

# **SOMPO Holdings Integrated Annual Report 2022**





## 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.

## SOMPO's Purpose

**With “A Theme Park for Security, Health & Wellbeing,” create a society in which every person can live a healthy, prosperous and happy life in one's own way.**

### Social value delivered by SOMPO

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

Everything we take to be the natural order of things can change in the blink of an eye. What we need to survive in such rapidly changing times is purpose to serve as our North Star.

When our employees' personal purpose—which we refer to as My Purpose—overlaps with SOMPO's Purpose, great power is created.

To create this great power, we in the Sompo Group once again face each and every employee, the source of our competitiveness.

Employees who are driven by their intrinsic motivation are the driving force behind SOMPO's growth.

We strive to evolve into a powerful organization where employees respect each other and work with a sense of fulfillment and happiness.

Beyond this evolution, we are sure that inspiring challenges keyed by the intersection of diverse values will be awaiting us.

The innovation that emerges from each of these challenges will bear the hallmarks of SOMPO and create a great wave of change for society.

Our goal is to create a society in which every person can live a healthy, prosperous, and happy life in one's own way.

**SOMPO's unique value creation originates with employees' My Purpose.**



## Preparing the Integrated Annual Report 2022

The preparation of this year's Integrated Annual Report began when the team responsible for preparing it revisited the essential question of what we want to say to shareholders, investors, and others who pick up this report and read it.

As a result of the team's fresh discussion on the topic, we set our goals for this report: to help our stakeholders understand SOMPO's character and strengths, and to touch upon our unique growth potential and expectations for realizing it.

In pursuit of these goals, this report is centered on the Value Creation Cycle that illustrates stories of growth toward the realization of SOMPO's Purpose that originate with our employees' My Purpose. Using the cycle, we present our strategies and specific initiatives, and also quote employees involved in the strategies and initiatives as to their views and how they engaged in co-creation with stakeholders. In addition to plainly stating facts, this report emphasizes the perspectives of pioneering and facing the future, and is structured such that information about employees' proactive, pioneering efforts based on their My Purpose is interweaved with the Company's theories, corresponding visions of the future, and more.

We sincerely hope that this report will help our stakeholders understand and empathize with SOMPO's distinct growth story and develop a sense of the expectations and potential of the Company, and also further spread the circle of co-creation with them toward realizing purpose.

### Members of the Integrated Annual Report 2022 Editorial Team



#### Disclaimer

The information presented in this report includes future forecasts based mainly on the Sompo Group's management policies and plans. They are based on information available at the time of publishing. Accordingly, actual earnings and activity plans may be affected by the future operating environment.

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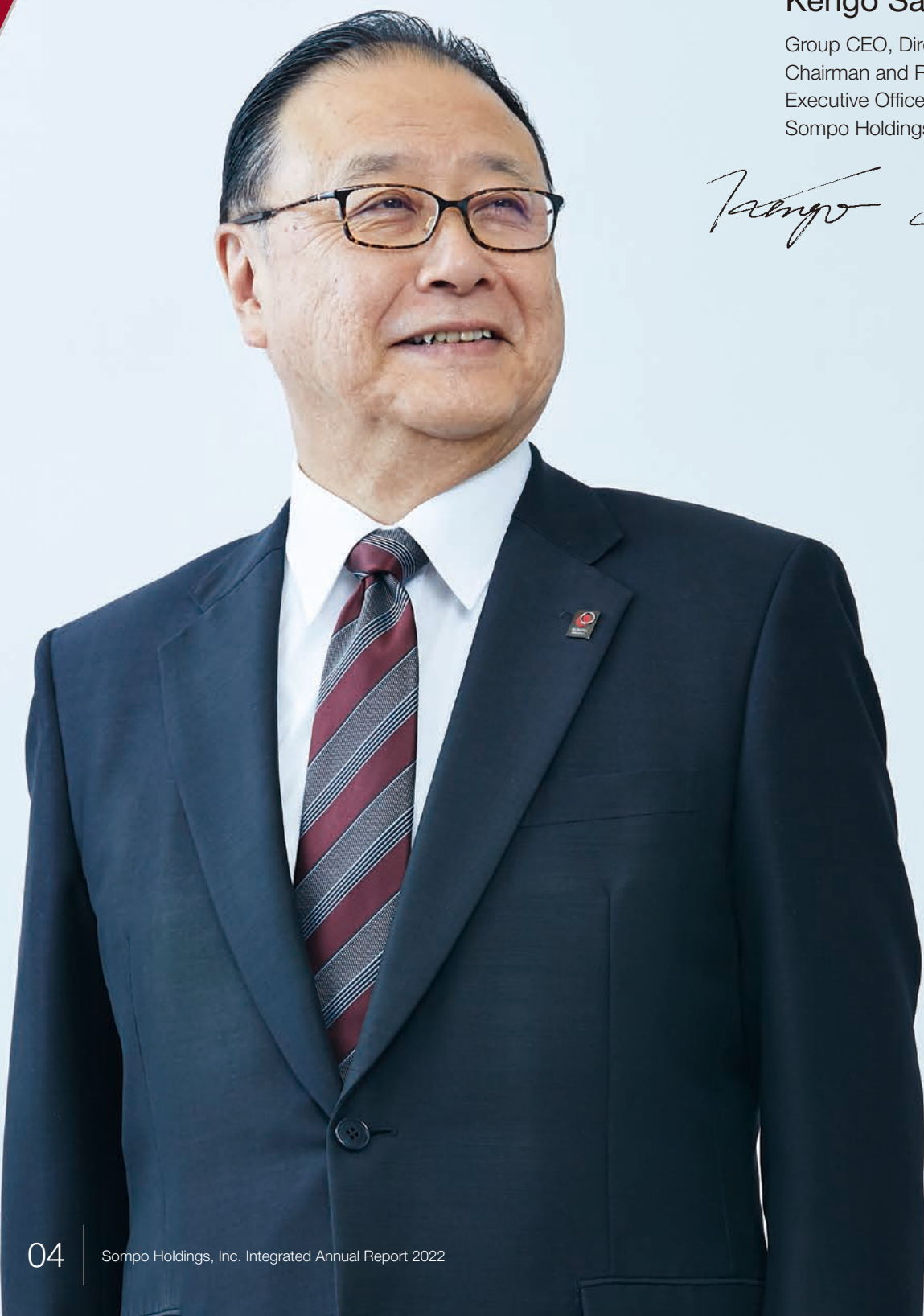
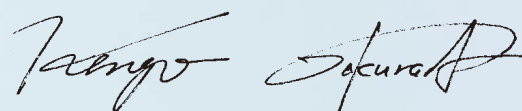


## A Message from the Group CEO

### SOMPO's way of growth by aligning corporate and employees' purposes: Toward an ideal society and improving corporate value

#### Kengo Sakurada

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



## 1. Introduction

The world is facing many challenges. Recently, Russia's invasion of Ukraine led to soaring resource and energy prices around the world, food security crises, acceleration of inflation in the US and other countries, fluctuations in interest rates and exchange rates, etc. that continue to affect businesses and people's lives. Japan is not immune, and abnormal weather and natural disasters threaten the safety of people in their daily lives, while we must remain vigilant against the spread of COVID-19.

In an age of division where self-interests clash, while facing various challenges, I have to say that it is extremely hard to make the right choices for the future and build a consensus in society. I think the only way to overcome this is to apply the multistakeholder principle, that is, various stakeholders in society seek consensus by overcoming their differences in positions and interests.

And I believe that Japan indeed has the upper hand over other countries in practicing this multistakeholder principle. The spirit of altruism is the key, as unselfish concern for others and the world eventually brings advantages for individuals. These values were presented in Inazo Nitobe's *Bushido: The Soul of Japan* and revered Eiichi Shibusawa's *Rongo and Soroban* (Analects of Confucius and the Abacus). In my view, Japanese spirituality that values the golden mean and social harmony as well as our rich culture and traditions will nurture the characteristics and practical wisdom, and become strengths of Japan. This also relates to the SDGs and climate action toward Carbon-free society, which have become increasingly important in discussions among world leaders and in business management in recent years.

On the other hand, I am concerned about the possibility of Japan descending into a weak country in the world as a result of the prolonged stagnation over the past 30 years. We can lose no time in addressing demographic change as well as low birthrate and population aging in Japan, and cannot turn our eyes away from the reality of being a country facing advanced challenges. Under such circumstances, however, SOMPO has taken on challenges to realize "A Theme Park for Security, Health & Wellbeing" primarily in insurance and nursing care. SOMPO posted record high profits in FY2021, which is a proof that SOMPO can be expected to grow steadily even in the age of VUCA. The Sompo Group will continue to grow by believing that the story written by SOMPO will prove correct and by presenting the image after completion along with how SOMPO will contribute and what kind of future society we will create for Japan and the world.

## 2. SOMPO's Purpose and the Group Growth Story

### (1) "SOMPO's Purpose" that Became a Common Language of the Group

Sompo Holdings agreed with all Group companies to place *SOMPO's Purpose* at the core of business management and has made efforts to instill it in each and every employee. At the same time, noting the importance of "My Purpose", we held townhall meetings for multiple times, and I personally spoke with a total of over 10,000 Sompo Group employees.

I reconfirmed, after spending much time, that **a fusion of SOMPO's Purpose with My Purpose is crucial for business management, and there is no hope for growth without this.** In an environment full of diversity and inclusion (D&I) that respects a wide variety of each employee's "My Purpose", employees driven by their own "My Purpose" keep taking on challenges in their own way to deliver *SOMPO's Purpose*. This is exactly what drives SOMPO's growth, and we will create innovation that helps address social challenges through existing businesses, such as insurance and nursing care, and new value creation, primarily with the Real Data Platform (RDP), described below. This is the ideal state of value creation in SOMPO's way and SOMPO's growth story towards delivering purpose.

The starting point for this story is the purpose of each employee. Everything starts from the employees believing in the importance of their purpose and practicing deep self-inquiry to come up with "My Purpose" without using someone else's ideas, and then expanding the circle throughout the Group. We will get everyone on board to large ship of SOMPO that goes beyond the boundaries of nations and organizations, and work together towards the ideal society.

I have had many discussions on the topic of co-creation of society by Seikatsusha (Citizens), with the next generation, young business leaders, media, and academic experts through my involvement in the Japan Association of Corporate Executives (Keizai Doyukai), etc. Seikatsusha (Citizens) are consumers, and used here in a broad sense that includes all workers, individuals, companies, and government agencies. The main topic is how to create a society in which each Seikatsusha (Citizen) makes various choices and takes actions from a subjective viewpoint in accordance with purpose, and pursues qualitative growth as a group to realize the greatest happiness of the greatest number of all stakeholders. We still need to broaden our minds, but SOMPO aims to become a trailblazer for accomplishing this goal.



### (2) SOMPO's Culture and Drivers Spurred by "My Purpose"

At the town hall meetings I held, employees talked frankly about their own experience and "My Purpose" drawn from it. One employee said, "I learned the importance of money from my experience of childhood poverty and that lesson is now applied to my work in life insurance," while another employee said, "I overcame an adverse childhood experience by working in nursing care, and truly felt the importance of trusting other people and being trusted by others, and now nursing care is my life."

Employees who work on "My Purpose" think and act by themselves driven by intrinsic motivation, which should result in higher employee engagement. Also, **intrinsic motivation and strong sense of ownership arising from "My Purpose" would be the source of greater productivity, expertise, creativity, etc. at work.**

SOMPO has 130 years of history as an insurance company and tradition of the founding business. The trust of customers built over many years through our willingness to "protect customers at all costs", our ambition of founding, responsibility of living up to this, and the spirit of offering genuine "security" and "warmth" will continue to lie at the core of the Group as SOMPO's DNA. I hope that a fusion of this strong DNA with employees driven by "My Purpose" will create amazing chemical reactions in SOMPO.

It may be generally thought that it is hard to link the individual's purpose with the company's purpose in a large organization. However, if "My Purpose" takes the lead in the company with an increasing number of employees thinking that they want to fulfill "My Purpose" by using the company, an instrument to accomplish what is difficult on their own by working together as a team and a company, behavior will change dramatically and the corporate culture will also change.

D&I (diversity and inclusion) is essential for underpinning and accelerating such cultural change. At SOMPO, employees with various background are working at the frontline of a variety of businesses worldwide. Regardless of which business one works in, everyone is invited to participate in the townhall meetings, while training programs and courses are held for employees across businesses. We set up an office of Sompo International in the main office building in Tokyo so that members can be based there on a regular basis. I believe SOMPO can become stronger by actively hiring and promoting employees who can produce results by merging "My Purpose" with their own work and by grasping various opportunities, regardless of sex, age, and nationality. SOMPO will strengthen our human capital, the driver of value creation, through a strategy to improve the quality of business management by raising intrinsic motivation of employees, increasing opportunities for challenges and innovation, and by creating energy in the workplace.

### 3. SOMPO's Strategy for Improving Corporate Value

#### (1) Room for Improving SOMPO's Corporate Value Demonstrated by Unrealized Financial Value

Sompo Holdings announced a new medium-term management plan in 2021. Our core strategies under this plan are to increase our scale and diversify risks (primarily in the existing businesses), create new customer value, and promote new work style. We will execute strategies from the viewpoints of and to meet expectations of customers and users, not of a service provider, and implement measures that increase employee satisfaction and productivity at work. We need to work to accomplish a digital transformation (DX) and realize Group synergies strategically by employing a complete hands-on approach and recognizing that **we cannot move ahead by maintaining the status quo.**

However, the outcome of such efforts is evaluated in the market mainly in terms of financial value which is generally regarded as corporate value. I presume that many firms feel the same and it is not only SOMPO but the value of a company must be mediated by "something" that is hard to quantify. I think that a story unique to our Company as well as the existence of evidence as proof are related to the answer to this question.

Contribution to addressing social challenges and realization of wellbeing are essential elements of a story that helps increase corporate value. SOMPO will try to accomplish this by presenting a value creation story "unique to SOMPO" that is "A Theme Park for Security, Health & Wellbeing" for multi-stakeholders and continuing transformation to realize this. To accomplish this, we partnered with Palantir Technologies Inc. of the U.S. and the National Institute of Advanced Industrial Science and Technology (AIST), one the largest public research institute in Japan.

**We will build strong trust that "SOMPO can do it"** by tapping into the wisdom from in and outside the Group so that the social impact and evidence can be presented, not just enthusiasm or vague definition, **and increase SOMPO's corporate value and brand.** This is my mission as the Group CEO, relegated by all shareholders and the board of directors, so I am strongly committed to accomplishing this by all means.

#### (2) Nursing Care RDP that Transforms Society

I would like to first successfully put the Real Data Platform (RDP) in the nursing care business into practical use to enhance SOMPO's corporate value. Shortage of caregivers due to low birthrate and population aging and surging social security expenses are real problems and almost a national crisis that we cannot escape.

SOMPO is determined to tackle these critical challenges head on. We will use real data collected from the nursing care front line to deliver "visible nursing care" to support the frontline. Moreover, we will develop solutions to improve the quality of nursing care under the concept of "systematization of mastery" and **also deliver "predictable nursing care" to support the people "providing care" which is estimated to be around 2.3 million people.** If this know-how can be shared with all other care providers, it should have an enormous impact on society in the future. We will improve the quality of life (QOL) and build a platform for approximately 7,000 companies so that everyone can live a prosperous 100-year life. While the nursing care RDP is currently being developed for release, I believe that the future will be changed for the better, and await with great anticipation that day.

The issues in nursing care are enormous and cannot be solved without the help of various stakeholders. It is necessary to establish an athomecare model: through the combined efforts of the government, public and private sectors by also cooperating with the national and local governments, and integrate services (covered and uncovered) by public long-term insurance in the future. Other countries in the world may face the same issues in the future. **We want to create a large ecosystem for people's happiness by getting all stakeholders involved with a view to exporting the solutions developed by SOMPO in Japan to other countries.**

### 4. SOMPO's Mechanism Underpinning Sustainable Growth

It is crucial to establish a sustainable business management framework to support society over the next 20 or 50 years. Five Business CEOs and nine Group CxOs are currently in charge of business execution at SOMPO. The Business CEOs, as leaders, increase the attractiveness of the business as the leader, and drive the growth and expansion of the Group by exerting "centrifugal force". The Group CxO coordinates efforts across businesses by exerting "centripetal force" of the Group and implements plans so that Group-wide strategies are executed without fail. The Group COO and myself, the Group CEO, oversee the entire Group.

These members are selected following the appointment and endorsement by the board of directors. **Sompo Holdings became a company with committees in 2019 based on the notion that rigorous governance is indispensable for sound growth,** and the board of directors supervises business execution with 10 out of 14 members being non-executive directors. On April 1, 2022, Mikio Okumura, Giichi Shirakawa, and Ken Endo were newly appointed as the Group COO, CEO of Domestic P&C Insurance Business, and the CEO of Nursing Care & Seniors Business, respectively. All



three members were approved by the Nomination Committee comprised only of non-executive directors in accordance with the succession plan, and I am sure they will provide strong leadership in their respective businesses.

Mr. Okumura, the Group COO, who has a good track record in a wide range of business areas is the right person to be in charge of many areas of business execution, and was nominated to and approved by the Nomination Committee as the new President and Representative Executive Officer to lead the realization of "A Theme Park for Security, Health & Wellbeing" with a view to becoming the Group CEO in the future. The duties will be divided between Mr. Okumura who will practically be in charge of the insurance business (Domestic P&C insurance, Overseas Insurance and Reinsurance, and Domestic Life Insurance) in particular, and lead efforts to the achievement of the goals of the current Mid-Term Management Plan, and myself while I will continue to be in charge of priorities related to the strategic challenges for the whole Group, including nursing care, digital, and large M&A, as the Group CEO of Sompo Group. Under the new management framework, we will work as one to accomplish the Mid-Term Management Plan over the remaining two years as a must.

### 5. Conclusion

I wanted to become strong and cool when I was a child. However, I came across the quote "think more about others and less about yourself" in the great swordsman Musashi Miyamoto's "Dokkodo" and realized that I cannot obtain true strength if I think only about myself and the spirit of trying hard for others is what matters most.

Since then, I have had various encounters and experiences, came to lead a large corporate group, and set the Group's Purpose to "create a society in which every person can live a healthy, prosperous, and happy life in one's own way with a Theme Park for Security, Health & Wellbeing" last year. My purpose is to utilize real data, reduce traffic accidents, disasters, and the risk of illness, make our daily lives safer and more secure, and help people live healthier lives.

I would like to fulfill my responsibility to drive the Group's growth and create a better society to pass on the baton to young people and next generation who have the right to choose the future.



# A Message from the Group COO



## Mission of the Group COO Leading SOMPO: Passing on to the next generation a society that ensures security, health, and wellbeing

Mikio Okumura

Group COO  
President and Representative  
Executive Officer

### 1. What I Value Most

I am Mikio Okumura and I took up the position of Group COO, President and Representative Executive Director in April. First, I would like to talk about the most important thing and my mission as the Group COO of Sompo Holdings, Inc.

When I reflect on my journey so far, I feel that life is full of encounters and unimaginable experiences, each with a profound meaning, and that luck and connections can bring success. So, what I value most are the encounters I have had and the connections that I have made with people. I am improving myself to be able to build long-term connections, look at things from the other person's viewpoint, and always think about what I can offer.

I think that connections are not only part of personal networks, such as friendships, but also the timeless "connections" between us living now and future generations. To use an analogy, it is like a relay race. I want to forge ahead on my leg of the race with a willingness to bet my life on it, then pass the baton to the next generation in the best possible way. I have enjoyed my life so far, and would like to pass on to the next generation a society where everyone can enjoy their life too.

### 2. Mission as the Group COO

I believe that the major challenges we must address before passing the baton to the next generation and later generations are demographics and climate change. These are exactly the social challenges that SOMPO must address. These challenges are hard to address in such a short time, but it is crucial to do everything we can while we are alive—even more so because we are living in difficult times. Therefore, the role of SOMPO is to pass on to the next generation a sustainable society that ensures security, health, and wellbeing.

To make this happen, SOMPO needs to embrace diversity, ever-changing customer needs, and social challenges, then deliver solutions to address them. The key phrase is "connecting, making connections, and being connected." Our goal is to develop solutions by building connections among the business units of SOMPO, our business partners, local communities, and data, not just people and society. We need to be with customers on their journeys and use the data we obtain to develop solutions that can meet even deeper needs.

To accomplish our goals, we must evolve into a corporate group that can deliver solutions for ever-changing and increasingly diverse customer requirements and social challenges.

The important elements for delivering solutions are diversity and inclusion (D&I) as well as a corporate culture that supports new challenges.

I have a sense of urgency that D&I is essential for companies to survive. This is because companies can make bad management decisions when employees do not have a wide range of experience and values. In a standardized workplace, employees cannot understand what is happening in the world, what the customers think about SOMPO and business, and fully understand customers' needs. In this sense, our biggest hurdle to overcome is understanding our ever-changing customers, not our competitors. The value of customer experience (CX) has increased dramatically due to the entry into the insurance industry of companies from different industries and start-ups. This includes being able to buy insurance with just a few taps on a smartphone. Since customer expectations are evolving, we cannot meet their expectations if we are satisfied with past improvements and we continue to operate as a traditional insurer or financial institution. I am not glossing this over; D&I is very important in business management. All executives and employees should ask themselves why D&I is important, or more simply put, why it is not enough to just have "men in suits." We must work hard to promote D&I, not just treat it as a formality.

Next is corporate culture. I worked for another company in the past and think it is important to see ourselves and our company objectively from the outside. In fact, I was able to see the culture of the Sompo Group very clearly. Every employee at SOMPO has worked diligently and we now have a corporate culture built up over more than 130 years that is characterized by stability and trust, as well as a solid business foundation and connections with our customers. However, I have serious concern that just like the Japanese economy that failed to grow over the past three decades even though everyone worked hard, SOMPO might devolve and decline if we just continue to work in the same way. This is why we need to take on new challenges. Being complacent could become an obstacle. We are entering into the unknown of population decline where conventional wisdom and past successes do not apply. This could be possible for Japan as a whole, but the challenge for SOMPO is to put past successes behind us and change the corporate culture so that employees can take on new challenges without hesitating, something that we need to seriously work on.

As the Group COO of the Sompo Group, I will take up this challenge and work hard to foster a corporate culture where employees seriously consider why something could not

be accomplished, then take on new challenges without fear, praise each other's success, learn from one another, and give honest opinions. Therefore, my mission as the Group COO is to deliver solutions as a partner in our customers' lives, work on D&I to make this possible, and create a culture of openness with a vibrant workplace that supports new challenges.

### 3. Creating a Conglomerate Premium

A hundred days have passed since I took up the position of Group COO. Whichever business unit I look at, as anticipated, SOMPO is a corporate group where employees work hard and honestly with customers. For example, when an earthquake struck in March this year in Fukushima Prefecture, safety reports of the customers, agencies, and employees started to come in one after another immediately, even before the executives gave instructions. I believe this is because quick action to deal with disasters, etc. is part of our corporate DNA. I was reminded once again of the strength of our abilities, when I saw employees taking action to help those affected by the disaster recover as quickly as possible.

As a result of these strong frontline actions and the hard work of every employee, good progress has been made on the Medium-Term Management Plan. For example, in FY2021, SOMPO posted record profits for a second consecutive year. However, these results were also affected by one-off positive factors, such as lower auto insurance losses due to fewer people driving and less traffic volume following the spread of COVID-19 as well as higher-than-expected investment income due to a strong stock market. So, I always try to stay calm and evaluate the real earnings after eliminating any unique or temporary factors.

When setting goals for FY2022, we removed the effects of the one-off positive factors in FY2021 and discussed many times with our staff how far the level of performance had actually progressed. And we currently expect real earnings in FY2022 to reach a level equivalent to FY2021. Now that our businesses are performing well, we must remain vigilant, keep our head clear, accurately grasp changes in society, and think about the next moves. We need to keep asking ourselves whether we are fully aware of the impact on our lives and businesses of global warming and population decline as well as well as the continually changing needs of our customers and society.





We must continue to ask ourselves if we are becoming insensitive to social changes and the need for a response. If we become complacent about our strong financial performance and fail to notice changes with our customers, they will eventually give up on us, and we will be unable to grow. So, we need to boost our resilience and achieve sustainable growth to meet customer needs and fulfill our role in society. To overcome our challenges, we need to focus not only on our current business plan, but also on medium- and long-term initiatives for the future.

The Group is now working to create a conglomerate premium based on the “Group Best” concept. We intend to transform into a “Theme Park for Security, Health & Wellbeing” and to reform governance to support this transformation. We need to increase the “centripetal force” of the Group and take risks rationally using the “Group Best” concept to continue to grow. Simply put, we will take risks on the basis of what each company should do if we were a single company, rather than a group of companies.

We will focus on three areas of the insurance business where we expect to reap benefits and where we can have a

positive impact early on: retention & cession”, “investment”, and multinational business.

To capitalize on these three areas, under the Group Best concept, it is necessary to design systems in detail, not only for our ideals, but also systems for the organizational structure, evaluations, and other details. Therefore, a steering committee for which I am responsible was set up under the Global Executive Committee which is the advisory board for the Group CEO and the highest level of the executive Committee. A framework was established for the Business CEOs to participate and the working groups of the aforementioned three areas to exhaustively pursue the Group Best concept. We will then incorporate their findings into additional initiatives and actions to generate higher profits. I think an insurance group that truly created a conglomerate premium is rare around the world. We are committed to delivering results that will be highly appreciated by our stakeholders.

My take on a conglomerate premium is that we create more value than a simple summing up, such as  $1 + 1 + 1$  equals 3, by linking all business units as a single company using the Group Best concept as represented by the keywords connecting, making connections and being connected. We will deliver new services and solutions that help to create a society that ensures security, health, and wellbeing by using SOMPO’s world-class data, and by listening to the voices of customers (VOC) on the world’s leading seniors market to develop non-life and life insurance solutions.

## 4. Conclusion

We have so far focused on medium- to long-term strategies, but all SOMPO employees will work hard to accomplish the Medium-Term Management Plan, with only two years remaining. I am committed to transforming SOMPO into a corporate group where diverse talent can shine in a vibrant workplace and take on new challenges without fear of failure, as well as to pass on the baton to the next generation by helping to ensure security, health, and wellbeing by delivering solutions that meet our customers’ needs. We look forward to your continuing support.

## My Own Experience: Connections that began in Brazil

I grew up in Saitama Prefecture where soccer is popular, so my childhood and adolescence were dedicated to soccer. When I was at university, I studied abroad in Brazil, the “kingdom of soccer,” and my experience there had a huge impact on my values. In Brazil at the time, about 1.5 million people of Japanese descent lived there, forming a large community. I was impressed by the legacy that the Japanese community had on the other side of the world. Trust in Japan and the Japanese people had been built in Brazil. I was treated with respect as a 20-year-old Japanese in Brazil. Through this experience, I came to think that I wanted to “give back to Brazil” and “connect Japan and Brazil.” I became strongly aware of the need to connect people to people and countries to countries. Later on, I joined Yasuda Fire and Marine Insurance Co., Ltd. (currently, SOMPO Japan Insurance Co., Ltd.) which had a Brazilian operation at that time, after working as a part-time Portuguese interpreter.

After joining the company, I worked in corporate sales, corporate planning, management of the overseas subsidiary, and management of the nursing care business, after changing jobs. I had several experiences under the guidance of my seniors, and I would like to share some my experiences when I was working in New York from 2000.

At that time, our US subsidiary was struggling and I was working hard every day to turn this around. I was assigned to the New York office on September 11, 2001, where I saw the terrorist attacks by hijacked aircraft. I still vividly remember the sight of an jet crashing into the World Trade Center, where I used to work every day, and a mass of bright red flame shooting out. I ran from the building and managed to escape safely the turmoil, chaos, and clouds of smoke. I could have

lost my life if something went wrong. Since then, I have come to believe that I am alive for a reason, and I am strongly conscious of working hard every moment so that I will not regret anything.

Later on, after I was able to get the management of the US subsidiary back on track, I returned to Japan and was assigned to the Corporate Planning Department. I asserted the need to strengthen the overseas business since I believed that the overseas market would drive the Group’s growth in light of the trends in global and Japanese demographics. However, the decision made by the then management team was to focus on the domestic business, so my wish did not come true. I was disheartened, lamented my lack of power, and decided to work for another company to take on a new challenge. I worked for a foreign financial institution and faced a big challenge again during the financial crisis of 2007–2008 stemming from the subprime mortgage market meltdown in September 2007.

There were twists and turns, but I returned to SOMPO later on, just as I was meant to. This led to a “connection” with Brazil. Following a change of SOMPO’s management, a plan to focus on overseas business was announced. As the first step, SOMPO decided to acquire an insurance company in Brazil in 2009 and my seniors contacted me, so I decided to return. After returning to SOMPO, as a member of the local management team, I jumped in and worked hard to help grow the business of the acquired company.

I feel that life is full of “luck and connections,” just as my connection with SOMPO was Brazil. I am grateful for the many encounters that helped me, and I will continue to cherish the “connections” with people as I move forward with my life.



# SOMPO's Purpose

SOMPO has returned to its Management Philosophy and defined “SOMPO's Purpose” as what the Group aims to achieve and what value it will provide over the long span of the next 20 and 50 years.

Together with our stakeholders, we will continue to provide value to society through our concept of a “Theme Park for Security, Health & Wellbeing,” aiming to create a society in which every person can live a healthy, prosperous, and happy life in one's own way.

## 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.

## SOMPO's Strengths

- (1) Trust and responsibility with 130 years of history
- (2) Diversity of business, talent and networks
- (3) Strong problem-solving abilities

## SOMPO's Purpose

**With “A Theme Park for Security, Health and Wellbeing,” create a society in which every person can live a healthy, prosperous and happy life in one's own way.**

### Social value delivered by SOMPO

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

## Social challenges facing SOMPO

New normal

Low birthrate and population aging

## Special Three-Way Discussion on SOMPO's Purpose Management: The Driving Force for Realizing Our Purpose



**Takashi Nawa**

Outside Director, Member of the Nomination Committee and the Compensation Committee



**Ryoko Shimokawa**

Group CSuO



**Shinichi Hara**

Group CHRO

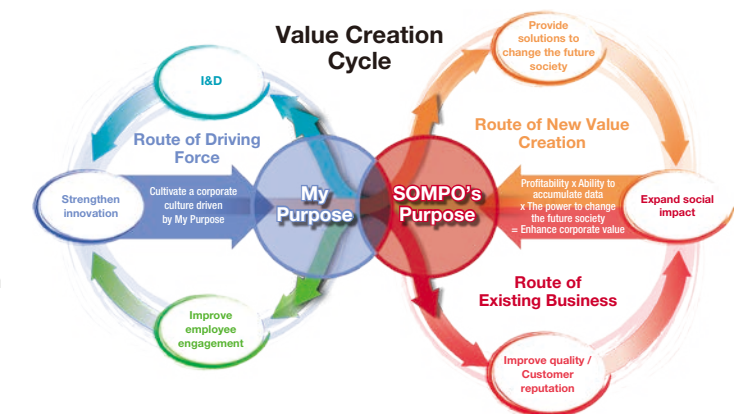
## Defining Purpose Management

**Nawa** When I say *purpose*, I am referring to aspirations rather than the rigid concept of a reason for existence. As the Japanese character for aspiration suggests, this is the samurai spirit. *Bushido* (the warrior's code), as our Group CEO, Mr. Sakurada wrote in his book *Bushido Capitalism*, is the epitome of the spirit of the Japanese people, and if aspiration is in the minds of people seeking the path forward, then purpose is the inner conviction to seek and follow that path. *Mission* is a commonly used word that is more like a moral cause, and it is often accompanied by a sense of obligation. Purpose and aspiration come from within and represent a proactive desire to do something. I think it depends largely on whether these are intrinsic or extrinsic. For a company to place ambition firmly at its center, aspiration must satisfy three requirements for empathy: it must be exciting; it must be unique; and customers and employees must believe in it. This is what I am advocating with regard to purpose.

**Shimokawa** *SOMPO's Purpose* is our ambition. Our ambition is the basis for our move toward realizing our future. *SOMPO's Purpose* is built on our vision of sustainable growth by providing value over the next 100 years and for gaining the empathy of our stakeholders for that vision. We refer to initiatives that achieve our ambition as the Value Creation Cycle. Our unique features are our people and that we count nursing care and digital services among our lines of business, along

with insurance.

The Value Creation Cycle places *SOMPO's Purpose* and *My Purpose* together at the center, with employees driven by their *My Purpose* to repeatedly take on the challenge of achieving *SOMPO's Purpose* in their own way, therefore serving as the driving force behind the company's growth (see the figure, left). This driving force will then improve products and services in existing lines of business—insurance and nursing care—and deliver solutions for the future (figure, bottom right). This will help the company create even more new value through synergy and co-creation that come from diverse, robust lines of business (top right). The continuous creation of value through this three-part cycle, the Value Creation Cycle, is distinct to SOMPO, and realizing each part and sharing the results is what makes up our Purpose Management.



\*See p. 20 for details



# SOMPO's Purpose Management: The Driving Force for Realizing *Our Purpose*



Professor Nawa mentioned that ambition must be exciting. Speaking of excitement, I think that being a “Theme Park for Security, Health and Wellbeing” corresponds well with the “18th” SDG goal. Our “theme park” is a place that transforms security, health, and wellbeing into tangible forms that can be seen and touched. Further, while insurance is a just-in-case service with the main value being that negatives are balanced out to zero when the worst happens, we also want to create a lot of positive value and happiness. That is what we intend to provide with the concept of the theme park, and what we must continue to build on going forward. I also believe that *My Purpose* is what makes our ambition unique, the source of excitement, and is an intrinsic part of us.

**Hara** What sets us apart is that we are trying to become an autonomous group based on the pursuit of *My Purpose*, the foundation of our human resource and management strategies. We have a model of *SOMPO's Purpose*, but we do not take the approach of forcing employees to fit into that model. We want to achieve *SOMPO's Purpose* by having them start with their *My Purpose* and through hundreds and thousands of ways they can integrate with *SOMPO's Purpose*.

Reading Professor Nawa's book on Joseph Schumpeter recently gave me confidence that this approach is correct. The part in the book where the great Yoshida Shoin asked his students, “What is your ambition?” left a deep impression on me. Innovation originates with our internal thoughts, not from the external environment. Entrepreneurs must change from people who observe to people who act, and the source of that change is ambition, or purpose. I was profoundly impressed by this realization.

**Nawa** *SOMPO's Purpose* is our North Star, an abstract concept. I think the correct course of action is for each of us to take it upon ourselves to pursue our *My Purpose*. However, between the company and individuals are the

departments and groups to which they belong, so unless the purposes are integrated, it is difficult to develop a sense of where individual actions fall in the “Theme Park for Security, Health and Wellbeing.”

Broadly speaking, there are three levels of purpose: companywide purpose, the purpose of a department or organization, and *My Purpose*. First, the companywide purpose is mutually understood within departments, and is the force that binds them all together. When everyone's ideas as individuals are integrated into departments and groups, they come together to form an even larger group: SOMPO. I think it is important to know how to elicit and integrate the purposes of an organization. It seems to me it is difficult for a holding company to figure out how to create purpose for each department and group, but are we working on any creative solutions?

**Shimokawa** *SOMPO's Purpose* is a medium- to long-term aim that can't be realized immediately, and certainly there is distance between it and *My Purpose* for 74,000 people, but I believe that each line of business has its own ideas and purpose based on *SOMPO's Purpose*, and that these are firmly connected to the missions of each department and group.

However, it is also true that in the real world, each workplace tends to put purpose aside and focus on the month's sales or other immediately achievable figures. That is why the leaders of each workplace—the people between individual employees and the company—are so important. The key is how they can connect *My Purpose* to the company and our organizations, then unite them as an organizational force. For that reason, through Town Hall Meetings with Group CEO Sakurada, we are moving past getting 74,000 people to find *My Purpose*, and are holding Group-wide discussions among the leaders to determine how to create an organizational force by uniting the individual forces rooted in *My Purpose*.

**Hara** In a message to all employees this April, Sompo Japan's President Shirakawa explicitly mentioned his *My Purpose*. Although how the company will integrate *My Purpose*-based management with sales and performance is an issue we will need to be clarified, I think it is epic that the president himself communicated that *My Purpose* is not a frivolous exercise, but is at the core of the management strategy.

## Keys and Driving Force of Purpose Management

**Nawa** Inclusion and Diversity (I&D) is a phrase that appears in the Value Creation Cycle. I think the idea of everyone

succeeding while thinking for themselves is similar to diversity. Unless it is predicated on inclusion, everyone's thoughts will point in different directions, making it impossible to unite to power the organization. So, it is extremely important to have purpose to drive us forward with certainty. I believe that when each organization's purpose is included within the Group's overall purpose—creating a “Theme Park for Security, Health and Wellbeing—we will transform into a very powerful organization. Another difficulty is capturing the “value of multiplication.” To accomplish this, individual and organizational purposes must be reorganized and broken down. This organizational movement back and forth between separation and unification is both necessary and challenging. It is like the relationship between differentiation and integration: if you do nothing but integrate, things feel forced, but if you do nothing but differentiate, everyone is acting on their own. Finding the balance is extraordinarily difficult for a conglomerate like the Sompo Group, but I think it will be highly valuable quality once that balance is achieved.

**Shimokawa** Having *My Purpose* is a reaffirmation of employee diversity, a process of awakening the individual. However, inclusion is necessary to make diversity work and to avoid situations where people go on a journey of self-discovery and never return.

Looking at the Sompo Group as a whole, where we are leveraging centrifugal force to run our four major businesses, we are working to figure out how to use centripetal force as a holding company to bring the businesses together and create synergy within the Group. There are spillover effects in both directions between insurance and nursing care in addition to the pursuit of best practices in P&C insurance in Japan and overseas. It is clear that we are repeatedly employing initiatives to advance both diversity and inclusion as well as to channel them into power at many levels of the organization.

**Hara** We are currently working to make P&C insurance more efficient by looking at it from the perspective of the Group and the Group's overall portfolio. It is important for a holding company to use a higher perspective to gain an overview to find and cultivate the potential for inclusion, in contrast to the centrifugal force that worked in the past.

**Nawa** Schumpeter defined innovation as new combinations, but I think of innovation as different combinations. I think that encapsulates I&D perfectly. No value is created unless things are different or “at the edge.” So, first, it is important for each element to be different and for us to be aware of the differences. However, the fact that things are different does not result in

new combinations, so each element must be “at the edge” in some way, and then combined. That is innovation, and I&D is the driving force in every sense. The act of everyone becoming aware and then coming together as a team is crucial for creating innovation. In that sense, I feel that the key to innovation is repeating the process of awakening people to their *My Purpose* and then coming together as a team.

**Shimokawa** One objective of the *My Purpose* initiative is to create a culture that will perpetually generate innovation and pioneering effort. Starting with *My Purpose* generates pioneering efforts and innovations that increase the organization's power and lifts up the company. To achieve this, we need intrinsic I&D to help create our growth strategies.

## SOMPO's Unrealized Financial Value

**Nawa** I hope that the Value Creation Cycle can be improved in this area and encourage everyone's actions so that we can create new value. The source of SOMPO's value is people, and once we have a firm understanding of how productivity and creativity can be improved by increasing motivation or “putting a charge” into *My Purpose*, I think we will be able to see the link or the causal relationship: *My Purpose* leads to output.

**Shimokawa** That is an example of the impact path of human capital leading to financial and corporate value. Our unique actions—*My Purpose* and new work styles—help individuals and groups, in addition to increasing the abilities of employees. This will produce added value for existing lines of business: improved quality of products and services as well as higher satisfaction for claim payments and other customer service situations. In turn, increased financial value will naturally follow. Moreover, our unique actions should improve our brand value. In other words, that is the reason stakeholders will choose SOMPO in the future, have positive expectations of SOMPO, and think SOMPO is great, exceptional, and highly capable. However, this is just one hypothetical path we are considering; we must prove that this actually is the case not only through visualization but also through quantification.

Although partial, we noted an unmistakable positive correlation between groups that implement *My Purpose One-on-One* and employee engagement. We must also consider how to measure pioneering effort and innovation in the future, but beyond that as well because we know there is a correlation between engagement and customer satisfaction and the ability to achieve organizational goals. We want to add these findings to our evidence.



# SOMPO's Purpose Management: The Driving Force for Realizing *Our Purpose*



**Hara** There are two non-numeric examples. One is that the world is beginning to learn about SOMPO's dedication to human capital management. Although they do not yet believe that this translates into value, we are getting more media coverage, so people now know that we are working hard. Investors have also asked questions about *My Purpose* at IR meetings and general shareholders meetings. This is the first time that people in capital markets have asked about *My Purpose*.

The other example is the ability to recruit. In particular, we have noted a definite increase in our ability to recruit mid-career hires, that is, people who are not new graduates. We are considering how to measure this, but I already sense that the quality of new employees is improving.

**Nawa** We are talking about reliably measuring the parts of the impact path as well as how they are connected to output. That is a difficult task, but once we improve our understanding, we will have a better picture of this connection. Since the KPIs used to measure parts are still being developed, I believe our expectations will definitely increase as we demonstrate, through trial and error, that everything is a part of an impact path. The figures for both engagement and brand value are going up. That is one type of indirect evidence. Unfortunately, the P/B ratio\* is below 1, which does not bolster the idea that real potential will lead to future value. I am looking forward to seeing how these parts will connect to market expectations in the future.

\*Adjusted P/B ratio: an index calculated by dividing the share price by the adjusted consolidated net assets per share.

## Toward Value Creation Distinct to SOMPO

**Nawa** On the topic of job-based employment, SOMPO has made it clear that every employee will build a career with personal integration, while choosing the right job at the right time. When people see our organization as a place that gives them strong opportunities for self-development, we will attract more people, which in turn will help them grow. I think that is fantastic! We see this as different from other job-based employment systems out there.

**Hara** If the typical Japanese-style employment (based on lifetime employment and repeated company-initiated reassignments) is known as "membership," then we must consider our job-based employment to be "career autonomy. What we are trying to do is to create a system that can attract people who agree with SOMPO's *Purpose* and want to work together to realize it. Then, people will decide for themselves to step forward and try to get a specific job. I really want to see us build this type of system.

**Nawa** What really impressed me was the SOMPO DNA series (see p. 28). Through these true-to-life stories, you learn the names of individuals who are flourishing and creating independent careers for themselves.

**Shimokawa** SOMPO DNA is one of several initiatives for disseminating the idea of purpose. To spread this idea further, we are taking practical steps, such as messages from top executives at Town Hall Meetings and *My Purpose* one-on-one training and workshops, using engagement to measure the effects of these initiatives, and linking them with PR campaigns. In SOMPO DNA, the employees are the "stars of the show," with each one sharing their *My Purpose* and history. Although only five employees appeared in the paper publication, 100 employees from SOMPO Holdings as well as several operating companies are on the website version.

**Nawa** I admire the reach of SOMPO DNA. It gave me an image of people taking action themselves.

**Nawa** One more point: I believe that principles—that is, the principles that govern our behavior—are important. Purpose is as high as our North Star, but the principles that guide our daily actions are the foundation. This is akin to saying that discipline exists within aspiration. What do you think about SOMPO's principles?

**Hara** Although perhaps a slightly different concept, SOMPO has three core values: The first is being *mission-driven*; the second is *professionalism*; and the third is *diversity and inclusion*. We intend to become a group that values these three things. To be *mission-driven* is to think and act with a sense of mission, which is the opposite of being valued for faithfully following orders under seniority-based, top-down systems, as is the case with the "membership" style of employment. *Professionalism* defines people who do their best in their current post to realize the company's purpose based on their own purpose, rather than people who are capable of doing 80% of the general tasks the company asks them to do. Finally, there is *diversity and inclusion*. I think we should strive to become a group of people who have all three of these core values.

**Nawa** When I read SOMPO DNA, I feel that holding steady to unique, personal core values does not immediately take people to their purpose. Rather, it gives them confidence, convinces them of the reality of their accomplishments, and shows them the way to attaining purpose by continuing to go forward and have similar experiences.

I have another point to make about M&As and inorganic growth. If SOMPO does not have power—centripetal force—we cannot grow. So, first, we must create templates or procedures within SOMPO. Once these have been created, the core components will be transplanted to other companies, and everyone's strengths will grow, which will result in value creation. For example, in both Nursing Care and P&C Insurance, if we have unique templates for visualizing risk and improving quality of life (QOL), I believe we can link the business areas and strengths that other companies have to our value creation. This is a more straightforward way than starting from scratch.

**Shimokawa** What we are envisioning with the Real Data Platform (RDP) is a good example of an initiative to create a template, expand it, and involve others. We are considering a business model that is different from any existing one, in which we find and form alliances with partners capable of co-creation, who we need to share our know-how-based solutions with, while operating as a nursing care business. For this process to work, we think M&As are necessary, not only in the sense of acquiring completed businesses in order to realize purpose, but also in the sense of acquiring procedures that will help to expand our platform. We have clarified what is necessary and what is missing to increase our market share as a platform provider, and are now discussing how to increase the scale and stage of overall business through M&As and by partnering with others.



**Nawa** Companies that are skilled at M&As and alliances have the ability to change other people and gain empathy. SOMPO has many different lines of business, and purpose is firmly rooted in each one. If we are able to understand that our purpose is also firmly rooted in the companies that we acquire, we will have gained "soft power" for the Sampo Group. In my view, the ability to change people, to immerse them in the SOMPO way of doing business and increase their value as employees, is more powerful than business synergy. This is neither job-based nor membership employment, but a kind of hybrid. However, if we gain a reputation as an organization where people are well-developed, our hybrid style of employment should be recognized around the world. I hope we can attract people from outside the Company by combining the best parts of a global job-based system with the Japanese membership style of employment. I believe our strength lies in making sure that acquired companies and partners have a firm understanding of our purpose and core values.

**Hara** It may take time, but I would like to continue to build that type of reputation.

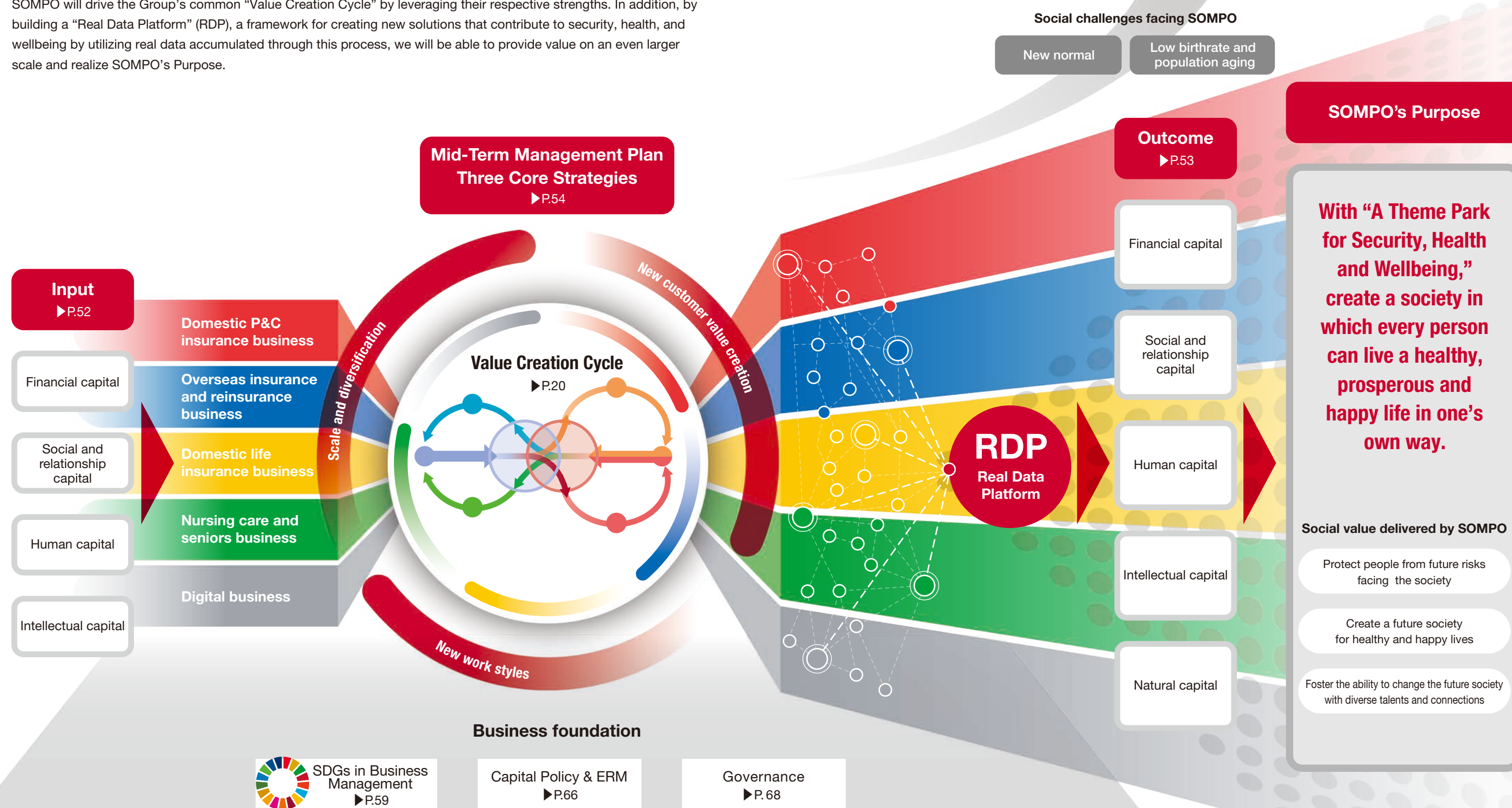
**Nawa** We are counting on you. It would be nice to be able to say that companies like this exist in Japan, too. What amazes me is the variation and the amount of change over the last few years. Even though the company is large, these past few years since you on the new top management team took the helm have been wonderful. I want you to continue and to accelerate this work. That is what I ask of you, and at the same time it is my hope for the future. I think we are at a crossroads: whether it will even out or accelerate from here. So far, so good, but rather than be complacent, I am confident that you will work hard and that we will continue to pick up speed.



# Overview of the SOMPO's Value Creation

Through the Group's capacity to bring together diverse businesses and the connections of each business, the Sompo Group works to create diverse value by leveraging each business' presence and competitive advantage in creating new value by using its own strengths to solve problems.

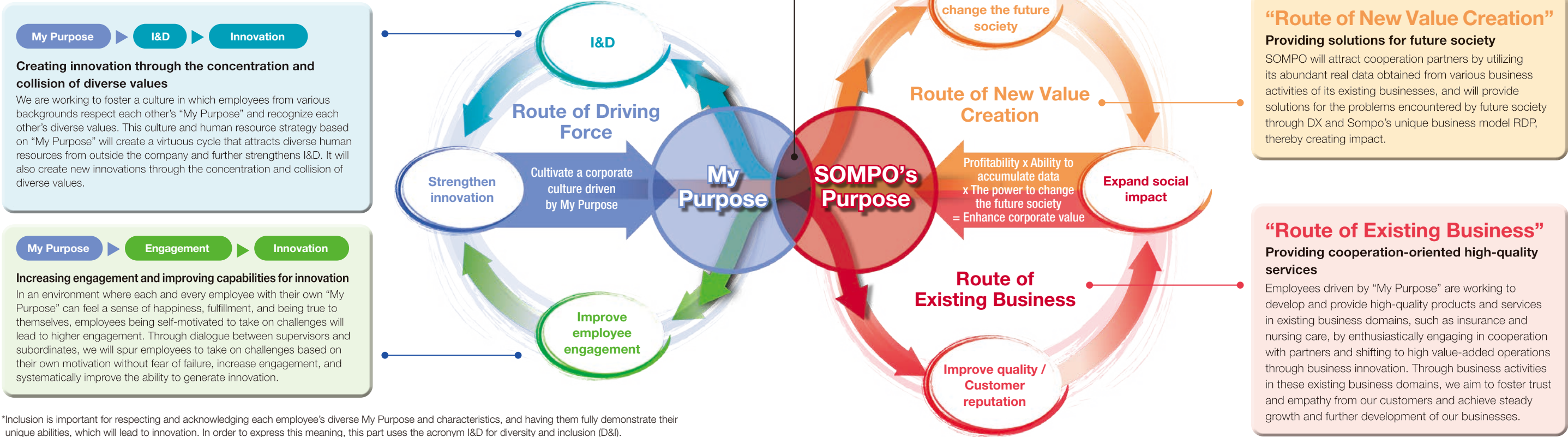
In accordance with the three core strategies of the Mid-term Management Plan, the five businesses that support SOMPO will drive the Group's common "Value Creation Cycle" by leveraging their respective strengths. In addition, by building a "Real Data Platform" (RDP), a framework for creating new solutions that contribute to security, health, and wellbeing by utilizing real data accumulated through this process, we will be able to provide value on an even larger scale and realize SOMPO's Purpose.





Value Creation Cycle

The Sompō Group is working as one to drive the “Value Creation Cycle” by combining capital and developing diverse businesses to realize SOMPO’s Purpose. The Value Creation Cycle consists of three pathways: the “Route of Driving Force,” in which employees motivated by My Purpose work in their own way in an environment full of I&D\* (inclusion and diversity) and foster a culture of repeatedly tackling challenges; the “Route of Existing Business,” in which trust and empathy are generated through the provision of cooperation-oriented high-quality services; and the “Route of New Value Creation,” in which new solutions are offered by fully utilizing data generated from existing businesses as well as leveraging the Real Data Platform (RDP) that creates DX and SOMPO’s proprietary business model. The Sompō Group’s unique style of value creation is to continuously create value via the cycle of these three routes through our business activities. By strengthening and expanding the Value Creation Cycle, we aim to enhance corporate value and realize SOMPO’s Purpose.



Message from the Value Communication Team (VCT)



The Value Communication Team (“VCT”), consisting of the Group CVCO, Group CSuO, and Group CPRO, was established in August 2021 with the mission of enhancing corporate value through effective communication with multi-stakeholders including the financial market. To date, we have led the Group’s key initiatives, including analysis of corporate value, brand strategy, PR, dissemination of Purpose to Group employees and SDGs management (ESG initiatives) etc. Amidst a drastically changing business environment surrounding the Group, the three members with diverse backgrounds work closely together and collaborate with business owners, and CxOs including CFO to lead and support Group-wide efforts to enhance corporate value. We also send a message for these efforts to various stakeholders to enhance SOMPO’s corporate value.

Chairman of Overseas M&A, Group CVCO  
**Nigel Frudd**



Group CSuO  
**Ryoko Shimokawa**

To realize SOMPO’s Purpose, our mission is to transform the culture of SOMPO—starting with employees having their own My Purpose—promote SDGs management that creates social and economic value through our core businesses, and build a brand strategy that communicates these initiatives as a connected story. We will contribute to the enhancement of corporate value by demonstrating SOMPO’s unique sustainable growth both internally and externally.



Group CPRO  
**Hirofumi Shinjin**

As the person in charge of the public relations domain, my mission is to communicate efforts to realize SOMPO’s Purpose to internal and external stakeholders through press coverage, advertising, and publicity, both domestically and internationally, as well as to raise the value of the Group’s brands, increase the number of customers and profit, and enhance corporation value. By communicating the concept of “A Theme Park for Security, Health & Wellbeing,” we aim to foster a sense of unity among the 74,000 officers and employees of the Group.



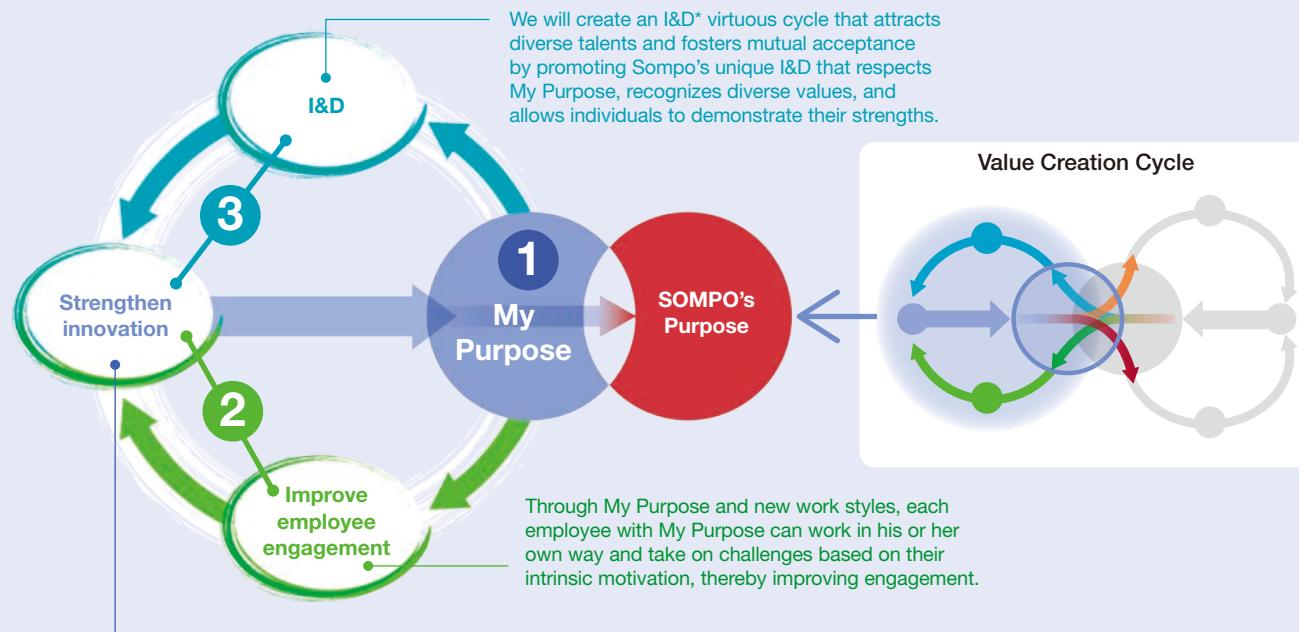
## Value Creation Cycle Route of Driving Force

### Fostering a culture driven by My Purpose

SOMPO's Purpose is to create a society in which every person can live a healthy, prosperous and happy life true to themselves by continuing to provide value to society through its concept of a "Theme Park for Security, Health and Wellbeing."

The essence of Purpose Management is to achieve both economic and social value by solving social issues and to pursue sustainable growth that contributes to people's happiness. The driving force for this is each and every employee of the Group.

Each employee of the Somp Group is driven by My Purpose, which is his or her own life purpose. By overlapping SOMPO's Purpose and the individual purposes of employees, innovation will be created through employees repeatedly tackling challenges based on their own internal motivation. This corporate culture will be the driving force of Purpose Management. This part introduces our efforts to foster such a culture, as well as My Purpose, which is the starting point for such a culture.



Strengthening the ability to create innovative new products and services (organizational capability) by fostering a culture in which highly engaged employees repeatedly take on challenges in an environment full of I&D

\*Inclusion is important for respecting and acknowledging each employee's diverse "My Purpose" and characteristics, and having them fully demonstrate their unique abilities, which will lead to innovation. In order to express this meaning, this part uses the acronym I&D for diversity and inclusion (D&I).

Number of officers and employees by business (as of March 31, 2022)					
Domestic P&C insurance	Overseas insurance	Domestic life insurance	Nursing care and seniors	Digital and other businesses	
<b>35,068</b>	<b>10,472</b>	<b>2,716</b>	<b>23,606</b>	<b>1,814</b>	

<b>73,676</b> Male: <b>27,070</b> Female: <b>46,606</b> (as of March 31, 2022)	<b>My Purpose training participation rate*1</b> <b>66.0 %</b> (100% of target for FY2023)	<b>Employee engagement</b> Gallup Q12 average score*2 (Domestic) <b>3.46</b> pt (Overseas) <b>4.02</b> pt	<b>Target values for the health and productivity management indicator, Work Limitations Questionnaire (WLQ)*3</b> <b>93.8 %</b>	<b>Number of group companies recognized under the Certified Health &amp; Productivity Management Outstanding Organizations Recognition Program*4</b> <b>22</b> companies Large companies: <b>14</b> companies Small and medium-sized companies: <b>8</b> companies
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<b>Ratio of female directors and executive officers</b> <b>9.0 %</b> (as of April 1, 2022)	<b>Ratio of foreign national directors and executive officers*5</b> <b>14.7 %</b> (as of July 1, 2022)	<b>Ratio of female candidates in Succession Plans*6</b> <b>32.4 %</b>	<b>Ratio of female employees in managerial positions</b> <b>26.8 %</b> (as of April 1, 2022)	<b>Ratio of employees with disabilities</b> <b>2.41 %</b> (as of April 1, 2022)
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\*1 Participation rate in domestic P&C insurance, domestic life insurance, and nursing care and senior business

\*2 Targets at the end of FY2023 set at 3.70 pt in Japan / 4.10 pt overseas

\*3 Applies to Somp Japan and Somp Himawari Life

\*4 Of which, 11 companies were included in the White 500 (large corporation category)

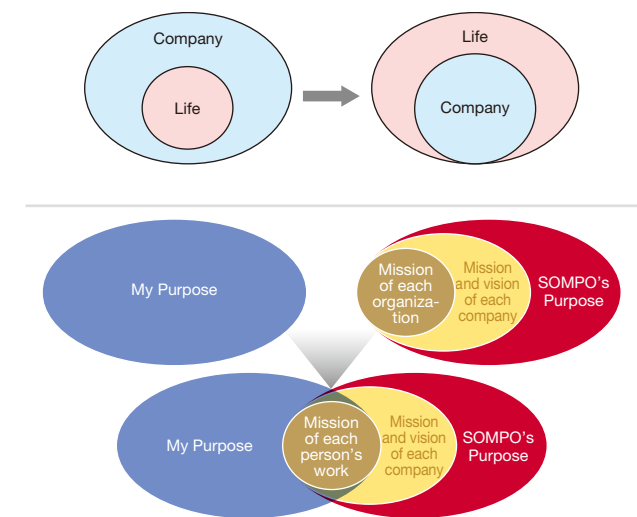
\*5 Ratio of our directors and executive officers (5/34 people)

\*6 Applies to key posts including Group CEO, Group CxO, and business owners (88 in total)

## SOMPO's approach to Purpose Management

The driving force behind the realization of SOMPO's Purpose is each and every employee of the Group. In an era of a paradigm shift in the way we work and live, in which our values are shifting from the idea of "My life in the company" to "A company that helps you realize your life's purpose," Somp Group believes it is most important for all employees to face their lives with their own purpose ("My Purpose").

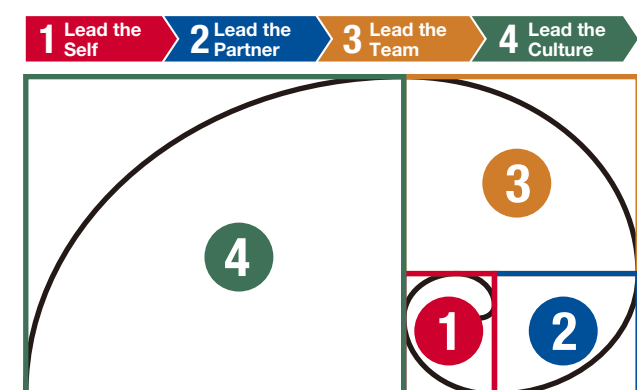
The starting point is My Purpose, which is a strong desire that wells up within each employee. By overlaying this desire with the company's and organization's Purpose, we aim to realize SOMPO's Purpose. This is SOMPO's approach to Purpose Management.



## Culture that SOMPO is aiming for

In the SOMPO Group, each employee engages with their own My Purpose and overlaps it with SOMPO's Purpose. Innovations are created throughout the Group due to employees tackling challenges based on their intrinsic motivation. In addition, we aim to create a culture in which diverse employees respect each others' My Purpose and can fully demonstrate their individual strengths.

We are implementing a variety of measures to promote the following four steps in order to advance the transformation to the culture we are aiming for.



- 1 Lead the Self...**Each employee changes after creating his or her My Purpose
- 2 Lead the Partner...**Tackle challenges and create innovation through dialogue with partners based on My Purpose

- 3 Lead the Team...**Implement "tackling challenges and creating innovation through dialogue based on My Purpose" at the organizational level
- 4 Lead the Culture...**Create a mechanism to continue to implement the practices in the organization in a sustainable way, and achieve transformation of the culture

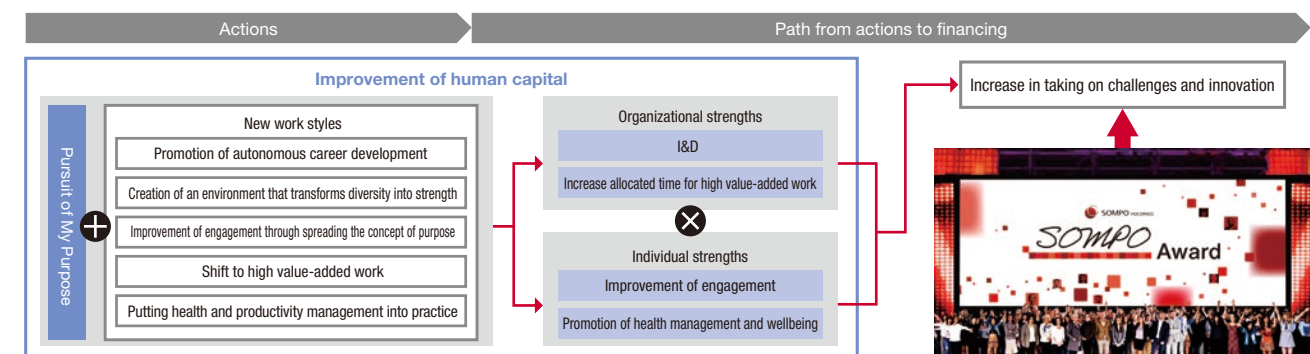
## Efforts to visualize the impact paths of human capital

The Somp Group is also focusing on visualizing the paths through which cultural and new work styles initiated by My Purpose will lead to increased financial and corporate value through an increase in human capital.

Specifically, we use the term "impact paths" to refer to the series of paths that My Purpose and new work styles will yield to "create short-term and mid-term financial value by enhancing the power of individuals and organizations, improving the quality and quantity of work, and increasing tackling challenges and innovation." We are working on the details of the path,

verifying the correlation between elements by utilizing internal and external data, and organizing the KPIs that will be required in the future. (See p. 42)

In addition, as a mechanism to accelerate tackling challenges and creating innovation, we are considering the introduction of an award system (SOMPO Award) to recognize value-creating efforts initiated due to My Purpose. We are also considering the introduction of an award system (SOMPO Awards) to recognize value-creating initiatives by employees that originate from My Purpose.





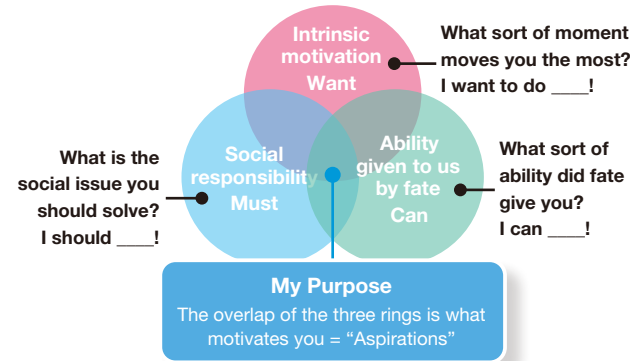
# 1 My Purpose as the starting point

4.4 Increasing job satisfaction through technical and professional skills 8.2 Improving economic productivity through innovation 10.2 Strengthening of people's capabilities and promotion of inclusion

## What is My Purpose?

"My Purpose" refers to the "purpose of life" or "meaning of work," such as what kind of person you are, what happiness means to you, and what you want to accomplish in your life.

When considering My Purpose within the Sampo Group, we first look back at our own lives and careers from the three perspectives of "Want" (intrinsic motivation), "Must" (social responsibility), and "Can" (ability given to us by fate), and refer to the overlapping parts of these perspectives as "aspirations," which is what motivates us.



## Various measures to support the formulation and respect of My Purpose

### Town Hall Meetings by the Group CEO

Under the theme of "Considering the Purpose/Mission of the Company and Individuals," Group CEO Kengo Sakurada held Town Hall Meetings (seven times from September to November 2021) for employees of all Group companies in Japan, in which he spoke directly to approximately 10,000 employees. At the Town Hall Meetings, Group CEO Sakurada personally spoke about matters, including that "the essence (of My Purpose) is using the company to achieve one's purpose," and, "The most important thing is one's purpose in life. I would like you to firstly remember what your own purpose is." He clarified that the Sampo Group will make group-wide efforts to realize SOMPO's Purpose by focusing on employees' My Purpose at the center of its endeavors. In the post-participation questionnaire, 99% of the employees answered that they would like to have a My Purpose, indicating that this resonated with them.

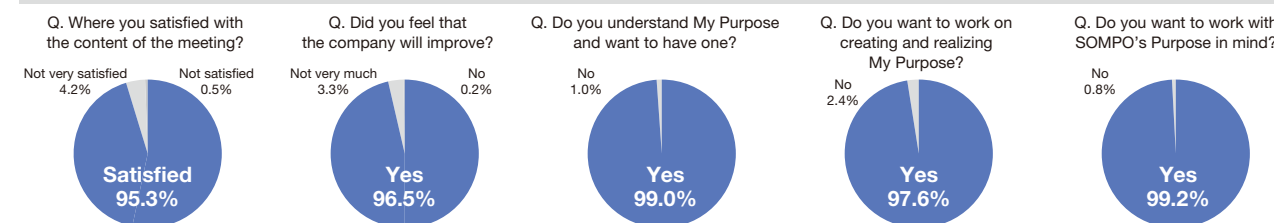
1 Lead the Self 2 Lead the Partner 3 Lead the Team 4 Lead the Culture



The Group's top executive personally speaks to and engages in dialogue with Group employees

### Questionnaire for Town Hall Meeting participants

[Questionnaire results (total of 7 meetings)]



### Implementation of cross-Group training and movement from the field starting point

Various measures were implemented in order to keep the fire lit in the hearts of employees following participation in the Town Hall Meetings, including training and workshops to support the formulation of My Purpose across the Group, and meetings to share My Purpose. Approximately 4,000 employees participated in the 20 sessions (as of the end of July 2022). Employees who participated in these measures could be considered the starting point, from which the establishment of the "Purpose Promotion Committee," the holding of "Meetings to Share My Purpose," and other voluntary initiatives in various companies and departments have expanded. The movement to formulate and respect My Purpose is spreading throughout the Group.



About 4,000 people have participated in a total of 20 sessions

## Wanting to make all people smile

Kazuko Endo, Manager, Awaji Ekimae, Sampo Care

My Purpose is that I want to provide a space where all people can live while smiling and a place where they can make amazing lifelong memories. It was my grandmother, who lived together with me, who taught me the importance of smiling and offering kindness to those around me.

My beloved grandmother suffered from rheumatism. After she became unable to walk, I brought food to her room every mealtime, and we would talk for about an hour. The time I spent with my grandmother, who always seemed to enjoy talking with me, led me to my goal of becoming a caregiver. When residents and their families tell me with a smile that they are glad they picked this location, and that they are glad I am the one providing care, I feel truly happy to be doing this job.

I will continue to enjoy working with my colleagues with a smile so that we can fulfil the role of partners in the lives of our residents.



My Purpose

Providing a space where all people can live while smiling and a place where they can make amazing lifelong memories

## I hope that no one will ever have to experience the regret I experienced that day...

Akemi Chatani, Manager, Sampo Japan Partners Kyoto Branch



My Purpose is to increase the number of people who can live with a smile and have peace of mind through insurance so that they do not become waylaid by accidents in life.

After joining our company, I knew I needed to review my parents' life insurance, but I kept putting it off. When my father was diagnosed with cancer, I hurried to check their life insurance and found that it did not provide sufficient coverage, which closed off their treatment options. I felt bad for my parents and angry at myself. I do not want anyone else to experience the deep regret I felt at that time.

My job now is to deliver peace of mind to customers through answering phones and other such tasks, and to organize the organization members.

By understanding My Purpose now, my behavior and awareness have changed. I am now able to go the extra mile with a sense of purpose, even in matters that made me hesitant in the past, and I feel a sense of fulfillment and of accomplishment.

My Purpose

I will never forget to behave with sincerity. I will increase the number of people who can live with a smile by providing ways to prepare ahead of time through insurance so that those in front of me can live a rich life without worries and not be waylaid by accidents in life.

## Changes brought about by My Purpose

Eiji Yoshinaga, Branch Manager, Corporate Division 1, Corporate Department, Sampo Himawari Life Insurance



I feel that what was most important was that I was able to clearly verbalize my inner self in the process of creating My Purpose.

I believe that clear verbalization will lead to a clearer understanding of those around us, and furthermore, to the creation of an environment in which differences in thinking can be recognized and respected. In fact, I believe that team members now have a clearer understanding of their own purposes and the purpose of the company/organization than ever before. From a management standpoint, it is easier to support each individual in finding an understanding that allows them to realize their own purpose. As a result, I feel that we are making positive efforts to promote D&I and improve engagement.

Also, although it may be a side effect, I presume that everyone understands and resonates with my personal "My Purpose," and that we have become able to work together to achieve it as a sales organization (laugh). I am grateful to each and every member.

My Purpose

I would like to properly execute our mission in an unprecedented positive and constructive manner, retain the ability to do so, and utilize the function of insurance to help the world so that reason and justice can prevail.



## 2 From improving engagement to creating innovation

4.4 Increasing job satisfaction through technical and professional skills 8.2 Improving economic productivity through innovation 9.b Added-value creation through innovation

Engagement is enhanced when all employees with a My Purpose take on challenges based on their intrinsic motivation in an environment where they can feel a sense of individuality, happiness, and fulfillment. To this end, we will emphasize dialogue centered on My Purpose to encourage employees to take on challenges based on each individual's intrinsic motivation, enhance engagement, and systematically improve the ability to generate innovation.

### Various measures to achieve purpose-driven organizational management

#### My Purpose 1-on-1 training

In order to encourage employees to take on challenges based on their intrinsic motivation through dialogue centered on My Purpose, we have conducted Group-wide My Purpose 1-on-1 training for managers and above 267 times (as of August 16, 2022) for approximately 2,500 personnel.

The KPI is to have 100% of all targeted personnel take the training by the end of FY2023. 86% of targeted personnel are expected to complete the training by the end of this fiscal year.

The My Purpose 1-on-1 is a "personal-level" 1-on-1 meeting between a supervisor and his or her subordinate that focuses on My Purpose, looking back on past experiences and encouraging taking on challenges towards one's future ideal state ("My Vision") for the realization of My Purpose.

By implementing and habitually conducting dialogue based on this dialogue flow in each department, we will foster a culture that generates taking on new challenges and innovation, which will lead to the realization of SOMPO's Purpose.

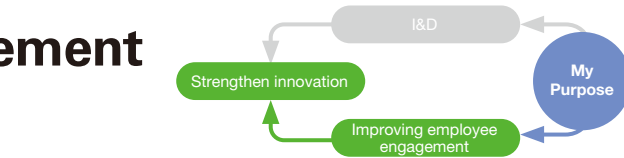
#### Town Hall Meeting for Domestic Leaders

In FY2022, we held a Town Hall Meeting with Group CEO Sakurada for the 3,600 leaders in Japan who are the key to implementing a new era of management that makes the most of each and every employee who works in a purpose-driven manner. There were discussions on what a leader should be and how organizations should be managed in order to make our efforts to spur taking on challenges and innovation through dialogue based on My Purpose sustainable.

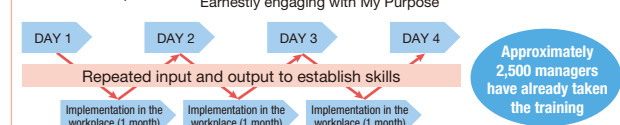
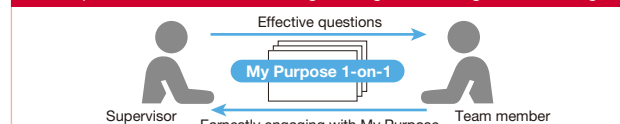
Group CEO Sakurada conveyed passionate messages

#### Engagement Survey

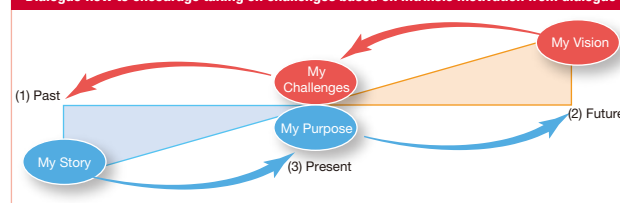
Based on the belief that improving the fulfillment and happiness of every employee is the driving force for achieving high productivity, we have set employee engagement as a common KPI for the Group since FY2021. We have adopted Gallup's Q12 survey for our Engagement Survey, and conduct it twice per year for domestic and overseas group companies. In the most recent Engagement Survey, approximately 75% of the Group companies showed an increase in their scores. We are gradually seeing the effects of our measures to spread the concept of purpose. Going forward, we will continue and expand various measures to further improve employee engagement in the future.



#### My Purpose 1-on-1 training

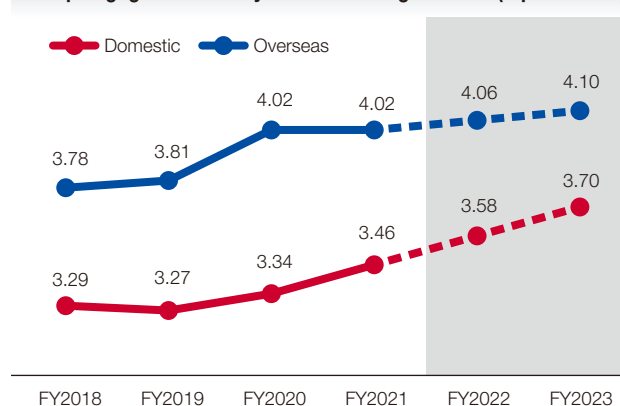


#### Dialogue flow to encourage taking on challenges based on intrinsic motivation from dialogue



to the participants, such as, "Sometimes it is the leader's role to connect the mission with each person's My Purpose," and "Purpose management is tough, and is an opportunity for leaders to demonstrate their abilities." Many of the leaders present received inspiration for solving their daily hesitations and concerns. In the post-attendance questionnaire, 99% of participants answered that they understood and recognized the importance of purpose and the role of leaders in leading purpose-driven organizations.

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



## My Purpose draws out the capabilities of organizations

Ryuichi Futakuchi, Manager, Nagoya Automobile Sales Department 3, Sampo Japan Insurance

I first realized what My Purpose is when I was engaged in my daily management duties, and found myself thinking, "I want to create an environment where I can fully understand my team members and each of them can demonstrate 120% of his or her capabilities."

Firstly, I disclosed my personal My Purpose to all team members in my workplace to help them understand me.

In addition, by holding meetings to share My Purpose in my department, mutual understanding has deepened between team members, and I feel that team cohesion has increased when I see things like people moving to voluntarily help each other.

We usually link My Purpose with work goals and engage in dialogue to draw out what each team member wants to do.

Under these circumstances, positive changes are being made, such as results being generated through taking on new challenges and team members applying for the job challenge program in order to seize career opportunities for themselves.

The quality of communication has also changed, and this has had an impact on the engagement survey.

I feel that the key to a strong organization is for each of us to continue this cycle of dialogue based on My Purpose to encourage employees to take on new challenges and attain achievements.



My Purpose

We must actively engage with people, increase opportunities to exchange smiles with colleagues, and create an environment where colleagues believe in each other and work enthusiastically together. We must also draw out maximal team capabilities and realize a society where no one is isolated or lonely.

## My Purpose changed my values

Tomoko Yanagihara, Business General Manager and Senior Leader, Tokyo Chuo Division 4, Sampo Care



I attained my current position after having worked in the finance and real estate industries, but I didn't previously have much familiarity with the concept of respecting the aspirations of individuals and engaging with work in this way. However, when I became a manager, I found that the employees I was overseeing would not follow my instructions in the way I wanted them to at all, and I got the distinct feeling that the old style of management would no longer work. After that, I learned the importance of dialogue and implemented it. But that alone was not enough.

It was during this time that I encountered the concept of "conducting dialogue with team members with My Purpose as the starting point."

At last year's Town Hall Meeting, I was struck by Mr. Sakurada's statements, "It is important to firstly think of My Purpose," and "I want you to use the company as a place to realize your own purpose."

Through subsequent training and other activities, I have realized that this is truly an idea that fits the times.

I believe that everyone will be able to be happy at work if we can create an organization in which we seek the overlap between My Purpose and SOMPO's Purpose together, and assist each other in taking on challenges. I will continue to directly engage with each of my team members, and implement dialogue based on My Purpose.

My Purpose

I want to create a workplace where employees feel satisfied with their jobs, and increase the number of things that our clients have been able to do because of Sampo

## Initiatives in which My Purpose has led to innovation and results

Katsuaki Namba, Manager, Kariya Sales Section, Nagoya Automobile Development Department, Sampo Japan Insurance

In the department I belong to, we are aiming for a "purpose-driven work style." All employees have formulated their own My Purpose, which they share with one another in the workplace and move to implement themselves.

Furthermore, since this fiscal year, we have been holding "meetings to share My Purpose initiatives and actual examples" with the companies and agencies we are in charge of. Through these efforts, we are contributing to the human resource development and organizational development of our corporate clients. We are also building new relationships based on purpose with corporate group companies that we have not had much of a chance to connect with in our 130-year history. We are definitely feeling a positive response.

For example, I recently held a purpose-sharing meeting with companies that had never done insurance business with us before. This meeting led to a significant change in the way our customers view our company and our employees, and to a new business relationship that transcends the boundaries of our history. In addition, at another company, we shared the department manager's My Purpose with the employees, which ended up resonating with many of them. Subsequently, the quality and breadth of communication grew, which in turn led to new sales projects.

We believe that the sharing of My Purpose is not limited to the framework of insurance, but leads to the creation of a team of colleagues who can take on the challenge of solving social issues together. We will continue to actively engage in such efforts going forward.



My Purpose

Toward a world where everyone can live with a raison d'être



### 3 From I&D\* to creating innovation

4.5 Education and professional training for people with disabilities 5.5 Participation and advancement of women 10.2 Strengthening people's capabilities and promoting inclusion

The Somo Group works to foster a culture in which employees from various backgrounds respect each other's My Purpose and recognize diverse values. This culture and our human resource strategy based on My Purpose have created a virtuous cycle that attracts diverse talents from outside the company and further strengthens I&D, creating new innovations through the concentration and collision of diverse values.

#### I&D through My Purpose

##### Sharing and resonating with My Purpose

Inclusion of each employee's diverse My Purpose and their utilization as a force for Group innovation starts with understanding and recognizing one another's My Purpose. The Somo Group is disseminating "SOMPO DNA," a biography of the futures of 100 Somo Group employees with diverse personalities who are motivated by their respective My Purpose and are realizing their aspirations on the Somo stage, both inside and outside the company. In addition, through other means such as videos, cross-Group communities, and sharing meetings at each workplace, we are promoting efforts to disclose and respect each other's My Purpose among employees, including directors and officers.



Click here for the biographies of 100 Somo Group employees (SOMPO DNA)  
<https://www.sompo-dna.info/> (only Japanese)

#### A system to further promote I&D and to encourage taking on challenges and innovation

##### Introduction of a personnel system that supports career development based on My Purpose

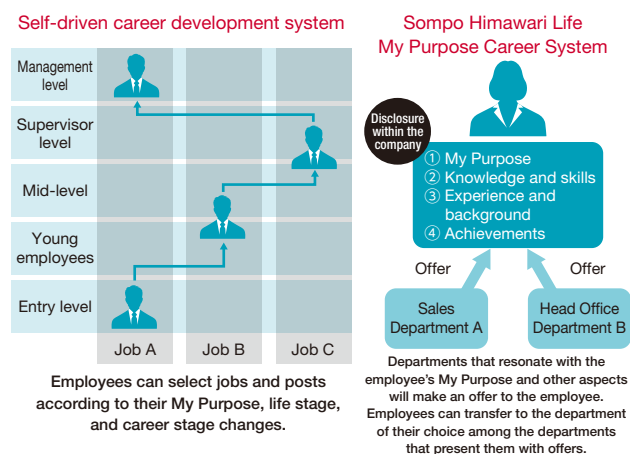
The Somo Group is advancing the introduction and expansion of a personnel system that enables employees to make choices in their own life and career paths based on My Purpose, and to demonstrate their achievements.

Somo Holdings is promoting self-driven career development centered on job selection led by the employees themselves, including not reassigning employees without their consent and introducing a system whereby employees can run for department or section manager posts. In addition, at Somo Himawari Life, each employee discloses their knowledge, skills, experience, career history, and achievements to the company along with his or her My Purpose as part of the "Himawari My Purpose Career System." It allows employees to choose where they would like to move to from among the departments that have offered them a new position based on this information.

##### Career recruitment

The Somo Group actively promotes career recruitment with the main purpose of promoting I&D and acquiring highly specialized talents. After we began hiring in April 2020, we have hired approximately 100 mid-career hires, or 20% of our workforce, over the past two years. We have placed mid-career hires in the respective posts of general manager, section manager, and person in charge. By integrating the strengths of each of our existing internal human resources, we have been able to create new value.

\*Inclusion is important for respecting and acknowledging each employee's diverse "My Purpose" and characteristics, and having them fully demonstrate their unique abilities, which will lead to innovation. In order to express this meaning, this part uses the acronym I&D for diversity and inclusion (D&I).



##### Closing the gender gap

The Somo Group is building a climate and environment that supports how easy it is for female employees to work, including by introducing a training program that supports balancing life events and career advancement, an unconscious bias diagnostic tool, and training videos. As a result of these efforts, the number and ratio of female managers as of April 1, 2022 are respectively 1,843 and 26.8% (target by April 1, 2024: 30%). In addition, the Succession Plan for the Group's major key posts (88 posts in total) sets a numerical target of 50% female candidates by FY2022, and efforts are being advanced to achieve this target.

### Meetings to share My Purpose in order to deepen mutual understanding among team members

Hiroshi Arisue, Senior Deputy Manager, Customer Communication Planning Department, Somo Japan Insurance

In the previous fiscal year, we held a meeting to share My Purpose among a portion of members. This fiscal year, we asked department managers and various leaders to hold meetings to share My Purpose with team members across the entire workplace. Currently, we are supporting the sharing and creation of My Purpose through 1-on-1 meetings and other opportunities, and we plan to invite interested parties from among the team members to participate in sharing sessions in the future.

Through the meetings to share My Purpose, we were able to both learn more about ourselves and help the members around us understand us. In addition, by learning that each member around us has different thoughts and feelings, and by learning about the background that led up to those thoughts and feelings, our sense of mutual understanding has deepened even further. In the workplace, we are able to make decisions while having more meaningful communication, taking into consideration each other's ideas and areas of expertise, and this has resulted in a high level of synergy.

Meetings to share My Purpose are a necessary initiative for My Purpose, which is to "walk together, struggle together, and share joy together with many people." We intend to continue to actively hold these meetings.



My Purpose

Walking together, suffering together, and sharing joy together with many people

### I decided to enter the Group because Somo Group's philosophy based on My Purpose resonated with me

Kanami Matsuda, Deputy Manager, Sustainable Management Office, Somo Holdings



For some time, I have been thinking about my career from the perspective of what I want to do and what I can do to achieve it. Then I came across Somo, a company that values My Purpose. I truly resonated with the concept of building one's own career by making the most of the company's fields, centering on My Purpose, and decided to join Somo.

My personal My Purpose is to be honest about how I feel and to use the power of communication to support a society overflowing with positive support.

Going forward, I would like to utilize my knowledge and experience in branding and communication, which I gained in an industry completely different from Somo. I will strive to send positive support to everyone in the Somo Group, each with their own diverse values, so that they can tackle their daily work honestly with their own feelings. I also want to face my daily work with honesty in order to embody my personal My Purpose.

My Purpose

I will provide support through the power of communication for a society that can be honest with its own feelings and overflows with positive support.

### Taking on new challenges and innovations created by My Purpose

Ayumi Ito, Deputy Manager, Corporate Branch Office, Oita Branch, Somo Japan Insurance

In the department to which I belong, we try to draw out individual thoughts (My Purpose) through dialogue (1-on-1) with each member and assign roles that match them.

Through regular dialogue with the section manager, I reconfirmed that I have a strong desire to contribute to my hometown of Oita, and I was assigned to Oita Prefecture this fiscal year.

Currently, as a step toward realizing My Purpose, I am considering an event using the Somo Group's original SDGs card game to create a deep connection with Oita Prefecture.

This card game was developed to promote understanding of Somo's SDGs initiatives, based on the starting point of Somo colleagues' wish to "communicate more about the company."

When considering an event, we exchange opinions with other employees who are considering similar events. As everyone has their own ideas and plans, it is a good opportunity to be exposed to ideas, which in turn contribute to deepening one's own thinking.

In this way, by bringing together and connecting a diverse group of colleagues with their own My Purpose, new ideas will lead to the creation of new challenges and innovation, and I feel that the Somo Group as a whole will become a stronger company.



My Purpose

For the world and its people - I want to connect with people, learn from them, and keep smiling~

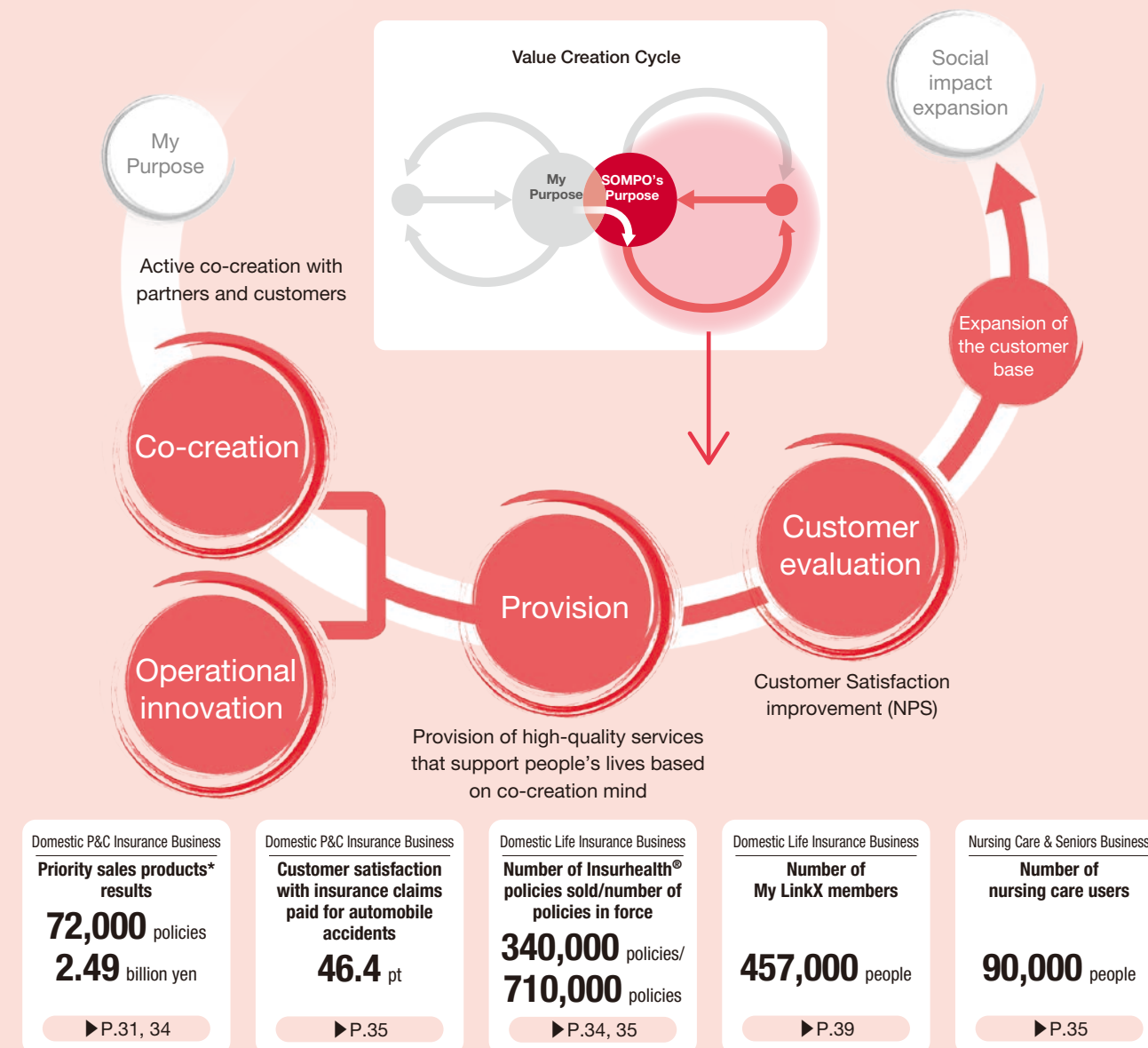


## Value Creation Cycle: Route of Existing Business



# Expansion of our customer base through the provision of high-quality products and services based on co-creation mind

At the Sampo Group, employees are motivated by My Purpose, the driving force for the realization of SOMPO's Purpose. All of the Group's employees are working as one in existing business domains to provide high-quality services through co-creation with partners and thereby expand our customer base. This part will introduce specific examples of such efforts at each Group company, along with the thoughts of the employees involved in these efforts.

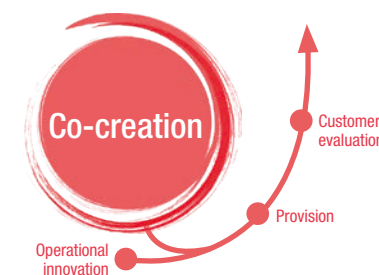


\*Figures are actual results for FY2021

\*Priority sales products include Medical Master, Nyuin Passport, New DRIVING! and UGOKU

## Expansion of our customer base with the co-creation mind

Highly-engaged employees driven by My Purpose are shifting to high-value-added operations through **operational innovation**, and are working eagerly on **co-creation** with partners to **provide** the market with high-quality products and services that support customers' lives in diverse business domains. Through these efforts, we aim to further expand our customer base and achieve business growth by enhancing **customer evaluations** based on trust and empathy.



## Creation of high-quality products and services through co-creation with partners and customers

In order to fully and appropriately reflect the opinions obtained from the market obtained by employees with diverse values in the development of products and services, we actively engage in co-creation with partners and customers. We aim to create high-quality products and services that are not limited by our own technologies and expertise.

## The "Nyuin Passport" thoroughly reflects customers' needs

3.3 Eradication and control of epidemics and infectious diseases 3.4 Mental health and welfare promotion 8.10 Accessibility to insurance and financial services

The new medical insurance "Nyuin Passport," launched in June 2021, was created reflecting opinions from over 10,000 customers.

The product was developed after repeatedly conducting street interviews, qualitative and quantitative surveys, and the like with customers, thoroughly considering what customers wanted. Focused on customer views such as, "There is a burden on families left behind after someone is hospitalized," "Concerns about having enough money in the event of hospitalization," and "The many administrative procedures are cumbersome," we realized the industry's first coverage and a procedure that can be completed via smartphone. This product provides peace of mind from before hospitalization to afterwards, creating an environment in which customers can focus on their treatment.

スマホでピタッと充実保険



## Taking on new challenges unbound by precedent

Nobuya Yamamoto Senior Deputy Manager, Healthcare Business Group, Personal Lines Product Development Department

I feel it rewarding and motivating to take on new challenges through my work. This product was a great challenge for me, as it was developed by a team that was thoroughly focused on customer feedback, without being bound by precedent, with the desire to be of help with insurance in times of need. As a result, we have become able to pay insurance claims in as little as 30 minutes, which led to our winning the top prize in the "2021 Nikkei Superior Products and Services Awards." We will continue to take on the challenge of solving the issues faced by our customers and society by working without being bound by precedent with our customers as our central focus.

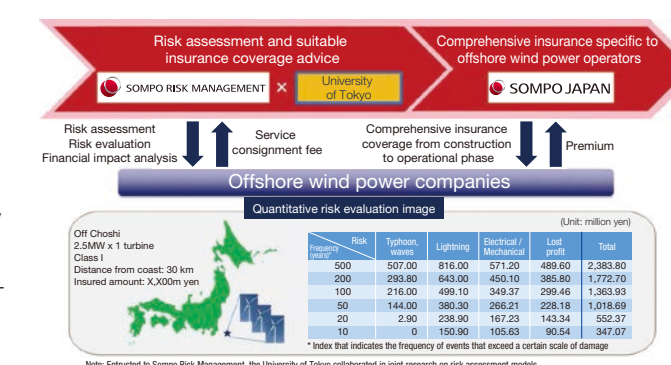


## "ONE SOMPO WIND Services" contribute to realizing a net-zero society

7.2 Expanding renewable energy share 13.2 Climate change countermeasures 17.16 Multi-stakeholder partnership

In Japan, the spread and stable supply of renewable energy is a major challenge in working toward the net-zero society that the world is striving to achieve. Although offshore wind power has great potential and is expected to be introduced in the future, one of its issues is that it is exposed to various risks such as typhoons, lightning strikes, and other natural disasters, as well as accidents such as those involving undersea cables. Based on joint research with the University of Tokyo, our Group developed a risk assessment model and launched "ONE SOMPO WIND Services," which is comprehensive insurance that covers various risks for offshore wind power operators and includes risk assessments from construction work to business operations. In this way, we support offshore wind power operators in Japan and contribute to the spread of renewable energy.

### ONE SOMPO WIND Services



## Encouraging the spread of renewable energy

Yosuke Murakami Senior Deputy General Manager, Head of Energy Underwriting Section, Corporate Marketing Department VI

We believe it is our duty for the future young generation, who will shoulder the future, to visualize the unknown risks of offshore wind power projects, develop appropriate risk hedging measures, and contribute to the sustainable growth of the offshore wind power industry, which will play a leading role in providing safe and eco-friendly energy. Through ONE SOMPO WIND Services, we support our customers in public tenders and financing. We will continue to support the spread of renewable energy, the key to controlling the risk of climate change, which is considered to be a factor that increases the risk of natural disasters.

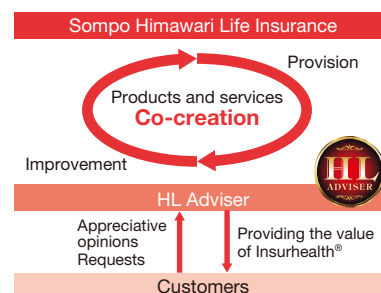




## Co-creation with HL Advisors who provide high-quality products and services

3.4 Mental health and welfare promotion 8.10 Accessibility to insurance and financial services 17.16 Multi-stakeholder partnership

Sompo Himawari Life Insurance recognizes Himawari Life advisors as life insurance sales representatives of the highest quality who combine “high consulting and proposal skills,” “realization of health support,” and “customer-centric operation.” Under the motto of “Creating together” with HL Advisors, we provide customers with the value of Insurhealth® which combining the traditional role of life insurance to prepare for any possibility with day-to-day healthcare support functions. and deliver “security, health, and wellbeing,” thereby increasing the number of new customers who appreciate Insurhealth®. We will also work on co-creation to realize a Health Support Enterprise by utilizing the views of HL Advisors who are closest to our customers.



### The best partners that can protect customers for any possibility and their day-to-day healthcare

Sho Yamashita Senior Deputy Manager, Sales Planning Department

I feel it is rewarding to deliver security and wellbeing to future customers by listening to and supporting HL Advisors. I would like to work with HL Advisors, our highest quality partners toward establishing a Health Support Enterprise, to spread the value of Insurhealth® and to receive happy comments from our customers.



### Evolving the value of Insurhealth® together

Kyogo Furuhashi Senior Deputy Manager, Sales Planning Department

I would like to solve social issues by focusing attention on others and carefully listening to them. HL Advisors are our highest quality partners who can help more customers solve their problems by providing the value of Insurhealth®. HL Advisors are essential to the realization of My Purpose, and I would like to continue to work with them to advance Insurhealth®.



## “Eyeco Support” development through dialogues with visually impaired

3.4 Mental health and welfare promotion 9.2 Promoting industry development through innovation, increasing employment and GDP 17.16 Multi-stakeholder partnership

With the desire to offer “service that only people can provide,” Prime Assistance (PRA) developed “Eyeco Support” to meet the needs of people with vision disabilities who want to freely go out whenever they wish. This service was developed through a trial-and-error process involving dialogues with visually impaired. By providing information on the surrounding area obtained by operators via smartphone images, the service enables timely access to necessary information and greatly expands the choices and range of activities for people with vision disabilities. We are expanding our circle of co-creation through demonstration experiments with local governments, airlines, and railroad companies that share the same awareness of the issues involved in this service.



### Eliminating all barriers and bring smiles to socially oppressed

Reiko Fujita Deputy Manager, Life Support Business Dept.

I want to develop services that empower people who suffer from barriers caused by isolation and disparities, together with my team members. “Eyeco Support” is the embodiment of this. In developing Eyeco Support, we held dialogues with people with vision disabilities, and I believe we were able to reflect their voices in our development because PRA is close to the end users in terms of their lifestyles and thoughts. Going forward, I would like to contribute to realizing a society where everyone, regardless of whether they have a disability, can fully demonstrate their abilities and challenge themselves to make their dreams come true.



### Supporting people’s lives with digital and communication capabilities

Mitsue Fujii Life Support Business Dept.

I joined PRA because I was involved in the early stages of the development of this product as an advisor. Initially, I was involved in product development as an end-user with a vision disability, and felt delighted to see a product being created. When I joined the company as an employee, I felt the weight of my responsibilities, but I believe that PRA provides an environment where I can take on challenges together with its members. Currently, we are moving from the development phase to the user expansion phase. I would like to expand the value of this product, which supports people’s lives through digital and communication capabilities, to many people.



## Shifting to high value-added services that only people can provide

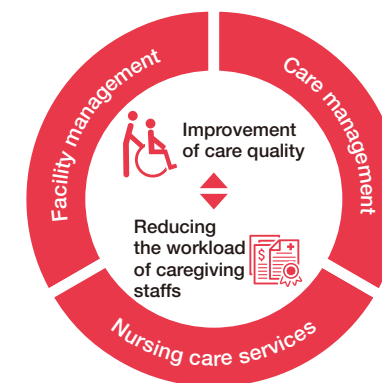
The Sompo Group is working to shift to a work style that aims to provide high value-added services that only people can provide, such as creating more time to spend with customers, by promoting operational innovation through the use of digitalization and technology.

## Future Nursing Care Creation Project aiming to improve the quality of nursing care and reduce the workload of caregiving staff

1.3 Implementation of an appropriate social protection system and measures 3.4 Mental health and welfare promotion 8.8 Promoting a safe and secure work environment

This project aims both to improve the quality of nursing care and to reduce the workload of caregiving staffs by reviewing work at nursing facilities from the perspectives of “facility management,” “care management,” and “nursing care services.”

Specifically, we are utilizing the latest technology and real data to create more time by reviewing work processes, and are promoting efforts to provide optimal services to users by spending more time on “tasks that only people can do,” such as talking with them.



### Improvement of care quality

We provide the highest quality nursing care services that only people can provide by offering optimal care for each individual (meaning custom-made care) based on the philosophy of “respect humanity” while being careful about people’s mental and physical conditions, and values such as “what people can do” and “what people want to do.”

As part of this, we are focusing on helping our users to live their lives to the end in their own way by utilizing our original “Yumeyui Note,” which allows them to make a record of their lives thus far and dreams they wish to realize, and to share their individual values and goals for their lives.



### Reducing the workload of caregiving staffs

By introducing technology into nursing facilities, we are working to satisfy our users and reduce the workload of frontline staffs.

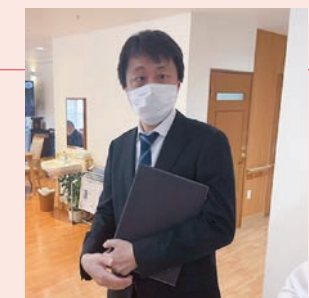
For example, the “Biami” shower bathing device for nursing care not only allows users to bathe comfortably without fear of drowning, as there is no need to fill the bathtub with hot water, but also reduces the workload of caregivers by allowing one person to assist bathing in a special bathtub, which normally requires two people.



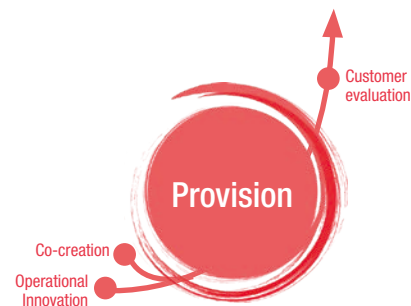
### Interview with the Facility Head of Sompo no le Haruhino

Takashi Kozawa Senior Facility Head

We have been working since FY2020 as one of the leading homes in the future nursing care creation project. Previously, we had relied on experience and intuition of staff members to give nursing care, so it took a certain amount of time to train new staff members, for example. However, by utilizing technology, we have been able to standardize work and reduce the workload of staff. Staff members are able to use their free time to spend more time with residents than ever before, and I believe this has led to improved quality.







## Providing high-quality products and services that solve social issues

Through accelerated cooperation to enhance product and service capabilities and business innovation aimed at providing high value-added services, the Sampo Group is working to provide high-quality products and services that solve social issues and support our customers' business innovation and lifestyles.

### “Medical Master” to solve the issues of SME proprietors

3.3 Eradication and control of epidemics and infectious diseases 3.4 Mental health and welfare promotion 8.3 Supporting micro, small, and medium enterprises through innovation

To fulfil the needs of SME proprietors desiring to take good care of their employees and easily obtain insurance, we have been offering the new product “Medical Master” for SMEs since June 2021. This product is paid for by the company without requiring employees to pay premiums, and covers not only tangible assets owned by the company, but also the people who support the company, such as proprietors and employees. SME proprietors wishing to enhance their employee benefit programs to be just as good as those of large companies in order to secure talented employees and prevent turnover have been highly impressed with the simplicity of the procedures, including the fact that it is not necessary to register or provide notification of employees. Through this product, we protect a wide range of SMEs and their employees from various risks.

### Sampo Japan Insurance

ビジネスマスター・プラス



メディカル・マスター

### Members with diverse characteristics demonstrate their strengths

Kazuteru Yamada Group Leader, SME Package Product Development Team, Commercial Business Strategy and Underwriting Department

I wish to contribute to the creation of an environment where employees are able to work with peace of mind for many years. I would also like to respond to the concerns of proprietors, among them preventing employee turnover and labor shortages. The Medical Master Development Project was initiated by a team that transcended departmental boundaries with this in mind. I believe that when members with diverse backgrounds combine their knowledge and experience, we can accomplish a great job that is greater than the sum of our individual strengths. Although I myself only joined the team in the middle of the project, we were able to overcome the many challenges that arose, one by one, by sharing our wisdom with each other. Indeed, I feel that we were able to complete the project precisely because of the strengths shown by our diverse team members. I would like to continue to respect the diversity of my colleagues whilst creating products that will please our customers.



### Providing cancer insurance that offers total support from before onset to post-treatment care

1.4 Accessibility of people to all services and financial resources 3.4 Mental health and welfare promotion 8.10 Accessibility to insurance and financial services

The “Health Support Cancer Insurance: Yuuki no Omamori” launched in October 2021 provides total support from before onset to post-treatment care. It is a “new form of cancer insurance” that is both rational and compatible with the latest cancer treatments based on the High-cost Medical Expense Benefit system. Smokers who successfully quit smoking after enrollment can change to a less expensive non-smoker premium rate. Furthermore, we have introduced the industry's first system in which premiums are not charged for the first three months of cancer coverage from the time of concluding the contract.

### Sampo Himawari Life Insurance

健康をサポートするがん保険  
勇気のお守り

### Supporting the fulfilling lives of customers

Toshihiko Morita Senior Deputy Manager, Business Planning Department

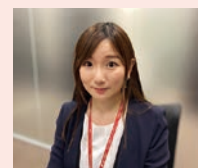
This product provides total support from before the onset of cancer to after treatment concludes. We introduce a cancer risk screening service that can be performed at home, allowing early detection of cancer. If people get cancer, we support the improvement of physical issues by introducing online exercise lessons for cancer patients. I would like to continue to focus on the significance of my involvement in each job, and refine the high quality of the services we deliver to our customers.



### Developing insurance that is attentive to customers' needs

Aya Tanaka Senior Deputy Manager, Product Planning Department

This product responds to customer needs by offering two types of coverage: a “treatment benefit type” that pays benefits for each month of receiving treatment under the High-cost Medical Expense Benefit system, and a “diagnosis benefit type” that pays benefits in a lump sum to be used in a variety of ways. We will continue to develop insurance that is attentive to customers' needs, and deliver insurance that is generally considered “hard to understand” and “difficult” in an easy-to-understand manner.



## Expanding our customer base based on trust and empathy

We are working to expand our customer base, which will support steady business growth, by earning the trust and empathy of customers and society in each of our business domains through provision of cooperation-oriented high-quality products and services.

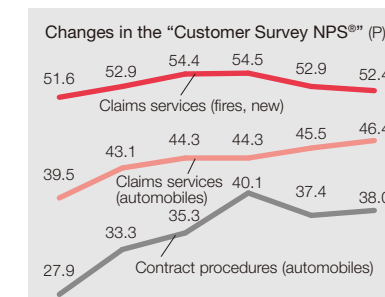
### No. 1 in the agency-based non-life insurance category of the J.D. Power “2021 Contact Center Support Satisfaction Survey”!

3.6 Promoting traffic safety 8.10 Accessibility to insurance and financial services 11.2 Providing access to sustainable transportation systems

This survey's purpose is to discover the level of satisfaction of people who used contact center support at financial institutions within the past year for resolving problems, making various inquiries, and gathering information on products and services. Sampo Japan ranked first in the agency-based non-life insurance company category, receiving the highest ratings in all four factors: ease of use, adequacy of information provided and responses to requests, politeness of explanations/politeness of responses, and time required to solve problems and respond.

Sampo Japan is also working to firmly establish customer-centric work management\*, and has established “Customer Survey NPS®” as one of the indicators to evaluate the status of this. Our evaluation by customers who have completed contract procedures and received claims services has improved compared to that before the announcement of the customer-centric work management policy (as of the end of FY2016).

\*Sampo Japan conducts customer-centric work management based on a thorough understanding of the customer's perspective at all points of contact with customers, in accordance with its Management Philosophy.



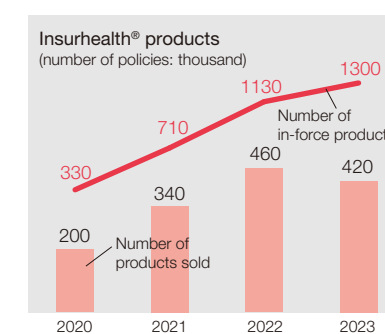
FY2016 FY2017 FY2018 FY2019 FY2020 FY2021

### The number of applications for “Health Support Cancer Insurance: Yuuki no Omamori” has reached 200,000!

1.4 Accessibility of people to all services and financial resources 3.4 Mental health and welfare promotion 8.10 Accessibility to insurance and financial services

The number of applications for “Health Support Cancer Insurance: Yuuki no Omamori” reached 200,000 in July 2022. Customers who have subscribed have commented favorably, noting that “it motivated me to quit smoking” and “the fact that there is no duplication of premiums was a deciding factor in my decision to review my cancer insurance.” It has also been highly evaluated by financial

planners and other experts, and has won the grand prize and top place in various cancer insurance rankings. This product, Insurhealth®, is a “new type of cancer insurance” that provides total support from before the onset of cancer to post-treatment care. We will continue to expand the number of Insurhealth® products sold and in-force as we aim to become a Health Support Enterprise.



### Sampo Care won the top prize of the “Asia Pacific Eldercare Innovation Awards” for efforts to assist users independence!

3.4 Mental health and welfare promotion 9.2 Promoting industry development through innovation, increasing employment and GDP 17.16 Multi-stakeholder partnerships

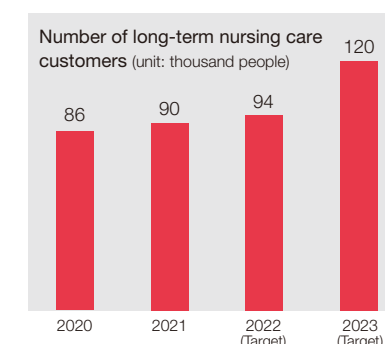
Through its nursing care service, which offers “assistance for independence” that respects each person's “individuality,” Sampo Care provides “Sampo Care Independence Assistance that Supports Independent Lifestyles” with the concept of improving quality of life (QOL) for seniors. This was entered in the “Operator of the Year—Assisted Living” category and won the top prize.

Under the theme of “Rethinking the Way Eldercare is Provided,” a panel of judges composed of global experts evaluated more than 200 outstanding innovations in eldercare entered from around the world and presented awards in each category.

In order to provide nursing care services

that lead to “assistance for independence,” we are working to provide optimal care based on a deep understanding of the needs of each individual senior through care management, conducting educational training and case study sessions for staff as a peripheral approach to assistance for independence, and accumulating and analyzing data through the active utilization of ICT and digital technology. By working to understand the gap between the essential needs of each senior and the content of services provided, we are striving to provide more appropriate nursing care services. Through these efforts, we will increase the number of long-term nursing care customers and support more seniors by

providing optimal long-term care services that are individualized and of high quality to each and every senior.



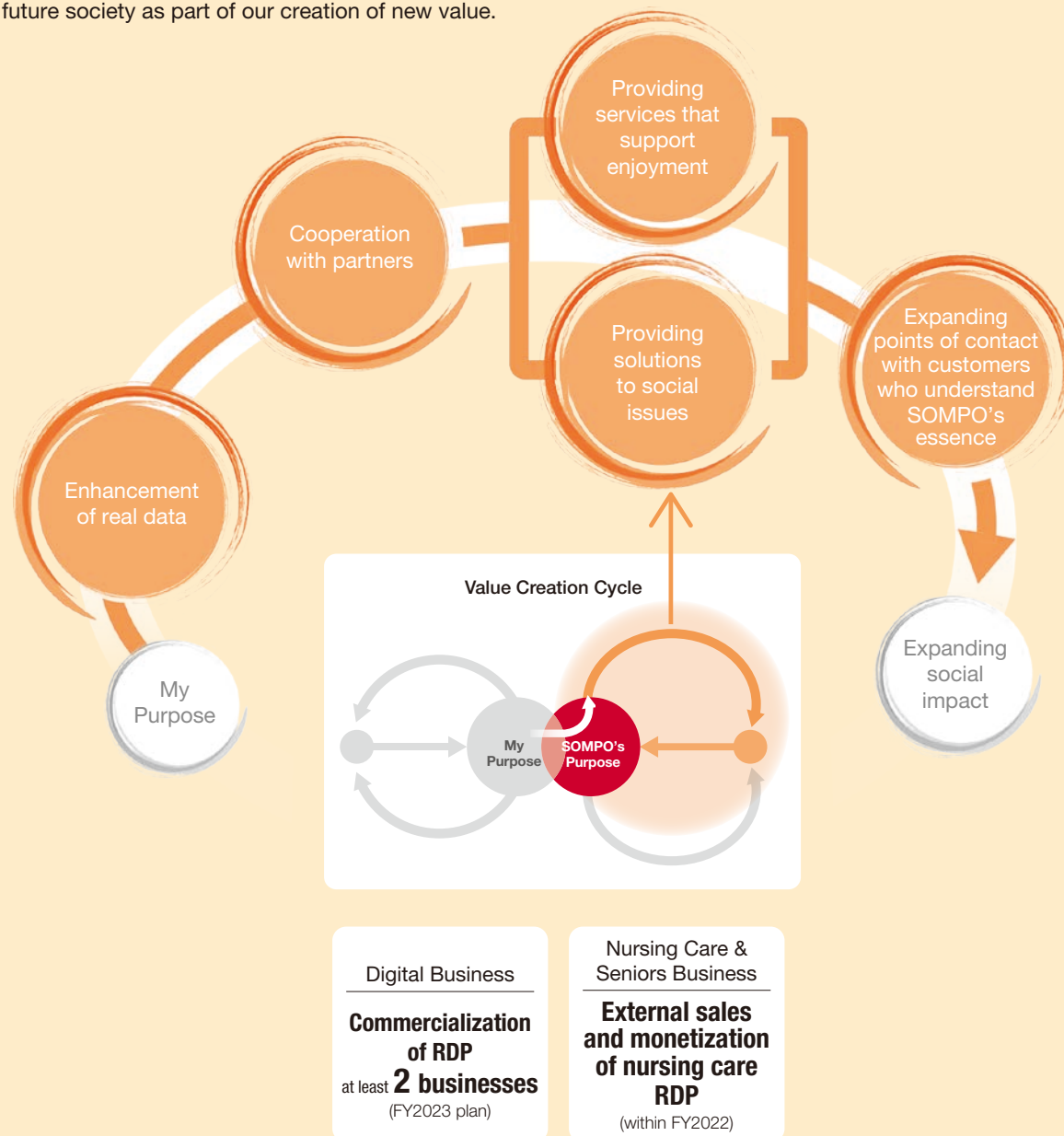


## Value Creation Cycle: Route of New Value Creation



## Providing solutions to change our future society

With the trust we have cultivated through our existing businesses and the abundance of high-quality real data we have accumulated, we are working to create new value beyond the boundaries of existing businesses by attracting diverse businesses and human resources as cooperation partners, promoting DX, and establishing our new RDP business model. The content here introduces specific efforts by each company to provide solutions that will change our future society as part of our creation of new value.



By thoroughly promoting the digital transformation (DX) of each business, which we have been working on since 2016, we aim to further accelerate the DX of the entire Group and increase corporate value by implementing revenue growth and improving operational efficiency in existing businesses, and by linking the efforts of Sampo Group companies to each business and company both in Japan and overseas.

In addition, by linking DX initiatives to RDP, we aim to develop and provide innovative SaaS solutions, especially in the nursing care and healthcare areas where social needs are high, and to materialize our unique RDP business.

Group CDO  
Albert Chu

## DX Strategy to realize digital transformation

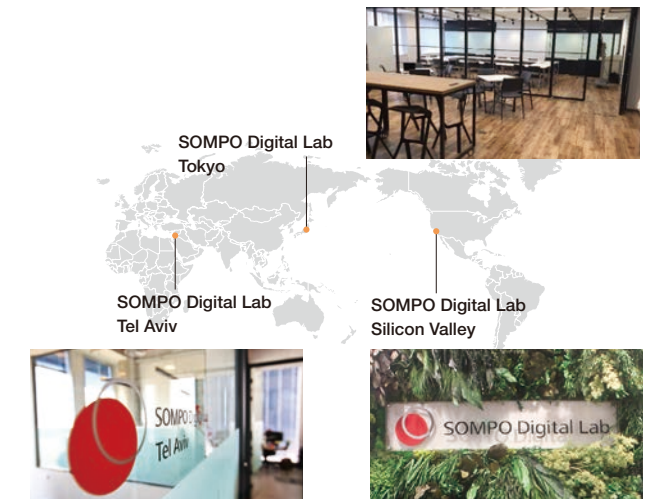
The Group is developing two mutually important efforts that are digital and data-driven: “new customer value creation through new businesses” and “DX promotion for existing Group businesses.”

We have positioned DX promotion as a foundational initiative, and have set up an organization to discover digital technologies, appointed a CDO to take charge of DX promotion, and secured and trained personnel to realize digital transformation (securing DX specialists and DX human resources development) as its three pillars. Through the organic functions in each of these pillars, we are working to accelerate DX initiatives and realize transformation. In addition, we will utilize data accumulated through the DX initiatives of the entire Group, and seek to enhance corporate value through the creation of customer value by linking it to our efforts for the realization of the Real Data Platform (RDP), a framework for creating new solutions that contribute to security, health, and wellbeing.

### The SOMPO Digital Lab transforms existing businesses and creates new businesses

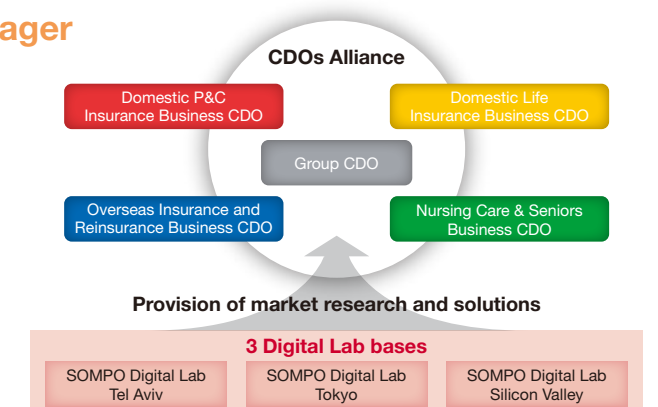
Since the establishment of the Digital Strategy Planning Department (now the Digital and Data Strategy Department) in April 2016, the SOMPO Digital Lab has been supporting the Sampo Group digital business at three bases in Tokyo, Silicon Valley, and Tel Aviv.

Each of the three bases is involved in its local community, and gathers cutting-edge information while also utilizing the venture capital network, enabling the collection of information on the latest technologies and approaches to leading local companies. In addition, through mutual collaboration by the bases to realize DX for the entire Group, they provide optimal solutions to diverse business needs and support the transformation of existing businesses and the creation of new businesses for each Group company.



### Appointment of the DX Promotion Manager

The Group CDO, who is the DX Promotion Manager for the entire Group, and the four CDOs appointed in each business to promote DX in the Group's core businesses will build an alliance to promote DX initiatives. In addition, the three SOMPO Digital Lab bases, which serve as “antennae” to quickly pick up on advanced digital technologies, are also responsible for market research, proof of concept (PoC) work, and solution provision, offering comprehensive support to each business, and thereby accelerating DX initiatives across the Group.



### Envisioned status and expected effects achieved through DX

Business	Envisioned status through DX	Expected effects in FY2023
<b>Domestic P&amp;C Insurance</b>	<ul style="list-style-type: none"> <li>Digital transformation of organizations and business processes (defensive DX)</li> <li>Creation of new digital business models to improve CX/UX (offensive DX)</li> </ul>	15.1 billion yen (Improvement of underwriting income/ expenses and operational efficiency)
<b>Overseas Insurance and Reinsurance</b>	<ul style="list-style-type: none"> <li>Business process transformation and automation</li> <li>Realization of differentiation through utilization of new technologies</li> <li>Improvement of quality and speed of decision making through data integration</li> <li>Realization of loss prevention through digital utilization</li> </ul>	1.9 billion yen (Improvement of underwriting income and expenditure, operational efficiency enhancement)
<b>Domestic Life Insurance</b>	<ul style="list-style-type: none"> <li>Expansion of Himawari fans by improving the value of Insurhealth® (insurance + healthcare)</li> <li>Pursuit of operational efficiency and optimization</li> </ul>	4 billion yen (New business opportunities, operational efficiency enhancement)
<b>Nursing Care &amp; Seniors</b>	<ul style="list-style-type: none"> <li>Realizing of projects of creation of future nursing care with high quality and productivity by utilizing digital data e.g. evolution of assisted living homes and at home nursing care models</li> </ul>	900 million yen (Operational efficiency enhancement)



## SOMPO's partners for creating new value

9.5 Research promotion and technology improvement through innovation 11.5 Disaster-resilient community development 17.16 Multi-stakeholder partnership

The Somo Group aims to realize SOMPO's Purpose and enhance corporate value by working with like-minded partners to promote initiatives that create new value by providing solutions that help solve social issues.

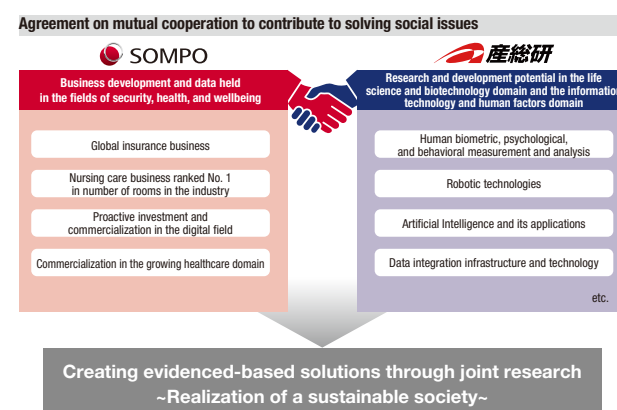
### Palantir Technologies Inc

To provide new solutions by utilizing large amounts of high-quality real data, SOMPO has formed a business alliance consisting of three companies including Palantir Technologies Inc. (hereinafter "Palantir") and Palantir Technologies Japan K.K., which was established as a joint venture with Palantir.

By combining Palantir's technology with our Group's real data, we are working to develop a real data platform (RDP) and take on the challenge of creating new value. With regard to the preceding nursing care RDP, solutions for nursing facilities are scheduled to be deployed by the end of FY2022, and we are steadily proceeding with preparations to this end.

### National Institute of Advanced Industrial Science and Technology (AIST)

Sompo Holdings has concluded an agreement on comprehensive mutual cooperation with AIST, one of the largest research institutes in Japan, in order to solve social issues such as the declining birthrate and aging population and the challenges associated with the new normal by leveraging expertise in our respective fields. SOMPO and AIST aim to build a platform for creating new customer value and solutions by forming an ecosystem involving the national government, local governments, and businesses. The first step will be to develop and standardize methods for assessing nursing care quality, and to develop methods for efficiently discerning the actual state of the nursing care process, with the aim of disseminating this to the world as a security, health, and wellbeing solution coming from Japan.



## Advancement and automation of underwriting operations

3.4 Promotion of mental health and welfare 8.2 Improving economic productivity through innovation 8.10 Accessibility to insurance and financial services

Palantir's data analysis platform "Foundry" was introduced for underwriting work (hereinafter "UW").

By integrating data scattered both inside and outside the company and storing it in one place, Foundry has created an end-to-end solution to increase efficiency and improve the accuracy of decisions.

At present, Foundry is used as the main system for UW, primarily by the corporate fire insurance underwriting department. In addition to promoting data-based pricing and optimization of underwriting conditions, the system has enabled us to identify SME-scale contracts with high loss ratios that could not be identified in the past and allowed us to review their underwriting conditions, yielding a steady improvement in income and expenditures in FY2021.

Going forward, we aim to further advance and automate UW by expanding our efforts for new types of insurance and integrating risk models and AI technology in the future.

### Sompo Japan Insurance

In addition, through cooperation with Hitachi, Ltd., we were the first in the insurance industry to commercialize natural disaster portfolio optimization technology using cutting-edge pseudo-quantum computing, and we introduced this into natural disaster risk underwriting decisions in FY2022. The technology uses a pseudo-quantum computer to rapidly calculate a portfolio that balances both risk-taking and stable profitability from a vast number of possible combinations of underwriting and reinsurance conditions for natural disaster risks. We have already begun using this technology for earthquake insurance for corporate clients, and will continue to expand its use in underwriting and reinsurance arrangements for other types of insurance.

Sompo Japan will continue to promote DX through the utilization of cutting-edge technologies, including real data platforms and quantum technology.

## Providing new value utilizing digital technology and data

### Sompo Himawari Life Insurance

3.4 Mental health and welfare promotion 9.5 Creating added value through innovation 17.16 Multi-stakeholder partnership

In order to realize SOMPO's Purpose, we are leveraging digital technology and data to provide value that makes our customers healthier. To date, we have provided new value through collaboration with Binah.ai, an Israeli startup company with H2 in Taiwan and Niigata University. Our collaboration with Binah.



ai was in the healthcare field, and involved joint development of a function that allows customers to check their stress conditions by simply taking a photographic portrait of a face. This function is provided through the "LinkX Health Try" app, which supports improvement of lifestyle habits. This app also includes other functions utilizing

technology from a Silicon Valley startup company that acquires health checkup data from images. In addition, H2 is developing Health2Sync App a health management app for diabetics that is used by approximately 900,000 people worldwide. Through our business alliance, we support the prevention of serious illness by manage chronic conditions efficiently. Moreover, we are conducting joint research with Niigata University on the effects of improvement of lifestyle habits through voluntary lifestyle review using the app.

We will continue to provide new value by leveraging our domestic and international networks and expertise.



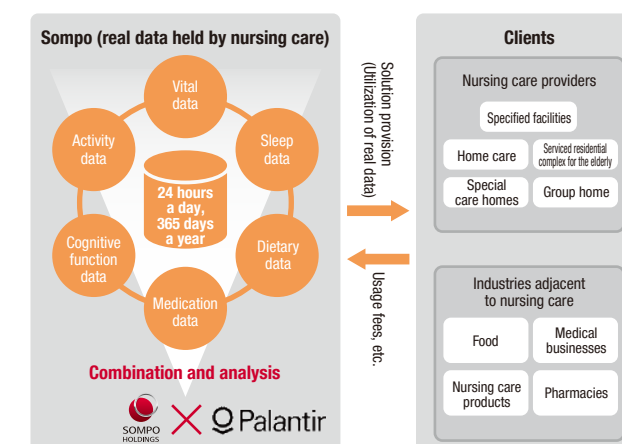
Airi Ito  
Service Design,  
Senior Deputy Manager,  
Business Planning  
Department

## Nursing Care RDP—transformation into a platformer in the nursing care and seniors business field

3.4 Mental health and welfare promotion 9.2 Creating added value through innovation 17.16 Multi-stakeholder partnership

### Overview of the nursing care RDP

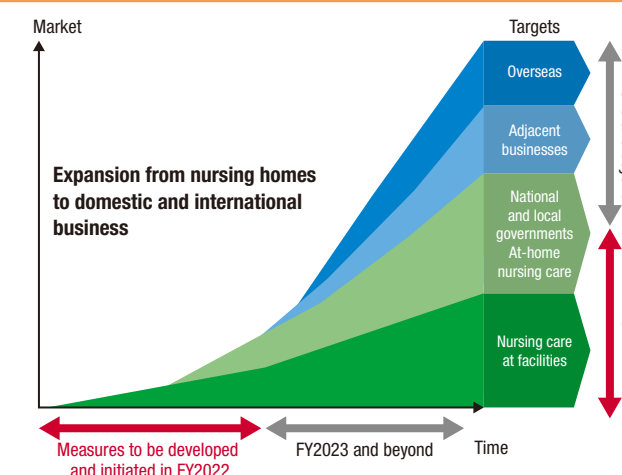
In the nursing care and seniors business, we are taking on the challenge of resolving the gap between the growing demand for nursing care and the supply of nursing care due to the social issue of Japan's aging population, and improving the sustainability of the nursing care insurance system. A major pillar of these efforts is the "Nursing Care RDP (Real Data Platform)". The main pillar of this initiative is the "Nursing Care Real Data Platform (RDP)." Based on industry leader Sompo Care's big data (real data) on users, operational capabilities such as services and know-how, and Palantir's data integration, the RDP aims to contribute to the sustainability of the entire industry by creating new solutions that contribute to improve productivity with good quality and deploying them in the nursing care and adjacent industries.



### Vision for the Nursing Care RDP

The goals of the Nursing Care RDP are not only to expand into the nursing care and adjacent industries, but also to realize a sustainable nursing care insurance system in cooperation with both national and local governments, and to expand business overseas.

As the first step, we started collaboration with a partner company for nursing care facilities in June 2022, with full-scale sales planned to begin by the end of the fiscal year. At the same time, we aim to establish a system that has the potential to become the de facto standard by collaborating with local governments to build a home nursing care model and study caregiver support services, and by standardizing technology and care quality through joint research with the AIST.





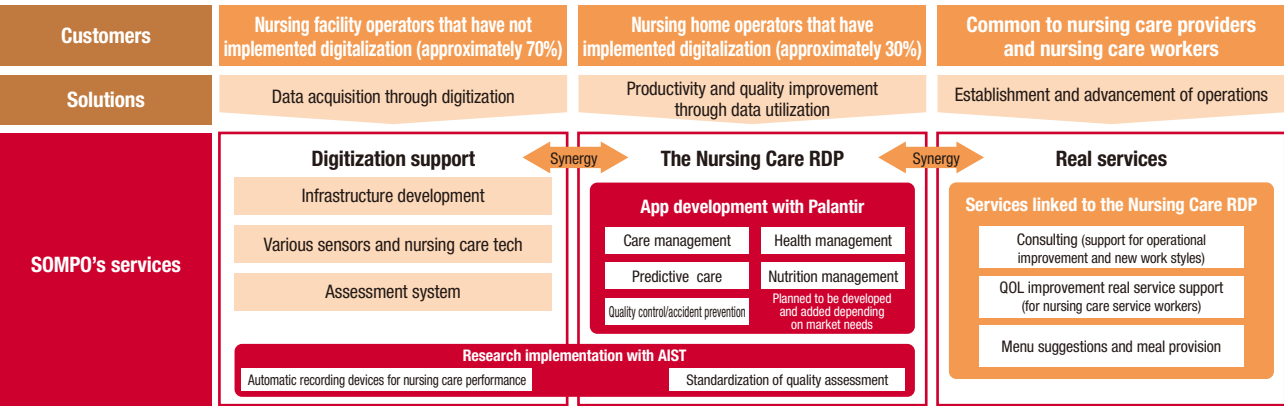
Business model and practice of the Nursing Care RDP

Business model of the Nursing Care RDP

We are considering supporting nursing facilities with three menus : the Nursing Care RDP, support for digitalization and real service provision as a business model.

For nursing care providers that have already implemented digitalization, we will provide the solutions (apps) we have developed to help them improve productivity and quality through data utilization. For nursing care providers whose various records have not been digitalized and their operation have not been systematized yet, we will support development of their infrastructure by supporting digitization and aid visualization through centralized management for various data, along with creating a system that enables them to acquire and utilize real data. Furthermore, in addition to data-related support, we will also provide support in terms of real services, such as Sompo Care's know-how and services, in order to establish and enhance operations.

By providing such support, we will spread SOMPO's aim of improved productivity accompanied by good quality throughout the industry, and take on the challenge of contributing to improving the sustainability of the nursing care insurance system.




The future we aim for with the Nursing Care RDP

On the implementation of the demonstration

**Interview with the Facility Head of Sompo no Ie, Kawasaki Miyamae**

Daisuke Sasaki Senior Facility Head


As a leading home exercising nursing care RDP, we are currently conducting a demonstration of a module that utilizes real data. Previously, our information on users (real data) was scattered across multiple systems and paper documents, and it took time to find necessary information. The centralization of information has reduced the time required to create care plans and improved the quality of care. The data also suggests appropriate timing and methods of care predicted from the data, and thanks to this we are beginning to be able to provide high-quality care for our users when they need it. We believe that we will be able to provide each customer with more personalized care due to being able to interact with them more in the time created by the system.



**Project leader's comment**

Naoki Hiranuma General Manager of the Data Strategy Department, Sompo Care

Currently, we are using the predictive nursing care function at two facilities, proceeding with efforts to prevent the deterioration of customers whose condition has been predicted to be worse, and preparing to expand the number of users and roll out the system. We are aiming to allow our users to achieve “the ability to continue living their own lives by preventing the worsening of health conditions as much as possible,” and to realize the goals of “reduce workload caused by prevention from deteriorating health conditions of users and improve motivation by providing care tailored to each individual user,” and “stabilize management by reducing staff workload and preventing employee turnover” for our Company.



Specific examples of solutions for nursing facilities

**Health management and workflow**

This app provides suggestions on changes in health condition by centralizing and analyzing information from various sensors and daily customer records. We are developing and verifying this app with the expectation that it will be effective in coordinating with doctors to adjust medications, provide necessary interventions, and more.

**Care management cycle workflow**

Based on the real data and records obtained, this app provides suggestions in terms of four aspects of the care management flow: assessment, care planning, nursing staff workflow (schedules), and nursing care records. We are developing and verifying the app with the expectation that it will be effective in implementing a review of the level of care required and care plans.

**Visible nursing care**    **Incorporating artistry (know-how) into the system**    **Predictive nursing care**

**Collaboration with partner companies from June 2022 for product generalization**  
**Full-scale sales by the end of this fiscal year**

**Integration and visualization of scattered data**



**Health management and workflow**  
(Example: Coordination of medication adjustment with doctors)




**Care management cycle workflow**  
(Example: Review of level of care required and care plans)



**Independence assistance**



Towards promotion of the nursing care RDP



**Takahiro Iwamoto**  
Executive Director and Chief Digital Officer, Sompo Care

One of the social issues facing Japan is the declining birthrate and aging population, which is a major problem that no industry can avoid. The aging of society means that while the number of seniors will increase, the working-age population will decrease — something that will have a particularly large impact on the nursing care industry. The Ministry of Health, Labor and Welfare (MHLW) has announced an estimate that by 2040, there will be a shortage of 690,000 nursing care workers to support seniors. We at SOMPO feel a strong sense of urgency about this issue, and have thought about what we can do to improve the sustainability of the nursing care industry. As a result, we have concluded that instead of focusing solely on our own growth, it is essential to work hand in hand with other nursing care providers, medical care, and other adjacent industries to achieve growth for society as a whole through the Nursing Care RDP.

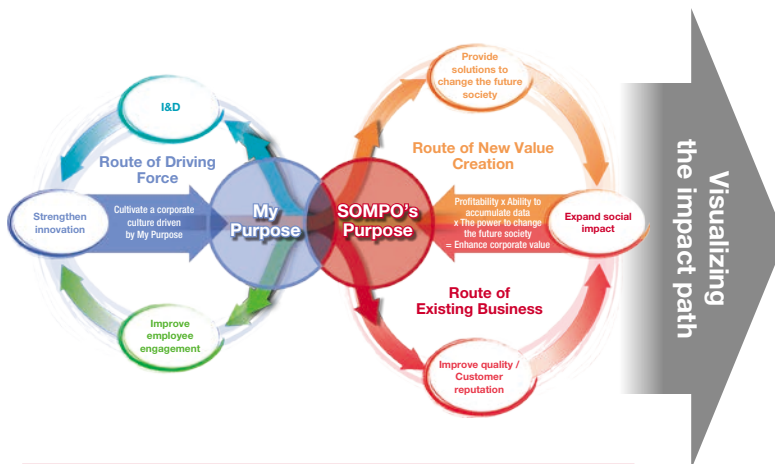
Through our Nursing Care RDP efforts, we aim to improve productivity with good quality throughout the nursing care industry as a whole. We will ensure the calculation of nursing care fees and personnel systems through appropriate care management, improve the activities of daily living (ADL) and QOL of users through health management and future predictions, and in turn have this lead to reductions in social security costs. Through this, we hope to create a world in which users, employees, and future society can all benefit from “the three goods” (good for the buyer, seller, and society).



# Improving Unrealized Financial Value – Visualizing the impact path of human capital

## Efforts to visualize SOMPO's Unrealized Financial Value

The Group calls any value that leads to financial or corporate value in the mid- to long-term **“Unrealized Financial Value,”** and the entire Group works to improve it while attempting to visualize it as much as possible by determining its impact path. Using the “Value Creation Cycle” that lays out the path to realizing SOMPO's Purpose, we set key levers/KPI to improve unrealized financial value. By improving each of these indicators, we will demonstrate to our stakeholders how we are progressing in managing the path to achieving SOMPO's Purpose.



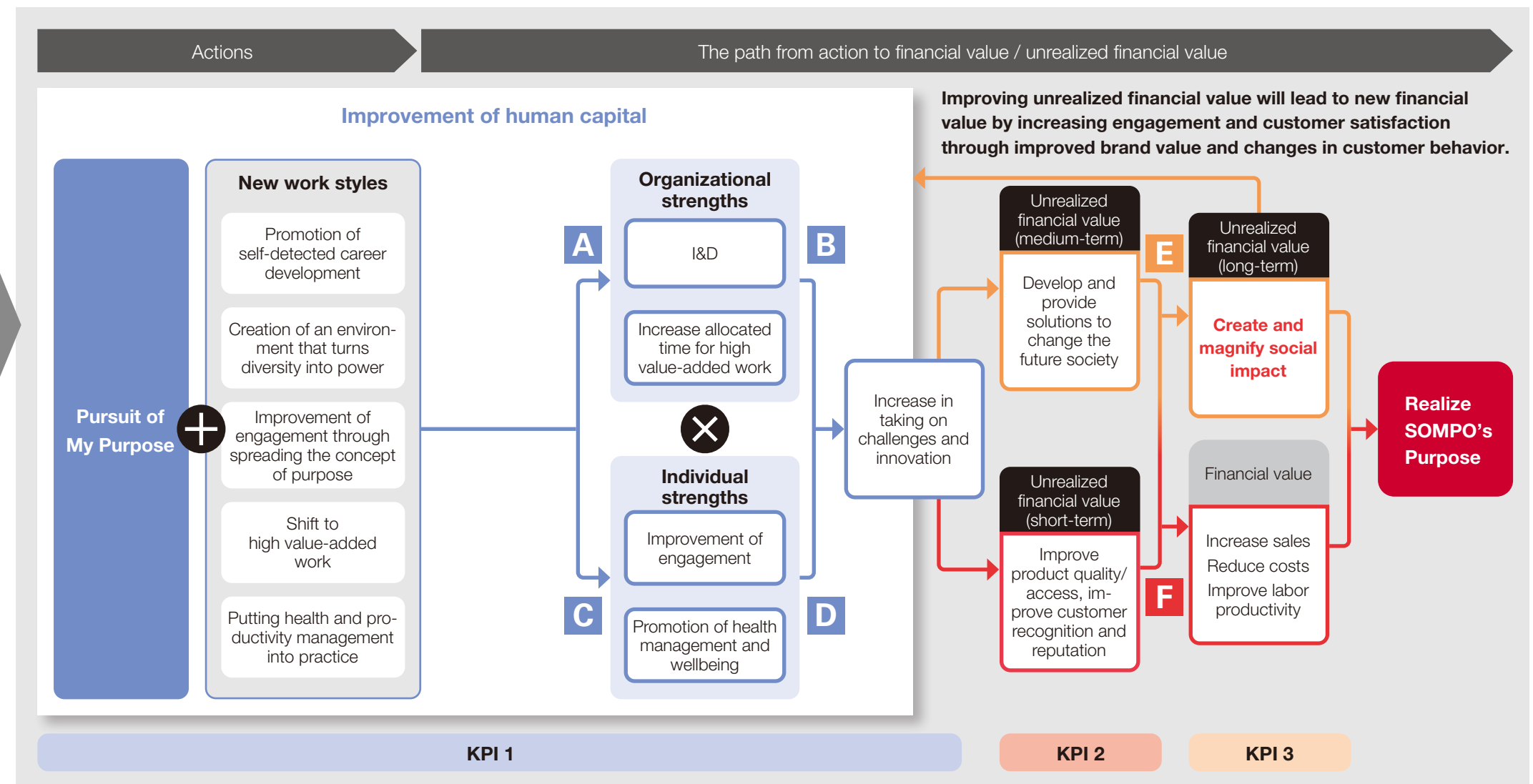
## The Impact Path

We have visualized the path our efforts to improve unrealized financial value through our investment in human capital will take to creating financial and corporate value.

We believe that our My Purpose initiative and new work style will lead to improvements in human capital, i.e. organizational strength and individual abilities, by improving engagement and I&D. This will work to drive other efforts to produce innovation and improve short-, medium-, and long-term unrealized financial value. Through this, we will increase financial value in a sustainable way and achieve our purpose.

This time, we particularly focused on visualizing the impact path for human capital. Based on the narrative created by this impact path, we have set sequential KPIs for each lever to gauge and display progress (see table on right.) We will verify each of these connections using data gathered within the Group and objective data published by external organizations, and thereby work to improve the impact path.

\*Value that is not shown on financial statements is generally called “non-financial value,” but we call it “unrealized financial value” because we believe such items will lead to financial and corporate value in the mid- to long-term.



KPI 1	Details	2021 financial results	See Page 22
My Purpose	<ul style="list-style-type: none"> <li>Executives and employees (As of March 31, 2022)</li> <li>My Purpose training participation ratio (FY2021)</li> </ul>	73,676 (27,070 male; 46,606 female) 66.0% (FY2023 goal: 100%) *1	
Engagement	<ul style="list-style-type: none"> <li>Employee engagement</li> <li>Productivity indicators connected to health and productivity management</li> <li>Number of companies certified as Health &amp; Productivity Management Outstanding Organizations</li> </ul>	Domestic: 3.46 points Overseas: 4.02 points*2 93.8%*3	
I&D Data	<ul style="list-style-type: none"> <li>Percentage of female executives (As of April 1, 2022)</li> <li>Percentage of executives who are foreign-born (As of July 1, 2022)</li> <li>Percentage of female candidates in succession plans</li> <li>Percentage of female managers (As of April 1, 2022)</li> <li>Percentage of employees with disabilities (As of April 1, 2022)</li> </ul>	9.0% 14.7%*4 32.4%*5 26.8% 2.41%	

\*1 Participation rate in domestic P&C insurance, domestic life insurance, and nursing care and seniors businesses

\*2 FY2023 targets – Domestic: 3.70 points, Overseas: 4.10 points

\*3 Targeting Sompo Japan and Sompo Himawari Life

\*4 Ratio of executive directors, executive officers, vice presidents: (5 out of 34 total)

\*5 Targeting the Group CEO, other chief officers, presidents, and other key posts (total 88)

KPI 2	Details	FY2021 results	See Page 30
Quality/customer reputation	<ul style="list-style-type: none"> <li>Sales of priority products</li> <li>Customer satisfaction with car accident response</li> <li>Number of Insurhealth® packages sold/owned</li> <li>Number of nursing care users</li> </ul>	72,000 at 2.49 billion yen 46.4pt 340,000/710,000 90,000	

KPI 3	Details	Goal	See Page 36
Solutions	<ul style="list-style-type: none"> <li>Group sales created using RDP</li> <li>External sales and monetization of RDP products and services</li> </ul>	500 billion yen (mid- to long-term goal) Two or more businesses by end of FY2023.	
Social impact	<ul style="list-style-type: none"> <li>Details planned for release in November 2022</li> </ul>		



# Improving Unrealized Financial Value – Visualizing the impact path of human capital

## Verifying the impact path connections

Organizational improvement route

Individual improvement route

### Human Capital

#### A My Purpose dialogue accelerates I&D

Formulating My Purpose, engaging in dialogue about it, and sharing it within the organization are all key to nurturing I&D culture—a culture that accepts diverse values—and form the foundation upon which such a culture is built.

At SOMPO, we have confirmed that the more an organization engages in one-on-one discussions with employees about their My Purpose, the more that organization tends to recognize and accept diverse values.

Correlation coefficient: 0.9

#### B I&D fosters an intrinsic motivation that encourages more people to take on challenges

We believe that individuals with different values can more easily demonstrate their talents and strengths at organizations that foster I&D culture, and are more likely to take on the challenge of producing innovation.

SOMPO has confirmed that organizations that accept diversity in values tend to have employees who are more willing to take on challenges to realize their My Purpose.

Correlation coefficient: 0.85

#### C My Purpose dialogue improves engagement faster

We believe that formulating a My Purpose and discussing it one-on-one with supervisors and subordinates encourages employees to work autonomously based in that purpose, which leads to improved engagement.

SOMPO has confirmed that organizations that engage in one-on-one dialogues about My Purpose tend to have higher engagement.

Correlation coefficient: 0.72

#### D Engagement increases intrinsic motivation encouraging more employees to take on challenges

We believe that improving engagement leads to greater innovation and more employees taking on challenges based on their own intrinsic motivations.

SOMPO has confirmed that highly-engaged organizations tend to have employees more motivated to take on challenges to realize their My Purpose.

Correlation coefficient: 0.79

\*Our analysis is based on a survey about engagement aimed at employees of Sompo Holdings and conducted by Sompo Institute Plus. We are currently looking into expanding future analysis to include surveys conducted on each group company.  
\*Understanding correlation coefficient: Generally speaking, the closer the coefficient is to "1," the stronger the positive relationship between two variables is. A strong correlation between the variables is suggested for any coefficient with an absolute value roughly between 0.7 and 1.0.

Unrealized Financial Value (Medium-term, Long-term)

Unrealized Financial Value (Short-term)

### E The challenge of visualizing SOMPO's social impact and the connection to future financial value

By organizing impact paths and converting them into monetary values, we will clarify the social impact we produce that go beyond the scale of our operations. The four paths shown below show how social impact can lead to future financial value, and by taking these paths, we believe that our social impact will be returned to us in the form of human capital and business activity, and thereby produce financial value.

**Example: Nursing care business**

1. Improve brand value

2. Change consumer purchasing preferences

3. Improve employee engagement

4. Formulate rules that match actual conditions

Human capital initiatives

Business

Social impact

Improve existing business/Develop new business

Corporate finance (sales/profit)

Social impact

Improve employee engagement

Formulate rules that match actual conditions

Accumulate and enhance intellectual capital

Improve brand value

Change consumer purchasing preferences

Improve employee engagement

Formulate rules that match actual conditions

Increase number of partner companies and customers

Improve existing business/Develop new business

Accumulate and enhance intellectual capital

Improve brand value

Change consumer purchasing preferences

Improve employee engagement

Formulate rules that match actual conditions

Increase available people

We plan to implement a means of determining the monetary value of SOMPO's social impact and publish that in the future.

\* Details are planned for release in November 2022

### F Improving engagement leads to improved quality and performance through individuals taking on challenges and increasing innovation

It is expected that organizations with high engagement are able to improve labor productivity and quality. Here at the Group, we have analyzed the correlation between engagement (eNPS)\* and budgeting target achievement rate, and confirmed that sales branches that score highly tend to have higher rates of achievement in subsequent fiscal years.

\* eNPS or "employee Net Promoter Score" is a metric used at Sompo Japan to measure employee engagement, and is an indicator based on the question, "Would you encourage your friends or family to join the company?"

We compared and confirmed engagement (eNPS) and budgetary target achievement rates for the top 25% and bottom 25% of Sompo Japan's roughly 550 sales branches.

We were able to confirm that there is a statistically significant difference between the two groups, **with higher achievement rates in the upper 25% of sales branches compared to the lower 25%.**

Budgetary target achievement rate

Fiscal 2019 Fiscal 2020

Top 25% eNPS group Bottom 25% eNPS group

\*This analysis was conducted by Sompo Institute Plus.