

New Medium-Term Management Plan (FY2021-2023)

May 26, 2021
Sompo Holdings, Inc.



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

Key Points

SOMPO's purpose and SDGs management

1. Establish the value SOMPO provides to society through building "A Theme Park for Security, Health & Wellbeing"
2. Create economic and social value through core business that contributes to the solution of social issues

Steady profit growth and evolving a unique business model



1. Steadily raise profit and resilience in the insurance/nursing care business
2. evolve into a solution provider leveraging the strength of existing businesses via RDP*

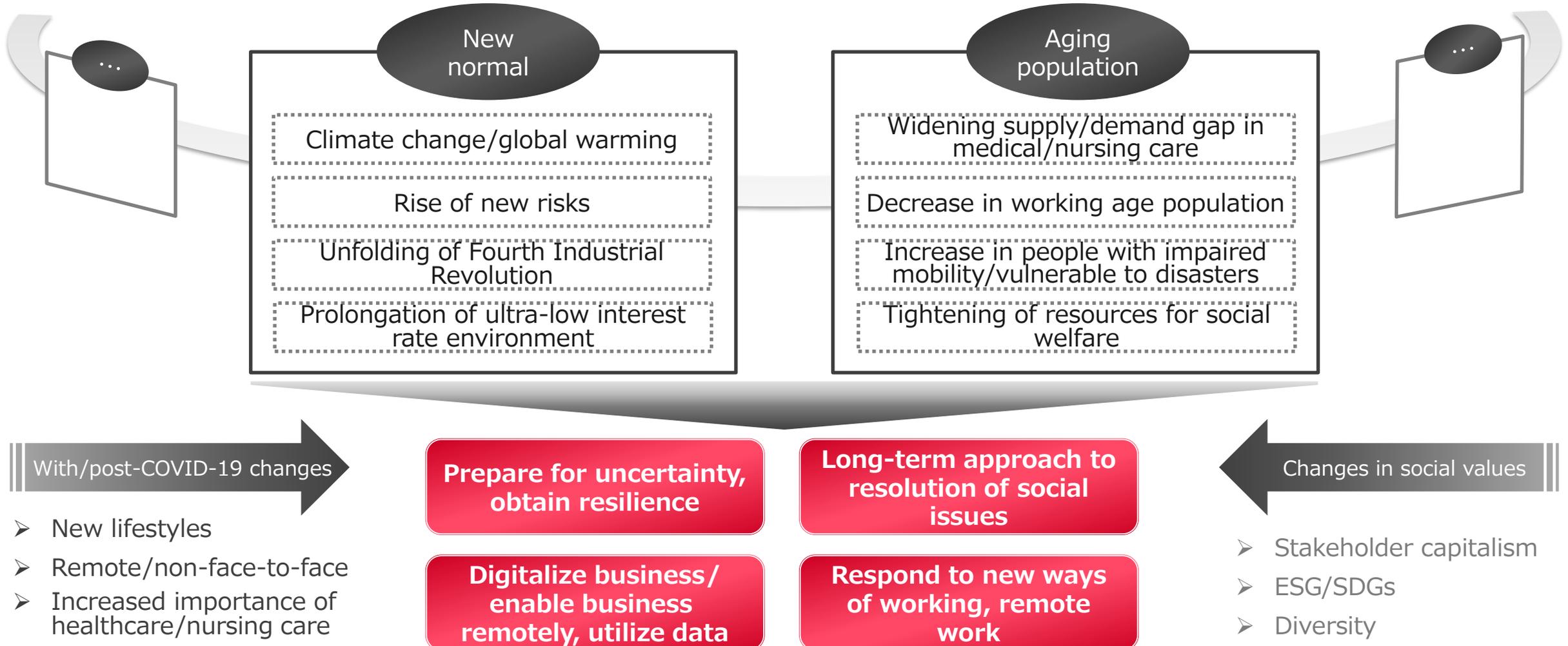
*Real Data Platform

Management targets and shareholder returns

1. Achieve world class earnings and capital efficiency (adjusted consolidated profit ¥300bn+, adjusted ROE 10%+)
2. Pursue basic policy of increasing dividends in-line with profit growth and increase proportion of dividends within total shareholder returns

External Environment

- Transition of external environment has been materially accelerated by COVID-19.
- In response, we will address social issues that are becoming increasingly serious over the long term, while advancing our own transformation.



SOMPO's Purpose

- Define SOMPO's purpose of providing value to society through "building a theme park for security, health and wellbeing"
- Provide value to society primarily by creating a Real Data Platform ecosystem

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 high-quality insurance and related services

SOMPO's purpose

Realize a society where can enjoy their lives in health and prosperity
 by building **"A Theme Park for Security, Health & Wellbeing"**

The value SOMPO provides to society

Protect people from risks

Provide support against all types of risk

Prepare for accidents and disasters,
 contribute to a resilient society

Create a healthy and happy society

Provide solutions that support health and happiness

Contribute to a sustainable aging society

Contribute to the creation of a green society
 where the economy, society and environment are in harmony

Foster the power to change society through diverse personnel and connections

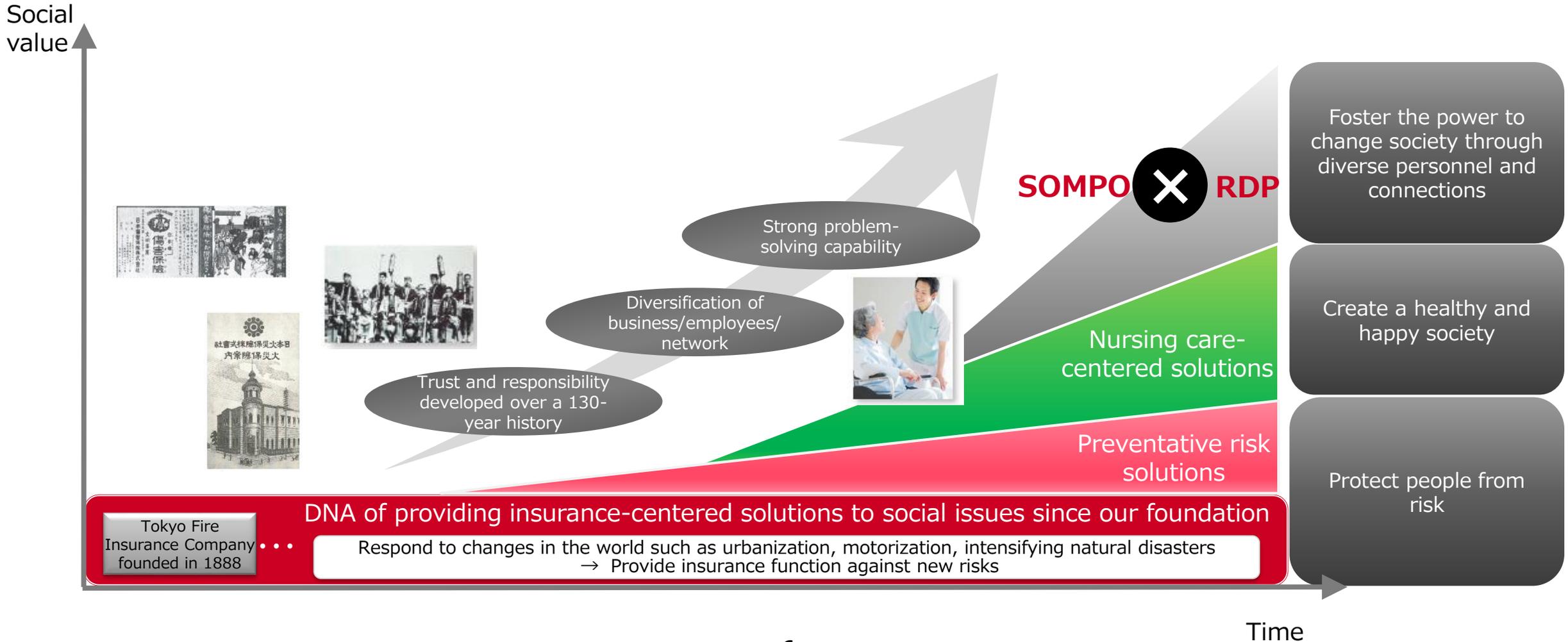
Bring together people who can change society

Build a platform for partnerships towards creating value

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

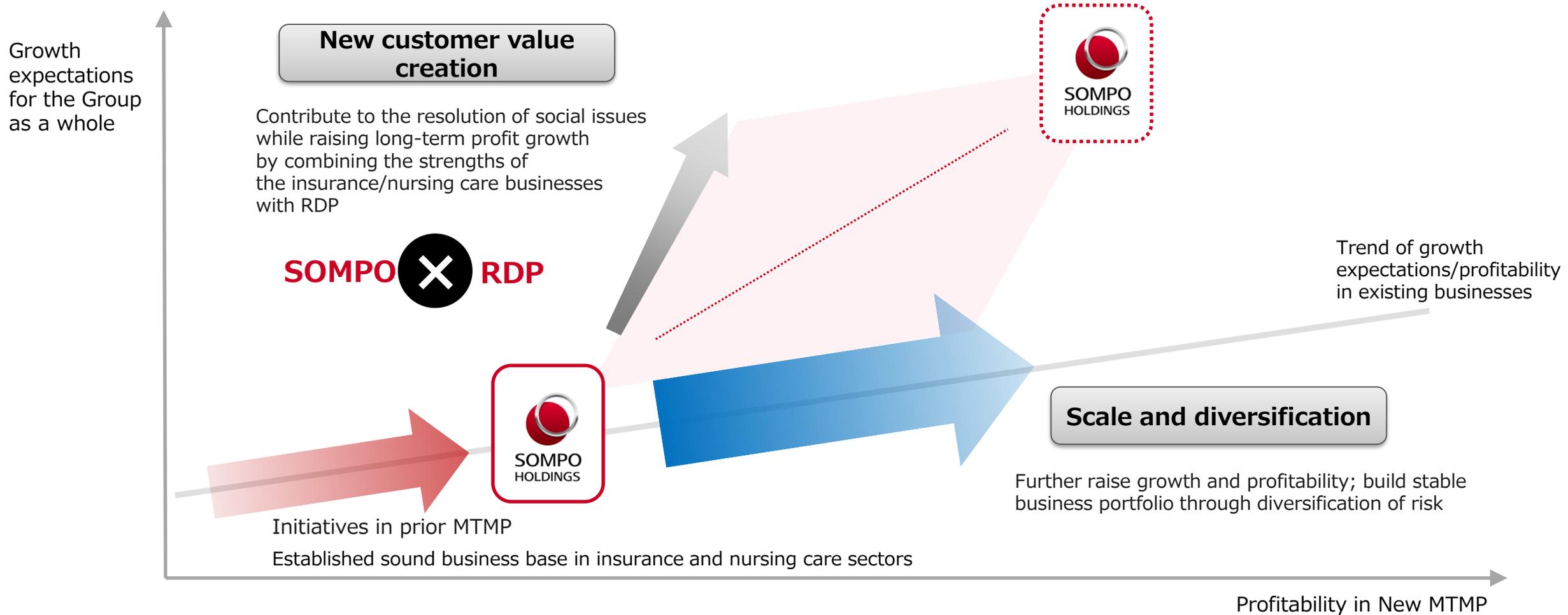
SOMPO's Challenge

- Seek to evolve as a solution provider that goes beyond insurance, building on our foundational DNA as a provider of insurance-centered solutions to social issues
- Leverage SOMPO's achievements and strengths to date to provide solutions to social issues through a broad range of business activities



Raising Corporate Value

- Generate stable cashflow through further growth/higher profitability in the insurance/nursing care sectors
- Create new value for customers over the medium to long term, based on social issues and new normal such as population decline, ultra low interest rates and the supply-demand gap for nursing care
- Contribute to the resolution of social issues as well as create a new growth curve and raise corporate value through an RDP strategy that leverages real data derived from existing businesses' strengths



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(2) Overseas Insurance

(3) Domestic Life Insurance

(4) Nursing Care/Seniors

(5) Digital/Healthcare

(6) RDP

(7) Asset Management Strategy

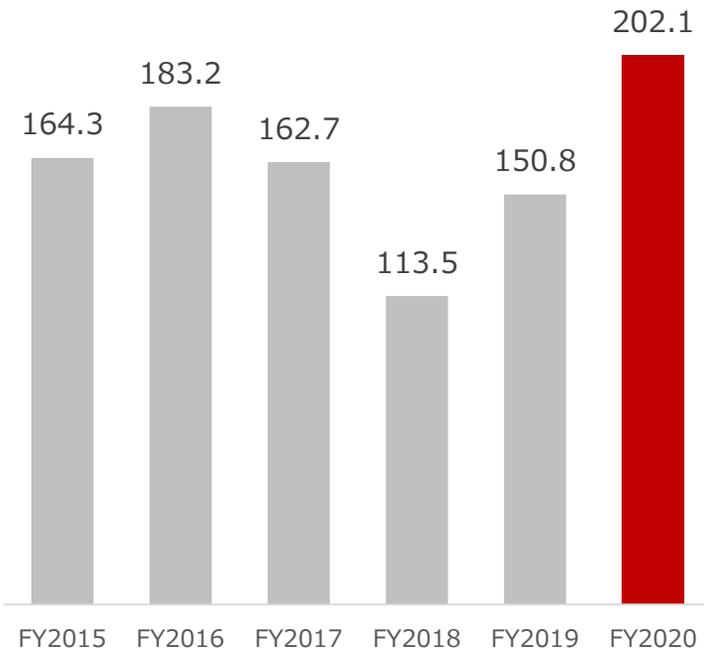
Reference

Review of Prior MTMP 1: Management Targets and Shareholder Returns

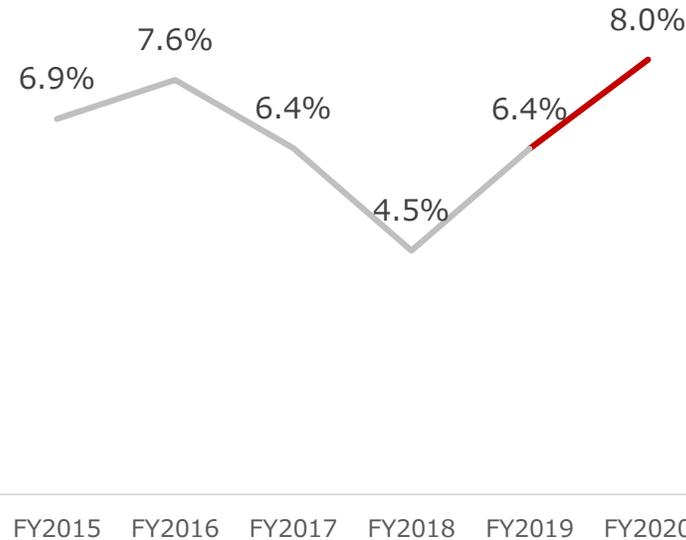
- FY2020 adjusted consolidated profit was a record ¥202.1 billion, and adjusted consolidated ROE achieved its 8.0% target
- Steadily increased shareholder returns, increasing dividend for 8 consecutive fiscal years (including planned dividend for FY2021)
Total payout for FY2020 was ¥101.1 billion

Adjusted consolidated profit

(Billions of yen)

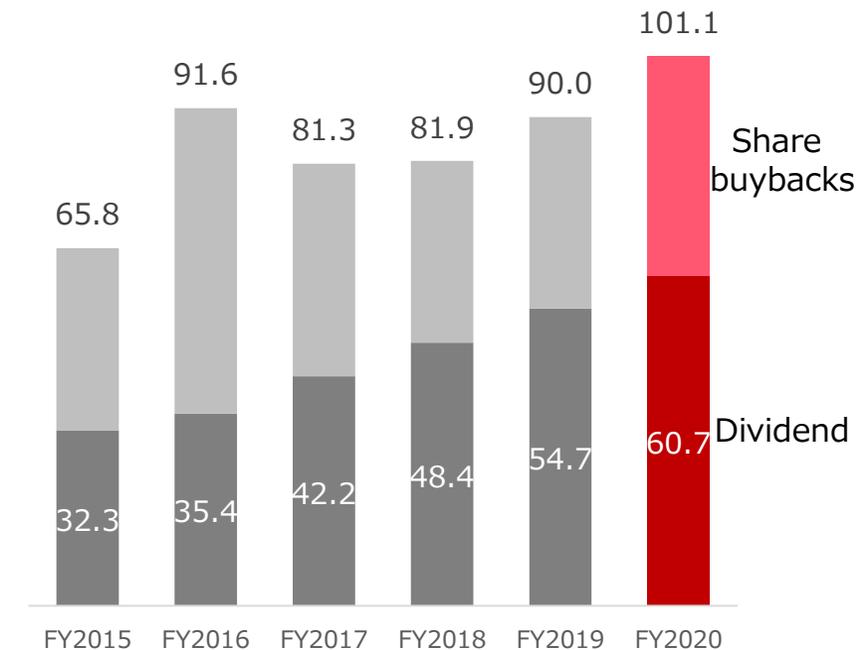


Adjusted consolidated ROE



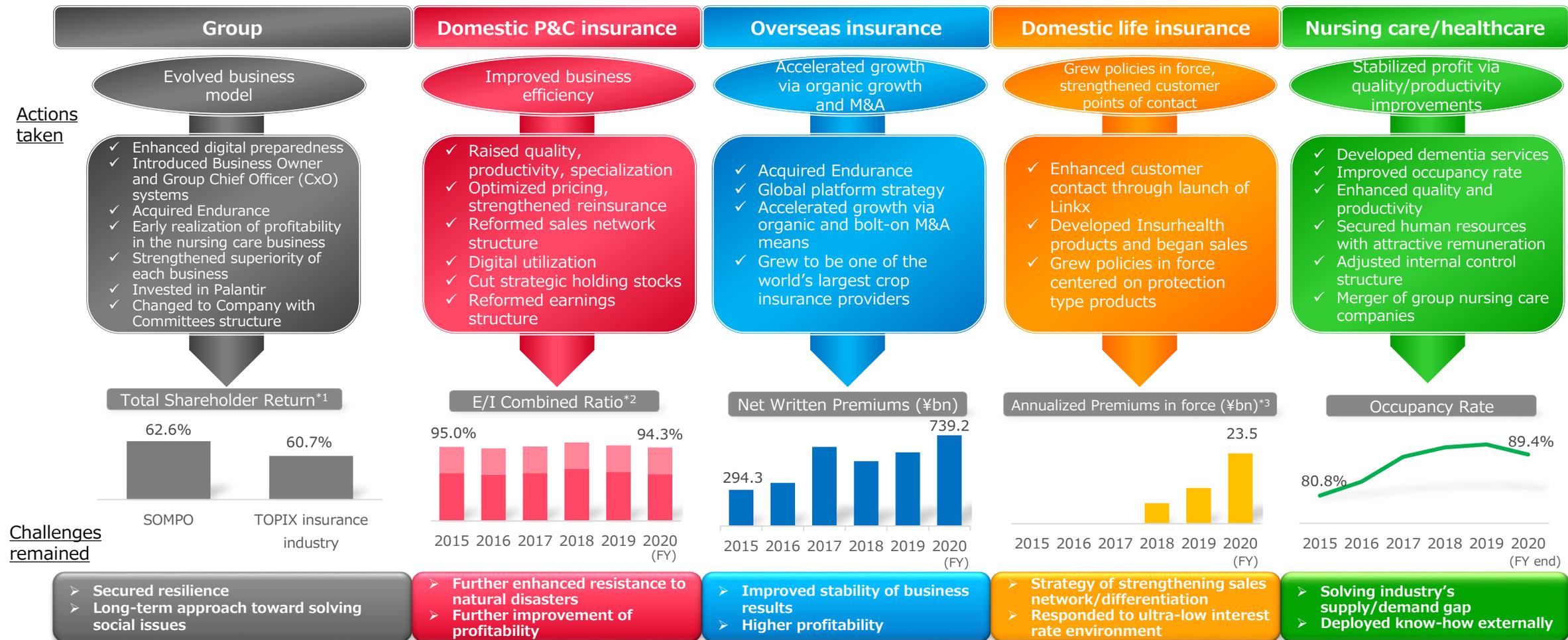
Shareholder returns

(Billions of yen)



Review of Prior MTMP 2: Main Initiatives

- Steady progress in improving quality towards realizing “a Theme Park for Security, Health & Wellbeing,” such as expansion of overseas business and the early realization of profitability in the nursing care business
- Realization of “A Theme Park for Security, Health & Wellbeing” get a grip on reality, by steadily implemented plan based on changes in the external environment



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

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

- Seek to obtain resilience and be a solution provider that goes beyond insurance towards the achievement of our group management philosophy
- Aim to realize "A Theme Park for Security, Health & Wellbeing" through the achievement of the new Medium-Term Management Plan

SOMPO's purpose

Protect people from risks

Create a healthy and happy society

Foster the power to change society through diverse personnel and connections

Three Core strategies

Scale and diversification

Create new customer value

New Workstyle

New Medium-Term Management Plan

Achievement points

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

- Adjusted consolidated profit: ¥300bn+
- Adjusted consolidated ROE: 10%+
- Exhibit effects from diversification of risk
- Solution provider that goes beyond insurance

Group management foundation

Capital policy/ERM

SDGs management

Governance

Management Targets

- Aiming for FY2023 adjusted consolidated profit of ¥300 billion+, adjusted consolidated ROE of 10%+
- Aiming to improve risk diversification ratio and raise the ratio of overseas business from the perspective of profit stability
- Though the management target would likely be achieved by organic growth, the management has decided to expedite the achievability through M&As, given the possible uncertainty with natural disasters etc.

Management targets

		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted consolidated profit		¥202.1bn	¥205.0bn	¥300.0bn+ *
Adjusted consolidated ROE		8.0%	7.4%	10%+
Effects from diversification	Risk diversification ratio	39.4%	40.2%	Improve on FY2020
	Ratio of overseas business	14.9%	29.3%	30%+
Create new customer value		-	-	New commercialization of products/services (in more than 2 businesses)

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

Main KPIs

- In addition to adjusted profit by business, set top-line and profitability targets as KPIs
- In addition to setting targets for obtaining resilience in the group, set guidelines for our long-term approach to solving social issues

Domestic P&C				Overseas insurance			
	FY2020 actual	FY2021 forecast	FY2023 plan		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥130.1 billion	¥105.0 billion	¥150.0 billion+	Adjusted profit by business	¥30.0 billion	¥60.0 billion	¥100.0 billion+
Net written premiums*1	¥1,903.4 billion	¥1,929.3 billion	¥2,000.0 billion	Gross Written premiums growth rate*4	+ 37.8%	+ 10.2%	Around + 9% per annum
E/I combined ratio*1	94.3%	94.8%	91.7%	E/I combined ratio*4	97.8%	91.7%	88% range
Reduction of strategic shareholdings	¥70.3 billion	¥50 billion	¥50 billion (3-year cumulative total: ¥150 billion)				
Domestic life				Nursing care/seniors			
	FY2020 actual	FY2021 forecast	FY2023 plan		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥33.8 billion	¥32.5 billion	¥40.0 billion+	Adjusted profit by business	¥7.3 billion	¥6.5 billion	¥8.0 billion+
Annualized new premiums*2	¥298 billion	¥43 billion	¥50.0 billion	Net sales	¥131.8 billion	¥137.5 billion	¥162.0 billion
Number of policies in force	4.26 million	4.43 million	5.00 million	Occupancy rate*5	89.4%	90.8%	93.8%
Investment for ALM matching*3	-	¥300.0 billion	¥300.0bn/year (¥900.0bn in 3years)				
New customer value creation							
FY2023 plan	External sales and profit from products/services utilizing RDP		More than two businesses	Medium- to long-term targets	Group sales to be generated via utilization of RDP		¥500.0 billion+

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

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Core Strategies 1: Scale and Diversification - Obtaining Resilience

- In order to cope with climate change/global warming, a global ultra-low interest rate environment, etc., accelerate initiatives for scale and diversification, and aim to obtain greater resilience
- In domestic P&C insurance, further raise profitability and enhance cashflow generation ability via accomplishing earnings structure reform
- In overseas insurance, strengthen scale and diversification through achieving high sales/earnings growth based on market hardening and disciplined M&A

Climate change/global warming

Global ultra-low interest rate environment

**Prepare for uncertainty,
obtain resilience**

Scale and Diversification

Domestic P&C insurance

Higher profit/stable cashflow generation via pursuit of profitability

Growth rate of net premiums written*1

Approx. + 1.5% (CAGR)*2

E/I combined ratio*1

91.7%

Overseas insurance

High earnings growth via rate increases based on market hardening, etc.

Growth rate of gross premiums written*3

Approx. + 9% (CAGR)*2

E/I combined ratio*3

88% range

Disciplined M&A

Domestic life insurance

Increased income from development of new customer segments via Insurhealth

New annualized premiums*4

¥50.0bn

Policies in force

5.00 million

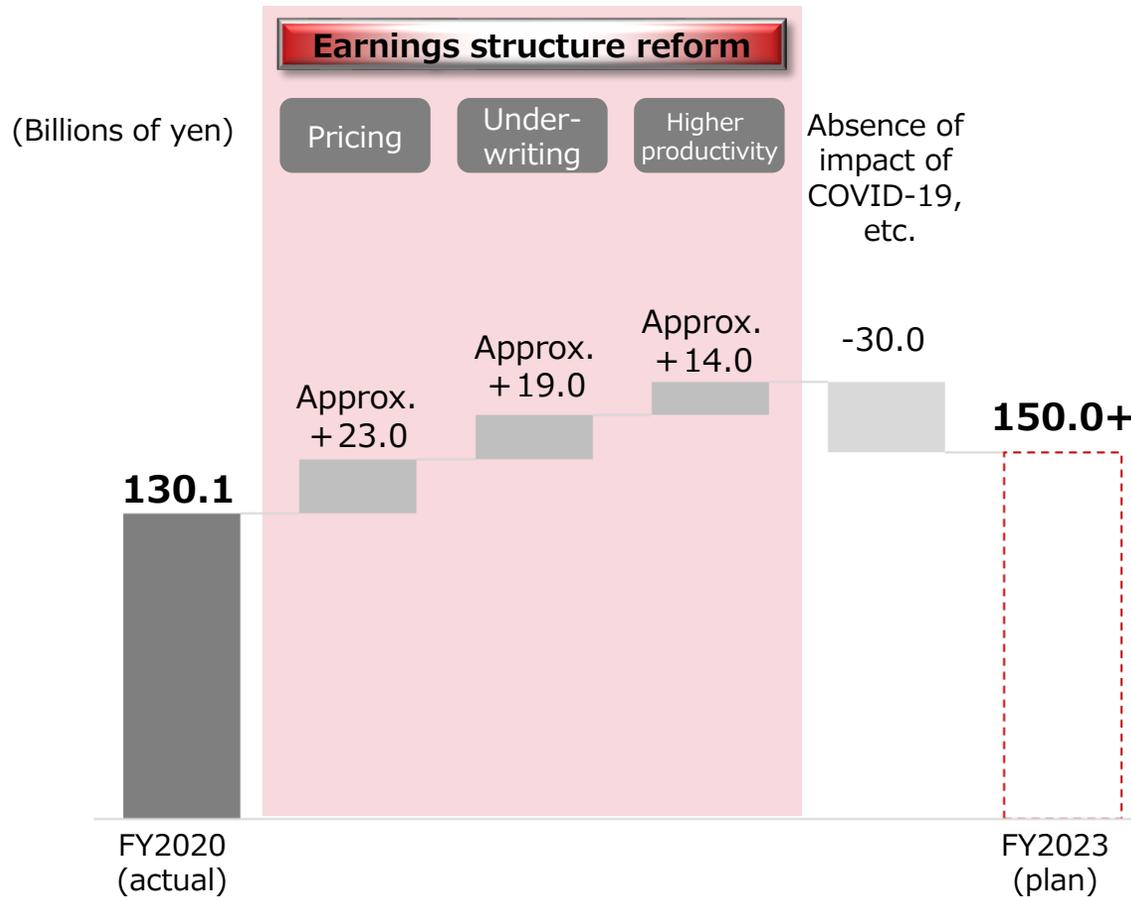
: FY2023 (plan) *1 Sampo Japan (excl. CALI, household earthquake)

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

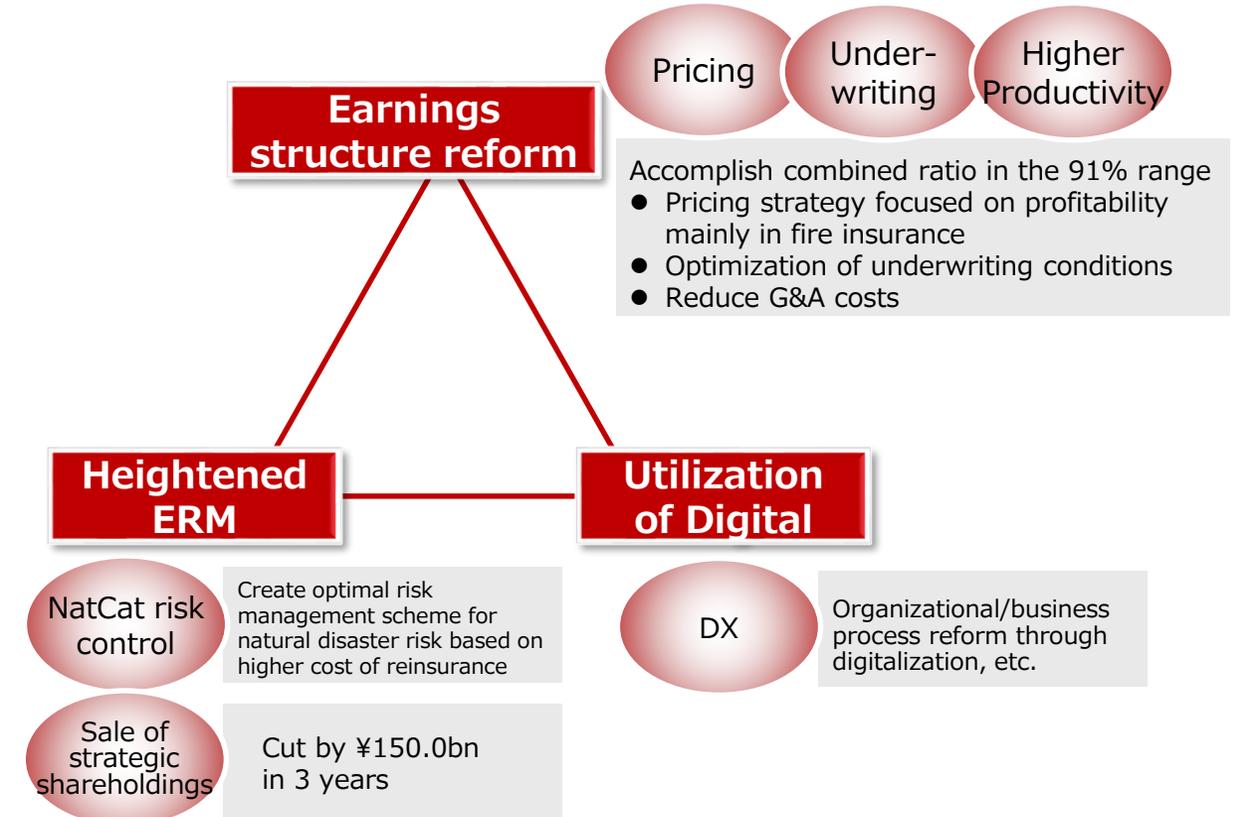
Core Strategies 1: Scale and Diversification - Domestic P&C Insurance

- Aim to raise profit by ¥57.0bn (after taxes) through earnings structure reform by improving underwriting with technologies
- Additionally, seek to raise resilience through higher productivity via digitalization, optimized reinsurance strategy, continued sale of strategic holding stocks, etc.

Causes of change in domestic P&C insurance adjusted profit



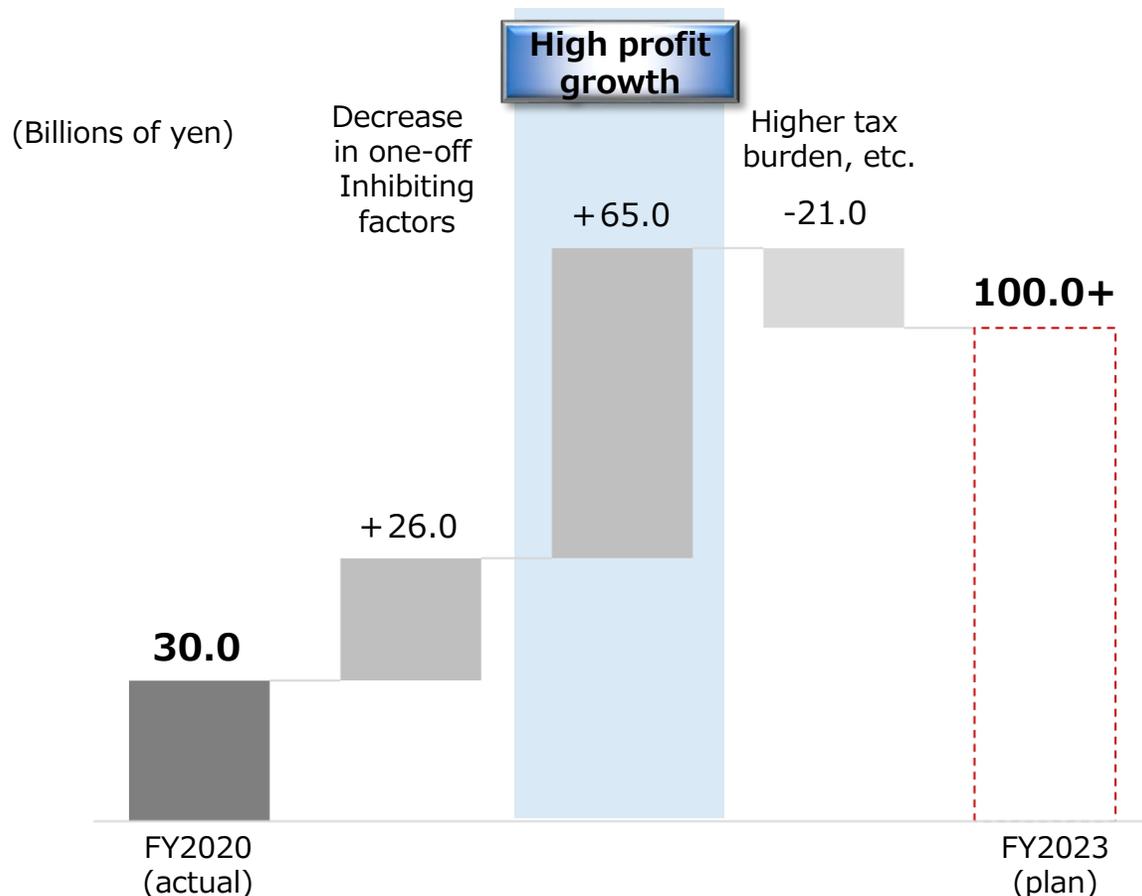
Main initiatives for raising resilience such as earnings structure reform



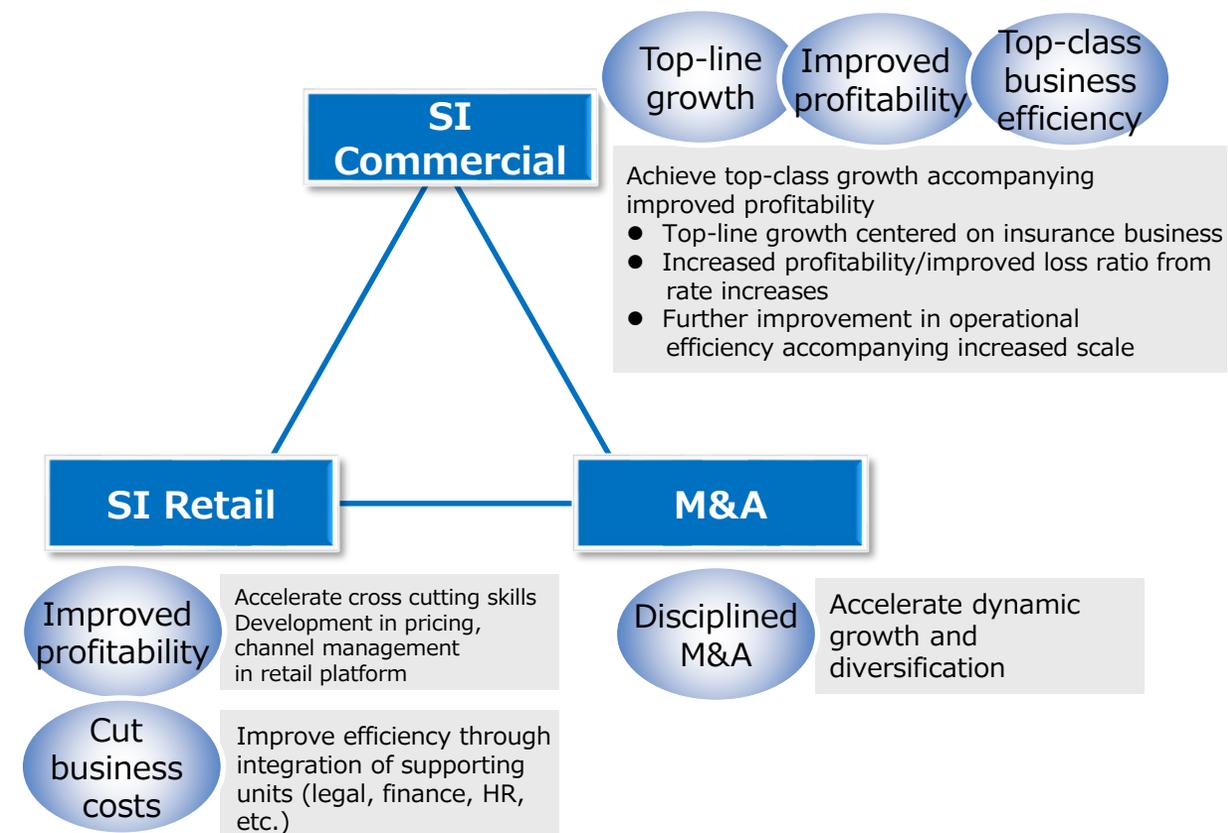
Core Strategies 1: Scale and Diversification - Overseas Insurance

- Among the Sampo International (SI) commercial unit, leverage rate-rising environment to aim for improved profitability accompanying industry top-class growth
- Among the SI retail unit, aim to raise profitability through sharing best practices and the integration of supporting units
- Additionally, aim to accelerate dynamic growth and diversification through conducting disciplined M&A

Causes of change in overseas insurance adjusted profit

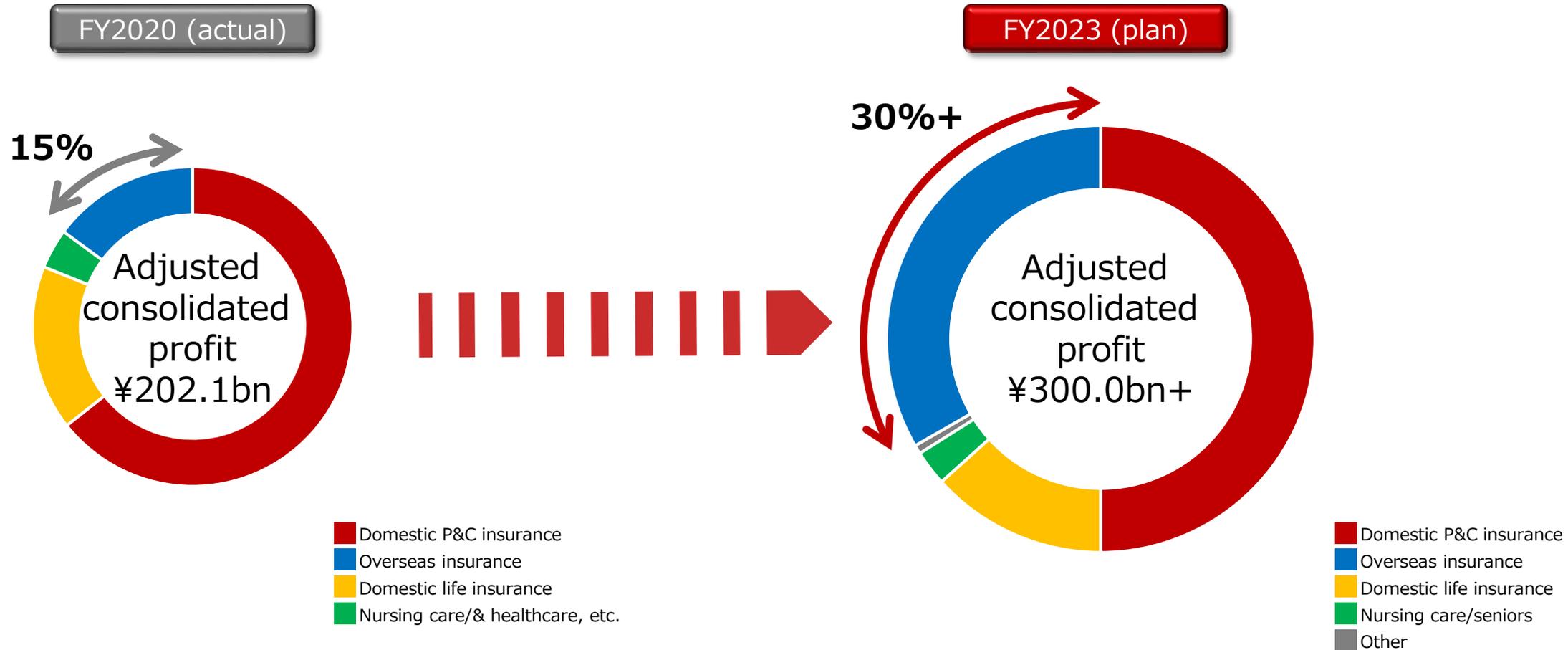


Main initiatives towards high profit growth



(Reference) Changes in Business Portfolio

- Aim to stably raise business portfolio ratio of overseas insurance business to 30%+ stably via scale and diversification initiatives



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

- Created a Real Data Platform (RDP) as a framework to benefit society by contributing to the resolution of social issues
- SOMPO will be the hub for leveraging the strengths in real data acquired from existing businesses and partner firms' know-how and technology to provide subscription-model software and solutions externally
- Towards its implementation in society, grow revenue in existing businesses, create new value for customers and produce connections with new customers through inter-business collaboration, and ultimately, through the process of creating an ecosystem, aim to contribute to the resolution of social issues as well as for profit growth over the medium- to long-term

New customer value creation

SOMPO's strengths

Leading player in the insurance and nursing care businesses

20 million insurance clients

100,000 nursing care home residents

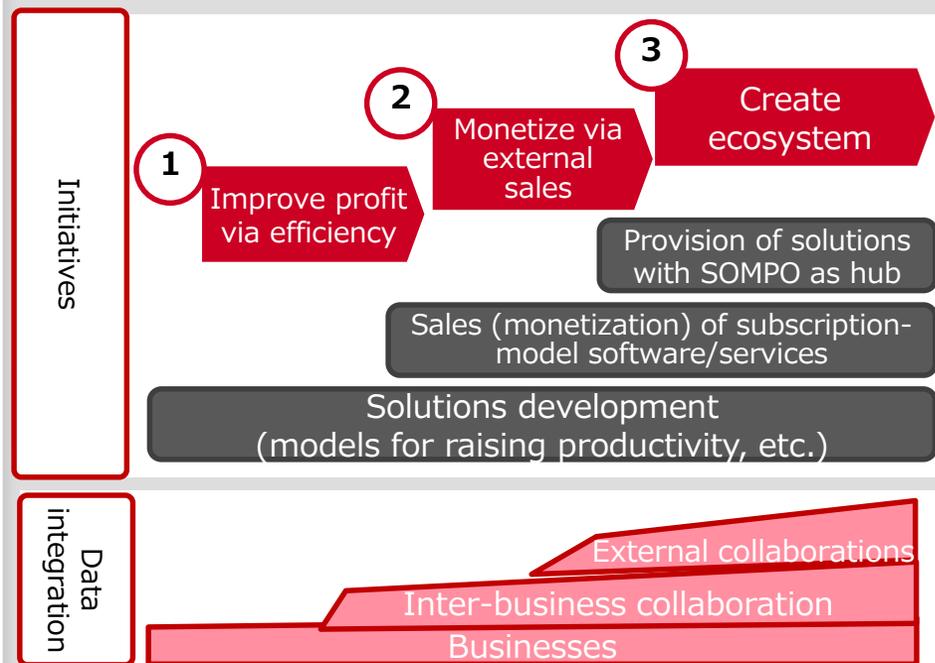
60,000 employees

Know-how/data networks

Key companies



RDP construction process



Social issues that SOMPO addresses



Contribution to resolution of social issues

Business scale (sales)

Aiming for ¥500.0bn+ over medium- to long-term

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

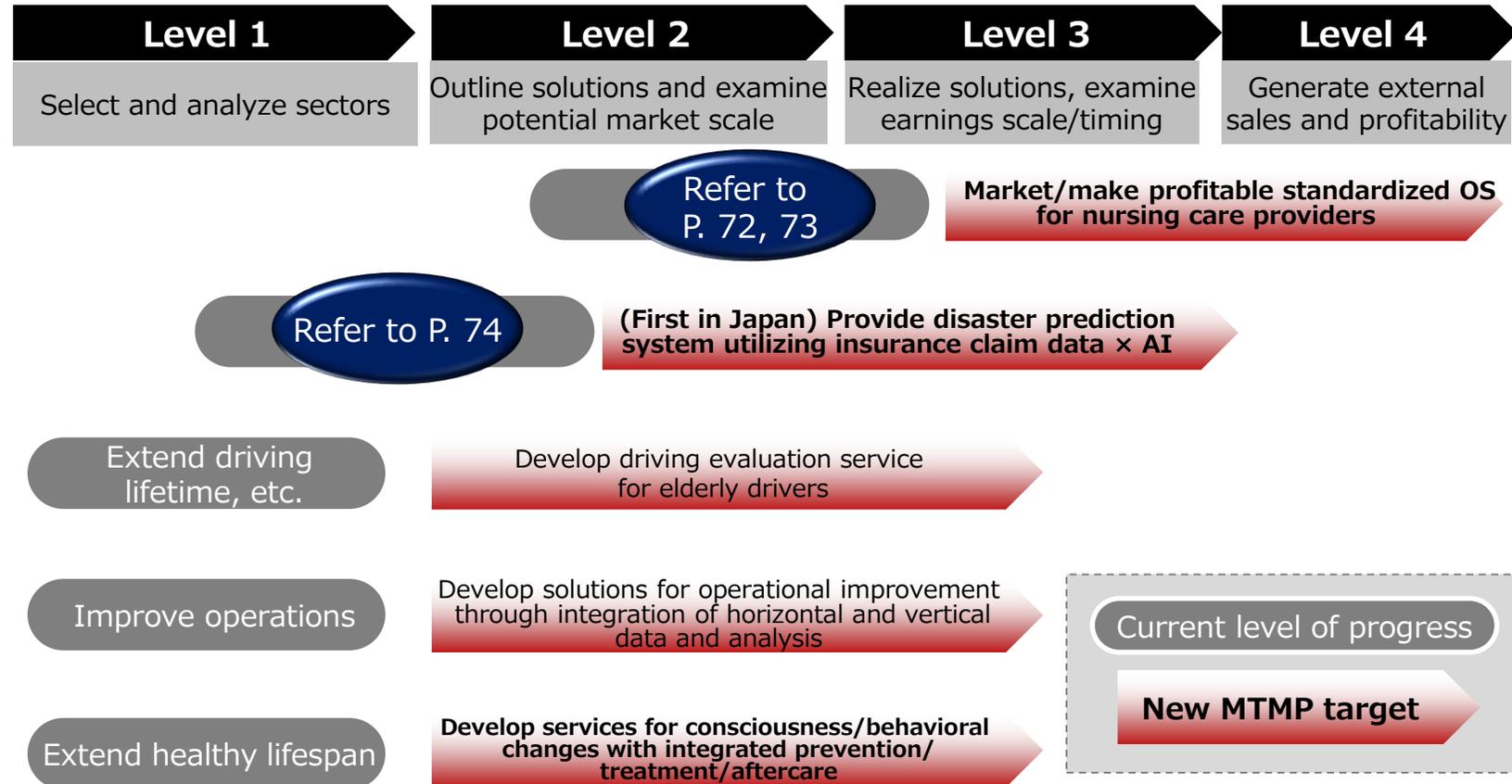
- Select five sectors to focus on from the perspective of SDGs and building a theme park for security, health and wellbeing
Aim for the early realization of solutions with external sales and profitability in each sector
- Leverage SOMPO's strengths (data, networks, know-how, personnel, etc.) to pursue further growth in those sectors

Early realization of solution sales and profitability



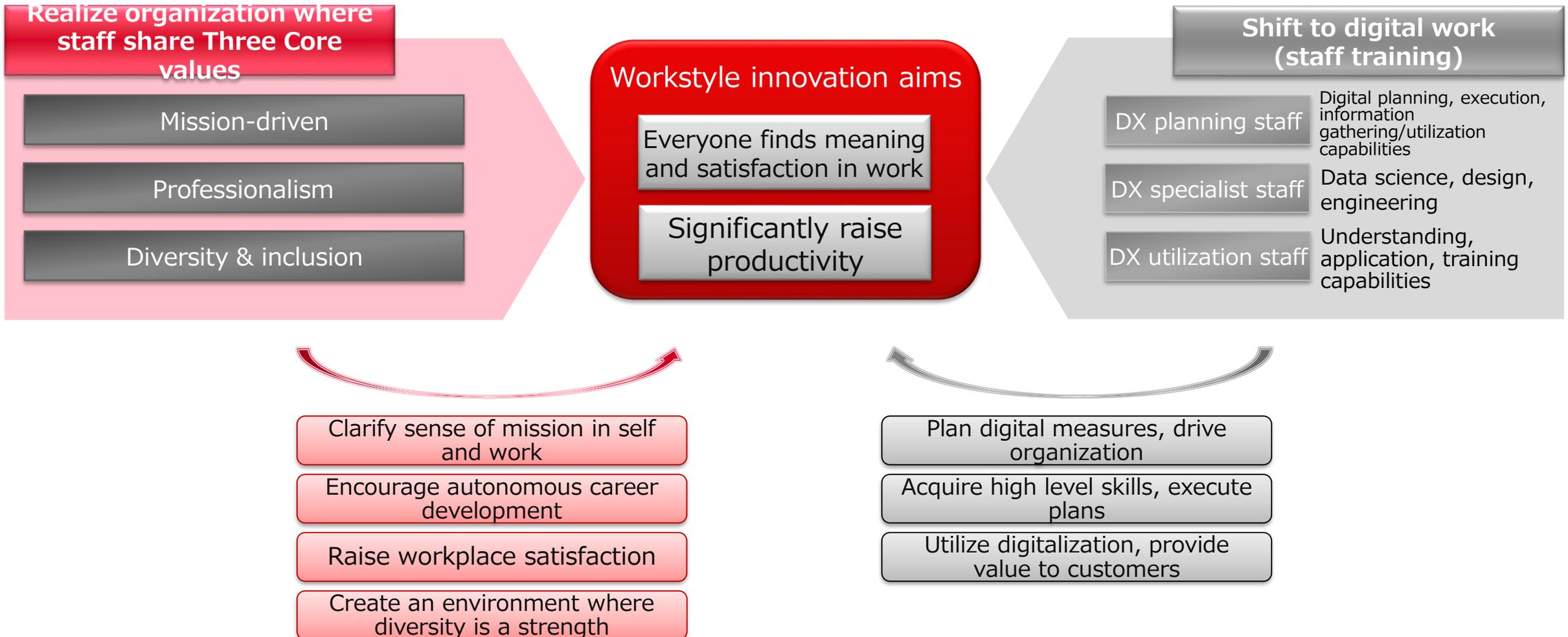
Further growth in sectors leveraging strengths

Business area	Sector
Nursing care/seniors	Nursing care Improve quality in nursing care industry (operational/vital/care data)
Domestic P&C insurance	Disaster prevention/mitigation Minimize disaster scope, etc., through disaster prediction (policies in force/insurance payments/disaster data)
	Mobility Optimize services to people with impaired mobility (self-driving OS/accidents/insurance payments data)
Overseas insurance	Agriculture Raise farmers' business efficiency and earnings (crop insurance data on soil/weather/harvest amount, etc.)
Domestic life insurance, nursing care/seniors, digital healthcare	Healthy aging Extend healthy lifespan through a data-driven approach for wellbeing and care (life insurance/healthcare related data)



Core Strategies 3: New Work Style

- Engage in workstyle innovation to raise each employee’s sense of accomplishment & satisfaction and significantly raise productivity
- To achieve this, advance workstyle innovation in each business, where staff share 3 core values and shift to digital work



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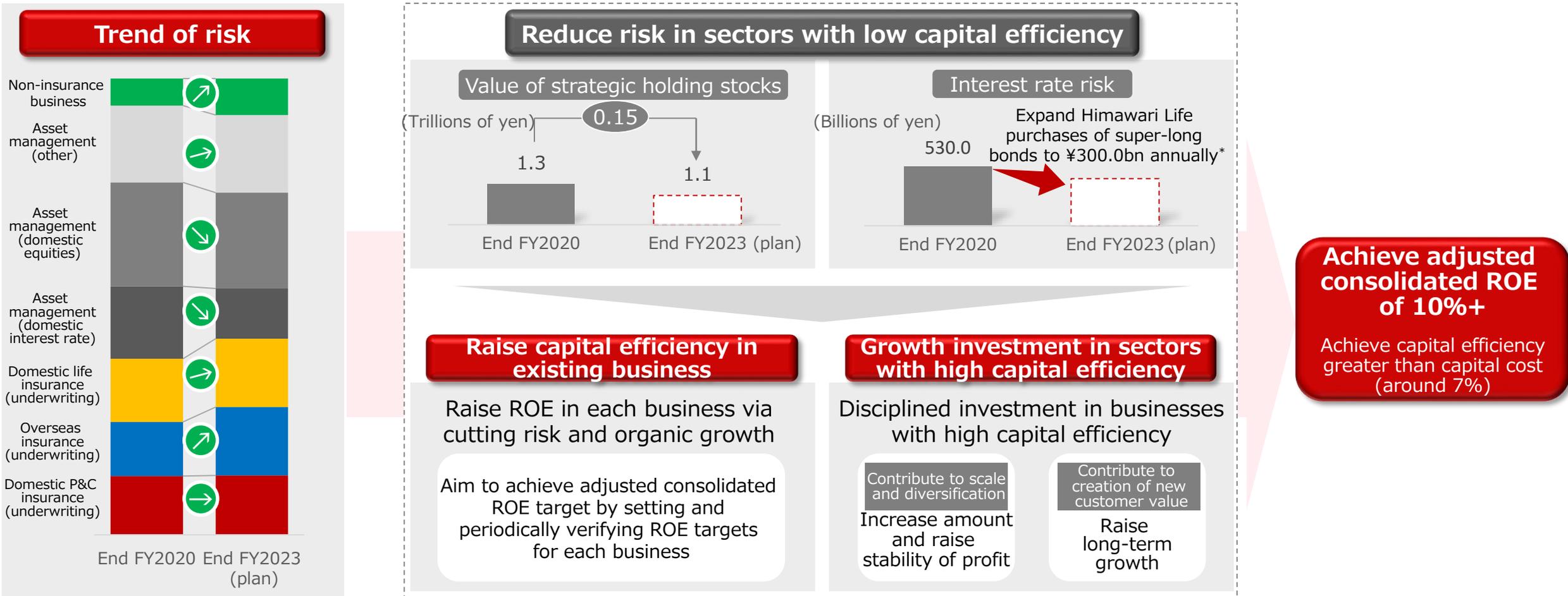
(7) Asset Management Strategy

Reference

Raising Capital Efficiency

- Aim to further increase group capital efficiency by cutting strategic holding stocks (around ¥150.0bn over 3 years) as well as reducing risk in sectors with low risk-return including reducing interest rate risk and improving capital efficiency in existing business while allocating capital to businesses with high capital efficiency

Achieve capital efficiency exceeding capital cost

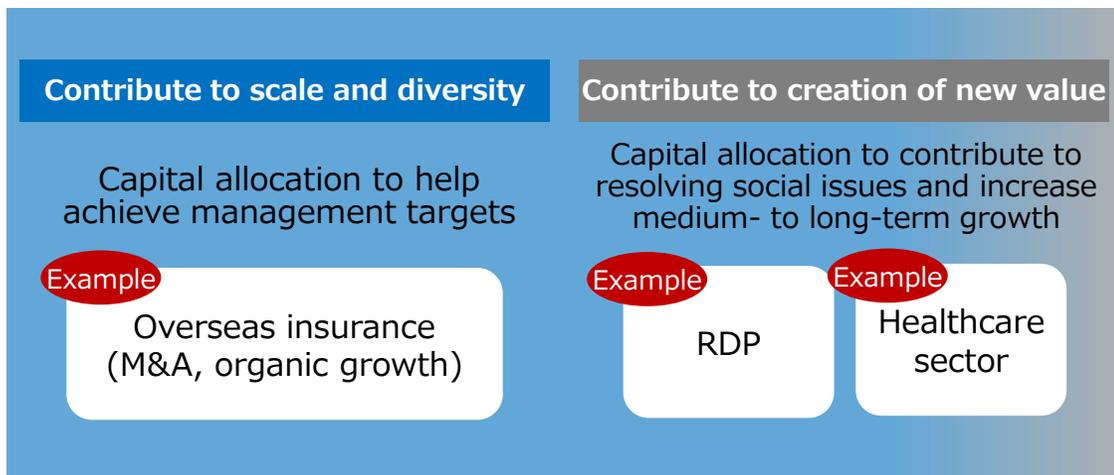


Capital Allocation for Growth Investment and ESR Target Range

- Capital allocation for growth investment is assumed to be around ¥600.0bn. Aims to help achieve management targets and increase long-term growth
- Change ESR target range to 200-270% (currently 180-250%) based on perspectives such as amount of capital allocated for growth investment, maintaining credit ratings, etc.
- While conducting disciplined growth investment, consider proactively returning to shareholders if ESR exceeds 270%

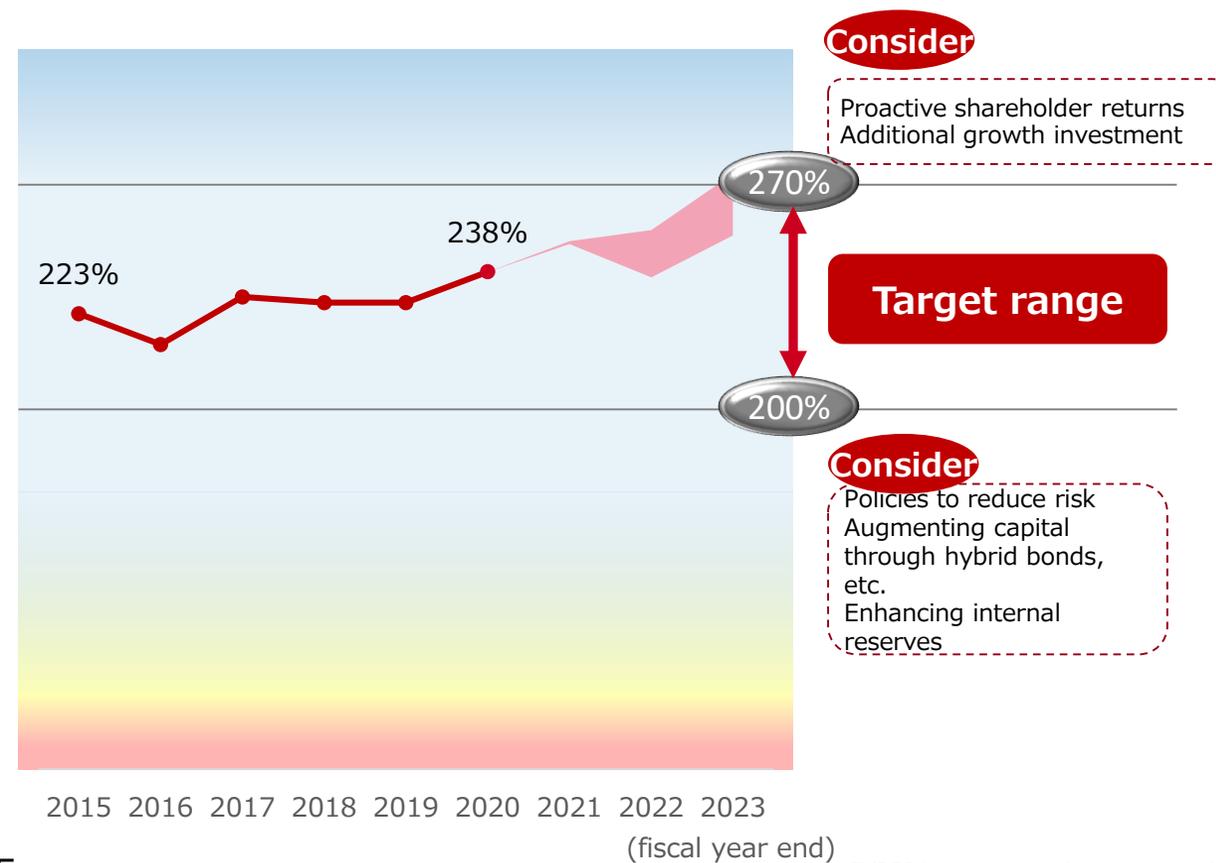
Capital allocation for growth investment and key recipients

Capital allocation for growth investment **Around ¥600.0bn**



Capital control based on amount of growth investment

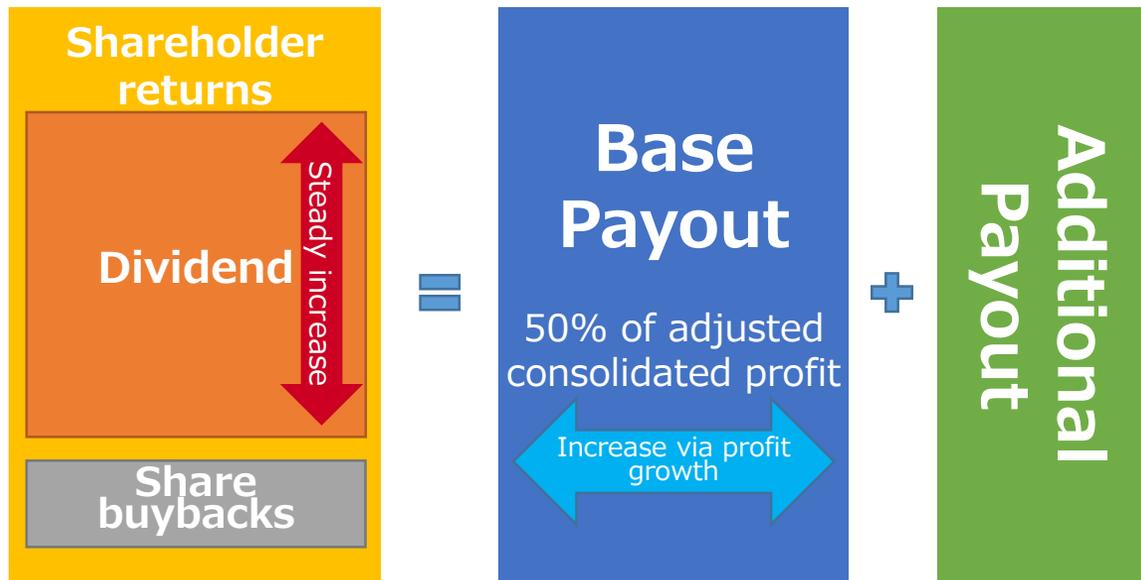
ESR trend and target range



Shareholder Returns Policy

- Institute a base return of 50% of adjusted consolidated profit and conduct additional payout based on trends in business results, market environment and capital
- Institute a basic policy of raising the dividend in tandem with profit growth, and raise the ratio of dividends within shareholder returns

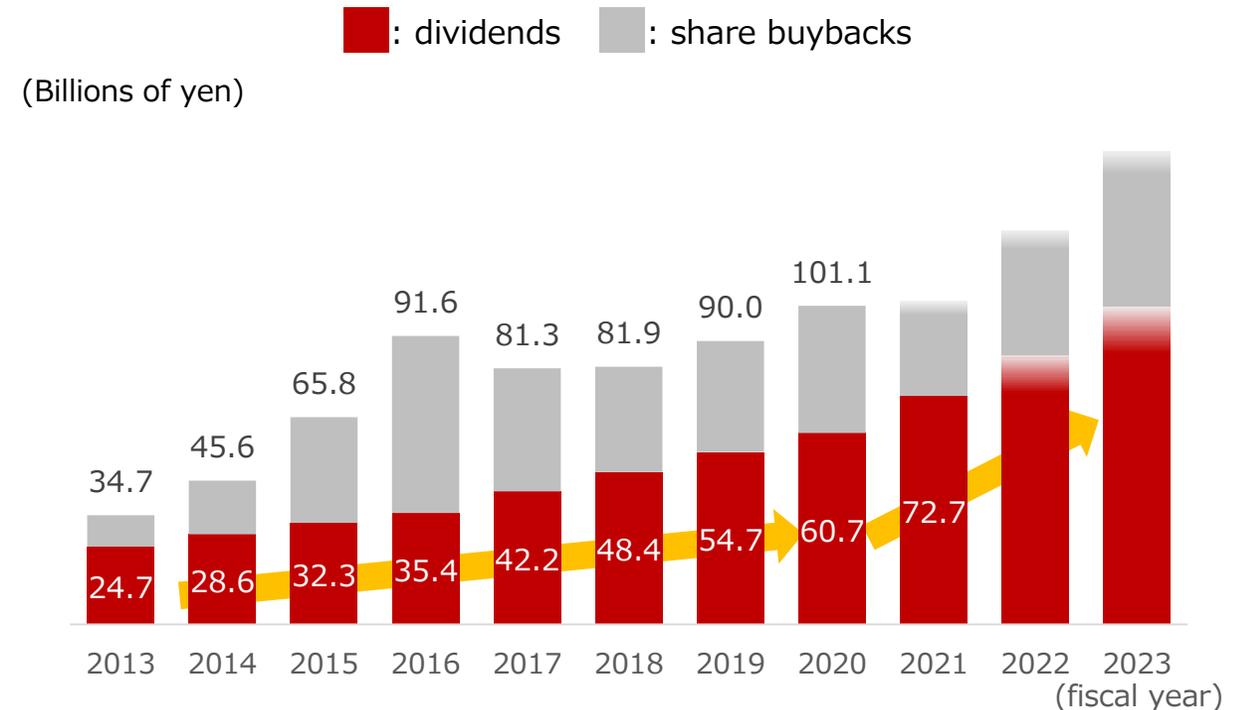
Shareholder returns policy



Conduct additional returns based on the below cases, the status of risk and capital and future outlook. Cases for additional returns include:

- When ESR level exceed the target range on a constant basis
- When the adjusted profit falls due to one-time factors such as natural disasters, maintain the prior fiscal year's level of returns
- When growth investment such as large-scale M&A is not expected
- When it is determined that other measures to improve the capital ratio, etc., are needed

History of shareholder returns*1



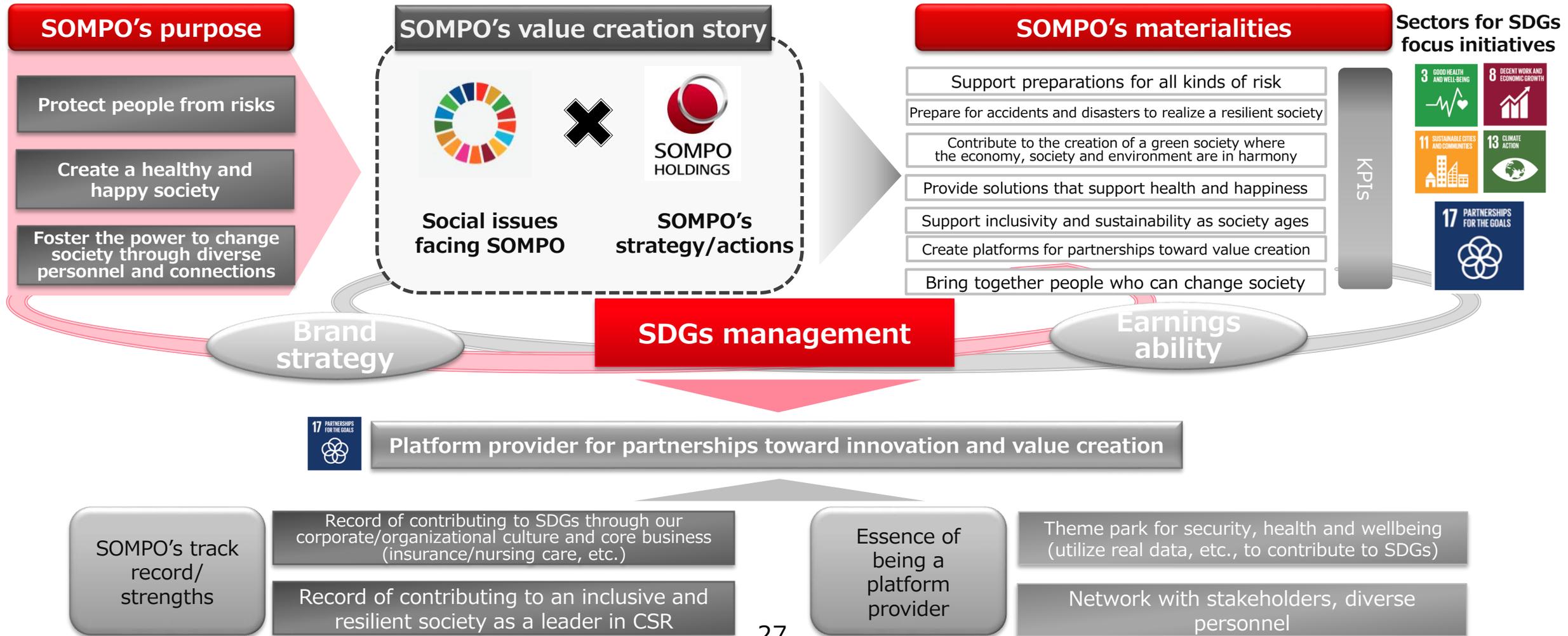
DPS *2	¥60	¥70	¥80	¥90	¥110	¥130	¥150	¥170	¥210
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*1 FY2021 and beyond is an assumption

*2 DPS(FY2021): forecast

SDGs Management

- For the social issues, strategies and actions to be taken to realize the Purpose, materiality/KPIs will be defined and incorporated into the management framework. By objectifying the outcomes in the SDGs' universal language, we will practice "SDGs management" and create social/economic value
- Leverage the essence of being a platform provider with a record of and strengths in contributing to the SDGs through our core business, as well as undertaking societal reform, to the greatest possible extent and link it to sustainable growth



(Reference) SDGs Management: SOMPO Climate Action

- One of SOMPO’s strengths is our track record in environmental initiatives since the 1990s, which has been recognized by multiple stakeholders. Develop measures against climate change by linking SOMPO’s strengths with a strategy of partnerships
- As a measure against climate change, we will implement SOMPO Climate Action with 3 undertakings: 1. Adapt to climate change, 2. Mitigate climate change, 3. Contribute to the transformation of society

SOMPO Climate Action

1. Adapt to climate change

Support higher societal resilience by developing/ offering products/services via collaboration

- AgriSompo to contribute to sustainable agriculture
- Develop products/new businesses that contribute to disaster prevention/mitigation
- BCP creation support service for companies, etc.

2. Mitigate climate change

Achieve net zero group GHG emissions (by 2050)

- Group’s introduction of renewable energy (60% by 2030)
- Sustainable procurement that considers biodiversity, etc.
- Develop products/new businesses that contribute to promotion of clean energy
- Services supporting companies’ transition from carbon, etc.

3. Contribute to the transformation of society

Support societal transition via collaboration with stakeholders such as NGOs and engagement with financial institutions

- Engagement with companies we invest in
- Proactive participation in rule making, policy proposals, etc.
- Train large numbers of environmental personnel, etc.

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



SOMPO’s strengths

-Ahead of our time, doing environmental initiatives for 30 years-

Management understanding/ leadership since 1992 Rio summit

Appropriate climate change policies utilizing risk management

Relationships of trust with NGOs, influencers, etc., from collaborative projects, environmental foundations, etc.

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



Policy for promoting SDGs management

-A platform provider for partnerships-

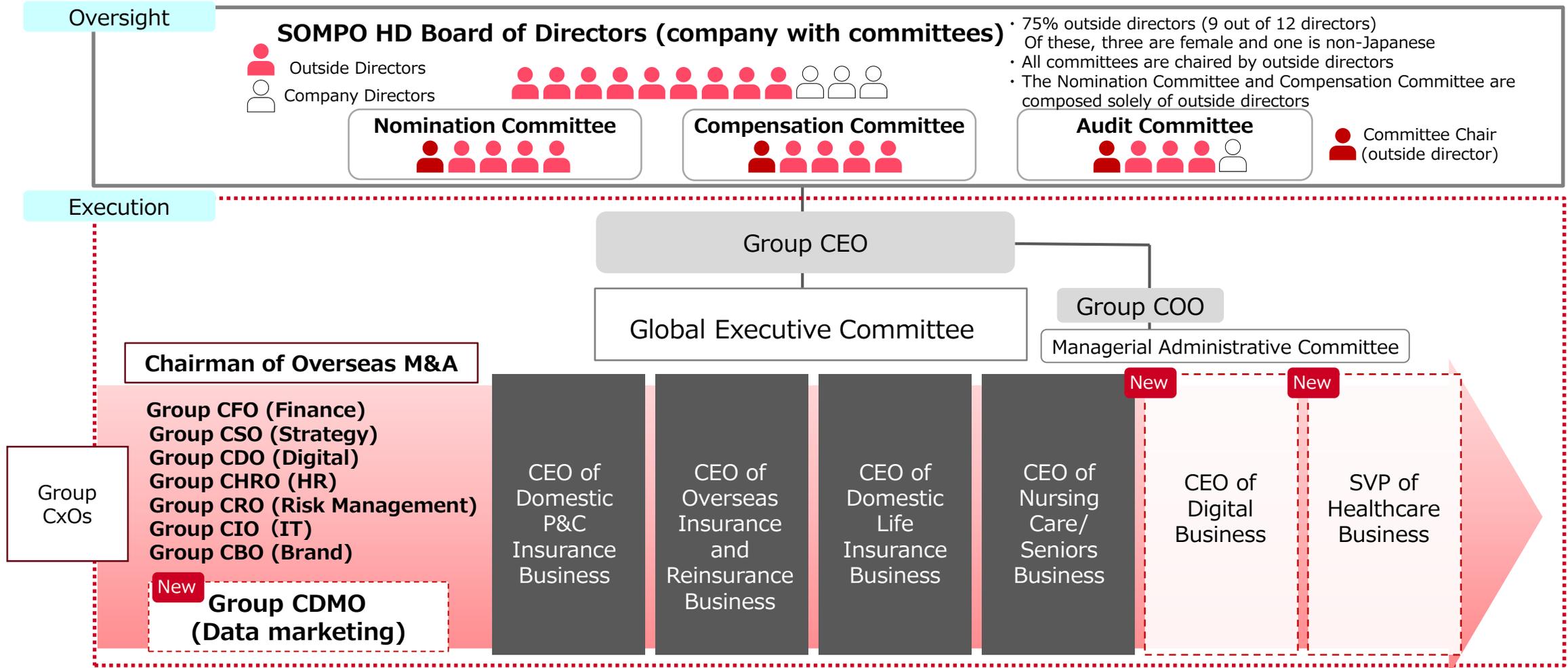
Theme park for security, health and wellbeing (utilize real data, etc., to contribute to SDGs)

Network with stakeholders

Diverse personnel

Governance

- Maintain a governance structure in which outside directors at the Board of Directors play a role to oversee the business execution
- Add business segments in the digital healthcare domain and Group CDMO (Data Marketing) to realize “A Theme Park for Security, Health & Wellbeing”



Next CEO of Overseas Insurance and Reinsurance Business

Release

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

May 25, 2021
Sompo Holdings, Inc.

Notice of Change in Executive Officers

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

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

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

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

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

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

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

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

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

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Short CV of Mr. Shea



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

President of Global Financial Lines
Regional President of
Central Europe and CIS

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

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

I. Key Points of New Medium-Term Management Plan

II. Review of Prior Medium-Term Management Plan

III. New Medium-Term Management Plan

1. Overview

2. Three Core Strategies

3. Group Management Foundation

4. Business Strategies

(1) Domestic P&C Insurance

(2) Overseas Insurance

(3) Domestic Life Insurance

(4) Nursing Care/Seniors

(5) Digital/Healthcare

(6) RDP

(7) Asset Management Strategy

Reference

Review of Prior Medium-Term Management Plan



Top line growth in conventional routes

Embarking on future-looking structural reforms

From FY2016

Do the right thing

- ◆ Customer-focus/front-line oriented (Head Office reform)
- ◆ Transfer of authority to the front line

Enhancing responsiveness to change

From FY2017

Aim to be a better company

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

Enhancing profitability

From FY2018

New challenges

- ◆ Creation of new business models and new businesses by the Business Design Strategy Division and Business Creation Division

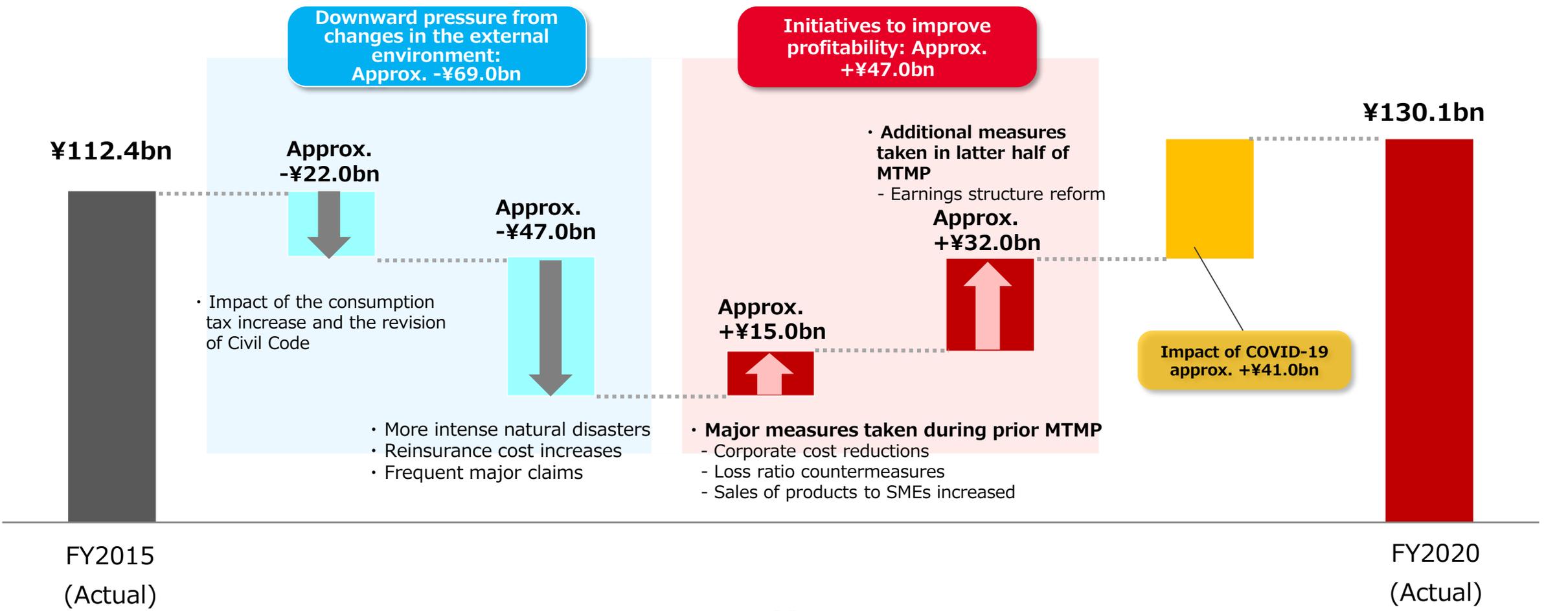
Building a foundation for the future	Transformation of corporate culture (Spirit)	
	Reform of value standards	Profits
		Human resource development (Revision of HR system, Sompo Japan University)
	Workstyle innovation	
ERM		
Embarking on structural reforms	Profit structure reform (including personnel structure reform) (CR 91%/zero-based-review + AI/RPA)	
	Sales channel structural reform (CI+G*)	
New challenges	Development of new business (Maas/Disaster prevention and mitigation/Self-driving vehicles, etc.)	
	Development of new products and services (Next Retail PT/New Solution PT)	

Towards accelerating growth strategy

Key Achievements of the Prior Medium-Term Management Plan

- During the prior Medium-Term Management Plan, we steadily carried out a range of measures that contributed to improved profitability
- Initiated further reforms of profit structure and strengthened fundamentals in light of sudden changes in the environment such as more severe natural disasters

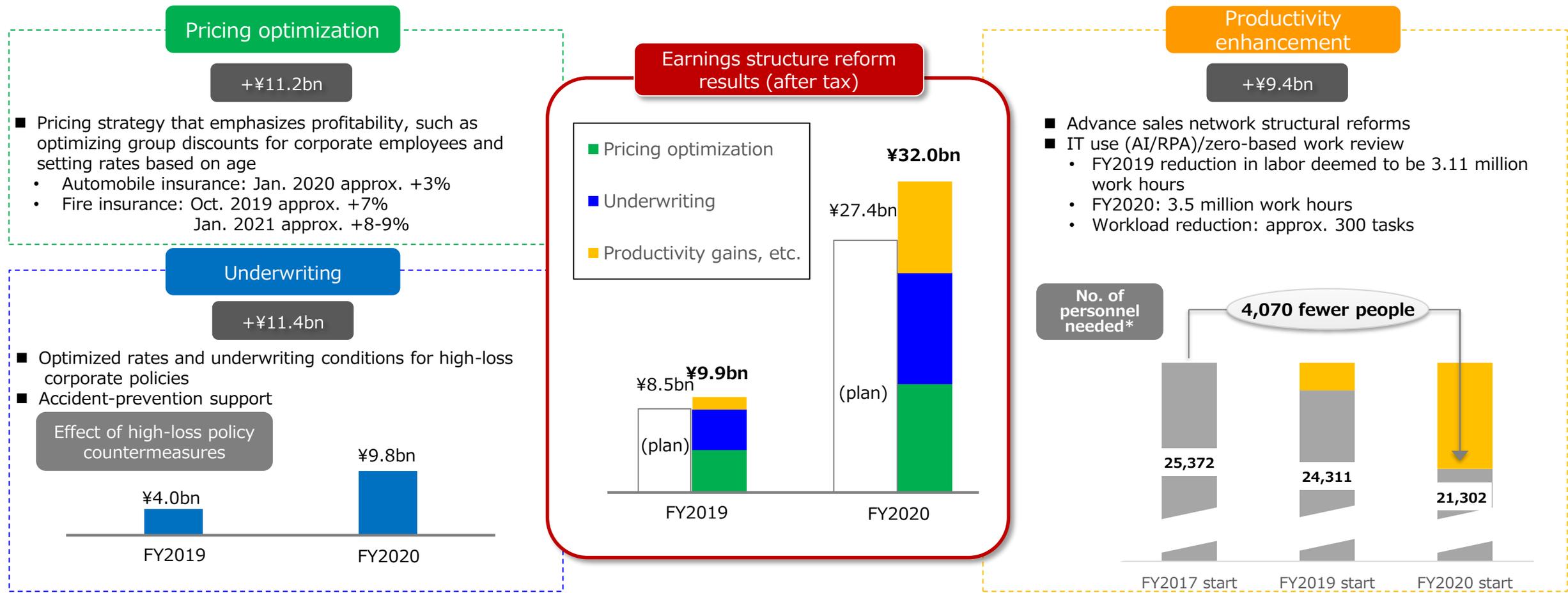
Adjusted profit (FY2020 actual vs. FY2015)



Earnings Structure Reform Results

Through appropriate pricing/underwriting and productivity improvement with digitalization, our results exceeded the plan

Earnings structure reform (including personnel structure reform)



Figures in dark-grey boxes are the effects of the post-tax calculation expressed in FY2020

*Based on work by Sompo Japan

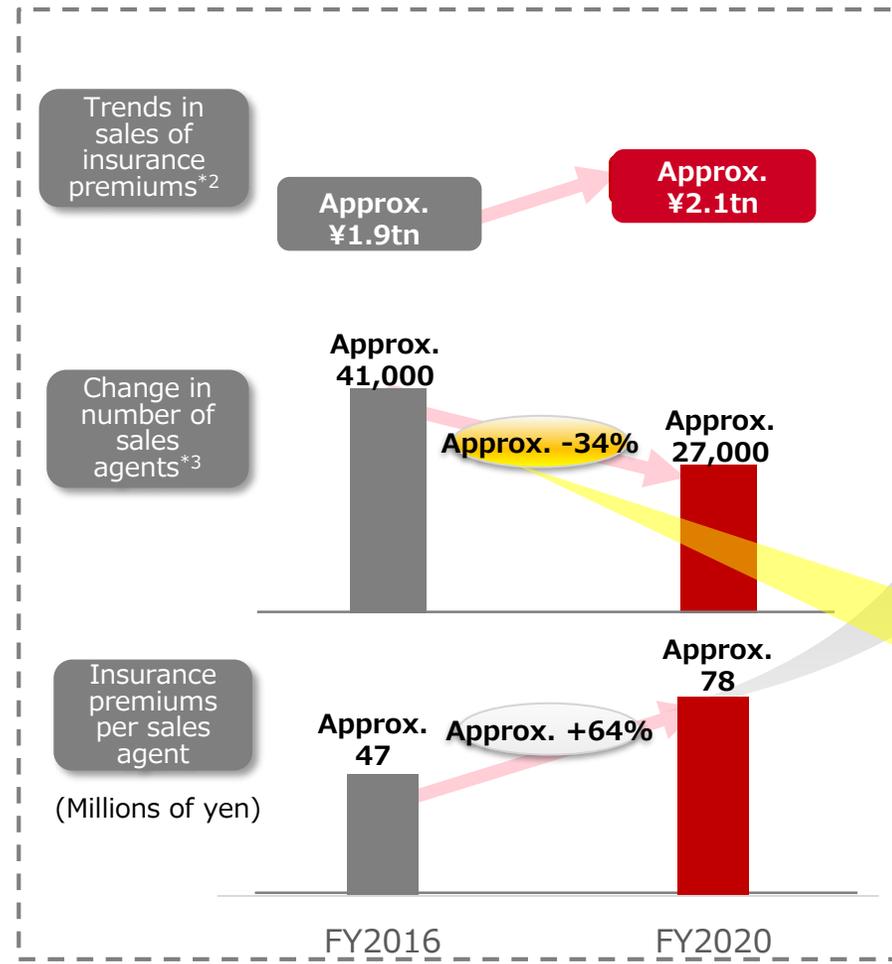
Sales Channel Structural Reform Results

- We focus on building a foundation for sustainable growth for the future centered on sales network organization reform, through improving the quality and ownership of the sales agents
- Sales network will be further developed and productivity will be improved to further win customers' royalty

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

Rate of increase by sales agent size

	Weight of Insurance premiums as of FY2016-end	Rate of increase by size*2 (2 years average, FY2015-FY2016)
¥500mn+	37.9%	+3.0%
¥100mn+	34.5%	+1.2%
Less than ¥100mn	27.7%	-0.8%
Total	-	+1.3%



Going forward, we will focus on developing and establishing new sales agents that customers will continue to choose

	% change
¥500mn+	Approx. +19%
¥100mn+	Approx. -0%
Less than ¥100mn	Approx. -38%
Total	Approx. -34%

*1 Excluding CALI

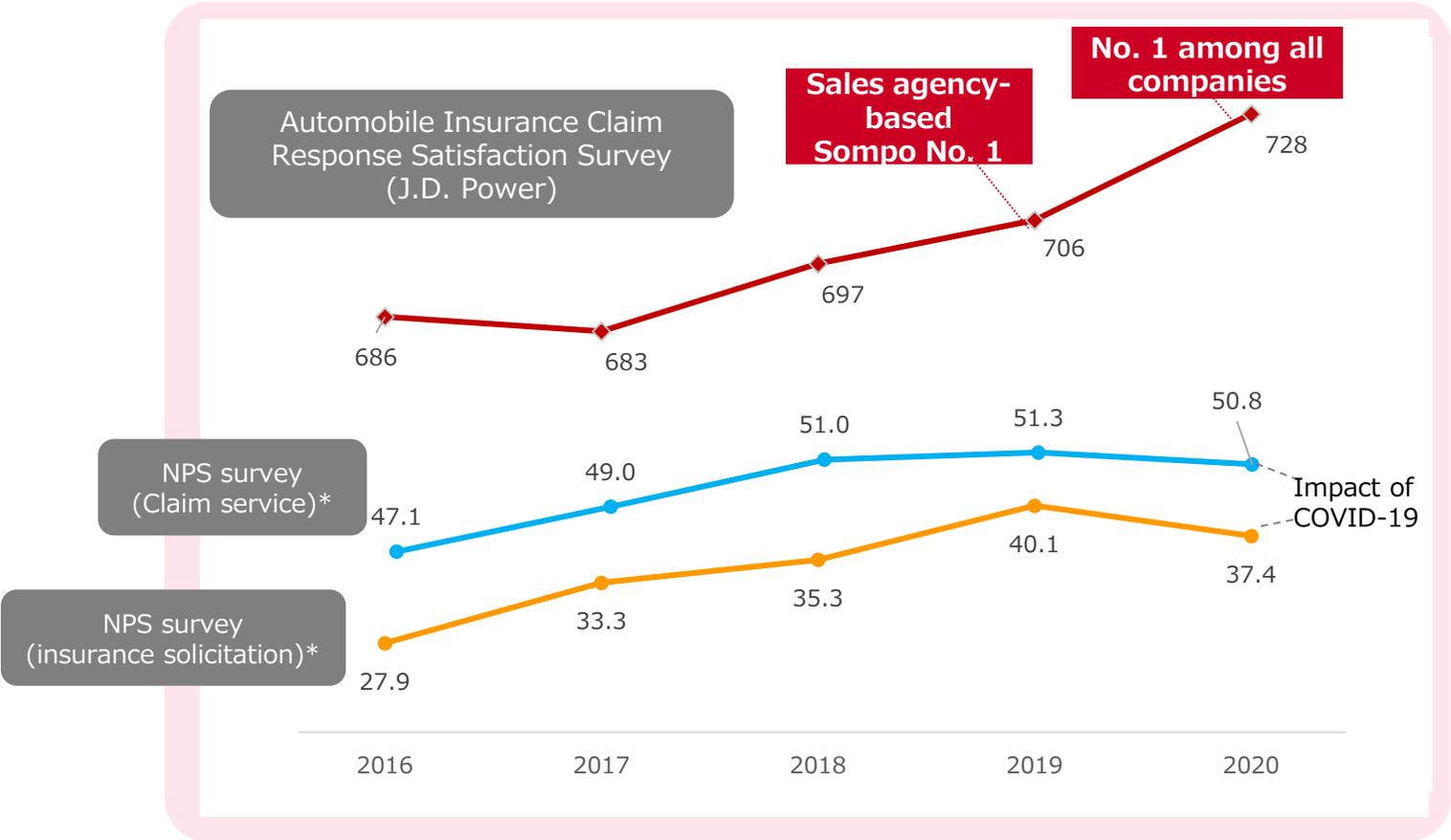
*2 Excluding CALI/household earthquakes

*3 Based on number of actual soliciting agencies. "Sales agents" refer to agencies that solicit sales.

Improving Customer Service Quality

- The responsiveness of sales agents and the Insurance Claims Service Division have a major impact on improving customer satisfaction with regard to response to insurance claims
- As a result of initiatives to improve agency quality by promoting sales network structural reforms and initiatives to create value in the Insurance Claims Service Division, raised customer satisfaction of Sompo's response to insurance claims to No. 1 in the industry

Improve customer service quality by reforming sales network structure and creating value in the Insurance Claim Service Division



Sales Channel structural reform

Value creation in the Insurance Claim Service Division

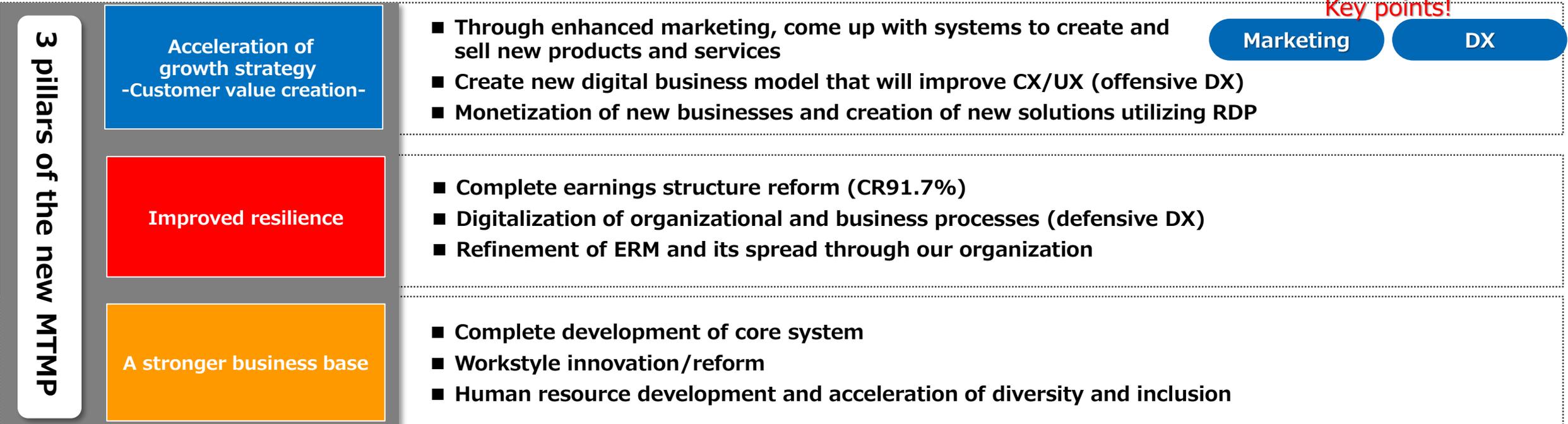
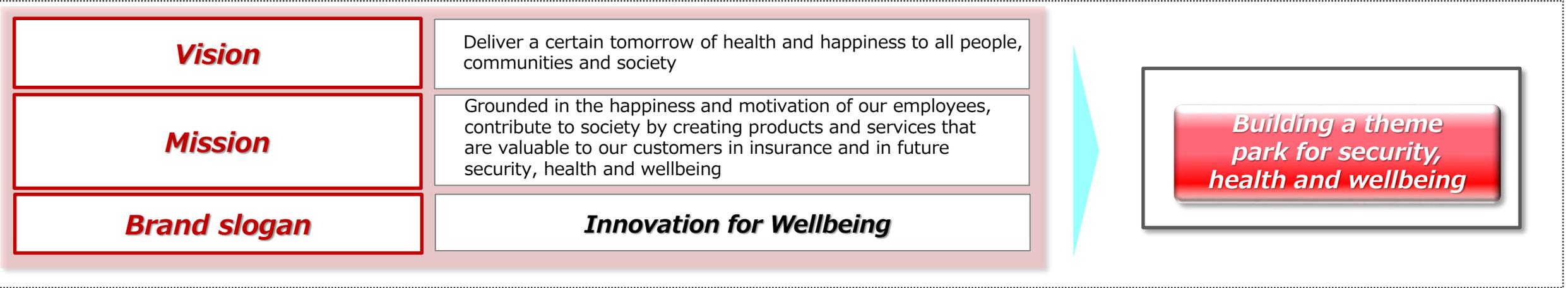
Higher specialization

Higher quality

Higher productivity

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

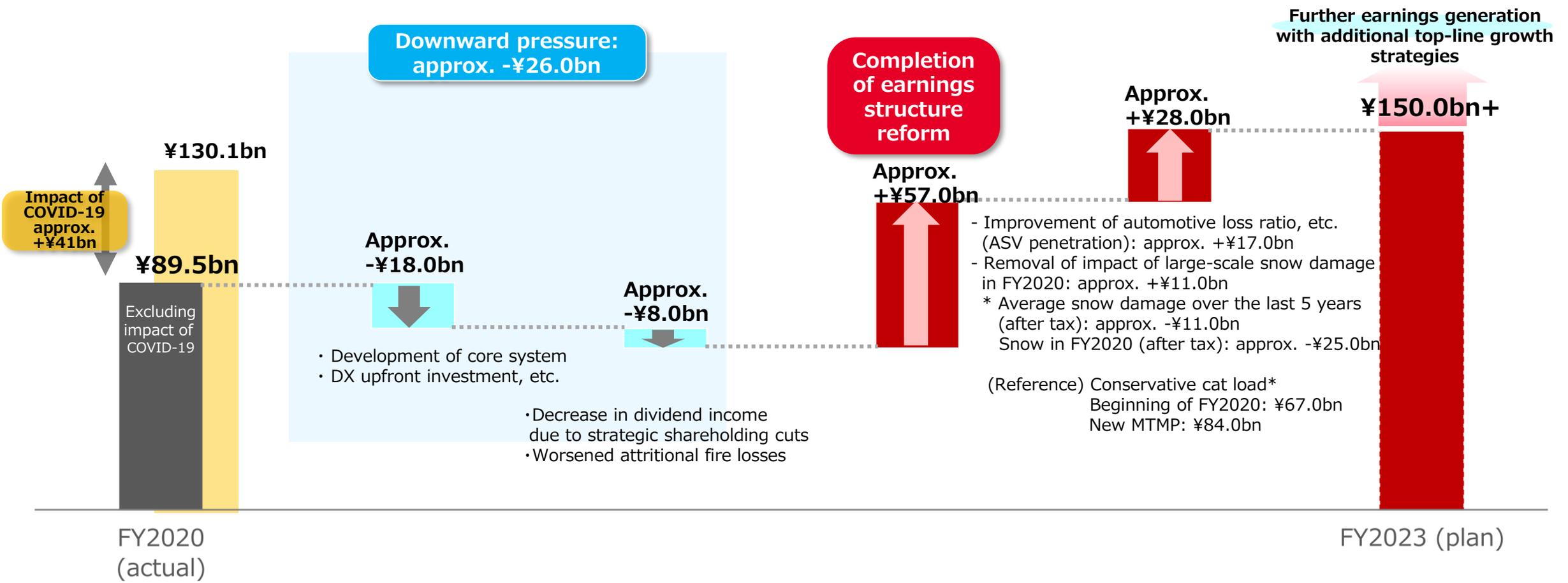
SOMPO's Vision and the 3 Pillars of the New Medium-Term Management Plan



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

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

Adjusted profit (plan for FY2023 vs. FY2020)

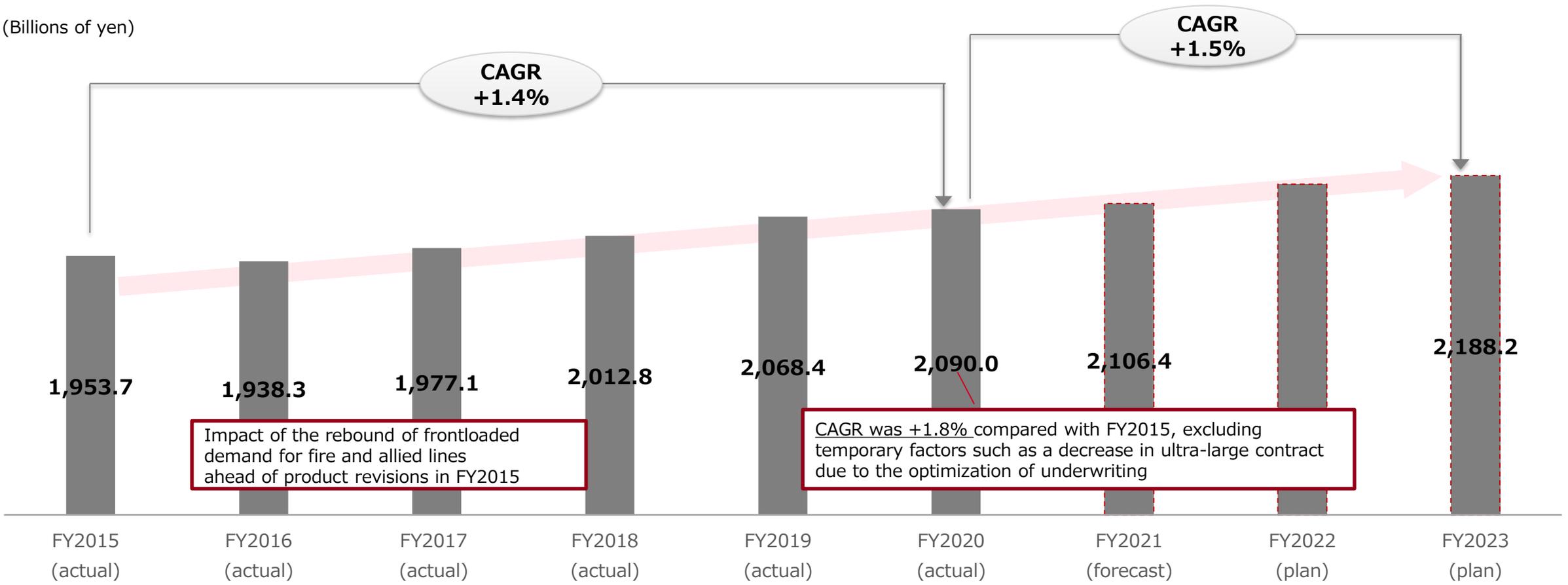


Acceleration of Growth Strategy 1 : Growth of Gross Written Premiums

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

Trends in gross written premiums* (Sompo Japan)

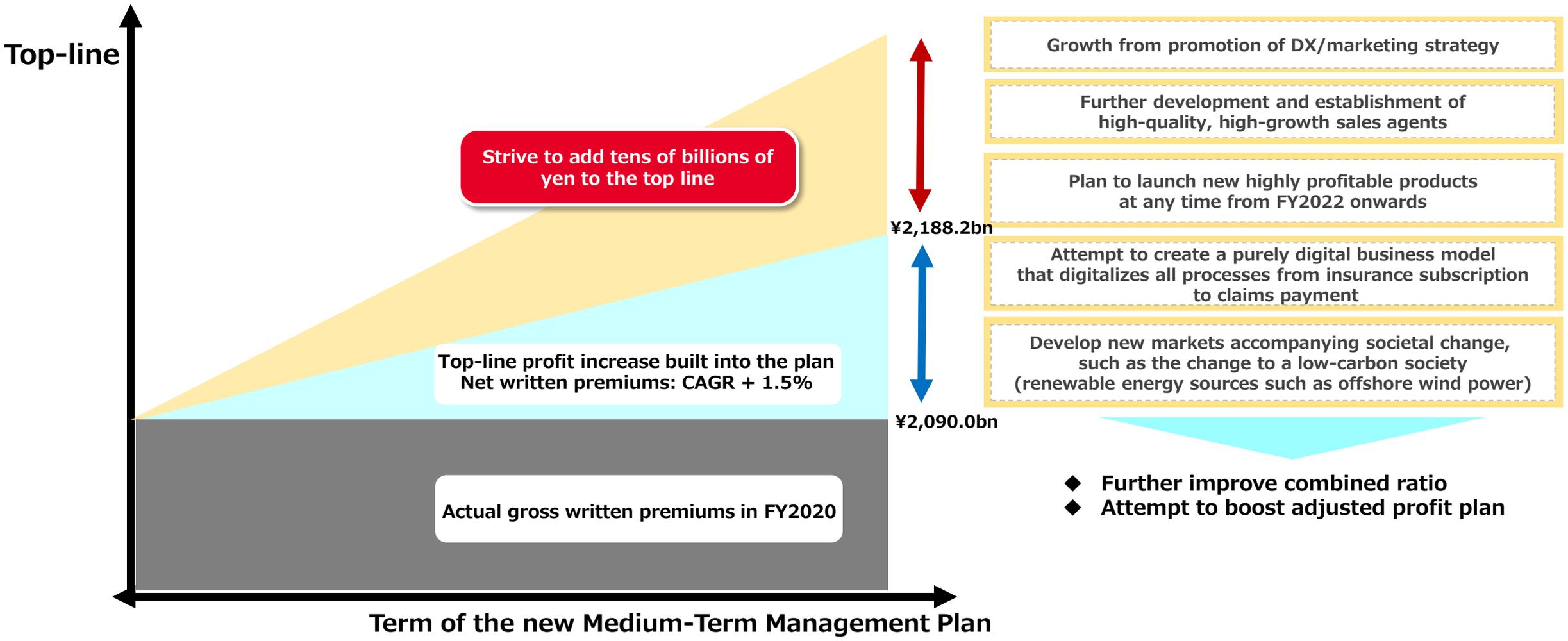
(Billions of yen)



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

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

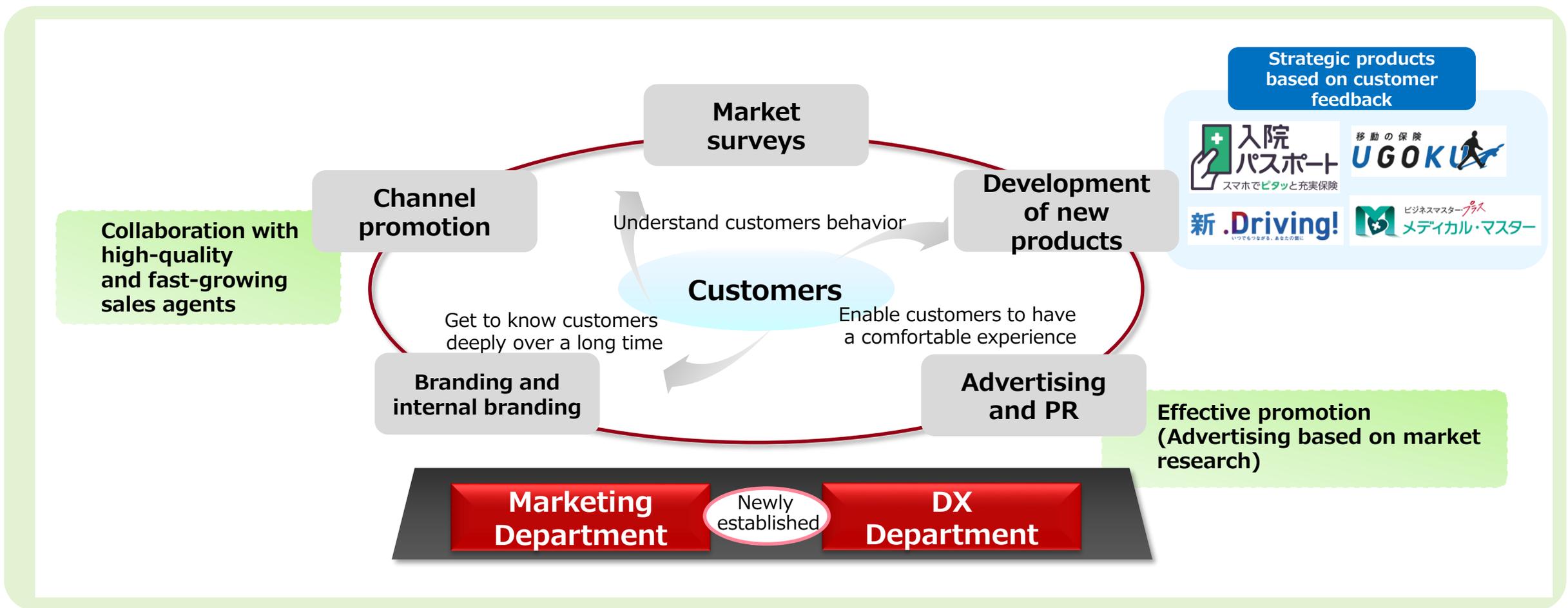
- Develop various top-line growth strategies to further add to the plan



Acceleration of Growth Strategy 3 : Promotion of Marketing and DX

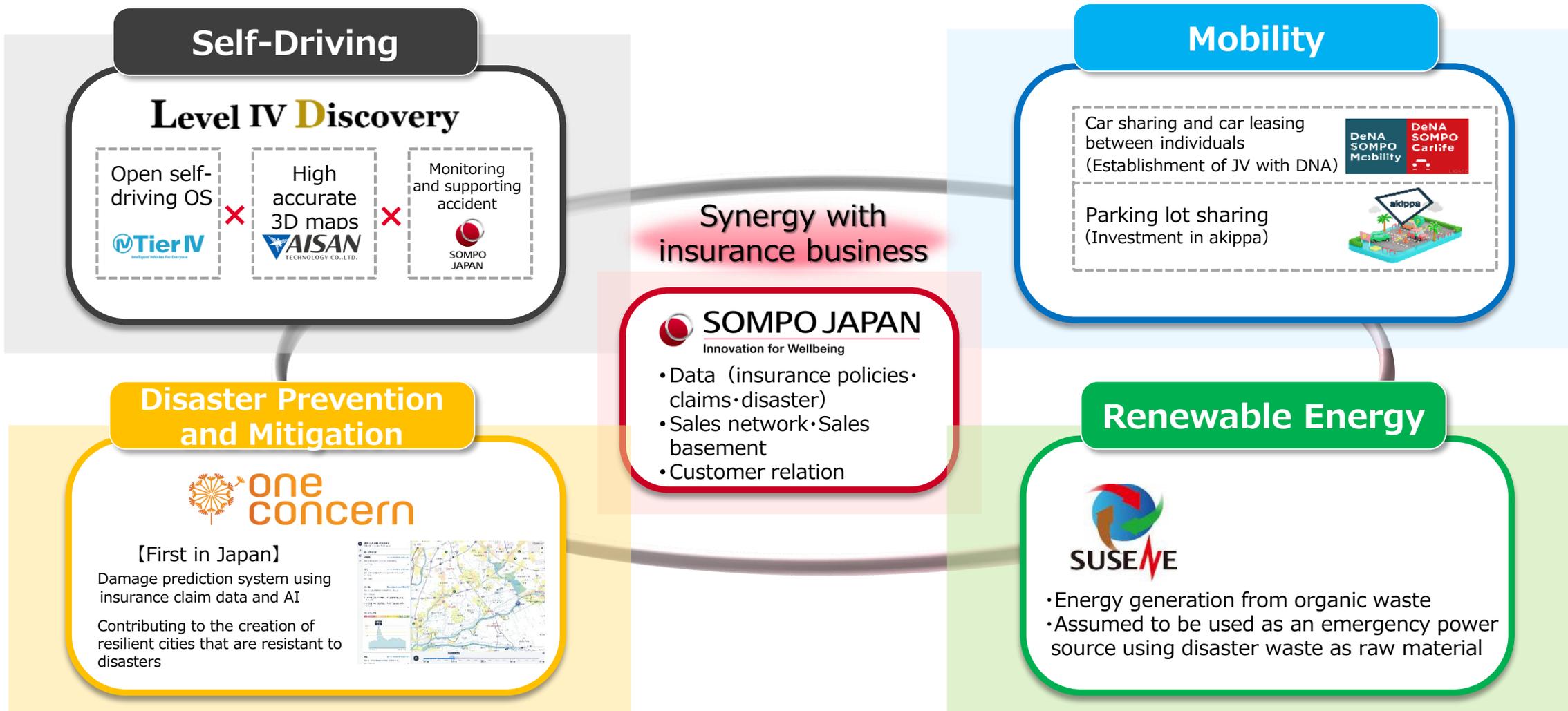
- Make the best use of the newly established Marketing Department and DX Department to achieve the following:
 - Establish digital marketing (CRM/marketing automation), and
 - Build a "selling mechanism" that integrates processes such as market research, product development, advertising, agency sales, and claim service

Growth strategy from enhanced marketing/DX



Acceleration of Growth Strategy 4 : Commercialization of New Businesses

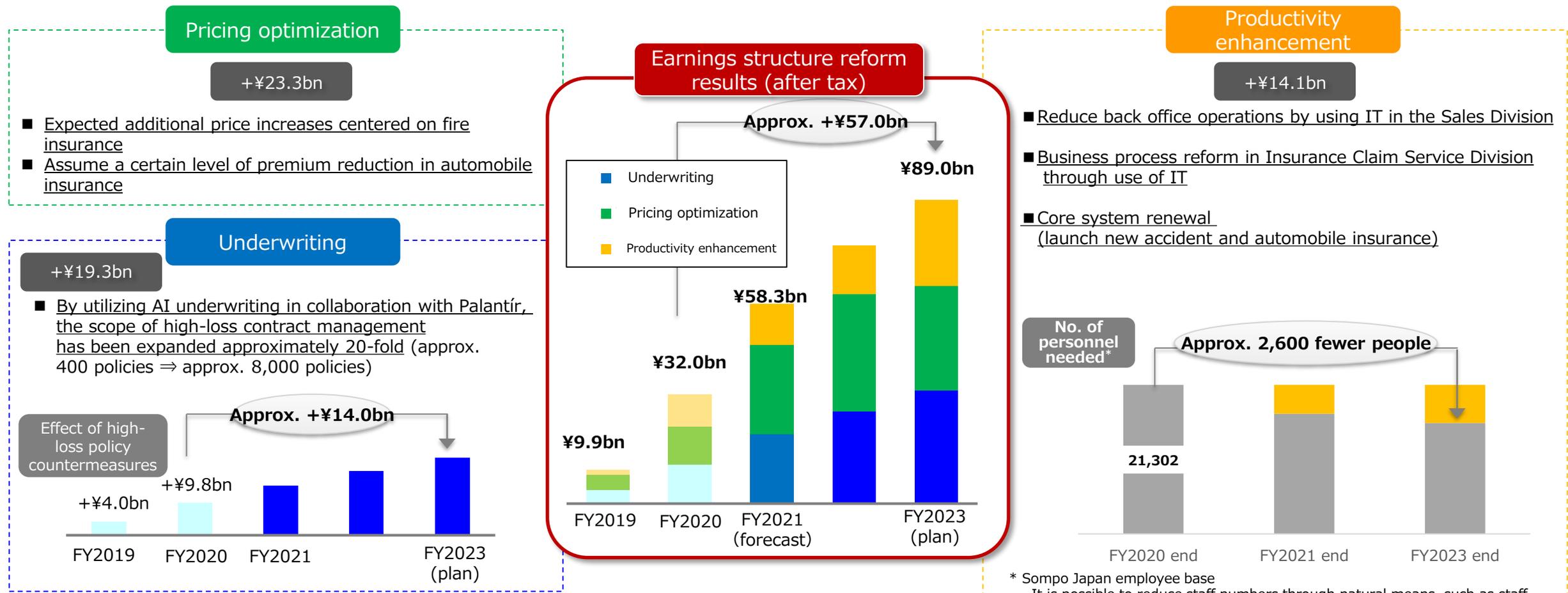
• Aim to expand our revenue sources over the medium to long-term to create new customer and social value in the fields of mobility, disaster prevention and mitigation, and self-driving, which have a high affinity with the insurance business



Raising Resilience 1 : Earnings Structure Reform

• Further accelerate the initiatives of the prior Medium-Term Management Plan. In the next three years, continue reforms such as further strengthening underwriting using technology, and aim for significant profit increases

Earnings structure reform



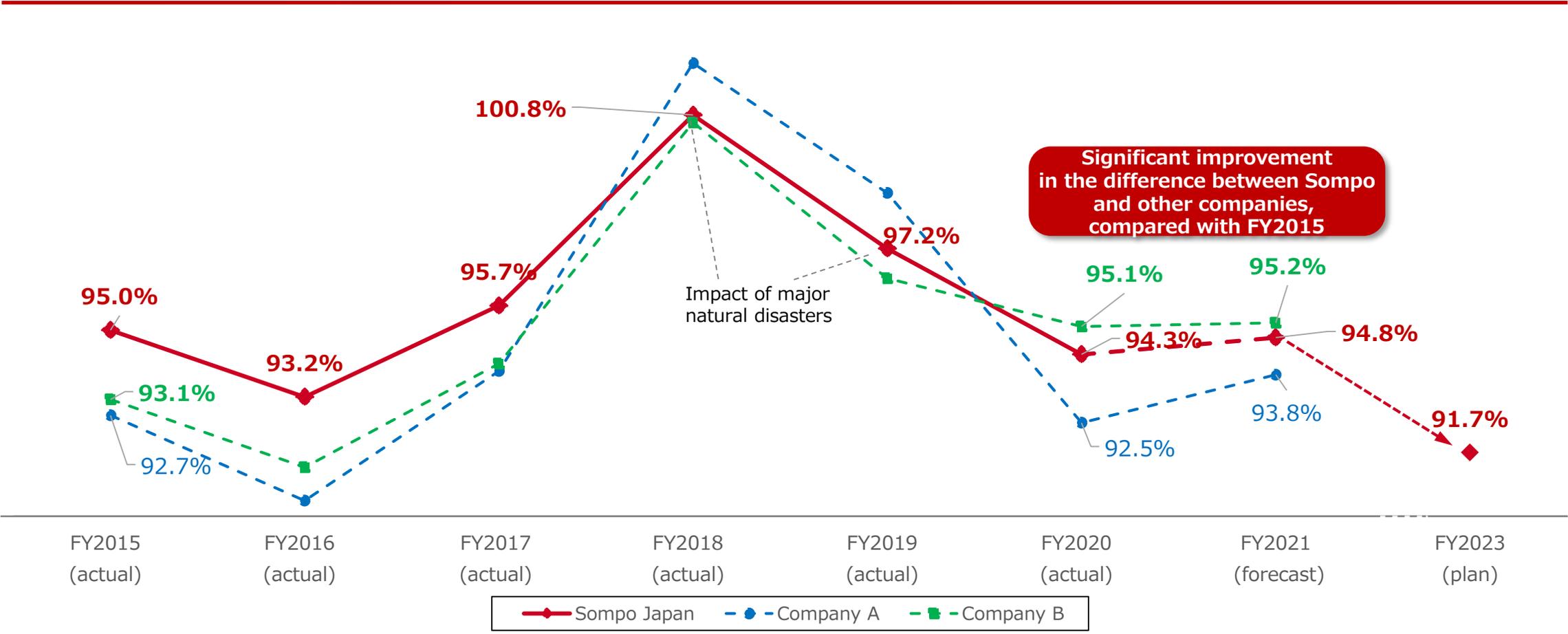
Figures in dark-grey boxes are the post-tax estimation effects to occur in FY2023 vs. FY2020

* Sompo Japan employee base
It is possible to reduce staff numbers through natural means, such as staff reaching retirement age and differences in the number of hires

Raising Resilience 2 : Improvement of Combined Ratio

- Sompo's combined ratio has also significantly improved in comparison with competitors for prior MTMP.
- Aim to further improve resilience by pushing forward with the new MTMP strategy and achieving a combined ratio of 91.7%

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

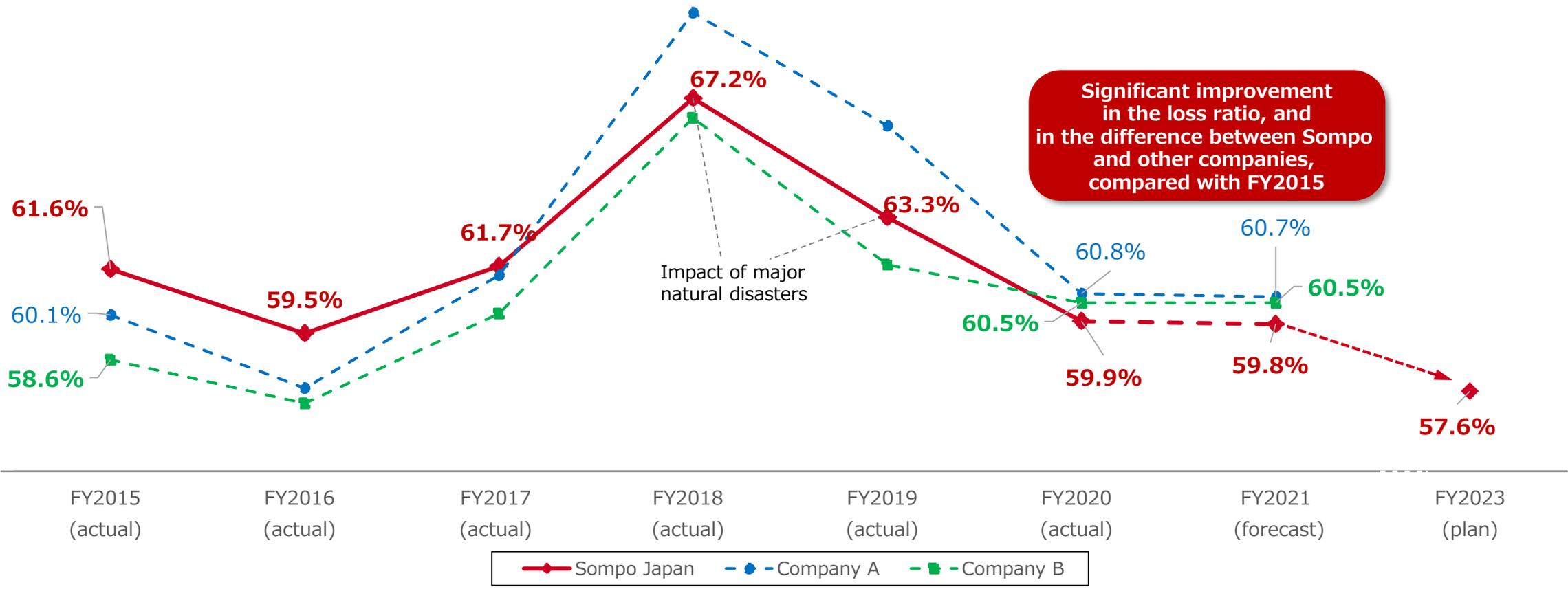


*Based on the disclosure materials of other companies

Raising Resilience 3 : Improvement of Loss Ratio

- Sompo's E/I loss ratio has significantly improved by pricing strategy focused on profitability and optimization of underwriting conditions
- Continue to strengthen the initiatives to further improve E/I loss ratio

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



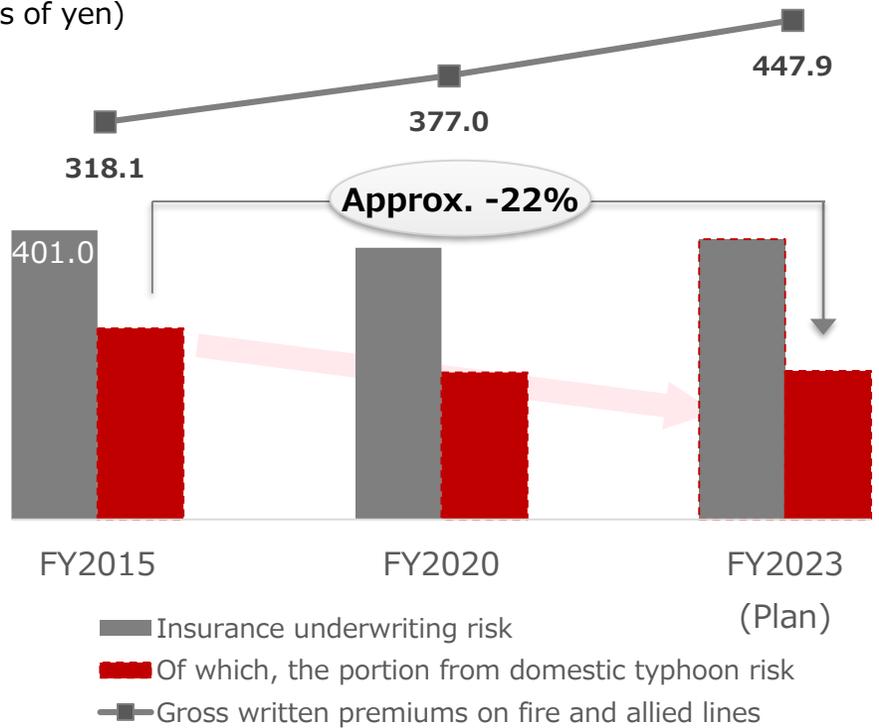
*Based on the disclosure materials of other companies

Raising Resilience 4 : Sophistication and Penetration of ERM

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

Amount of domestic typhoon risk (Sompo Japan)

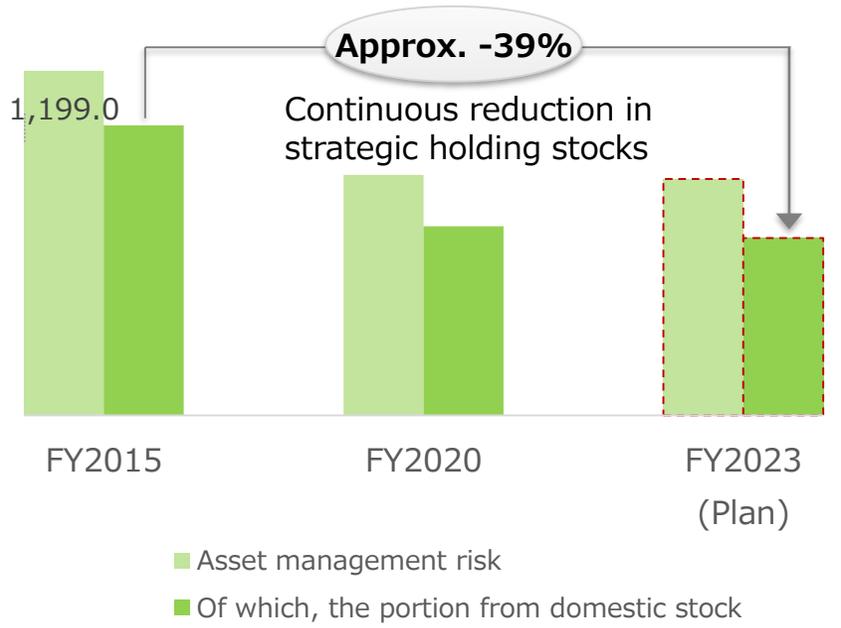
(Billions of yen)



Appropriately control domestic typhoon risk through reinsurance strategies and underwriting despite of hardening of reinsurance market

Amount of asset management risk (Sompo Japan)

(Billions of yen)



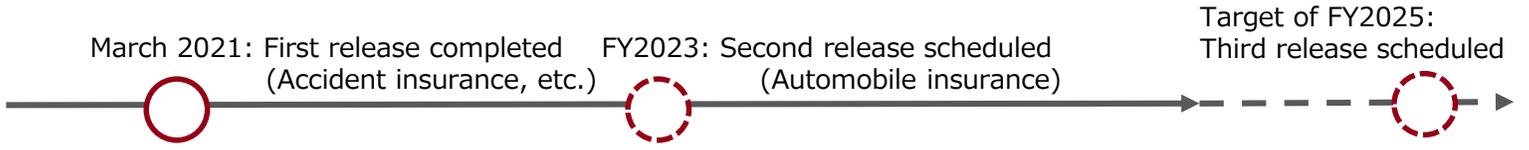
Continue to reduce strategic holding stocks while aiming to improve net investment income by diversifying investment allocation

A Stronger Business Base

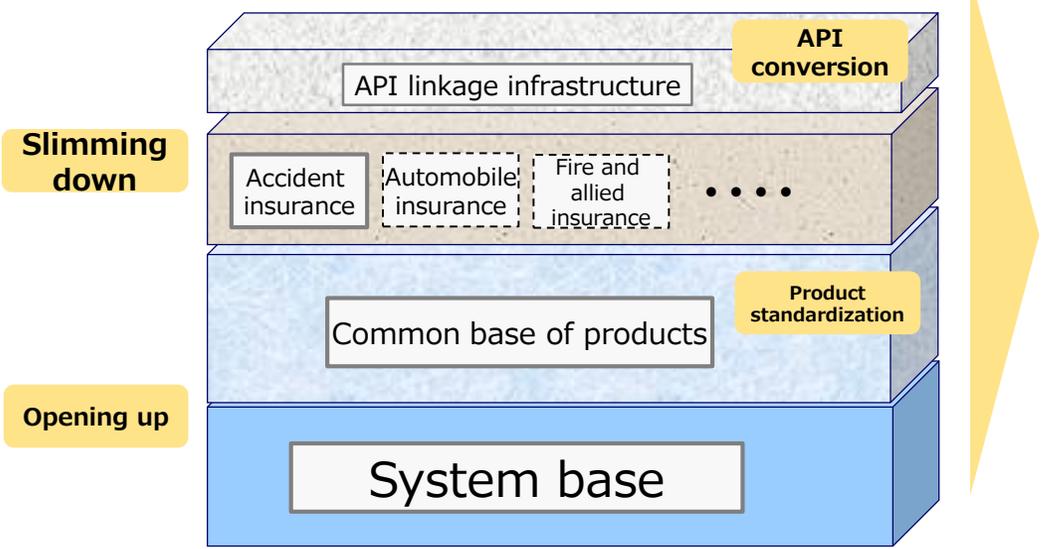
- Gradually renew the core system, establishing the base for an agile product development system that captures customer needs and for improving productivity

Completion of core system renewal

- Release sequentially the core system, beginning to develop in the prior MTMP



System renewal to strengthen business base



Effects of system renewal

- Slimming down (to 1/5th the size) ⇒ Guarantee mobility and expandability, and reduce running cost
- Opening up/API conversion ⇒ Flexible responses to environmental changes and technological progress
- Greater speed in product development ⇒ Product development time reduced by about 50%
Demonstrate synergies with strengthening marketing functions
- Minimization of branch office work ⇒ Improved productivity
- Standardization of product regulations and office work ⇒ Provision of easy-to-understand products (eliminating functional differences between products)

Business Plan Targets/Main KPIs

KGI

Main KPIs

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

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

*2 Based on net reduction on fair value basis

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(5) Digital/Healthcare

(6) RDP

(7) Asset Management Strategy

Reference

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

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

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

Meaningfully Expanded Scale

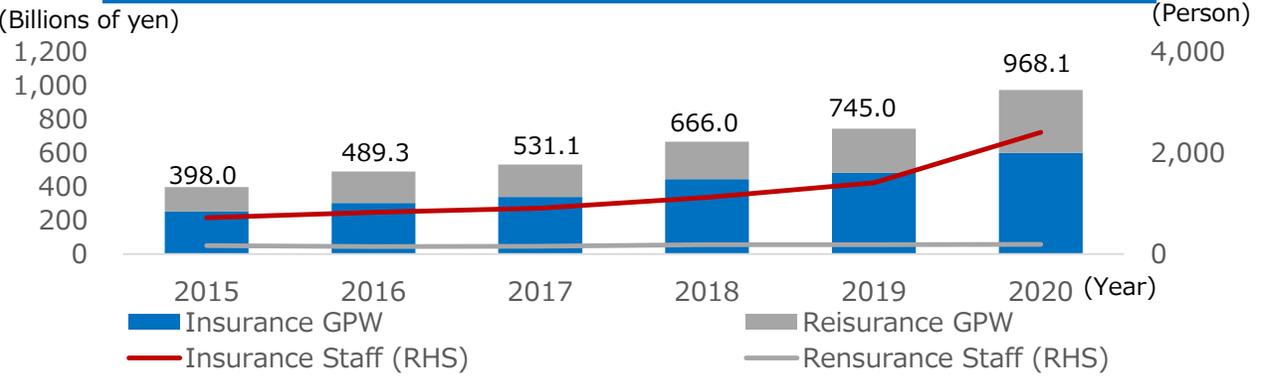
- Growth achieved through identifying and attracting industry recognized underwriters and successfully completing bolt-on M&A's
- In 2020 achieved market leading growth by strategically taking advantage of substantial price increases across the board

Disciplined Underwriting Impacted by Large Industry Events

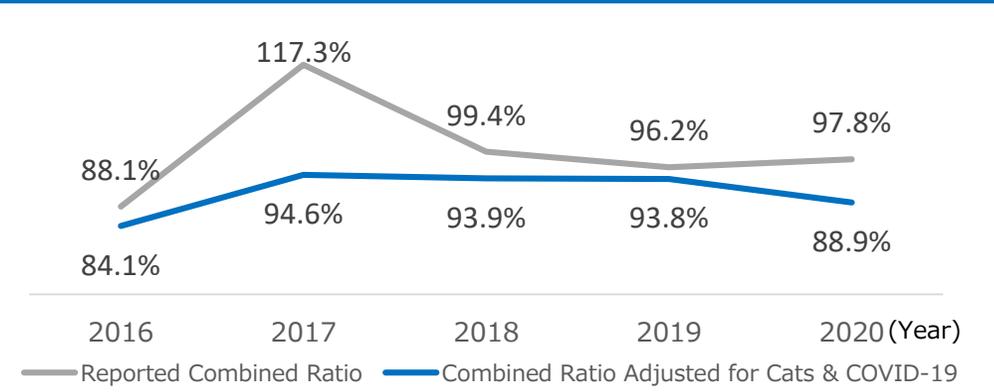
Maintained Discipline

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

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



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



Focused Growth Strategies

Expand Capabilities

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

Bolt-on M&A

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

From 2017 to 2020 SI Doubled Its Gross Premiums

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

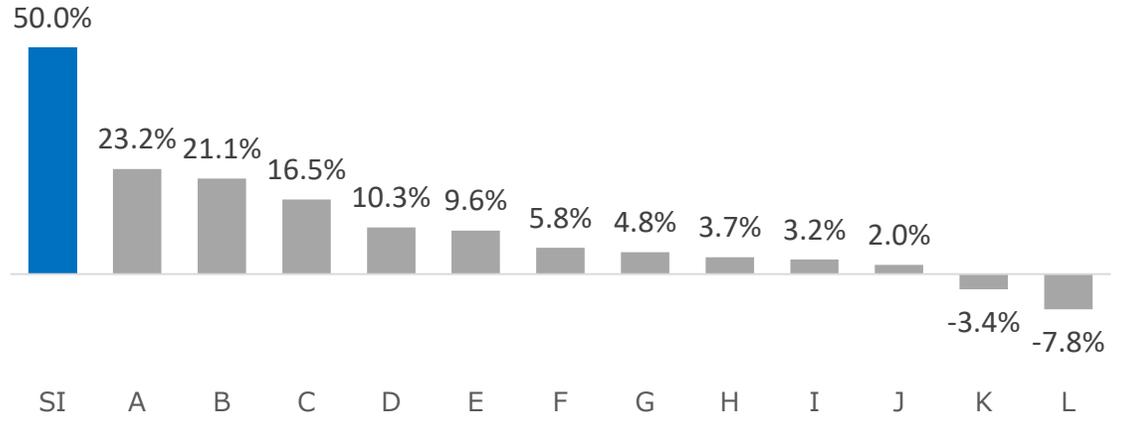
*Exclude f.Sompo America's and others figure prior to 2017. Combined Ratio in 2017 include acquisition costs.

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

2020 Net Written Premiums Growth

¥207.0 billion of Premium Growth

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

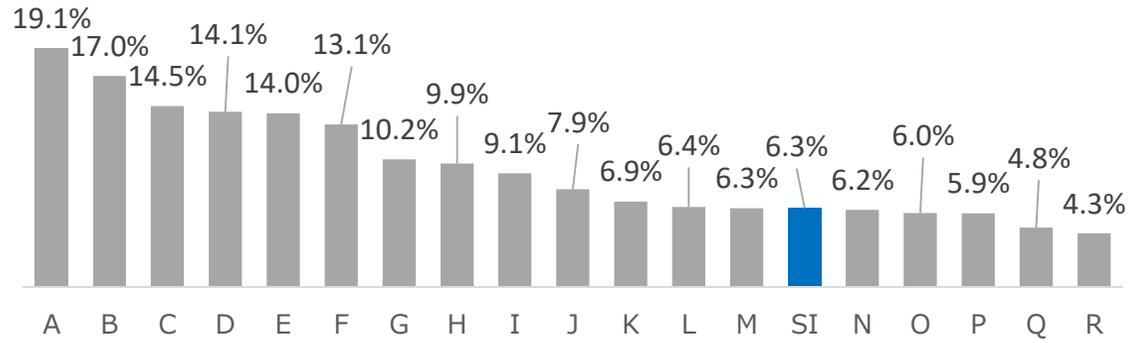


Source: S&P Market Intelligence

2020 COVID and Catastrophe Losses

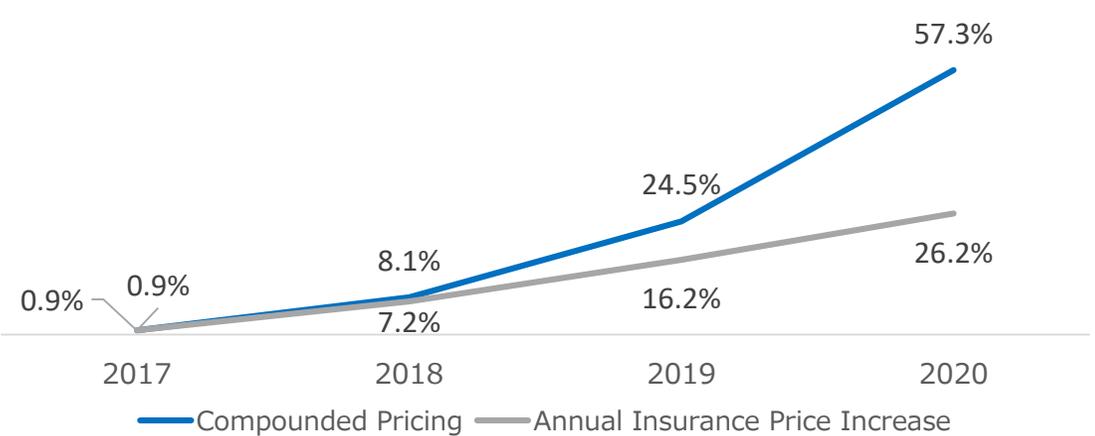
Industry Losses ≥ ¥10 Trillion

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



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

Accelerated Pricing Increases Were Market Leading

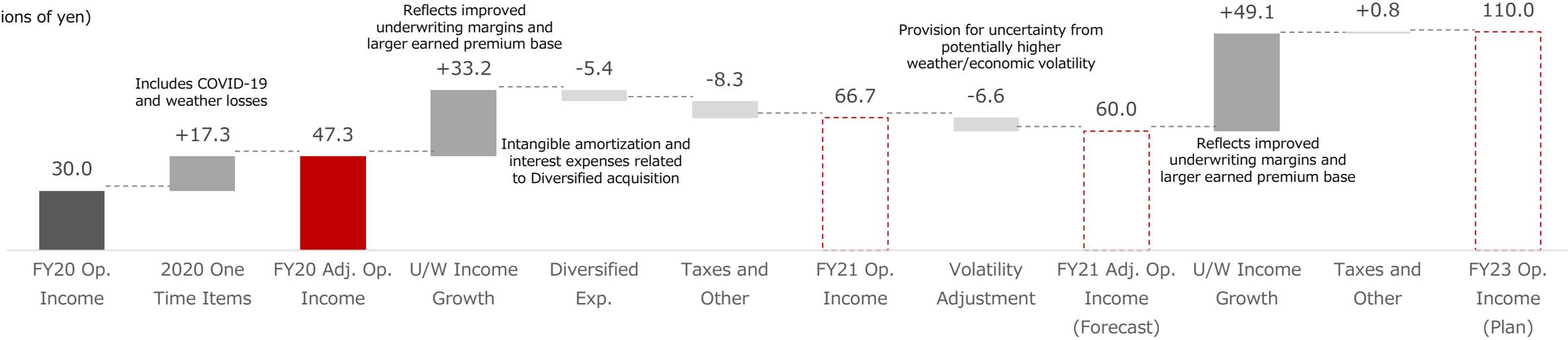


Key 2020 Strategic Achievements

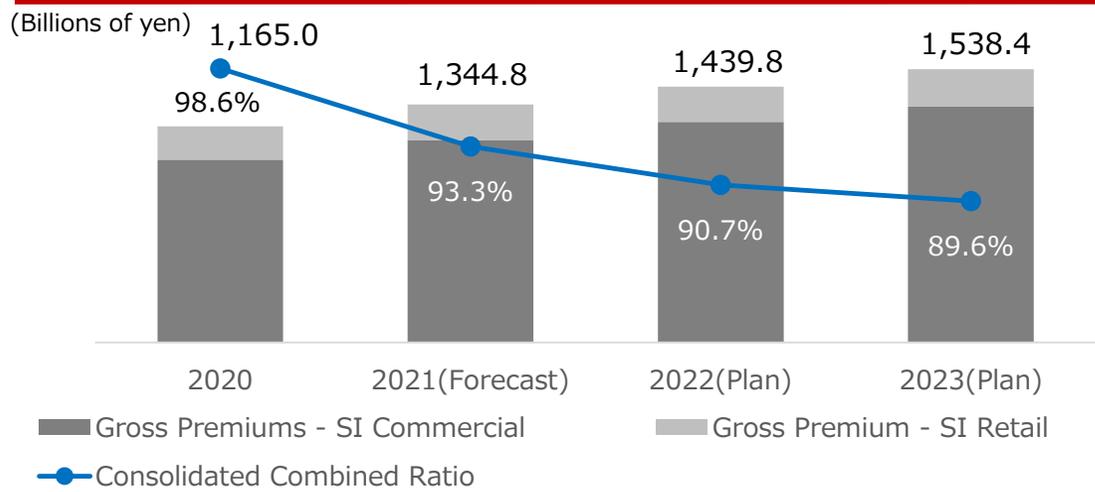
- Acquired Diversified Crop Insurance in late December 2020
 - Has more than doubled US crop insurance book of business in 2021, further enhancing business diversification
 - Establishes SI as the largest global agriculture (re) insurance company
- Achieved market leading cumulative price increases ahead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

Overseas Expects Substantial Improvement in Operating Income Over Next Three Years

(Billions of yen)



Pricing Improvements Driving Margin Expansion



Key Operating Income Assumptions

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

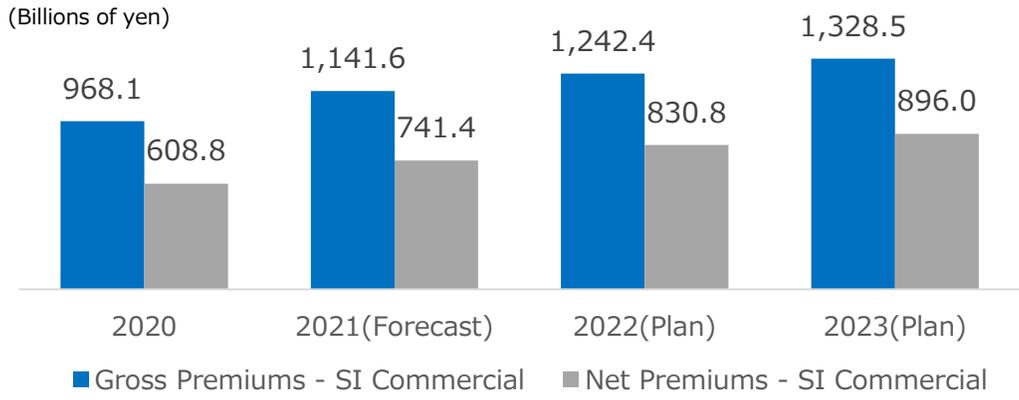
Sompo International's Commercial P&C Segment is Poised to Continue its Strong Growth in the Foreseeable Future

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

Leveraging Global Leadership Position to Facilitate Growth

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

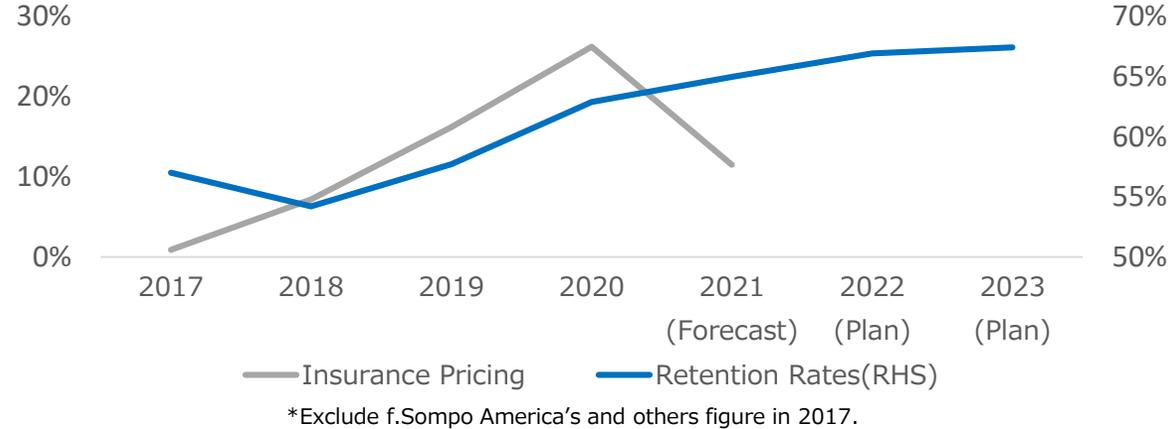
Gross Written Premiums Grow Approximately ¥100 Billion/Year



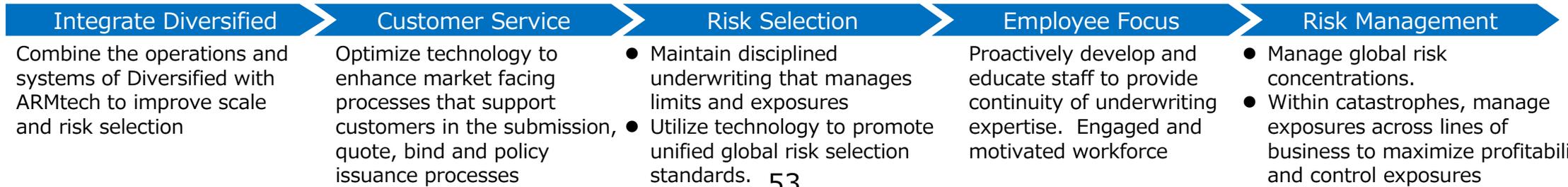
Insurance Pricing Has Remained Strong in 2021

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

SI Has Actively Retained More Premium as Pricing Improved



Strategic Priorities



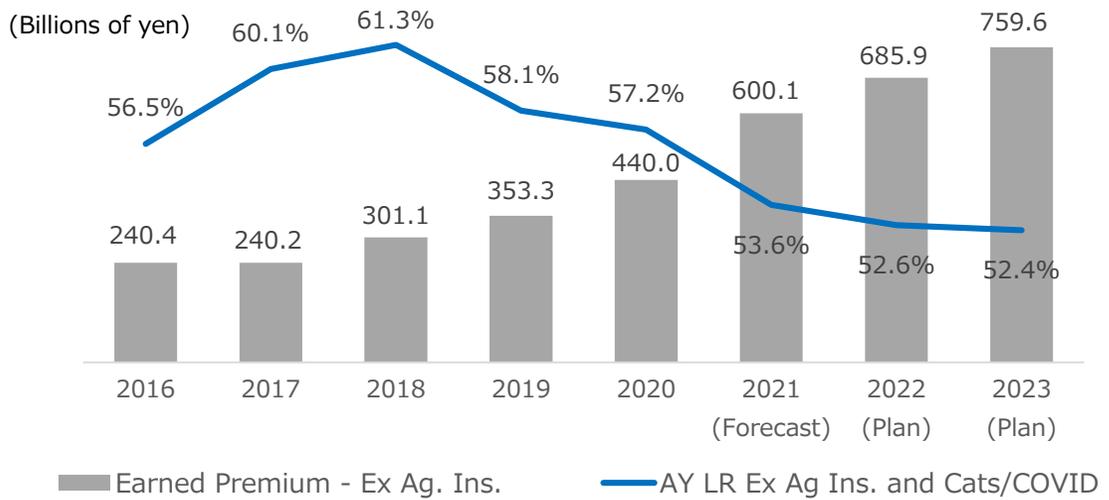
Sompo International's Commercial P&C Margins are Expected to Meaningfully Expand Over Next Three Years

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

Improved Pricing Will Lead to Margin Expansion

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

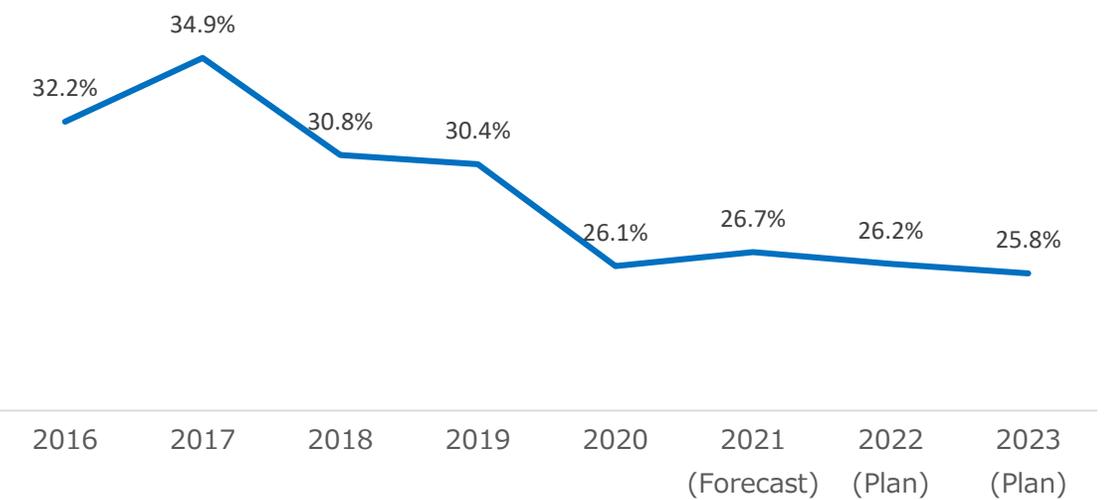
Accident Year Loss Ratio Less Catastrophes/COVID and Agriculture Insurance



Sompo International Has Actively Reduced Its Expense Ratio

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

SI Has Strategically Achieved an Industry Leading Expense Ratio

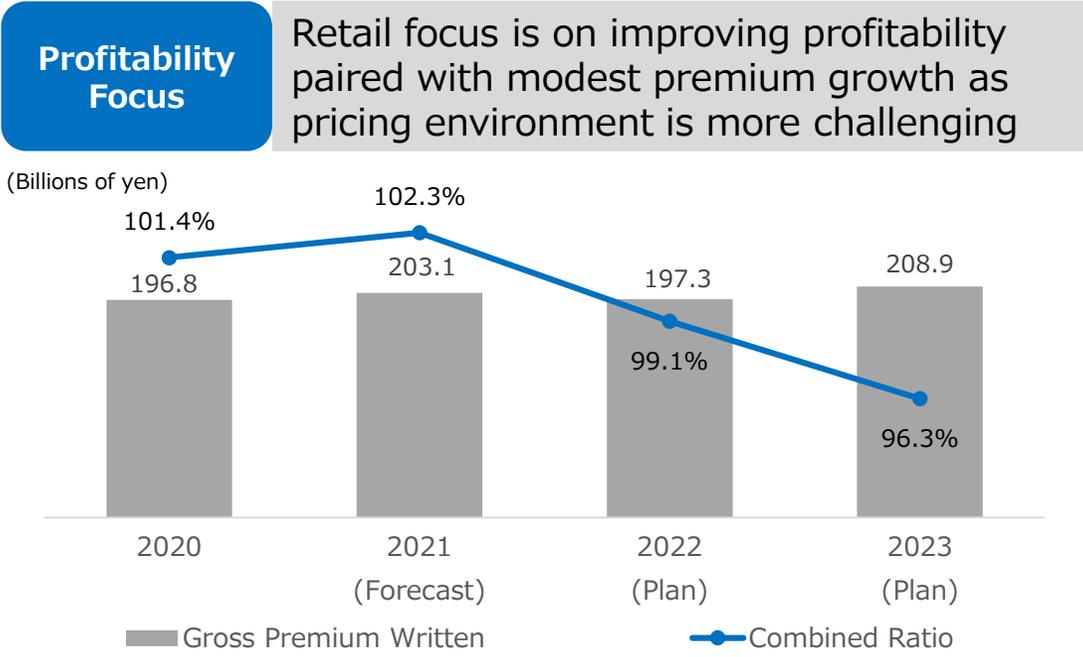


- Profitability is expected to meaningfully expand in the new Medium-Term plan supported by ;
 1) much improved continued compounded rate adequacy, 2) greater scale and diversification, 3) continued global premium expansion, 4) a higher retention of profitable business, 5) prudently purchases reinsurance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

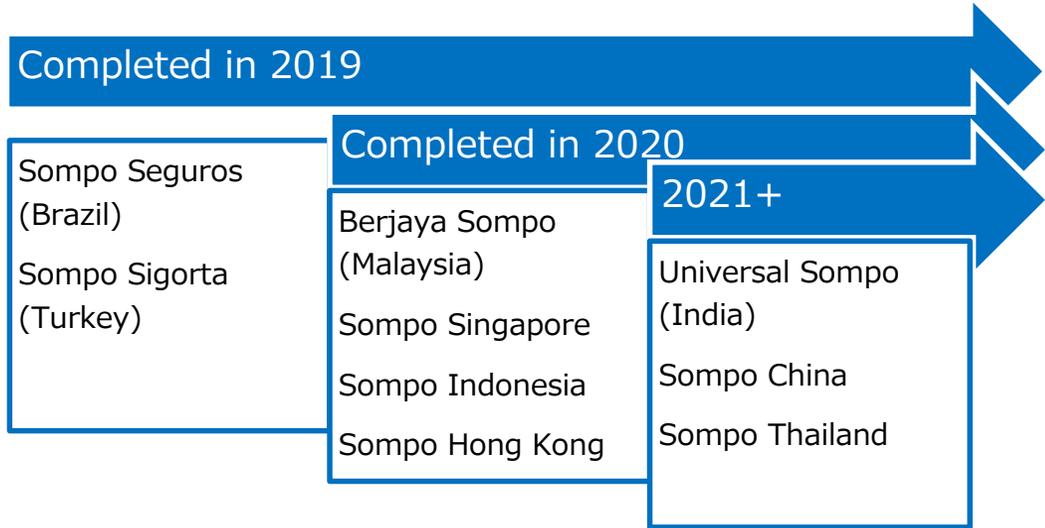
*Exclude f.Sompo America's and others figure prior to 2017.

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

Forecasted 2021 to 2023 Results



Legal Transfer of Retail Entities Into SIH



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

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

Key Strategic Initiatives

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

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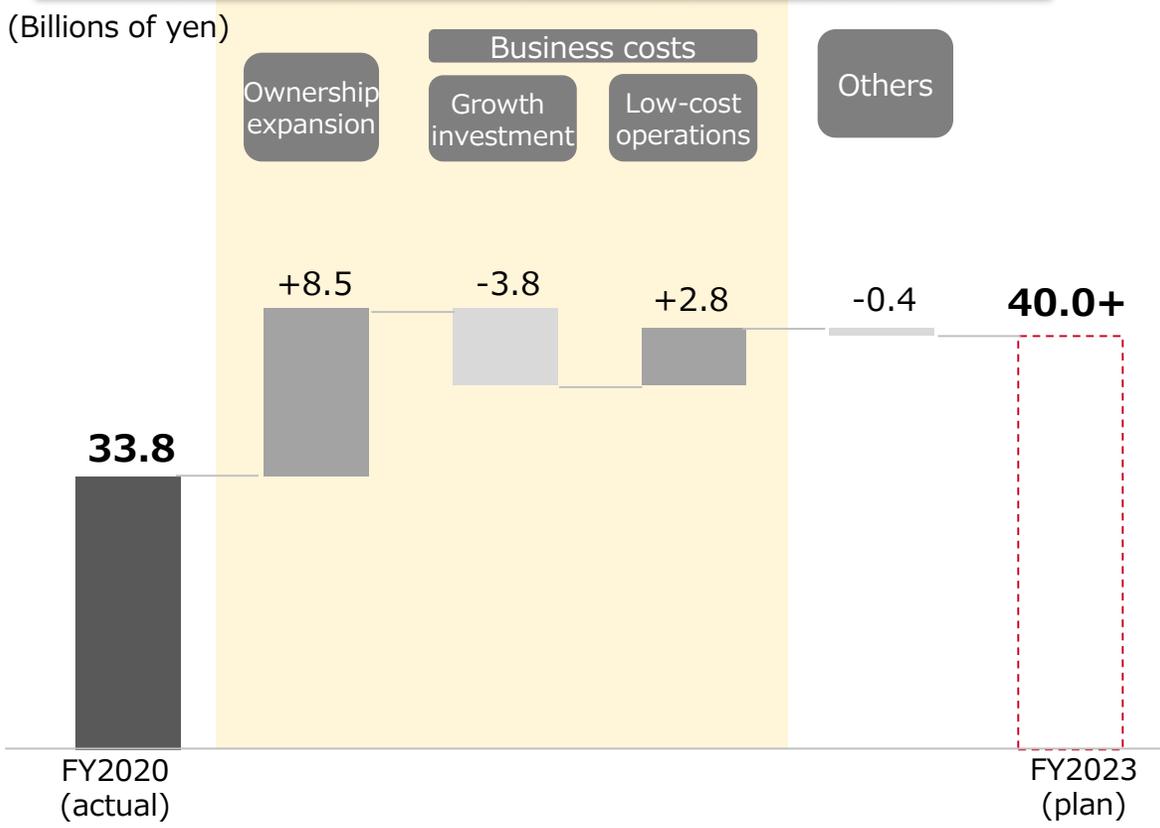
Reference

Strategy Overview

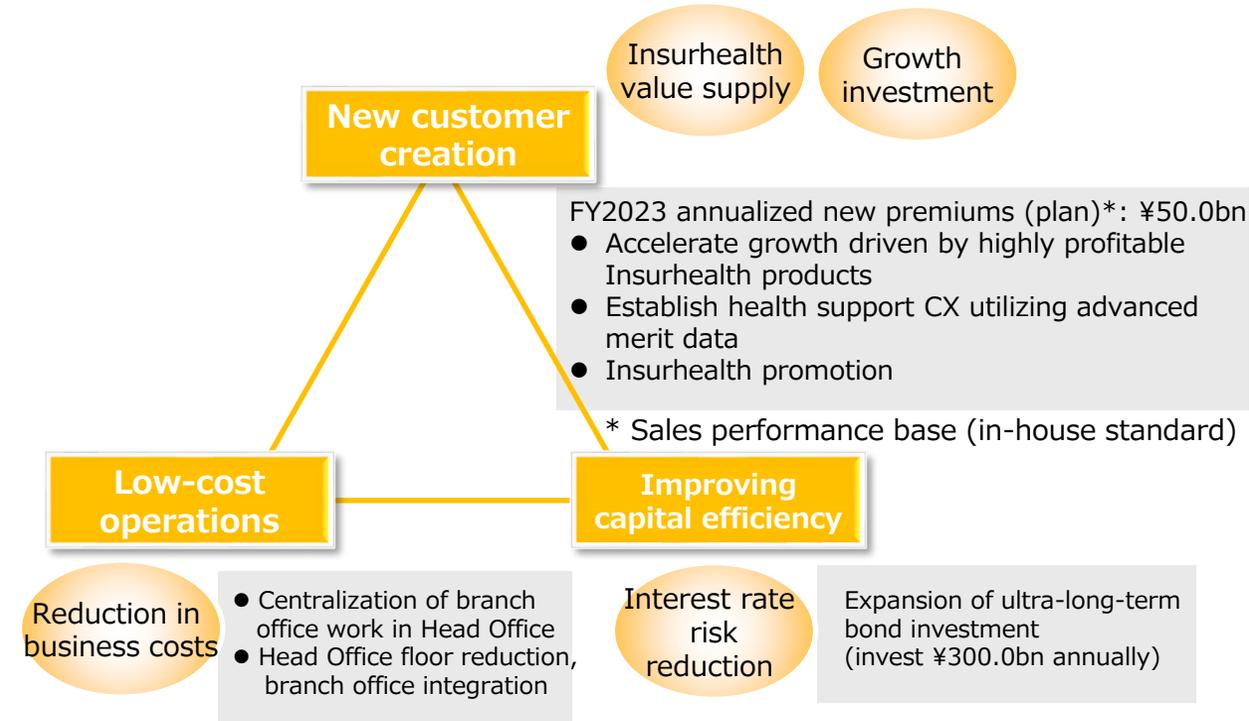
- Aiming for adjusted profit of ¥40.0bn or more in FY2023 by expanding the number of customers, driven by Insurhealth®
- Aiming for sustainable growth through a growth strategy toward acknowledgement as a “health support enterprise”

Factors behind adjusted profit changes in domestic life insurance company

Growth strategy aimed at establishing a health support enterprise



Growth strategy aimed at the establishment of a “health support enterprise”



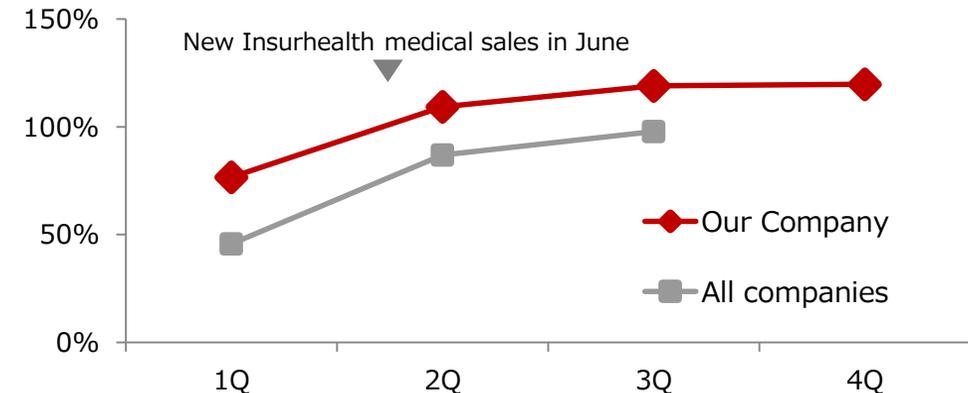
New Customer Creation

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

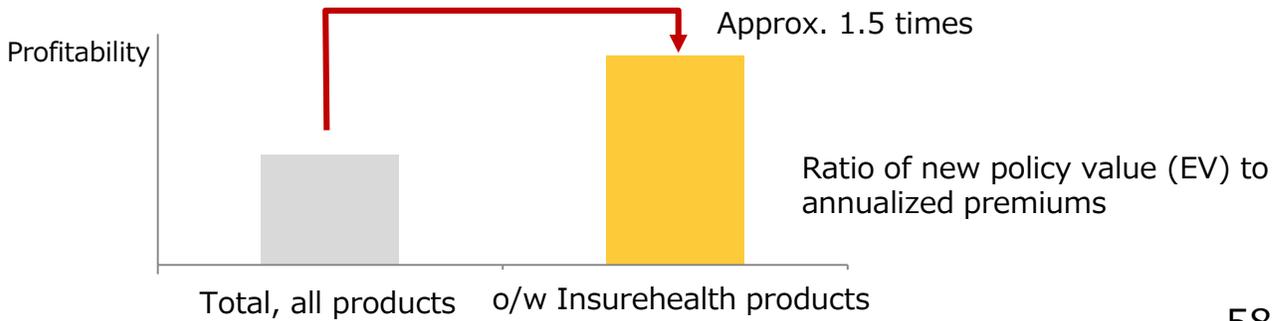
Insurhealth value provision

- Increase sales productivity through leveraging digital tech and reform of work practices. Further enhance development of new markets
- Raise earnings through expansion of sales of highly profitable Insurhealth products

◆ FY2020 YoY change in annualized new premiums (quarterly)



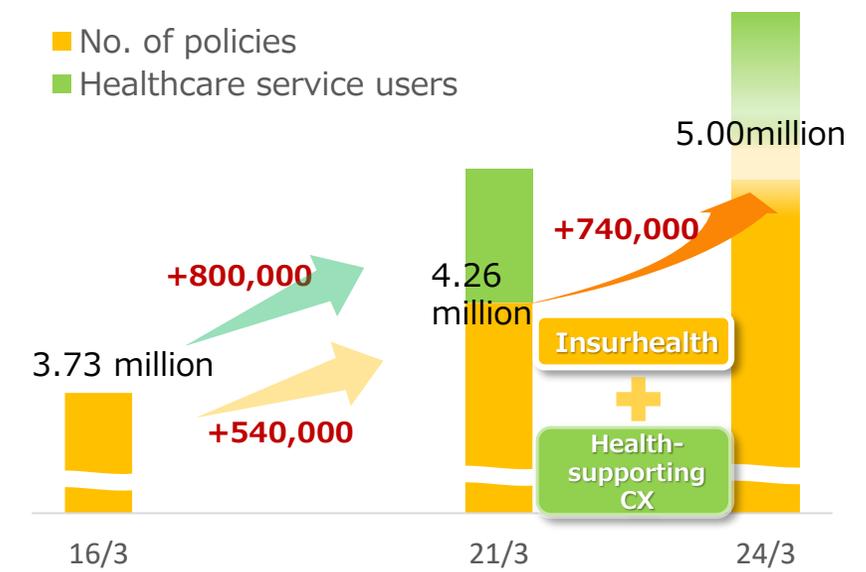
◆ Insurhealth product profitability comparison (vs. all products)



Expansion of customer numbers (policies in force)

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

◆ Prospects for no. of retained policies



*1 Sales performance base (in-house standard)
 *2 Communications activities to make customers healthier by providing Insurhealth value

Low-cost Operations

- Control fixed costs through the centralization of branch office work in Head Office and reduction in Head Office space
- Train a diverse workforce and increase productivity by continuous improvements in response to changes in environment

Productivity-focused reforms

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

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

Reform of HR system

- Towards introduction of a job-focused HR system

Establishment of new business operations

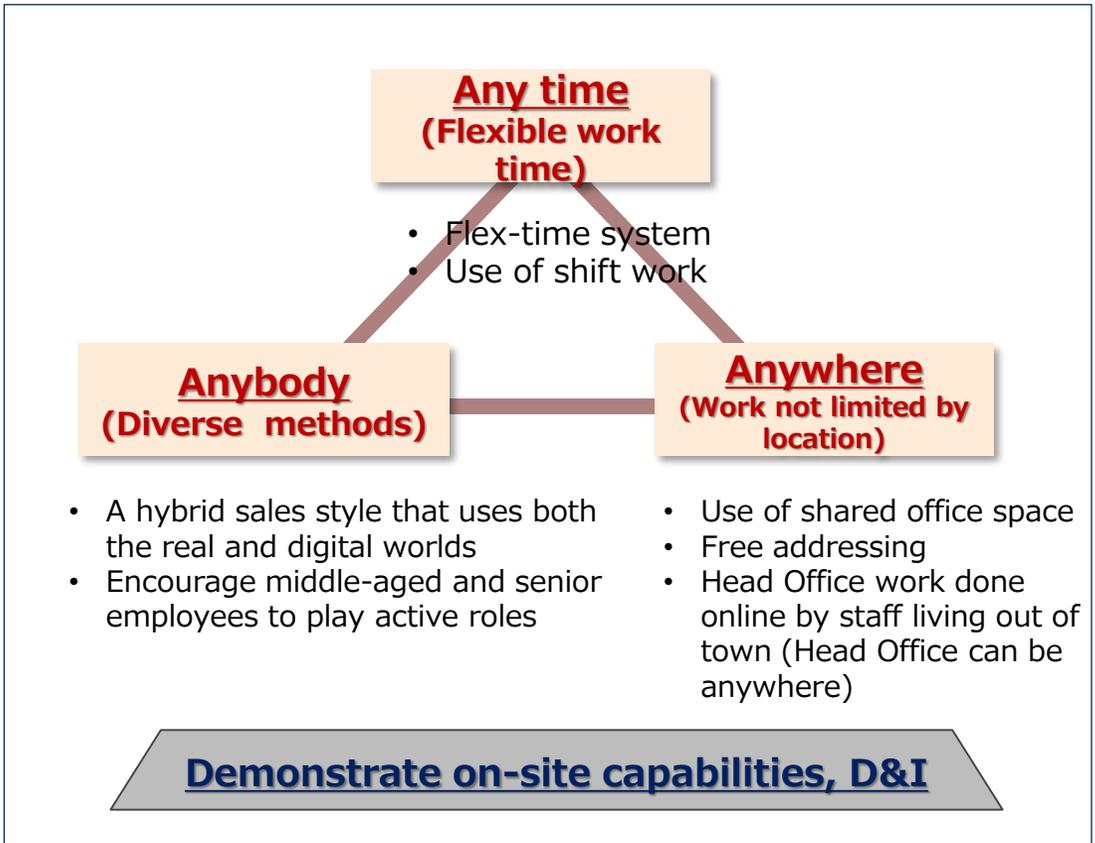
- Full expansion of online recruitment
- Expansion of customer-based online procedures

Sales resource optimization

- Head Office floor reduction, branch integration



Training and creating a diverse workforce



Enhancing Capital Efficiency

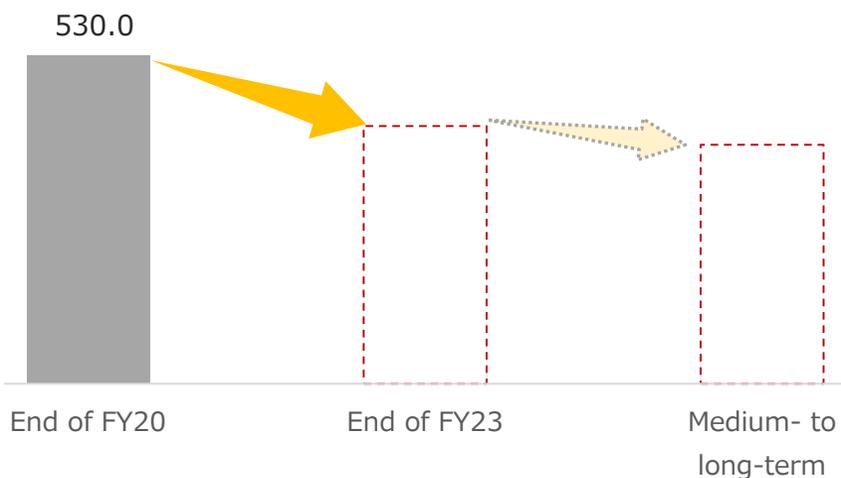
- Expand ultra-long-term bond investment to ¥300.0bn annually to mitigate interest rate risk
- Control interest rate risk on the liability side by developing products that take risk / return efficiency into consideration

Policy to reduce domestic interest rate risk

Expand ultra-long-term bond investment to ¥300.0bn* annually and mitigate interest rate risk
 * Net purchase amount excluding sale from purchase, 30-year bond equivalent

Control of amount of interest rate risk

(Billions of yen)



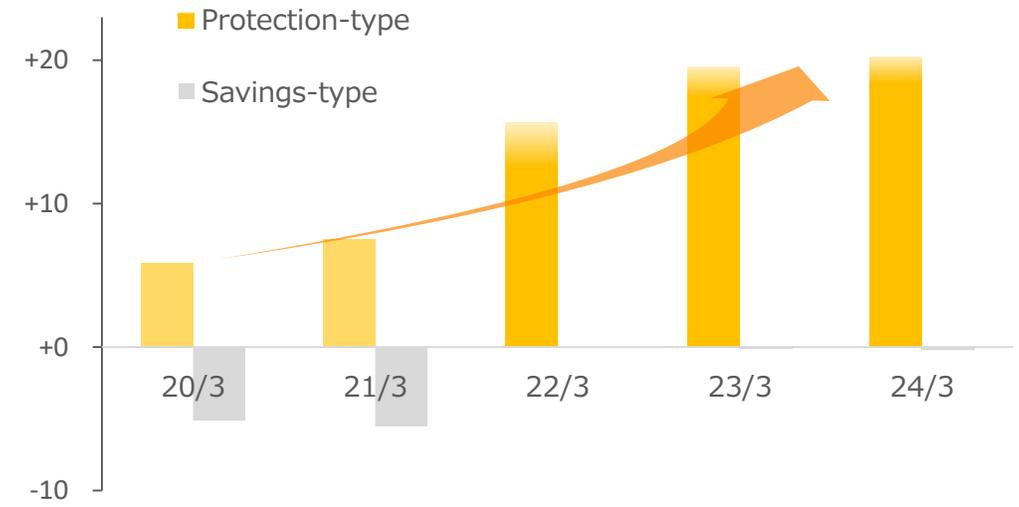
Risk management in product development

- Development of products that take new policy ROR into consideration, reflection in assessment indices
- Improve portfolio centered on security products that are resistant to interest rate risk

Annualized retained insurance premiums (net increase)

(Billions of yen)

Accelerate increase of policies in force, centering on protection-type products



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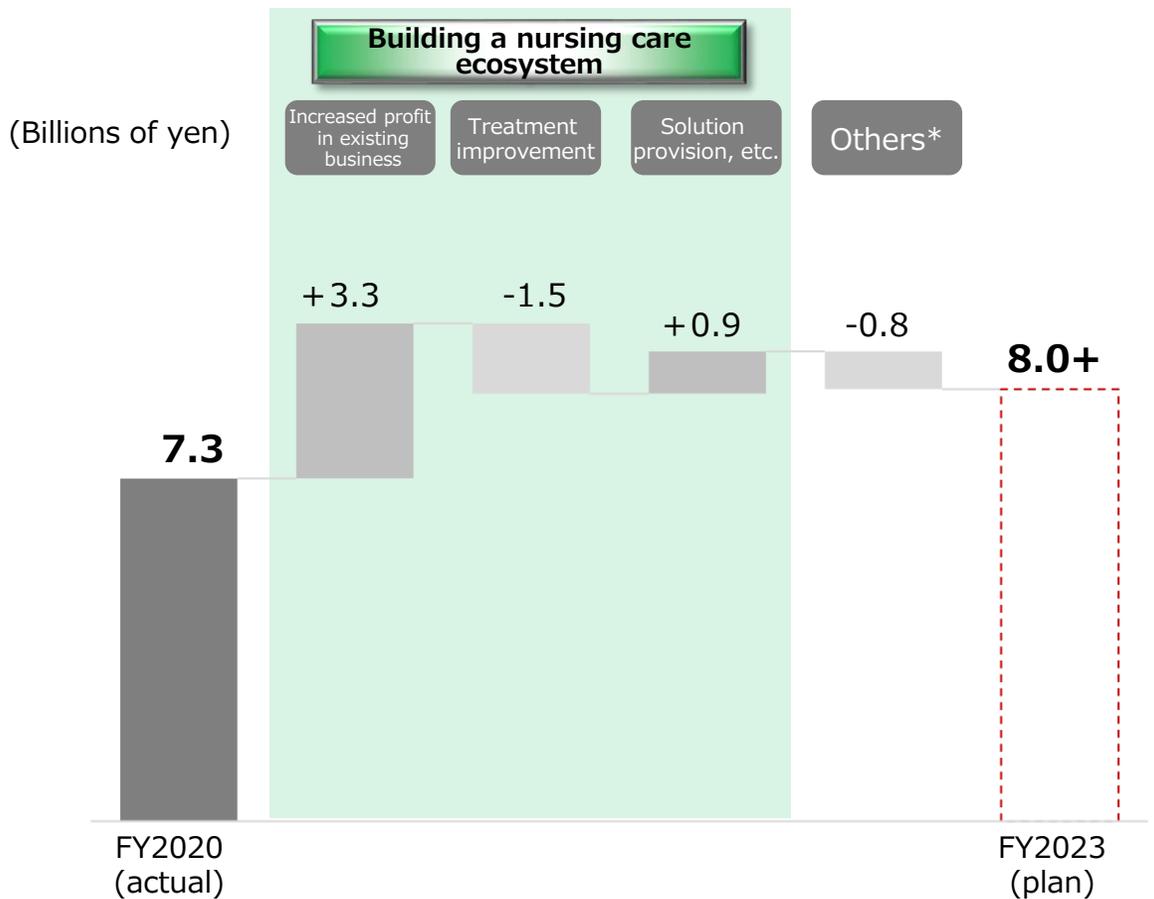
(7) Asset Management Strategy

Reference

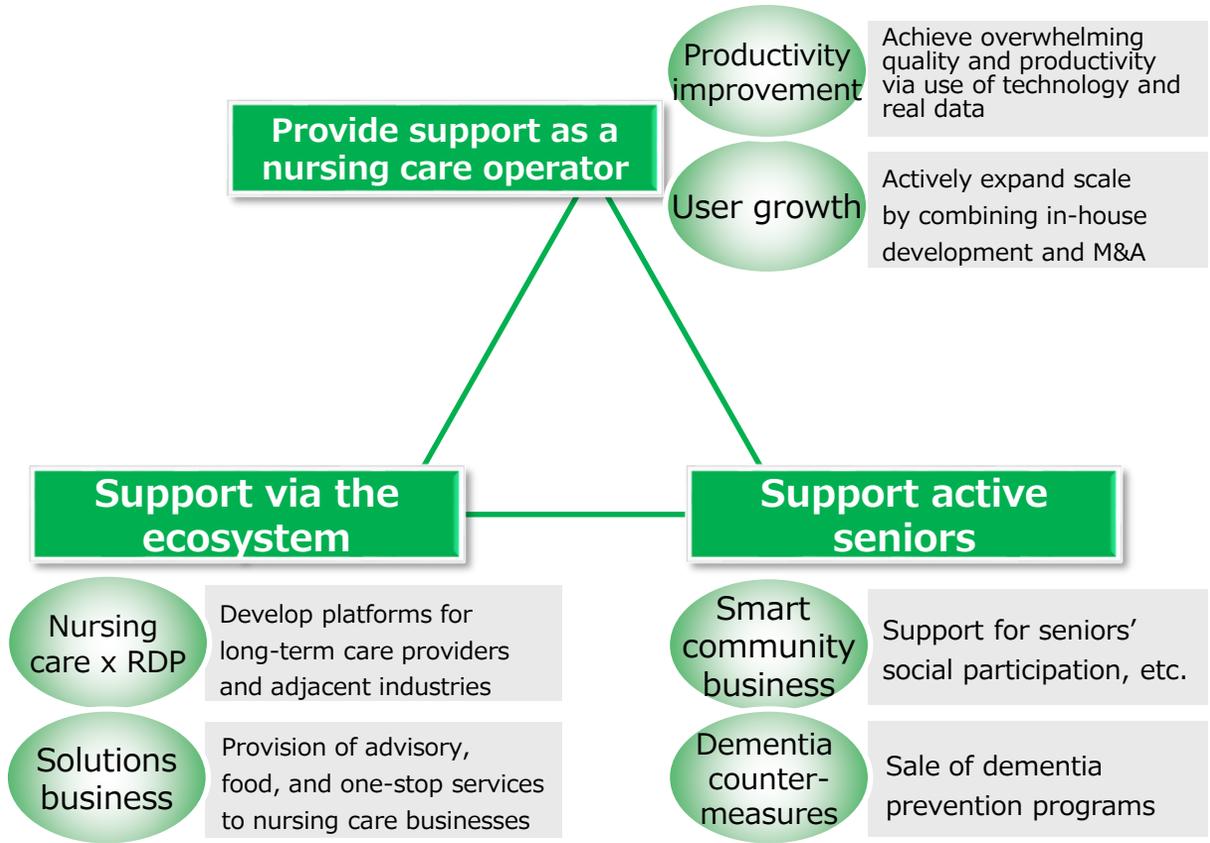
Strategy Overview

- In addition to increasing the number of users of existing businesses, we will strive to create profits that cover the impact of improved employee' benefit by achieving both overwhelming quality and productivity
- With RDP development as the key, we will develop a solution business for long-term care providers and aim to commercialize our support to active seniors

Factors behind adjusted profit changes in nursing care/seniors business



Major initiatives to build a nursing care ecosystem



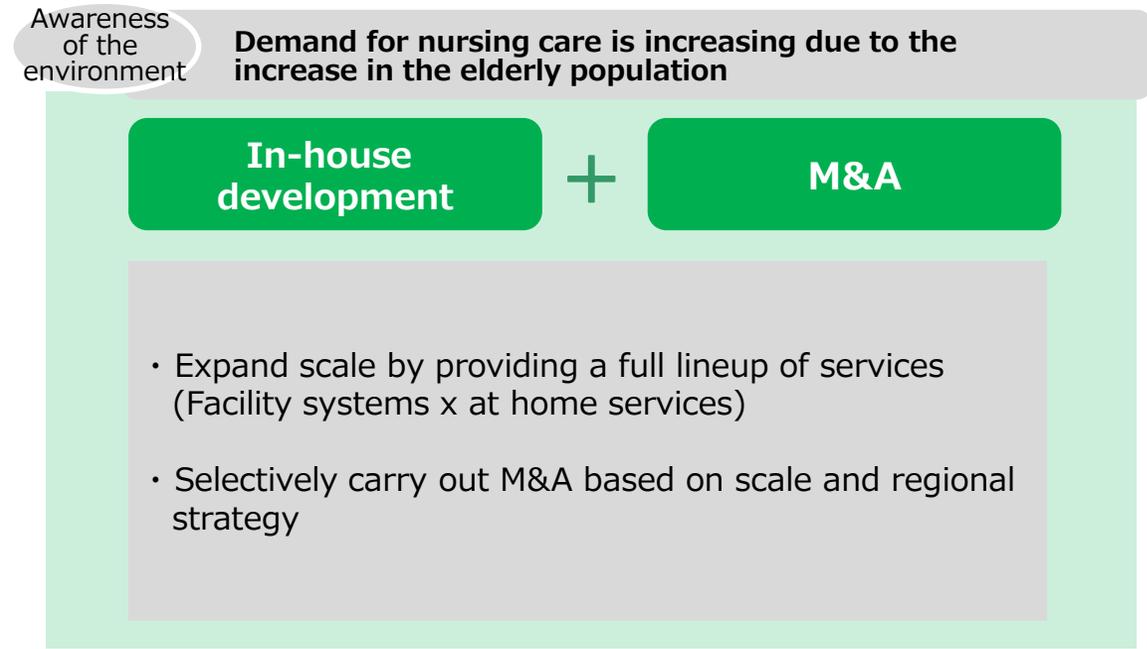
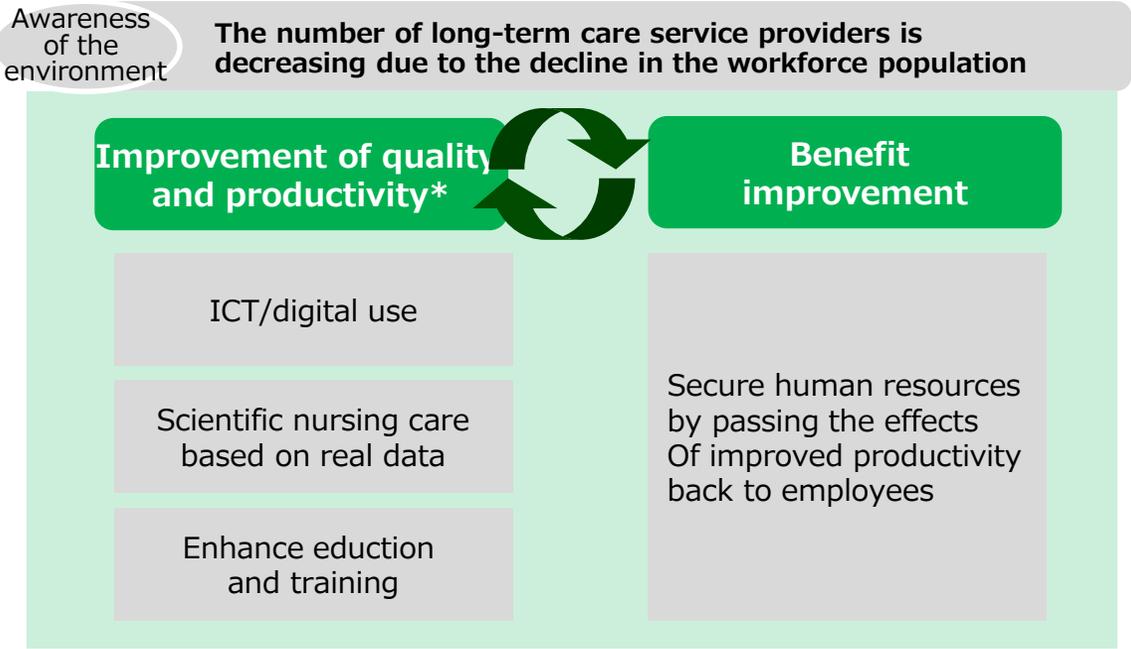
*Removal of transient factors, etc.

Providing Support as a Nursing Care Operator

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

Increase the ability to "supply" nursing care services Productivity enhancement

Support the expanding "demand" for long-term care Increase in users



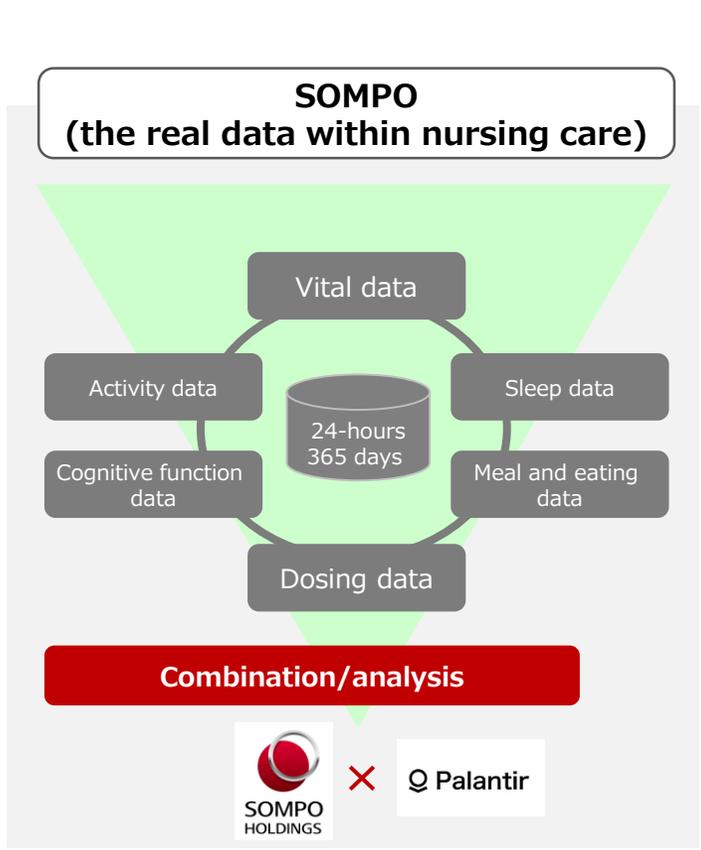
Growth as a nursing care operator

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

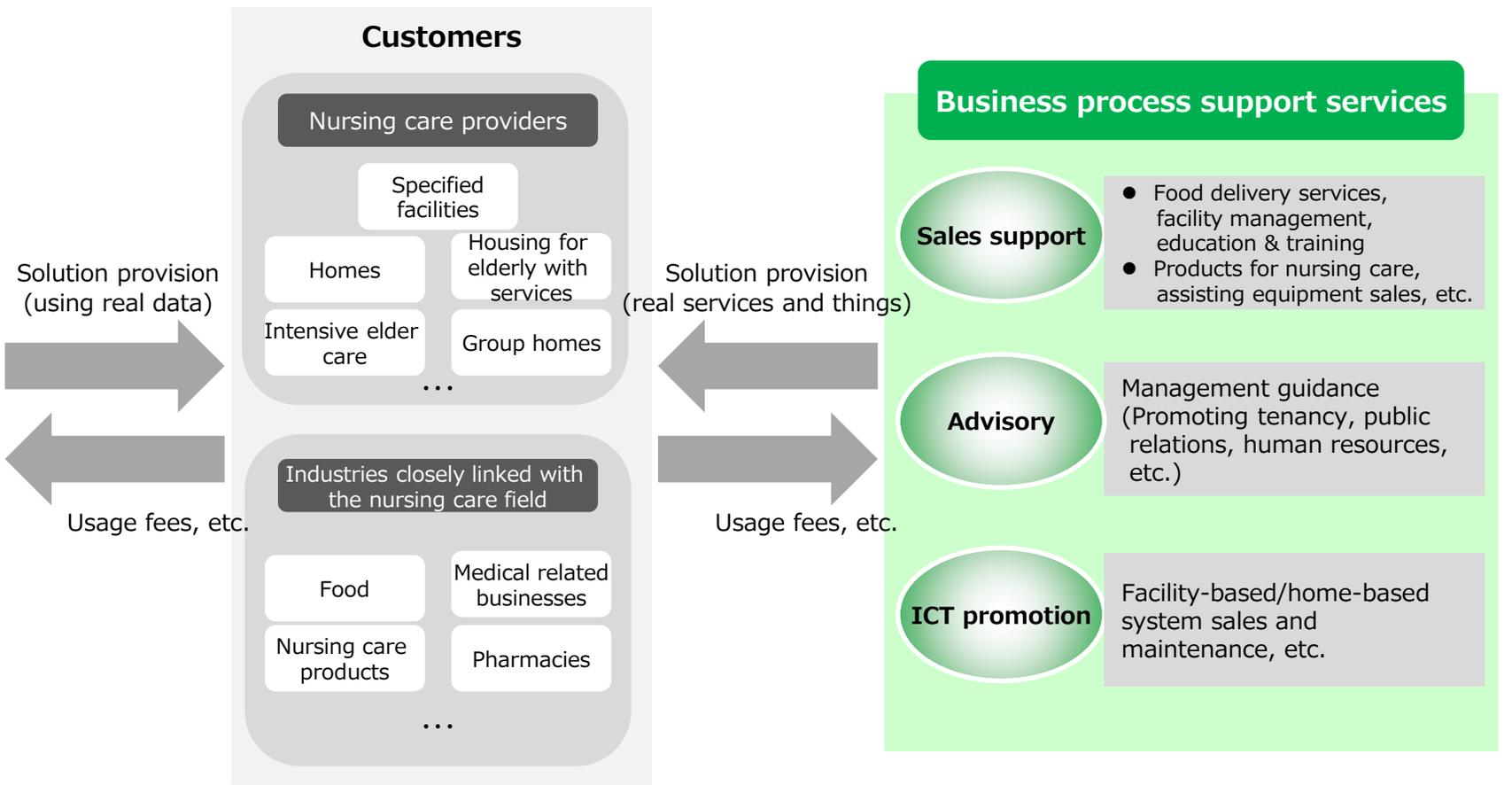
Supporting via the Ecosystem

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

Real data platform concept



Solution business (real services/things)



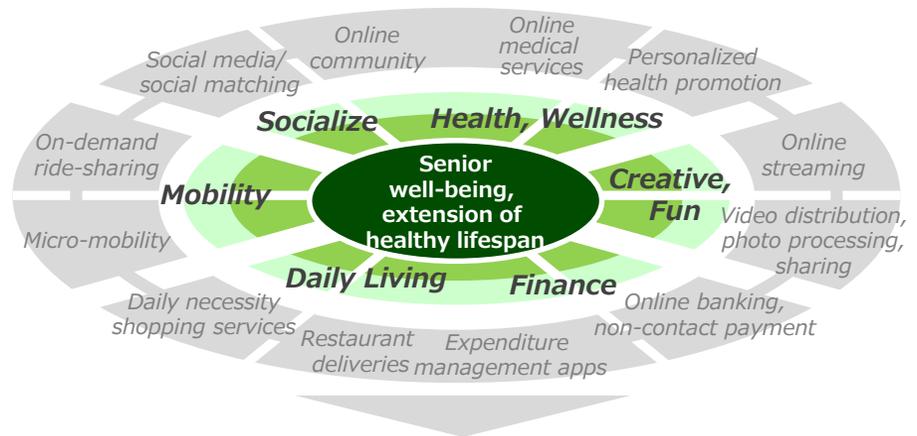
Supporting Active Seniors

- Aim to achieve well-being by encouraging active seniors to change their awareness and behavior, and by supporting their social participation
- Achieve dementia prevention and co-existence by developing a dementia prevention program

Start of smart community business (SOMPO)

Contributing to the creation of a world in which seniors can live affluently in their own way in a super-smart society

Super-smart society and local regions



PoC (proof of concept) started at local governments nationwide

Consciousness/behavior change support

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

Carer* support

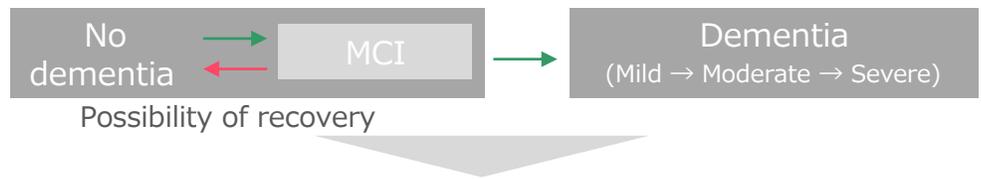
For carers who are worried about home care, provide services such as an introductory course on nursing care knowledge and technology including digital utilization, and community formation with carers in the community (friends)

*Families who give nursing care at home

Sale of dementia prevention services

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

The flow of cognitive decline



Dementia prevention program



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

Start full-scale service provision in FY2021

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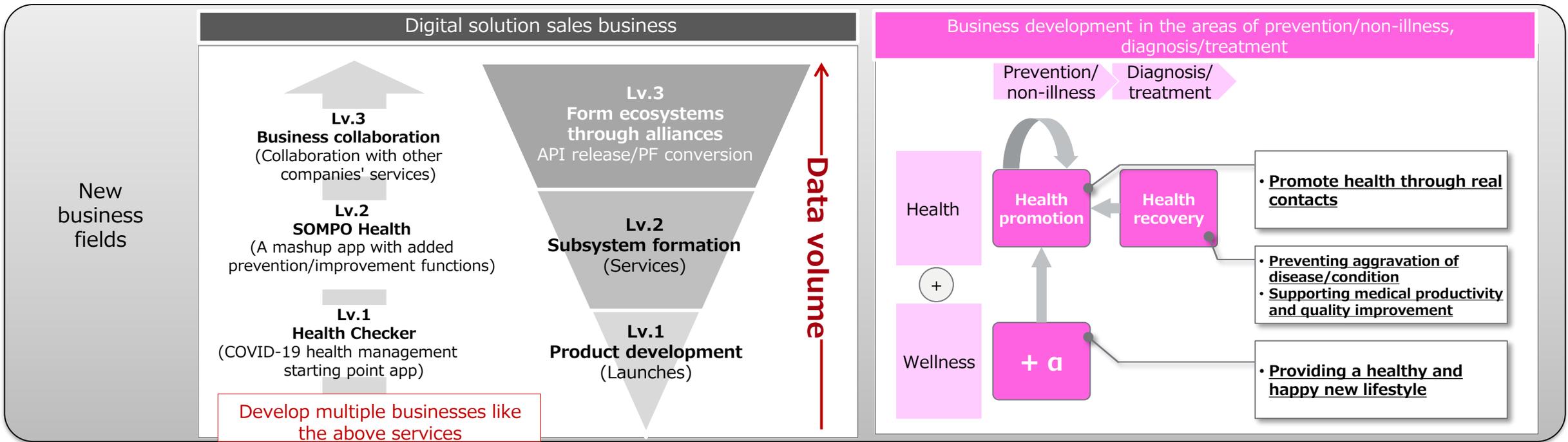
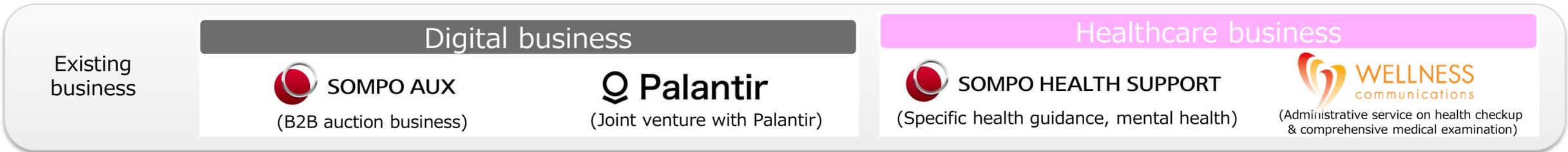
(6) RDP

(7) Asset Management Strategy

Reference

Strategy Overview

- Establish two new business categories for realization of the “theme park” and overhaul of business portfolios. Aim for dramatic growth based on companies in existing businesses
- In the digital business, aim to monetize businesses by providing digital solutions such as product development and sales in collaboration with startups who have advanced technology. Apply the data and knowhow accumulated in the digital business to the development of RDP solutions for each business and field, helping monetization as RDP
- In the healthcare business, promote business development from prevention/non-illness to diagnosis/treatment areas to extend healthy life expectancy and support the improvement of medical productivity and quality. Utilize digital technology on a real business basis, accumulate data from inside and outside the company as real data nodes in those sectors, and aim to create new value



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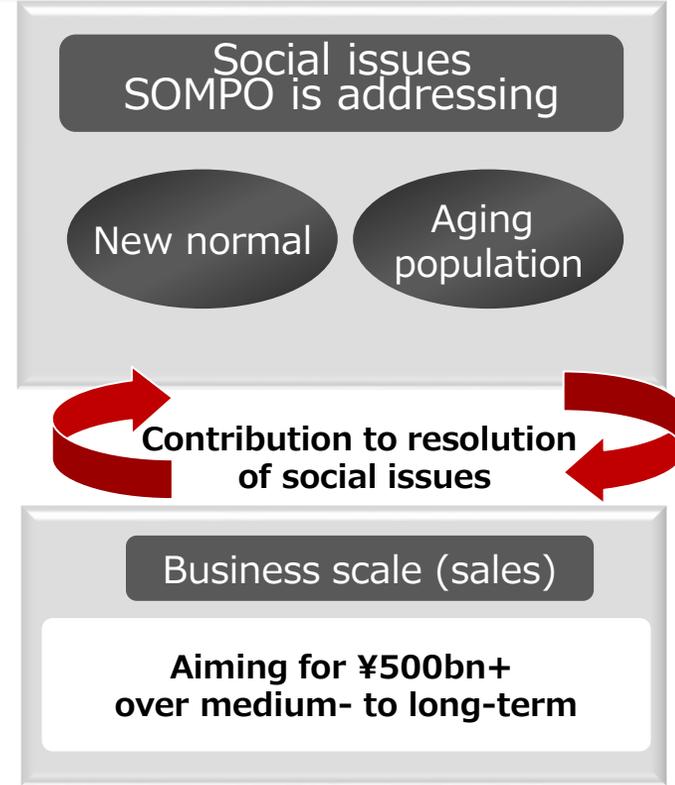
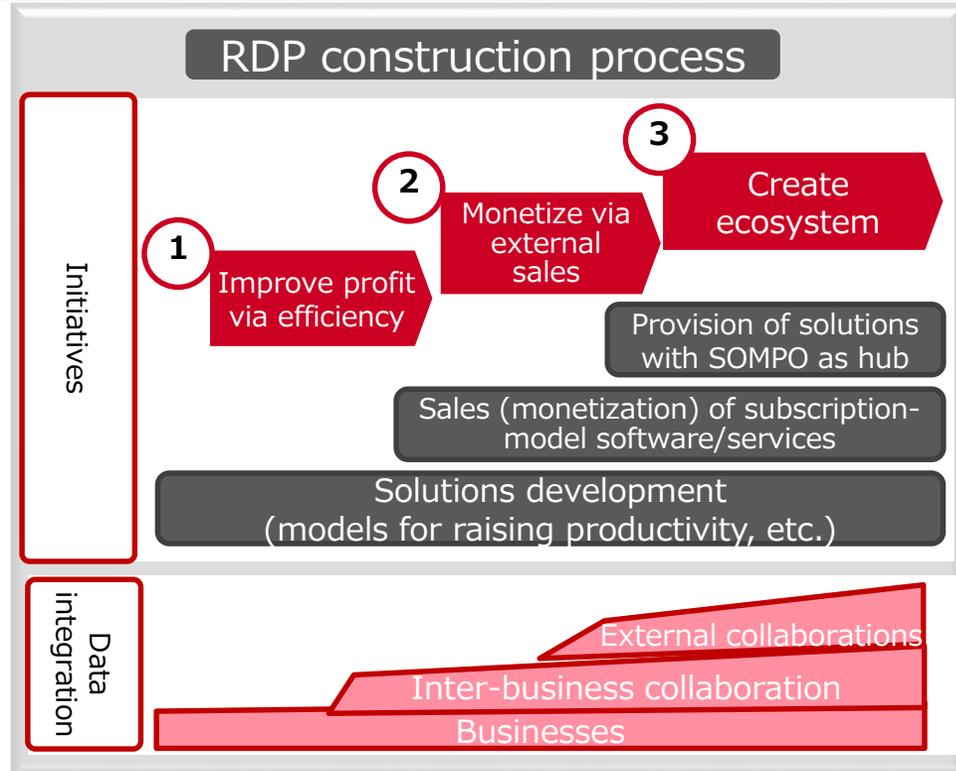
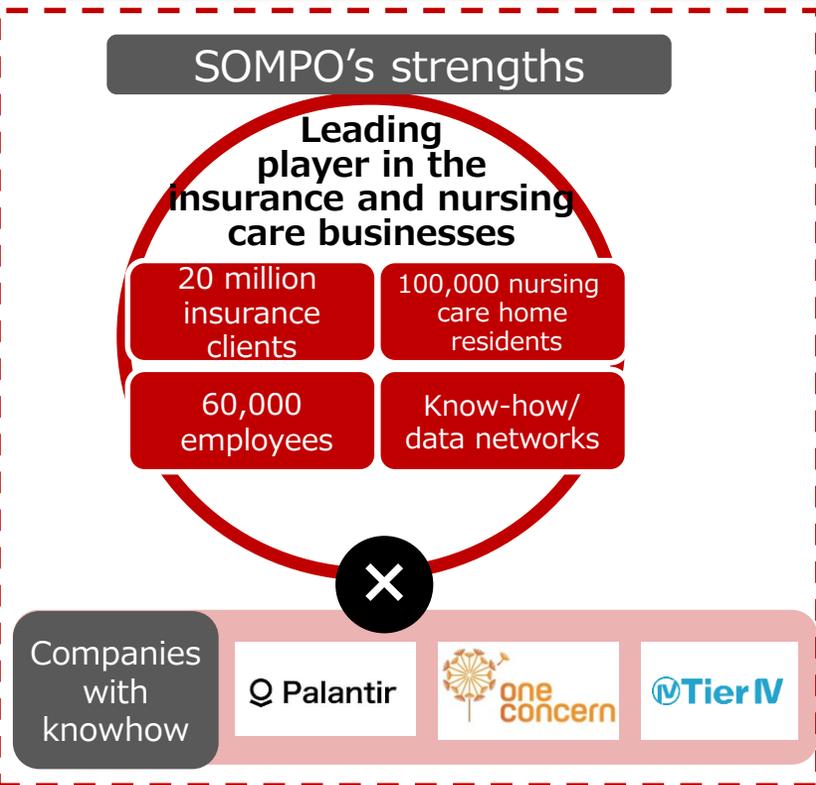
(7) Asset Management Strategy

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(Reprint) SOMPO×RDP

- We are creating a Real Data Platform (RDP) as a framework to benefit society by contributing to the resolution of social issues
- SOMPO will be the hub for leveraging the strengths in real data acquired from existing businesses and partner firms' know-how and technology to provide subscription-model software and solutions externally
- Towards its implementation in society, we will grow revenue in existing businesses, create new value for customers and produce connections with new customers through inter-business collaboration and ultimately, through the process of creating an ecosystem, aim to contribute to the resolution of social issues as well as for profit growth over the medium- to long-term

New customer value creation



(Reprint) Focus Areas and Progress

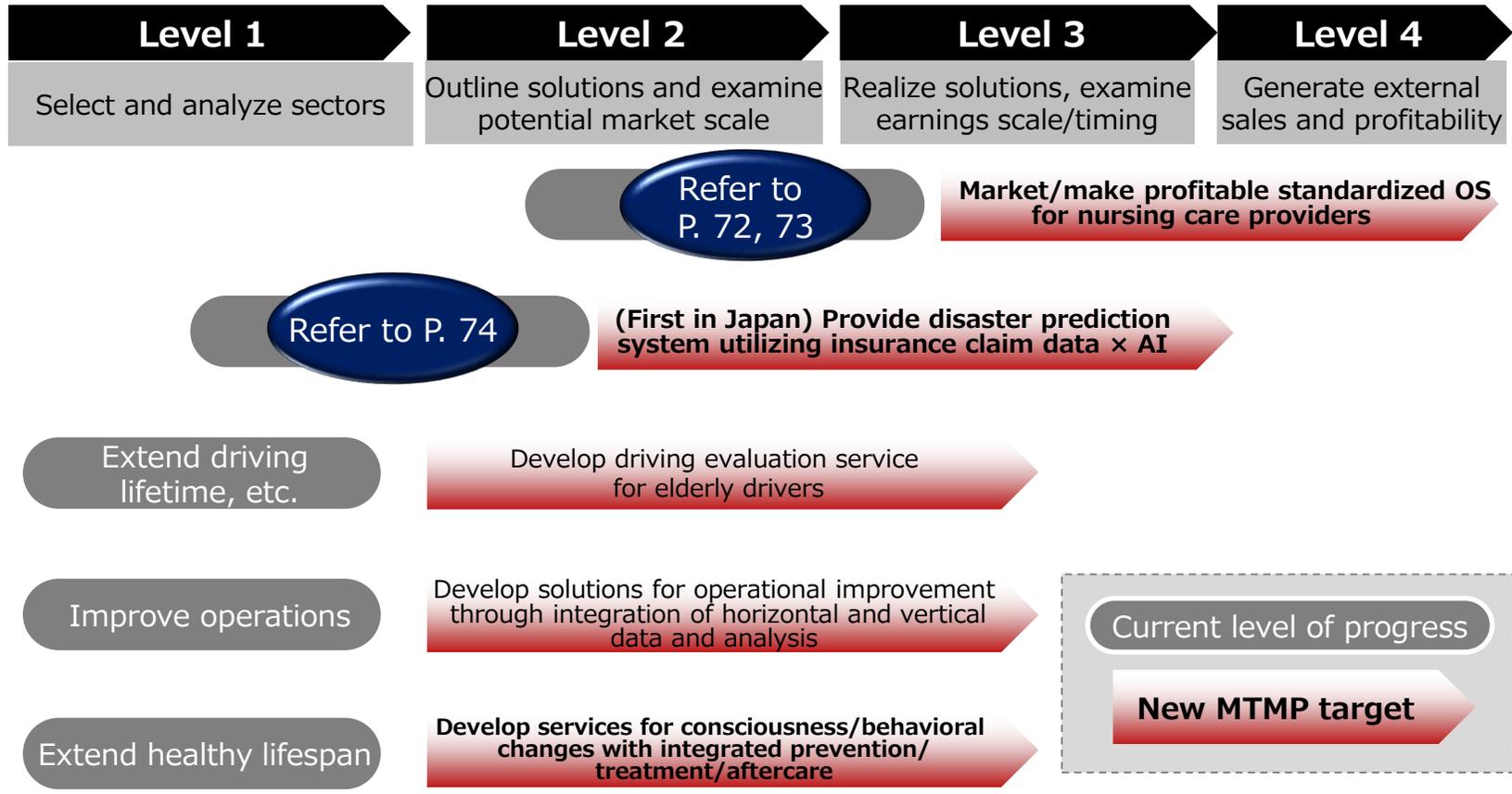
- Select five sectors to focus on from the perspective of SDGs and building a theme park for security, health and wellbeing
Aim for the early realization of solutions with external sales and profitability in each sector
- Leverage SOMPO's strengths (data, networks, know-how, personnel, etc.) to pursue further growth in those sectors



Early realization of solution sales and profitability

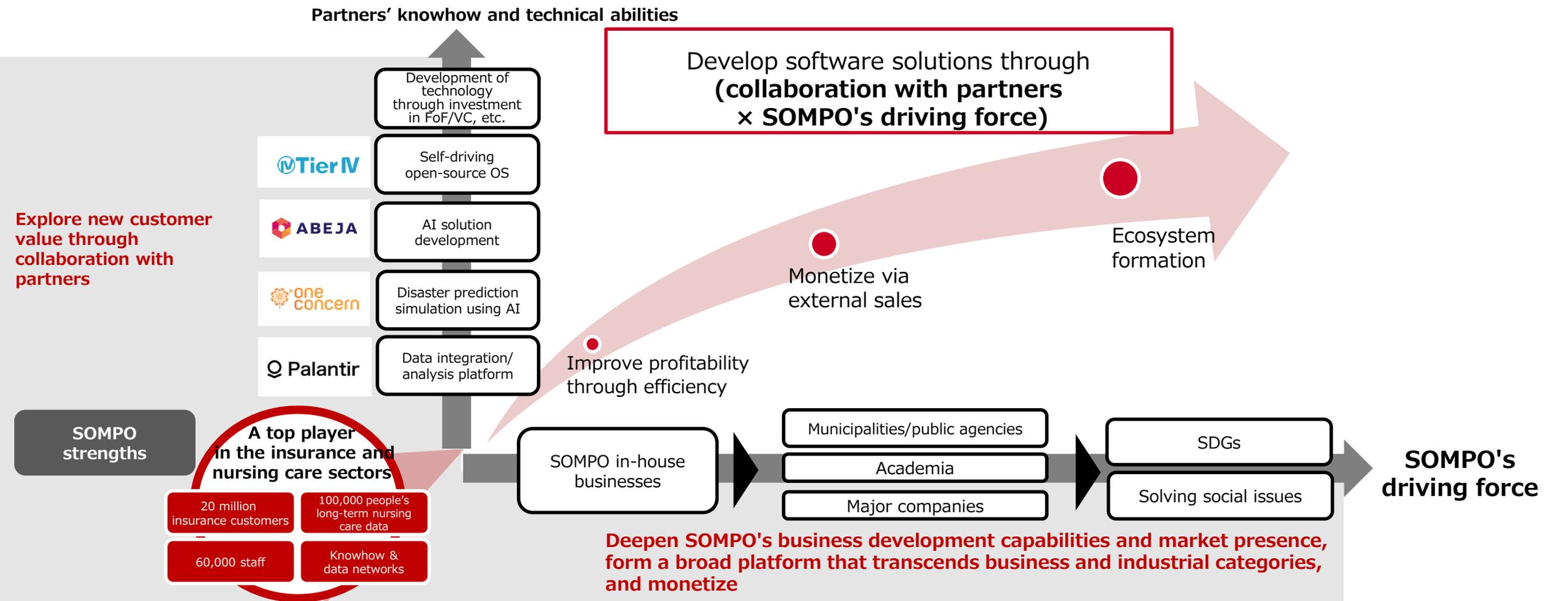
Further growth in sectors leveraging strengths

Business area	Sector
Nursing care/seniors	Nursing care Improve quality in nursing care industry (operational/vital/care data)
Domestic P&C insurance	Disaster prevention/mitigation Minimize disaster scope, etc., through disaster prediction (policies in force/insurance payments/disaster data)
	Mobility Optimize services to people with impaired mobility (self-driving OS/accidents/insurance payments data)
Overseas insurance	Agriculture Raise farmers' business efficiency and earnings (crop insurance data on soil/weather/harvest amount, etc.)
Domestic life insurance, nursing care/seniors, digital healthcare	Healthy aging Extend healthy lifespan through a data-driven approach for wellbeing and care (life insurance/healthcare related data)



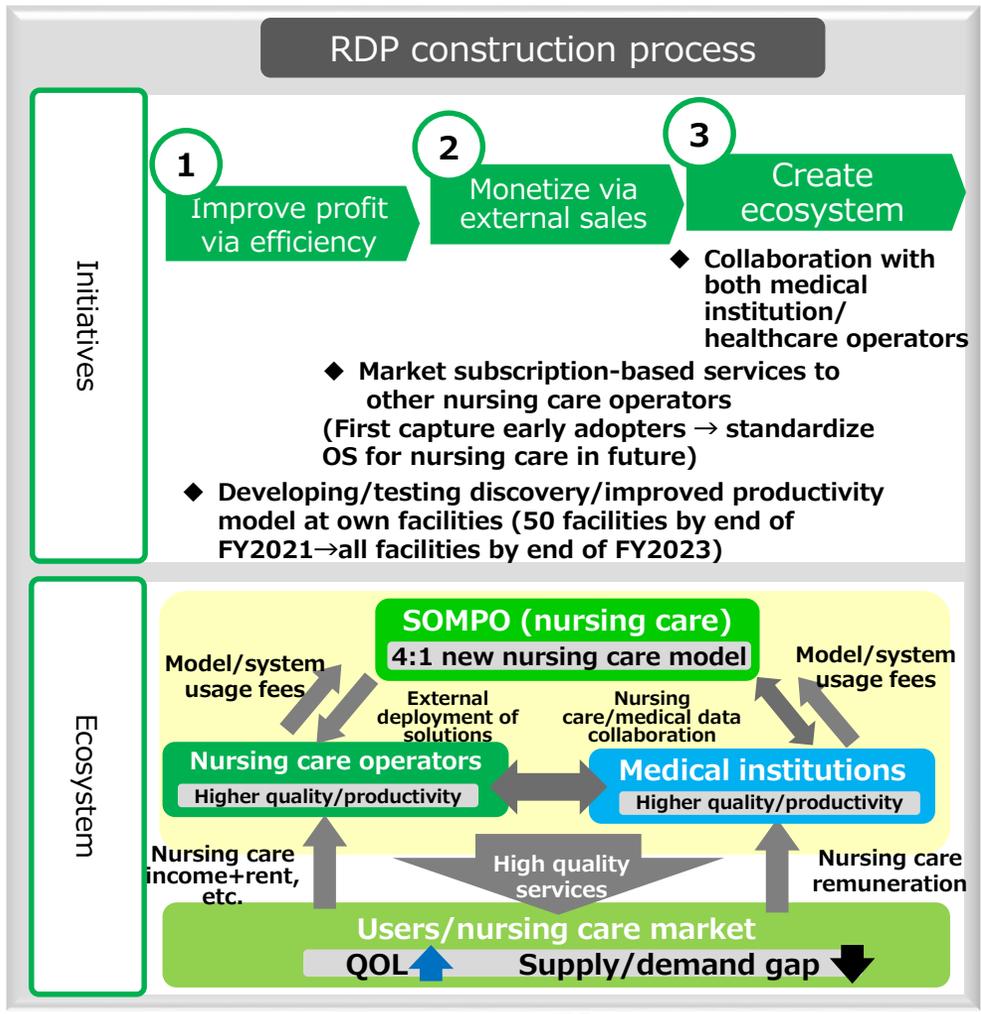
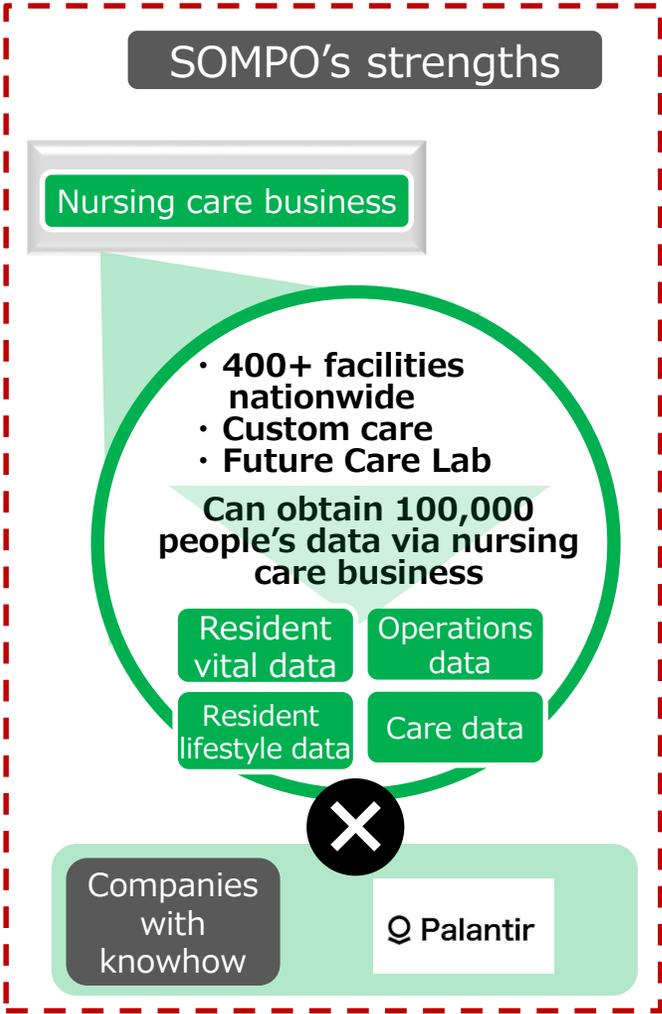
Creation of Software Business Model

- As a leading player in the insurance and long-term nursing care businesses, we combine the strengths of real data obtained from our business activities with the knowhow and technical capabilities of our partners to create new solutions that go beyond the scope of our existing sectors and the areas we defend. We will provide these data as subscription-type software solutions (real data platforms) in a wide range of areas by leveraging the market presence of the SOMPO Group
- While contributing to the creation of a sustainable society we will evolve into a software business with an overwhelming lineup of solutions, to expand profit



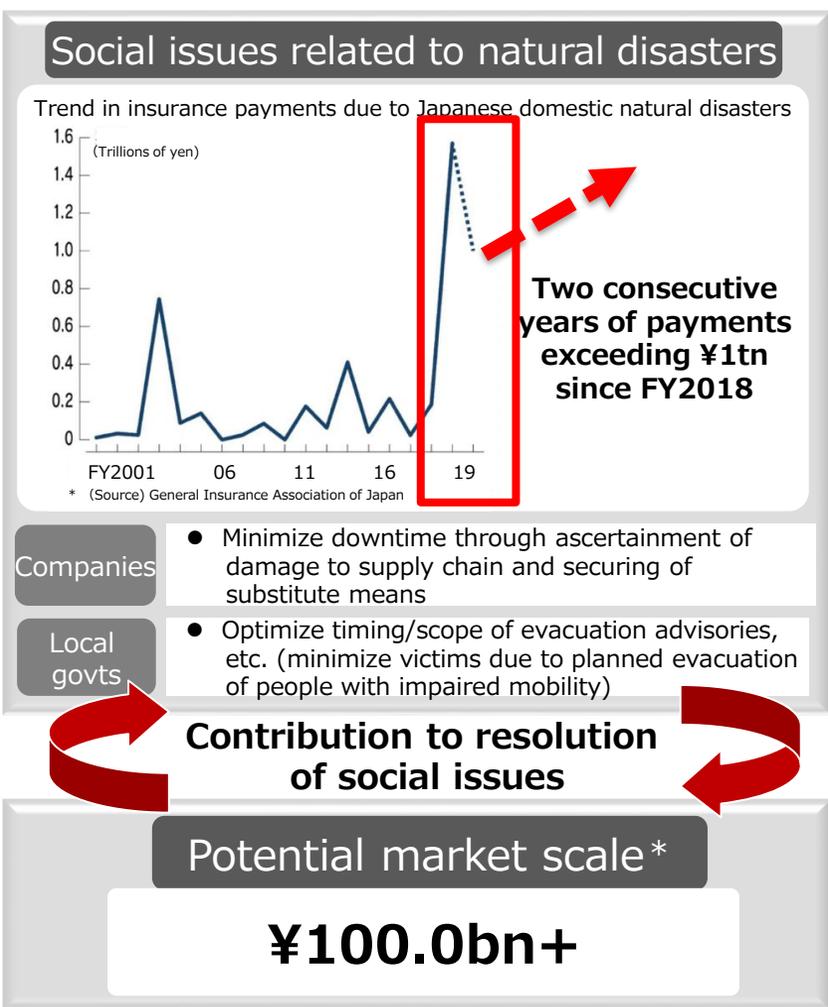
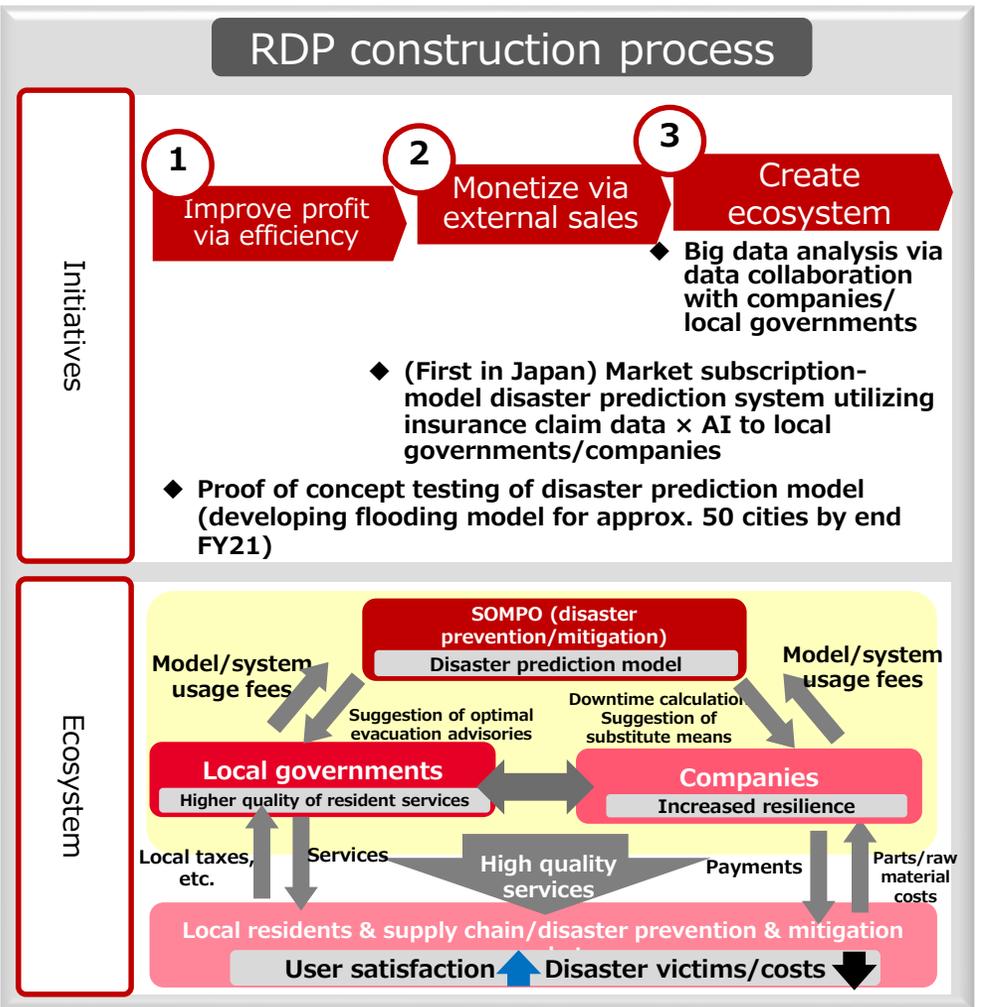
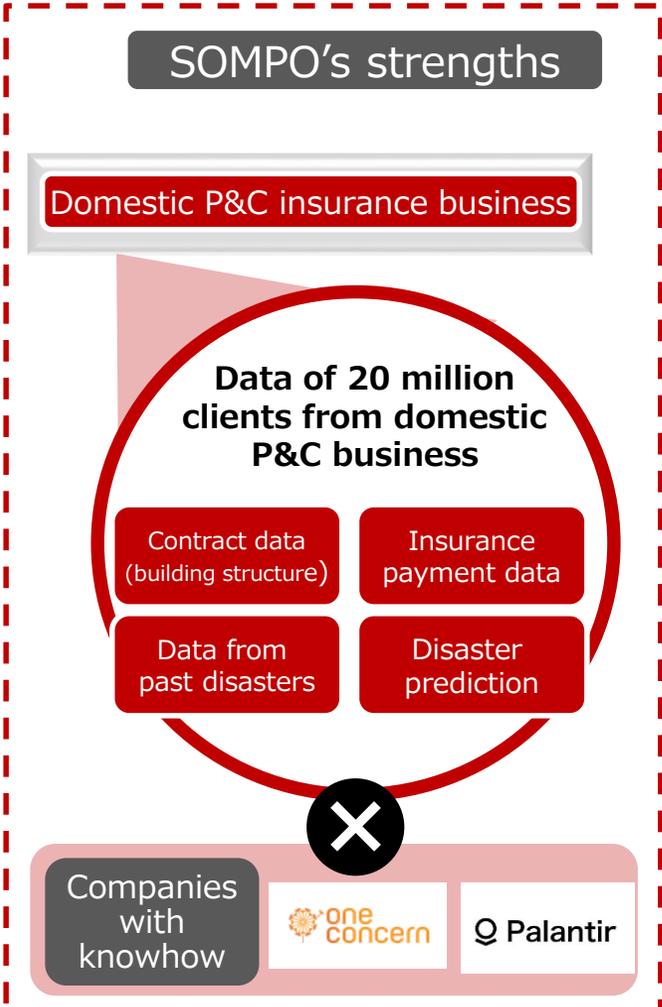
Nursing Care × RDP

- Currently conducting proof of concept trials at own facilities to determine effectiveness of nursing care x RDP utilizing data gleaned from SOMPO's strong nursing care business
- In FY2021 will develop solutions and provide nursing care operators with subscription-based services
- Potential market scale is around ¥100.0bn. In addition to expanding earnings, there is potential to address the social issue of raising quality and productivity in the nursing care industry



Disaster Prevention/Mitigation x RDP

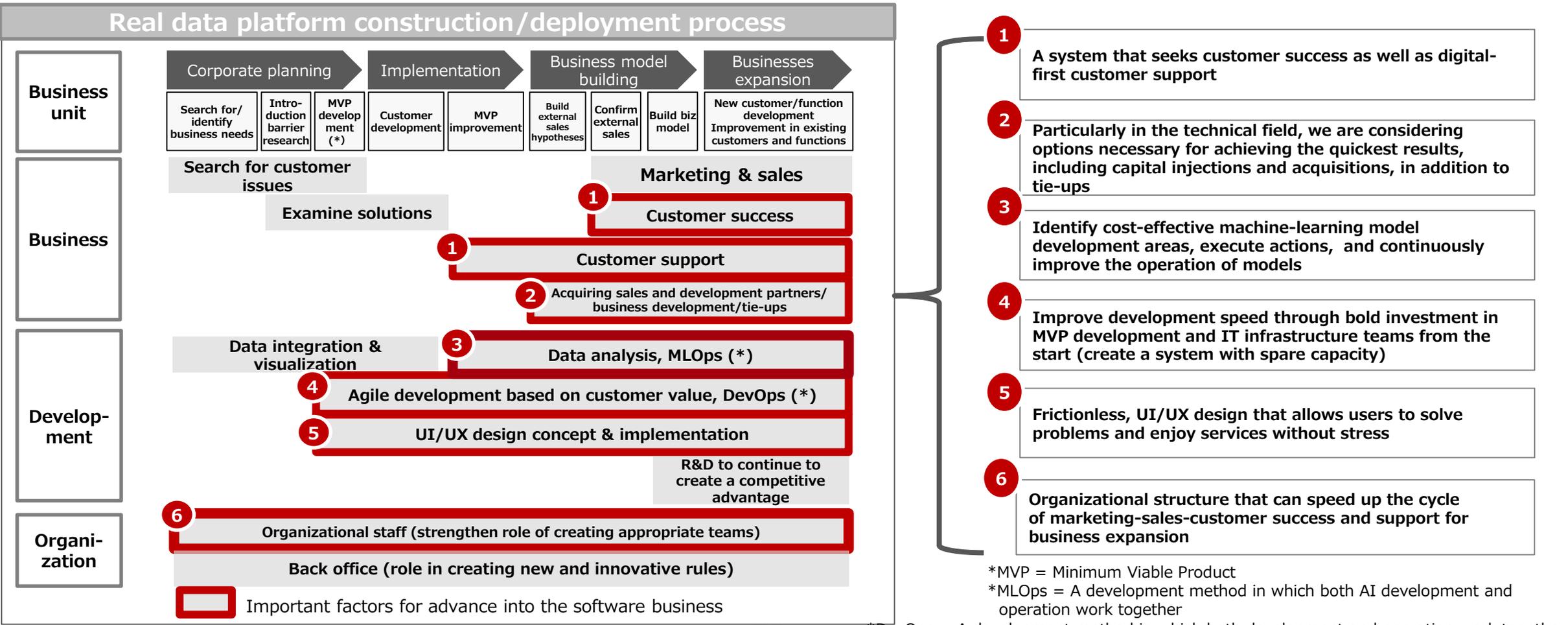
- Provide optimal solutions to companies and local governments through disaster prevention/mitigation x RDP utilizing data gleaned from SOMPO's strong domestic P&C insurance business and One Concern's disaster prediction simulations
- Potential market scale is over ¥100bn. Establish path to profitability while addressing social need for disaster prevention/mitigation under the new normal



*Market size for disaster prevention IT system services for government, etc., are based on our estimates 74

Important Factors for Creation of Software Business Model

- Through projects with partners mainly in the field of long-term nursing care, we have recognized the factors that are essential for the supply of subscription-type software solutions (real data platforms) and are important to help our advance into the software business
- Although we do not have all of these factors at present, we are advancing into the software business by satisfying needs and complementing them via efforts such as in-house production, collaboration with partners, and enclosure within the group



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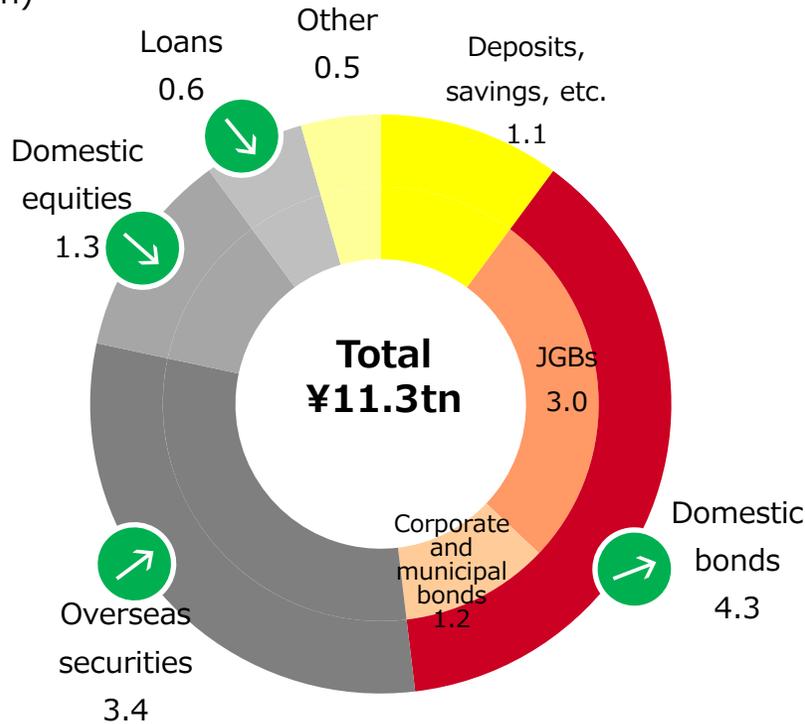
Reference

Asset Management Strategy

- The impact of the decrease in dividends due to the reduction of strategic holding stocks and the fall in interest rates in FY2021-2023 will be -¥15.0bn
- Aim to improve stable investment income by further diversifying investment portfolio and carefully assessing credit risk while taking into account the characteristics of debt

Group assets under management*1

(Trillion yen)



● Arrows indicate the direction of allocation (see illustration)

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

*2 Excluding the impact of interest rates and dividend associated with redemption of unit trust fund

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

Initiatives to improve investment income*2

Challenges in asset management
 Dividend reduction due to low interest rates and declines in balance of strategic holding stocks

Impact Around -¥15.0bn (after tax)

Main initiatives
 Expand credit investment while considering asset quality and risk diversification

Profit boosting effect Around +¥20.0bn (after tax)

- Expand of overseas credit investment (including hedged) Reinvestment yield*3 perspective

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

- Expand REIT investment
- Expand alternative investment

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Management Targets

Numerical targets for plan

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

Definition of adjusted profit*¹

Domestic P&C insurance

Net income
+ Provisions for catastrophic loss reserve, etc. (after tax)
+ Provisions for reserve for price fluctuation (after tax)
- Gains/losses on sales of securities and impairment losses on securities (after tax)

Overseas insurance

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

Domestic life insurance

Net income
+ Provision of contingency reserve (after tax)
+ Provision of reserve for price fluctuation (after tax)
+ Adjustment of underwriting reserve (after tax)
+ Deferral of acquisition costs (after tax)
- Depreciation of acquisition costs (after tax)
- Gains/losses on sales of securities and impairment losses on securities (after tax)

Nursing care/seniors

Healthcare, etc.

Net income

Digital

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

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

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

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

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

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

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

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

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

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

The Social Issues and SDGs SOMPO Will Tackle

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

ESG category	ISO26000 7 Core Subjects	Social issues surrounding SOMPO	1 Plan	2 Climate	3 Good health and well-being	4 Quality	5 Gender	6 Clean water	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities and communities	12 Responsible consumption and production	13 Climate action	14 Life below water	15 Life on land	16 Peace, justice and strong institutions	17 Partnerships for the goals	
G	Organizational governance	Refining governance								△									●	
		Refining ERM								△									●	
		Strengthening cyber security									●								●	
	Fair operating practices	Strengthening compliance								△			△						●	
		Anti-corruption								△			△						●	
S	Human rights	Value chain with considering ESG												●	△	△	△	△	●	
		Human dignity and Human Rights Risk			●					●	△	△							●	
		Preventing the spread of infectious diseases			●											△				●
	Labour practices	Improving employee engagement through new work style			△	△	△				●									
		Developing and utilizing innovatable human resources				△	△				●									
		Promoting diversity and inclusion	△		△	●	●				●									●
		Promoting a health and productivity management			●						●									△
		Investment in HR (Lifelong Learning / Recurrent Education)			△	●	●				●	△	●						△	●
	Community involvement and development	Supporting regional development for regional revitalization													△					●
		Promoting cultures and arts				△														●
		Financial inclusion and promoting insurance to vulnerable and all people	●								●	●			●		△			●
		Contribution to the resilient society against natural disasters	●									●			●					●
		Contribution to the safe and peaceful next-generation mobility society			●							●			●					●
		Contribution to a sustainable social security system	△		●										△					●
		Support for people vulnerable to disasters	●												●		△			●
		Partnership with various stakeholders	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Consumer issues	Promoting a digital society	△	△	●	△	△	△	△	△	●	●	△	●	△	△	△	△	△	●
		Improving quality of customer services			△						△									●
		Privacy Protection									△									●
		Contribution to a smart society			●										●		△			●
Extending healthy life expectancy		△	△	●	△					●			△						●	
Providing products and services reflecting changes in people's value and behavior										●				●					●	
E	The environment	Next generation education: Education for disaster prevention and traffic safety			●	●	●	●						●	●	●	●		●	
		Next generation education: Education for environment													●	●	●	●		●
		Sustainable finance (Insurance)			△					●	△	●			●	●	●	△	△	●
		Sustainable finance (Investment and Lending)								●		●			△	●	△	△		●
		Contribution to a sustainable food supply	●	●											●	●	△	△		●
		Contributing to a green society	●	●	△	△			△	△			△		△	△	●	△	△	●
		Contribution to a circulating society/economy							●						●	△	●	△		●
Contribution to a society in harmony with nature								●					●	△	△	△		●		

*Social issues strongly correlated with SDGs targets are marked as “●”, and those somewhat correlated are marked as “△”. SOMPO will continuously review this in response to the development of solution-providing business, changes in social issues, etc.

SDGs focus areas

Note Regarding Forward-looking Statements

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

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