352
Changes in the scope of consolidation								154
Changes in interest of the parent related to transactions with non-controlling shareholders								(5)
Others								5,139
Net changes in items other than shareholders' equity	(185,597)	(856)	(20,276)	5,654	(201,076)	(81)	(6,365)	(207,523)
Total changes during the period	(185,597)	(856)	(20,276)	5,654	(201,076)	(81)	(6,365)	(167,327)
Balance at the end of the period	578,261	5,593	(83,214)	2,103	502,743	551	15,033	1,612,584

Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2019 (April 1, 2018 to March 31, 2019)	March 31, 2020 (April 1, 2019 to March 31, 2020)	
		Amount	Amount	Amount
Cash flows from operating activities:				
Net income before income taxes		202,029	177,191	(24,838)
Depreciation		47,305	41,401	(5,904)
Impairment losses		1,735	2,672	936
Amortization of goodwill		24,057	23,961	(95)
Increase (decrease) in reserve for outstanding losses and claims		11,962	2,558	(9,404)
Increase (decrease) in underwriting reserves		85,494	201,474	115,980
Increase (decrease) in allowance for possible credit losses		255	261	5
Increase (decrease) in net defined benefit liability		1,193	(1,631)	(2,824)
Increase (decrease) in reserve for retirement benefits to directors		(9)	(0)	8
Increase (decrease) in reserve for bonus payments		(1,071)	2,895	3,967
Increase (decrease) in reserve for bonus payments to directors		(29)	440	469
Increase (decrease) in reserve for stocks payments		410	426	16
Increase (decrease) in reserve for price fluctuation		4,626	4,664	37
Interest and dividend income		(188,722)	(204,135)	(15,412)
Losses (gains) on investment in securities		(87,971)	(61,068)	26,902
Interest expenses		13,902	14,166	263
Foreign exchange losses (gains)		(1,455)	(7,118)	(5,662)
Losses (gains) related to tangible fixed assets		(10,490)	2,613	13,104
Losses (gains) related to loans		0	1	0
Investment losses (gains) on the equity method		593	8,952	8,359
Decrease (increase) in other assets (other than investing and financing activities)		(295,450)	(57,010)	238,439
Increase (decrease) in other liabilities (other than investing and financing activities)		82,050	41,687	(40,363)
Others		12,892	27,453	14,560
Subtotal		(96,688)	221,858	318,546
Interest and dividend received		192,623	204,778	12,155
Interest paid		(18,921)	(14,553)	4,368
Income taxes refund (paid)		1,758	(55,637)	(57,396)
Cash flows from operating activities		78,772	356,446	277,674

Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)
		Amount	Amount	Amount
Cash flows from investing activities:				
Net decrease (increase) in deposits		54	21,626	21,571
Purchase of monetary receivables bought		(6,889)	(9,861)	(2,972)
Proceeds from sales and redemption of monetary receivables bought		1,889	1,682	(206)
Increase in money trusts		(1)	(3,181)	(3,180)
Decrease in money trusts		62,125	6,106	(56,018)
Purchase of securities		(1,442,144)	(1,649,179)	(207,034)
Proceeds from sales and redemption of securities		1,462,201	1,490,653	28,452
Loans made		(224,725)	(189,970)	34,754
Collection of loans		180,906	198,945	18,039
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		1,966	44,420	42,454
Others		45,248	24,096	(21,152)
Total of investment transactions		80,630	(64,662)	(145,292)
Total of operating activities and investment transactions as above		159,402	291,784	132,381
Acquisition of tangible fixed assets		(28,149)	(27,043)	1,105
Proceeds from sales of tangible fixed assets		21,154	4,464	(16,689)
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		(12,731)	—	12,731
Payments for sales of stocks of subsidiaries resulting in changes in the scope of consolidation		—	(928)	(928)
Others		(47,421)	(51,949)	(4,527)
Cash flows from investing activities		13,482	(140,117)	(153,600)
Cash flows from financing activities:				
Proceeds from borrowings		90	4	(86)
Repayments of borrowings		(34,758)	(32,285)	2,473
Redemption of corporate bonds		—	(5,722)	(5,722)
Net increase (decrease) in payables under securities lending transactions		106,571	(89,383)	(195,954)
Proceeds from sales of treasury stock		128	116	(12)
Acquisition of treasury stock		(39,127)	(36,328)	2,799
Dividends paid		(45,159)	(51,571)	(6,412)
Dividends paid to non-controlling shareholders		(1,695)	(7,184)	(5,489)
Others		(5,177)	(8,250)	(3,072)
Cash flows from financing activities		(19,127)	(230,605)	(211,477)
Effect of exchange rate changes on cash and cash equivalents		(18,231)	(12,609)	5,622
Increase (decrease) in cash and cash equivalents		54,895	(26,886)	(81,782)
Cash and cash equivalents at the beginning of the period		931,033	991,295	60,261
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries		5,366	3,345	(2,021)
Cash and cash equivalents at the end of the period	*1	991,295	967,753	(23,541)

Notes to the Consolidated Financial Statements

Sompo Holdings, Inc.

1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 66 companies

Names of major subsidiaries

Sompo Japan Nipponkoa Insurance Inc.
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
Sompo Japan Nipponkoa Insurance Services Inc.
Mysurance Inc.
Sompo International Holdings Ltd.
Endurance Specialty Insurance Ltd.
Endurance Assurance Corporation
Endurance Worldwide Insurance Limited
SI Insurance (Europe), SA
Sompo Sigorta Anonim Sirketi
Sompo Holdings (Asia) Pte. Ltd.
Sompo Insurance Singapore Pte. Ltd.
Berjaya Sompo Insurance Berhad
PT Sompo Insurance Indonesia
Sompo Insurance China Co., Ltd.
Sompo Insurance (Hong Kong) Company Limited
Sompo Seguros S.A.
Sompo Himawari Life Insurance, Inc.
Sompo Care Inc.
Sompo Health Support Inc.
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.
Sompo Japan Nipponkoa DC Securities Inc.
Sompo Risk Management Inc.

Sompo 24 Insurance Company Limited was merged by absorption into SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED on July 1, 2019.

Mysurance Inc. is included in the scope of consolidation from the fiscal year ended March 31, 2020 due to an increase in its materiality.

Sompo Sigorta Anonim Sirketi changed its name from Sompo Japan Sigorta Anonim Sirketi on May 28, 2019, and Sompo Himawari Life Insurance, Inc. changed its name from Sompo Japan Nipponkoa Himawari Life Insurance, Inc. on October 1, 2019.

(2) Names of major non-consolidated subsidiaries

Names of major subsidiaries

- Sompo Insurance (Thailand) Public Company Limited
- Sompo Japan Nipponkoa Reinsurance Company Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of Sompo Holdings Group ("SOMPO HOLDINGS") in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of the Company, they are excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method: 12 companies

Names of major affiliates

- Hitachi Capital Insurance Corporation
- Universal Sompo General Insurance Company Limited
- AYA SOMPO Insurance Company Limited
- Palantir Technologies Japan K.K.
- DeNA SOMPO Mobility Co., Ltd.
- akippa Inc.
- DeNA SOMPO Carlife Co., Ltd.

AYA SOMPO Insurance Company Limited, Palantir Technologies Japan K.K., DeNA SOMPO Mobility Co., Ltd., akippa Inc. and DeNA SOMPO Carlife Co., Ltd. became affiliates as a result of the acquisition of shares and thus were included in the scope of equity method from the fiscal year ended March 31, 2020.

(2) The non-consolidated subsidiaries and affiliates (Sompo Insurance (Thailand) Public Company Limited and Sompo Japan Nipponkoa Reinsurance Company Limited, etc.) do not have a material impact on the consolidated financial statements in terms of net income or loss and retained earnings, etc. to the extent of the equity position of the Company even if they are excluded from the scope of the equity method, and they do not have a material impact as a whole. Therefore, they are excluded from the scope of the equity method.

(3) The Company holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. (“J.E.R.”) through its domestic consolidated property and casualty insurance subsidiaries. As J.E.R. is engaged in public business and the Company is not considered to have a material impact on J.E.R.’s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.

3. The fiscal year of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements.

Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

4. Accounting policies

(1) Valuation policies and methods for securities

(a) Trading securities are carried at fair value.

Cost of sale is calculated based on the moving-average method.

(b) Bonds held to maturity are carried at amortized cost based on the moving-average method.

(c) Policy reserve matching bonds are carried at amortized cost based on the moving-average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve Matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.21).

The outline of risk management policy in relation to policy reserve matching bonds is as follows.

Domestic consolidated life insurance subsidiary sets up the sub-category for individual insurance depending on line of business and investment policy, etc., and follows the management policy to match the duration of the policy reserve in the sub-category with the duration of policy reserve matching bonds within a certain range.

- (d) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.
- (e) Securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) are carried at fair value based on the market price and other factors at the end of the fiscal year.
Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.
- (f) Securities available for sale which are considered extremely difficult to figure out their fair value are carried at cost based on the moving-average method.
- (g) Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.
- (h) Securities managed as trust assets in individually operated money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

(2) Valuation policies and methods for derivative transactions

Derivative transactions are carried at fair value.

(3) Depreciation methods of significant depreciable assets

- (a) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets (excluding leased assets) is calculated by using the straight-line method.

- (b) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets (excluding leased assets) is calculated by using the straight-line method.

As for intangible fixed assets acquired through the acquisition of overseas subsidiaries, amortization is being carried out over the estimated period of its effect and as its effect emerges.

Amortization of software for internal use held by the consolidated subsidiaries is calculated by using the straight-line method based on the estimated useful lives.

- (c) Leased assets

Leased assets under finance lease transactions that are not deemed to transfer ownership of the leased assets to the lessee for the domestic consolidated subsidiaries have been depreciated using the straight-line method over the period of the lease.

(4) Accounting policies for significant reserves

- (a) Allowance for possible credit losses

In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible credit losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.

For claims against debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated collectable amounts by the disposal of collateral and by guarantees.

For claims against debtors that are highly likely to go bankrupt in the future, allowances are provided based on the amount considered necessary according to overall solvency assessment of the debtor, after deduction of estimated collectable amounts by disposal of collateral and by guarantees.

For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is calculated based on historical credit loss experience for a certain period in the past.

The departments responsible for respective assets assess relevant claim in accordance with the internal standards for self-assessment of assets. The asset auditing department independently reviews the results and allowances are provided based on the reviewed results.

The other consolidated subsidiaries determine mainly the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Reserve for retirement benefits to directors

In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(c) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, with the estimated amount to be paid at the end of the fiscal year.

(d) Reserve for bonus payments to directors

In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, with the estimated amount to be paid at the end of the fiscal year.

(e) Reserve for stocks payments

In order to provide for the grant of Company shares to directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS, according to the "Rules of the Stock Benefit Trust for Directors," reserve for stocks payments is recorded, with the estimated amount of the stock payment obligation at the end of the fiscal year.

(f) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock, etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

(5) Methods of accounting procedures for retirement benefits

(a) Allocation method of projected retirement

Benefit formula method is mainly used for calculating retirement benefit obligation as the method for attributing projected retirement benefits to the end of the current consolidated fiscal year.

(b) Amortization method of actuarial difference and prior service costs

Actuarial difference is mainly amortized from the following fiscal year by using the straight-line attribution method over certain years (10 to 11 years) within the average remaining service years of employees in each fiscal year when the difference occurs.

Prior service costs are mainly amortized by using the straight-line method over certain years (5 years) within the average remaining service years of employees at the time of occurrence.

(6) Significant hedge accounting

Generally the consolidated subsidiaries apply the exceptional treatment for certain interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds to the extent that such transactions meet the conditions required for the application of the exceptional treatment.

The deferred hedge accounting method is applied to interest rate swaps to hedge interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No. 26). Since insurance liabilities as hedged item and interest rate swaps as hedging instrument are grouped by certain remaining periods, and then designated as hedge, the hedge is highly effective and the assessment of hedge effectiveness is omitted. The consolidated subsidiaries apply the fair value hedge accounting method to equity swaps for hedging the future stock price fluctuation risks.

Generally the fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet the conditions required for application of the assignment accounting. Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary and foreign currency denominated borrowings.

Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the hedge to the date of assessment.

However, when the significant conditions are shared among the hedged item and the hedging instrument and its effectiveness is obviously considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the assignment accounting, the assessment of the hedge effectiveness is omitted.

(7) Method and period of amortization of goodwill

Goodwill is amortized in equal installments over 10 to 20 years.

Immaterial amounts of goodwill are amortized at one time.

(8) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less, which can be cashed easily and have little risk of fluctuation in value.

(9) Accounting methods for consumption taxes

The Company and its domestic consolidated subsidiaries account for consumption taxes by using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses mainly under the tax-included method.

Non-deductible consumption taxes relating to assets are included in other assets and amortized in equal installments over 5 years.

(Changes in accounting policy)

Sompo International Holdings Ltd., an overseas consolidated subsidiary, has adopted International Financial Reporting Standards (hereinafter "IFRS") for its consolidated financial statements from the beginning of the fiscal year 2019, in place of US GAAP previously applied. This decision was made considering the overall circumstances, including the situation of the application of accounting standards at other overseas consolidated subsidiaries and the fact that SOMPO HOLDINGS is contemplating voluntary adoption of IFRS.

As the effect of this change was immaterial, IFRS have not been adopted retrospectively.

Changes in retained earnings due to this change in accounting policies, which are the amounts transferred to retained earnings from foreign currency translation adjustments, are shown in "Others" in the Consolidated Statement of Changes in Net Assets.

(Accounting standards and guidance issued but not yet effective)

- Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19, March 31, 2020)

(1) Outline

“Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively the “Accounting Standards for Fair Value Measurement, etc.”) were developed to improve comparability with international accounting standards, and thereby guidance, etc. for the method of fair value measurement were established. The Accounting Standards for Fair Value Measurement, etc. shall be applied to the fair value of the following items.

- Financial instruments in the “Accounting Standard for Financial Instruments”
 - Inventories held for trading purposes in the “Accounting Standard for Measurement of Inventories”
- Additionally, the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised, and notes such as breakdown per levels of fair value of financial instruments were established.

(2) Scheduled date of application

The Accounting Standards for Fair Value Measurement, etc. and the revised implementation guidance are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of the Accounting Standards and revised guidance

The effects of the application on the consolidated financial statements are under assessment at the time of preparing these consolidated financial statements.

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No. 24, March 31, 2020)

(1) Outline

This standard requires to present an overview of accounting treatment principles and procedures adopted when provisions of relevant accounting standards, etc. are uncertain.

(2) Scheduled date of application

This standard is scheduled to be applied from the end of the fiscal year ending March 31, 2021.

- Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)

(1) Outline

This standard requires to disclose information that helps readers of the consolidated financial statements understand the details of the accounting estimates used for the amounts reported on the consolidated financial statements for the current fiscal year that have a risk of causing significant impact on the consolidated financial statements for the following fiscal year.

(2) Scheduled date of application

This standard is scheduled to be applied from the end of the fiscal year ending March 31, 2021.

(Additional information)

1. Assumptions used in making accounting estimates concerning the effects of the spread of COVID-19

The spread of COVID-19 has slowed global economic activity and may affect SOMPO HOLDINGS' insurance underwriting and investment activities over a certain period of the following fiscal year. It is therefore difficult to make a projection of future outlook based on past trends and other factors. However, in order to make accounting estimates based on future projections, such as the recoverability of deferred tax assets and the valuation of goodwill, calculations are made by using the assumptions based on the best method at the present time.

2. Introduction of a performance-linked stock compensation plan

The Company introduced the "Board Benefit Trust (BBT)" (hereinafter the "Plan"), a performance-linked stock compensation plan for directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS.

(1) Outline of the transactions involved

The Company established the "Rules of the Stock Benefit Trust for Directors" (hereinafter the "Rules") as prerequisite to the introduction of the Plan. Based on the Rules, the Company contributes money to a trust bank as fund for acquiring shares to be delivered later, and the trust bank has duly acquired shares in the Company using the money trusted thereto (hereinafter the "Trust").

The Plan is a scheme for delivering shares, based on the Rules, to directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS, in proportion to the points granted thereto upon their retirement.

(2) Accounting treatment

The gross method is adopted based on the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (Accounting Standards Board of Japan Practical Issue Task Force No. 30, March 26, 2015). Expenses and corresponding reserve are provided based on the number of points granted to officers according to the Rules.

Shares in the Company remaining in the Trust are recorded as treasury stock under shareholders' equity, and its carrying amount is 1,518 million yen and its number of shares is 550,100 shares at the end of the fiscal year ended March 31, 2019, while its carrying amount is 4,047 million yen and its number of shares is 1,053,400 shares at the end of the fiscal year ended March 31, 2020.

2. Notes to the Consolidated Balance Sheet

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows.

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
399,664	410,205

*2. The amounts of advanced depreciation of tangible fixed assets are as follows.

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
16,958	15,688

*3. Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Securities (stocks)	22,362	36,049
Securities (equity interests)	2,481	3,808

***4. The amounts of loans to borrowers in bankruptcy, etc. are as follows.**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Loans to borrowers in bankruptcy	—	—
Overdue loans	137	81
Loans overdue for three months or more	35	35
Restructured loans	—	—
Total	173	117

Note) Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96, paragraph (1), item (iii) (a) to (e) (the maximum amount transferable to allowance for possible credit losses) or Article 96, paragraph (1), item (iv) of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.

Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments has been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.

Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

***5. Pledged assets and secured debts are as follows.**

Pledged assets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Deposits	56,238	38,663
Securities	598,778	449,819
Tangible fixed assets	4,837	2,457
Total	659,853	490,940

Note) The above figures are collateral for the borrowings and securities which are put into as deposited assets for overseas operation and others.

Secured debts

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Other liabilities (payables under repurchase agreements)	8,977	—
Other liabilities (payables under securities lending transactions)	227,176	182,213
Other liabilities (borrowings)	2,230	380
Other liabilities (deposits)	47	47
Total	238,432	182,641

The above securities include pledged securities as collateral under securities lending transactions secured by cash. The amounts of securities are as follows.

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
219,252	167,783

***6. The amounts of lending securities under loan agreements of securities are as follows.**

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
340,432	379,198

***7. The amounts of loan commitments outstanding are as follows.**

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
8,879	—

3. Notes to the Consolidated Statement of Income

*1. Main components of operating expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Agency commissions, etc.	483,659	511,025
Salaries	241,980	236,852

Note) Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statement of income.

*2. Other extraordinary losses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Expenses pertaining to changes of company names	—	5,264
Special premium to be paid out in conjunction with Special Measures for Employees' Career Change Support	1,009	—

4. Note to the Consolidated Statement of Comprehensive Income

*1. Reclassification adjustments and the related tax effects concerning other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	(107,785)	(187,119)
Reclassification adjustments	(100,483)	(75,127)
Before tax effects adjustments	(208,268)	(262,246)
Tax effects	53,326	76,760
Unrealized gains and losses on securities available for sale	(154,942)	(185,486)
Deferred gains and losses on hedges		
The amount occurred during the period	820	329
Reclassification adjustments	(1,654)	(1,517)
Before tax effects adjustments	(833)	(1,187)
Tax effects	232	331
Deferred gains and losses on hedges	(601)	(856)
Foreign currency translation adjustments		
The amount occurred during the period	(40,913)	(19,785)
Reclassification adjustments	—	45
Foreign currency translation adjustments	(40,913)	(19,739)
Remeasurements of defined benefit plans		
The amount occurred during the period	(1,121)	7,241
Reclassification adjustments	643	544
Before tax effects adjustments	(478)	7,786
Tax effects	149	(2,126)
Remeasurements of defined benefit plans	(328)	5,660
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	(63)	(579)
Reclassification adjustments	16	9
Share of other comprehensive income of affiliates accounted for under the equity method	(47)	(570)
Total other comprehensive income	(196,832)	(200,993)

5. Notes to the Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	—	42,021	373,330
Total	415,352	—	42,021	373,330
Treasury stock				
Common stock	34,772	8,244	42,112	904
Total	34,772	8,244	42,112	904

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 596 thousand shares and 550 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Decrease of 42,021 thousand shares in shares outstanding of common stock is due to cancellation of treasury stock in accordance with approval by Board of Directors.
- Breakdown of increase in treasury stock of common stock of 8,244 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 8,238 thousand shares
Increase due to purchase of shares less than a full trading unit: 6 thousand shares
- Breakdown of decrease in treasury stock of common stock of 42,112 thousand shares is as follows.
Decrease due to cancellation of treasury stock in accordance with approval by Board of Directors: 42,021 thousand shares
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 46 thousand shares
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 44 thousand shares
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	632
Total		632

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 25, 2018	Common stock	20,964	55	March 31, 2018	June 26, 2018
The Board of Directors' meeting held on November 19, 2018	Common stock	24,243	65	September 30, 2018	December 4, 2018

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 25, 2018 includes 32 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 19, 2018 includes 35 million yen in dividends paid on the shares in the Company held by the BBT.

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 24, 2019	Common stock	24,243	Retained earnings	65	March 31, 2019	June 25, 2019

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 24, 2019 includes 35 million yen in dividends to be paid on the shares in the Company held by the BBT.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	373,330	—	—	373,330
Total	373,330	—	—	373,330
Treasury stock				
Common stock	904	8,428	127	9,205
Total	904	8,428	127	9,205

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 550 thousand shares and 1,053 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Breakdown of increase in treasury stock of common stock of 8,428 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 7,821 thousand shares
Increase due to acquisition of the BBT: 601 thousand shares
Increase due to purchase of shares less than a full trading unit: 6 thousand shares
- Breakdown of decrease in treasury stock of common stock of 127 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 97 thousand shares
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 29 thousand shares
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	551
Total		551

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 24, 2019	Common stock	24,243	65	March 31, 2019	June 25, 2019
The Board of Directors' meeting held on November 19, 2019	Common stock	27,388	75	September 30, 2019	December 4, 2019

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 24, 2019 includes 35 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 19, 2019 includes 79 million yen in dividends paid on the shares in the Company held by the BBT.

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 22, 2020	Common stock	27,388	Retained earnings	75	March 31, 2020	June 23, 2020

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 22, 2020 includes 79 million yen in dividends to be paid on the shares in the Company held by the BBT.

6. Notes to the Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents at the end of the period to the line items represented in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Cash and deposits	971,469	925,014
Receivables under resale agreements	64,999	69,999
Monetary receivables bought	11,869	21,183
Securities	8,012,734	7,970,386
Time deposits with original maturities of more than 3 months	(94,015)	(70,013)
Monetary receivables bought other than cash equivalents	(11,703)	(19,897)
Securities other than cash equivalents	(7,964,057)	(7,928,919)
Cash and cash equivalents	991,295	967,753

2. Significant non-cash transactions

None.

3. Cash flows from investing activities include cash flows from investment activities conducted as a part of insurance business.

7. Lease Transactions

Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Due within one year	19,879	16,773
Due after one year	179,911	153,244
Total	199,790	170,017

(Lessor)

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Due within one year	433	195
Due after one year	1,385	1,200
Total	1,818	1,396

8. Financial Instruments

1. Overview of financial instruments

(1) Our policy to manage financial instruments

As SOMPO HOLDINGS is mainly engaged in insurance businesses and recognizes the characteristic of investment fund for the insurance company, SOMPO HOLDINGS manages the investment assets taking into consideration safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities related to life insurance and savings-type insurance, SOMPO HOLDINGS intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

(2) The nature and risk of financial instruments

As financial instruments which SOMPO HOLDINGS holds are mainly securities such as bonds and stocks, SOMPO HOLDINGS is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

In addition, the securities and the loans which SOMPO HOLDINGS holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, SOMPO HOLDINGS utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

Please refer to the note on “(6) Significant hedge accounting” in “4. Accounting policies” in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements” for derivative transactions which hedge accounting is applied to.

(3) The risk management systems regarding financial instruments

The Company has established the risk management systems to appropriately identify, evaluate and control risks and accurately respond when risks emerge through strategic risk management (ERM) designed to maximize the corporate value of SOMPO HOLDINGS, as described below.

With the aim of maintaining strategic risk management, the Company's Board of Directors has established the “Group Basic Policy on ERM”, which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the Company established Group ERM committee. Moreover, the Risk Management Department was established to promote the Company's efforts to develop and enhance its risk management systems.

Through the model of investment risks, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment assets information on a daily basis and quantifies investment risks. Further, the Company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on the operations of SOMPO HOLDINGS, and performing stress tests to assess and measure risks comprehensively.

As to credit risks, in order to avoid concentrating the risks on specific borrowers, the Company has set credit limits and manages the risks appropriately for the whole group.

As to liquidity risks, the Company has developed systems for its insurance subsidiaries to forecast payments for claims, etc. upon occurrence of liquidity risk scenarios, such as outbreak of catastrophe, and to ensure liquidity assets so as to adequately secure enough to cope with these payments.

Each group member has rules formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, insurance subsidiaries place considerable emphasis on managing various types of risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

(4) Supplemental explanation about the fair value of financial instruments

Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. “Notional amount” on each table in notes on “Derivative Transactions” shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.

2. Fair value of financial instruments

Carrying amount, fair value and unrealized gains and losses are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Notes) 2 for details.)

As of March 31, 2019

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	971,469	971,469	—
(2) Receivables under resale agreements	64,999	64,999	—
(3) Monetary receivables bought	11,869	11,869	—
(4) Money trusts	40,993	40,993	—
(5) Securities:			
Trading securities	198,084	198,084	—
Bonds held to maturity	1,197,758	1,510,109	312,350
Policy reserve matching bonds	370,080	409,926	39,846
Securities available for sale	6,165,141	6,165,141	—
(6) Loans	703,255		
Allowance for possible credit losses ^(*)	(40)		
	703,215	722,531	19,315
Total assets	9,723,613	10,095,125	371,512
(1) Corporate bonds	510,383	521,433	11,049
(2) Payables under securities lending transactions	227,176	227,176	—
(3) Borrowings	108,751	108,791	39
Total liabilities	846,312	857,401	11,088
Derivative transactions ^(**) :			
Hedge accounting is not applied to	4,838	4,838	—
Hedge accounting is applied to	11,056	11,056	—
Total derivative transactions	15,894	15,894	—

(*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(*2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

As of March 31, 2020

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	925,014	925,014	—
(2) Receivables under resale agreements	69,999	69,999	—
(3) Monetary receivables bought	21,183	21,183	—
(4) Money trusts	33,003	33,003	—
(5) Securities:			
Trading securities	32,526	32,526	—
Bonds held to maturity	1,200,548	1,496,069	295,520
Policy reserve matching bonds	460,685	500,834	40,148
Securities available for sale	6,174,482	6,174,482	—
(6) Loans	684,094		
Allowance for possible credit losses ^(*)	(45)		
	684,048	701,715	17,666
Total assets	9,601,493	9,954,829	353,335
(1) Corporate bonds	504,089	505,968	1,879
(2) Payables under securities lending transactions	182,213	182,213	—
(3) Borrowings	76,467	76,432	(35)
Total liabilities	762,770	764,614	1,844
Derivative transactions ^(**) :			
Hedge accounting is not applied to	5,013	5,013	—
Hedge accounting is applied to	16,557	16,557	—
Total derivative transactions	21,570	21,570	—

(*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(*2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(4) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and their fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and others.

(5) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties and others.

(6) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto. For the loans categorized as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future, the fair values are the carrying amount less current estimated credit losses. Because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges, the price released by Japan Securities Dealers Association and others.

(2) Payables under securities lending transactions

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Borrowings

The fair value is the amount of future collection cash flow of each borrowing which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. Carrying amounts of the financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Securities."

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Domestic stocks	49,775	66,414
Foreign securities	19,397	21,841
Others	12,013	13,456
Total	81,186	101,711

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As others are investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

3. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

As of March 31, 2019

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	967,129	4,236	—	—
Receivables under resale agreements	64,999	—	—	—
Monetary receivables bought	166	2,000	1,700	7,549
Securities:				
Bonds held to maturity:				
Government bonds	5,700	55,960	274,686	683,397
Municipal bonds	—	—	1,000	43,400
Corporate bonds	5,100	12,400	500	92,900
Foreign securities	4,514	4,975	115	—
Policy reserve matching bonds:				
Government bonds	—	—	—	360,000
Fixed maturity securities available for sale:				
Government bonds	51,977	230,479	203,279	558,025
Municipal bonds	1,600	400	10,500	21,300
Corporate bonds	64,454	140,479	62,520	513,190
Foreign securities	101,781	742,604	843,691	569,387
Others	4,200	18,976	6,954	1,285
Loans ^(*)	189,377	346,408	93,414	63,952
Total	1,461,002	1,558,921	1,498,361	2,914,387

(*) 83 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included. 10,000 million yen of loans without maturities is not included.

As of March 31, 2020

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	917,299	7,593	—	—
Receivables under resale agreements	69,999	—	—	—
Monetary receivables bought	1,287	2,000	3,106	14,322
Securities:				
Bonds held to maturity:				
Government bonds	14,060	83,900	250,206	667,877
Municipal bonds	—	1,000	—	43,400
Corporate bonds	3,000	9,700	800	99,300
Foreign securities	8,173	7,102	118	—
Policy reserve matching bonds:				
Government bonds	—	—	—	440,200
Corporate bonds	—	—	—	9,400
Fixed maturity securities available for sale:				
Government bonds	52,706	201,577	217,276	527,024
Municipal bonds	400	—	10,500	31,500
Corporate bonds	46,734	144,097	94,820	609,805
Foreign securities	144,499	796,209	757,244	657,389
Others	3,958	18,854	7,713	1,351
Loans ^(*)	179,729	376,844	78,776	48,730
Total	1,441,848	1,648,878	1,420,562	3,150,300

(*) 8 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

4. The contractual payment amounts of the corporate bonds, long-term borrowings, lease obligations and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2019

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	—	33,300	—	470,745
Long-term borrowings	32,228	30,478	30,477	15,268	60	188
Lease obligations	5,233	4,620	4,500	4,222	4,033	43,574
Payables under securities lending transactions	227,176	—	—	—	—	—
Total	264,638	35,099	34,977	52,790	4,093	514,508

As of March 31, 2020

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	32,868	—	—	465,942
Long-term borrowings	30,469	30,467	15,260	53	46	120
Lease obligations	8,321	8,632	7,252	6,503	5,643	48,254
Payables under securities lending transactions	182,213	—	—	—	—	—
Total	221,004	39,100	55,381	6,556	5,690	514,317

9. Securities

1. Trading securities

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Unrealized gains and losses recognized in the statement of income	(7,136)	(2,394)

2. Bonds held to maturity

As of March 31, 2019

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,184,779	1,497,251
	Foreign securities	3,907	3,975
	Subtotal	1,188,687	1,501,226
Securities whose fair value does not exceed their carrying amount	Domestic bonds	3,216	3,139
	Foreign securities	5,855	5,742
	Subtotal	9,071	8,882
Total	1,197,758	1,510,109	312,350

As of March 31, 2020

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,179,676	1,475,011	295,334
	Foreign securities	13,290	13,619	328
	Subtotal	1,192,967	1,488,630	295,663
Securities whose fair value does not exceed their carrying amount	Domestic bonds	5,981	5,845	(136)
	Foreign securities	1,599	1,593	(6)
	Subtotal	7,581	7,438	(142)
Total		1,200,548	1,496,069	295,520

3. Policy reserve matching bonds

As of March 31, 2019

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	361,192	401,082	39,889
Securities whose fair value does not exceed their carrying amount	Domestic bonds	8,888	8,844	(43)
Total		370,080	409,926	39,846

As of March 31, 2020

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	375,977	417,368	41,390
Securities whose fair value does not exceed their carrying amount	Domestic bonds	84,707	83,465	(1,241)
Total		460,685	500,834	40,148

4. Securities available for sale

As of March 31, 2019

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,130,397	1,932,041	198,355
	Domestic stocks	1,217,908	461,936	755,971
	Foreign securities	1,590,323	1,462,884	127,438
	Others	63,892	58,153	5,739
	Subtotal	5,002,520	3,915,016	1,087,504
Securities whose carrying amount does not exceed their cost	Domestic bonds	44,163	44,858	(694)
	Domestic stocks	48,817	55,812	(6,994)
	Foreign securities	1,077,106	1,103,626	(26,520)
	Others	11,919	12,012	(92)
	Subtotal	1,182,007	1,216,309	(34,301)
Total		6,184,528	5,131,325	1,053,202

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

As of March 31, 2020

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,889,044	1,722,025	167,019
	Domestic stocks	869,590	329,234	540,356
	Foreign securities	1,919,916	1,783,993	135,923
	Others	117,230	108,735	8,494
	Subtotal	4,795,782	3,943,990	851,792
Securities whose carrying amount does not exceed their cost	Domestic bonds	340,146	344,479	(4,333)
	Domestic stocks	117,179	132,825	(15,645)
	Foreign securities	953,928	988,441	(34,513)
	Others	45,695	48,304	(2,609)
	Subtotal	1,456,949	1,514,051	(57,101)
Total		6,252,732	5,458,041	794,690

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

5. Securities available for sale sold during the fiscal years ended March 31, 2019 and 2020

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	106,408	7,311	212
Domestic stocks	158,313	90,954	719
Foreign securities	746,172	11,476	10,002
Others	999	1,108	46
Total	1,011,893	110,850	10,981

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	122,655	8,993	78
Domestic stocks	100,154	60,955	1,059
Foreign securities	1,148,912	17,695	5,245
Others	547	1,038	41
Total	1,372,270	88,682	6,426

6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2019 and 2020

For the fiscal year ended March 31, 2019, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 9,176 million yen (domestic stocks: 6,732 million yen, foreign securities: 2,444 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 3,616 million yen (domestic stocks: 1,050 million yen, foreign securities: 2,565 million yen, others: 0 million yen).

For the fiscal year ended March 31, 2020, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 17,691 million yen (domestic stocks: 15,805 million yen, foreign securities: 1,885 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 5,616 million yen (domestic stocks: 2,636 million yen, foreign securities: 2,979 million yen, others: 0 million yen).

Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30% or more from their cost.

10. Money Trusts

1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Unrealized gains and losses recognized in the statement of income	(246)	(65)

2. Money trusts held to maturity

None.

3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2019

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	40,336	38,529	1,806

As of March 31, 2020

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	32,428	33,022	(594)

4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2019 and 2020

For the fiscal year ended March 31, 2019, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 446 million yen.

For the fiscal year ended March 31, 2020, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 4,750 million yen.

Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30% or more from their cost.

11. Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency derivatives

As of March 31, 2019

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	71,367	—	(307)	(307)
Long	6,225	—	2	2
Currency options:				
Short	68,899	—	(16)	173
Long	63,000	—	20	(168)
Currency swaps	22,437	—	(1,239)	(1,239)
Total			(1,540)	(1,539)

Notes) Calculation methods for the fair value

- Forward foreign exchanges
The fair value is based on the forward exchange rate or the price quoted by counterparties.
- Currency options
The fair value is based on the price quoted by counterparties.
- Currency swaps
The fair value is based on the price quoted by counterparties.

As of March 31, 2020

(Millions of yen)

	Notional amount	Due after 1 year		
		Fair value	Unrealized gains and losses	
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	34,010	—	89	89
Long	3,708	—	(416)	(416)
Currency options:				
Short	56,455	—	(68)	(11)
Long	51,600	—	234	177
Currency swaps	45,443	—	(109)	(109)
Total			(270)	(270)

Notes) Calculation methods for the fair value

1. Forward foreign exchanges
The fair value is based on the forward exchange rate or the price quoted by counterparties.
2. Currency options
The fair value is based on the price quoted by counterparties.
3. Currency swaps
The fair value is based on the price quoted by counterparties.

(2) Interest rate derivatives

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year		
		Fair value	Unrealized gains and losses	
Market transactions:				
Interest rate futures:				
Short	4,140	—	(81)	(81)
Long	24,375	—	102	102
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	4,014	4,014	66	66
Total			87	87

Notes) Calculation methods for the fair value

1. Interest rate futures
The fair value is based on the price quoted by counterparties.
2. Interest rate swaps
The fair value is based on the price quoted by counterparties.

As of March 31, 2020

(Millions of yen)

	Notional amount	Due after 1 year		
		Fair value	Unrealized gains and losses	
Market transactions:				
Interest rate futures:				
Short	898	—	12	12
Long	460	—	(13)	(13)
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	403	403	(6)	(6)
Total			(7)	(7)

Notes) Calculation methods for the fair value

1. Interest rate futures
The fair value is based on the price quoted by counterparties.
2. Interest rate swaps
The fair value is based on the price quoted by counterparties.

(3) Equity derivatives

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Equity index futures:					
Short	10,144	—		70	70
Total	—	—		70	70

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

As of March 31, 2020

None.

(4) Bond derivatives

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Bonds forwards:					
Short	7,281	—		(7,412)	(48)
Long	14,862	—		15,120	167
Total	—	—		7,707	118

Note) Calculation methods for the fair value
The fair value is mainly based on the price quoted by information vendors.

As of March 31, 2020

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Bonds forwards:					
Short	2,728	—		(2,812)	(2)
Long	8,030	—		8,280	(11)
Total	—	—		5,467	(14)

Note) Calculation methods for the fair value
The fair value is mainly based on the price quoted by information vendors.

(5) Others

As of March 31, 2019

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	521	521	(16)	(16)
Over-the-counter transactions:				
Credit derivatives:				
Short	1,831	77	(2)	0
Weather derivatives:				
Short	29,845	2,775	(7,799)	701
Long	15,178	1,387	6,506	(371)
Earthquake derivatives:				
Short	40,633	10	(3)	754
Long	36,569	288	8	(514)
Loss development cover:				
Short	2,688	2,688	(92)	(92)
Pandemic derivatives:				
Short	1,109	1,109	(100)	136
Long	776	—	15	(38)
Total			(1,485)	561

Notes) Calculation methods for the fair value

- Credit derivatives
The fair value is mainly based on the price quoted by information vendors.
- Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
- Earthquake derivatives
The fair value is calculated based on the contract term and other elements of the contract.
- Loss development cover
The fair value is calculated based on the contract term and other elements of the contract.
- Pandemic derivatives
The fair value is calculated based on the contract term and other elements of the contract.

As of March 31, 2020

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	558	558	9	9
Long	98	98	(1)	(1)
Over-the-counter transactions:				
Credit derivatives:				
Short	76	76	1	1
Weather derivatives:				
Short	32,837	6,070	(3,011)	2,174
Long	16,605	2,565	2,938	(833)
Earthquake derivatives:				
Short	70,050	10	(7)	1,158
Long	34,419	150	3	(462)
Loss development cover:				
Short	2,737	2,737	(100)	(100)
Pandemic derivatives:				
Short	906	—	(22)	215
Long	634	—	15	(37)
Total			(176)	2,122

Notes) Calculation methods for the fair value

- Credit derivatives
The fair value is mainly based on the price quoted by information vendors.
- Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
- Earthquake derivatives
The fair value is calculated based on the contract term and other elements of the contract.
- Loss development cover
The fair value is calculated based on the contract term and other elements of the contract.
- Pandemic derivatives
The fair value is calculated based on the contract term and other elements of the contract.

2. Derivative transactions to which hedge accounting is applied

(1) Currency derivatives

As of March 31, 2019

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	756,133	—	2,123
				—	(60)
	Currency options: Short Long	Securities available for sale	93,655 84,788	— —	47
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	198,011	198,011	Note 2
Total			—	—	2,110

Notes) 1. Calculation methods for the fair value

- (1) Forward foreign exchanges
The fair value is calculated by using forward exchange rate.
- (2) Currency options
The fair value is based on the price quoted by counterparties.
- (3) Currency swaps
The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

As of March 31, 2020

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	831,201	—	8,405
				—	(414)
	Currency options: Short Long	Securities available for sale	154,562 141,439	— —	808
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	179,597	179,597	Note 2
Total			—	—	8,798

Notes) 1. Calculation methods for the fair value

- (1) Forward foreign exchanges
The fair value is calculated by using forward exchange rate.
- (2) Currency options
The fair value is based on the price quoted by counterparties.
- (3) Currency swaps
The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

(2) Interest rate derivatives

As of March 31, 2019

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	78,000	69,000	8,945
Total			—	—	8,945

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

As of March 31, 2020

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	69,000	60,500	7,758
Total			—	—	7,758

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

12. Retirement Benefits

1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, Sompo Japan Nipponkoa Insurance Inc., which is a consolidated subsidiary of the Company, provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan for both retired employees who are already receiving pension and those who are eligible for employees' benefits but have not yet reached the pension commencement age. Sompo Japan Nipponkoa Insurance Inc. also sets up a retirement benefit trust. The other domestic consolidated subsidiaries provide a contract-type corporate pension plan and an unfunded retirement plan with lump-sum payments as defined benefit type in addition to defined contribution pension plans. Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

Net defined benefit liability and retirement benefit expenses regarding lump-sum payments retirement plan are calculated by using the simplified accounting methods.

2. Retirement defined benefit plans

(1) Reconciliation of beginning and ending balances of the retirement benefit obligation

	(Millions of yen)	
	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Retirement benefit obligation at the beginning of the period	202,072	193,735
Service cost	12,640	12,400
Interest cost	809	432
The amount of actuarial difference occurred	(3,535)	(12,800)
Retirement benefit paid	(13,906)	(15,508)
The amount of prior service costs occurred	(418)	—
Increase due to merger	6	—
Others	(3,932)	(179)
Retirement benefit obligation at the end of the period	193,735	178,080

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

(2) Reconciliation of beginning and ending balances of plan assets

	(Millions of yen)	
	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Plan assets at the beginning of the period	100,454	90,436
Expected return on plan assets	526	496
The amount of actuarial difference occurred	(5,080)	(5,612)
The amount of employer contributions	691	1,376
Retirement benefit paid	(2,206)	(2,142)
Others	(3,947)	(118)
Plan assets at the end of the period	90,436	84,434

(3) Reconciliation of the ending balances of retirement benefit obligation and plan assets, and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Funded retirement benefit obligation	185,239	170,331
Plan assets	(90,436)	(84,434)
Unfunded retirement benefit obligation	94,803	85,896
Asset ceiling adjustments	8,495	7,748
Net liabilities and assets on the consolidated balance sheet	289	262
Net liabilities and assets on the consolidated balance sheet	103,588	93,908
Net defined benefit liability	103,796	94,094
Net defined benefit asset	(207)	(186)
Net liabilities and assets on the consolidated balance sheet	103,588	93,908

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Service cost	12,640	12,400
Interest cost	809	432
Expected return on plan assets	(526)	(496)
Amortization of actuarial difference	583	539
Amortization of prior service costs	59	7
Others	1,099	33
Retirement benefit expenses for defined benefit plans	14,666	12,916

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

(5) Remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in remeasurements of defined benefit plans are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Prior service costs	(477)	(7)
Actuarial difference	955	(7,778)
Total	478	(7,786)

(6) Accumulated remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in accumulated remeasurements of defined benefit plans are as follows.

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Unrecognized prior service costs	(43)	(51)
Unrecognized actuarial difference	4,942	(2,824)
Total	4,898	(2,876)

(7) Plan assets

(a) Main components of plan assets

The percentage shares of components by main asset class out of total plan assets are as follows.

	As of March 31, 2019	As of March 31, 2020
Bonds	21	23
Stocks	63	60
Joint investment assets	6	5
Life insurance general accounts	7	8
Cash and deposits	1	1
Others	2	3
Total	100	100

(b) Establishment of methods for the long-term expected rate of return on plan assets

In order to assume the long-term expected rate of return on plan assets, present and expected distribution of plan assets and the long term expected rate of return on the multitude of assets in plan assets are considered.

(8) Basis of actuarial assumptions

Major bases of actuarial assumptions are as follows.

		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Discount rate	Domestic consolidated subsidiaries	0.1–1.0	0.5–1.0
	Foreign consolidated subsidiaries	4.7–9.9	3.1–8.3
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0–1.5	0.0–1.5
	Foreign consolidated subsidiaries	9.9	7.0

3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 7,147 million yen for the fiscal year ended March 31, 2019 and amounts to 7,640 million yen for the fiscal year ended March 31, 2020.

13. Stock Options

1. Recorded amount and account which includes stock option expense

None.

2. Recorded amount on profit resulting from forfeiture of stock options

None.

3. Contents, size and its changes of stock options

(1) Contents of stock options

Stock options granted by the Company are as follows.

15th and 16th issue of stock acquisition rights of the Company are stock options transferred from former Sampo Japan Insurance Inc. ("former Sampo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from former NIPPONKOA Insurance Company, Limited ("former NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010.

The Company decided to introduce the "Board Benefit Trust (BBT)," a performance-linked stock compensation plan at the 6th general meeting of shareholders held on June 27, 2016, and not to grant new stock options thereafter.

(a) Stock options transferred from former Sampo Japan and granted by the Company

	15th issue	16th issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former Sampo Japan: 27 Others (Note 1): 1	Directors and senior vice presidents of former Sampo Japan: 41 Others (Note 1): 1
Number of stock options granted by types of shares	Common stock: 74,325 stocks (Note 2)	Common stock: 186,775 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to August 11, 2033	April 1, 2010 to August 10, 2034
Number of stock acquisition rights*	197 stock acquisition rights (Note 3)	342 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,925 stocks (Notes 3, 4)	Common stock: 8,550 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 3,761 Amount of capital incorporation (Note 5)	Issue price: 2,493 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2020), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2020).

Notes

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former Sampo Japan but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 25.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and senior vice president of Sampo Japan Insurance Inc.
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.

7. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.

If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
 - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

(b) Stock options transferred from former NIPPONKOA and granted by the Company

	17th issue	18th issue
Resolution date	Extraordinary general meeting of shareholders of former Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 5 Others (Note 1): 7	Directors and senior vice presidents of former NIPPONKOA: 7 Others (Note 1): 11
Number of stock options granted by types of shares	Common stock: 35,775 stocks (Note 2)	Common stock: 50,400 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to June 29, 2024	April 1, 2010 to June 29, 2025
Number of stock acquisition rights*	14 stock acquisition rights (Note 3)	13 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 3,150 stocks (Notes 3, 4)	Common stock: 2,925 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,385 Amount of capital incorporation (Note 5)	Issue price: 2,385 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2020), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2020).

Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the day a year after the day immediately following the date of the loss of their status as a director and senior vice president of Sompo Japan Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 7 years after the exercise commencement date or the last day of the exercise period, whichever earlier.
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
- (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
- (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
- (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
- (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

	19th issue	20th issue
Resolution date	Extraordinary general meeting of shareholders of former Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 12 Others (Note 1): 2	Directors and senior vice presidents of former NIPPONKOA: 12 Others (Note 1): 2
Number of stock options granted by types of shares	Common stock: 27,675 stocks (Note 2)	Common stock: 30,375 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 27, 2027	April 1, 2010 to March 17, 2028
Number of stock acquisition rights*	10 stock acquisition rights (Note 3)	12 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 2,250 stocks (Notes 3, 4)	Common stock: 2,700 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

	21st issue	22nd issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 16 Others (Note 1): 3	Directors and senior vice presidents of former NIPPONKOA: 21 Others (Note 1): 3
Number of stock options granted by types of shares	Common stock: 61,875 stocks (Note 2)	Common stock: 88,425 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 16, 2029	April 1, 2010 to October 7, 2029
Number of stock acquisition rights*	19 stock acquisition rights (Note 3)	23 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,275 stocks (Notes 3, 4)	Common stock: 5,175 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2020), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2020).
Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the date of the loss of their status as a director and senior vice president of Sampo Japan Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 10 days after the following date of the exercise commencement date (and before the end of the exercise period of the stock acquisition rights (hereinafter the "exercise period")).
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
- (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
- (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
- (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
- (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

(c) Stock options granted by the Company

	23rd issue	24th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2010	Meeting of the Board of Directors held on October 14, 2011
Title and number of grantees	Directors and senior vice presidents of the Company: 7 Directors and senior vice presidents of subsidiaries of the Company: 66 The actual number of persons (Notes 1, 2) 69	Directors and senior vice presidents of the Company: 8 Directors and senior vice presidents of subsidiaries of the Company: 82 The actual number of persons (Notes 1, 2) 86
Number of stock options granted by types of shares	Common stock: 349,450 stocks (Note 3)	Common stock: 372,300 stocks (Note 3)
Grant date	August 16, 2010	November 1, 2011
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 17, 2010 to August 16, 2035	November 1, 2011 to October 31, 2036
Number of stock acquisition rights*	1,218 [1,094] stock acquisition rights (Note 4)	398 [372] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 30,450 [27,350] stocks (Notes 4, 5)	Common stock: 39,800 [37,200] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,809 Amount of capital incorporation (Note 6)	Issue price: 1,373 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	25th issue	26th issue
Resolution date	Meeting of the Board of Directors held on July 27, 2012	Meeting of the Board of Directors held on July 26, 2013
Title and number of grantees	Directors and senior vice presidents of the Company: 7 Directors and senior vice presidents of subsidiaries of the Company: 87 The actual number of persons (Notes 1, 2) 90	Directors and senior vice presidents of the Company: 9 Directors and senior vice presidents of subsidiaries of the Company: 136 The actual number of persons (Notes 1, 2) 79
Number of stock options granted by types of shares	Common stock: 391,100 stocks (Note 3)	Common stock: 195,000 stocks (Note 3)
Grant date	August 14, 2012	August 13, 2013
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 14, 2012 to August 13, 2037	August 13, 2013 to August 12, 2038
Number of stock acquisition rights*	439 [389] stock acquisition rights (Note 4)	285 [245] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 43,900 [38,900] stocks (Notes 4, 5)	Common stock: 28,500 [24,500] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,329 Amount of capital incorporation (Note 6)	Issue price: 2,297 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	27th issue	28th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2014	Meeting of the Board of Directors held on July 30, 2015
Title and number of grantees	Directors and senior vice presidents of the Company: 11 Directors and senior vice presidents of subsidiaries of the Company: 117 The actual number of persons (Notes 1, 2) 69	Directors and senior vice presidents of the Company: 16 Directors and senior vice presidents of subsidiaries of the Company: 61 The actual number of persons (Notes 1, 2) 63
Number of stock options granted by types of shares	Common stock: 172,900 stocks (Note 3)	Common stock: 100,700 stocks (Note 3)
Grant date	August 15, 2014	August 17, 2015
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 15, 2014 to August 14, 2039	August 17, 2015 to August 16, 2040
Number of stock acquisition rights*	373 [323] stock acquisition rights (Note 4)	335 [286] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 37,300 [32,300] stocks (Notes 4, 5)	Common stock: 33,500 [28,600] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,404 Amount of capital incorporation (Note 6)	Issue price: 4,153 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2020). For changes made during the period between the end of the current fiscal year and the end of the month prior to the submission date of this document (May 31, 2020), status as of the end of the month prior to the submission date is indicated in square brackets and the absence of these indicates no change.

Notes)

1. "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors.
2. Since several directors and senior vice presidents of the Company have concurrently served as director/senior vice president of the Company or as director/senior vice president (*shikkouyakuin*) of its subsidiaries, the actual number of the persons to whom the stock acquisition rights of the Company are granted is shown in the table, respectively.
3. Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares concerning the 23rd issue of stock acquisition rights of the Company are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
4. The number of shares underlying each stock acquisition right is 25 for the 23rd issue of stock acquisition rights and 100 for the 24th to the 28th issue of stock acquisition rights.
5. In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
6. Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - (1) When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - (2) When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.

7. Conditions for exercising the stock acquisition rights are as follows:
- (1) Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and senior vice president of the Company and as a director and senior vice president (*shikkouyakuin*) of its subsidiaries.
 - (2) Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
8. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
- If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.
- (1) Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
 - (2) Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
 - (3) Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 5 above, taking into consideration the conditions of the corporate reorganization.
 - (4) Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
 - (5) Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
 - (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 6 above.
 - (7) Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
 - (8) Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
 - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
 - (9) Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 7 above.

(2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2020 is indicated by converting to number of shares.

(a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

	March 31, 2019	Vested	Exercised	Forfeited	March 31, 2020
15th issue of stock acquisition rights of the Company	4,925	—	—	—	4,925
16th issue	8,550	—	—	—	8,550
17th issue	3,150	—	—	—	3,150
18th issue	2,925	—	—	—	2,925
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	4,275	—	—	—	4,275
22nd issue	5,175	—	—	—	5,175
23rd issue	30,450	—	—	—	30,450
24th issue	42,400	—	2,600	—	39,800
25th issue	48,900	—	5,000	—	43,900
26th issue	32,100	—	3,600	—	28,500
27th issue	45,400	—	8,100	—	37,300
28th issue	43,900	—	10,400	—	33,500

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2020 (yen)	Fair value per share on the grant date (yen)
15th issue of stock acquisition rights of the Company	1	—	3,760 ^(Notes 1, 2)
16th issue	1	—	2,492 ^(Notes 1, 2)
17th issue	1	—	2,384 ^(Note 1)
18th issue	1	—	2,384 ^(Note 1)
19th issue	1	—	2,440 ^(Note 1)
20th issue	1	—	2,440 ^(Note 1)
21st issue	1	—	2,440 ^(Note 1)
22nd issue	1	—	2,440 ^(Note 1)
23rd issue	1	—	1,808 ^(Note 1)
24th issue	1	4,171	1,372
25th issue	1	4,171	1,328
26th issue	1	4,171	2,296
27th issue	1	4,177	2,403
28th issue	1	4,174	4,152

Notes)

1. The Company carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts represent exercise price and fair value per share on the grant date after the execution of the reverse split of stocks.

2. Fair value per share at the time of grant by former Sampo Japan is shown in the table.

4. Method for estimating the fair value per share of stock options

There is no stock option granted for the fiscal year ended March 31, 2020.

The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from former Sampo Japan to the Company (15th and 16th issue of stock acquisition rights of the Company). The Company also does not make a new estimation for the fair value per share of stock acquisition rights transferred from former NIPPONKOA to the Company (17th to 22nd issue of stock acquisition rights of the Company) because those are revalued under the purchase method.

5. Method for estimating the number of rights of stock options vested

As all stock options are vested at the time that they are granted, this item is not applicable.

14. Tax Effect Accounting

1. Main components of deferred tax assets and deferred tax liabilities

	(Millions of yen)	
	As of March 31, 2019	As of March 31, 2020
Deferred tax assets:		
Underwriting reserves	170,496	175,003
Reserve for outstanding losses and claims	38,064	35,980
Intangible fixed assets for tax purposes	33,268	35,107
Impairment losses on securities and real estate	32,217	33,842
Net defined benefit liability	29,097	26,291
Losses carried forward for tax purposes (Note)	25,635	26,225
Others	56,364	73,867
Deferred tax assets subtotal	385,144	406,319
Valuation allowance associated with losses carried forward for tax purposes (Note)	(19,522)	(22,147)
Valuation allowance associated with total amount such as deductible temporary differences	(39,484)	(41,269)
Valuation allowance subtotal	(59,006)	(63,416)
Total deferred tax assets	326,138	342,902
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(317,268)	(237,312)
Unrealized gains and losses on consolidated subsidiaries	(8,791)	(8,735)
Others	(23,325)	(26,093)
Total deferred tax liabilities	(349,386)	(272,141)
Net deferred tax assets (liabilities)	(23,247)	70,760

Note) Losses carried forward for tax purposes and deferred tax assets by expiration of carry-forward

As of March 31, 2019

	(Millions of yen)						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Losses carried forward for tax purposes ^(*)	981	2,180	2,197	2,440	1,942	15,894	25,635
Valuation allowance	(922)	(2,180)	(2,197)	(2,440)	(1,942)	(9,839)	(19,522)
Deferred tax assets	59	—	—	—	—	6,054	6,113 ^(**)

(*1) Losses carried forward for tax purposes are calculated using the statutory income tax rate.

(*2) Deferred tax assets of 6,113 million yen are recorded for losses carried forward for tax purposes of 25,635 million yen (calculated using the statutory income tax rate). They are deemed to be recoverable as it is expected that there will be taxable income in the future.

As of March 31, 2020

	(Millions of yen)						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Losses carried forward for tax purposes ^(*)	2,583	2,633	2,698	1,941	1,469	14,897	26,225
Valuation allowance	(2,132)	(1,993)	(2,437)	(1,941)	(1,469)	(12,171)	(22,147)
Deferred tax assets	451	639	261	—	—	2,725	4,078 ^(**)

(*3) Losses carried forward for tax purposes are calculated using the statutory income tax rate.

(*4) Deferred tax assets of 4,078 million yen are recorded for losses carried forward for tax purposes of 26,225 million yen (calculated using the statutory income tax rate). They are deemed to be recoverable as it is expected that there will be taxable income in the future.

2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting

Reconciliation details are omitted for the fiscal year ended March 31, 2019 and 2020, because the difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting is 5% or less.

15. Segment Information

Segment information

1. Summary of reportable segments

The reportable segment of the Company is the component of SOMPO HOLDINGS, for which discrete financial information is available and whose operating results are periodically reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The respective group companies of the Company determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of the Company.

Therefore, the Company is composed of business segments, which consist of the respective group companies as minimum component. "Domestic P&C insurance business," "Overseas insurance business," "Domestic life insurance business" and "Nursing care and healthcare business" are determined as the reportable segments. The Company, asset management business, risk management business and defined-contribution pension business, etc. that are not covered by the reportable segments are included in "Others." "Domestic P&C insurance business" consists mainly of underwriting of property and casualty insurance, investment, and related activities in Japan. "Overseas insurance business" consists mainly of underwriting of property and casualty insurance and investment activities overseas. "Domestic life insurance business" consists mainly of underwriting of life insurance and investment activities in Japan, "Nursing care and healthcare business" consists mainly of providing nursing care service and healthcare service.

2. Calculation methods for the amount of sales, income or loss, assets and other items by each reportable segment

The accounting methods of reportable business segments are those mentioned in "1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements." Income or loss attributable to the reportable segments is the amounts based on net income attributable to shareholders of the parent in the consolidated statement of income.

Income from internal transactions among segments is based on the price of transactions among third parties and others.

As described in "(Changes in accounting policies)", Sompo International Holdings Ltd., an overseas consolidated subsidiary, has adopted International Financial Reporting Standards (hereinafter "IFRS") for its consolidated financial statements from the beginning of the fiscal year 2019, in place of US GAAP previously applied. This decision was made considering the overall circumstances, including the situation of the application of accounting standards at other overseas consolidated subsidiaries and the fact that SOMPO HOLDINGS is contemplating voluntary adoption of IFRS. The effect of this change on segment income (loss) for the fiscal year ended March 31, 2020 was immaterial.

3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales ^(Note 1) :									
Sales from transactions with external customers	2,198,702	523,972	345,086	127,405	3,195,167	13,250	3,208,418	434,622	3,643,040
Sales from internal transactions or transfers among segments	—	—	—	110	110	15,985	16,095	(16,095)	—
Total	2,198,702	523,972	345,086	127,515	3,195,277	29,236	3,224,514	418,526	3,643,040
Segment income (loss)	139,821	(6,033)	14,757	(201)	148,343	(1,717)	146,626	—	146,626
Segment assets	6,539,595	2,229,930	3,006,265	177,267	11,953,060	65,194	12,018,254	—	12,018,254
Other items:									
Depreciation	14,566	26,659	456	5,243	46,924	380	47,305	—	47,305
Amortization of goodwill	100	18,539	609	4,807	24,057	—	24,057	—	24,057
Interest and dividend income	111,349	33,515	44,544	141	189,551	0	189,551	(829)	188,722
Interest paid	7,158	3,912	80	2,754	13,904	1	13,906	(3)	13,902
Investment gains (losses) on the equity method	79	(672)	—	—	(593)	—	(593)	—	(593)
Extraordinary gains ^(Note 5)	12,875	12	—	0	12,888	—	12,888	(20)	12,868
Extraordinary losses ^(Note 6) :	6,556	1,448	1,694	117	9,817	1	9,819	(20)	9,799
Impairment losses	703	1,032	—	—	1,735	—	1,735	—	1,735
Income tax expenses	51,505	(445)	6,193	1,322	58,576	1,080	59,657	—	59,657
Investment in affiliates accounted for under the equity method	1,432	6,153	—	—	7,586	—	7,586	—	7,586
Increase in tangible and intangible fixed assets	62,386	23,087	332	6,313	92,120	676	92,796	—	92,796

Notes)

- Sales amounts represent the following:

Domestic P&C insurance business:	Net premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Domestic life insurance business:	Life insurance premiums written
Nursing care and healthcare business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income
- "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business and defined-contribution pension business.
- Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	434,622 million yen
Elimination of internal transactions among segments:	(16,095) million yen
- Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.
- Extraordinary gains for domestic P&C insurance business include 12,855 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 3,994 million yen of provision for reserve for price fluctuation. Also, extraordinary losses for domestic life insurance business include 1,009 million yen of the special premium to be paid out in conjunction with Special Measures for Employees' Career Change Support.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales ^(Note 1) :									
Sales from transactions with external customers	2,235,825	597,397	348,324	134,289	3,315,836	13,179	3,329,015	431,350	3,760,366
Sales from internal transactions or transfers among segments	—	—	—	184	184	12,495	12,679	(12,679)	—
Total	2,235,825	597,397	348,324	134,473	3,316,020	25,674	3,341,695	418,671	3,760,366
Segment income (loss)	95,445	21,599	15,957	1,318	134,321	(11,805)	122,515	—	122,515
Segment assets	6,202,067	2,315,725	3,217,267	173,721	11,908,782	69,054	11,977,836	—	11,977,836
Other items:									
Depreciation	15,042	20,212	532	5,257	41,045	355	41,401	—	41,401
Amortization of goodwill	76	18,468	609	4,807	23,961	—	23,961	—	23,961
Interest and dividend income	114,400	44,563	45,708	129	204,802	110	204,912	(777)	204,135
Interest paid	7,132	4,449	76	2,515	14,174	7	14,181	(15)	14,166
Investment losses on the equity method	(13)	(2,214)	—	—	(2,227)	(6,724)	(8,952)	—	(8,952)
Extraordinary gains ^(Note 5)	1,824	45	3	—	1,873	—	1,873	—	1,873
Extraordinary losses ^(Note 6) :	13,929	606	2,319	219	17,074	59	17,133	—	17,133
Impairment losses	2,124	547	—	—	2,672	—	2,672	—	2,672
Income tax expenses	37,180	6,257	6,672	3,496	53,605	398	54,004	—	54,004
Investment in affiliates accounted for under the equity method	1,411	7,329	—	—	8,741	10,650	19,391	—	19,391
Increase in tangible and intangible fixed assets	64,813	12,476	912	6,911	85,113	541	85,655	—	85,655

Notes)

- Sales amounts represent the following:

Domestic P&C insurance business:	Net premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Domestic life insurance business:	Life insurance premiums written
Nursing care and healthcare business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income
- "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business and defined-contribution pension business, etc.
- Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	431,350 million yen
Elimination of internal transactions among segments:	(12,679) million yen
- Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.
- Extraordinary gains for domestic P&C insurance business are 1,824 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 4,212 million yen of losses on disposal of fixed assets, 3,941 million yen of provision for reserve for price fluctuation and 3,651 million yen of expenses pertaining to changes of company names. Also, extraordinary losses for domestic life insurance business include 1,558 million yen of expenses pertaining to changes of company names.

Related information

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	375,171	81,730	180,270	1,199,516	278,788	602,677	2,718,155

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	329,504	5,846	14,256	—	349,606

2. Information by geographic area

(1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,626,307	232,393	336,466	3,195,167

Notes)

- Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
- Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

(2) Tangible fixed assets

(Millions of yen)

Japan	Overseas	Total
340,020	15,123	355,144

3. Information by major customers

None.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	406,295	87,241	173,875	1,221,171	281,141	655,757	2,825,482

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	334,715	5,330	16,018	—	356,064

2. Information by geographic area

(1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,677,291	289,948	348,596	3,315,836

Notes)

- Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
- Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

(2) Tangible fixed assets

(Millions of yen)

Japan	Overseas	Total
336,842	37,551	374,393

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	703	1,032	—	—	1,735	—	—	1,735

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	2,124	547	—	—	2,672	—	—	2,672

Information related to amortization of goodwill and balance of goodwill by reportable segments

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2019	100	18,539	609	4,807	24,057	—	—	24,057
Balance as of March 31, 2019	140	156,545	1,218	40,790	198,694	—	—	198,694

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2020	76	18,468	609	4,807	23,961	—	—	23,961
Balance as of March 31, 2020	49	136,024	609	35,982	172,665	—	—	172,665

Information related to gains on negative goodwill by reportable segments

None.

16. Related-Party Transactions

There is no significant related-party transaction to be represented.

17. Per Share Information

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net assets per share	4,720.07 yen	4,385.85 yen
Net income per share	392.26 yen	334.12 yen
Diluted net income per share	391.96 yen	333.89 yen

Notes)

1. Calculation of net income per share and diluted net income per share are based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net income per share		
Net income attributable to shareholders of the parent	146,626	122,515
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	146,626	122,515
Average number of common stocks outstanding	373,792 thousand shares	366,675 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:		
Stock acquisition rights	282 thousand shares	247 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	—	—

2. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Total net assets	1,779,911	1,612,584
Amount to be deducted from total net assets:		
Stock acquisition rights	632	551
Non-controlling interests	21,399	15,033
Net assets attributable to common stocks	1,757,879	1,596,998
Number of common stocks used for calculation of net assets per share	372,426 thousand shares	364,125 thousand shares

3. In the calculation of net income per share and diluted net income per share, the Company shares outstanding in "Board Benefit Trust (BBT)" which are recognized as treasury stock in shareholders' equity are included in treasury stock deducted from the average number of shares outstanding. In addition, in the calculation of net assets per share, such shares are included in treasury stock deducted from the number of total shares outstanding. The average number of the treasury stock deducted above mentioned is 553 thousand for the fiscal year ended March 31, 2019 and is 786 thousand for the fiscal year ended March 31, 2020. The number of the treasury stock deducted above mentioned is 550 thousand as of March 31, 2019 and is 1,053 thousand as of March 31, 2020.

18. Significant Subsequent Events

Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2020. Details of the resolution are as follows.

1. Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a basic policy of paying dividends, with the option of stock buybacks depending on capital conditions. In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return for the financial results of fiscal year ended March 31, 2020.

2. Details of stock buybacks

(1) Class of shares	Common stock of the Company
(2) Potential total number	15,000,000 shares (upper limit)
(3) Total price	35,300,000,000 yen (upper limit)
(4) Period	May 29, 2020 — November 18, 2020

Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	459,769	458,885	(883)
Cash	6	37	30
Deposits	459,762	458,848	(913)
Receivables under resale agreements	64,999	69,999	5,000
Monetary receivables bought	11,703	19,897	8,193
Money trusts	40,862	32,871	(7,990)
Securities:	5,056,187	4,724,237	(331,950)
Government bonds	779,818	724,361	(55,457)
Municipal bonds	6,366	6,259	(106)
Corporate bonds	603,468	643,188	39,720
Domestic stocks	1,345,501	1,069,761	(275,740)
Foreign securities	2,255,634	2,188,153	(67,480)
Other securities	65,398	92,513	27,114
Loans:	685,377	673,292	(12,085)
Policy loans	6,788	6,000	(787)
Ordinary loans	678,589	667,291	(11,297)
Tangible fixed assets:	249,654	246,883	(2,771)
Land	101,753	97,778	(3,974)
Buildings	104,267	111,174	6,907
Leased assets	3,377	3,330	(47)
Construction in progress	12,700	7,325	(5,375)
Other tangible fixed assets	27,555	27,274	(281)
Intangible fixed assets:	114,753	156,542	41,788
Software	3,583	2,489	(1,094)
Other intangible fixed assets	111,169	154,053	42,883
Other assets:	842,663	744,246	(98,417)
Premiums receivable	2,921	863	(2,058)
Agency accounts receivable	179,302	180,295	992
Foreign agency accounts receivable	33,174	31,025	(2,149)
Coinsurance accounts receivable	21,708	36,455	14,746
Reinsurance accounts receivable	173,825	162,122	(11,702)
Foreign reinsurance accounts receivable	187,352	177,938	(9,413)
Proxy service receivable	528	265	(262)
Accounts receivable	121,641	31,770	(89,871)
Accrued income	9,462	8,895	(566)
Advance deposits	22,625	16,356	(6,268)
Earthquake insurance deposits	4,358	4,570	211
Suspense payments	65,487	66,703	1,215
Deposits paid for future transactions	9,248	8,585	(662)
Derivative assets	10,881	16,521	5,639
Cash collateral paid for financial instruments	144	1,868	1,724
Other assets	0	7	7
Prepaid pension cost	477	409	(67)
Deferred tax assets	—	48,676	48,676
Allowance for possible credit losses	(3,471)	(3,193)	277
Allowance for possible investment losses	(7,089)	(6,691)	398
Total assets	7,515,887	7,166,057	(349,829)

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	4,626,617	4,577,735	(48,881)
Reserve for outstanding losses and claims	885,703	859,134	(26,569)
Underwriting reserves	3,740,913	3,718,600	(22,312)
Corporate bonds	433,560	433,560	—
Other liabilities:	760,883	656,107	(104,776)
Coinsurance accounts payable	5,179	5,849	669
Reinsurance accounts payable	91,235	88,555	(2,680)
Foreign reinsurance accounts payable	40,761	40,425	(336)
Payables under securities lending transactions	202,289	112,905	(89,383)
Borrowings	106,771	76,266	(30,504)
Income taxes payable	27,888	30,386	2,498
Deposits received	3,106	3,088	(18)
Unearned income	312	319	7
Accounts payable	155,882	162,355	6,472
Suspense receipts	88,162	90,756	2,594
Derivative liabilities	4,340	2,900	(1,439)
Cash collateral received for financial instruments	28,608	36,240	7,632
Lease obligations	4,321	3,985	(336)
Asset retirement obligations	2,024	2,072	47
Reserve for retirement benefits	93,600	91,659	(1,940)
Reserve for bonus payments	18,325	17,811	(513)
Reserve for bonus payments to directors	64	107	43
Reserves under the special laws:	83,183	87,116	3,933
Reserve for price fluctuation	83,183	87,116	3,933
Deferred tax liabilities	30,352	—	(30,352)
Total liabilities	6,046,586	5,864,098	(182,488)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	70,000	70,000	—
Capital reserves	70,000	70,000	—
Retained earnings:	527,900	565,280	37,379
Other retained earnings:	527,900	565,280	37,379
Reserve for advanced depreciation	8,421	8,034	(386)
General reserve	83,300	83,300	—
Retained earnings carried forward	436,179	473,945	37,766
Total shareholders' equity	667,900	705,280	37,379
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	794,949	591,085	(203,863)
Deferred gains and losses on hedges	6,449	5,593	(856)
Total valuation and translation adjustments	801,399	596,679	(204,720)
Total net assets	1,469,300	1,301,959	(167,340)
Total liabilities and net assets	7,515,887	7,166,057	(349,829)

Sompo Japan Insurance Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	2,678,209	2,579,158	(99,050)	(3.7)%
Underwriting income:	2,440,115	2,383,396	(56,718)	(2.3)
Net premiums written	2,148,632	2,184,750	36,117	1.7
Deposits of premiums by policyholders	111,128	113,702	2,574	2.3
Interest and dividend income on deposits of premiums, etc.	38,153	35,092	(3,060)	(8.0)
Reversal of reserve for outstanding losses and claims	21,725	26,569	4,843	22.3
Reversal of underwriting reserves	118,590	22,312	(96,278)	(81.2)
Foreign exchange gains	939	—	(939)	(100.0)
Other underwriting income	945	969	24	2.6
Investment income:	225,397	183,996	(41,401)	(18.4)
Interest and dividend income	134,644	137,164	2,519	1.9
Investment gains on money trusts	5,445	202	(5,243)	(96.3)
Gains on sales of securities	116,389	80,473	(35,915)	(30.9)
Gains on redemption of securities	1,709	1,032	(677)	(39.6)
Foreign exchange gains	3,276	—	(3,276)	(100.0)
Other investment income	2,085	216	(1,869)	(89.6)
Transfer of interest and dividend income on deposits of premiums, etc.	(38,153)	(35,092)	3,060	—
Other ordinary income	12,696	11,765	(930)	(7.3)
Ordinary expenses:	2,462,672	2,396,771	(65,900)	(2.7)
Underwriting expenses:	2,096,117	2,036,819	(59,298)	(2.8)
Net claims paid	1,377,796	1,301,872	(75,923)	(5.5)
Loss adjustment expenses	121,930	115,385	(6,544)	(5.4)
Net commissions and brokerage fees	388,839	404,695	15,855	4.1
Maturity refunds to policyholders	205,330	212,128	6,797	3.3
Dividends to policyholders	128	101	(26)	(20.5)
Foreign exchange losses	—	591	591	—
Other underwriting expenses	2,092	2,044	(47)	(2.3)
Investment expenses:	35,567	33,068	(2,499)	(7.0)
Investment losses on money trusts	1,006	2,507	1,501	149.2
Losses on sales of securities	16,329	1,353	(14,975)	(91.7)
Impairment losses on securities	4,807	11,734	6,927	144.1
Losses on redemption of securities	342	455	112	32.9
Losses on derivatives	6,438	9,203	2,765	43.0
Foreign exchange losses	—	1,856	1,856	—
Other investment expenses	6,644	5,957	(686)	(10.3)
Operating, general and administrative expenses	321,281	317,396	(3,884)	(1.2)

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
Other ordinary expenses:	9,706	9,486	(219)	(2.3)%		
Interest paid	7,152	7,124	(27)	(0.4)		
Provision for allowance for possible credit losses	11	—	(11)	(100.0)		
Losses on bad debt	28	14	(14)	(49.2)		
Other ordinary expenses	2,513	2,347	(165)	(6.6)		
Ordinary profit	215,537	182,387	(33,150)	(15.4)		
Extraordinary gains:	18,937	1,824	(17,113)	(90.4)		
Gains on disposal of fixed assets	18,937	1,824	(17,113)	(90.4)		
Extraordinary losses:	7,256	13,793	6,537	90.1		
Losses on disposal of fixed assets	2,562	4,178	1,615	63.0		
Impairment losses	703	2,124	1,421	202.1		
Provision for reserves under the special laws:	3,990	3,933	(56)	(1.4)		
Provision for reserve for price fluctuation	3,990	3,933	(56)	(1.4)		
Other extraordinary losses	—	3,557	3,557	—		
Net income before income taxes	227,218	170,417	(56,800)	(25.0)		
Income taxes	29,480	42,799	13,318	45.2		
Deferred income taxes	22,029	(2,960)	(24,990)	(113.4)		
Total income taxes	51,510	39,838	(11,671)	(22.7)		
Net income	175,708	130,579	(45,128)	(25.7)		
Underwriting result:						
Net premiums written	(+)	2,148,632	2,184,750	36,117	1.7	
Net claims paid	(-)	1,377,796	1,301,872	(75,923)	(5.5)	
Loss adjustment expenses	(-)	121,930	115,385	(6,544)	(5.4)	
Net operating expenses:	(-)	689,835	707,575	17,740	2.6	
Net commissions and brokerage fees		388,839	404,695	15,855	4.1	
Operating, general and administrative expenses related to underwriting		300,995	302,879	1,884	0.6	
Underwriting result		(40,928)	59,916	100,844	—	
Underwriting profit		41,990	43,113	1,122	2.7	
Ratios:						
Net loss ratio	(%)	69.8	64.9	(4.9)		
Net operating expenses ratio	(%)	32.1	32.4	0.3		
Combined ratio	(%)	101.9	97.3	(4.6)		

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated) Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	46,208	34,722	(11,485)
Cash	0	0	(0)
Deposits	46,208	34,722	(11,485)
Securities:	18,070	25,017	6,946
Government bonds	2,535	1,316	(1,219)
Municipal bonds	10,991	10,734	(257)
Corporate bonds	601	5,009	4,407
Domestic stocks	29	33	4
Foreign securities	1,044	3,439	2,395
Other securities	2,869	4,485	1,616
Loans:	0	—	(0)
Policy loans	0	—	(0)
Tangible fixed assets:	602	623	20
Buildings	105	128	23
Leased assets	326	348	22
Other tangible fixed assets	170	145	(25)
Intangible fixed assets:	3,436	3,478	41
Software	3,432	3,474	41
Other intangible fixed assets	3	3	(0)
Other assets:	6,874	6,260	(613)
Premiums receivable	1,956	2,210	254
Agency accounts receivable	76	110	33
Coinsurance accounts receivable	10	14	4
Reinsurance accounts receivable	496	77	(418)
Foreign reinsurance accounts receivable	39	37	(1)
Proxy service receivable	2	—	(2)
Accounts receivable	1,072	768	(304)
Accrued income	17	17	(0)
Advance deposits	599	558	(40)
Suspense payments	2,420	2,465	45
Other assets	182	—	(182)
Allowance for possible credit losses	(45)	(83)	(37)
Total assets	75,147	70,018	(5,128)

Note) Amount as of March 31, 2019 represents the combined results of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited.

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	53,015	52,152	(863)
Reserve for outstanding losses and claims	18,938	19,610	671
Underwriting reserves	34,076	32,541	(1,534)
Other liabilities:	4,852	3,445	(1,406)
Coinsurance accounts payable	36	36	0
Reinsurance accounts payable	215	193	(22)
Foreign reinsurance accounts payable	115	98	(17)
Income taxes payable	149	155	6
Deposits received	42	29	(12)
Accounts payable	2,590	1,761	(828)
Suspense receipts	1,372	816	(556)
Lease obligations	330	354	23
Reserve for retirement benefits	544	—	(544)
Reserve for retirement benefits to directors	24	24	—
Reserve for bonus payments	403	434	31
Reserve for bonus payments to directors	29	28	(0)
Reserves under the special laws:	49	57	8
Reserve for price fluctuation	49	57	8
Deferred tax liabilities	179	61	(118)
Total liabilities	59,098	56,204	(2,893)
Net assets:			
Shareholders' equity:			
Common stock	51,260	32,260	(19,000)
Capital surplus:	49,497	40,692	(8,805)
Capital reserves	49,497	30,497	(19,000)
Other capital surplus	0	10,194	10,194
Retained earnings:	(85,263)	(59,387)	25,875
Other retained earnings:	(85,263)	(59,387)	25,875
Retained earnings carried forward	(85,263)	(59,387)	25,875
Total shareholders' equity	15,494	13,565	(1,929)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	554	249	(305)
Total valuation and translation adjustments	554	249	(305)
Total net assets	16,049	13,814	(2,234)
Total liabilities and net assets	75,147	70,018	(5,128)

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	51,957	52,743	786	1.5%
Underwriting income:	51,876	52,657	780	1.5
Net premiums written	50,069	51,073	1,003	2.0
Deposits of premiums by policyholders	3	0	(2)	(75.4)
Interest and dividend income on deposits of premiums, etc.	50	47	(2)	(5.8)
Reversal of underwriting reserves	1,752	1,534	(217)	(12.4)
Foreign exchange gains	—	0	0	—
Investment income:	30	37	6	22.7
Interest and dividend income	75	83	7	10.6
Other investment income	5	1	(4)	(67.5)
Transfer of interest and dividend income on deposits of premiums, etc.	(50)	(47)	2	—
Other ordinary income	50	48	(1)	(2.4)
Ordinary expenses:	55,394	54,147	(1,247)	(2.3)
Underwriting expenses:	39,677	39,471	(205)	(0.5)
Net claims paid	33,106	33,637	530	1.6
Loss adjustment expenses	4,473	4,047	(425)	(9.5)
Net commissions and brokerage fees	1,138	1,073	(64)	(5.7)
Maturity refunds to policyholders	92	28	(63)	(69.0)
Provision for reserve for outstanding losses and claims	849	671	(178)	(21.0)
Foreign exchange losses	0	—	(0)	(100.0)
Other underwriting expenses	17	13	(3)	(20.4)
Investment expenses:	3	3	0	4.5
Other investment expenses	3	3	0	4.5
Operating, general and administrative expenses	15,670	14,593	(1,076)	(6.9)
Other ordinary expenses:	43	77	34	80.3
Interest paid	6	7	1	29.8
Provision for allowance for possible credit losses	14	37	23	167.4
Other ordinary expenses	22	31	9	39.5
Ordinary loss	(3,437)	(1,403)	2,033	—

Note) Amount for the fiscal year ended March 31, 2019 represents the combined results of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited. Amount for the fiscal year ended March 31, 2020 includes the result of Sonpo 24 Insurance Company Limited for the three months ended June 30, 2019.

(Millions of yen)

		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
		Amount	Amount		
Extraordinary gains:		15	—	(15)	(100.0)%
Reversal of reserves under the special laws:		15	—	(15)	(100.0)
Reversal of reserve for price fluctuation		15	—	(15)	(100.0)
Extraordinary losses:		729	509	(219)	(30.1)
Losses on disposal of fixed assets		1	20	18	1,118.2
Impairment losses		—	0	0	—
Provision for reserves under the special laws:		—	8	8	—
Provision for reserve for price fluctuation		—	8	8	—
Business structure reform expenses		727	361	(365)	(50.3)
Other extraordinary losses		—	118	118	—
Net loss before income taxes		(4,151)	(1,912)	2,238	—
Income taxes		89	16	(72)	(81.2)
Deferred income taxes		219	—	(219)	(100.0)
Total income taxes		309	16	(292)	(94.6)
Net loss		(4,460)	(1,929)	2,531	—
Underwriting result:					
Net premiums written	(+)	50,069	51,073	1,003	2.0
Net claims paid	(-)	33,106	33,637	530	1.6
Loss adjustment expenses	(-)	4,473	4,047	(425)	(9.5)
Net operating expenses:	(-)	16,787	15,658	(1,128)	(6.7)
Net commissions and brokerage fees		1,138	1,073	(64)	(5.7)
Operating, general and administrative expenses related to underwriting		15,649	14,584	(1,064)	(6.8)
Underwriting result		(4,297)	(2,269)	2,027	—
Underwriting profit (loss)		(3,434)	(1,383)	2,051	—
Ratios:					
Net loss ratio	(%)	75.1	73.8	(1.3)	
Net operating expenses ratio	(%)	33.5	30.7	(2.9)	
Combined ratio	(%)	108.6	104.4	(4.1)	

Sompo Himawari Life Insurance, Inc. (Non-consolidated)
Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	92,843	116,117	23,274
Cash	—	0	0
Deposits	92,843	116,117	23,274
Securities:	2,805,201	2,983,851	178,649
Government bonds	1,845,412	1,902,571	57,158
Municipal bonds	65,809	74,127	8,318
Corporate bonds	425,036	515,243	90,207
Domestic stocks	8,648	7,319	(1,329)
Foreign securities	460,294	484,588	24,294
Loans:	41,734	43,163	1,428
Policy loans	41,734	43,163	1,428
Tangible fixed assets:	1,297	1,640	342
Buildings	445	445	(0)
Leased assets	566	676	109
Other tangible fixed assets	286	519	233
Agency accounts receivable	133	109	(23)
Reinsurance accounts receivable	1,435	1,356	(78)
Other assets:	54,814	54,893	79
Accounts receivable	37,028	36,919	(109)
Prepaid expenses	2,041	2,011	(30)
Accrued income	8,045	8,416	371
Advance deposits	2,760	2,506	(253)
Derivative assets	4,402	4,145	(257)
Cash collateral paid for financial instruments	80	230	150
Suspense payments	370	572	202
Other assets	86	91	5
Deferred tax assets	8,680	16,731	8,050
Allowance for possible credit losses	(51)	(112)	(60)
Total assets	3,006,090	3,217,752	211,662

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	2,784,798	2,967,301	182,502
Reserve for outstanding claims	45,266	43,152	(2,114)
Policy reserves	2,734,761	2,919,802	185,040
Reserve for dividends to policyholders	4,770	4,346	(423)
Agency accounts payable	4,097	3,494	(603)
Reinsurance accounts payable	821	826	4
Other liabilities:	46,592	85,548	38,956
Payables under securities lending transactions	24,887	69,308	44,420
Income taxes payable	4,174	3,789	(385)
Accounts payable	6,587	168	(6,419)
Accrued expenses	7,852	7,613	(239)
Deposits received	1,637	1,752	115
Derivative liabilities	198	1,360	1,162
Cash collateral received for financial instruments	—	300	300
Lease obligations	686	793	106
Suspense receipts	567	462	(104)
Reserve for bonus payments to directors	37	37	(0)
Reserve for retirement benefits	3,802	4,134	331
Reserve for possible reimbursement of prescribed claims	601	584	(17)
Reserves under the special laws:	7,490	8,213	723
Reserve for price fluctuation	7,490	8,213	723
Total liabilities	2,848,241	3,070,138	221,897
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	13,333	13,333	—
Capital reserves	13,333	13,333	—
Retained earnings:	74,169	82,752	8,583
Legal reserve	1,570	3,170	1,600
Other retained earnings:	72,599	79,582	6,983
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	72,274	79,257	6,983
Total shareholders' equity	104,752	113,336	8,583
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	53,096	34,277	(18,818)
Total valuation and translation adjustments	53,096	34,277	(18,818)
Total net assets	157,848	147,613	(10,235)
Total liabilities and net assets	3,006,090	3,217,752	211,662

Sompo Himawari Life Insurance, Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	495,111	500,819	5,707	1.2%
Insurance premiums and other:	444,443	446,510	2,066	0.5
Insurance premiums	441,582	444,162	2,580	0.6
Reinsurance income	2,861	2,347	(513)	(18.0)
Investment income:	48,621	49,425	803	1.7
Interest and dividend income and other:	44,583	45,731	1,147	2.6
Interest and dividends on securities	43,301	44,393	1,091	2.5
Interest on loans	1,235	1,290	54	4.4
Other interest and dividends	46	47	1	2.6
Gains on sales of securities	3,635	3,683	47	1.3
Foreign exchange gains	7	8	0	10.6
Other investment income	2	2	(0)	(22.7)
Investment gains on special account	391	—	(391)	(100.0)
Other ordinary income:	2,045	4,883	2,837	138.7
Fund receipt for annuity rider	494	1,198	704	142.6
Fund receipt for claim deposit payments	1,542	1,562	20	1.3
Reversal of reserve for outstanding claims	—	2,114	2,114	—
Other ordinary income	9	7	(1)	(18.5)
Ordinary expenses:	468,524	472,382	3,858	0.8
Insurance claims and other:	186,185	190,877	4,692	2.5
Insurance claims	32,214	34,513	2,298	7.1
Annuity payments	11,621	11,193	(427)	(3.7)
Insurance benefits	45,853	49,332	3,478	7.6
Surrender benefits	90,285	89,761	(523)	(0.6)
Other refunds	2,640	2,843	203	7.7
Reinsurance premiums	3,569	3,233	(336)	(9.4)
Provision for policy reserves and other:	180,683	185,041	4,357	2.4
Provision for reserve for outstanding claims	3,286	—	(3,286)	(100.0)
Provision for policy reserves	177,396	185,040	7,644	4.3
Provision for interest portion of reserve for dividends to policyholders	0	0	0	11.5
Investment expenses:	3,508	3,539	30	0.9
Interest paid	80	76	(3)	(4.8)
Losses on sales of securities	2,394	998	(1,396)	(58.3)
Losses on derivatives	926	374	(552)	(59.6)
Provision for allowance for possible credit losses	7	64	56	743.0
Other investment expenses	99	101	1	1.8
Investment losses on special account	—	1,925	1,925	—
Operating expenses	93,273	87,627	(5,645)	(6.1)

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	4,873	5,297	423	8.7%
Claim deposit payments	1,369	1,548	178	13.0
Taxes	2,132	2,170	38	1.8
Depreciation	456	532	75	16.6
Provision for reserve for retirement benefits	103	331	227	219.2
Other ordinary expenses	811	713	(97)	(12.1)
Ordinary profit	26,586	28,436	1,849	7.0
Extraordinary gains:	—	3	3	—
Gains on disposal of fixed assets and other	—	3	3	—
Extraordinary losses:	1,694	2,319	624	36.9
Losses on disposal of fixed assets and other	33	38	4	12.5
Provision for reserves under the special laws:	651	723	71	11.0
Provision for reserve for price fluctuation	651	723	71	11.0
Other extraordinary losses	1,009	1,558	549	54.4
Provision for reserve for dividends to policyholders	3,292	2,857	(434)	(13.2)
Net income before income taxes	21,599	23,262	1,662	7.7
Income taxes	6,930	7,411	480	6.9
Deferred income taxes	(725)	(732)	(7)	—
Total income taxes	6,204	6,678	473	7.6
Net income	15,394	16,583	1,188	7.7

Solvency Margin Ratio of Sampo Holdings, Inc. on a Consolidated Basis (Unaudited)

Consolidated Solvency Margin Ratio

- The Company calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The consolidated solvency margin ratio of the Company for the current fiscal year decreased 3.7 points from previous fiscal year to 856.1 percent.

Sompo Holdings, Inc. (Consolidated)
Consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
(A) Total Consolidated Solvency Margin	3,264,797	3,121,168
Capital and funds, etc.	799,920	868,552
Reserve for price fluctuation	90,722	95,387
Contingency reserve	32,571	33,859
Catastrophic loss reserve	501,491	466,910
General allowance for possible credit losses	2,745	4,598
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	947,259	715,505
Unrealized gains and losses on land	84,297	102,820
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	(4,970)	2,807
Surplus such as premium fund	172,796	182,064
Subordinated debt, etc.	433,560	433,560
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	—
Total solvency margin related to small amount and short term insurance companies	0	0
Deductions	38,048	43,671
Others	242,452	258,772
(B) Total Consolidated Risks	759,401	729,136
$\sqrt{(R_1^2+R_2^2+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R ₁)	251,559	263,183
Underwriting risk for life insurance business (R ₂)	14,865	15,550
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	9,961	10,554
Underwriting risk related to small amount and short term insurance companies (R ₄)	—	1
Guaranteed interest rate risk (R ₅)	26,533	25,314
Guaranteed minimum benefit risk for life insurance policies (R ₆)	388	393
Investment risk (R ₇)	466,050	428,964
Business management risk (R ₈)	19,430	18,879
Major catastrophe risk for property and casualty insurance policies (R ₉)	181,719	179,303
(C) Consolidated Solvency Margin Ratio	859.8%	856.1%
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).

Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)

Non-consolidated Solvency Margin Ratio

- Domestic insurance companies calculate the non-consolidated solvency margin ratio based on provision of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.”
((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates”
((B) Total Non-consolidated Risks).
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- Non-consolidated solvency margin ratios of the domestic insurance subsidiaries at the end of the current fiscal year are as follows.

Sompo Japan Insurance Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
(A) Total Non-consolidated Solvency Margin	2,925,752	2,722,944
Capital and funds, etc.	667,900	705,020
Reserve for price fluctuation	83,183	87,116
Contingency reserve	917	1,348
Catastrophic loss reserve	497,090	463,552
General allowance for possible credit losses	296	181
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	979,958	731,484
Unrealized gains and losses on land	102,267	120,616
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	433,560	433,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	53,329	47,562
Others	213,906	227,627
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	810,142	759,131
Underwriting risk (R ₁)	185,722	189,818
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	18,070	16,855
Investment risk (R ₄)	584,923	543,032
Business management risk (R ₅)	18,978	17,993
Major catastrophe risk (R ₆)	160,215	149,948
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	722.2%	717.3%

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020
	SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Sonpo 24 Insurance Company Limited	
(A) Total Non-consolidated Solvency Margin	10,676	10,216	17,272
Capital and funds, etc.	5,554	9,940	13,565
Reserve for price fluctuation	49	—	57
Contingency reserve	11	—	11
Catastrophic loss reserve	4,400	276	3,358
General allowance for possible credit losses	—	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	660	—	279
Unrealized gains and losses on land	—	—	—
Excess amount of reserve for maturity refunds	—	—	—
Subordinated debt, etc.	—	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—	—
Deductions	—	—	—
Others	0	—	—
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	6,248	1,649	8,250
Underwriting risk (R ₁)	4,893	1,455	6,591
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—	—
Guaranteed interest rate risk (R ₃)	19	—	17
Investment risk (R ₄)	693	202	1,033
Business management risk (R ₅)	201	53	268
Major catastrophe risk (R ₆)	1,101	126	1,307
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	341.7%	1,238.7%	418.6%

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

Sompo Himawari Life Insurance, Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
(A) Total Non-consolidated Solvency Margin	383,002	382,291
Capital, etc.	104,752	113,336
Reserve for price fluctuation	7,490	8,213
Contingency reserve	31,642	32,499
General allowance for possible credit losses	4	5
Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	66,370	42,847
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	172,796	182,064
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(28,599)	(27,819)
Brought in capital, etc.	—	—
Deductions	—	—
Others	28,545	31,144
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4+R_5)^2+R_6}$	50,809	51,935
Underwriting risk (R ₁)	14,188	14,392
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	9,961	10,554
Guaranteed interest rate risk (R ₃)	8,443	8,442
Guaranteed minimum benefit risk (R ₄)	388	393
Investment risk (R ₅)	34,335	35,137
Business management risk (R ₆)	1,346	1,378
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,507.5%	1472.1%

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

2. Guaranteed minimum benefit risk is calculated by using the standard method.

Corporate Data

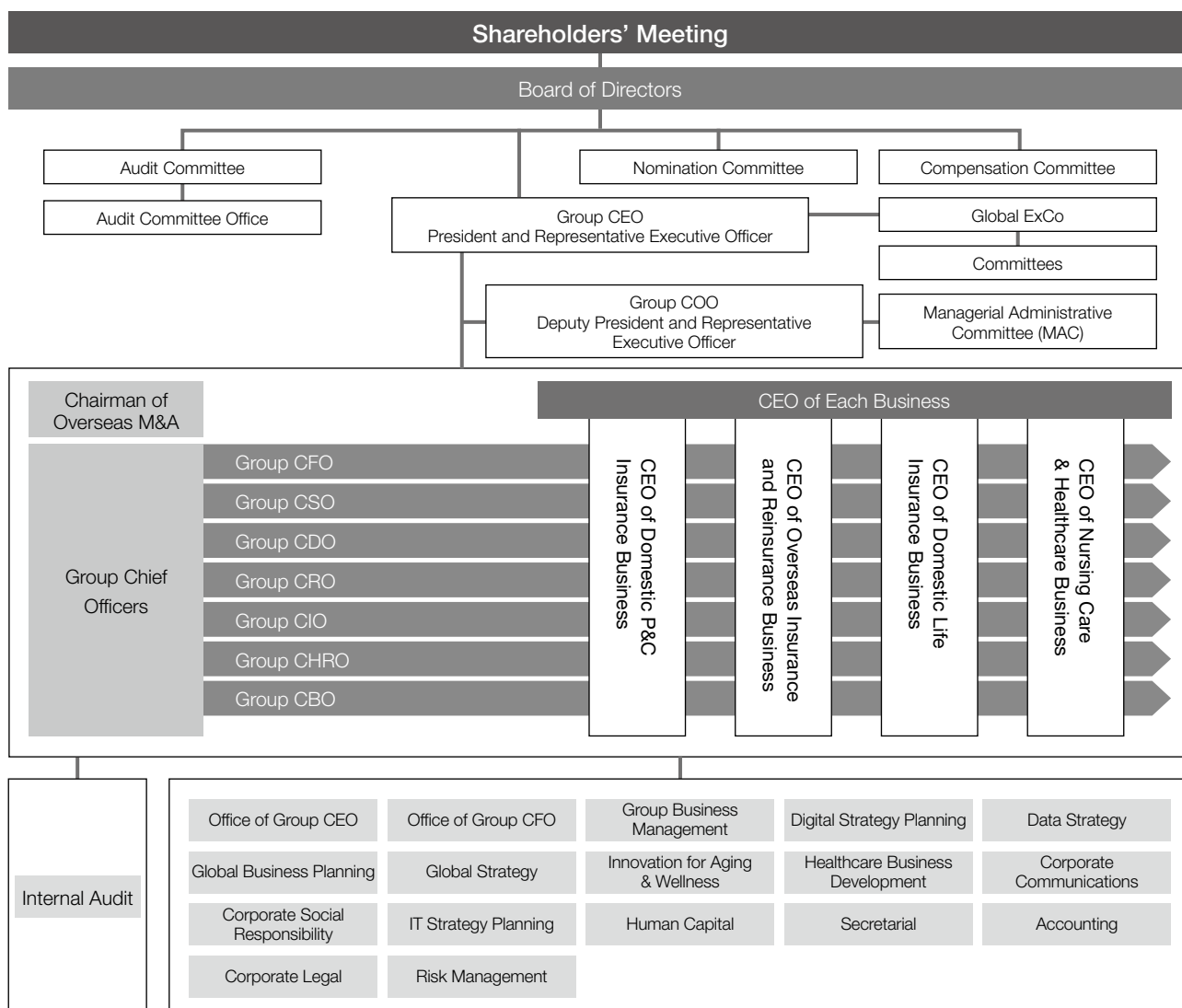
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Corporate Overview

Company name:	Sompo Holdings, Inc.
Date of establishment:	April 1, 2010
Capital:	¥100 billion
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan
Group CEO, Director, President and Representative Executive Officer:	Kengo Sakurada
Employees:	323*
Business activities:	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations
Exchange listing:	Tokyo Stock Exchange (First Section)
URL:	https://www.sompo-hd.com/en/

* As of March 31, 2020

Organization Chart



An organization and Group CEO and other such titles use the following abbreviations:
 Global ExCo: Global Executive Committee; Group CEO: Group Chief Executive Officer / Group COO: Group Chief Operating Officer / Group CFO: Group Chief Financial Officer / Group CSO: Group Chief Strategy Officer / Group CDO: Group Chief Digital Officer / Group CRO: Group Chief Risk Officer / Group CIO: Group Chief Information Officer / Group CHRO: Group Chief Human Resource Officer / Group CBO: Group Chief Brand Officer

Share and Shareholder Information

Share Information

(As of July 1, 2020)

1. Fiscal year: April 1 of each year through March 31 of the following year
2. Annual General Meeting of Shareholders: Held within 3 months of the end of each fiscal year
3. Record date for year-end dividends and voting rights: March 31
Note: Record date for interim dividends: September 30
4. Share-trading lot size: 100
5. Shareholder registry administrator: Mizuho Trust & Banking Co., Ltd.
6. Public notices: Sampo Holdings issues public notices electronically.
(<https://www.sampo-hd.com/>)
Note: If a public notice cannot be issued electronically, it will be published in the *Nikkei* (newspaper).
7. Exchange listing: Tokyo Stock Exchange (First Section)

Matters for the General Meeting of Shareholders

The 10th General Meeting of Shareholders was held on June 22, 2020. The matters to be reported and the matters to be resolved were as follows:

Matters to Be Reported

1. The business report, the consolidated financial statements, and the audit reports on the consolidated financial statements by the accounting auditors and the Audit Committee for fiscal 2019 (April 1, 2019 to March 31, 2020)
2. The financial statements for fiscal 2019 (April 1, 2019 to March 31, 2020)

Matters to Be Resolved

- Proposal No. 1: Disposition of Retained Earnings
Proposal No. 2: Appointment of 12 Directors
The proposals were approved as initially proposed.

Share and Shareholder Information

Distribution and Shares

(As of March 31, 2020)

1. Equity Shares

(1) Type of shares	Common shares
(2) Total number of authorized shares	1,200,000,000
(3) Total number of shares outstanding	373,330,489 (Including treasury stock)
(4) Total number of shareholders	42,646

2. Types of Shareholders

Category	Number of Shareholders	Number of Shares Held (Thousands)*1	Portion of Shares Outstanding (%)*2
National and Regional Governmental Organizations	2	8	0.00
Financial Institutions	161	142,262	38.11
Securities Companies	52	9,514	2.55
Other Corporations	985	28,792	7.71
Foreign Investors	809	147,528	39.52
Individuals and Others	40,637	45,223	12.11
Total	42,646	373,330	100.00

*1 Numbers of shares held are truncated to the unit displayed.

*2 Portions of shares outstanding are rounded to the unit displayed.

Top 10 Shareholders

(As of March 31, 2020)

Name of Shareholder	Number of Shares Held (Thousands)	Portion of Shares Outstanding (Excluding Treasury Stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	30,431	8.33
JP MORGAN CHASE BANK 380055	23,572	6.46
Japan Trustee Services Bank, Ltd. (Trust account)	19,270	5.28
GOVERNMENT OF NORWAY	18,579	5.09
Japan Trustee Services Bank, Ltd. (Trust account 7)	9,743	2.67
Sompo Holdings Employee Shareholders Association	8,659	2.37
Japan Trustee Services Bank, Ltd. (Trust account 9)	8,327	2.28
NIPPON EXPRESS CO., LTD.	8,001	2.19
Japan Trustee Services Bank, Ltd. (Trust account 5)	7,554	2.07
JP MORGAN CHASE BANK 385151	5,972	1.64

Note: 1. In addition to the above, the Company holds 8,152 thousand shares of treasury stock. This number of treasury stock does not include 1,053 thousand shares of the Company's stock held by Mizuho Trust & Banking Co., Ltd. (Re-entrusted entity: Trust & Custody Services Bank, Ltd. (Trust E account) established for the "Board Benefit Trust (BBT)" plan.).

2. The portion of shares outstanding has been calculated by deducting treasury stock (8,152 thousand shares).

3. The number of shares held by NIPPON EXPRESS CO., LTD., includes 1,600 thousand shares contributed by that company as trust assets for a retirement benefit trust (In the shareholder register, the shares are listed in the name of Mizuho Trust & Banking Co., Ltd., NIPPON EXPRESS Retirement Benefit Trust.).

The Somo Group consists of 94 subsidiaries and 18 affiliates. The Group is engaged in domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care & healthcare businesses. Major Group companies are as follows.

List of Group Companies

Domestic P&C Insurance

- ◎ Sompo Japan Nipponkoa Insurance Inc.*¹
- ◎ SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED*²
- ◎ Sompo Japan Nipponkoa Insurance Services Inc.*³
- ◎ Mysurance Inc.
- ★ Hitachi Capital Insurance Corporation

Overseas Insurance

- ◎ Sompo International Holdings Ltd. <Bermuda, British Overseas Territory>
- ◎ Endurance Specialty Insurance Ltd. <Bermuda, British Overseas Territory>
- ◎ Endurance Assurance Corporation <U.S.A.>
- ◎ Endurance Worldwide Insurance Limited <U.K.>
- ◎ SI Insurance (Europe), SA <Luxembourg>
- ◎ Sompo Sigorta Anonim Sirketi <Turkey>
- ◎ Sompo Holdings (Asia) Pte. Ltd. <Singapore>
- ◎ Sompo Insurance Singapore Pte. Ltd. <Singapore>
- ◎ Berjaya Sompo Insurance Berhad <Malaysia>
- ◎ PT Sompo Insurance Indonesia <Indonesia>
- ◎ Sompo Insurance China Co., Ltd. <China>
- ◎ Sompo Insurance (Hong Kong) Company Limited <China>
- ◎ Sompo Seguros S.A. <Brazil>
- ★ Universal Sompo General Insurance Company Limited <India>
- ★ AYA SOMPO Insurance Company Limited <Myanmar>

Domestic Life Insurance

- ◎ Sompo Himawari Life Insurance, Inc.*⁴

Nursing Care & Healthcare

- ◎ Sompo Care Inc.
- ◎ Sompo Health Support Inc.

Financial and Other Services

- ◎ Sompo Japan Nipponkoa Asset Management Co., Ltd.*⁵ (Asset management)
- ◎ Sompo Japan Nipponkoa DC Securities Inc.*⁶ (Defined contribution pension plans)
- ◎ Sompo Risk Management Inc. (Risk management)
- ★ Palantir Technologies Japan K.K. (Software sales)
- ★ DeNA SOMPO Mobility Co., Ltd. (Consumer-to-consumer car sharing)
- ★ akippa Inc. (Parking space sharing)
- ★ DeNA SOMPO Carlife Co., Ltd. (Private car leasing)

Note: The definitions of each sign are as follows. ◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method

*¹ Sompo Japan Nipponkoa Insurance Inc. changed its company name to Sompo Japan Insurance Inc. on April 1, 2020.

*² SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, and Sompo 24 Insurance Company Limited merged on July 1, 2019, with SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, as the surviving company.

*³ Sompo Japan Nipponkoa Insurance Services Inc. changed its company name to Sompo Japan Partners Inc. on April 1, 2020.

*⁴ Sompo Japan Nipponkoa Himawari Life Insurance, Inc., changed its company name to Sompo Himawari Life Insurance Inc., on October 1, 2019.

*⁵ Sompo Japan Nipponkoa Asset Management Co., Ltd. changed its company name to Sompo Asset Management Co., Ltd. on April 1, 2020.

*⁶ Sompo Japan Nipponkoa DC Securities Inc. changed its company name to Sompo Japan DC Securities Inc. on April 1, 2020.

Subsidiaries and Affiliates

Consolidated Subsidiaries

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ^{*1}	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ^{*1}
Sompo Japan Nipponkoa Insurance Inc.* ²	Shinjuku-ku, Tokyo	February 12, 1944	70,000 million Japanese yen	Domestic P&C Insurance	100.0	—
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED* ³	Toshima-ku, Tokyo	September 22, 1982	32,260 million Japanese yen	Domestic P&C Insurance	—	99.9
Sompo Japan Nipponkoa Insurance Services Inc.* ⁴	Shinjuku-ku, Tokyo	February 28, 1989	100 million Japanese yen	Domestic P&C Insurance	—	100.0
Mysurance Inc.	Shinjuku-ku, Tokyo	July 17, 2018	1,250 million Japanese yen	Domestic P&C Insurance	—	100.0
Sompo International Holdings Ltd.	Pembroke (Bermuda, British Overseas Territory)	March 24, 2017	0 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Specialty Insurance Ltd.	Pembroke (Bermuda, British Overseas Territory)	November 30, 2001	12,000 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Assurance Corporation	New York, Purchase (U.S.A.)	September 5, 2002	5,000 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Worldwide Insurance Limited	London (U.K.)	April 10, 2002	215,967 thousand British pounds	Overseas Insurance	—	100.0
SI Insurance (Europe), SA	Luxembourg (Luxembourg)	January 12, 2018	30 thousand euros	Overseas Insurance	—	100.0
Sompo Sigorta Anonim Sirketi	Istanbul (Turkey)	March 30, 2001	195,498 thousand Turkish liras	Overseas Insurance	—	100.0
Sompo Holdings (Asia) Pte. Ltd.	Singapore (Singapore)	August 1, 2008	790,761 thousand Singaporean dollars	Overseas Insurance	—	100.0
Sompo Insurance Singapore Pte. Ltd.	Singapore (Singapore)	December 14, 1989	278,327 thousand Singaporean dollars	Overseas Insurance	—	100.0
Berjaya Sompo Insurance Berhad	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand Malaysian ringgits	Overseas Insurance	—	70.0
PT Sompo Insurance Indonesia	Jakarta (Indonesia)	December 16, 1975	494,940,000 thousand Indonesian rupiahs	Overseas Insurance	—	80.0
Sompo Insurance China Co., Ltd.	Dalian (China)	May 31, 2005	600,000 thousand Chinese yuan	Overseas Insurance	—	100.0
Sompo Insurance (Hong Kong) Company Limited	Hong Kong (China)	March 25, 1977	270,000 thousand Hong Kong dollars	Overseas Insurance	—	97.8
Sompo Seguros S.A.	Sao Paulo (Brazil)	October 8, 1943	1,010,832 thousand Brazilian reals	Overseas Insurance	—	99.9
Sompo Himawari Life Insurance Inc.* ⁵	Shinjuku-ku, Tokyo	July 7, 1981	17,250 million Japanese yen	Domestic Life Insurance	100.0	—

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ^{*1}	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ^{*1}
Sompo Care Inc.	Shinagawa-ku, Tokyo	May 26, 1997	3,925 million Japanese yen	Nursing Care & Healthcare	100.0	—
Sompo Health Support Inc.	Chiyoda-ku, Tokyo	October 1, 2018	10 million Japanese yen	Nursing Care & Healthcare	100.0	—
Sompo Japan Nipponkoa Asset Management Co., Ltd. ^{*6}	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management service)	100.0	—
Sompo Japan Nipponkoa DC Securities Inc. ^{*7}	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million Japanese yen	Other (Defined contribution pension plans)	—	100.0
Sompo Risk Management Inc.	Shinjuku-ku, Tokyo	November 19, 1997	30 million Japanese yen	Other (Risk management)	100.0	—
43 other companies						

Equity-Method Affiliates

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ^{*1}	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ^{*1}
Hitachi Capital Insurance Corporation	Chiyoda-ku, Tokyo	June 21, 1994	6,200 million Japanese yen	Domestic P&C Insurance	—	20.6
Universal Sompo General Insurance Company Limited	Mumbai (India)	January 5, 2007	3,681,818 thousand Indian rupees	Overseas Insurance	—	34.6
AYA SOMPO Insurance Company Limited	Yangon (Myanmar)	July 12, 2018	63,636,241 thousand kyats	Overseas Insurance	—	15.0
Palantir Technologies Japan K.K.	Minato-ku, Tokyo	October 15, 2019	5,432 million Japanese yen	Other (Software sales)	50.0	—
DeNA SOMPO Mobility Co., Ltd.	Shibuya-ku, Tokyo	March 1, 2019	100 million Japanese yen	Other (Consumer-to-consumer car sharing)	49.0	—
akippa Inc.	Naniwa-ku, Osaka city, Osaka	February 2, 2009	100 million Japanese yen	Other (Parking space sharing)	33.5	—
DeNA SOMPO Carlife Co., Ltd.	Shibuya-ku, Tokyo	March 25, 2019	100 million Japanese yen	Other (Private car leasing)	39.0	—
5 other companies						

Note: "Subsidiaries and affiliates" includes subsidiaries and affiliates as specified in the Insurance Business Law and the Enforcement Order for the Insurance Business Law.

*1 Figures in proportion of voting rights are rounded to the indicated decimal place.

*2 Sompo Japan Nipponkoa Insurance Inc. changed its company name to Sompo Japan Insurance Inc. on April 1, 2020.

*3 SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, and Sompo 24 Insurance Company Limited merged on July 1, 2019, with SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, as the surviving company.

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*7 Sompo Japan Nipponkoa DC Securities Inc. changed its company name to Sompo Japan DC Securities Inc. on April 1, 2020.

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