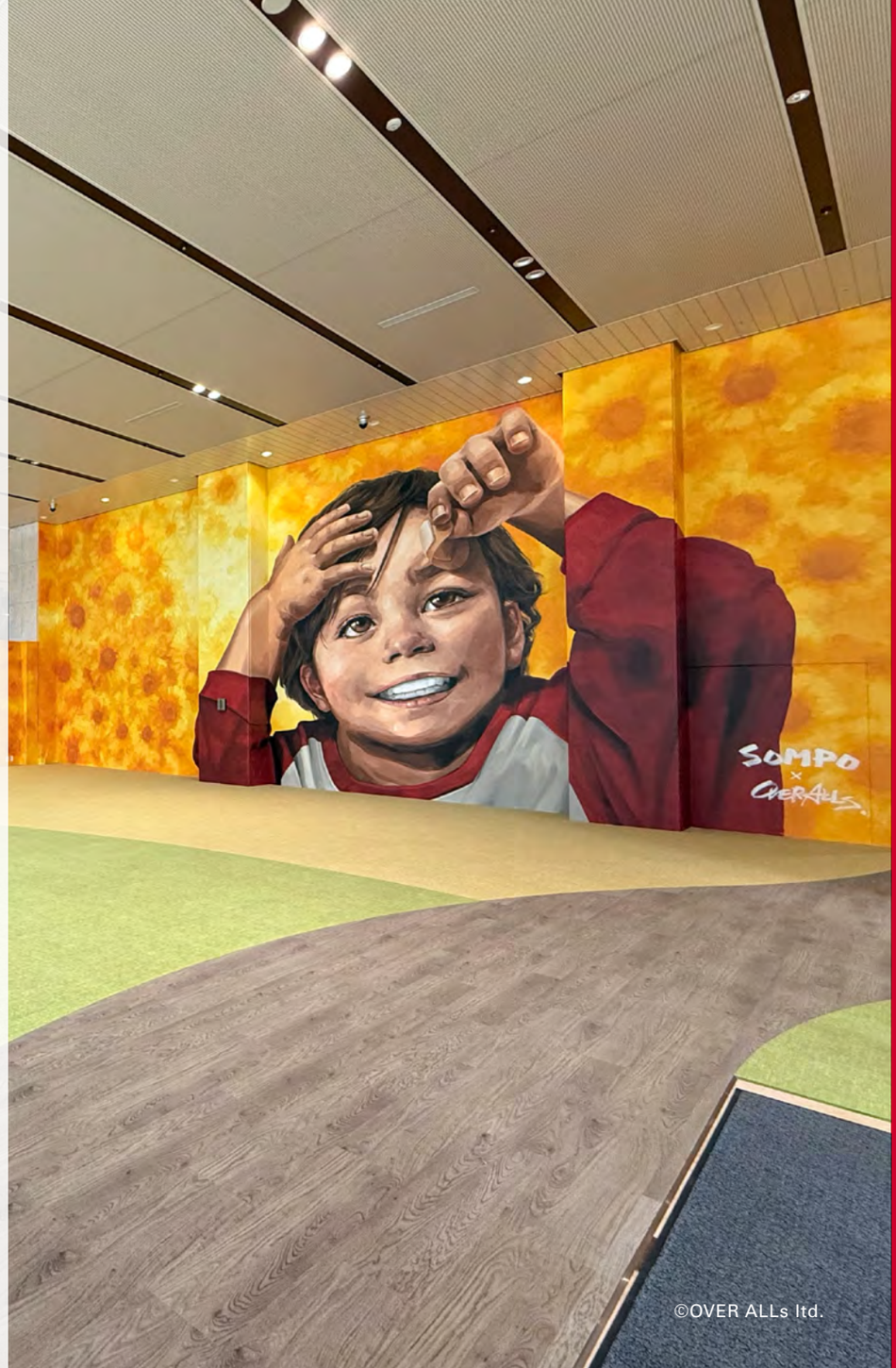
SOMPO

Sompo Holdings

Integrated Annual Report 2025



©OVER ALLs ltd.

To Our Stakeholders

To Our Stakeholders

Main Section

Sustainability Section

Financial and Corporate Data Section

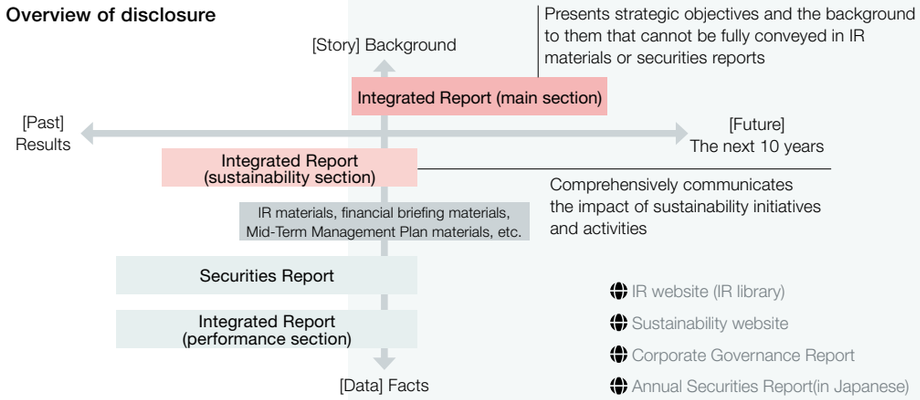
We decided to begin publishing an Integrated Report in FY2024, combining our Integrated Report and Sustainability Report. The report encompasses a main section, a sustainability section, and a financial and corporate data section.

The main section and performance section offer comprehensive disclosure of the Group's vision, our strategic objectives and the background to the objectives, as well as financial and performance information, while the sustainability section broadly discloses impact of specific sustainability initiatives and activities.

We chose this new format to gain a more in-depth understanding among stakeholders of the Group's business model, while also presenting a coherent story that clearly conveys our vision and strategy for creating long-term corporate value, as well as the progress we are making toward achieving that goal.

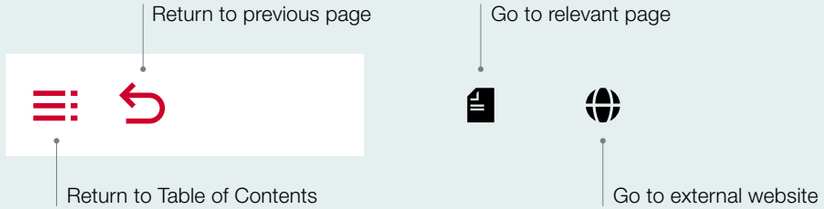
By capitalizing on this Integrated Report as a communication tool, we hope to promote dialogue with stakeholders and generate a cycle that will lead to the further enhancement of corporate value.

Overview of disclosure



Guide to reading this report

Each page contains navigation buttons to make it easier to move around between pages.



Editorial Policy

This report compiles financial and non-financial information on Group efforts to create sustainable value, and presents our business model and the value we provide to stakeholders in an easy-to-understand manner. It also serves as disclosure materials based on Article 271-25 of the Insurance Business Act and Article 210-10-2 of the Ordinance for Enforcement of the Insurance Business Act.

Reporting period

This report relates mainly to initiatives from April 1, 2024, to March 31, 2025, but also contains some latest initiatives and policies to provide updated information.

Scope of this report

This report covers Sompo Holdings, Inc. and its affiliated Group companies in and outside Japan. It also features some activities by Group company agencies.

Publication period

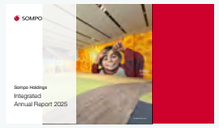
Japanese version: August 2025, English version: November 2025
(Previous report. Japanese version: August 2024, English version: October 2024)

Referenced guidelines

- International Integrated Reporting Framework*1
- Guidance for Collaborative Value Creation*2
- GRI Sustainability Reporting Standards
- ISO 26000: International standard on social responsibility
- SDG Compass: The guide for business action on the SDGs
- TCFD recommendations/TNFD recommendations
- ISO 14064-1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- Sustainability Reporting Guidelines—SPI Report Guide, Network for Sustainability Communication
- The Ten Principles of the United Nations Global Compact
- United Nations Guiding Principles on Business and Human Rights
- Charter of Corporate Behavior and Its Implementation Guidance, Keidanren (Japanese Business Federation), the 9th version

*1 An international corporate reporting framework provided by the IFRS Foundation (formerly Value Reporting Foundation), which enables companies to tell their short-, medium-, and long-term value creation stories.
*2 Guidance developed by Japan's Ministry of Economy, Trade and Industry to encourage companies and investors to deepen mutual understanding through information disclosure and dialogue, thereby promoting collaborative value creation.

Thinking behind the cover



©OVER ALLs ltd.

The cover design of this report features a mural that expresses SOMPO's Purpose: For a future of health, wellbeing, and financial protection.

The SOMPO Grand Mural Project was planned with the cooperation of OVERALLs, a company that specializes in expressing corporate history and philosophy through murals. Installed in the atrium on the first floor of Sompo Japan Insurance's Shinjuku headquarters building, the mural was inspired by the ideas of project members, who were Sompo Group employees recruited from all over the country.

For further details, please refer to Corporate Citizenship Activities (sustainability section, page 180).

CONTENTS

To Our Stakeholders

Main Section

Sustainability Section

Financial and Corporate Data Section

To Our Stakeholders 1

Main Section

Top Message

Group CEO Message 3

Realizing Our Purpose

SOMPO's Purpose 7

Realizing Our Purpose 8

Mid-Term Management Plan (FY2024–2026): FY2024 Year-End Progress 9

Business Strategy

SOMPO P&C 10

Overview of SOMPO P&C 10

Message from CEO of SOMPO P&C 11

Domestic P&C Insurance Business 13

Overseas Insurance and Reinsurance Business 17

SOMPO Wellbeing 18

Overview of SOMPO Wellbeing 18

Message from CEO of SOMPO Wellbeing 19

Domestic Life Insurance Business 21

Nursing Care Business 23

New Initiative of SOMPO Wellbeing 25

Group Strategy

Finance Strategy 26

Human Resource Strategy 30

Digital, Data, and AI Strategy 36

Sustainability Strategy 40

Governance

Ensuring More Effective Governance 43

Internal Control System of the Group 44

Message from the Chair of the Board 45

Operational Status of the Board of Directors 47

Audit Committee 49

Nomination Committee 51

Compensation Committee 52

Board of Directors 53

Sustainability Section

Introduction

SOMPO's Materiality -Process of Formulating "Description of Purpose" - 55

Sustainability Vision and Policy 57

Stakeholder Engagement 60

Participation in Sustainability Initiatives 61

Governance

Overview of Corporate Governance 63

Composition of the Board of Directors 64

Succession Plan 65

Policies for Appointment of Directors and Executive Officers 66

Executive Structure 67

Executive Compensation Structure 70

Group Internal Controls to Support Corporate Governance 75

Group Internal Audits 75

Compliance 76

ERM 80

Crisis Management and Business Continuity 85

IT Governance/Cybersecurity 86

Sustainability Governance 90

Sustainability through Underwriting, Investments and Loans 91

Environment

Group Environmental Policy/ SOMPO Climate Action 97

Leadership on Global Environmental Issues 98

Response to TCFD and TNFD 99

Climate Change and Nature-related Initiatives 115

Encouraging People to Develop Skills Needed for Environmental Protection 123

Society

Respect for Human Beings 126

Business and Human Rights 127

Inclusion & Engagement 136

Talent Development 140

Wellness Management 143

Feature | Value Creation Initiatives Based on My Purpose 149

Financial Inclusion 154

Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters) 157

Contributing to a Safe and Secure Mobility Society 159

Extending Healthy Life Expectancy 163

Contributing to a Sustainable Social Security System 168

Improving the Quality of Customer Services 169

Corporate Citizenship Activities 173

Initiatives of Supporting Activities and Research in Social Welfare 181

Contributing to Community through the Arts and Culture 183

Data

Group Companies 185

External Evaluation 188

Other Related Information 191

Financial and Corporate Data Section

Financial Highlights 193

Consolidated Business Overview 196

Summary of Accounting 217

Corporate Data 355

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.

Planning and editing

Sompo Holdings, Inc.
Sustainable Management Office

26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku,
Tokyo 160-8338, Japan
TEL: +81-3-3349-3000

To Our Stakeholders

Main Section

Top Message
Group CEO Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Group CEO Message

The origins of the Sompo Group date back to 1888, when Japan's first fire insurer, Tokyo Fire Insurance, was established. For more than 130 years, while dealing with complex risks and issues, we have strived to meet the expectations of our stakeholders, including customers, society, shareholders, business partners and colleagues to deliver a future of health, wellbeing and financial protection. Throughout and looking ahead, we continue to build Sompo Group's resilience to be able to deliver value for society and for people, under any conditions.

The keys to building our resilience as a company are our corporate culture and professionals' growth. It is vital that we create a culture that develops a deep understanding of the importance and significance of professionalism at work, based on constantly learning and achieving one's own aspirations. Under a new management structure comprising the SOMPO P&C and SOMPO Wellbeing business segments, we will strengthen our efforts to 'connect and be connected' and learn from each other across the group so that we can become 'a Japan-born, truly global company.'

My aim is to ensure the growth of the Sompo Group as a stronger and more innovative enterprise by leveraging our diversity, increasing our resilience, and fostering a corporate culture where we learn from each other across geographic and business boundaries. This will help achieve the future of health, wellbeing and financial protection that we want to pass on to the next generation.

To Our Stakeholders

Main Section

Top Message
Group CEO Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Group CEO Message

Resilience is essential to delivering ‘a future of health, wellbeing and financial protection’

In 1888, when Sompo’s predecessor Tokyo Fire Insurance was founded, frequent fire occurrence had become a major social issue, and the company’s aim was to give people greater peace of mind. The modern world in which we live is filled with risks and anxieties amid a stream of previously unimaginable events, such as rising geopolitical tensions, climate change, and the advent of dramatic technological changes, including AI.

To take climate change as an example, the increased severity and frequency of natural disasters pushed related economic losses in FY2024 to US$318 billion, a critical situation for the industry. The global revenue base required to offset such losses is insufficient, which has resulted in a hard market and surging premiums, while the market has recently shown signs of moderating. This market trend, as one of the factors, is widening the so-called protection gap, where customers find it harder to secure coverage for natural disasters and to access services. We need to recognize this as a major social issue that the insurance industry must face.

The demographic shift is another looming issue. In Japan, we are facing various problems due to the rapidly aging society caused by low birthrates and increased longevity. Estimated medical expenses rose to more than ¥47.3 trillion in FY2023, around 20% higher than a decade earlier. As a result, increasing anxiety about the sustainability of the health care insurance system and the long-term care insurance system is spreading not only among the elderly but also among young people.

Preserving the company’s founding concept of delivering peace of mind, the Sompo Group today is working towards ‘a future of health, wellbeing and financial protection’ for a society confronting complex issues. To satisfy the expectations of customers, society, shareholders, business partners, colleagues and other stakeholders by earning the trust of everyone and consistently delivering peace of mind, it is essential that we build the resilience of the Sompo Group. In other words, everybody in the Group needs to combine strength with flexibility.

This is not simply about increasing revenues or boosting profitability using more advanced business models or insurance underwriting. In a broader sense, resilience means creating an organization that is flexible enough to respond to varied conditions.

Corporate culture and ‘My Purpose’ as the keys to building resilience

Customer needs will continue to change amid an expected acceleration of trends. In such circumstances, the corporate culture we develop with our employees holds the key to building resilience. Providing solutions to the issues of today is not enough; our organization and everyone working in it must be determined to learn and grow constantly, and we strive to create a culture imbued with such values.

Improving specialist expertise and productivity are vital for developing the competitive edge needed to increase corporate value. However, I think it is even more important to think all the time about what our customers really need and to have a strong determination to find solutions. By making this part of the organization’s culture, I believe specialist expertise as well as productivity of all professionals will rise as a matter of course.

‘My Purpose’ is the starting point for this transformation of corporate culture. My experiences with people from the world of sports show me how many elite athletes understand the importance of objective self-evaluation, combined with a determination to set goals and to work hard to achieve them. I think the same can be said in business. We all come into this world with the potential to contribute in some way to family, friends and society. ‘My Purpose’ expresses the aspiration to become the person to achieve that. We must be honest with ourselves, take an objective view, and resolve to overcome

To Our Stakeholders

Main Section

Top Message
Group CEO Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Group CEO Message

any shortcomings. The company stands ready to provide opportunities for our professionals. As our professionals connect their purpose with SOMPO's Purpose, and as 'My Purpose' gradually evolves over time, they will increasingly focus on achieving these goals. That is what true professionalism means. By taking the initiative with all of our senior management team, I aim to instill this in all Group employees.

We held the inaugural Sompo Group Awards in 2022 to recognize achievements by Group colleagues. Ever since, it has provided an opportunity for executives and colleagues to discover and praise the challenges undertaken by Group colleagues around the world, and to help unify us to take on fresh challenges. At the awards ceremony held in February 2025, we saw how hard many of our Sompo Group people were working with their colleagues to contribute to the Group's Purpose through property and casualty (P&C) insurance and risk management services, and the creation of new businesses using digital technologies. My profound realization is that my role as a CEO is to create an environment that enables employees to achieve while expanding their opportunities, by helping to embed a corporate culture that encourages professionalism in all aspects of their work. I feel confident such efforts over time will build the resilience of the Sompo Group.

Progress with current MTMP

The goals of the Mid-Term Management Plan (MTMP) that we announced in May 2024 are to 'increase resilience' and to 'connect and be connected.' We set financial performance targets for FY2026 of adjusted consolidated ROE of 13–15% and a CAGR over the period for adjusted EPS of at least 12% (both on an IFRS basis), based on achieving growth within the two business segments of SOMPO P&C and SOMPO Wellbeing. Adjusted consolidated profit in FY2024, the first year of the plan, reached ¥334.3 billion (Japanese GAAP basis), a record high significantly ahead of initial guidance that was mainly driven by higher earnings in our overseas insurance business. On an IFRS basis, we expect adjusted consolidated ROE in FY2025 of about 10% and a CAGR for adjusted EPS over the current MTMP period of over 14%. We remain focused on hitting all these performance targets.

Moreover, our commitment is to raise adjusted consolidated profit to the ¥500 billion level and market capitalization to the ¥6 trillion level by FY2030, by reallocating capital realized from the sale of strategic shareholdings to fund growth investments and businesses with higher earnings potential. While these targets are double the level of what we first announced at the start of the MTMP in 2024, the focus is on ensuring we achieve our goals by realizing strong and steady growth.

In 2024, to support these efforts, we established Centers of Excellence (CoEs) staffed with highly talented people with a global perspective in areas such as finance, communications and internal audit. Their role is to apply the knowledge and know-how from our overseas insurance businesses to Sompo Group P&C insurance operations in Japan.

New management structure to support development of 'a Japan-born, truly global company'

We still have further to go if we are to transform the Sompo Group into a resilient enterprise able to provide solutions for the real needs of customers, while responding flexibly to the changing business environment. We decided to adopt a new management structure as early as possible to accelerate the 'connect and be connected' transition while further reinforcing our ability to learn best practices internally by leveraging the strengths of the Sompo Group, which spans different regions and a range of businesses. We announced this in February 2025 during the first year of the current MTMP.

Under the new structure, a CEO has been appointed to each of the two new business

Group CEO Message

To Our Stakeholders

Main Section

Top Message
Group CEO Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

segments and I have delegated some of my duties as Group CEO to these business segment CEOs. James Shea, CEO of Sompo International, is the CEO of SOMPO P&C; Yasuhiro Oba, having previously headed up domestic life insurance operations, is the CEO of SOMPO Wellbeing. Besides overseeing the steady implementation of the business improvement plans, I am devoting more time as the Group CEO to promoting critical strategies to support the Group's transformation, including broader roll-out of CoEs, fostering a corporate culture centered on sharing best practices; ensuring a talent strategy blind to gender, age and nationality as we seek to incorporate diverse opinions and values; and promoting the transformative utilization of digital, data and AI technologies for our businesses and enhancing productivity.

By executing these strategies consistently, my aspiration is to transform Sompo into a 'Japan-born, truly global company,' creating an enterprise capable of meeting the needs of customers worldwide and leveraging our Japanese heritage, such as our spirit of altruism.

Targets for SOMPO P&C and SOMPO Wellbeing

At SOMPO P&C, in addition to expanding geographically and diversifying, we are expanding the scope of services we offer before and after insurance, including disaster prevention and mitigation, accident prediction, and emergency responses. We see this helping us to forge deeper customer relationships over the long term. To this end, we are focused on cross-border learning and development of best practice from every company across the global Sompo Group. For instance, through its SJ-R project designed to reform business models and corporate culture to address a series of problems, Sompo Japan Insurance aims to change its earnings structure and operating foundation, moving away from its traditional business model to create an innovative and highly resilient company. One of the key challenges of this project is how to transform the insurance underwriting portfolio. To date, we have applied know-how acquired from Sompo International to develop mechanisms to support sophisticated underwriting and timely rate revisions. Under Mr. Shea's leadership, the P&C business segment will pursue such initiatives driven by our Centers of Excellence.

In 2024, we announced SOMPO Wellbeing will focus on providing solutions to the three major concerns in modern Japan arising from its demographic trends. As a result of the efforts of past generations to realize major improvements in medicine, food and public health, life expectancy in Japan has increased by over 30 years, from around 50 in the late 1940s to today, where we can expect to live to 80 or even 100. Yet, as birthrates fall and society progressively ages, the longevity that we should all celebrate has spurred several anxieties. We refer to these as the 'three concerns' of health (can we stay healthy as we get older?), senior care (will care services be available when we need it?), and retirement finance (can we afford to retire?). I believe we must harness the collective power of the Group to alleviate these concerns. Under the leadership of Mr. Oba, who led Sompo Himawari Life for many years, SOMPO Wellbeing will become a pillar of Group earnings by steadily building its business through the provision of solutions that alleviate these concerns.

Helping the next generation inherit a better society

We live in an affluent society created by the aspirations and hard work of our predecessors. Nonetheless, I think that we all want to leave it to the next generation in a better state. As the Group CEO, I also believe that the Sompo inherited by the next generation must be one that continues to provide peace of mind for the various risks and concerns people and companies face, regardless of the times. That is why I am committed to the Group's transformation. I am confident that we can create a stronger, innovative and resilient Sompo Group by utilizing the strengths of our diverse operations and by fostering a culture where professionals can connect and learn across boundaries of geography and business. Then we can pass the baton to the next generation knowing that we have contributed to building a future of health, wellbeing and financial protection.

SOMPO's Purpose

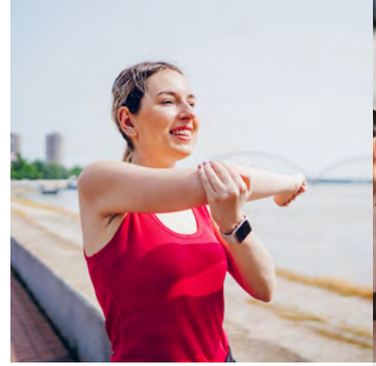
To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
SOMPO's Purpose
Realizing Our Purpose
Mid-Term Management Plan (FY2024–2026): FY2024 Year-End Progress
Business Strategy
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section



For a future of health, wellbeing and financial protection

Description of Purpose

For a future of health, wellbeing and financial protection

Sompo prioritizes health, wellbeing and financial protection to create opportunities for everyone we serve, from individuals to enterprises.

In a rapidly changing world and shifting demographics that demand resilience and adaptability, we are steadfast in our commitment to build on insight and meticulously craft solutions for the future.

We leverage our deep collective expertise to connect across boundaries and beyond geographies, to deliver a collaborative and connected partnership that meets the unique aspirations and risk management needs of those we serve.

For a future of health, wellbeing and financial protection.
We are SOMPO Group.

Realizing Our Purpose

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
SOMPO's Purpose
Realizing Our Purpose
Mid-Term Management Plan (FY2024–2026): FY2024 Year-End Progress
Business Strategy
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

External environment, social issues

- Increasingly severe natural disasters
- Geopolitical risk
- Declining birthrate, aging population
- Advances in AI and other technology

SOMPO P&C

Addressing changes in customers and risks

- Domestic P&C Insurance Business
- Overseas Insurance and Reinsurance Business

Commercial × Consumer

Improve profitability

- Pursue efficiency in reinsurance, investment, etc. by leveraging a globally combined balance sheet
- SJ-R in domestic P&C insurance (improve underwriting results, change corporate culture, etc.)
- Geographic expansion and increased diversification in overseas insurance

Connect and be connected

Increase resilience

SOMPO Wellbeing

Provide solutions to a range of concerns associated with a declining birthrate and aging population

- Domestic Life Insurance Business
- Nursing Care Business

Health care / Nursing care / Retirement finances

Increase solutions that address the three concerns

- Increase sales of Insurhealth®, Future Nursing Care, increase sales of asset building products
- Create value-added through connect and be connected
- Change the corporate culture (mutual learning)

Execution of growth investment

Mid-Term Management Plan management targets (IFRS basis)

Adjusted consolidated ROE (FY2026)	Adjusted EPS growth (Mid-Term Management Plan period)
13-15%	CAGR +12% or higher

Group strategy

- Finance strategy
- Human resource strategy
- Digital, data, and AI strategy
- Sustainability strategy
- Governance

Market cap, EPS: Sustainable growth
ROE: Global peer level

FY2030 targets

Adjusted consolidated profit	Market cap
¥500.0 billion level	¥6.0 trillion level

SOMPO's Purpose

For a future of health, wellbeing and financial protection

Mitigate future risks for customers

Alleviate customer concerns

Mid-Term Management Plan (FY2024–2026): FY2024 Year-End Progress

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
SOMPO's Purpose
Realizing Our Purpose
Mid-Term Management Plan (FY2024–2026): FY2024 Year-End Progress
Business Strategy
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Group-wide management targets (IFRS basis)

Adjusted consolidated ROE (FY2026 target): 13-15% (FY2024 actual: 9.2%)
Adjusted EPS growth (Mid-Term Management Plan period): CAGR 12% +

Each business KPIs

SOMPO P&C

Domestic P&C Insurance Business

	FY2026 targets	FY2024 progress
Segment ROE*1	10% +*2	7.9%
E/I combined ratio*3	Below 95%	98.9%
Amount of reduction of strategic stock holdings	¥800.0 billion + (total for MTMP period) (Revised upward from initial target of 600.0 billion +)	¥429.3 billion
Non-financial SJ-R KPIs	**FY2025 targets**	**FY2024 progress**
・Engagement score	Year-on-year improvement	3.63 points (+0.03 points from previous fiscal year)
・Co-creation, dialogue with local communities and businesses	Year-on-year increase	499 cases (+179 from previous fiscal year)
・Overall satisfaction with accident response (auto insurance)	75.6%	73.7%
・Overall satisfaction with accident response (fire and specialty insurance)	80.1%	78.0%

Overseas Insurance and Reinsurance Business

	FY2026 targets	FY2024 progress
Segment ROE*4	13% +	14.2%
Adjusted profit*4	CAGR: +10%	$1,380 million (initial plan: $1,243 million)
Gross written premiums*4 (effect of geographic expansion)	$1.0 billion +	Around $540 million

SOMPO Wellbeing

Domestic Life Insurance Business

	FY2026 targets	FY2024 progress
Segment ROE*5	8% +	7.7%
Adjusted profit*1	¥70.0 billion level	¥57.0 billion
New business CSM	¥93.0 billion	¥69.8 billion
Himawari clients/ users	7 million	5.38 million
No. of health actions	550,000	187,000
White 500	Achieved for 11 consecutive years through FY2026	Acquired for nine consecutive years through FY2024

Nursing Care Business

	FY2026 targets	FY2024 progress
Segment ROE*1 (Operator business*6)	12% +	13.7%
Adjusted profit*1	¥12.0 billion level	¥8.3 billion
Occupancy rate	95.5%	94.7%
Private service revenue	¥800 million level	¥600 million
Contribution of Future Nursing Care*7	¥3 billion level	¥1.4 billion

Group-wide KPIs

Human Resource Strategy

	Targets	FY2024 progress
Engagement score	FY2026 target: Year-on-year improvement	Japan: 3.56 points (+0.04 points from previous fiscal year); Overseas: 4.16 points (-0.02 points from previous fiscal year)
Ratio of employees with disabilities	FY2026 target: 2.7% +	2.61%
Ratio of males taking childcare leave	Target: 100%	81.0%
Ratio of female Directors and Executive Officers, Department Managers, and Management-level Employees:	April 2027 target: Directors and Executive Officers 16%, Department Managers 23%, Management-level Employees 28% 2030 target: 30% for all categories	April 2025 target: Directors and Executive Officers 14.3%, Department Managers 20.7%, Management-level Employees 26.6%
Confirmed harassment cases	Target by FY2026: Year-on-year decrease	33 (-4 cases from previous fiscal year)
Ratio of female candidates in succession plans	Target: 50%	40%

Sustainability Strategy

	Targets	Progress
GHG Scope 1-3 (excluding Category 15) reduction	2030 target: 60% reduction compared to 2017 2050 target: Net zero	Currently being calculated*8
Investee and borrower companies' GHG Scope 3 Category 15 reduction	2025 target: 25% reduction compared to 2019 2030 target: 50-60% reduction compared to 2019 (intensity basis) 2050 target: Net zero	2023 results: 16.5% reduction
Transition insurance target	FY2026 target: Gross written premiums of ¥25 billion	FY2024 result: ¥29.7 billion

*1 IFRS basis *2 Converted target (8%) based on old standards (Japanese GAAP) basis to IFRS *3 Old standards (Japanese GAAP) basis to IFRS *4 Old standards (IFRS4) basis *5 IFRS adjusted profit ÷ IFRS net assets
*6 Calculated by using adjusted profit generated mainly from public long-term care insurance benefits received for facility-based and at-home care, etc. as the numerator
*7 An initiative aiming to boost productivity while maintaining quality by focusing on tasks that only human beings can perform for other human beings, and utilizing digital and other technology, data, and AI to make operations at nursing care facilities more efficient
*8 After ESG data is calculated, it will be posted on the Sompo Holdings website ESG Data

Overview of SOMPO P&C

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

SOMPO P&C is striving to maximize the return on risks by integrating its Domestic P&C Insurance Business and Overseas Insurance and Reinsurance Business, and to establish a competitive advantage by fully capitalizing on the Group's expertise, to increase resilience and achieve sustainable growth.

Increase resilience, achieve sustainable growth

James Shea
CEO of SOMPO P&C

Domestic P&C Insurance Business

Overseas Insurance and Reinsurance Business

✔ Maximizing return on risks
(taking risks based on a combined balance sheet)

✔ Establishing a competitive advantage in the domestic P&C insurance market
(capitalizing fully on knowledge within the Group)

Scale of SOMPO P&C

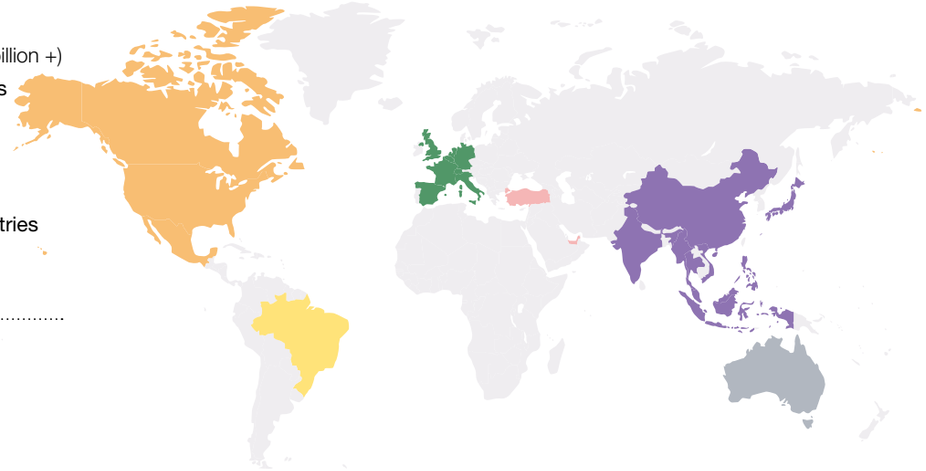
Globally, the company has more than ¥4.8 trillion in gross written premiums, operates in 29 countries and regions, and has a workforce of more than 30,000 people.

We will leverage our scale, diversity, and other strengths to promote centers of excellence that leverage knowledge available within the Group.

4.8 trillion + ($31.7 billion +)
Gross written premiums

Operating in **29** countries and regions

30,000 +
employees worldwide

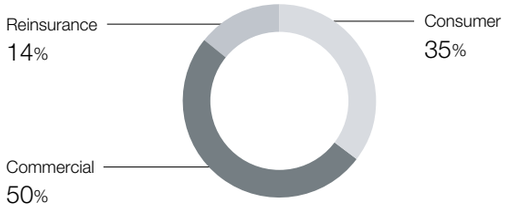


Portfolio of SOMPO P&C

We operate consumer, commercial, and reinsurance businesses through locations worldwide.

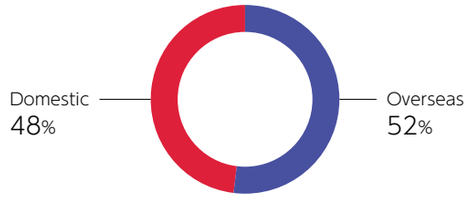
We will strive to further increase resilience, building on a portfolio that is diverse in terms of business and region.

FY2024 gross written premiums by line of business



Note: Rounded to the nearest whole number

FY2024 gross written premiums by region



Message from CEO of SOMPO P&C

To Our Stakeholders

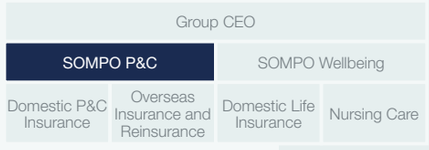
Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

James Shea
CEO of SOMPO P&C
Overseas Insurance and Reinsurance Business (Officer)



In today's dynamic global insurance landscape, achieving sustainable growth requires a balance between operational excellence, cultural cohesion and forward-thinking talent strategies. Over the past year, Sompo Overseas has demonstrated these qualities through its continuous execution of a clear, long-term strategy that integrates local expertise with global ambitions. One hallmark of Sompo's achievements outside Japan lies in its ability to execute on a carefully communicated plan.

Despite various headwinds, such as market uncertainty, the company has maintained its focus on underwriting discipline and strategic expansion. By embedding this strategic clarity, our Overseas business continues to demonstrate effectively how large, decentralized organizations can drive alignment and growth without sacrificing or compromising local agility.

Recently, we have achieved the following milestones:

Operational expansion:
We opened new offices in Denver, Houston and Miami in the United States, plus Milan in Italy, and Birmingham and Manchester in the United Kingdom.

Reinsurance excellence:
Our business has delivered outstanding results in the reinsurance segment, which is testament to the company's underwriting capabilities.

Cultural integration:
We work constantly to develop and foster a sense of belonging across geographies for our colleagues around the world, to ensure teams see themselves as part of a unified global organization.

Talent as a cornerstone of growth

In a people-driven business such as ours, talent acquisition, retention and development are not just HR priorities – they are strategic imperatives. Our Overseas business has made significant strides in this area in terms of attracting top talent and developing the next generation of leaders. Outside Japan, we welcomed more than 400 new employees last year, including leadership and business function experts. This underscores our growing reputation as a destination for top industry professionals.

Initiatives such as our "Future Leaders Program" illustrate a proactive approach to retention and succession planning, ensuring a deep bench of talent for the next decade and beyond. With the global insurance industry facing a talent gap due to demographic shifts, we are prioritizing internal development while also remaining an attractive option for external talent.

This focus on talent is not only about meeting today's needs but also about preparing for the future challenges of our industry, including the increasing demand for cross-cultural competencies and digital expertise.

Leveraging market conditions and brand strength

Sompo's Overseas growth trajectory has been fueled by both external market conditions and the growing strength of its brand.

Market opportunities:
We have focused underwriting on key lines of business, demonstrating agility and market awareness.

Brand evolution:
While Sompo's brand is very well established in Japan, we are continuing to make effective strides to enhance our reputation internationally, with brokers and clients around the world now increasingly recognizing Sompo as a trusted, stable partner.
We have also demonstrated that true leadership in this context involves not only responding to market conditions but also

Message from CEO of SOMPO P&C

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

anticipating them, aligning capabilities with opportunities, and building a brand that resonates across diverse markets.

One of Sompo's unique strengths is its commitment to becoming a "multi-local" organization – one that respects and leverages local cultures while integrating them into a dynamic and cohesive global framework. We recognize that to achieve truly global success requires understanding the nuances of all our different business cultures, both in Japan and elsewhere. To support this, we create opportunities for employees to work across geographies, allowing them to share their expertise and experiences while fostering cultural sensitivity to pursue and achieve business and individual goals. Going forward, our aim is to have a globally integrated organization where all our local teams, wherever they are in the world, feel part of a larger whole – supported by shared tools, processes and a unified culture. We believe that by taking this approach, we are best positioned as a business to navigate the complexities of globalization in the 21st century.

Balancing long-term vision with immediate actions

As a business, we understand the importance of balancing long-term goals with immediate, actionable steps. We aim to pursue and leverage quick wins wherever possible in many areas of our business, such as reinsurance, purchasing, vendor management and operational efficiencies. At the same time, we are looking ahead to 2030 and beyond with a focus on talent development, organic growth and strategic acquisitions. We recognize that we are on a journey and, even if the pace and speed of our travel vary over time, we are always moving in the right direction.

In a world marked by geopolitical tensions, economic uncertainty and climate-related risks, the approach of our Overseas business is both pragmatic and forward-looking. From a risk management perspective, we distinguish between controllable and uncontrollable risks, focusing on underwriting discipline and operational resilience. We are also always looking to find opportunities within challenges by exploring new geographies, products and partnerships while maintaining a measured pace of growth.

This resilience, coupled with a commitment to sustainability and innovation, positions Sompo as a leader in navigating the complexities of a rapidly changing world.

Our new SOMPO P&C segment

SOMPO P&C leverages our scale across various geographies through a well-balanced mix of commercial insurance, consumer insurance and reinsurance, mitigating risk by diversifying its portfolio and stabilizing financial performance. The organization leverages expertise from each segment to enhance products and services, delivering tailored solutions to meet diverse customer needs and adapting swiftly to market dynamics. This strategic approach not only drives growth opportunities through cross-selling and market expansion but also ensures competitiveness and customer satisfaction. We expect to see the benefits globally where new strategies, ideas and approaches are needed to counter changing demographics.

SOMPO P&C represents in excess of US$30bn gross written premium driven by more than 30,000 employees worldwide. With a balanced global portfolio of 50% commercial, 35% consumer and 14% reinsurance, we are well positioned across geographies and products to continue our strategy and maximize the potential of our organization as a global community, driving innovation to achieve both our purpose and our strategic objectives more effectively.

Key to all of this is bringing our organization closer together. By focusing internally on who we are and how we function prepares us to support more efficiently and effectively our colleagues and other stakeholders.

The successful integration between our Overseas business and Sompo Japan Insurance is important to better align us as a global P&C organization and to support our strategies. Although we introduced the change on April 1, 2025, the integration process will remain ongoing for some time as we bring our teams closer together and pursue synergies. This structural change is part of our ongoing evolution to remain resilient amid economic changes. It will simplify our business, allowing us to continue to foster deeper connections and alignment across geographies, deliver profitable results to our shareholders and create the best place to work in our industry.

The primary aim of all this is to simplify what we do so we can meet the constantly evolving demands of our customers, wherever they are, both now and in the future.

Conclusion: A vision for 2030 and beyond

Sompo's Overseas business journey is a testament to the power of alignment, talent and cultural integration. By focusing on people, leveraging market opportunities and navigating challenges with clarity, the company is not only achieving financial success but also setting a benchmark for what a truly global insurance organization can aspire to be.

Our company continues to evolve and our vision for 2030 – rooted in a unified global identity, a deep bench of talent and a commitment to excellence – offers valuable lessons for others in the industry. Leadership is about shaping the future, and Sompo is well on its way to doing just that.

Domestic P&C Insurance Business

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Regaining trust as the basis for a new Sompo Japan Insurance

Sompo Japan Insurance severely eroded its trust with customers and other stakeholders through a series of issues that included falsified auto insurance claims, manipulation of corporate insurance premiums, and the improper management of policy information with insurance agents. While I have been dealing with these issues even since before my appointment as CEO, I believe their real cause lies in the failure of our business model to adapt to changes in society and business conditions.

We are focused on executing the companywide SJ-R project to create a new Sompo Japan Insurance, driven by the realization that there is no future unless we make changes now. Based on the steady implementation of the business improvement plan, our fundamental reforms to business models and work methods represent a new challenge to transform the company into an entity that earns the appreciation of all stakeholders, making them satisfied with choosing us.

Entrenching cultural reform, rebuilding our business basis

Reforming our corporate culture is the most critical element that underpins the entire SJ-R project. Over the past year, we have been working to foster a healthy corporate culture under the slogan, ‘Be true to customers, society and ourselves.’

Our corporate culture is gradually changing, demonstrated in the consistent improvement seen across seven sets of scores recorded in our Culture Change Survey, which we first undertook in May 2024 covering all employees. Of the 145 initiatives in the business improvement plan, survey scores as of the end of July 2025 showed 126 of them “continue to be effective.” This is a good sign that our executives and employees alike are striving to reform the organization, without regard for the way things were done in the past.

We have put a lot of effort into building the dialogue between employees and management. As of the end of July 2025, the executives from Head Office, including myself, have held town hall-style meetings covering every branch office attended by over 10,000 employees in total. These opportunities for dialogue yielded constructive ideas on company policies, and have been instrumental in encouraging positive change.

Separately, by the end of May 2025, around 4,700 employees visited the “Room for passing down: Learn from the past”*1 installation that we set up in the head office in November 2024. New recruits are similarly encouraged to visit to help gain a deeper understanding of the problems Sompo Japan Insurance has faced and the related causes.

In April 2025, we also revamped our HR systems in line with our revised set of values, based on “Our Five Promises” created in FY2024 and our “SOMPO’s Values,” that outline our shared Group positions. This has been an important step in creating a culture where employees can combine respect for diverse opinions, think for themselves and have agency, accelerating our transition to a company where people are happy at work in an environment of respect and mutual support.

In addition, recommendations by the SJ-R Working Group, which mainly comprises 41 front-line employees, have been reflected in the formulation of the Customer Trust Quality Standards and a mission statement for the new Sompo Japan Insurance. Among measures being implemented across the company, we have set up a new policy for the ideal insurance claims service. These are all key steps in bottom-up reform.

However, given the prior lack of any effective mechanism to escalate issues (“Andon”), our organizational reforms still have further to go. We can only achieve true reform by changing our business processes and model. Adopting a better balance between generalists and professional staff remains a longer-term issue. Utilizing the ¥30 billion SOMPO Human Capital Fund, we are currently accelerating development and recruitment of professional staff. The key to achieving SJ-R is to instill a spirit of autonomy across the company so employees can think, act and develop on their own initiative, without having to wait for directions.

*1 A facility established for employees to ensure that the facts about the loss of public trust stemming from a series of issues are not forgotten, and to pass on the lessons learned to future generations. It allows employees to view documents and watch videos summarizing the situation at the time, as well as giving an overview of administrative sanctions and customer feedback.

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Domestic P&C Insurance Business

Steady progress in strengthening the earning structure and outlook ahead

Over the past year, we have accelerated efforts to strengthen the earning structure.

For example, our fire insurance business had been generating sustained losses in recent years due to harsh conditions that included higher inflation and the increasing severity and frequency of natural disasters. We have now recorded two successive years of core underwriting profit*2 after we revised premium rates to make product lines sustainable and adopted a more disciplined approach to underwriting.

As with the fire insurance initiatives, we are also working to balance fairness and profitability in auto insurance, by utilizing AI and other means to help optimize claim payment procedures while enhancing expertise.

We have restricted the expense ratio to the same level as last year through various measures, despite making strategic upfront investments for growth. Our target expense ratio in FY2030 is about 30%. The action plan involves reducing IT costs, executing an optimized branch strategy, and allocating roles between agencies and insurance companies.

Within Sales, besides improving the efficiency of the Retail Business, which is highly susceptible to demographic trends, we are seeking to increase convenience for customers while also improving the business expense ratio.

In the Commercial Business, rather than just being a supplier of insurance, our transformational aim is to act as a corporate group that offers comprehensive professional risk solutions including insurance, based on a detailed understanding and analysis of customer risks.

We are making steady progress in utilizing generative AI to respond to internal inquiries, and in consolidating our sales operations into seven areas nationwide. We expect to reduce the business expense ratio by around 0.5pt by the end of FY2026 through business process optimization.

In April 2025, we set up a new Special Investigation Unit in the claims service division to handle fraudulent insurance claims so we can ensure fair and proper claim payments. We expect to see the loss ratio for auto insurance improve from FY2025.

Elsewhere, the SJ-R Dashboard that we released in July 2024 has deepened awareness of the need for change by helping to facilitate management-employee dialogue based on factual data. I believe this recognition of the need for reform is now embedded in the entire company.

At the same time, we are progressively managing revenue by segment across the entire policy portfolio, which will enable us to implement more precise underwriting practices.

*2 Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve, contingency reserve, and natural disaster policy reserves

Completing SJ-R and evolving as SOMPO P&C

From FY2025, the Sompo Group has adopted a new management structure based on the two business segments of SOMPO P&C and SOMPO Wellbeing. SOMPO P&C brings together the Domestic P&C and Overseas insurance businesses to target optimized returns by expanding our capacity to assume risk through a single combined balance sheet. We will also work to raise the probability and speed of realizing the SJ-R project by enabling the Japanese-style adoption of global best practice.

This will accelerate SOMPO P&C's transition to a truly global insurer with the capacity to offer optimized risk solutions for customers from a global perspective, integrating the wealth of experience and specialist expertise in our overseas businesses.

There are already many examples of how we are making the most of the knowledge within SOMPO P&C to achieve the SJ-R goals.

For example, incorporating overseas expertise in the design of insurance policies to handle variables such as inflation and FX rates, or the use of AI to evaluate potential claim fraud, is driving change across our product, insurance services and sales divisions. By leveraging our combined balance sheet to pursue enhanced efficiency in areas such as reinsurance and asset management, we also create a capacity unavailable to stand-alone firms, while contributing to higher Group profitability and stability. At the same time, we have begun HR initiatives to develop a diverse, talented workforce through international exchange programs.

On the other hand, change is painful at times and sometimes involves tough choices. My determination to ensure change happens successfully, and is unwavering and strong.

None of these challenges are straightforward, but we will see the SJ-R project to completion and create a new Sompo Japan Insurance that will make all of our employees proud, and ensure our customers and other stakeholders always feel satisfied in choosing SOMPO.

We look forward to these challenges, and we hope you will continue to anticipate the efforts of Sompo Japan Insurance and the Sompo Group.

Domestic P&C Insurance Business

To Our Stakeholders

Main Section

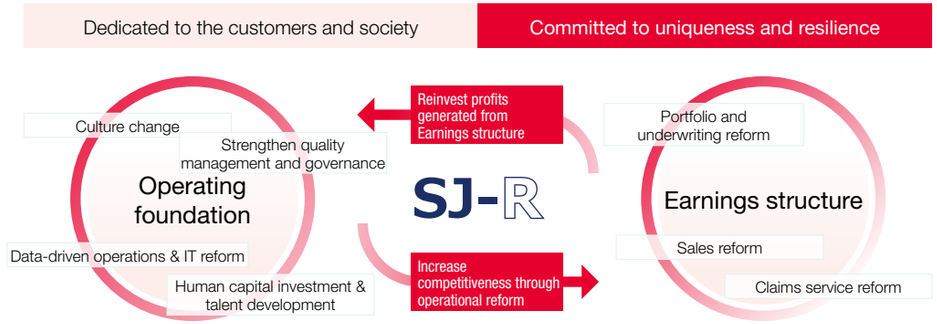
Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Overview of business strategy in the Mid-Term Management Plan

Aiming to realize a “new Sompo Japan Insurance” that boasts uniqueness and resilience

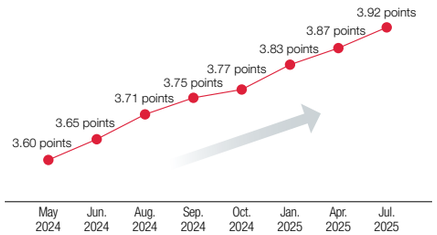


With a basic philosophy of “Dedicated to the customers and society,” we will steadily implement our business improvement plans to regain trust while focusing on rebuilding our business foundation and revenue base. We will raise the quality of our operations while also focusing on the SJ-R project to reform the portfolio and our insurance claims service and sales departments.

Major initiatives

To reform the corporate culture, in FY2024 we communicated our commitment that “change starts with the senior management team” by holding town hall meetings to directly listen to and engage with employees on the front lines, doing away with any sense of distance between management and the front lines and fostering trust. In FY2025, to further accelerate SJ-R initiatives, we are expanding the scope of dialogue and strengthening communication across the Group. This will help us spread our vision for the new Sompo Japan Insurance and the thinking of management and encourage employees in implementing measures, as management and our people on the front lines work together to move forward with reforms.

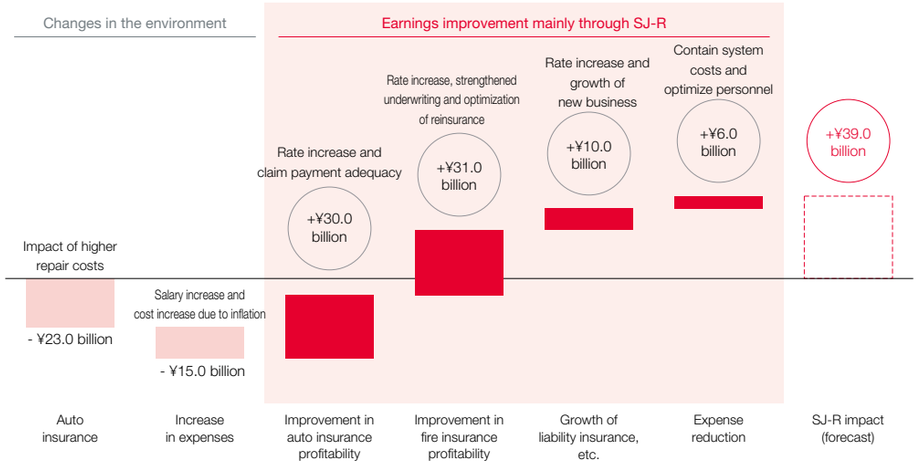
Culture change survey results (7 surveys)



Town hall meeting with management

Expected improvement in earnings mainly through SJ-R

In FY2025, our various SJ-R initiatives are expected to yield an improvement of around ¥39 billion in earnings (after tax) compared to FY2024.



Note: Old standards (Japanese GAAP basis)

Domestic P&C Insurance Business

To Our Stakeholders

Main Section

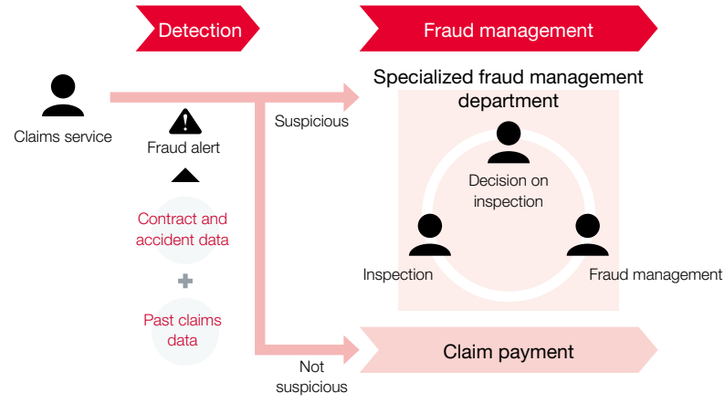
Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

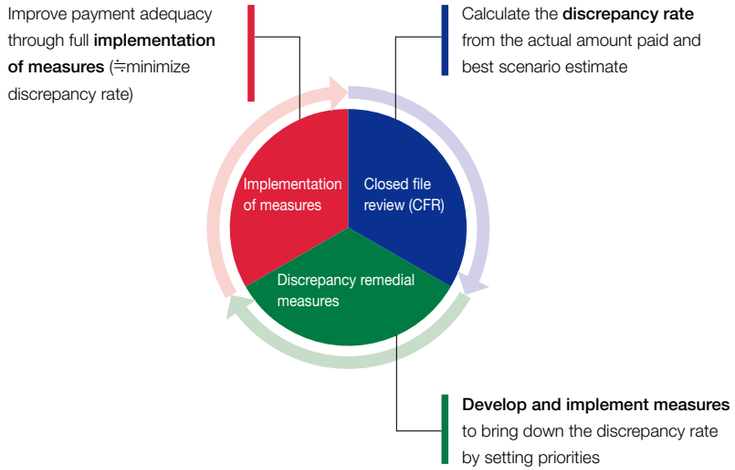
Sustainability Section

Financial and Corporate Data Section

In auto insurance, we will improve claim payment adequacy and step up the pace of improvement in earnings by reinforcing fraud detection and introducing post-mortem reviews of cases in which payments have already been made (CFR*).

* Closed file review (CFR): A framework for checking cases for which payments have already been made from the perspective of appropriate insurance payments and identifying any nationwide issues discovered in the process. We ensure more appropriate insurance payments by reviewing business processes and rules in response to issues that are identified.



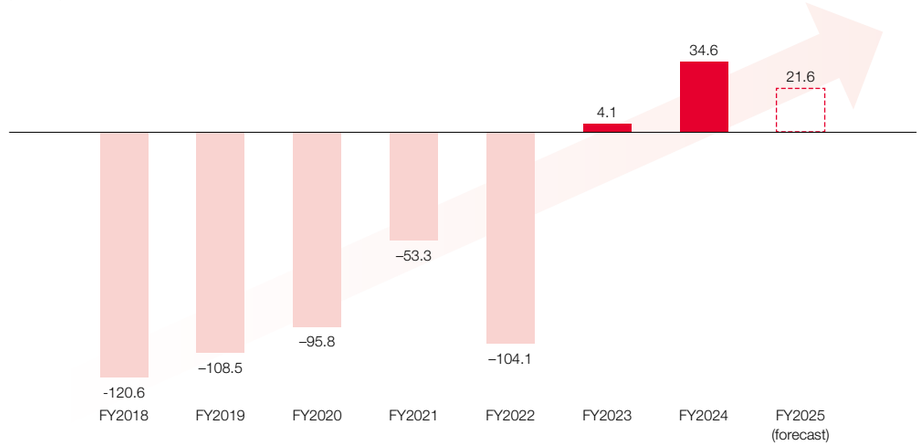


In addition to efforts to optimize rates, we are working to improve the portfolio by rigorously implementing disciplined underwriting in segments with persistently high loss ratios and by reducing profit volatility and risk exposure through improved compensation terms.

As a result of these efforts, core fire insurance underwriting profit for FY2024 was ¥34.6 billion. We are working to lock in a similar level of profitability for FY2025.

Fire Insurance Core Underwriting Profit*

(¥ billion)



* Underwriting profit excluding the impact of catastrophic loss reserves, contingency reserves, and underwriting reserves related to natural disasters

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Overseas Insurance and Reinsurance Business

Overseas P&C Business financial results

The Overseas P&C Business has a diversified portfolio consisting of SompoRe, North America, Global Markets, AgriSompo (global agriculture business), and Consumer P&C Segment.

Excluding AgriSompo, which continues to be affected by commodity prices in North America, all businesses maintained high growth, and gross premiums for 2024 reached US$16,532 million.

The strategic business units of our Overseas P&C Segment reported the following results in 2024:

SompoRe

Gross Premiums Written (GPW) increased by 8.1% to US$4,532 million, mainly due to successful renewals, new business written and reinstatement premiums. The favorable rate environment in Global Property, new business and prior year premium adjustments, as well as Global Casualty renewals, drove strong growth.

Underwriting income increased to a record US$394 million, up from US$366 million in the prior year, primarily driven by strong earned premium growth. The current year combined ratio of 89.8% is outstanding, yet still in line with the 89.8% in 2023, albeit impacted by changes in business mix between quota share and excess of loss treaties along with changes in the market cycle in Casualty.

North America (United States, Bermuda, Canada and Mexico)

GPW totaled US$4,997million, an increase of 5.6% from a year ago. This was the highest level ever for North America, reflecting broad-based new business growth, in part driven by geographic expansion initiatives, and an overall continued positive rate environment exceeding loss cost trends. Double-digit rate increases in Casualty were partially offset by the ongoing competitive market environment in other lines.

Underwriting income was US$15 million compared to an underwriting loss of US$152 million in 2023. The improvement was mainly due to the impact of reserve strengthening for 2019 and prior accident years that took place in 4Q 2023, partially offset by higher catastrophe activity, strategic changes in the reinsurance structure, and higher G&A expenses to support business growth.

Pre-tax catastrophe losses were $215 million, including those incurred from hurricanes Milton and Helene, compared with $172 million in 2023.

Global Markets (United Kingdom, Continental Europe and commercial business within Turkey, Brazil and Asia Pacific)

GPW totaled US$2,993 million, a year-on-year increase of 16.6%, with strong contributions from both the core in-situ business lines (particularly Casualty and Energy) and from the strategic growth initiatives in Continental Europe, APAC and UK Commercial.

Underwriting income of US$62 million increased from US$29 million reported a year ago. This was driven by higher net earned premium and a lower net loss ratio (with the prior year impacted by reserve strengthening), partially offset by higher G&A expenses due to the upfront investment in the strategic growth initiatives and the ongoing impacts from inflation and FX.

AgriSompo (global agriculture business)

GPW totaled US$2,627 million, a decline of 8.7% from a year ago. This was mainly driven by the decline in commodity prices in North America. Additional impact was realized from ongoing efforts to re-underwrite the portfolio, reducing concentration risk.

For 2024, AgriSompo reported an underwriting income of US$46 million compared to an underwriting loss of US$67 million a year ago. The improvement in the underwriting income was primarily driven by significant favorable prior year reserve development in the current year, partially offset by higher G&A expenses due to ongoing impacts from inflation and investments.

Consumer P&C Segment

Our Consumer P&C segment, which includes the personal lines operations in Turkey and Asia Pacific, generated an underwriting loss of US$19 million compared to underwriting income of US$11 million a year ago. Consumer GPW totaled US$1,381 million, a year-on-year increase of 33%. This excluded the impact of the Brazil consumer exit in 2023, primarily driven by inflation-related increases in Turkey.

Overview of SOMPO Wellbeing

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

In 2024, the Sompo Group declared its commitment to provide solutions to three concerns arising from the modern social issue in Japan of a low birthrate and population aging and, in April 2025, launched SOMPO Wellbeing under a new management structure.

At SOMPO Wellbeing, guided by the key phrase “connect and be connected,” we connect various businesses with unique strengths and connect with various customers to provide comprehensive solutions tailored to individual needs related to the three concerns.

In this way, we are helping to bring about a society where people think positively about aging by addressing the three concerns.

SOMPO Wellbeing’s Vision

Contribute to a society where people think positively about aging

Sompo’s efforts to address the three concerns

Extend healthy life expectancy	Fill the labor supply-demand gap in nursing care	Make retirement savings last longer
• Health visualization • Prevention • Intervention • Protection	• Establishment of a sustainable business model • Nursing care consulting • Dementia prevention	• Assistance in investment and securitization

Three concerns arising from a low birthrate and population aging

Health concern	Nursing care concern	Financial concern after retirement
Gap between life expectancy and healthy life expectancy Approx. 10 years	Number of family caregivers Declining	Ratio of self-funded retirees 10%

Connect and be connected through the unique strengths of the various businesses

Connecting customers, products, and services from the various businesses to provide solutions that are distinctive to Sompo

Sompo Himawari Life Insurance
(Domestic Life Insurance Business)
Cumulative sales of Insurhealth® combining insurance and health support features
About 2.1 million policies

Sompo Care
(Nursing Care Business)
Number of senior residence rooms
Over 28,000
Providing care services (including at-home care) to about 86,000 people

Sompo Health Support
(Lifestyle Disease Prevention, Mental Health Business)
Health guidance: About 620 health insurance associations and other organizations with which we do business (about 34% of nationwide health insurance associations)
Mental health: Transactions with approximately 1,000 companies

SOMPO Wellbeing
“Connect and be connected”

RIZAP
(Smart Life Gym chocoZAP business)
Members About 1.23 million

Wellness Communications
(Health Management Cloud, Health Solution Business)
Health management cloud IDs
Over 1.8 million
Network of affiliated medical institutions for health checkups
Over 2,000

* The above figures are as of July 1, 2025 (RIZAP figures are as of August 14, 2025).

Message from CEO of SOMPO Wellbeing

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Yasuhiro Oba
CEO of SOMPO Wellbeing

“Connect and be connected”: Creating a business model to alleviate three concerns and help people think positively about aging

The importance of accumulating results to realize success

I was appointed CEO of SOMPO Wellbeing in April 2025 after ten years working in Sompo Himawari Life, including as President for seven years from 2018. From the start, I realized the growth limitations of our traditional life insurance business model and knew we must develop a new competitive edge. In 2018, we began offering Insurhealth® as part of our new vision to be a ‘health support enterprise,’ combining traditional life insurance with health support functions.

For our customers, life insurance and health are not separate, but in fact are two sides of the same coin. Recognizing this has allowed us to construct a new pillar for our business. However, because they were so used to the old model, our employees and sales agencies initially found the idea hard to accept, and the business struggled at first. For seven years, I visited our worksites across Japan to deliver more than 300 dialogues on the Insurhealth® vision and strategy.

The “Get Healthy Challenge” program for customers with income protection insurance, marketed as “protection for you and your family,” provided a relatable, concrete example of the concept in action for employees. Under the program, policyholders received a rebate on premiums for achieving a measurable improvement in health. This generated grateful customer feedback and a positive market impression. Results are important in business, and the steady accumulation of successes mattered more than the concept.

My mission as CEO of SOMPO Wellbeing

The Sompo Group originated as Tokyo Fire Insurance, which was established in 1888. The business was imbued with the spirit of fighting fires to help customers at a time when fires were frequent due to densely packed wooden housing. Average life expectancy in Japan has risen by over 40 years in the 130 years since. While we enjoy great happiness and prosperity, modern life is filled with risks that were not an issue before.

Amid falling birth rates and advanced aging of society, the mission of SOMPO Wellbeing today is to address the three concerns that people face in terms of health, nursing care and retirement finance. While the risk profile is different, I think the philosophy is identical to when the business was founded, rooted in a desire to serve customers. People are often faced by a combination of two or three of these concerns at once. Since the solution depends on family structure and economic circumstances, it makes for a highly individualized problem that requires a specific yet comprehensive approach.

I do not believe any other company in Japan or worldwide is providing comprehensive, tailored solutions to addressing the three concerns. SOMPO is leading the way in this regard, and I see it as my mission as the CEO of SOMPO Wellbeing.

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Message from CEO of SOMPO Wellbeing

Current initiatives to realize “Connect and be connected”

Our current focus in realizing this mission is “Connect and be connected.” By leveraging and connecting the unique strengths of each of the businesses we currently operate, and by forging deeper connections with customers, we aim to alleviate the three concerns.

The number of customers attracted to Sompo Himawari Life’s concept of “insurance + health support” who have subscribed to Insurhealth® has reached around 2.1 million people. Sompo Care owns Japan’s largest network of rooms for senior living, currently numbering around 28,000. With around 86,000 people using its homecare services as well, Sompo Care has accumulated a wealth of knowledge and expertise in care service provision. Sompo Health Support supplies specific health guidance and other services for corporate employees, with the top market share among medical insurers of around 34%. Based on the vision of “making companies and people healthy,” Wellness Communications supplies cloud-based health management services for the corporate market, managing data covering health checks and related information on around 1.8 million employees across some 1,800 companies. In addition, we have developed more than 1.2 million chocoZAP subscribers through our capital alliance with the RIZAP Group.

I believe that connecting these businesses will give us a more comprehensive grasp of the individual issues that customers face, enabling SOMPO to provide more tailored services that are uniquely capable of alleviating the three concerns.

There are two ongoing initiatives. The first is to reform the mindset of employees. As CEO, I see this as vital in defining the vision and purpose of SOMPO Wellbeing. Since my appointment in April 2025, I have been organizing morning meetings each week as a repeated opportunity to share my thoughts directly with employees involved in wellbeing operations. I plan to expand such opportunities internally and externally so all Sompo Group employees can understand our wellbeing mission, while also fostering connections across business boundaries and establishing the basis for action.

The second initiative is to create a system based on using a common customer ID for all SOMPO Wellbeing companies so we can record the points of contact of customers with each company and the services provided. We aim to develop and release the system by the end of FY2026 so we can analyze this information. Creating a common customer ID has been a longstanding challenge within the Sompo Group. A project involving employees from each company, including Sompo Japan Insurance, is underway, with the long-term aim to build a single customer base for the entire Sompo Group.

We have also made major changes to our decision-making structures. In my view, the interests of an operating company do not always coincide with those of SOMPO Wellbeing. Since it is important to integrate our decision-making if we want to overcome this trade-off, we have instituted the Wellbeing Management Board, comprising the presidents of each operating company with myself as chair. The speed of decision-making and policy execution will increase when we have substantive discussions involving senior managers from across SOMPO Wellbeing.

Helping to realize a society where people think positively about aging

To address customer inquiries related to the three concerns, we have opened three “Wellbio” metropolitan outlets; we have also received many inquiries through our online portal. Customers visiting these outlets are often seeking advice on nursing care. The consultations cover many related topics, including choosing between facility-based and in-home care; how to handle the property when a loved one enters a nursing home; managing the assets of dementia sufferers; the cost of nursing care and how to fund it; and end-of-life

preparations. Our professional advisers work closely with each customer to consider what type of nursing care best suits their location, family structure and economic circumstances. In some cases, we can offer an effective solution based on an introduction to a nursing home or family trust. In July 2025, we also began offering “Wellbio Biz” services for the corporate sector to support people in balancing work with nursing care. The rising number of workers in Japan who provide nursing care to relatives is an emerging societal issue, with studies estimating the associated economic losses could increase to ¥9 trillion per year by 2030 due to about 3.18 million joining the ranks of family carers. We are confident this business is a good prospect, based on positive feedback we received from companies where we trialed the service in FY2024.

Harnessing our collective power, I believe we can quickly establish a globally unique business model under my leadership. Not only will SOMPO Wellbeing be a driver of the growth of the Sompo Group over the medium and long term, but our efforts will help realize a society where people think positively about aging.

Domestic Life Insurance Business

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Health support company creating growth engine for SOMPO Wellbeing

Yasuki Kume

President of Sompo Himawari Life Insurance

Creating a new Sompo Himawari Life through leadership based on diverse career history

I started my career in P&C insurance sales and then gained experience in various business functions, including product development for auto insurance, HR, and business planning. During my time in auto insurance product development, I experienced major changes in the industry due to deregulation and sector consolidation, which led to dynamic market conditions requiring new products and business structures. Next, while managing the nursing care business at Sompo Care, I helped gain a deeper understanding of this tough service industry, quite different from insurance; the importance of dialogue with customers and frontline employees; and the difficulties involved when integrating organizations with different cultures. Utilizing my various experiences to date, I am committed body and soul to leading Sompo Himawari Life as president to achieve sustainable growth for the company, while contributing to our customers' futures and helping to address societal concerns.

'Connect and be connected': Turning customer concerns into expectations

Sompo Himawari Life has been promoting Insurhealth® as a product that combines the traditional role of life insurance, in terms of preparing for the unexpected, with new added value in the form of day-to-day healthcare support. Cumulatively, more than 2.1 million Insurhealth® policies have been written, pointing to a strong degree of customer acceptance. Amid aging demographics and lifestyle diversification, we aim to offer a broader range of support to help alleviate customer concerns about health and longevity. To that end, we are helping customers to achieve healthier outcomes every day through the 'MY Himawari' health administration app and other means. Furthermore, as a member of the Sompo Group, we aim to realize more comprehensive wellbeing by addressing other challenges such as nursing care and retirement finance via collaborative efforts with Group companies. Our mission is to turn customer concerns into expectations. Guided by our purpose of creating 'a future of health, wellbeing and financial protection,' Sompo Himawari Life aspires to play a significant role in the lives of our customers.

A health support company giving whole-of-life support

We are flexibly utilizing internal Group resources within the SOMPO Wellbeing structure, building on Himawari Life's strengths and track record as a health support company. We are accelerating cross-functional initiatives through 'connect and be connected' collaborative programs that link products and services across business segments, such as applying expertise from the nursing care business to the development of insurance products. In contrast, restoring the trust eroded due to the series of leaks of customer information across the industry is an urgent challenge. Besides recovering trust, we aim to stand out in subtle ways for operational excellence through thoroughly performing fundamental tasks in terms of applying high standards of ethics and discipline. Without fear of change, we will continue to harness the collective capabilities of Sompo Himawari Life to become a health support company that can help customers across all of life's challenges from health to nursing care, while in the process earning enduring public trust.

Domestic Life Insurance Business

To Our Stakeholders

Main Section

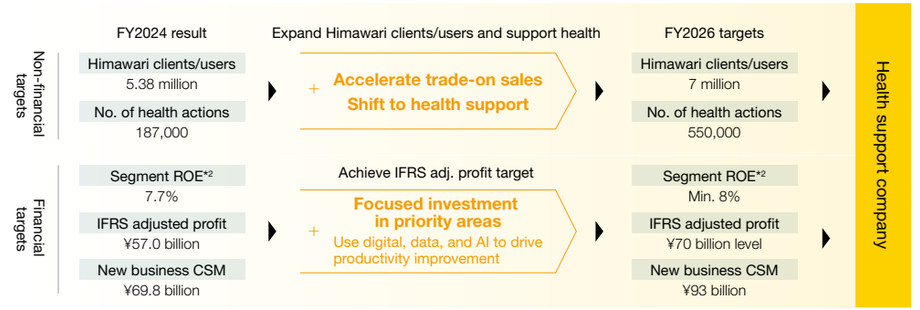
Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Overview of business strategy in the Mid-Term Management Plan

Achieve IFRS profit of ¥70 billion level by expanding Himawari clients/users*1 (to 7 million) with a customer-centric approach and supporting the health of customers (through 550,000 health actions)

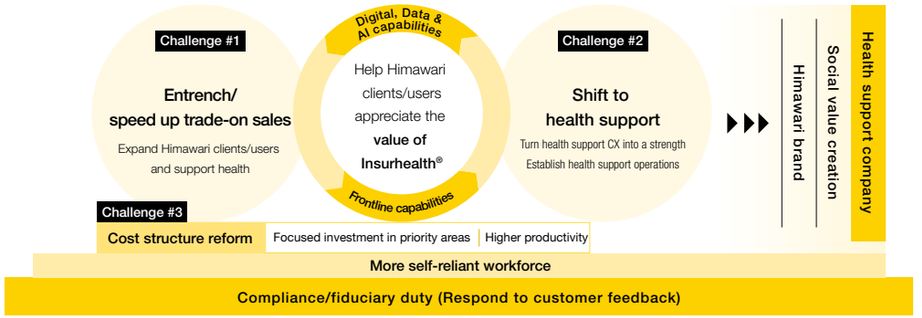


*1 Customers who appreciate the value of both the insurance products and health support services offered by Himawari Life
*2 IFRS adj. profit ÷ IFRS net assets

We are focused on achieving the financial and non-financial targets in the current MTMP, which seeks to expand Himawari clients/users with a customer-centric approach and support health.

The three challenges forming key drivers for achieving these targets are trade-on sales, shifting to a health support business model, and reforming cost structures. The synergies created in facing these challenges will further enhance the value embedded in Insurhealth®, By delivering this value to even more Himawari clients/users, we will solidify our position as a Health Support Company.

Major initiatives



[1] Trade-on sales

We aim to connect and build stronger relationships with our customers by putting insurance products and health support services on an equal-value footing and linking them in a single value proposition. This approach seeks to accelerate the expansion of the Himawari clients/users, while growing revenues through sales to more health support-oriented customers with whom we could not have connected using life insurance alone.

[2] Shifting to a health support business model

We are leveraging the MY Himawari*3 app as a communication platform to connect customers with Himawari Life Insurance, seeking to set apart the company's unique strengths. The aim of the platform is to realize comfortable, natural health support for customers (health support CX), while offering more sophisticated health support and evolving the customer experience centered on building health support infrastructure (health support administration) managed by the administrative department.

*3 Released in September 2024, this app provides a range of services related to life insurance (My Life Insurance) and health (My Health) based on the concept of being able to "see, connect, and change."

[3] Reforming cost structures

Becoming a "health support company" means investing in long-term social value creation while focusing investments in priority areas to help keep Himawari clients/users healthy. Furthermore, we are capitalizing on digital, data, and AI initiatives to reform business processes, seeking to boost productivity by streamlining routine tasks and otherwise optimizing resources, moving forward with reforms to our cost structures.

Dual capabilities driving these initiatives

(1) Frontline capabilities

Frontline employees working close to customers can pool the wisdom derived from their individual diversity (DEI) and identify their own challenges, improving and evolving through teamwork within the workplace and across the company (co-creation between organization and individuals).

(2) Digital, Data & AI capabilities

Collection, analysis, and utilization of customer and external data from digital initiatives will drive the expansion of Himawari clients/users and make health support more precise, thereby enhancing the value of Insurhealth®. The use of the accumulated data will enable development of Himawari Life's unique communication activities, products, and services, thereby establishing our distinctive strengths. In addition, the utilization of AI will not only help boost productivity, but also enhance the value delivered to customers.

Nursing Care Business

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Aiming to provide value beyond the traditional nursing care industry framework

Responsible for the entire nursing care business made up of Sompo Care and ND Software under SOMPO Wellbeing, we work to fulfill our purpose of “Transforming Japan’s nursing care, and building the future of Japan.” Our Mid-Term Management Plan takes up the challenge of providing value beyond the traditional nursing care industry framework around three pillars: the Operator business, the Platform business, and the Wellbeing business.

The Operator business provides service via the care home and at-home nursing care services that we have built up. The greatest issue facing the nursing care industry is a pressing shortage of people, which has arrived sooner than we anticipated. That makes it important to work on raising job satisfaction and productivity, along with quality. Leveraging young talent, senior talent, female talent, foreign talent, as well as technology, digital, data, and AI, are all ways to achieve this. “Have humans focus on what only humans can accomplish, and leave all other operations to technology, digital, data, and AI.” This is the shape of “future nursing care” that we are aiming for. In a workplace environment where diverse talent thrives, we are also committed to providing career support and improved conditions so each team member can take on challenges with pride and fulfillment.

Every individual naturally has different values and different ways of living. That is precisely why even when people reach an advanced age and require nursing care, we believe we must get to know them deeply and honor what they can do and wish to do. Based on a philosophy of “respect for human beings,” we have pondered a model for “supporting autonomy” in the truest sense, and pursued new forms of custom-made care using our proven expertise and technological strengths. We create the ultimate “custom-made care” by optimizing “future nursing care,” “private service” beyond the scope of long-term care insurance, use of technology, and our meals—which are a point of pride.

We cannot “transform Japan’s nursing care” alone. In the Platform business, we take the know-how and services cultivated in the Operator business and spread it to our colleagues in the world of nursing care providers, thereby achieving “transformation of Japan’s nursing care.” We aim to transform and develop the nursing care industry overall via outside sales of our meal and operation services, consulting services which support operational improvement, and nursing care and welfare operational support software from ND Software.

In the Wellbeing business, we work together with our colleagues in the nursing care industry, Sompo Japan Insurance, and Sompo Himawari Life Insurance to provide users and their families with service to safeguard their health and happiness, and achieve “the creation of the future of Japan.” Wellbio consultation service addresses three concerns of health, nursing care, and funds after retirement, providing not just consultations on nursing care, but services to support the lives of users and their families overall, with consultations that span overall living including health, insurance, and asset management.

A hub that relieves three concerns and builds the future of Japan

As those responsible for actual nursing care services and being the closest presence to our users as they lead their lives, we coordinate between Sompo Group companies to integrate our products and services and evolve them to become a hub for relieving three concerns—not just nursing care but also health and retirement funds.

The value we generate as a group originates with on-site know-how, services, and data. As the main player of SOMPO Wellbeing, we have gone beyond the traditional nursing care provider framework, and we continue to evolve into a provider of services to support overall living. Furthermore, following our ‘connect and be connected’ approach, we overcome boundaries between departments and roles, inside and outside the company, to create mechanisms for tying together staff, customers, communities, and the group as a whole.

What we need to do in the era up ahead is go beyond a nursing care framework and realize a society with a positive understanding of aging. Going forward, we will continue to transform nursing care in Japan through ceaseless trial and error of all kinds to refine know-how and services and share the fruits of our efforts with our colleagues in the nursing care industry. In addition, by providing service that serves to dispel the three concerns of seniors, we can create the future of Japan. We will keep moving forward with this aspiration in mind.

Nursing Care Business

To Our Stakeholders

Main Section

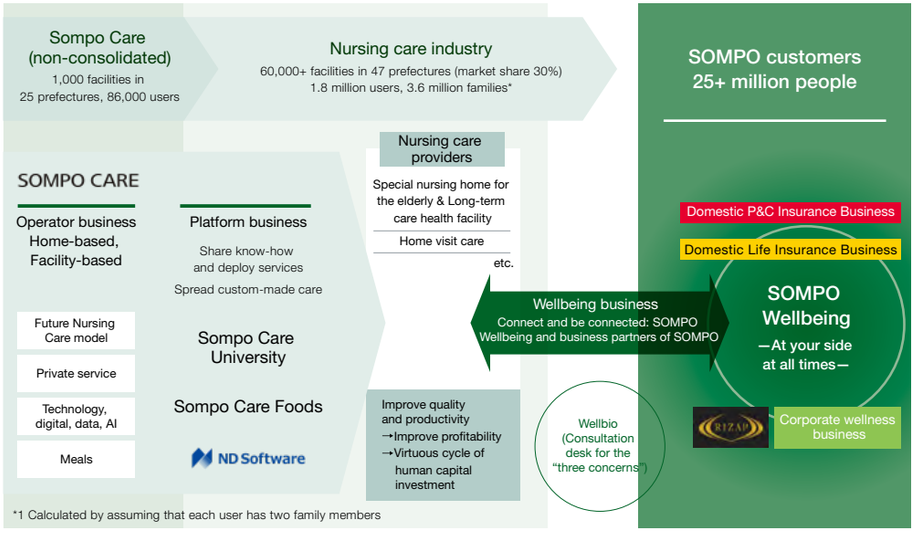
Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Overview of business strategy in the Mid-Term Management Plan

In addition to the core Operator business, the MTMP newly designates the Platform business and the Wellbeing business as earnings pillars, and aims to transform and develop the overall nursing care industry



In addition to the core Operator business, our Mid-Term Management Plan, which started in FY2024, newly designates the Platform business—undertaken as a main player in the group—and the Wellbeing business as earnings pillars. We are working not just on the profit growth of our Group's nursing care business, but to transform and develop the nursing care industry as a whole.

In FY2024 adjusted profits, occupancy rate, and business-specific ROE all progressed on target. In addition to growth for existing operations and new buildings, we are deploying the "future nursing care" model to all care homes, and achieving greater productivity along with quality. Increased sales of ND Software's software, and progress with outside meal sales, tied into expansion for the Platform business.

Major initiatives

Operator business

We have worked to improve profitability, develop the "future nursing care" model, and adopt to rising prices and other aspects of the external environment, managing to raise the occupancy rate of nursing care facilities to 94.7%, the highest level since we entered the industry. We have completed deployment of the "future nursing care" model to all nursing care homes, achieving an increase in productivity equivalent to 1.8 people per month per home (10% of the total working hours of nursing care staff working in nursing care homes). We have also carried out full-fledged development of "private service" beyond the scope of long-term care insurance, with the aim of providing service to help users live life to the fullest.

Platform business

We have worked to develop and provide nursing care and welfare operational support software via ND Software, and external sales of meals and consulting service with know-how and service built up in the Operator business. In FY2024 we made progress beyond previous-year results with ND Software sales and outside sales of meals for senior care facilities.

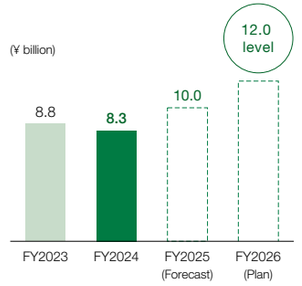
Wellbeing business

We have worked to develop new services around nursing care providing a one-stop response to concerns over health, nursing care, and retirement funds. We are broadening people's options for living by advancing the creation of mechanisms for pre-illness and preventive care, end-of-life planning and asset management support, and Wellbio consulting service for seniors and their families.

Progress in KPIs

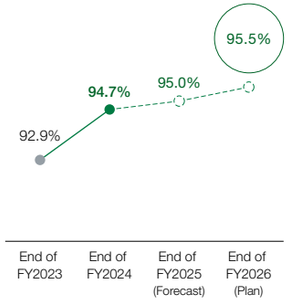
Adjusted profit*1

FY2026 forecast	¥12.0 billion level



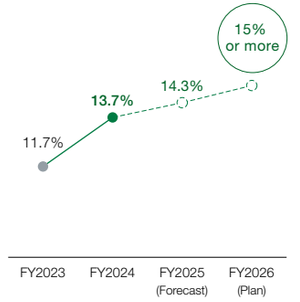
Occupancy rate

MTMP KPIs (end-FY2026)	95.5%



ROE (Operator business*2)

MTMP KPIs (FY2026)	12% or more



*1 Previous domestic accounting standards (Japanese GAAP) to FY2023, IFRS basis from FY2024
*2 Calculated by using adjusted profit generated mainly from public long-term care insurance benefits received for facility-based and at-home care, etc. as the numerator. Previous domestic accounting standards to FY2023, IFRS basis from FY2024

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
SOMPO P&C
Overview of SOMPO P&C
Message from CEO of SOMPO P&C
Domestic P&C Insurance Business
Overseas Insurance and Reinsurance Business
SOMPO Wellbeing
Overview of SOMPO Wellbeing
Message from CEO of SOMPO Wellbeing
Domestic Life Insurance Business
Nursing Care Business
New Initiative of SOMPO Wellbeing
Group Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

New Initiative of SOMPO Wellbeing

”Wellbio Biz”: A service to support the balance between work and caregiving

Sompo Health Support has developed ”Wellbio Biz”, a new corporate-oriented service to support the balance between work and nursing care, helping to prevent employees from leaving their jobs to care for family and contributing to greater corporate productivity. The service was launched on July 1, 2025.

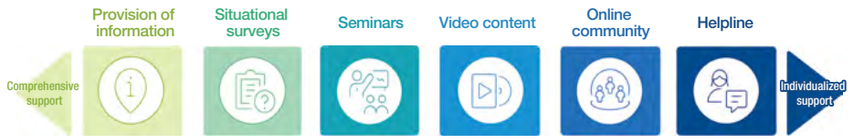
Background and purpose

Due to the accelerating trend of population aging and a declining birthrate in Japan, the working population is both shrinking and aging, causing acute labor shortages for companies. Moreover, with the growth of dual-income households, the number of people who have to work while caring for family members is also increasing, giving rise to more situations in which balancing caregiving and work is challenging. This has resulted in the pronounced issues of lower labor productivity and an exodus of personnel from companies, as employees leave their jobs to care for family members. To address this situation, the Japanese government is working to support companies in enabling a balance between work and nursing care, including formulating guidelines for business owners on supporting such a balance.

The Sompo Group over many years has built up expertise in the fields of both nursing care and health and productivity management. Capitalizing on this expertise, Sompo Holdings and Sompo Health Support developed Wellbio Biz, a service offering comprehensive support for companies’ efforts to keep employees from leaving their jobs to care for family members and maintain and improve productivity. Providing this service will help bring about a society in which people can continue to work without concern.

Overview of the service

Wellbio Biz is a corporate-oriented service to support the balance between work and caregiving. It is a packaged service supporting the initiatives of various companies, which comports with the Ministry of Economy, Trade and Industry’s Guidelines for Business Owners on Supporting Work and Nursing Care Balance and the amendments that the Ministry of Health, Labour and Welfare has made to the Act on Childcare Leave/Caregiver Leave among other guidelines.



The service ranges from comprehensive to individualized support, addressing all of the various factors needed to prevent employees from leaving their jobs to care for family members and to maintain productivity. As caregiving concerns in particular differ widely between employees, offering support tailored to each individual is crucial. One aspect of the service is an online community, cited as a model case in the Ministry of Economy, Trade and Industry’s Guidelines for Business Owners on Supporting Work and Nursing Care Balance. We developed this community for corporate customers building on the expertise Sompo Japan Insurance gained in managing a similar in-house community. The helpline staff includes professionals from Sompo Care, who are experts in nursing care, and has received high marks* in customer reviews. Both services are unique to the Sompo Group, which has been engaged in nursing care for many years.

* A STORES review by customers using the service in June 2025 gave the helpline an overall rating of 4.9 out of 5.

Development of the service going forward

Having trialed the service in the second half of FY2024, involving its use by 40,000 employees from eight companies, We have repeatedly refined its content since then. We also showcased the service as part of an event that took place during the Health and Wellbeing theme week of Expo 2025 Osaka, Kansai, Japan in June 2025, highlighting the individualized support and other distinctive services of the Sompo Group.

We officially launched the service in July 2025. Going forward, by providing this service to the corporate clients of Sompo Japan Insurance and other Group companies, we will accelerate our efforts to address social issues, including mitigating economic loss stemming from employee turnover and lower productivity connected to nursing care concerns.

Talk at Expo 2025 Osaka, Kansai, Japan (Left: Mr. Nagumo of the Japan Research Institute, Limited; Right: Mr. Oba, CEO of SOMPO Wellbeing)

Note: SOMPO Wellbeing co-sponsored the joint presentation, “Achieving KENKO Investment for Health (KIH)&Well-being with financial institutions,” hosted by the Events and Planning Unit of Nikkei Inc. on June 24, 2025.

Finance Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

By achieving sustained growth in share valuation and adjusted EPS and improving capital efficiency to global standards, we target a market capitalization of ¥6 trillion and adjusted consolidated profit of ¥500 billion in FY2030.

Masahiro Hamada
Group CFO

Mid-Term Management Plan (FY2024–2026) targets and goals for FY2030

The first year of the current Mid-Term Management Plan (MTMP) that began in FY2024 has now ended. On an IFRS basis, we have set a Group management target of at least 12% for the CAGR for adjusted EPS to increase adjusted consolidated ROE to 13–15% by FY2026, the final year of the plan. Moreover, the goals for FY2030 are a market capitalization of ¥6 trillion and adjusted consolidated profit of ¥500 billion, along with a reduction of strategic shareholdings to zero by this time.

Under the MTMP, we are actively reallocating more capital to help achieve our goals. In FY2024, based on a disciplined capital policy, we announced the Group's largest ever share buyback of ¥260 billion. From FY2025, we consolidated the Group's operations into two business units, SOMPO P&C and SOMPO Wellbeing, creating a structure to optimize risk-return both in Japan and overseas. We were also the first Japanese P&C insurance group to make the full-scale transition to International Financial Reporting Standards (IFRS).

My mission as Group CFO is to ensure we succeed in hitting the MTMP and FY2030 goals by progressing these initiatives steadily and effectively while generating sustained growth in stock valuation and adjusted EPS and boosting our return on capital to globally competitive levels.

Below I will review in detail the progress made in the first year of the current MTMP and SOMPO's financial strategy.

Review of first year of current MTMP and outlook

Based on our success in FY2024 in upgrading the earnings forecast and pursuing a disciplined capital policy, the share price rose 40% to ¥4,521 at the end of March 2025, up from ¥3,190 a year earlier when the current MTMP started. Market capitalization increased significantly to ¥4.2 trillion, driven mainly by the growth of the overseas insurance business and the sale of strategic shareholdings and disciplined measures to enhance shareholder returns. At the same time, over the past year we have steadily implemented key Group strategies such as SJ-R initiatives, regional overseas expansion and investment to strengthen the SOMPO Wellbeing business foundation. Nonetheless, we recognize we have not yet seen substantial growth in profitability. Increasing stock valuation to the ¥6 trillion level by FY2030 will require steady implementation of Group strategies leading to higher profit margins and an enhanced scale of earnings.

With future profit growth front of mind, we made steady progress in FY2024 towards achieving the target CAGR for adjusted EPS of at least 12%, including a capital adjustment of ¥110 billion via share buybacks during the year. While the adjusted consolidated ROE target (13–15% level) is challenging, I believe we should primarily focus on measures to boost the ROE numerator such as improving the basic return from our existing operations while also growing adjusted consolidated profit through disciplined growth investment. However, we must be disciplined in judging growth investments even though they are dependent on opportunities arising. We will concentrate on ROE numerator measures first, while watching various factors such as the status of the growth investment pipeline and income opportunities; market conditions; and the impact of share buybacks. Where necessary, we will also consider capital adjustments or other ROE denominator measures. In either case, the core focus is on realizing growth and achieving the FY2026 target for ROE using a balanced approach.

Finance Strategy

To Our Stakeholders

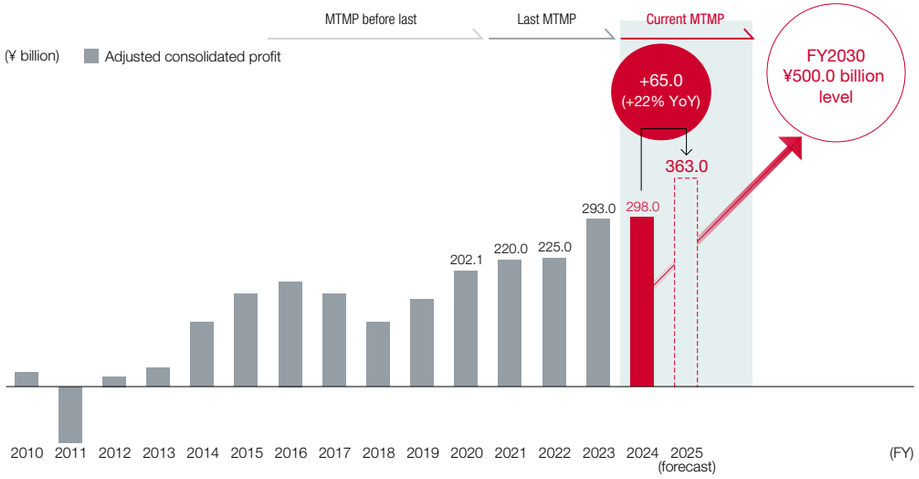
Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

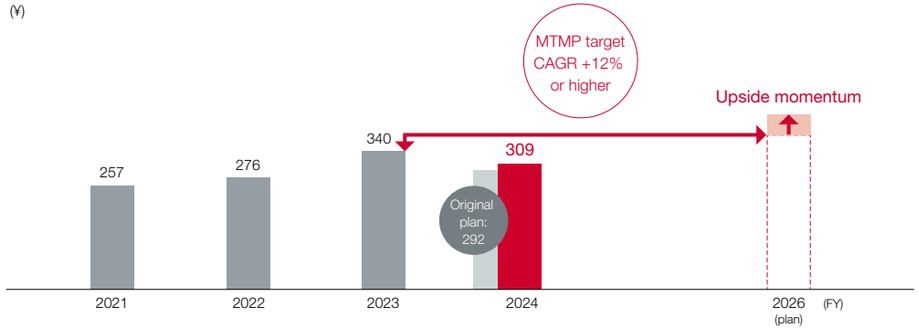
Figure 1 Adjusted Consolidated Profit



* Old standards (Japanese GAAP) basis until FY2023, IFRS basis from FY2024
* Normalized earnings since FY2021: Adjust the one-time factors such as impact of COVID-19, major losses, natural disasters (only domestic natural disasters since FY2023), etc., to original plan
* Old standards (Japanese GAAP) basis actual FY2021: ¥261.3 billion., FY2022: ¥152.2 billion., FY2023: ¥291.0 billion., FY2024: ¥334.3 billion.
* IFRS actual FY2024: ¥323.4 billion.

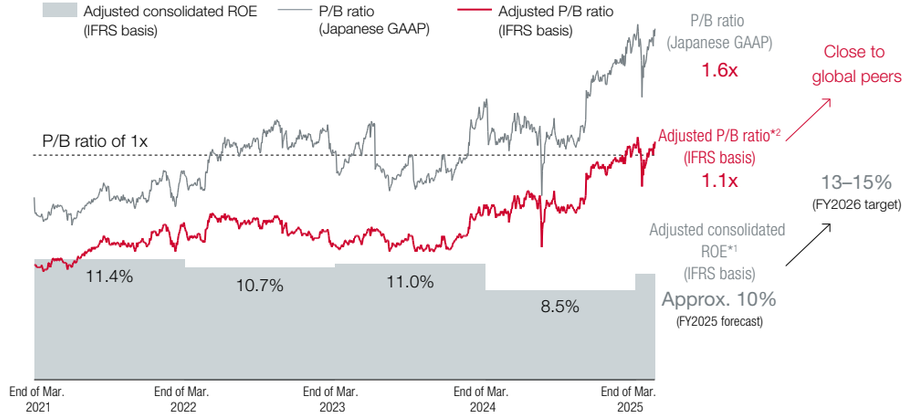
Figure 2 Adjusted EPS

Adj. EPS growth rate (IFRS basis) CAGR +14%



* Normalized earnings, estimates for FY2021 and FY2022

Figure 3 P/B Ratio and Adjusted Consolidated ROE



* Normalized earnings, estimates for FY2021 and FY2022
* Estimates for FY2021 and FY2022

Capital generation and reallocation

The evolved financial strategy in the current MTMP involves, in the first instance, the internal management of allocated capital by each Group business to maximize risk-return and achieve KPIs, including the ROE targets set for each business. This contributes to the Group achieving its consolidated performance targets. The holding company collects and reinvests the profits generated by each business to meet our targets for growth in adjusted consolidated ROE and adjusted EPS, together with attractive shareholder returns. The roles of the Group also include the redistribution of capital to each business and the monitoring of performance. The current MTMP policy is to reinforce the capital remittances from businesses to the holding company. It also introduces the idea of maintaining a balance with the operating capital retained in each business, while providing full control to the holding company over any surplus capital. In addition, based on our new ROE target, we have increased the target ceiling for our measure of capital adequacy, the Economic Solvency Ratio (ESR), by 20pt to 250%.

We will strive to ensure we achieve the Group's financial targets of adjusted consolidated ROE and growth in adjusted EPS by making the recycling of capital function more effectively, based on our steady implementation of the MTMP policies covering the three areas of risk mitigation and capital control, deployment of capital and growth investment, and shareholder returns.

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Finance Strategy

Risk mitigation and capital control

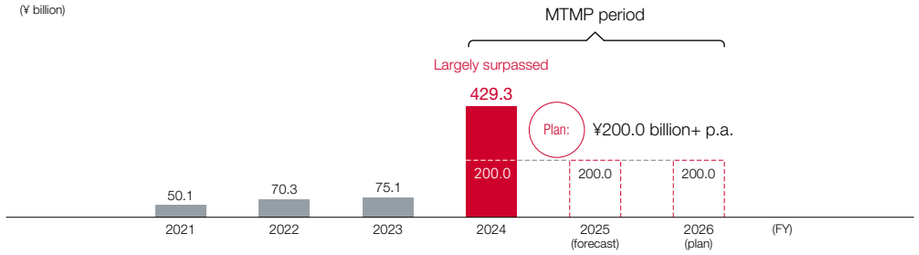
We aim to completely sell down strategic shareholdings by the end of FY2030. The reduction achieved in FY2024 alone was ¥429.3 billion, substantially ahead of plan. Based on this result, we have upgraded the MTMP target for a total reduction in strategic shareholdings, from ¥600 billion to ¥800 billion. We aim to accelerate the pace of reduction further as we head towards FY2030, reallocating the capital generated to invest in organic growth, M&A and enhanced shareholder returns.

We also make strict decisions to exit various investment projects by setting clear criteria that take into account initial plans and changes in the business environment, working to rapidly withdraw from unprofitable investments and recover capital efficiently, while allocating the recovered capital to new growth investment opportunities. Elsewhere, while strengthening how we manage risks posed by domestic natural disasters, we will continue to reduce our exposure to unprofitable parts of the insurance portfolio.

Figure 4 **Sale of Strategic Shareholdings / Balance of Strategic Shareholdings**

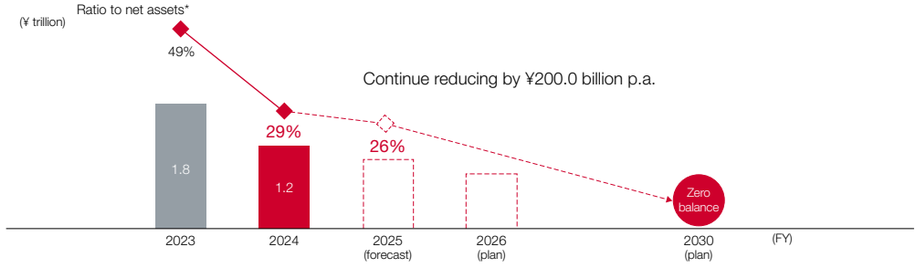
Sale of Strategic Shareholdings

MTMP target Revised up to ¥800.0 billion (Original plan : ¥600.0 billion)



Balance of Strategic Shareholdings

Reduction Target Reduction to zero by FY2030 from fair value of ¥1.2 trillion (29% of net assets*)



Deployment of capital and growth investment

Under the current MTMP, we plan to deploy capital in four key areas: overseas M&A, wellbeing M&A, organic reinvestment and business base reinforcement. Capital deployment will be steady in each area, but our aim is also to increase the effectiveness of these actions by creating a dual-unit business structure composed of SOMPO P&C and SOMPO Wellbeing.

Given that a certain scale of profit accumulation is essential to reaching our FY2030 goals, we acknowledge the need for M&A-derived inorganic earnings growth. From that point of view, our appetite would be strong for overseas acquisitions with potential for rapid earnings accretion and contribution to greater resilience, provided it cleared our hurdle rate and was a good fit in terms of investment discipline and culture. We would not hesitate in such cases. Our targeted regions remain the same, with a preference for North America and Europe, notably for commercial business. However, we are prepared to broaden our horizons. For M&A in the wellbeing sector, we are focused on investment areas to broaden our product and service base where we could utilize Sompo's strengths and thereby contribute to the sustained growth of the Group.

We will continue to take a firmly disciplined approach, since M&A is a means to raise capital efficiency and not merely an end in itself. Based on valuation trends and other factors, in fact we did not make any large-scale acquisitions in FY2024. However, we did invest to promote organic growth, mainly in overseas insurance operations. We also deployed capital in insurance underwriting, led by high-margin segments, while broadening the Group's credit investment portfolio as part of our asset management practices.

Human capital is a vital part of the Group's strategy, and HR investments form one of the highlights of the current MTMP. We are also investing actively across data and digital to help promote innovation and enhance productivity.

Policy on shareholder returns

In principle, profits generated by each business are consolidated and managed by Sompo Holdings while maintaining a balance with operating capital levels retained by businesses. A portion of this collected capital is then returned to shareholders. Our policy is to fund continued DPS hikes from sustained profit growth, considering sound finances and market conditions. We will also conduct share buybacks flexibly depending on the share price and our capital situation.

Under the current MTMP, to enhance the predictability and stability of shareholder returns since the adoption of IFRS in FY2025, the policy sets the basic return at 50% of adjusted consolidated profits, based on the latest 3-year average. We aim to increase total return through earnings growth, translating over time into higher DPS, combined with share buybacks. As a rule, we plan to increase dividends in line with

Finance Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

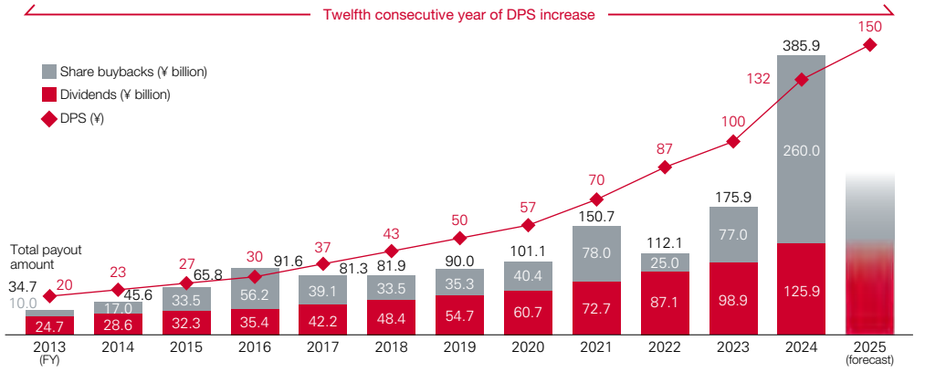
Financial and Corporate Data Section

medium-term earnings growth, while also increasing the payout ratio applied to the basic return. On top of this, we plan to provide an additional return set, as a rule, at 50% of gains from sales of strategic shareholdings (on a post-tax basis). We will also consider capital adjustments if the ESR is consistently above the target range, subject to the status of risk, capital, earnings trends and financial market conditions.

The total return in FY2024 in line with the current MTMP shareholder returns policy was ¥385.9 billion, of which share buybacks represented ¥260 billion. Both figures marked new highs. Based on the earnings outlook for each business and a disciplined capital approach, we expect to achieve an EPS growth rate of at least 14% during the MTMP period. The initial DPS guidance for FY2025 is ¥150, an increase of ¥18 and the twelfth consecutive hike in annual DPS.

Going forward, we will seek to maintain attractive shareholder returns while emphasizing dialogue with market participants.

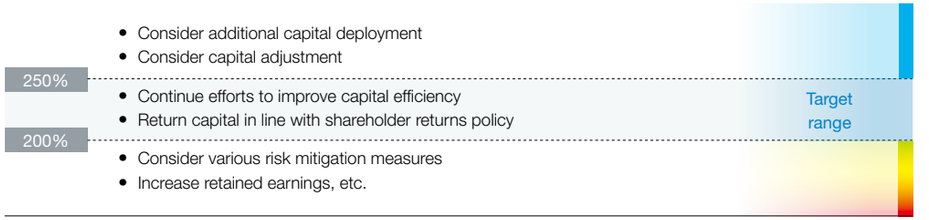
Figure 5 Shareholder Returns



* The Company implemented a 3-for-1 common stock split on April 1, 2024. In comparisons of DPS before and after the stock split, figures before the split are adjusted to level after the split (rounded to the nearest decimal place).

Figure 6 Shareholder Return Policy

Figure 7 ESR Target Range



Creation of dual-unit business structure (SOMPO P&C, SOMPO Wellbeing)

From FY2025, we are concentrating our operations into the two business domains of SOMPO P&C and SOMPO Wellbeing to help strengthen collaboration across business and regional boundaries. We aim to ensure consistent consolidated growth by applying an accelerated focus to the business unit themes of “increase resilience” and “connect and be connected.” With P&C insurance operations across 29 countries and regions, SOMPO P&C is building greater resilience coupled with risk-return optimization in an increasingly uncertain environment through an integrated global insurance business. To boost profitability, we plan to leverage the integrated global balance sheet for efficiency gains in reinsurance, asset management and other areas; accelerate SJ-R initiatives by introducing insurance expertise from overseas; invest in geographically broader, more diversified overseas insurance underwriting capacity; and undertake growth investments. Meanwhile, to help alleviate the three concerns of health, retirement funding and nursing care, SOMPO Wellbeing is building Group-based solutions by expanding sales of Insurhealth®, developing its conventional nursing care capacity, and increasing sales of wealth accumulation products. The FY2030 target for SOMPO Wellbeing is adjusted profits of over ¥100 billion, based on sustained growth in Lifetime Value (LTV).

We will achieve the Group targets we have set of raising market capitalization to ¥6 trillion and adjusted consolidated profit to ¥500 billion, based on the successful growth of these businesses and the implementation of our financial strategy.

Human Resource Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Human resource strategy for a Japan-born, truly global company

Shinichi Hara
Group CHRO

The Sompo Group aspires to become “a Japan-born, truly global company.” From an HR perspective, this means creating a company where every individual is a professional in their own right.

Our culture began as a homogeneous community, operating under a lifetime employment system. Employees were considered high achievers when they were adept at navigating internal dynamics. This focus produced “cookie-cutter” employees. Naturally, moving toward our aspirational vision will require significant time and energy.

Previously, our talent development emphasized cultivating generalists. We are now making a decisive shift towards fostering an environment where each individual can fully leverage and enhance their expertise. Importantly, this does not mean we seek specialists who consider their mission complete once their individual task is done. Rather, we look for professionals who apply their expertise to the organization’s broader goals with a strong sense of mission — while continuing to deepen their own skills. Ultimately, we strive to be a company brimming with such driven professionals.

Culture: Our Foundation. People: Our Pillars.

In FY2024, we embarked on rebuilding our corporate philosophy system around our purpose. We redefined SOMPO’s Purpose, the very reason for the Group’s existence, so that it serves as a north star for all stakeholders. We also defined “SOMPO’s Values”(please refer to the main section, page 33), which will be cherished by all executives and employees throughout the Group. Based on these values, we revised our Group Common Competencies and embedded them into various systems and standards to ensure stronger adaptation and effectiveness.

These initiatives are not a “one-and-done” effort that concludes once guidelines are established. Instead, as the company continues to operate, these principles serve as a compass, gradually shaping employees’ daily awareness and actions, and over time organically embedding themselves into our corporate culture. Building on this cultural foundation, strengthening talent is essential for creating new value and driving growth. We have positioned “Enhance the Group’s Human Resources” as a core pillar of our Human Resource strategy, and accelerated investments in people through the JPY 30 billion SOMPO Human Capital Fund established in FY2024.

In addition, we are currently defining a clear vision of the professionals we aim to nurture across the Group. Conceptually, the skills and expertise required of employees are structured in two layers: The first layer represents the “Three Rs” (reading, writing, and arithmetic), common to all employees with a focus on English and AI literacy. The second layer consists of specialized expertise tailored to each professional domain.

Employees will hone their strengths and expertise on Sompo’s stage, pursuing self-directed career paths. Anchored by our restructured corporate philosophy, we aim to bring soul into the framework, making Sompo’s culture truly alive.

“Connect and Be Connected” in Human Resource Strategy and Center of Excellence (CoE)

We transitioned to a new management structure in FY2025, reorganizing into two business segments: SOMPO P&C and SOMPO Wellbeing. Each segment now leads its own human resource strategy, enabled by its key Center of Excellence (CoE) concept.

The Sompo Group is accelerating the development of CoE to disseminate best practices and expertise from each domain across the Group. We will empower individuals with expertise, experience, and leadership to guide the Group forward — no matter their country of work or affiliated company.

To spearhead this effort, we have appointed Group Chief Officers for the internal audit and communication domains, effective August 2024, choosing the right leaders from across our organization.

This approach is not limited to executive appointments. The crucial point is to take a Group-wide perspective to identify and appoint the most suitable talent for each position. Through such initiatives, we will bring our “connect and be connected” principle to life within our Human Resource strategy, enabling us to evolve into an even stronger Group.

Human Resource Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Sompo's Work Styles: Built for Growth

While accelerating these initiatives, our work style is a key area we must reassess. As the external landscape shifts dramatically, continued corporate growth requires an agile and flexible organization, which begins with empowering each employee's work style.

In FY2025, we newly established "Sompo's Work Styles and Workplaces Principles" and "Sompo Work Style Policy," aiming to maximize organizational value creation while fostering high performance, growth, and fulfillment for employees. We will balance both in-office and remote work while leveraging the benefits of each.

As a leading example of the above initiative, Sompo Holdings and parts of Sompo Japan's corporate function will relocate to a new office in February 2027 as the Group Headquarters. The new office will leverage cutting-edge technology to enable highly productive work styles. This marks our first step toward promoting diverse and flexible work styles that support them across the entire Group. By cultivating the future of work, we aim to drive sustainable growth and enhance corporate value.

New Metrics for Medium- to Long-Term Value

Investments in people — whether in talent development or workplace improvements — are expected to deliver high productivity and increased profits over the medium to long term. To measure the impact of these investments, we introduced two new productivity metrics in FY2025: Labor Productivity (value created per employee) and Human Capital ROI (return on investment in people).These metrics reflect our view that spending on talent is an investment, not a cost.

That said, given that these metrics are influenced by revenue volatility from external factors such as natural disasters, they are designed to track medium- to long-term improvement rather than year-to-year fluctuations. We will continue refining these indicators going forward.

To Being a Japan-Born, Truly Global Company

With the new management structure introduced in fiscal year 2025, each business segment is independently executing its own talent strategy. Under the SOMPO P&C umbrella, Sompo International and Sompo Japan Insurance have initiated various collaborations that transcend national, regional and cultural boundaries. The Japanese organization, as it pivots toward strengthened expertise, has much to learn from Sompo International, which has grown by leveraging its employees' high level of expertise. At the same time, Japan's long-cherished altruism will remain crucial as we go global.

Through mutual learning and development across the Group, we will foster the growth of each employee and embody Sompo's values: Integrity, Self-Motivation, and Diversity. By building a Group brimming with professionals, we will realize our vision of becoming a Japan-born, truly global company.

TOPICS

Harnessing Diverse Expertise for Global Impact

As we aim to establish ourselves as a truly global company, we are committed to developing a cohesive culture that harnesses the strengths of our operations around the world while valuing and respecting local differences.

By aligning the diverse perspectives of Sompo (SIH) and Sompo Japan Insurance under the SOMPO P&C umbrella, we are driving innovation, enhancing resilience and strengthening our competitive advantage through collaboration, talent development and shared values.

We are committed to advancing cross-cultural communication and leadership development to bridge organizational differences and support an integrated and agile workforce. This will allow us to create a more unified, adaptable and dynamic corporate culture.

We recognize that the collective expertise of our people fuels our success. As such, our vision goes beyond expanding our global footprint — it is about fostering an inclusive environment rooted in a shared purpose and the pursuit of excellence. By aligning our human capital strategy with these principles, we are creating an environment where talent can thrive to help us drive sustainable growth and deliver exceptional value to our customers worldwide. These foundations not only position SOMPO P&C as a global industry leader but also enable us to proactively meet the evolving needs of our customers and partners — and the communities we serve — with confidence and meaningful impact.

Joy McCune
Sompo International
CHRO

Human Resource Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Overview of the Human Resource Strategy

The Mid-Term Management Plan lists three catch phrases: Pride and Happiness for All Employees, Self-Directed Careers and Growth, and Pursue My Purpose. Under the plan, we will improve our HR systems and reinforce efforts to embody SOMPO's Purpose. In implementing human capital management, we have positioned the following as key strategies: Enhance the Group's Human Resources, Transform the Corporate Culture, and Evolve the HR Systems and Reinforce the Human Resource Base. Going forward, these key strategies will continue to serve as axes for creating an environment in which both employees and the company can grow together as we further strengthen the management base.

Overview of the Human Resource Strategy in the Mid-Term Management Plan

Key Strategies

Enhance the Group's Human Resources

We will clarify the talent portfolio needed to execute the Sompo Group's management strategies and enhance the Group's human resources.

We launched a ¥30 billion SOMPO Human Capital Fund in FY2024 to build the talent portfolio necessary to execute the management strategies of the Sompo Group and its various businesses, and to expand investment in Group talent in areas such as training and recruitment. We also hold a Talent Roundtable, attended by the CHROs and HR departments of each company, as well as the Group CEO and executives from related departments, to discuss talent training, promotion, assignment, and other matters based on succession plans for each functional area. These roundtables are helping us build the ideal talent portfolio and invest in the human resources needed to do so. Going forward, we will further augment efforts to enhance human resources, including clarifying the expertise and skills required of employees and expanding our systems for subsidizing certifications and training courses to help improve those skills.

Examples of human capital investment using the ¥30 billion SOMPO Human Capital Fund

Domestic P&C commercial sales reform Specialist development program	Acquisition, development of underwriting specialists; sharing of expertise with the frontline
Start of training related to operations utilizing generative AI (LLM)	Improvements to development of future leaders through secondment to other companies
Introduction of a Group-wide learning management system	Further investment to foster an organization and culture where diverse talent can thrive

Ongoing enhancement of the Group's enterprise value by delivering value as professionals

For further details on talent enhancement and development, please refer to Talent Development (sustainability section, page 140).
For further details regarding succession planning, please refer to Succession Plan (sustainability section, page 65).

In the various business domains and Group companies, we are stepping up training and recruitment efforts to hone employees' expertise. For example, Sompo Japan Insurance is taking several steps to secure a stable supply of personnel to support sustainable growth, assigning recruitment ambassadors in each prefecture in Japan, offering nationwide internships and seminars for new graduates, and hiring mid-career talent through referrals. We are also moving forward with initiatives to hone expertise, such as by developing a tiered educational system including the Innovation Z talent development program for young employees, and by expanding in-house online learning, including SOMPO Japan University and SOMPO Commercial Academy.

Human Resource Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

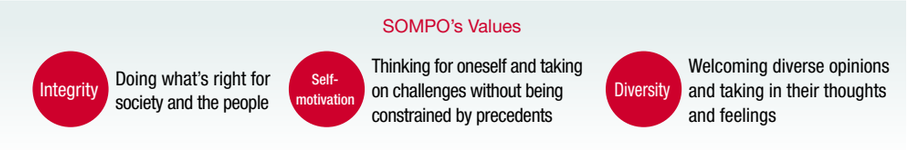
Financial and Corporate Data Section

Furthermore, as a way of shoring up the foundation for strengthening talent across the Group, we introduced SOMPO Learning Hub, a learning management platform that encourages voluntary learning on the part of employees.

Through these initiatives, we will continue to enhance sustainable corporate value for the Group going forward.

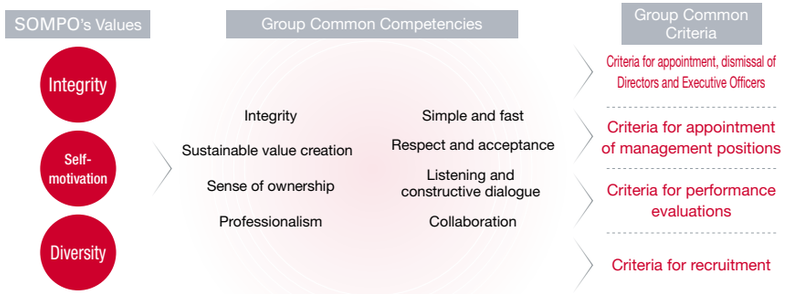
Transform the Corporate Culture

All Sompo Group executives and employees work together to transform the corporate culture into one which is open to diverse opinions and where everyone's views are heard. In FY2024, we defined Integrity, Self-motivation, and Diversity as SOMPO's Values, to serve as the basis for decisions and actions and as a valuable frame of reference for executives and employees throughout the Group.



We have also reviewed our Group Common Competencies to ensure consistency with SOMPO's Values, and have reflected these in the selection criteria for Directors and Executive Officers, management promotions, employee evaluations, and recruitment, seeking to instill them more broadly and increase their effectiveness. Going forward, we will continue to pursue the transformation of a corporate culture grounded in these values, enabling diverse talent to thrive and driving the sustainable growth of the Group.

Framework to ensure implementation by all executives and employees



The HR Systems and Reinforce the Human Resource Base

To support the pursuit of My Purpose, which serves as the foundation of our human resource strategy, and to support initiatives to Enhance the Group's Human Resources and Transform the Corporate Culture through HR systems and frameworks, we are expanding systems and laying the foundation to support individual choice in career development. For instance, through the Group Job Challenge Program, any Group employee can apply for an open position in any Group company, offering the chance to embrace new challenges and gain broad experience. This supports the self-directed career development of each employee, based on their My Purpose. In FY2025, we began standardizing and evolving the job-based HR systems of Sompo Holdings and Sompo Japan Insurance. Going forward, we will continue to refine extend this HR system across the Group, hone the expertise of all employees, and accelerate the development of a Center of Excellence to tie advanced expertise into the sustainable growth of the Group.

In addition, we are developing a Group-wide HR strategy platform (talent management system) with the aim of visualizing the Group's talent portfolio and further support individual choice in career development and advances in expertise.

We are also preparing to introduce a new stock compensation program using cash stock in FY2026 for employees of Group companies in Japan. The aim is to further enhance employee awareness of Group performance and increases in stock price as well as their sense of ownership, boosting their motivation to contribute. This will foster a sense of unity throughout the Group and lead to the longer-term enhancement of corporate value.

Looking Ahead

The Sompo Group believes that investing in people is linked to numerous benefits—it makes employees more satisfied with their work, fosters career ownership, boosts employee engagement, helps maintain and improve physical and mental health, and helps ensure wellbeing—and these in turn give rise to outward, concrete changes in behavior.

We have further clarified our KPIs to make these effects visible. We also introduced two new productivity indicators in FY2025: labor productivity and the return on investment (ROI) in human capital. Rather than evaluating upswings or downswings within a single fiscal year, these indicators are intended to drive improvement by evaluating initiatives based on the HR strategy from a longer-term perspective.

By further integrating our business and human resource and management strategies, we aim to reach the targets of our Mid-Term Management Plan and enhance sustainable corporate value, while working across the Group to realize SOMPO's Purpose.

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Human Resource Strategy

Group-Wide Framework, KPIs

The Sompo Group will steadily implement its human resource strategy to enable every employee to achieve further growth and embody SOMPO's Values, thereby contributing to the realization of SOMPO's Purpose.

By visualizing progress of initiatives tied to our HR strategy in terms of measuring the degree to which we achieve the KPIs set out in our Group-wide framework, we are seeking to optimize the PDCA cycle and pursuing ongoing improvement.

Progress in HR Strategy → Changes (KPIs*1)

Enhance the Group's Human Resources

Transform the Corporate Culture

Evolve the HR Systems and Reinforce the Human Resource Base

Self-motivation Honing Expertise

		FY2024 results	Scope	Target
HR investment amount (use of Sompo Human Capital Fund)		¥840 million	All Group companies in Japan	Year-on-year increase
Career ownership indicator	Number of employees who have transitioned to job-based HR initiative	244 (+32 YoY)	Sompo Holdings Sompo Japan Insurance	Year-on-year increase
	Number of transfers/ applicants in open recruitment system*2	267 people out of 836 (+38/+136 YoY)	All Group companies in Japan	Year-on-year increase

Diversity Active Participation of Diverse Talent

	FY2024 results	Scope	Target
Ratio of female executives/ general managers/managers	14.3%/20.7%/26.6% (+1.6%/+0.6%/+1.1% YoY)	Group-wide	30% (2030 target)
Mid-career hires	241 (+151 YoY)	Sompo Holdings Sompo Japan Insurance	Year-on-Year increase
Ratio of mid-career hires	43.9% (+10.6% YoY)	Sompo Holdings Sompo Japan Insurance	Year-on-year improvement
Ratio of female candidates in succession plans	40% (-2.6% YoY)	Group-wide	50%
Ratio of males taking childcare leave	81.0% (-0.2% YoY)	All Group companies in Japan	100%
Ratio of employees with disabilities	2.61% (+0.12% YoY)	All Group companies in Japan	2.7% (FY2025 target)

Integrity Improving Integrity

	FY2024 results	Scope	Target
Integrity indicator*3	3.68 (-0.07 YoY)	All Group companies in Japan	Year-on-year improvement
Confirmed harassment cases	33 (-4 YoY)	All Group companies in Japan	Year-on-year decrease

Maintaining and Improving Physical and Mental Health

	FY2024 results	Scope	Target
Total of actual hours worked	1,931 (-17 YoY)	All Group companies in Japan	Year-on-year decrease
Number of employees on mental health leave	794 (+82 YoY)	All Group companies in Japan	Year-on-year decrease
Ratio of employees with standard BMI	64.6% (-0.2% YoY)	All Group companies in Japan	Year-on-year improvement
Ratio of smokers	16.3% (-0.5% YoY)	All Group companies in Japan	Less than 12% (2030 target)

Increasing Engagement

FY2024 results
In Japan: 3.56 (+0.04 YoY)
Overseas: 4.16 (-0.02 YoY)

Scope
Group-wide

Target
Year-on-year improvement

Taking on More Challenges that Drive Innovation

FY2024 results
Challenge indicator*3: 3.44 (+0.14 YoY)

Scope
All Group companies in Japan

Target
Year-on-year improvement

Improving Productivity

Productivity indicator*4

FY2024 results
Human capital ROI 43.2%

Scope
Group-wide

Target
Year-on-year improvement

FY2024 results
Labor productivity ¥13million per employee

Target
Year-on-year improvement

Human capital ROI

= [Adjusted consolidated profit + investment in people (personnel expenses + education investment + workplace investment)] / (personnel expenses + education investment + workplace investment) - 1

Labor productivity

= [Adjusted consolidated profit + investment in people (personnel expenses + education investment + workplace investment)] / number of employees

*1 The framework given here is centered on KPIs common to the Group
*2 Internal recruitment system among Group companies and between Sompo Holdings and major Group companies in Japan
*3 Average scores related questions in an in-house engagement survey
*4 Introduced in FY2025

Creating value as a Group

Enhancing corporate value, achieving SOMPO's Purpose

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Center of Excellence (CoE): Integrating Knowledge and Talent to Make the Entire Group More Competitive

The Sompo Group is accelerating its establishment of a Center of Excellence to share the specialized knowledge and expertise it has accumulated in various business domains throughout the Group. Our first goal in FY2024 was to strengthen the competitiveness of the Group as a whole by further acting to assign the most suitable personnel from across the Group to key positions, regardless of the division they formerly belonged to or their responsibilities.

David Camputo

Group Chief Audit Executive (CAE)
Senior Vice President
Sompo International CAE

The establishment of a global Center of Excellence in Internal Audit marked a major milestone in Sompo's transformation journey. By integrating internal audit teams from Sompo Holdings, Sompo International, Sompo Japan, Himawari Life, and Sompo Care, we've built a unified function that strengthens how we manage risk, uphold governance, and drive long-term value creation.

With shared platforms like TeamMate+ and real-time JSOX testing, the team is driving consistency, speed, and transparency across the Group. At the same time, a new global Center of Expertise is developing future-ready talent by fostering curiosity, agility, and knowledge exchange across geographical regions.

This unified function's use of data analytics and AI is sharpening foresight and enabling deeper insights that help guide business decisions with greater speed and confidence. As a result, Internal Audit is evolving from a traditional control function into an embedded strategic advisor with executable action plans.

This Center of Excellence model reflects a mindset shift. It positions Internal Audit as a trusted partner in building a stronger, more resilient Sompo. It is about operating with clarity and purpose, anticipating what's next, and ensuring we are always ready to meet tomorrow's challenges together.

Nicolas Burnet

Executive Vice President
in charge of SOMPO P&C
Group Deputy Chief Financial Officer (CFO)

Global Finance is setting the pace for how aligned financial leadership can create long-term value at scale. Through closer integration across Sompo Holdings and Sompo International of our capital policy, financial strategy, investments, and our communications with investors, we are building a more connected, forward-looking, and performance-driven function.

In 2024, Sompo exceeded record profit levels, improved capital efficiency, and executed disciplined share buybacks while maintaining ample capacity for growth investments. The Finance function played a key role in advancing these outcomes through strategic asset allocation, enhanced ROE management, and investor engagement initiatives that lifted the Group's market valuation and adjusted P/B ratio.

At the same time, we are strengthening our foundation through smart investments in talent and digital infrastructure. Generative AI is now being applied in financial planning and analysis, while new HR systems are accelerating career mobility and alignment across regions.

This Center of Excellence approach is enabling Finance to operate as a truly global partner to the business. It is helping to drive performance, build investor trust, and ensure Sompo is well-positioned for long-term, sustainable growth.

Sina Martens

Senior Vice President
in charge of Communications
(Group Head of Communications)

The creation of the Group Communications function marks a major step forward in how we connect, engage, and grow as One Sompo. By aligning the communications capabilities of Sompo Holdings and Sompo International, we've established a unified global team that brings together diverse expertise, perspectives and energy to communicate our organization's single strategic vision.

This alignment is creating new opportunities for collaboration to strengthen and grow our global reputation, enabling us to amplify the capabilities of our businesses. With a stronger alignment on priorities and a deeper sense of purpose rooted in shared values, colleagues across regions are now more connected than ever.

In 2025, Sompo International launched Workvivo, a vibrant internal engagement platform that is now being rolled out across Sompo Holdings and Sompo Japan. By enhancing how we communicate our priorities, align teams, and strengthen cultural integration across the Group, this platform is becoming a shared space for all our people to collaborate and contribute to our global culture.

Group Communications plays a crucial role in strengthening our shared identity, aligning our focus on management and business objectives, and connecting diverse geographies and cultures. This development exemplifies how the Center of Excellence approach is making us stronger – uniting us as one team with one vision for the future.

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Digital, Data, and AI Strategy

SOMPO DDAX (Digital, Data, and AI Transformation) is building a future of health, wellbeing and financial protection.

We are leveraging the power of digital technology, data, and AI to build a future of health, wellbeing and financial protection.

Motivated by our Group digital strategy, DDAX. DDAX connects to the future via two approaches.

Horizontal DDAX (Group-wide digital infrastructure):

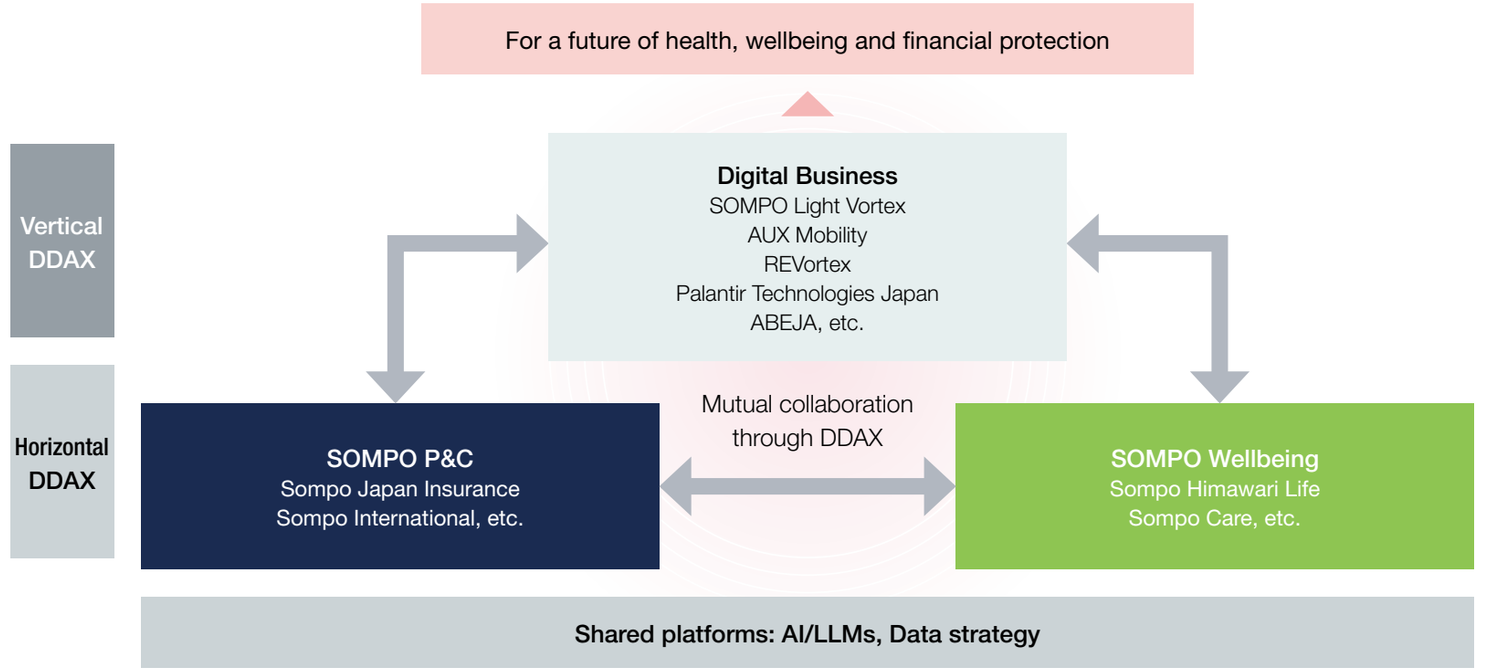
We are providing an environment where all employees can use leading-edge technologies such as AI/LLMs (Large Language Models), and we are now working to implement AI in order to be able to address operational issues and specific tasks within the Group. This will improve operational efficiency and allow accurate data-based decisions, tying into improved service for customers.

Vertical DDAX (deepening Digital Business):

In addition to existing businesses, we also taking-up the challenge of creating new businesses in adjacent fields by making full use of digital technology, supporting our Group's corporate clients and contributing to solving social problems. We are responding to customer needs and delivering order-made security, health, and wellbeing.

DDAX continues to evolve. DDAX is already generating concrete results, including the creation of novel services and dramatic improvements in productivity through AI. In addition, coordination between our various businesses is creating new services that meet the diverse needs of our customers.

Through DDAX, we maximize the potential of digital technology to build a richer future for everyone.



Digital, Data, and AI Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Providing New Experiential Value Only AI Can Achieve

Masayuki Kimura
Group CDO

SOMPO's new digital strategy: DDAX

The Sompo Group established SOMPO Digital Labs in Tokyo and Silicon Valley in 2016, and has been advancing digital data transformation (DDX), including data-driven portfolio realignment, while incorporating leading-edge digital technologies. I have worked on our company's projects since 2016 when I was at my previous post, and from that perspective, I believe our strength lies in our history of taking on challenges. In the past, new technology deployment sometimes became an end in itself, which resulted in a lack of improvement in user convenience and a lack of acceptance, leading to so-called technology-driven failures. Having gone through this experience, we now make sure our thinking is issue driven, deploying technology in order to resolve user and on-site issues. In this way we can align with customers and employees, ensuring their acceptance of new initiatives.

Implementation teams are crucial when implementing AI and digital technologies in an issue-driven manner. Our digital department now has about 200 people, and I don't think there are many companies in Japan—other than IT firms—that have such an in-house organization. We believe that our in-house development capabilities, which allow us to maximize development speed while keeping costs down and addressing specific needs, are a major strength of our company.

With AI advancing at a dizzying pace in recent years, incorporating AI to enhance operational efficiency, personalize the customer experience, and bring reform to business models has become essential to companies' survival. In utilizing AI, preparing the underlying data to fully harness AI's power is crucial. The DDAX we are aiming for is to radically evolve our conventional digital strategies and achieve AI-driven transformation, while capitalizing fully on the data.

Mission

I joined Sompo Holdings as Group CDO in June 2025 because the company's Purpose resonated with me and I wanted to be involved in something that has social significance. My mission is to promote DDAX across the entire Sompo Group, and within that context my focus is on driving forward AI. We are implementing AI in various business processes across the Group, leading to improved productivity and the creation of new businesses, thereby contributing to the achievement of the Group's goals for FY2030.

There are three phases in advancing AI in a company: the first phase is when employees become proficient in using AGI (Artificial General Intelligence), the second phase is when AI is incorporated into business operations, and the third phase is when business models are changed to incorporate AI.

In the first phase, the Group's proprietary conversational generative AI was used by over 50% of employees, contributing to increased efficiency in tasks such as creating meeting minutes and drafting emails. In the second phase, we are incorporating AI in a way tailored to each business's operations. For example, Sompo Japan Insurance's insurance claims service division uses AI to assign staff when accepting accident claims and to strengthen fraud detection. Sompo Care's nursing care facilities provide personalized care for each resident based on sleep data and care records. Going forward, we aim to provide even greater experiential value by leveraging AI based on this kind of data. Sompo is now steadily implementing the second phase of its AI advancement, and we are engaged with each business division as we move towards the third phase, where we transform our business models.

Spreading our AI vision and fostering a culture within the company is indispensable to achieving our mission. To foster a culture of AI utilization, we operate a community to share know-how and further reinforce the spread of AI throughout the group. In addition, to further accelerate our activities, we are actively working to develop and acquire AI talent to further enhance our in-house development digital division, which is one of our strengths.

What we aim to achieve by advancing AI

I have been involved in the launch of many new businesses, and even in difficult situations, I have found a path to success by continually addressing customer challenges and achieving results. In my last post, I launched a business in Silicon Valley on my own without any overseas experience. I believe my strengths lie in my ability to work backwards from a goal and my mental toughness. Leveraging these strengths, I will implement the necessary solutions one by one and tackle various challenges to achieve DDAX through each phase, enhancing AI use by all employees, implementing AI in business processes, and transforming each business such that it has a business model that incorporates AI. I expect to face many challenges and difficulties along the way, but I will never give up. I will be at the forefront of advancing AI, mobilizing the power of our digital team. I will provide customers with new experiential value that can only be achieved through AI, and I will work hard to push forward with DDAX to contribute to the realization of a future of health, wellbeing and financial protection.

Digital, Data, and AI Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Bringing about a Better Society via the Power of Data and People

Akiko Murakami
Group CDaO

Supporting Group businesses through data

My mission is to support the entire Group's business by making maximum use of the power of data. I am working on this mission from two main perspectives.

The first perspective is leveraging the power of data to achieve the Group's 'connect and be connected' vision faster. Under our new management structure, we aim to create new value through the global integration of our P&C insurance businesses operating in Japan and overseas, as well as via coordination between the diverse services in our wellbeing business. In order to succeed with these major changes, it is indispensable to coordinate and make strategic use of the data that exists in each organization.

The second perspective is how to apply the amazing advances in AI to our business. The use of AI in business is no longer an option but a prerequisite, and it is necessary to not just use AI but improve its performance as well. To this end, we believe that improving the quality of data and building a system that allows us to constantly leverage data suitable for AI use (AI-ready data) strengthens the competitiveness of the entire Group.

Three issues to be addressed to achieve our mission

Since April 2025, when I assumed the position of Group CDaO, we have worked on three main tasks to achieve our mission.

The first is the creation of use cases. We are advancing initiatives that allow Group employees to build up successful experiences through the use of data to improve operations and increase the value provided to customers. One example is the SJ-R Dashboard deployed at Sompo Japan Insurance. This is a system for all employees to check shared data and link it to specific actions. Since it enables comparison of the status of one's own department with that of the entire company based on data (facts), it is useful for the analysis of concrete measures to enhance the soundness and increase the quality of management.

The second is human resource development. In the past data was generally perceived as something managed by the IT department, but we encourage each employee to be an active participant in data usage, and think and act for themselves about its utilization. We have also created opportunities for employees to share with each other what data they hold and how they manage and use it, in an effort to improve the data literacy of the Group as a whole.

The third is data governance. As data utilization becomes more diverse, there will be more cases than ever where data from one department is used in another department or within the Group. To this end, we are working to create a foundation— including rules and infrastructure—so that each employee can understand their own data and its value, and undertake proactively to uphold data quality.

I want to achieve a better society using the power of technology

Ever since I was moved by the power of science at the Tsukuba Science Expo when I visited as a child, I have sensed the significance of using technology to improve the world and have followed the path of technology. To fulfill my aspirations of those days, I am now working as the Group CDaO of Sompo Holdings, and I would like to contribute to the achievement of a better society by supporting SOMPO P&C and SOMPO Wellbeing through data.

Digital, Data, and AI Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

Leveraging Digital Technology to Create New Business

Koichi Narasaki
Senior Executive Vice President and Executive Officer
in charge of Digital & New Business (Officer) and Investment

Initiatives aimed at achieving our mission

Since joining the company in 2016, I have led the Group's digital business as Group CDO, and from FY2025 I am responsible for the digital business and investments, and work to progress towards achievement of our three missions.

The first mission is to launch new businesses that leverage digital technology and directly contribute to the Group's earnings. Five entities are already in operation, including a joint venture with Palantir Technologies Inc., SOMPO Light Vortex, which helps client firms solve problems, and AUX Mobility in the mobility field. For example, SOMPO Light Vortex works with the sales offices of Sompo Japan Insurance and leverages SOMPO's capabilities to support firms in solving management, DX, new business development, and other issues.

Based on the Sompo Group's strong recognition and solid customer base, we contribute significantly to overall Group earnings.

The second mission is to support the further development and evolution of SOMPO P&C and SOMPO Wellbeing from adjacent fields. We will play the role of a component manufacturer, so to speak, by entering and developing adjacent areas that are difficult for individual businesses to address alone. For example, in the P&C area, we are looking for the seeds of businesses and developing solutions with a view to contributing to businesses in the future, such as businesses related to electric vehicles (EV), which are expected to spread in future, and also new businesses related to medical care for the elderly in the wellbeing area.

Third, as a new business development officer, I will create a new third business in addition to P&C and Wellbeing. In August 2025, we are launching a new organization and already working on concrete projects. Through early commercialization, we will contribute to the realization of a future of health, wellbeing and financial protection.

Accomplishing through the spirit of altruism

Prior to joining the Sompo Group, I worked for a trading company for about 20 years, and then spent 16 years in corporate management and business development as CEO, COO, and such at US software startups. From that time to the present, I have consistently maintained the spirit of altruism to enrich not only our company but also our customers and society. I later decided to join the Sompo Group because SOMPO's purpose of health, wellbeing and financial protection resonated with me.

My mission now is to deliver the value of security, health, and wellbeing through our business, and to be rewarded with the satisfaction of our customers, which is the very spirit of altruism that I cherish; I am determined to accomplish this mission with a strong sense of purpose.

Sustainability Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

SOMPO's Value Creation Generating a Greater Impact Together with Our Stakeholders

Kayoko Sakai
Group CSuO

Our origins and sustainability journey

"We want to protect people from disasters." This unwavering desire, born in Japan's Meiji era, is the foundation of the Sompo Group. Its origins trace back to Tokyo Fire Insurance, Japan's first fire insurance company, established in 1888. The strong sense of mission and determination to protect policyholders has been passed down as the core spirit of the Sompo Group. This spirit is still at the core of our activities more than 130 years since our founding, breathing life into our unwavering sense of mission to contribute to society.

In 1992, the United Nations Conference on Environment and Development was held in Rio de Janeiro, Brazil. Our then-president participated as the head of the Keidanren (Japanese Business Federation) delegation and returned home deeply moved by the importance of corporate environmental initiatives, stating, "The 21st century will be the century of the environment." Under this strong leadership, we established the Department of Global Environment in October the same year, and SOMPO's sustainability initiatives began in earnest. The foresight demonstrated by SOMPO taking the lead in addressing environmental issues as an insurance company at such an early stage at the beginning of the 1990s is deeply inspiring. This pioneering spirit serves as an important guiding principle that we carry on.

Treasuring stakeholder collaboration

What we value most in our sustainability initiatives is collaboration with our stakeholders. Challenges facing modern society are increasingly complex, and extremely difficult for companies to solve alone. However, we can generate a greater impact by collaborating with diverse sectors. One symbolic initiative is the Public Seminars on the Environment, which we began in 1993. Started in collaboration with environmental NGOs, the program has continued for over 30 years, contributing to the cultivation of citizens with deeper awareness of environmental issues and motivated to take action. With over 53,000 participants to date, the program has had a definite impact on society. Also, most recently starting in 2024, as part of efforts to mitigate climate change, we have cooperated with domestic and international businesses to begin testing technology to analyze greenhouse (methane) gas leaks from corporate facilities using satellite imagery. We have presented this initiative at international conferences such as the United Nations Framework Convention on Climate Change COP29, and are pursuing information exchange and service development with other stakeholders. We sense the growing expectations that the risk management knowledge and know-how of the insurance industry will have a positive impact on society. SOMPO is also focused on cooperation with all stakeholders—including customers, business partners, local communities, and employees, academias, governments, etc.—through the development and provision of insurance and services in partnership with financial institutions and firms in Japan and overseas, as well as activities to contribute to communities. This is because we firmly believe that dialogue and engagement with stakeholders are essential to accurately identify the needs that society truly desires to meet and to have a greater impact. Through these initiatives, we will solidify our relationships of trust and cooperation with stakeholders, ensuring the sustained growth of the Group. We will continue to carefully nurture this collaboration with stakeholders as the foundation that supports the activities of the Sompo Group.

Employees as the driving force behind our initiatives

The Sompo Group views its employees as the most vital driving force behind its pursuit of sustainability across the Group. The strong desire to serve people that was the founding commitment of the company is deeply entrenched in every employee, and is one of our greatest strengths. To embody this commitment, we established Sompo Chikyu (Earth) Club, a volunteer organization for employees, more than three decades ago, in 1993. This organization has provided opportunities to raise employee awareness of social issues and encourage concrete action. For more than 20 years, we have also conducted continuous sustainability training for all employees to instill the importance of addressing social issues through our core business. Furthermore, since 2021, we have focused on instilling a sense of purpose among employees, grounded in their individual desires and aspirations. Through the SOMPO Group Awards, our internal recognition program, we recognize employees who are working to realize their purpose and address social issues. By sharing their initiatives, we foster a sense of unity throughout the Group.

Instilling sustainability and a sense of purpose cannot be achieved overnight. However, guided by the strong conviction that the ongoing, day-to-day actions of each employee will ultimately have a significant impact on society, we will continue to do our utmost to cultivate our employees, the driving force of all we do.

Sompo Group's unique value creation story

Challenges facing modern society—including climate change, loss of biodiversity, and human rights issues—are becoming increasingly complex and difficult to address. Sompo Group, which has the purpose of building "for a future of health, wellbeing, and financial protection," aims to tackle social issues and enhance corporate value by leveraging the strong relationships and trust it has built with diverse stakeholders, and the enthusiasm of its employees. We will actively communicate Sompo Group's unique value creation story to garner broader stakeholder support and maximize our impact on society. You can expect to hear from us on the evolving value creation story of the Sompo Group as it strives to become a Japan-born, truly global company.

Sustainability Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

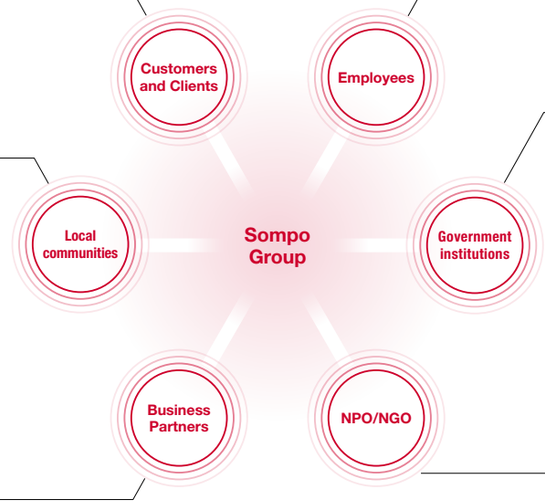
Sustainability Section

Financial and Corporate Data Section

Stakeholder engagement

Our Group engages in dialogue and cooperation with multiple stakeholders based on the idea that even complex social issues in modern society can be brought closer to resolution through collaboration between diverse sectors.

We believe that accurately understanding the needs that society truly seeks to have met, creating greater impact, and building strong relationships of trust and cooperation with stakeholders will lead to the sustainable growth of our Group, and we are working toward that end.



Customers and clients

A service combining risk management and climate data to reduce natural disaster risk in supply chains

Overview

Since 2023, Sompo Japan Insurance and Sompo Risk Management, in collaboration with Weathernews Inc., have been providing a web service called “SORA Resilience” that combines their respective insurance data, risk management and control expertise, and extensive weather-related data to provide disaster information. Providing real-time information on disaster conditions not only for the companies themselves but also for their supply chains contributes to corporate risk management and business continuity.

Employees

Leveraging employee skills to support the Great East Japan Earthquake reconstruction efforts

Overview

In 2012 we launched an employee dispatch program sending Sompo Group employees to support organizations engaged in reconstruction activities in areas affected by the Great East Japan Earthquake. This program was created to address to the need for personnel with management skills, given that reconstruction activities in the affected areas would be necessary over the longer term. Through this program, we contributed to disaster relief efforts in the affected areas while also working to raise employee awareness of social issues and improve their problem-solving skills.

Local communities

Solving complex community social issues through children’s cafeterias

Overview

Since 2022, Sompo Care has been hosting SOMPO-style Children’s Cafeterias at nursing care facilities such as nursing homes across Japan. These cafeterias provide a forum for multigenerational interaction between care facility residents and local children through meals and recreation. With this initiative we aim to address multiple social issues in the local community, such as increasing the happiness and vitality of residents, fostering job satisfaction among care staff, and fostering an affinity for care work among children.

Government institutions

Supporting the livelihoods of rice farmers vulnerable to natural disasters

Overview

As the result of research on risk financing, in 2010 Sompo Japan Insurance and Sompo Risk Management—in collaboration with the Japan Bank for International Cooperation (JBIC) and other public-private partnerships—launched weather index insurance targeting drought risk in northeast Thailand. This insurance is offered to borrowers of the government-affiliated Bank for Agriculture and Agricultural Cooperatives (BAAC) and pays insurance claims when cumulative rainfall falls below a certain threshold. This initiative has garnered attention as a measure to support the livelihood of rice farmers, who are particularly vulnerable to the severe impacts of natural disasters—for instance, in 2011, the year after the weather index insurance was launched, the number of policyholders exceeded 6,000.

Business partners

Insurance agencies engage in activities to contribute to communities

Overview

Among our partner agencies in the insurance business, AIR Auto Club, an organization of Sompo Japan Insurance’s auto repair shop agencies, is engaged in a variety of activities from Hokkaido to Kyushu in Japan that contribute to society in response to local needs—including nature conservation and cleanup activities, and leveraging auto repair skills to repair wheelchairs.

NPO/NGO

Contributing to raising awareness and conserving the natural environment in accord with local issues

Overview

Sompo Japan Insurance’s biodiversity conservation initiative, the SAVE JAPAN Project, launched in 2011, is a collaborative project with the Japan NPO Center (a designated non-profit organization that aims to establish new partnerships between NPOs and companies), regional NPO support centers with expertise in issues facing various parts of Japan, and environmental NPOs. By implementing citizen-participation initiatives tailored to the issues facing each region of Japan, the project contributes to conserving the natural environment and raising public awareness on regional environmental issues.

Sustainability Strategy

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Finance Strategy
Human Resource Strategy
Digital, Data, and AI Strategy
Sustainability Strategy
Governance

Sustainability Section

Financial and Corporate Data Section

SOMPO Group Awards -Empowering employees to drive sustainability-

Based on the belief that each and every employee is the driving force behind our sustainability initiatives, our Group has endeavored to support employee initiatives.

The Sompo Group Awards, given out since 2022, are a groupwide employee recognition program based on the concept of "Our Purpose begins with you." The aim is to foster a sense of unity and diversity within the Group by sharing the aspirations of colleagues addressing social issues, exchanging encouragement, and understanding each other's challenges. The awards system also seeks to instill in employees the importance of contributing to fulfill SOMPO's purpose and addressing social issues.

The second edition of the awards, SOMPO Award 2024, featured events such as the Connect with Encouragements Meeting, where employees selected as representatives of each group company got to know each other and deepened their relationships, as well as the related Pre-Event and SOMPO Week events, which gave opportunities for employees at large to learn about the initiatives of each group company's representative projects. By expanding the circle of employees tackling social issues and challenging themselves to realize their aspirations and My Purpose, our Group aims to achieve sustained growth and enhance corporate value.

SOMPO Awards 2024 Overview

2024

-Oct. 25 Group entries

Each company solicited entries in three categories via application, sharing, and selection processes.

-Nov. 27 Selection

Following group selection (document screening/interviews), we decided on a total of 18 category prizes—six in each of three categories.

Dec. 11 Connect with Encouragements Meeting

Around 170 employees chosen as representatives of domestic group companies and head office staff gathered to hold the Connect with Encouragements Meeting. Sharing challenges and aspirations with each other across group company boundaries, they strengthened their connection as a group.

2025

Jan. 8 -Jan. 24 Employee voting

Out of the 18 category prize winners, the initiatives that resonate the most with SOMPO colleagues was chosen as the Grand Prize through a cross-group employee vote.

Total Group employee votes: 6,192

Feb. 17 -Feb. 21 SOMPO Week

With the aim of building "a future of health, wellbeing, and financial protection," we held SOMPO Week 2024 to experience the diversity and unity of the Group. We held SOMPO DEI Week and SOMPO DIGITAL SHOWCASE 2025, connecting through various ideas transcending the boundaries of companies and businesses.

Feb. 7 Pre-Event

An event was held to share the efforts of representative projects from each group company called the SOMPO Awards 2024 Ceremony Pre-Event. A total of 800 people participated, and the presenters received a lot of encouragement for their challenges.

Feb. 21 Awards ceremony

Representatives from the 18 teams winning awards in the three categories were invited to the venue to present the diverse stories behind their initiatives. Three Grand Prize winners determined by employee voting were announced. Many emotions were shared across the entire group and beyond, and employees gave each other words of encouragement.

Winning teams expresses feelings through art

The thoughts of the three teams that won the top prizes at the SOMPO Awards 2024 were expressed in paintings. The artwork was created in collaboration with OVER ALLs ltd. a company that has helped create numerous murals and office art expressing ideas, history, and other themes embodying the concept of creating a 'fun Japan' through art. After unveiling at a special event for employees, the completed artwork will be displayed in the shared workspace to convey the importance of taking on challenges and making dreams come true.

Ensuring More Effective Governance

To Our Stakeholders

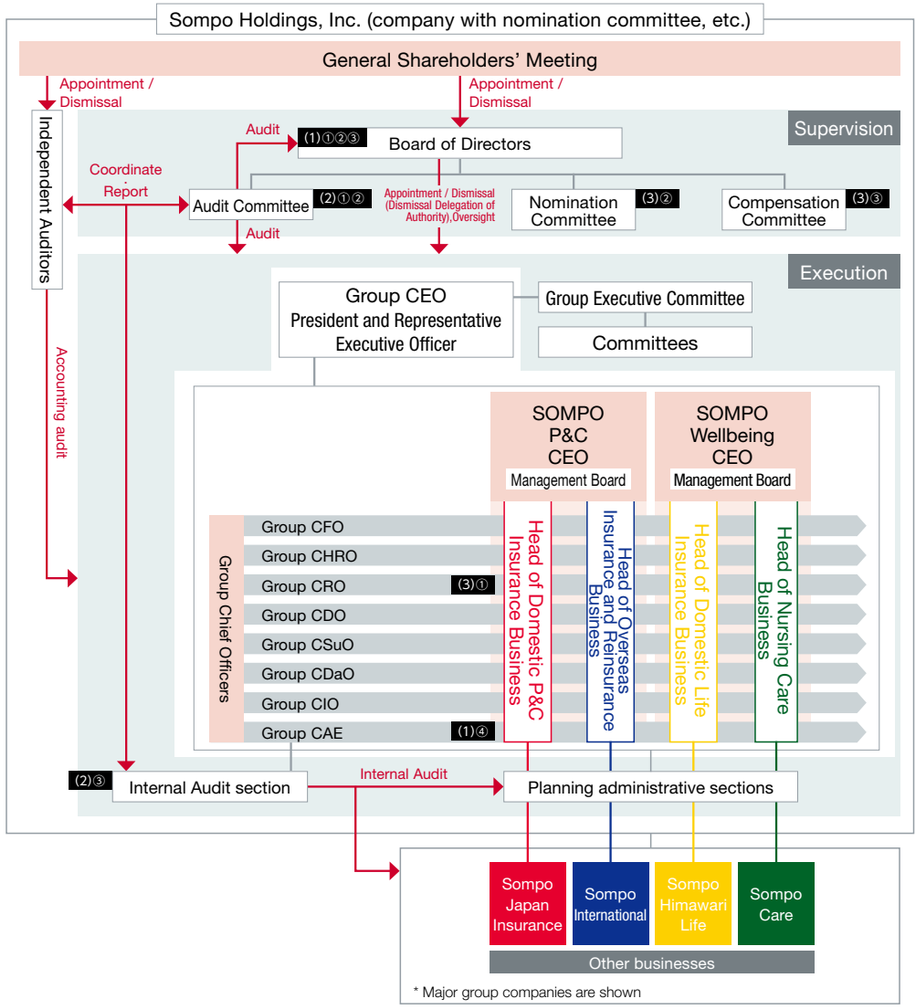
Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

Our Group considers restoring the trust of our stakeholders to be its top priority and is continuously committed to enhancing the effectiveness of its governance. Since 2024, we have been working to fundamentally strengthen our management and governance framework, establish systems to ensure the sound and proper operation of our subsidiaries, and develop a framework to foster a healthy corporate culture.



Note: The Company will determine the independence from the Company of Outside Directors based on the matters set forth below:
A. Personal Relationships: A kinship between the candidate and any officer or employee of the Group, status of mutual appointments of officers between the company and the company which the candidate is originally from.
B. Capital Relationships: The holding of shares in the Company by the candidate and the status of shareholding by the Group.
C. Business Relationships: Business transactions or donations between the Group and the candidate.
D. Significant interests other than the above.

(1) Fundamentally strengthen our management and governance framework

1. Appoint an independent director* as chair of the Board of Directors
2. Promote more active discussion at Board meetings
   For details, please refer to the Message from the chair of the Board (main section, page 45).
3. Analyze, evaluate the effectiveness of the Board of Directors as a whole using outside experts
4. Group CAE: Appoint the best talent from a global perspective
   For details, please refer to the Message from the chair of the Board (main section, page 45).

(2) Establish systems to ensure the sound and proper operation of our subsidiaries

1. Gather voices from employees of Group companies
2. Regularly exchange opinions between the Audit Committee, the Group CRO, and Senior Executive Vice President in charge of Compliance
3. Improve effectiveness of internal audit functions
   For details, please refer to the Audit Committee (main section, page 49).

(3) Take initiatives to foster a healthy corporate culture

1. Review Sompo Group Compliance Code of Conduct and promote the use of SOMPO's Yes to officers and employees
   For details, please refer to Group Internal Control (main section, page 44).
2. Revise the Policies for Appointment of Directors and Executive Officers to reflect the new Group Common Competencies
   For details, please refer to the Nomination Committee (main section, page 51).
3. Revise the Basic concept of Compensation for Directors and Executive Officers to reflect the new Group Common Competencies, and change the Group executive compensation system
   For details, please refer to the Compensation Committee (main section, page 52).

For information on our submission of the business improvement plan regarding the improper management of insurance contract information, see the following document.
Submission of a Business Improvement Plan by our Subsidiary (May 30, 2025)

For information on the progress of our business improvement plans regarding insurance premium adjustment practices and our response to fraudulent auto insurance claims, see the following document.
Status of Progress on the Business Improvement Plans (as of the end of May 2025)

Internal Control System of the Group

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

Establishing organizational resilience through corporate culture reform and enhanced internal controls, enabling all employees to autonomously make right decisions and take appropriate actions.

Yoshihiro Uotani
Group CRO

Current circumstances and challenges for the internal control system of the Group

In March 2025, our domestic P&C insurance subsidiary received a business improvement order from the Financial Services Agency regarding the leakage of customer information. This is the third business improvement order we have received in less than 18 months, following previous orders concerning insurance premium adjustment practices and fraudulent automobile insurance claims. As Group CRO, I take it very seriously.

SOMPO's Purpose, "For a future of health, wellbeing and financial protection," is a compass navigating us to make contributions to society and to enable a sustainable increase in corporate value. To realize this purpose, it is essential that we conduct our business in a highly transparent manner built on a robust management foundation, and the key to achieving this is an effectively functioning internal control system.

Currently, the Group is tackling to break through outdated business models and industry practices and reform its corporate culture. We need to make sure that our progress is steady, so we aim to utilize our new management structure to strengthen collaboration across business and regional boundaries, proactively incorporate diverse values and best practices, and continuously enhance internal controls based on global governance standards.

We also understand it is important that all officers and employees capture the potential gaps between our values based on our business model and society's values, and that they ensure not to overlook these gaps, but rather take ownership of them, proactively reviewing work processes and ways of thinking to make continuous improvements. We believe this PDCA cycle of assessment and revision is critical to realizing a firm internal control system.

Three key initiatives to strengthen the Group's management structure

Following the business improvement orders, Sompo Japan Insurance continues to make progress in line with its business improvement plan. However, the issues identified are not unique to our domestic P&C insurance business. They must be addressed by the Group as a whole, and to that end the Group is implementing three key initiatives.

(1) Develop a healthy organizational culture that emphasizes compliance and customer protection

Breaking through outdated industry practices and transforming our corporate culture is highly depending on the behavioral changes in every officer and employee. Last year, we revised our Compliance Code of Conduct and created "SOMPO's Yes" to serve as a mechanism (decision-making guidelines) that ensures we consistently do the right thing in our day-to-day operations. Closely following these guidelines will be crucial going forward, and Group companies are already implementing their own initiatives. These include publicizing the new guidelines through messages from the CEO and executives, as well as in-house newsletters and training sessions, and by creating mobile phone standby screens and video conference backgrounds highlighting "SOMPO's Yes." We have received feedback from employees saying that "SOMPO's Yes" has steered them in the right direction, suggesting that our efforts to embed these guidelines are gradually delivering results. By sharing examples of effective initiatives undertaken by Group companies, we will continue doing our utmost to foster a customer-oriented culture throughout the Group.

(2) Implement initiatives to establish an effective governance system

In our daily operations, it is crucial to identify hidden risks and address them appropriately instead of being focused solely on achieving targets, through joint efforts by frontline and head-office. When reviewing frontline operations and target-setting, our head office's second-line team and internal audit team will exercise their oversight and monitoring functions from an independent perspective, with a view to enhancing the effectiveness of internal controls.
As a specific initiative, we will be revisiting operations by incorporating external viewpoints to identify the compliance risks and conduct risks inherent in our daily operations, subsequently conducting a fundamental review of the governance system taking into account the identified risks.

(3) Establish an appropriate legal compliance system

As a key measure for preventing problems from occurring within the Group, it is critical that all officers and employees have a correct understanding of the laws and regulations, and an awareness that certain daily routines may be in violation of them. Sompo Group has introduced the "SOMPO Learning Hub," a Group-wide learning platform that officers and employees can use to access training at any time. This has contributed to an environment in which employees can systematically acquire knowledge to be applied to day-to-day work. We plan to reinforce our legal knowledge education, focusing on key topics, through practical curriculum, integrating components such as briefing sessions, internal workshops, and self-assessment. We also plan to remain abreast of legal and regulatory trends worldwide so that we can review and enhance systems for ensuring legal compliance without delay.

Our path to transformation

Receiving an additional business improvement order in the midst of implementing our business improvement plans has made us keenly aware that our "status quo bias" is more deeply rooted than we thought, hindering change. We now view this crisis as the "last chance" to transform our corporate culture, and have committed to the aforementioned initiatives in order to regain the trust of stakeholders while also fostering the Group's growth.

To ensure the implementation and adoption of an effective legal compliance and governance system, it is critical that every officer and employee make the right decisions and take the right actions. Leading by example, our management team will work cohesively with the entire Group to drive corporate culture transformation.

Message from the Chair of the Board

To Our Stakeholders

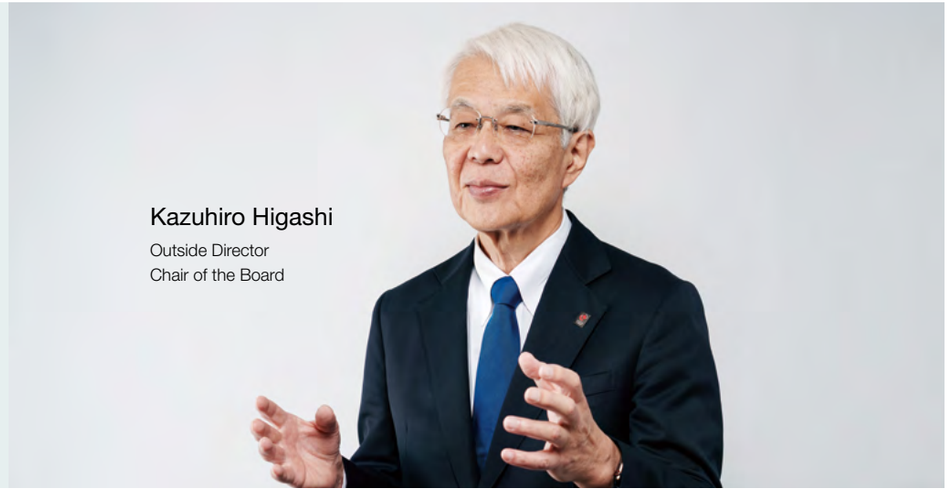
Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

Ensuring effective governance for the Group's sustained growth



Kazuhiro Higashi
Outside Director
Chair of the Board

Addressing three issues for the Board

Last year's report identified three issues for the Board of Directors: to revitalize communications (especially horizontal communication); to rebuild the system of internal controls; and to support the executive transformation. We have focused on each of these issues over the past year.

First, in terms of energizing communications, one change at Board level has been the style of engagement by Group CEO Mr. Okumura in his presentations to Board meetings I have chaired, creating a flat relationship with other directors. At the same time, we receive a detailed news update from him at the start of each meeting. Receiving this wealth of detail with commentary in a timely manner about things that cannot be seen from outside SOMPO has given the outside directors including myself a much deeper understanding, and this has made subsequent discussions more meaningful. Aside from board meetings, we also get information from a range of sources, including intensive discussions between the executive officers and outside directors at retreats; discussions with other outside directors, before and after Board meetings; and discussions with the outside directors of Sompo Japan Insurance, a core Group company. In 2025, we are scheduled to participate in events such as the Leaders' Summit for the Group's executive officers, held in July, and the Annual General Meeting for Independent Directors at Sompo International, which we have attended since 2024. I believe these initiatives will help us to gather information and invigorate discussions at Board meetings.

On the second issue of enhancement of internal controls, to strengthen the Group's third line of defense, in FY2024 we established a new Senior Executive Vice President in charge of Compliance, as well as an outside director for Sompo Japan Insurance. In addition, in FY2025 we named Sompo International Chief Audit Executive (CAE) David Camputo as Group CAE to oversee internal auditing of the entire Sompo Group. The use of overseas thinking in building an internal controls system is quite a rare initiative for a Japanese company, in my view. This is part of the Center of Excellence initiative to ensure the best people are appointed to appropriate positions in the Group, whose effectiveness the Board will keep monitoring.

On the third point of supporting the executive transformation, our response has been based on raising the quantity and quality of related communications with Mr. Okumura and the other executive officers. We held intensive discussions about the new management system at a retreat in December 2024. The shift to a group operating entirely to global standards through the transformation of the management structure rather than merely treating the overseas business as a business segment, represents a significant challenge for the Japanese financial industry. I sensed the firm resolve of Mr. Okumura when we listened to him talk about the move. The Board of Directors is supportive of this structural reform of management, which one could characterize as 'thinking outside the box.'

Message from the Chair of the Board

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

Aims of new management structure

Besides how the business operates, the new management structure is aimed at changing the way people work and the culture of the organization. Since its inception in the Meiji era, Japan's P&C insurance industry has pursued a unique path featuring wars, various types of regulation, and periods of rapid economic growth. The industry started to assume more global risk after statutory liberalization in 1996, but, as in the banking industry, where I also have experience, I think that the P&C insurance sector has been held back by the so-called "convoy" approach keeping all players at the same speed. In my opinion, we must urgently break free from this old structure. The new management structure confirms Mr. Okumura's resolve to drive fundamental cultural reform.

The Board's role in overseeing cultural reforms is to monitor closely whether frontline staff change the way they think and act. We want to spend time confirming consistent change across the Group, rather than observing the details. To this end, we aim to learn what is happening by attending and listening at the meetings of Sompo Japan Insurance branch managers, for example. Changing a corporate culture takes time, and my honest opinion is that we have a considerable way to go.

The key to reform lies in individual professionalism

I believe professionalism is the key to reform. Insurance was born out of the spirit of "mutual aid," the notion of assisting each other to overcome incomprehensible risks. This same spirit connects to the nursing care business of the Sompo Group today. Every Group employee needs to think and act with professionalism so we can realize the concept of mutual aid. While it is important for professionals to have skills and knowledge, a dedicated sense of mission is at its core.

Humans are said to be one of the most social species. I think it is fair to say human happiness springs from the satisfaction felt in helping others. At its root is a sense of responsibility and the notion of always doing something for customers and the betterment of society. I believe we must re-examine what we are here to do, where we came from, and then reaffirm our purpose. Rather than accepting the company's purpose as a formality, I would like employees to think about what they want to do for society and the skills they should hone to do that. Inside a company, we tend to think within the confines of our work, but our dedication should be focused not on the company, but rather on customers and society. I believe that professionalism is about doing what is best for customers and society. I want to monitor if employees rediscover their purpose, and then consciously monitor if their actions are based on that.

Sompo Group outlook and role of Board of Directors

Our challenge today is how to accelerate business and culture reforms that would normally take an organization a decade to absorb. Mr. Okumura and the business CEOs of the two business units will be focused on integrating distinctive cultures and getting the business divisions to work and grow together. At SOMPO P&C, the issue is how to integrate regional operations with varied cultures and business methods. At SOMPO Wellbeing, the issue is how to generate synergies between life insurance, nursing care and healthcare – three businesses with a shared concept based around seeking to live happily while being healthy. I hope senior management will demonstrate leadership in how they listen to feedback from each division. The Board will seek to contribute to the sustained growth of the Group by communicating more closely with executives and supporting the implementation of reform measures.

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

Operational Status of the Board of Directors

Overview of the Board of Directors

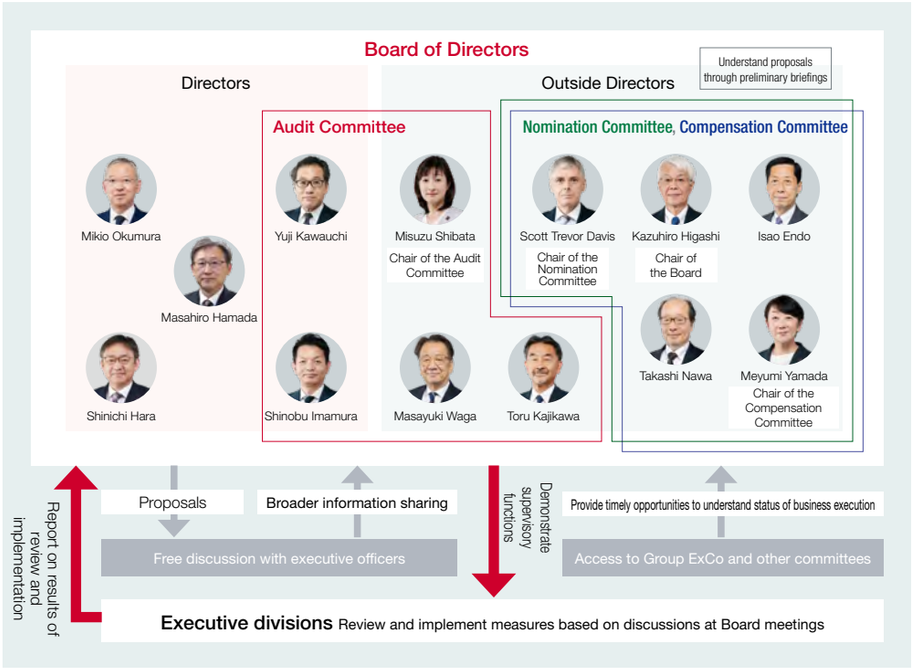
As a company with a nomination committee, etc., we have established a governance framework in which the Board of Directors, primarily made up of outside directors, oversees the executive divisions. Independent directors also chair the Board of Directors and the three statutory committees—the Nomination, Audit, and Compensation committees. Each committee engages in balanced, lively discussions aimed at strengthening Group governance. Furthermore, we enhance the soundness and transparency of governance by proactively sharing information on the status of execution at Board meetings.

The Board of Directors fulfills its responsibilities as stipulated by laws and regulations and the Articles of Incorporation. It also makes decisions on important business matters as set forth in the Rules of Board of Directors, while exercising its supervisory function regarding business execution.

In accordance with policies for appointment of directors and executive officers, outside directors are company managers, academics, legal professionals, or individuals with specialized knowledge in finance, accounting, or other areas, who bring an outside perspective to issues such as corporate governance, consumer relations, and overseas business development.

A briefing for outside directors is held every time the Board convenes to brief them on agenda items. Board meetings and briefings are managed in an integrated manner: Opinions and questions raised by outside directors during the briefing are shared with all Board members prior to the meeting. We also aim to ensure constructive and substantial discussions at Board meetings and effectiveness in the way meetings are run by inviting directors to participate as observers in Group ExCo meetings and other committee meetings, and by providing information via the Board secretariat.

Virtuous cycle created by leveraging the supervisory function of the Board of Directors



Achievements in FY2024

Main topics discussed at Board of Directors meetings

A total of 14 Board meetings were held in FY2024. The principal agenda items that were discussed at these meetings are outlined below.

Topic	Description
Implementation and effectiveness of the business improvement plans of Sompo Holdings and Sompo Japan Insurance	In addition to confirming progress of the business improvement plan, made recommendations to enhance the effectiveness of initiatives such as reforming corporate culture and addressing structural issues in the P&C insurance industry.
Group strategies to further enhance corporate value	Discussed issues such as the management framework, the business portfolio, and the human resource strategy to ensure the achievement of the Mid-Term Management Plan that began in FY2024 and sustainably increase corporate value.
Promotion of capital circulation management	In light of progress in drawing down cross-shareholdings, discussed the balance between growth investments to improve ROE and shareholder returns.
Progress of Mid-Term Management Plan	Confirmed progress of the Mid-Term Management Plan through regular status reports by the Group CEO and quarterly reports on the Group's numerical management targets.
Sustainability initiatives	Summarized Group sustainability initiatives to date and discussed future direction for addressing priority issues.

Specific initiatives

- Appropriate reporting on business execution by Group CEO, business CEOs, and Group Chief Officers at Board meetings
- Ensuring opportunities to deepen understanding and discuss key management issues and strategies, such as by holding intensive discussion retreats
- Director participation as observers in Group ExCo meetings and access to other meetings
- Ensuring opportunities to report timely information on business execution to outside directors, not limited to matters to be brought up at Board meetings
- Free discussion on information relating to execution
- Exchanging opinions between outside directors and representative executive officers

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

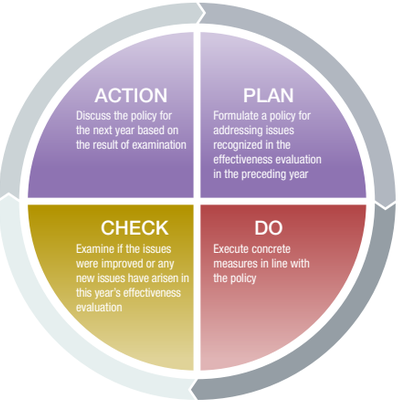
Operational Status of the Board of Directors

Initiatives to improve the effectiveness of the Board of Directors

PDCA cycle for the effective functioning of the Board of Directors

The Company works to improve the functionality of the Board of Directors and strengthen corporate governance by carrying out PDCA cycles for the execution of concrete initiatives that enhance the functionality of the Board of Directors.

As part of its efforts to improve the effectiveness of the Board of Directors in FY2024, we utilized an external expert to analyze and evaluate the effectiveness of the Board of Directors as a whole, in addition to an existing questionnaire, which includes a self-evaluation section to each Director.



Summary of results of third-party evaluation and future policy

A summary of the results of the evaluation of the effectiveness of the operation of the Board of Directors in FY2024 conducted using outside experts and the action plan going forward are as follows. We will continue to take steps to improve the issues identified by the evaluation and pursue initiatives needed to further enhance the functioning of the organization.

	Step 1 Analysis and evaluation (CHECK)	Step 2 Determination of a policy (ACTION•PLAN)	Step 3 Execution (DO)
Process	• Upon obtaining the advice of an external expert, conduct a questionnaire survey to all Directors • The external expert analyzes the questionnaire result and conducts interviews with all Directors, and holds group interviews and group discussions	• Upon obtaining the advice of an external expert, the Board of Directors summarizes issues and a policy for addressing them for improving the effectiveness of the Board of Directors	• Based on the policy, concrete measures are executed to lead them to more effective operation and deliberation of the Board of Directors.
Summary of results	Evaluation on performance of functions of the Board of Directors The following matters were confirmed as positive points of the Company's Board of Directors. ・Efforts are undertaken for increasing effectiveness of the Board of Directors by separating the Chair and CEO and having an Outside Director with great personality and quality chair the Board. ・Continuous improvement is being made in terms of the operation of the Board of Directors, such as regular presentations by the Group CEO and intensive discussion camps. ・Sufficient efforts were made with regard to the issues pointed out in the last year's effectiveness evaluation of the Board of Directors. Particularly, there were deeper discussions on "steady implementation and effectiveness of business improvement plans" and initiatives on "further fulfilling the functions of the Board of Directors" through enhancing opportunities for reporting on the status of business execution. Initiatives to improve further the effectiveness of the Board of Directors The following points were confirmed as necessary initiatives to improve further the effectiveness of the Board of Directors. ・The structure of the Board of Directors shall be continuously optimized from the perspectives of its size, diversity, and skills matrix, among others. ・More efficient and effective corporate governance shall be ensured across the Group, in light of the respective duties to be fulfilled by the Sompo Holdings' Board of Directors, statutory committees and Outside Directors, as well as the Board of Directors of each business subsidiary.	Policy to be taken based on the result of evaluation By promoting initiatives shown below, we will enhance effectiveness of the Company's Board of Directors and corporate governance, with an aim to achieve sustainable increase in corporate value and the SOMPO's Purpose "For a future of health, wellbeing and financial protection." ❶ Initiative to evolve and strengthen further the group governance structure ❷ Formulation of a mission statement of the Sompo Holdings' Board of Directors ❸ Effective operation of the Board of Directors succession planning by the Nomination Committee ❹ Stronger cooperation between the Sompo Holdings' Board of Directors and the Board of Directors of its core business subsidiaries, including Sompo Japan Insurance	Implement based on action plan

Audit Committee

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

Effective audits strengthen the new management framework's momentum

Misuzu Shibata
Outside Director
Chair of the Audit Committee

FY2024 initiatives

The Audit Committee has positioned the progress of the business improvement plans as one of its key audit categories. In our monitoring, we are putting emphasis on confirming whether the various measures are having their intended effect—that is, identifying any gaps between management and the front lines, and whether bad news is being reported accurately to the senior management team. As it is critical that the second line of governance—the Risk Management and Compliance Departments—and the third line—the Internal Audit Department—are functioning properly, the Audit Committee received reports directly from the Group Chief Risk Officer (CRO) quarterly. These enable an exchange of views based on information, including candid impressions and intuitions, while also striving to gauge the situation on the ground by improving both the quality and quantity of reports from the Internal Audit Department.

For instance, the Internal Audit Department administered a questionnaire and conducted interviews regarding Sompo Japan Insurance's "Dorotama Box" for employee feedback. What we found was not only positive aspects but also suggestions for improvement. We initially reported the results to the Audit Committee, and then reported the situation on the ground to the Board of Directors of Sompo Holdings. I view this as a sign of progress.

David Camputo, head of Sompo International's Internal Audit Department, also began serving as Group Chief Audit Executive (CAE) in April 2025. Through repeated dialogue with the various head of business segment, he is working to establish an optimal audit approach that takes into account the nature of each business while also aiming for consistent and efficient audits across the Group, and is also helping to hone the expertise of Internal Audit Department members. I heard recently that there has been an increase in people wanting to transfer to the Internal Audit Department at Sompo Japan Insurance—I take this as a positive development, and on behalf of the Audit Committee, I intend to deepen cooperation with him to further strengthen the Group's third line of defense.

In addition, outside directors, including members of the Audit Committee, took part in training for Sompo Japan's leadership team in FY2024. I believe this enabled them to grasp what employees on the front lines are talking about and hold more realistic discussions and exchanges of views with executives.

However, much of the concrete impact of the business improvement plans will only become evident going forward. Things inevitably take time, especially when it comes to corporate culture. Having received yet another business improvement order at the end of FY2024, it goes without saying that FY2025 is a pivotal year in which the Group must be even more diligent in its efforts. The Audit Committee will do its part in continuing to monitor the current situation to see where the Group is heading, in terms of what it should aim to become and whether its efforts are bearing substantial fruit.

How we can support the new group management framework

We recognize that the new management framework that establishes two business units—SOMPO P&C and SOMPO Wellbeing—aims to speed up and achieve the various measures outlined in the Mid-Term Management Plan, with the goal of realizing the vision for the Group in 2030. This represents a major challenge, as Okumura Group CEO acknowledged in affirming his strong commitment and resolve, noting that now is the time to change the corporate culture and values and that it is precisely in difficult times that the company has to take the next step forward. The Audit Committee intends to carry out its audits with the perspective of ensuring that there are reliable checks in place when they are needed, boosting confidence in those checks, and encouraging the forward-looking progress of management. To make sure that the new management framework functions properly, we will closely monitor whether authority and the organizational structure are aligned with the Group's objectives and whether vital Group matters are being reported to the Board of Sompo Holdings, thus ensuring that the various business CEOs of SOMPO P&C and SOMPO Wellbeing are being properly led.

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

Audit Committee

Achievements in FY2024

A total of 15 Audit Committee meetings were held in FY2024. Major audit activities for the year are as follows.

Category	Overview
Formulation of basic audit policy and audit plan	Based on the vision the Group is aspiring to and the issues identified in the Audit Committee's activities in FY2023, the committee defined key audit categories and formulated a basic audit policy and audit plan.
Attending key executive meetings	We attended key executive meetings and reviewed relevant documents to understand the company's critical decision-making processes and business execution, and expressed our views when it seemed necessary.
Confirming the response to misconduct and other matters	The Group CRO and the Senior Executive Vice President in charge of Compliance reported to our committee quarterly (or on an ad hoc basis in particular cases) on the status of responses to serious risks in the Group, misconduct and the occurrence of serious incidents at subsidiaries, and the implementation of measures to prevent recurrence, and we made recommendations and expressed opinions as necessary.
Meetings with representative executive officer, CEOs of each business, Group CxOs, general managers of departments and officers, and Group company directors and executives	Through the various meetings, we sought to gauge awareness of issues and the state of the business on the ground, confirmed progress and views on key audit categories, and engaged in free and open exchanges of opinions.

Under a highly specialized framework that capitalizes on each member's experience and knowledge, the Audit Committee conducts auditing activities with the mission of protecting the interests of stakeholders by sharing information and actively exchanging opinions among its members, as well as collaborating with the Group CAE and Internal Audit Department.

The Audit Committee formulates basic audit policies and draws up audit plans, carries out auditing activities throughout the year in accordance with the audit plans, submits audit reports at the end of the fiscal year, and summarizes its auditing activities. We frequently report on our activities to the Audit Committee and regularly confirm progress in the audit plans.

Auditing activities throughout the year include attending key meetings of the Board of Directors and senior executives, confirming important decisions, and gathering information through meetings with the Representative Executive Officer, with the business CEOs (effective April 1, 2025, the title of business CEOs was changed to head of business segment) and Group CxOs, with general managers of departments and officers, and with Group company directors and executives. Auditors then supervise the status of the execution of duties by directors and executive officers and offer necessary opinions and recommendations.

FY2025 key audit categories

As in FY2024, the business improvement plans remains a critical ongoing initiative for the Group, so we are making this a key focus of our auditing for FY2025. We have also newly designated the status of the new framework of SOMPO P&C and SOMPO Wellbeing as a key audit category, and will closely monitor whether appropriate systems are in place and functioning in the new framework.

Category	Auditing perspective
Status of business improvement plans * Ongoing category from FY2024	• Proper management of progress and reporting system for the business improvement plans • Roles played by by Sompo Holdings executives in Sompo Holdings-led initiatives
Status of the new management structure of SOMPO P&C and SOMPO Wellbeing	• Establishment and functioning of the leadership structure for each business CEO • Smooth decision-making and business execution • Reporting and discussion of important matters • Human resource allocation and development

Nomination Committee

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

A management structure to promote integrated Group-wide initiatives

Scott Trevor Davis
Outside Director
Chair of the Nomination Committee

The aim of the Nomination Committee is to improve the transparency and fairness of the Sompo Group's governance by bringing an external perspective to deliberations relating to the appointment or dismissal of the directors, executive officers and senior vice presidents of all Group companies.

To fulfill SOMPO's Purpose, the Group is currently focused on realizing the Sompo Group vision through increasing the resilience of the domestic P&C insurance business, while also developing the seamless provision of services to customers within the wellbeing business. In FY2025, to accelerate the achievement of this vision, we consolidated operations into two business units, SOMPO P&C and SOMPO Wellbeing. Each unit has a freshly appointed Business CEO to oversee its development. The delegation of certain responsibilities from the Group CEO to each Business CEO is an organizational change aimed not only at speeding up decision-making, but also at promoting integrated Group-wide initiatives based on the discussions of each Management Board.

To lead the new structure, the Nomination Committee picked Mr.James Shea as the CEO of SOMPO P&C and Mr. Yasuhiro Oba as the CEO of SOMPO Wellbeing, alongside the appointment of various executives and senior vice presidents to support the new set-up. We have also formulated succession plans for these and other leadership roles critical to continuing Group transformation and growth; and are constantly discussing and interviewing potential candidates to ensure there is a stable and effective process for appointing high-quality people with diverse expertise and experience to senior positions. In doing so, we aim to appoint appropriate candidates for realizing SOMPO's Purpose and enhancing corporate value, keeping in mind the need to build management structures resistant to any reoccurrence of the various malfeasance issues affecting Sompo from 2023 onwards, while also ensuring management is effectively supported through oversight and advisory roles.

Going forward, by building the most appropriate portfolio of diverse and talented managers to lead the Group based on the discussions of the Nomination Committee, we will contribute to achieving SOMPO's Purpose and raising corporate value.

Achievements in FY2024

A total of 11 Nomination Committee meetings were held in FY2024. The principal agenda items that were discussed at these meetings are outlined below.

Category	Overview
Revision of Policies for Appointment of Directors and Executive Officers	To appoint directors and executive officers capable of instilling a common set of expected behaviors across the Group's entire organization, the committee resolved to fully reflect the revised set of "Group Common Competencies" in the appointment standards for these positions, and to include a new requirement for consistency with SOMPO's Values.
Formulation/execution of succession plans	The committee formulated and approved succession plans for the leadership roles critical to achieving SOMPO's Purpose and supporting ongoing Group transformation and growth, with the aim of ensuring a stable and effective process for the appointment to senior positions of high-quality people with diverse expertise and experience.
Candidate selection (directors)	The committee approved a list of directorial candidates for the resolution submitted to the Annual General Meeting of Shareholders, based on internal appointment standards for directors and the need to create a balanced portfolio of talent for the Board of Directors.
Candidate selection (executives/ senior VPs)	The committee approved the submission to the Board of a resolution on the appointment of executives and senior VPs as part of moves in FY2025 to establish a new management structure, including the appointment of Business CEOs to speed up initiatives at SOMPO P&C and SOMPO Wellbeing.
Appointment of directors for Sompo Japan Insurance and Sompo Himawari Life Insurance	The committee approved lists of directorial candidates that were duly submitted as recommendations to the Boards of both Sompo Japan Insurance and Sompo Himawari Life Insurance.

TOPICS

"Policies for Appointment of Directors and Executive Officers" formulated, based on new "Group Common Competencies"

Focused on SOMPO's Purpose and the corporate philosophy of the Group, the aim is to harness our collective efforts to transform the corporate culture so employees can speak up and diverse views are accepted. Within the new corporate philosophy set-up, SOMPO's Values are defined as Integrity, Self-motivation and Diversity, and these form the foundation for all judgments and actions underlying Group-wide efforts to achieve SOMPO's Purpose. Based on the starting point of SOMPO's Values, we have also re-introduced expectations for daily actions and revised the "Group Common Competencies".

In line with the above, the Nomination Committee revised the Policies for Appointment of Directors and Executive Officers, based on the revised set of "Group Common Competencies", and ensured that behavioral expectations were fully reflected in standards applied to executive and senior VP appointments. In addition, the committee resolved to establish SOMPO's Values as a common requirement for Policies for appointment of Directors.

These moves clarified that the Nomination Committee will seek to appoint executives and senior VPs capable of leading the Group-wide entrenchment of expected behaviors as part of fostering such a culture across the organization.

Compensation Committee

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

Developing an Executive compensation structure to underscore governance and grow corporate value

Meyumi Yamada
Outside Director
Chair of the Compensation Committee

The mission of the Compensation Committee is to improve the transparency and fairness of Sompo Group governance by bringing an external perspective to deliberations relating to the remuneration of directors, executive officers and senior vice presidents at all Group companies. We believe it is vital that the executive compensation structure provides truly effective incentives to people in these positions, while also demonstrating effective governance and contributing to growth in corporate value.

In FY2024, while also incorporating the views of external experts, we conducted repeated, comprehensive reviews into whether the Group's executive compensation structure provided appropriate drivers for helping to prevent reoccurrence of the various malfeasance issues that affected the Group from 2023 onwards, and for promoting SOMPO's Purpose while enhancing corporate value. Our analysis also considered these issues from the perspective of incentives and stakeholder satisfaction.

The resulting changes aimed at systemic evolution included setting remuneration levels based on market trends and the global realignment of long-term incentives across the Group, both domestically and internationally.

Moreover, to accelerate the realization of the Sompo Group Vision, we have formulated a system of incentives aimed at supporting the new structure in which Group operations have been consolidated into the two business units of SOMPO P&C and SOMPO Wellbeing.

Going forward, the Compensation Committee will continue deliberating how best to create incentives that help build a highly effective Executive compensation structure, thus contributing to growth in corporate value.

Achievements in FY2024

A total of 12 Compensation Committee meetings were held in FY2024. The principal agenda items that were discussed at these meetings are outlined below.

Category	Overview
Revision of Basic concept of Compensation for Directors and Executive Officers	The committee approved establishing SOMPO's Purpose and SOMPO's Values as the overarching concepts to underpin all elements of the basic concept of compensation for directors and executive officers, with remuneration for these positions to be based on evaluating how well managers implement the concepts and entrench this organizational culture.
Nature of executive compensation structure	In FY2024, the committee reviewed and revised the executive compensation structure from the perspectives of appropriateness, incentive effectiveness, and stakeholder satisfaction. Revisions were formulated and approved focusing on specific areas, including the suitability of remuneration levels, the rationality of share price-linked incentives, and severance/retirement payments.
Performance-linked compensation for Group CEO	The committee approved the FY2025 strategic targets and related remuneration amounts for the Group CEO.
Performance-linked compensation for Executive Officers and Senior Vice Presidents	The committee approved performance-linked compensation percentages and amounts for the results achieved by each of the Group's Executive Officers and Senior Vice Presidents in FY2024, in line with their performance evaluations by the Group CEO.
Strategic goals and base amount of compensation for Executive Officers and Senior Vice Presidents	The committee approved the FY2025 strategic targets and related remuneration amounts for all Sompo Group's Executive Officers and Senior Vice Presidents.

TOPICS

Formulation of new Basic concept of Compensation for Directors and Executive Officers

The appropriateness of the basic concept of compensation for directors and executive officers and core elements of executive compensation structure was re-examined following the series of malfeasance issues that occurred from 2023 onwards.

After ongoing evaluations in FY2024, SOMPO's Purpose and SOMPO's Values were established as the overarching concepts to underpin all elements of the basic concept of compensation for directors and executive officers. The introduction to the basic philosophy was also rewritten to state that executive remuneration would be based on the evaluation of the ability to uphold SOMPO's Purpose and SOMPO's Values; implement the new "Group Common Competencies" defining Group-wide behavioral expectations; and entrench this organizational culture. The creation of stakeholder value has also been added to the core elements of the executive compensation structure.

The Compensation Committee will continue to develop an executive compensation structure for the Group, in line with the revised basic concept of compensation for directors and executive officers.

Board of Directors

As of July 1, 2025

To Our Stakeholders

Main Section

Top Message
Realizing Our Purpose
Business Strategy
Group Strategy
Governance
Ensuring More Effective Governance
Internal Control System of the Group
Message from the Chair of the Board
Operational Status of the Board of Directors
Audit Committee
Nomination Committee
Compensation Committee
Board of Directors

Sustainability Section

Financial and Corporate Data Section

Directors

Mikio Okumura
Director
(Born November 23, 1965)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 14 out of 14

Masahiro Hamada
Director
(Born December 18, 1964)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 11 out of 11

Shinichi Hara
Director
(Born April 14, 1965)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 11 out of 11

Scott Trevor Davis
Director*
Chair of the Nomination Committee and
Member of the Compensation Committee
(Born December 26, 1960)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 14 out of 14
Meetings of the Nomination Committee: 10 out of 11
Meetings of the Compensation Committee: 11 out of 12

Isao Endo
Director*
Member of the Nomination Committee and the
Compensation Committee
(Born May 8, 1956)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 14 out of 14
Meetings of the Nomination Committee: 10 out of 11
Meetings of the Compensation Committee: 10 out of 12

Kazuhiro Higashi
Director*
Chair of the Board
Member of the Nomination Committee and the
Compensation Committee
(Born April 25, 1957)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 14 out of 14
Meetings of the Nomination Committee: 11 out of 11
Meetings of the Compensation Committee: 12 out of 12

Misuzu Shibata
Director*
Chair of the Audit Committee
(Born July 25, 1974)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 14 out of 14
Meetings of the Audit Committee: 15 out of 15

Takashi Nawa
Director*
Member of the Nomination Committee and the
Compensation Committee
(Born June 8, 1957)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 13 out of 14
Meetings of the Nomination Committee: 11 out of 11
Meetings of the Compensation Committee: 12 out of 12

Meyumi Yamada
Director*
Chair of the Compensation Committee and
Member of the Nomination Committee
(Born August 30, 1972)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 14 out of 14
Meetings of the Nomination Committee: 11 out of 11
Meetings of the Compensation Committee: 12 out of 12

Masayuki Waga
Director*
Member of the Audit Committee
(Born April 10, 1958)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 14 out of 14
Meetings of the Audit Committee: 15 out of 15

Toru Kajikawa
Director*
Member of the Audit Committee
(Born September 24, 1951)
Attendance at meetings (FY2024)
Meetings of the Board of Directors: 14 out of 14
Meetings of the Audit Committee: 15 out of 15

Yuji Kawauchi
Newly appointed
Director
Member of the Audit Committee
(Born December 24, 1965)

Shinobu Imamura
Newly appointed
Director
Member of the Audit Committee
(Born February 13, 1973)

* Outside Director as set forth in Article 2 (XV) of the Companies Act.

* Mr. Scott Trevor DAVIS, Mr. Isao ENDO, Mr. Kazuhiro HIGASHI, Ms. Misuzu SHIBATA, Mr. Takashi NAWA, Ms. Meyumi YAMADA, Mr. Masayuki WAGA and Mr. Toru KAJIKAWA, meet the requirements of an "independent director" which is specified by the Tokyo Stock Exchange, Inc., and are deemed as being unlikely to have any conflict of interest with general stockholders.

For further details on the biographies of Directors, please refer to the website: Directors and Executive Officers.

SOMPO

Sompo Holdings

Integrated Annual Report 2025

Sustainability Section

SOMPO's Materiality —Process of Formulating "Description of Purpose"—

To Our Stakeholders

Main Section

Sustainability Section

Introduction
SOMPO's Materiality -Process of Formulating "Description of Purpose" -
Sustainability Vision and Policy
Stakeholder Engagement
Participation in Sustainability Initiatives
Governance
Environment
Society
Data

Financial and Corporate Data Section

The Sompo Group has clarified the social issues we must address to realize "a future of health, wellbeing and financial protection," as well as our long-term vision, the strategies for each LOB (line of business), and the value we provide, and has set these out in writing as our "Description of Purpose." Each LOB, and division has set financial and non-financial KPIs for the high-priority issues identified in the formulation of these aspirations and is promoting initiatives to resolve them. Through these initiatives, we will strive to realize SOMPO's purpose and, ultimately, improve the sustainability of our stakeholders and the Group.

Process of formulating materiality (Description of Purpose)

[PROCESS 1] Identify issues

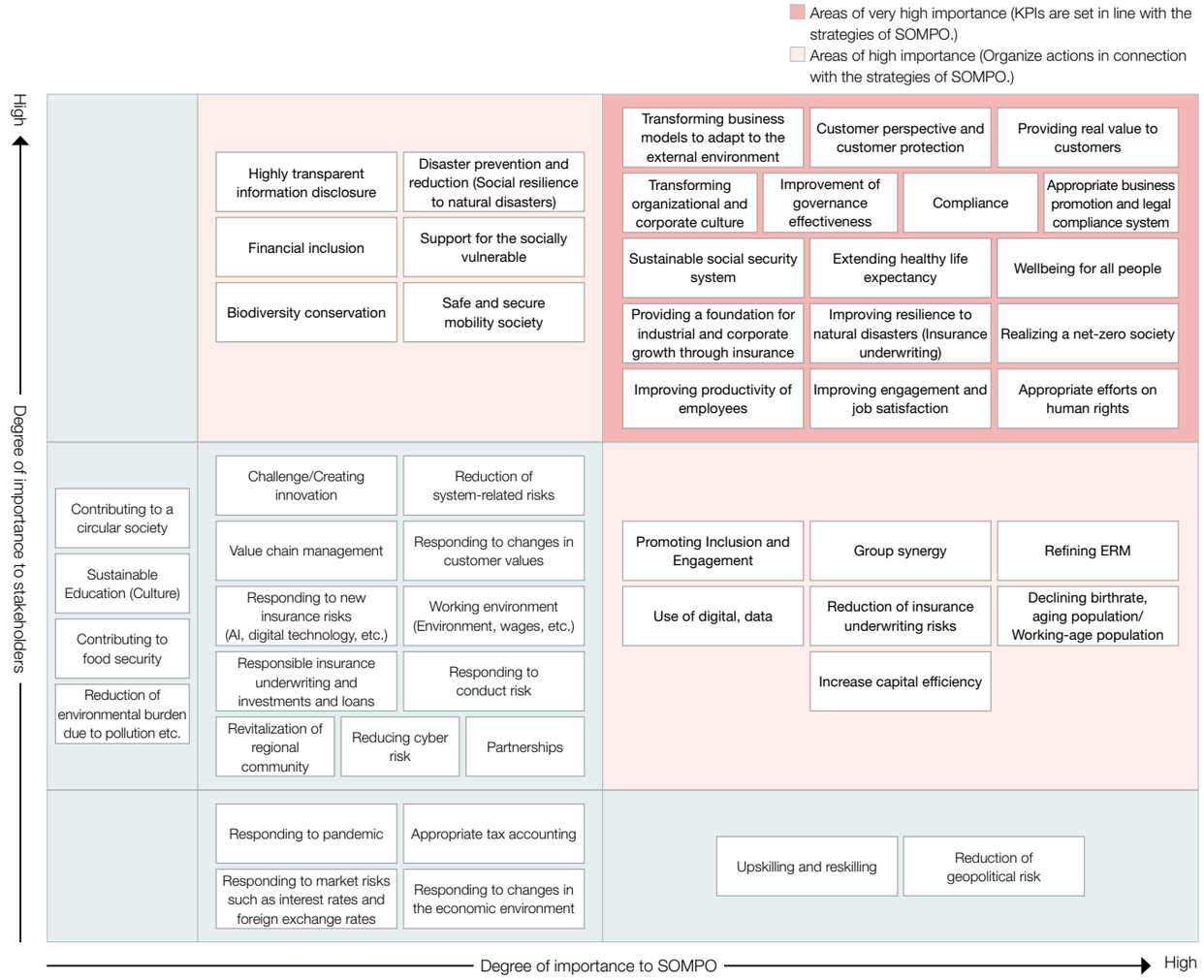
In order to formulate the "Description of Purpose," we comprehensively identified issues based on international guidelines, the Group's strategy, and significant risks that may affect management.

[PROCESS 2] Prioritize issues

In response, we conducted quantitative and qualitative assessments of the impact on our company and society, and prioritized the results by engaging in both external dialogue with customers, investors, non-governmental organizations, experts, partners, and other stakeholders as well as holding internal discussions among management.

Based on these assessments, we created the map shown on the right and identified 16 issues of very high importance and 13 issues of high importance.

Map of issues (As of March 2025)*



* With regard to issues and their prioritization, we perform an annual analysis to confirm whether revisions are necessary, taking into account changes in the external environment and the Group's business strategies, as well as the requests from stakeholders.

SOMPO's Materiality —Process of Formulating "Description of Purpose"—

To Our Stakeholders

Main Section

Sustainability Section

Introduction
SOMPO's Materiality -Process of Formulating "Description of Purpose" -
Sustainability Vision and Policy
Stakeholder Engagement
Participation in Sustainability Initiatives
Governance
Environment
Society
Data

Financial and Corporate Data Section

[PROCESS 3]
Link key issues to strategies and KPIs*2

For the 16 issues of very high importance, we identified which businesses, strategies and specific initiatives should be taken to resolve them, and set financial and non-financial KPIs for each.

[PROCESS 4]
Express as "Description of Purpose"*3

We then clearly articulated these issues that we need to solve, as well as the strategies to implement and values to provide in order to create the future we strive for, in "Description of Purpose" for both internal and external stakeholders.

Description of Purpose

For a future of health, wellbeing and financial protection

Sompo prioritizes health, wellbeing and financial protection to create opportunities for everyone we serve, from individuals to enterprises.

In a rapidly changing world and shifting demographics that demand resilience and adaptability, we are steadfast in our commitment to build on insight and meticulously craft solutions for the future.
We leverage our deep collective expertise to connect across boundaries and beyond geographies, to deliver a collaborative and connected partnership that meets the unique aspirations and risk management needs of those we serve.

For a future of health, wellbeing and financial protection.
We are SOMPO Group.

List of Issues and Strategies/KPIs

Sompo Group's high-priority issues (■: Issues in the areas of very high importance) (□: Issues in the areas of high importance)	Strategy	Related financial and non-financial KPIs
Providing a foundation for industrial and corporate growth through insurance	SOMPO P&C Business Strategy	Domestic P&C Insurance Business: SJ-R Profitability KPIs Overseas Insurance and Reinsurance Business: Financial KPIs
Transforming business models to adapt to the external environment		SJ-R Profitability KPIs
Improving resilience to natural disasters (Insurance underwriting)		
Customer perspective and customer protection		SJ-R Business Foundation KPIs
Providing real value to customers		
Compliance		
Appropriate business promotion and legal compliance system		
Disaster prevention and reduction (Social resilience to natural disasters)		—
Safe and secure mobility society		—
Financial inclusion		—
Reduction of insurance underwriting risks		SJ-R Profitability KPIs
Refining ERM		
Increase capital efficiency		
Improving productivity of employees		Group Common: Human Capital ROI Domestic P&C Insurance Business: SJ-R Productivity KPIs and Business Foundation KPIs
Use of digital, data		—
Wellbeing for all people	SOMPO Wellbeing Business Strategy	Domestic Life Insurance Business: Number of Himawari Clients/Users Number of Health Actions Nursing care business: Effectiveness of the Introduction of Future Nursing Care Private Service Sales
Sustainable social security system		
Extending healthy life expectancy		
Declining birthrate, aging population/working-age population		
Group synergy		—
Transforming organizational and corporate culture	HR Strategy	Group Common: Engagement Score Domestic P&C Insurance Business: SJ-R Business Foundation KPIs Domestic Life Insurance Business: White 500
Improving engagement and job satisfaction		
Appropriate efforts on human rights		—
Promoting inclusion and engagement		Group Common: Ratio of female officers, branch managers and managers, ratio of employees with disabilities, number of harassment cases recognized, ratio of male employees who take childcare leave, ratio of female candidates in succession plan
Realizing a net-zero society	Sustainability Strategy	Group Common: GHG Scope 1–3 emissions (excluding Category 15), GHG Scope 3 emissions from investee and borrower companies (Category 15), Transition insurance target
Biodiversity conservation		
Support for the socially vulnerable		—
Improvement of governance effectiveness		—
Highly transparent information disclosure		—

*1 This table is an organized list of the Group's high-priority issues and the main strategies and KPIs associated with them.
*2 "Description of Purpose" has been approved by the Group CEO (Director) following discussions at the Group Executive Committee, and has been presented to the Board of Directors.

Sustainability Vision and Policy

To Our Stakeholders

Main Section

Sustainability Section

Introduction
SOMPO's Materiality -Process of Formulating "Description of Purpose" -
Sustainability Vision and Policy
Stakeholder Engagement
Participation in Sustainability Initiatives
Governance
Environment
Society
Data

Financial and Corporate Data Section

Sompo Group has established following policies including the "Group Sustainability Vision" and the Group as a whole implements various initiatives to fulfill its corporate social responsibility.

Group Sustainability Vision
- Group Environmental Policy
- Group Policy for Human Rights
- Group Sustainable Procurement Policy
- Sustainability-related Policy for Underwriting, Investments and Loans

• Corporate Citizenship Policy (Sompo Japan Insurance)

Group Sustainability Vision

We, the Sompo Group will positively engage our stakeholders in forward looking dialogue, respect international standards and codes of conduct, address environmental issues of climate change, biodiversity, and social issues of human rights and inclusion and engagement in the course of our business operations in a transparent, fair and open manner.

By constantly maintaining a long-term outlook, and by providing services and products that contribute to security, health, and wellbeing, we will strive as a solutions provider to promote the realization of a resilient and sustainable society.

Group Environmental Policy

We, the Sompo Group will contribute to developing a resilient, inclusive and sustainable society so that future generations can inherit our irreplaceable Earth, by addressing environmental issues in the course of our core business operations and working proactively to resolve environmental issues through active dialogue and engagement with stakeholders.

< Action Guidelines >

1. Providing products and services to make a more resilient society

We will provide products and services that increase preparedness against the risk of natural catastrophes in order to contribute to adapting to climate change, building a low carbon society, conserving biodiversity and promoting stakeholders' eco-consciousness.

2. Promoting resource conservation through the entire value chain

We will assess the environmental impact of our business including the emission of waste and comply with environmental laws and regulations. We will promote resources and energy conservation as well as recycling activities throughout the entire value chain by cooperating with various stakeholders.

3. Raising awareness of environmental issues and corporate citizenship

We will broadly promote environmental education and awareness of environmental conservation by providing environmental information with the unique aspect of a global group engaged in a wide range of business centering on insurance.

Furthermore, we will proactively encourage our employees' individual voluntary efforts as a global citizen to conserve the environment through involving in the local community.

To enable continuous improvements, we will periodically review the above-mentioned activities to reflect our environmental objectives and targets.

Group Policy for Human Rights

We, the Sompo Group pledge to respect human rights of our all stakeholders in global markets including our group and all value chains. We will respect the international norms of behavior*, and simultaneously act with the highest ethical standards towards an inclusive, resilient, equitable and sustainable society.

Based on the perspectives set out below, we will address the human rights impacts of our activities while communicating with our stakeholders, establish an effective company approach and act, and continuously improve our approach and information disclosure. We respect human dignity as the foundation of universal human rights.

1. Respecting human rights of stakeholders

We will respect human rights of all stakeholders associated with our global business activities, including customers and suppliers.

We will avoid, prevent or mitigate indirect adverse impact on human rights of our stakeholders. Should there be any abuse of human rights, we will address it promptly and adequately.

2. Respecting human rights of employees

In all facets of labour practices, we will not discriminate on the basis of race, color, ethnic origin, religion, creed, nationality, birthplace, social status, descent, gender, sexual orientation, gender identity, sexual expression, pregnancy, marital status, age, disability or any other status.

We, as a company, will take a global perspective, recognize individuality and inclusion, respect every employee's challenging spirit and speedy action, and ensure a dynamic working environment by maintaining and promoting every employee's health.

3. Promotion of human rights in global markets

We will comply with the laws and regulations of the countries and regions where our business operations and value chains are based. At the same time, we will conduct our business by taking into consideration the local culture and customs, as well as the environment and society in accordance with the expectations of stakeholders, and take into account local human rights issues. We will conduct the highly transparent business and contribute toward economic and social development and creation of social values of local communities.

4. Expectations for suppliers and business partners

Our requirement for suppliers, business partners and other stakeholders is to respect human rights based upon the international norms of behavior. In the event that we identify any adverse impacts of human rights, we will encourage them to take appropriate measures through engagement such as dialogue and consultation.

Sustainability Vision and Policy

To Our Stakeholders

Main Section

Sustainability Section

Introduction
SOMPO's Materiality -Process of Formulating "Description of Purpose" -
Sustainability Vision and Policy
Stakeholder Engagement
Participation in Sustainability Initiatives
Governance
Environment
Society
Data

Financial and Corporate Data Section

5. Human rights due diligence

We will continuously establish a system of human rights due diligence to identify and assess any actual or potential human rights risk in order to prevent or mitigate these adverse impacts on human rights Sompo Group may cause or contribute to.

This policy does not necessarily replace local laws and regulations. We will actively engage in this policy while complying with local laws and regulations.

* International norms of behavior refers to the guidelines on human rights including the Universal Declaration of Human Rights, International Covenants on Human Rights (International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights), ILO International Labor Standards, The United Nations Guiding Principles on Business and Human Rights known as "Ruggie Framework," Sustainable Development Goals, The United Nations Global Compact, Women's Empowerment Principles (WEPs), The OECD Guidelines for Multinational Enterprises and ISO26000.

Group Sustainable Procurement Policy

We, the Sompo Group strives to maximize its beneficial impacts on the environment, society, and economy through procurement processes aligned with the following sustainability principles:

1. Fair and equal transactions

We will conduct fair and equal transactions with all suppliers by engaging in anti-corruption efforts and by giving full consideration to quality, delivery time, economic feasibility, and social issues such as the environment and human rights.

2. Compliance with laws and regulations

We will comply with all laws and related regulations in the countries and regions where we operate, and respect relevant social norms and their intent in our procurement practices. We will strictly manage the information obtained through our procurement activities.

3. Consideration of global issues

We will collaborate with suppliers and other stakeholders to integrate sustainability into our value chain to maximize our contribution to climate change adaptation and mitigation, biodiversity conservation, and a circular economy; to tackle human rights issues in the global market, such as poverty and unequal opportunities for workers; and to promote better work-life balance, and inclusion and engagement.

Sustainability-related Policy for Underwriting, Investments and Loans

1. Approach to insurance underwriting, investment, and other activities that take sustainability into consideration (hereinafter referred to as 'this Policy')

The SOMPO Group strives to make the world more resilient. We see sustainability as a long-term driver of value, and we rely on insights gained from SOMPO's Purpose to guide our underwriting, investment, and business decision-making.

To ensure that each company in the Group fulfills its corporate social responsibility, we have established a Group Sustainability Vision and other policies, which sets out its approach to human rights, climate change, nature and community considerations.

Based on the above, we will identify market opportunities and manage risks, and strive to enhance the corporate value of our group through community participation, social responsibility, and inclusion and engagement.

This policy will be reviewed regularly and revised as necessary, taking into account changes in the global environment and business activities, the status of policy implementation, and expectations and requests from stakeholders, in order to assess the appropriateness and adequacy of the risks to be recognized and the sectors and businesses to be covered.

Advancing the Energy Transition

As the most significant challenge humankind faces, we believe the world — and the financial services sector — must take meaningful climate action today. Therefore, we commit to net zero emissions in our underwriting, investments and loans, and operations by 2050.

We promote the transition through our insurance of and investments and loans in renewable energy and other innovative green technologies.

Through participation in various global sustainability initiatives, our group aims to reduce our carbon footprint in collaboration with our customers in order to support their sustainability efforts and promote the realization of the Paris Agreement.

Advancing Social Equity

Under the Group Policy for Human Rights, the Group acts with a commitment to respect the fundamental human rights of all stakeholders in all of our global business activities.

With the aim of enabling each and every employee to maximize his or her strengths, we have positioned inclusion and engagement as an important management strategy for growth, and are working to build a system and corporate culture to realize this goal.

In addition, when underwriting insurance, making investments and/or loans, and/or when entering into new partnerships with business partners (brokers, reinsurers, investment managers, lessees, vendors, etc.), we are guided by our Group Sustainability Vision and other relevant policies.

Aspiring for Excellence in Governance

Based on the Group Sustainability Vision, the Group will make business decisions based on high ethical standards, respecting international codes of conduct and considering the interests of all stakeholders, including customers, employees, local communities, and shareholders.

In addition, we will proactively and fairly disclose transparent information to society regarding our progress toward achieving our goals, etc., in accordance with ISSB and other disclosure standards.

Sustainability Vision and Policy

To Our Stakeholders

Main Section

Sustainability Section

Introduction
SOMPO's Materiality -Process of Formulating "Description of Purpose" -
Sustainability Vision and Policy
Stakeholder Engagement
Participation in Sustainability Initiatives
Governance
Environment
Society
Data

Financial and Corporate Data Section

2. Policy for Cross sectors and specific sectors

We have established cross sectoral policies and sector specific policies for our Underwriting, Investments and Loans.

(1) Policy for cross sectors

Regardless of sector, we will assess the adverse environmental and social impacts of the following projects that may have such impacts, confirm the status of our customers' responses to such impacts, and carefully consider and respond to cases when evaluation transactions.

- Projects with negative impact on UNESCO World Heritage Sites
- Projects with negative impact on Ramsar-listed wetlands
- Projects with negative impact on human rights, e.g. use of Child or Forced labor
- Projects that violate the human rights of indigenous peoples*1 or local communities
- Projects related to inhumane weapons, including anti-personnel landmines, biological weapons, chemical weapons, and nuclear weapons

In addition, we will not underwrite insurance or invest and loan for anti-social forces and companies involved in the production of cluster munitions.

*1 We refer to the following standards:
United Nations Declaration on the Rights of Indigenous Peoples
United Nations Free, Prior and Informed Consent (FPIC)

(2) Policy for specific sectors

① Coal

Coal-fired power plants are a source of concern due to their high GHG emissions compared to other power generation methods, as well as the release of harmful substances such as sulfur oxides and nitrogen oxides.

Additionally, Thermal coal mine projects pose risks such as increased GHG emissions through combustion in future power plants, ecological impacts from harmful waste emitted from coal mines, and labor safety and health risks or human rights violations for workers.

Considering these factors, we will not underwrite new insurance or make new investments in or loans for the following projects:

- Newly constructed or existing coal-fired power plants
- New or expanded coal mining development projects (Thermal coal)

However, we may carefully consider and respond to cases where there are innovative technologies such as Carbon Dioxide Capture, Utilization, and Storage (CCS, CCUS), carbon recycling, ammonia co-firing, or other innovative technologies in place that are expected to reduce GHG emissions and contribute to the realization of the Paris Agreement.

Additionally, we will not underwrite new or renewal insurance*4 or provide investments or loans to the following companies whose primary business is coal-related activities:

- Companies that derive at least 20% of their revenue from coal-fired power generation, thermal coal mining, and oil sands mining
- Companies of electric utilities that generate at least 20% of their electricity from coal

However, this does not apply to companies that have a plan to achieve Net Zero by 2050.

② Oil sands

Oil sands extraction involves mining and refining processes that require significant amounts of energy and water resources, raising concerns about environmental impacts.

Additionally, there are potential risks such as ecological impacts, damage to biodiversity, and human rights violations against indigenous peoples and local communities.

Considering these factors, we will not engage in new insurance underwriting or investment and loans for the following businesses:

- Oil sands extraction projects

③ Energy extraction in the Arctic

Energy extraction in the Arctic may have adverse effects on the environment, the habitats of rare species and the lives and cultures of indigenous peoples, as well as difficulties in responding to accidents.

Considering these factors, we will not engage in new insurance underwriting or investment and loans in the following businesses.

- Energy extraction projects*2 in the AMAP area (Arctic Monitoring and Assessment Programme)*3

Additionally, we will not underwrite new or renewal insurance*4 or provide investments or loans to the following companies:

- Companies involved in energy extraction projects in the ANWR

However, this does not apply to companies that have a plan to achieve Net Zero by 2050.

*2 Energy extraction projects refer to standalone extraction projects.
*3 Defined by AMAP, excluding operations in Norwegian territories.
*4 These restrictions will not apply to insurance that supports the health and wellbeing of individuals, e.g. workers' compensation insurance.

Corporate Citizenship Policy (Sompo Japan Insurance)

Our company and its Group companies will make proactive contributions to society with the objective of resolving community and global social issues, while supporting individual employees' voluntary efforts.

1. Corporate citizenship activities

We will work proactively to realize a sustainable society for future generations in collaboration with various stakeholders, including NGOs/NPOs, civil society organizations and government, by focusing on three areas: the environment, welfare and fine arts, in which we have accumulated expertise and achievements.

2. Support for individual employees' social contribution efforts

We will support and encourage employees' voluntary activities in contributing to society by developing human resources responsive to social issues.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
SOMPO's Materiality -Process of Formulating "Description of Purpose" -
Sustainability Vision and Policy
Stakeholder Engagement
Participation in Sustainability Initiatives
Governance
Environment
Society
Data

Financial and Corporate Data Section

Stakeholder Engagement

Activities and Achievements

Key stakeholders that influence our business activities are highly diverse. We value stakeholder engagement because we believe communicating with our stakeholders is important for understanding social issues, building relationships of trust and collaboration, and accomplishing greater results.

Stakeholder	Policy	Engagement	
		Main methods	Main topics
Customers	To become the best service provider for our customers, the Sompo Group has established the "Sompo Group Basic Policy for Responding to Customer Feedback." Each Group company will strive to develop a system for collecting and utilizing customer feedback in accordance with the characteristics of its business.	• Customer relations office and customer call centers • Customer survey • Provide information through websites, etc.	• Improve quality of claims service • Improve products and services • Requests regarding employees and agencies of the Sompo Group
Shareholders, investors	Through the timely and appropriate disclosure of information, we aim to ensure that shareholders and investors have a suitable understanding of the Group's business conditions and status of each initiative. We also make use of input received through constructive dialogue with shareholders and investors in order to promote sustainable growth and increase corporate value.	• General Shareholders Meeting • Financial results briefings, IR meetings • Provide information through Integrated Annual Report, Website, and other venues	• Medium- to long-term company strategy • Status of achievement of the Mid-Term Management Plan • Status of initiatives in non-financial areas
Local communities	We strive to coexist with local communities by understanding the impact of our business activities on local communities, conducting business activities that respond to their needs, and maintaining communication with them.	• Social contribution activities, volunteer activities • Partnership agreements with local governments	• Disaster prevention and mitigation in local communities, education for the next generation • Initiatives to address environmental issues
Insurance agencies	We value the relationship of trust we have with agencies, who are our business partners, and we will strive to provide appropriate advice and sufficient services that satisfy our customers and cooperate with each other for mutual development.	• Surveys for agencies • Hold seminars by guest lecturers • Establish management consultation desk	• Insurance and related services • Expectations for Group employees including claims services • Overall agency management, including quality improvement
NPO/NGO Civil societies	We strive to understand and solve social issues through dialogue and collaboration with NPOs and NGOs in various countries.	• Regular dialogue • Survey responses	• Climate change and biodiversity • Human rights
Business partners	Conduct fair and equitable business with partners, observe legislation and regulations, and collaborate with them to address social issues.	• Periodic requests for consideration of sustainability • Provide information through websites, etc.	• The Sompo Group's environmental, human rights, and Sustainable procurement policies
Employees	Aiming to create an environment where employees and the Company can grow together and to strengthen our management foundation, we will build an HR system and advance HR initiatives guided by the key concepts that all employees can feel pride and satisfaction, can feel empowered in their careers and growth, and can pursue their MY Purpose.	• Town Hall Meetings between management team and employees • Engagement Survey • SOMPO Group Awards	• Group base and company base purpose • Satisfaction with the work environment

To Our Stakeholders

Main Section

Sustainability Section

Introduction
SOMPO's Materiality -Process of Formulating "Description of Purpose" -
Sustainability Vision and Policy
Stakeholder Engagement
Participation in Sustainability Initiatives
Governance
Environment
Society
Data

Financial and Corporate Data Section

Participation in Sustainability Initiatives

Activities and Achievements

The Group believes that collaboration among various other bodies is crucial to solving social issues. Therefore, we participate in various initiatives both in Japan and overseas, and seek to play a leading role in these initiatives.

Initiative	Overview	Sompo Group activity
United Nations Global Compact (UNGC)	The United Nations Global Compact is a voluntary initiative for participation by companies in the creation of a global framework under which companies exercise responsible and creative leadership to act as good members of society to realize a sustainable society.	• Signed in 2006 • Submit an Annual Report on the status and results of the implementation of the four areas (human rights, labor, environment, and anti-corruption) and ten principles of the United Nations Global Compact
Women's Empowerment Principles (WEPs)	International principles representing seven steps companies and private organizations can take to promote and empower women.	• Signed in 2012 • Signed by Sompo Asset Management in 2018
United Nations Environment Programme Finance Initiative (UNEP FI)	The UNEP FI is an international financial sector network comprising financial institutions that aim to contribute to sustainable development.	• Signed in 1995
United Nations Principles for Responsible Investment (UN PRI)	Investment principles that require financial institutions to consider ESG issues when making investment decisions.	• First Japanese insurance company to sign in 2006 • Signed by Sompo Asset Management in 2012

Initiative	Overview	Sompo Group activity
United Nations Principles for Sustainable Insurance (UN PSI)	Declaration by insurance companies to consider ESG issues in their business operations.	• Signed in 2012 • Participation in TCFD Insurance Working Group sponsored by PSI
Partnership for Carbon Accounting Financials (PCAF)	A global industry-led initiative, consisting of financial institutions and partners, that are working to develop and implement a harmonized accounting approach to measure and disclose greenhouse gas emissions associated with their financial activities.	• Joined in 2021
World Business Council for Sustainable Development (WBCSD)	Global organization of more than 200 leading companies committed to sustainable development.	• Joined in 1995
Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) (PFA)	Principles developed to guide the actions of financial institutions to fulfill their roles and responsibilities to create a sustainable society.	• Signed by 10 Group companies (currently 6) in 2011 • Sompo Japan Insurance serves as co-chair of the Steering Committee and chair of the Insurance Business Working Group

Participation in Sustainability Initiatives

To Our Stakeholders

Main Section

Sustainability Section

Introduction
SOMPO's Materiality -Process of Formulating "Description of Purpose" -
Sustainability Vision and Policy
Stakeholder Engagement
Participation in Sustainability Initiatives
Governance
Environment
Society
Data

Financial and Corporate Data Section

Initiative	Overview	Sompo Group activity
Japan Climate Initiative (JCI)	Network established to enhance information dissemination and the exchange of opinions among non-government entities such as corporations, local governments, civic groups, and NGOs that are actively taking measures to combat climate change.	• Joined in 2018
Official Supporters System of "River Basin Disaster Resilience and Sustainability by All"	Program designed to advance initiatives that contribute to watershed management, as well as to promote widespread awareness of companies and organizations committed to it.	• Sompo Japan Insurance certified in 2023
Taskforce on Nature-related Financial Disclosures (TNFD) Forum	TNFD is an international organization established to build a framework for corporate risk management and disclosure related to nature. The TNFD Forum is a stakeholder organization established to help build the framework.	• Sompo Japan Insurance joined in 2021 • Sompo Holdings signed TNFD Adopters in 2024
30by30 Alliance for Biodiversity	A coalition of companies, local governments, and groups that support the registration of "other effective area based conservation measures" (OECMs) towards achieving the international goal of "30 by 30"—preserving more than 30% of land and sea by 2030.	• Sompo Japan Insurance joined in 2022

Initiative	Overview	Sompo Group activity
Keidanren Initiative for Biodiversity Conservation	Initiative by companies and groups that work on multiple items of Keidanren Declaration for Biodiversity and Guideline, or agree with its overall purpose.	• Sompo Japan Insurance has been a member of the initiative since 2009, when it started as "The Declaration of Biodiversity by Keidanren" Promotion Partners.
Declarations of Partnership Building	The "Partnership Building Declaration" was established at the "Council on Promoting Partnership Building for Cultivation the Future," whose members include the Chairman of KEIDANREN, the Chairman of Japan Chamber of Commerce and Industry (JCCI), the Chairman of Japanese Trade Union Confederation (JTUC), and relevant ministers of Japan (Cabinet Office, Ministry of Economy, Trade and Industry, Ministry of Health, Labor and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Land, Infrastructure and Transport). It is a declaration of a company to build a new partnership by promoting cooperation and coexistence with business partners and value-creating businesses in the supply chain.	• The following Sompo Group companies have signed on to the declaration: Sompo Holdings Sompo Japan Insurance Sompo Himawari Life Insurance Sompo Care Sompo Health Support Sompo Risk Management Sompo Direct Insurance

* Under the supervision of the Group Chief Sustainability Officer, the Group coordinates its response to and affiliation with external organizations involved in sustainability initiatives and with other industry groups, including those related to climate change, and communicates information about these activities. If an Executive Officer of the company concurrently serves in these external initiatives or industry groups, involvement is subject to approval by the Board of Directors. If the policies of these initiatives or industry groups, including those related to climate change, are deemed to differ from or contradict the company's vision, policies, or the Paris Agreement, the company will engage in dialogue with the group. If no policy changes are made, we have established a framework for considering withdrawal from the organization coordinating the initiative pending discussion among the member companies (Sompo Holdings, Sompo Japan Insurance Inc., Sompo International, Sompo Himawari Life Insurance Inc., Sompo Care Inc.) of the Group Sustainable Management Committee chaired by the Group Chief Sustainability Officer.

Overview of Corporate Governance

To Our Stakeholders

Main Section

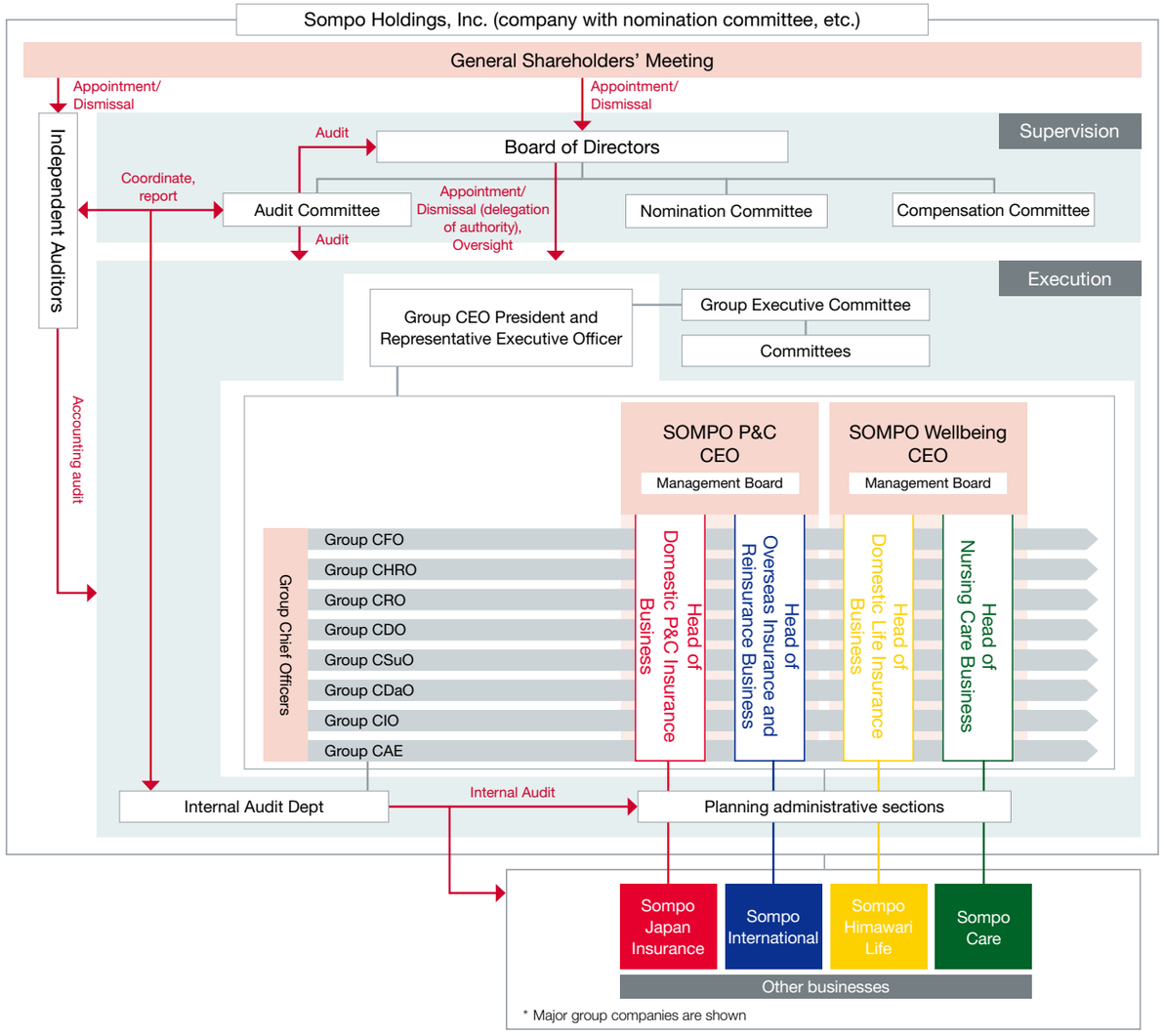
Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Structure

* As of August 1, 2025



Group CEO and other abbreviated titles represent the following positions:

Group CEO: Group Chief Executive Officer
Group CFO: Group Chief Financial Officer
Group CHRO: Group Chief Human Resource Officer
Group CRO: Group Chief Risk Officer
Group CDO: Group Chief Digital Officer
Group CSuO: Group Chief Sustainability Officer
Group CDaO: Group Chief Data Officer
Group CIO: Group Chief Information Officer
Group CAE: Group Chief Audit Executive

* The Group CAE reports to both the Group CEO and the Audit Committee.

Composition of the Board of Directors

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Structure

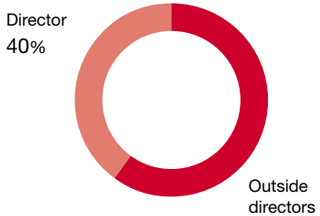
Name	Mikio Okumura	Masahiro Hamada	Shinichi Hara	Scott Trevor Davis	Isao Endo	Kazuhiro Higashi	Misuzu Shibata	Takashi Nawa	Meyumi Yamada	Masayuki Waga	Toru Kajikawa	Yuji Kawauchi	Shinobu Imamura
Reappointment/New appointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	Reappointment	New appointment	New appointment
Positions	Director	Director	Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Director	Director
Tenure	3 years	1 year	1 year	11 years	11 years	5 years	5 years	5 years	4 years	3 years	2 years	—	—
Chair of the Board	—	—	—	—	—	●	—	—	—	—	—	—	—
Nomination Committee	—	—	—	● (Chair)	●	●	—	●	●	—	—	—	—
Audit Committee	—	—	—	—	—	—	● (Chair)	—	—	●	●	●	●
Compensation Committee	—	—	—	●	●	●	—	●	● (Chair)	—	—	—	—
Expected roles, skills and areas of expertise: 1) Business strategy	●	●	●	●	●	●	●	●	●	●	●	●	●
2) Global management	●	●	●	●	●	●	●	●	●	●	●	●	●
3) ESG, SDGs	—	●	—	●	—	●	●	●	●	●	—	—	—
4) Transformation strategies	●	●	●	●	●	●	—	●	●	●	—	●	●
5) Digital	●	●	—	—	●	—	—	●	●	—	—	—	—
6) Talent strategy	●	—	●	●	●	●	—	●	—	●	●	—	—
7) Finance, accounting	●	●	●	—	●	●	—	—	●	●	●	—	●
8) Corporate governance	●	●	●	●	—	●	●	●	●	●	●	●	●
9) Legal, risk management	●	—	●	—	—	●	●	—	—	●	●	—	●

* Details of each skill and area of expertise are as follows. The above tables show skills and areas of expertise particularly expected for each director and do not indicate all of the skills and areas of expertise possessed by each director.
Items 1) and 2): Skills and areas of expertise where all Directors are expected to provide useful advice and supervision to the executive sector
Items 3) through 9): Skills and areas of expertise where each Director is expected to provide useful advice and supervision to the executive sector based on professional knowledge gained through his or her specific insight and experience

* As of July 1, 2025

Nomination Committee

Audit Committee

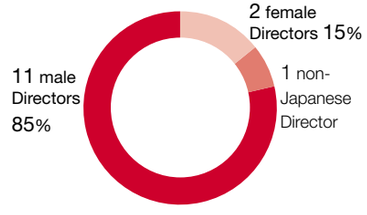


Compensation Committee

The Nomination Committee and Compensation Committee are comprised of outside directors only.
The Audit Committee is comprised mainly of outside directors.

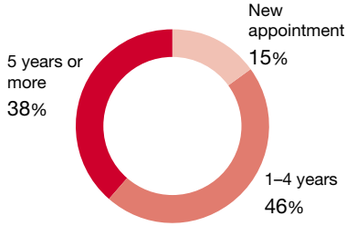
Diversity of the Board of Directors

Of the 13 members of the Board of Directors, 2 are female and 11 are male;
1 of the male Directors is non-Japanese



Director tenure

The average tenure of the Directors is 4.2 years (including previous periods as a director)



* When the tenure of the outside director exceeds 8 years, the existence of a strong reason for reappointment is carefully assessed and reappointment is not prevented if such reason exists.

* Decimal places have been truncated.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Succession Plan

Concept and Policy | Activities and Achievements

* As of August 1, 2025

Goals of the succession plan

With a view to achieving SOMPO's Purpose and to also drive further transformation and growth of the Group, we are formulating succession plans for key leadership positions with the aim of establishing a system to reliably and effectively produce high-quality personnel with different specializations and backgrounds.

Positions covered in the plan

A total of 92 key positions within the Group, including the Group CEO, Group CxOs, and other important positions in each line of business in Japan and overseas have succession plans in place.

Criteria for selecting candidates

Succession candidates are selected according to the categories listed below. To increase diversity, candidates for each position must meet certain criteria. Candidates may be selected from talent systematically nurtured within the company, or recruited from outside of the Group.

(1) Candidate category

Talent who might assume key positions within 5 years	N (Next) talent
Talent who might assume key positions in 6 to 10 years	F (Future) talent

(2) Criteria for selecting candidates with the goal of increasing diversity of talent pool

- Six or more N talent candidates and F talent candidates must be selected for each position.
- Women must account for 50% or more of N talent candidates and F talent candidates for each position.
- An age distribution ratio for candidates must be set for each position.
- At least one candidate from either another business within the Sompo Group or an external candidate from outside the Sompo Group must be selected for each position.

Procedures for considering the succession plan

The Succession Plan is formulated by the Nomination Committee according to predetermined evaluation criteria. The roles, functions, and required skills and experience for each position are defined both for the present and the future. Based on these definitions, a wide range of succession candidates for each position is selected both from inside and outside the Company. The Succession Plan is drawn up using the diverse and expert insight of the members of the Nomination Committee. The Committee also engages in proactive and constructive discussions to build a stronger and more diverse pool of candidates.

Coordinating the succession plan with the appointment, placement, and development of Executive Officers and Senior Vice Presidents

For the purpose of effectively linking the formulated succession plan with the appointment, placement, and development of Sompo Group Executive Officers and Senior Vice Presidents, we disclose selected facts to each candidate and then at a Group-wide roundtable meeting we formulate placement and development plans for each post, including tough assignments, investing in talent based on individual challenges, and sending candidates to management training programs. Appropriate training plans are then implemented based on these plans.

Policies for Appointment of Directors and Executive Officers

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Concept and Policy

The Appointment of Directors and Executive Officers is conducted in accordance with the following policies for appointment of Directors and Executive Officers. The candidates for Directors selected by the Nomination Committee are approved at the General Shareholders Meeting, and the candidates for Executive Officers are selected by the Nomination Committee and approved by the Board of Directors.

Policies for appointment of Directors

The company supervises and guides its subsidiaries, formulates management strategy for the Group that encompasses management strategies for subsidiaries that are engaged in the P&C insurance business and other various businesses, and is responsible for ensuring the execution and realization of these strategies. From this perspective, the Board of Directors selects Outside Directors to facilitate objective decision-making with respect to management issues from a diverse and independent viewpoint and perspective with consideration of diversity such as gender and nationalities, and the majority of the Board of Directors consists of Outside Directors.

Additionally, the Directors are selected based on the selection criteria that incorporate the Comprehensive Guidelines for Supervision of Insurance Companies, as well as on whether they possess the values that serve as the basis for decisions and actions (integrity, self-motivation, diversity) and that are necessary for carrying out SOMPO's Purpose. Outside Directors are, meanwhile, selected based on 1) "Ability Requirements," 2) "Standards regarding Independence of Outside Directors," and 3) "Requirements for Terms of Office." For the purpose of carrying out substantive discussions, the number of Directors shall be limited to 15 in accordance with the Articles of Incorporation.

* In this policy, gender refers to all gender-related events, knowledge, and values, including the existence of the gender division of labor and LGBTQ.

1) Ability Requirements

The company selects Outside Directors from corporate executives, academic experts, and legal professionals who have a wide range of knowledge and experiences in various fields or individuals who have expert knowledge of finance and accounting. In addition, the appointment shall require him/her to be in a position where he/she is able to devote the time and effort necessary to fulfill the role and responsibilities of Director appropriately.

2) Standards regarding Independence of Outside Directors

The company will determine the independence from the company of Outside Directors based on the matters set forth below:

a) Personal Relationships: A kinship between the candidate and any officer or employee of the Group, status of mutual appointments of officers between the company and the company which the candidate is originally from.
b) Capital Relationships: The holding of shares in the company by the candidate and the status of shareholding by the Group.
c) Business Relationships: Business transactions or donations between the Group and the candidate.
d) Significant interests other than the above.

3) Requirements for Terms of Office

If the total terms of office as Outside Director or Outside Audit & Supervisory Board Member of the company exceeds eight years, the company will carefully consider whether there are any positive reasons for reappointment, and if there are any reasons, the Company shall not preclude reappointment.

Policies for the composition and criteria for appointment and removal of Executive Officers and Senior Vice Presidents

1) Policies for the composition of Executive Officers and Senior Vice Presidents

The company implements systematic development of managerial talent based on the succession plan. As for the composition of Executive Officers and Senior Vice Presidents as a whole, the company places emphasis on diversity including gender, age, experience, and nationalities as well as the balance in the management team.

2) Criteria for appointment and removal of Executive Officers and Senior Vice Presidents

The Company appoints Executive Officers and Senior Vice Presidents who meet the following criteria and who can promote these values throughout the organization through talent development and other initiatives.

- Always think and do what is right for people and society.
- Continuously create value for people and society by thinking and acting with a long-term perspective.
- Think proactively based on aspirations and actively embrace challenges.
- Possess strong expertise in assigned mission and roles, supported by proven experience and accomplishments.
- Act simply and quickly; stay ahead of change to drive transformation.
- Embrace diversity, respect others, and remain open to different opinions.
- Strive to engage in constructive dialogues that foster candid exchanges of opinions to create value.
- Actively collaborate across organizations and companies to maximize the value delivered.

The Board shall consider the removal of any Executive Officer or Senior Vice President who is determined to lack the requisite qualifications in connection with the foregoing.

3) Directors' Liability

The Company does not impose a limitation of liability on its Director. For outside directors, liability is partially limited in accordance with the Japanese Companies Act.

Structure

Outside Director support system

Prior to meetings of the Board of Directors, Outside Directors are provided with explanations by the Corporate Legal Department of the secretariat of the Board of Directors, and by the departments in charge of each agenda item. Additionally, the Human Capital Department provides assistance to Outside Directors as the secretariat of the Nomination Committee and the Compensation Committee, and the Audit Committee Office provides assistance to Outside Directors as the secretariat of the Audit Committee.
The company also makes efforts to provide Outside Directors with various types of information, including the Integrated Annual Report, Annual Securities Report, and IR presentation materials.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Executive Structure

Structure

We have adopted a structure that combines the Business CEO system and the Group Chief Officer (CxO) system which enables the Company to make agile and flexible decisions in the Group's best interest and conduct business across the Group.

Business CEO system

The SOMPO P&C CEO and SOMPO Wellbeing CEO oversee strategy formulation, investment decisions, etc. as the head of each business unit. This system enables the Group to leverage its total potential across business and geographical boundaries to further its goals to "increase resilience" and "connect and be connected."

Group CxO system

The Group CxOs as heads of each function in the Group oversee Group-wide operation of each function and contribute to enhancing enterprise value by formulating and implementing strategies and policies, and overseeing the operational framework.

Business execution structure

Executive Officers and Senior Vice Presidents

Executive Officers are responsible for making decisions and executing business operations delegated by the Board of Directors. They execute business operations in accordance with the Group's management strategies within the scope of their duties in accordance with laws and regulations, the Articles of Incorporation, and internal rules. Senior Vice Presidents, having received a partial delegation of business execution authority from the Executive Officers, execute business operations.

Group CEO

As the Chief Executive Officer of the Group, the Group CEO oversees the overall management of the Group by strategically assigning the Business CEOs who are the heads of each business unit, Heads in charge of business segments, and Group CxOs who are the heads of each function of the Group to realize agile and flexible Group management in response to discontinuous changes in business environment.

Business CEO

The SOMPO P&C CEO and SOMPO Wellbeing CEO are appointed as heads of each business unit and are partially delegated authority from the Group CEO to oversee strategy formulation, investment decisions, etc. in each business unit to maximize enterprise value.

Head of business segment

The Heads in charge of the Domestic P&C Insurance Business, Overseas Insurance and Reinsurance Business, Domestic Life Insurance Business, and Nursing Care Business are appointed as heads of each business segment and execute strategies, make investment decisions, allocate headcount, etc. in an agile and timely manner while ensuring financial soundness of each business segment under the oversight of the Business CEO.

Executive Structure

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Group CxO

The Group CxOs as heads of each function in the Group (Group CFO (finance), Group CHRO (human resource), Group CRO (risk management), Group CDO (digital), Group CSuO (sustainability), Group CDaO (data), Group CIO (IT), Group CAE (internal audit), etc.) oversee Group-wide operation of each function to enable agile and flexible decision-making and Group-wide business execution in the Group's best interest.

Group ExCo

The Group ExCo serves as an advisory body to the Group CEO and as the highest executive committee, deliberating on themes that significantly impact group management strategies and business execution policies. The Group ExCo is chaired by the Group CEO and is comprised of the Business CEOs, Heads of business segments, Group CxOs, Senior Vice Presidents in charge of functional areas, etc.

Committees

Group ERM Committee

Established as a subcommittee of the Group ExCo, the Group ERM Committee holds management discussions across the Group on important matters of the Group's strategic risk management and on material risks faced by the Group.

Global Transaction Committee

Established as a subcommittee of the Group ExCo, the Global Transaction Committee evaluates the appropriateness of investments in the Overseas Insurance and Reinsurance Business.

Investment Committee

Established as a subcommittee of the Group ExCo, the Investment Committee evaluates investment activities undertaken by the Group for business expansion, new business development, and other purposes from a specialist and impartial perspective. The purview of this committee covers matters other than overseas insurance business.

Management Board

SOMPO P&C Management Board

As an advisory body to the SOMPO P&C CEO, it deliberates on themes related to the Group's business strategy, business execution policies, and implementation, primarily concerning the Domestic P&C Insurance Business and Overseas Insurance and Reinsurance Business.

SOMPO Wellbeing Management Board

As an advisory body to the SOMPO Wellbeing CEO, it deliberates on themes related to the Group's business strategy, business execution policies, and implementation, primarily concerning the Domestic Life Insurance Business and Nursing Care Business, to extend healthy life expectancy by promoting "connect and be connected" and encouraging behavioral change among customers.

Executive Structure

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Name	Current title
Mikio OKUMURA	Group CEO President and Representative Executive Officer
Masahiro HAMADA	Group CFO Deputy President and Representative Executive Officer
Shinichi HARA	Group CHRO Deputy President and Representative Executive Officer
James SHEA	CEO of SOMPO P&C Senior Vice President SOMPO P&C (Chief Officer), Overseas Insurance and Reinsurance Business (Officer)
Yasuhiro OBA	CEO of SOMPO Wellbeing Senior Vice President SOMPO Wellbeing (Chief Officer)
Koji ISHIKAWA	Senior Vice President in charge of SOMPO P&C, Domestic P&C Insurance Business (Officer)
Yasuki KUME	Senior Vice President in charge of SOMPO Wellbeing, Domestic Life Insurance Business (Officer)
Takamitsu WASHIMI	Senior Vice President in charge of SOMPO Wellbeing Nursing Care Business (Officer)
Koichi NARASAKI	Senior Executive Vice President and Executive Officer in charge of Digital & New Business (Officer) and Investment General Manager, Business Development Department
Yoshihiro UOTANI	Group CRO Senior Executive Vice President and Executive Officer
Masayuki KIMURA	Group CDO Executive Vice President
Kayoko SAKAI	Group CSuO Executive Vice President
Akiko MURAKAMI	Group CDaO Executive Vice President

Name	Current title
Yoshiyasu SUZUKI	Group CIO Senior Vice President General Manager, IT Strategy Planning Department
David CAMPUTO	Group CAE Senior Vice President
Katsuyuki TAJIRI	Senior Vice President in charge of SOMPO P&C Direct Insurance Business (Officer) and Overseas M&A
Kenneth REILLY	Senior Vice President in charge of SOMPO P&C
Katsuhito NAKAGAWA	Senior Vice President Direct Insurance Business
Hiroshi HORIE	Senior Executive Vice President in charge of Compliance
Nicolas BURNET	Executive Vice President in charge of SOMPO P&C Group Deputy CFO
Junsuke KOIKE	Executive Vice President Group Deputy CFO
Kayoko KOSAKA	Senior Vice President Group Deputy CSuO
Sina MARTENS	Senior Vice President in charge of Communications (Group Head of Communications)
Hirofumi SHINJIN	Senior Vice President in charge of Public Relations
Ryoko SHIMOKAWA	Senior Vice President in charge of SOMPO Wellbeing
Yohei NAMIKI	Senior Vice President in charge of SOMPO Wellbeing
Kyotaro HIROSE	Senior Vice President in charge of SOMPO P&C General Manager, Office of Group CEO

* Executive structure and leadership as of August 1, 2025

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Executive Compensation Structure

Structure Basic concept

The Company regards its executive compensation structure as an important aspect of corporate governance. The goal of the executive compensation structure is to increase corporate value and to share interests with shareholders. The executive compensation structure is formulated by the Compensation Committee, which is chaired by the independent director, and incorporates objective points of view. The Company's Policies for Determining Compensation for Directors and Executive Officers describes the Basic concept of Compensation for Directors and Executive Officers, the composition of executive compensation, how compensation is determined for each position, and the details of each type of compensation.

Basic concept of Compensation for Directors and Executive Officers (Group-wide policy)

The Company's Purpose is "For a future of health, wellbeing and financial protection." To embody this purpose, it defines the expected behaviors based on SOMPO's Values (Integrity, Self-motivation, and Diversity) as the foundation for the decisions and actions of executives and employees.

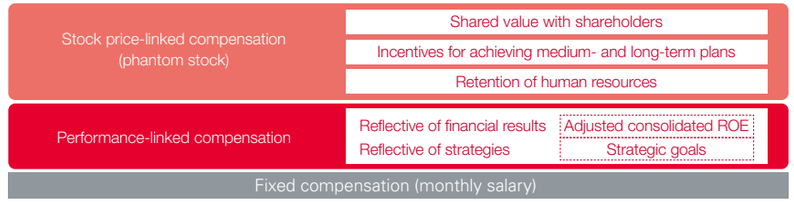
Executives are expected to lead by example. Therefore, their compensation is determined based on the following principles:

(i) The compensation system should create sustainable value for stakeholders over the medium- to long-term.
(ii) The level and system of compensation ensures acquisition and retention of top talent as management of the Group.
(iii) Compensation shall be determined in accordance with the magnitude of the mission with a forward-looking mindset and accomplishments. Additionally, fixed factors associated with specific job title or position may be taken into consideration.
(iv) The compensation system for Directors and Executive Officers shall be consistent with business strategy and heightens the Directors' and Executive Officers' awareness of performance improvement for the Group's growth.
(v) Compensation shall reflect medium to long-term results and initiatives of Directors and Executive Officers, not just performance in a single fiscal year.
(vi) The compensation system of the Company and major subsidiaries shall have objectivity, transparency and fairness to fulfill accountability to stakeholders through the deliberation process at the Compensation Committee of the Company.

Overview of executive compensation structure

Under the new MTMP, commencing from fiscal year 2024, the Group is promoting the enhancement of resilience in the P&C insurance business, and the provision of seamless services to our customers in the Wellbeing business as part of the Group's vision. The company positions executive compensation as a governance and incentive mechanism for the officers leading these initiatives, linking it to the scale of the mission, the efforts undertaken, and the Company's performance.

Scale of mission and approach to realizing a transformation and earnings-linked executive compensation structure



The company believes that all officers should demonstrate and act in accordance with their own duties and mission, based on the principles of being mission-driven (having a sense of mission and job satisfaction, and working with a sense of personal involvement) and of being results-oriented. The executive compensation structure is not designed to award officers a fixed compensation amount based only on their duties or position; instead, compensation is determined in accordance with the scale of the future-oriented mission they are undertaking, and with the results of these missions.

The company assigns a grade to each position according to its responsibilities, with Group CEO being the position with the highest grade. The standard amount of total compensation packages for each position are determined according to these grades. The base amount of the total compensation package for each officer is determined every fiscal year, and reflects the scale of the mission assigned to the officer in question.

We also introduced malus clauses for stock price-linked compensation and clawback clauses for both performance-linked compensation and stock price-linked compensation as mechanisms to further enhance governance.

The Compensation Committee deliberates and determines the amount and composition of compensation for each Director and Executive Officer at the company, in accordance with the decision-making process and calculation methods described in the following pages.

Executive Compensation Structure

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

(1) Decision-making process for total compensation packages

The company sets compensation levels for each officer on an individual basis, according to the scale of the mission assigned to each officer and their own personal performance. The company does not adopt the conventional approach of determining compensation according to a table that assigns different amounts of compensation for each officer rank.

Setting missions	Deciding total compensation packages	Deciding composition of compensation
Missions are set for each officer based on the future vision of the Sompo Group and the prevailing business environment.	Total compensation is determined based on the specific mission and other factors, and with reference to compensation levels in peer groups and the labor market.	The composition of compensation is determined based on the roles and responsibilities of each officer.

(2) Composition of compensation for officers

Compensation for officers consists of: fixed compensation (monthly salary), which is based on the duties and responsibilities of each officer; and variable compensation, which is linked to performance. Variable compensation comprises: performance-linked compensation, which is compensation linked to short-term performance paid out every fiscal year in accordance with fiscal-year performance; and stock price-linked compensation, which is compensation linked to long-term performance, and whose goal is to increase the association between compensation and medium- to long-term growth in corporate value. This composition is designed to motivate officers to make decisions based on longer-term earnings with a greater awareness of the share price, instead of focusing solely on a single fiscal year.

Overview of executive compensation system

	Type of compensation	% of total (approximate) Group CEO	% of total (approximate) Other officers	Comments
Fixed compensation	Monthly salary	33.4%	50–70%	• Set for each officer in accordance with the roles and duties of their position • Cash compensation paid monthly
Variable compensation	Performance-linked compensation	33.3%	15–25%	• A base amount is set; actual payment is determined based on annual performance • Based on an assessment of each officer's level of achievement for financial and strategic goals • Paid in cash in June after the conclusion of the fiscal year
	Stock price-linked compensation	33.3%	15–25%	• Payment amount is determined in accordance with the share price in order to share value with shareholders and promote medium- and long-term growth of the Group • Payment in cash at any time after a certain period has elapsed since the granting of units up until retirement and also upon retirement
	Subtotal	66.6%	30–50%	
Total		100%	100%	

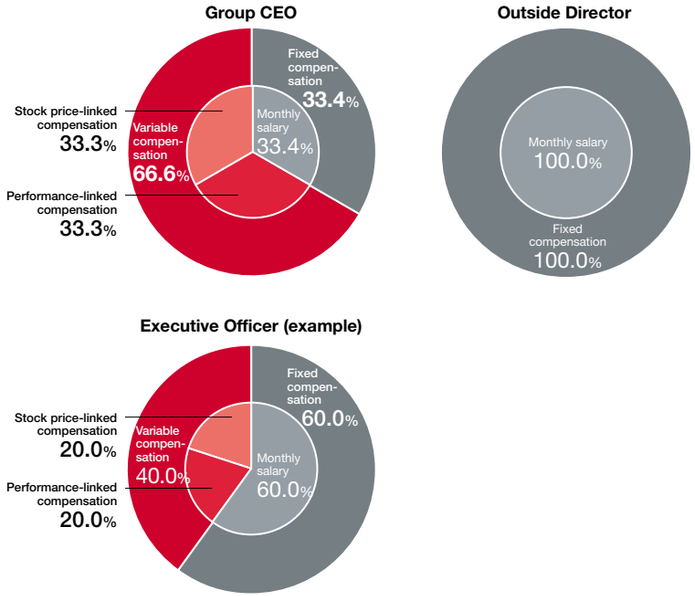
(3) Approaches and calculation methods for each of type of compensation

1) Fixed compensation (monthly salary)

The company sets fixed compensation (monthly salary) in accordance with the responsibilities of each officer's position. In principle, an equal amount is paid each month.

An appropriate level of fixed compensation (monthly salary) is set according to the following parameters: the standard amount of fixed compensation is based on the total compensation package for the grade assigned to the officer's position; the base amount takes into consideration the mission of the individual officer, and the nature of the officer's roles and responsibilities. Reference is also made to market compensation levels, as quantified by officer compensation surveys conducted by third-party compensation consulting firms.

Examples of compensation structure by position



Executive Compensation Structure

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

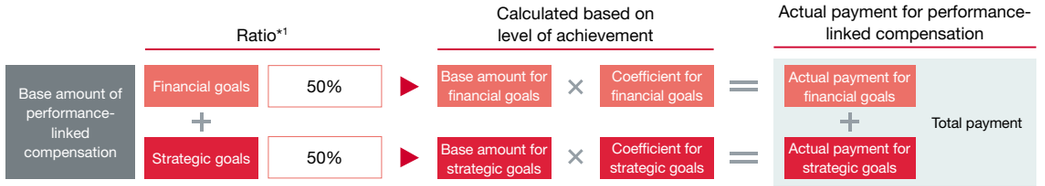
Financial and Corporate Data Section

2) Performance-linked compensation

The company operates a performance-linked compensation system that rewards officers for the contributions they made to each business's single-fiscal-year performance.

To ensure that performance-linked compensation reflects both the financial performance and the strategic performance goals associated with management plans in a balanced manner, the company adopts a performance-linked compensation system that comprises "financial performance-linked compensation" and "strategic performance-linked compensation." To provide stronger incentives, the company applies a coefficient to the base amounts of performance-linked compensation. This coefficient varies according to the level of achievement of strategic goals set for the mission assigned to each officer, in principle ranging from 0% to 200%.

- To determine performance-linked compensation, the company first sets a base amount of performance-linked compensation. This base amount is then multiplied by a coefficient that reflects the level of achievement of single-fiscal-year financial goals and strategic goals.
- The base amount of performance-linked compensation is defined as the amount to be paid if financial goals and strategic goals are fully achieved. The base amount is determined individually for each officer.
- Performance-linked compensation comprises financial performance-linked compensation and strategic performance-linked compensation. The allocation ratio of these two compensations is determined by the Compensation Committee in accordance with the nature of the mission assigned to each officer.
- The performance indicators adopted as the financial goals include adjusted consolidated ROE, among others, for the fiscal year, and the coefficient is determined according to the actual results versus the targets in the business plan.
- The performance indicators applied to the strategic goals are the metrics agreed on by the Group CEO, Head of business segment, or other Director or Executive Officer responsible for appraisals, in accordance with the mission of each Director and Executive Officer, and the coefficient is determined according to the level of achievement.

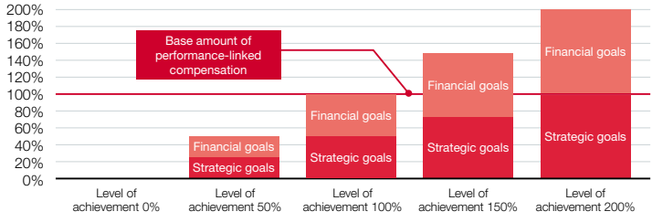


*1 The initial ratio of base amount for financial goals to base amount for strategic goals is set at 50:50; this ratio is adjusted individually for each officer in accordance with their duties.

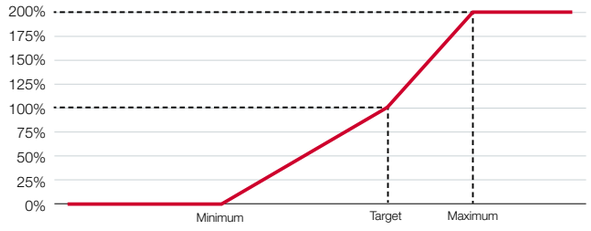
Actual payment in principle ranges between 0% and 200% of the base amount of performance-linked compensation, depending on the level of achievement of financial targets and strategic targets by each officer.

*2 The chart on the right shows payments in cases where the ratio of financial goals to strategic goals is 50:50, and where levels of achievement are equal for both financial goals and strategic goals.

Payment of performance-linked compensation, by level of achievement*2



Financial goals



The financial goal coefficient is 100% when the targeted financial performance is achieved; in this case, the base amount of compensation will be paid. Depending on the level of achievement of financial goals, actual payment will range from 0% to 200% of the base amount.

* The graph above indicates the relationship between level of achievement and actual payment.

Strategic goals

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

The coefficient is determined in accordance with the level of achievement of strategic goals established for each officer; this coefficient is then multiplied with the base amount. As a rule, a coefficient of 100% is used when strategic targets have been fully met; 200% is the maximum and 0% the minimum.

Executive Compensation Structure

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Indicators used for performance-linked compensation

The table on the right summarizes the financial indicators used to determine performance-linked compensation. Financial indicators are set for each business; strategic goals are set for each officer.

Business domain	Financial indicators for FY2024
Entire Group	Adjusted consolidated profit, Adjusted consolidated ROE
Domestic P&C Insurance Business	Adjusted profit
Overseas Insurance and Reinsurance Business	Adjusted profit
Domestic Life Insurance Business	Adjusted profit, Amount of increase in adjusted EV
Nursing Care Business	Adjusted profit
Digital domain	Adjusted profit, Revenue

*1 Adjusted profit in the Nursing Care Business is the standalone figure for Sompo Care Inc.
*2 Adjusted profit and revenue in the Digital domain are the standalone figures for Palantir Technologies Japan KK.

3) Stock price-linked compensation

The Company believes it is vital that the Group as a whole grows sustainably over the long term. For the purpose of maintaining the link between compensation for directors and executive officers and stock value, as well as further raising the awareness and talent retention that contributes to stronger earnings and greater corporate value over the medium-to-long term, we introduced a new stock price-linked compensation (phantom stock, or PS), effective from April 1, 2023.

For this compensation, PS offering the same economic value as cash stock is issued to the directors and executive officers. An overview of this system is as follows.

- The number of units granted is determined by multiplying the stock price-linked compensation base amount, which varies depending on the magnitude of the mission of each director and executive officer, in principle, by the previous year's strategic goal evaluation coefficient and dividing it by the Company's share price.

Stock price-linked compensation base amount × Strategic goal evaluation coefficient from previous FY ÷ Company's closing share price on the grant date = Number of units granted

- The units granted will vest at the end of the fiscal year three years after the grant date. Once vested, they will be categorized into PS 1 and PS 2. If the director or executive officer resigns voluntarily before the vesting date, the units will not be eligible for vesting.
- PS 1 and PS 2 units will be divided evenly (50% each) and be subject to the following.
  PS 1: After vesting, an amount based on the current share price at any time up until retirement, along with an equivalent cumulative dividend amount, will be paid in cash.
  PS 2: Upon retirement, an amount based on the share price calculated with a prescribed method, along with an equivalent cumulative dividend amount, will be paid in cash.
- The payment amount will be determined as follows.

Payment based on the exercise of rights for PS 1 at any time

Number of PS 1 units designated by the director or executive officer × Closing share price on the day the director or executive officer indicated their intention to receive PS 1 + Equivalent cumulative dividend amount

Payment based on the exercise of rights for PS 1 and PS 2 upon retirement

Number of unexercised PS 1 and PS 2 units up until the day of retirement × Share price at the time of retirement (calculated based on a prescribed method) + Equivalent cumulative dividend amount

Executive Compensation Structure

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Total compensation, total compensation by type, and number of eligible officers for each officer category, in FY2024

The total compensation, total compensation by type, and the number of eligible officers for each officer classification in the current fiscal year are outlined below.

Officer category	Total compensation, etc. (million yen)	Compensation by type (million yen)					No. of eligible executives
		Fixed compensation No. of eligible executives (monthly compensation)	Retirement benefits, etc.	Performance-linked compensation, etc.		Non-cash compensation included in the left	
				Performance-linked compensation	Stock price-linked compensation		
Directors (excluding outside directors)	50	45	—	3	1	—	5
Outside directors	194	194	—	—	—	—	9
Executive Officers	1,029	628	—	236	163	—	13
Total	1,274	868	—	240	164	—	23

*1 The number of recipients, total compensation, and total compensation by type of compensation, include one Director and two Executive Officers who resigned on March 31, 2024.
*2 The amount of compensation for the three Directors who also serve as Executive Officers is included in the total amount of compensation for each category after separating their compensation as Directors from their compensation as Executive Officers. Thus, the total number of recipients and the sum of recipients from all the categories differ.
*3 Performance-linked compensation is the total amount of provisions recorded for compensation based on the financial results of the previous fiscal year and compensation based on the financial results of the current fiscal year (excluding the provisions recorded in the previous fiscal year). Stock price-linked compensation is the amount recorded as an expense in the current fiscal year.
*4 All compensation for Directors and Executive Officers is from the insurance holding company, and there is no compensation from the parent company holding company or other companies.
*5 The compensation total amounts above are calculated based on Japanese standards.

Total consolidated compensation for each officer in FY2024

Executives who received compensation totaling 100 million yen or more are listed below.

Name	Total compensation from the Company and its consolidated subsidiaries (million yen)	Officer category	Company category	Total compensation by type from the Company and its consolidated subsidiaries (million yen)				
				Fixed compensation No. of eligible executives (monthly compensation)	Retirement benefits, etc.	Performance-linked compensation, etc.		Non-cash compensation included in the left
						Performance-linked compensation	Stock price-linked compensation	
Mikio Okumura	178	Director	Sompo Holdings, Inc.	6	—	1	0	—
		Executive Officer		93	—	55	20	—
		Director	Sompo Japan Insurance Inc.	—	—	—	—	—
		Director	Sompo International Holdings Ltd.	—	—	—	—	—
James Shea	313	Executive Officer	Sompo Holdings, Inc.	313	—	—	—	—
		Director	Sompo International Holdings Ltd.	—	—	—	—	—

*1 Performance-linked compensation and stock price-linked compensation is the total amount of provisions recorded for compensation based on the financial results of the previous fiscal year and compensation based on the financial results of the current fiscal year (excluding provisions recorded in the previous fiscal year).
*2 Compensation paid to Directors and Executive Officers in foreign currencies has been converted to yen.
*3 James Shea, a Senior Vice President of the Company, was an Executive Officer until March 31, 2023. The above table thus only shows the compensation paid during the current fiscal year for services rendered as an Executive Officer during the fiscal year in which he was in office.
*4 The compensation total amounts above are calculated based on Japanese standards.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

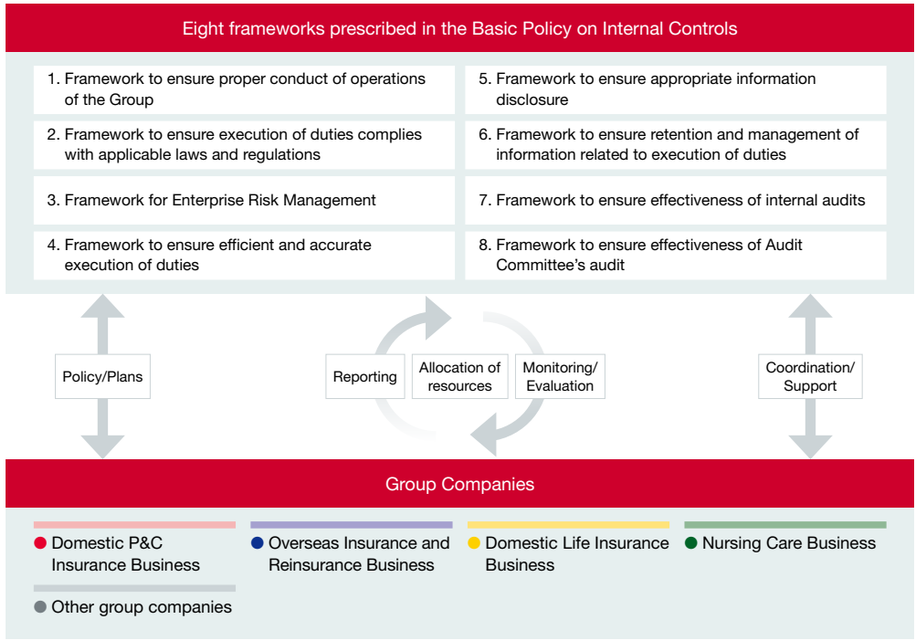
Group Internal Controls to Support Corporate Governance

Concept and Policy

The Board of Directors has established eight frameworks in the Basic Policy on Internal Controls as a foundation for improving corporate value and for ensuring the proper conduct of operations within the Group.

Despite the existence of such internal control frameworks, it was pointed out by regulatory authorities in relation to our response to the fraudulent auto insurance claims involving our domestic P&C insurance subsidiary, that our framework for monitoring key initiatives, as well as the information sharing and reporting requirements with regard to the subsidiary, had weaknesses in their effectiveness. In response to the above, we have established a business improvement plan, which we are steadily implementing to enhance our internal control framework.

Group internal controls systems



Progress on the Business Improvement Plan Regarding the premium adjustment practices, etc. and fraudulent car insurance claims can be viewed here.
"Progress on the Business Improvement Plan" (as of the end of May 2025)

For further details, please visit the website: Basic Policy on Internal Controls

Group Internal Audits

Concept and Policy

Status of internal audits

We have established the Internal Audit Department with organizational and operational independence, as the department responsible for conducting internal audits within our company and overseeing internal audits across Group companies. The Internal Audit Department has a total staff of 15, as of April 1, 2025, who have extensive experience in the management of the Group's businesses including those overseas activities. We are also actively promoting acquisition of qualifications such as Certified Internal Auditor, a professional qualification on internal audit.

Based on the "Group Basic Policy on Internal Audit," the Internal Audit Department audits the operational execution status of departments within our company, as well as requires the internal audit functions of each Group company to implement highly effective internal audits. We summarize and analyze the audit results and issues across our company and group companies, as well as the follow-up status on their improvement, and report these to the Audit Committee and the Board of Directors.

Developing the Group's internal audit framework

We have established the "Group Basic Policy on Internal Audit", which defines internal audits as processes for assessing the internal control framework and providing recommendations on methods for improving identified issues. Accordingly, we strive to enhance corporate value and meet the expectations of stakeholders by developing an efficient and effective Group-wide internal audit framework, and by conducting risk-based internal audits that consider our business characteristics and management strategies.

Specifically, we have enhanced our monitoring functions and adopted an agile approach to the auditing in response to evolving risks. Concurrently, we have supported our group companies in developing their internal audit framework by conducting Quality Assurance of their internal audits and providing recommendations for improving their respective challenges.

Furthermore, in April 2025, aiming to strengthen our internal audit framework across the entire group and achieve consistent and effective internal audits on a global level, we appointed a Group Chief Audit Executive to be responsible for internal audits across the Group.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Compliance

Concept and Policy Basic concept and policy

The Sompo Group has established various policies, including the 'Sompo Group Basic Policy on Compliance,' and is working to enhance the Group compliance systems as well as ensure thorough understanding and compliance with the "SOMPO Group Compliance Code of Conduct," which is based on this Basic Policy, through measures such as conducting training for officers and employees. As a company seeking to maintain a sound social presence which does not view compliance solely as compliance with laws and regulations, we are striving to foster a corporate culture where each employee can proactively and autonomously act in accordance with corporate ethics and social norms, through the steady implementation of the business improvement plan devised in response to the fraudulent auto insurance claims.

Basic Policy on Compliance

The Company Group shall comply with laws and regulations in accordance with the following policy and realize corporate activities that are in conformity with social norms and corporate ethics.

Sompo Group Basic Policy on Compliance (Overview)

1. **Compliance as the major premise for business operations**
   With the deep awareness that profits gained by disregarding compliance is not sustainable, we will set compliance as the precondition for our business operations.
2. **Nurturing and enhancing compliance awareness of officers and employees**
   We will nurture and enhance the awareness that compliance must be taken seriously so that officers and employees will comply with laws and regulations and act in conformity with social norms and corporate ethics.
3. **Systematic efforts to ensure compliance**
   With the deep awareness that continuous and perpetual efforts are needed to ensure compliance, we will systematically work toward the realization of it.
4. **Early detection of issues and prompt actions**
   We will establish an early detection system in order to be prepared for any occurrence of compliance issues in association with business operations, and take prompt and appropriate actions if any issue occurs.

For specific compliance-related policies, please visit the website (in Japanese): Management of Conflict of Interest Transactions, Protection of Customer Information, and Response to Anti-social Forces

Sompo Group Compliance Code of Conduct

The Group has established the Sompo Group Basic Policy on Compliance (collectively, "Basic Policy") with the aim of being a corporate group trusted by society by remaining constantly aware of the important public mission and social responsibility of its businesses and providing customers with the highest-quality services and sense of security through appropriate corporate activities that comply with laws and regulations, societal norms, and corporate ethics.

The Sompo Group Compliance Code of Conduct lays down the norms to ensure that, based on the Basic Policy, all officers and employees of the Sompo Group understand the importance of compliance and act in ways that take compliance seriously. All officers and employees must act in compliance with the Code of Conduct shown below. In addition, if anyone becomes aware of any compliance or ethical concerns, or issues involving themselves or their colleagues that may violate the Code of Conduct, they are obligated not to ignore or conceal, but to promptly report such concerns or issues to their supervisors or the whistleblowing/consultation points of contact.

Furthermore, our Group has established 'SOMPO's Yes' as a guiding principle for when judgment is uncertain while acting in accordance with this Code of Conduct. This is a group-wide guideline that encourages officers and employees to ask themselves: "Do you feel comfortable explaining your actions or decisions openly and honestly to society?," "Are you being fair in your dealings with customers and business partners?," and "Do you feel comfortable telling your family and friends with confidence?" If the answer to all three questions are not "Yes," one should pause and consult one's supervisor or other appropriate persons.

For further details, see the following: Sompo Group Compliance Code of Conduct

Sompo Group Compliance Code of Conduct

1. **Compliance with Laws, Regulations and Internal Rules**
   We will act with integrity and good sense in compliance with laws, regulations and internal rules, and based on social norms and corporate ethics.
2. **Respect for Human Rights**
   We will respect human rights in every aspect of our business activities.
3. **Maintain and Promote a Healthy and Safe Working Environment**
   We will aim to maintain and promote a healthy and safe working environment in which Employees can have peace of mind and demonstrate their abilities fully without any concerns that threaten their mental or physical safety.
4. **Protection of Company Assets**
   We will only use the assets of the Group for the Group's business activities and properly protect them.
5. **Proper Document Creation and Management**
   We will properly create and manage documents, emails, and data, etc. related to our transactions and operations in accordance with laws, regulations and internal rules.

Compliance

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

6. **Fair and Free Competition**
We will conduct our business under fair and free competition in accordance with laws, regulations, and internal rules related to Anti-Trust and Anti-Competition. We will not engage in unfair business practices such as cartels, bid riggings, and other acts that restrict competition or take advantage of our business position.
7. **Prohibition of Bribery**
To contribute to the maintenance and development of an orderly free competitive market, we will promote fair business activities with high ethical sense and will not engage in bribery.
8. **Prohibition of Conflict of Interest**
Under situations where the interests of Employees conflict with the interests of the company, we will take actions with preference to the interests of the company in accordance with related laws, regulations and internal rules.
9. **Protection and Management of Personal and Confidential Information**
We will properly deal with personal information, confidential information that we obtain and data, etc. that we create in connection with our business in accordance with laws, regulations and internal rules.
10. **Protection of Intellectual Property**
We will protect intellectual property possessed by the Group, and will not infringe it possessed by third parties.
11. **Prohibition of Insider Trading**
By strictly prohibiting insider trading by Employees, we will ensure investors' trust in the securities market.
12. **Elimination of Relationships with Organized Crime Forces**
We will strive not to have any relationship with organized crime forces, maintain public confidence, and realize a safe society and sound corporate management.
13. **Prevention of Money Laundering and Terrorist Financing**
We will strive to ensure that the Group's products and services are not used to transfer proceeds from crime, to finance terrorists, or to proliferate weapons of mass destruction.
14. **Appropriate Political Activities**
As a corporation, we will conduct fair business activities while maintaining an appropriate relationship with politics. In addition, we will clarify the distinction between public and private regarding personal political activities of Employees.
15. **Appropriate Financial Reporting, Tax Processing Based on Laws and Regulations**
We will accurately record financial information and appropriately report and disclose such information in a timely and appropriate manner so that shareholders, investors, and other stakeholders can make decisions fairly and equitably, and also aim to maintain and improve tax compliance in accordance with tax related laws and regulations.

Structure Activities and Achievements

Initiatives

In January 2024, the company received a business improvement order regarding our responses to the fraudulent auto insurance claims, etc. involving our domestic P&C insurance subsidiary, and is implementing measures, including measures to prevent recurrence, in accordance with the business improvement plan. Furthermore, in light of the business improvement and cease and desist orders regarding premium adjustment practices, etc. as well as the business improvement order regarding the inappropriate management of insurance contract information, etc. concerning this subsidiary, the company is working to fundamentally strengthen its management structure to reinforce and improve the effectiveness of its Group governance, including establishing a compliance officer and compliance department while supervising and monitoring the adequacy and effectiveness of the internal controls of the subsidiary. In addition, we have revised our rules to ensure that all critical matters concerning the subsidiary are reported to us without omission. As a holding company, in order to continuously monitor the management status of Sompo Japan Insurance, we have established a system to proactively obtain critical information, through measures such as implementing mutual appointments of officers and employees between both companies, and strengthening communication that is not bound by formalities. In November 2024, we updated the 'Guidance on the Compliance Code of Conduct' which supplements the 'Sompo Group Code of Conduct' and incorporated "SOMPO's Yes," a tool to guide officers and employees in making proper judgments and taking appropriate actions. In line with our initiatives for the business improvement plan and to foster deeper understanding and adherence to the Compliance Code of Conduct, we have developed Group-wide training programs related to the Code. Through these efforts, we aim to build an organizational culture and systems that thoroughly ensure compliance with laws and regulations and customer-oriented business operations.

Looking at our business environment, in addition to the Domestic P&C Insurance Business and Overseas Insurance and Reinsurance Business, the Group engages in the Wellbeing Business, which involves the provision of various solutions related to health/nursing care/retirement savings through our Domestic Life Insurance Business and the Nursing Care Business. In developing our compliance framework, it is imperative that we consider not only the relevant laws, but also the business characteristics, scale, and operating conditions of each Group company, as well as the potential risks involved in their business models and industry practices. In collaboration with our Group companies, to not only ensure compliance with laws and regulations but also respond to societal and public demands, we are actively addressing conduct risk and will continue to strive to establish a compliance framework that aligns with our Group strategy and the external environment.

Our internal whistleblowing and consultation system is a key mechanism for detecting problematic issues at an early stage. To enhance the effectiveness of this system in identifying early warning signs of such issues, we are conducting trials of a new contact point that accepts concerns or consultations instead of reports, seeking to create a system that allows capturing of wide range of voices and concerns. We are currently evaluating the results with a view to rolling out the system across the Group. We are also taking steps to further raise awareness and enhance the trustworthiness of the whistleblowing systems. In FY2024, there were 293 whistleblowing reports and consultations.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

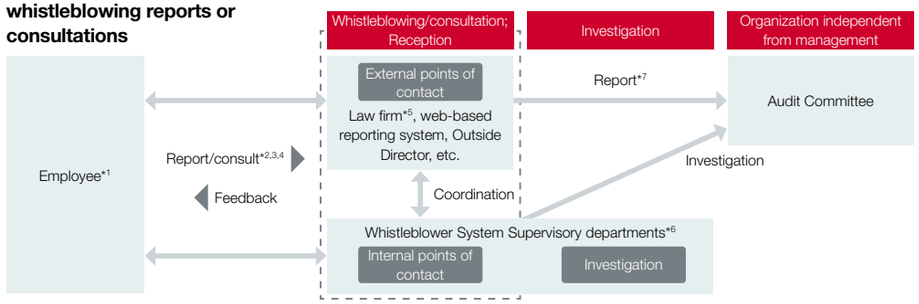
Compliance

Whistleblowing and consultation system

- Our group has established both internal and external reporting channels at each group company to prevent misconduct such as violations of laws and regulations, harassment, and other problematic behaviors, as well as to maintain and enhance corporate value through self-regulation. We continuously raise awareness of our whistleblowing system, including how to use it, through internal trainings, etc. to ensure an appropriate mechanism is in place to handle whistleblowing reports and consultations.
- Each Group company has a system in place in accordance with the relevant laws and regulations of each country. In Japan, we have a system in place in accordance with the revised Whistleblower Protection Act (effective June 2022), and overseas, we have a system in place based on both local laws and Group system development standards.

System for receiving whistle-blowing reports and consultations	• Whistleblowing reports and consultations are handled by specific persons in charge (“Response Persons”), who are obliged to maintain confidentiality. • Whistleblowing reports and consultations received through external point of contact will be appropriately forwarded to the supervisory division, taking into consideration the intentions of the whistleblower or consulter. • Upon receiving a whistleblowing report or consultation, necessary investigation will be performed, and the results of the investigation will be reported back to the whistleblower or consulter by the internal or external points of contact as appropriate.
Protection of whistle-blowers and consulters	We are working to strengthen protection of whistleblowers and those seeking consultation, and we have established an internal whistleblowing and consultation system that can be used quickly and safely when problems occur that are difficult to resolve at the workplace. • We require our Response Persons to maintain strict confidentiality. • We prohibit any attempt to identify the whistleblower or person seeking consultation, or any disadvantageous treatment of them, and clearly stipulate the disciplinary measures to be taken against those who violate the rules.

Flow of procedures after receiving whistleblowing reports or consultations



*1 In Japan, this includes persons who have resigned from their jobs within one year, and persons who are employed by other companies and engaged in work for SOMPO Group (eligibility varies depending on circumstances in each country).
*2 Anonymous reporting is also accepted.
*3 Email, telephone, and other reporting and consultation methods are available (available methods vary depending on circumstances in each country).
*4 Consultations regarding how to use the system and how whistleblowers and consulters are protected are also accepted (scope of consultation varies depending on circumstances in each country).
*5 The law firm accepts reports and consultations independently of the company.
*6 The supervisory departments are responsible for leading investigations and corrective actions in cases, as well as analyzing trends and formulating countermeasures.
*7 Significant matters (including those where Directors and Executive Officers involvement is suspected) are reported to the Audit Committee as an independent body from management, which then determines the response.

Examples of reports and consultations

■ Work environment ■ Violation of human rights (including harassment)
■ Violation of laws and rules etc.

For customers and stakeholders, information on how to contact the Group is available on each company’s website.

Number of whistleblowing reports received

Category	FY2022	FY2023	FY2024	Scope: Consolidated companies in Japan: Sompo Japan Insurance	Scope: Consolidated companies in Japan: Other group companies	Scope: Overseas consolidated companies
Number of reports received*	261	252	293	●	●	●
[Included] Number of reports and consultations regarding human rights violations (including harassment)	180	167	213	●	●	●

* Reports received concerning human rights violations (including harassment) and violations of laws and rules

Compliance Code of Conduct violations

Category	FY2024	Scope: Consolidated companies in Japan: Sompo Japan Insurance	Scope: Consolidated companies in Japan: Other group companies	Scope: Overseas consolidated companies
Bribery and Corruption	0	●	●	●
Conflict of interest	0			
Money laundering and insider trading	0			

Compliance training

The Sompo Group systematically implements compliance-related education and training to ensure that officers and employees comply with laws and regulations and act in accordance with social norms and corporate ethics.

For compliance training results, please refer to the ESG data.

Compliance

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Concept and Policy Establishment of Group Tax Policy

In recent years, the environment surrounding taxation has been characterized as follows;

1. The progress of the BEPS* project by the OECD has brought tax compliance into the spotlight on a global scale.
2. In Japan, there are calls for large companies to enhance and improve their corporate governance with respect to taxation, and the importance and necessity of active involvement and guidance by top management and the formulation of a “global transfer pricing policy (transfer pricing strategy for the entire group)” are pointed out as examples of such efforts.

Against these backgrounds the Group Tax Policy was established in August 2018 as a practical guideline for the entire SOMPO Group, including overseas Group companies, with the approval of the Group CFO (Director), who was delegated authority by the Board of Directors (The Group CFO has the authority to make decisions when conducting revises.).

The tax divisions of the Group manage and operate the policy, and the Group CFO periodically confirms the details of the financial statements, including the amount of income taxes, and reports the results to the Board of Directors.

* BEPS: Base Erosion and Profit Shifting

Group Tax Policy

1. Regulatory Compliance

The Sompo Group sets out a basic principle of “Compliance with applicable laws and regulations relevant to its business activities in each country.” The Group aims to maintain and improve its tax compliance in accordance with tax related laws, regulations and standards published by international organizations, such as OECD, EU and UN guidelines, as well as the domestic laws, regulations and standards of each country and region, and fulfills its corporate social responsibility by properly paying its taxes.

2. Approach to International Taxation

The Sompo Group strives to mitigate any risk of damaging corporate value by exposing the Group to tax penalties and/or double taxation, based on understanding the purpose of the BEPS initiative led by the OECD.

International transactions between intra-group entities are conducted at an arm’s length price. The Sompo Group also ensures international income is allocated between parties on an appropriate basis.

3. Optimization of Tax Burden

In order to maximize corporate value, the Sompo Group aims to minimize tax risks and to make appropriate and effective use of tax mitigation measures in accordance with each jurisdiction’s laws and morals. The Sompo Group does not perform tax avoidance by, for example, utilizing excessive tax saving practices based on interpretations and/or applications that deviate from the actual content, meaning and/or intention of the relevant laws and regulations.

4. Relationship with the Tax Authorities

The Sompo Group seeks to maintain a positive relationship with the tax authorities of each country by ensuring that its explanations of its positions are always sincere, transparent and based on true facts.

The tax filing and payment practices of the Sompo Group will be timely and appropriate, and tax-related information will be submitted to the tax authorities when it is requested. On this basis, in cases where it is agreed with the tax authorities that there is a need for corrective and remedial measures, such measures will be appropriately taken by the Sompo Group.

Structure Tax Management System of SOMPO Group

In principle, the head of each region’s domestic tax department is responsible for managing tax issues in each region. However, since global transactions within the group affect multilateral, tax management is conducted to consider the tax systems of multiple countries and examine tax issues from multiple perspectives.

Specifically, the global tax sections in Japan, US and UK handle any tax issues on a global basis, and regular meetings by the three sections are held to exchange information closely and discuss various global tax-related issues. The appropriate solutions are then presented to the CFOs and/or each business unit as necessary.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

ERM

Concept and Policy Our basic approach to ERM

Through the practice of Enterprise Risk Management (ERM), which is a framework for risk management, the Sompo Group aims to minimize unexpected losses, improve profits by effectively utilizing capital, and maximize corporate value, based on the "Sompo Group Basic Policy on ERM" established by the Board of Directors.

(1) ERM as the "Compass of Management"

The Sompo Group is striving to maximize its corporate value by setting "Increase Resilience" and "Connect and be connected" as its goals in its MTMP (FY2024–2026). To achieve this, we make use of the ERM framework, also known as the "compass of management," to guide the Group in the best direction by not only avoiding losses before they happen, but by reducing opportunity losses, such as missed investments in new business.

We make sure of this by (1) accurately analyzing and grasping the Group's current position (multifaceted analysis); (2) sensitively detecting potential future risks (accurately understanding and addressing key risks), and (3) clearly indicating which course the Group ought to take (recommendation of an optimal business portfolio).

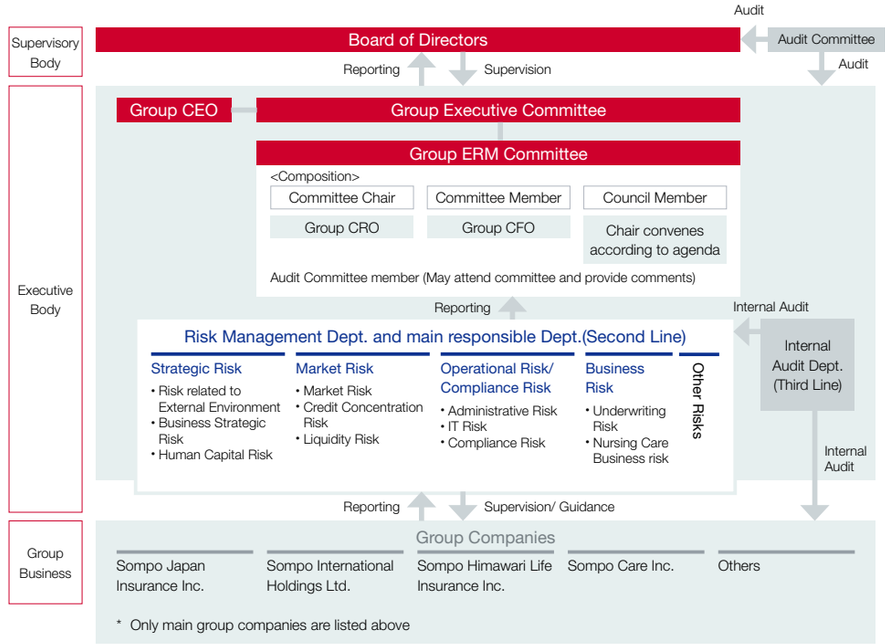
(2) Risk management for governance structure

The Group Executive Committee, an advisory body to the Group CEO, regularly holds management discussions on matters related to risk management, including the Group's risk appetite statement, medium-term Group ERM promotion policy, and risk tolerance policies and measures. The Group ERM Committee, chaired by the Group CRO, has been established as a subordinate body of the Group Executive Committee to conduct cross-sectional management discussions on important Group ERM issues, such as risk-taking strategies, and the status of control of material risks by the department with primary responsibility and risk management department. The results are reported to the Board of Directors through the Group Executive Committee, and we have established a framework to continuously enhance governance pertaining to group risk management, incorporating advice and recommendations from the Board.

The Group CRO ensures that the "Sompo Group Basic Policy on ERM" and the "Medium-term Group ERM Promotion Policy" are known to all Group companies, and works to improve the effectiveness of ERM for the entire Group through regular monitoring and discussions with the CROs of each company.

Group companies have established risk management systems in line with Group policies and manage risk autonomously. The Company and its major subsidiaries have adopted a "three lines" model: First line: Each department or business unit responsible for developing and implementing policies and measures within our company and its key subsidiaries autonomously manages its own risks. Second line: The risk management department, along with the department in charge of relevant duties businesses, oversees and supports the first line's risk management activities. Third line: The internal audit section independently evaluates the validity and effectiveness of the overall risk governance framework. These measures collectively ensure and enhance the effectiveness of the Group's risk management system. The Internal Audit Department also conducts on-site audits at least once a year and continuous monitoring (off-site) of relevant executing departments and subsidiaries on themes selected on a risk basis and evaluates the development status of the risk management framework and the effectiveness of processes such as the controls for risks associated with the relevant themes. In addition, the Internal Audit Department monitors the Risk Management Department, which is responsible for the development and promotion of the Group-wide ERM framework, throughout the year for the adequacy of its operational structure.

Risk Management Governance Structure



ERM

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

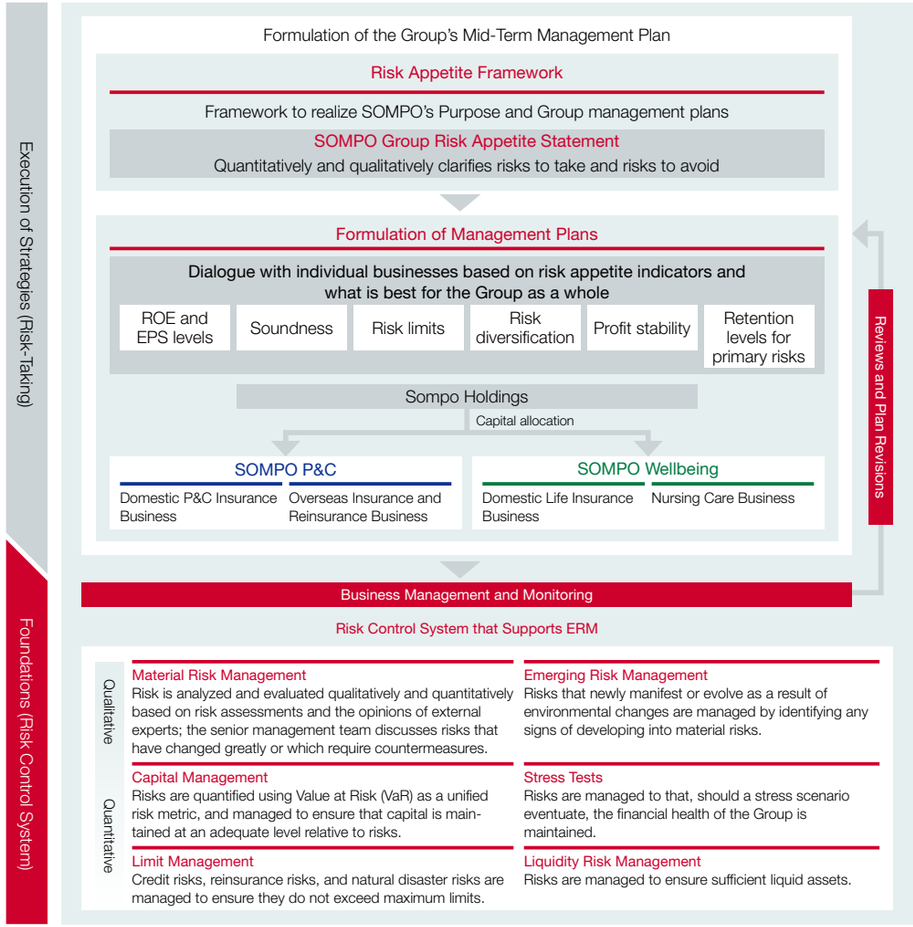
Financial and Corporate Data Section

Activities and Achievements

Overview of Sompo Group's Enterprise Risk Management

The Group ERM framework aims to maximize corporate value while balancing capital, risk, and return. To effect this, it has two main components: the "Risk Appetite Framework," which supports conscious risk-taking in pursuit of strategic objectives, and the "Risk Control System," which contributes to stabilizing the foundations of our business.

Overview of the Sompo Group's Enterprise Risk Management



(1) Risk Appetite Framework

From the perspective of risk-taking, we utilize a risk appetite framework as the main tool for analyzing capital, risk, and return, which we then apply to important management decisions. The "Risk Appetite Framework" is a system for increasing the certainty of achieving the Group's strategic goals — as set forth in SOMPO's Purpose, and the Group Management Plan — by conducting risk-taking based on the Group's "Risk Appetite Statement," which clearly states the risks to be taken and the risks to be avoided. We formulate a Group Management Plan and allocate capital to each business, after dialogue with the respective management teams, based on risk appetite indicators and the perspective of overall optimization as a Group.

(2) Risk Control System

On the aspect of risk control, the Group utilizes a "Risk Control System" that identifies, analyzes, and assesses the various risks surrounding the Group. We define "risks that could have significant impacts on the business" as "material risks" and comprehensively capture and evaluate the risks faced by our business through bottom-up risk assessment and top-down confirmation and discussion by the Board of Directors and others. In conducting risk assessment, we have clarified the criteria so as to emphasize the reputational impact from the viewpoints of customers, society, and other stakeholders, in addition to economic loss and business continuity. Material risks are comprehensively identified by the Group CRO based on risk assessments and the views of experts, etc., and risks are evaluated both qualitatively and quantitatively in terms of likelihood of occurrence and impact, based on specific scenarios of impact of risks on the Group, and the management status is discussed in the Group ERM Committee, then reported to the Group Executive Committee and the Board of Directors at least twice a year. The assessment of material risks and their likelihood and impact is as shown in the "Material Risk Heatmap (Likelihood and Impact)" on the next page.

Further, we have defined "emerging risks" as risks that, although it is difficult at this time to evaluate risks based on specific impact scenarios, have the potential to emerge or change due to changes in the environment and have a significant impact on our group in the future, and we manage them appropriately by associating them with individual material risks. An outline of emerging risks and countermeasures is provided in <Impact of Emerging Risks and Mitigating Actions (Examples)> (Sustainability Section/P.83).

Through "Capital Adequacy Management," "Stress Testing," "Risk Limit Management," and "Liquidity Risk Management," we strive to minimize unexpected losses and stabilize profits.

ERM

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Capital Adequacy Management

We quantify the insurance underwriting risks, asset management risks, nursing risks, and operational risks we are exposed to maintain a sufficient level of capital relative to risks. A system has been established so that countermeasures are properly implemented if necessary.

Stress Testing

We conduct “scenario stress testing”, “reverse stress testing”, and “sensitivity analyses” on a Group-wide basis to accurately identify and manage events that could significantly affect its business management. We analyze the impact on both capital and risk and take countermeasures as required.

Risk Limit Management

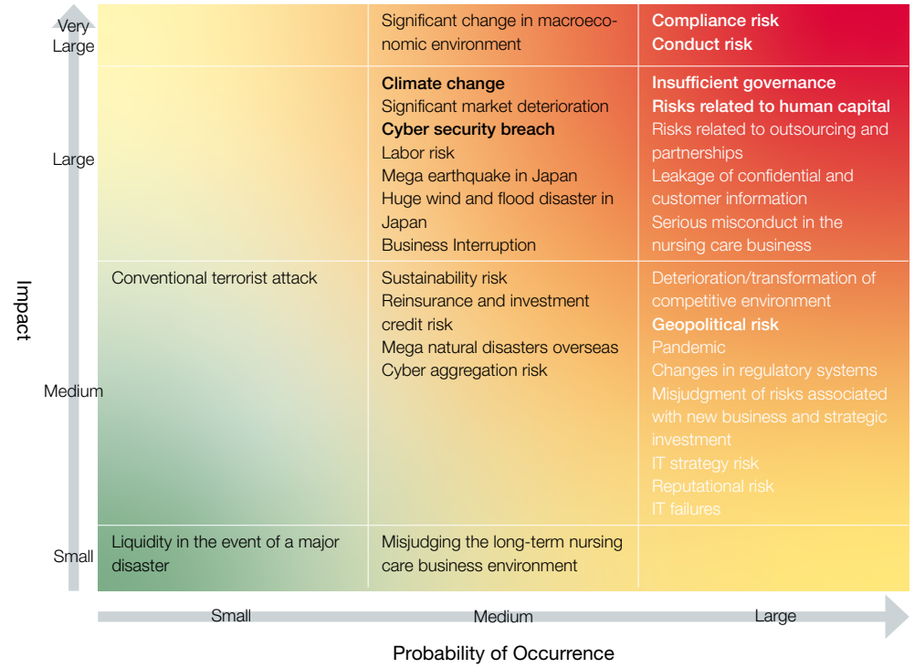
We have established the maximum limit for each risk on a Group-wide basis such as credit risk, reinsurance counterparty risk, and natural catastrophe risk to avoid outsize losses arising from the occurrence of specific events. The Group sets the limits within the maximum limits based on risk characteristics and has established a system to take appropriate measures when those limits are exceeded.

Liquidity Risk Management

In addition to projecting cash requirements for day-to-day operations, we project the maximum cash outflows that could result from events such as a large-scale natural catastrophe. We then conduct management to ensure we have sufficient liquid assets to meet cash requirements in these scenarios.

Material Risk Heat Map

(Bold text: Risks requiring strengthened control)



	The degree of Impact			Probability of Occurrence
	Financial Loss	Business Continuity	Reputation	
Very Large	≧ 500 bill. JPY	License cancellation	Brink of corporate failure	≧ once a year
Large	≧ 200 bill. JPY	Disruption of core business	≧ 5 years damage	≧ once in 10 years
Medium	≧ 10 bill. JPY	Partial disruption	≧ 2 to 3 years damage	≧ once in 100 years
Small	< 10 bill. JPY	—	Low risk of trust loss	< once in 100 years

ERM

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

<Examples of Emerging Risks: Impacts and Mitigating Actions>

Innovative Medical Technologies

Risk Description	With the advent of new medical tests and treatments, it has become easier to detect diseases that were previously difficult to detect, and diagnosis criteria are becoming less stringent. The Sompo Group offers a wide range of medical insurance, cancer insurance, and long-term care insurance within its Life Insurance Business. There are risks associated with changes in customer insurance needs and behavior, as well as increases in claims and benefit payments, stemming from advances in medical testing and treatment technologies in the future.
Impact	The spread of innovative diagnosis and treatment technologies such as liquid biopsy, immunotherapy, photodynamic therapy, and regenerative medicine may not only cause fluctuations in the number of policyholders, but may also change the insurance needs of customers. Early detection of diseases, improved survival rates, and longer treatment periods may also result in higher-than-expected claim payments and benefit payments.
Mitigating Actions	To prepare against such risks, Sompo Himawari Life Insurance Inc. conducts surveys and research on trends in early detection and prevention through innovative medical technologies, and monitors signs of potential impact on the Life Insurance Business by utilizing actual data on claims paid, benefits paid, and insurance payouts. Looking ahead, we will assess the validity and adoption of these technologies, analyze their impact on life insurance underwriting and claims payments, and consider how to respond in the future, including their use in product and service development.

For other emerging risks, please refer to the "Emerging Risks List."

New Risks Posed by Generative AI, etc.

Risk Description	The use of AI and other technologies leads to improved operational efficiency and productivity, but there are risks associated with their rapid development and widespread adoption, such as the inability to respond to new risks and changes in societal expectations, the dissemination of misinformation to customers through the use of AI in business operations, infringement of intellectual property rights, and information breaches. There is also the risk of loss opportunities due to the failure to take advantage of useful technologies.
Impact	The Sompo Group aims to improve operational efficiency and productivity, create new opportunities, and enhance competitiveness by utilizing general-purpose generative AI for various tasks such as information gathering, document summarization, and translation, as well as specialized generative AI for integration with internal data and business systems and for specific business domains. On the other hand, there are risks associated with the use of AI, as described in the risk description, and the occurrence of these risks could damage the social credibility of the SOMPO Group and harm its corporate value. However, delaying the use of AI could result in the Sompo Group falling behind its competitors in terms of competitiveness and profitability.
Mitigating Actions	To establish a consistent AI risk governance framework across the Sompo Group, we have established AI-related rules at the holding company and have begun to implement them across the Group. Specifically, in relation to AI development, we have established a system for conducting risk assessments and taking measures to address potential risks. Furthermore, our guidelines for users include warnings about the protection of personal information, the risk of putting out incorrect information, and the risk of infringing on intellectual property rights. Given the rapid change in external factors such as AI technology, domestic and international regulations, and social expectations, we will continue to monitor the situation and review AI-related rules as necessary. In doing so, we will strengthen and maintain the necessary governance while taking care not to impose excessive governance that could hinder AI development and increase the risk of loss opportunities.

ERM

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Activities and Achievements

Initiatives to foster and embed a risk culture

Our group companies have received business improvement orders: Sompo Japan Insurance regarding its handling of premium adjustment practices, etc. and customer information leaks, and both our company and Sompo Japan Insurance regarding their handling of fraudulent car insurance claims. We are fully committed to implementing a recurrence prevention measure. On risk control, we are revising the Group's internal processes for identifying and evaluating operational and other risks.

In today's society, the business environment is becoming increasingly uncertain, and the needs of stakeholders, including customers, are constantly evolving. In such an environment, it is crucial to not only avoid risks but also take the risks that are necessary in order to continuously provide customers with services that contribute to their "health, wellbeing and financial protection," as well as to enhance corporate value. In order to foster and embed a sound risk culture, we will promote risk awareness and dialogue through training and other measures and will also develop and institutionalize a system where each employee, in addition to complying with laws and regulations, is encouraged to proactively think, judge, and act in accordance with the expectations of our customers and society.

(1) Initiatives to promote and establish awareness of and sensitivity to risks

To ensure thorough risk management, it is essential that each employee understands the importance of risk management, and that we instill and fully ensure risk awareness, and enhance risk sensitivity.
The Group conducts annual risk-based education and training on risk management, cybersecurity, and ESG risks for all management personnel and employees.

Reports on major trends in risk are also prepared by outside experts and regularly distributed to Directors and Executive Officers in Japanese and English to enhance the risk sensitivity of management. Other measures include regular training sessions with external experts on geopolitical and other risks for Directors and Executive Officers.

(2) Consideration of risk factors in new product development

Sompo Japan Insurance explicitly bears in mind risk factors such as risks in underwriting, operational risks, compliance risks, and reputational risk in the development and revision of insurance products.

(3) Financial incentives that include risk management metrics

Because the company considers human capital to be the driving force behind the creation of social and economic value, it regards human capital risks to be material risks. To prevent human capital risks from materializing, we are managing human capital with a focus on improvements to corporate culture, strengthening Group human resources, continually developing our HR system, and expanding our human resource base. To measure the effects of these initiatives, we have included employee engagement scores in our KPIs and review them regularly. Our executive compensation structure reflects the assessment of initiatives to improve employee engagement.

Crisis Management and Business Continuity

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Concept and Policy Basic concept

In order to fulfill its social mission and role in times of crisis, the Sompo Group is striving to systematically improve its systems in a manner that ensures the continuation and early recovery of important operations in each of its businesses.

Damage estimates for an earthquake directly hitting the Tokyo metropolitan area predict that major infrastructure will be shut down or severely restricted for a significant period. The Group is striving to improve the reliability of business continuity by establishing alternate bases outside the Tokyo metropolitan area, and strengthening infrastructure, such as deploying communications and emergency power supplies to key locations.

We are constantly updating our countermeasures based on the latest information on potential threats, including weather disasters (typhoons, torrential rain, floods, etc.) which are expected to become more severe due to climate change.

Activities and Achievements Initiatives

Preparing alternate business continuity bases: Establishment of an interim alternate base in the Kansai region

The headquarters and other important offices of Group companies are concentrated in the Tokyo metropolitan area. We are preparing alternate business continuity bases, mainly in the Kansai region, to mitigate the impact on business continuity in the event of a disruption to functions in the Tokyo metropolitan area.

For example, in the case of Sompo Japan Insurance, if a major earthquake in the Tokyo metropolitan area forces a shutdown of the head office functions, a system and manuals are in place for the interim base in Osaka to take over crisis response and critical operations, for which scenario drills are held on an annual basis. In addition, the Group has established a system in which crisis response personnel are stationed at all times in the Kansai region to oversee the Group's crisis response.

Occurrence of a major earthquake, etc.

Headquarters (Tokyo)	▶	Alternate base (Kansai)
Shutdown of functions		Business continuity

Strengthening communication countermeasures: Introduction of Starlink satellite communications

In the event of a large-scale earthquake, communications may stop or become severely overloaded, rendering not only telephone calls but also the Internet unusable.

The Sompo Group has therefore deployed the Starlink satellite communications system, which became a hot topic at the start of the conflict in Ukraine, at the Group's alternate base in Nishitokyo City, which will enable the Group to carry out some of its important operations.

Starlink kit

Deployment of emergency power sources: Deployment of EVs and storage batteries at Sompo Care's nursing care facilities

Sompo Care is deploying electric vehicles (EVs) and plug-in hybrid vehicles (PHVs) as emergency power sources, anticipating potential power outages at nursing care facilities during disasters (approximately 50 vehicles as of May 2025).

Combined with the deployment of storage batteries, this ensures the minimum power required for facility operations, safeguarding the precious lives of our residents.

Deployment of emergency power supply

Preparing for the Nankai Trough Earthquake: Formulating Group response policies

The Sompo Group is advancing various countermeasures anticipating a massive Nankai Trough earthquake, aiming to minimize impacts on customers, employees, and society. We have conducted impact assessments for Group branches within tsunami-prone areas, progressing risk identification to ensure employee safety and critical business continuity during a disaster. Additionally, we have formulated Group response policies to be implemented when emergency information regarding the Nankai Trough earthquake is issued.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

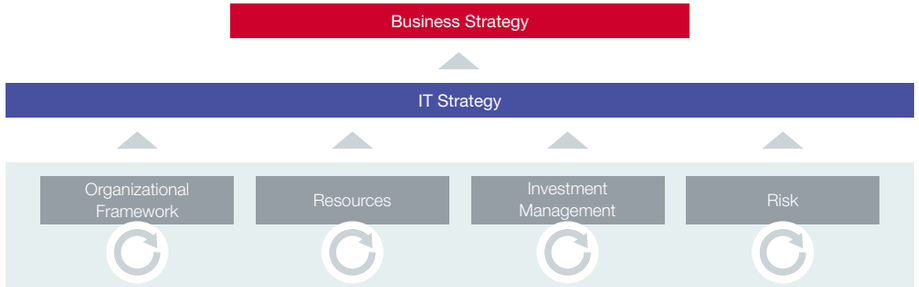
Financial and Corporate Data Section

IT Governance/Cybersecurity

Concept and Policy Structure Basic approach to IT Governance

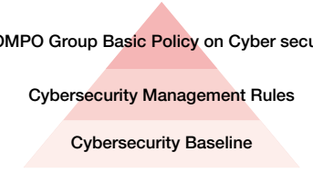
Monitoring KGIs to create PDCA cycles

Each entity's system implementation, operation processes are aligned in accordance with each country and industry regulations. By continuously improving the PDCA cycle via KGI monitoring and aligning to international standards, we strive to optimize the IT processes to support the Group-wide business and IT strategy.



Concept and Policy Basic approach to cybersecurity

Promoting Group-wide cybersecurity measures



Recognizing that it is the social responsibility of enterprises to build a safe and secure society by devoting themselves to cybersecurity, the Sompo Group has established the "SOMPO Group Basic Policy on Cyber security" as the cornerstone to continuously improve the efficiency and effectiveness of its cyber risk management. Cybersecurity risks are classified as material risks by our Group ERM Committee. The Group CIO is responsible for countermeasures, driving unified cybersecurity initiatives across the entire Group.

For details on risk management, including the Group ERM Committee, please refer to ERM (P.80).

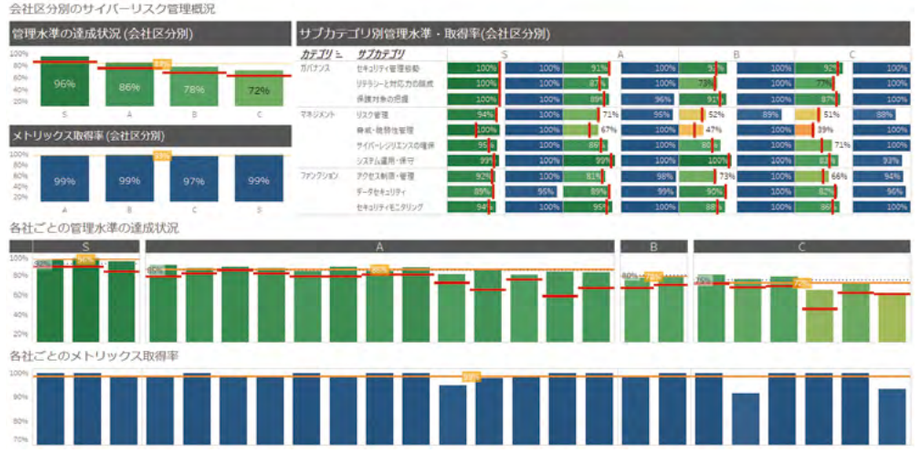
Visualizing the status of cybersecurity measures

Recognizing that it is of the utmost importance to establish a corporate culture that respects cybersecurity and to continuously improve our ability to respond to cyberattacks, which are becoming increasingly sophisticated and ingenious every day, the Sompo Group is working together to improve and maintain its cybersecurity management system.

We have formulated basic concepts and standards for cybersecurity based on global standard frameworks such as the NIST* CSF (Cyber Security Framework), and each Group company is working to strengthen its cybersecurity and resilience measures and systems under their respective roles and responsibilities. To ensure the continuous improvement of these initiatives in a PDCA cycle, we have built a "Cyber Metrics" tool to quantitatively monitor and visualize the status of cybersecurity measures at Group companies, and we use it to ascertain the status of measures at each company, as well as to formulate and manage KPIs. Through this series of ongoing initiatives, we aim to turn cybersecurity into a competitive advantage in Group management by linking it not only with Group defense and operational risk mitigation, but also with various strategies such as cyber insurance and the promotion of digital transformation.

* NIST: National Institute of Standards and Technology

Image of visualization of cybersecurity countermeasures by Cyber Metrics



IT Governance/Cybersecurity

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

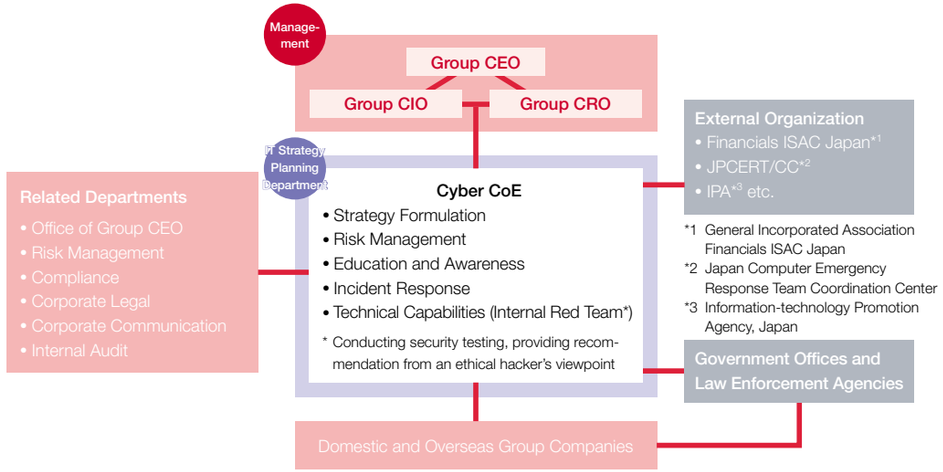
Structure Promotion structure

A team of cyber experts that transcends departmental boundaries

Cybersecurity is a domain in which the environment is constantly changing, and knowledge and application of cutting-edge technologies are required. We have therefore established a Cyber Center of Excellence (CoE) structure within Sompo Holdings, in which cybersecurity personnel with the relevant qualifications, such as Registered Information Security Specialists and Certified Information Systems Security Professionals (CISSP), play a central role in promoting effective enhancement of the structure based on a division of roles among the companies at a global level. The policy and direction have been decided based on discussions by relevant executives, led by the Group CIO. In particular, in addition to the IT departments, the Office of Group CEO, Risk Management Division, and other related departments are working together to increase resilience, which requires action that transcends departmental boundaries. Furthermore, from the perspective of the effectiveness and efficiency of countermeasures, we strive to continuously enhance our management framework through internal audits focused on IT infrastructure, cybersecurity, and data privacy, as well as third-party assurances including Information Security Management Systems (ISO 27001) standard assessments.

HD-CSIRT (Computer Security Incident Response Team) also collaborates with other companies in the industry and security-related organizations to improve the level of maturity not only of the Sompo Group but also of the entire security community.

Promotion framework centered on the Cyber CoE



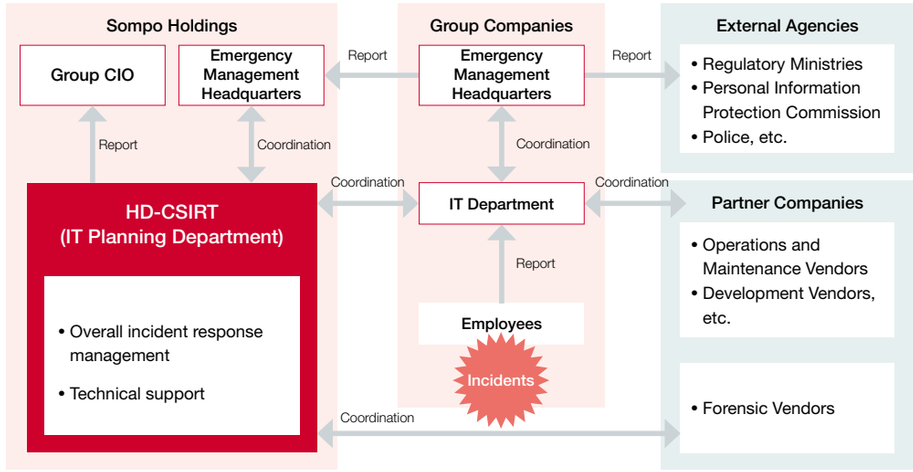
Global risk response framework

Cyber risk knows no borders. To address these global risks, our company is responding to cyber threats not only with our domestic Group companies but also in collaboration with Group companies around the world. Security engineers belonging to the Cyber CoE provide support for various security tests, train security personnel at each company, and conduct research on cyber technologies, all from a Group companies across the Group perspective.

Emergency Response System

To prepare for security incidents, Sompo Holdings has established an HD-CSIRT (Computer Security Incident Response Team) within the organization. This ensures systematic readiness to promptly and efficiently execute various necessary responses during emergencies, such as information sharing, decision-making, and forensic investigations. Furthermore, we have established crisis response manuals and incident response guidelines for business continuity. We also regularly conduct practical cyber incident exercises based on specific scenarios, such as malware infections, striving to enhance our resilience.

Emergency Response System



IT Governance/Cybersecurity

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Activities and Achievements **Initiatives**

Implementing protection measures

The Sompo Group implements comprehensive technical measures based on a multi-layered defense approach, focusing on ensuring the confidentiality, integrity, and availability of systems and data, in addition to administrative measures such as organizational structures and rules. For networks, in particular, we are striving to ensure security by introducing the Secure Access Service Edge (SASE) platform, an integrated security model, and conducting monitoring activities at our Security Operation Center (SOC). These efforts are made to respond flexibly to changes in work style and system configurations, based on the concept of “zero trust security” which involves authenticating the security of all communications. Moreover, we implement various measures, including the application of security guardrails to prevent errors in cloud configurations, cyber patrol activities to monitor and protect Internet assets regardless of country or region, and vulnerability assessment and penetration tests for the IT assets of domestic and overseas Group companies. We monitor the safety of assets within the Group under normal conditions, and issue Group-wide warnings and provide technical support when we identify urgent vulnerabilities in our assets, suspected information leaks, or attacker activities.

Monitoring activities by the Security Operation Center (SOC)

Nurturing cybersecurity personnel

Cybersecurity measures sometimes require expertise. For this reason, we have established the Cyber Lab, a cybersecurity R&D center, within Sompo Holdings to support and train each company’s cybersecurity personnel through cybersecurity-related technical research and hands-on training. The Cyber Lab regularly hosts online and in-person events titled “Cyber Tech Talk” and “Global Cyber Tech Forum” to enhance cybersecurity knowledge. These gatherings enable cybersecurity professionals worldwide to share their expertise, sharpen their skills through mutual learning, and foster the development of future talent. These initiatives are based on the idea that in order to respond to cyber risks that are spreading on a global scale, it is necessary to have a network where our Group’s cybersecurity personnel can connect and interact with each other. The goal is to create an environment where information can be exchanged beyond the boundaries of one’s organization, country, region, or language.

Scene from the “Global Cyber Tech Forum” held at the headquarters in Shinjuku (December 3–4, 2024)

Adapting to new technologies

The Sompo Group is actively conducting research and investigations to incorporate and utilize new technologies such as AI and quantum-resistant cryptography. Similarly, with regard to security, we work with the relevant departments to formulate procedures, rules, and guidelines for the safe use of new technologies and take the necessary measures to introduce innovations in a safe manner. New technologies can be applied not only to business applications but also to security. In addition to researching how new technologies can be used in cyberattacks and other threats, we conduct research and investigation on a daily basis so that we can stay alert to changes in various IT environments and always adopt the latest security measures. The Cyber Lab is also used as a base for this research and investigation. The Cyber Lab has a dedicated network environment that is isolated from the normal business environment, making it possible to conduct technical verification and similar activities safely.

Cyber Lab set up at the headquarters in Shinjuku

IT Governance/Cybersecurity

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Activities and Achievements

Initiatives

Fostering a culture of security and security education

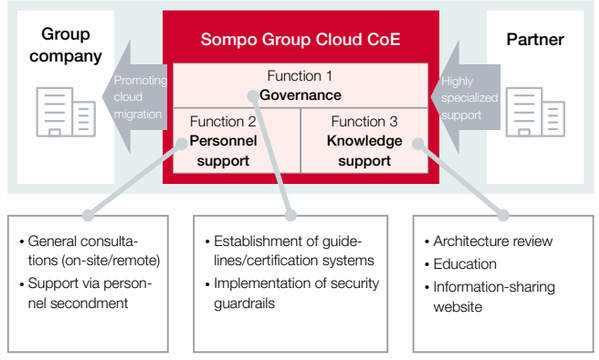
To ensure cybersecurity, it is essential to foster a “security culture” in which each employee understands the importance of cybersecurity and is aware of how to use IT assets safely.

The Sompo Group implements educational programs at multiple levels, from employees to management. We are also working to acquire knowledge related to cyberattacks and raise awareness at Group companies through e-learning, phishing email training, cyber incident drills, and newsletters. In recent years, we have been focusing on increasing resilience across the entire business and in management; for example, in our cyber incident exercises, we have introduced ransomware attack scenarios that incorporate more hands-on elements.

Security newsletter distributed to Group company personnel

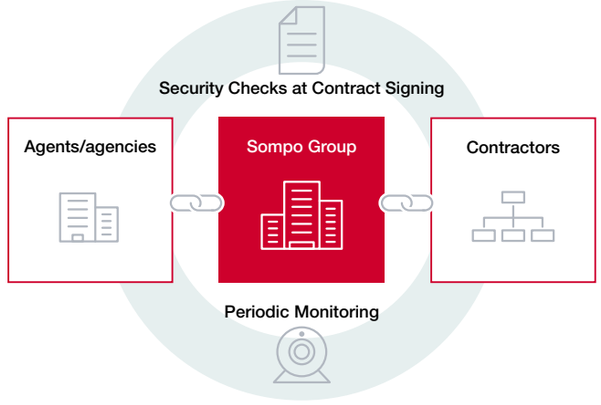
Promoting cloud migration

The Sompo Group has established a Cloud Center of Excellence (CoE) system within Sompo Holdings to promote cloud migration as a means of responding flexibly to the constantly evolving business environment while remaining competitive. The Cloud CoE establishes guidelines for the safe and secure use of public cloud systems, and provides personnel and knowledge support to enable the promotion of cloud migration and AI utilization among Group companies. Cloud migration enables us to reduce costs and to ensure scalability and service availability, as well as security through common security functions, among other benefits. It also helps us to contribute to reducing carbon emissions by actively adopting public cloud systems that are committed to and invest in clean energy.



Addressing Third-Party Risks

Modern business relies on collaboration with various external providers (third parties) and operates within complex supply chains. In recent years, cyberattacks targeting these supply chains have increased. If one company is attacked, the impact can ripple through the entire network of business partners. Since cybersecurity measures are essential not only within the Sompo Group but also among our business partners, such as agents/agencies and contractors, the Sompo Group implements security checks during contract formation and conducts regular monitoring. By implementing supply chain-aware initiatives, we strive to minimize Security risks, protect valuable information assets such as customer data, and pursue stable business operations.



Sustainability Governance

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Structure Promotion structure

The company has established a system of sustainability governance whereby Executive Officers and Senior Vice Presidents execute measures in line with Group-wide strategies and policies aimed at realizing SOMPO's Purpose, and the Board of Directors monitors their performance.

The Group Chief Sustainability Officer (Group CSuO) is in overall charge of sustainability at the Group, and is responsible for formulating and executing strategies related to sustainable management, and for overseeing the sustainability functions of the entire Group.

With regard to the promotion structure, the Group Sustainable Management Committee (hereafter referred to as "the Committee") is positioned as the parent organization for promoting sustainability throughout the Group. The Committee, whose members include the sustainability officers and the executive officer in charge of Corporate Planning Department of Sompo Japan Insurance, Sompo International, Sompo Himawari Life, and Sompo Care, with the participation (as observers) of the Group CFO (director), discusses and makes decisions on important issues regarding sustainability, including climate change.

The Committee also drives the sustainability initiatives of the entire Group. To this end, it monitors the progress of and identifies potential issues in implementation plans formulated by Group companies.

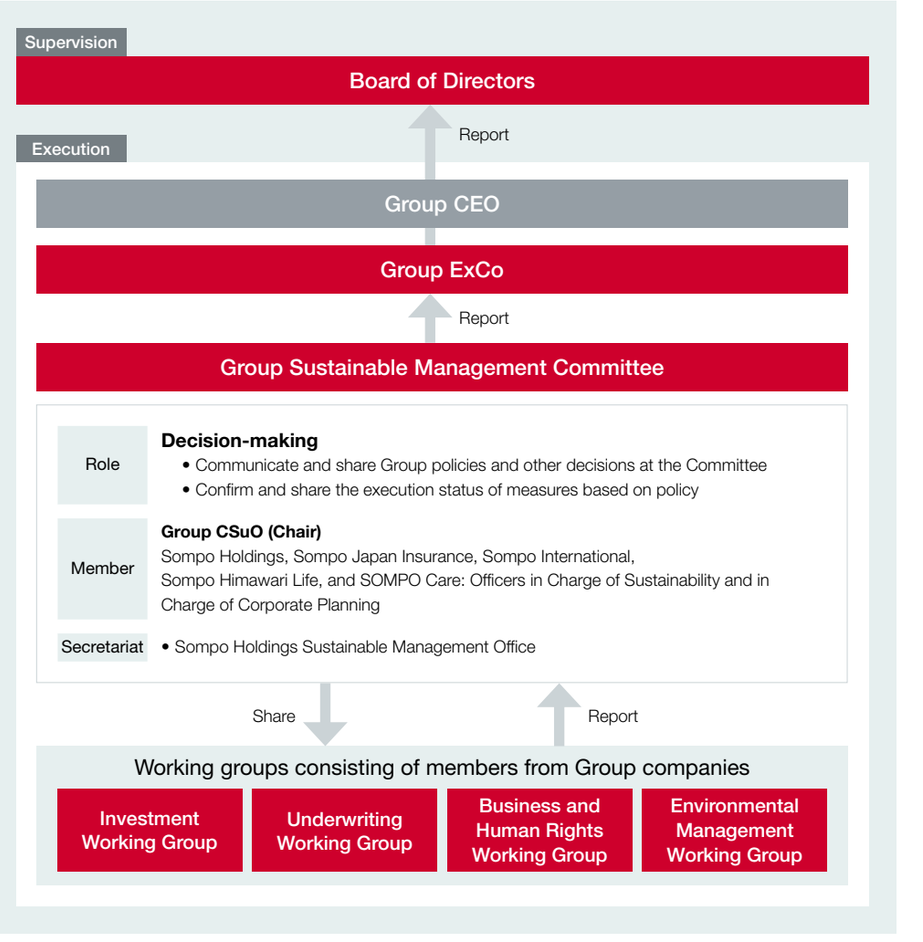
We established four working groups under the umbrella of the Committee: Investment, Underwriting, Business and Human Rights, and Environmental Management, We are thus building a system to advance information sharing and policy implementation based on the consideration of individual issues and the content of the discussions of the Committee.

The matters discussed by the Committee are then presented to the Group Executive Committee (Group ExCo), the Group's highest executive committee, leading to higher quality decision-making. The Board of Directors (including at preliminary briefing meetings) also receives reports on the discussions held by Group ExCo, thereby increasing the effectiveness of its supervisory functions.

Activities and Achievements Most recent discussions and reports at the Committee

June 2024	• Revision of Policy for ESG-related Underwriting, Investments and Loans • GHG emissions from insurance underwriting (Insurance-Associated Emissions)
September 2024	• Status of greenhouse gas emissions reductions in investment and loans • Setting 2030 targets GHG emission reductions in investments and loans
December 2024	• Progress in reducing greenhouse gas emissions within the Group and future initiatives • Strengthening human rights risk management from the perspective of business and human rights • Revision of policies on ESG-related underwriting, investment, and loans
June 2025	• FY2025 action plan for the Committee • Revision of Policies for Underwriting, Investment, and Loans in Alignment with Sustainability • Status of greenhouse gas emissions reductions in investment and loans • Disclosure of statements and results related to sustainability-themed investment and loans • Progress on business and human rights Initiatives

Promotion structure



Sustainability through Underwriting, Investments and Loans

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Concept and Policy Basic concept and policy

The Sompo Group strives to make the world more resilient. We see sustainability as a long-term driver of value, and we rely on insights gained from SOMPO's Purpose to guide our underwriting, investment, and business decision-making. To ensure that each company in the Group fulfills its corporate social responsibility, we have established a Group Sustainability Vision and other policies, which sets out its approach to human rights, climate change, nature and community considerations. To appropriately identify and manage sustainability challenges and risks, particularly in underwriting, investments and loans, we have established "Sustainability-related Policy for Underwriting, Investments and Loans" and are advancing our initiatives.

Based on the above, we will identify market opportunities and manage risks, and strive to enhance the corporate value of our group through community participation, social responsibility, and inclusion and engagement.

Summary of Sustainability-related Policy for Underwriting, Investments and Loans

◆ Policy for cross sectors

Regardless of sector, we will assess the adverse environmental and social impacts of the following projects that may have such impacts, confirm the status of our customers' responses to such impacts, and carefully consider and respond to cases when evaluation transactions.

- Projects with negative impact on UNESCO World Heritage Sites
- Projects with negative impact on Ramsar-listed wetlands
- Projects with negative impact on human rights, e.g. use of Child or Forced labor
- Projects that violate the human rights of indigenous peoples*1 or local communities
- Projects related to inhumane weapons, including anti-personnel landmines, biological weapons, chemical weapons, and nuclear weapons

In addition, we will not underwrite insurance or invest and loan for anti-social forces and companies involved in the production of cluster munitions.

*1 We refer to the following standards:
United Nations Declaration on the Rights of Indigenous Peoples
United Nations Free, Prior and Informed Consent (FPIC)

◆ Policy for specific sectors

A. Coal

We will not underwrite new insurance or make new investments in or loans for the following projects:

- Newly constructed or existing coal-fired power plants
- New or expanded coal mining development projects (Thermal coal)

However, we may carefully consider and respond to cases where there are innovative technologies such as Carbon Dioxide Capture, Utilization, and Storage (CCS, CCUS), carbon recycling, ammonia co-firing, or other innovative technologies in place that are expected to reduce GHG emissions and contribute to the realization of the Paris Agreement.

Additionally, we will not underwrite new or renewal insurance*2 or provide investments or loans to the following companies whose primary business is coal-related activities:

- Companies that derive at least 20% of their revenue from coal-fired power generation, thermal coal mining, and oil sands mining
- Companies of electric utilities that generate at least 20% of their electricity from coal

However, this does not apply to companies that have a plan to achieve Net Zero by 2050.

B. Oil sands

We will not engage in new insurance underwriting or investment and loans for the following businesses:

- Oil sands extraction projects

C. Energy extraction in the Arctic

We will not engage in new insurance underwriting or investment and loans in the following businesses.

- Energy extraction projects*4 in the AMAP area (Arctic Monitoring and Assessment Programme)*3

Additionally, we will not underwrite new or renewal insurance*2 or provide investments or loans to the following companies:

- Companies involved in energy extraction projects in the ANWR

However, this does not apply to companies that have a plan to achieve Net Zero by 2050.

*2 These restrictions will not apply to insurance that supports the health and wellbeing of individuals, e.g. workers' compensation insurance.
*3 Defined by AMAP, excluding operations in Norwegian territories.
*4 Energy extraction projects refer to standalone extraction projects.

Sustainability through Underwriting, Investments and Loans

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Structure Sustainability Risk Management System

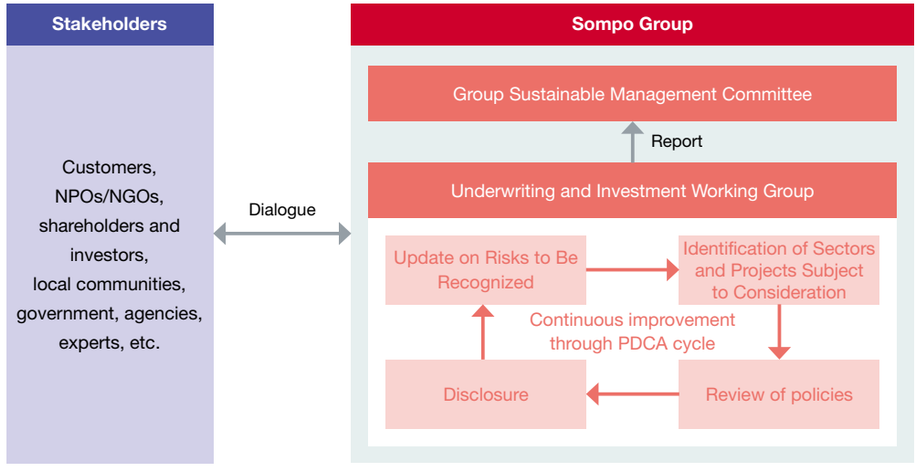
The Group has established the Group Sustainable Management Committee (hereinafter referred to as "the Committee"), with the Group Sustainability Officer (CSuO) who is in overall charge of sustainability at the Group, as the oversight body for sustainability. The Committee discusses and makes decisions on sustainability issues, risks, and initiatives.

Through gathering information and exchanging opinions with stakeholders, the Committee and its working group discuss responses to individual issues that pose significant sustainability risks and are likely to damage the Group's corporate value.

Review of various policies

The Committee and its working group engage in dialogue with NGOs, indigenous peoples and other members of the public, as well as with experts, accurately gauge the expectations and needs of stakeholders. We utilize this information in managing underwriting, investment, and loans. The Committee also regularly reviews risks that need to be recognized as well as the appropriateness and adequacy of sectors and projects needing consideration, and revises its various policies accordingly.

We assess specific risks that have been identified in target sectors and projects in cooperation with Sompo Risk Management, and in light of dialogue with stakeholders.

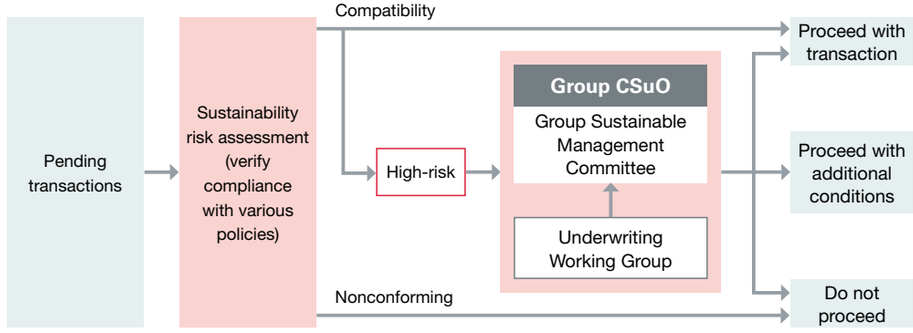


Underwriting review process

The Group verifies that business transactions are executed in accordance with various Group policies, including the Sustainability-related Policy for Underwriting, Investments and Loans.

The Committee and its working group discuss and formulate a response to projects deemed to have high sustainability risks, such as those that are likely to negatively impact the environment or society.

Seven cases were discussed in FY2024.



To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Sustainability through Underwriting, Investments and Loans

Initiatives through underwriting

Activities and Achievements **Main initiatives**

Insurance products and services related to sustainability

Insurance that contributes to society's green transition and the diffusion of next-generation energy sources such as renewable energy

Aiming to contribute to society's green transition, we are working to develop products and services that contribute to the diffusion of renewable energy and next-generation energy. We have set a "Transition Insurance Target" aiming to achieve premium income of 25 billion yen in fiscal 2026 for insurance products that contribute to decarbonization both domestically and overseas. To achieve this target, we are working to develop products and services that contribute to the diffusion of renewable energy and energy conservation, including the "ONE SOMPO WIND Service" (insurance and risk management service for offshore wind power operators).

Premiums written from insurance products that contribute to decarbonization (FY2024)

Premiums written from insurance products that are accretive, conducive to decarbonization	Net premiums written
¥29.7 billion	¥4016.6 billion

Insurance that contributes to extending healthy life expectancy

We are working to provide Insurhealth®, an insurance product that combines the original function of insurance with healthcare functions that support the health of customers, to serve as insurance that contributes to extending a healthy life expectancy. Our aim is to support the abundant lives of customers and to help them realize their dreams.

Annualized new premiums for Insurhealth® products (FY2024)

Annualized new premiums for Insurhealth® products	Annualized new premiums (total)
¥25.7 billion	¥31.1 billion

Contributing to the transformation of society through engagement

Sompo Japan Insurance selects and engages with companies that are deeply involved in sustainability issues, such as those in industries with high greenhouse gas emissions and those involved in supply chain management that includes environmental and human rights concerns.

We conduct interviews to further dialogue about risk management frameworks and strategies related to climate change, the setting of greenhouse gas reduction targets, the status of human rights risk assessments in the value chain, and methods for identifying human rights risks.

Industries of main dialogue partners

Steel, electric power, transportation, trading companies, manufacturing, shipbuilding, automobiles, machinery, chemicals, banking, etc.

Main topics of discussion

- Scenarios for achieving carbon neutrality
- Response to human rights and FPIC* in the value chain
- Integrated initiatives on climate change and biodiversity and appeals to investors
- Business concepts for promoting insulation
- Collaboration with NPOs on biodiversity conservation
- Business and human rights-related initiatives

* FPIC: Free, Prior and Informed Consent, International standards for respecting the rights of indigenous peoples.

ESG Survey

Sompo Japan Insurance conducts an annual Survey on ESG and Sustainability Initiatives, mainly for investees and the companies for whom we underwrite insurance policies, seeking to verify their initiatives and current status regarding corporate value enhancement and sustainable growth.

In FY2024, we sent surveys to 1,329 companies in which we invest and received responses from 226 companies. This helped us gauge the needs of each company and identify opportunities for collaboration. We also hold ESG seminars for the companies surveyed. At these seminars, we offer input on the latest ESG trends and explain the survey results, thereby supporting efforts toward decarbonization and other sustainability initiatives.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Sustainability through Underwriting, Investments and Loans

Initiatives through investments and loans

Concept and Policy Basic concept and policy

The Sompo Group has established a Group-wide sustainability policy aimed at realizing a sustainable society. Under this policy, we incorporate environmental issues such as climate change and biodiversity, as well as human rights, inclusion and engagement and community relations into the investment process, thereby contributing to the realization of a sustainable society.

In implementing these initiatives, we carefully consider investments and loans that may have a negative impact on the environment and society in accordance with the asset types and the asset management status and framework of each company. We also consider and implement initiatives that contribute to improving sustainability and take steps to achieve sustainability-related KPIs, including climate change response and employee engagement.

The Sompo Group fulfills its responsibility as an asset owner by safely managing and investing the premiums entrusted to it by customers in preparation against future claim payments, maturity refunds to policyholders, and other payments. At the same time, we take sustainability into account in all of our investments and loans to contribute to the sustainability of society and enhance corporate value.
In addition, we encourage initiatives that seek to address climate change and other social issues through dialogue with industries and companies that are deeply involved in sustainability issues.

Additionally, Sompo Asset Management, one of our group companies, acts as an asset manager providing products and services that contribute to the medium- and long-term asset formation of its customers. While fulfilling its fiduciary responsibilities to its customers, it contributes to the sustainable development of investees and of the wider society and the economy by taking ESG factors into account in its investment process and stock selection, mainly in the Japanese equities it directly manages, and by engaging in active ownership as an investor and shareholder.

Sustainability initiatives by asset class

	Government bonds	Equities	Corporate bonds	Loans
Careful consideration of investments and loans that may have negative impact on the environment and society	✓	✓	✓	✓
Consideration and implementation of initiatives that are conducive to improving sustainability	✓	✓	✓	✓
Initiatives aimed at achieving sustainability-related KPIs	—	✓	✓	✓

Concept and Policy Activities and Achievements Initiatives as an asset owner

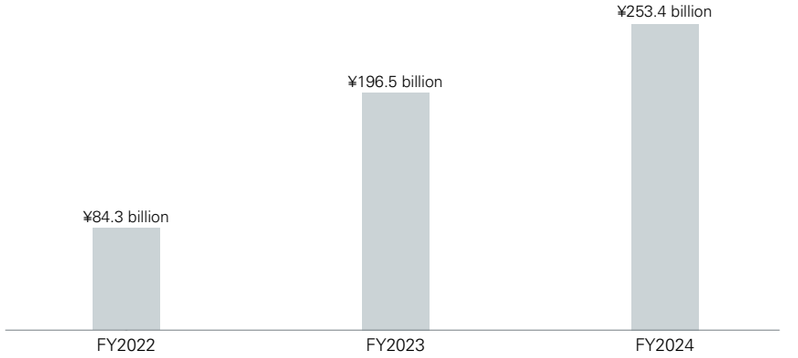
Sustainability-themed investment and loans

Sompo Group supports and remains committed to the global net-zero goal and Sustainable Development Goals. Recognizing our role as a responsible institutional investor, we will continue to invest and increase our exposure to climate solutions and other sustainable development themes, while ensuring economic viability and fulfilling our fiduciary responsibilities.

Initiatives and Achievements

In addition to investing and lending to green bonds, social bonds and similar bonds, we invest in bonds aimed at economic and social development issued by international organizations, as well as in funds that contribute to society and environmental conservation.

Total amount of investment and loans*



* Total amount of new investments and loans in target assets beginning in FY2022

Sustainability through Underwriting, Investments and Loans

Initiatives through investments and loans

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Initiatives in stewardship activities

Within the Sompo Group, Sompo Japan Insurance, which holds a certain amount of shares in listed companies and other investees, endorses the principles for responsible institutional investors outlined in Japan's Stewardship Code.

In accordance with the intent of the Code, we strive to accurately grasp the non-financial information, performance trends, business strategies, business risks, and other aspects of investees, with a focus on governance and other sustainability issues. We seek to share our understanding with investees and work with them through constructive dialogue aimed at the medium- to long-term enhancement of corporate value and sustainable growth. At the same time, by providing risk management services and other services, we help address social issues together with investees.

Viewing proxy voting as an important opportunity to contribute to the sustainable growth of investees, we also exercise our voting rights appropriately, taking into consideration the status of sustainability initiatives and corporate governance, as well as compliance frameworks and other factors. When exercising voting rights, we make decisions based on the criteria for reviewing proposals that Sompo Japan Insurance has set forth.

For details, please refer to the Stewardship Activities Report (in Japanese).

Engagement

We engage in dialogue with our business partners on their business strategies and risks, as well as on sustainability issues. We identify industries and companies exposed to sustainability risks and promote dialogue with them to encourage steps to reduce risk.

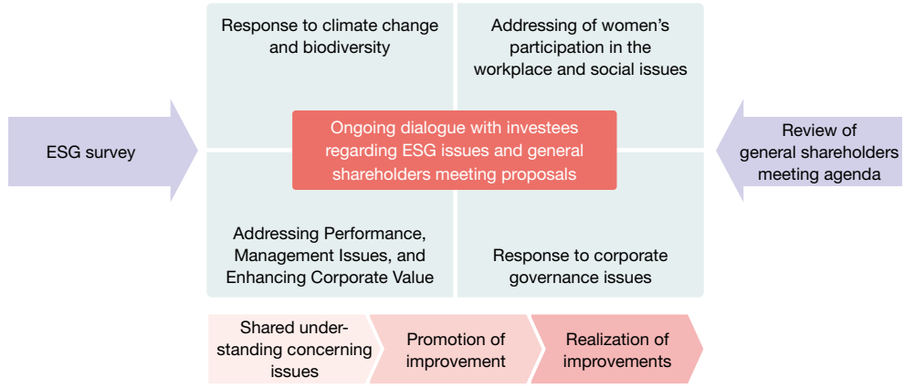
Specifically, we select target companies based on a comprehensive assessment of factors such as the market value of our shareholdings, voting rights ratios, financial results, ROE, dividend payout ratios, and sustainability initiatives, and engage in effective dialogue with them.

Proxy voting

In accordance with the voting standards established by Sompo Japan Insurance, we view proxy voting as an important opportunity to contribute to the sustainable growth of investees. We comprehensively evaluate corporate governance, compliance frameworks, and their approach to climate change and biodiversity, and responsibly exercise our voting rights as a shareholder.

For proposals that require especially careful consideration, we make decisions after conducting thorough investigations by ascertaining the purpose and background of the proposal with the company concerned.

For our proxy voting results, please refer to the Stewardship Activities Report (P8) (in Japanese).



To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Overview of Corporate Governance
Composition of the Board of Directors
Succession Plan
Policies for Appointment of Directors and Executive Officers
Executive Structure
Executive Compensation Structure
Group Internal Controls to Support Corporate Governance
Group Internal Audits
Compliance
ERM
Crisis Management and Business Continuity
IT Governance/Cybersecurity
Sustainability Governance
Sustainability through Underwriting, Investments and Loans
Environment
Society
Data

Financial and Corporate Data Section

Sustainability through Underwriting, Investments and Loans

Initiatives through investments and loans

Concept and Policy | Activities and Achievements

Initiatives undertaken as an asset manager

Sompo Asset Management has set out a Responsible Investment Policy delineating its approach to and specific action guidelines for its social responsibilities as an institutional investor. The company aims to maximize investment returns on funds entrusted to it by customers mainly through equity investments in listed companies. In its active management, which aims to generate medium- to long-term investment returns, the company constantly tracks the status of potential investees and strives to accurately grasp non-financial as well as financial information, including the response to climate change issues among other ESG information, as important factors in its investment decisions. It continuously monitors companies' ESG information, assessing this as part of the comprehensive value of the investment, pursuing ESG integration that incorporates ESG factors into the investment process.

ESG investment practices in Japanese equity management

	Considerations in operational processes and stock selection			Investors, shareholder actions (active ownership)		
	Integration into assessments of investment value	Positive screening	Negative screening	Dialogue, engagement	Measurement of greenhouse gas emissions	Proxy voting
Core strategy	●		●	●	●	●
Concentration strategy	●		●	●	●	●
Green strategy	●	●	●	●	●	●
Concentrated and ESG strategy	●	●	●	●	●	●
Diversified and ESG strategy	●	●	●	●	●	●

In order to facilitate access for Japanese investors to overseas assets, Sompo Asset Management offers products provided by leading asset managers from around the world. When introducing such third-party products, Sompo Asset Management conduct our own due diligence assessments, which look at the provider's ESG and stewardship policies and systems as well as the status of their implementation, with regular reviews afterwards. The product assessment uses a four-level scale (A+, A, B and C), measuring factors such as the asset managers' commitment to responsible and ESG investing, their approach to ESG in the product's asset management process, and their proxy voting system as well as voting records. Only the products that have achieved grade A and higher are recognized as ESG investment products and, as of the end of March 2025, around 80% of the third-party products are recognized as ESG investments. In addition, more than 90% of the external asset managers (based on investment balance) are PRI signatories.

For details, please refer to Our Responsible Investment Policy.

Stewardship activities

Engagement

Sompo Asset Management builds relationships with investees and potential investees that enable it to engage in routine dialogue (engagement) to fulfill its stewardship responsibilities. Building on these relationships, the company makes fundamental value, evaluated from a medium- to long-term perspective that serves as its investment criteria, the center of dialogue as it seeks to grasp the source of investees' value creation and their process of distribution.

The company is also incorporating ESG factors into the investment process and promoting dialogue. In FY2024, it selected around 700 companies as candidates for investment and, aided by the research by their securities analysts, held 582 separate dialogues with investees and attended 1,524 briefings and other events—a total of 2,106 occasions for dialogues.

Proxy voting

Sompo Asset Management has set out guidelines for proxy voting, and discloses the purpose of the guidelines, its basic approach to proxy voting, its approach to individual proposals, and its operational framework for proxy voting.

As basic principles for proxy voting, the company carefully examines all individual proposals before issuing instructions to vote for or against them, and does not abstain or submit blank votes. In making such decisions, it has determined that the sole criterion for judgment is to be the impact on shareholder value.

• Sompo Asset Management: Our Response to Japan's Stewardship Code
• Sompo Asset Management: Proxy Voting Guidelines

External evaluation

Received a special award at the 1st Nikkei Institutional Investor Report Awards

Sompo Asset Management received a special award in March 2025 under a program organized by Nikkei Inc. to recognize companies from among the institutional investors that are signatories of the Stewardship Code that have issued outstanding investor reports.

Sompo Asset Management: 2023 Fiscal Year ESG/Stewardship Activity Report (in Japanese)

Group Environmental Policy/SOMPO Climate Action

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Concept and Policy Group Environmental Policy

We, the Sompo Group will contribute to developing a resilient, inclusive and sustainable society so that future generations can inherit our irreplaceable Earth, by addressing environmental issues in the course of our core business operations and working proactively to resolve environmental issues through active dialogue and engagement with stakeholders.

We have established environmental objectives and targets based on the Action Guidelines listed below, and we periodically review them with the goal of continuous improvement.

Action Guidelines

1. **Providing products and services to make a more resilient society**
   We will provide products and services that increase preparedness against the risk of natural catastrophes in order to contribute to adapting to climate change, building a low carbon society, conserving biodiversity and promoting stakeholders' eco-consciousness.
2. **Promoting resource conservation through the entire value chain**
   We will assess the environmental impact of our business including the emission of waste and comply with environmental laws and regulations. We will promote resources and energy conservation as well as recycling activities throughout the entire value chain by cooperating with various stakeholders.
3. **Raising awareness of environmental issues and corporate citizenship**
   We will broadly promote environmental education and awareness of environmental conservation by providing environmental information with the unique aspect of a global group engaged in a wide range of business centering on insurance. Furthermore, we will proactively encourage our employees' individual voluntary efforts as a global citizen to conserve the environment through involving in the local community.

To enable continuous improvements, we will periodically review the above-mentioned activities to reflect our environmental objectives and targets.

Concept and Policy SOMPO Climate Action

Since the early 1990s, the Group has been tackling global environmental issues in collaboration with a wide range of stakeholders. Within the framework of the previous Mid-Term Management Plan that kicked off in fiscal 2021, we have undertaken Group-wide efforts to implement a comprehensive approach to addressing climate change risks and opportunities by advocating the SOMPO Climate Action initiative, which focuses on adapting to climate change, mitigating climate change, and contributing to a societal transformation.

The forward-looking initiatives we have implemented for more than 30 years are a strength of the Group, and even in the new Mid-Term Management Plan from FY2024, we will continue to contribute to the transition to a green society by strengthening engagement through insurance underwriting, investments and loans, and by collaborating with community stakeholders.

SOMPO Climate Action

❶ Adapt to climate change	❷ Mitigate climate change	❸ Contribute to societal transformation
Help enhance societal resilience by developing/offering products/ services through collaboration	Achieve net zero* group GHG emissions (by 2050)	Support the transition of society by collaborating with stakeholders, such as NPOs, and engaging as financial institution

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

Achievements of main initiatives (FY2024)

Developing and providing products and services that contribute to adaptation

- Launch of customized indemnity against climate risks, etc.

Initiatives to boost resilience

- Disaster prevention education: 291 sessions held, with approximately 29,700 participants
- Launch of "My Emergency Kit Puzzle" and "SOMPO de Manaboccia"
- Three sites certified as Nationally Certified Sustainably Managed Natural Sites under the 100 OECMs Project

GHG emissions

For our latest performance, please refer to ESG data.

Set new 2030 reduction target (intensity target)

Target set for insurance products that contribute to decarbonization 29.7 billion yen (Domestic and overseas total)

Engagement with companies (including those in which we hold shares): 913

Review of Sustainability-related Policy for Underwriting, Investments and Loans

* Residual emissions will be offset using internationally acceptable methods.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Leadership on Global Environmental Issues

It is important that many stakeholders work collaboratively to address the challenges of climate change and biodiversity. As the actions are being discussed in numerous initiatives globally, we are making an effort to show leadership in such initiatives. We also review the initiatives in which we participate in light of trends in the international community, such as alignment with the Paris Agreement.

Activities and Achievements

Leadership for Climate Change and Biodiversity

Activities by the Japan Business Federation (Keidanren)

As Chair of the Keidanren Committee on Responsible Business Conduct & SDGs Promotion and Chair of the Keidanren Nature Conservation Council, Mr. Keiji Nishizawa, Executive Advisor of Sompo Japan demonstrates leadership on global environmental issues. As a member of the SDGs Promotion Roundtable, he exchanges opinions with the government, NGOs, and experts to promote initiatives toward achieving the SDGs.

He participated in the 16th Conference of the Parties (COP16) to the Convention on Biological Diversity held in Colombia in October 2024 as the head of the Keidanren delegation and actively communicated the initiatives of the Japanese business community, while holding lively discussions on future opportunities for collaboration through meetings with international organizations and NGOs. He also addressed the initiatives of the Japanese business community in terms of contributing to the Kunming-Montreal Global Biodiversity Framework (GBF) adopted at the COP15.

Participation in CDP

Sompo Japan (currently SOMPO Holdings) has participated in CDP, an initiative promoting corporate environmental information disclosure, as an institutional investor since 2005. As a responding company, Sompo Holdings was selected for the 2024 Climate A List as the highest rank in a CDP Climate Change for the eighth time.

Contributing to the development and awareness of the TNFD* framework

The Group has made disclosure in response to the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) in August 2024. With the formulation of the TNFD framework, we have participated in both the TNFD Forum and the pilot testing of the TNFD framework conducted by the United Nations Environment Programme Finance Initiative (UNEP FI). We are also registered as a TNFD Early Adopter, indicating our intention to disclose information in accordance with the TNFD framework. Through these initiatives, we are endeavoring to contribute to the development of TNFD disclosure in the Japanese business community.

* TNFD: Taskforce on Nature-related Financial Disclosures

Participation and Communication at the COP (Conference of the Parties)

At a side event sponsored by the Ministry of the Environment held during the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) in Baku, Azerbaijan, in November 2024, Sompo Japan Insurance and Sompo Risk Management, in collaboration with startup Momentick Ltd., a trial project for risk management utilizing methane emissions detection technology drawing on satellite data.

At COP15 and COP16, Sompo Japan Insurance took the panel at the Science Policy Forum, hosted by the Institute for Global Environmental Strategies (IGES) as a side event. We reported our biodiversity conservation initiatives, including the SAVE JAPAN Project and the 100 OECMs*1 Project, as well as carbon credits in collaboration with the NCCC*2, and initiatives to visualize corporate supply chain risks. In addition, Sompo Holdings endorsed the statement regarding the GBF, which calls for a society that coexists with nature by 2050, and which UNEP FI has called on private financial institutions to support.

*1 OECM: Areas outside protected areas such as national parks that contribute to biodiversity.
*2 NCCC: Natural Capital Credit Consortium (Chairperson: Professor Shunsuke Managi, Kyushu University)

(Reference) Past Activities

In November 2016, COP22 in Marrakesh, Morocco, Sompo Japan Insurance spoke at a session of a side event organized by Ministry of the Environment Japan, focusing on the efforts of Japanese corporations in climate change adaptation. The company also participated in a High-Level Meeting on Climate Change organized by Caring for Climate during COP22, as a steering committee member. In November 2017, at a side event organized by the Japan International Cooperation Agency (JICA) at COP23 in Bonn, Germany, Sompo Risk Management presented on Private Sector Perspective on Agricultural Insurance.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Response to TCFD and TNFD

Concept and Policy SOMPO's approach to TCFD and TNFD

The Group recognizes climate change and nature-related issues that affect the security, health and wellbeing of people's lives as important issues to address. We are working to actively and fairly disclose information to our stakeholders in a transparent manner regarding the risks, opportunities, and measures we are taking to address these issues through our responses to the TCFD and TNFD recommendations*.

In 2018, we announced our support for the TCFD recommendations and joined the TCFD Insurance Working Group of the United Nations Environment Programme Finance Initiative (UNEP FI). In developing the TNFD framework, Sompo Japan Insurance and Sompo Risk Management also joined the TNFD Forum in 2021 and participated in the pilot test of the UNEP FI TNFD framework. Furthermore, Sompo Holdings registered as a TNFD Early Adopter in 2024, contributing to the dissemination and development of both recommendations.

* TCFD: Task Force on Climate-related Financial Disclosures
* TNFD: Taskforce on Nature-related Financial Disclosures

Structure Governance

(1) Role of Board of Directors

The Board of Directors is responsible for setting Group-wide strategies and policies, as well as supervising the execution of operations by Executive Officers and Senior Vice Presidents to fulfill SOMPO's Purpose of "For a future of health, wellbeing and financial protection."

(2) Role of Executive Officers and Senior Vice Presidents

Group Chief Sustainability Officer (CsuO)

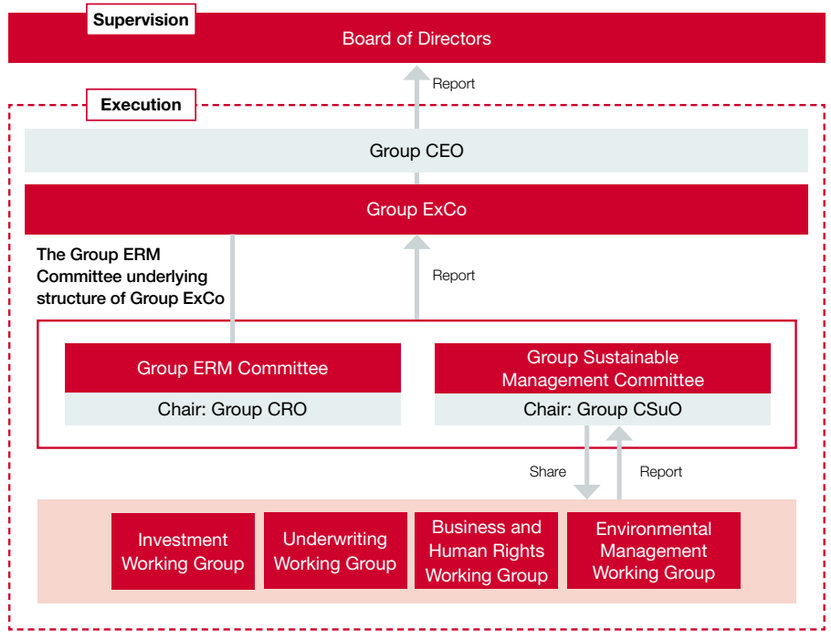
As the person chiefly responsible for sustainability, the Group Chief Sustainability Officer (CSuO) is tasked with promoting our Purpose and formulating and implementing strategies related to the Group's sustainable management. Under the Group-wide sustainability promotion system we have established, the Group Sustainable Management Committee supports the decision-making of the Group CsuO, who chairs the committee, regarding sustainable management strategies for the Group, including climate change, biodiversity, business, and human rights, discussing response measures in light of related risks and opportunities.

We have established four working groups under the Group Sustainable Management Committee: Investment, Underwriting, Business and Human Rights, and Environmental Management. The working groups examine risks and opportunities related to climate change and biodiversity, share information and implement measures based on the discussions of the committee, and hold discussions at the operational level on issues related to underwriting and investment and on ways to enhance corporate value. We have also established the Sustainable Management Office to support the Group CSuO in carrying out the duties of the position.

Group Chief Risk Officer (CRO)

In addition, the Group has established a risk control system to manage risks based on the Sompo Group Basic Policy on ERM established by the Board of Directors. The Group Chief Risk Officer (CRO) comprehensively identifies and evaluates the risks to each business, designates risks that may have a significant impact on the Group as material risks, and the Group ERM Committee, a subordinate body of the Group Executive Committee (Group ExCo). The Group ERM Committee reviews and discusses the status of management and control, and regularly reports to the Board of Directors, the Group ExCo, and other committees.

Organization chart



Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

(3) Stakeholder engagement

We have established a “Group Environmental Policy” which stipulates that we will be working proactively to resolve environmental issues, through active dialogue and engagement with stakeholders, and by addressing environmental issues in the course of our core business operations, so that future generations can inherit our irreplaceable Earth.

In addition, since our business activities, through underwriting and investment, could potentially infringe on the rights of local communities, indigenous peoples, and future generations, we perform human rights risk assessments targeting a wide variety of stakeholders, and have accordingly established the Group Policy for Human Rights. In these human rights risk assessments, we identify risks in the regions where investees and the companies for which we underwrite insurance policies are undertaking projects. For the human rights risks of the highest priority, we employ measures designed to mitigate such risks through engagement with these companies.

We report on stakeholder engagement on these environmental and human rights issues to the Group Sustainable Management Committee, chaired by the Group CSuO. The Group CSuO is responsible for communicating the content of the Group Sustainable Management Committee’s proceedings to the Board of Directors, and the Board of Directors is responsible for overseeing these matters.

For details, see the Group Environmental Policy and the Group Policy for Human Rights (P.57–59).

Concept and Policy **Strategy**

(1) Climate-related strategy

The Sompo Group established SOMPO Climate Action in FY2021, which includes climate change adaptation and mitigation along with contributing to social transformation in our commitment to implementing a comprehensive approach to climate change risks and opportunities. This statement guides our climate-related initiatives.

1. Climate-related risks and opportunities

In addition to physical risks such as the increased severity and frequency of natural disasters, droughts, and chronically rising sea levels due to climate change, transition risks may arise as a result of changes in industrial structures and markets brought about by the strengthening of laws and regulations and development of new technologies for the transition to decarbonization that could affect corporate finances and reputations. These risks are accompanied by an increasing number of climate change lawsuits globally that seek to hold companies legally liable for the impact of climate change resulting from their business activities, investment and lending activities in highly carbon-intensive businesses, and improper disclosure. Such lawsuits may increase the risk of liability insurance payouts in the Group’s P&C insurance business. On the other hand, the stronger societal awareness of natural disaster risks and changes in social structure may bring business opportunities such as the creation of new service demands and technological innovations.

We have identified the risks and opportunities coverage of the entire value chain of insurance-related business activities (upstream in product and service development; midstream in sales, marketing, and asset management, downstream in accident response and claim payment) that climate change poses to our business based on the results of studies conducted by external organizations such as the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS), and we are assessing, analyzing, and responding to such risks and opportunities on a short- (within 2–3 years), medium- (3–10 years), and long-term (10–30 years) time horizon. The main environmental changes associated with physical and transition risks due to climate change, as well as risks and opportunities that are expected to have a significant impact on the Group, are shown in the following table and are continuously reviewed in light of changes in the internal and external environment.

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Environmental change			Impact on the company	Risk	Opportunities	Time frame
Physical	Acute	• Heat waves, extreme humidity • Change in frequency and intensity of wind and flood disasters • Increased drought and wildfires	**Increased severity of meteorological disasters:** Increased claim payments in fire and other insurance lines due to increased severity or frequency of wind and flood disasters, and increased reinsurance costs.	●	–	Refer to Risk map based on assessment results in Risk management section (1)
			Deterioration in the agricultural insurance balance: Increase in claim payments due to meteorological disasters. Providing solutions tailored to agricultural risks	●	●	
	Chronic	• Rising sea levels • Average temperature increase • Ocean acidification • Desertification • Deforestation, impacts on biodiversity • Increased immigration, market instability, and populism; national collapse	**Increase in claim payments due to flooding caused by rising sea levels:** Claim payments due to coastal flooding caused by chronically rising sea levels	●	–	
			Decline in the real estate market (decline in asset prices): Decline in real estate value susceptible to physical risk	●	–	
			Political instability and conflict: Increased immigration due to food and water shortages and national bankruptcy, social unrest and economic instability caused by increased terrorism	●	–	
			New pandemic: Increased emergence of highly infectious pandemics due to deforestation or melting of the permafrost	●	–	
Transition	Policy	• Renewable energy and energy conservation Promotion of association • Subsidies (EV purchases, energy efficiency improvement etc.)	**Price fluctuations of stocks and bonds:** Impact on financial markets of stricture policies and regulations aimed at decarbonization	●	●	
			Higher energy prices: Prolonged rise in crude oil prices due to the widening supply-demand gap caused by decarbonization, and rising prices due to the introduction of a carbon tax, etc.	●	–	
	Legal	• Revision of damage compensation systems and laws; new legal interpretations	**Legal risks such as climate litigation:** Increase in claim payments for liability insurance related to climate change litigation. Increased demand for insurance and services	●	●	
	Technology	• Advances in storage technology and infrastructure • Development of new technologies like renewable energy and energy conservation	**Decarbonization through the spread of new technologies:** Fluctuations in premium income and asset prices due to changes in industrial structure in line with the spread of new technologies and obsolescence of existing technologies	●	●	
	Market preference	• Investors and consumers preferring environmentally responsible companies	**Reputation:** Impact on reputation relative to the quality of climate change initiatives and disclosure regarding products and services	●	●	
			Changes in consumer behavior: Fluctuations in premium income and asset prices due to changes in consumer behavior (e.g., sharing)	●	●	

2. Scenario analysis

A. Physical risks in underwriting

The Group's P&C insurance business could be financially affected by higher-than-expected insurance payouts due to the increased severity and frequency of natural disasters, including typhoons, floods, and storm surges. In 2018, we started working with universities and other research institutions to quantitatively grasp risks based on scientific findings. Based on large-scale analysis using weather and climate big data, such as "database for Policy Decision making for Future climate change (d4PDF)*1," we are working to understand the long-term impacts of a climate with higher average temperatures with respect to changes in the average trends for typhoons, floods, and storm surges affected by sea level changes and trends in the occurrence of extreme weather events. We are also analyzing and evaluating the medium-term impact over the next five to ten years and incorporating this information into our business strategies.

The Group has estimated the impact of typhoons using a quantitative model*2 based on the guidance issued by the UNEP FI TCFD insurance working group in January 2021. The estimated results are below.

<Estimate results>	
Frequency of typhoons	Approx. –30% to +30%
Amount of damage per typhoon	Approx. +10% to +50%

Going forward, we will continue our analysis using the scenario analysis framework being developed by the Network for Greening the Financial System (NGFS), which works on financial regulatory responses to climate change risks.

*1 Database of climate simulations developed by Japan's Ministry of Education, Culture, Sports, Science and Technology's Program for Risk Information on Climate Change. By using a number of ensemble simulations, future changes in extreme events such as typhoons and heavy rains can be evaluated stochastically and with greater accuracy. The results enable more reliable assessments of the impact on society of natural catastrophes caused by climate change.

*2 Intergovernmental Panel on Climate Change (IPCC): A model that captures changes in the frequency and wind speed of typhoons between now and 2050 based on the RCP8.5 scenario used in the UN's IPCC Fifth Assessment Report (AR5), and calculates changes in the amount of damage caused.

B. Transition risks and physical risks in asset management

To understand the short-, medium-, and long-term impact of the transition to a decarbonized society on our company, we analyzed the impact on Group assets using the Climate Value-at-Risk (CVaR)*3 provided by MSCI for policy risks arising from tighter laws and regulations and global economic changes that will affect companies in the transition to a decarbonized society, as well as technology opportunities, physical risks to businesses posed by weather disasters caused by climate change, including chronic heatwaves, extreme cold, heavy snowfall, torrential rain, violent storms, acute typhoons, floods, and wildfires arising from climate change mitigation and adaptation initiatives, based on the NGFS scenarios*4 in the following table.

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

In addition, since it is important to encourage companies that have not yet made progress in decarbonization efforts to reduce transition risks, we use the Implied Temperature Rise (ITR)*5 provided by MSCI to quantitatively analyze whether our portfolio companies have set GHG emission reduction targets consistent with the goal of limiting global warming to 1.5°C by FY2100. For details, refer to "b. Implied Temperature Rise (ITR)."

*3 Climate Value-at-Risk (CVaR)
- A method to measure the impact on corporate value associated with climate change-related policy changes and disasters.
- The future costs and profits arising from climate change-related risks and opportunities are discounted to their present value, and the impact is calculated as of March 31, 2024, taking into account the market value weighting of each security in the Group's asset management portfolio.

*4 NGFS (Network for Greening the Financial System) scenarios
Analyzed three climate change scenarios published by the NGFS in November 2023 as Phase 4: Delayed Transition, Net Zero 2050, and NDCs.

NGFS Scenario

Category	Scenario	Summary
(1) Disorderly	Delayed Transition	Assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Negative emissions are limited.
(2) Orderly	Net Zero 2050	Limits global warming to 1.5°C through stringent climate policies and innovation, reaching global Net Zero CO_2 emissions around 2050. Some jurisdictions such as the US, EU, Japan, etc., reach net zero for all GHGs.
(3) Hot House World	Nationally Determined Contributions (NDCs)	Assumes that all policies countries have committed to are implemented (including all pledged policies, even if not yet implemented, but that are insufficient to stop global warming)

*5 Implied Temperature Rise (ITR)
- One of the forward-looking assessment methods that evaluates the degree of likelihood of 1.5°C and 2°C of global warming by 2100.
- The contribution to temperature rise is based on the difference between the projected GHG emissions of portfolio companies (calculated based on current emissions and reduction targets set by the companies) and the carbon budget, and is calculated as of March 31, 2024, taking into account the market value weight of each stock in the Group's asset management portfolio.

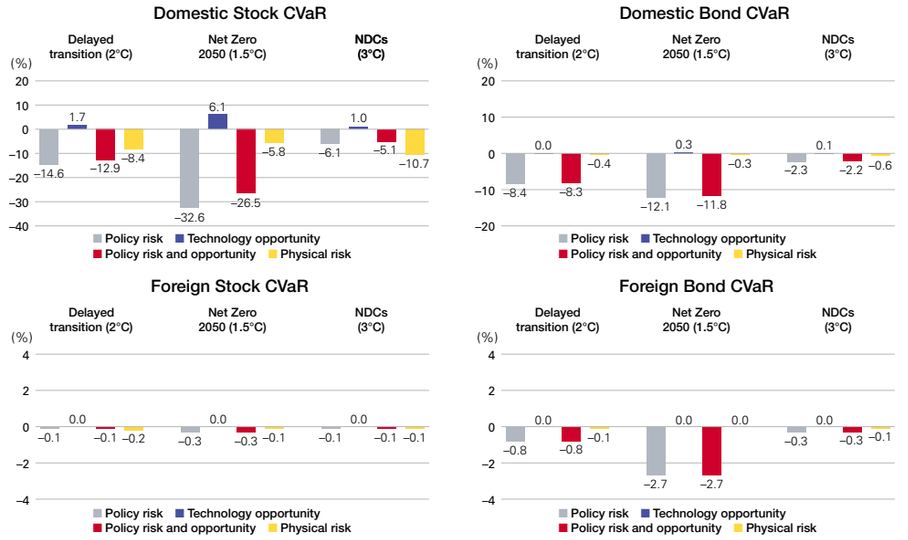
a. Climate Value-at-Risk (CVaR)

(NGFS scenarios - comparison by asset types)

The impact of policy risks and technology opportunity is greatest in the Net Zero 2050 (1.5°C) scenario for all assets, indicating that even with an orderly transition, there are significant policy risks to achieving the 1.5°C target. On the other hand, the impact of physical risk is greatest in the NDCs (3°C) scenario, with the exception of foreign stocks (see bottom left-hand of graph on right), indicating that the physical risk posed by rising temperatures is significant.

In the comparison by asset type, the impact of policy risk and technology opportunity is the largest for domestic stocks (see graph below: top left), at –32.6% and 6.1% under the Net Zero 2050, respectively. Domestic stocks also face the greatest physical risk, declining 10.7% under the NDCs (3°C) scenario. However, we have confirmed that the impact on loans for the Group is limited.

SOMPO Group CVaR analysis of Policy/physical risks and technology opportunities by asset types and NGFS scenarios



* Impact is limited because the bonds are never redeemed at more than their face value

- Policy risk: Figures calculated for each level of Scope 1, 2, and 3 for the cost required to achieve the GHG reduction targets.
- Technology opportunity: Figures calculated for the potential business opportunities created by environment-related technologies owned by companies against the backdrop of the transition to a low-carbon economy.
- Physical risk: Figures calculated based on the impact of chronic or acute extreme weather on corporate assets and sales

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

(NGFS scenarios — comparison by short-term, medium-term, and long-term time horizon)
Comparing short-term, medium-term, and long-term time horizons, we can see that the majority of risks in the Group's portfolio will become apparent after 2034. In particular, the Delayed Transition scenario (2°C; disorderly: rapid transition to decarbonization) assumes a rapid policy transition after 2030, so the long-term impact is particularly pronounced. The policy risk is also highest in the Net Zero 2050 (1.5°C) scenario at -14.96%, which shows that even in an orderly transition to achieving the 1.5°C target, long term policy risks remain large. Physical risk will have relatively greater long-term impact in the Delayed Transition (2°C) scenario and the NDCs (3°C) scenario, which involve rising temperatures, but the overall impact will be limited.

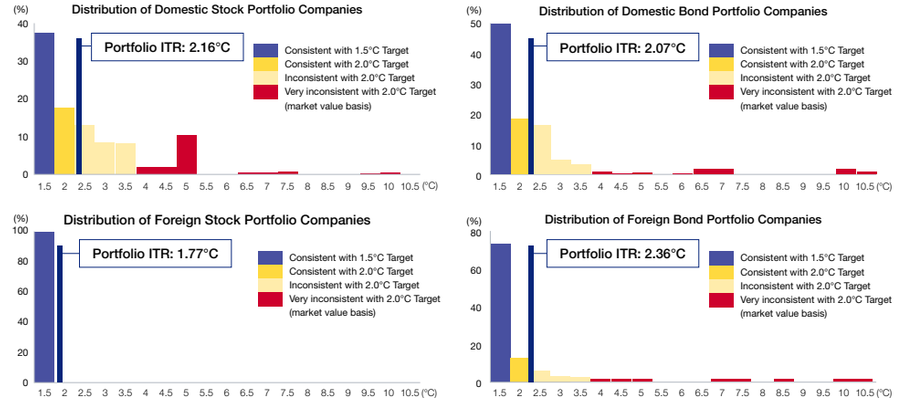
SOMPO Group CVaR analysis results of Policy/Physical Risks and Technology Opportunities by time horizon

	Delayed Transition (2°C)			Net Zero 2050 (1.5°C)			NDCs (3°C)		
Horizon Year	Policy risk	Technology opportunity	Physical Risk	Policy risk	Technology opportunity	Physical Risk	Policy risk	Technology opportunity	Physical Risk
Cumulative for April 2024–March 2027	–0.09%	0.01%	–0.10%	–1.25%	0.30%	–0.10%	–0.29%	0.05%	–0.10%
Cumulative for April 2024–March 2034	–0.77%	0.09%	–0.76%	–5.77%	1.30%	–0.74%	–1.48%	0.27%	–0.75%
Cumulative for April 2024–March 2050	–5.25%	0.70%	–1.96%	–14.96%	2.97%	–1.71%	–2.95%	0.51%	–1.91%

b. Implied Temperature Rise (ITR)
The percentages of companies with ITRs below 2°C for domestic stocks, foreign stocks, domestic corporate bonds, and foreign corporate bond portfolios are 55%, 100%, 68%, and 85%, respectively, on a market value basis. The percentages of companies with ITRs below 1.5°C for domestic stocks, foreign stocks, domestic corporate bonds, and foreign corporate bond portfolios are 37%, 100%, 50%, and 72%, respectively, and with the exception of domestic stocks, more than half of companies have set GHG emission reduction targets that are consistent with the 1.5°C target set by the Paris Agreement. On the other hand, for the portfolio as a whole, the ITRs for domestic stocks, foreign stocks, domestic bonds, and foreign bonds are 2.16°C, 1.77°C, 2.07°C, and 2.36°C, respectively, exceeding 1.5°C for all categories despite some improvements.

We will use the results of our analysis to reduce climate change-related risks by promoting engagement with companies that have high transition risk and physical risk or have no GHG emissions targets by promoting engagement.

SOMPO Group ITR analysis by asset types



Source: Sompo Holdings, using MSCI's Climate Value-at-Risk and Implied Temperature Rise metrics

Disclaimer: This report contains information sourced from MSCI Inc., its affiliates, or information providers (the "MSCI Parties") and may have been used to calculate scores, ratings, or other indicators. The information is for internal use only, and may not be reproduced or resold in any form, or used as a basis for or a component of any financial instruments or products or indices. The MSCI Parties do not warrant or guarantee the originality, accuracy, and/or completeness of any data or information herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. None of the MSCI Parties shall have any liability for any errors or omissions in connection with any data or Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

3. Initiatives to improve resilience

A. Responding to risks

Physical risk

Our P&C insurance and reinsurance contracts are primarily short-term contracts, and by reviewing our insurance underwriting conditions and reinsurance policies in light of the increasingly severe trends in meteorological disasters, we can reduce the risk of claim payments exceeding our expectations. We also aim to ensure resilience against physical risk through a multifaceted approach that includes global geographic diversification, quantification based on short- and medium-term climate forecasts, and identification and evaluation of significant risks through long-term scenario analysis.

Transition risk

As for our own GHG emissions, we have set a target of a 60% reduction (compared to 2017)*1 in Scope 1, 2, and 3 (excluding underwriting, investments and loans in Scope 3 Category 15) by 2030 and a net zero emissions by 2050. To achieve this goal, we have set a target of 70% introduction of renewable energy by 2030,*2 in addition to working to conserve energy by switching to LED lightings and taking other steps to reduce electricity consumption, which accounts for a particularly large proportion of GHG emissions. We are working on the roadmap to achieve this goal, including switching to renewable energy sources for power generation in our buildings.

*1 Science-based targets consistent with the Paris Agreement's 1.5C° target (a reduction of at least 4.2% each year)
*2 Including use based on renewable energy certificates

With regard to investments and loans, in addition to the interim target of reducing GHG emissions (Scope 3 Category 15) of the investment portfolio to net zero by 25% in 2025 (compared to 2019), a new interim target of "reducing intensity in the 50-60% range in 2030 (compared to 2019)" was set in fiscal 2024. To achieve this target, we have been focusing on engaging with the top 20 high GHG emitters among our equity holdings and shifting to low GHG emitting sectors when replacing the assets under management held by the Group.

B. Responding to opportunities

In addition to developing and providing climate risk consulting services and working to improve natural disaster resilience through insurance products and services, the Sompo Group is developing and providing insurance products and services that contribute to carbon neutrality by promoting renewable energy and collaborating with business partners.

In FY2024, we set a Transition Insurance Target for insurance products that contribute to decarbonization in both domestic and overseas markets. We also calculated GHG emissions associated with insurance underwriting (Insurance-Associated Emissions) using data from companies that disclose GHG emissions (Scope 1, 2) by utilizing a method for measuring GHG emissions in the commercial insurance sector developed by Partnership for Carbon Accounting Financials (PCAF) in November 2022.

In accordance with the principles of the Japan's Stewardship Code, Sompo Japan Insurance conducts an ESG survey (Survey on ESG/Sustainability Initiatives) every year to confirm the policies and status of the companies in which it holds stocks regarding the enhancement of their corporate value and sustainable growth. In FY2024, it sent the survey to 1,329 companies in which it holds stocks, and 226 companies responded. The survey is used to understand the needs of each company and create opportunities for collaboration, supporting sustainability efforts, including decarbonization, in addition to being used in exercising voting rights.

Various organizations and groups around the world are actively discussing the formulation of regulations and guidance to realize a net-zero carbon society. By proactively participating in and leading these rule-making efforts, the Group will not only contribute to societal transformation but also seek to create and expand business opportunities for the Group, such as attracting collaboration partners both by accumulating knowledge and by enhancing our reputation through these efforts.

4. Addressing risks and opportunities

For our main initiatives, see Climate Change and Nature-related Initiatives (P.115–122).

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

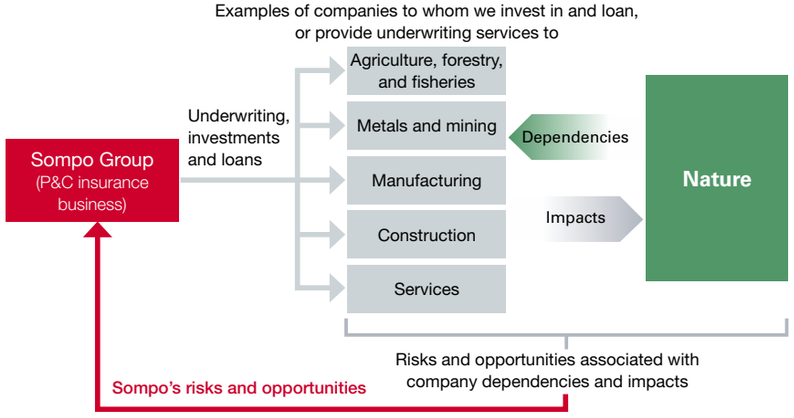
Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

(2) Nature-related strategy

Alongside climate change, nature-related environmental issues such as biodiversity loss, ecosystem collapse, and natural resource shortages are increasingly being recognized as global risks. Some of our investees and the companies for which we underwrite insurance policies face the risks of future instability in raw material procurement and operations, cost increases associated with compliance, and decreased sales due to their dependencies and impacts on nature. If these risks materialize, such as a decrease in reinsurance coverage or an increase in claim payments, the risks of the Group's P&C insurance business may increase, resulting in a decrease in premiums written or an increase in claims paid.

On the other hand, the transition to nature-positive economy, as advocated by the Kunming-Montreal Global Biodiversity Framework, is expected to create business opportunities in Japan worth approximately 47 trillion yen by 2030 (estimated by Ministry of the Environment Government of Japan). Such new business opportunities could lead to improved earnings at our investees and the companies for which we underwrite insurance policies, and provide the chance for us to offer products and services that benefit the natural environment.



To address these nature-related risks and opportunities, the Group has assessed, analyzed, and taken actions based on the LEAP approach* recommended by the TNFD with a focus on our core Domestic P&C Insurance Business and our Overseas Insurance and Reinsurance Business.

* An integrated assessment process for nature-related risk and opportunity management, LEAP stands for the four phases of Locate, Evaluate, Assess, and Prepare.

Analysis flow using the LEAP approach

Identifying priority locations at directly operated business sites <Locate>	We conducted an assessment based on business type for the Group's directly operated sites and confirmed whether any sites fall within priority locations.
Identifying and evaluating dependencies and impacts at investees and the companies for which we underwrite insurance policies <Evaluate>	We identified and evaluated dependencies and impacts on nature at investees and the companies for which we underwrite insurance policies. Furthermore, we used those identification and evaluation results to identify sectors that may pose a high risk to the Group from a nature-related perspective.

2-2. Identification of priority locations at directly operated business sites
2-1. Identifying and evaluating dependencies and impacts in underwriting, investments and loans

Identifying and assessing risks and opportunities in the Group <Assess>	Based on the above identification and evaluation results, we identified risks and opportunities that are expected to have a significant impact on the Group.

1. Identifying and assessing nature-related risks and opportunities

Disclosure, setting indicators <Prepare>	Based on the results of our analysis and assessment of priority locations, dependencies and impacts, and risks and opportunities, we categorized initiatives for addressing risks and opportunities and set nature-related metrics. We also compiled and disclosed this information.

3. Initiatives to address nature-related risks and opportunities
Metrics and targets

1. Identifying and assessing nature-related risks and opportunities

A. Analysis of nature-related risks and opportunities, and impacts of the Group

The Group assessed, analyzed, and responded to risks and opportunities across the value chain—upstream in product and service development; midstream in sales, marketing, and asset management; and downstream in accident response and claim payments—with a focus on the P&C insurance business. This included physical risk and opportunities associated with the deterioration of ecosystem services, and transition risks and opportunities associated with the strengthening of policies and regulations aimed at achieving nature positivity, technological advances, and changes in market preferences. In identifying and assessing risks and opportunities, we referred to the results of 2-1. Identifying and evaluating dependencies and impacts in underwriting, investments and loans.

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

We set the time frames for the assessments as short- (within 2–3 years), medium- (3–10 years), and long-term (10–30 years) time horizon. The table below lists the main environmental changes related to nature and the risks and opportunities that are expected to have a significant impact on the Group. We will continuously review these risks and opportunities in light of changes in the internal and external environment.

Nature-related risks and opportunities

Environmental change			Impact on the company	Risks	Opportunities	Time frame
Physical	Acute	• Heat waves, extreme humidity • Change in frequency and intensity of wind and flood disasters • Increased drought and wildfires	**Increased severity of meteorological disasters:** Increased claim payments for fire and other insurance due to increased severity or frequency of wind and flood disasters, the lower in the disaster-mitigating capacity of vegetation, and worsening damage from wind and flood disasters, and greater damage caused by wind and flood disasters, and increased reinsurance costs.	●	–	Short-term Medium-term Long-term
			Changes in the agricultural insurance balance: Increase in claim payments due to drought, cold damage, wet damage, pests, etc. Reduction of claim payments by providing solutions tailored to agricultural risks	●	●	Short-term Medium-term Long-term
	Chronic	• Rising sea levels • Average temperature increase • Ocean acidification • Desertification • Deforestation, impacts on biodiversity • Increased immigration, market instability, and populism; national collapse	**Earnings deterioration owing to degradation of ecosystem services:** Decline in insurance revenue due to deterioration of the performance of our business partners (particularly in high-risk sectors) associated with deterioration of ecosystem services, and a decrease in investment returns.	●	–	Medium-term Long-term
			Social instability due to degradation of ecosystem services: Political instability and conflict caused by food and water shortages, and social instability caused by increased emergence of highly infectious pandemics due to deforestation or melting of the permafrost.	●	–	Medium-term Long-term
Transition	Policy	• Promoting a nature-positive economy • Subsidies (improved resource efficiency, etc.)	**Fluctuations in revenue owing to the transition to a nature-positive economy:** Fluctuations in Insurance revenue due to changes in the financial results/actual results of business partners (particularly in high-risk sectors) accompanying the transition to a nature-positive economy, and fluctuations in investment returns.	●	●	Medium-term Long-term
	Legal	• Revision of damage compensation system and laws; new legal interpretations	**Nature-related lawsuits and other legal risks:** Increase in claim payments for liability insurance for nature-related litigation, etc.	●	–	Medium-term Long-term
	Technology, market preference	• Nature-based solutions • Investors and consumers preferring environmentally responsible companies	**Products and services that support the transition to a nature-positive economy:** Expansion of Ecosystem-based Disaster Risk Reduction (Eco-DRR), green infrastructure, green finance, and sustainability information disclosure; fluctuations in premium income and asset prices associated with the transition to a nature-positive economy; and development of consulting services.	●	●	Short-term Medium-term Long-term
			Reputation: Impact on reputation relative to the quality of initiatives and disclosure regarding biodiversity and natural capital in products and services	●	●	Short-term Medium-term Long-term

B. Results of identifying nature-related risks in high-risk sectors

Among the nature-related risks mentioned above, the Earnings deterioration owing to degradation of ecosystem services would cause the performance of business partners to deteriorate in line with windstorm damage, rising temperatures, water shortages, etc. (physical risk), while Fluctuations in revenue owing to the transition to a nature-positive economy: would cause the performance of business partners to deteriorate in line with stricter regulations, technological innovation, market changes, etc. (transition risk). Both of these factors would lead to a decline of Group earnings. Therefore, among our business partners, we have identified risks in high-risk sectors for business partners that have significant transaction amounts with the Group as well as significant dependencies and impacts on nature, and conducted a risk assessment for the Group based on this identification.

In particular, we confirmed expected risks based on risks identified in 2-1. Identifying and evaluating dependencies and impacts in underwriting, investments and loans and the disclosure of companies in high-risk sectors, i.e., construction, transportation (including passenger transportation), warehousing, chemicals, and automobiles and auto parts.

- Earnings deterioration owing to degradation of ecosystem services (physical risk): High-risk sectors that have significant impacts on nature, i.e., construction, transportation (including passenger transportation), and warehousing
- Fluctuations in revenue owing to the transition to a nature-positive economy (transition risk): High-risk sectors that have significant impacts on nature, i.e., (construction, transportation (including passenger transportation), warehousing, chemicals, automobiles and auto parts)

The risks identified as a result of this confirmation for each high-risk sector are as follows. We believe these risks could cause a deterioration in the performance of our business partners, which could have an impact on the Group, including an increase claim payments and a decrease in investment returns.

1) Earnings deterioration owing to degradation of ecosystem services (physical risk)

Sector		Risk
Construction	Acute	• Difficulty in procuring construction materials due to increased severity of wind and flood disasters, and rising prices of materials • Suspension of or delays in construction work due to disasters
	Chronic	• Suspension of or delays in construction work due to water shortages • Difficulty in procuring construction materials due to a decrease in natural capital (wood, minerals, etc.) and rising material prices • Lower productivity and increased health risks for workers due to rising summer temperatures
Transportation (including passenger transportation), warehousing	Acute	• Difficulty in operation due to wind and flood disasters, and increased risk of accidents
	Chronic	• Difficulty in operation due to water shortages • Energy cost increases due to rising summer temperatures • Increased health risks for workers due to rising summer temperatures • Deterioration of tourism resources due to changes in ecosystems

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

2) Fluctuations in revenue owing to the transition to a nature-positive economy (transition risk)

Sector		Risk
Construction	Policy	• Cost increases due to stricter regulations on GHG emissions, noise, and pollution during construction • Decrease in construction demand due to stricter regulations on land alteration • Procurement cost increases for construction materials due to stricter regulations in production and extraction areas • Increases in raw material procurement costs due to the introduction of a carbon tax
	Legal	• Risk of litigation due to environmental destruction around construction sites
	Technology, market preference	• Cost increases associated with the introduction of environmentally friendly technologies, increased technology development costs • Cost increases to ensure traceability of construction materials • Damage to reputation due to environmental destruction in construction material production and extraction areas
Transportation (including passenger transportation), warehousing	Policy	• Cost increases due to stricter regulations on GHG emissions, noise, and pollution during operation • Increases in procurement costs due to the introduction of a carbon tax
	Legal	• Risk of liability stemming from oil pollution
	Technology, market preference	• Cost increases associated with the introduction of environmentally friendly technologies, increased technology development costs
Chemicals	Policy	• Increases in raw material procurement costs due to stricter regulations in raw material production and extraction areas • Cost increases due to stricter regulations on GHG emissions and water and soil pollution during manufacturing • Increases in manufacturing costs due to stricter regulations on plastic • Increases in procurement costs due to the introduction of a carbon tax
	Legal	• Risk of litigation due to environmental destruction in raw material production and extraction areas
	Technology, market preference	• Cost increases associated with the introduction of environmentally friendly technologies and raw materials, increased technology development costs • Cost increases to ensure traceability of raw materials • Damage to reputation due to environmental destruction in raw material production and extraction areas
Automobiles, auto parts	Policy	• Increases in raw material procurement costs due to stricter regulations in raw material production and extraction areas • Cost increases due to stricter regulations on GHG emissions, water pollution, and waste during manufacturing • Increases in procurement costs due to the introduction of a carbon tax
	Legal	• Risk of litigation due to environmental destruction in raw material production/extraction areas
	Technology, market preference	• Cost increases associated with the introduction of environmentally friendly technologies, and increased technology development costs • Cost increases to ensure traceability of raw materials • Damage to reputation due to environmental destruction in raw material production and extraction areas

2-1. Identifying and evaluating dependencies and impacts in underwriting, investments and loans

Some of the Group's business partners (including investees and the companies for which we underwrite insurance policies) engage in business activities that have dependencies and impacts on nature, which may lead to nature-related risks and opportunities for the Group. Therefore, to gauge which dependencies and impacts on nature that are material to the Group, we used the ENCORE*1 tool to identify and assess the dependencies and impacts on nature for each sector of the Group's investees and the companies for which we underwrite insurance policies. We classified business partners into 23 sectors and targeted the 18 priority sectors outlined in the TNFD's additional guidance for financial institutions*2.
(See A. Results of identifying and evaluating dependencies and impacts)

Furthermore, as a reference for 1. Identifying and assessing nature-related risks and opportunities, we identified sectors that may pose high risks to the Group from the perspective of nature (high-risk sectors) using the following procedure.

*1 A nature-related risk assessment tool jointly developed by the Natural Capital Finance Alliance (NCFA), the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), and other entities.
*2 TNFD Additional guidance for financial institutions version 2.0

<Procedure for identifying high-risk sectors>
(1) Using ENCORE, we create a heat map of the dependencies and impacts on nature and their magnitude for each sector.
(2) We reflect the amount of underwriting, investment, and loans for each sector in (1) on the part of Sompo Japan and its subsidiaries in the Overseas Insurance and Reinsurance Business in the heat map.
(3) Based on the results of (2), we identify high-risk sectors within the Group for each category of underwriting, investments and loans.

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

A. Results of identifying and evaluating dependencies and impacts (Step 1)

Below is the heat map showing how the sectors for the Group's underwriting, investment, and loans dependencies and impacts on nature.

■ **Dependencies** We found significant dependencies on functions such as water purification, rainfall regulation, soil stabilization, and the use of genetic information.

Sector \ Category	Animal labor	Biomass provisioning	Bioremediation	Soil stabilization	Water purification	Soil quality regulation	Dilution by atmosphere and ecosystems	Prevention, reduction of disease and pest damage	Air Filtration	Flood mitigation	Use of genetic information	Global climate regulations	Water supply	Maintenance of habitats (nurseries, farms, etc.)	Noise attenuation	Adjustment of the amount of light, etc.	Local (micro and meso) climate regulation	Pollination	Wind and sandstorm mitigation	Flow rate adjustment	Rainfall regulation	Providing recreational value	Visual comfort provided by natural scenery	Contributions to education, science, and research	Contributions to cultural and artistic activities
Apparel																									
Energy																									
Pharmaceuticals and biotechnology																									
Food and beverage services																									
Chemicals																									
Metals and mining																									
Construction																									
Construction materials																									
Public works (electricity, gas, water, waste collection)																									
Paper and forest products																									
Automobiles, auto parts																									
Food and beverage production																									
Wholesale, retail of daily necessities																									
Durable consumer goods																									
Agriculture, fisheries																									
Semiconductors, semiconductor manufacturing equipment																									
Transportation (including passenger transportation), warehousing																									
Personal care products																									

■ **Impacts** We found significant impacts in areas such as noise and light pollution, emissions of harmful substances and eutrophic substances into water and soil, use of freshwater bodies, introduction of invasive species, emissions of air pollutants.

Sector \ Category	Noise and light pollution	Use of freshwater bodies	GHG emissions	Use of the seabed	Non-GHG air pollutant emissions	Other biotic resource extraction (e.g. fish, timber)	Extraction of minerals, etc.	Emissions of harmful substances into water and soil	Emissions of eutrophic substances into water and soil	Generation and release of solid waste	Land use	Water use	Introduction of invasive species
Apparel													
Energy													
Pharmaceuticals and biotechnology													
Food and beverage services													
Chemicals													
Metals and mining													
Construction													
Construction materials													
Public works (electricity, gas, water, waste collection)													
Paper and forest products													
Automobiles, auto parts													
Food and beverage production													
Wholesale, retail of daily necessities													
Durable consumer goods													
Agriculture, fisheries													
Semiconductors, semiconductor manufacturing equipment													
Transportation (including passenger transportation), warehousing													
Personal care products													

Key: very high / high / moderate / low / very low

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

B. Consideration of transaction amounts in each sector (Step 2)

We identified high-risk sectors for the Group by multiplying the amount of insurance underwritten and the amount of investments and loans in each sector by the magnitude of the dependencies and impacts identified in Step 1.

Outline of specific high-risk sectors

Dependency heatmap

Category / Sector	Animal labor	Biomass provisioning	Bioremedi-ation	…	…	…	…
○○○		4			5		3
●●●		4		4			3
△△△	2	2			2		2
▲▲▲	3	3	1	3	2	2	2
□□□		4	1	3	2	2	2
■■■		2	1	2	2	2	1
◎◎◎◎							

Impact heatmap

Category / Sector	Noise and light pollution	Use of freshwater bodies	GHG emissions	…	…	…	…
○○○	5	2	4	3	4		3
●●●	5	2	4	4	4	4	4
△△△	4			2	2		
▲▲▲	4			4	4	4	
□□□	4	4		4		4	4
■■■	4			2			
◎◎◎◎				4			

×

By sector (ranked in three tiers)
- Underwriting amount
- Investments and loans amount

C. Identification of high-risk sectors (Step 3)

We have identified four sectors as high-risk sectors that have significant dependencies and impacts on nature and have a large amount of transactions with Sompo Japan and its subsidiaries in the Overseas Insurance and Reinsurance Business: construction, transportation (including passenger transportation), warehousing, chemicals, and automobiles and auto parts.

High-risk sectors identified

Category	Sector	Categories with high dependencies, impacts	
Underwriting	Construction	[Dependencies]	Soil stabilization, flood mitigation, wind and sandstorm mitigation, rainfall regulation
		[Impacts]	Noise and light pollution, use of freshwater bodies, GHG emissions, emissions of harmful substances into water and soil
	Transportation (including passenger transportation), warehousing	[Dependencies]	Soil stabilization, flood mitigation, wind and sandstorm mitigation, rainfall regulation, providing recreational value, visual comfort provided by natural scenery
		[Impacts]	Noise and light pollution, GHG emissions, emissions of non-GHG air pollutants, introduction of invasive species
Investments and loans	Chemicals	[Impacts]	Noise and light pollution, emissions of harmful substances into water and soil, emissions of eutrophic substances into water and soil
	Automobiles, auto parts	[Impacts]	Noise and light pollution
	Transportation (including passenger transportation), warehousing	[Dependencies]	Rainfall regulation, providing recreational value, visual comfort provided by natural scenery
		[Impacts]	Noise and light pollution, emissions of non-GHG air pollutants, introduction of invasive species

2-2. Identification of priority locations at directly operated business sites

With the aim of grasping the organization's interface with nature and identifying areas that should be prioritized, we used tools such as the WWF Biodiversity Risk Filter* to identify the directly operated business sites of Sompo Japan, Sompo Risk Management, and the subsidiaries of the Overseas Insurance and Reinsurance Business that fall under the priority locations defined by the TNFD. Our directly operated business sites are located in Japan, Canada, Russia, Australia, Guam, Vietnam, Myanmar, Cambodia, India, the United Arab Emirates, South Africa, the U.S., Mexico, Brazil, Bermuda, Indonesia, Malaysia, Singapore, Thailand, Turkey, Italy, the U.K., and Luxembourg. As a result of the confirmation, we determined that the operations at our directly operated sites involve office activities such as property and casualty insurance and consulting, and consider their dependencies and impacts on nature to be small. We thus determined that none of our directly operated business sites fall within the priority locations and that there are no significant points of contact with nature for the Group.

* A tool developed by the WWF (World Wildlife Fund) to help companies assess and address risks that affect biodiversity in their business and supply chains.

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

3. Initiatives to address nature-related risks and opportunities

See the PDF, Climate Change and Nature-related Initiatives (P. 115–122) for major initiatives in Group businesses.

The Group has also established “Sustainability-related Policy for Underwriting, Investments and Loans” and is pursuing engagement and other initiatives to address identified risks and opportunities.

For details, please refer to Sustainability through Underwriting, Investments and Loans (P. 91–96).

Structure Risk management

To realize the Group’s Purpose and the goals of the Management Plan, we have established a risk appetite framework, clarifying both risks to be taken and risks to be avoided to increase the certainty of achieving the goals.

For natural catastrophe risk, we clarify risk appetite and quantitatively assess the claim payments we expect in the event of a natural catastrophe, based on meteorology and other scientific knowledge, and the characteristics of Group products. We then formulate and manage reinsurance policies and Group-wide risk retention strategies based on the impact on financial soundness, profitability, and profit stability, as well as trends in the reinsurance market.

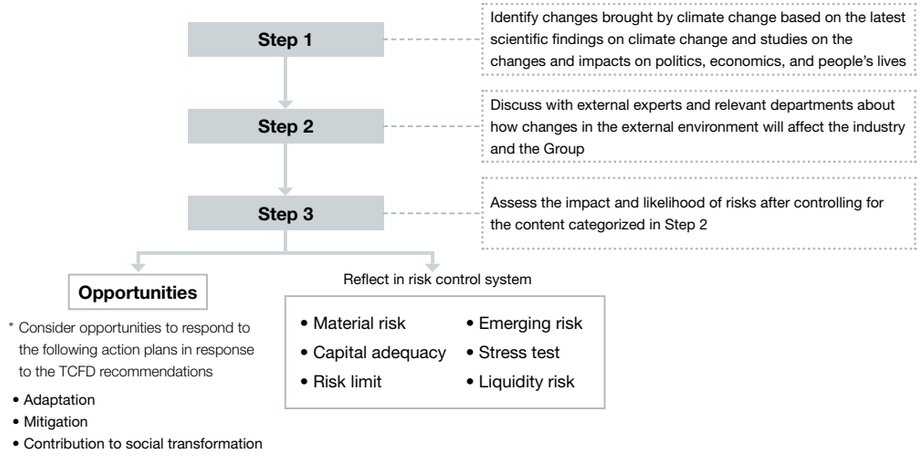
We control climate change-related risks through a multifaceted approach within the risk control system framework of our Enterprise Risk Management (ERM). This involves material risk management, capital adequacy management, stress testing, risk limit management, and liquidity risk management.

We are implementing SOMPO Climate Action to assess short-, medium-, and long-term climate-related risks and opportunities through a climate change risk framework, conducting scenario analysis (physical risk and transition risk) based on the framework, as well as various initiatives to improve our resilience to these risks and opportunities.

(1) Climate change risk framework (risk identification, assessment, and management)

Climate change can impact various aspects of the Group’s business, including our non-insurance business, and the impacts will be long-term and are highly uncertain. To manage climate change risks, including risks associated with natural disasters, we have developed a climate change risk framework to complement our existing risk control system and to identify, assess, and manage risks by taking an in-depth look at scenarios in which the Group is affected through various pathways over the long-term. To gauge the complex impacts of climate change, the climate change risk framework uses the following three steps to assess and organize 1. Climate-related risks and opportunities described in (1) Climate-related strategy section.

Climate change risk framework



Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

In assessing risks, we have assumed low, medium, and high environmental change scenarios, which are a combination of IPCC scenarios showing changes in average temperature and NGFS scenarios showing possible policy transition patterns (see Patterns of environmental change below). We also assumed the pathways and nature of the impacts on the Group under the scenarios (see Scenarios of risk spillover and impacts (example) below), and have assessed risks for each pattern.

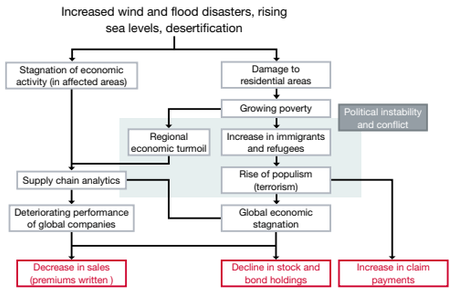
Patterns of environmental change (low, medium, high)

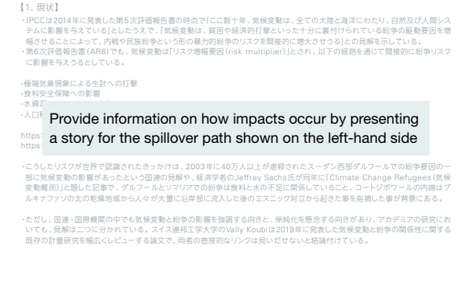
	IPCC	NGFS
Low	SSP1-1.9	Orderly/Net Zero 2050
Medium	SSP2-4.5	Disorderly/Delayed Transition
High	SSP5-8.5	Hot House World/Current Policy, Nationally Determined Contributions (NDCs)

Scenarios of risk spillover and impacts (example)

Spillover pathway
(image of path leading to influence in our company)

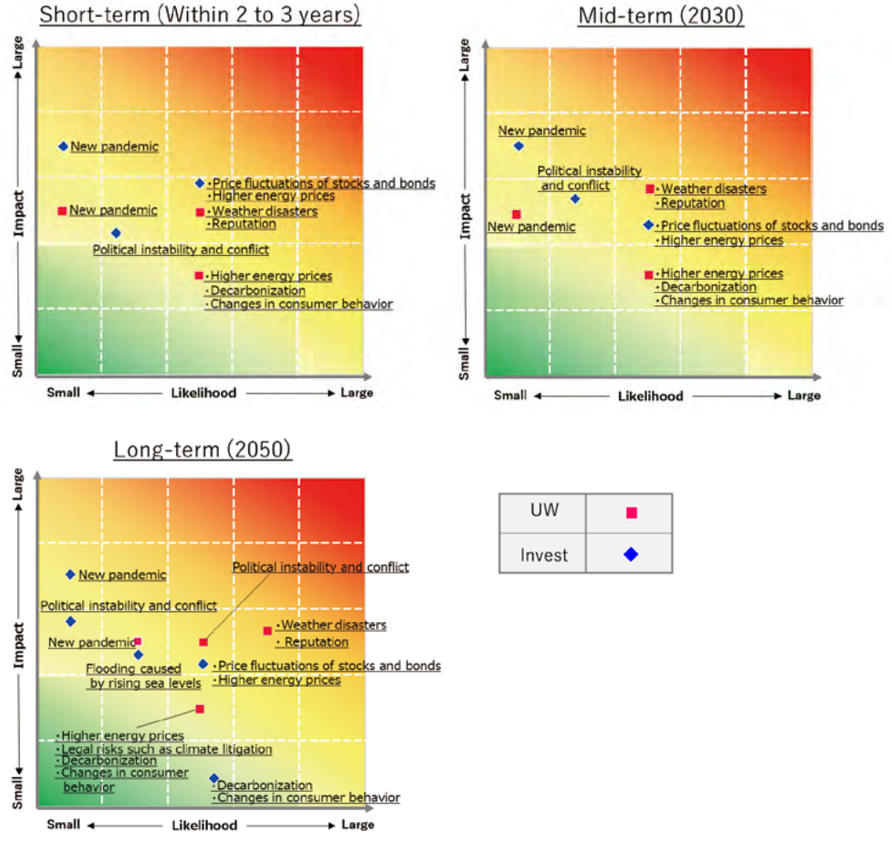
Expected impacts
(impacts related to the spillover pathways shown at left)





Based on the assessment results, risks that require continuous monitoring are visualized as a climate change risk map, which indicates the impact, likelihood, timing of occurrence, and trends of risks that affect underwriting and investment. These are discussed by the Group ERM Committee and reported regularly to the Board of Directors and other executive bodies.

Risk map based on assessment results (Medium SSP2-4.5/Disorderly)



Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Additionally, we believe that Group business activities other than underwriting and investment are subject to other risks, such as the legal impact of litigation. We believe the impact and likelihood of each scenario in the risk assessment to be moderate, and will continue to collect and analyze information to understand the risks.

	Cause	Impact
Legal impact of litigation, etc.	Delays in climate change initiatives and inadequate disclosure	Lawsuits for compensation filed against the Group and group companies

Table: Risks to our group businesses other than underwriting and Investment. Note that assessments have been conducted regarding impacts on underwriting and Investment.

(2) Integration with existing risk management frameworks

Risk awareness identified in the climate change risk framework is reflected in the main scenarios for material risks and managed accordingly (see table below).

Climate change-related material risks and their main scenarios

Material risks	Main scenarios related to climate change
Climate change risk	Increased claim payments in fire and other insurance lines and reinsurance costs due to increased severity or frequency of wind and flood disasters
Sustainability risk	Tighter policies, laws and regulations for decarbonization, and price volatility of stocks and bonds due to technological innovations etc.
Business disruption	Prolonged suspension of critical operations, loss of human life, etc. due to large-scale natural disasters and other events that exceed the assumed scenarios etc.
Pandemics	Increased occurrence of serious new infectious disease pandemics due to deforestation and thawing of permafrost

We will also incorporate the knowledge gained through the climate change risk framework into our existing risk control system framework, which involves capital management, stress testing, risk limit management, and liquidity risk management, thereby enhancing the overall sophistication of our risk management.

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Activities and Achievements Metrics and targets

(1) Metrics for assessing risks and opportunities

We are evaluating our climate-related actions based on the recognition that implementing them will reduce risks and capture new business opportunities for the Group. We are also referring to the global core disclosure indicators in the TNFD framework for nature-related indicators and including them in the following indicators for our evaluation.

Category*1		Unit	FY2024*2	Core Global Metrics (TNFD)	
				Driver of nature change	Indicator
GHG emissions (Scope 1, 2, 3 excluding insurance underwriting, investments and loans)		t-CO_2e	Calculating*9	Climate change	GHG emissions
GHG emissions (Scope 3 Category15: Investments and loans)*3*4	Equities	t-CO_2e	925,692		
	Bonds	t-CO_2e	804,126		
	Total	t-CO_2e	1,729,817		
Intensity*5	Equities	t-CO_2e/¥100 million	60.27	—	—
	Bonds	t-CO_2e/¥100 million	67.70		
	Total	t-CO_2e/¥100 million	63.51		
Weighted average carbon intensity (WACI) (Scope 3 Category15: Investments and loans)*6	Equities	t-CO_2e/Million USD	137.51	—	—
	Bonds	t-CO_2e/Million USD	142.77		
Renewable energy introduction rate*7		%	Calculating*9	—	—
Electricity consumption		kWh		—	—
Paper consumption		t		Resource use, replenishment	Quantity of high-risk natural commodities sourced from land, ocean, freshwater
No. of participants in biodiversity conservation activities and environmental education programs		persons	11,629	—	—
Total surface area controlled, managed		m^2	Calculating*9	Change in land, freshwater, ocean use	Total spatial footprint
Clean water usage*8		kl		Resource use, replenishment	Water withdrawal and consumption from areas of water scarcity
Wastewater discharge		kl		Pollution, pollution removal	Wastewater discharged
Total amount of waste generated		t		Pollution, pollution removal	Waste generation and disposal
Amount of waste recycled		t			
Breakdown by disposal method	Landfill	t			
	Incineration	t			
	Other forms of disposal	t			
	Disposal method unknown	t			

*1 The scope of the indicators covers domestic and overseas consolidated subsidiaries (Japanese GAAP basis).
*2 "GHG emissions (Scope 3 Category 15: investments and loans) "Intensity," and "Weighted Average Carbon Intensity (WACI) (Scope 3 Category 15: investments and loans)" reflect actual results for fiscal year 2023.
*3 Calculated for Scope 1 and 2 of listed equities and corporate bonds in Japan and overseas using data provided by MSCI ESG Research. (Coverage: FY2023: 84% of listed equities and 79% of corporate bonds, both Market value basis)
*4 GHG emissions are our company's share of the investee's EVIC (Enterprise Value Including Cash) base.
*5 Intensity is the amount of GHG emissions per unit of investments and loans. The amount of investments and loans in overseas business is calculated in yen using the exchange rate in 2019 (base year).
*6 WACI is the weighted average of GHG emissions per unit of sales for each investee's portfolio holdings.
*7 The adoption rate of renewable energy includes usage via renewable energy certificates.
*8 It shows the amount of water used by our Group. We will continue to check whether this applies to areas with water scarcity.
*9 After calculation, the data will be published on ESG Data/Sompo Holdings website.

Response to TCFD and TNFD

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

(2) Indicators for evaluating nature-related dependencies and impacts

The TNFD's additional guidance for financial institutions* encourages financial institutions to disclose their financial exposure to sectors in which they expect to have significant nature-related dependencies and impacts.

With reference to the priority sectors in the guidance, the percentage of the Group's insurance underwriting, investments and loans amounts for the 18 sectors listed in (2) Nature-related strategy, 2-1. Identifying and evaluating dependencies and impacts in underwriting, investments and loans, including chemicals, automobiles and auto parts, transportation (including passenger transportation), and warehousing, is as shown below.

* TNFD Additional guidance for financial institutions version 2.0

Category	Percentage of financial sector amounts (core sector disclosure metrics for financial institutions)
Insurance Underwriting	51.3%
Investments and loans	46.8%

(3) Targets for managing risks and opportunities

The Sompo Group has set the following targets and is managing their progress.

Going forward, we will also consider setting nature-related targets.

Category	Target
SOMPO's GHG emissions reduction rate	2030: 60% reduction (compared to 2017) 2050: Net-zero emissions * Scope 1, 2, 3 (excluding underwriting, investments and loans)
Investments and loans GHG emissions reduction rate	2025: 25% reduction (compared to 2019) 2050: Net-zero emissions * Scope 3 Category 15 is covered (target assets are listed equities and corporate bonds) * Emissions in 2019, the target base year, were as follows: Equities: 1,013,157 t-CO_2e Bonds: 1,059,379 t-CO_2e Total: 2,072,536 t-CO_2e 2030: 50–60% reduction compared to 2019, based on intensity (GHG emissions per unit of investments and loans amount) * Target assets include listed equities, corporate bonds, loans to listed companies, and listed equity and corporate bond funds.
Switch to renewable energy for electricity usage	2030 adoption rate: 70% 2050 adoption rate: 100% * Including utilization through renewable energy certificates
Transition Insurance Target	FY2026: 25 billion yen * We have set a target for the direct insurance premiums of insurance products that contribute to decarbonization.

Climate Change and Nature-related Initiatives

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

The SOMPO Group is seeking to provide new products and services that support the response to climate change and contribute to the conservation and restoration of nature and biodiversity through collaboration with an array of stakeholders, including local communities, NPOs, NGOs, and through partnerships between industry, government agencies, and academic institutions.

With regard to climate change risks and opportunities, we have formulated SOMPO Climate Action which entails three different approaches. The first is an adaptation approach that helps enhance societal resilience by developing and offering products and services through collaboration. The second is a mitigation approach that seeks to achieve net-zero greenhouse gas emissions for the Group. Finally, we are pursuing a comprehensive approach that seeks to support the transition of society by collaboration and engagement with stakeholders. We are also advancing initiatives toward nature positivity through the promotion of projects addressing nature-related environmental issues such as biodiversity loss, and through the provision of products and services.

Activities and Achievements

Adapt to climate change

Development and Deployment of “SORA Resilience”

“SORA Resilience” is a collaborative web service that combines Weathernews Inc.’s wealth of weather-related data and knowledge, Sompo Japan Insurance’s insurance data and knowledge, and Sompo Risk Management’s risk control know-how. We named the service “SORA Resilience” because its purpose is to enhance customers’ resilience in the face of damage to their supply chains and to help them continue their business operations as climate change brings about more frequent natural disasters.

Related Information: Disaster Prevention and Mitigation (Improving Society’s Resilience to Natural Disasters) (P.157–158)

Launch of customized indemnity against climate risks: Adaptation finance initiative to support and promote corporate adaptation to climate change

Sompo Japan Insurance has launched an initiative to provide customized indemnity against climate risks that have a significant impact on corporate management and business activities. For companies in various industries, the impact of climate risks on management and business activities is uncertain. The use of adaptation finance, including property and casualty insurance, is effective in reducing such uncertainty and stabilizing risks. Under the new initiative, we will disclose our specialized knowledge of insurance products for climate risks to customers and, with the support of a team of experts, provide a comprehensive array of services, ranging from customized insurance product design to underwriting. In this way, we will support customers in adapting to climate change and contribute to more stable sustainable corporate management and business activities.

Providing “SOMPO SUSTAINA”

SOMPO Risk Management has accumulated expertise in addressing corporate challenges and risks, such as adapting to climate change and increasing resilience against natural disasters, developed through our Group’s experience in the insurance business and other endeavors. To enable more customers to make effective use of this expertise for climate change action, we provide an online platform called “SOMPO SUSTAINA,” which allows users to easily quantify and visualize the future impact of physical risks from climate change, such as floods and typhoons, as well as earthquake risks on property and business activities. Climate change has brought about an increase in, and intensification of, natural disasters, including rising sea levels and more frequent heavy rainfall. These events are impacting people’s livelihoods and natural ecosystems in various ways. As a result, accelerating efforts to achieve carbon neutrality has become a pressing issue for everyone worldwide. Around the world, initiatives are being implemented to promote decarbonization in businesses and industries and to strengthen competitiveness. Even in Japan, numerous projects are being carried out with the aim of achieving carbon neutrality by 2050. In addition to mitigating climate change, technological innovation for the purpose of adapting to a changing environment is necessary, while the values of consumers and investors are also shifting. To respond to these changes, companies are expected to take action and drive innovative breakthroughs to achieve sustainable business growth. To address social issues—something that all companies are obligated to tackle—Sompo Risk Management and Sompo Japan Insurance are promoting the “SOMPO SUSTAINA” platform to corporate customers in collaboration with other financial institutions and partner organizations. Through “SOMPO SUSTAINA,” we will look to contribute to solving various challenges that companies face in achieving sustained growth and to the realization of a sustainable society.

“SOMPO SUSTAINA” enables corporate customers to visualize the physical risks of climate change

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Climate Change and Nature-related Initiatives

Initiative for early evacuation: Sales of "Disaster Prevention and Mitigation Expense Insurance"

Sompo Japan Insurance has been offering insurance for municipalities since April 2017 to cover the costs of evacuation in the event of a natural disaster. By reducing the financial burden of early evacuation, Sompo Japan Insurance aims to help municipalities make prompt and appropriate decisions on evacuation orders, etc., and prevent or mitigate the damage caused by disasters.

Sales of "Evacuation Supporters' Insurance" for municipalities

Sompo Japan Insurance provides "Evacuation Supporters' Insurance" for municipalities to support evacuation activities of evacuation supporters in individual evacuation plans and residents participating in local disaster prevention activities.

Rollout of Bosai JAPAN-DA Project

Sompo Japan Insurance is running experience-based disaster prevention workshops for children—society's future leaders—and their guardians with the aim of helping them acquire knowledge and safe behaviors to protect themselves in emergency situations. SOMPO-style Evacuation Map "Nigechizu"* Workshops, one of our content offerings, contributes to building communication among participants and fostering both "mutual aid"—community support—and "self-reliance"—taking personal responsibility for disaster preparedness and evacuation. Furthermore, newly added programs like "My Emergency Kit Puzzle" and "SOMPO de Manaboccia" expand our awareness activities on the importance of preparedness in everyday life.

* Nigechizu is a registered trademark of NIKKEN SEKKEI LTD.

For further details, please refer to Corporate Citizenship Activities (P. 177)

Rollout of the Tsunagaru Bosai Project: Disaster prevention and mitigation initiatives including people who require special care

In partnership with the Japan NPO Center and the Foundation for Promoting Sound Growth of Children, since October 2022 we have run the Tsunagaru Bosai Project (or Inclusive Disaster Prevention Project).

For further details, please refer to Corporate Citizenship Activities (P. 178).

AgriSompo

Sompo's Overseas business contributes to a stable food supply through AgriSompo's crop insurance products. AgriSompo offers a number of insurance and risk management products designed to help close the protection gap through a growing U.S. platform that covers over 80 million acres across the country, supporting a stable and affordable food supply as well as a Global Reinsurance program for existing and emerging crop insurance programs.

Activities and Achievements

Mitigate climate change

Group initiatives to achieve net zero greenhouse gas (GHG) emissions

As for our own GHG emissions, we have set a target of a 60% reduction (compared to 2017)* in Scope 1, 2, and 3 (excluding insurance underwriting, investments and loans) by 2030 and a net zero emissions by 2050. To achieve this goal, we have set a target of "70% introduction of renewable energy by 2030," in addition to energy conservation efforts such as the use of LEDs for electricity consumption, which accounts for a particularly large portion of GHG emissions. We are working on the roadmap to achieve this goal, including switching to renewable energy sources for power generation in our buildings.

* Science-based targets consistent with the Paris Agreement's 1.5°C target (a reduction of at least 4.2% each year).

ZEB Oriented certification* for Sompo Japan Business Processing Center Building

Sompo Japan Insurance has acquired ZEB Oriented certification for its Business Processing Center Building, located in Shinmachi, Nishitokyo City. Sompo Corporate Services, one of our subsidiaries, supported receiving this certification.

* The indicated office building has a total floor area of 10,000m² or more and reduced primary energy consumption by between 40% to 50%.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Climate Change and Nature-related Initiatives

Initiatives to contribute to the green transition of our clients and society

Investments and loans

As for the GHG emissions of our investees, in addition to our interim target of reducing emissions by 25% by 2025 compared to 2019, we have set a new interim target of reducing intensity* in the 50–60% range in 2030 compared to 2019. To achieve this target, we are promoting a shift from high GHG emitting sectors to low GHG emitting sectors at the time of the maturity redemption of bonds, and engagement with the top 20 high GHG emitters among our equity holdings.

We also provide sustainability-themed investment and loans that contribute to the sustainable development of our business partners and society, including the transition towards a green society.

<Details of interim targets>

Target year	2025	2030
Target	25% reduction	50–60% range reduction
Base year	2019	2019
Asset Class	Listed equities, corporate bonds	Listed equities, corporate bonds, loans to listed companies, listed equity and corporate bond funds
Indicators	GHG emissions	Intensity (GHG emissions per unit of invested amount)

* Intensity is an indicator that is not easily affected by increases or decreases in the balance of investments and loans. It was established as an indicator of GHG emission efficiency in order to not only reduce the GHG emissions of our investment and loan portfolio, but also to promote the green transition of our portfolio companies and society at the same time.
* The target value is set based on the guidelines of the Net Zero Asset Owner Alliance (NZAOA), an initiative of international investment institutions, as the 1.5°C target level of the Paris Agreement.

Insurance underwriting

We have set a “Transition Insurance Target” aiming to achieve premium income of 25 billion yen in fiscal 2026 for insurance products that contribute to decarbonization both domestically and overseas. To achieve this target, we are working to develop products and services that contribute to the spread of renewable energy and energy conservation, including the “ONE SOMPO WIND Service” (insurance and risk management service for offshore wind power operators).

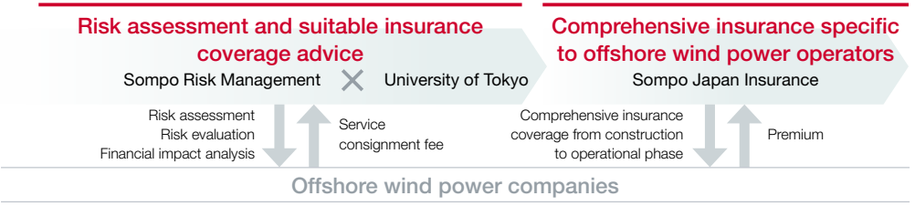
In addition, we calculate GHG emissions in insurance underwriting (Insurance-Associated Emissions) using data* from companies that disclose GHG emissions (Scope 1, 2).

* Calculated by using a method for measuring GHG emissions in the commercial insurance sector developed by Partnership for Carbon Accounting Financials (PCAF) in November 2022

For further details, please refer to Sustainability through Underwriting, Investments and Loans (P. 91–96).

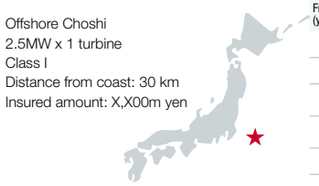
Providing “ONE SOMPO WIND Service” for offshore wind power operators

Sompo Japan Insurance and Sompo Risk Management launched the “ONE SOMPO WIND Service,” which provides offshore wind power operators with end-to-end services, including risk assessments ranging from construction work through business operation and comprehensive risk coverage, as part of efforts to promote offshore wind power projects with extremely low carbon dioxide emissions.



Quantitative risk evaluation image

(Unit: ten thousand yen)



Frequency (years)* \ Risk	Typhoon, waves	Lightning	Electrical/ Mechanical	Lost profit	Total
500	50,700	81,600	57,120	48,960	238,380
200	29,380	64,300	45,010	38,580	177,270
100	21,600	69,910	34,937	29,946	456,393
50	14,400	38,030	26,621	22,818	101,869
20	290	23,890	16,723	14,334	55,237
10	0	15,090	10,563	9,054	34,707

* Index that indicates the frequency of events that exceed a certain scale of damage

Note: Entrusted to Sompo Risk Management, the University of Tokyo collaborated in joint research on risk assessment models.

Evolution of the offshore wind power risk assessment model and its utilization for enhancing insurance underwriting

Sompo Japan Insurance and Sompo Risk Management have evolved our Offshore Wind Power Risk Assessment Model*, developed in May 2016, based on up-to-date information. In particular, based on recent accident data on offshore wind farms in Japan and overseas, the latest academic research results, and other knowledge, we improved the accuracy of risk assessments by updating the frequency of occurrence for the Cable Accident Model and improved the cost parameters for the Charter Cost Model. In addition, we began providing these upgraded risk assessment services for offshore wind power operators that construct and operate multiple offshore wind farms.

* This risk assessment model is a tool for estimating the probability of property damage caused by wind damage, lightning, and mechanical and electrical failures at offshore wind farms, as well as the loss of profit resulting from such property damage. In October 2024, we also launched a risk assessment service for land-based battery storage facilities installed at offshore wind farms.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Climate Change and Nature-related Initiatives

Development of decarbonizing management support service for small and medium-sized enterprises

Sompo Japan Insurance launched a Decarbonizing Management Support Concierge service in December 2024 with the aim of supporting the efforts of small and medium-sized enterprises (SMEs) to decarbonize. The service offers easy-to-use tools and support, including visualization of CO_2 emissions, formulation of GHG emissions reduction plans, and consultations prior to the diagnosis of energy conservation, to help the smooth transition of SMEs to decarbonized management. The background for launching this service includes the planned phased mandatory implementation of SSBJ standard disclosures for listed companies, which is expected to accelerate efforts to measure greenhouse gas emissions across the entire supply chain and reduce emissions. Additionally, large corporations are increasingly requesting cooperation from SMEs regarding emissions measurement and decarbonization initiatives. Sompo Japan Insurance will continue to support SMEs in decarbonizing their management in collaboration with local partners, including local governments, chambers of commerce and industry, and regional financial institutions.

Providing “SOMPO-ZELO”* risk solutions series to support supply chains for hydrogen, ammonia, and other next-generation energy sources

SOMPO Japan Insurance and Sompo Risk Management are advancing the development and provision of insurance and risk management consulting through their risk solution series “SOMPO-ZELO.” This series supports the construction of supply chains for next-generation energy sources, including hydrogen and ammonia, encompassing peripheral technologies such as ammonia-fueled ships. They are contributing to the implementation and stable operation of next-generation energy supply chains. We began providing solutions based on this series in April 2022. In the first phase, we developed Japan’s first insurance dedicated to ammonia transportation, followed by insurance dedicated to hydrogen transportation. In June 2024, trials were conducted on the use of technology to analyze GHG emissions (methane) drawing on satellite imagery.

* The “ZELO” in SOMPO-ZELO stands for “Zero carbon × Logistics.”
Aiming for “net zero (carbon neutrality)” and “zero risk,” SOMPO-ZELO seeks to support the construction of next-generation energy supply chains and their implementation in society by providing dedicated risk solutions designed from scratch (free from preconceived notions).

Announced at COP29: GHG reductions through the use of satellite data

Sompo Japan Insurance is working with Momentick Ltd. to provide insurance products, risk consulting services, and other solutions using methane emissions detection technology based on satellite data. In November 2024, we participated in a seminar hosted by the Ministry of the Environment at the Japan Pavilion at Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) held in Baku, Azerbaijan. At the seminar, we showcased our efforts to develop and promote insurance products and services that leverage this technology to reduce GHG emissions.

Comprehensive insurance for tidal current (ocean current) power generation to support the uptake of offshore renewable energy

Sompo Japan Insurance and Sompo Risk Management are offering comprehensive insurance for tidal current (ocean current) power generation and risk management services related to offshore renewable energy, with the goal of supporting, from the perspectives of insurance and risk management, initiatives and challenges aimed at practical application of power generation technology using various marine energy sources (ocean currents, tidal currents, etc.).

A service to promote the reuse of solar panels damaged in a natural disaster

Sompo Japan Insurance and Sompo Risk Management have launched an initiative to reuse solar panels damaged by natural disasters that otherwise would have been discarded by referring owners to companies that can reuse and recycle the panels at the time of insurance claim payment.

A rider for rebuilding expenses to cover the cost of rebuilding a damaged home

Sompo Japan Insurance, to respond to the needs of customers who have experienced natural disasters such as typhoons and heavy rains, offers a rider to cover the cost of rebuilding the home, and through this rider, will encourage the spread of housing that complies with energy conservation standards.

Climate Change and Nature-related Initiatives

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Initiatives through collaboration with stakeholders

Business partners

Sompo Japan Insurance is working on environmental and sustainability efforts with the entire value chain, in collaboration with all of our business partners. They communicate and ask for cooperation with our stances toward action by sharing the Group Sustainability Vision, Environmental Policy, and Sustainable Procurement Policy with business partners, including contractors that provide waste collection, transport and disposal, as well as printing, logistics, and food services. They also communicate to business partners about our efforts to consider the environment, including proper waste management and a ban on hazardous materials being brought into our buildings, as well as a ban on the use of products of international concern, such as products manufactured through child labor or forced labor, or the use of conflict minerals. Also, in the selection and purchasing of paper, they select suppliers from the perspective of promoting recycled paper, and have established green procurement routes.

Agencies

Cooperating with its agencies nationwide, Sompo Japan Insurance is working to reduce environmental impacts throughout the entire value chain through continuous awareness raising and organizational promotion of environmental protection initiatives in communities. Since 2008, the AIR Auto Club, a national organization of auto body shop agents, has been developing Air eShop 21, a voluntary chain group of auto body shop operators who are actively engaged in environmentally friendly business activities. The Air eShop 21 group has been making efforts to reduce CO_2 emissions by acquiring ISO 14001 certification, an international environmental standard, for all its stores. In addition, each member store of the group has been making efforts to “promote the use of recycled parts” and “reduce the use of electricity,” which are particularly effective in reducing CO_2 emissions in the auto body repair business. It has steadily reduced CO_2 emissions every year, achieving a reduction of approximately 53.68 tons in FY2024. This is equivalent to the amount of CO_2 absorbed by 4,880 beech trees in one year. Meanwhile, the national pro agencies’ organization, JSA Chukakukai, in partnership with the AIR Auto Club, is promoting green procurement using an Internet-based centralized purchasing system. The organizations have a combined membership of 2,500 registered members (as of March 2025). Through social contribution activities rooted at the local level, the agency organizations are acting as points for information dissemination and spreading our efforts to customers nationwide.

Activities and Achievements Contribute to societal transformation

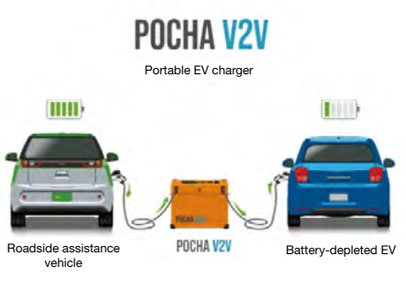
Development of dedicated insurance for “everiwa Charger Share*”

Sompo Japan Insurance in collaboration with Panasonic, developed a dedicated insurance product for the EV charger-sharing platform, “everiwa Charger Share.” The purpose of this insurance is to cover risks such as property damage, personal injury, and illegal parking that may occur between EV charger hosts and EV users. This initiative aims to boost the prevalence of EVs and help create a sustainable community.

* “everiwa Charger Share” is a trademark of the Panasonic Holdings Corporation.

Launch of rapid on-site charging service for auto insurance policyholders with electric vehicle battery failure

Sompo Japan Insurance and Prime Assistance have launched a rapid on-site charging service for battery-powered electric vehicles (BEV) for customers in certain regions who have auto insurance policies with Sompo Japan Insurance. Under this service, customers who have taken out Sompo Japan auto insurance with a roadside assistance clause can call for a tow truck for their BEV through the roadside assistance desk and choose to have their vehicle charged on site if desired. If customers choose to have their vehicle charged on site, Prime Assistance arranges for a partner tow truck operator to quickly go to the scene and provide up to 30 minutes of rapid charging free of charge. The service will initially be available in 15 prefectures, primarily in the Kanto and Kansai regions, with plans to gradually expand the service area. By addressing various BEV-related concerns, we aim to contribute to the widespread adoption of electric vehicles in Japan.



Climate Change and Nature-related Initiatives

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Contributing to social transitions through collaboration with stakeholders

- Joint research agreement between the University of Tsukuba and Sompo Risk Management on climate change risk assessment.
- Partnership agreement with Weathernews Inc. to create new value and businesses to solve social issues related to climate change and global warming.
- Establishment of Disaster Risk Finance-Industry-Academia Joint Research Division in collaboration with Disaster Prevention Research Institute, Kyoto University.
- Gifu University of Tokai National Higher Education and Research System and Sompo Institute Plus Inc. signed a joint research agreement to study flood risk prediction and social impact and adaptation measures due to climate change and publish their findings. etc.

Initiatives for fostering environmental personnel

- The SOMPO Environment Foundation implements the Public Seminars on the Environment program, and the CSO Learning Program, which provides a seven-month internship experience at a CSO (civil society organization) in the environmental field for university students and graduate students.
- Group executives and staff members engage in volunteer activities, mainly through the SOMPO Chikyu (Earth) Club, a volunteer organization of which they are members.
- To gain more in-depth understanding of environmental issues, we conduct annual sustainability and human rights training (including e-learning) for all Group employees. Training covers topics such as the negative effect of climate change and biodiversity loss on the company and measures to mitigate these issues.

Activities and Achievements

Nature-related Initiatives

SAVE JAPAN Project

Overview of the project

Sompo Japan Insurance is collaborating with the Japan NPO Center, regional NPO support centers, and environmental NPOs to conduct community-based biodiversity conservation activities nationwide. These activities are funded in part by the cost savings generated from the customers who opt for web-based policy clauses and web-based insurance policy certificates. This project began in 2011, the year after the adoption of the Aichi Targets at the Tenth Meeting of the Conference of the Parties (COP10) to the Convention on Biological Diversity.

As of the end of March 2025, we have successfully protected more than 300 rare species and engaged over 68,600 participants in a total of 1,157 events held across all 47 prefectures of Japan. Through initiatives we have undertaken for more than 10 years, we work with companies and NPOs together with local residents to create environments where living creatures can thrive. Our efforts have helped create value by raising awareness among participants, strengthening the foundation of environmental organizations, and building networks within the community.

Children learning about the importance of horseshoe crab conservation at the Nakatsu tidal flat wildlife observation event in Oita Prefecture.

Shift in initiatives

With the loss of biodiversity drawing attention as a social issue that is inseparable from climate change, there is growing momentum to address this issue by achieving nature positivity.

Therefore, the SAVE JAPAN Project will evolve its existing initiatives and launch efforts toward the international “30 by 30” goal of conserving over 30% of land and sea by 2030, contributing to the realization of Nature Positive.

Climate Change and Nature-related Initiatives

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Comment from a grant recipient

In Oita Prefecture, OITA NPO DESIGN CENTER and NPO Nakatsu Waterfront Consrvation Association Profiles have been carrying out activities at the Nakatsu tidal flats since 2013. This is also a pioneering area in Japan's Ecosystem-based Disaster Risk Reduction (Eco-DRR*1) initiative, in which citizens have built setback embankments through conservation activities. This project includes sessions to observe the tidal flats, initiatives to foster exchanges between researchers and local residents, and ongoing conservation activities encompassing rivers and ponds connected to the tidal flats. As a result, both the Nakatsu tidal flats and the Onashi wetlands—the habitat of the rare bekko tombo dragonfly—have been registered as OECM*2 sites. We believe this achievement is the result of sustained collaboration over the long term. I look forward to making further headway in our collaboration with NPOs nationwide as partners in sustainable regional development.

Keizo Yamashita
Representative Director, Oita NPO Design Center
(Supporting NPO)

Rollout of 100 OECMs Project

The "30 by 30" target—which aims to effectively protect at least 30% of the world's land and sea areas as healthy ecosystems by 2030—was incorporated into the Kunming-Montreal Global Biodiversity Framework (GBF) adopted at the 15th Conference of the Parties (COP15) to the Convention on Biological Diversity. This target has also been included in the National Biodiversity Strategy of Japan 2023–2030, based on cabinet approval. Building on the strong affinity with the P&C insurance business, given that the business also contributes to Japan's Eco-DRR initiative, Sompo Japan Insurance is working to promote OECM*2 sites to help achieve the "30 by 30" target.

We are implementing a project that aims to build disaster-resilient communities by supporting the registration of OECM sites for urban green, forests, and coastal areas owned and managed not only by the Sompo Group, but also by other corporations and local governments. Three areas were certified as Nationally Certified Sustainably Managed Natural Sites by the Ministry of the Environment Japan for FY2024 by the SAVE JAPAN Project.

*1 Ecosystem-based Disaster Risk Reduction (Eco-DRR): Prevention and reduction of disasters by utilizing ecosystems.
*2 Other Effective area-based Conservation Measures (OECM): Areas outside national parks or other protected areas that contribute to biodiversity.

Running "Sompo's Forest"

Sompo Japan Insurance has signed agreements with eight municipalities across Japan with the aim of supporting forest management activities. We run volunteer activities for forest management and environmental education involving people from the community, Group employees, our agencies, and their families. Through the Sompo's Forest initiative, we are communicating information about the relationship between forest conservation and improving disaster resilience, and ultimately building disaster-resilient communities.

Forest management work in Nagano Prefecture (left) and Miyazaki Prefecture (right)

Japan's first compensation scheme for forest-derived carbon credits

Since December 2022, Sompo Japan Insurance has been providing compensation for forest-derived carbon credits*1 for the voluntary credit*2 market, the first initiative of its kind in Japan to reduce GHG emissions with the utilization of natural capital.

With the aim of promoting the introduction of forest credits, this compensation addresses the risk associated with reduced CO_2 absorption in the event that a forest owned by a credit creator is damaged, potentially resulting in the inability to obtain expected credits. Furthermore, Sompo Japan Insurance has contributed to natural capital conservation by participating in the NCCC*3 since its inception, working to create voluntary carbon credits, and winning the "2024 Sustainable Finance Awards"*4 selected by the Research Institute for Environmental Finance (RIEF) in fiscal year 2024.

NCCC
Natural Capital Credit Consortium

*1 A credit that certifies reductions in CO_2 or other greenhouse gases through forest protection, afforestation, and similar activities.
*2 A system that allows companies to issue credits (emission credits) for reductions in CO_2 and other greenhouse gases (amount reduced or absorbed) through forest protection, afforestation, introduction of energy-saving equipment, etc., and to trade them with other companies.
*3 Natural Capital Credit Consortium (NCCC): Chairperson: Professor Shunsuke Managi, Kyushu University
*4 Reference: (press release) 2024 Sustainable Finance Awards Toward the Revitalization of Local Communities in Japan and the Realization of Nature Positivity (Japanese only)

Climate Change and Nature-related Initiatives

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Formulating an insurance underwriting scheme for land-based aquaculture through a tie-up with Japan Movable Property Appraisal

Even as global demand grows for marine products and other protein sources, overfishing, global warming, red tides caused by sea farming, and fish diseases have emerged as key social issues related to food and the environment. One way of improving this situation involves focusing attention on closed-cycle land-based aquaculture. Here, Sompo Japan Insurance has established a system for smoothly carrying out risk surveys at the time of underwriting in collaboration with Specified Nonprofit Corporation Nippon Movable Property Appraisal. We will strengthen this collaboration to promote the spread and further development of land-based aquaculture, which is attracting attention as a means of resolving food and environmental issues.

Providing “TNFD Disclosure Support Service (Nature-related Risk Analysis)”

The disclosure of information on natural capital and biodiversity is gaining traction among corporations, and in September 2023, the TNFD released a framework for companies to follow when disclosing such information. Coinciding with the release of the TNFD framework, Sompo Risk Management started providing its own TNFD Information Disclosure Support Service (Nature-related Risk Analysis) in September 2023 in order to assist companies with their efforts to analyze and disclose information about natural capital and biodiversity.

Funding “Sompo Japan Green Open (Buna no Mori)”

Sompo Asset Management manages a fund called Sompo Japan Green Open Fund (Buna no Mori), which it launched in September 1999. The fund invests in companies actively tackling environmental issues, which means that investors can expect their contributions in the fund are indirectly contributing to environmental conservation efforts. As a pioneer in ESG investment in Japan, Sompo Risk Management conducts an environmental management analysis, in which it surveys and evaluates the company’s environmental initiatives, before selecting the stocks to be included in the analysis. In FY2024, to commemorate the 25th anniversary of the start of the fund’s management, we made donations to two NPOs engaged in forest conservation and restoration activities.

AgriSompo

In our overseas business, we are contributing to stable food supply by providing indemnity for crop yield losses brought about by various natural factors, including drought, flood, pests, and diseases, through the crop insurance products of AgriSompo.

For further details, please refer to the section on AgriSompo (P. 116).

Encouraging People to Develop Skills Needed for Environmental Protection

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

Activities and Achievements

Sompo Environment Foundation

Sompo Environment Foundation, based on its philosophy of "Fostering People Who Plant Trees," supports education, human resource development, action and research in conservation and other environmental fields with the goal of contributing to global environmental protection.

Public Seminars on the Environment

The foundation, in collaboration with Sompo Holdings and the Japan Environmental Education Forum, has been running environmental lectures for the public for the last 32 years since 1993. The lectures are geared towards raising an understanding and awareness of environmental issues among citizens so that people can implement concrete actions in their own way. The lectures usually focus on themes of the SDGs and sustainability. Since FY2020, the lectures have been held for free online due to the pandemic, which means people from all over Japan can participate. In FY2024, the overarching theme was "Re-Think Sustainability: Nine Tips for a Fulfilling Lifestyle." In response to the dynamic changes needed to achieve a sustainable society, the series featured nine regular lectures and one extraordinary lecture on considering new "fulfilling" lifestyles from various angles. As of March 2025, a total of 53,600 participants had attended. Also, recordings of the lectures are also provided for the benefit of people who were unable to attend on the day or for people who wish to view the lecture again to deepen their understanding.

Comments from participants in FY2024

- To tackle a major issue like global warming, it's important to make people, even hundreds of millions of people, recognize that this issue is their own responsibility and to bring together the impact of every individual's actions to create a vast movement. I felt like this lecture was helpful in achieving that end.
- The lecture was really easy to understand. Even if something came up and I couldn't attend, the fact that registrants could watch a recorded stream for a limited time was very appealing, and helped motivate me to participate.
- As I was listening to the lecture, I could sense how deep the environmental issues were and their future potential as a business.
- The talk was very easy to understand—I was so engrossed in listening that time just flew by.
- Rather than the typical pessimistic and sensationalistic approach to environmental issues, I thought the idea of "enjoying pursuing environmental activities" was really nice.
- I hope Sompo will continue to grow as it seriously addresses increasingly complex environmental issues. If other companies like Sompo emerge, they will compete with one another, which will feed into the creation of a better natural environment.

Comments from a co-sponsoring partner

I am proud of our work together as co-hosting partners of this pioneering corporate-NGO partnership project since 1993. There is no doubt that the environmental activities of all three of our organizations have grown along with this lecture series. In addition, based on what they learn in the lectures, participants are taking concrete actions to solve environmental problems. That's why I believe these lectures play an important role from the perspective of human resource development. I hope to contribute to the realization of a sustainable society by continuing these lectures into the future as well.

Tatsuhiro Kato
Secretary General, Japan Environmental Education Forum (JEEF)

Grant program for environmental protection projects

Since 1999 the foundation has awarded grants for environmental conservation projects to support groups working on environmental issues. These grants support projects that carry out practical activities and awareness-raising activities in a wide range of environment-related fields, including nature conservation, ecosystem conservation, waste issues, and climate and energy.

Grant program for doctoral course students

Since 2001 the foundation has provided academic research funding for graduate students' costs of writing PhD theses in the humanities and social sciences to support outstanding young researchers who are inspired to write on environmental themes. So far, a total of 122 people have been granted assistance through this program.

Encouraging People to Develop Skills Needed for Environmental Protection

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

CSO Learning Program

The foundation operates the CSO Learning Program, which provides an eight-month* internship experience at a CSO (Civil Society Organization: a concept that encompasses NPOs and NGOs) in the environmental field for university students and graduate students. Since the program was launched in 2000, we have worked together with CSOs to develop human resources who can contribute to the creation of a sustainable society. Even during the COVID-19 pandemic, online meetings and remote work were adopted to ensure the program continued without interruption, and the program has now run for over 20 years. So far, 1,391 students have completed the program (as of March 2025). Reflecting the foundation's philosophy of "Fostering People Who Plant Trees," graduates are now active as "those who plant trees" in a wide range of fields, including government offices, private companies, and CSOs. In 2019, the program was launched in Jakarta, Indonesia, and to date, six sessions have been held in Jakarta with a total of 127 students completing the program. Local governments and NGOs have high expectations for this program as a training program for new leaders.

* The program has been implemented for seven months from FY2025.

FY2024 CSO Learning Program closing ceremony

Batch 7 kick-off ceremony in Indonesia

Comments from people involved in the CSO Learning Program

I feel like the significance of the CSO Learning Program lies in the opportunity to learn practical knowledge about the environmental field and to consider a career in this field. My work with residents and people from other sectors to organize events and carry out tasks gave concrete form to what had been a vague interest in environmental issues and to the way I approach my work, and I was able to get clarity about my career goals. Because there are host organizations throughout Japan, I was also able to work with people I would've never met if I hadn't participated in the program. I hope to draw on these connections in whatever I do going forward.

Yuna Daido
(FY2023 Intern, KIKO Network)

As a staff member of Japan's Ministry of the Environment, I have been engaged in work such as conservation of rare wildlife, protection and management of birds and animals, and mainstreaming of biodiversity. I participated in the CSO Learning Program when I was a senior at university and learned the importance and difficulties of carrying out various environmental initiatives from the perspective of an NGO or NPO. I feel that this was a very important experience for me in my current job as an administrative officer, in which I have to build consensus among stakeholders. I'm still in contact with my peers whom I met through the program more than a decade ago, and we remain close colleagues who continue to take on new challenges together.

Shunichiro Toya
Deputy Director/Office for Mainstreaming Biodiversity, Biodiversity Policy Division, Nature Conservation Bureau, Ministry of the Environment, Japan* (FY2011 internship graduate)

* As of June 2024

Our interns gain experience on the frontlines of environmental conservation activities, and it's actually an exciting and valuable opportunity for the staff of WWF Japan as well. I am always amazed by the students' dedication and energy, such as the spirit with which they carry out even the humblest tasks, such as data analysis, with precision, the creation of excellent ideas that our staff would never have thought of, and the sense of responsibility they feel in taking on everything from planning to running a seminar. It is a truly wonderful program that also provides a training opportunity for the organization.

Tomonori Watanabe
Head of the Brand Communication Office, WWF Japan (CSO where interns are placed)

The SOMPO NGO Learning Internships Program, now in its seventh year, shows a commitment to environmental conservation and societal betterment. Its social significance lies in nurturing over 100 graduates, who are already contributing to environmental initiatives, indicating its success as more than just an educational program but a trigger for real-world environmental action. Through this program, the SOMPO group is playing a vital role in fostering young talent. We look forward to the continued success of this program, hoping it will produce many more leaders in the future.

Ms. Jo Kumala Dewi
Head of Environmental Generation Development Center, Ministry of Environment, Indonesia

Encouraging People to Develop Skills Needed for Environmental Protection

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Group Environmental Policy/ SOMPO Climate Action
Leadership on Global Environmental Issues
Response to TCFD and TNFD
Climate Change and Nature-related Initiatives
Encouraging People to Develop Skills Needed for Environmental Protection
Society
Data

Financial and Corporate Data Section

External recognition

Recipient of 18th Shinjuku Ward FY2024 Eco One Grand Prix Award

This program, organized by Shinjuku Ward in Tokyo (the location of our head office), recognizes initiatives that contribute to the realization of a zero-carbon city and the achievement of the SDGs, and that positively impact the environment and society in Shinjuku Ward. Our initiative—"connect with customers and cultivate environmental personnel"—received the Excellence Prize in the Environmentally Friendly Business category.

The award was strong recognition of the initiatives we have been pursuing in Shinjuku Ward for more than 20 years, including our open lectures on the environment for residents, the CSO Learning Program, and the Shinjuku Ward Green Path Environment Diary.

Awarded the Minister of the Environment Awards for Climate Action FY2023

Sponsored by the Ministry of the Environment, this award recognizes organizations that have made outstanding achievements in mitigating and adapting to climate change. The Sompo Environment Foundation received the award in the dissemination and promotion category for two initiatives addressing climate change: Public Seminars on the Environment and the CSO Learning Program in Indonesia.

Awarded the ESD* Activity Award for activities to create a sustainable society in FY2023

Under the auspices of the Ministry of the Environment, the Ecological Life and Culture Organization recognizes outstanding organizations that are engaged in environmental education, biodiversity conservation, and other activities that nurture the leaders of a sustainable society. The Sompo Environment Foundation was awarded the ESD Activity Award for its efforts to foster environmental talent in the youth generation through the CSO Learning Program.

* ESD: Education for Sustainable Development

Respect for Human Beings

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Concept and Policy Essential initiatives in pursuit of SOMPO's Purpose

The Sompo Group has established Integrity, Self-motivation, and Diversity as important values to be shared by all executives and employees under the Purpose of "For a future of health, wellbeing and financial protection."

In all of its global business activities, the Group is blessed with opportunities to collaborate with a wide range of stakeholders and rights holders. In this context, the Group aims to practice respect for human beings based on these values.

We recognize that promoting actions based on these values together with our stakeholders and rights holders will deepen our commitment to respect for human beings and eventually lead to the realization of SOMPO's Purpose.

Based on this recognition, we aim to promote our Group Policy for Human Rights in collaboration with all executives and employees, as well as with our partners, including business partners, collaborators, and contractors.

In order to promote understanding of and action toward this policy, we conduct a variety of educational and awareness-raising activities on a daily basis, and enhance the effectiveness of these activities through verification of their effectiveness.

Group Policy for Human Rights

We, the Sompo Group pledge to respect human rights of our all stakeholders in global markets including our group and all value chains. We will respect the international norms of behavior*, and simultaneously act with the highest ethical standards towards an inclusive, resilient, equitable and sustainable society.

Based on the perspectives set out below, we will address the human rights impacts of our activities while communicating with our stakeholders, establish an effective company approach and act, and continuously improve our approach and information disclosure. We respect human dignity as the foundation of universal human rights.

1. **Respecting human rights of stakeholders**
   We will respect human rights of all stakeholders associated with our global business activities, including customers and suppliers.
   We will avoid, prevent or mitigate adverse impact on human rights of our stakeholders. Should there be any abuse of human rights, we will address it promptly and adequately.
2. **Respecting human rights of employees**
   In all facets of labour practices, we will not discriminate on the basis of race, color, ethnic origin, religion, creed, nationality, birthplace, social status, descent, gender, sexual orientation, gender identity, sexual expression, pregnancy, marital status, age, disability or any other status.
   We, as a company, will take a global perspective, recognize individuality and inclusion, respect every employee's challenging spirit and speedy action, and ensure a dynamic working environment by maintaining and promoting every employee's health.
3. **Promotion of human rights in global markets**
   We will comply with the laws and regulations of the countries and regions where our business operations and value chains are based. At the same time, we will conduct our business by taking into consideration the local culture and customs, as well as the environment and society in accordance with the expectations of stakeholders, and take into account local human rights issues. We will conduct the highly transparent business and contribute toward economic and social development and creation of social values of local communities.
4. **Expectations for suppliers and business partners**
   Our requirement for suppliers, business partners and other stakeholders is to respect human rights based upon the international norms of behavior. In the event that we identify any adverse impacts of human rights, we will encourage them to take appropriate measures through engagement such as dialogue and consultation.
5. **Human rights due diligence**
   We will continuously establish a system of human rights due diligence to identify and assess any actual or potential human rights risk in order to prevent or mitigate these adverse impacts on human rights the Sompo Group may cause or contribute to.

This policy does not necessarily replace local laws and regulations. We will actively engage in this policy while complying with local laws and regulations.

* International norms of behavior refers to the guidelines on human rights including the Universal Declaration of Human Rights, International Covenants on Human Rights(International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights), ILO International Labor Standards, The United Nations Guiding Principles on Business and Human Rights known as "Ruggie Framework," Sustainable Development Goals, The United Nations Global Compact, Women's Empowerment Principles (WEPs), The OECD Guidelines for Multinational Enterprises and ISO26000.

Group Sustainable Procurement Policy

The Sompo group conducts procurement based on the Group CSR Procurement Policy, ensuring consideration for human rights among our business partners and collaborators while striving to prevent violations. We engage in fair and equitable transactions with all suppliers.

For further details, please refer to Group Sustainable Procurement Policy (P.58).

Sustainability-related Policy for Underwriting, Investments and Loans

The Sompo Group see sustainability as a long-term driver of value, and we rely on insights gained from SOMPO's Purpose to guide our underwriting, investment, and business decision-making.

For further details, please refer to Sustainability-related Policy for Underwriting, Investments and Loans (P.58–59).

Business and Human Rights

To Our Stakeholders

Main Section

Sustainability Section

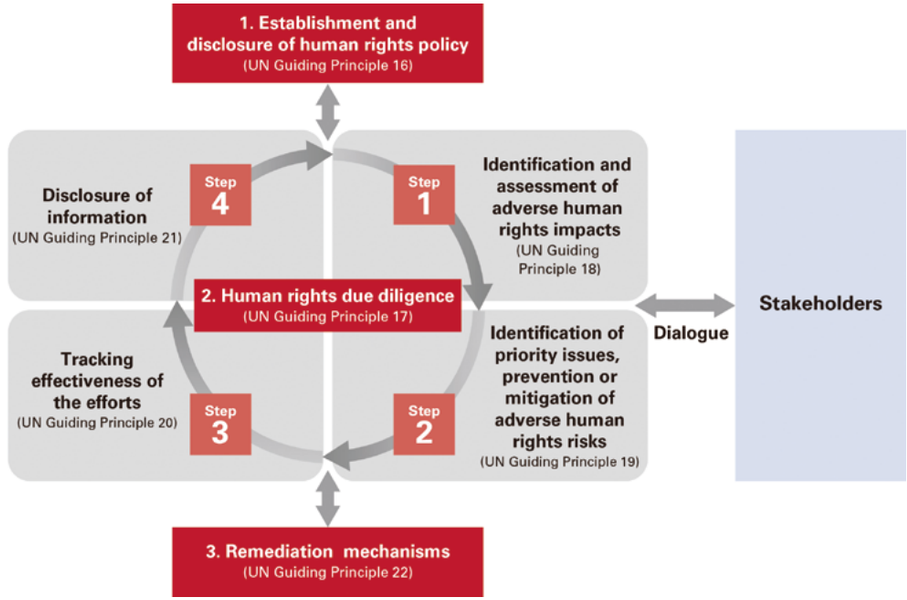
Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Structure Overall picture of business and human rights initiatives

In order to fulfill our responsibility to respect human rights, the Group recognizes that it is important to make efforts in business and human rights based on international standards in accordance with the International Guiding Principles. Specifically, we are working on: 1. Establishment and disclosure of human rights policy; 2. Human rights due diligence ("Human rights DD"); 3. Remediation mechanisms (in cases where our company causes, contributes, or directly linked to adverse human rights impacts).

We will engage in dialogue with stakeholders to understand their expectations and drive our initiatives forward based on those.



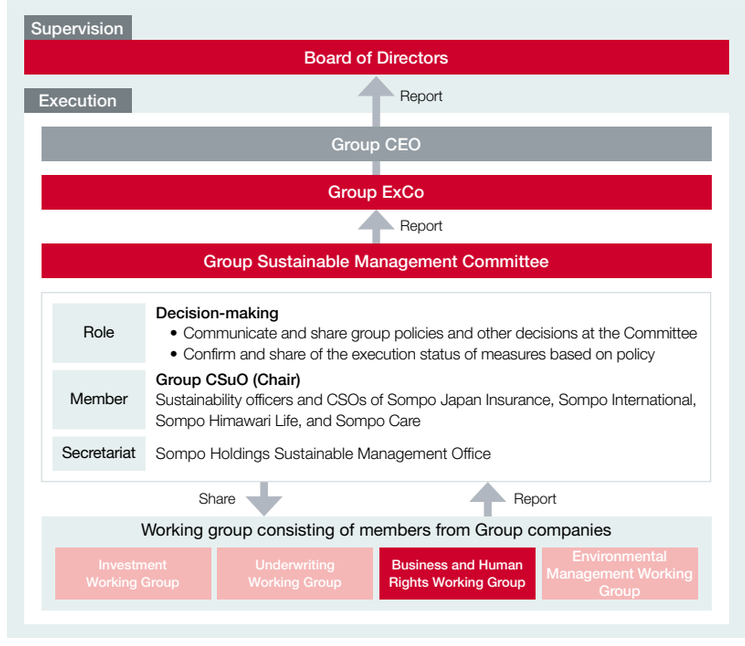
Created with reference to the Ministry of Economy Japan Trade and Industry's "Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains"

Structure Structure

In order to promote appropriate measures for sustainability, the Sompo Group has established a promotion system led by the Group Sustainable Management Promotion Committee to strengthen our efforts in business and human rights. A Business and Human Rights Working Group has been established under the Committee, with the Sustainable Management Office serving as the secretariat, and a working group consisting of members from 26 Group companies has been organized to create an effective system.

For the current fiscal year, the secretariat is engaged in individual dialogues with 25 domestic Group companies to assist them in identifying human rights risks and selecting priority issues tailored to each company's specific business characteristics. In addition, we are also checking the status of each company's promotion system for business and human rights, as well as its corrective measures and remedial response system in the event of adverse human rights impacts.

As the next step, the status of initiatives across Group companies will be shared among Working Group members to continuously enhance awareness and knowledge of business and human rights. Concurrently, the secretariat will drive the continuous promotion of business and human rights initiatives by monitoring each company's progress on its priority issues.



Business and Human Rights

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Concept and Policy 1. Establishment and disclosure of human rights policy

The Sompo Group recognizes that all business activities in the global marketplace have the potential to adversely impact human rights. In recognition of this, we have supported the United Nations Global Compact since 2006 and respect international norms on human rights, including the ILO Declaration on Fundamental Principles and Rights at Work. In addition to respect for these international norms, the Group Policy for Human Rights, which is independently established by the Group and shared by all executives and employees, is also an important guideline for us and is valued in all our business activities.

The Group does not tolerate any form of forced labor, trafficking in persons, child labor, discrimination or harassment related to employment and occupation (sexual harassment, power harassment, customer harassment, etc.), or any conduct that undermines human dignity. We also respect basic human rights such as freedom of association and the right to collective bargaining, a safe and healthy working environment, gender equality, and women's rights, while complying with applicable laws and regulations.

In order to establish sound labor practices, we also promote the payment of an appropriate living wage, equal remuneration for men and women, avoidance or reduction of overtime and excessive working hours, the establishment of clear maximum working hours, and the use of annual paid leave in accordance with Health and Productivity Management Strategy. When dismissing workers, we will comply with the Labor Standards Act*1, Labor Contract Act*2, and other relevant laws and regulations to ensure employment stability and livelihood security, and will respond appropriately. We aim to promote these ideas and policies in collaboration with all directors and employees, as well as with our partners such as business partners, collaborators, suppliers and contractors.

For further details on each labor practice, please refer to the following:

Group Policy for Human Rights (P.126)
Complying with occupational health and safety rules (P.146)
Excessive working hours and mental health issues (P.146)
ESG Data

*1 Rules regarding dismissal and termination of employment (in Japanese): https://www.mhlw.go.jp/stf/houdou/2r98520000014uzs-att/2r9852000001dhat.pdf

*2 Laws and regulations regarding labor contracts (conclusion of contracts, changes in working conditions, dismissal, etc.)—rules (in Japanese): https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/roudoukijun/keiyaku/index.html

Structure Activities and Achievements 2. Human rights due diligence

In accordance with the UN Guiding Principles on Business and Human Rights, the Group has established a human rights due diligence (human rights DD) framework for identifying, preventing, mitigating, implementing appropriate measures, and disclosing information on risks that adversely impact human rights with the following four steps.

- Step 1: Identification and assessment of adverse human rights impacts (Risk assessment)
- Step 2: Identification of priority issues, prevention or mitigation of adverse human rights risks
- Step 3: Tracking effectiveness of the efforts (Monitoring)
- Step 4: Disclosure of information

Step 1 Identification and assessment of adverse human rights impacts (Risk assessment)

The Group identifies potential adverse impacts of its business activities on human rights, and identifies and evaluates priority issues, utilizing the Enterprise Risk Management (ERM) framework and referring to international codes of conduct and guidelines.

In identifying the adverse impacts, we also examine Sompo's human rights risks, including those in its supply chain, such as its agents and investment and loan destinations.

For further details on human rights risk assessment, please refer to Respect for Human Beings.

Business and Human Rights

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

2. Human Rights Due Diligence

Step 1 Identification and assessment of adverse human rights impacts (Risk assessment)

Sompo's human rights risks

The Group recognizes that the scope and breadth of human rights evolve with the times. Therefore, we regularly engage in dialogues with experts to identify potential human rights risks (new human rights risks that should be extracted) that would be difficult to identify solely within our own group. In assessing human rights risks for fiscal 2025, we have identified risks related to the adverse impacts of climate change on human rights.

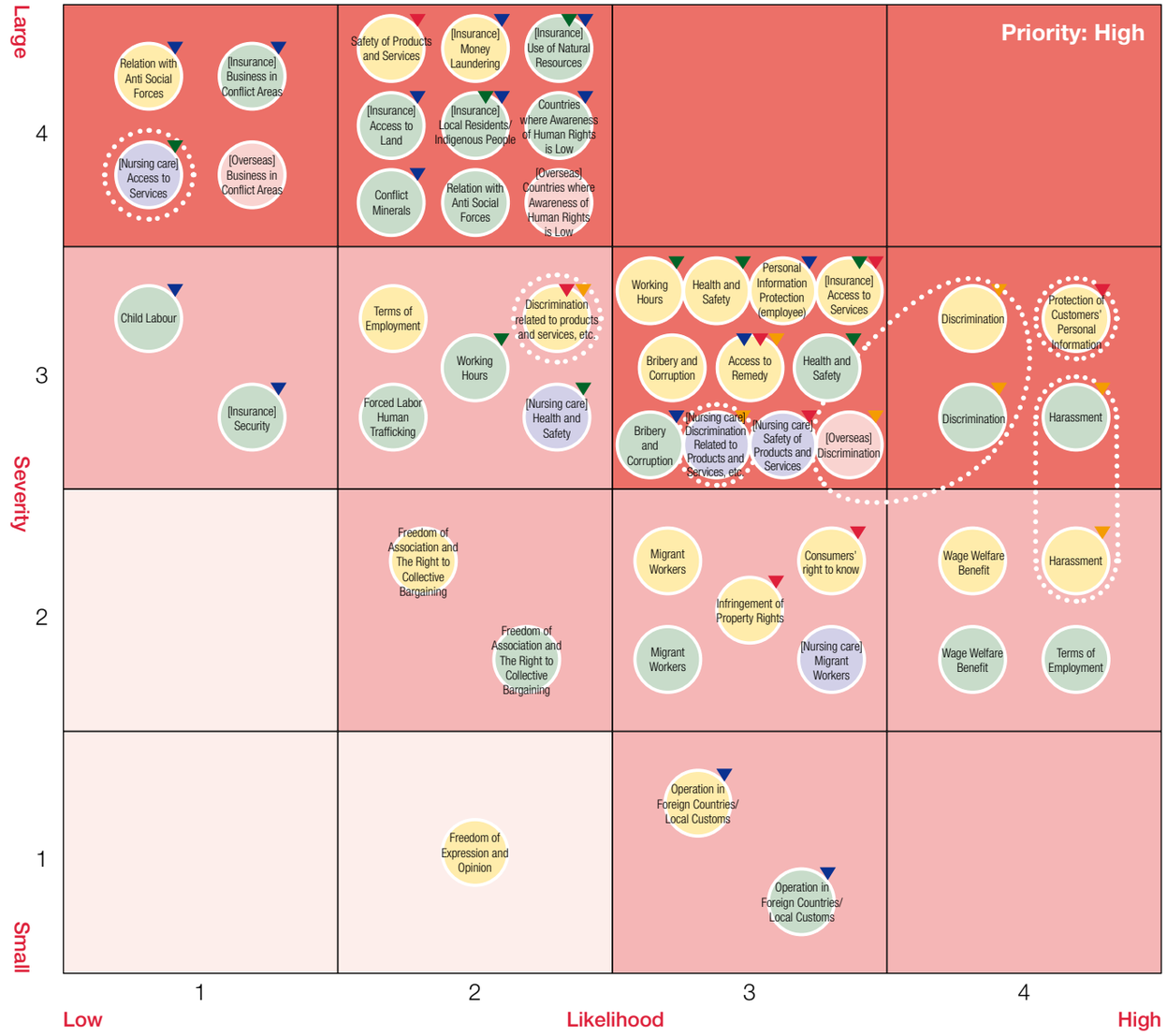
Human rights risk map for FY2025

Based on the risk assessment conducted for the entire the Group and reflecting the opinions of external experts on human rights, we create a human rights risk map once a year, using Severity*1 and Likelihood of Occurrence*2 as the evaluation axes.

We also consider the relationship between our company and human rights risks (individual or collective) and the distance between our company and human rights risks (cause, contribute, or directly linked), and organize adverse impacts from multiple perspectives.

*1 Evaluated based on scale (gravity of the adverse human rights impact), scope (scope of the adverse impact), and irremediability (difficulty of restoring to the situation equivalent to the situation before the impact).
*2 Evaluated based on the likelihood (frequency) of the risk actually occurring, i.e., "whether it occurs approximately once every n years."

- Risks related to own operations (including insurance agencies)
- Risks related to investment and loan, insurance underwriting, value chains, and supply chains
- Risks related to nursing care business
- Risks related to overseas insurance and reinsurance business
- Risks affecting local residents indigenous people and children
- Risks affecting customers (including elderly people/person with disabilities)
- Risks affecting women
- Risks related to climate change



To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Business and Human Rights

2. Human Rights Due Diligence

Step 2 Identification of priority issues, prevention or mitigation of adverse human rights risks

From the human rights risk map, we designate issues with high severity and high likelihood of occurrence as priorities for action.

In fiscal year 2025, we have newly prioritized Access to Services as a key issue. This encompasses risks that could infringe upon customers' right to access services, specifically those arising from the occurrence of natural disasters due to climate change, pandemics, or system failures, and also from business suspension or stagnation due to factors such as labor shortages.

* Money Laundering and Transparency (tax avoidance), Business in Conflict Countries, and Migrant Labor (including foreign workers), which were prioritized issues for FY2024, have not been prioritized this fiscal year because the likelihood of their occurrence has been reduced.

Priority issues and prevention or mitigation initiative

Stakeholders			Priority issues	Main initiatives
Customers	Employees	Employees in the supply chain		
	●	●	Harassment	• Regularly disseminate news and conduct training as employee inappropriate behavior • Conduct training for the supply chain
	●	●	Workplace Discrimination	• Having employees confirm and sign codes of conduct/ethics • Preventing workplace harassment with mandatory compliance training • Ensuring employees read the handbook regarding the specific circumstances of each country
●			Inappropriate Disclosure of Customer Private Data or Privacy Violations	• Raising awareness mainly through operations-related accident training and compliance training • Raising awareness of cyber risks through targeted attack e-mail training and other measures
●			Access to Services (nursing care: ensuring continuity of assistance provision)	• Conduct emergency drills with residents (once a year) • Prepare and disseminate BCP manual
●			Discrimination Related to Products and Services	• Promoting awareness among employees of the management philosophy of respecting humanity (by way of communication from the management team) (Nursing Care) • Implementing training for employees on the topic of preventing accidents and abuse (Nursing Care)

Prevention or mitigation initiatives

The Group is promoting company-wide efforts related to business and human rights.

Since Group employees have many opportunities to come into contact with customers, suppliers, local communities, and other stakeholders and rights holders in their daily work, we believe that a deep understanding of the essence of respect for human rights by each and every employee will lead to concrete actions to put it into practice on a daily basis.

In order to promote employees' understanding and put it into practice, we continuously hold study sessions and training sessions by job level.

• Study sessions by external lecturers for the Group executives and employees

Two study sessions were held in April and May 2025 for members of the Business and Human Rights Working Group (WG) of each group company, inviting outside lecturers. The first session was held in an interactive format to deepen participants' basic knowledge and understanding of business and human rights. In the second session, group work was conducted based on case studies, and participants actively exchanged opinions on human rights from their respective perspectives. The lecturer's message that "there is no single answer to business and human rights" provided participants with an opportunity to view human rights from various perspectives through spontaneous presentations and free thinking. Additionally, participants had the image of their ideal self they aimed to achieve after this study session before attending using a questionnaire. This provided an opportunity for them to approach business and human rights with a stronger sense of ownership and translate them into concrete actions.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

2. Human Rights Due Diligence

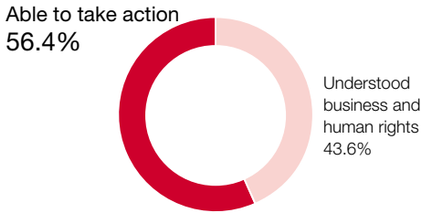
Step 2 Identification of priority issues, prevention or mitigation of adverse human rights risks

• Questionnaire for participants

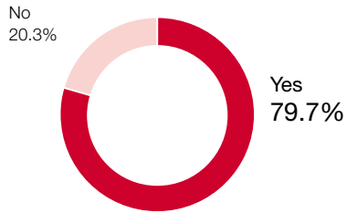
A questionnaire of participants prior to the implementation of this study session confirmed that they were aware of human rights violation risks such as harassment, discrimination, and excessive working hours, and that training was in fact being implemented as a prevention and mitigation measure. It was also found that the reason for working on prevention and mitigation of human rights risks is to avoid or reduce corporate social responsibility and reputational risks.

In the post-study session questionnaire, participants were asked to select the following items regarding their change in status after participating in the training: (1) understood the training, including the background, and (2) could take action (could hold study sessions, conduct risk assessments, and explain their company's initiatives). As a result, 43.6% of the respondents answered Understood and 56.4% answered Able to take action. We believe that the fact that the group work was closer in content to practical operations was a major factor in the participants' change in behavior. We will continue to conduct training and study sessions because correct understanding and actions by each person in charge are indispensable for the promotion and establishment of Group-wide initiatives on business and human rights.

Q. What is your current level of understanding after participating in the study session?



Q. Would you like to continue having ongoing training/study sessions?



Comments from participants

- Gaining information from the study session was a valuable outcome. By rereading the materials and conducting my own research, I've come to understand the background of addressing business and human rights. I feel it's challenging to share this initiative with colleagues and to continue practicing while consistently devising effective measures to comprehensively address adverse impacts. I believe that repeated learning and confirmation with my colleagues will be necessary.
- I realized that I did not have much understanding or awareness of human rights until I attended this workshop. I felt a strong desire to take ownership of human rights issues, treating them as my own responsibility rather than someone else's. This includes not only ensuring I do not infringe upon them myself, but also being mindful of human rights perspectives concerning those around me and with whom I am involved.
- We recognized that attitudes toward human rights have changed significantly and that we must respond with speed.
- I felt that by correctly recognizing what human rights risks are, awareness and handling within the company will change. I could feel that it is also necessary to have imagination to imagine that even matters that are often thought to be irrelevant to the company can have adverse impacts.

Comments from the lecturer

The purpose of this study session was going beyond a one-off workshop to encourage each participant to fully take ownership and to trigger behavioral change toward respecting human rights. At first, participants seemed to feel that human rights were something distant. But as they start putting themselves in the position of rights-holders and discussed—in their own words—what they wanted to achieve or could achieve through their business, we observed them gradually recognizing their role to promote responsible business practice. Looking ahead, we hope that these behavioral changes will help pass on the awareness and practice of respecting human rights—from top management to business staff, and from business staff to suppliers—thus strengthening the company's and the entire value chain's capacity to respond.

Mr. Ryusuke Tanaka
Programme Officer, International Labour Organization (ILO) Office for Japan

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Business and Human Rights

2. Human Rights Due Diligence

Step 2 Identification of priority issues, prevention or mitigation of adverse human rights risks

• Human rights awareness training for all executives and employees

Every year, the Group conducts Sustainability and Human Rights Training (including e-Learning) for all executives and employees with the aim of deepening mutual understanding among employees based on respect for human beings and creating a rewarding, comfortable, lively, and energetic workplace.

In this training, participants learn about Group Policy for Human Rights and an overview of business and human rights, as well as a wide range of human rights issues reflecting social issues, such as normalization, LGBTQ+, harassment, foreign residents, and the SDGs.

• Study session for all executives

To improve the knowledge of all executives on business and human rights, a study session was held by inviting outside experts. The study session provided an opportunity to understand current trends in business and human rights, starting from the essence of a company's responsibility to respect human rights.

• Distribution of the Request for Your Consideration of Human Rights document

Sompo Japan asks business partners to give consideration to human rights. This is because our Group Policy for Human Rights and Group Sustainable Procurement Policy clearly state our commitment to human rights throughout the value chain.

• Establishment of customer harassment response system

We believe that it is important to create a workplace environment in which employees can work in a safe and healthy manner, both mentally and physically, and that protecting each and every employee from acts that may be considered customer harassment is necessary to ensure the continued provision of high quality services to our customers. Each group company is provided with materials on how to respond to customer harassment, with reference to the Manual on Customer Harassment Prevention for Corporations published by the Ministry of Health, Labour and Welfare in Japan.

As for measures at each group company, for example, Sompo Japan has been promoting efforts such as publicizing its Policy on Customer Harassment, providing education and training for employees, and establishing a consultation and reporting system for employees.

• Initiatives to protect the health and peace of mind of our customers through personal accident insurance products

Sompo Japan's "THE Karada no Hoken," a comprehensive personal accident and income insurance policy, provides coverage for medical expenses incurred due to heatstroke as a standard feature. This initiative is featured on the Ministry of the Environment's Website Heat Illness Prevention Information as a private-sector contribution to heatstroke prevention and mitigation. Given the Ministry of Health, Labour and Welfare's mandate for companies to implement heatstroke countermeasures, which took effect in June 2025, the significance of securing insurance to mitigate heatstroke risks has grown considerably. Sompo Japan will continue to contribute to solving social issues through insurance.

• Promoting food assistance to socially vulnerable groups through insurance products

Sompo Japan supports the activities of food banks, which provide free food to the needy, welfare facilities, and children's cafeterias. In order to further support this food bank activity, we will start selling "Food Bank Activity Insurance" in October 2025, based on the amount of food handled. By purchasing this insurance, food banks are compensated in the event that they are legally liable for damages due to defects in their activities or in the storage of food. This will enable donors to donate food with peace of mind, and is expected to further expand the circle of food assistance.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Business and Human Rights

2. Human Rights Due Diligence

Step 3 Tracking effectiveness of the efforts (Monitoring)

Survey on initiatives for respecting human rights

Through human rights risk assessment, we identify potential human rights risks and identify priority issues. The effectiveness of the identified priority issues and countermeasures is confirmed through ongoing follow-up surveys (Monitoring). In particular, we are continuously monitoring and improving our response to priority issues related to adverse impacts on human rights that were identified in the previous year.

• Initiatives for deterrence and prevention of harassment incidents

In order to build a healthy work environment free from harassment, the Group considers the deterrence and prevention of harassment as a key management priority. To realize this goal, we have set the year-on-year reduction of the number of substantiated cases of harassment as a primary KPI. Since FY2024, we have been focusing on the following initiatives to strengthen both prevention and appropriate responses when cases occur. Although the number of reports has remained flat, we recognize that employees' awareness of human rights and sensitivity to workplace conditions are increasing, as seen in earlier consultations and more third-party reporting. For incidents that have occurred, we take appropriate measures based on the facts and circumstances of each case.

For further details, please refer to Human Resource Strategy/Group-Wide Framework, KPIs (P.34).

- Through the Group Common Competencies, which were formulated based on SOMPO's Values (Integrity, Self-motivation and Diversity), we encourage behaviors such as respecting others, active listening, and constructive dialogue. By integrating these perspectives into our evaluation system and promoting daily behavioral change, we seek to foster a corporate culture that prevents harassment.

For further details, please refer to Human Resource Strategy/Transform the Corporate Culture (P.33).

- We have revised the standards for the appointment of directors and established new criteria for the appointment of managerial positions, clarifying that employees with harassment-related concerns will not be appointed.
- We have updated the Guidance on the compliance code of conduct, an explanatory guidebook for the Sompo Group Compliance Code of Conduct, to promote a zero-tolerance policy for all forms of harassment, through behavioral examples, and to clearly indicate the consultation channels available when concerns or issues are identified, with aims to foster an environment where employees feel comfortable with seeking advice.

For further details, please refer to Sompo Group Compliance Code of Conduct.

- We have revised our disciplinary rules to more clearly define specific types of inappropriate conduct subject to disciplinary action, as well as the methods of discipline, thereby fostering greater employee awareness.
- We have updated our anti-harassment training for managers to strengthen their awareness of harassment prevention and enhance their ability to respond appropriately.

• Inappropriate disclosure of customer private data or privacy violations

We recognize that Inappropriate Disclosure of Customer Private Data or Privacy Violations is an issue of extremely high priority from the perspective of human rights and compliance. To address this issue, we conduct periodic mandatory training to improve the knowledge and awareness of employees and the organization as a whole.

The training session classifies types of accidents that may occur, and aims to improve knowledge and awareness through self-learning and organizational learning. In the event of an information leakage incident, we respond based on specific rules that define a series of steps, including the response flow, formulation of preventive measures, and confirmation that the measures have been implemented.

• Insurance underwriting, investment and loan initiatives

We have established a Sustainability-related Policy for Underwriting, Investments and Loans and are working to reduce and prevent any adverse impact that underwriting, investment, and loans may have on human rights.

For further details, please refer to Sustainability through Underwriting, Investments and Loans (P.91–96).

• Excessive working hours

In the fiscal year 2025 risk assessment, we also identified the risk of Excessive working hours for employees and supply chain workers. All affected organizations are developing and implementing measures to mitigate the risk of excessive working hours.

For further details, please refer to Wellness Management/Excessive working hours and mental health issues (P.146).

Business and Human Rights

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

2. Human Rights Due Diligence

Step 3 Tracking effectiveness of the efforts (Monitoring)

• Migrant workers – Supporting the active role of foreign employees

At Sompo Care, we also employ personnel from overseas as key contributors to our nursing care services, enabling them to fully bring out their abilities.

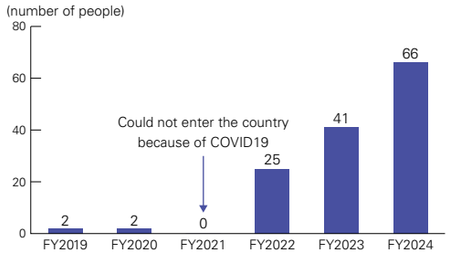
To ensure that employees from abroad can work and grow with confidence, we provide an initial orientation program (a 15-day group training) and first-year training after arrival in Japan. These programs aim to foster mutual understanding of cultures and customs, while preventing discrimination and harassment. In addition to improving job-related skills, the training also offers practical support for daily life in Japan, such as guidance on using public transportation and navigation apps.

Following assignment to a workplace, we continue to provide on-the-job and follow-up training, along with ongoing support for Japanese language learning and professional certification. Through these efforts, we are building a work environment where overseas personnel can enhance their expertise, and where individuals with diverse backgrounds can grow together.

Comments from participants

- I was able to learn about Japanese culture in addition to Japanese nursing care skills. I would like to use this to communicate smoothly in the workplace.
- Teamwork is essential to achieving goals. I learned the importance of respecting each other's opinions and working together.
- I learned to understand the feelings of users, treat them kindly with a smile, and support their independence by encouraging them to do what they can on their own.
- For the safety and security of users, we must never resort to physical restraints or abuse. We should always put ourselves in the users' position.

Number of foreign employees accepted



Initial orientation program

Column Chinese Students from Aomori University Tokyo Campus Visit Future Care Lab in Japan

In July 2025, Sompo Care conducted a tour of the Future Care Lab in Japan for Chinese students from the Faculty of Sociology at Aomori University, providing an overview of the Nursing Care business and technologies envisioned for nursing care in 2030. This was a valuable opportunity for us to communicate our ongoing efforts to realize a society in which the elderly can live independently and with dignity by solving issues associated with an aging society.

Comments from students

- We have learned that by connecting Nursing Care and Technology, we can provide high-quality, efficient care services.
- I saw ingenuity in every aspect of the facilities, with careful thought given to the lives of the users.
- I was impressed by the practicality of the robot that carries the side table. I think it is an ideal support device for compact living spaces that not only reduces the burden on caregivers but also supports the elderly.
- From the standpoint of those who need care, I believe that technology can provide a convenient living environment for many people.
- I was impressed by the site where technology realizes Human-supportive Care.

Step 4 Disclosure of information

In line with Group Policy for Human Rights, we report on the progress of initiatives to address adverse impacts on human rights on our website and in our sustainability report. We also disclose our position on the UK Modern Slavery Act on our website. Through this type of communication, we are reviewing and improving our assessment process.

Respect for Human Beings
Our Response to the Modern Slavery Act
Modern Slavery Act Policy and Statement

Business and Human Rights

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Structure Activities and Achievements

3. Remediation Mechanisms

We recognize that the Group's business activities may have an adverse impact on human rights and that we are responsible for mitigating such impacts and providing appropriate remedies. To fulfill this responsibility, in addition to our existing whistleblower system, we have established a system to receive a wide range of complaints, consultations, and opinions regarding human rights from a diverse range of stakeholders and rights holders. We ensure the anonymity of whistleblowers and consultants, take the utmost care in handling information, and strive to protect whistleblowers, consultants, and stakeholders and rights holders from any disadvantage. In the future, the Group will continue its efforts to further improve access to remedies, to make the internal whistleblower hotline known to all employees, and to enhance the knowledge of the staff in charge of the hotline. In addition, we will promote collaboration with stakeholders and rights holders to build a more effective grievance mechanism.

Receiving and addressing feedback and complaints

Sompo Japan regards customer dissatisfaction with the Group's overall business activities as a complaint. We take complaints received from customers seriously and promote initiatives to improve our operations, products, and services by compiling and analyzing the trends and details of such complaints.

Reporting and consultation system from employee and corrective measures

In addition to a reporting and consultation service for general compliance issues, the Group has established a human rights consultation service to provide individual consultation by phone or e-mail in order to quickly identify information on harassment, bullying, harassment, and other problematic behavior in the workplace and build a comfortable working environment.

If any of the reports or consultations received raise concerns or problems that are suspected to be in violation of laws and regulations, internal rules, or the spirit of the Sompo Group Compliance Code of Conduct, the Company will conduct an investigation in a strict and fair manner.

In cases where violations of laws, regulations, the code of conduct, or other internal regulations are confirmed, the Group implements corrective measures, such as disciplinary action, against the violators in accordance with the standards and requirements stipulated in employment contracts and employment regulations.

For further details, please refer to Human Resource Strategy/Group-Wide Framework, KPIs (P.34).

Details of each reporting system

- System to Utilize Voice of Customer (VOC) in Management (in Japanese)
- Complaints Received (in Japanese)
- Whistle-blowing and Consultation System
- Sompo Group Compliance Code of Conduct

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Inclusion & Engagement

Concept and Policy The Sompo Group's Inclusion & Engagement vision

We promote Inclusion & Engagement as one of the key initiatives essential to the Group's growth from the perspectives of employees, the company, and society. The employee perspective is to foster a corporate culture that respects individual differences, encourages dialogue, and increases employee pride and job satisfaction, thereby supporting their growth. The company's perspective is to encourage diverse individuals to play an active role in better decision-making, thereby improving value creation and resilience. The social perspective aims to create a workplace and a society in which all people can play an active role with confidence.

To embody SOMPO's Purpose — a future of health, wellbeing and financial protection — we will respect the values of each and every employee, regardless of gender, disability, nationality, or age. We will engage in dialogue and make the most of our talents and strengths. We will stay ahead of change to create new value. In this way, we will put true Inclusion & Engagement into practice.

Activities and Achievements Initiatives to promote Inclusion & Engagement

Close the gender gap

We implement training programs and workshops to promote self-directed career development in each company and across the Group. In this way, we create an environment and culture that supports women's career advancement.

Initiatives to foster female students in science and engineering fields

We participate in the Girls Meet STEM Project launched by the Yamada Shintaro D&I Foundation, with the aim of eliminating gender gaps in the fields of science, technology, engineering, and mathematics (STEM).

As part of the Girls Meet STEM Project, the Sompo Group participated in Girls Meet STEM Career, an initiative aimed at spark interest among female junior high and high school students in STEM fields through conversations with women working in STEM fields and through workplace experience. In 2024, we hosted hands-on office tours and held online roundtable discussions.

Empowering people with disabilities

The Group is committed to promoting the employment of people with disabilities, aiming to provide stable opportunities for them to demonstrate their abilities and achieve self-fulfillment in their professional lives, while also advancing Inclusion and Engagement through their active participation. As of April 1, 2025, our employment rate for people with disabilities stands at 2.61%, exceeding the statutory requirement of 2.5%.

Sompo Japan has developed a manual for executives and managers and has also deployed employment counselors for people with disabilities nationwide. Sompo Japan has established a system to support employees with disabilities and create a comfortable workplace.

Sompo Challenged, a special subsidiary, empowers people with disabilities

In April 2018, we established a special subsidiary, Sompo Challenged, to promote the active participation of people with disabilities across the Group and to create an environment where people with disabilities can actively work. Since December 2023, Sompo Holdings and Sompo Challenged have been working together to recruit, retain, and promote the active participation of people with disabilities in all Group companies (Number of employees: 259 (including 170 employees with disabilities) *As of April 2025).

* A special subsidiary is a company that pays special attention to the employment of people with disabilities and must meet the requirements specified in the Employment Promotion of People with Disabilities Act and be certified by the Japanese Minister of Health, Labor and Welfare.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Inclusion & Engagement

Training program for top management of group companies

To promote the employment and active participation of people with disabilities across the Group, we held observation training sessions for Group company CEOs and directors and executive officers in charge of human resources, including a tour of the Sompo Challenged office.

In fiscal year 2024, we held individual sessions for a total of 10 Group companies. By holding this training individually for each company, we carefully observed the actual own business areas where people with disabilities are active, engaging in questions and dialogue. After each observation, participants, Sompo Challenged Inc., and our company actively exchanged opinions on the challenges and further potential for promoting the employment and active participation of people with disabilities within each company. Leveraging these discussions, the strong commitment from each company's management is accelerating Group-wide initiatives to support the employment and active participation of people with disabilities.

Joining the Valuable 500, an international initiative to empower people with disabilities

The Valuable 500 is an international organization founded by social entrepreneur Caroline Casey at the World Economic Forum Annual Meeting (Davos Forum) in January 2019, based on the idea that "inclusive businesses create inclusive societies." The organization's goal is to encourage business leaders to implement reforms that enable people with disabilities to demonstrate their potential value to business, society, and the economy.

As a member of the Valuable 500, we will continue to drive change. We published our commitment when we became a member of this initiative.

Support for balancing work with childcare and caregiving

SOMPO KAIGO DAY (caregiving event)

On November 11, 2024, which is Caregivers Day, Sompo Holdings, Sompo Himawari Life Insurance, and Sompo Care held a seminar and discussion event on the themes of balancing work and caregiving and dementia as part of our efforts to support the balance between work and caregiving.

Initiatives for employees on maternity/childcare leave

We offer a Parental Leave Forum program for employees returning to work after taking parental leave. The program aims to eliminate concerns about balancing work and family life that employees may have just before returning to work, and to help them think about and take steps toward a smooth return to work and to their careers. Managers also participate in the program, and through dialogue, we are building a workplace environment that accepts the sensitivities of employees returning from parental leave and enables them to best fulfill their potential.

To create a comfortable working environment for the returnee and all members of the workplace, we have also enhanced our Amore Support tools, which include a Pregnancy, Childbirth, and Childcare Guide, a maternity and childcare leave interview sheet, and a Manual for Managers on Maternity and Childcare Leave. We also regularly provide information on key company policies.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Inclusion & Engagement

Human resources systems that support diverse work styles

Work-life balance is an issue for all employees, regardless of gender or age. We sincerely hope that our employees will work actively and sustainably. Therefore, it is necessary to embody a variety of work styles to accommodate each individual's situation.

The Group is working to create an environment that supports a healthier work-life balance. Here are some examples introduced at major Group companies, such as Sompo Japan.

Career transfer program

We have a system in place that allows employees whose roles do not typically involve relocation to continue working by changing their work location, if they are required to relocate for unavoidable reasons, such as a spouse's relocation, provided they meet certain requirements.

Support systems for pregnancy, childbirth, and childcare

We have the following systems in place to support a healthier work-life balance: maternity leave before and after childbirth, paternity leave, childcare leave, and shorter work hours for childcare.

The childcare leave schemes allow employees to take leave until the child reaches 25 months of age. Under such schemes, the leave of seven consecutive days is categorized as "short-term childcare leave." This paid leave is available regardless of gender. The shorter work hours for childcare system offers multiple working hour arrangements until the child completes third grade. If there are unavoidable circumstances due to the child's illness or disability and the company deems it necessary, the employee may work shorter work hours until the child reaches 18 years of age. We have systems in place that make it easy for all genders to take parental leave and balance work and childcare.

We recommend that male employees take at least one month of parental leave. From FY2023, we have been holding training sessions for all relevant parties and management throughout the Group to further support a healthier work-life balance and promote the use of parental leave by male employees.

Caregiver support system

Due to the rapid aging of society, caregiving for family members has become a familiar issue in Japan. To help employees achieve a better balance between work and caregiving, we promote the use of the caregiving leave system (up to a total of 365 days), the caregiving holiday system, the caregiving shift work system, and the caregiving shorter work hours system. We create a better work environment by holding workshops to support healthier work-life balance. We provide a manual to help employees strike a balance between work and caregiving and promote understanding among supervisors and colleagues.

Related KPIs and achievements

Please refer to Human Resource Strategy/Group-Wide Framework, KPIs (P. 34).

Inclusion & Engagement

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements Major external evaluations and awards

FY2023

- Sompo Holdings Wins Grand Prix at Career Ownership Management AWARD 2023.
- Sompo Himawari Life Insurance received the two-star Eruboshi certification from the Ministry of Health, Labour and Welfare.
- Sompo Japan has won the Work with Pride PRIDE Index Gold Award for five consecutive years since 2019.
- Sompo Holdings certified as a four-star company in the Nikkei Smart Work Management Survey.
- Sompo Himawari Life Insurance selected as a FY2023 Excellent Company for Cancer Control Promotion by the Ministry of Health, Labour and Welfare and the Cancer Control Promotion Corporate Consortium.
- Sompo Himawari Life Insurance selected as a D&I AWARD 2023 BEST WORKPLACE by JobRainbow Co.,Ltd.

FY2024

- Received the Work with Pride PRIDE Index Rainbow Award (Sompo Japan Insurance)
- Received the Work with Pride PRIDE Index Gold Award (Sompo Holdings, Sompo Japan Insurance, Sompo Himawari Life Insurance)
- Received 4.5 stars under the Nikkei Sustainable Comprehensive Survey, Smart Work Management Edition (Sompo Holdings)
- Sompo Himawari Life Insurance ranked 2nd out of 479 companies in the Nikkei BP Nikkei Cross Woman 2024 Companies that are Easy to Work for with Dual-Career Parents ranking.
- Certified as a JobRainbow Co.,Ltd. D&I AWARD 2024 BEST WORKPLACE (Sompo Himawari Life Insurance)

FY2025

- Certified by the Ministry of Health, Labour and Welfare as a Kurumin company in terms of balancing work and childcare (Sompo Himawari Life Insurance)

Talent Development

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

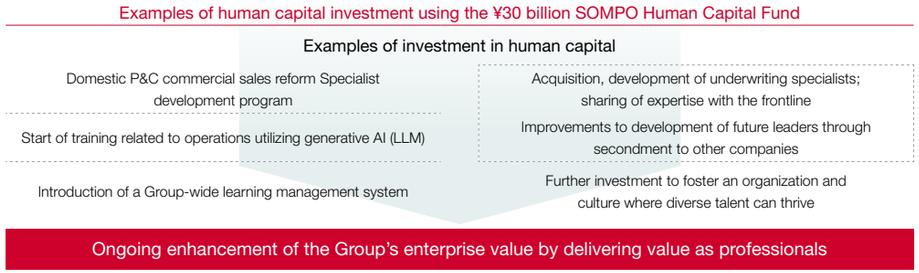
Financial and Corporate Data Section

Concept and Policy Human capital investment across the Group

Expanding human capital investment across the Group

As a form of growth investment in human capital, the most vital component of capital that drives the growth of the Group, we have established a ¥30 billion SOMPO Human Capital Fund, seeking to expand human capital investment (including talent development and recruitment) across the Group. Examples of our initiatives include management training to hone skills in the use of generative AI, an expert development program for commercial sales staff in the Domestic P&C Insurance Business, and the rollout of SOMPO Learning Hub, a Group-wide learning platform. By actively moving forward with investment in human capital with the aim of enabling individual employees in each field and business to take initiative in raising the level of their skills and expertise, we will build the talent portfolio necessary to execute the Group's businesses and strategies and achieve the sustainable enhancement of the Group's corporate value.

Overview of Group-wide human capital investment



Concept and Policy Activities and Achievements Succession planning

1. Purpose of formulating succession plans

We formulate succession plans for key posts to realize SOMPO's Purpose and achieve further transformation and growth for the Group. The succession plans are prepared for key posts that are vital in leading these efforts, with a view to building a system that can steadily and effectively develop high-quality human capital with diverse expertise and backgrounds.

2. Applicable positions

A total of 92 key positions within the Group, including the Group CEO, Group CxOs, and other key positions in each line of business in Japan and overseas have succession plans in place.

3. Selection and development of executive candidates

To increase diversity, candidates for each position must meet certain criteria. Candidates may be selected from talent systematically nurtured within the Company, or recruited from outside of the Group. In developing management personnel, we are implementing the following development programs.

NLP (Next Leaders Program)

In the succession plans for key posts for each Group, we select successors, so-called "N" talent ("N" for "next"), from Japan and overseas who we think are capable of assuming these positions within the next five years. Designed to develop such "N" talent, the NLP program encourages the acquisition of knowledge required of directors through dialogue with Group Executive Officers and outside instructors, and provides opportunities to bring out individuality and hone leadership skills through one-on-one coaching. The percentage of NLP graduates appointed to executive positions is high, at 45.3%, demonstrating the program's effectiveness in contributing to the development of successors. We will continue to invest strategically in this program as a means of producing human resources who can lead the Group into the future.

FLP (Future Leaders Program)

We select so-called "F" talent ("F" for "future") in Japan and overseas who we believe have the potential to assume key Group posts in 5–10 years' time. To develop such "F" talent, we are running the program in partnership with world-class business schools. One element of the FLP curriculum involves the Action Learning Project (ALP), in which members from Japan and overseas work together on team projects to develop innovative solutions to management issues facing the Sompo Group. Centered on the ALP, the FLP program aims to produce leaders who possess an in-depth understanding of diversity, have a global perspective, and are adept in strategic thinking.

For further details on succession plans, please refer to the Succession Planning section (P.65).

Talent Development

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Concept and Policy | Activities and Achievements

Developing global management personnel

We aim to build a system that reliably and effectively develops high-quality management personnel with diverse backgrounds. We are currently developing global management personnel in conjunction with our succession planning program.

SOMPO Global University

As a university within the company, we offer lectures at overseas business schools, cross-cultural understanding workshops, team projects (ALP) that seek to tackle issues facing the Sompo Group's management, and on-the-job training at companies outside the Group, based on the concepts of exchanging outstanding global human resources, learning at high-level educational institutions, and taking on challenging assignments. Through this program, participants cultivate knowledge of business and trends, hone their practical problem-solving capabilities, and gain a global perspective and the ability to act in a global context.

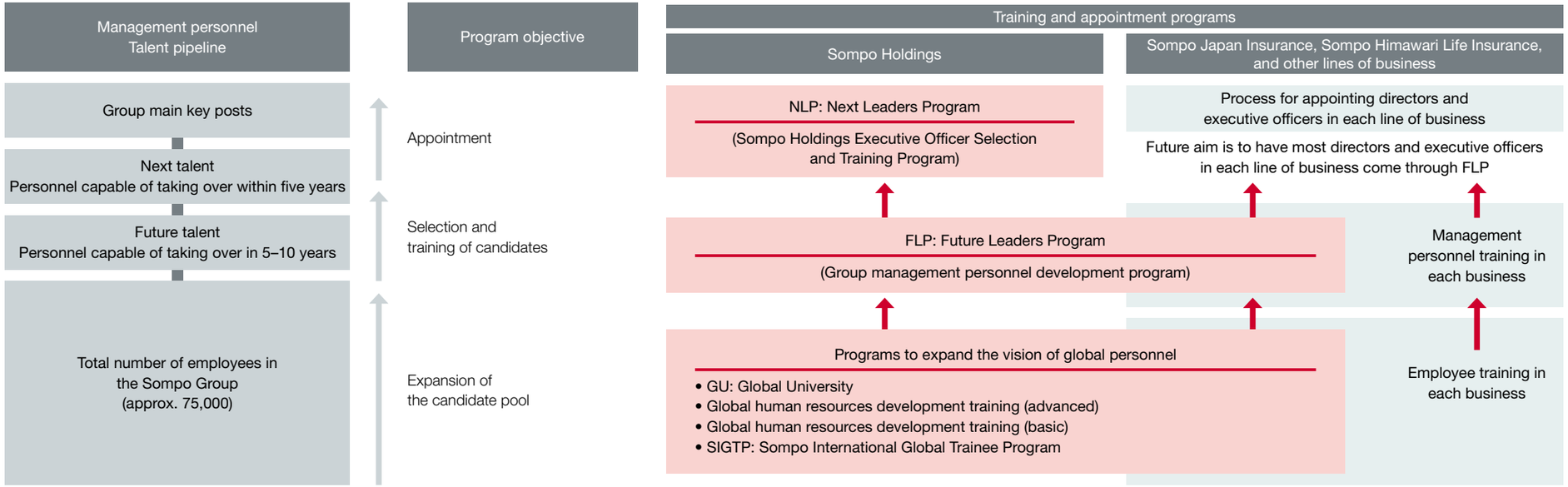
Global human resources development training (basic and advanced)

In the basic course, participants are provided output opportunities through discussions in both Japanese and English with the aim of developing a global mindset and a foundation in communication skills. In the advanced course, we invite instructors from within the Group to teach the participants practical English language skills and deepen their cross-cultural understanding by informing them about the Group's overseas business operations and through lecture-based discussions.

Sompo International Global Trainee Program

In this program, trainees are dispatched to Sompo International – a Group company boasting professionals from different fields centered around underwriting – to acquire knowledge and expertise, typically over a period of three years. By having employees embrace the challenge of working in a culturally different business environment overseas, we are developing global human resources armed with considerable expertise to drive further growth of the Group.

Group-wide framework for training and appointing management personnel



Talent Development

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Offering opportunities for self-driven learning

SOMPO Cross-Training Challenge

We conduct a program through which employees are dispatched to startups, NPOs, or other entities outside of the Group to work on solving issues in society that contribute to the achievement of their My Purpose. We cultivate talent capable of embodying "strong leadership that drives culture change" and "self-driven career development based on their My purpose."

Generative AI leadership training

The Group is actively introducing generative AI and other cutting-edge technologies to accelerate business transformation and growth. We are creating an environment where every employee can draw on AI to work more creatively and more efficiently. In FY2025, we are implementing generative AI leadership training for approximately 5,000 managers with the aim of developing leaders who can drive improvements in organizational productivity through the use of generative AI.

The results of the training are already apparent, with some departments seeing a more than threefold increase in the use of internal generative AI tools after the program, demonstrating that the training has led to an increase in the willingness to use AI across the organization.

"SOMPO Learning Hub," a Group-wide learning platform

To coordinate across the Sompo Group in strengthening talent development, we launched SOMPO Learning Hub (SLH), a learning platform that serves as a common training foundation for the Group. Currently, 29 Group companies have implemented this system, covering all employees including contract workers. We offer diverse content accessible across the Group within SLH, enabling self-driven learning and connection. Going forward, we will integrate SLH with our talent management system to build a mechanism that links learning to individual career development (achieving My Purpose) and optimal assignment decisions.

Developing women in leadership

We dispatch participants to a program that supports women in advancing and realizing their careers by strengthening the mindset, knowledge, and skills needed to thrive, and by promoting interaction with women both inside and outside the Group who share similar ambition. In this program, through coaching and other activities, participants reflect deeply on their own experiences and receive fresh encouragement, gaining a broader perspective and a grasp of the bigger picture while clarifying their vision for the future.

Concept and Policy Activities and Achievements

Expansion of Choose Your Own Career system

Job-based HR system

In FY2020 we introduced a job-based HR system at Sompo Holdings to support self-driven career development in areas where My Purpose overlaps with SOMPO's Purpose. The main feature of the system is that it abolishes company-initiated personnel transfers in principle. We will seek to have employees deliver results as professionals by letting them choose their own career path rather than being driven (or led) by the company. Moreover, unlike typical job-based HR systems, we not only allow employees to forge a career in the same organization or function, but also respect their decision to seek a position beyond their traditional area of expertise by utilizing open recruitment systems and other means that are open to any Group employee. Accordingly, we provide a wide range of options to employees in terms of their career path in the Group. For example, (1) continuing to work in the same department or position to enhance their expertise in a specific area, (2) regularly volunteering to switch between compatible job roles to broaden the scope of their career, and (3) opting to change jobs by moving to various departments so as not to remain in a specific area for an extended period. The job-based HR system has been progressively introduced across our group companies, tailored to each company's unique characteristics. In fiscal year 2025, Sompo Holdings and Sompo Japan Insurance standardized their job-based HR systems. Moving forward, we will further evolve and expand this system across the Group-wide workforce to strengthen our workforce and drive sustainable growth through advanced expertise.

Group Job Challenge System

As one opportunity for employees to choose their own career paths, we are currently promoting an internal job posting system called "Group Job Challenge System," under which employees can voluntarily apply for job postings and seek to transfer to a department of their choosing. This system allows employees to apply for open positions not only at their own company, but at any company in the Sompo Group. In FY2024, a total of 1,028 available positions across 25 Group companies, along with the descriptions of those job postings, were disclosed to Group employees. Also, in FY2021 we added a remote job challenge component to the system for the purpose of posting fully remote-based job openings. For employees who are unable to apply for a desired position that requires a relocation because of their nursing care or childcare obligations, we offer a scheme that allows them to take up the challenge of a post of their own choosing without having to change their place of residence.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Wellness Management

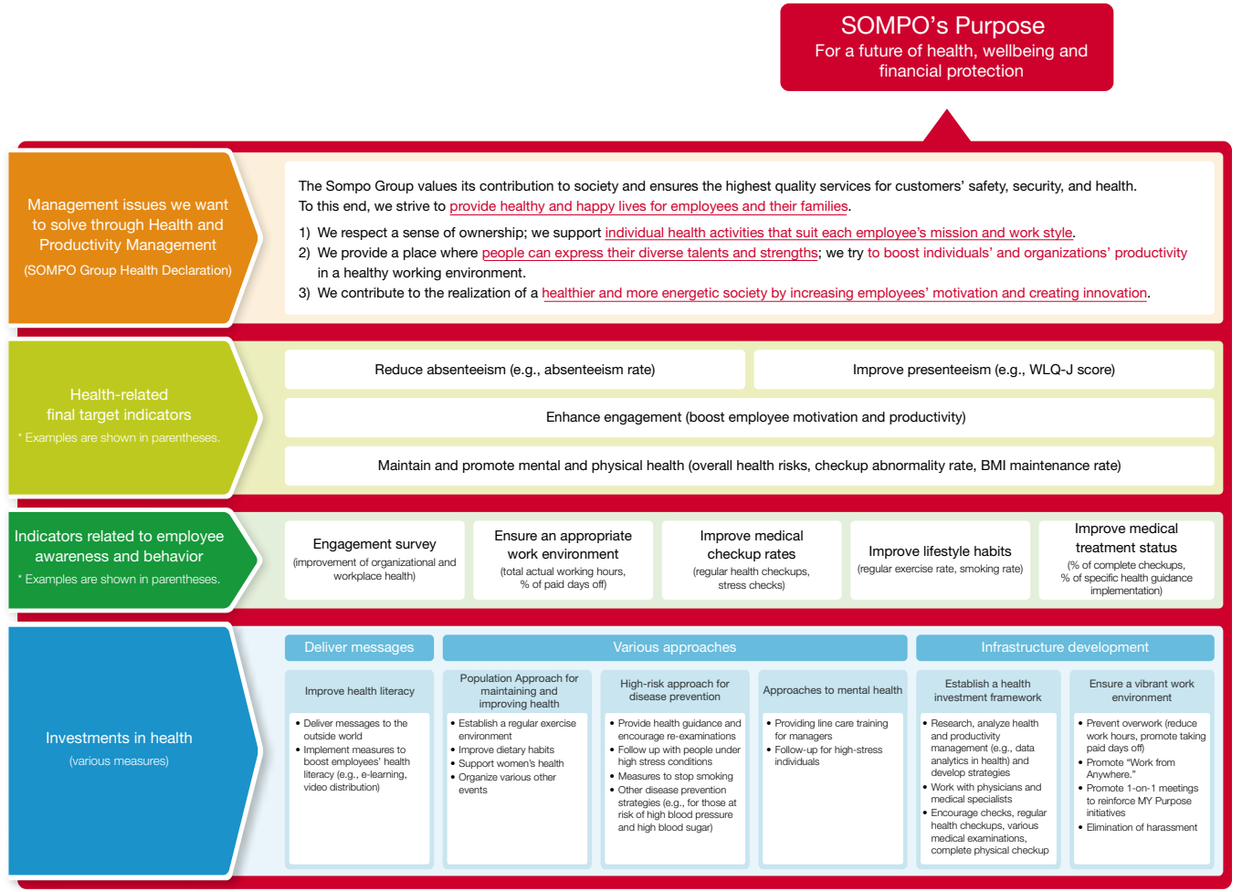
Concept and Policy What our Health and Productivity Management®*1 aims to achieve

To achieve SOMPO's Purpose of creating a future of health, wellbeing, and financial protection, we will continue to pursue initiatives to build a foundation for health and productivity management and take good care of the mental and physical health of our employees and their families.

The Group Policy for Human Rights stipulates that we must take steps to maintain and improve the health of employees and ensure that they are afforded a vibrant workplace environment, while the Sompo Group Health Management Declaration*2 says that we must prioritize the mental and physical wellbeing of employees and their families. In addition to this, we are currently informing and educating various stakeholders about health and productivity management and supporting initiatives to that end.

*1 The Japanese term for Health and Productivity Management® is a registered trademark of the NPO Kenkokeiei.
*2 Group companies are also proactively announcing their own declarations on wellbeing to give shape to, and put into practice, the concept of prioritizing the health of employees and their families.
- Sompo Japan Insurance: Health Management Declaration (October 2016)
- Sompo Himawari Life Insurance: Employee Health Support Project (April 2016); Health and Productivity Management Declaration (October 2020)

To accelerate specific measures on health and productivity management, we have formulated a Health and Productivity Management strategy map and are systematically executing various investments in wellbeing with the aim of ensuring that all employees are healthy, both mentally and physically. In all of this, we are stepping up efforts on compliance with laws and regulations related to occupational health and safety, as well as mental health measures, which form the basis of our health and productivity management, as well as initiatives aimed at reducing overtime outside of the statutory hours of work.



"What Our Health and Productivity Management Aims to Achieve" will be reviewed and updated regularly in line with the Group's management strategies and practical results of health management measures.

Wellness Management

To Our Stakeholders

Main Section

Sustainability Section

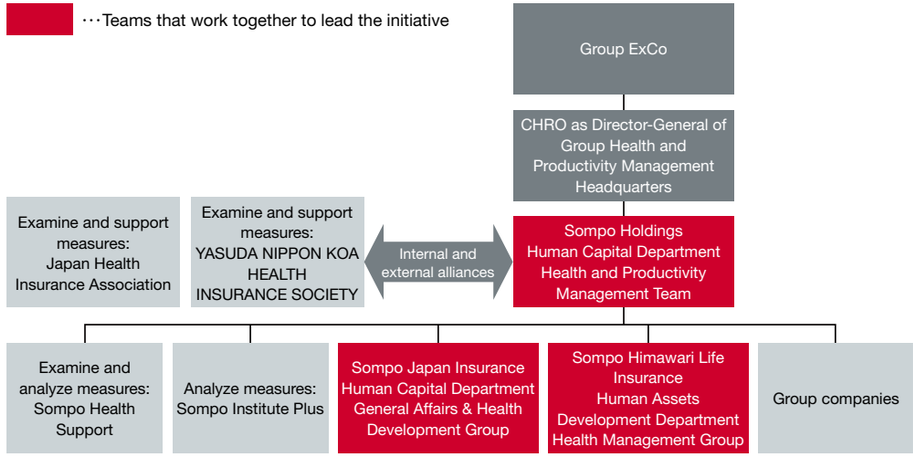
Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Structure Health management initiatives in the Group

As head of the Group Health and Productivity Management Headquarters, the Group Chief Human Resource Officer (CHRO) reinforces and spearheads efforts to maintain and improve wellbeing and provide support on health and productivity management to employees, their families, customers, business partners in the supply chain, and other business entities involved in the creation of value.

Also, to maintain and improve the mental and physical health of Group employees, we team up with Group companies such as Sompo Japan Insurance and Sompo Himawari Life, as well as health insurance associations, to implement different kinds of initiatives.



Activities and Achievements Main initiatives

In FY2025, we are promoting initiatives to enhance the effectiveness of health and productivity management across the Group, focusing on the following three key issues.

(1) Understanding and promoting the importance of health and productivity management

(2) Promoting employee health

(3) Thorough attention to safety and other requirements

(1) Understanding and promoting the importance of health and productivity management

• Health and Productivity Management Headquarters meeting

The purpose of this meeting is to understand and emphasize the importance of health and productivity management by re-communicating the current year's health and productivity management plan and to foster Group synergy through the Health and Productivity Management Community.

At the meeting, the Group CHRO communicated the health and productivity management plan and priority issues to the top management of each company. Some said they gained a more profound empathy and understanding of the Group's plans and priority issues, and the importance of health and productivity management as a management strategy was reaffirmed. Some participants also commented favorably on the opportunity to learn about the efforts of other companies.

• Hosting a Health and Productivity Management Community

The Health and Productivity Management Community was formed in response to the lack of opportunities to build horizontal ties among Group companies and the desire to learn about the initiatives and problems facing other Group companies.

Community meetings took place twice in FY2024, between July 2024 and January 2025, with the people in charge of promoting health and productivity management at each company sharing various issues and good practices and exchanging information.

The Community also provides opportunities to learn basic knowledge about mental health.

Results for FY2024
July questionnaire: **25 participants** from **18 companies** Satisfaction: **88.0%**
January questionnaire: **23 participants** from **19 companies** Satisfaction: **69.6%**

Wellness Management

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

• Initiatives to increase employee motivation and team vitality

Happiness at work is a must-have factor for companies to grow sustainably. The Group believes that promoting health and productivity management can enhance not only wellbeing, the ease of working, and engagement but also the mental and physical health of employees.

Since the health of employees and their families is the driving force behind realizing the Group's Purpose, we will further promote health and productivity management to bring about diverse work styles by clearly declaring that we recognize mental and physical health management as a management issue and linking this to initiatives in strategic human resources .

Specifically, to quantify employee engagement, we conduct regular engagement surveys at all Group companies to check for any issues with the work environment. By visualizing the survey results as well as the status of working hours and stress check results at various workplaces, we are promoting initiatives such as setting up opportunities for dialogue and improving the workplace environment at each organization, thereby increasing employee engagement and motivation and revitalizing the organization.

Sompo Japan Insurance and Sompo Holdings have also begun conducting periodic culture change surveys with the aim of ascertaining changes in corporate culture and further accelerating change.

(2) Promoting employee health

• Improving lifestyle habits (eating habits, exercise habits)

We are implementing various measures to improve lifestyle habits to promote health awareness and behavioral change for each employee. For example, we hold walking events every spring and fall, and are working to increase participation and repeat rates by utilizing apps and offering incentives to increase participant satisfaction. We are also providing Sompo Group employees and their families with opportunities to exercise using popular chocoZAP gyms, through a capital and business collaboration with the RIZAP Group.

• Data analytics in health

The Group analyzes health data offered by Sompo Health Support while working with health insurance associations. Sompo Japan Insurance and Sompo Himawari Life are working to improve lifestyle habits, which have been found to correlate with the results of health checkups, stress check results, WLQ-J scores (Japanese version of the Work Limitations Questionnaire), and other analyses.

• Initiatives to reduce smoking rates

We are strengthening our efforts to reduce smoking rates with the aim of improving employee health. Currently, the smoking rate for the Group as a whole (age 40 and above) is 16.3%, which exceeds the national target rate of 12%. In light of this situation, in September 2024 we began implementing measures to promote health and encourage employees to stop smoking. In particular, we have designated the 11th (Good Health Day) and 22nd (Suwan-Suwan Day—"suwan" is Japanese for "I won't smoke") of every month as SOMPO No Smoking Days, and are calling on all employees to refrain from smoking in any facility or smoking area on those days.

Furthermore, in April 2025, we introduced a new guideline discouraging smoking during working hours. In line with this, we are also considering gradually reducing the number of smoking areas and making more effective use of space. In addition, to support employees who are trying to quit smoking, we are developing smoking cessation support and enhancing our support framework to meet the needs of each employee.

• Spaces for boosting productivity and improving health

Our group has established workspaces to enhance employee productivity and promote health as part of our corporate culture change and Health and productivity management initiatives. By providing an environment accommodating diversity of work styles, including spaces for efficient work and meetings, dedicated focus stations with monitors, and circular tables facilitating flat, face-to-face conversations, we have built a system that simultaneously improves productivity and satisfaction. By 2025, we will provide a Definition of the "SOMPO Work Style Guidelines," clearly stating our commitment to maximizing organizational value creation while simultaneously achieving high employee performance, growth, and job satisfaction-all by leveraging the advantages of both on-site and remote work. To support this, we will strive to further enhance working spaces across a Group-wide.

In addition, as an "open head office" and a symbol of cultural change, a special cafeteria on the 43rd floor of the Sompo Japan Insurance head office building, the top floor of the building, which had been used mainly by executives of Sompo Japan Insurance and Sompo Holdings, was opened to general employees including employees of Group companies. The floor, which has a stunning view, offers a work area that can be used for small group meetings as well as individual workspaces, providing a new venue for Group connections.

Wellness Management

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

(3) Thorough attention to safety and other requirements

• Implementation of line care training

We are conducting line care training to enhance the effectiveness of mental health measures implemented by managers. The purpose of this training is to gain a knowledge of approaches to preventing mental health issues among subordinates before they arise, and to connect this to early detection and appropriate support.

In FY2024, in continuation from FY2023, we conducted a voluntary training program for management personnel of Group companies which saw 446 participants from 23 companies. Conducted by mental health professionals from Sompo Health Support, the training included group discussions on specific measures as well as case studies from the workplace. There was also a presentation on self-care for managers, and the satisfaction rate among participants reached 81.4%.

In a survey of the participants, 84.9% responded that they had gained new insights or had a change in their awareness because of the seminar. In particular, the importance of daily communication and interaction was frequently mentioned. The most popular topic for future training was workplace revitalization, accounting for 52.6% of responses, indicating a high level of interest in improving the workplace environment.

Also, given issues including missing early warning signs for mental health issues and a lack of self-care and stress management skills, we are considering implementing mental health management training for non-managers in FY2025.

• Feedback on group analysis results for stress checks

We are utilizing the results of group stress checks to improve the workplace environment and enhance employee mental health.

Through feedback on analysis results, we identify stress levels across the workplace and clarify issues, which leads to the formulation and implementation of effective improvement measures. Moreover, feedback provides opportunities for individual employees to become aware of their own stress levels, which contributes to raising awareness of mental health and promoting preventive actions throughout the organization.

• Complying with occupational health and safety rules

We strive to maintain and improve the health of our employees through discussions by the Health Committees at various workplaces in the Group on occupational health and safety.

The Health Committee formulates an annual plan and holds regular monthly meetings to discuss three main topics: public health, mental and physical health, and safety. Meeting topics include working hours, health checkup participation rates, and reports on occupational accidents. Information on working conditions, including working hours and paid leave utilization rates, as well as measures to prevent excessive work, is shared with labor unions and employee representatives. The results of these discussions are reported to the general manager of each workplace, such as the general manager of the Human Resources Department or the branch manager, who then makes suggestions for improvements.

We also circulate information in accordance with the season or social conditions regarding measures that can be taken in the workplace to prevent infectious diseases.

To ensure that the Health Committee does not become a mere formality, we are promoting awareness so that a PDCA cycle can be applied to issues through the Health Committee, with the participation of supervisors from each location. If there is an occupational accident, we identify the cause through interviews and investigations with the employees concerned, and take measures to prevent recurrence.

• Excessive working hours and mental health issues

Excessive working hours increase the risk of depression, anxiety, and deaths from overwork, making it crucial for both companies and employees to take proactive measures in this area. The Group complies with all relevant laws and regulations regarding working hours and overtime, and has established clear policies aimed at reducing overtime hours. In terms of working hours within Japan, following consultations with labor unions, and we sign agreements with employees regarding working overtime and on holidays based on Article 36 of Japan's Labor Standards Act, and actively work to correct excessive working hours by properly gauging and managing employee working hours, including overtime, paying appropriate overtime wages, and providing interviews and guidance from company physicians to employees who work beyond the standard overtime hours. We also promote flexible work styles by enabling employees to work remotely and making improvements to the office environment. Employees are encouraged in mental health training programs to review their lifestyle habits, including getting adequate sleep, proper nutrition, and regular exercise, and to consult with colleagues when feeling stressed.

Wellness Management

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

To protect physical and mental health, it is necessary to maintain an appropriate work environment and create a psychologically safe workplace. We will continue to consider measures while sharing information with the health and productivity management representatives of each company.

• Financial wellbeing initiatives

We believe that supporting financial stability and a secure future for our employees is essential to improving employee engagement and, ultimately, to enhancing sustainable corporate value. Based on this understanding, the Group is actively implementing measures to improve financial wellbeing.

Specifically, we hold regular welfare seminars that aim to improve the financial literacy of our employees. They cover a wide range of topics, including financial planning based on asset formation and asset protection, life insurance and property and casualty insurance plans available through the Group, employee savings plans, various benefit plans offered by health insurance associations, defined-contribution pension plans, and investing in the stock market.

We will continue to expand measures to support financial independence and a secure future for each employee.

• Confirmation of occupational health and safety initiatives at subcontractors

We aim to maintain and improve the physical and mental health of not only our employees but also those of our business partners, and we check their occupational health and safety initiatives when entering into a contract.

Activities and Achievements External evaluation

Our company has been certified as a 'Health & Productivity Management Outstanding Organization' for nine consecutive years as an organization demonstrating outstanding health and productivity management practices.

For details, see the External Evaluations section (P.189).

Wellness Management

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Health issues and major verification indicators

To realize the Sompo Group's Aim for Health and Productivity Management, we have established indicators for changing employee awareness and are continuously measuring progress to improve our initiatives.

Sompo Holdings

Health issues		Target KPI	Unit	Target	FY2021	FY2022	FY2023	FY2024
Lifestyle disease preventive measures	1*1	Rate of regular medical checkup	%	100.0	99.1	99.4	100.0	98.8
	2*2	Appropriate weight maintenance (BMI 18.5–24.9)	%	80.0	63.4	68.9	66.5	61.1
	3*2	Rate of regular exercise	%	30.0	40.2	37.0	38.5	33.2
Measures to encourage employees to stop smoking	4*1	Rate of smoking	%	12.0	9.8	10.9	11.5	9.9
Mental health measures (stress check examination)	5*1	Rate of stress check examination	%	100.0	94.4	95.8	95.3	93.1
		General health risk	—	below 100	84.0	87.0	85.0	89.0
Improved presenteeism	6*1	Total Performance Evaluation*3 WLQ-J score (most productive = 100%)	%	Improvement from the previous fiscal year	95.3	95.3	95.5	95.3

Sompo Japan Insurance

Health issues		Target KPI	Unit	Target	FY2021	FY2022	FY2023	FY2024
Lifestyle disease preventive measures	1*1	Rate of regular medical checkup	%	100.0	99.9	99.9	99.9	100.0
	2*2	Appropriate weight maintenance (BMI 18.5–24.9)	%	80.0	66.0	66.4	65.8	66.4
	3*2	Rate of regular exercise	%	30.0	21.3	21.7	22.5	20.7
Measures to encourage employees to stop smoking	4*1	Rate of smoking	%	12.0	14.5	14.0	14.3	13.8
Mental health measures (stress check examination)	5*1	Rate of stress check examination	%	100.0	93.3	97.8	97.9	98.2
		General health risk	—	below 100	100.0	104.0	100.0	101.0
Improved presenteeism	6*1	Total Performance Evaluation*3 WLQ-J score (most productive = 100%)	%	95.0	94.0	93.6	93.8	93.7

Sompo Himawari Life Insurance

Health issues		Target KPI	Unit	Target	FY2021	FY2022	FY2023	FY2024
Lifestyle disease preventive measures	1*1	Rate of regular medical checkup	%	100.0	100.0	100.0	100.0	100.0
	2*2	Appropriate weight maintenance (BMI 18.5–24.9)	%	80.0	67.3	66.7	65.8*4	65.6
	3*2	Rate of regular exercise	%	40.0	26.8	26.6	27.0*4	25.4
Measures to encourage employees to stop smoking	4*1	Rate of smoking	%	below 5%	9.3	7.5	6.9	6.2
Mental health measures (stress check examination)	5*1	Rate of stress check examination	%	above 95%	97.7	92.5	98.1	97.7
		General health risk	—	90.0	95.0	94.0	91.0	89.0
Improved presenteeism	6*1	Total Performance Evaluation*3 WLQ-J score (most productive = 100%)	%	100.0	93.9	93.9	94.0	94.0

*1 All employees
*2 Employees over age 40
*3 Same examination rate as for stress checks
*4 These figures have been updated from the Preliminary data in the FY2023 report to the finalized data

Medical expenses/insurance business expenses (Average for Yasuda Health Insurance Policyholders)

Item	Unit	FY2021	FY2022	FY2023	FY2024
Medical expense/person	JPY	240,301	262,745	178,234	289,564
Insurance business expense/person	JPY	31,113	30,367	36,777	35,702

Information on health initiatives (Average for Group)

Item	FY2021	FY2022	FY2023	FY2024
Employee satisfaction with health initiatives (5-point scale)	3.02	3.06	3.08	3.04

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Feature

Value Creation Initiatives Based on My Purpose

Sompo's approach to value creation based on My Purpose

The Sompo Group is pushing forward with its initiatives while sharing the story of the changes it will make as it creates value to realize SOMPO's Purpose of creating "a future of health, wellbeing and financial protection" based on the pursuit of My Purpose, while illustrating this as the impact path of human capital.

The impact path of human capital shows the path to achieving SOMPO's Purpose, in which the pursuit of My Purpose and the promotion of diverse work styles lead to inner changes that improve employee engagement through the mutual influence of three elements: individuals, relationships, and organization. These inner changes then lead to emerged changes, including taking on more challenging actions aimed at creating value and outcomes.

Paradigm shift in the way we work and live

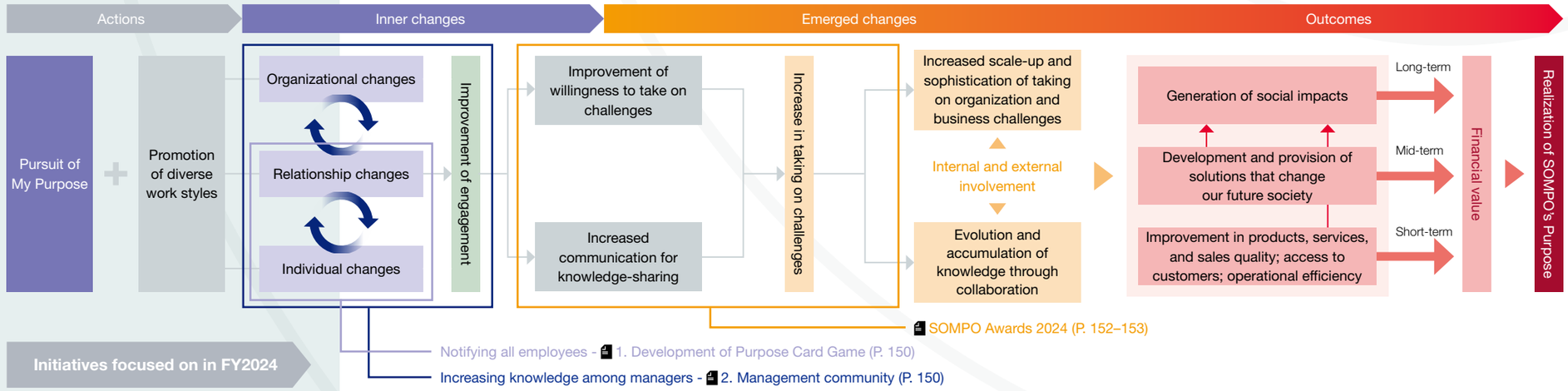
For the Group to turn its value creation story into reality, we believe it is most important for all employees to face their lives with their own purpose (My Purpose) in an era when the paradigm of the way we work is shifting and live from "positioning one's life as a part of the company" to "positioning the company as a part of one's life."

My Purpose

My Purpose refers to one's purpose in 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 life. My Purpose is something that each of us already has within ourselves.

By expressing your purpose, you can use it as a guideline as well as a driving force for your own life and career. In the Sompo Group, we first look back at our own lives and careers from the three perspectives of "Want" (intrinsic motivation), "Must" (social responsibility), and "Can" (inherent ability), and refer to the overlapping parts of these perspectives as "aspirations," which is what motivates us. This is what we mean when we say My Purpose.

Impact Path of Human Capital



To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Feature

Value Creation Initiatives Based on My Purpose

Actions | Inner changes | Emerged changes, outcomes

Efforts to bring about inner change

1. Development of Purpose Card Game

The Purpose Card Game is a simulation game that allows employees to experience how their way of thinking, behavior, relationships with those around them, and even their performance changes when they embrace My Purpose (their purpose in life and meaning of work).

The Sompo Group has long promoted initiatives that encourage each employee to engage with their own My Purpose. We believe SOMPO's Purpose is best achieved by thinking about how My Purpose overlaps with SOMPO's Purpose, having intrinsic motivation, and feeling fulfillment when working.

This game aims to enable players to experience Sompo's unique approach of aligning the purposes of individuals and organizations, and to recognize the fulfillment and happiness of working in their own way while embracing challenges, and to experience what it means to generate innovation.

Comments from participants

- When I compared it to my actual work, the meaning of my work became clear, and I became more engaged with my work.
- I didn't just become aware of my own purpose; it also gave me the opportunity to think of other members' fields as if they were my own.
- I was able to experience the synergistic effect of aligning My Purpose with that of the company.

2. Management Community

The Management Community facilitates activities for leaders across the Group who are motivated to transform the organization into one that values employee fulfillment and happiness to connect across organizational boundaries and share the management experience and knowledge they have gained from that experience.

Previously, we conducted "pair activities" where individuals formed pairs to share concerns about their own organizational transformation and hints for solutions through one-on-one sessions. However, when we held a workshop for managers, we learned about this community and welcomed new members who wished to participate. We then created opportunities for mutual learning centered around "unit activities" with teams of five. We also held monthly group meetings, expanding the circle of discussion and mutual learning about valuing individuals while managing the organization.

Management Community: participant feedback

Together with colleagues from Sompo Himawari Life Insurance whom we met through this community activity, we held a My Purpose sharing meeting that crossed departmental boundaries. Five members from five departments at headquarters gathered to share their My Purpose, the experiences that led them to embrace it, and the sense of fulfillment they derive from their work. Through this activity, we experienced firsthand that management can address underlying issues (icebergs) faced by an organization by respecting individual values, considering organizational operations and reforms, and engaging in ongoing dialogue with members.

I'm also confident that the knowledge gained through community activities with Sompo Japan Insurance's leaders, who are working to regain trust in the insurance industry, will contribute to the sustainable growth and medium- to long-term enhancement of corporate value, not only in terms of promoting change in my own organization, but also from the perspective of strengthening the Group-wide management foundation and enhancing human capital.

Yukiko Yoshida
Corporate Planning Department, Sompo Himawari Life Insurance

Four years ago, I formulated My Purpose with team members and we shared our collective desire to contribute to our local community in Okinawa. This led to the formation of the Contribute to Okinawa Team within our branch office. Based on the members' ideas, we decided to take on initiatives that would contribute to the development of Okinawa and address the issues the prefecture faces. I felt that job satisfaction and happiness increased among members as they took initiative in tackling challenges that overlapped with their My Purpose. The team even received the Excellence Award in the Sompo Value Creation category at the SOMPO Awards 2022.

Until now, there weren't many opportunities to freely exchange opinions about management, but by participating in this community, I've been able to interact with other members who are also striving for change, which has led to mutual encouragement and advice. It's been a great learning experience.

Shinichiro Tsuchiya
Government and Regional Market Development Division, Sompo Japan Insurance
(Formerly affiliated with: Okinawa Branch Corporate Division)

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

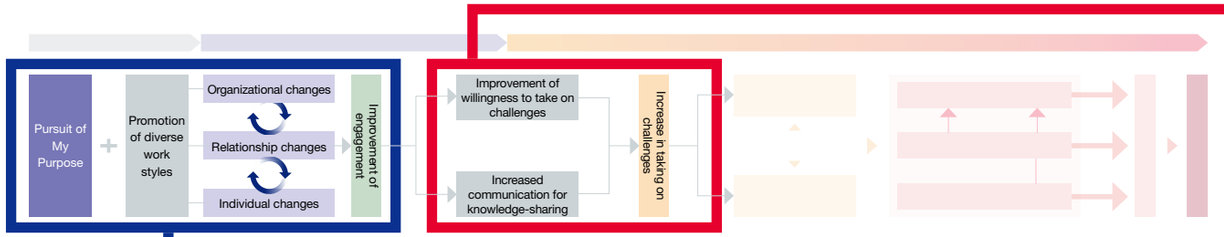
Feature

Value Creation Initiatives Based on My Purpose

Actions | Inner changes | Emerged changes, outcomes

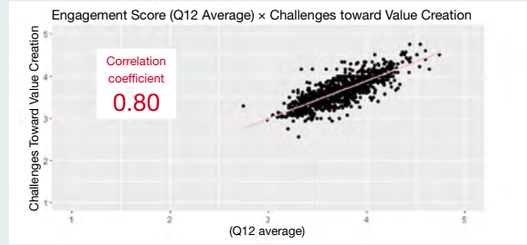
Going from inner changes to emerged changes

Engagement improves through the mutual functioning of three types of changes within individuals and organizations: individual changes, relationship changes, and organizational changes. At our company, we use My Purpose as a starting point to deepen understanding and empathy for our purpose. By implementing various actions, such as promoting diverse work styles, we aim to spark this "inner change" comprised of these three shifts and work to improve employee engagement. Furthermore, we translate the improved engagement resulting from these changes into strengths and tie these to emerged changes that lead to taking on challenges and generating innovations.



Organizations experiencing "individual change," "relational change," and "organizational change" with "Improve employee engagement" demonstrate a proactive stance toward challenges.

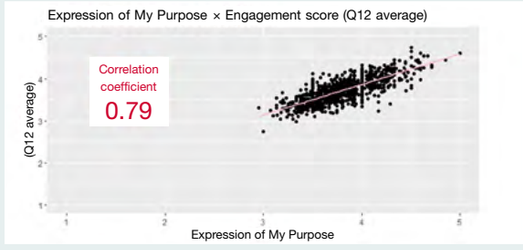
We held the SOMPO Awards 2024 as a measure to promote challenges based on My Purpose or aspirations towards new challenges.



Individual changes

We define "individual changes" as the changes that occur when each employee self-reflects while creating and deepening of their own My Purpose.

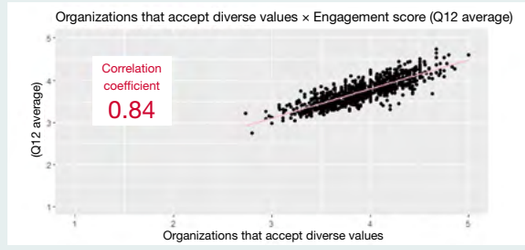
After analyzing data accumulated in-house, we found that organizations that express My Purpose tend to have higher engagement.



Relationship changes

We define "relationship changes" as the changes that occur among employees, such as increased mutual understanding and respect for each other's values, by sharing their formative experiences and visions through dialogue based on My Purpose.

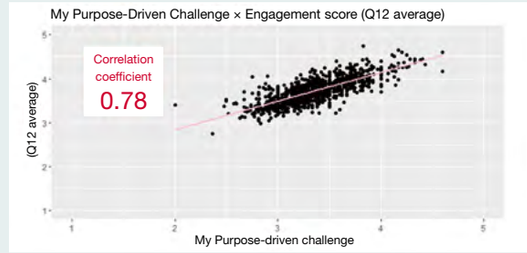
After analyzing data, we found that organizations that have undergone relationship changes and respect diverse values tend to have higher engagement.



Organizational changes

The changes seen in organizations as they become purpose-driven through individual changes and relationship changes, such as developing a willingness to take on challenges and accelerated knowledge sharing, are called organizational changes.

After analyzing data, we have confirmed that organizations that have achieved higher engagement through organizational changes also tend to have a greater willingness to take on challenges.



* The analysis was conducted by Sompo Institute Plus based on the results of an engagement survey of Sompo Group employees.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Feature

Value Creation Initiatives Based on My Purpose

Actions > Inner changes > Emerged changes, outcomes

Initiatives to engender emerged changes

SOMPO Awards 2024

Purpose

The SOMPO Awards 2024 was convened with the concept of "Our Purpose begins with you" with the aim of creating opportunities for members of the Sompo Group to get to know each other and feel both a sense of unity and the diversity that exists in the Group by sharing their thoughts and initiatives with colleagues, cheering each other on in their efforts, and learning about the challenges colleagues are facing.

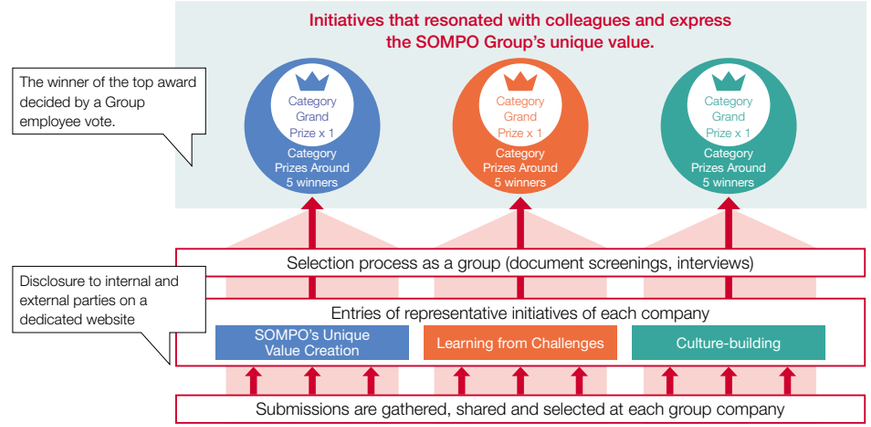
Categories for submissions

SOMPO's Unique Value Creation	Challenges created new value and achievements by engaging with clients and the community
Learning from Challenges	Challenges stepped out beyond one's existing work
Culture-building	Challenges enhanced employee engagement and cultivate a positive culture

Application and selection

In FY2024, we added a selection process for each Group company to select a representative initiative for the SOMPO Awards 2024. The aim of adding this process was to create opportunities for communication by allowing employees to share their thoughts and initiatives with one another in smaller groups such as their workplaces, or encourage each other's efforts. The process of selecting the top award winner by employee vote fostered a sense of unity within the groups.

Overview of SOMPO Awards



An event for mutual encouragement

This year, after soliciting entries in three categories through submissions, sharing, and selection at each Group company, a total of approximately 170 people, including those selected as representatives of Group companies in Japan and administrative office members from each company, came together to hold the Connect with Encouragements Meeting. Sharing each other's challenges and thoughts across Group company boundaries reinforced our connections as a Group.

Prior to the award ceremony, an event was held to share the initiatives of representatives from each group company as part of the SOMPO Awards 2024 Pre-event. A total of 800 people participated in the event, and the presenters received much encouragement.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Feature

Value Creation Initiatives Based on My Purpose

SOMPO Awards 2024 Grand Prizes

SOMPO's Unique Value Creation

First in Japan! Launch of "TytoCare," an Online Medical Support Business

Description of Initiative

TytoCare is a digital medical device that shares stethoscope results and the condition of users' throats to doctors who are far away. Our challenge was to establish a new business of medical equipment services, the first in Japan and the first for SOMPO in this domain. We proceeded with the project by creating new connections with key persons both internally and externally. In September 2024 the business was featured in The Nikkei, and we are currently making diligent efforts to expand our business.

Background Motivation

Idea we value: "sense of unity."

In order to overcome the difficulties faced by new businesses, it is important to harness the immense strengths that only a unified organization can generate. I'm always amazed by the success and growth of individuals in such organizations. What lies behind this project is my personal desire to energize both SOMPO and the rest of Japan through this kind of organizational development. I hope all of you will help us in this endeavor.

Learning from Challenges

Creating a Society that Also Protects Employees from Customer Harassment

Description of Initiative

Today, a number of risks are emerging in our society that insurance alone cannot cover. One of these is human capital management, and in our age of insufficient manpower, one of the initiatives required by companies is to protect their precious employees from customer harassment. We developed an anti-customer harassment support service by conducting 51,921 km worth of interviews on customer needs.

Background Motivation

"This challenge will one day bloom."

I myself have experienced periods in which I wanted to work more and yet couldn't due to my circumstances at the time, or periods in which I wanted to have a job that I felt passionate about and through which I could serve others. However, no matter how hard I prayed or worked, there were times when the door stayed firmly shut. But now, I can say for sure that you too will one day fully bloom, as long as you continue to challenge yourself. This is the message that I would like to communicate to everybody through this challenge.

Culture-building

Supporting the Recovery of the Noto Peninsula: Unveiling "SOMPO de Manaboccia" Invented by the Ishikawa Branch

Description of Initiative

Our desire to contribute to the community based on the company' s theme park concept culminated in the "SOMPO de Manaboccia" initiative, which took place at the recovery support event for the disaster-affected Suzu city in May 2023, held by the Komatsu Branch in collaboration with local NPOs. The event was a result of the local government's wish to support Noto's recovery through sports, and the wishes of SOMPO employees who want to put smiles on the resident' s faces. Everybody was full of smiles at the recovery support initiative unveiling.

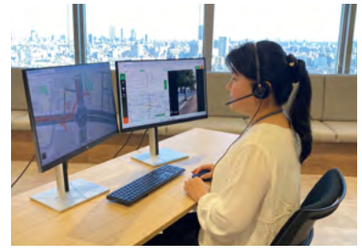
Background Motivation

We want to encourage employees to connect with one another, connect with agencies and companies, and be of service to local communities, while using our wisdom and actions to bring smiles to everyone's faces. By using our original tool, we want to share the sense of crisis that is unique to disaster-affected prefectures while respecting diversity and providing opportunities for people to learn in a fun way, and create a resilient community for the future by reinforcing community ties and strengthening contingency preparedness.

Embracing further challenges after winning the award

SOMPO Awards 2022 Learning from Challenges Category Grand Prize:
A Society Where Everyone Can Fully Enjoy Their Life Regardless of Disability
"Eyeco Support"

Eyeco Support is a service that allows visually impaired users to share visual information about their surroundings and their location using their smartphone camera. The images are then viewed by a remote operator who verbally conveys the visual information back to the user. Growing in popularity, this service has been driven by the desire of the planning team, which includes visually impaired members, to create a society where everyone, regardless of disability, can live a more exciting life. Following its introduction in Tottori Prefecture, Atsugi City in Kanagawa Prefecture has adopted a comprehensive service subscription plan. The service will also be tested as part of the Tokyo's Smart Inclusive City Project. The widespread introduction of this service by local governments will enable us to offer the service to even more people.



By offering Eyeco Support, we will continue to support access to visual information, thereby expanding the range of activities and choices available to visually impaired people, promoting their participation in society through employment, and improving their quality of life.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Financial Inclusion

Concept and Policy Basic concept

As poverty, aging, and other social issues become increasingly serious, it is becoming more important to promote financial inclusion so that all people have access to financial services.

Aiming to create a society where everyone can lead security, health and wellbeing, the Group strives to understand the circumstances and needs of underserved groups. We will also develop and provide a wide range of services, including financial instruments, by thoroughly examining and analyzing changes in the social and economic environment and in customer needs in cooperation with external stakeholders. In developing products and services, we consider appropriate pricing and examine delivery methods that meet customer needs. At the same time, we strive to make our complaint mechanisms easily accessible to customers. In addition to providing products and services, we help to raise living standards for under-served groups by providing non-financial support, including offering educational opportunities and raising awareness related to insurance and finance.

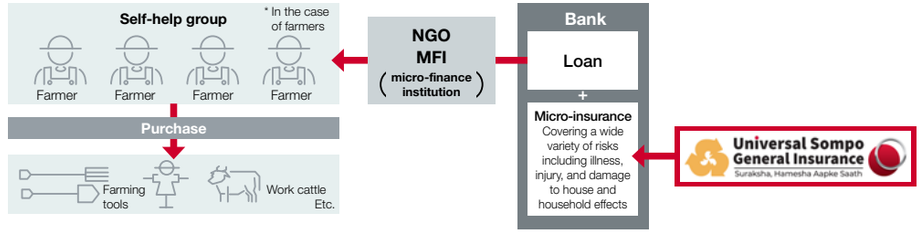
The Group considers these financial inclusion initiatives to be part of its sustainability efforts. The Group Sustainable Management Committee discusses the progress and emerging challenges of these initiatives, and is chaired by the Group Chief Sustainability Officer, who reports to the Board of Directors. We also conduct annual training for employees to further their understanding of sustainability issues, including financial inclusion.

Activities and Achievements Promoting universal access to insurance

Providing micro-insurance in India

Since 2008, Universal Sompo General Insurance (USGI) has been providing micro-insurance services for the protection of low-income individuals who are vulnerable to health risks and have difficulties repaying their loans. USGI's products include livestock insurance for economically marginalized farmers, insurance packages and accident insurance for farmers, and medical insurance coupled with microfinance offered by banks and others covering illnesses. These insurance product's premiums are set low.

Mechanism of micro-insurance



Micro-insurance results in India

	2021–2	2022–23	2023–24	2024–25
Insurance for low-income individuals				
Premiums written (million rupees)	14,308	14,476	15,227	13,012
Number of policies	47,917,892	4,427,158	3,566,118	9,144,808
Number of clients	47,917,892	4,427,158	3,566,118	9,144,808
Insurance for the rural sector				
Premiums written (million rupees)	14,649	20,555	5,830	3,237
Number of policies	11,125,622	25,389,794	746,248	489,355
Number of clients	11,125,622	25,389,794	746,248	629,648

Initiatives to expand insurance coverage to rural areas of India working with the government

In line with the vision of "Insurance for All by 2047" set forth by the Insurance Regulatory and Development Authority of India, USGI has established a dedicated team to promote insurance in rural areas, particularly in the under-served state of Andhra Pradesh since 2024. To expand insurance coverage in rural areas such as the state of Andhra Pradesh, USGI uses demographic and socioeconomic data provided by the state government and others to provide insurance that meets the needs of rural people and microenterprises, and to reach out to communities with a focus on women-led self-help groups (Self Help Groups) and provide post-sale support. USGI has also established an insurance committee in collaboration with the provincial government and a digital platform to disseminate the initiative.

The initiative aims to provide property insurance, livestock insurance, and livelihood compensation at low premiums and in compliance with Insurance Regulatory and Development Authority guidelines, with a target premium income of 100 million rupees in 2025-26 from approximately 40,000 policies (actual 2024–25: 5,060 policies, 13.13 million rupees).

Financial Inclusion

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Insurance program supporting women just before and after childbirth

In February 2013, Sompo Japan Insurance started to offer liability insurance for doulas (trained non-medical professionals who assist women before and just after childbirth) in collaboration with the Japan Doula Association. The insurance program covers the cost of damages in cases where the insured doula is legally liable for damages as a result of an accident occurring in the course of their work.

In recent years, the circumstances surrounding child-rearing have continued to change due to factors such as declining birthrates and the higher average age of parents. The number of child abuse cases is also on the rise, in part due to postpartum depression among women in isolated child-rearing environments.

In light of these social issues, the Japanese government revised the Child Welfare Act to establish a new home visit support program for child-rearing households. This comprehensive support program includes helping with childcare and housework, listening to and counseling parents about their anxieties and concerns, and offering advice. As a result, the demand for doulas is also on the rise.

Doulas, however, bear the risk of legal liability for any damages incurred while working. Sompo Japan Insurance aims to support doulas in their activities through this insurance, in turn supporting mothers before and after childbirth. As of April 2025, 560 doulas had enrolled in this insurance.

Insurance in preparation for dementia and insurance that supports people with dementia in living as themselves

With the total number of elderly dementia patients in Japan estimated to reach approximately 8.3 million in 2030*, social issues related to dementia are expected to increase, including concerns about the growing economic burden. Sompo Japan Insurance provides a Lump-Sum Benefit for Mild Cognitive Impairment, etc. Special Provision that offers up to JPY 300,000 in compensation. This benefit supports the early detection of mild cognitive impairment, which is important for delaying the onset and progression of dementia, and for preventing cognitive function decline. Since a diagnosis of dementia can result in a significant financial burden on the patient's subsequent life, we offer a Dementia-Specific Special Provision (for Lump-Sum Benefit for Dementia) with an insurance amount that can be set up to JPY 3 million, aiming to alleviate this financial burden and the accompanying mental stress. Furthermore, we will contribute to alleviating the anxiety and concerns that policyholders and their families have about dementia by providing basic knowledge and the latest information on dementia and nursing care.

* Source: FY2014 Health, Labour and Welfare Sciences Research Grants Special Research Project "Research on Future Projections of the Elderly Population with Dementia in Japan"

Activities and Achievements

Promoting insurance in readiness for all kinds of risk

Mysurance, the Group's small amount, short-term insurance provider, is committed to planning, developing, and selling products in keeping with its mission of bringing new value to insurance, providing customers with new experiences, and making the world smarter through the use of digital tools aimed at making insurance simpler and easier to understand.

Mysurance seeks to rapidly create products to accommodate changes in society and the environment, and meet emerging customer needs, thus providing a level of preparedness for diverse risks.

Online cancellation insurance covering travel reservations

This insurance protects customers from the uncertainty of booking a forthcoming event or expensive travel, and in the event of a cancellation, it reimburses the full amount of the cancellation fee*.

If travelers have to cancel a reservation due to illness or bad weather, they may not only feel disappointment over being unable to travel, but may also have to pay a cancellation fee—a bad experience that may discourage them from booking the next trip. To support customers who wish to travel and make reservations without anxiety, and to revitalize the Japanese travel industry which was hard hit by the pandemic, we offer cancellation insurance for domestic and overseas travel, covering a wide range of reservations, including accommodations and airline tickets. Embedded cancellation insurance offered in collaboration with travel platform providers, automatically links travel reservation information and personal information by inserting an insurance enrollment link into the customer's reservation process. This system allows anyone to easily complete the insurance enrollment process. As of the end of December 2024, the total number of policies sold had surpassed 1 million, and the service continues to be used by many customers.

While this service has received much positive feedback, we have also heard comments to the effect that more people should be aware of cancellation insurance, which indicates that it is not yet widely known. Amid the rise of oshikatsu (traveling to attend concerts or other events featuring favorite entertainers or characters) among younger Japanese in recent years, there have been mounting complaints about the burden of travel cancellation fees due to event cancellations or other reasons, This has prompted our initiatives to raise awareness of cancellation insurance. Following a survey which showed that only about 10% of people were aware of cancellation insurance, we launched a dedicated website Oshikatsu Cancellation Insurance website that incorporates manga and real-life visuals to make it more accessible. Through these efforts, we aim to lower the psychological barrier to insurance, convey the value of insurance to younger generations who are unfamiliar with it, and expand access to financial services.

* The sum insured is the maximum limit.

Financial Inclusion

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Efforts to build an inclusive society

Initiatives to improve financial literacy in India

In rural communities of India, lack of awareness about the importance of insurance has resulted in cases of financial distress due to lack of insurance coverage in the event of natural disasters or illness. Universal Sompo General Insurance (USGI) believes that increasing financial literacy is an important step in building stronger and more resilient communities, and is working with NGOs and NPOs to offer insurance literacy training programs and free health screenings, particularly in the state of Andhra Pradesh, where there is a lack of financial services.

Activities in FY2024 in the state of Andhra Pradesh

USGI organized an insurance literacy training program to educate women. Sessions were also held to raise awareness about the village insurance ombudsman. Approximately 30 participants attended this program.

USGI conducted insurance literacy training program for Self Help Groups, local farmers, public health services, children's homes, and women's groups. Approximately 20 people participated in the program.

USGI partnered with CRY- Child Rights and You, an NGO working to secure local children's rights, to foster educational opportunities for children in marginalized communities in Andhra Pradesh. The aim of this initiative is to address the barriers to education and equip students with the resources necessary to pursue professional courses and better careers. This program benefited 114 students & 82 families.

USGI conducted an insurance literacy training program with a local broker, Maruti Suzuki Insurance Broking. In order to familiarize rural residents with the basic concepts of medical and auto insurance, they also offered free auto and eye exams. Approximately 50 people participated in the program.

Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Contributing to disaster prevention and mitigation with products and services

SORA Resilience: Disaster prevention and mitigation platform-based solution

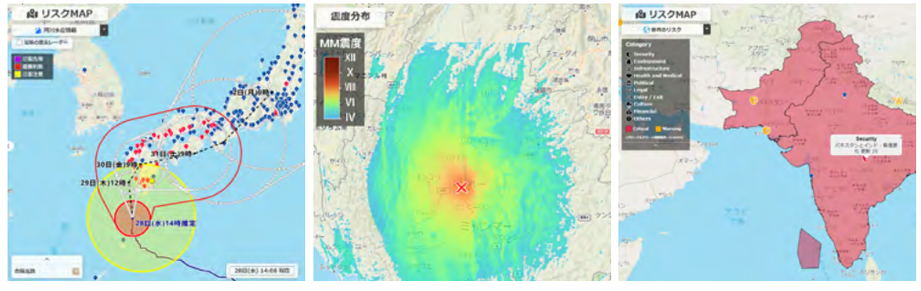
SORA Resilience is a disaster prevention and mitigation platform-based solution jointly offered by Sompo Risk Management, which has expert knowledge of risks, Sompo Japan Insurance, which specializes in insurance knowledge, and Weathernews Inc., a company that has access to meteorological data and boasts analytical capabilities.

In recent years, the world's attention has been focused on the growing risk of climate change. According to a report of the Intergovernmental Panel on Climate Change, the probability of torrential rainfall and other weather disasters is expected to grow even stronger going forward as global temperatures continue to rise, and the threat of natural disasters we face is intensifying year after year.

On the other hand, the accuracy of numerical forecasts related to typhoon path predictions and weather is improving year by year, and the forecast information can be used as a reference in deciding more effective disaster prevention and mitigation actions. Even when a disaster is difficult to predict, such as an earthquake, it is essential for resilient organizational management to quickly gather information, make decisions, and take action. SORA Resilience is a platform that can contribute to gathering and managing such information.

SORA Resilience (1) enables users to easily grasp a variety of risk information in real time, (2) can predict risks up to 72 hours in advance for each site and allows consideration of "when" and "which sites" need to be addressed, and (3) enables smoother operations in response to disasters that by nature do not occur often. Developed based on these three concepts, the system is finding use among customers in a wide range of industries.

Customers with offices in Japan and around the globe also utilize the system's global alerts, which deliver overseas earthquake information and risk information for each location. SORA Resilience will continue to evolve with the aim of becoming a platform that can better help customers prevent or mitigate their exposure to disasters.



Screenshots of the SORA Resilience service

©Mapbox ©OpenStreetMap

The Sumai no Hazard Map: Comprehensive hazard map service to safeguard customers from natural disaster risks

Sompo Japan Insurance develops and provides unique hazard maps, the Sumai no Hazard Map, outlining hazards in the places where people live, by combining its insurance payment data with the hazard maps issued by public institutions.

The main features and advantages of the service are (1) assessment and display of risks for each customer address, (2) display of disaster and accident examples for the visualization of natural disaster risks, (3) display of recommended evacuation centers, facility information, and insurance coverage.

This service is an information tool that staff at our agencies explain to customers when proposing new fire and earthquake insurance policies or renewing policies. The service aims to encourage customers to correctly understand the risks of natural disasters in their own communities and to further convince them of the need for the insurance policy.

(1) Assessment and display of risks for each customer address

(2) Display of disaster and accident examples

(3) Display of recommended evacuation centers, facility information, and insurance coverage

Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Support for corporate and municipal business continuity planning and disaster preparedness

With various risks such as natural disasters, infectious diseases, and ballistic missile launches becoming a reality, companies and local governments are required to formulate comprehensive risk management and business continuity plans to protect the safety of their employees and local residents. In addition, education and training for responding to various types of crises have become important factors, and there is a need to establish highly effective response frameworks. To meet these needs, Sompo Risk Management provides, in addition to its existing consulting services, support for business continuity and disaster prevention, and mitigation for companies and local governments.

For companies and other organizations, we provide comprehensive support for addressing various issues through a range of services, including business continuity plan development based on an all-hazard approach, planning and implementation of diverse training programs tailored to specific challenges and needs, and provision of the HONBU-kun disaster response headquarters operation kit and the STG-DX (disaster response game online training program).

Local governments support the building of disaster-resilient communities by formulating plans and manuals e.g., regional disaster prevention plans, business continuity plans, relief distribution plans, regional plans for strengthening national resilience, and national civil protection plans), planning and conducting education and training, facilitating local councils for people unable to return to their homes, and conducting research and studies on disaster response measures.

Among these, KUG (a game for managing aid facilities for stranded people) is a game-based simulation tool that allows users to gain a more in-depth understanding of the tasks involved through experiencing the challenges of responding to people stranded after a disaster. This tool was developed in collaboration with Professor Yu Hiroi of the Research Center for Advanced Science and Technology at the University of Tokyo under an open innovation initiative. It won the Resilience Grand Prize, the top prize at the 11th Japan Resilience Award*.

* A system established by the Association for Resilience Japan that recognizes companies and organizations engaged in activities and initiatives that contribute to building a strong, resilient country and communities, as well as technology and product development that contributes to disaster prevention and mitigation as well as national resilience.

For related information, see Climate Change Initiatives (Adapt to Climate Change) (P.115–116).

Activities and Achievements

Digital transformation for wide-area disaster response (fire and allied insurance)

Following the Fukushima Earthquake on March 16, 2022, Sompo Japan Insurance, Palantir Technologies Japan K.K. and ABEJA Inc. formed a Disaster Response Project in April 2022 to improve business operations in the event of a major natural disaster, and began collecting and integrating data about accidents and insurance payouts to build an app for disasters. This has led to faster payment of insurance claims by substantially streamlining operations through digital transformation in claim processing operations.

In the past, the information required for damage assessment was dispersed across multiple systems, requiring a lot of time and labor to print and sort documents, as well as to manage dispatch routes to visit customer homes. By collecting and integrating the dispersed data onto Palantir's Foundry platform, restructuring it to suit our business processes, and utilizing it in the app we developed, we have been able to streamline our business operations.

Following the Noto Peninsula Earthquake, we established disaster response headquarters in Ishikawa, Toyama, and Niigata prefectures. By using the Foundry platform, we were able to complete payouts of insurance claims to more than 90% of customers who reported damage within four months following the January 2024 disaster.

We will continue striving for faster payouts by using this app.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Contributing to a Safe and Secure Mobility Society

Activities and Achievements

Safe driving support products and services

Developing telematics insurance and services

Sompo Japan Insurance has been engaged in research and development aimed at supporting safe driving and reducing insurance premiums for drivers through the use of telematics technologies. Our product line-up currently includes "Driving!,"*1 "SOMPO Drive," and "SMILING ROAD."*2

*1 The name of the service attached to the "Rider on Notice of Accident by Drive Recorder."
*2 A service for businesses designed to prevent accidents by using a drive recorder. The service was launched in March 2015 as the first telematics service in the P&C insurance industry. The drive recorder service was renewed in July 2022.

Safe driving support service "Driving!" for individual drivers

Sompo Japan Insurance believes that its mission as a P&C insurance company is to relieve customers' anxiety in the event of an accident and to reduce the number of traffic accidents that occur. In 2018, we have been providing "Driving!," a telematics-based service involving auto insurance for individuals who use a drive recorder (dashboard camera).

Since then, road rage has become a social problem spanning generations in Japan, so in September 2021, we updated our drive recorder terminals to provide greater peace of mind to customers. The use of drive recorder footage has led to prompt and reasonable insurance claim payments, with cumulative sales exceeding 370,000 units.

"Driving!" offers drivers peace of mind while driving by using a dedicated driving recorder with a tele-communications function that supports safe driving, as well as provides safe driving assessments after driving to help users maintain their driving skills. By using the telecommunications feature to enable users to directly connect to an insurance company, the company can provide an accident reporting service that utilizes the drive recorder's impact detection function and ALSOK Kaketsuke Anshin Service, an accident-scene callout service offered in collaboration with ALSOK CO.,LTD. Sompo Japan Insurance is the first major P&C insurance company in Japan to collaborate with ALSOK in providing such a service. In this way, the company offers customers total support for peace of mind and safety when driving.

Sompo Japan Insurance will continue to leverage digital technology to provide all drivers with even greater peace of mind and safety, contributing to achieving an accident-free society.

Main functions of "Driving!"

01	Accident response support in case of emergency • In the event of an accident, the ALSOK Kaketsuke Anshin Service provides peace of mind in addition to automatic and manual reporting. • We handle the securing of any accident scene and arrange ambulances on behalf of customers. Note: ALSOK Kaketsuke Anshin Service is available to customers whenever necessary.
02	Functions to support safe driving • Our support function for safe driving uses a high-performance drive recorder. • It alerts the driver with on-screen displays and warning sounds to avoid or mitigate accidents before they occur.
03	Visualization of driving ability data • While analyzing driving characteristics and other information, a driving diagnosis report is displayed on a dedicated smartphone app. If the driving characteristic score* is 80 or higher, a 5% discount is applied to the next year's auto insurance premium. * This score is calculated based on driving information and other data determined by the company.

"SMILING ROAD" safe driving support service for companies and individual business owners

Sompo Japan Insurance lends drive recorders with communication functions to corporations and individual business owners. It also offers "SMILING ROAD," a safe driving support service that uses advanced technology to analyze driving data obtained from the drive recorders. Specifically, the three functions of "see," "understand," and "praise" provide feedback on safe driving diagnoses, dangerous driving, and other information to the safe driving manager's computer and the driver's smartphone, thereby helping to raise driver awareness of safe driving and provide efficient guidance to the safe driving manager. In the event of an accident, the drive recorder's communication function can detect the impact and notify the administrator of the vehicle's location and other information to enable an immediate grasp of the accident situation, prompt notification of the accident to our company, and rapid resolution of the accident. Launched in March 2015, the new terminals and services were updated in July 2022. As of February 2025, the renewed service has been adopted by a total of about 4,700 companies amounting to approximately 150,000 units.

Contributing to a Safe and Secure Mobility Society

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

ALSOK reliable accident site support service

Sompo Direct Insurance provides an ALSOK reliable accident site support service, which dispatches ALSOK personnel to the scene of the accident when the company receives a report of an accident from a customer. The service ensures safety to prevent secondary accidents, arranges for ambulances when damage or harm has been caused to the customer or other parties involved, and verifies the situation and provides photos of the scene among other services. The service has been well received by customers whose questionnaire responses include, "I felt relieved once ALSOK arrived on the scene" or "I felt reassured."

Human health checkup for drivers initiatives aiming to create an environment where everyone can drive safely and at ease

Sompo Japan Insurance is working with AI Driving Instructor Co., Ltd. and MEDEMIL Corporation to develop solutions based on data-driven driving evaluations, seeking to address various traffic issues Japanese society is currently facing, including the increase in elderly and inexperienced drivers and the shortage of professional drivers.

In recent years, the Japanese government has enacted laws and regulations to address the surge in traffic accidents caused by elderly drivers. To prevent accidents, however, it is essential to understand the cognitive functions and driving skills of drivers themselves and to provide efficient, personalized training. By combining Sompo Japan Insurance's telematics technology, AI Driving Instructor's automated driving technology and AI-based high-quality driver education, and MEDEMIL's eye movement analysis technology, we are developing highly accurate driving diagnoses and effective training methods to contribute to the realization of a safe driving environment.

Optimal safe driving education videos through AI drive recorder analysis

Sompo Japan Insurance and Sompo Risk Management formed a partnership with LOGISTEED, Ltd. in FY2023 to build a system that enables professional drivers to work in a safe and healthy manner, and to provide transportation companies with various measures to prevent traffic accidents.

We have launched a new service that analyzes near misses and dangerous driving detected by Logisteed's Safe Driving Management Solution AI drive recorder, and automatically delivers optimal safe driving education content. We are delivering educational content created by Sompo Risk Management drawing on its specialized expertise in traffic accidents. Because the content is tailored to high-risk drivers, it is possible to efficiently implement highly effective safe driving instruction.

Sompo Japan Insurance will continue to utilize the latest digital technologies to provide services that address issues facing the transportation industry as a whole, such as the problems that arose in the Japanese logistics industry after restrictions on overtime for truck drivers were put in place in 2024 or the increase in health-related accidents.

Offering a safe driving support solutions for taxi operators

In February 2025, Sompo Japan Insurance, Denno Kotsu, Inc., and DAIICHI KOUTSU SANGYO Co., Ltd. launched a safe driving support solution for taxi operators. The service utilizes Sompo Japan Insurance's traffic accident data and DS, Denno Kotsu's cloud-based taxi dispatch system, to alert taxi drivers in real time to accidents and accident-prone areas.

The number of traffic accident fatalities in Japan reached a record low in 2022, but began to rise again in 2023, Taxi operators are considered to be particularly at risk of accidents due to their long driving hours. The three companies conducted a trial from January 2022 to confirm the effectiveness of the service in reducing accidents. Sompo Japan Insurance has also developed an insurance plan that offers premium discounts to policyholders who use this service.

We will begin to promote this system to taxi operators nationwide, propose new insurance products linked to traffic accident prevention, and contribute to safe driving awareness activities in local communities, as we aim for a society free of traffic accidents.

Map data use in the service

Contributing to a Safe and Secure Mobility Society

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Insurance for automated driving vehicles

Development of automated driving insurance services (tailor-made for pilot tests)

Automated driving technology is expected to provide solutions to various social issues, including the reduction of traffic accidents, the increase in people voluntarily turning in their driver's licenses after reaching a certain age, driver shortages in regional public transportation, and reduced CO_2 emissions.

Using insurance design expertise accumulated over the years, Sompo Japan Insurance has developed automated driving insurance (tailor-made for pilot tests) that covers a wide range of risks during automated driving pilot tests.

The product incorporates comprehensive automated driving insurance that compensates for various risks relating to automated driving, risk consulting by Sompo Risk Management, and a dedicated service that helps foster a pleasant automated driving experience by analyzing driving data using the latest IoT technologies.

As an example, vehicle developers who provide automated driving technology may be obligated to compensate for damages in the event of a system malfunction or other problem. However, it not only takes time to identify the cause of the malfunction, but developers will likely hesitate to promote such development if they have to bear indemnity risks.

To ensure that automated driving technology can be developed without concerns about such risks, Sompo Japan Insurance now offers a new Additional Rider for Insured Parties, such as Automated Vehicle Developers, which eliminates the need to debate the division of fault among vehicle developers, and does not seek compensation from developers insured under the rider. Through these initiatives, the company aims to solve issues faced by businesses that have adopted automated driving.

Protection for automated driving vehicles

Automated driving technology currently in practical use is driving support technology that assumes a human driver is driving the vehicle, and that the driver assumes liability for accidents in principle. Because of this, the likelihood of a human driver not being liable for compensation for damage under the law is low at present, and in the majority of cases, it is possible to offer insurance payments using current bodily injury and property damage liability insurance. However, due to diversified risks resulting from the high pace of recent technological developments and the increase in cyber-attacks, Sompo Japan Insurance anticipates cases in which it is unclear whether a human driver is liable for damages and cases that will take time to settle.

For such cases we offer a rider for the injured party (provided for all customers) that makes insurance payouts even when there is no liability for compensation on the part of the human driver, so that we can continue to provide security to customers who use automobiles equipped with automated driving technology and connected-cars, and ensure prompt injured party relief and early amicable accident settlement.

Solutions for the social implementation of automated driving services Launch of SOMPO ALCS*

Together with Sompo Risk Management, Sompo Business Solutions, and Prime Assistance, Sompo Japan Insurance in April 2024 launched SOMPO ALCS, a packaged solution to support local governments and transportation operators.

This solution is a complete package that provides services ranging from the trial stage to the actual operation of automated driving vehicles, and includes a risk assessment of the driving environment for automated driving vehicles, support for creating emergency manuals, and support for constructing a tow truck and maintenance network along with its own tailored insurance plan.

We will continue to leverage the knowledge and expertise we have accumulated to help realize a sustainable mobility society and support the widespread adoption of automated driving services throughout Japan.

* We named it "SOMPO ALCS" with the aim of contributing to social issues by supporting the implementation of automated driving services. ALCS stands for Autonomous, Level 4, Comprehensive, Support.

Contributing to a Safe and Secure Mobility Society

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Initiatives to eliminate "transportation gaps"

Insurance that supports mobility in local communities

Sompo Japan Insurance in June 2019 began offering automobile insurance tailored for mobility support services.

Volunteer transportation services help address the problem of securing transportation for people in areas with inadequate public transportation networks, but insurance coverage in the event of an accident has been an issue here.

We offer this product to organizations that provide transportation support services. It provides priority payouts for accidents that occur if registered drivers are involved in an accident while offering such services. This eliminates the need for drivers to use their own automobile insurance, allowing them to provide transportation support services without anxiety.

Moreover, to address the growing shortage of taxi and bus operators in recent years, we expanded the scope of the product in March 2024 to include Japanese ride-sharing operators. By providing this product, we will continue to contribute to the sustainability of transportation in local communities.

Insurance policy tailored to public ride sharing— i-Chan Ride Sharing Insurance

Sompo Japan Insurance has launched an insurance product called i-Chan Ride Sharing Insurance that is tailored to the public ride-sharing brand i-Chan provided by the National Association of Municipalities for Rideshare Coordination.

Public ride sharing is gaining attention in Japan as a means of eliminating transportation disparities in local communities. Ministry of Land, Infrastructure, Transport and Tourism has established a dedicated office for the purpose of eliminating such disparities, and is launching support and initiatives aimed at eliminating transportation disparities nationwide.

The National Association of Municipalities for Rideshare Coordination was established in April 2024 with the aim of improving public transportation accessibility in areas with transportation disparities. It was founded as a voluntary association under the auspices of a study group on ride-sharing in local governments which was formed by the Association of Governors and Mayors Creating Vibrant Local Communities, and is made up of 338 mayors from across the country.

Sompo Japan Insurance will work with the association to provide insurance and develop solutions for preventing accidents to help achieve safe and secure ride sharing.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

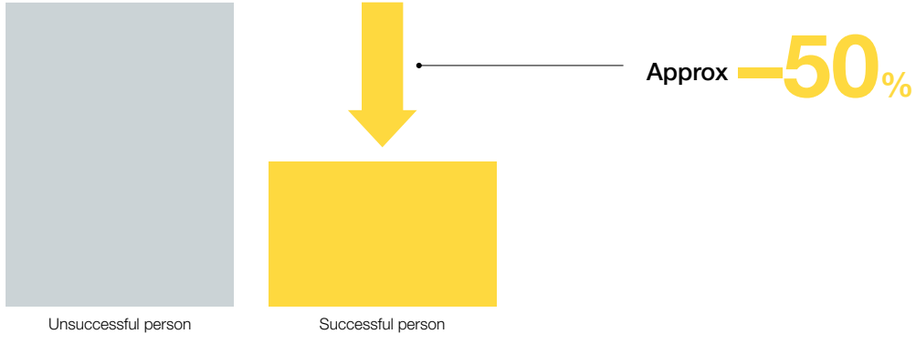
Financial and Corporate Data Section

Extending Healthy Life Expectancy

Activities and Achievements Insurance products initiative

As a "health support company," Sompo Himawari Life Insurance aims to support customers to lead prosperous lives and realize their dreams, and to bring about a society in which people can live their own way. Toward this goal, we are working to deliver innovative health-centered insurance products and health support services, centered on apps, to a large number of customers, and to support their behavioral change toward better health. Our initiatives to date have steadily increased the number of users of our insurance and health support services to 5.38 million people. The Get☆ Healthy Challenge! Program, one of the initiatives to support customers' behavioral change, has been showing results in health support. These include a lower hospitalization rate for people who succeeded in the challenge compared to those who did not. In the Mid-Term Management Plan starting from FY2024, we are accelerating our initiatives to help address the social issue of extending healthy life expectancy, and contribute to resolving the three concerns of SOMPO Wellbeing.

Get☆ Healthy Challenge! Hospitalization rate of successful applicants



* Hospitalization rates are based on the Get☆ Healthy Challenge! system and are calculated based on actual payments during the study period for FY2018–2019 contracts that were challengeable and in effect at the start of the study period. Percentages are based on the hospitalization rate for unsuccessful persons set at 100.
* The classification of "successful" and "unsuccessful," as well as the duration of the study, are as follows:
FY2018 contracts: Based on the success status at the end of March 2021, the study examined actual payouts from April 2021 to March 2023.
FY2019 contract: Based on the success status at the end of March 2022, the study examined actual payouts from April 2022 to March 2023.
* Payout results for hospitalization are based on the total of payouts for injuries and illnesses that fall under the seven major lifestyle-related diseases defined by SOMPO in medical insurance policies for the same insured person in the subject policy.

Insurhealth® products

We provide Insurhealth® products that offer new value from combining a traditional insurance function with a healthcare function. Insurhealth® products have been well received by many customers, with cumulative sales exceeding 2 million since we launched them in 2018 (end of FY2024). Under the Mid-Term Management Plan we started in FY2024, we have committed to expanding the number of Himawari clients/users through Insurhealth® products, and we will continue to deliver Insurhealth® to as many customers as possible to eliminate "just in case" situations to the extent possible.

Income compensation insurance to support health "Protection for You and Your Family"

This product features a Get☆ Healthy Challenge! Program, which allows policyholders to lower their insurance premiums by measuring improvements in their health (smoking, BMI, blood pressure) over a certain period from enrollment, and to receive the amount equivalent to the difference from the date of contract in the premiums paid in the form of a monetary reward for completing health challenges.

"Health support cancer insurance Yuuki no Omamori"

"Yuuki no Omamori" is a new form of cancer insurance that provides total support from pre-onset to post-treatment care for cancer. In terms of prevention, smokers who successfully quit smoking after enrollment can change to a less expensive non-smoker premium rate. Cancer risk testing services are provided for early detection. In terms of protection, the insurance adopts a rational approach that is compatible with Japan's social security system and the latest cancer treatments.

"Health support variable insurance Shorai no Omamori"

In addition to death protection in the event it is needed, "Shorai no Omamori health support variable insurance" also provides comprehensive protection for being unable to work, including disability and nursing care, which are a growing risk in terms of asset formation for the working generation. Additionally, the product also includes industry firsts*, such as a "health reserve" scheme that enables customers to leverage their good health to enhance their asset formation, and a secondary insurance period in which customers can continue to have their assets managed in a special account after the insurance pay-in period is complete.

* According to research by Sompo Himawari Insurance in February 2023

Extending Healthy Life Expectancy

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Deployment of health support services

We offer a variety of health support services utilizing digital tools, data, and AI to support Himawari clients/users in their behavioral change toward health. By offering a rich lineup of services, from light services such as health behavior support (walking) and health checkup readings to services for women's health issues and lifestyle-related diseases, we have been helping more Himawari clients/users to change their behavior toward health.

Paid health support services

"Blood Sugar Coaching"

This service allows users to monitor changes in their daily blood sugar levels, which cannot be done through conventional means such as health checkups, by wearing a "continuous glucose monitoring" device. The service also helps users learn the causes of and remedial measures for their blood sugar issues. Gaining awareness of the relationship between one's own lifestyle and changes in blood sugar levels will lead to more intentional actions to improve lifestyles.

"Life Is" life design support service for women (industry first)

"Life Is" is the industry's first*1 paid healthcare service in the Femtech space.

The health issues of menstruation, future pregnancy, and menopause, along with hormonal fluctuations, are closely related to work performance and life planning. Promoting understanding of the impact of hormones on women's lives and presenting remedies will help resolve discomfort and distress.

By addressing the health, career, and other concerns of female employees in companies, and supporting each woman's ideal life planning, we can help improve performance of the company as a whole.

*1 As of August 2022. Sompo Himawari Life Insurance research

Health support apps

MY Himawari application delivers Insurhealth® to the palm of the customer's hand

Released in September 2024, MY Himawari is based on the concepts of seeing, connecting, and being able to make change, and provides a variety of services related to life insurance (My Life Insurance) and health (My Health). These concepts resonated with many customers, with the app surpassing 100,000 downloads in just 180 days after release.

Available free of charge not only to customers subscribing to Insurhealth® products, but also to all of the more than 5 million Himawari clients/users, it is truly a comprehensive support app that combines insurance and health, allowing users to check their risk, preparedness and health status in one stop. In addition, we are introducing a point program*2 to encourage customers to engage in healthy behaviors (actions to maintain and improve health) and to make such behaviors a habit, thereby contributing to the social issue of extending healthy life expectancy.

*2 There are conditions for using the point program. Please refer to the point details page in the app and the Terms of Use.

Extending Healthy Life Expectancy

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Group-wide initiatives to tackle dementia SOMPO Dementia Support Program

The Sompo Group has been developing the SOMPO Dementia Support Program since 2018 under the slogan "A society in which every person can live a healthy, prosperous and happy life in one's own way."

For further details, please visit the website (in Japanese): SOMPO Dementia Support Program

Initiatives through the development and provision of services

SOMPO Smile Aging Program for effective control of cognitive decline

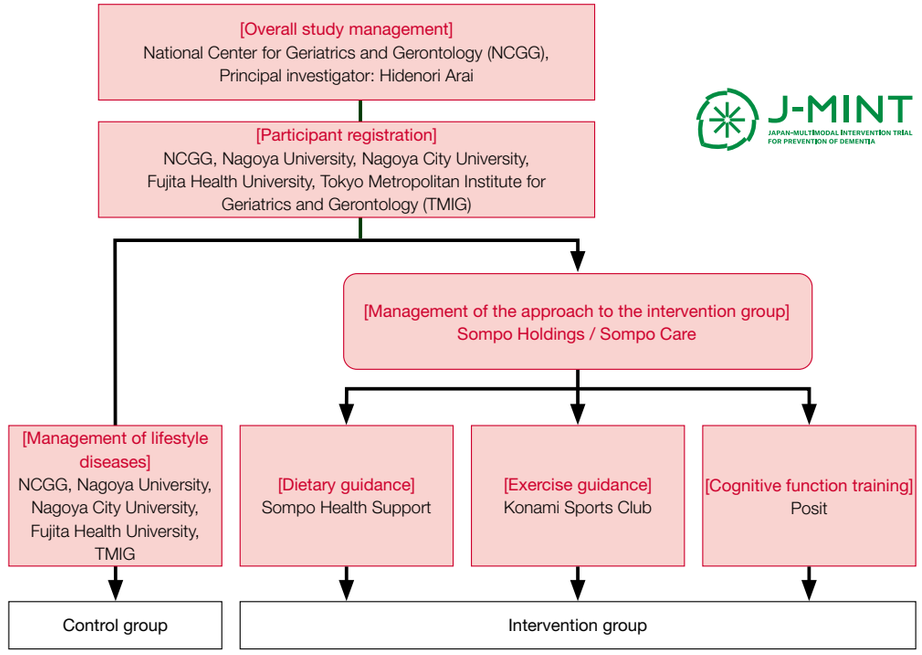
In 2020, under the supervision of Professor Miia Kivipelto of the Karolinska Institutet, who led the FINGER study, and the National Center for Geriatrics and Gerontology, we developed the SOMPO Smile Aging Program, which helps prevent cognitive decline by improving the lifestyle of older people. This program is the world's first nationwide FINGER study social implementation program approved by Professor Kivipelto. Currently, Sompo Care has introduced this program to senior care facilities (approximately 280 locations) across Japan, with more than about 3,000 residents participating every week as preventive care. In the future, we aim to reduce the risk of developing dementia and extend healthy life expectancy in Japan by rolling out the program throughout Japan.

SOMPO スマイル・エイジング プログラム

Participation in J-MINT study (Japanese FINGER study) and publication of results

The Sompo Group is a co-participant in the J-MINT study, which began in November 2019. In July 2023, the National Center for Geriatrics and Gerontology found that a multimodal intervention program (management of lifestyle-related diseases, exercise, nutritional guidance, and cognitive training) was effective in improving cognitive function in seniors with mild cognitive impairment.

Structure of J-MINT study



Publication in Alzheimer's & Dementia (International Journal of the Alzheimer' Association)

The achievements of the above J-MINT Study were published in the prestigious international journal "Alzheimer's & Dementia," published by the Alzheimer's Association.

For further details, please visit the website: Alzheimer's & Dementia

Extending Healthy Life Expectancy

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

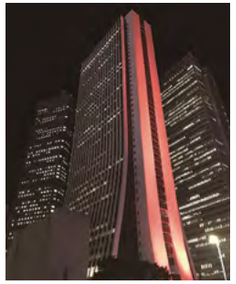
Raising awareness on dementia

The Sompo Group conducts a variety of activities to promote correct knowledge about dementia and a proper understanding of people with dementia, which is needed to promote their harmonious integration into society.

Activities for World Alzheimer's Month (September)

Transmission of a message to raise awareness of dementia from the Sompo Japan headquarters building

Every year on September 21, World Alzheimer's Day, the Sompo Japan headquarters building is lit up in orange, the color used to indicate awareness and support of dementia. We have been lighting up our headquarters building on this date since 2017.



Living Together: Seminar for thinking about dementia

In cooperation with a number of companies and organizations that support the objectives of the seminar, we have been holding a seminar called "Living Together: Seminar for thinking about dementia" every year since 2017. In FY2024, the event continued under the theme of "'Talk with': Let's talk with everyone," and more than 1,500 people attended.

Initiatives to ensure correct knowledge and understanding of dementia among Sompo Group employees

Dementia Barrier-Free Declaration by Sompo Group companies

To create a barrier-free society for people with dementia so that they and their families can live safely, securely, and healthily, Sompo Group companies are promoting the formulation of their Dementia Barrier-Free Declaration.

* 10 companies as of June 30, 2024

In-house lecture for employees

In August 2023, we held an in-house lecture on the theme of "the expected role of financial institutions with the enactment of the Basic Act on Dementia" by Professor Jin Narumoto of Kyoto Prefectural University of Medicine Graduate School.

Sompo Cafe (dementia cafe) for employees

In August 2023, Sompo Japan Insurance Inc. held the "Sompo Cafe" (dementia cafe), mainly for employees living in the vicinity of its headquarters building. The purpose of the event was to make people become more familiar with dementia and understand it from the perspective of the person with dementia. On the day of the event, we welcomed Ms. Miki Sato, who suffers from dementia, to speak about her feelings and personal experiences and what she thought we should know about the condition. Attendees deepened their understanding of dementia through Q&A with Ms. Sato and group discussion.

Others

Participation in Run Tomo

We participated in Run Tomo, an event in which people with dementia, their families, supporters, and the general public run in a relay race. Instead of passing a baton, the runners pass a tasuki, the traditional cloth sash worn by relay marathon runners in Japan. Executives and employees of the Sompo Group also participate as runners in events held in various regions.

Launch of Anna Konna website full of hints for dementia care

This website, which supports people providing dementia care at home, is operated by Sompo Care in the hope that our knowledge of nursing care will be useful to home nursing care providers. The website draws on the knowledge of frontline dementia care professionals to introduce lifehacks on how to apply wisdom and ingenuity when providing nursing care at home, in relation to all kinds of problems associated with caring for people with dementia. The "Anna Konna" website was awarded the Good Design Award 2020.

For further details, please visit the special site (in Japanese): Anna Konna

Extending Healthy Life Expectancy

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Initiatives to maintain and promote the health of employees

Providing Japan's largest service in specific health guidance

As Japan's society ages and a growing number of people suffer from lifestyle-related diseases such as diabetes and heart attacks, the increase in medical and other social security costs has become a social issue for the country. Under these circumstances, health insurance societies and other public medical insurers, have been obligated to provide specific health checkups and specific health guidance focusing on metabolic syndrome since FY2008. From FY2015, data health plans have required health projects based on the analysis of receipts and medical checkup data. In addition, with the start of the fourth phase of the Japanese government's Medical Cost Optimization Plan in FY2024, the introduction of outcome evaluation, and the use of ICT for specific health guidance will improve the implementation rate to achieve the target. Furthermore, medical insurers are expected to implement ever more effective and efficient approaches.

Drawing on its nationwide network of health professionals, which includes more than 1,000 health workers, nurses, and national registered dietitians, Sompo Health Support offers support to corporate employees as Japan's largest provider of special health guidance. One study shows that approximately 40% of employees who received follow-up advice from Sompo Health Support improved to the point that they required no further guidance the following year. In addition, we are developing a project to help prevent severe illness and a project to provide information to people who are non-obese at risk of high blood pressure, high blood sugar, high lipids, and other conditions, people who are on medication or undergoing treatment, as well as people who are not eligible for specific health guidance. We provided approximately 470,000 health guidance per year for about 620 organizations, mainly health insurance societies and mutual aid associations.

Sompo Health Support will continuously provide face-to-face health support that matches each customer's need, as well as our own seminars and technical support on health to professionals nationwide to develop a framework that enables the provision of high-quality services.

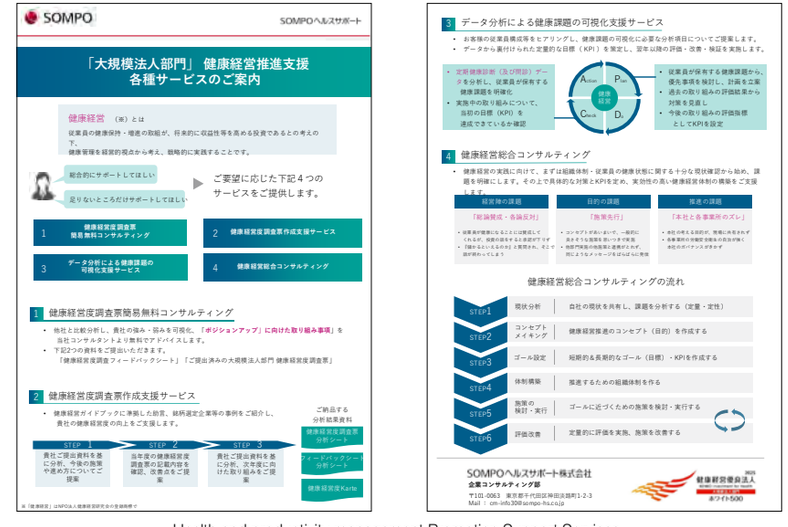
Support services for corporate mental health measures and health and productivity management

At Sompo Health Support, consultants and specialist occupational mental health coordinators (OMC) provide services to address issues facing corporate customers in various sectors. These include support for the development of occupational health systems that focus on mental health measures, support for employees with disabilities and employees on leave, the employment of industrial physicians, and the planning and implementation of healthcare training.

In addition to services that employ stress checks to improve workplace environments, the company offers two presenteeism* measurement tools: WLQ-J and WFun.

With the aim of helping to make businesses healthy places, the company also provides comprehensive support for health and productivity management. This covers support for preparing related surveys in health and productivity management consulting, visualizing health issues through data analysis, and providing solution services based on the results of these surveys to ensure employee productivity, which is a critical issue for corporate management.

* Situation in which employees report to work despite being ill and work while physically unwell.



Health and productivity management Promotion Support Services

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

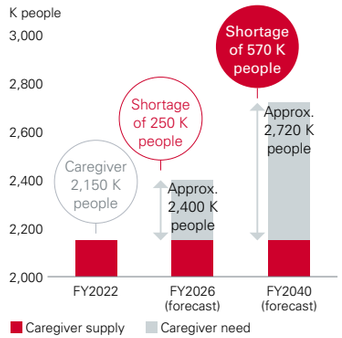
Contributing to a Sustainable Social Security System

Concept and Policy Goal of SOMPO's nursing care business

In Japan, which continues to struggle with a low birth rate and an aging population, there is an enormous imbalance between the number of people providing care and the number of those receiving it. Estimates indicate that by 2040, there will be a shortage of approximately 570,000 caregivers* in this country. Also, given the decline in the working-age population, concerns have been increasingly raised about the future of social security.

Sompo Care continues to take on the challenge of shaping the future nursing care to address this social issue.

Estimated shortage of caregivers



* Source: Ministry of Health, Labour and Welfare, "The Number of Long-Term Care Workers Needed Based on the Ninth Long-Term Care Insurance Business Plan" (July 12, 2024)

Future Care Lab in Japan, a research center for technology related to nursing care

Future Care Lab in Japan aims to resolve the overwhelming labor shortage through the use of technology. This organization is advancing the demonstration and research of technology that is attractive to both caregivers and care recipients.

<Purpose>

- Improve quality of life of users
- Reduce the burden on and improve conditions for nursing care workers
- Improve productivity of nursing care services

For further details, see the special site: Future Care Lab in Japan

Activities and Achievements Improvements in productivity along with quality, the future nursing care

To change the future, it is essential to change the places where nursing care is provided. We are working together across the Group to create the future nursing care. Key to this future is the utilization of technology, digital, data, and AI. First, in anticipation of an overwhelming labor shortage, we will pursue thorough efficiency improvements while maintaining the quality of daily operations. Building on this, we will aim to provide better, more evidence-based nursing care to users of our facilities, while fostering a sense of pride and fulfillment among our employees by enabling them to focus on the aspects of nursing care that only human beings can provide. In FY2024, we finished laying the groundwork for the future nursing care at all of our nursing care facilities. We achieved productivity improvements with quality.

We will further change the future nursing care in Japan by instilling this approach across the entire nursing care industry.

To make this a reality, Sompo Care, as a nursing care service provider, and ND Software, as a developer and provider of nursing care support software, will offer other nursing care providers their combined expertise and services. One example is our contribution to productivity improvements with quality through supporting care operation transformation, such as the visualization of nursing care record data.

Activities and Achievements Initiatives to capitalize more fully on foreign care workers

Providing educational programs for Indian care workers and promoting the acceptance of care workers into Japan

Even as India faces a situation of being unable to provide sufficient employment for its growing population, Japan faces an overwhelming shortage of workers due to the decline in the working-age population. In August 2024, Sompo Care launched a collaboration with NSDCI*, an Indian government agency to provide training and accept Indian nursing care workers. In addition to the Japanese language education provided by NSDCI, Sompo Care is working to develop and provide nursing care education programs. Furthermore, a training room dedicated to nursing care will be set up locally in India, where Sompo Care instructors will teach practical nursing care skills and theory. After training, students will be assigned to Sompo Care facilities in Japan as specified skilled workers.

As of June 2025, a total of 60 people had participated in this training program.

Through this initiative, we hope to promote the greater acceptance of foreign workers in Japan and, in the future, enable personnel who have gained nursing care experience in Japan to contribute to the nursing care industries in their home countries.

* NSDCI: NSDC (National Skill Development Corporation) International

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Improving the Quality of Customer Services

Activities and Achievements

Sompo Japan Insurance's initiatives

We are seeking to reinvent ourselves as "New Sompo Japan" where customers say, "We're glad we chose Sompo Japan. We're glad we chose SOMPO." by building a structure to improve the business from customer perspectives.

Policy on customer-centric business operations

Grounded in SOMPO's Purpose, we have established a customer-centric business management policy to realize operations based on a thorough customer perspective gained from all contact points in our P&C insurance business, while fulfilling our corporate social responsibility to all stakeholders.

For details on this policy and initiatives based on it in FY2024, see the following website.

Sompo Japan Insurance official website (in Japanese): Policy on customer-centric Business Operations

Implementation indicators

We have established the following KPIs to evaluate how well the policy on customer-centric business operations is taking root.

1. Customer survey NPS®
(1) Contract procedures (auto insurance)
(2) Claims service (auto insurance, fire and specialty insurance)

2. Customer survey (contract procedures)
Evaluation of insurance proposal content and insurance explanation content

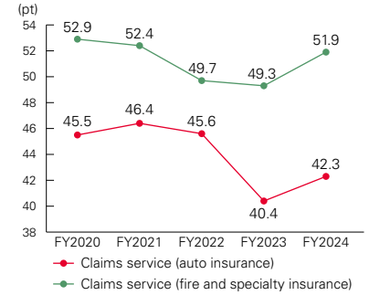
3. Number of complaints

4. Percentage of positive feedback

1. Customer survey NPS®*1

(1) Contract procedures (Auto insurance)

(2) Claims service (Auto insurance, fire and specialty insurance)



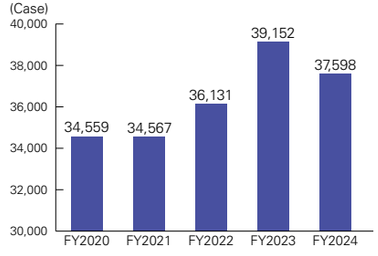
*1 NPS®: Net Promotor Score, an indicator of customer loyalty, calculated by subtracting the ratio of "detractors" (respondents who awarded 0–6 points) from the ratio of "promoters" (respondents who awarded 9–10 points) on a 10-point scale in 11 categories. NPS® is a registered trademark of Bain & Company, Fred Reichheld, and NICE Systems, Inc.

2. Customer survey (contract procedures)*2

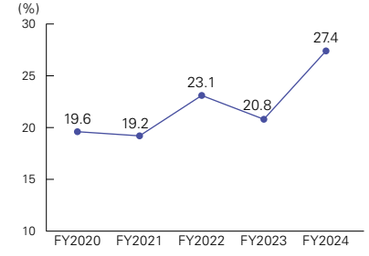
- FY2024 evaluation of insurance proposals considering customer's intentions
  4.7 points
- FY2024 evaluation of explanations of scope of indemnity, incidental services, premiums, and so on.
  4.6 points

*2 Averages of responses to the survey on a 5-point scale (understood very well, understood fairly well, did not understood well, did not understand at all, there was no explanation, where 5 represents the best score)

3. Number of complaints



4. Percentage of positive feedback*3



*3 Percentage of open-ended comments in customer surveys that included words of appreciation ("thank you," "gratitude," and so on.)

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

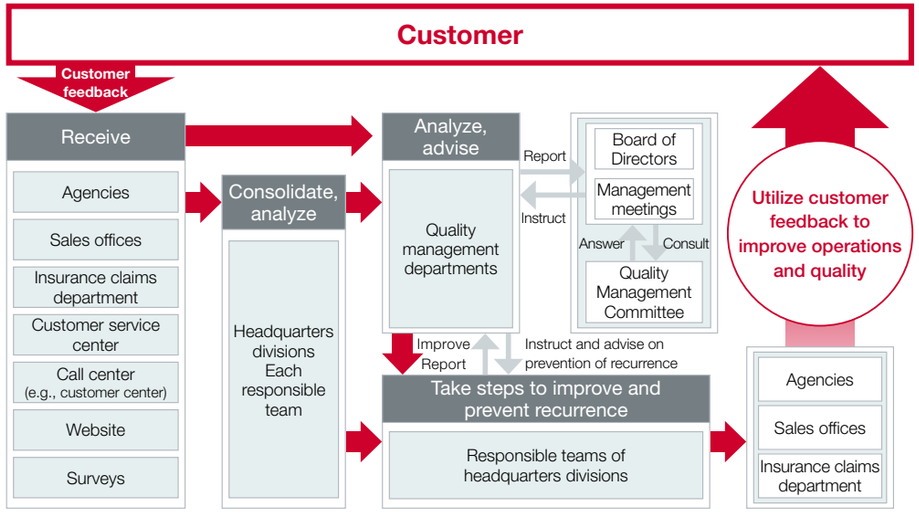
Financial and Corporate Data Section

Improving the Quality of Customer Services

Initiatives to utilize Voice of Customer (VOC)

To incorporate customer feedback into management, we analyze trends and content related to customer feedback and share the results with headquarters divisions in an effort to improve operations and enhance service quality.

Customer feedback response management framework



Receiving feedback	We take customer feedback received through our insurance agencies, sales branches, insurance claims departments, customer service centers, and call centers very seriously, and strive to respond promptly and thoroughly.
Consolidating feedback **Analyzing causes** **Steps to improve operations**	To address the problems and issues underlying feedback from customers, the various headquarters divisions consolidate and analyze the feedback. The Quality Management Department, established to build and strengthen the structure for drawing on customer feedback in management, analyzes the background and causes of customer feedback and shares the issues it identifies with the relevant headquarters divisions in charge to explore and implement measures to improve operations and enhance quality.
Internal sharing of feedback	These initiatives and business improvements based on the customer feedback are reported regularly to the Board of Directors, management meetings, the Quality Management Committee, and other bodies.
Improving operations and quality	Through these initiatives, we are working to improve business operations and quality by capitalizing on customer feedback.

Initiatives to incorporate outside perspectives

We are working to incorporate outside perspectives to improve our products and services.

■ Quality Management Committee

The Quality Management Committee with outside experts was established as an advisory committee to the management meetings. It engages in active discussions with the senior management team with regard to business improvements and quality enhancement based on customer feedback.

In addition, with the aim of becoming a company that considers everything from the customer's perspective, the senior management team also listens directly to customer feedback and engages in exchanges of opinions.

<Main topics discussed in FY2024 (met 10 times)>

- Revision of policy on customer-centric business operations, action plan
- Customer trust and quality standards, action plan
- Action plan for capitalizing on customer feedback
- Policy for handling customer harassment

■ External monitoring system

We solicit a variety of opinions from consumer lifestyle consultants and other outside experts to gain a customer perspective on the services and documents we provide to customers.

Disclosure

Voice of Customer (VOC) White Paper

Sompo Japan Insurance has published a Voice of Customer (VOC) White Paper annually since FY2007. The aim is to keep all of our stakeholders informed of our initiatives to incorporate customer feedback in management and efforts to make improvements, as well as our initiatives based on the policy on customer-centric business operations.

For details, see the Sompo Japan Insurance official website (in Japanese):
Voice of Customer (VOC) White Paper

Improving the Quality of Customer Services

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Sompo Himawari Life insurance's initiatives

Sompo Himawari Life Insurance has developed a policy on customer-centric business operations with the aim of achieve its Purpose of realizing a future of health, wellbeing, and financial protection. Guided by this policy, we intend to establish our reason for existence as a health support company that helps customers stay healthy with a focus on life insurance.

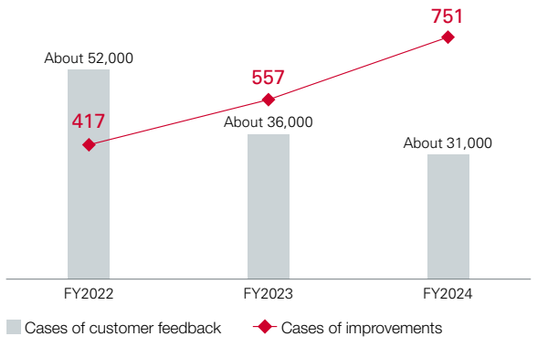
Framework for promoting customer-centric business operations

We appoint a Chief Fiduciary Duty Officer from among our directors or executive officers and have established a FD Promotion Department to take responsibility for promoting, instilling, and further evolving this policy. We have also established the FD External Monitor Committee, which meets monthly in principle to receive opinions from external experts such as consumer lifestyle counselors and advisors.

Initiatives to utilize Voice of Customer (VOC) in management

We actively engage in collecting a broad spectrum of customer feedback, including direct expressions of gratitude, complaints, opinions, and requests through various channels such as customer centers, consultation desks, surveys, sales branches, and agencies. Additionally, we gather a wide range of suggestions and ideas from employees based on customer perspectives.

Cases of customer feedback and improvements



We centrally manage the customer feedback we have collected and utilize it to develop products and services, improve operations, enhance quality, and improve customer convenience. We continue to use customer feedback to make improvements and disclose the improvements on our website.

For details, see the Sompo Himawari Life official website (in Japanese): Examples of Improvement Initiatives

Enhancing the operational quality of insurance agencies and sales representatives

To maintain and strengthen our framework for offering customers appropriate products and services, we endeavor to improve the quality of work provided by agencies and sales representatives by running training sessions and educational programs with a focus on the following.

(1) Topics related to insurance solicitation, including understanding customer intent, explaining important details, and handling notices
(2) Topics related to the continuous provision of optimal coverage and services to customers (follow-up services)
(3) Topics related to establishing and strengthening the agency's own business improvement cycle (agency internal control system)

As a concrete initiative, we aim to enhance the quality of agency and soliciting work through ongoing training programs. These include education on matters related to insurance solicitation, such as understanding customer intent, explaining important details, handling notices, and providing appropriate explanations regarding the selection and recommendation of certain products. We also focus on training related to after-sale services.

Cultivating HL Advisors®

We designate our top-quality sales representatives as HL Advisors® in recognition of their high-level consulting and proposal capabilities, their ability to support customer health by promoting Insurhealth®*, and their customer-centric business operations. We are working to foster the development of sales representatives who inspire and move our customers.

The HL Advisor® certification criteria include not only sales criteria, such as the number of Insurhealth® products sold, but also quality standards such as the percentage of paperless applications and financial planner qualifications. We screened and certified 254 sales representatives as HL Advisors® in the first half of FY2024 and 268 sales representatives in the second half.

* Insurhealth®: The provision of unprecedented new value combining the traditional functions of insurance with features that support health (healthcare).

Improving the Quality of Customer Services

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Sompo Care's initiatives

Sompo Care University: Learning in the same environment as a real-world nursing care facility

Improving service quality and retaining staff are both key missions in supporting the future of caregiving. Sompo Care University, our corporate university, aims to facilitate company-wide and continuous skill development and job satisfaction through a training program based on medium- to long-term career planning. In addition to the Shibaura Campus and Osaka Campus, both of which provide practical and theoretical learning environments that faithfully replicate real-world nursing care facility settings, we have opened an online campus, further augmenting our learning venues.

Practical and theoretical training

Sompo Care University serves as a comprehensive learning forum where employees can acquire practical skills and attend classroom lectures. Since its opening, new hires and veteran employees alike have made an effort to improve their skills by attending training sessions tailored to their years of service and skill level.

Replicating facility-based and home-based nursing care environments

We provide realistic training environments by replicating both facility-based or home-based care settings, including a traditional Japanese home furnished with rooms and a bathroom similar to major housing brands in Japan, which include the care challenges posed by numerous stair steps and confined toilet spaces. In particular, the facility has an adequate number of beds, bathrooms, and toilets, which are essential for hands-on training. Also, by creating spaces that allow for a multi-faceted approach to hands-on learning, we can efficiently manage large training groups.

Opening, expanding the online campus, enabling staff to learn anytime, anywhere

We opened an online campus in July 2023 so that staff can engage in learning anytime and anywhere. This has resulted in a significant increase in training categories. In addition to the three pillars of compulsory training, open training, and elective seminars, we added specialized seminars in FY2024, featuring well-known speakers from various fields. By taking advantage of a range of training programs and utilizing the company intranet, employees can now take part in training sessions in real time, even from remote locations. Archived videos can also be viewed from a personal device, which means employees nationwide have equal learning opportunities regardless of their location or working arrangement. Since FY2023, a cumulative total of over 30,000 employees have taken part in training.

HR training curriculum to support quality of care

As the overwhelming shortage of workers grows even more acute in Japan, securing enough workers has become a challenge for nursing care providers. Sompo Care has established an education and training system tailored to each stage of workers' careers, along with a career structure that individuals can pursue based on their own preferences. We want to equip employees with highly specialized knowledge and skills that foster a sense of pride in their work. We are also endeavoring to create environments where employees will want to work for as long as possible.

Well-developed curriculum for every employee at every stage

We hold regular follow-up training sessions for employees, in addition to the training provided when they join the company. Furthermore, we aim to facilitate medium- to long-term skill development and maintain motivation among employees by offering training suited to the career path each employee aspires to.

Care Pride Meister System

By nominating and appointing iconic caregivers who embody pride in nursing care, we aim to give greater visibility to such pride, boost each employee's expertise and motivation to grow, and create an environment in which caregiving staff can continue to take pride in their work. The system began in 2021 with the Care Staff Division, and a total of 211 people have since been accredited as Care Pride Meisters in 2025, including in the Care Manager and Food divisions.

<Role>

- Demonstrate high professional expertise and work to resolve challenges faced by customers through improved service quality
- Contribute to the growth of the team to meet future challenges and take pride in nursing care in the workplace

<Selection criteria>

- Individuals who take pride in the nursing care profession and are motivated to grow
- Individuals with outstanding interpersonal skills, customer service skills, nursing care and medical knowledge and skills, and specialized knowledge

<Selection method>

Care Pride Meisters are selected from among care staff across Japan through multiple selection processes, including the screening of reports on care practices, executive interviews, and group discussions.

For details, see the Sompo Care official website (in Japanese): Care Pride Meister System

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Corporate Citizenship Activities

Concept and Policy Basic concept

We are proactively taking initiatives to contribute to social welfare as a corporate citizen while working to develop a corporate culture and systems that encourage each employee to voluntarily take part in various activities for the communities in which we live and work. We also emphasize collaboration with specialist NPOs to promote our activities.

Structure Corporate Citizenship Policy

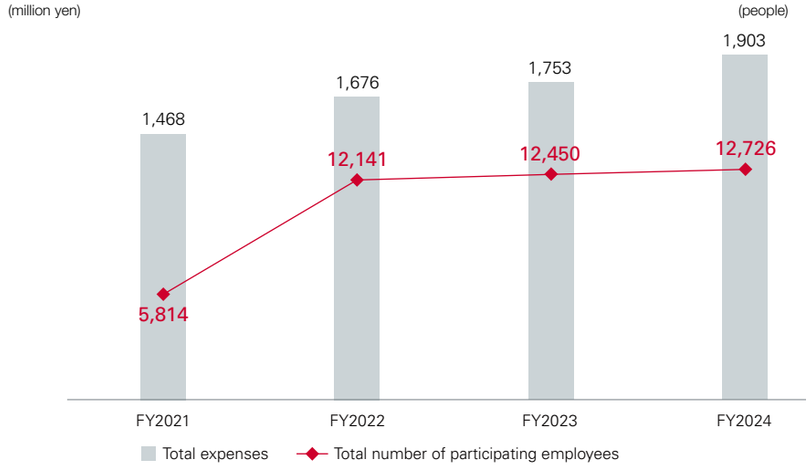
Under our Corporate Citizenship Policy, the Group promotes community initiatives from two perspectives: commitment as a corporate citizen and commitment by individual employees.

As a corporate citizen, we promote our activities for future generations mainly through our foundations with focus on the following three areas: fine arts, welfare, and the environment. We also support and encourage individual employees to proactively take part in community outreach activities mainly through the Sompo Chikyu (Earth) Club, a volunteer activity organization of which all executives and employees are members.

Activities and Achievements Social contribution expenses and participants

Our activities are centered on three areas (fine arts, welfare, and the environment) with an awareness of nurturing the next generation. In FY2024, we spent 1,902.88 million yen on social contribution activities. A total of 12,726 Group employees also participated in social contribution activities.

Social contribution expenses and total number of participating employees



Reference: Programs to support and encourage employee efforts

Volunteer work leave

At Sompo Japan Insurance, employees are entitled to take short-term volunteer leave (up to 10 days per year) and long-term volunteer leave (from 6 to 18 months) in addition to annual paid leave.

Corporate Citizenship Activities

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Structure Activities and Achievements

Volunteer organization: Sompo Chikyu (Earth) Club

Sompo Chikyu (Earth) Club

The members of the Sompo Chikyu (Earth) Club — a volunteer organization — consist of the Group's executives and employees. They voluntarily and proactively undertake social contribution activities for the purpose of cultivating a heightened sensitivity to social issues and contributing to the building of a resilient and sustainable society.

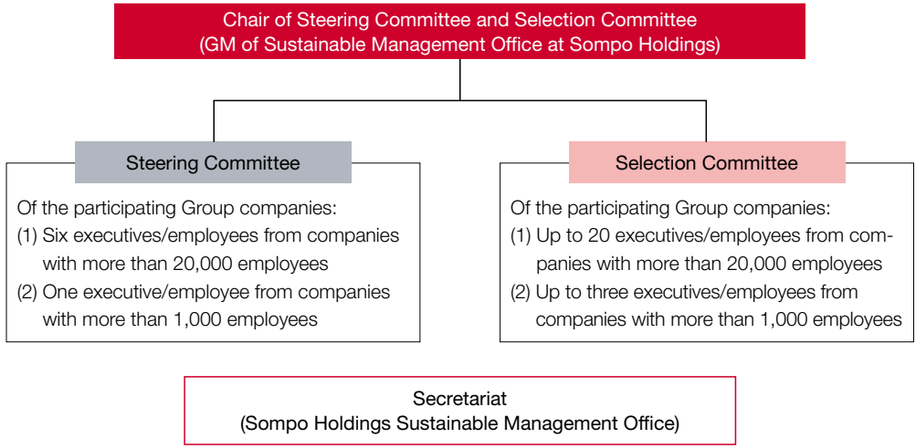
Started by Sompo Japan Insurance in 1993, the Sompo Chikyu (Earth) Club now carries out activities across the entire Sompo Group and in every region of Japan. These activities are rooted in each region and address the issues of local communities.

Operation structure

The Sompo Chikyu (Earth) Club has a Steering Committee and a Selection Committee, each comprising representatives of the Club's members.

The chair of both these committees is the general manager of the Sustainable Management Office at Sompo Holdings. The secretariat is also located within the Sustainable Management Office.

Organization



Sompo Chikyu (Earth) Club Corporate Citizenship Fund

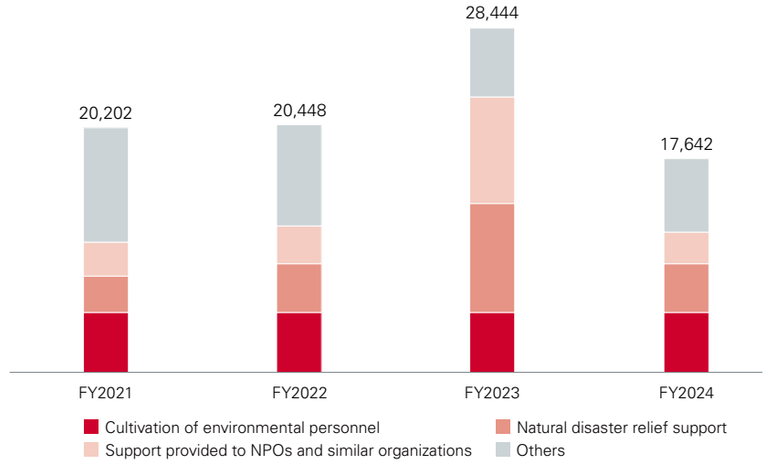
Group executives and employees voluntarily donate money to this fund through salary deductions. The funds are then put towards social contribution activities carried out by the Sompo Chikyu (Earth) Club. The funds raised are used primarily for community outreach activities, such as the payment of expenses of volunteer activities performed across Japan, immediate response and relief efforts after a major disaster, and donations to NPOs and other organizations supported by the Club's members.

Utilization of the Corporate Citizenship Fund

In FY2024, a total of 17,642 thousand yen from the Corporate Citizenship Fund was used to fund social contribution activities.

Sompo Chikyu (Earth) Club Corporate Citizenship Fund spending

(thousand yen)



Corporate Citizenship Activities

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Initiatives for training the next generation and addressing local issues

Running "SOMPO-style children's cafeterias" as intergenerational exchange hubs

Sompo Care runs SOMPO-style children's cafeterias once a month at approximately 470 locations nationwide, mainly at nursing homes.

Starting this initiative in November 2022, the number of meals provided to local children exceeded 50,000 as of July 2025. Not only children and their parents, but also the number of volunteers are increasing, with the total number of participants in SOMPO-style children's cafeterias reaching about 70,000 people.

We provide children with new experiences and a place to belong, while fostering an understanding of and admiration for the work of caregivers. Our employees also derive greater job satisfaction from seeing valued users of our care facilities smile and become physically and mentally healthier.

The cafeterias will continue to serve as a place for people of all ages to interact, creating opportunities for our users to both enjoy and find meaning in their daily lives, while also contributing to the resolution of complex social issues in the community.

Donation of educational manga conveying the appeal of nursing care

Sompo Holdings and Sompo Care have produced a manga book on nursing care, entitled "Insider's Guide Bringing Smiles Together! The Work of Nursing Care," as part of the Manga Social Studies Series edited and published by Kodansha BC. We have donated this book to approximately 20,000 elementary schools nationwide and approximately 3,000 public libraries. Through this manga, we aim to inspire as many children as possible to learn more about the physical changes in the elderly and the work of caregiving in a more accessible way, and to discover the appeal of caregiving, thereby making it a career aspiration for children.

＼An Exciting Future!／ Job experience festival for children

This is a job experience event for elementary school students aimed at broadening future choices available to the children who will lead the next generation and inspiring them to have high aspirations. Through this event, we contribute to solving social issues such as child poverty and the hollowing out of industry in Japan, as well as to regional revitalization. Beginning with Okinawa in 2022, the event has now been held in Hiroshima, Saitama, Kumamoto, Gifu, Nara, and Fukui, extending the scope of initiatives throughout the country.

Donation of "Yellow Badges" with traffic personal accident insurance

Four companies—Sompo Japan Insurance Inc, Mizuho Financial Group, Inc, Meiji Yasuda Life Insurance Company, and The Dai-ichi Life Insurance Company, Limited—jointly conduct a road traffic safety program to donate Yellow Badges to first-grade students just entering elementary school across Japan. Following the previous year, commemorative Yellow Pikachu Badges were distributed in FY2025 in collaboration with The Pokémon Company.

Having been linked to traffic personal accident insurance coverage since 1968, the Yellow Badges will pay the insurance benefit if a new first-grader who has been provided with a Yellow Badge should be killed or permanently disabled in a road traffic accident on their way to or from school. The aim of the Yellow Badges is to raise schoolchildren's awareness of road traffic safety and enlist the cooperation of guardians and car drivers to reduce road traffic accidents.

©2025 Pokémon. ©1995–2025 Nintendo/Creatures Inc./GAME FREAK inc.
TM, ®, and character names are trademarks of Nintendo.

Corporate Citizenship Activities

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Japan Women's Empowerment Professional Football League WE League

The Sompo Group, together with the WE League, Japan Women's Empowerment Professional Football League, with which it has a title partnership agreement, is working to resolve various social and community issues, including gender issues. By collaborating with the WE League, we aim to co-create a future of health, wellbeing and financial protection for people from all walks of life through disaster preparedness efforts (disaster prevention and mitigation), seminars on asset building and health, inter-industry networking events, and multi-generational exchanges at the SOMPO-style children's cafeterias.

©CEREZO OSAKA

Community-based sports event SOMPO Ball Game Festa

Sompo Holdings is committed to nurturing the next generation through sports as the top sponsor of the SOMPO Ball Game Festa, a community-based sports event organized by the Japan Top League Alliance. At this event, former top athletes and other instructors teach various ball games to elementary school students, giving them the opportunity to experience the fun and appeal of sports and improve their skills. We began sponsoring the event in 2016 and will mark its 10th anniversary at the end of this fiscal year. In FY2024, the event took place at 37 locations nationwide.

Contributing to Shinjuku with Criacao Shinjuku

The Sompo Group is committed to contributing to the local community with Criacao Shinjuku, a soccer club based in Shinjuku, where our headquarters are located.

On June 15, 2025, Criacao Shinjuku hosted the Shinjuku Day 2025 JFL 12th Round match between Criacao Shinjuku and Iwate Grulla Morioka. As part of Criacao Shinjuku's initiative to create an enjoyable viewing environment for everyone*1, in collaboration with Tokyo University of the Arts, which has a track record of industry-academia collaboration through its DOOR project*2, a sensory room was set up within the National Stadium. This room was designed for individuals sensitive to sound or light, those with sensory processing disorders, and their families, providing a comfortable and safe space to enjoy the match.

*1 Criacao Shinjuku official website (in Japanese): https://criacao.co.jp/soccerclub/event-report/post-26061/

*2 DOOR (Diversity on the Arts Project) (in Japanese): https://door.geidai.ac.jp/

A sensory room project that uses art to make environments more accessible for people with disabilities

Production and operation:	Tokyo University of the Arts DOOR Project, Department of Design, Kazuyuki Hashimoto Laboratory
Director:	Katsuhiko Hibino
Cooperation:	Arts-Based Communication Platform for Co-creation to Build a Convivial Society

On June 26, 2025, we participated in Lessons about the Sun, Criacao Shinjuku's educational program held at Kashiwagi Elementary School in Shinjuku Ward, alongside seven of the team's partner companies. Lessons about the Sun is an educational program designed to teach children the importance of friendship and to help them grow up to be people who shine like the sun and brighten those around them. Adults working for companies and groups based in Shinjuku served as instructors and talked to the children about what work is like, the meaning of working, and the importance of human connections.

Corporate Citizenship Activities

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Column

Return-to-School Support Condolence Benefit, Claim, Payments Insurance Supporting children and students who have stopped attending school to return to school

With the rise of chronic absence among school children in Japan, Sompo Japan Insurance launched a Return to School Support Indemnity Insurance policy in April 2025 to provide learning opportunities for chronically absent children and to support them in returning to school. Local governments, schools, PTAs, and others are the policyholders for this insurance, which provides financial assistance if a child enrolled in their respective schools becomes chronically absent and meets eligibility requirements.

Through this insurance, we will secure educational opportunities through financial support, expand choices for learning, and connect students to truancy support measures provided by local governments and other entities. We will also offer support beyond the scope of the insurance to promote the return of students to school.

Activities and Achievements

Bosai JAPAN-DA Project, Sompo Japan Insurance

Bosai JAPAN-DA Project

In this project, we host experience-based workshops to teach children—society's future leaders—and their guardians how to protect themselves and others in emergency situations. As of March 2025, these events have been held a total of 976 times across Japan, attracting approximately 126,000 participants.

My Emergency Kit Puzzle

My Emergency Kit Puzzle is a puzzle game in which players choose items they think they will need in a disaster from puzzle pieces and have fun putting together their own unique disaster readiness backpack. It was jointly developed by the Fukushima University Disaster Volunteer Center (a student group) established in the wake of the Great East Japan Earthquake, as a new way of conveying the importance of emergency preparedness.

SOMPO de Manaboccia

SOMPO de Manaboccia is a tool that teaches people about useful items for evacuation shelters, based on boccia, a parasport that can be enjoyed by people of all ages, genders, and abilities. It was developed jointly with the NPO Ishikawa Barrier-Free Tour Center, with funding from Sompo Chikyu (Earth) Club, with the aim of promoting self-reliance in times of disaster. This initiative won the Grand Prize in the Building a United Culture category at the SOMPO Awards 2024 and is expected to be used in various situations to improve local disaster readiness capabilities.

SOMPO-style Evacuation Map "Nigechizu"* Workshops

Nigechizu maps are hand-made maps that visualize evacuation routes by color-coding the times required to indicate how to reach the evacuation areas in the event of disasters. Having grown in scale, frequency and severity over time, natural disasters clearly present a significant social problem to local communities. This workshop facilitates risk communication between participants, thereby contributing to the promotion of both "mutual aid" (which enables community members to help each other) and a spirit of "self-reliance" (with which people can seek to protect themselves) by encouraging participants to recognize disaster prevention and evacuation as their own personal issues.

* Nigechizu is a registered trademark of NIKKEN SEKKEI LTD.

Corporate Citizenship Activities

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Disaster prevention initiatives (Sompo Japan Insurance)

Real SOMPO Park

Given current weather anomalies, even "once-in-a-million-years" disasters have occurred almost every year in recent years. "What can we do to make local communities more resilient against disasters and prevent people from suffering from them?" Employees who were enthusiastic about addressing this challenge in different parts of Japan voluntarily gathered and launched a new project, the Real SOMPO Park. The space was established on the first floor of the Sompo Japan Insurance Nihonbashi Building in September 1, 2023, with the hope that it would help people learn basic knowledge about disaster prevention and be better prepared to protect lives in the event of disasters.

Psychological First Aid (PFA) for Children

Psychological First Aid (PFA) for Children is about how children can be supported after experiencing natural disasters and other emergencies. In collaboration with Save the Children, Sompo Japan Insurance produced a video and a leaflet entitled PFA for Children and supported PFA training and disaster preparedness workshops for after-school program staff. PFA has been incorporated in our SOMPO-style Evacuation Map "Nigechizu"* Workshops to further raise awareness. PFA leaflets were distributed at evacuation centers and other places in the aftermath of the Noto Peninsula Earthquake in January 2024.

For details, see the website and watch the video (in Japanese): Psychological First Aid (PFA) for Children.

Tsunagaru Bosai Project

We have been running the Tsunagaru Bosai Project (or Inclusive Disaster Prevention Project) since October 2022 in collaboration with the Japan NPO Center and the Foundation for Promoting Sound Growth of Children. We support various events under this program, such as the creation of disaster prevention maps involving people who require special care* at children's centers, training programs and lecture meetings. These efforts, help raise public awareness about community-based disaster prevention and foster more connected, sustainable communities. As of March 2025, we had held 186 events, attracting approximately 24,000 participants in total.

* Senior citizens, infants, persons with disabilities, people from other countries, and others stipulated by the Disaster Countermeasure Basic Act

Comments from organizing partners

The Tsunagaru Bosai Project is developing unique disaster prevention and mitigation programs in collaboration with various local organizations. With the cooperation of branches in the areas where the project is being implemented, we are also leveraging synergy by offering other programs developed by Sompo Japan Insurance, such as the Bosai JAPAN-DA Project and SOMPO-style Evacuation Map "Nigechizu" Workshops.

A wide variety of problems arise whenever a disaster strikes. The Basic Act on Disaster Management designates "senior citizens, persons with disabilities, infants, and other persons requiring special consideration" as persons requiring special consideration. However, the specific challenges such people face during a disaster vary depending on the nature of the disaster. In the context of expecting the unexpected, it is essential to maintain a constant awareness of persons requiring special consideration and to foster diverse community connections to respond more effectively. We believe a framework involving not only children's centers and NPOs but also employees at all Sompo branch offices are of great importance.

Kenji Yoshida
Managing Director, Japan NPO Center (JNPOC)

Corporate Citizenship Activities

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Corporate citizenship activities of Group companies

Group-wide

Ongoing support for disaster-stricken region and victims of the Noto Peninsula Earthquake in 2024

The Sompo Group continues to provide support to those affected by the Noto Peninsula earthquake that occurred on January 1, 2024. In January 2025, as part of a project organized by Sompo Chikyu (Earth) Club, a volunteer organization made up of all executives and employees of the Sompo Group, 10 volunteers participated in a program to support disaster-stricken regions in the Noto Peninsula in cooperation with local NPOs.

Employees who participated in the program were based in the city of Anamizu in Ishikawa Prefecture, where they provided operational support for community centers and planned and operated events such as foot bath salons. In February, they shared their experiences and thoughts with other employees at a group event, thereby expanding the circle of people involved in the initiative.

Sompo Himawari Life Insurance

Contributing to local communities to achieve Sompo Wellbeing's Purpose in each region

As a health support company, aiming to resolve the three concerns identified by the SOMPO Wellbeing business, namely in terms of health, nursing care, and retirement finance, our sales offices throughout Japan are working with local stakeholders to address issues such as nursing care and dementia in their respective communities by planning and holding seminars on dementia, and by hosting events on health and wealth for local residents.

Sompo Direct Insurance

Living together in an aging society, all employees registered as dementia support personnel

Sompo Direct Insurance has been offering the Training Course for Supporting Individuals with Dementia promoted by the Sompo Group every year since FY2015. By July 2024, all executives and employees had completed the course, achieving 100% registration as dementia support personnel. With this pool of support personnel, we continue to contribute to the creation of a society where everyone can live comfortably.

Sompo Systems

Donation of food reserves to social welfare organizations

Sompo Systems donated 2,250 portions of instant rice to the Social Welfare Council in Tachikawa, where its head office is located, when it was time to replenish its stock. The council accepts donations of excess food, and Sompo Systems agreed to participate in this initiative, which aims to reduce food waste and alleviate poverty.

Sompo Business Services

Supporting local children through food drives

Sompo Business Services administrative headquarters building holds food drives twice a year. Food collected from employees is donated to local children's cafeterias and after-school cafes through the Nishi-Tokyo City Council of Social Welfare and the Nishi-Tokyo City Social Welfare Corporation Liaison Council. This is a community contribution activity that supports child development through food and reduces food waste.

ND Software

Social contribution of company track and field team

We hold track and field classes for elementary and junior high school students in the local community to promote these sports and contribute to the community well-being. In FY2023, we launched a Patrol Mimaromi (community watch) program, in which athletes patrol the community while practicing, creating value through social contribution through sports, deepening local ties, and helping to make a brighter community.

Corporate Citizenship Activities

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Sompo International

Establishment of Sompo Foundation

The Sompo Foundation is a philanthropic organization dedicated to fostering positive and sustainable transformations in the areas of Good Health & Wellbeing and Quality Education. In addition to targeting these important Sustainable Development Goals, the Foundation is also poised to provide disaster response support, addressing urgent needs in times of crisis. As a registered 501(c)(3) nonprofit organization based in the United States, the Foundation reflects Sompo International Holdings' commitment to corporate social responsibility and community investment around the globe.

The Foundation's Leadership team has been assembled from a pool of Sompo people who are passionate about giving back to the community. Furthermore, to ensure effective oversight and strategic execution, a Board of Directors comprising Sompo leaders has been established. Over the next decade, the Foundation expects to have a $100 million impact, empowering underserved populations and enhancing equitable access to critical resources around the globe. These priorities were shaped by the efforts of the Leadership Team and the Board, as well as by a survey of Sompo employees. The Foundation is funded annually by Sompo International Holdings, with its first partnerships set to be announced in 2025. Moving forward, the Foundation aims to collaborate with mission-aligned organizations and will share further details on its strategy and philanthropic initiatives in due time.

Column

SOMPO Grand Mural Project

As part of its ART for wellbeing* initiative, and with the aim of raising awareness of Sompo among the general public, Sompo Japan Insurance has created a mural depicting SOMPO's Purpose in the atrium on the first floor of its Shinjuku headquarters building. The mural was created through the SOMPO Grand Mural Project, which was organized by 10 Sompo Group employees selected from across Japan through an open call for applications, with the cooperation of OVER ALLs ltd., a company that specializes in expressing corporate history and philosophy through murals.

After seven workshops and repeated discussions with the senior management team, two murals were created communicating two messages: "Protecting the smiles of children, who are the symbol of the future" and "We will always be here." In this way, the space was transformed into something entirely new.

In Shinjuku Ward, the public and private sectors are collaborating on various projects to revitalize the ward by utilizing open spaces such as public plazas, roads, and parks. The atrium at our headquarters building has long been open to local residents in the event of a disaster, but going forward, we also aim to make it a lively space that many stakeholders can enjoy.

* Art-based initiatives to accelerate the realization of wellbeing based on the concepts of connecting, supporting, and nurturing.

Initiatives of Supporting Activities and Research in Social Welfare

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Sompo Welfare Foundation

The Sompo Welfare Foundation, established in 1977, conducts a variety of programs such as providing financial assistance to NPOs in the social welfare field in Japan, ASEAN countries, India and South Africa, holding academic conferences and funding research on social welfare, social security, insurance and gerontology, and awarding outstanding academic papers. Its objective is to contribute to the advancement and improvement of social welfare.

Recognizing the rapid aging of society in Japan, the foundation also promotes activities that help to resolve increasingly complex social issues, including supporting families that provide home care to senior citizens with dementia or other conditions and providing scholarships for students studying to become certified care workers. Its programs are designed to meet contemporary needs through both research and practice in the field of social welfare.

Support for purchase of vehicles

Since 1999, the foundation has financially supported organizations that need to purchase vehicles for their welfare activities serving people with disabilities.

In FY2024, the foundation solicited applications from Western Japan and selected ten organizations. These vehicles allow organizations to expand the range and scale of their activities and support higher incomes for people with disabilities and a greater number of users of their welfare services.

Subsidized vehicles can be used to transport care facility users and deliver work items, increasing wages

Support to reinforce the organizations and operations of NPOs

In 2004, the foundation began providing financial support to reinforce the operational foundations of NPOs that render welfare services to local communities.

In FY2024, it provided financial support to a total of 47 organizations through programs to reinforce their organizations and operations, to help them acquire official status as certified NPOs, and to support activities through which local residents participate in providing comprehensive support to address life tasks. The foundation supports the creation of high-quality NPOs that can work sustainably by playing core roles in their respective communities as well as the realization of more inclusive local communities.

Supporting collaboration between local residents and government agencies to develop disaster response measures for severely ill children and children requiring medical care

Support for overseas welfare activities

The foundation has supported NPOs in the social welfare field in ASEAN countries, India, and South Africa since 2010. In FY2024, it provided grants to three organizations in three countries entailing assistance to a vocational high school to combat low unemployment (Indonesia); assistance to provide for and shelter children living in poverty (Philippines); and support for children and students living in poverty who do not have adequate living conditions or access to education due to typhoon damage (Vietnam).

Donation ceremony in Indonesia

Donation ceremony in the Philippines

Initiatives of Supporting Activities and Research in Social Welfare

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Sompo Welfare Foundation award

The foundation has awarded outstanding academic literature in the field of social welfare since FY1999. In FY2024, it gave an award to Tomoko Kazama for her publication of *Disability and Income Security: Discussing Distribution Based on Management Standards*. Shunsuke Takada also received the Encouragement Award for his book *Inclusion through Education, Principles for Opposing Exclusion in Child Welfare: Starting with Compulsory Education at Children's Self-Reliance Support Facilities.* The presentation ceremony was held in March 2025, and the commemorative lecture and symposium by Tomoko Kazama was held in July 2025.

Professor Kazama (recipient of the Foundation Award), President Nishizawa, and others

Presentation ceremony in Tokyo

Support for networking and learning of family caregivers for the elderly

Since 1991, the foundation has provided support for networking events and learning programs intended to help reduce the stress of families caring at home for elderly dementia patients, and to improve their care-giving skills.

Training to improve care-giving skills

Scholarships for students studying to become certified care workers

To boost the pool of caregivers, which is facing a shortage of workers in Japan, the foundation offers scholarships for students in two-year vocational school programs and for high school students in the welfare field.

In 2024, the foundation gave scholarships to 12 first-year vocational school students and four second-year high school students. After graduating, many of them are playing an active role as care professionals.

Practicum for students to become certified care workers

Financial support for gerontology research

The foundation provides financial support for creative and innovative research in the field of social sciences relating to gerontology. In addition, it organizes study groups on Japan's Insurance Business Act, health insurance and nursing care insurance systems, gerontology, and other topics. The foundation also publishes a report series and distributes it widely to libraries and elsewhere to spread information about research findings.

Study groups on the Insurance Business Act

Contributing to Community through the Arts and Culture

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Activities and Achievements

Sompo Fine Art Foundation (Sompo Museum of Art)

The Sompo Museum of Art opened its doors in Shinjuku in 1976, based on the desire to provide the general public with a venue for art appreciation as part of our corporate citizenship activities.

The only museum in Asia to display Van Gogh's "Sunflowers" painting, it also hosts unique and captivating exhibitions covering a wide range of themes, from Western paintings to contemporary art. The museum aims to bring about the cultural enrichment of society, mainly by expanding the horizons for art appreciation by lending out its collections. It also seeks to leverage knowledge from art and culture to address issues in society, mainly with educational initiatives focused on interactive art appreciation and open-call art contests that support new and emerging artists.

The museum is working to create a space that attracts visitors of all ages from within Japan and overseas and will continue to contribute to society by further promoting culture and art.

Exhibitions in FY2024

In FY2024, we held five exhibitions as an art landmark in Nishi-Shinjuku, in Tokyo. In spring, we presented "The Magic North," followed by a Toulouse-Lautrec exhibition in summer, "Canaletto and the Splendour of Venice" in autumn, and the open-call "FACE2025" in winter. Additionally, we showcased the subsequent works of artists who have won the FACE award over the past three years (2022–2024) in "The Way of Paintings 2025 FACE Award Winners," attracting many visitors.

The Magic North — Norwegian, Swedish, and Finish Paintings

The term "Nordic countries" broadly refers to the northern part of Europe and generally includes five countries: Norway, Sweden, Finland, Denmark, and Iceland. Of these, the first three countries, although connected to the European mainland, have nurtured unique cultures under the influence of the northern climate and environment. This exhibition focused on these three countries and, with the cooperation of the Nasjonalmuseet — The National Museum of Norway, the Nationalmuseum — Sweden's museum of art and design and the Finnish National Gallery, Ateneum Art Museum, presented approximately 70 carefully selected works from their respective collections.

A new endeavor, involved incorporating sound into the exhibition: The chirping of birds, the neighing of horses, and the sound of the wind was played subtly in the background near works with forest themes, while mysterious music was played in walkways to enhance the atmosphere of the exhibition.

Exhibition: March 23 – June 9, 2024

Toulouse-Lautrec, Elegance of the Master of the Belle Époque

The Firos Collection is a collection of works by Henri de Toulouse-Lautrec (1864–1901), a painter of the French fin-de-siècle, assembled by Belinda and Paul Firos, a Greek couple living in the United States. The collection focuses on works created on paper by Toulouse-Lautrec, including sketches and prints, and is considered to be one of the largest and finest private collections of his works in the world. The exhibition featured approximately 70 sketches and watercolors from the Firos Collection, along with iconic works such as posters, prints created for magazines and books, and letters written by Toulouse-Lautrec to family and friends, totaling approximately 240 works and documents.

We also created a Toulouse-Lautrec Exhibition Coloring and Craft Kit as a summer vacation worksheet kit, which included coloring pages based on the exhibited works and a Moulin Rouge-style windmill craft. We distributed kits to elementary school students visiting the museum during the exhibition period—it could also be downloaded from the museum's website for use in a variety of settings, such as at home or in facilities for the elderly.

Exhibition: June 22 – September 23, 2024

Canaletto and the Splendour of Venice

Canaletto (1697–1768) was a master of veduta (landscape painting) who enjoyed great success in 18th-century Venice. This exhibition, the first in Japan to focus on this little-known master, featured approximately 60 works, including oil paintings, sketches, and prints, primarily from the collections of the National Gallery of Scotland and other museums in the UK. It traces the development of veduta, examines Canaletto's life and career, and explores his influence on his contemporaries and later artists.

Exhibition: October 12 – December 28, 2024

The Way of Paintings 2025 FACE Award Winners

The FACE contest was an open-call two-dimensional art contest that included a group exhibition entitled "The Way of Paintings," where past winners of the Grand Prize and Excellence Award presented their new and recent works. The Way of Paintings 2025 featured 78 works by 12 award winners from FACE 2022 to 2024, with each artist presenting 3 to 10 works to showcase their unique artistic worlds and post-award developments.

Exhibition: January 18 – February 11, 2025

Contributing to Community through the Arts and Culture

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Respect for Human Beings
Business and Human Rights
Inclusion & Engagement
Talent Development
Wellness Management
Feature | Value creation initiatives based on My Purpose
Financial Inclusion
Disaster Prevention and Mitigation (Improving Society's Resilience to Natural Disasters)
Contributing to a Safe and Secure Mobility Society
Extending Healthy Life Expectancy
Contributing to a Sustainable Social Security System
Improving the Quality of Customer Services
Corporate Citizenship Activities
Initiatives of Supporting Activities and Research in Social Welfare
Contributing to Community through the Arts and Culture
Data

Financial and Corporate Data Section

Support and recognition of artists

Nationwide call for "FACE" artwork and the FACE Exhibition

For the 13th FACE contest in 2025, we made two changes in consideration of the future direction of the contest. First, to select works more carefully, we limited the number of entries to 60. Second, to further support emerging artists, we established a U30 Frontier Award for artists younger than 30, replacing the previous Yomiuri Shimbun Award.

Saito Dai "camp fire"
2024 oil on canvas

In FY2024, 1,312 entries were submitted, representing a 10.8% increase from the previous year, and the selection ratio reached a record high of 1 out of 23. Personal information was concealed so that entries could be judged solely on their artistic merit, and 57 works were selected. The selected artists ranged in age from 20 to 73 at the time of submission, with an average age of 36.3. Nine winning works were chosen for awards out of the selected entries through voting and deliberation. Saito Dai's "camp fire" was selected as the Grand Prize winner by unanimous decision, as it featured intriguing color contrasts, fantasy elements, and a sense of inner anxiety, while maintaining an overall dynamism. The results were announced on the museum's website and elsewhere, and during the presentation ceremony and private viewing, the recipients were awarded with plaques . We also provided the award winners and all the other submitting artists with the opportunity to connect with the judges, other people in the art community, and the media.

We hope that this open-call contest serves as a gateway for new and emerging artists, regardless of age or affiliation, and will be a source of support for emerging talent for many years to come.

FACE2025: March 1–23, 2025

Sompo Museum of Art Award

We gave the Sompo Museum Art Award to a public exhibition run by 22 art associations for the purpose of supporting and nurturing emerging artists.

Cooperating in loaning out major works

In FY2024, we participated in overseas exhibitions and collaborated in the Togo Seiji Exhibition.

Paul Gauguin, "Lane at Alchamps, Arles"
"Gauguin's World: Tōna Iho, Tōna Ao"
(National Gallery of Australia, June 28 – October 7)

78 works by Seiji Togo
Seiji Togo, Special Exhibition: "Variations on Beauty"
(Kobe City Koiso Memorial Museum of Art, October 5 – December 15)

Art appreciation and other educational outreach activities for FY2024

The Art Appreciation and Education through Dialogue support program targeting elementary and junior high schools in Shinjuku Ward has entered its 17th year. In the 2024 academic year, we were able to provide classroom support to all 29 elementary schools and 6 out of 10 junior high schools in the ward. We introduced multilingual appreciation card last year for students who are not native Japanese speakers. Presenting the cards in their native language put these students at ease, and marked the first step toward enjoying art appreciation sessions.

In FY2024, 13 new volunteer guides joined the program, bringing the total number of guides to 84. During the training seminar, we had the opportunity to learn about cognitive developmental disabilities through a simulation experience provided by Winds, the Shinjuku Ward Hand-in-Hand Parents' Association Caravan Team.

In addition, in FY2024 we created a 10-minute video series titled Sompo Museum of Art Online Experience for use in welfare facilities for the elderly. The videos are designed to enable viewers not only to enjoy works of art but also to spark thought while they view the art.

Activities and Achievements Himawari Hall puppet theater

Since opening in 1989, the Himawari Hall puppet theater in Sompo Japan Insurance's Nagoya Building has been jointly operated by our Group and the NPO Aichi Puppetry Center, which was established by local residents involved in puppet shows in the region.

The puppet theater continues to offer a wide range of activities that gain national attention in regions known for their vibrant puppet theater scene. For example, we host domestic and international puppet shows, run workshops, hold children's art festivals utilizing the entire Nagoya Building, and host the P-Shinjinsho NEXT workshops, which are geared towards uncovering new talent that will shape the future of puppet theater.

Puppet show performance at Sompo Care's nursing homes

Performance at Himawari Hall of puppet show "ODE TO JOY"

Since 2023, Sompo Care has been focused on social contribution activities in the local community. For example, it organizes touring puppet performances alongside hosting a children's cafeteria program at Sompo Care's nursing facilities in Aichi Prefecture.

Group Companies

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Data
Group Companies
External Evaluation
Other Related Information

Financial and Corporate Data Section

SOMPO DIRECT

Sompo Direct Insurance sells mainly mail-order automobile insurance, “Otona no Jidousha Hoken,” as well as fire insurance and other products. By leveraging the characteristics of a direct insurance company that connects directly with customers and providing products and services that continue to be chosen by customers based on the concept of “easier to understand and simpler,” we aim to fulfill our mission “to create a world where experiencing insurance digitally is commonplace and to continue to help customers achieve a fulfilling life.”

Sompo Direct Insurance (in Japanese)

Sompo Risk Management Inc.

Sompo Risk Management specializes in the business of management consulting, risk engineering, data-driven solutions, and cybersecurity. Its goal is to become an indispensable partner to local communities by offering solutions and services that address customer needs in relation to emerging social issues and risks.
The company aims to be a trusted partner that customers can rely on in their daily activities as well as in times of crisis, by providing security, health, and wellbeing solutions.

Sompo Risk Management

MYSURANCE

As the Sompo Group’s small-amount, short-term insurance provider, Mysurance collaborates with platform providers and other partners in various industries to provide digitally driven online insurance products, including travel cancellation insurance, smartphone insurance, and renters’ insurance. Mysurance aims to rapidly and continuously create products to accommodate changes in society and in the environment, and to meet emerging customer needs. Its goal is to provide customers with a comfortable and convenient experience every step of the way, from insurance enrollment to the payment of claims.

Mysurance (in Japanese)

Prime Assistance

To help customers lead lives of security, health, and wellbeing, Prime Assistance offers outstanding services across the mobility, lifestyle, and global business sectors. It strives to become a company that assists customers with a wide range of challenges by launching new businesses that address social issues and benefit local communities, including Eyeco Support, a service for the visually impaired.

Prime Assistance

SOMPO WARRANTY

Sompo Warranty offers repair services for household appliances, home equipment, and smartphones that have malfunctioned after the manufacturer’s warranty has expired under extended warranty service terms. To meet the diverse needs of its customers, the company is committed to improving the quality of its services by expanding the range of the products it covers and developing a system that enhances customer convenience, aiming to bring about a bright future for stakeholders.

Sompo Warranty (in Japanese)

SOMPO JAPAN PARTNERS

As one of the largest insurance agencies in Japan with service locations around the country, Sompo Japan Partners provides roughly one million customers with comprehensive P&C and life insurance services to help them enjoy security, health, and wellbeing. The company places great importance on the opinions and thoughts of every customer, and aims to continue bringing satisfaction as their agency of choice by fulfilling its promise to come alongside customers and understand how they live.

Sompo Japan Partners (in Japanese)

Group Companies

To Our Stakeholders

Main Section

Sustainability Section

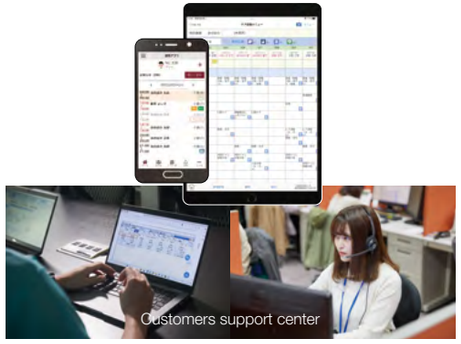
Introduction
Governance
Environment
Society
Data
Group Companies
External Evaluation
Other Related Information

Financial and Corporate Data Section

ND Software

ND Software develops software in-house to support office management and on-site operations, with a focus on nursing care and welfare.

Having joined the Sompo Group in February 2023, ND Software is committed to offering products and services that help support more customers. By enhancing the features and improving the quality of its product lineup, particularly flagship product Honobono NEXT, the company aims to realize a future of health, wellbeing and financial protection. Furthermore, to help address Japan's pressing social challenges, such as a super-aging society and labor shortages in the nursing care sector, the company is integrating the Sompo Group's operational expertise and technology as a nursing care provider with its own experience in developing, deploying, and managing software for nursing care and welfare operations. As a software company that supports nursing care facilities, ND Software aims to build a better future by using technology to offer innovative solutions.


Customers support center

ND Software (in Japanese)

SOMPO HEALTH SUPPORT

Sompo Health Support caters to the diverse needs of health insurance providers, offering support for various insurance services and health promotion initiatives.

The company delivers outcome-focused services, ranging from health information provision to specific health guidance and serious illness prevention, by combining a nationwide network of professionals with cutting-edge digital support tools.

In the corporate wellness domain, in addition to assigning physicians and public health nurses according to the needs of each company's industrial health framework, the company dispatches mental health professionals who provide comprehensive support for increasingly diverse issues ranging from preventing illness to assisting employees on leave due to mental health issues.

Along with offering tools like stress checks and engagement measurements, the company also provides services that aim to support health management by employing consulting data analysis to find the best solutions for customers.

Sompo Health Support (in Japanese)

WELLNESS COMMUNICATIONS

Wellness Communications provides services to support the health management and health promotion of employees and their families for companies and health insurance associations. It has established a network of more than 2,000 partner medical institutions, including health checkup centers and clinics, located throughout all of Japan's 47 prefectures. It offers Network Medical Checkup Service, a comprehensive service that handles all tasks related to health checkups, including arranging appointments, managing progress, handling billing, and standardizing data health checkup results. The company also offers Growbase, a cloud-based SaaS-based health management service that allows year-by-year tracking of employee wellbeing data, including organizational and personnel data, health and stress check results, overtime, and other work-related data.

Wellness Communications aims to energize companies and people by providing solutions that promote human capital management and address the issues faced by companies and health insurance associations that are investing in employee health in response to increasingly diverse working styles, moves to ensure greater employee diversity, and the need to offer more robust disclosure of their human capital.

Growbase

Wellness Communications (in Japanese)

Group Companies

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Data
Group Companies
External Evaluation
Other Related Information

Financial and Corporate Data Section

SOMPO JAPAN DC SECURITIES

Sompo Japan DC Securities (SJDC) is one of the few companies in Japan that specializes in defined contribution pension (DC) plans, offering comprehensive end-to-end service. Its full range of English-language services has made SJDC the industry leader in the number of DC plan contracts with foreign-affiliated companies in Japan. SJDC also offers comprehensive services related to individual DC plans (iDeCo). It is committed to providing high-quality services, such as Japan's first web service that utilizes a robotic advisor.

Sompo Japan DC Securities

SOMPO ASSET MANAGEMENT

In the asset management business, Sompo Asset Management has incorporated ESG considerations into its investment process since 1993, operating as a manager focused on active value management, basing investment decisions on the medium- to long-term intrinsic value of assets. In addition, the company is actively working to address climate change and other social issues through dialogue with investees and the exercise of voting rights. The results of these activities are summarized in its ESG/Stewardship Activities Report, which is issued once a year and is highly regarded by external experts.

Sompo Asset Management

Sompo Light Vortex, Inc.

SOMPO Light Vortex is the organization that spearheads the creation of new businesses for the Sompo Group. By utilizing cutting-edge digital technology, the company is working to address social issues through creativity and co-creation by comprehensively pursuing business ideas in digital services related to security, health, and wellbeing from inception to implementation.

SOMPO Light Vortex believes that even small flashes of inspiration can change the world. A single idea can move someone's heart, and people who resonating with that idea will connect with others, and together cultivate a grand future. The company believes in this chain of inspiration and connection and aims to make it a reality.

While AI and data technologies are important tools for achieving this vision for the future, the company is also capitalizing on the diverse assets and networks that the Sompo Group has cultivated over many years to create new value for society through co-creation with various partners, across many fields.

SOMPO Light Vortex (in Japanese)

External Evaluation

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Data
Group Companies
External Evaluation
Other Related Information

Financial and Corporate Data Section

Activities and Achievements Evaluation

Recognized with prestigious “A” score for climate action by CDP

Sompo Holdings

Sompo Holdings has been awarded an A (the highest rating) in the 2024 CDP climate change assessment, an international project in which major institutional investors around the world request companies from various participating countries to disclose their climate change strategies and greenhouse gas (GHG) emissions. This marks the eighth time Sompo Holdings has been named to the CDP Climate Change A List.

(February 2025)

Selected as one of the World’s Most Sustainable Companies of 2025

Sompo Holdings

Sompo Holdings was selected among the top 500 companies in TIME magazine’s World’s Most Sustainable Companies of 2025.

More than 5,000 companies were evaluated through a four-step multilayered analysis in the selection process based on more than 20 key indicators related to sustainability, such as international reporting standards, GHG emissions, and commitments to targets.

(June 2025)

Received the highest “S” rating by a registered verification agency the Tokyo Cap-and-Trade Program

Sompo Risk Management

Sompo Risk Management has been awarded the highest “S” rating for 12 consecutive years in the Registered Verification Agency in the Tokyo Cap-and-Trade Program. Of the 21 registered and certified institutions currently registered with the Tokyo Metropolitan Government, only six have received an “S” rating. Sompo Risk Management is the only registered and certified institution to have received an “S” rating for 12 consecutive years since the rating system was launched in 2013.

(August 2024)

Certification by Information Technology Federation of Japan (IT-renmei) Cyber Index Enterprise Survey 2024

Sompo Holdings

In January 2025, Sompo Holdings was awarded a one-star rating as an outstanding company in 2024 survey on corporate cybersecurity initiatives and disclosure administered by the Information Technology Federation of Japan (IT-renmei).

Sompo Holdings was highly commended for its proactive disclosure on cyber security in annual securities reports and other documents, active dissemination of information at external seminars, implementation of comprehensive and cross-sectional cyber security measures across the Sompo Group, and establishment of specialized security bases overseas.

(January 2025)

Information Technology Federation of Japan (IT-renmei)

External Evaluation

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Data
Group Companies
External Evaluation
Other Related Information

Financial and Corporate Data Section

Certified as 2025 Health & Productivity Management Outstanding Organization in the Large Enterprise Category (White 500)

Sompo Holdings

The company has been certified as a Health & Productivity Management Outstanding Organization for nine consecutive years as a company excelling in Health and productivity management.

Our group companies were certified as Health & Productivity Management Outstanding Organizations by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council). Six of these companies were certified as 2025 Health & Productivity Management Outstanding Organizations in the Large Enterprise Category (White 500), seven as 2025 Health & Productivity Management Outstanding Organizations in the Large Enterprise Category, two as 2025 Health & Productivity Management Outstanding Organizations in the Small and Medium-Sized Enterprise Category (Bright 500), one as a 2025 Health & Productivity Management Outstanding Organization in the Small and Medium-Sized Enterprise Category (Next Bright 1000), and four as 2025 Health & Productivity Management Outstanding Organizations in the Small and Medium-Sized Enterprise Category.

We will continue to communicate the ongoing effectiveness of our initiatives both internally and externally, in collaboration with the health insurance association. By conducting verification and review, we will strive to expand the adoption of Health and productivity management across our group companies and our client companies.

Certified Group companies

2025 Health & Productivity Management Outstanding Organization in the Large Enterprise Category (White 500)
Sompo Holdings, Inc.
Sompo Japan Insurance Inc.
Sompo Himawari Life Insurance Inc.
Sompo Health Support Inc.
Sompo Japan Partners Inc.
Sompo Corporate Services Inc.

2025 Health & Productivity Management Outstanding Organization in the Large Enterprise Category
Sompo Risk Management Inc.
Sompo Business Services Inc.
Sompo Communications Inc.
Sompo Direct Insurance Inc.
Sompo Care Inc.
Prime Assistance Inc.
Sompo Systems Inc.

2025 Health & Productivity Management Outstanding Organization in the Small and Medium-Sized Enterprise Category (Bright 500)
Sompo Japan Career Bureau Inc.
Sompo Challenged Inc.

2025 Health & Productivity Management Outstanding Organization in the Small and Medium-Sized Enterprise Category (Next Bright 1000)
Sompo Warranty Inc.

2025 Health & Productivity Management Outstanding Organization in the Small and Medium-Sized Enterprise Category
Sompo Asset Management Co.,Ltd.
Sompo Japan DC Securities Inc.
Sompo Business Solutions Inc.
Sompo Commercial Line Claims Support Inc.

External Evaluation

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Data
Group Companies
External Evaluation
Other Related Information

Financial and Corporate Data Section

Inclusion in ESG indices

Sompo Holdings is included in the following ESG related indices (as of July, 2025).

FTSE4Good Index Series*1 — Sompo Holdings

The FTSE4Good Index Series, created by the global index provider FTSE Russell, is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Blossom Japan Index*1 — Sompo Holdings

The FTSE Blossom Japan Index, created by the global index provider FTSE Russell, is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Blossom Japan Sector Relative Index*1 — Sompo Holdings

The FTSE Blossom Japan Sector Relative Index, created by the global index provider FTSE Russell, is designed to be sector-neutral and reflects the performance of Japanese companies that demonstrate relatively strong environmental, social and governance (ESG) practices within each sector.

*1 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Sompo Holdings has been independently assessed according to the criteria of the FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index, and has satisfied the requirements to become a constituent of these indices. These indices, created by the global index provider FTSE Russell, are designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices. They are used by a wide variety of market participants to create and assess responsible investment funds and other products.

S&P/JPX Carbon Efficient Index — Sompo Holdings

S&P/JPX Carbon Efficient Index is an index jointly developed by the U.S. S&P Dow Jones Indices LLC and the Japan Exchange Group that weights constituent stocks by focusing on the status of disclosure of environmental information and the level of carbon efficiency (carbon emissions per unit sales) within TOPIX, a representative stock index reflecting the trend of the Japanese market.

iSTOXX MUTB Japan Platinum Career 150 Index — Sompo Holdings

This ESG index, which focuses on human capital, was jointly developed by Mitsubishi UFJ Trust and Banking Corporation and STOXX, an index provider under Deutsche Börse. It comprises 150 Japanese companies that are actively engaged in career development for their employees.

MSCI Selection Indexes*2 — Sompo Holdings

MSCI ESG Leaders Indexes comprise companies from various industries that have earned high evaluations in relation to the environment, society, and governance.

MSCI Japan ESG Select Leaders Index*2 — Sompo Holdings

MSCI Japan ESG Select Leaders Index is designed to select companies with high evaluation in environment, society, governance (ESG) aspects from among the MSCI Japan IMI Top 500 Index.

MSCI Nihonkabu ESG Select Leaders Index*2 — Sompo Holdings

MSCI Nihonkabu ESG Select Leaders Index, which is based on the MSCI Japan IMI Index, is a selection of companies in each industry that have high ESG ratings.

MSCI Japan Empowering Women Index (WIN)*2 — Sompo Holdings

MSCI Japan Empowering Women Index (WIN) is designed to select companies with high evaluation in gender diversity from among the MSCI Japan IMI Top 700 Index.

*2 The inclusion of Sompo Holdings in any MSCI Index, and the use of MSCI logos, trademarks, service marks or Index names herein, do not constitute a sponsorship, endorsement or promotion of Sompo Holdings by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

To Our Stakeholders

Main Section

Sustainability Section

Introduction
Governance
Environment
Society
Data
Group Companies
External Evaluation
Other Related Information

Financial and Corporate Data Section

Other Related Information

ESG-related data

Group ESG-related data is shown on the website listed below.

ESG data
- General Information on ESG Data
- Group Employee Data
- Reporting of Greenhouse Gas (GHG)
- Environmental Performance Data
- Social Performance Data
- Governance Data

GRI content index

Disclosure of our Group's GRI Standards can be found on the following website.

GRI Content Index

Sompo Holdings, Inc.
Integrated Annual Report 2025

Financial and Corporate Data Section

Financial Highlights 193
Consolidated Business Overview 196
Summary of Accounting 217
Corporate Data 355

Financial Highlights

From the fiscal year ended March 31, 2025, the Company prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

Consolidated Financial Indicators for Sompo Holdings

1. IFRS

	IFRS		
	Transition date (Beginning of FY2023)	FY2023	FY2024
Key Figures (Millions of Yen)			
Insurance revenue	—	4,836,830	**5,065,520**
Net income before tax	—	614,529	**330,279**
Net income attributable to owners of parent	—	529,655	**243,132**
Comprehensive income attributable to owners of parent	—	1,253,872	**381,260**
Per Share Information (Yen)			
Earnings per share — Basic	—	534.46	**250.90**
Earnings per share — Diluted	—	534.28	**250.90**
Dividend per share (Yen)			
Annual dividends	—	300.00	**132.00**
(Of which, Interim)	—	150.00	**56.00**
Financial Condition (Millions of Yen)			
Total equity	2,984,618	4,127,198	**4,226,153**
Total equity attributable to owners of parent	2,967,633	4,107,621	**4,205,192**
Total Assets	14,860,669	16,459,939	**15,890,039**
Ratio of equity attributable to owners of parent to total assets (%)	20.0	25.0	**26.5**
Consolidated Solvency Margin Ratio (%)	—	—	**602.9**
Stock Information (Thousand shares)			
Number of Shares Outstanding	347,698	330,160	**990,482**
Adjusted Financial Indicators			
Adjusted Consolidated Profit (Billions of Yen)	—	335.9	**323.4**
Adjusted Consolidated ROE (%)	—	—	**9.2**

Notes:
1. The shares of the Company remaining in the Board Benefit Trust (BBT) are included in treasury stock as a deduction in the calculation of the average number of shares outstanding during the period for the purpose of calculating basic income per share and diluted income per share.
2. On April 1, 2024, a 3-for-1 stock split of common stock was executed; net income per share and diluted net income per share are calculated on the assumption that the stock split was executed on the transition date. In addition, the total number of shares outstanding and the dividend per share for years other than the fiscal year ended March 31, 2025 represent the actual numbers of shares and dividends before the stock split.
3. The consolidated solvency margin ratio for the fiscal year ended March 31, 2024 is not stated as it has not been calculated in accordance with IFRS.

2. Japanese GAAP

	Japanese GAAP				
	FY2020	FY2021	FY2022	FY2023	FY2024
Key Figures (Millions of Yen)					
Ordinary Income	3,846,323	4,167,496	4,525,869	4,933,646	**5,453,769**
Net Premiums Written (P&C Insurance)	2,923,547	3,215,713	3,670,717	3,690,419	**4,016,599**
Life Insurance Premiums	346,177	325,183	316,752	311,850	**316,610**
Ordinary Profit	215,097	315,512	49,504	488,034	**552,924**
Net income attributable to shareholders of the parent	142,482	224,842	26,413	416,054	**422,927**
Comprehensive Income	512,417	143,823	29,346	1,061,846	**281,096**
Per Share Information (Yen)					
Net Income	132.46	214.74	26.14	419.83	**436.45**
Diluted Net Income	132.38	214.62	26.13	419.69	**436.45**
Dividend per share (Yen)					
Annual dividends	170.00	210.00	260.00	300.00	**132.00**
(Of which, Interim)	80.00	105.00	130.00	150.00	**56.00**
Financial Condition (Millions of Yen)					
Total Net Assets	2,031,168	2,040,789	1,919,140	2,868,258	**2,865,132**
Total Assets	13,118,656	13,787,835	13,351,277	14,832,778	**15,030,015**
Equity Ratio (%)	15.39	14.71	14.25	19.23	**18.94**
Consolidated Solvency Margin Ratio (%)	871.8	773.0	584.0	697.6	**—**
Stock Information (Thousand shares)					
Number of Shares Outstanding	373,330	347,698	347,698	330,160	**990,482**
Adjusted Financial Indicators					
Adjusted Consolidated Profit (Billions of Yen)	202.1	261.3	152.2	291.0	**334.3**
Adjusted Consolidated ROE (%)	8.0	9.4	5.5	9.2	**9.0**

Notes:
1. The shares of the Company remaining in the “Board Benefit Trust (BBT)” are included in treasury stock as a deduction in the calculation of the average number of shares outstanding during the period for the purpose of calculating net income per share and diluted net income per share.
2. On April 1, 2024, the 3-for-1 stock split of common stock was executed; net income per share and diluted net income per share are calculated on the assumption that the stock split was executed at the beginning of the fiscal year ended March 31, 2021. In addition, the total number of shares outstanding and the dividend per share for years other than the fiscal year ended March 31, 2025 represent the actual numbers of shares and dividends before the stock split.
3. Overseas consolidated subsidiaries that have adopted International Financial Reporting Standards (IFRS) have applied IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” from the beginning of the fiscal year ended March 31, 2024. Accordingly, figures for the fiscal year ended March 31, 2023 have been retrospectively applied. The cumulative effect of the change for the fiscal year ended March 31, 2022 and earlier is reflected in the net asset amount at the beginning of the fiscal year ended March 31, 2023.
4. The consolidated solvency margin ratio for the fiscal year ended March 31, 2025 is not stated as it has not been calculated in accordance with Japanese standards.
5. The consolidated financial statements for the fiscal year ended March 31, 2025 based on Japanese GAAP have not been audited, pursuant to the provisions of Article 193-2 Paragraph 1 of the Financial Instruments and Exchange Act.

(Reference) Definition of Adjusted Consolidated Profit

IFRS

		SOMPO P&C		SOMPO Wellbeing			Others (Direct and digital, etc.)
		Domestic P&C Insurance	Overseas Insurance and Reinsurance*1	Domestic Life Insurance	Nursing Care	Other wellbeing	
Adjusted consolidated profit	Base profit	IFRS net income					
	Adjustment items: Market value fluctuations from financial markets	- Market value fluctuations of investment assets under FVTPL*2 - Foreign exchange fluctuations in FVOCI financial instruments - Change in insurance liabilities due to discount rate fluctuations, etc. - Gains/losses arising from onerous contacts of variable insurance - Gains/losses on derivatives for hedging (stock futures, interest rate swaps, etc.)					
	Adjustment items: Temporary gains/losses	- Gains/losses on sale of securities*3 - Expected credit loss related to investment assets (impairment) - Impairment loss on goodwill arising from business investment*4 - Temporary expenses not affecting business activities (e.g. reorganization costs; specific definition is approved by the Board of Directors of Sompo Holdings)					
	Adjustment items: Other adjustments	- Amortization of other intangible assets arising from M&A (expenses recognized as consolidation adjustment item of Sompo Holdings) - Management fee paid to Sompo Holdings (expenses recognized as consolidation adjustment item of Sompo Holdings)					
+ Non-business profit/losses		Profit and loss of Sompo Holdings (non-consolidated) and some subsidiaries, adjustment of tax effect on a consolidated basis, amortization of other intangible assets arising from M&A, business investment, etc. and others are recorded.					
Adjusted consolidated net assets		Consolidated net asset — AOCI from securities and insurance liabilities*5					
Adjusted consolidated ROE		Adjusted consolidated profit ÷ Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year)					

*1 Adjusted profit by business segment of the overseas insurance business is measured for the January to December accounting period (adjusted consolidated profit is for the April to March accounting period).
*2 Mutual funds. In addition, stocks and bonds, etc. held in the overseas insurance business, excluding non-traditional assets.
*3 Some adjustment made to the scope of exclusion for the domestic P&C insurance and overseas insurance businesses.
*4 Includes impairment losses (reversal) on tangible fixed assets and leases in the nursing care business.
*5 Unrealized gains/losses on securities held and insurance liabilities (AOCI:Accumulated Other Comprehensive Income).

Japanese GAAP

Adjusted consolidated profit is the sum of the adjusted profit*1 of each business segment.

Domestic P&C Insurance

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

Overseas Insurance and Reinsurance

Operating income*2
Net income is used for affiliates accounted for under the equity method in principle.

Domestic Life Insurance

Net income
+ Provision of contingency reserve (after tax)
+ Provision of reserve for price fluctuation (after tax)
+ Adjustment of underwriting reserve (after tax)
+ Deferral of acquisition cost (after tax)
– Depreciation of acquisition cost (after tax)
– Gains/losses on sales of securities and impairment losses on securities (after tax)
– Surplus relief reinsurance effect (after tax)

Nursing Care

Net income

Digital & Others

Net income
– Gains/losses on sales and impairment losses related to investment (after tax)

*1 Adjusted profit by business segment excludes one-time gains and losses or special factors such as dividend from group companies.
*2 Defined as the operating income, which excludes one-time fluctuation factors (= Net income – Net foreign exchange gains and losses – Net realized and unrealized gains and losses on securities – Net impairment losses recognized in earnings, etc.)

Consolidated Business Overview

1. Management's Discussion and Analysis of Financial Condition, Results of Operations, and Cash Flows

(1) Overview of results of operations, etc.

SOMPO Holdings, Inc. (the "Company") and its group companies (the "Group") has adopted International Financial Reporting Standards (IFRS) to the consolidated financial statements from the fiscal year ended March 31, 2025. Figures for the previous fiscal year have also been restated in accordance with IFRS for comparative analysis. An overview of the Group's financial condition, results of operations, and cash flows (collectively "results of operations, etc.") for the fiscal year ended March 31, 2025 is as follows.

(i) Financial condition and results of operations

■ The Group's results of operations

The global economy grew at a moderate pace in the fiscal year ended March 31, 2025, driven by the U.S. supported by robust consumer spending, despite tight monetary policy mainly in Europe and the U.S.

The Japanese economy recovered at a moderate pace, despite continued inflation, since corporate earnings, labor market, and income levels improved. However, the implications of the U.S. trade policy, persistent inflation, and financial/capital market fluctuations need to be closely monitored.

Under these circumstances, the consolidated financial results of the Group for the fiscal year ended March 31, 2025 were as follows:

Insurance service result decreased by 47.4 billion yen to 304.1 billion yen compared to the previous fiscal year, the components of which were insurance revenue of 5,065.5 billion yen, insurance service expenses of 4,401.1 billion yen and income or expenses from reinsurance contracts held of (360.2) billion yen. Finance result decreased by 201.6 billion yen to 119.7 billion yen compared to the previous fiscal year, the components of which were investment gains and losses of 327.1 billion yen and insurance finance gains and losses of (207.4) billion yen.

As a result of the foregoing, the Company reported net income before tax, calculated as the sum of insurance service result, finance result and other income and expenses, of 330.2 billion yen, a decrease of 284.2 billion yen from the previous fiscal year. The Company posted net income attributable to owners of parent, net of income tax expenses and others, of 243.1 billion yen, a decrease of 286.5 billion yen from the previous fiscal year.

■ The Group's financial condition

Total assets as of March 31, 2025 amounted to 15,890.0 billion yen on a consolidated basis, a decrease of 569.9 billion yen from March 31, 2024. Total liabilities as of March 31, 2025 amounted to 11,663.8 billion yen, a decrease of 668.8 billion yen on a consolidated basis from March 31, 2024. Total equity as of March 31, 2025 amounted to 4,226.1 billion yen on a consolidated basis, an increase of 98.9 billion yen from March 31, 2024.

■ Results of operations by reportable segments

Domestic P&C insurance business

In the domestic P&C insurance business, insurance revenue amounted to 2,634.4 billion yen, an increase of 48.8 billion yen from the previous fiscal year. The domestic P&C insurance business posted net income attributable to owners of parent of 58.3 billion yen, a decrease of 134.1 billion yen from the previous fiscal year.

(Millions of yen)

Category	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
		%		**%**
Insurance revenue	2,585,678	—	**2,634,478**	**1.9**
Net income attributable to owners of parent	192,477	—	**58,338**	**(69.7)**

(Notes) 1. Figures are amounts before the elimination of internal transactions between segments.
2. As the Group adopted IFRS starting from the fiscal year ended March 31, 2025, with a transition date of April 1, 2023, % of year-on-year change for the previous fiscal year is not disclosed.

Overseas insurance business

In the overseas insurance business, insurance revenue amounted to 2,227.7 billion yen, an increase of 175.5 billion yen from the previous fiscal year. Net income attributable to owners of parent decreased by 82.6 billion yen to a net income of 177.7 billion yen compared to the previous fiscal year.

(Millions of yen)

Category	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
		%		**%**
Insurance revenue	2,052,186	—	**2,227,704**	**8.6**
Net income attributable to owners of parent	260,392	—	**177,771**	**(31.7)**

(Notes) 1. Figures are amounts before the elimination of internal transactions between segments.
2. As the Group adopted IFRS starting from the fiscal year ended March 31, 2025, with a transition date of April 1, 2023, % of year-on-year change for the previous fiscal year is not disclosed.

Domestic life insurance business

In the domestic life insurance business, insurance revenue amounted to 254.7 billion yen, an increase of 6.2 billion yen from the previous fiscal year. The domestic life insurance business posted net income attributable to owners of parent of 29.8 billion yen, a decrease of 45.8 billion yen from the previous fiscal year.

(Millions of yen)

Category	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
		%		**%**
Insurance revenue	248,493	—	**254,716**	**2.5**
Net income attributable to owners of parent	75,714	—	**29,876**	**(60.5)**

(Notes) 1. Figures are amounts before the elimination of internal transactions between segments.
2. As the Group adopted IFRS starting from the fiscal year ended March 31, 2025, with a transition date of April 1, 2023, % of year-on-year change for the previous fiscal year is not disclosed.

Nursing care business

Other revenue increased by 5.4 billion yen to 181.3 billion yen compared to the previous fiscal year. Net income attributable to owners of parent decreased by 1.1 billion yen to a net income of 5.3 billion yen compared to the previous fiscal year.

■ Financial condition by reportable segments

Domestic P&C insurance business

Segment assets as of March 31, 2025 amounted to 6,311.9 billion yen on a consolidated basis, a decrease of 513.4 billion yen from March 31, 2024, mainly due to a decrease in investment securities.

Overseas insurance business

Segment assets as of March 31, 2025 amounted to 5,243.1 billion yen on a consolidated basis, an increase of 371.5 billion yen from March 31, 2024, mainly due to an increase in investment securities.

Domestic life insurance business

Segment assets as of March 31, 2025 amounted to 3,392.4 billion yen on a consolidated basis, a decrease of 466.5 billion yen from March 31, 2024, mainly due to a decrease in investment securities.

Nursing care business

Segment assets as of March 31, 2025 amounted to 429.1 billion yen on a consolidated basis, a decrease of 1.6 billion yen from March 31, 2024, mainly due to a decrease in property and equipment.

(Reference) Overview of entire business

Underwriting business

(Millions of yen)

Category	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
		%		**%**
Insurance revenue	4,836,830	—	**5,065,520**	**4.7**
Insurance service expenses	4,287,494	—	**4,401,125**	**2.7**
Income or expenses from reinsurance contracts held	(197,750)	—	**(360,232)**	**—**
Insurance service result	351,585	—	**304,162**	**(13.5)**

(Notes) 1. Figures are amounts before the elimination of internal transactions between segments.
2. As the Group adopted IFRS starting from the fiscal year ended March 31, 2025, with a transition date of April 1, 2023, % of year-on-year change for the previous fiscal year is not disclosed.

(ii) Cash flows

Cash flows for the fiscal year ended March 31, 2025 were as follows:

Cash flows from operating activities

Cash flows from operating activities resulted in a net inflow of 573.0 billion yen, a decrease of 61.2 billion yen from the previous fiscal year. This was mainly due to an increase in income taxes expenses.

Cash flows from investing activities

Cash flows from investing activities resulted in a net outflow of (272.2) billion yen, an increase of 367.8 billion yen from the previous fiscal year. This was mainly due to a decrease in purchase of investment securities, which partially offset a decrease in proceeds from sales and redemption of investment securities.

Cash flows from financing activities

Cash flows from financing activities resulted in a net outflow of (481.6) billion yen, a decrease of 369.0 billion yen from the previous fiscal year. This was mainly due to an increase in acquisition of treasury stock and an expanded net decrease in repo and similar securities borrowings.

As a result, cash and cash equivalents at the end of the period were 1,027.6 billion yen, a decrease of 189.1 billion yen from the end of the previous fiscal year.

(2) Analysis and discussion of results of operations, etc. from a management perspective

Management's recognition, analysis, and discussion of the Group's results of operations, etc. from a management perspective are as follows. Forward-looking statements contained herein represent judgments made as of June 30, 2025.

(i) Financial condition and results of operations

■ The Group's results of operations

During the fiscal year ended March 31, 2025, the Group experienced a deterioration in the profitability of automobile insurance in the domestic P&C insurance business due to factors such as rising costs of repair and increasing severity and frequency of natural disasters; however, we steadily advanced the transformation of our earnings structure and operating foundation. Meanwhile, the overseas insurance business improved its underwriting profit and expanded its geographic footprint in line with the plan. In the domestic life insurance business, we worked to increase customers (Himawari clients/users) through providing more attractive Insurhealth® products and promoting the use of health support services by corporations and individuals to create a synergy effect. In the nursing care business, we steadily improved productivity as well as quality and strengthened earnings base by promoting our "Future Nursing Care" model.

As a holding company for the entire Group, we allocated the management resources necessary for executing our business plans and sustainably increasing our corporate value, and promoted business transformation and the reform in portfolio.

As a result of these initiatives, the Group's key consolidated indicators were as follows.

Key consolidated indicators

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
				%
Insurance revenue	4,836,830	**5,065,520**	228,690	4.7
Insurance service expenses	4,287,494	**4,401,125**	113,630	2.7
Income or expenses from reinsurance contracts held	(197,750)	**(360,232)**	(162,482)	—
Insurance service result	351,585	**304,162**	(47,422)	(13.5)
Finance result	321,404	**119,734**	(201,670)	(62.7)
Other revenue	214,074	**220,689**	6,614	3.1
Net income attributable to owners of parent	529,655	**243,132**	(286,522)	(54.1)

Insurance revenue amounted to 5,065.5 billion yen, an increase of 228.6 billion yen from the previous fiscal year. This was mainly due to increased revenue in local currency in the overseas insurance business, as well as the impact of foreign exchange rates.

Insurance service expenses amounted to 4,401.1 billion yen, an increase of 113.6 billion yen from the previous fiscal year. This was mainly due to an increase in natural disaster losses in the overseas insurance business, as well as the impact of foreign exchange rates.

Income or expenses from reinsurance contracts held decreased by 162.4 billion yen from the previous fiscal year to (360.2) billion yen. This was mainly due to a decrease in reinsurance recoveries in the overseas insurance business.

Finance result amounted to 119.7 billion yen, a decrease of 201.6 billion yen from the previous fiscal year. This was mainly due to the impact of changes in market conditions in the domestic P&C insurance business.

For the fiscal year ended March 31, 2025, the Group reported net income before tax—the aggregate of insurance service result and finance result, net of other income and expenses—of 330.2 billion yen, a decrease of 284.2 billion yen from the previous fiscal year. The Group posted net income attributable to owners of parent—net income before tax, net of income tax expenses and other items—of 243.1 billion yen, a decrease of 286.5 billion yen from the previous fiscal year.

■ The Group's financial condition

Assets

Total assets as of March 31, 2025 amounted to 15,890.0 billion yen, a decrease of 569.9 billion yen from the end of the previous fiscal year. This was mainly due to a decrease in investment securities, including domestic stocks.

Liabilities

Total liabilities as of March 31, 2025 amounted to 11,663.8 billion yen, a decrease of 668.8 billion yen from the end of the previous fiscal year. This was mainly due to a decrease in repo and similar securities borrowings.

Equity

Total equity as of March 31, 2025 amounted to 4,226.1 billion yen, an increase of 98.9 billion yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings resulting from the recording of net income attributable to owners of parent.

■ Results of operations by reportable segments

Domestic P&C insurance business

The domestic P&C insurance business has pursued the transformation of its earnings structure and operating foundation, primarily through SJ-R, a group-wide transformation project. These efforts include portfolio underwriting reform and sales reform to strengthen the earnings structure, and culture change, enhancement of quality control, and promotion of data-driven operations to strengthen the operating foundation.

Despite these initiatives, the business was affected by adverse effects, such as rising average claim payments and corporate expenses due to worsening inflation, as well as fluctuations in foreign exchange rates and stock markets. The results of operations were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
				%
Insurance revenue	2,585,678	**2,634,478**	48,800	1.9
Net income attributable to owners of parent	192,477	**58,338**	(134,139)	(69.7)

Insurance revenue amounted to 2,634.4 billion yen, an increase of 48.8 billion yen from the previous fiscal year, mainly due to the impact of product revisions in fire insurance and expanded sales of casualty (other) insurance.

Net income attributable to owners of parent amounted to 58.3 billion yen, a decrease of 134.1 billion yen from the previous fiscal year, mainly due to a decrease in investment profit. This lower investment profit was primarily driven by a pullback from the gains recorded in the previous fiscal year as a result of market fluctuations.

Overseas insurance business

In the overseas insurance business, profitability improved through the continued strategic expansion of business scale and the construction of a well-diversified portfolio based on disciplined underwriting. In addition, investment income increased due to growth in invested assets resulting from successful investments in geographic expansion and higher reinvestment yields in line with recent interest rate trends.

The results of operations were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
				%
Insurance revenue	2,052,186	**2,227,704**	175,517	8.6
Net income attributable to owners of parent	260,392	**177,771**	(82,621)	(31.7)

Insurance revenue amounted to 2,227.7 billion yen, an increase of 175.5 billion yen from the previous fiscal year, mainly due to higher revenue at Sompo International Holdings Ltd. This was primarily driven by growth in the commercial business—North America, the UK, the EMEA region, and reinsurance segments—as well as revenue growth in the consumer business, which more than offset a decrease in agricultural insurance revenue resulting from lower crop prices and portfolio adjustments to control geographic concentration risk.

Net income attributable to owners of parent amounted to 177.7 billion yen, a decrease of 82.6 billion yen from the previous fiscal year, mainly due to lower profit at Sompo International Holdings Ltd. This was primarily driven by increased losses from large-scale natural disasters and a decline in reinsurance recoveries in agricultural insurance at Sompo International Holdings Ltd., which more than offset an increase in investment income reflecting higher interest rates and growth in invested assets and a decrease in insurance liabilities reflecting higher discount rates.

Domestic life insurance business

As part of our main initiatives in the domestic life insurance business, we strive to establish ourselves as a "health support enterprise" by providing Insurhealth®, a new value that combines the essential function of insurance (Insurance)—preparing for the unexpected—with the function of health support (Healthcare)—being there for customers in their daily lives.
In FY2024, we launched a new product, simplified-issue medical insurance (M2) with inpatient treatment coverage, to deliver Insurhealth® primarily to senior customers, aiming to expand our customer base and support our customers' healthy behaviors.

The results of operations were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
				%
Insurance revenue	248,493	**254,716**	6,222	2.5
Net income attributable to owners of parent	75,714	**29,876**	(45,838)	(60.5)

Insurance revenue amounted to 254.7 billion yen, an increase of 6.2 billion yen from the previous fiscal year, mainly due to an increase in policies in force, particularly for protection-type products.

Net income attributable to owners of parent amounted to 29.8 billion yen, a decrease of 45.8 billion yen from the previous fiscal year, mainly due to the effects of exchange rate fluctuations.

Nursing care business

In the nursing care business, we have positioned the platform business and the wellbeing business, which is to be intensively promoted by the Group, as new pillars of earnings, in addition to our mainstay operators business, to pursue not only our own profit growth but also the reform and development of the nursing care industry as a whole.

Our main initiatives in the nursing care business are outlined below across the three pillars:

In the operator business, we focused on improving profitability, rolling out the “future nursing care” model, and adapting to the external environment such as price hikes. As a result, the occupancy rate of our nursing facilities achieved 94.7% (as of March 31, 2025), the highest ever since our entrance into the nursing care business.

In the platform business, we sold to external parties nursing care software developed by ND Software Co., Ltd., as well as food and consulting services that are accumulated in the operator business.

In the wellbeing business, we worked to deliver a one-stop nursing care-based service to address concerns for health, nursing care and money for retirement.

The results of operations were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
				%
Other revenue	175,870	**181,368**	5,498	3.1
Net income attributable to owners of parent	6,414	**5,303**	(1,110)	(17.3)

Other revenue amounted to 181.3 billion yen, an increase of 5.4 billion yen from the previous fiscal year. This was mainly due to a rise in occupancy rates driven by proactive marketing activities at Sompo Care Inc.

Net income attributable to owners of parent amounted to 5.3 billion yen, a decrease of 1.1 billion yen from the previous fiscal year. This was mainly due to the absence of the positive impact from the FY2024 Tax Reform (pro forma standard taxation).

■ Financial condition by reportable segments

Domestic P&C insurance business

Segment assets as of March 31, 2025 amounted to 6,311.9 billion yen, a decrease of 513.4 billion yen from the end of the previous fiscal year, mainly due to a decrease in investment securities, including domestic stocks.

Overseas insurance business

Segment assets as of March 31, 2025 amounted to 5,243.1 billion yen, an increase of 371.5 billion yen from the end of the previous fiscal year, mainly due to an increase in investment securities, including foreign bonds.

Domestic life insurance business

Segment assets as of March 31, 2025 amounted to 3,392.4 billion yen, a decrease of 466.5 billion yen from the end of the previous fiscal year, mainly due to a decrease in investment securities, including Japanese government bonds.

Nursing care business

Segment assets as of March 31, 2025 amounted to 429.1 billion yen, a decrease of 1.6 billion yen from the end of the previous fiscal year, mainly due to a decrease in property and equipment.

(ii) Cash flows, capital resources and liquidity

■ Cash flows for the fiscal year ended March 31, 2025

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)
Cash flows from operating activities	634,292	**573,009**	(61,282)
Cash flows from investing activities	(640,089)	**(272,236)**	367,853
Cash flows from financing activities	(112,617)	**(481,660)**	(369,042)
Ending balance of cash and cash equivalents	1,216,739	**1,027,628**	(189,111)

Cash flows from operating activities

Cash flows from operating activities resulted in a net inflow of 573.0 billion yen, a decrease of 61.2 billion yen from the previous fiscal year. This was mainly due to an increase in income tax expenses by Sompo Japan Insurance Inc. and other Group companies.

Cash flows from investing activities

Cash flows from investing activities resulted in a net outflow of (272.2) billion yen, an increase of 367.8 billion yen from the previous fiscal year. This was mainly due to a decrease in purchase of investment securities by Sompo International Holdings Ltd. and other Group companies, which partially offset a decrease in proceeds from sales and redemption of investment securities by Sompo International Holdings Ltd. and other Group companies.

Cash flows from financing activities

Cash flows from financing activities resulted in a net outflow of (481.6) billion yen, a decrease of 369.0 billion yen from the previous fiscal year. This was mainly due to an increase in acquisition of treasury stock and an expanded net decrease in repo and similar securities borrowings by Sompo Japan Insurance Inc.

■ The Group’s capital resources and liquidity

Approach to allocation of management resources

The Company’s business plans are formulated through deliberation at the Group Executive Committee, which serves as an advisory body to the Group CEO. Based on these business plans, capital is allocated to the two business segments “Sompo P&C” and Sompo Wellbeing” and then to the individual businesses within each segment, taking into account growth potential and profitability. Each business segment and its individual businesses operate using the allocated capital with the aim of achieving the targets set forth in the business plan, namely adjusted consolidated ROE and adjusted EPS growth. In addition, the Group regularly monitors the relevant facts and circumstances, including changes in the business environment and the progress of the plan, and revises the business plan and capital allocation as necessary.

Funding requirements and capital resources

The Group’s primary funding requirements consist of working capital, investments in growth business areas, and shareholder returns. Among these, working capital and shareholder returns are mainly funded through cash flows from operating and investing activities. In addition, investments in growth business areas are funded using internal resources, supplemented as necessary by funds raised externally, such as through the issuance of corporate bonds or borrowings.

When raising funds, the Group carefully selects the most appropriate financing methods, with due consideration given to maintaining financial soundness and minimizing funding costs. The target range for the Economic Solvency

Ratio (ESR)—an indicator of whether the Group maintains sufficient capital relative to its risks—is set at 200% to 250% under the Mid-Term Management Plan (FY2024–2026). As of March 31, 2025, the ESR stood at 256%, indicating that the Group continues to maintain a high level of financial soundness.

The shareholder return policy under the Mid-Term Management Plan sets forth that 50% of adjusted consolidated profit* is paid as a basic return, and we look to increase the total payout amount as profits grow by adding share buybacks to the total dividend amount. Furthermore, in principle, we pay an additional return of 50% of the after-tax gains on the sale of strategic shareholdings and also consider adjusting the capital level depending on risk and capital conditions, trends in earnings, and the financial market environment. In addition, we basically aim to raise dividends in line with profit growth over the medium term and increase the ratio of dividends to the basic return.

* From FY2025, the basic return will be based on 50% of the average of the adjusted consolidated profits for the most recent three years.

Liquidity

The ending balance of cash and cash equivalents as of March 31, 2025 was 1,027,628 million yen. The Group manages liquidity risks by well controlling day-to-day cash positions as well as the potential peak cash outflows that could result from incidents such as large-scale natural disasters and by protecting the liquid assets required to meet such funding needs.

(iii) Material accounting estimates and underlying assumptions

The consolidated financial statements of the Group are prepared in accordance with IFRS pursuant to the provisions of Article 312 of "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (hereinafter the "Regulation for Consolidated Financial Statements"). In preparing these consolidated financial statements, the necessary estimates have been made based on reasonable criteria. The estimates that have a material impact on the amounts presented in the Group's consolidated financial statements are as follows.

- Fair value measurement of financial instruments
- Impairment of goodwill
- Estimation of fulfilment cash flows relating to insurance contracts and reinsurance contracts

The material accounting policies, estimates, and underlying assumptions adopted in the Group's consolidated financial statements are disclosed in "Summary of Accounting, Notes to the Consolidated Financial Statements, 3. Summary of material accounting policies, and 4. Use of material accounting estimates and judgments."

(3) Parallel disclosure information

The condensed consolidated financial statements prepared in accordance with the Regulation for Consolidated Financial Statements (excluding Parts III through VI; hereinafter referred to as "Japanese GAAP") are as follows.

It should be noted that the condensed consolidated financial statements for the fiscal year ended March 31, 2025 prepared in accordance with Japanese GAAP have not been audited pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

(i) Condensed Consolidated Balance Sheet (Japanese GAAP)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets:		
Cash and deposits	1,231,345	**998,947**
Call loans	—	**30,000**
Receivables under resale agreements	14,999	**209,861**
Monetary receivables bought	21,686	**20,563**
Money trusts	4,843	**4,721**
Securities	11,424,810	**11,572,638**
Loans	451,662	**433,134**
Tangible fixed assets	371,583	**384,814**
Intangible fixed assets	518,922	**485,125**
Other assets	710,294	**782,964**
Net defined benefit asset	433	**687**
Deferred tax assets	85,110	**109,478**
Allowance for possible credit losses	(2,913)	**(2,921)**
Total assets	14,832,778	**15,030,015**
Liabilities:		
Underwriting funds	9,810,421	**10,449,179**
Corporate bonds	682,349	**691,395**
Other liabilities	1,111,287	**792,083**
Net defined benefit liability	21,654	**28,357**
Reserve for retirement benefits to directors	16	**21**
Reserve for bonus payments	57,500	**63,511**
Reserve for bonus payments to directors	443	**595**
Reserve for stocks payments	2,535	**1,995**
Reserves under the special laws	116,413	**121,975**
Deferred tax liabilities	161,895	**15,767**
Total liabilities	11,964,519	**12,164,882**
Net assets:		
Shareholders' equity	1,419,799	**1,560,051**
Accumulated other comprehensive income	1,432,100	**1,286,991**
Stock acquisition rights	235	**3**
Non-controlling interests	16,123	**18,086**
Total net assets	2,868,258	**2,865,132**
Total liabilities and net assets	14,832,778	**15,030,015**

(ii) Condensed Consolidated Statement of Income and Condensed Consolidated Statement of Comprehensive Income (Japanese GAAP)

Condensed Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Ordinary income:	4,933,646	**5,453,769**
Underwriting income	4,099,489	**4,432,472**
Investment income	592,545	**793,063**
Other ordinary income	241,611	**228,234**
Ordinary expenses:	4,445,611	**4,900,845**
Underwriting expenses	3,495,132	**3,833,977**
Investment expenses	108,014	**124,290**
Operating, general and administrative expenses	658,750	**725,039**
Other ordinary expenses	183,714	**217,538**
Ordinary profit	488,034	**552,924**
Extraordinary gains	1,129	**674**
Extraordinary losses	9,583	**9,308**
Net income before income taxes	479,581	**544,290**
Total income taxes	61,514	**119,222**
Net income	418,066	**425,067**
Net income attributable to non-controlling interests	2,012	**2,139**
Net income attributable to shareholders of the parent	416,054	**422,927**

Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net income	418,066	**425,067**
Other comprehensive income	643,779	**(143,970)**
Comprehensive income	1,061,846	**281,096**
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	1,059,555	**277,817**
Comprehensive income attributable to non-controlling interests	2,291	**3,279**

(iii) Condensed Consolidated Statement of Changes in Net Assets (Japanese GAAP)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity	Accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the period	1,114,447	788,599	269	15,824	1,919,140
Effect of hyperinflation	4,059				4,059
Adjusted beginning balance	1,118,506	788,599	269	15,824	1,923,200
Changes during the period	301,292	643,500	(33)	298	945,058
Balance at the end of the period	1,419,799	1,432,100	235	16,123	2,868,258

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity	Accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the period	**1,419,799**	**1,432,100**	**235**	**16,123**	**2,868,258**
Effect of hyperinflation	**5,944**				**5,944**
Adjusted beginning balance	**1,425,743**	**1,432,100**	**235**	**16,123**	**2,874,203**
Changes during the period	**134,307**	**(145,109)**	**(232)**	**1,963**	**(9,070)**
Balance at the end of the period	**1,560,051**	**1,286,991**	**3**	**18,086**	**2,865,132**

(iv) Condensed Consolidated Statement of Cash Flows (Japanese GAAP)

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash flows from operating activities	473,137	**430,676**
Cash flows from investing activities	(496,986)	**(53,251)**
Cash flows from financing activities	(87,612)	**(457,402)**
Effect of exchange rate changes on cash and cash equivalents	38,988	**30,749**
Increase (decrease) in cash and cash equivalents	(72,473)	**(49,228)**
Cash and cash equivalents at the beginning of the period	1,271,040	**1,198,566**
Cash and cash equivalents at the end of the period	1,198,566	**1,149,338**

(v) Changes in Significant Accounting Policies for the Preparation of the Condensed Consolidated Financial Statements (Japanese GAAP)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Changes in accounting policies)

(IFRS 17 *Insurance Contracts*)

Overseas consolidated subsidiaries that have applied IFRS have applied IFRS 17 *Insurance Contracts* from the beginning of the fiscal year ended March 31, 2024. As a result of this application, underwriting funds are measured to reflect the effects of the time value of money, the financial risks of cash flows from insurance contracts, and the uncertainty of cash flows from insurance contracts.

These changes in accounting policies have been applied retrospectively. Accordingly, the consolidated financial statements for the fiscal year ended March 31, 2023 have reflected the retrospective application. As a result, for the fiscal year ended March 31, 2023, ordinary expenses have decreased by 81,743 million yen, and ordinary profit and net income before income taxes have increased by 81,743 million yen, respectively, compared to those prior to the retrospective application. In addition, for the fiscal year ended March 31, 2023, other assets have decreased by 1,109,401 million yen, other liabilities have decreased by 515,938 million yen, and underwriting funds have decreased by 643,254 million yen. The cumulative impact of these changes has been reflected in the balance of net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2023 has decreased by 16,769 million yen.

(IFRS 9 *Financial Instruments*)

Overseas consolidated subsidiaries that have applied IFRS have applied IFRS 9 *Financial Instruments* from the beginning of the fiscal year ended March 31, 2024. As a result of this application, the methods for classification and measurement of financial instruments have changed.

These changes in accounting policies have been applied retrospectively. Accordingly, the consolidated financial statements for the fiscal year ended March 31, 2023 have reflected the retrospective application. As a result, for the fiscal year ended March 31, 2023, ordinary income has decreased by 81,265 million yen, ordinary expenses have increased by 73,503 million yen, and ordinary profit and net income before income taxes have decreased by 154,768 million yen, respectively, compared to those prior to the retrospective application. In addition, the cumulative impact of these changes has been reflected in the balance of net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2023 has increased by 7,578 million yen, and the balance of unrealized gains and losses on securities available for sale at the beginning of the fiscal year ended March 31, 2023 has decreased by 7,578 million yen.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

None.

(4) Information on differences in key items related to "Overview of Results of Operations, etc."

The differences between key items in the consolidated financial statements prepared in accordance with IFRS and the corresponding items that would have been prepared under Japanese GAAP are as follows.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

These differences are disclosed in "Summary of Accounting, Notes to the Consolidated Financial Statements, 39. Transition to IFRS."

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Investment securities (equity instruments))

Under Japanese GAAP, for stocks that are classified as securities available for sale, gains or losses on sale of securities and impairment losses are recognized in profit or loss. Under IFRS, those stocks are designated as equity instruments measured at fair value through other comprehensive income and changes in the fair value of such equity instruments are recognized as other comprehensive income. When the financial assets are derecognized, the accumulated other comprehensive income previously recognized is reclassified to retained earnings. Under Japanese GAAP, in principle, non-listed stocks are measured at their cost, whereas under IFRS, these are measured at fair value. As a result of these differences, investment gains and losses under IFRS decreased by 357,753 million yen compared to the corresponding item under Japanese GAAP. In addition, other comprehensive income (after tax effect) increased by 271,572 million yen under IFRS compared to Japanese GAAP.

(Insurance contracts and reinsurance contracts)

Due to significant differences in measurement and presentation methods between Japanese GAAP and IFRS as described below, the entire amount recorded under Japanese GAAP has been reversed and the entire amount recorded under IFRS has been newly recognized as "Differences in recognition and measurement."

Classification and measurement

Under Japanese GAAP, reserve for insurance policy liabilities (required under the Insurance Business Act) was recognized as liabilities. Under IFRS, insurance and reinsurance contracts are measured as per "Summary of Accounting, Notes to the Consolidated Financial Statements, 3. Summary of material accounting policies," as assets or liabilities.

The measuring methods under Japanese GAAP and IFRS are similar for assets or liabilities for remaining coverage related to contracts measured by applying the premium allocation approach (PAA). However, for assets or liabilities for incurred claims related to such contracts and assets or liabilities related to contracts that are measured by not applying PAA, the methods are different mainly in the following points:

- Under Japanese GAAP, undiscounted amounts have been recognized, in principle. Under IFRS, the amount is measured based on the estimates of future cash flows discounted by using the rate that reflects the time value of money.
- Japanese GAAP does not consider risk adjustments explicitly. Under IFRS, the amounts are measured by reflecting a risk adjustment for non-financial risks in the estimates of future cash flows.
- Japanese GAAP is based on the assumptions related to the estimates at the time of contract signing, in principle. Under IFRS, the estimates of future cash flows are measured based on the estimates as of the period end.
- Under Japanese GAAP, costs related to insurance contracts are recognized as they arise, in principle. Under IFRS, acquisition expenses and direct maintenance costs are included in the measurement of the estimates of future cash flows.

As a result of these differences, the net liability amount of insurance contract assets, insurance contract liabilities, reinsurance contract assets, and reinsurance contract liabilities decreased by 2,329,915 million yen under IFRS compared to the corresponding items under Japanese GAAP.

Presentation of insurance revenue

Under Japanese GAAP, insurance revenue is presented separately as premium income which is recognized at the time of premium receipt from policyholders and changes in underwriting reserves, a part of underwriting funds ("provision for underwriting reserves" in ordinary expenses and "reverse of underwiring reserves" in ordinary income), while under IFRS, it is presented as "insurance revenue."

Presentation of insurance service expenses

Under Japanese GAAP, insurance service expenses are recognized separately as claims paid at the time of payment to policyholders and changes in reserve for outstanding losses and claims, a part of underwriting funds ("provision for reserve for outstanding losses and claims" in ordinary expenses or "reverse of outstanding losses and claims" in ordinary income), while under IFRS, they are presented as insurance service expenses. In addition, gains and losses on onerous contracts are also included in insurance service expenses under IFRS.

(Goodwill)

Under Japanese GAAP, goodwill was amortized on a straight-line basis over a certain period. Under IFRS, goodwill is no longer amortized on and after the transition date and conduct impairment tests. As a result of this difference, administrative expenses under IFRS decreased by 38,319 million yen compared to the corresponding item under Japanese GAAP.

2. Overview of Business Results of Principal Consolidated Subsidiaries

(1) Sompo Japan Insurance Inc. (Non-consolidated)

Summary of Results of Operations (IFRS)

(Billions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
				%
Insurance service result:	81	**81**	(0)	(0.2)
(+) Insurance revenue	2,516	**2,561**	45	1.8
(–) Insurance service expenses:	2,279	**2,295**	15	0.7
Incurred claims, etc.	1,592	**1,583**	(9)	(0.6)
Other insurance service expenses	720	**758**	37	5.3
Gains and losses on onerous contracts	(33)	**(46)**	(12)	—
(+) Income or expenses from reinsurance contracts held	(154)	**(184)**	(29)	—
Finance result:	286	**74**	(212)	(74.2)
(+) Interest income	26	**31**	4	18.0
(+) Other investment gains and losses:	291	**72**	(219)	(75.3)
Dividend income	137	**106**	(30)	(22.3)
Gains and losses on sales	(13)	**(63)**	(49)	—
FVTPL/Foreign exchange gains and losses, etc.	168	**29**	(139)	(82.7)
(–) Expenses related to investment	6	**5**	(0)	(2.8)
(+) Insurance finance gains and losses	(25)	**(23)**	2	—
Other income and expenses	(9)	**(19)**	(10)	—
Net income before tax	358	**135**	(222)	(62.2)
(–) Income tax expenses	70	**15**	(54)	(77.5)
Net income	288	**119**	(168)	(58.5)

(Note) FVTPL stands for Fair Value Through Profit or Loss, and financial assets classified in the FVTPL category are measured at fair value through profit or loss. (Same for following tables)

(2) Sompo International Holdings Ltd. (Consolidated)

Summary of Results of Operations (IFRS)

(Billions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
				%
Insurance service result:	182	**142**	(39)	(21.6)
(+) Insurance revenue	2,039	**2,216**	177	8.7
(–) Insurance service expenses:	1,800	**1,884**	84	4.7
Incurred claims, etc.	1,414	**1,433**	19	1.4
Other insurance service expenses	375	**453**	77	20.7
Gains and losses on onerous contracts	10	**(2)**	(12)	(122.6)
(+) Income or expenses from reinsurance contracts held	(56)	**(188)**	(132)	—
Finance result:	105	**115**	9	9.1
(+) Interest income	24	**17**	(6)	(27.9)
(+) Other investment gains and losses:	182	**236**	53	29.5
FVTPL/Foreign exchange gains and losses, etc.	182	**236**	53	29.5
(–) Expenses related to investment	5	**8**	3	57.0
(+) Insurance finance gains and losses	(95)	**(129)**	(34)	—
Other income and expenses	(24)	**(48)**	(24)	—
Net income before tax	263	**209**	(54)	(20.5)
(–) Income tax expenses	(14)	**36**	51	—
Net income	278	**172**	(105)	(37.9)
Net income attributable to owners of parent	276	**170**	(105)	(38.2)

(3) Sompo Himawari Life Insurance, Inc. (Non-consolidated)

Summary of Results of Operations (IFRS)

(Billions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
				%
Insurance service result:	86	**79**	(6)	(7.5)
(+) Insurance revenue	248	**254**	6	2.5
(–) Insurance service expenses:	161	**174**	12	7.9
Incurred claims, etc.	88	**95**	6	7.7
Other insurance service expenses	73	**77**	3	5.3
Gain and losses on onerous contracts	(0)	**1**	2	—
(+) Income or expenses from reinsurance contracts held	(0)	**(0)**	0	—
Finance result:	21	**(16)**	(38)	(173.9)
(+) Interest income	55	**56**	0	1.3
(+) Other investment gains and losses:	24	**(18)**	(42)	(178.2)
Gains and losses on sales	(13)	**(11)**	2	—
FVTPL/Foreign exchange gains and losses, etc.	37	**(7)**	(45)	(119.9)
(+) Insurance finance gains and losses	(57)	**(53)**	3	—
Other income and expenses	(3)	**(5)**	(2)	—
Net income before tax	105	**58**	(46)	(44.5)
(-) Income tax expenses	29	**28**	(1)	(3.5)
Net income	75	**29**	(45)	(60.5)
New CSM	68	**69**	1	2.6
CSM balance	761	**736**	(25)	(3.3)

(Note) CSM stands for Contractual Service Margin and represents the unearned profit that will be recognized in the future as insurance services are provided.

3. Solvency Margin Ratio

(1) Solvency Margin Ratio of Sompo Holdings, Inc.

■ Consolidated Solvency Margin Ratio

The Company calculates the consolidated solvency margin ratio based on the consolidated financial statements prepared in accordance with IFRS, pursuant to the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act, as well as Article 1, Paragraph 2 of Public Notice No. 23 of the Financial Service Agency (2011) and other relevant laws and regulations.

In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for an insurance company group to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, e.g., occurrence of major catastrophes and a big decline in value of assets held by insurance companies.

(C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc., is the ratio of the “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).

Consolidated solvency margin ratio is one of the objective indicators for the regulatory authorities to monitor the financial soundness of an insurance company group. A solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.

The consolidated solvency margin ratio of the Company as of March 31, 2025 decreased by 94.7 points from March 31, 2024 to 602.9%.

Sompo Holdings, Inc. (Consolidated)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
(A) Total Consolidated Solvency Margin	4,354,188	**3,970,551**
Capital and funds, etc.	1,160,271	**3,162,297**
Reserve for price fluctuation*	116,413	**—**
Contingency reserve*	40,575	**—**
Catastrophic loss reserve*	525,110	**—**
General allowance for possible credit losses*	128	**—**
Unrealized gains and losses on securities available for sale / deferred gains or losses on hedges (before tax effect deductions)	1,554,434	**569,864**
Unrealized gains or losses on land	117,291	**128,885**
Total of unrecognized actuarial differences and unrecognized prior service costs (before tax effect deductions)	56,505	**12,412**
Surplus such as premium fund	139,674	**135,841**
Subordinated debt, etc.	427,000	**427,000**
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	**—**
Adjustment for GAAP differences for insurance policies*	—	**(1,026,292)**
Unrealized gains and losses on insurance liabilities of overseas subsidiaries	—	**149,319**
Total solvency margin related to small amount and short-term insurance companies*	47	**—**
Deductions	55,624	**41,009**
Others	272,359	**452,232**
(B) Total Consolidated Risks $\sqrt{(\sqrt{(R_1^2 + R_2^2 + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9}$	1,248,317	**1,316,976**
Underwriting risk for property and casualty insurance policies (R_1)	427,963	**436,812**
Underwriting risk for life insurance policies (R_2)	13,893	**13,004**
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_3)	14,184	**15,150**
Underwriting risk related to small amount and short term insurance companies (R_4)	112	**175**
Guaranteed interest rate risk (R_5)	19,352	**18,055**
Guaranteed minimum benefit risk for life insurance policies (R_6)	420	**514**
Investment risk (R_7)	768,355	**820,889**
Business management risk (R_8)	31,728	**33,322**
Major catastrophe risk for property and casualty insurance policies (R_9)	312,741	**330,083**
(C) Consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	697.6%	**602.9%**

(Note) The amounts and figures as of March 31, 2025 have been calculated based on the consolidated financial statements prepared in accordance with IFRS under the provisions of Article 210-11-3, Paragraph 3, and Article 210-11-4 of the Regulation for Enforcement of the Insurance Business Act, as well as the Notification No. 23 of 2011 issued by the Financial Services Agency. Items that have been added to or removed from the categories of consolidated solvency margins in line with revisions to relevant laws and regulations are marked with an asterisk (*).

(2) Solvency Margin Ratios of Principal Consolidated Subsidiaries

■ Non-consolidated Solvency Margin Ratio

Domestic insurance companies calculate the non-consolidated solvency margin ratio based on the provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, e.g. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and a big decline in value of assets held by insurance companies.

(C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of the “solvency margin of insurance companies by means of their capital, reserves, etc.” ((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates” ((B) Total Nonconsolidated Risks).

Solvency margin ratio is one of the objective indicators for the regulatory authorities to monitor the financial soundness of insurance companies. A solvency margin ratio exceeding 200 percent would indicate adequate capability to meet payments of possible insurance claims and others.

Non-consolidated solvency margin ratios of the domestic insurance subsidiaries at the end of the current fiscal year are as follows.

Sompo Japan Insurance Inc. (Non-consolidated, Japanese GAAP)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
(A) Total Non-consolidated Solvency Margin	3,568,741	**3,174,732**
Capital and funds, etc.	735,325	**688,508**
Reserve for price fluctuation	104,368	**108,886**
Contingency reserve	5,587	**7,338**
Catastrophic loss reserve	521,086	**596,503**
General allowance for possible credit losses	92	**102**
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,437,042	**1,030,498**
Unrealized gains and losses on land	134,953	**149,822**
Excess amount of reserve for maturity refunds	—	**—**
Subordinated debt, etc.	427,000	**427,000**
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	**—**
Deductions	32,677	**39,572**
Others	235,963	**205,644**
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_2)^2+(R_3 + R_4)^2} + R_5 + R_6$	1,049,207	**931,496**
Underwriting risk (R_1)	205,429	**209,177**
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	**—**
Guaranteed interest rate risk (R_3)	11,101	**9,910**
Investment risk (R_4)	792,254	**691,688**
Business management risk (R_5)	24,093	**21,767**
Major catastrophe risk (R_6)	195,907	**177,611**
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	680.2%	**681.6%**

(Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No.50 of the Ministry of Finance (1996).

Sompo Himawari Life Insurance, Inc. (Non-consolidated, Japanese GAAP)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
(A) Total Non-consolidated Solvency Margin	422,873	**360,047**
Capital, etc.	127,595	**128,192**
Reserve for price fluctuation	12,035	**13,069**
Contingency reserve	34,976	**35,874**
General allowance for possible credit losses	0	**0**
Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	72,194	**10,416**
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	**—**
Excess amount of continued Zillmerized reserve	139,674	**135,841**
Subordinated debt, etc.	—	**—**
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	—	**—**
Brought in capital, etc.	—	**—**
Deductions	—	**—**
Others	36,395	**36,651**
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2+(R_2 + R_3 + R_7)^2} + R_4$	74,928	**74,280**
Underwriting risk (R_1)	13,473	**13,004**
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	14,184	**15,150**
Guaranteed interest rate risk (R_2)	8,238	**8,134**
Guaranteed minimum benefit risk (R_7)	420	**514**
Investment risk (R_3)	58,925	**58,034**
Business management risk (R_4)	1,904	**1,896**
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,128.7%	**969.4%**

(Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
2. Guaranteed minimum benefit risk is calculated by using the standard method.

Summary of Accounting

Independent Auditor's Report

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

Independent Auditor's Report

The Board of Directors
Sompo Holdings, Inc.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sompo Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

Measurement of the liabilities for remaining coverage related to the contracts measured by not applying the Premium Allocation Approach (PAA)	
Description of Key Audit Matter	**Auditor's Response**
The Group has voluntarily adopted the IFRSs from the current fiscal year and adopted the IFRS 17 "Insurance Contracts". The Group's consolidated statement of financial position as of March 31, 2025, includes ¥9,343,635 million of the "Insurance contract liabilities." The related notes are the Notes to the Consolidated Financial Statements "3. Summary of material accounting policies (11) Insurance contracts and reinsurance contracts" and the Notes to the Consolidated Financial Statements "17. Insurance contracts and reinsurance contracts." "Insurance contracts liabilities" for insurance contracts other than those with direct participation features include "Liability for remaining coverage" which consists of the fulfilment cash flows of services to be provided under the insurance contracts in future periods and the CSM (Contractual Service Margin) at the reporting date, with respect to contracts measured by not applying the premium allocation approach (PAA). Fulfilment cash flows are calculated based on estimates of future cash flows adjusted to reflect the time value of money and the financial risks related to the future cash flows, in addition to a risk adjustment for non-financial risk. The majority of "Liability for remaining coverage" included in the "Insurance contracts liabilities" in the consolidated statement of financial position are "Liability for remaining coverage" of Sompo Japan Insurance Inc. in the domestic P&C insurance business and Sompo Himawari Life Insurance Inc. in the domestic life insurance business.	Our audit procedures performed to assess the measurement of the liabilities for remaining coverage related to the contracts measured by not applying the premium allocation approach (PAA) included the following, among others: ● We assessed the design and tested the operating effectiveness of internal controls over the measurement of liabilities for remaining coverage. This assessment included an evaluation of internal controls related to the determination of key assumptions, such as the category based on the characteristics of insurance products, assumptions related to non-financial risks specific to the P&C and life insurance businesses, risk adjustments related to non-financial risks, and the discount rate. ● We involved our network firm's actuarial experts (actuaries) to perform the procedures, among others: - We assessed that the category used to determine the assumptions for the fulfilment cash flows of the insurance contracts was established based on the characteristics of the insurance products. - We compared and examined the assumptions for non-financial risks categorized based on the characteristics of the insurance product with the historical experience of such assumptions for the relevant insurance products as well as evaluated the Group's judgment as to whether the adjustment to outlier was necessary.

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

The fulfilment cash flows of insurance contracts in the measurement of "Liabilities for remaining coverage" of these consolidated subsidiaries are measured at the reporting date using current estimates of future cash flows, current discount rates, and current estimates of a risk adjustment for non-financial risk. The measurement of fulfilment cash flows of an insurance contract requires a high degree of actuarial expertise, as it requires current estimates of future cash flows based on actuarial calculations, with future assumptions for each category based on the characteristics of the insurance product. The key assumptions in the measurement of fulfilment cash flows of an insurance contract include, among other things, the category based on the characteristics of insurance products, assumptions related to non-financial risks represented by loss ratios and maintenance expense ratios in the P&C insurance industry and mortality ratios and morbidity ratios in the life insurance industry, as well as a risk adjustment for non-financial risk, and discount rates. Based on the above, the measurement of the liabilities for remaining coverage related to the contracts measured by not applying the premium allocation approach (PAA) requires a high degree of actuarial expertise and the key assumptions used in the actuarial calculations are highly dependent on management's judgment. The measurement of the liabilities for remaining coverage related to the contracts measured by not applying the premium allocation approach (PAA) was considered a key audit matter.	- We tested, by recalculation, that the discount rate was determined by interpolating between the risk-free rate and the ultimate forward rate based on the most recent market data available. - We tested, by recalculation, that the risk adjustment for non-financial risk was equal to the amount of required capital multiplied by the cost of capital ratios, discounted at the risk-free rate adjusted for illiquidity. - We inspected the documents related to the fulfilment cash flows of insurance contracts categorized based on the characteristics of the insurance products, as well as selected samples and recalculated the fulfilment cash flows thereof. ● In order to evaluate the data used to measure the fulfilment cash flows of the insurance contracts, we compared and examined the relevant materials including premiums with the underlying data for the measurement of the fulfilment cash flows.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

Method to estimate liabilities for incurred claims	
Description of Key Audit Matter	**Auditor's Response**
The Group has voluntarily adopted the IFRSs from the current fiscal year and adopted the IFRS 17 "Insurance Contracts". The Group's consolidated statement of financial position as of March 31, 2025, includes ¥9,343,635 million of the "Insurance contract liabilities." The related notes are the Notes to the Consolidated Financial Statements "3. Summary of material accounting policies (11) Insurance contracts and reinsurance contracts" and the Notes to the Consolidated Financial Statements "17. Insurance contracts and reinsurance contracts." "Insurance contract liabilities" include "Liabilities for incurred claims", which consists of incurred claims that have not yet been paid (including claims that have incurred but not yet reported) and fulfilment cash flows related to expenses. Fulfilment cash flows are calculated based on estimates of future cash flows adjusted to reflect the time value of money and the financial risks related to the future cash flows, in addition to a risk adjustment for non-financial risk. The majority of "Liabilities for incurred claims" contained in the "Insurance contracts liabilities" recorded in the consolidated statement of financial position are "Liabilities for incurred claims" of Sompo Japan Insurance Inc. included in the domestic P&C insurance business and Sompo International Holdings Ltd. included in the overseas insurance business.	Our audit procedures performed to assess the method to estimate the liabilities using statistical approach, included in the liabilities for incurred but not reported losses, included among others: ● We assessed the design and tested the operating effectiveness of internal controls over the method of estimating the liabilities using the statistical approach included in the liabilities for incurred but not reported losses. This assessment included an evaluation of internal controls over the selection of statistical estimation methods and the establishment of key assumptions, such as loss development factors, assumptions represented by expected loss ratios and loss adjustment expense ratios, risk adjustments for non-financial risks and discount rates. ● We involved our network firm's actuarial experts (actuaries) to perform the following procedures, among others: - We assessed the consistency of the exclusion of anomaly such as losses arising from natural catastrophic disasters from the actuarial calculations as well as compared and considered the development in the loss development factor with the development in the amount of insurance claims. - We considered whether to modify the expected loss ratios considering current trends including the premium rate updates, as well as compared and considered the loss adjustment expense ratios with actual results.

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

"Liabilities for incurred claims" of these consolidated subsidiaries include the estimated amount of insurance claims and other liabilities, individually estimated based on the details of the reported event triggering payment, the details of the insurance contract, and the details of the loss investigation, as well as the estimated amount of payment of insurance claims for which an event triggering payment stipulated in the insurance contract is deemed to have already occurred, although the occurrence of such event has not yet been reported (liabilities for incurred but not reported losses). Liability for incurred but not reported losses includes the liabilities estimated using statistical approach based on the unit of account by underwriting category of insurance line of business. The liabilities estimated using statistical approach, included in the liabilities for incurred but not reported losses are estimated by actuarial calculations based on a certain estimation method using statistical approach, which requires a high degree of technical expertise in actuarial calculation. The key assumptions in the estimation using statistical approach include, the factors used to estimate the ultimate amount of insurance claims and other losses (i.e. loss development factors) and other assumptions (e.g. an expected loss ratios and a loss adjustment expense ratios), in light of the actual payment of insurance claims and other losses by accident year over a certain period of time in the past, in addition to a risk adjustment for non-financial risk and the discount rate. Also, these key assumptions are affected by the identification of large losses attributable to natural catastrophic disasters and the development of losses including insurance claims and other losses over passage of time.	- We tested, by recalculation, that the risk adjustment for non-financial risk was equal to the amount of required capital multiplied by the cost of capital ratios, discounted at a risk-free rate adjusted for illiquidity. - We tested, by recalculation, that the discount rate was set by interpolating between the risk-free rate and the ultimate forward rate, based on the most recent market data available. - With regard to the liabilities estimated using statistical approach included in the liabilities for incurred but not reported losses for significant unit of account, we independently estimated the liabilities in consideration of the development of the losses attributable to the natural catastrophic disasters and considered the management's estimates by comparing them with our estimates. ● In order to assess the data used for estimating the liabilities using statistical approach included in the liabilities for incurred but not reported losses (e.g. insurance claims), we selected samples to consider the actual data such as insurance claims payments which were reconciled with underlying payment evidence, and compared them with the underlying data used for estimation. ● We inspected the materials on the estimation of the liabilities using statistical approach included in the liabilities for incurred but not reported losses based on the units of account by underwriting category of each line of businesses, and recalculated the estimation of those liabilities, including the determination of loss development factors.

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

Based on the above, as the method of estimating the liabilities using statistical approach requires a high degree of technical expertise in actuarial calculation and the key assumptions used in the estimation using statistical approach are highly dependent on management's judgment, the method of estimating the liability for incurred but not reported losses included in "Liabilities for incurred claims", using statistical approach of estimation, is considered a key audit matter.	

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

Assessment of goodwill related to the commercial business of the overseas insurance business	
Description of Key Audit Matter	**Auditor's Response**
Goodwill and intangible assets of ¥535,795 million recorded in the Group's consolidated statement of financial position as of March 31, 2025, includes ¥110,942 million of goodwill related to overseas insurance business. Such goodwill relates to the commercial business. The related note is the Notes to the Consolidated Financial Statements "14. Goodwill and intangible assets." Goodwill related to overseas insurance business is recognized at the cost less any accumulated impairment losses. The related notes are the Notes to the Consolidated Financial Statements "3. Summary of material accounting policies (8) Goodwill and (10) Impairment of non-financial assets." In testing goodwill related to overseas insurance business for impairment, the recoverable amount of the groups of cash-generating units to which goodwill has been allocated is estimated, and if the recoverable amount of the groups of cash-generating units is less than its carrying amount, the difference is recognized as a profit or loss. The recoverable amount of the groups of cash-generating units to which goodwill has been allocated is measured at its value in use. The value in use is determined by discounting the estimated cash flows to present value based on the business plan approved by the management. The business plan is set for a five-year period and is based on management's assessment of future trends in the industry, past performance, and information from within and outside the Group. The cash flows expected to occur beyond the business plan period used to calculate value in use are determined based on continuing value, taking into account the long-term average growth rate of the market for the group of cash-generating units (perpetual growth rate).	Our audit procedures performed to assess goodwill included the following, among others: ● We assessed the design and tested operating effectiveness of the Group's internal controls over assessments of goodwill. Our assessments included the Group's internal controls, including the Group's decisions regarding groups of cash-generating units, the consideration of developments in operating performance, the consideration of any changes that would significantly reduce the recoverable amount due to discontinuation or reorganization of business, and the consideration of any significant deterioration in market conditions. ● We made inquiries to the relevant division responsible for testing goodwill for impairment. Also, in order to assess the goodwill for the overseas insurance business, our audit procedures performed to assess the key assumptions used in estimating the future cash flows which serve as a basis of determining the recoverable amount (e.g., rate of increase in premiums, loss ratios) included the following, among others: ● We inspected the meeting minutes of the Group's decision-making bodies, including the Board of Directors and the Management Committee to consider the business plan, strategies, and performance of the commercial business of the overseas insurance business.

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

The overseas insurance business consists of direct insurance and reinsurance businesses both in the commercial business covering specialty insurance, and the consumer business covering personal insurance, with Sompo International Holdings Ltd. ("SIH") being the core company. The overseas insurance business is operated both in developed markets such as Bermuda and North America, and in emerging markets such as Turkey, South America, and Southeast Asia. The Group has established the commercial and retail business as the groups of cash-generating units to which it allocates goodwill related to the overseas insurance business. The retail business is identified as groups of cash-generating units based on the companies in the overseas insurance business, because the consumer business, covering personal insurance business, is a performance measurement category related to underwriting of insurance. As a result of testing goodwill for impairment in connection with the Group's voluntary adoption of the IFRSs, no goodwill was allocated to the retail business as of March 31, 2025. The goodwill related to the commercial business of the overseas insurance business relates to the business of SIH, which consists primarily of the goodwill related to the acquisition of Endurance Specialty Holdings Ltd. (currently SIH).	● We considered the outlook of the direct insurance and reinsurance markets for the commercial business of the overseas insurance business, as well as the uncertainty over the geopolitical conflicts in Ukraine and Israel, by referring to the available external information. ● We made inquiries to the Group's officers in charge of the overseas insurance business and the management of SIH with respect to the results of operations and business plans of the commercial business of the overseas insurance business. ● We conducted ongoing communications with our network firms serving as the local auditors of SIH and inspected the audit workpapers of the local auditors to assess the outlook of the direct insurance and reinsurance markets, interest rate trends and changes in regulations. ● We involved the valuation experts of our network firms serving as the local auditors of SIH to assess the reasonableness of the perpetual growth rate used in the calculation of the recoverable amount by comparing it with the market forecast data published by external organizations. ● We involved the valuation experts of our network firms serving as the local auditors of SIH to assess the appropriateness of the method used by the management to derive the discount rate in the calculation of the recoverable amount and to assess its reasonableness by comparing it with the discount rate independently calculated by the said expert.

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

The overseas insurance business is operated globally both in developed and emerging markets. In the commercial business, business performance has grown due to expansion of the business in the US, the global markets, agricultural sector, and reinsurance as well as the rate increase in premiums in recent years, which enhance the importance of the commercial business in Sompo Group. On the other hand, business performance has been ongoingly affected by trends such as a competitive environment, regulations in each country, inflation, foreign exchange, and interest rate. As described above, the execution of the business strategy for commercial business is challenged by the various risk factors, such as development of premiums reflected by the demand-supply in the insurance market, uncertainty over the geopolitical conflicts in Ukraine and Israel, natural catastrophic losses such as hurricanes, competitive environment in each country where the business is conducted, and trends in regulations and economic indicators. Therefore, testing goodwill for impairment requires careful consideration in an audit. The Group determined that no impairment of goodwill related to the commercial business was required for the current period. In our audit, it is crucial to assess the business performance of SIH's commercial business and the progress of the business plans approved by the management. The various risk factors mentioned above affect the estimates of future cash flows which serve as the basis for recoverable amounts, as they cause fluctuations in premiums, claims, and insurance liabilities in the performance and business plan. Key assumptions in the estimation of future cash flows include the rate of increase in premiums and the loss ratios, related to the performance of underwriting business as well as perpetual growth rates used to estimate cash flows expected to occur beyond the five-year business plan period. In addition, the discount rate used is also important in the calculation of the recoverable amount. These key assumptions are highly dependent on management's judgment.	

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

Based on the above, the assessment of goodwill related to the commercial business of the overseas insurance business is highly dependent on management' s judgment related to the business of the relevant subsidiaries and is considered a key audit matter.	

Other Information

The other information comprises the information included in the annual report (Yukashoken Hokokusho) that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRS Accounting Standards, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRS Accounting Standards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

Fee-related Information

The fees for the audits of the financial statements of Sompo Holdings, Inc. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are presented in paragraph (3) titled "Audit" in Section "Corporate Governance" included in Item "Information about Reporting Company" in Part 1 of the annual report for the year ended March 31, 2025 of the Group.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 30, 2025

Norio Hashiba
Designated Engagement Partner
Certified Public Accountant

Hiroyuki Kobayashi
Designated Engagement Partner
Certified Public Accountant

Yohei Kondo
Designated Engagement Partner
Certified Public Accountant

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

Consolidated Financial Statements

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

(i) Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Assets				
Cash and cash equivalents	6	1,278,088	1,216,739	**1,027,628**
Derivative assets	9	16,872	2,965	**9,519**
Investment securities	7	10,040,567	11,521,014	**11,068,996**
Loans and advances	8	516,863	495,339	**508,363**
Reinsurance contract assets	17	1,074,780	1,229,937	**1,209,313**
Insurance contract assets	17	21,199	19,521	**16,294**
Investments in associates	16	45,152	48,405	**42,175**
Property and equipment	13	639,218	618,011	**619,769**
Goodwill and intangible assets	14	539,787	552,469	**535,795**
Retirement benefit assets	19	223	418	**687**
Deferred tax assets	18	36,657	83,096	**81,919**
Other assets	12	651,257	672,020	**769,576**
Total assets		14,860,669	16,459,939	**15,890,039**
Liabilities				
Repo and similar securities borrowings	21	575,531	527,028	**139,832**
Derivative liabilities	9	26,099	14,861	**5,410**
Insurance contract liabilities	17	9,463,607	9,661,618	**9,343,635**
Reinsurance contract liabilities	17	912	—	**1,235**
Bonds issued and borrowings	21	614,424	691,738	**691,201**
Retirement benefit liabilities	19	59,272	21,735	**28,338**
Current tax liabilities	18	14,610	80,408	**113,725**
Deferred tax liabilities	18	338,856	572,051	**544,491**
Provisions	20	3,712	4,094	**4,302**
Other liabilities	12	779,022	759,203	**791,711**
Total liabilities		11,876,050	12,332,740	**11,663,885**
Equity				
Share capital	22	100,045	100,045	**100,045**
Capital surplus	22	135,882	33,156	**32,733**
Retained earnings	22	2,562,824	3,120,777	**3,521,076**
Treasury stocks	22	(82,145)	(4,125)	**(188,418)**
Other equity components		251,025	857,767	**739,755**
Total equity attributable to owners of parent		2,967,633	4,107,621	**4,205,192**
Non-controlling interests		16,985	19,576	**20,961**
Total equity		2,984,618	4,127,198	**4,226,153**
Total liabilities and equity		14,860,669	16,459,939	**15,890,039**

(ii) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Insurance revenue	25	4,836,830	**5,065,520**
Insurance service expenses	26	4,287,494	**4,401,125**
Income or expenses from reinsurance contracts held	27	(197,750)	**(360,232)**
Insurance service result		351,585	**304,162**
Interest income	28	107,065	**105,817**
Other investment gains and losses	28	403,979	**235,852**
Expenses related to investment	29	11,422	**14,501**
Investment gains and losses		499,621	**327,168**
Insurance finance expenses, net	28	233,284	**272,708**
Reinsurance finance income, net	28	55,067	**65,274**
Insurance finance gains and losses		(178,217)	**(207,434)**
Finance result		321,404	**119,734**
Other revenue		214,074	**220,689**
Administrative expenses	29	99,047	**91,390**
Other finance expenses	30	16,183	**18,026**
Other income	31	39,632	**17,464**
Other expenses	31	198,944	**197,605**
Investment gains and losses on the equity method	16	2,008	**(24,749)**
Other income and expenses		(58,460)	**(93,617)**
Net income before tax		614,529	**330,279**
Income tax expenses	18	82,789	**85,068**
Net income		531,739	**245,210**
Net income attributable to:			
Owners of parent		529,655	**243,132**
Non-controlling interests		2,084	**2,078**
Earnings per share			
Earnings per share - Basic	33	534.46 yen	**250.90 yen**
Earnings per share - Diluted	33	534.28 yen	**250.90 yen**

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net income		531,739	**245,210**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Investments in equity instruments	28	496,149	**27,141**
Remeasurements of defined benefit plans	19	20,878	**(8,155)**
Share of other comprehensive income of associates accounted for by the equity method	16	(27)	**217**
Total of items that will not be reclassified to profit or loss		517,000	**19,203**
Items that may be reclassified subsequently to profit or loss:			
Investments in debt instruments	28	(178,438)	**(228,833)**
Translation difference related to foreign operations		171,962	**(25,730)**
Changes on insurance contracts due to changes in discount rates	28	212,962	**375,113**
Changes on reinsurance contracts due to changes in discount rates	28	(267)	**(345)**
Share of other comprehensive income of associates accounted for by the equity method	16	1,130	**(542)**
Total of items that may be reclassified subsequently to profit or loss		207,348	**119,661**
Other comprehensive income	32	724,349	**138,864**
Comprehensive income		1,256,089	**384,075**
Comprehensive income attributable to:			
Owners of parent		1,253,872	**381,260**
Non-controlling interests		2,216	**2,815**

(iii) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Notes	Equity attributable to owners of parent						
						Other equity components		
		Share capital	Capital surplus	Retained earnings	Treasury stocks	Investment in equity Instruments	Remeasure-ment of defined benefit plans	Investments in debt Instruments
Beginning balance		100,045	135,882	2,562,824	(82,145)	709,929	—	(20,759)
Effect due to hyperinflation				3,726				
Beginning balance (adjusted)		100,045	135,882	2,566,550	(82,145)	709,929	—	(20,759)
Comprehensive income								
Net income				529,655				
Other comprehensive income	32					496,122	20,915	(178,438)
Total comprehensive income		—	—	529,655	—	496,122	20,915	(178,438)
Transactions with owners, etc.								
Dividends	24			(92,903)				
Acquisition of treasury stocks	22				(25,043)			
Sale of treasury stocks			(32)		488			
Cancellation of treasury stocks			(102,573)		102,573			
Share-based payment transactions	23		(84)					
Changes in ownership interest in subsidiaries			(34)					
Reclassification to retained earnings				117,475		(96,559)	(20,915)	
Others								
Total transactions with owners, etc.		—	(102,725)	24,571	78,019	(96,559)	(20,915)	—
Ending balance		100,045	33,156	3,120,777	(4,125)	1,109,491	—	(199,198)

	Notes	Equity attributable to owners of parent					Non-controlling interests	Total equity
		Other equity components				Total		
		Translation difference related to foreign operations	Changes on insurance contracts due to changes in discount rates	Changes on reinsurance contracts due to changes in discount rates	Total			
Beginning balance		—	(437,924)	(219)	251,025	2,967,633	16,985	2,984,618
Effect due to hyperinflation					—	3,726		3,726
Beginning balance (adjusted)		—	(437,924)	(219)	251,025	2,971,359	16,985	2,988,345
Comprehensive income								
Net income					—	529,655	2,084	531,739
Other comprehensive income	32	172,923	212,962	(267)	724,217	724,217	131	724,349
Total comprehensive income		172,923	212,962	(267)	724,217	1,253,872	2,216	1,256,089
Transactions with owners, etc.								
Dividends	24				—	(92,903)	(494)	(93,398)
Acquisition of treasury stocks	22				—	(25,043)		(25,043)
Sale of treasury stocks					—	455		455
Cancellation of treasury stocks					—	—		—
Share-based payment transactions	23				—	(84)		(84)
Changes in ownership interest in subsidiaries					—	(34)	(8)	(43)
Reclassification to retained earnings					(117,475)	—		—
Others					—	—	877	877
Total transactions with owners, etc.		—	—	—	(117,475)	(117,610)	374	(117,236)
Ending balance		172,923	(224,962)	(486)	857,767	4,107,621	19,576	4,127,198

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Notes	Equity attributable to owners of parent						
		Share capital	Capital surplus	Retained earnings	Treasury stocks	Other equity components		
						Investment in equity Instruments	Remeasure-ment of defined benefit plans	Investments in debt instruments
Beginning balance		**100,045**	**33,156**	**3,120,777**	**(4,125)**	**1,109,491**	**—**	**(199,198)**
Effect due to hyperinflation				**4,976**				
Beginning balance (adjusted)		**100,045**	**33,156**	**3,125,753**	**(4,125)**	**1,109,491**	**—**	**(199,198)**
Comprehensive income								
Net income				**243,132**				
Other comprehensive income	32					**27,358**	**(8,199)**	**(228,833)**
Total comprehensive income		**—**	**—**	**243,132**	**—**	**27,358**	**(8,199)**	**(228,833)**
Transactions with owners, etc.								
Dividends	24			**(103,915)**				
Acquisition of treasury stocks	22		**(48)**		**(186,125)**			
Sale of treasury stocks			**(411)**		**1,832**			
Share-based payment transactions	23		**36**					
Reclassification to retained earnings				**256,105**		**(264,305)**	**8,199**	
Others						**(33)**		
Total transactions with owners, etc.		**—**	**(423)**	**152,190**	**(184,292)**	**(264,339)**	**8,199**	**—**
Ending balance		**100,045**	**32,733**	**3,521,076**	**(188,418)**	**872,510**	**—**	**(428,032)**

	Notes	Equity attributable to owners of parent					Non-controlling interests	Total equity
		Other equity components				Total		
		Translation difference related to foreign operations	Changes on insurance contracts due to changes in discount rates	Changes on reinsurance contracts due to changes in discount rates	Total			
Beginning balance		**172,923**	**(224,962)**	**(486)**	**857,767**	**4,107,621**	**19,576**	**4,127,198**
Effect due to hyperinflation					**—**	**4,976**		**4,976**
Beginning balance (adjusted)		**172,923**	**(224,962)**	**(486)**	**857,767**	**4,112,597**	**19,576**	**4,132,174**
Comprehensive income								
Net income					**—**	**243,132**	**2,078**	**245,210**
Other comprehensive income	32	**(26,965)**	**375,113**	**(345)**	**138,127**	**138,127**	**737**	**138,864**
Total comprehensive income		**(26,965)**	**375,113**	**(345)**	**138,127**	**381,260**	**2,815**	**384,075**
Transactions with owners, etc.								
Dividends	24				**—**	**(103,915)**	**(1,588)**	**(105,504)**
Acquisition of treasury stocks	22				**—**	**(186,173)**		**(186,173)**
Sale of treasury stocks					**—**	**1,421**		**1,421**
Share-based payment transactions	23				**—**	**36**		**36**
Reclassification to retained earnings					**(256,105)**	**—**		**—**
Others					**(33)**	**(33)**	**157**	**123**
Total transactions with owners, etc.		**—**	**—**	**—**	**(256,139)**	**(288,665)**	**(1,431)**	**(290,096)**
Ending balance		**145,957**	**150,151**	**(831)**	**739,755**	**4,205,192**	**20,961**	**4,226,153**

(iv) Consolidated Statement of Cash Flows

(Millions of yen)

	Notes	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31,2025 (April 1, 2024 to March 31, 2025)
Cash flows from operating activities:			
Net income before tax		614,529	**330,279**
Depreciation and amortization		92,071	**103,363**
Impairment losses		19,186	**3,329**
Investment losses (gains)		(511,082)	**(341,824)**
Other finance expenses		16,183	**17,987**
Investment losses (gains) on the equity method		(2,008)	**24,749**
Increase (decrease) in insurance contract liabilities		197,860	**253,556**
Decrease (increase) in reinsurance contract assets		(26,460)	**7,091**
Increase (decrease) in retirement benefit liabilities		(7,695)	**(5,514)**
Increase (decrease) in provisions		41	**66**
Others		(35,273)	**(26,829)**
Subtotal		357,352	**366,256**
Interest received		255,477	**327,883**
Dividends received		49,434	**54,107**
Interest paid		(16,376)	**(18,407)**
Tax expenses paid		(11,595)	**(156,832)**
Net cash provided by (used in) operating activities		634,292	**573,009**
Cash flows from investing activities			
Purchase of investment securities		(3,015,147)	**(2,088,689)**
Proceeds from sales and redemption of investment securities		2,494,644	**2,142,404**
Net decrease (increase) in deposits		(3,292)	**(34,358)**
Payments for loans receivable		(121,084)	**(111,095)**
Collection of loans receivable		153,461	**129,923**
Net increase (decrease) in repo and similar securities borrowings		(25,722)	**(232,117)**
Purchase of property and equipment		(32,704)	**(25,357)**
Proceeds from sale of property and equipment		2,478	**2,523**
Purchase of intangible assets		(59,494)	**(32,425)**
Proceeds from sale of intangible assets		—	**195**
Payments for acquisition of subsidiaries		(81)	**—**
Proceeds from sale of subsidiaries		30,958	**7,506**
Payments for sale of subsidiaries		(69)	**(2,226)**
Others		(64,036)	**(28,517)**
Net cash provided by (used in) investing activities		(640,089)	**(272,236)**
Cash flows from financing activities			
Net increase (decrease) in repo and similar securities borrowings		(22,780)	**(155,078)**
Proceeds from borrowings		3,361	**6,570**
Repayments of borrowings		(4,786)	**(5,583)**
Issuance of corporate bonds		70,000	**—**
Redemption of corporate bonds		(1,703)	**—**
Proceeds from sale of treasury stocks		139	**577**
Acquisition of treasury stocks		(25,043)	**(186,125)**
Dividends paid		(92,797)	**(103,794)**
Dividends paid to non-controlling interests		(241)	**(254)**
Others		(38,765)	**(37,972)**
Net cash provided by (used in) financing activities		(112,617)	**(481,660)**
Translation difference on cash and cash equivalents		57,065	**(8,224)**
Net increase (decrease) in cash and cash equivalents		(61,348)	**(189,111)**
Beginning balance of cash and cash equivalents		1,278,088	**1,216,739**
Ending balance of cash and cash equivalents	6	1,216,739	**1,027,628**

Notes to the Consolidated Financial Statements

1. Reporting entity

SOMPO Holdings, Inc. (“SOMPOHD” or the “Company”) is a stock company domiciled in Japan and its registered headquarters is at 26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan.

The consolidated financial statements of SOMPOHD and its group companies (“Group”) are comprised of SOMPOHD and its subsidiaries as well as its interest in associates. The content of the Group’s businesses is as stated in “5. Segment information.”

2. Basis of preparation of the consolidated financial statements

(1) Compliance with IFRS Accounting Standards (“IFRS”) and matters on first-time adoption

The consolidated financial statements of the Group have been prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”). As the Group meets all the criteria for “Specified Companies Complying with Designated International Accounting Standards” pursuant to Article 1-2, Item 1 of the Regulation for Consolidated Financial Statements, the stipulations of Article 312 of the same are applied. The Group first applied IFRS for the consolidated fiscal year ended March 31, 2025, and the date of transition to IFRS was April 1, 2023.

In transitioning to IFRS, the Group has applied IFRS 1 *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”). The effect of the transition to IFRS on the Group’s financial condition, results of operations, and cash flows is stated in “39. Transition to IFRS.”

These consolidated financial statements were approved by Mikio Okumura—Group CEO, Director, President and Representative Executive Officer—and Masahiro Hamada—Group CFO, Director, Deputy President and Representative Executive Officer—on June 30, 2025.

(2) Basis of measurement

As stated in “3. Summary of material accounting policies,” the consolidated financial statements were prepared based on historical cost, except for insurance contracts, financial instruments, and the application of hyperinflationary accounting in Turkey.

(3) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is SOMPOHD’s functional currency. All amounts have been rounded down to the nearest million yen.

(4) Early adoption of new standards and interpretations

No new accounting standards or interpretations have been early adopted in the preparation of the consolidated financial statements.

(5) Standards and interpretations issued but not yet adopted

The followings include the new standards, amendments to the existing standards and interpretations published on or before the approval date of the consolidated financial statements. The effect of applying these standards and interpretations to the Group is currently under assessment and cannot be estimated at this time.

IFRS		Mandatory effective date	Schedule of adoption by Group	Description
IFRS 18	*Presentation and Disclosure in Financial Statements*	January 1, 2027	To be determined	• Improved comparability of the statement of income • Enhanced transparency by introducing management-defined performance measures • Providing useful structured summaries in financial statements
IFRS 9 IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*	January 1, 2026	To be determined	• Clarified classification of financial assets and addition of related disclosure requirements • Revised disclosure requirements for equity instruments

3. Summary of material accounting policies

The material accounting policies adopted to prepare the consolidated financial statements are as follows.

(1) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Group. The Group is deemed to control an investee when the Group has exposures or rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group’s consolidated financial statements contain all accounts of the structured entities that are controlled by the Company and its subsidiaries. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. The Company and its subsidiaries consider all facts and circumstances including the percentage of voting or similar rights held by them and contractual arrangements with their investees to determine whether they control the structured entities and consolidate them.

The Company and its subsidiaries that are directly or indirectly controlled by the Company are consolidated from the date when the Company acquires control until the date when the Company loses it. All material intercompany receivables and payables and transactions are eliminated upon preparation of the consolidated financial statements.

(ii) Associates and joint arrangements

An associate is an entity over which the Group has significant influence on management decisions over the operating and financial policy, but does not have controlling interests. Generally, the Group is presumed to have significant influence over the other entity when the Group holds between 20% and 50% of voting rights of the other entity. Other factors considered in determining whether the Group has significant influence include participation in the board of directors of the other entity. If these factors exist, the Group may have significant influence even though it holds less than 20% of voting rights of the other entity.

SOMPOHD owns 26.6% of the voting rights of Japan Earthquake Reinsurance Co., Ltd. through its consolidated domestic P&C insurance subsidiary. Considering the public nature of its business, the company is excluded from the scope of associates as it is judged that SOMPOHD cannot have a significant influence on the entity’s decisions over the financial and operating or business policy.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about activities that significantly affect variable returns of the arrangement require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures based on the contractual rights and obligations of the respective investors. A joint operation is a joint arrangement whereby the parties having joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties having joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method, unless they are classified as assets held for sale, which are accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (“IFRS 5”). The Group’s interests in the financial results of associates and joint ventures are adjusted to be consistent with the Group’s accounting policies and recognized as investment gains and losses on the equity method in the consolidated statement of income. Unrealized gains or losses on intercompany transactions with associates and joint ventures are eliminated to the extent of the Group’s interests in the associates and joint ventures. Under the equity method, on initial recognition the Group’s investments in associates and joint ventures are recognized at cost, and the carrying amount of the investments is then increased or decreased to recognize the Group’s share of the profit or loss of the associates and joint ventures and the Group’s share of other changes directly reflected in equity (net assets) of the associates and joint ventures.

(2) Business combinations

Business combinations are accounted for using the acquisition method. The consideration for a business combination is measured as the sum of the assets transferred and liabilities assumed in exchange for control of acquirees and the fair value at the acquisition date of equity instruments issued by the Company.

At the acquisition date, the identifiable assets and liabilities are measured at their fair value, except that:

- deferred tax assets (or liabilities) and liabilities (or assets) related to employee benefits are recognized and measured in accordance with IAS 12 *Income Taxes* (“IAS 12”) and IAS 19 *Employee Benefits*, respectively;
- liabilities related to share-based payment are recognized and measured in accordance with IFRS 2 *Share-based Payment*;
- assets or disposal groups classified as held for sale are measured in accordance with IFRS 5; and
- groups of insurance contracts within the scope of IFRS 17 *Insurance Contracts* (“IFRS 17”) are measured in accordance with that standard.

Goodwill is measured as the excess of the total amount of the consideration for acquisition, the amount of any non-controlling interests in the acquiree measured as of the acquisition date, and the fair value of any previously held equity interest in the acquiree as of the date on which control is obtained, over the net identifiable assets and liabilities of the acquiree as of the acquisition date. If the difference is negative, it is immediately recognized in profit or loss. On the acquisition date and for each

business combination, the Group chooses whether to measure non-controlling interests at fair value or to measure them with the proportionate share in identifiable net assets of the acquiree.

Acquisition-related costs incurred to complete a business combination are recognized as expenses when incurred.

(3) Foreign currency translation

(i) Foreign currency transactions

Foreign currency transactions are translated to the functional currency using the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated using the rates prevailing at the end of the period. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are translated to the functional currency using the rates prevailing at the date when the fair value was measured.

Exchange differences arising from the translation and settlement of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the period in which they arise. However, for financial assets measured at fair value through other comprehensive income ('FVTOCI'), exchange differences arising from equity and cash flow hedges are recognized as other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations (including goodwill arising from acquisitions and fair value adjustments) are translated into the presentation currency using the exchange rates prevailing at the end of the fiscal year. Revenues and expenses of the foreign operations are translated into the Group's presentation currency, using the average exchange rates during the period, unless the rates fluctuate significantly.

Exchange differences arising from translating the financial statements of the foreign operations are recognized in other comprehensive income. The exchange differences are reclassified to profit or loss on disposal of the Group's entire interest or partial disposal involving from the loss of control, significant influence or joint control over the foreign operations.

(4) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible to a known amount of cash and subject to insignificant risk of change in value.

(5) Financial instruments

(i) Non-derivative financial assets

(a) Initial recognition and measurement

Non-derivative financial assets are initially recognized when the Group becomes party to the contractual provisions of the instruments. All financial assets excluding those classified as financial assets measured at fair value through profit or loss ('FVTPL') are initially measured at their fair value plus transaction costs.

Non-derivative financial assets are classified into financial assets measured at amortized cost, FVTOCI or FVTPL on initial recognition.

Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost if both the following conditions are met:

- the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVTOCI

(i) Debt instruments measured at fair value through other comprehensive income ('Debt FVTOCI')

Financial assets are classified as Debt FVTOCI if both the following conditions are met:

- the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Equity instruments measured at fair value through other comprehensive income ('Equity FVTOCI')

Equity instruments that are irrevocably elected at initial recognition to present subsequent changes in fair value in other comprehensive income are classified as Equity FVTOCI.

Financial assets measured at FVTPL

Financial assets other than those measured at amortized cost or FVTOCI are classified as FVTPL.

However, the Group may, at initial recognition, designate financial assets not measured at fair value through profit or loss as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch.

(b) Subsequent measurement

After initial recognition, the Group measures financial assets in accordance with the following classifications.

Financial assets measured at amortized cost

Financial assets classified as measured at amortized cost are evaluated using the effective interest method. In addition, the amount of accrued interest on financial assets measured at amortized cost is included in 'Interest income' in the consolidated statement of income.

Financial assets measured at FVTOCI

(i) Debt FVTOCI

After initial recognition, Debt FVTOCI are measured at fair value, and changes except for impairment gains or losses or foreign exchange gains/losses are recognized in other comprehensive income until the financial assets are derecognized. When the financial assets are derecognized, the accumulated other comprehensive income previously recognized is reclassified to profit or loss.

(ii) Equity FVTOCI

After initial recognition, Equity FVTOCI are measured at fair value, and changes are recognized in other comprehensive income. When the financial assets are derecognized, the accumulated other comprehensive income previously recognized is directly reclassified to retained earnings. Dividends from these financial assets are recognized in profit or loss.

Financial assets measured at FVTPL

Financial assets measured at FVTPL are subsequently measured at fair value, with changes in fair value recognized in profit or loss.

(c) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows arising from the financial assets expire, or when the Group transfers the contractual rights to receive the cash flows and substantially all risks and rewards of ownership of the financial assets are transferred.

(ii) Non-derivative financial liabilities

(a) Initial recognition and measurement

Non-derivative financial liabilities are initially recognized on the issuance date in the case of debt instruments issued by the Group and all other financial liabilities are initially recognized at the date of transaction when the Group becomes party to the contractual provisions of the financial liabilities. All financial liabilities are initially measured at their fair value minus transaction costs.

Non-derivative financial liabilities are classified into financial liabilities measured at amortized cost on initial recognition.

(b) Subsequent measurement

Financial liabilities classified as measured at amortized cost are evaluated using the effective interest method. In addition, the amount of accrued interest on financial liabilities measured at amortized cost is included in "Other finance expenses" in the consolidated statement of income.

(c) Derecognition

Financial liabilities are derecognized when they are extinguished, i.e. when the obligations specified in the contracts are discharged, cancelled or expired.

(iii) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position, only when the Group currently has legally enforceable rights to offset the recognized amounts and intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(iv) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost or Debt FVTOCI. However, the loss allowances on Debt FVTOCI are recognized in other comprehensive income.

At each reporting date, the Group assesses whether the credit risk on the financial assets has increased significantly since initial recognition. To make that assessment, the Group compares the risk of defaults occurring on the financial assets as at the reporting date with the risk of defaults occurring on the financial assets as at the date of initial recognition and considers reasonable and supportable information, which is available without undue cost or effort, indicative of significant increases in credit risk since initial recognition.

The Group assumes that the credit risk on financial assets has not increased significantly since initial recognition if the financial assets are determined to have low credit risk at the reporting date.

If the credit risk on the financial assets has increased significantly since initial recognition, the Group measures the loss allowance for the financial assets at an amount equal to the lifetime expected credit losses. If the credit loss on the financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for the financial assets at an amount equal to 12-month expected credit losses.

The Group measures the expected credit losses of the financial assets in a way that reflects:

- an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are a probability-weighted estimate of credit losses over the expected life of the financial assets. Credit losses are the present value of the difference between the cash flows that are due to the Group in accordance with the contracts and the cash flows that the Group expects to receive.

Expected credit losses of the financial assets are recognized as impairment losses in profit or loss. In case of any event where the impairment losses are subsequently reduced, the reduced amount of the impairment losses is reversed in profit or loss.

If the Group does not have reasonable expectations of recovering the financial assets in their entirety or a portion thereof, the Group directly reduces the gross carrying amount of the financial assets.

(v) Derivatives and hedge accounting

The Group uses derivative instruments such as forward exchange contracts, currency swaps, currency options, interest rate swaps, and stock index futures to hedge foreign exchange risk, interest rate risk, etc. These derivatives, classified as FVTPL, are initially recognized at fair value at the date when the derivative contracts are entered into and are subsequently measured at their fair value.

Changes in the fair value of the derivatives are recognized in profit or loss, except for the effective portion of cash flow hedges, which are recognized in other comprehensive income.

(a) Qualifying criteria for hedge accounting

To assess whether hedging relationships qualify for hedge accounting, at the inception of the hedge transactions, the Group documents the relationships between hedging instruments and hedged items, and the Group's risk management objective and strategy for undertaking various hedge transactions. At the inception of the hedging relationships, the Group documents the method used to assess whether the relationships meet all of the hedge effectiveness requirements when the derivatives used in the hedge transactions offset changes in the fair value or cash flows of the relevant hedged items. The method is assessed on an ongoing basis. The Group performs the ongoing assessment of the hedge effectiveness at each reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first.

(b) Accounting for qualified hedging relationship

The Group accounts for hedging relationships that qualify for hedge accounting in accordance with the following classifications.

Fair value hedges

Changes in the fair value of hedging instruments are recognized in profit or loss. Of changes in the fair value of hedged items, gains or losses caused by hedged risk adjust the carrying amount of the hedged items and are recognized in profit or loss.

Cash flow hedges

The effective portion of changes in the fair value of hedging instruments is recognized in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Additionally, currency basis spread portions of currency swaps are excluded from hedging instruments and recognized in other comprehensive income as hedge costs with the accumulated amount included in other equity component.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability become a firm commitment to which fair value hedge accounting is applied, the Group directly reclassifies the cumulative gain or loss recognized in other comprehensive income to the initial cost or other carrying amount of the assets or liabilities.

For cash flow hedges other than those mentioned above, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The ineffective portion of changes in the fair value of hedging instruments is recognized immediately in profit or loss.

When the Group discontinues hedge accounting, the cumulative gain or loss recognized in other comprehensive income remains in other equity components until the hedged future cash flows occur, if they are still expected to occur, or is immediately reclassified to profit or loss if the hedged future cash flows are no longer expected to occur.

(6) Property and equipment (excluding right-of-use assets)

(i) Recognition and measurement

The cost model is used for property and equipment, which are recorded at their cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenses directly related to the acquisition of the asset and expenses incurred for demolition, removal, and restoration of the land to its original state. Gain or loss on the disposal of property and equipment (calculated as the difference between the net amount received from the disposal and the carrying amount of the property and equipment) is recognized as other income or other expenses in profit or loss.

(ii) Depreciation

The depreciable amount of property and equipment (calculated as their cost less residual value) is allocated on a systematic basis over their estimated useful lives. The Group mainly applies the straight line method as it reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Group.

Depreciation of property and equipment begins when they are available for use and ceases at the earlier of the date when they are extinguished (disposed of or sold) or the date when they are classified as held-for-sale assets.

The estimated useful lives of major items of property and equipment are as follows. The estimated useful life, residual value and depreciation method are reviewed on each financial year-end, and the effects of changes to estimates are recognized through the period when the estimates were changed and future periods.

- Buildings: 3–75 years
- Others: 2–20 years

(7) Intangible assets

The cost model is used for intangible assets, which are recorded at their cost less any accumulated amortization and any accumulated impairment losses. Intangible assets acquired individually are measured at cost when initially recognized. Intangible assets acquired in business combinations are measured at fair value at the acquisition date.

Expenditure for development of software for internal use is recorded as internally generated intangible assets only when measurement is reliably possible, there is a high probability that there will be future economic benefits, the Group has the intent of completing the development of and using or selling the asset, and there are adequate resources available to complete such development.

Expenditure for software that has been recorded as an asset is measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with indefinite useful lives and intangible assets that have yet to be brought into use are not amortized. For intangible assets with indefinite useful lives, whether or not any event or conditions still exist for such intangible assets to have an indefinite useful life is reviewed at the end of each fiscal year.

Intangible assets with definite useful lives are amortized using the straight line method over the useful lives. The amortization method, estimated useful life, and residual value are reviewed at the end of each fiscal year and revised as necessary.

The useful lives of major intangible assets are as follows:

- Software: 5–10 years
- Other intangible assets: 2–24 years

Impairment is as stated in (10) Impairment of non-financial assets.

(8) Goodwill

Measurement of goodwill at the initial recognition is as stated in (2) Business combinations. Goodwill after initial recognition is not amortized, and the Group records goodwill at its cost less any accumulated impairment losses. Impairment is as stated in (10) Impairment of non-financial assets.

(9) Leases

At the commencement date of a contract, the Group determines whether a contract is, or contains, a lease, and recognizes a right-of-use asset and a lease liability. The Group measures the right-of-use asset at cost on the commencement date of a contract. The cost comprises the amount of the initial measurement of the lease liability and initial direct costs incurred. The Group initially measures the lease liability at the present value of the lease payments that are not paid at the commencement date of a contract, discounted using the Group's incremental borrowing rate.

After the commencement date, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight line method. The useful life of the right-of-use asset is determined by applying the same basis as the useful life of property and equipment. The Group measures the lease liability using an effective interest method, and remeasures it to reflect any lease modifications or changes to the lease payments.

On the Group's consolidated statement of financial position, the right-of-use asset is included in "Property and equipment" and the lease liabilities in "Other liabilities."

The Group has elected not to recognize the right-of-use asset and the lease liability for short-term leases (lease term of 12 months or less) and leases of low-value assets. The lease payments related to these leases are recognized as an expense using a straight line method over the lease term.

(10) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that its non-financial assets other than deferred tax assets may be impaired. If any such indication exists, the Group estimates the recoverable amounts of the assets. The Group also estimates the recoverable amounts of goodwill, intangible assets with indefinite useful lives or intangible assets not yet available for use at the same timing annually.

The recoverable amount is the higher of the asset's or CGU's value in use or its fair value less costs of disposal. The value in use is calculated by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount of the asset or a CGU is reduced to its recoverable amount and an impairment loss is recognized in profit or loss. The impairment loss recognized in relation to the CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

Impairment losses on goodwill are not reversed. For assets other than goodwill, the Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists and there have been changes in the estimates used to determine the asset's recoverable amounts, the impairment losses are reversed. The Group records a reversal of impairment losses not to exceed the carrying amount that would have been determined (net of depreciation and amortization required) had no impairment loss been recognized.

Goodwill which comprises a part of the carrying amounts of investment in associates accounted for using the equity method is not recognized individually and impairment tests are not individually implemented. However, they are subject to impairment tests if, considering the total amount of investment in associates accounted for using the equity method as one asset, there is objective evidence that investment in associates accounted for using the equity method may be impaired.

(11) Insurance contracts and reinsurance contracts

(i) Classification

Contracts under which the Group accepts significant insurance risk from policyholders or other insurance companies are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. The Group is also exposed to financial risk by insurance and reinsurance contracts.

The Group classifies insurance contracts that meet the following criteria as those with direct participation features at initial recognition:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured by applying the premium allocation approach ('PAA').

(ii) Level of aggregation

Insurance contracts are measured after aggregation by each group, and insurance contract groups are determined based on insurance contract portfolios. Each portfolio is comprised of several contracts that are subject to similar risks and managed together and are divided into a minimum of the following groups based on the contract inception and profitability:

- a group of contracts that are onerous on initial recognition;
- a group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; and
- a group of any remaining contracts in the portfolio.

Additionally, any reinsurance contracts are also divided into, at least, the following groups:

- a group of contracts with a net gain on initial recognition;
- a group of contracts that, at initial recognition, have no significant possibility of subsequently generating a net gain; and
- a group of any remaining contracts in the portfolio.

(iii) Initial recognition

The Group recognizes a group of insurance contracts issued from the earlier of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

If there is no contractual due date, it is considered to be the date when the first payment is received from the policyholder.

Additionally, the Group recognizes a group of reinsurance contracts on the following date:

- reinsurance contracts initiated by the Group that provide proportionate coverage: The date on which any underlying insurance contract is initially recognized.
- other reinsurance contracts initiated by the Group: The beginning of the coverage period of the group of reinsurance contracts.

However, if the Group recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into on or before that date, then the group of reinsurance contracts is recognized on the initial recognition date of underlying group of insurance contracts.

(iv) Boundary of contracts

Measurement of contract groups includes all future cash flows within the contract boundaries.

For insurance contract groups, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with insurance contract services. Substantive obligations to provide services are judged to end in either of the following cases:

- the Group has the practical ability to reassess the risk for a particular policyholder and can set a price or benefit level that fully reflects those risks; or

- the Group has the practical ability to reassess the risks of portfolio of insurance contracts and can set a price or benefit level that fully reflects the risk of that portfolio, and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that related to periods after the reassessment date.

Additionally, for reinsurance contract groups, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled by the reinsurer to pay the premiums or the Group has a substantive right to receive reinsurance contract services from the reinsurer. Substantive rights to receive services from the reinsurer are judged to end in either of the following cases:

- the reinsurer has the practical ability to reassess the risk transferred and it can set a price or benefit level that fully reflects those risks; or
- the reinsurer has the substantive right to terminate coverage.

(v) Measurement – Contracts measured without applying the PAA

Insurance contracts

(a) Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the total of the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and the contractual service margin ('CSM').

The CSM of a group of insurance contracts represents the unearned profit that the Group will recognize as it provides services under those contracts. At the initial recognition of a group of insurance contracts, if the sum of the fulfilment cash flows, the cash flows that occur on that day, the assets related to insurance acquisition cash flows ('acquisition expenses'), and the amounts arising from the derecognition of any asset or liability previously recognized for the cash flows related to that group of insurance contracts results in a net inflow, then the group of insurance contracts is considered not onerous. In this case, the CSM is measured at an amount equal to the net inflow but with the opposite sign, resulting in no profit or loss at initial recognition. If the sum results in a net outflow, the group of insurance contracts is considered onerous, and the net outflow is recognized as a loss in profit or loss at initial recognition.

(b) Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for the remaining coverage and the liability for incurred claims. The liability for the remaining coverage is comprised of the fulfilment cash flows related to services that will be provided under the contracts in future periods and CSM at that date. The liability for incurred claims is comprised of the fulfilment cash flows for incurred claims that have not yet been paid (including claims that have been incurred but not yet reported) and related expenses.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using the current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. The CSM of each group of contracts subsequent to initial recognition is calculated on a reporting period basis and the Group has adopted the accounting policy not to subsequently change the treatment of accounting estimates made in previous reporting periods.

(i) Insurance contracts without direct participation features

The carrying amount of the CSM at the end of the period is the carrying amount at the beginning of the period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM and accordingly a loss component is created (the excess is recognized as a loss in profit or loss); or
  - any decreases in the fulfilment cash flows are allocated to the loss component (the losses previously recognized in profit or loss are reversed);
- the effect of any currency exchange differences on the CSM; and
- the amount recognized as insurance revenue because of the services provided in the period.

(ii) Insurance contracts with direct participation features

The carrying amount of the CSM at the end of the period is the carrying amount at the beginning of the period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- changes in the Group's share of the fair value of the underlying items (excluding the following cases):
  - a decrease in the share exceeds the carrying amount of the CSM, resulting in the recognition of a loss component (the excess is recognized as a loss in profit or loss); or
  - an increase in the share is allocated to the loss component (the losses previously recognized in profit or loss are reversed);
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM and accordingly a loss component is created (the excess is recognized as a loss in profit or loss); or
  - any decreases in the fulfilment cash flows are allocated to the loss component (the losses previously recognized in profit or loss are reversed);
- the effect of any currency exchange differences on the CSM; and
- the amount recognized as insurance revenue because of the services provided in the period.

Reinsurance contracts

The Group applies the same accounting policies in principle to groups of insurance contracts as it does to groups of reinsurance contracts, while certain measurement approaches differ between the two.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used for the underlying groups of insurance contracts. In addition, the Group allows for adjustment for any risk of non-performance by the issuer of reinsurance contracts differently from the measurement of groups of insurance contracts. The effect of the non-performance risk of the issuer of reinsurance contracts is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in profit or loss. Reinsurance contract groups cannot be onerous.

The Group adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognizes income when it recognizes a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognized.

Loss-recovery components reflect adjustments to CSM of reinsurance contract groups and are determined by multiplying the following items, subsequently being adjusted according to change:

- the loss recognized on the underlying group of insurance contracts; and
- the percentage of claims on the underlying groups of contracts that the Group expects to recover from the group of reinsurance contracts held.

(vi) Measurement – Contracts measured by applying the PAA

The Group generally uses the PAA to groups of insurance contracts that meet either of the following conditions:

- The groups of contracts in which the coverage period of each contract is one year or less; and
- The groups of contracts of which the resulting measurement is reasonably expected not to differ materially from the result of applying the measurement in (v) above.

Insurance contracts

On initial recognition of each group of insurance contracts, the carrying amount of the liability for the remaining coverage is measured at the premiums received on initial recognition. Acquisition expenses, assets related to acquisition expenses, and amounts resulting from the derecognition of any previously recognized assets or liabilities related to the cash flows of the group of insurance contracts are deducted from liability for the remaining coverage. Acquisition expenses are allocated to groups of insurance contracts on a systematic and rational basis.

The carrying amount of the liability for the remaining coverage is increased by any premiums received and any amortization of acquisition expenses recognized as expenses and decreased by the amount recognized as insurance revenue for coverage provided and any acquisition expenses on subsequent measurement. In cases where a significant financing component exists, the Group adjusts the liability for the remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, then the Group recognizes a loss in profit or loss and increases the liability for the remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to the remaining coverage exceed the carrying

amount of the liability for the remaining coverage. These fulfilment cash flows reflect the time value of money and the effects of financial risk.

The liability for incurred claims of a group of insurance contracts is recognized at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted at current rates unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts

The Group applies the same accounting policies in principle to groups of insurance contracts as it does to groups of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts. If a loss-recovery component is created for a group of reinsurance contracts measured by applying the PAA, then the Group adjusts the carrying amount of the asset for the remaining coverage instead of adjusting the CSM.

(vii) Derecognition and contract modification

The Group derecognizes a contract not only when it is extinguished —i.e. when the specified obligations in the contract expire or are discharged or cancelled —but also when the terms of the contract are modified in such a way that the resulting accounting treatment is significantly different.

(viii) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position.

The Group disaggregates amounts recognized in the consolidated statement of income and the consolidated statement of comprehensive income into 'Insurance service result' comprising insurance revenue and insurance service expenses, and 'Insurance finance income or expenses.'

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'Income or expenses from reinsurance contracts held' in the insurance service result.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

(a) Insurance revenue

Insurance revenue excludes any investment components and is recognized as follows.

Contracts measured without applying the PAA

Insurance revenue is recognized as the Group provides services under groups of insurance contracts, and represents the total of the changes in the liability for the remaining coverage that relate to services for which the Group expects to receive consideration.

In addition, the Group allocates a portion of premiums that relate to recovering acquisition expenses to each period in a systematic way based on the passage of time. The Group recognizes the allocated amount as insurance revenue and an equal amount as insurance service expenses.

The CSM that is recognized as insurance revenue is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the period (before any allocation) equally to each coverage unit provided in the period and expected to be provided in future periods. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

A loss component is established for the liability for the remaining coverage of groups of onerous insurance contracts. In providing services based on the groups of onerous insurance contracts, the fulfilment cash flows are allocated between the loss component of the liability for the remaining coverage and the liability for the remaining coverage excluding loss component on a systematic basis. Fulfilment cash flows for loss components are then excluded from the recognition of insurance revenue.

In the group of onerous insurance contracts, changes in fulfilment cash flows relating to future services and changes in Group's share of the fair value of the underlying items for insurance contracts with direct participation features are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of insurance contracts.

Contracts measured by applying the PAA

The insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period based on the passage of time.

(b) Insurance service expenses

Insurance service expenses consist of the following items, excluding the repayment of investment components, and are generally recognized in profit or loss when incurred:

- incurred claims and other expenses;
- amortization of acquisition expenses;
- gains and losses on onerous contracts (changes related to future service); and
- changes in liabilities for incurred claims (changes related to past service)

(c) Income or expenses from reinsurance contracts held

Income or expenses from reinsurance contracts held is the amount resulting from subtracting the portion of allocated reinsurance premiums from the recoveries received from reinsurers.

The Group recognizes an allocation of premiums paid to the reinsurer in profit or loss as it receives services under groups of reinsurance contracts. For contracts measured without applying the PAA, the allocation of premiums paid to the reinsurer relating to services received for each period represent the total of the changes in the assets for the remaining coverage related to services for which the Group expects to pay consideration.

For contracts measured by applying the PAA, the allocation of premiums paid to the reinsurer for each period is the amount of expected premium payments for receiving services in the period.

Additionally, for a group of reinsurance contracts covering an underlying group of onerous insurance contracts, the Group establishes and adjusts a loss-recovery component of the asset for the remaining coverage to depict the recovery of losses recognized. The method for establishment and adjustment are as follows:

- the Group establishes a loss-recovery component for the group of reinsurance contracts at the time the underlying onerous insurance contracts are recognized, if the reinsurance contracts covering an underlying group of onerous insurance contracts were entered into at or before the recognition of the underlying contracts; and
- the Group establishes and adjusts the loss-recovery component when changes in the fulfilment cash flows of an underlying group of onerous insurance contracts result in the recognition or change of a loss component, in order to reflect changes in the fulfilment cash flows of the related group of reinsurance contracts attributable to future services.

In receiving services based on the group of reinsurance contracts, the asset for the remaining coverage is allocated between the loss-recovery component and the asset for the remaining coverage other than the loss-recovery component on a systematic and rational basis. Changes in the loss-recovery component are excluded from the allocation of reinsurance premiums paid.

(d) Insurance finance income or expenses (including reinsurance finance income and expenses)

Insurance finance income or expenses are comprised of changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein.

The Group has chosen, as a general rule, to disaggregate insurance finance income and expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income and expenses over the duration of the group of contracts. As changes in financial risk assumptions do not substantially impact the amount paid to policyholders for most of the groups of insurance contracts, the Group determines the systematic allocation for the assets or liabilities for the remaining coverage using the discount rate determined on initial recognition of the group of contracts. In addition, for the assets or liabilities for incurred claims, the Group uses the discount rates determined at the time the assets or liabilities for those claims are recognized.

(12) Employee benefits

(i) Defined benefit plans

The net defined benefit liability (asset) is the present value of the defined benefit obligation less the fair value of plan assets (adjusted, if necessary, for the effect of the asset ceiling), and is recognized as a retirement benefit asset or liability in the consolidated statement of financial position. The present value of the defined benefit obligation and the related current and past service costs for each plan are estimated based on the projected unit credit method. The discount rate is determined

by establishing the discount period based on a period to the expected benefit payment date, and by reference to market yields at the end of the reporting period on high-quality corporate bonds.

Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and are reclassified to retained earnings immediately in the periods in which they arise. Remeasurements are comprised of actuarial gains and losses, the return on plan assets (excluding amounts included in net interest expenses) and any change in the effect of the asset ceiling (excluding amounts included in net interest expenses). Current service cost and net interest expenses are recognized in profit or loss in the periods in which they arise. Past service cost is recognized in profit or loss in the earlier of the period in which the plan amendment or curtailment occurs, or the period in which related restructuring costs or termination benefits are recognized.

(ii) Defined contribution plans

The Company and certain subsidiaries have defined contribution plans for employee benefits. The defined contribution plans are post-employment benefit plans under which an entity regularly pays fixed contributions into employees' accounts and will have no legal or constructive obligation to make further payments. As a result, contributions to defined contribution plans are expensed over the period during which employees render service.

(iii) Short-term employee benefits

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

In relation to bonus payments, the Group recognizes liability for benefits expected to be paid under these plans when the Group has the present legal or constructive obligation to make such payments for services rendered by employees in the current and prior periods and a reliable estimate can be made of the amount of the obligation.

(iv) Other long-term employee benefits

As long-term employee benefits other than retirement benefits, the Group has extended leave systems and accumulated paid leave systems for employees with more than a certain number of service years.

The liability for such long-term employee benefits is recognized based on the estimated future benefit amounts earned in exchange for services rendered by employees in prior and current periods. The amounts are not discounted unless the effect of the time value of money is material.

(13) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, provisions are measured at the present value of the estimated payments required to settle the obligation. The present value is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Increases in provisions due to the effect of changes over time are recognized in "Other finance expense."

(14) Equity

(i) Common stock

Equity instruments issued by the Company are recognized at the issue price as share capital and capital surplus, and the direct issuance cost is deducted from capital surplus.

(ii) Treasury stocks

When the Group acquires its own Equity Share capital (Treasury stock), it is recognized at cost and deducted from equity. Direct costs related to the acquisition are deducted from capital surplus. When the Group sells treasury stocks, the difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(15) Share-based payments

(i) Stock options

The Group has an equity-settled share-based compensation plan for directors and corporate officers. The equity-settled share-based compensation is measured at fair value at the grant date. The fair value of stock options is calculated using the Black-Scholes model and other models. The fair value determined at the grant date is expensed over the vesting period, based on the estimate of stock options that will eventually vest, with a corresponding increase in equity.

(ii) Board Benefit Trust (BBT)

The Group has a performance-linked share-based payment plan for directors (excluding non-executive inside directors and outside directors), executive officers and senior vice presidents under the Board Benefit Trust ("BBT") in which the Group provides stocks and cash based on the services rendered. The compensation under BBT is classified into the following categories based on the method of settlement.

(a) Equity-settled share-based payments

For equity-settled share-based payments, services received are measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date is expensed over the vesting period with a corresponding increase in equity.

(b) Cash-settled share-based payments

For cash-settled share-based compensation, services received and liabilities incurred are measured at fair value. The fair value of the compensation included in liability is expensed over the vesting period with a corresponding increase in liabilities. The Group also remeasures the fair value of the liabilities on each reporting date and the settlement date and recognizes the changes in fair values in profit or loss.

(iii) Stock price-linked compensation (phantom stock plan)

The Group has introduced a phantom stock plan for compensation granted to directors (excluding non-executive inside directors and outside directors), executive officers, and corporate officers. Under this plan, a cash amount is paid based on the share price of the Company's stock at the time of vesting. At the end of each reporting period, the Group recognizes a liability for the fair value of the expected payment amount based on the number of units expected to vest. The fair value of the liability is remeasured at each reporting date until settlement, and changes in the fair value are recognized in profit or loss.

(16) Revenue recognition

As for the nursing care business, revenue is recognized when performance obligations are satisfied via providing various nursing care services to nursing facility residents and others at nursing homes or providing services relating to the sale of welfare equipment to residents.

Additionally, regarding services for nursing facility residents and others, for transactions where the Group serves a role as an agent for providing products or rendering services to customers, the net amount of consideration received from customers less consideration paid to suppliers is recognized as revenue.

(17) Income taxes

Income tax expenses are comprised of current tax expenses and deferred tax expenses. Income tax expenses are recognized in net profit or loss unless it is related to business combinations or the item is to be recognized directly in equity or in other comprehensive income.

(i) Current tax expenses

Current tax expenses are measured at amounts expected to be paid to tax authorities or refunded from tax authorities. Tax rates and taxation methods used in calculation of taxes are formulated or substantially formulated by the end of the fiscal year.

(ii) Deferred tax expense

Deferred tax expense is calculated based on temporary differences between the tax assessment value and carrying amounts of assets and liabilities as of the end of the fiscal year. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available by which the deductible temporary differences, unused tax losses, and tax credits can be recovered. Deferred tax liabilities are generally recognized for taxable temporary differences.

Additionally, deferred tax assets and liabilities are not recognized for the following temporary differences.

- Temporary differences arising from initial recognition of goodwill;
- Among taxable temporary differences related to investments in subsidiaries, investments in associates, and interests in joint arrangement, those of which the Group is able to control the timing of reversal and for which it is probable that these differences will not reverse in the foreseeable future; and
- Among deductible temporary differences related to investments in subsidiaries, investments in associates, and interests in joint arrangement, those for which it is not probable that the temporary differences will reverse in the foreseeable future, or that sufficient taxable income will be available against which these temporary differences could be utilized.

Deferred tax assets and liabilities are calculated based on the tax rate expected to be applied in the period during which deferred tax assets are recovered or deferred tax liabilities are settled in accordance with the income tax law enacted or substantially enacted as of the end of the fiscal year.

Deferred tax assets and liabilities are offset and presented on the consolidated statement of financial position if the Group has the enforceable right to offset the current tax assets and liabilities, the income tax is imposed by the same tax authority for the same taxable entity, the income tax is imposed by a different tax authority that either intends to settle current tax assets and liabilities on a net basis, or the Group plans to realize tax assets and tax liabilities simultaneously.

(18) Earnings per share

Basic earnings per share are calculated on the basis that net income attributable to the ordinary shareholders of the parent is divided by the weighted average number of ordinary shares outstanding, adjusted by treasury stocks during the period. Diluted earnings per share is calculated by adjusting the impact of potential shares that have dilutive effects.

4. Use of material accounting estimates and judgments

The consolidated financial statements are prepared based on the accounting estimates and judgments of management that affect the determination of accounting policy and the reported amount of assets, liabilities, income and expenses. Actual results may differ from accounting estimates and the assumptions forming their basis. Estimates and the underlying assumptions are reviewed on an ongoing basis. The effects of changes in estimates are recognized in the period in which the estimates are revised and in future periods, if applicable.

The following items are estimates and judgments made by management that have material impact on the amounts in the consolidated financial statements.

(1) Fair value measurement of financial instruments

(i) Amounts recorded in the consolidated financial statements of the current fiscal year
The details are stated in Note “11. Fair value of financial instruments.”

(ii) Estimation methods
The details are stated under (ii) Unobservable input and (iii) Valuation process within (3) Level 3 fair value measurements in Note “11.1 Financial instruments measured at fair value.”

(iii) Key assumptions used in the calculation of amounts
The details are stated under (ii) Unobservable input and (iii) Valuation process within (3) Level 3 fair value measurements in Note “11.1 Financial instruments measured at fair value.”

(iv) Effect on the consolidated financial statements for the subsequent fiscal year
Changes in the conditions underlying the above assumptions may materially affect the fair value of financial instruments. The effect of material unobservable inputs on fair value measurement is stated under (iv) Effect of unobservable inputs on fair value measurement within (3) Level 3 fair value measurements in Note “11.1 Financial instruments measured at fair value.”

(2) Impairment of goodwill

(i) Amounts recorded in the consolidated financial statements for the current fiscal year
The details are stated in Note “14. Goodwill and intangible assets.”

(ii) Estimation methods
The details are stated in Note “14. Goodwill and intangible assets.”

(iii) Key assumptions used in the calculation of amounts
The details are stated in Note “14. Goodwill and intangible assets.”

(iv) Effect on the consolidated financial statements for the subsequent fiscal year
Changes in the conditions underlying the above assumptions may materially affect the recoverable amount related to the impairment of goodwill. The effect of changes in the recoverable amount on the impairment of goodwill is stated in Note ‘14. Goodwill and intangible assets.’

(3) Estimation of fulfilment cash flows relating to insurance contracts and reinsurance contracts

(i) Amounts recorded in the consolidated financial statements for the current fiscal year
The details are stated in Note “17. Insurance contracts and reinsurance contracts.”

(ii) Estimation methods
The details are stated in Note “17.1 Inputs, assumptions, and estimation techniques used in the measurement of insurance contracts and reinsurance contracts.”

(iii) Key assumptions used in the calculation of amounts
The details are stated in Note “17.1 Inputs, assumptions, and estimation techniques used in the measurement of insurance contracts and reinsurance contracts.”

(iv) Effect on the consolidated financial statements for the subsequent fiscal year
Changes in the conditions underlying the above assumptions may materially affect the estimated amounts of fulfilment cash flows. The effects of such changes in assumptions on net income before tax and other comprehensive income before tax are stated in Note “37.2 Insurance risk.”

5. Segment information

(1) Overview of reportable segments

The business segments of the Group are the components of the Group for which discrete financial statements are available and operating results are periodically reviewed by the board of directors to make decisions about resources to be allocated to the segment and to assess its performance.

The Group companies develop comprehensive strategies for their operations individually as an independent management unit and roll out their businesses under the group-wide management policy.

Therefore, the Group is composed of business segments, which are comprised of each group company as a minimum unit, and there are four reportable segments, namely “Domestic P&C insurance business,” “Overseas insurance business,” “Domestic life insurance business,” and “Nursing care business.” The Company, extended warranty business, digital-related business, asset management business and other businesses that are not covered by the reportable segments are included in “Others.”

“Domestic P&C insurance business” mainly engages in underwriting of property and casualty insurance, investment, and related activities in Japan; “Overseas insurance business” mainly engages in underwriting of property and casualty insurance and investment activities overseas; “Domestic life insurance business” mainly engages in underwriting of life insurance and investment activities in Japan, and “Nursing care business” mainly engages in providing nursing care and nursing care-related services.

(2) Measurement basis of revenue, income or loss and other items for each reporting segment

The accounting methods applied to reported business segments is consistent with that described in Note “3. Summary of material accounting policies.” Income or loss of reportable segments is based on net income attributable to owners of parent.

Internal revenues between segments are based on the price of transactions between third parties and others.

(3) Information on the amounts of revenue, income or loss and other items by reportable segment

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 4)	Amounts on consolidated financial statements
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care business	Total				
Revenue (Note 1)									
Revenue from external customers	2,543,520	2,044,815	248,493	175,866	5,012,696	38,180	5,050,877	27	5,050,905
Internal revenue or transfers between segments	42,157	7,371	—	3	49,532	27,329	76,861	(76,861)	—
Total	2,585,678	2,052,186	248,493	175,870	5,062,229	65,509	5,127,739	(76,834)	5,050,905
Segment income (loss)	192,477	260,392	75,714	6,414	534,999	(5,514)	529,485	170	529,655
Other items									
Interest income	26,504	24,735	55,733	81	107,054	11	107,065	—	107,065
Interest expense	6,916	4,967	65	3,895	15,844	339	16,183	—	16,183
Depreciation and amortization (Note 3)	42,474	18,101	3,148	26,392	90,117	1,953	92,071	—	92,071
Investment gains and losses on the equity method	124	1,515	—	—	1,640	368	2,008	—	2,008
Impairment losses	169	16,679	—	2,177	19,026	160	19,186	—	19,186
Income tax expenses	67,714	(14,694)	29,675	1,741	84,437	(1,647)	82,789	—	82,789
Investments in associates accounted for by the equity method	2,592	21,596	—	—	24,188	24,216	48,405	—	48,405
Capital expenditures (Note 3)	73,880	15,194	2,466	16,969	108,510	3,419	111,930	—	111,930
Segment assets	6,825,413	4,871,683	3,858,943	430,758	15,986,799	473,140	16,459,939	—	16,459,939

(Notes) 1. Revenue represents “Insurance revenue” for the insurance business, “Other revenue” for the other businesses, and the total amount of “Insurance revenue” and “Other revenue” for the consolidated financial statements.
2. The category “Others” is a business segment not included in the reportable segments. It includes the Company (insurance holding company), extended warranty business, digital-related business, asset management business and other businesses.
3. Depreciation and amortization as well as capital expenditures include amount related to right-of-use assets.
4. Adjustments of revenue are mainly adjustments of other revenue related to domestic P&C insurance business, overseas insurance business and domestic life insurance business amounting to 27 million yen, and the elimination of intercompany transactions between segments amounting to (76,861) million yen. Adjustments of segment income (loss) are entirely due to the elimination of intercompany transactions between segments.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 4)	Amounts on consolidated financial statements
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care business	Total				
Revenue (Note 1)									
Revenue from external customers	**2,590,896**	**2,219,907**	**254,716**	**181,364**	**5,246,885**	**39,184**	**5,286,069**	**140**	**5,286,210**
Internal revenue or transfers between segments	**43,581**	**7,796**	**—**	**3**	**51,382**	**26,830**	**78,212**	**(78,212)**	**—**
Total	**2,634,478**	**2,227,704**	**254,716**	**181,368**	**5,298,267**	**66,015**	**5,364,282**	**(78,072)**	**5,286,210**
Segment income (loss)	**58,338**	**177,771**	**29,876**	**5,303**	**271,289**	**(27,551)**	**243,737**	**(605)**	**243,132**
Other items									
Interest income	**31,132**	**18,102**	**56,470**	**81**	**105,787**	**30**	**105,817**	**—**	**105,817**
Interest expense	**6,911**	**6,444**	**476**	**3,790**	**17,622**	**365**	**17,987**	**—**	**17,987**
Depreciation and amortization (Note 3)	**53,125**	**18,284**	**3,684**	**26,316**	**101,411**	**1,952**	**103,363**	**—**	**103,363**
Investment gains and losses on the equity method	**147**	**(111)**	**—**	**—**	**36**	**(24,786)**	**(24,749)**	**—**	**(24,749)**
Impairment losses	**861**	**—**	**—**	**2,420**	**3,282**	**47**	**3,329**	**—**	**3,329**
Income tax expenses	**15,049**	**36,624**	**28,649**	**2,918**	**83,240**	**1,828**	**85,068**	**—**	**85,068**
Investments in associates accounted for by the equity method	**2,667**	**14,505**	**—**	**—**	**17,172**	**25,002**	**42,175**	**—**	**42,175**
Capital expenditures (Note 3)	**40,138**	**25,692**	**3,174**	**23,447**	**92,453**	**1,524**	**93,978**	**—**	**93,978**
Segment assets	**6,311,943**	**5,243,189**	**3,392,431**	**429,136**	**15,376,700**	**513,338**	**15,890,039**	**—**	**15,890,039**

(Notes) 1. Revenue represents “Insurance revenue” for the insurance business, “Other revenue” for the other businesses, and the total amount of “Insurance revenue” and “Other revenue” for the consolidated financial statements.
2. The category “Others” is a business segment not included in the reportable segments. It includes the Company (insurance holding company), extended warranty business, digital-related business, asset management business and other businesses.
3. Depreciation and amortization as well as capital expenditures include amount related to right-of-use assets.
4. Adjustments of revenue are mainly adjustments of other revenue related to domestic P&C insurance business, overseas insurance business and domestic life insurance business amounting to 140 million yen, and the elimination of intercompany transactions between segments amounting to (78,212) million yen. Adjustments of segment income (loss) are entirely due to the elimination of intercompany transactions between segments.

(4) Information by products and services

(Millions of yen)

Insurance revenue	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
P&C insurance business		
Fire	982,633	**1,057,846**
Marine	171,330	**191,381**
Personal accident	161,272	**161,523**
Automobile	1,271,538	**1,328,861**
Compulsory automobile liability	229,087	**225,955**
Others (Note)	1,772,474	**1,845,236**
Life insurance business		
Individual insurance	236,958	**243,420**
Individual annuities	1,405	**1,245**
Group insurance	10,129	**10,050**
Group annuities	—	**—**
Total	4,836,830	**5,065,520**

(Note) Others are mainly insurance revenue from the overseas insurance business including agricultural insurance, liability insurance and others.

(5) Information by geographic area

(i) Revenue

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Japan	2,983,028	**3,034,937**
Overseas	2,067,876	**2,251,273**
Total	5,050,905	**5,286,210**

(Notes) 1. Geographic area is classified in line with the categories used for management purposes which are mainly based on the locations of customers.
2. The total amount of insurance revenue and other revenue in the consolidated statement of income is presented. Other revenue primarily consists of revenue from the nursing care business, which is generated domestically.

(ii) Non-current assets

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Japan	970,300	958,029	**938,772**
Overseas	208,705	212,451	**216,793**
Total	1,179,006	1,170,480	**1,155,565**

(Note) Geographic area is classified in line with the categories used for management purposes which are mainly based on the locations of subsidiaries.

(6) Information by major customer

None.

6. Cash and cash equivalents

The details of cash and cash equivalents are as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Cash and deposits	1,184,213	1,170,914	**754,280**
Short-term investments	93,874	45,825	**273,347**
Total cash and cash equivalents	1,278,088	1,216,739	**1,027,628**

Definition of cash and cash equivalents

The Group considers cash and cash equivalents in the consolidated statement of cash flows as cash on hand, deposits that can be withdrawn at any time and short-term investments such as time deposits that are readily convertible into cash and are subject to insignificant risk of changes in value and have a short maturity of three months or less than three months from the acquisition date. The components of cash and cash equivalents reported in the consolidated statement of cash flows are consistent with the balance of “Cash and cash equivalents” in the consolidated statement of financial position.

Non-cash transactions

The acquisitions of right-of-use assets under leases as major non-cash transactions are disclosed in Note “15. Leases.” The Group did not enter into any other material non-cash transactions in the previous and current fiscal years.

Restrictions on use

Insurance subsidiaries within the Group are subject to laws and regulations in the jurisdiction of their domicile and due to the restriction on dividend (profit) repatriation there are some cases where transfer of funds is restricted. However, there is no material impact on liquidity for the Group.

7. Investment securities

The details of investment securities are as follows:

As of April 1, 2023 (Transition date)

(Millions of yen)

	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI (Note 1)	Debt instruments measured at FVTOCI	Total
Investment securities				
Japanese government bonds	4,688	—	3,223,471	3,228,160
Municipal bonds	401	—	78,260	78,662
Corporate bonds	132,019	—	767,005	899,025
Foreign bonds	1,889,942	—	902,339	2,792,282
Stocks	139,844	1,513,528	—	1,653,372
Others (Note 2)	1,340,431	2,266	46,365	1,389,063
Allowance for credit losses (Note 3)	—	—	—	—
Total investment securities (Note 4)	3,507,328	1,515,794	5,017,444	10,040,567

As of March 31, 2024

(Millions of yen)

	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI (Note 1)	Debt instruments measured at FVTOCI	Total
Investment securities				
Japanese government bonds	4,475	—	3,222,139	3,226,614
Municipal bonds	398	—	72,540	72,939
Corporate bonds	124,846	—	743,710	868,556
Foreign bonds	2,650,761	—	853,055	3,503,816
Stocks	185,351	2,018,642	—	2,203,994
Others (Note 2)	1,605,906	2,319	36,866	1,645,092
Allowance for credit losses (Note 3)	—	—	—	—
Total investment securities (Note 4)	4,571,739	2,020,962	4,928,312	11,521,014

As of March 31, 2025

(Millions of yen)

	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI (Note 1)	Debt instruments measured at FVTOCI	Total
Investment securities				
Japanese government bonds	**4,291**	**—**	**2,928,451**	**2,932,743**
Municipal bonds	**189**	**—**	**68,195**	**68,384**
Corporate bonds	**126,964**	**—**	**589,401**	**716,365**
Foreign bonds	**3,022,676**	**—**	**763,962**	**3,786,639**
Stocks	**175,502**	**1,620,545**	**—**	**1,796,047**
Others (Note 2)	**1,730,787**	**2,020**	**36,008**	**1,768,815**
Allowance for credit losses (Note 3)	**—**	**—**	**—**	**—**
Total investment securities (Note 4)	**5,060,411**	**1,622,566**	**4,386,019**	**11,068,996**

(Notes) 1. Equity instruments measured at FVTOCI

Equity instruments held for the purposes mainly of maintaining insurance transactions and relationships in insurance sales channels, and strengthening alliances for accomplishing the Group's strategies are classified as equity instruments measured at FVTOCI; and the major issues of such instruments and their fair values are as follows:

(Millions of yen)

Issue	As of April 1, 2023 (Transition date)
Shin-Etsu Chemical Co., Ltd.	108,793
Palantir Technologies Inc.	92,101
ITOCHU Corporation	68,942
HONDA MOTOR CO., LTD.	50,284
Marubeni Corporation	47,131
Hulic Co., Ltd.	45,924
TOYOTA MOTOR CORPORATION	44,786
CANON INC.	38,658
SUZUKI MOTOR CORPORATION	37,286
Ajinomoto Co., Inc.	28,939
NIPPON EXPRESS HOLDINGS, INC.	28,434
AEON CO., LTD.	20,292
SUBARU CORPORATION	17,480
The Chiba Bank, Ltd.	13,926
Kawasaki Kisen Kaisha, Ltd.	13,326
Others	859,484
Total	1,515,794

(Millions of yen)

Issue	As of March 31, 2024
Shin-Etsu Chemical Co., Ltd.	158,738
Palantir Technologies Inc.	142,238
ITOCHU Corporation	95,886
TOYOTA MOTOR CORPORATION	90,335
HONDA MOTOR CO., LTD.	81,272
Hulic Co., Ltd.	66,393
Marubeni Corporation	59,152
CANON INC.	58,873
SUZUKI MOTOR CORPORATION	53,973
SUBARU CORPORATION	28,505
Ajinomoto Co., Inc.	28,449
AEON CO., LTD.	28,429
Kawasaki Kisen Kaisha, Ltd.	26,737
NIPPON EXPRESS HOLDINGS, INC.	22,068
WEINS ASSET CO., LTD.	21,068
Others	1,058,838
Total	2,020,962

(Millions of yen)

Issue	As of March 31, 2025
Palantir Technologies Inc.	**262,824**
ITOCHU Corporation	**94,056**
Shin-Etsu Chemical Co., Ltd.	**63,086**
TOYOTA MOTOR CORPORATION	**62,319**
CANON INC.	**60,757**
SUZUKI MOTOR CORPORATION	**56,193**
Marubeni Corporation	**53,538**
AEON CO., LTD.	**29,655**
Kawasaki Kisen Kaisha, Ltd.	**25,318**
The Chiba Bank, Ltd.	**19,639**
NIPPON EXPRESS HOLDINGS, INC.	**18,129**
LPI CAPITAL BERHAD MYR1	**16,521**
KOMATSU LTD.	**15,768**
The Toa Reinsurance Company, Limited	**14,843**
Hitachi, Ltd.	**14,589**
Others	**815,324**
Total	**1,622,566**

The following are the fair values and accumulated unrealized gains and losses on securities classified as equity instruments measured at FVTOCI that were derecognized.

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Fair value at derecognition	187,849	**466,023**
Accumulated gains/(losses) at derecognition	135,868	**362,894**

Additionally, the after tax amount reclassified (net) to retained earnings in accumulated other comprehensive income due to derecognition in the previous fiscal year and the current fiscal year are a gain of 96,559 million yen and a gain of 264,305 million yen, respectively. These were mainly to reduce strategic shareholdings that could potentially impede fair competition as well as maintaining and enhancing financial strength and improving capital efficiency.

Additionally, of dividends received from equity instruments measured at FVTOCI, those related to securities derecognized in the previous fiscal year and the current fiscal year are 1,155 million yen and 1,668 million yen, respectively.

2. Primarily include investments in investment trusts.

3. Expected credit loss on debt instruments measured at FVTOCI
The amount of allowance for expected credit loss does not include those on debt instruments measured at FVTOCI as they are measured at fair value. The amounts of allowance for expected credit losses on debt instruments measured at FVTOCI at the transition date, for the previous fiscal year and the current fiscal year are 746 million yen, 757 million yen, and 713 million yen, respectively.

4. Classification by expected recovery period
Of the amounts outstanding at the transition date, the end of the previous fiscal year and the current fiscal year, the amounts due within one year are 250,202 million yen, 368,473 million yen, and 354,160 million yen, respectively.

8. Loans and advances

The details of loans and advances are as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Amortized cost	516,951	495,394	**508,407**
Allowance for credit losses	(87)	(55)	**(43)**
Total loans and advances (Note)	516,863	495,339	**508,363**

(Note) Of the amounts outstanding at the transition date, at the end of the previous fiscal year and at the end of the current fiscal year, the amounts due within one year are 198,428 million yen, 186,044 million yen and 205,502 million yen, respectively.

9. Derivatives

The Group conducts various derivative transactions such as forward exchange contracts, currency swaps, currency options, interest rate swaps, and stock index futures.

The Group utilizes derivatives for (a) interest risk management, (b) currency risk management and (c) other purposes. Although these derivatives economically hedge the Group's risk, some of them do not meet the criteria for hedge accounting under IFRS 9 *Financial Instruments* (hereinafter "IFRS 9"). All derivatives are measured at fair value and recognized as "Derivative assets" or "Derivatives liabilities" in the consolidated statement of financial position and changes in fair value are recognized as "Other investment gains and losses" in the consolidated statement of income, except for those to which hedge accounting is applied.

The details of derivative assets and derivative liabilities are as follows.

Additionally, derivative assets concerning derivatives to which hedge accounting is not applied are classified as FVTPL financial assets, and derivative liabilities as FVTPL financial liabilities.

(Millions of yen)

	As of April 1, 2023 (Transition date)		As of March 31, 2024		As of March 31, 2025	
	Fair value (Assets)	Fair value (Liabilities)	Fair value (Assets)	Fair value (Liabilities)	Fair value (Assets)	Fair value (Liabilities)
Currency	2,074	13,992	359	13,552	**7,987**	**4,662**
Interest rate	3,346	—	2,352	—	**1,294**	**—**
Stocks	—	1	—	440	**—**	**—**
Bonds	11,126	11,131	—	—	**—**	**—**
Credit	—	—	—	—	**—**	**—**
Others	325	974	253	868	**237**	**747**
Total	16,872	26,099	2,965	14,861	**9,519**	**5,410**

10. Hedge accounting

Not applicable.

11. Fair value of financial instruments

11.1 Financial instruments measured at fair value

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices. For all other financial instruments, the Group uses other valuation techniques to determine the fair value.

For financial instruments that are traded infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(1) Fair value hierarchy

Fair values are categorized within the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements. Transfers between the levels are assumed to happen at the end of each reporting period.

Level 1: Inputs that are quoted at market prices (unadjusted) in active markets for identical instruments

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs that are unobservable

(2) Fair value by hierarchy

The following table shows the fair values of financial instruments by the level in the fair value hierarchy.

As of April 1, 2023 (Transition date)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Investment securities				
Debt instruments measured at FVTOCI				
Japanese government bonds	3,223,471	—	—	3,223,471
Municipal bonds	—	78,260	—	78,260
Corporate bonds	—	767,005	—	767,005
Foreign bonds	350,906	551,433	—	902,339
Others	7,942	22,721	15,701	46,365
Equity instruments measured at FVTOCI				
Stocks	1,349,611	—	163,916	1,513,528
Others	1,443	—	822	2,266
FVTPL				
Japanese government bonds	4,688	—	—	4,688
Municipal bonds	—	401	—	401
Corporate bonds	—	132,019	—	132,019
Foreign bonds	2,757	1,789,623	97,561	1,889,942
Stocks	131,568	8,275	—	139,844
Others (Note 2)	340,706	37,577	962,147	1,340,431
Total investment securities	5,413,097	3,387,319	1,240,150	10,040,567
Derivative assets				
Currency	—	2,074	—	2,074
Interest rate	—	3,346	—	3,346
Stocks	—	—	—	—
Bonds	—	11,126	—	11,126
Credit	—	—	—	—
Others	—	23	302	325
Total financial assets	5,413,097	3,403,889	1,240,452	10,057,440
Derivative liabilities				
Currency	—	13,992	—	13,992
Interest rate	—	—	—	—
Stocks	1	—	—	1
Bonds	—	11,131	—	11,131
Credit	—	—	—	—
Others	—	38	935	974
Total financial liabilities	1	25,162	935	26,099

As of March 31, 2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Investment securities				
Debt instruments measured at FVTOCI				
Japanese government bonds	3,222,139	—	—	3,222,139
Municipal bonds	—	72,540	—	72,540
Corporate bonds	—	743,710	—	743,710
Foreign bonds	411,073	441,982	—	853,055
Others	4,863	21,306	10,697	36,866
Equity instruments measured at FVTOCI				
Stocks	1,821,635	—	197,007	2,018,642
Others	1,397	—	922	2,319
FVTPL				
Japanese government bonds	4,475	—	—	4,475
Municipal bonds	—	398	—	398
Corporate bonds	—	124,846	—	124,846
Foreign bonds (Note 1)	9,782	2,508,144	132,834	2,650,761
Stocks	175,435	9,915	—	185,351
Others (Note 2)	415,317	21,302	1,169,286	1,605,906
Total investment securities	6,066,120	3,944,146	1,510,747	11,521,014
Derivative assets				
Currency	—	359	—	359
Interest rate	—	2,352	—	2,352
Stocks	—	—	—	—
Bonds	—	—	—	—
Credit	—	—	—	—
Others	—	—	253	253
Total financial assets	6,066,120	3,946,858	1,511,000	11,523,979
Derivative liabilities				
Currency	—	13,552	—	13,552
Interest rate	—	—	—	—
Stocks	—	440	—	440
Bonds	—	—	—	—
Credit	—	—	—	—
Others	—	30	838	868
Total financial liabilities	—	14,022	838	14,861

As of March 31, 2025

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Investment securities				
Debt instruments measured at FVTOCI				
Japanese government bonds	**2,928,451**	**—**	**—**	**2,928,451**
Municipal bonds	**—**	**68,195**	**—**	**68,195**
Corporate bonds	**—**	**589,401**	**—**	**589,401**
Foreign bonds	**402,859**	**361,102**	**—**	**763,962**
Others	**6,716**	**18,577**	**10,713**	**36,008**
Equity instruments measured at FVTOCI				
Stocks	**1,436,462**	**—**	**184,083**	**1,620,545**
Others	**1,098**	**—**	**921**	**2,020**
FVTPL				
Japanese government bonds	**4,291**	**—**	**—**	**4,291**
Municipal bonds	**—**	**189**	**—**	**189**
Corporate bonds	**—**	**126,964**	**—**	**126,964**
Foreign bonds (Note 1)	**10,470**	**2,881,301**	**130,905**	**3,022,676**
Stocks	**163,314**	**12,187**	**—**	**175,502**
Others (Note 2)	**401,915**	**25,666**	**1,303,204**	**1,730,787**
Total investment securities	**5,355,581**	**4,083,586**	**1,629,828**	**11,068,996**
Derivative assets				
Currency	**—**	**7,987**	**—**	**7,987**
Interest rate	**—**	**1,294**	**—**	**1,294**
Stocks	**—**	**—**	**—**	**—**
Bonds	**—**	**—**	**—**	**—**
Credit	**—**	**—**	**—**	**—**
Others	**—**	**—**	**237**	**237**
Total financial assets	**5,355,581**	**4,092,868**	**1,630,065**	**11,078,515**
Derivative liabilities				
Currency	**—**	**4,662**	**—**	**4,662**
Interest rate	**—**	**—**	**—**	**—**
Stocks	**—**	**—**	**—**	**—**
Bonds	**—**	**—**	**—**	**—**
Credit	**—**	**—**	**—**	**—**
Others	**—**	**34**	**712**	**747**
Total financial liabilities	**—**	**4,697**	**712**	**5,410**

(Notes) 1. In the previous fiscal year, foreign bonds amounting to 19,119 million yen was transferred from Level 1 to Level 2 due to the cessation of active trading in the market. In the current fiscal year, due to the cessation of active trading in the market, foreign bonds amounting to 24,440 million yen was transferred from Level 1 to Level 2.
2. Primarily include investments in investment trusts.

The major valuation techniques and inputs used in determining fair value are as follows:

Investment securities

Assets and liabilities are classified as Level 1 when fair values can be determined using unadjusted market prices in active markets. This mainly includes listed securities, Japanese government bonds, and listed investment trusts. Even if published market prices are used, if the market is not active, such securities are classified as Level 2. This primarily includes municipal bonds and corporate bonds. For non-listed investment trusts, etc., valuations are based on net asset values provided by the management company, and these are mainly classified as Level 2 or Level 3 based on the level of the underlying assets of the trust. Private placement bonds are valued at fair value based on prices obtained from third parties: they are classified as Level 2 if the inputs used in the obtained prices are observable or if the effect of unobservable inputs is not significant; they are classified as Level 3 fair value if significant unobservable inputs are used. Monetary receivables bought is valued at fair value based on prices obtained from third parties, and are classified as Level 2 based on the inputs used in the price obtained. The fair value of non-listed stocks and other assets, for which market prices of identical assets are not available in active markets or inactive markets, is measured using appropriate valuation techniques such as the multiple method. These assets are classified as Level 3 since significant unobservable inputs, such as the price book-value ratio and price earnings ratio of comparable companies, are used in the technique.

Derivatives

For exchange-traded transactions, the fair value is determined using the most recent price at the exchange. For over-the-counter transactions, fair value is based on the valuation derived from discounted future cash flows or option pricing models, using inputs such as interest rates and foreign exchange rates. Exchange-traded transactions are primarily classified as Level 1. For over-the-counter transactions, those using observable inputs or where the impact of unobservable inputs is not significant are classified as Level 2, whereas those using significant unobservable inputs are classified as Level 3.

(3) Level 3 fair value measurements

(i) Reconciliation

The reconciliation from the beginning to the ending balances of financial instruments categorized under Level 3 is as follows:

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Investment securities			Derivative assets/ liabilities (Note 6)
	Foreign bonds	Stocks	Others (Note 4)	
Beginning balance	97,561	163,916	978,672	(632)
Gains or losses recognized (Note 1)				
In profit or loss	1,628	(35)	93,344	1,072
In other comprehensive income	13,695	33,961	14,769	—
Purchases	57,961	227	278,793	(1,024)
Sales and redemptions	(38,012)	(1,192)	(184,674)	—
Settlements	—	—	—	—
Transfers to Level 3 (Note 2)	—	247	—	—
Transfers out of Level 3 (Note 3)	—	(117)	—	—
Others	—	—	—	—
Ending balance	132,834	197,007	1,180,905	(584)
Changes in unrealized gains and losses recognized in profit or loss for assets held as of the period end (Note 5)	818	—	89,821	439

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Investment securities			Derivative assets/ liabilities (Note 6)
	Foreign bonds	Stocks	Others (Note 4)	
Beginning balance	**132,834**	**197,007**	**1,180,905**	**(584)**
Gains or losses recognized (Note 1)				
In profit or loss	**(1,863)**	**0**	**9,558**	**943**
In other comprehensive income	**(1,616)**	**(9,672)**	**(1,778)**	**—**
Purchases	**62,656**	**195**	**279,666**	**(834)**
Sales and redemptions	**(61,062)**	**(1,903)**	**(153,675)**	**—**
Settlements	**—**	**—**	**—**	**—**
Transfers out of Level 3 (Note 3)	**—**	**(1,543)**	**—**	**—**
Others	**(42)**	**(0)**	**164**	**—**
Ending balance	**130,905**	**184,083**	**1,314,840**	**(475)**
Changes in unrealized gains and losses recognized in profit or loss for assets held as of the period end (Note 5)	**2,592**	**—**	**(5,574)**	**359**

(Notes) 1. Gains or losses recognized in profit or loss are included in “Interest income” and “Other investment gains and losses” in the consolidated statement of income. Gains or losses recognized in other comprehensive income are included in “Investments in equity instruments” and “Investments in debt instruments” in the consolidated statement of comprehensive income.
2. Transfers to Level 3 arise due to the delisting of the investee from the stock exchange.
3. Transfers out of Level 3 arise due to the listing of the investee on the stock exchange and other factors.
4. Primarily include investments in investment trusts.
5. Included in “Interest income” and “Other investment gains and losses” in the consolidated statement of income.
6. Assets and liabilities arising from derivative instruments are presented on a net basis.

(ii) Unobservable input

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

Class of financial instrument	Fair value (Millions of yen)			Main valuation technique	Significant unobservable inputs	Range of estimates		
	Transition date	Previous fiscal year end	Current fiscal year end			Transition date	Previous fiscal year end	Current fiscal year end
Unlisted stocks	163,916	197,007	184,083	Multiple method or book value method	Price book-value ratio	30%–120%	50%–200%	50%–150%
					Price earnings ratio	810%–1,080%	250%–2,590%	740%–1,320%
					Illiquidity discount	30%	30%	30%

(iii) Valuation process

Each department in charge calculates and verifies the fair value of financial instruments in accordance with basic policies set by each group company. The calculated results are then verified by the appropriate person in charge within each department.

In determining the fair value, steps are taken to ensure that the nature, characteristics, and risks of each asset are most appropriately reflected. Additionally, even when using market prices obtained from third parties, the price verification is conducted through appropriate methods, including confirmation of the valuation techniques and inputs used.

(iv) Effect of unobservable inputs on fair value measurement

The effect of significant unobservable inputs to measure financial assets classified as Level 3 is as follows.

Unlisted stocks

The fair value of unlisted stocks valued by the multiple method will increase (or decrease) due to a rise (or decline) in the price book-value ratio and price earnings ratio which are unobservable inputs. It will also decrease (or increase) due to a rise (or decline) in illiquidity discount.

11.2 Financial instruments not measured at fair value

The table below analyses the fair value of financial instruments measured at amortized cost by level in the fair value hierarchy. Furthermore, items for which the carrying amount is a reasonable approximation of the fair value are not included in these tables.

As of April 1, 2023 (Transition date)

(Millions of yen)

	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
Loans and advances	—	77,875	447,073	524,948	516,863
Total financial assets	—	77,875	447,073	524,948	516,863
Corporate bonds	—	608,004	—	608,004	607,470
Borrowings	—	6,960	—	6,960	6,954
Total financial liabilities	—	614,965	—	614,965	614,424

As of March 31, 2024

(Millions of yen)

	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
Loans and advances	—	88,813	412,764	501,577	495,339
Total financial assets	—	88,813	412,764	501,577	495,339
Corporate bonds	—	687,800	—	687,800	686,209
Borrowings	—	5,528	—	5,528	5,528
Total financial liabilities	—	693,329	—	693,329	691,738

As of March 31, 2025

(Millions of yen)

	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
Loans and advances	**—**	**120,874**	**388,941**	**509,816**	**508,363**
Total financial assets	**—**	**120,874**	**388,941**	**509,816**	**508,363**
Corporate bonds	**—**	**681,986**	**—**	**681,986**	**684,686**
Borrowings	**—**	**6,485**	**—**	**6,485**	**6,515**
Total financial liabilities	**—**	**688,471**	**—**	**688,471**	**691,201**

The major valuation techniques and inputs used in determining fair value are as follows:

Loans and advances

Unless the carrying amount is a reasonable approximation of fair value, the fair value of loans and advances is determined by discounting future cash flows for each using a discount rate adding credit risk and liquidity premiums based on internal ratings to risk-free interest rates for the applicable period, and classified as Level 3.

Corporate bonds

The fair values of corporate bonds are based on the values calculated using prices from exchanges and prices published by industry associations and similar organizations, and are classified as Level 2.

Borrowings

Unless the carrying amount is a reasonable approximation of fair value, the fair value is calculated using the discounted cash flow method, based on the total amount and interest, remaining term to maturity of the debt and a rate that reflects credit risk, and classified as Level 2.

12. Other assets and liabilities

The details of other assets are as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Insurance receivables (Note 1)	302,257	306,291	**296,432**
Accounts receivable	167,970	128,097	**157,163**
Accrued revenue	34,723	48,401	**57,392**
Suspense payment	84,935	113,375	**142,746**
Others	61,369	75,853	**115,842**
Total other assets	651,257	672,020	**769,576**

The details of other liabilities are as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Insurance payable (Note 2)	64,712	56,026	**55,563**
Accounts payable	153,602	180,341	**197,097**
Employee benefits obligations	69,698	75,777	**80,587**
Deferred income	11,045	11,348	**11,749**
Suspense receipt	38,534	34,813	**41,550**
Lease liabilities	361,325	331,571	**334,622**
Others	80,103	69,323	**70,539**
Total other liabilities	779,022	759,203	**791,711**

(Notes) 1. Insurance receivables include receivables from agencies and from other insurers in co-insurance contracts.
2. Insurance payables include payables to other insurers in co-insurance contracts.

13. Property and equipment

The details of property and equipment are as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Land and buildings	251,459	272,710	**276,084**
Construction in progress	15,887	5,658	**5,290**
Others	30,816	31,515	**31,287**
Right-of-use assets (Note)	341,055	308,127	**307,107**
Total property and equipment	639,218	618,011	**619,769**

(Note) Quantitative disclosures related to right-of-use assets are stated in Note “15. Leases.”

The changes in the carrying amounts, acquisition costs, accumulated depreciation and accumulated impairment losses of property and equipment excluding right-of-use assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)				Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			
	Land and buildings	Construction in progress	Others	Total	Land and buildings	Construction in progress	Others	Total
At beginning of period								
Acquisition cost	598,173	15,887	93,646	707,706	**632,512**	**5,658**	**96,372**	**734,542**
Accumulated depreciation	(300,814)	—	(62,623)	(363,438)	**(313,797)**	**—**	**(64,615)**	**(378,412)**
Accumulated impairment losses	(45,899)	—	(205)	(46,104)	**(46,004)**	**—**	**(241)**	**(46,246)**
Carrying amount at beginning of period	251,459	15,887	30,816	298,163	**272,710**	**5,658**	**31,515**	**309,884**
Changes in carrying amounts								
Acquisition	6,641	20,786	5,338	32,766	**6,095**	**14,997**	**4,361**	**25,455**
Acquisition through business combinations	254	—	2	256	**—**	**—**	**—**	**—**
Disposal	(915)	—	(1,616)	(2,531)	**(1,849)**	**—**	**(1,430)**	**(3,280)**
Transfer	26,664	(31,064)	1,669	(2,730)	**13,380**	**(15,318)**	**1,782**	**(154)**
Impairment losses (Note 1)	(228)	—	(52)	(280)	**(802)**	**—**	**(37)**	**(839)**
Depreciation (Note 2)	(13,246)	—	(4,840)	(18,087)	**(13,502)**	**—**	**(4,849)**	**(18,352)**
Translation differences	(152)	49	134	31	**(748)**	**(28)**	**(108)**	**(885)**
Others	2,232	—	63	2,296	**800**	**(18)**	**53**	**835**
Changes in net carrying amount	21,250	(10,228)	698	11,720	**3,373**	**(367)**	**(228)**	**2,777**
At end of period								
Acquisition cost	632,512	5,658	96,372	734,542	**642,660**	**5,290**	**94,486**	**742,437**
Accumulated depreciation	(313,797)	—	(64,615)	(378,412)	**(320,790)**	**—**	**(62,931)**	**(383,721)**
Accumulated impairment losses	(46,004)	—	(241)	(46,246)	**(45,786)**	**—**	**(268)**	**(46,054)**
Carrying amount at end of period	272,710	5,658	31,515	309,884	**276,084**	**5,290**	**31,287**	**312,662**

(Notes) 1. Impairment losses are recorded in “Other expenses” on the consolidated statement of income.
2. Depreciation is recorded in “Insurance service expenses,” “Expenses related to investment,” “Administrative expenses,” and “Other expenses” on the consolidated statement of income.

No material impairment losses were recognized in the previous fiscal year and the current fiscal year.

14. Goodwill and intangible assets

The changes in carrying amounts, acquisition costs, accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)				Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			
	Goodwill	Software	Others	Total	Goodwill	Software	Others	Total
At beginning of period								
Acquisition cost	192,194	329,028	177,317	698,540	**206,703**	**375,633**	**192,866**	**775,203**
Accumulated amortization and accumulated impairment losses	—	(72,534)	(86,219)	(158,753)	**(15,375)**	**(101,580)**	**(105,778)**	**(222,734)**
Carrying amount at beginning of period	192,194	256,494	91,098	539,787	**191,327**	**274,052**	**87,088**	**552,469**
Changes in carrying amounts								
Acquisition	—	58,448	221	58,670	**—**	**33,023**	**327**	**33,351**
Acquisition through business combination	—	6	0	6	**—**	**—**	**—**	**—**
Disposal	—	(257)	(0)	(257)	**—**	**(1,114)**	**(20)**	**(1,134)**
Impairment losses (Note 1)	(15,375)	(1,413)	(58)	(16,847)	**—**	**(59)**	**(13)**	**(73)**
Depreciation (Note 2)	—	(26,273)	(9,616)	(35,890)	**—**	**(37,143)**	**(9,117)**	**(46,260)**
Translation differences	14,509	1,474	5,577	21,560	**(1,402)**	**(371)**	**(232)**	**(2,006)**
Others	—	(14,425)	(134)	(14,559)	**—**	**(555)**	**5**	**(549)**
Changes in net carrying amount	(866)	17,558	(4,010)	12,681	**(1,402)**	**(6,221)**	**(9,050)**	**(16,673)**
At end of period								
Acquisition cost	206,703	375,633	192,866	775,203	**205,301**	**399,642**	**191,497**	**796,441**
Accumulated amortization and accumulated impairment losses	(15,375)	(101,580)	(105,778)	(222,734)	**(15,375)**	**(131,811)**	**(113,459)**	**(260,645)**
Carrying amount at end of period	191,327	274,052	87,088	552,469	**189,925**	**267,831**	**78,037**	**535,795**

(Notes) 1. Impairment losses are recorded in “Other expenses” on the consolidated statement of income.
2. Depreciation is recorded in “Insurance service expenses,” “Administrative expenses,” and “Other expenses” on the consolidated statement of income.

During the previous fiscal year, an impairment loss of 15,375 million yen was recognized for the entire goodwill of the retail business within the overseas insurance business. For details, please refer to (ii) Retail business under (1) Overseas insurance business.

No impairment losses were recognized for goodwill in the current fiscal year.

The amount of goodwill allocated to CGUs or groups of CGUs is as follows:

(Millions of yen)

Reportable segment	CGU or group of CGUs	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Overseas insurance business	Commercial business	99,081	112,344	**110,942**
	Retail business	14,129	—	**—**
Nursing care business	Nursing business	30,428	30,428	**30,428**
	Software business related to nursing care	48,555	48,555	**48,555**

Goodwill is tested for impairment by comparing the carrying amount and the recoverable amount for each CGU or each group of CGUs, and the recoverable amount is determined as the higher of the value in use or the fair value. The value in use is calculated by discounting the estimated cash flows based on the business plan approved by management to the present value. The business plan used to calculate the value in use is for up to five years, and it is prepared on the basis of the evaluation by management related to the future trend of the industry, past results, and information from within and outside the Group. For the cash flows expected to arise beyond the period of the business plan used to calculate the value in use, the continuing value is used, taking into account the long-term average growth rate of the market for the group of CGUs. The pre-tax discount rate is calculated based on the weighted average capital cost of the group of CGUs.

(1) Overseas insurance business

(i) Commercial business

The recoverable amount is calculated based on the value in use.

The key assumptions in the cash flow estimates include the rate of increase in premiums, loss ratios, expense ratios, investment income and expenses, and taxes.

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Perpetual growth rate (%)	3.50	3.72	**3.74**
Pre-tax discount rate (%)	12.77	14.18	**13.12**

Even when the perpetual growth rate or pre-tax discount rate used to calculate the recoverable amount fluctuates within a reasonable range, the Group considers a significant impairment loss as remote, as the recoverable amount well exceeds the carrying amount of the group of CGUs.

(ii) Retail business

The recoverable amount is calculated based on the value in use.

The key assumptions in the cash flow estimates include the rate of increase in premiums, loss ratios, expense ratios, investment income and expenses, and taxes.

	As of April 1, 2023 (Transition date)	As of March 31, 2024
Perpetual growth rate (%)	6.42	6.64
Pre-tax discount rate (%)	16.80	19.15

As a result of the impairment test for goodwill conducted in the previous fiscal year, based on the latest business plan reflecting recent performance, the recoverable amount was below the carrying amount of the CGU group. Consequently, the Group recognized an impairment loss of 15,375 million yen for the entire amount of goodwill.

(2) Nursing care business

(i) Nursing care business

The recoverable amount is calculated based on the value in use.

The key assumptions in the cash flow estimates include occupancy rates of facilities.

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Perpetual growth rate (%)	1.90	2.00	**2.50**
Pre-tax discount rate (%)	3.72	4.47	**5.06**

Even when the perpetual growth rate or pre-tax discount rate used to calculate the recoverable amount fluctuates within a reasonable range, the Group considers a significant impairment loss as remote, as the recoverable amount well exceeds the carrying amount of the group of CGUs.

(ii) Software business related to nursing care

The recoverable amount is calculated based on the fair value after deducting disposal costs.

The amount is calculated by discounting the estimated cash flows based on a six-year business plan (eight years for the transition date, and seven years for the previous fiscal year) approved by management, to their present value.

The business plan used to calculate the fair value is prepared based on management's assessment of future industry trends, past performance, and information gathered within and outside the Group.

Such fair value is classified as Level 3 based on the significant inputs used in the valuation techniques.

The key assumptions in the cash flow estimates include revenue growth rates.

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Perpetual growth rate (%)	0.50	0.50	**0.50**
Pre-tax discount rate (%)	6.81	8.05	**8.17**

As of the transition date, the recoverable amount exceeds the carrying amount by 9,027 million yen. However, an impairment loss may be recognized if the pre-tax discount rate used to calculate the recoverable amount increases by 78 basis points.

Regarding the previous fiscal year, even when the perpetual growth rate or pre-tax discount rate used to calculate the recoverable amount fluctuates within a reasonable range, the Group considers a significant impairment loss as remote, as the recoverable amount well exceeds the carrying amount of the group of CGUs.

As of March 31, 2025, although the recoverable amount exceeds the carrying amount by 9,652 million yen, an impairment loss may be recognized if the pre-tax discount rate used to calculate the recoverable amount increases by 90 basis points.

15. Leases

Expenses, cash flows, and the carrying amounts of right-of-use assets related to the Group's leasing activities are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Depreciation of right-of-use assets		
With underlying assets of land and buildings	35,044	**34,676**
With underlying assets of others	2,966	**3,996**
Total	38,010	**38,673**
Impairment losses of right-of-use assets		
With underlying assets of land and buildings	1,671	**2,090**
With underlying assets of others	16	**—**
Total	1,688	**2,090**
Interest expense on lease liabilities	4,930	**5,308**
Lease expense from short-term leases	12,761	**12,100**
Lease expense from low-value leases (excluding short-term leases)	7,807	**9,705**
Total cash outflows on lease	61,753	**63,518**
Additions to right-of-use assets	20,493	**35,171**

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Breakdown of right-of-use assets			
With underlying assets of land and buildings	333,531	298,540	**296,006**
With underlying assets of others	7,524	9,586	**11,101**
Total	341,055	308,127	**307,107**

The Group leases operating property for the nursing care business with extension options exercisable at the end of non-cancellable lease period and the extended periods are included in the expected lease term at lease commencement date if it is reasonably certain to exercise these options.

The details of maturity analysis on lease liabilities are stated under “37.5 Liquidity risk” in Note “37. Risk and capital management.”

16. Investments accounted for using the equity method

(1) Associates and joint ventures that are individually material

There were no associates nor joint ventures that are individually material during the previous fiscal year and the current fiscal year.

(2) Associates and joint ventures that are individually immaterial

The carrying amounts of investment in associates and joint ventures that are individually immaterial are as follows.

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Carrying amount			
Associates	43,172	46,739	**40,752**
Joint ventures	1,980	1,666	**1,422**
Total	45,152	48,405	**42,175**

Share of net income, other comprehensive income and total comprehensive income for associates and joint ventures that are individually immaterial are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Associates		
Net income	2,322	**(24,506)**
Other comprehensive income	1,103	**(324)**
Total comprehensive income	3,425	**(24,831)**
Joint ventures		
Net income	(314)	**(243)**
Other comprehensive income	—	**—**
Total comprehensive income	(314)	**(243)**

For the fiscal year ended March 31, 2025, an impairment loss of 21,065 million yen on “Investments in associates” is recognized and included in “Investment gains and losses on the equity method.”

(3) Significant restrictions on fund transfer

Of the associates, insurance companies are subject to laws and regulations in the country of domicile, and are usually supervised by regulatory authorities in the relevant country. Therefore, due to the restriction on dividend (profit) repatriation, there are some cases where transfer of funds is restricted.

17. Insurance contracts and reinsurance contracts

The breakdown of assets and liabilities, separately presented on insurance contracts and reinsurance contracts, is as follows. Additionally, amounts of assets and liabilities recognized on the consolidated statement of financial position are classified by portfolio.

As of April 1, 2023 (Transition date)

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Amount recorded in assets	Amount recorded in liabilities	Amount recorded in assets	Amount recorded in liabilities
P&C insurance business				
Assets or liabilities for remaining coverage	—	3,523,050	205,048	1,787
Assets or liabilities for incurred claims	—	3,209,150	867,352	(875)
Total of P&C insurance business	—	6,732,200	1,072,401	912
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	—	2,783,522	25,504	—
Assets or liabilities for incurred claims	—	533,796	71,560	—
Subtotal	—	3,317,318	97,065	—
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	—	739,528	179,544	1,787
Assets or liabilities for incurred claims	—	2,675,353	795,791	(875)
Subtotal	—	3,414,882	975,335	912
Life insurance business				
Assets or liabilities for remaining coverage	54,597	2,674,299	518	—
Assets or liabilities for incurred claims	(33,397)	57,107	1,860	—
Total of life insurance business	21,199	2,731,407	2,378	—
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	54,597	2,674,191	—	—
Assets or liabilities for incurred claims	(33,397)	52,106	—	—
Subtotal	21,199	2,726,297	—	—
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	—	108	518	—
Assets or liabilities for incurred claims	—	5,001	1,860	—
Subtotal	—	5,109	2,378	—
Amounts recognized in the consolidated statement of financial position	21,199	9,463,607	1,074,780	912

As of March 31, 2024

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Amount recorded in assets	Amount recorded in liabilities	Amount recorded in assets	Amount recorded in liabilities
P&C insurance business				
Assets or liabilities for remaining coverage	—	3,314,510	233,909	—
Assets or liabilities for incurred claims	—	3,790,626	993,708	—
Total of P&C insurance business	—	7,105,137	1,227,617	—
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	—	2,529,652	26,278	—
Assets or liabilities for incurred claims	—	537,818	80,811	—
Subtotal	—	3,067,471	107,089	—
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	—	784,857	207,631	—
Assets or liabilities for incurred claims	—	3,252,808	912,896	—
Subtotal	—	4,037,666	1,120,527	—
Life insurance business				
Assets or liabilities for remaining coverage	53,347	2,500,615	310	—
Assets or liabilities for incurred claims	(33,826)	55,866	2,010	—
Total of life insurance business	19,521	2,556,481	2,320	—
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	53,347	2,500,503	—	—
Assets or liabilities for incurred claims	(33,826)	50,781	—	—
Subtotal	19,521	2,551,285	—	—
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	—	111	310	—
Assets or liabilities for incurred claims	—	5,084	2,010	—
Subtotal	—	5,195	2,320	—
Amounts recognized in the consolidated statement of financial position	19,521	9,661,618	1,229,937	—

As of March 31, 2025

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Amount recorded in assets	Amount recorded in liabilities	Amount recorded in assets	Amount recorded in liabilities
P&C insurance business				
Assets or liabilities for remaining coverage	**13,008**	**3,101,534**	**230,181**	**18,071**
Assets or liabilities for incurred claims	**(12,063)**	**4,043,856**	**977,260**	**(16,835)**
Total of P&C insurance business	**945**	**7,145,390**	**1,207,441**	**1,235**
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	**—**	**2,258,681**	**25,801**	**—**
Assets or liabilities for incurred claims	**—**	**520,340**	**77,940**	**—**
Subtotal	**—**	**2,779,021**	**103,742**	**—**
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	**13,008**	**842,853**	**204,379**	**18,071**
Assets or liabilities for incurred claims	**(12,063)**	**3,523,516**	**899,319**	**(16,835)**
Subtotal	**945**	**4,366,369**	**1,103,698**	**1,235**
Life insurance business				
Assets or liabilities for remaining coverage	**48,615**	**2,144,396**	**352**	**—**
Assets or liabilities for incurred claims	**(33,266)**	**53,848**	**1,518**	**—**
Total of life insurance business	**15,349**	**2,198,244**	**1,871**	**—**
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	**48,615**	**2,144,248**	**—**	**—**
Assets or liabilities for incurred claims	**(33,266)**	**48,818**	**—**	**—**
Subtotal	**15,349**	**2,193,067**	**—**	**—**
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	**—**	**147**	**352**	**—**
Assets or liabilities for incurred claims	**—**	**5,029**	**1,518**	**—**
Subtotal	**—**	**5,177**	**1,871**	**—**
Amounts recognized in the consolidated statement of financial position	**16,294**	**9,343,635**	**1,209,313**	**1,235**

17.1 Inputs, assumptions, and estimation techniques used in the measurement of insurance contracts and reinsurance contracts

Fulfilment cash flows are comprised of:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risk related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

(1) Estimates of future cash flows

The objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted after weighted by the estimated probability of the respective outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary according to changes in market variables and other cash flows, then stochastic modelling techniques are used to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Furthermore, future cash flows are nominal cash flows, including the effects of inflation.

The Group calculates the assumptions about inflation based on the break-even inflation rate reflected in the most recently issued inflation-indexed government bonds and the latest consumer price index. Additionally, to maintain consistency with the interest rate extrapolation method, the inflation rate beyond the 31st year is linearly interpolated over 40 years to converge to the expected inflation rate within the ultimate forward rate.

P&C insurance business

Future cash flows are estimated by dividing into unexpired and expired periods, as described below.

<Unexpired periods>

The assumptions used in estimating future cash flows, such as loss ratios and maintenance expense ratios, take into account the type of products held by each company, contract contents, and the characteristics of future cash flows, and reflect information on recent actual results and performance in prior fiscal years.

The assumptions on loss ratios are calculated primarily using the past performance of each company; for some products, adjustments are made considering the impact of catastrophic loss events and seasonal characteristics.

The assumptions for maintenance expense ratios are calculated primarily using the past performance of each company, reflecting the characteristics of each expense.

Additionally, the Group also reflects assumptions regarding policyholder behavior, such as surrender rates, in future cash flows.

<Expired periods>

The Group estimates the ultimate cost of settling claims incurred but not yet paid at the reporting date, the loss adjustment expenses, and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques (e.g. the chain-ladder method and the Bornhuetter-Ferguson methods). These techniques assume that each company's own claims experience is indicative of future claims development patterns and therefore the ultimate claims cost. The ultimate cost of settling claims is estimated separately for each line of business, except for large claims, which are assessed separately.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not be applied in the future as new trends are expected to emerge.

The assumptions for loss adjustment expense ratios are calculated primarily using the past performance of each company, reflecting the characteristics of each expense.

Life insurance business

Assumptions about mortality, morbidity, maintenance expense ratios and policyholder behavior used in estimating future cash flows are developed by product type, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality and morbidity assumptions are generally developed using a blend of mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

The assumptions for maintenance expense ratios are primarily based on a combination of the Group's latest actual results and past performance, reflecting the characteristics of each expense.

The assumptions for policyholder behavior are calculated based on the Group's contract management information, using statistical methods to reflect past experience and recent data trends.

(2) Determination of discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The risk-free yield curve is interpolated between the last data point available in the market and an ultimate forward rate, based on observable market data such as government bonds and taking into account long-term real interest rate and inflation expectations. The ultimate forward rates (JPY) for the transition date, the previous fiscal year and the current fiscal year were 3.50%, 3.35%, and 3.20%, respectively.

The tables below set out the yield curves used to discount cash flows of insurance contracts for major currencies.

Spot rate (JPY)	1 year	3 years	5 years	10 years	20 years	30 years
As of April 1, 2023 (Transition date)	(0.10%)	(0.06%)	0.10%	0.36%	1.11%	1.39%
As of March 31, 2024	0.05%	0.20%	0.36%	0.73%	1.56%	1.93%
As of March 31, 2025	**0.74%**	**1.00%**	**1.23%**	**1.62%**	**2.45%**	**2.81%**

Spot rate (USD)	1 year	3 years	5 years	10 years	20 years	30 years
As of April 1, 2023 (Transition date)	5.21%	4.38%	4.15%	4.05%	4.19%	4.31%
As of March 31, 2024	5.43%	4.79%	4.58%	4.58%	4.74%	4.77%
As of March 31, 2025	**4.53%**	**4.38%**	**4.46%**	**4.76%**	**5.14%**	**5.21%**

Spot rate (EUR)	1 year	3 years	5 years	10 years	20 years	30 years
As of April 1, 2023 (Transition date)	3.23%	2.66%	2.51%	2.50%	2.66%	2.57%
As of March 31, 2024	3.54%	2.68%	2.49%	2.48%	2.70%	2.64%
As of March 31, 2025	**2.24%**	**2.36%**	**2.58%**	**3.02%**	**3.37%**	**3.40%**

(3) Determination of investment components

In all instances, the Group identifies the investment component of a contract by determining the amount required to be repaid to the policyholder even if an insured event does not occur in the policy administration processes. Investment components are excluded from insurance revenue and insurance service expenses.

(4) Risk adjustment for non-financial risk

The Group determines the risk adjustment for non-financial risks by taking into account the compensation for bearing non-financial risk, allocating the amount of adjustment to groups of contracts using methods that are systematic and rational. In addition, the risk adjustment for non-financial risks reflects the diversification benefit using a method that is consistent with the compensation required by the Group and reflects the degree of risk aversion.

The Group fundamentally determines the risk adjustment for non-financial risk using the cost of capital method, whereby the Group calculates the amount of such risk adjustment by multiplying the required capital amount on each future reporting date by the cost of capital rate and then discounting the amount with a risk-free rate adjusted for illiquidity. The required capital amount is calculated by first estimating the probability distribution of the present values of future cash flows arising from insurance contracts as of each future reporting date, and then determining the capital needed to fulfil contractual obligations for insurance claims and expense payments over the duration of the insurance contracts at a 99.5% confidence level. The cost of capital rate is determined as the additional return that investors would demand for exposure to non-financial risks. The cost of capital rate for the transition date, the previous fiscal year, and the current fiscal year are all set at 6%.

The risk adjustments for non-financial risk of the major insurance subsidiaries applying the cost of capital method correspond to the following confidence levels.

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
P&C insurance business	80.0%	79.5%	**76.1%**
Life insurance business	95.7%	92.4%	**88.3%**

(5) Determination of the relative weighting of the benefit provided by insurance coverage and investment-return services or investment-related services

In determining the benefits provided by insurance coverage and investment-return services (investment-related services for insurance contracts with direct participation features), for the P&C insurance business, the Group uses earned premiums as the insurance coverage and the surrender value, which corresponds to the investment components, as the investment return services. For the Life insurance business, the Group reflects the ratio of the principal coverage amount during the coverage period in the level and whole life converted premiums, and uses the risk premium portion and additional premium portion as the insurance coverage, and the savings premium portion as the investment-return services or investment-related services, to perform a relative weighting of the benefits.

17.2 P&C insurance business

(1) Insurance contracts and reinsurance contracts measured by not applying the PAA

(i) Reconciliation from the beginning to the ending balances of insurance contracts and reinsurance contracts measured by not applying the PAA

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss component	Loss component		
Beginning balance in assets	—	—	—	—
Beginning balance in liabilities	2,408,662	374,859	533,796	3,317,318
Beginning balance, net (assets)/liabilities	2,408,662	374,859	533,796	3,317,318
Insurance revenue	(1,201,293)	—	—	(1,201,293)
Insurance service expenses				
Incurred claims and other expenses	—	(55,812)	861,226	805,413
Amortization of acquisition expenses	175,392	—	—	175,392
Gains and losses on onerous contracts	—	22,689	—	22,689
Changes in assets or liabilities for incurred claims	—	—	19,367	19,367
Investment components and premium refunds	(207,517)	—	207,517	—
Insurance finance expenses, net	(28,887)	(1,589)	(1,223)	(31,700)
Translation differences	—	—	—	—
Others	1,135	(251)	(0)	883
Amount of cash flows				
Premiums received	1,236,557	—	—	1,236,557
Acquisition expenses paid	(194,291)	—	—	(194,291)
Claims paid and other expenses	—	—	(1,082,866)	(1,082,866)
Ending balance, net (assets)/liabilities	2,189,757	339,895	537,818	3,067,471
Ending balance in assets	—	—	—	—
Ending balance in liabilities	2,189,757	339,895	537,818	3,067,471

(Millions of yen)

	Reinsurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss-recovery component	Loss-recovery component		
Beginning balance in assets	(24,595)	(908)	(71,560)	(97,065)
Beginning balance in liabilities	—	—	—	—
Beginning balance, net (assets)/liabilities	(24,595)	(908)	(71,560)	(97,065)
Income or expenses from reinsurance contracts held	101,493	426	(54,942)	46,977
Investment components and premium refunds	1,187	—	(1,187)	—
Reinsurance finance income, net	99	2	196	298
Changes in reinsurer's default risk	87	—	(9)	78
Translation differences	—	—	—	—
Others	2,372	(0)	1,634	4,006
Amount of cash flows				
Reinsurance premiums paid	(106,441)	—	—	(106,441)
Acquisition expenses paid	—	—	—	—
Reinsurance claims received and others	—	—	45,057	45,057
Ending balance, net (assets)/liabilities	(25,797)	(480)	(80,811)	(107,089)
Ending balance in assets	(25,797)	(480)	(80,811)	(107,089)
Ending balance in liabilities	—	—	—	—

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss component	Loss component		
Beginning balance in assets	—	—	—	—
Beginning balance in liabilities	2,189,757	339,895	537,818	3,067,471
Beginning balance, net (assets)/liabilities	2,189,757	339,895	537,818	3,067,471
Insurance revenue	(1,237,562)	—	—	(1,237,562)
Insurance service expenses				
Incurred claims and other expenses	—	(46,660)	829,518	782,858
Amortization of acquisition expenses	189,205	—	—	189,205
Gains and losses on onerous contracts	—	(225)	—	(225)
Changes in assets or liabilities for incurred claims	—	—	18,687	18,687
Investment components and premium refunds	(193,322)	—	193,322	—
Insurance finance expenses, net	(69,364)	(731)	(3,187)	(73,283)
Translation differences	—	—	—	—
Others	555	(103)	(0)	451
Amount of cash flows				
Premiums received	1,288,292	—	—	1,288,292
Acquisition expenses paid	(201,053)	—	—	(201,053)
Claims paid and other expenses	—	—	(1,055,818)	(1,055,818)
Ending balance, net (assets)/liabilities	1,966,507	292,174	520,340	2,779,021
Ending balance in assets	—	—	—	—
Ending balance in liabilities	1,966,507	292,174	520,340	2,779,021

(Millions of yen)

	Reinsurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss-recovery component	Loss-recovery component		
Beginning balance in assets	(25,797)	(480)	(80,811)	(107,089)
Beginning balance in liabilities	—	—	—	—
Beginning balance, net (assets)/liabilities	(25,797)	(480)	(80,811)	(107,089)
Income or expenses from reinsurance contracts held	113,205	263	(46,596)	66,872
Investment components and premium refunds	635	—	(635)	—
Reinsurance finance income, net	114	1	314	429
Changes in reinsurer's default risk	200	—	(24)	175
Translation differences	—	—	—	—
Others	321	(0)	(5,483)	(5,162)
Amount of cash flows				
Reinsurance premiums paid	(114,265)	—	—	(114,265)
Acquisition expenses paid	—	—	—	—
Reinsurance claims received and others	—	—	55,296	55,296
Ending balance, net (assets)/liabilities	(25,586)	(215)	(77,940)	(103,742)
Ending balance in assets	(25,586)	(215)	(77,940)	(103,742)
Ending balance in liabilities	—	—	—	—

(ii) Reconciliation from the beginning to the ending balances by component for the insurance contracts and reinsurance contracts in (i) above

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	—	—	—	—
Beginning balance in liabilities	3,082,936	174,608	59,773	3,317,318
Beginning balance, net (assets)/liabilities	3,082,936	174,608	59,773	3,317,318
Changes related to future services				
Contracts initially recognized	(103,523)	39,406	79,702	15,584
CSM adjustment	(34,309)	5,376	28,932	—
Changes in estimates related to losses and reversal of losses on onerous contracts	3,130	3,974	—	7,104
Changes related to current services				
CSM amortization	—	—	(106,867)	(106,867)
Changes in risk adjustment for non-financial risk	—	(45,897)	—	(45,897)
Experience adjustments	(67,722)	—	—	(67,722)
Changes related to past services				
Changes in assets or liabilities for incurred claims	21,275	(1,907)	—	19,367
Insurance finance expenses, net	(22,053)	(9,590)	(56)	(31,700)
Translation differences	—	—	—	—
Others	883	—	—	883
Amount of cash flows	(40,600)	—	—	(40,600)
Ending balance, net (assets)/liabilities	2,840,015	165,970	61,484	3,067,471
Ending balance in assets	—	—	—	—
Ending balance in liabilities	2,840,015	165,970	61,484	3,067,471

(Millions of yen)

	Reinsurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	(68,892)	(3,805)	(24,367)	(97,065)
Beginning balance in liabilities	—	—	—	—
Beginning balance, net (assets)/liabilities	(68,892)	(3,805)	(24,367)	(97,065)
Changes related to future services				
Contracts initially recognized	38,805	(6,049)	(32,885)	(130)
CSM adjustment	4,404	(134)	(4,269)	—
Changes in estimates related to losses and reversal of losses on underlying onerous contracts	25	2	—	28
Changes related to current services				
CSM amortization	—	—	36,527	36,527
Changes in risk adjustment for non-financial risk	—	5,897	—	5,897
Experience adjustments	23,518	—	—	23,518
Changes related to past services				
Changes in assets or liabilities for incurred claims	(18,897)	33	—	(18,864)
Reinsurance finance income, net	267	8	21	298
Changes in reinsurer's default risk	78	—	—	78
Translation differences	—	—	—	—
Others	4,006	—	—	4,006
Amount of cash flows	(61,384)	—	—	(61,384)
Ending balance, net (assets)/liabilities	(78,068)	(4,047)	(24,973)	(107,089)
Ending balance in assets	(78,068)	(4,047)	(24,973)	(107,089)
Ending balance in liabilities	—	—	—	—

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	—	—	—	—
Beginning balance in liabilities	**2,840,015**	**165,970**	**61,484**	**3,067,471**
Beginning balance, net (assets)/liabilities	**2,840,015**	**165,970**	**61,484**	**3,067,471**
Changes related to future services				
Contracts initially recognized	**(125,787)**	**43,213**	**93,041**	**10,467**
CSM adjustment	**(37,544)**	**1,206**	**36,338**	**—**
Changes in estimates related to losses and reversal of losses on onerous contracts	**(11,979)**	**1,286**	**—**	**(10,693)**
Changes related to current services				
CSM amortization	**—**	**—**	**(109,279)**	**(109,279)**
Changes in risk adjustment for non-financial risk	**—**	**(46,460)**	**—**	**(46,460)**
Experience adjustments	**(109,759)**	**—**	**—**	**(109,759)**
Changes related to past services				
Changes in assets or liabilities for incurred claims	**21,610**	**(2,922)**	**—**	**18,687**
Insurance finance expenses, net	**(57,341)**	**(16,063)**	**121**	**(73,283)**
Translation differences	**—**	**—**	**—**	**—**
Others	**451**	**—**	**—**	**451**
Amount of cash flows	**31,419**	**—**	**—**	**31,419**
Ending balance, net (assets)/liabilities	**2,551,085**	**146,230**	**81,705**	**2,779,021**
Ending balance in assets	**—**	**—**	**—**	**—**
Ending balance in liabilities	**2,551,085**	**146,230**	**81,705**	**2,779,021**

(Millions of yen)

	Reinsurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	**(78,068)**	**(4,047)**	**(24,973)**	**(107,089)**
Beginning balance in liabilities	**—**	**—**	**—**	**—**
Beginning balance, net (assets)/liabilities	**(78,068)**	**(4,047)**	**(24,973)**	**(107,089)**
Changes related to future services				
Contracts initially recognized	**41,999**	**(6,098)**	**(35,943)**	**(41)**
CSM adjustment	**4,807**	**(29)**	**(4,777)**	**—**
Changes in estimates related to losses and reversal of losses on underlying onerous contracts	**23**	**2**	**—**	**26**
Changes related to current services				
CSM amortization	**—**	**—**	**38,553**	**38,553**
Changes in risk adjustment for non-financial risk	**—**	**6,071**	**—**	**6,071**
Experience adjustments	**33,024**	**—**	**—**	**33,024**
Changes related to past services				
Changes in assets or liabilities for incurred claims	**(11,185)**	**424**	**—**	**(10,760)**
Reinsurance finance income, net	**471**	**5**	**(46)**	**429**
Changes in reinsurer's default risk	**175**	**—**	**—**	**175**
Translation differences	**—**	**—**	**—**	**—**
Others	**(5,162)**	**—**	**—**	**(5,162)**
Amount of cash flows	**(58,968)**	**—**	**—**	**(58,968)**
Ending balance, net (assets)/liabilities	**(72,884)**	**(3,670)**	**(27,187)**	**(103,742)**
Ending balance in assets	**(72,884)**	**(3,670)**	**(27,187)**	**(103,742)**
Ending balance in liabilities	**—**	**—**	**—**	**—**

(iii) Effects of contracts initially recognized

Effects of insurance contracts issued and reinsurance contracts held that are initially recognized in the period for the Group are as follows. No contracts are acquired from other entities in business combinations or transfers of contracts.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Other than onerous contracts	Onerous contracts	Contracts without loss-recovery component on initial recognition	Contracts with loss-recovery component on initial recognition
Expected claims paid and received and other expenses	605,126	236,765	(59,446)	(2,061)
Acquisition expenses	112,598	68,711	—	—
Expected premiums received and paid	(819,270)	(307,456)	97,775	2,537
Risk adjustment for non-financial risk	21,842	17,563	(5,829)	(219)
CSM	79,702	—	(32,499)	(386)
Amount of losses (gains) recognized on initial recognition	—	15,584	—	(130)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Other than onerous contracts	Onerous contracts	Contracts without loss-recovery component on initial recognition	Contracts with loss-recovery component on initial recognition
Expected claims paid and received and other expenses	**720,150**	**175,351**	**(64,021)**	**(1,180)**
Acquisition expenses	**145,249**	**50,360**	**—**	**—**
Expected premiums received and paid	**(991,207)**	**(225,692)**	**105,888**	**1,311**
Risk adjustment for non-financial risk	**32,765**	**10,448**	**(6,003)**	**(94)**
CSM	**93,041**	**—**	**(35,864)**	**(78)**
Amount of losses (gains) recognized on initial recognition	**—**	**10,467**	**—**	**(41)**

(iv) Timing of CSM amortization

The timing of when CSM is expected to be recognized in profit or loss is as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	
	Insurance contracts	Reinsurance contracts
Within 1 year	41,851	(16,636)
1–2 years	6,379	(3,156)
2–3 years	3,899	(2,019)
3–4 years	2,510	(1,206)
4–5 years	1,623	(614)
Over 5 years	3,509	(732)
Total CSM	59,773	(24,367)

(Millions of yen)

	As of March 31, 2024		As of March 31, 2025	
	Insurance contracts	Reinsurance contracts	Insurance contracts	Reinsurance contracts
Within 1 year	42,836	(16,870)	**55,227**	**(19,003)**
1–2 years	6,733	(3,252)	**9,565**	**(3,321)**
2–3 years	3,954	(2,051)	**6,388**	**(2,073)**
3–4 years	2,645	(1,233)	**4,490**	**(1,243)**
4–5 years	1,743	(652)	**2,600**	**(665)**
Over 5 years	3,571	(913)	**3,433**	**(879)**
Total CSM	61,484	(24,973)	**81,705**	**(27,187)**

(2) Insurance contracts and reinsurance contracts measured by applying the PAA

Reconciliation from the beginning to the ending balances for insurance contracts and reinsurance contracts measured by applying the PAA

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	—	—	—	—	—
Beginning balance in liabilities	727,689	11,839	2,554,290	121,063	3,414,882
Beginning balance, net (assets)/ liabilities	727,689	11,839	2,554,290	121,063	3,414,882
Insurance revenue	(3,387,043)	—	—	—	(3,387,043)
Insurance service expenses					
Incurred claims and other expenses	—	—	2,395,003	37,051	2,432,055
Amortization of acquisition expenses	566,327	—	—	—	566,327
Gains and losses on onerous contracts	—	10,409	—	—	10,409
Changes in assets or liabilities for incurred claims	—	—	135,435	(41,152)	94,283
Investment components and premium refunds	(64,053)	—	64,053	—	—
Insurance finance expenses, net	2,120	(2,728)	153,070	7,470	159,933
Translation differences	34,149	(2,261)	248,192	13,714	293,795
Others	17,844	(823)	(28,206)	(604)	(11,789)
Amount of cash flows					
Premiums received	3,492,274	—	—	—	3,492,274
Acquisition expenses paid	(620,886)	—	—	—	(620,886)
Claims paid and other expenses	—	—	(2,406,575)	—	(2,406,575)
Ending balance, net (assets)/liabilities	768,422	16,434	3,115,264	137,543	4,037,666
Ending balance in assets	—	—	—	—	—
Ending balance in liabilities	768,422	16,434	3,115,264	137,543	4,037,666

(Millions of yen)

	Reinsurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	(174,685)	(4,858)	(746,243)	(49,547)	(975,335)
Beginning balance in liabilities	1,787	—	(806)	(68)	912
Beginning balance, net (assets)/liabilities	(172,897)	(4,858)	(747,050)	(49,616)	(974,423)
Income or expenses from reinsurance contracts held	753,292	(1,870)	(611,472)	10,367	150,317
Investment components and premium refunds	15,927	—	(15,927)	—	—
Reinsurance finance income, net	323	419	(51,080)	(2,936)	(53,273)
Changes in reinsurer's default risk	—	—	(1,799)	—	(1,799)
Translation differences	(20,346)	1,656	(85,989)	(5,344)	(110,023)
Others	(1,364)	(4)	14,401	614	13,646
Amount of cash flows					
Reinsurance premiums paid	(777,910)	—	—	—	(777,910)
Acquisition expenses paid	—	—	—	—	—
Reinsurance claims received and others	—	—	632,938	—	632,938
Ending balance, net (assets)/liabilities	(202,974)	(4,656)	(865,980)	(46,915)	(1,120,527)
Ending balance in assets	(202,974)	(4,656)	(865,980)	(46,915)	(1,120,527)
Ending balance in liabilities	—	—	—	—	—

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	**—**	**—**	**—**	**—**	**—**
Beginning balance in liabilities	**768,422**	**16,434**	**3,115,264**	**137,543**	**4,037,666**
Beginning balance, net (assets)/liabilities	**768,422**	**16,434**	**3,115,264**	**137,543**	**4,037,666**
Insurance revenue	**(3,573,241)**	**—**	**—**	**—**	**(3,573,241)**
Insurance service expenses					
Incurred claims and other expenses	**—**	**—**	**2,590,853**	**46,680**	**2,637,533**
Amortization of acquisition expenses	**640,633**	**—**	**—**	**—**	**640,633**
Gains and losses on onerous contracts	**—**	**(2,214)**	**—**	**—**	**(2,214)**
Changes in assets or liabilities for incurred claims	**—**	**—**	**869**	**(40,588)**	**(39,718)**
Investment components and premium refunds	**(63,555)**	**—**	**63,555**	**—**	**—**
Insurance finance expenses, net	**3,987**	**2,026**	**181,377**	**8,713**	**196,104**
Translation differences	**(32,683)**	**(1,556)**	**(18,580)**	**(2,368)**	**(55,189)**
Others	**(1,652)**	**(235)**	**(3,598)**	**(50)**	**(5,537)**
Amount of cash flows					
Premiums received	**3,739,888**	**—**	**—**	**—**	**3,739,888**
Acquisition expenses paid	**(666,410)**	**—**	**—**	**—**	**(666,410)**
Claims paid and other expenses	**—**	**—**	**(2,544,090)**	**—**	**(2,544,090)**
Ending balance, net (assets)/liabilities	**815,389**	**14,454**	**3,385,650**	**149,929**	**4,365,424**
Ending balance in assets	**(13,008)**	**0**	**11,537**	**526**	**(945)**
Ending balance in liabilities	**828,398**	**14,454**	**3,374,112**	**149,403**	**4,366,369**

(Millions of yen)

	Reinsurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	**(202,974)**	**(4,656)**	**(865,980)**	**(46,915)**	**(1,120,527)**
Beginning balance in liabilities	**—**	**—**	**—**	**—**	**—**
Beginning balance, net (assets)/liabilities	**(202,974)**	**(4,656)**	**(865,980)**	**(46,915)**	**(1,120,527)**
Income or expenses from reinsurance contracts held	**779,380**	**1,183**	**(489,275)**	**1,697**	**292,986**
Investment components and premium refunds	**9,393**	**—**	**(9,393)**	**—**	**—**
Reinsurance finance income, net	**162**	**(550)**	**(61,951)**	**(3,012)**	**(65,352)**
Changes in reinsurer's default risk	**—**	**—**	**(31)**	**—**	**(31)**
Translation differences	**14,094**	**533**	**2,568**	**861**	**18,058**
Others	**(857)**	**(225)**	**1,155**	**(213)**	**(141)**
Amount of cash flows					
Reinsurance premiums paid	**(781,793)**	**—**	**—**	**—**	**(781,793)**
Acquisition expenses paid	**—**	**—**	**—**	**—**	**—**
Reinsurance claims received and others	**—**	**—**	**554,337**	**—**	**554,337**
Ending balance, net (assets)/liabilities	**(182,593)**	**(3,714)**	**(868,571)**	**(47,583)**	**(1,102,463)**
Ending balance in assets	**(200,664)**	**(3,714)**	**(852,595)**	**(46,723)**	**(1,103,698)**
Ending balance in liabilities	**18,071**	**—**	**(15,976)**	**(859)**	**1,235**

(3) Comparison of actual claims and previous estimates of the undiscounted amount of the claims (i.e. claims development)

Claims development (before reinsurance contracts) is as follows. Due to the transition treatment, the Company has not disclosed claims development for accident year 2019 or before.

(Millions of yen)

Number of years passed	Accident year					
	Total	FY2020	FY2021	FY2022	FY2023	FY2024
At the end of accident year	—	2,042,730	2,321,304	2,899,941	2,799,343	**2,835,291**
1 year later	—	2,077,549	2,349,876	2,964,990	2,762,865	**—**
2 years later	—	2,106,184	2,346,906	2,948,153	—	**—**
3 years later	—	2,117,541	2,368,617	—	—	**—**
4 years later	—	2,167,049	—	—	—	**—**
Estimate of undiscounted cumulative claims	13,081,976	2,167,049	2,368,617	2,948,153	2,762,865	**2,835,291**
Cumulative payments to date	9,340,286	1,949,428	1,994,950	2,314,269	1,897,673	**1,183,965**
Undiscounted future cash outflows	3,741,690	217,621	373,667	633,883	865,192	**1,651,325**
Cumulative claims before 2019	534,401					
Effect of discounting	(405,423)					
Others	185,252					
Assets or liabilities for incurred claims	4,055,920					

17.3 Life insurance business

(1) Insurance contracts measured by not applying the PAA

(i) Reconciliation from the beginning to the ending balances for insurance contracts measured by not applying the PAA

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss component	Loss component		
Beginning balance in assets	(54,597)	—	33,397	(21,199)
Beginning balance in liabilities	2,669,517	4,673	52,106	2,726,297
Beginning balance, net (assets)/liabilities	2,614,920	4,673	85,504	2,705,098
Insurance revenue	(238,364)	—	—	(238,364)
Insurance service expenses				
Incurred claims and other expenses	—	(475)	105,876	105,401
Amortization of acquisition expenses	46,890	—	—	46,890
Gain and loss on onerous contracts	—	(71)	—	(71)
Changes in assets or liabilities for incurred claims	—	—	(278)	(278)
Investment component and premium refunds	(137,530)	—	137,530	—
Insurance finance expenses, net	(190,431)	94	(306)	(190,643)
Translation differences	—	—	—	—
Others	479	—	(0)	479
Amount of cash flows				
Premiums received	418,720	—	—	418,720
Acquisition expenses paid	(71,750)	—	—	(71,750)
Claims paid and other expenses	—	—	(243,717)	(243,717)
Ending balance, net (assets)/liabilities	2,442,934	4,221	84,608	2,531,764
Ending balance in assets	(53,347)	—	33,826	(19,521)
Ending balance in liabilities	2,496,282	4,221	50,781	2,551,285

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss component	Loss component		
Beginning balance in assets	**(53,347)**	**—**	**33,826**	**(19,521)**
Beginning balance in liabilities	**2,496,282**	**4,221**	**50,781**	**2,551,285**
Beginning balance, net (assets)/liabilities	**2,442,934**	**4,221**	**84,608**	**2,531,764**
Insurance revenue	**(244,665)**	**—**	**—**	**(244,665)**
Insurance service expenses				
Incurred claims and other expenses	**—**	**(531)**	**114,062**	**113,530**
Amortization of acquisition expenses	**49,324**	**—**	**—**	**49,324**
Gain and loss on onerous contracts	**—**	**2,120**	**—**	**2,120**
Changes in assets or liabilities for incurred claims	**—**	**—**	**47**	**47**
Investment component and premium refunds	**(129,873)**	**—**	**129,873**	**—**
Insurance finance expenses, net	**(372,114)**	**64**	**(1,695)**	**(373,745)**
Translation differences	**—**	**—**	**—**	**—**
Others	**399**	**—**	**(5)**	**394**
Amount of cash flows				
Premiums received	**420,082**	**—**	**—**	**420,082**
Acquisition expenses paid	**(76,329)**	**—**	**—**	**(76,329)**
Claims paid and other expenses	**—**	**—**	**(244,805)**	**(244,805)**
Ending balance, net (assets)/liabilities	**2,089,757**	**5,874**	**82,085**	**2,177,718**
Ending balance in assets	**(48,615)**	**0**	**33,266**	**(15,349)**
Ending balance in liabilities	**2,138,373**	**5,874**	**48,818**	**2,193,067**

(ii) Reconciliation from the beginning to the ending balances by component for the insurance contracts in (i) above

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	(122,009)	23,058	77,752	(21,199)
Beginning balance in liabilities	1,744,479	380,341	601,476	2,726,297
Beginning balance, net (assets)/liabilities	1,622,469	403,400	679,228	2,705,098
Changes related to future services				
Contracts initially recognized	(97,066)	28,954	68,112	—
CSM adjustment	20,239	(73,015)	52,775	—
Changes in estimates related to losses and reversal of losses on onerous contracts	5	(76)	—	(71)
Changes related to current services				
CSM amortization	—	—	(56,965)	(56,965)
Changes in risk adjustment for non-financial risk	—	(27,294)	—	(27,294)
Experience adjustments	(1,812)	—	—	(1,812)
Changes related to past services				
Changes in assets or liabilities for incurred claims	(278)	—	—	(278)
Insurance finance expenses, net	(210,323)	972	18,707	(190,643)
Translation differences	—	—	—	—
Others	479	—	—	479
Amount of cash flows	103,252	—	—	103,252
Ending balance, net (assets)/liabilities	1,436,965	332,940	761,858	2,531,764
Ending balance in assets	(110,085)	17,042	73,521	(19,521)
Ending balance in liabilities	1,547,050	315,898	688,336	2,551,285

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	**(110,085)**	**17,042**	**73,521**	**(19,521)**
Beginning balance in liabilities	**1,547,050**	**315,898**	**688,336**	**2,551,285**
Beginning balance, net (assets)/liabilities	**1,436,965**	**332,940**	**761,858**	**2,531,764**
Changes related to future services				
Contracts initially recognized	**(89,630)**	**19,755**	**69,874**	**—**
CSM adjustment	**46,957**	**(1,239)**	**(45,717)**	**—**
Changes in estimates related to losses and reversal of losses on onerous contracts	**2,064**	**56**	**—**	**2,120**
Changes related to current services				
CSM amortization	**—**	**—**	**(61,205)**	**(61,205)**
Changes in risk adjustment for non-financial risk	**—**	**(22,079)**	**—**	**(22,079)**
Experience adjustments	**1,474**	**—**	**—**	**1,474**
Changes related to past services				
Changes in assets or liabilities for incurred claims	**47**	**—**	**—**	**47**
Insurance finance expenses, net	**(363,341)**	**(22,343)**	**11,939**	**(373,745)**
Translation differences	**—**	**—**	**—**	**—**
Others	**394**	**—**	**—**	**394**
Amount of cash flows	**98,946**	**—**	**—**	**98,946**
Ending balance, net (assets)/liabilities	**1,133,878**	**307,090**	**736,749**	**2,177,718**
Ending balance in assets	**(102,733)**	**15,535**	**71,848**	**(15,349)**
Ending balance in liabilities	**1,236,611**	**291,554**	**664,900**	**2,193,067**

(iii) Effects of contracts initially recognized

Effects of insurance contracts issued that are initially recognized in the period for the Group are as follows. No contracts are acquired from other entities in business combinations or transfers of contracts.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts	
	Other than onerous contracts	Onerous contracts
Expected claims paid and other expenses	326,038	—
Acquisition expenses	61,240	—
Expected premiums received	(484,345)	—
Risk adjustment for non-financial risk	28,954	—
CSM	68,112	—
Amount of loss (gain) recognized on initial recognition	—	—

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts	
	Other than onerous contracts	Onerous contracts
Expected claims paid and other expenses	**277,615**	**—**
Acquisition expenses	**59,120**	**—**
Expected premiums received	**(426,366)**	**—**
Risk adjustment for non-financial risk	**19,755**	**—**
CSM	**69,874**	**—**
Amount of loss (gain) recognized on initial recognition	**—**	**—**

(iv) Timing of CSM amortization

The timing of when CSM is expected to be recognized in profit or loss is as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Within 1 year	43,416	48,300	**47,517**
1–2 years	39,846	44,381	**43,659**
2–3 years	36,569	40,761	**40,088**
3–4 years	33,560	37,405	**36,838**
4–5 years	30,866	34,490	**34,064**
5–10 years	125,259	141,637	**140,149**
Over 10 years	369,709	414,881	**394,432**
Total CSM	679,228	761,858	**736,749**

(2) Insurance contracts and reinsurance contracts measured by applying the PAA

Reconciliation from the beginning to the ending balances for insurance contracts and reinsurance contracts measured by applying the PAA

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	—	—	—	—	—
Beginning balance in liabilities	108	—	5,001	—	5,109
Beginning balance, net (assets)/liabilities	108	—	5,001	—	5,109
Insurance revenue	(10,129)	—	—	—	(10,129)
Insurance service expenses					
Incurred claims and other expenses	—	—	9,454	—	9,454
Amortization of acquisition expenses	158	—	—	—	158
Gain or loss on onerous contracts	—	—	—	—	—
Changes in assets or liabilities for incurred claims	—	—	—	—	—
Investment component and premium refunds	—	—	—	—	—
Insurance finance expenses, net	—	—	—	—	—
Translation differences	—	—	—	—	—
Others	—	—	—	—	—
Amount of cash flows					
Premiums received	10,132	—	—	—	10,132
Acquisition expenses paid	(158)	—	—	—	(158)
Claims paid and other expenses	—	—	(9,371)	—	(9,371)
Ending balance, net (assets)/liabilities	111	—	5,084	—	5,195
Ending balance in assets	—	—	—	—	—
Ending balance in liabilities	111	—	5,084	—	5,195

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reinsurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	(331)	(187)	(1,860)	—	(2,378)
Beginning balance in liabilities	—	—	—	—	—
Beginning balance, net (assets)/liabilities	(331)	(187)	(1,860)	—	(2,378)
Income or expenses from reinsurance contracts held	4,045	5	(3,595)	—	455
Investment component and premium refunds	—	—	—	—	—
Reinsurance finance revenue, net	—	—	—	—	—
Changes in reinsurer's default risk	—	—	—	—	—
Translation differences	—	—	—	—	—
Others	53	—	(164)	—	(110)
Amount of cash flows					
Reinsurance premiums paid	(3,895)	—	—	—	(3,895)
Acquisition expenses paid	—	—	—	—	—
Reinsurance claims received and others	—	—	3,609	—	3,609
Ending balance, net (assets)/liabilities	(128)	(181)	(2,010)	—	(2,320)
Ending balance in assets	(128)	(181)	(2,010)	—	(2,320)
Ending balance in liabilities	—	—	—	—	—

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	–	–	–	–	–
Beginning balance in liabilities	**111**	–	**5,084**	–	**5,195**
Beginning balance, net (assets)/liabilities	**111**	–	**5,084**	–	**5,195**
Insurance revenue	**(10,050)**	–	–	–	**(10,050)**
Insurance service expenses					
Incurred claims and other expenses	–	–	**9,178**	–	**9,178**
Amortization of acquisition expenses	**164**	–	–	–	**164**
Gain or loss on onerous contracts	–	–	–	–	–
Changes in assets or liabilities for incurred claims	–	–	–	–	–
Investment component and premium refunds	–	–	–	–	–
Insurance finance expenses, net	–	–	–	–	–
Translation differences	–	–	–	–	–
Others	–	–	–	–	–
Amount of cash flows					
Premiums received	**10,087**	–	–	–	**10,087**
Acquisition expenses paid	**(164)**	–	–	–	**(164)**
Claims paid and other expenses	–	–	**(9,233)**	–	**(9,233)**
Ending balance, net (assets)/liabilities	**147**	–	**5,029**	–	**5,177**
Ending balance in assets	–	–	–	–	–
Ending balance in liabilities	**147**	–	**5,029**	–	**5,177**

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reinsurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	**(128)**	**(181)**	**(2,010)**	–	**(2,320)**
Beginning balance in liabilities	–	–	–	–	–
Beginning balance, net (assets)/liabilities	**(128)**	**(181)**	**(2,010)**	–	**(2,320)**
Income or expenses from reinsurance contracts held	**4,026**	**(65)**	**(3,587)**	–	**373**
Investment component and premium refunds	–	–	–	–	–
Reinsurance finance revenue, net	–	–	–	–	–
Changes in reinsurer's default risk	–	–	–	–	–
Translation differences	–	–	–	–	–
Others	**(37)**	–	**557**	–	**519**
Amount of cash flows					
Reinsurance premiums paid	**(3,966)**	–	–	–	**(3,966)**
Acquisition expenses paid	–	–	–	–	–
Reinsurance claims received and others	–	–	**3,521**	–	**3,521**
Ending balance, net (assets)/liabilities	**(105)**	**(247)**	**(1,518)**	–	**(1,871)**
Ending balance in assets	**(105)**	**(247)**	**(1,518)**	–	**(1,871)**
Ending balance in liabilities	–	–	–	–	–

(3) Comparison of actual claims and previous estimates of the undiscounted amount of the claims (i.e. claims development)

In the life insurance business, the Group has not disclosed claims development table as the uncertainty about the amount and timing of the claims payments is typically resolved within one year.

17.4 Transition to IFRS 17

On transition to IFRS 17, the Group applies the full retrospective approach to the extent practicable. However, in identifying and measuring certain groups of contracts, the Group applied the modified retrospective approach or the fair value approach as the Group did not have reasonable and supportable information to apply IFRS 17 retrospectively.

For the P&C insurance business, domestic insurance companies apply the full retrospective approach to groups of insurance contracts and reinsurance contracts related to new contracts on or after January 1, 2022. For other groups of insurance and reinsurance contracts, the fair value approach is applied. Additionally, overseas insurance companies apply the full retrospective approach to groups of insurance and reinsurance contracts related to new contracts on or after January 1, 2020. For other groups of insurance and reinsurance contracts, the modified retrospective approach is applied.

For the life insurance business, the full retrospective approach is applied to groups of insurance contracts related to new contracts on or after April 1, 2022. For other groups of insurance contracts, the fair value approach is applied to variable insurance contracts, and the modified retrospective approach is applied to non-variable insurance contracts.

For the contracts to which the modified retrospective approach is applied, the Group determined the CSM or the loss component of the liability for remaining coverage at the date of transition based on assumptions and estimates of cash flows with reasonable and supportable information available at the date of transition. In addition, for the insurance contracts acquired through a business combination that falls within the scope of IFRS 3 *Business Combinations* (hereinafter "IFRS 3"), insurance liabilities for loss incurred prior to the business combination are categorized to insurance liabilities for incurred claims.

For the contracts to which the fair value approach is applied, the Group determined the CSM or the loss component of the liability for remaining coverage at the date of transition as the difference between the fair value of the group of contracts and the fulfilment cash flows based on reasonable and supportable information available at the date of transition. In addition, for all groups of contracts measured under the fair value approach, the amount of insurance finance income and expenses accumulated in OCI at the date of transition was determined to be zero.

For the groups of contracts to which the modified retrospective approach or the fair value approach is applied at the transition date, the effects on CSM and insurance revenue are as follows:

(1) Effects on CSM

(i) P&C insurance business

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts				Reinsurance contracts			
	Modified retrospective approach	Fair value approach	Others	Total	Modified retrospective approach	Fair value approach	Others	Total
Beginning balance (assets)/liabilities	—	20,054	39,718	59,773	—	(9,090)	(15,276)	(24,367)
Changes related to future services								
Contracts initially recognized	—	—	79,702	79,702	—	—	(32,885)	(32,885)
CSM adjustment	—	820	28,112	28,932	—	(500)	(3,768)	(4,269)
Changes related to current services								
CSM amortization	—	(7,515)	(99,351)	(106,867)	—	4,116	32,411	36,527
Insurance finance expenses, net and reinsurance finance revenue, net	—	(17)	(38)	(56)	—	7	14	21
Translation differences	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Ending balance (assets)/liabilities	—	13,342	48,142	61,484	—	(5,466)	(19,506)	(24,973)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts				Reinsurance contracts			
	Modified retrospective approach	Fair value approach	Others	Total	Modified retrospective approach	Fair value approach	Others	Total
Beginning balance (assets)/liabilities	**—**	**13,342**	**48,142**	**61,484**	**—**	**(5,466)**	**(19,506)**	**(24,973)**
Changes related to future services								
Contracts initially recognized	**—**	**—**	**93,041**	**93,041**	**—**	**—**	**(35,943)**	**(35,943)**
CSM adjustment	**—**	**1,339**	**34,998**	**36,338**	**—**	**(271)**	**(4,506)**	**(4,777)**
Changes related to current services								
CSM amortization	**—**	**(4,706)**	**(104,573)**	**(109,279)**	**—**	**2,567**	**35,986**	**38,553**
Insurance finance expenses, net and reinsurance finance revenue, net	**—**	**(2)**	**123**	**121**	**—**	**0**	**(47)**	**(46)**
Translation differences	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Others	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Ending balance (assets)/liabilities	**—**	**9,973**	**71,732**	**81,705**	**—**	**(3,169)**	**(24,017)**	**(27,187)**

(ii) Life insurance business

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Insurance contracts				Reinsurance contracts			
	Modified retrospective approach	Fair value approach	Others	Total	Modified retrospective approach	Fair value approach	Others	Total
Beginning balance (assets)/liabilities	625,363	551	53,313	679,228	—	—	—	—
Changes related to future services								
Contracts initially recognized	—	—	68,112	68,112	—	—	—	—
CSM adjustment	63,473	(3,112)	(7,585)	52,775	—	—	—	—
Changes related to current services								
CSM amortization	(50,598)	(217)	(6,150)	(56,965)	—	—	—	—
Insurance finance expenses, net and reinsurance finance revenue, net	10,639	7,814	253	18,707	—	—	—	—
Translation differences	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Ending balance (assets)/liabilities	648,878	5,036	107,943	761,858	—	—	—	—

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts				Reinsurance contracts			
	Modified retrospective approach	Fair value approach	Others	Total	Modified retrospective approach	Fair value approach	Others	Total
Beginning balance (assets)/liabilities	**648,878**	**5,036**	**107,943**	**761,858**	**—**	**—**	**—**	**—**
Changes related to future services								
Contracts initially recognized	**—**	**—**	**69,874**	**69,874**	**—**	**—**	**—**	**—**
CSM adjustment	**(19,850)**	**(106)**	**(25,760)**	**(45,717)**	**—**	**—**	**—**	**—**
Changes related to current services								
CSM amortization	**(50,752)**	**(405)**	**(10,047)**	**(61,205)**	**—**	**—**	**—**	**—**
Insurance finance expenses, net and reinsurance finance revenue, net	**11,742**	**1,666**	**(1,469)**	**11,939**	**—**	**—**	**—**	**—**
Translation differences	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Others	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Ending balance (assets)/liabilities	**590,018**	**6,190**	**140,541**	**736,749**	**—**	**—**	**—**	**—**

(2) Effects on insurance revenue

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)			Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		
	P&C insurance business	Life insurance business	Total	P&C insurance business	Life insurance business	Total
Modified retrospective approach	31,031	211,909	242,940	**7,570**	**200,937**	**208,508**
Fair value approach	196,765	492	197,258	**147,193**	**686**	**147,879**
Others	4,360,539	36,091	4,396,631	**4,656,040**	**53,092**	**4,709,133**
Total	4,588,336	248,493	4,836,830	**4,810,804**	**254,716**	**5,065,520**

(3) Reconciliation of other comprehensive income on financial assets

For financial assets related to insurance contracts to which transitional provisions on other comprehensive income are applied, reconciliation of the cumulative amount included in other comprehensive income is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Beginning balance	141	**(8,554)**
Amount recognized during the period	(21,565)	**(28,831)**
Reclassification adjustment	9,504	**33,227**
Tax effect	3,364	**(1,107)**
Ending balance	(8,554)	**(5,265)**

18. Income taxes

(1) Details of deferred tax assets and deferred tax liabilities

The reconciliation of deferred tax assets and deferred tax liabilities by class of temporary differences is as follows.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Balance as of April 1, 2023	Recognized in profit or loss	Recognized in OCI	Others	Balance as of March 31, 2024
Deferred tax assets					
Insurance or reinsurance contracts	271,151	(4,663)	(69,084)	—	197,402
Investment securities	49,240	(6,728)	64,524	—	107,036
Fixed assets	42,195	59,408	2,827	185	104,617
Employee benefits	42,933	(986)	919	8	42,875
Lease liabilities	84,099	(10,849)	0	—	73,250
Others	34,591	(8,078)	1,291	379	28,183
Subtotal	524,211	28,101	478	573	553,365
Deferred tax liabilities					
Insurance or reinsurance contracts	340,156	15,854	12,555	—	368,566
Investment securities	371,440	40,187	150,766	(1)	562,392
Employee benefits	7,998	(85)	8,440	—	16,353
Right-of-use assets	85,006	(10,817)	—	—	74,189
Others	21,807	(4,592)	516	3,086	20,818
Subtotal	826,410	40,545	172,279	3,085	1,042,321
Net amount of deferred tax assets (liabilities)	(302,199)	(12,443)	(171,800)	(2,511)	(488,955)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Balance as of April 1, 2024	Recognized in profit or loss	Recognized in OCI	Others	Balance as of March 31, 2025
Deferred tax assets					
Insurance or reinsurance contracts	**197,402**	**1,275**	**(100,166)**	**—**	**98,510**
Investment securities	**107,036**	**(12,415)**	**98,144**	**—**	**192,766**
Fixed assets	**104,617**	**2,051**	**(777)**	**24**	**105,915**
Employee benefits	**42,875**	**1,316**	**3,367**	**—**	**47,559**
Lease liabilities	**73,250**	**(468)**	**(0)**	**—**	**72,782**
Others	**28,183**	**21,246**	**(53)**	**—**	**49,376**
Subtotal	**553,365**	**13,006**	**514**	**24**	**566,910**
Deferred tax liabilities					
Insurance or reinsurance contracts	**368,566**	**27,015**	**48,304**	**—**	**443,886**
Investment securities	**562,392**	**(23,194)**	**(66,296)**	**—**	**472,901**
Employee benefits	**16,353**	**(51)**	**183**	**—**	**16,486**
Right-of-use assets	**74,189**	**(347)**	**—**	**—**	**73,842**
Others	**20,818**	**1,863**	**(111)**	**(203)**	**22,366**
Subtotal	**1,042,321**	**5,285**	**(17,919)**	**(203)**	**1,029,482**
Net amount of deferred tax assets (liabilities)	**(488,955)**	**7,721**	**18,434**	**227**	**(462,572)**

In recognizing deferred tax assets, the Group considers the probability that some or all future deductible temporary differences, unused tax losses and unused tax credits will be available for future taxable income. For the assessment of the recoverability of deferred tax assets, consideration is given to reversal of deferred tax liabilities, projected future taxable income and tax planning. On the basis of the past taxable income level and the prospects on future taxable income for the period during which deferred tax assets can be deducted, the Group believes it is highly probable that the deferred tax assets recognized at the end of the fiscal year will be recovered.

Additionally, deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. However, the assessment of recoverability is based on estimates of taxable income for each future fiscal year determined by the Group's business plan. These estimates of future taxable income are subject to potential impacts of uncertain economic conditions in the future, which pose a risk of significant adjustments to the carrying amount of deferred tax assets over time.

(2) Unrecognized deferred tax assets and deferred tax liabilities

Deductible temporary differences for which deferred tax assets have not been recognized, unused tax losses and expiration dates are as follows. Additionally, amounts are stated as the tax amounts.

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Deductible temporary differences	33,109	28,710	**29,659**
Unused tax losses			
Within 1 year	2,055	1,475	**1,629**
1–2 years	1,614	1,629	**1,494**
2–3 years	1,629	1,446	**—**
3–4 years	1,651	—	**1,333**
4–5 years	576	2,611	**3,539**
Over 5 years (Note)	20,175	19,986	**20,067**

(Note) Unused tax losses over 5 years are mainly those without an expiration date arising primarily from the overseas insurance business.

Total taxable temporary differences related to investments in subsidiaries and others for which deferred tax liabilities have not been recognized are 1,661,442 million yen, 2,119,894 million yen and 2,276,251 million yen as of April 1, 2023 (transition date), March 31, 2024 and March 31, 2025, respectively. Deferred tax liabilities have not been recognized as the Group is able to control the timing to reverse the temporary differences and the likelihood is high that the temporary differences will not be reversed within a predictable period.

(3) Income tax expenses

The breakdown of income tax expenses in the consolidated statement of income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Current tax expenses	70,345	**92,790**
Deferred tax expenses		
Origination and reversal of temporary differences	8,628	**(24,496)**
Effects from changes in tax rate	(938)	**9,454**
Changes in unused tax losses	9,452	**2,374**
Changes in unrecognized deferred tax assets	(4,698)	**4,946**
Subtotal	12,443	**(7,721)**
Income tax expenses recognized in the consolidated statement of income	82,789	**85,068**

(Note) Current tax expenses for the current fiscal year includes 4,527 million yen of tax expense due to Global minimum tax.

(4) Effective tax rate

The reconciliation from the statutory effective tax rate to the actual average effective tax rate is as follows:

(%)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Statutory effective tax rate in Japan	30.6	**30.6**
Difference in tax rates of subsidiaries	(6.4)	**(13.0)**
Effects from changes in tax rate	(0.1)	**3.1**
Investment gains (losses) on the equity method	(0.1)	**2.3**
Dividend income deducted from taxable profit	(0.9)	**(1.9)**
Entertainment expenses deducted from deductible expenses	0.2	**1.6**
Global minimum tax	—	**1.4**
Changes in unrecognized deferred tax assets	(0.9)	**0.7**
Others	(8.8)	**1.1**
Actual average effective tax rate	13.5	**25.8**

The Company is subject to corporate tax, inhabitant tax and enterprise tax, and the statutory effective tax rate based on these taxes is 30.6% for the current and previous fiscal years. For overseas subsidiaries, local corporate income taxes are imposed.

(Effects from changes in corporate tax rate)

"Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, whereby a special defense corporation tax will be imposed from a fiscal year beginning on or after April 1, 2026.

In line with this, the effective statutory income tax rate for the calculation of deferred tax assets and deferred tax liabilities relating to temporary differences expected to be eliminated in and after a fiscal year beginning on or after April 1, 2026, was primarily changed from 27.9% to 28.9%.

As a result of this change, deferred tax liabilities (after deducting deferred tax assets) increased by 18,796 million yen, insurance contract liabilities increased by 2,967 million yen, income tax expenses increased by 9,662 million yen, and net income attributable to owners of parent decreased by 12,624 million yen, for the fiscal year ended March 31, 2025.

(5) Global Minimum Tax

To comply with the Global Minimum Tax system agreed by the Organization for Economic Co-operation and Development (OECD) in October 2021, Japan introduced corporate taxes and other related taxes on the international minimum taxable amount, effective from April 1, 2024. The Group has applied the revised IAS 12, published in May 2023. In accordance with this revision, the Group has not recognized or disclosed deferred tax assets and liabilities related to corporate income taxes arising from the Global Minimum Tax system.

In connection with the Global Minimum Tax imposed on the Group, it recognized 4,527 million yen in current tax expenses. As noted above, the revised tax law in Japan related to this matter was applied from the fiscal year beginning on or after April 1, 2024. Therefore, there is no impact on tax expenses for the previous fiscal year.

19. Employee benefits

(1) Overview of retirement benefit plans

The Company has introduced defined benefit pension plans, such as a retirement lump sum payment plan, in addition to defined contribution pension plans.

Sompo Japan Insurance Inc., a subsidiary, has introduced a retirement lump-sum payment plan, a contract-type pension plan covering pensioners and waiting beneficiaries, and a retirement pension plan managed by the subsidiary itself as part of its defined benefit pension plans, in addition to defined contribution pension plans. Corporate pension systems in Japan have uniform rules for funding standards, fiduciary responsibility, information disclosure, etc. Based on the basic policy for the management of pension assets, relevant departments conduct meetings to discuss investment policies and results as required. A financial reassessment is conducted at least every five years based on the company's financial status and asset management outlook, and if funding standards are not met, contributions are increased.

Plan assets are legally separated from the Group. Asset management trustees are responsible for plan assets, obligated to fulfil fiduciary duties to the pension system participants, responsibilities such as obligations for diversified investment, and are prohibited from engaging in actions that pose a conflict of interest. Additionally, a retirement benefit trust has also been established.

Other domestic subsidiaries have unfunded-type retirement lump-sum payment plans as defined benefit plans as well as defined contribution pension plans. Certain overseas subsidiaries have defined contribution-type and defined benefit-type retirement benefit plans.

(2) Defined benefit plans

(i) Reconciliation from the beginning to the ending balances of defined benefit obligation

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Beginning balance	166,730	**156,215**
Current service cost	10,427	**9,902**
Interest expenses	1,999	**2,178**
Remeasurement of defined benefit obligation		
Changes in demographic assumptions	(2,636)	**(705)**
Changes in financial assumptions	(3,155)	**(6,693)**
Experience adjustments	2,769	**2,305**
Amount of benefits paid	(20,077)	**(19,526)**
Past service cost	1	**4,085**
Translation differences	271	**(299)**
Others	(117)	**(6)**
Ending balance	156,215	**147,455**

Retirement benefit costs on defined benefit plans are recognized in "Insurance service expenses," "Expenses related to investment," "Administrative expenses," and "Other expenses" on the consolidated statement of income.

Following the revision of part of the retirement lump-sum payment plans, past service cost of 4,085 million yen was incurred and recognized in profit or loss.

Weighted average durations of the defined benefit obligation in Sompo Japan Insurance, Inc., a major subsidiary, are mainly 7.1 years, 6.9 years and 6.6 years at the transition date, at the end of the previous fiscal year, and at the end of the current fiscal year, respectively. Significant actuarial assumptions used in the measurement of the present value of the defined benefit obligation are as follows.

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Discount rate			
Subsidiaries in Japan	0.40%–1.30%	0.40%–1.50%	**1.60%–2.20%**
Subsidiaries outside of Japan	2.90%–6.75%	3.00%–6.55%	**2.30%–7.74%**

The effect of changes in the discount rate on the present value of the defined benefit obligation for Sompo Japan Insurance, Inc., a major subsidiary, is as follows. This sensitivity analysis is based on the assumption that all other variables are held constant. Changes in other actuarial assumptions, however, may in fact affect the analysis.

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
0.5% rise in discount rate	(5,325)	(4,755)	**(4,183)**
0.5% fall in discount rate	5,646	5,031	**4,416**

(ii) Reconciliation from the beginning to the ending balances of plan assets

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Beginning balance	108,172	**135,563**
Interest revenue	1,332	**1,904**
Remeasurement of plan assets		
Income from plan assets	25,823	**(16,371)**
Amount of benefits paid	(2,140)	**(2,055)**
Contribution from employer	1,971	**2,131**
Translation differences	404	**(390)**
Others	0	**28**
Ending balance	135,563	**120,810**

The fair value of plan assets by type is as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)		
	With quoted market price in active market	Without quoted market price in active market	Total
Stocks	71,469	—	71,469
Bonds	9,191	16,926	26,117
Cash and cash equivalents	405	—	405
Others	—	10,178	10,178
Total	81,066	27,105	108,172

(Millions of yen)

	As of March 31, 2024			As of March 31, 2025		
	With quoted market price in active market	Without quoted market price in active market	Total	With quoted market price in active market	Without quoted market price in active market	Total
Stocks	92,250	—	92,250	**22,933**	**—**	**22,933**
Bonds	8,828	21,966	30,794	**19,402**	**21,730**	**41,132**
Cash and cash equivalents	2,013	—	2,013	**45,769**	**—**	**45,769**
Others	—	10,505	10,505	**—**	**10,974**	**10,974**
Total	103,092	32,471	135,563	**88,105**	**32,705**	**120,810**

The asset management policy for the Group's principal plan assets aims to secure stable earnings over the medium to long term in order to ensure payments of future defined benefit obligation. For that reason, the Group thoroughly verifies the acceptable degree of risk, determines the optimal asset mix within the risk range, and makes diversified investments mainly in domestic stocks and bonds. The investment performance of the plan assets is monitored periodically and the asset allocation is reviewed as necessary, taking into account the financial condition and operational environment of the defined benefit pension plans. The amount of contribution expected in the next fiscal year is 2,422 million yen.

(iii) Amounts recognized in the consolidated statement of financial position

Amounts recognized in the consolidated statement of financial position related to the defined benefit plans are as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Present value of defined benefit plans obligation	157,102	146,172	**137,263**
Fair value of plan assets	(108,172)	(135,563)	**(120,810)**
Subtotal	48,930	10,608	**16,453**
Present value of defined benefit obligation on unfunded-type plans	9,628	10,042	**10,192**
Effect of asset ceiling	339	528	**616**
Others	150	137	**389**
Net of defined benefit liabilities (assets) recognized in the consolidated statement of financial position	59,048	21,316	**27,651**
Retirement benefit liabilities	59,272	21,735	**28,338**
Retirement benefit assets	(223)	(418)	**(687)**

(iv) Effect of asset ceiling

The changes in the effect of asset ceiling are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Beginning balance effect	339	**528**
Interest expenses	33	**49**
Changes in effect of asset ceiling (excluding interest expenses)	86	**117**
Others	69	**(79)**
Ending balance effect	528	**616**

(Note) When the defined benefit plans are overfunded, the defined benefit assets in the consolidated statement of financial position are set to be up to the present value of future benefits that are available in the form of a reduction in future contributions to the defined benefit plans.

(3) Defined contribution plans

The amount recognized as expenses concerning the defined contribution plans is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Retirement benefit costs on defined contribution plans	36,626	**38,064**

Retirement benefit costs on defined contribution plans are recognized in "Insurance service expenses," "Expenses related to investment," "Administrative expenses," and "Other expenses" on the consolidated statement of income.

20. Provisions

The details of and changes in provisions for the current fiscal year are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		
	Asset retirement obligation	Others	Total
Beginning balance	**4,094**	**—**	**4,094**
Increase during the period	**135**	**—**	**135**
Decrease during the period (intended use)	**(5)**	**—**	**(5)**
Decrease during the period (reversal)	**—**	**—**	**—**
Interest accretion	**78**	**—**	**78**
Ending balance (Note)	**4,302**	**—**	**4,302**

(Note) Of the amounts outstanding at the end of the current fiscal year, the amounts due within one year are 2 million yen.

Asset retirement obligation

Asset retirement obligations relate to the removal of hazardous substances required at the time of removal or demolition of property and equipment. The expected timing of the outflow of economic benefits in the future is expected to be one year after the end of the fiscal year. However, they may be affected by future business plans and other factors.

21. Bonds issued and borrowings

(1) Bonds issued and borrowings

The details of bonds issued and borrowings are as follows:

(Millions of yen)

Type	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025	Average interest rate (Note 1)	Due date
Bonds issued (Note 2)	607,470	686,209	**684,686**	—	—
Short-term borrowings (Note 2)	658	615	**280**	1.00%	—
Long-term borrowings (Note 2)	6,296	4,913	**6,235**	0.75%	April 26, 2025 to May 26, 2032
Total	614,424	691,738	**691,201**	—	—

(Notes) 1. Average interest rate is weighted average for the balance of the bonds issued and borrowings as of the end of the current fiscal year.
2. Categorized as finance liabilities measured at amortized cost.

The details of bonds issued are as follows:

(Millions of yen)

Entity	Name	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025	Issue date	Interest rate	Collateral	Maturity date
The Company	The first series of unsecured straight bond with inter-bond pari passu clause (Social bond)	—	69,878	**69,908**	Apr. 27, 2023	0.48%	None	Apr. 27, 2028
Sompo Japan Insurance Inc.	The first series of unsecured subordinated bonds with interest deferrable clause and early redeemable option	99,735	99,813	**99,891**	Aug. 8, 2016	0.84% (Note 2)	None	Aug. 8, 2046
Sompo Japan Insurance Inc.	The second series of unsecured subordinated bonds with interest deferrable clause and early redeemable option	99,762	99,832	**99,903**	Aug. 8, 2016	0.84% (Note 2)	None	Aug. 8, 2076
Sompo Japan Insurance Inc.	The third series of unsecured subordinated bonds with interest deferrable clause and early redeemable option	99,710	99,780	**99,851**	Apr. 26, 2017	1.06% (Note 3)	None	Apr. 26, 2077
Sompo Japan Insurance Inc.	The first series of unsecured straight bonds with inter-bond pari passu clause	49,888	49,912	**49,937**	Oct. 14, 2022	0.43%	None	Oct. 14, 2027
Sompo Japan Insurance Inc.	The second series of unsecured straight bonds with inter-bond pari passu clause	49,840	49,857	**49,873**	Oct. 14, 2022	0.75%	None	Oct. 14, 2032
Sompo Japan Insurance Inc.	The fourth series of unsecured subordinated bonds with interest deferrable clause and early redeemable option	126,129	126,208	**126,288**	Feb. 13, 2023	2.50% (Note 4)	None	Feb. 13, 2083
Sompo International Holdings Ltd.	U.S. dollar-denominated straight notes (Note 1)	31,915 [239 million USD]	34,400 [227 million USD]	**33,670 [225 million USD]**	Jul. 15, 2004	7.00%	None	Jul. 15, 2034
Sompo International Holdings Ltd.	U.S. dollar-denominated straight notes (Note 1)	12,882 [96 million USD]	14,232 [94 million USD]	**13,951 [93 million USD]**	Mar. 23, 2010	7.00%	None	Jul. 15, 2034
Sompo International Holdings Ltd.	U.S. dollar-denominated straight notes (Note 1)	37,605 [281 million USD]	42,293 [279 million USD]	**41,410 [276 million USD]**	Dec. 28, 2020	4.50%	None	Dec. 31, 2027
Total	—	607,470	686,209	**684,686**	—	—	—	—

(Notes) 1. As these bonds were issued overseas, foreign currency amounts are presented in brackets [ ].
2. The interest rate will be variable (with a step-up feature) from the day after August 8, 2026.
3. The interest rate will be variable (with a step-up feature) from the day after April 26, 2027.
4. The interest rate will be the 1-year government bond yield plus 3.00% from the day after February 13, 2033.

(2) Collateral

Assets pledged as collateral are as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Cash and cash equivalents as well as loans and advances	33,554	35,032	**33,324**
Investment securities (Note)	830,562	895,308	**596,875**
Property and equipment	919	871	**826**
Other assets	3,111	166	**64**
Total	868,148	931,379	**631,091**

(Note) Of the investment securities that are pledged as collateral, the amounts of the investment securities that can be repledged as collateral or resold by counterparties under repurchase transactions and securities lending transactions at the transition date, at the end of the previous fiscal year, and at the end of the current fiscal year are 559,639 million yen, 512,134 million yen and 139,657 million yen, respectively.

(3) Reconciliation of liabilities from financing activities

The reconciliation of liabilities from financing activities is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)			Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		
	Repo and similar securities borrowings (Note 1)	Bonds issued and borrowings	Other liabilities (Lease liabilities)	Repo and similar securities borrowings (Note 1)	Bonds issued and borrowings	Other liabilities (Lease liabilities)
Beginning balance	177,859	614,424	361,325	**155,078**	**691,738**	**331,571**
Changes in cash flows from financing activities (Note 2)	(22,780)	66,722	(38,787)	**(155,078)**	**986**	**(37,986)**
Translation differences	—	10,932	3,578	**—**	**(1,119)**	**(364)**
Lease	—	—	21,700	**—**	**—**	**36,880**
Others	—	(342)	(16,244)	**—**	**(403)**	**4,521**
Ending balance	155,078	691,738	331,571	**—**	**691,201**	**334,622**

(Notes) 1. The difference of figures between this table and 'Repo and similar securities borrowings' in Consolidated Statement of Financial Position is the repo and similar securities borrowings related to investment activities.
2. Changes in cash flows from financing activities related to Other liabilities (Lease liabilities) are included in 'Others' of Cash flows from financing activities in Consolidated Statement of Cash Flows.

22. Equity and other components of equity

(1) Common stock

(Thousand shares)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Number of shares authorized (Note 3)	1,200,000	1,200,000	**3,600,000**
Number of shares outstanding (Notes 1, 2 & 3)	347,698	330,160	**990,482**

(Notes) 1. The stock issued by the Company is no-par common stock and fully paid. The shares outstanding mentioned above include treasury stocks held by the Group.
2. The decrease in the total number of shares outstanding in the previous fiscal year was due to the cancellation of 17,538 thousand treasury stocks based on a resolution of the Board of Directors
3. The Group amended the Articles of Incorporation and conducted a 3-for-1 stock split effective April 1, 2024. As a result, the total number of shares authorized increased by 2,400,000 thousand shares, and the total number of shares outstanding increased by 660,321 thousand shares.

(2) Treasury stocks

The changes in the number of treasury stocks are as follows:

(Thousand shares)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Beginning balance	14,615	**959**
Increase during the period	4,004	**51,022**
Decrease during the period	(17,659)	**(1,254)**
Ending balance	959	**50,727**

The increase of 4,004 thousand shares in the previous fiscal year was due to an acquisition of 3,997 thousand treasury stocks based on a resolution of the Board of Directors and a repurchase of 6 thousand shares of fractional shares. Additionally, the decrease of 17,659 thousand shares was due to a cancellation of 17,538 thousand treasury stocks based on a resolution of the Board of Directors, a disposal of 109 thousand treasury stocks resulting from the exercise of rights under the Board Benefit Trust (BBT), a disposal of 11 thousand treasury stocks resulting from the exercise of stock acquisition rights, and a sale of 0 thousand shares for fractional shares.

The increase of 51,022 thousand shares in the current fiscal year was due to an increase of 1,919 thousand shares resulting from the 3-for-1 stock split conducted effective April 1, 2024, an increase of 48,779 thousand shares resulting from the purchase of treasury stocks based on a resolution of the Board of Directors, an increase of 316 thousand shares from an acquisition by the Board Benefit Trust (BBT), and an increase of 7 thousand shares from a repurchase of fractional shares. The decrease of 1,254 thousand shares was due to a disposal of 925 thousand treasury stocks resulting from the exercise of rights under the BBT, a disposal of 328 thousand treasury stocks resulting from the exercise of stock acquisition rights, and a sale of 0 thousand shares for fractional shares.

The numbers of shares of the Group held by subsidiaries and associates as of March 31, 2025, and March 31, 2024 were 5,500 and 1,800, respectively.

(3) Surplus

(i) Capital surplus

The Companies Act of Japan stipulates that more than one-half of the payment or contribution to the issuance of stock is incorporated into share capital and the remainder is incorporated into legal capital surplus that is included in capital surplus. In addition, legal capital surplus can be incorporated into share capital by resolution of a general meeting of shareholders.

(ii) Retained earnings

Under the Companies Act of Japan, one-tenth of the amount of surplus decreasing as a result of the distribution of surplus is transferred to legal capital surplus or legal retained earnings, until the total amount of legal capital surplus and legal retained earnings reaches one-quarter of share capital. The reserved legal retained earnings can be used to compensate for deficits, and can be released by resolution of a general meeting of shareholders.

23. Share-based payment

(1) Stock option plans

(i) Overview of stock option plans

Stock options are granted to directors and executive officers of the Company and its subsidiaries for their retirement benefits. The exercise price of the granted options is 1 yen per share and there is no vesting period under the option plan. Therefore, all options are immediately vested when granted. Options are exercisable after a certain period of time. For a portion of the stock options granted by the Company that were carried over from the former NIPPONKOA Insurance Co., Ltd., the grantees are allowed to exercise the rights only during the period commencing on the date one year after the day on which the grantees have lost their positions as Director or Executive Officer of Sompo Japan Insurance Inc. (the "Commencement Date of Exercise") and ending on the earlier of (i) the date seven years from the Commencement Date of Exercise or (ii) the expiration date of the exercise period. For other stock options, the grantees can exercise these rights only within a period from the day following the date when they lost all of their positions up to the day when 10 days have elapsed. The Group has no legal or constructive obligation to repurchase or settle the options in cash. Moreover, the Company resolved to introduce a performance-linked share-based payment plan called Board Benefit Trust (BBT), at the 6th Annual General Meeting of Shareholders held on 27 June 2016, and has decided not to grant new stock options.

(ii) Changes during the period

Changes in the number of unexercised stock options and weighted average exercise prices are as follows:

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Number of stock options	Weighted average exercise price (Yen)	Number of stock options	Weighted average exercise price (Yen)
Unexercised at the beginning of period	366,300	1	**331,575**	**1**
Granted	—	—	**—**	**—**
Lapsed	—	—	**—**	**—**
Exercised	34,725	1	**328,875**	**1**
Expired	—	—	**—**	**—**
Unexercised at the end of period	331,575	1	**2,700**	**1**
Exercisable at the end of period	331,575	1	**2,700**	**1**

The weighted average stock prices at the time of exercise in the current fiscal year and the previous fiscal year are 3,017 yen and 1,933 yen per share, respectively. The unexercised options at the end of the current fiscal year and the previous fiscal year and at the transition date have an exercise price of 1 yen each and a weighted average remaining contractual life of 15.4 years, 13.1 years, and 13.6 years, respectively.

(Note) The Group conducted a 3-for-1 stock split effective April 1, 2024. Consequently, the number of options and the weighted average stock price at the time of exercise during the period are stated after conversion to the post-split figures.

(iii) Measurement of fair value

There were no options granted for the current fiscal year and the previous fiscal year.

(2) Board Benefit Trust (BBT)

(i) Overview of Board Benefit Trust (BBT)

The Group employs a performance-linked share-based payment plan called Board Benefit Trust ("BBT" or "the Plan"). This is a performance-linked share-based payment plan whereby the Company's own shares are acquired through the trust using the cash contribution made by the Company, and shares in the Company and the cash amount equivalent to market price of such shares are awarded to the directors pursuant to "The Rules of the Stock Benefit for Directors" established by the board of directors.

Each director of the Group who meets the beneficiary requirements (such as retaining the director status on the point grant date during the applicable period) is granted points (1 point = 3 shares) in respect to the Company's mid-to-long term share value and performance of the Group against the market. Each director, upon his/her resignation, completes designated resignation procedures in order to receive the Company's shares equivalent to the number of points granted or cash in the amount equivalent to the market price of such shares, as per the requirements of "The Rules of the Stock Benefit for Directors." For accounting of the Plan, the stock portion of the compensation is treated as equity-settled share-based payment while the cash part is accounted for as cash-settled share-based payment.

The amounts of costs attributable to equity-settled share-based payment transactions for the previous and current fiscal years are 210 million yen and 828 million yen; the costs related to cash-settled share-based payment transactions in the above periods are 1,926 million yen and 885 million yen, respectively. The amounts of equity related to equity-settled share-based payment that are recorded on the transition date, for the previous fiscal year and the current fiscal year are 1,201 million yen, 1,149 million yen and 1,418 million yen, respectively; the amounts of liabilities related to cash-settled share-based payment that are recorded for/on the above periods and date are 2,518 million yen, 4,173 million yen and 4,503 million yen, respectively.

(Note) The Group conducted a 3-for-1 stock split effective April 1, 2024. Consequently, the number of shares granted based on points is stated after conversion to the post-split figures.

(ii) Changes during the period

Changes in the number of points are as follows:

There are no exercise prices under the Plan where shares and cash are awarded to the directors.

(Unit: Points)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Beginning balance	864,479	**808,970**
Granted	103,881	**163,611**
Exercised	159,390	**316,415**
Ending balance	808,970	**656,166**

(iii) Measurement of fair value

The weighted average fair values at measurement date are as follows:

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Equity-settled	Cash-settled	Equity-settled	Cash-settled
Measurement date	Grant date	Reporting date	**Grant date**	**Reporting date**
Weighted average (Yen) (Note)	971	3,190	**1,459**	**4,521**

(Note) Since fair values approximate the stock prices of the Company's stock, measurements are made using the stock price on the measurement date and no adjustments are made for forecast dividends.

(3) Share price-linked remuneration (phantom stock) plan (cash-settled)

The Company and some of its subsidiaries have introduced a phantom stock plan whereby the amount of remuneration which is based on the share price of the Company's stock at the time of vesting and is settled in cash.

The plan covers part of the Group's directors and executive officers, who are basically required under the vesting condition to have served as Director or Executive Officer for three years since the grant date. Since the amount of remuneration is determined and paid based on the share price of the Company's stock, the plan has no exercise price.

The expenses associated with the plan for the previous and current fiscal years are – million yen and 253 million yen, respectively. The carrying amounts of liabilities associated with the plan on the transition date, for the previous fiscal year and the current fiscal year are – million yen, – million yen, and 176 million yen, respectively.

24. Dividends of surplus

The amounts of dividends paid are as follows. The source of dividend is retained earnings.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Resolution	Type of stock	Dividend amount (Notes 1 & 2) (Millions of yen)	Dividend per share (Note 5) (Yen)	Record date	Effective date
General Shareholders Meeting held on June 26, 2023	Common stock	43,411	130	March 31, 2023	June 27, 2023
Board of Directors Meeting held on November 17, 2023	Common stock	49,492	150	September 30, 2023	December 5, 2023

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Resolution	Type of stock	Dividend amount (Notes 3 & 4) (Millions of yen)	Dividend per share (Note 5) (Yen)	Record date	Effective date
General Shareholders Meeting held on June 24, 2024	Common stock	**49,491**	**150**	March 31, 2024	June 25, 2024
Board of Directors Meeting held on November 19, 2024	Common stock	**54,423**	**56**	September 30, 2024	December 4, 2024

(Notes) 1. The "Dividend amount" resolved at the General Meeting of Shareholders on June 26, 2023 includes dividends of 110 million yen for shares of the Company held by the Board Benefit Trust (BBT).
2. The "Dividend amount" resolved at the Board of Directors Meeting on November 17, 2023 includes dividends of 114 million yen for shares of the Company held by the Board Benefit Trust (BBT).
3. The "Dividend amount" resolved at the General Meeting of Shareholders on June 24, 2024 includes dividends of 111 million yen for shares of the Company held by the Board Benefit Trust (BBT).
4. The "Dividend amount" resolved at the Board of Directors Meeting on November 19, 2024 includes dividends of 90 million yen for shares of the Company held by the Board Benefit Trust (BBT).
5. The Company conducted a 3-for-1 stock split effective April 1, 2024. The dividend per share for record dates prior to March 31, 2024, reflects the actual dividend amount paid before the stock split.

Dividends whose effective date falls in the next fiscal year are as follows. The source of dividend is retained earnings.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Resolution	Type of stock	Dividend amount (Note 1) (Millions of yen)	Dividend per share (Note 3) (Yen)	Record date	Effective date
General Shareholders Meeting held on June 24, 2024	Common stock	49,491	150	March 31, 2024	June 25, 2024

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Resolution	Type of stock	Dividend amount (Note 2) (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders Meeting held on June 23, 2025	Common stock	**71,544**	**76**	March 31, 2025	June 24, 2025

(Notes) 1. The "Dividend amount" resolved at the General Meeting of Shareholders on June 24, 2024 includes dividends of 111 million yen for shares of the Company held by the Board Benefit Trust (BBT).
2. The "Dividend amount" resolved at the General Meeting of Shareholders on June 23, 2025 includes dividends of 123 million yen for shares of the Company held by the Board Benefit Trust (BBT).
3. The Company conducted a 3-for-1 stock split effective April 1, 2024. The dividend per share for record dates prior to March 31, 2024, reflects the actual dividend amount paid before the stock split.

25. Insurance revenue

The details of insurance revenue are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)			Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		
	P&C insurance business	Life insurance business	Total	P&C insurance business	Life insurance business	Total
Insurance contracts not measured by applying the PAA						
Changes in assets or liabilities for remaining coverage						
Amortization of CSM	106,867	56,965	163,833	**109,279**	**61,205**	**170,485**
Changes in risk adjustment for non-financial risk	44,849	27,276	72,125	**45,804**	**22,069**	**67,873**
Expected claims paid and other expenses	876,509	107,232	983,742	**893,952**	**112,065**	**1,006,017**
Experience adjustments	(2,325)	—	(2,325)	**(679)**	**—**	**(679)**
Recovery of acquisition expenses	175,392	46,890	222,282	**189,205**	**49,324**	**238,529**
Subtotal	1,201,293	238,364	1,439,657	**1,237,562**	**244,665**	**1,482,227**
Insurance contracts measured by applying the PAA	3,387,043	10,129	3,397,172	**3,573,241**	**10,050**	**3,583,292**
Total	4,588,336	248,493	4,836,830	**4,810,804**	**254,716**	**5,065,520**

26. Insurance service expenses

The details of insurance service expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)			Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		
	P&C insurance business	Life insurance business	Total	P&C insurance business	Life insurance business	Total
Incurred claims, etc.	2,922,105	89,192	3,011,297	**3,067,250**	**95,692**	**3,162,943**
Direct maintenance expenses	371,176	26,138	397,314	**399,801**	**27,548**	**427,349**
Amortization of acquisition expenses	741,719	47,049	788,769	**829,838**	**49,488**	**879,327**
Gains and losses on onerous contracts, etc.	(22,713)	(546)	(23,259)	**(49,100)**	**1,589**	**(47,511)**
Changes in assets or liabilities for incurred claims	113,651	(278)	113,373	**(21,031)**	**47**	**(20,984)**
Total	4,125,938	161,556	4,287,494	**4,226,758**	**174,366**	**4,401,125**
Of which, insurance contracts measured by not applying the PAA	1,022,863	151,942	1,174,805	**990,524**	**165,023**	**1,155,548**
Of which, insurance contracts measured by applying the PAA	3,103,075	9,613	3,112,689	**3,236,234**	**9,342**	**3,245,576**

27. Income or expenses from reinsurance contracts held

The details of income or expenses from reinsurance contracts held are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)			Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		
	P&C insurance business	Life insurance business	Total	P&C insurance business	Life insurance business	Total
Amount recovered from reinsurers	657,491	3,590	661,081	**532,727**	**3,653**	**536,380**
Allocation of reinsurance premiums paid	(854,786)	(4,045)	(858,831)	**(892,586)**	**(4,026)**	**(896,613)**
Total	(197,294)	(455)	(197,750)	**(359,859)**	**(373)**	**(360,232)**

28. Investment return and insurance finance income and expenses

(1) The details of investment return by type of portfolio assets are as follows:

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Amortized cost	Total
Investment return recognized in profit or loss					
Interest income	—	—	76,872	30,193	107,065
Other investment gains and losses					
Gains and losses on financial assets measured at FVTPL	268,090	—	—	—	268,090
Dividend income (Note)	—	42,132	—	—	42,132
Gains and losses on sales	—	—	(27,598)	—	(27,598)
Credit impairment losses	—	—	(129)	(37)	(167)
Foreign exchange gains and losses	—	—	97,304	15,436	112,741
Subtotal	268,090	42,132	69,575	15,398	395,198
Others			—		8,780
Total			—		403,979
Total investment return recognized in profit or loss			—		511,044
Total investment return recognized in other comprehensive income	—	692,495	(248,121)	—	444,373

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Amortized cost	Total
Investment return recognized in profit or loss					
Interest income	**—**	**—**	**81,906**	**23,911**	**105,817**
Other investment gains and losses					
Gains and losses on financial assets measured at FVTPL	**256,593**	**—**	**—**	**—**	**256,593**
Dividend income (Note)	**—**	**44,017**	**—**	**—**	**44,017**
Gains and losses on sales	**—**	**—**	**(75,060)**	**—**	**(75,060)**
Credit impairment losses	**—**	**—**	**(61)**	**(154)**	**(215)**
Foreign exchange gains and losses	**—**	**—**	**(10,019)**	**(2,999)**	**(13,018)**
Subtotal	**256,593**	**44,017**	**(85,140)**	**(3,153)**	**212,316**
Others			**—**		**23,535**
Total			**—**		**235,852**
Total investment return recognized in profit or loss			**—**		**341,670**
Total investment return recognized in other comprehensive income	**—**	**57,628**	**(325,424)**	**—**	**(267,795)**

(Note) Of the dividend income on Equity instruments measured at FVTOCI, dividends on securities held as of the end of the previous fiscal year and the current fiscal year are 40,976 million yen and 42,349 million yen, respectively.

(2) The breakdown of insurance finance income and expenses is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Insurance contracts	Reinsurance contracts	Insurance contracts	Reinsurance contracts
Effect of changes in assumptions related to accrued interest and financial risk	229,483	56,022	**278,341**	**69,688**
Foreign exchange gains and losses	3,801	(2,676)	**(5,632)**	**(4,271)**
Changes in reinsurer's default risk	—	1,721	**—**	**(143)**
Insurance finance expenses (net) and reinsurance finance income (net) recognized in profit or loss	233,284	55,067	**272,708**	**65,274**
Insurance finance expenses (net) and reinsurance finance income (net) recognized in other comprehensive income	(295,695)	(370)	**(523,632)**	**(495)**

(3) Relationship between investment return and insurance finance income and expenses is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)			Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		
	Insurance finance expenses (net) and reinsurance finance income (net)		Investment return	Insurance finance expenses (net) and reinsurance finance income (net)		Investment return
	Insurance contracts	Reinsurance contracts		Insurance contracts	Reinsurance contracts	
Recognized in profit or loss	233,284	55,067	511,044	**272,708**	**65,274**	**341,670**
Recognized in other comprehensive income	(295,695)	(370)	444,373	**(523,632)**	**(495)**	**(267,795)**

(4) The breakdown and fair values of the underlying items of contracts with direct participation features are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Domestic bonds	6,169	**5,754**
Foreign bonds	1,408	**1,379**
Domestic stocks	12,609	**11,406**
Foreign stocks	9,657	**9,015**
Domestic investment trusts	2,498	**11,463**
Cash and deposits	2,086	**2,830**
Others	26	**31**
Total	34,454	**41,880**

29. Expenses by nature

The breakdown of expenses by nature and the items to which the expenses are allocated are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Employee benefit expenses	504,934	**537,062**
Depreciation and amortization	92,071	**103,363**
Agent fees	707,866	**735,648**
Others	386,046	**431,829**
Total expenses by nature	1,690,918	**1,807,902**
Details by item to which expense is allocated		
Insurance service expenses (incurred claims)	139,894	**167,160**
Insurance service expenses (acquisition expenses)	886,057	**943,108**
Insurance service expenses (direct maintenance costs)	397,314	**427,349**
Expenses related to investment	11,422	**14,501**
Administrative expenses	99,047	**91,390**
Other expenses	157,182	**164,391**
Total expenses by item to which expense is allocated	1,690,918	**1,807,902**

30. Other finance expenses

The details of other finance expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Interest expenses		
Financial liabilities measured at amortized cost	11,253	**12,678**
Lease liabilities	4,930	**5,308**
Others	—	**38**
Total other finance expenses	16,183	**18,026**

31. Other income and expenses

The details of other income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Gains on disposal of fixed assets	969	**673**
Rent revenue	2,748	**2,664**
Others (Note)	35,914	**14,126**
Total other income	39,632	**17,464**

(Note) Other income for the previous fiscal year includes a 17,630 million yen gain on sale of shares of a subsidiary.

The details of other expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Other operating expenses (Note 1)	158,791	**166,520**
Losses on disposal of fixed assets	1,114	**2,200**
Impairment losses (Note 2)	19,186	**3,329**
Effect due to hyperinflation	10,790	**10,404**
Others	9,061	**15,150**
Total other expenses	198,944	**197,605**

(Notes) 1. Other operating expenses are mainly operating expenses related to the nursing care business.
2. Impairment losses for the previous fiscal year are mainly those on goodwill arising from the overseas insurance business and impairment losses on property and equipment arising from the nursing care business.

32. Other comprehensive income

The amounts of reclassification adjustments and tax effect relating to other comprehensive income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Items that will not be reclassified to profit or loss:		
Investments in equity instruments		
Amount recognized during the period	692,495	**57,628**
Tax effect	(196,345)	**(30,487)**
Investments in equity instruments	496,149	**27,141**
Remeasurements of defined benefit plans		
Amount recognized during the period	28,704	**(11,414)**
Tax effect	(7,826)	**3,258**
Remeasurements of defined benefit plans	20,878	**(8,155)**
Share of other comprehensive income of associates accounted for by the equity method		
Amount recognized during the period	(27)	**217**
Share of other comprehensive income of associates accounted for by the equity method	(27)	**217**
Items that may be reclassified subsequently to profit or loss:		
Investments in debt instruments		
Amount recognized during the period	(276,401)	**(400,549)**
Reclassification adjustments	28,279	**75,125**
Tax effect	69,682	**96,590**
Investments in debt instruments	(178,438)	**(228,833)**
Translation difference related to foreign operations		
Amount recognized during the period	171,962	**(25,409)**
Reclassification adjustments	—	**(320)**
Tax effect	—	**—**
Translation difference related to foreign operations	171,962	**(25,730)**
Changes on insurance contracts due to changes in discount rates		
Amount recognized during the period	295,695	**523,632**
Reclassification adjustments	—	**—**
Tax effect	(82,733)	**(148,519)**
Changes on insurance contracts due to changes in discount rates	212,962	**375,113**
Changes on reinsurance contracts due to changes in discount rates		
Amount recognized during the period	(370)	**(495)**
Reclassification adjustments	—	**—**
Tax effect	103	**149**
Changes on reinsurance contracts due to changes in discount rates	(267)	**(345)**
Share of other comprehensive income of associates accounted for by the equity method		
Amount recognized during the period	1,130	**(542)**
Reclassification adjustments	—	**—**
Share of other comprehensive income of associates accounted for by the equity method	1,130	**(542)**
Total other comprehensive income	724,349	**138,864**

33. Earnings per share

(1) Basic

Basic earnings per share are calculated by dividing the net income attributable to the ordinary shareholders of the parent by the average number of ordinary shares outstanding during the year, excluding ordinary shares purchased and held as treasury shares by the Group.

(2) Diluted

Diluted earnings per share are calculated by adjusting the average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. The Group's stock acquisition rights are included in the calculation of potential dilutive ordinary shares.

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net income attributable to the ordinary shareholders of the parent (millions of yen)	529,655	**243,132**
Average number of ordinary shares for basic earnings per share (thousands of shares)	990,995	**969,003**
Dilutive effect: · Stock acquisition rights (thousands of shares)	336	**3**
Average number of ordinary shares for diluted earnings per share (thousands of shares)	991,331	**969,006**
Basic earnings per share (yen)	534.46	**250.90**
Diluted earnings per share (yen)	534.28	**250.90**
Summary of shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	–	–

(Notes) 1. The Company implemented a 3-for-1 stock split on April 1, 2024. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2024.
2. In the calculation of basic earnings per share and diluted earnings per share, the Company shares outstanding in the "Board Benefit Trust (BBT)" which are recognized as treasury stocks in the shareholders' equity are included in the treasury stocks deducted from the average number of ordinary shares outstanding.
The average number of ordinary shares of the treasury stock above mentioned is 2,301 thousand for the fiscal year ended March 31, 2024 and is 1,614 thousand for the fiscal year ended March 31, 2025.

34. Subsidiaries

34.1 Major subsidiaries

(1) Composition of the corporate group

The major subsidiaries that compose the Group are as described in "The Company, Subsidiaries, and Affiliates" under "Corporate Data".

(2) Significant restrictions on fund transfer

Insurance subsidiaries are subject to laws and regulations in the country of domicile, and it is usual they are supervised by regulatory authorities in the relevant country / jurisdiction. Therefore, there are some cases in which transfer of funds is restricted due to the restriction on dividend (profit) repatriation.

(3) Subsidiaries with significant non-controlling interests

The Group does not have subsidiaries with significant non-controlling interests.

(4) Loss of control over subsidiaries

There are no material gains or losses recognized due to the loss of control over interests in subsidiaries.

34.2 Interests in unconsolidated structured entities

The Group has interests in unconsolidated structured entities for the purpose of asset management through funds and others. Due to these interests in unconsolidated structured entities, the carrying amounts of assets recognized by the Group in the consolidated statement of financial position and the potential maximum loss exposure from those entities are as follows. The assets recognized by the Group in the consolidated statement of financial position are primarily included in "Investment securities."

(Millions of yen)

Maximum loss exposure of the Group	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Carrying amounts of the assets	1,936,941	2,514,629	**2,792,636**
Commitment	238,421	268,882	**323,258**
Total	2,175,363	2,783,511	**3,115,895**

The potential maximum loss exposure incurred from the interests in the structured entities is limited to the total of the carrying amount of the assets and commitment. The maximum loss exposure of the Group represents the potential maximum loss amount and does not indicate any estimated loss amount by being involved with structured entities.

During the current fiscal year and the previous fiscal year, the Group has not provided, nor plans to provide, any financial support without contractual obligations to unconsolidated structured entities.

35. Related parties

(1) Related party transactions

There are no significant transactions with related parties to be stated.

(2) Remuneration to management executives

Remuneration to management executives is as follows. The amounts represent the amount of expenses recognized during the current and previous fiscal years.

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Salaries and bonuses	3,029	**3,380**
Post-employment benefit	20	**21**
Share-based payments	698	**29**
Total	3,749	**3,432**

36. Commitments

Capital investments for which contracts are entered into but not yet incurred are follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Property and equipment	7,919	4,976	**2,838**
Intangible assets	10,126	–	**–**

37. Risk management

37.1 Overview of risk management system

Sompo Group operates an Enterprise Risk Management (ERM) framework to manage risk across the Group, serving as a sophisticated 'compass' that points the business towards the optimal direction. This embraces not just the avoidance of losses, but also the avoidance of opportunity losses for profitable risk-taking. These include, for example, potential new business investments in response to risks identified. The ERM system seeks to achieve these goals by providing and strengthening the following "three capabilities":

a.	Correct understanding of the Group's current position
b.	Sensitive detection of potential risks
c.	Clear indication of the routes the Group should take

ERM is effected through a series of business management processes that look to maximize corporate value by achieving a balance of capital, risk, and profit through management of the two objectives: "risk-taking for business strategies" and "risk control for a stable business foundation". In the risk-taking context, we make use of analyses on capital, risk, and profit within the Risk Appetite Framework for important management decisions, corresponding to (c) in the above diagram. For risk control, we use a framework – the Risk Control System – to identify, analyze, and assess various types of risks surrounding the Group, aiming to minimize unexpected losses and to increase the stability of profit. This corresponds to (a) and (b) in the diagram above.

(1) Risk Management Governance Structure

In order to ensure the effectiveness of "ERM" based on the "Sompo Group Basic Policy on ERM" established by the Board of Directors, "Sompo Group's Risk Appetite Statement" – consisting of the Risk Appetite Principles, the Medium-term Risk-taking Strategy, and the Risk Appetite Indicator – is used as a guideline for risk-taking, in alignment with the Group's strategies and business management plans.

The Group Executive Committee, an advisory body to the Group CEO, regularly holds management discussions on matters related to risk management, including the Group's risk appetite statement, medium-term Group ERM promotion policy, and risk tolerance policies and measures.

The Group ERM Committee, chaired by the Group CRO, has been established as a subordinate body of the Group Executive Committee to conduct cross-sectional management discussions on important Group ERM issues, such as risk-taking strategies, and the status of control of material risks by the department with primary responsibility and risk management department. The results are reported to the Board of Directors through the Group Executive Committee, and we have established a framework to continuously enhance governance pertaining to group risk management, incorporating advice and recommendations from the Board.

The Group CRO ensures that the "Sompo Group Basic Policy on ERM" and the "Medium-term Group ERM Promotion Policy" are known to all Group companies, and works to improve the effectiveness of ERM for the entire Group through regular monitoring and discussions with the CROs of each company.

Group companies have established risk management systems in line with Group policies and managed risk autonomously. The Company and its major subsidiaries have adopted a "three lines" model:

- First line: Each department or business unit responsible for developing and implementing policies and measures within our company and its key subsidiaries autonomously manages its own risks.
- Second line: The risk management department, along with the department in charge of relevant duties businesses, oversees and supports first line's risk management activities.
- Third line: The internal audit section independently evaluates the validity and effectiveness of the overall risk governance framework.

These measures collectively ensure and enhance the effectiveness of the Group's risk management system.

(2) The Risk Control System

Under the Risk Control System, we conduct risk assessment using "the Material Risk Management" framework – firstly identifying all the material risks we face, then evaluating them from both a qualitative and quantitative perspective.

For risks that can be quantified, their impacts on capital adequacy and liquidity are analyzed and assessed based on various quantitative indicators in "Capital adequacy management", "Stress testing", "Limit management", and "Liquidity risk management" frameworks. Based on these analyses, the management decides necessary risk control measures to secure and improve the Group's financial soundness.

(i) Material Risk Management

We define "risks that could have significant impacts on the business" as "material risks" and comprehensively capture and evaluate the risks faced by our business through bottom-up risk assessment and top-down confirmation and discussion by the Board of Directors and others. In conducting risk assessment, we have clarified the criteria so as to emphasize the reputational impact from the viewpoints of customers, society, and other stakeholders, in addition to economic loss and business continuity.

Material risks are comprehensively identified by the Group CRO based on risk assessments and the views of experts, etc., and risks are evaluated both qualitatively and quantitatively in terms of likelihood of occurrence and impact, based on specific scenarios of impact of risks on the Group, and the management status is discussed in the Group ERM Committee, then reported to the Group Executive Committee and the Board of Directors at least twice a year.

Risks for which the risk management structure should be reinforced are raised at the Group Executive Committee. Further, we define "emerging risks" as risks that, although it is difficult at this time to evaluate risks based on specific impact scenarios, have the potential to emerge or change due to changes in the environment and have a significant impact on our group in the future, and we manage them appropriately by associating them with individual material risks. In selecting emerging risks, the Group gathers information from various public and private sources, identifies potential candidates based on their possible future impact, and then designates them as emerging risks based on their materiality.

(ii) Capital Adequacy Management

We quantify the insurance underwriting risks, asset management risks, nursing risks, and operational risks we face to maintain a sufficient level of capital relative to risks. A system has been established so that countermeasures are properly implemented if necessary.

(iii) Stress testing

We conduct "scenario stress testing", "reverse stress testing", and "sensitivity analyses" on a Group-wide basis to accurately identify and manage events that could significantly affect its business management. We analyze the impact on both capital and risk and take countermeasures as required.

(iv) Risk Limit Management

We have established the maximum limit for each risk on a Group-wide basis such as credit risk, reinsurance counterparty risk, and natural catastrophe risk to avoid outsize losses arising from the occurrence of specific events. The Group has set the limits within the maximum limits based on risk characteristics and established a system to take appropriate measures when those the limits are exceeded.

(v) Liquidity Risk Management

In addition to projecting cash requirements for day-to-day operations, we project the maximum cash outflows that could result from events such as a large-scale natural catastrophe. We then conduct management to ensure we have sufficient liquid assets to meet cash requirements in these scenarios.

(3) Frameworks of capital regulation under the Insurance Business

The Group is subject to the capital requirements regulations under the Insurance Business Act of Japan and is monitored by the regulatory authority, the Financial Services Agency.

In addition to reserves to cover payments for policyholders such as claims, benefits, maturity refunds and others, it is necessary for insurance companies to maintain sufficient solvency in order to cover risks which exceed their normal estimates, i.e. occurrence of major catastrophes and a significant decline in value of assets held by insurance companies. Consolidated solvency margin ratio (or if non-consolidated, "Non-consolidated solvency margin ratio"), which is calculated in accordance with the Insurance Business Act, and other related regulations, is the ratio of solvency margin of insurance companies by means of their capitals ("Total consolidated solvency margin" or if non-consolidated, "Total non-consolidated solvency margin") to the risks which will exceed their normal estimates ("Total consolidated risks" or if non-consolidated, "Total non-consolidated risks").

Consolidated solvency margin ratio or non-consolidated solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. A ratio of 200% or higher would indicate adequate capability to pay possible insurance claims and others.

The overseas insurance subsidiaries are supervised by their local regulators and are subject to the capital regulations in the countries of domicile. The Company monitors their compliance with regulatory requirements through reports provided by Sompo International Holdings Ltd.

37.2 Insurance risk

37.2.1 Exposure to insurance risk

(1) P&C insurance business

Insurance risk is the risk to suffer losses due to economic changes and fluctuation of the incidence ratio of insured events that were not expected at the time when the premium rates were set. In particular, a majority of those risks is related to losses arising from claim payments caused by natural disasters such as earthquake, typhoon and flood. There are other risks related to claim payments due to damage in general as well as the risk of fluctuating insurance liabilities due to changes in future outlook.

Relating to the P&C insurance business, the reported amounts of assets and liabilities of the insurance and reinsurance contracts by lines of business and geographical area are as follows.

As of April 1, 2023 (Transition date)

(Millions of yen)

Amount recognized as liabilities (assets)	Insurance contracts			Reinsurance contracts		
	Japan	Overseas	Total	Japan	Overseas	Total
Fire	1,122,179	421,547	1,543,727	(56,664)	(224,057)	(280,721)
Marine	32,382	76,776	109,159	(7,784)	(37,969)	(45,754)
Personal accident	1,153,594	432	1,154,027	(6,328)	(16)	(6,344)
Automobile	727,270	173,232	900,503	(2,073)	(13,744)	(15,818)
Compulsory automobile liability	557,423	—	557,423	—	—	—
Others	664,473	1,802,885	2,467,359	(67,820)	(655,028)	(722,848)
Total	4,257,324	2,474,875	6,732,200	(140,673)	(930,815)	(1,071,489)

As of March 31, 2024

(Millions of yen)

Amount recognized as liabilities (assets)	Insurance contracts			Reinsurance contracts		
	Japan	Overseas	Total	Japan	Overseas	Total
Fire	988,965	505,271	1,494,237	(47,441)	(185,316)	(232,757)
Marine	33,421	96,858	130,280	(7,492)	(49,028)	(56,520)
Personal accident	1,061,125	361	1,061,487	(2,271)	239	(2,032)
Automobile	752,226	153,090	905,317	(2,306)	(18,361)	(20,668)
Compulsory automobile liability	528,996	—	528,996	—	—	—
Others	680,913	2,303,906	2,984,819	(95,883)	(819,754)	(915,638)
Total	4,045,647	3,059,490	7,105,137	(155,396)	(1,072,221)	(1,227,617)

As of March 31, 2025

(Millions of yen)

Amount recognized as liabilities (assets)	Insurance contracts			Reinsurance contracts		
	Japan	Overseas	Total	Japan	Overseas	Total
Fire	**865,601**	**550,557**	**1,416,159**	**(38,303)**	**(173,108)**	**(211,412)**
Marine	**36,760**	**109,751**	**146,512**	**(9,517)**	**(55,085)**	**(64,603)**
Personal accident	**948,708**	**356**	**949,065**	**(1,753)**	**82**	**(1,671)**
Automobile	**770,681**	**199,487**	**970,169**	**(1,039)**	**(18,301)**	**(19,341)**
Compulsory automobile liability	**505,286**	**—**	**505,286**	**—**	**—**	**—**
Others	**647,114**	**2,510,139**	**3,157,253**	**(92,455)**	**(816,721)**	**(909,177)**
Total	**3,774,153**	**3,370,292**	**7,144,445**	**(143,070)**	**(1,063,135)**	**(1,206,205)**

(2) Life insurance business

Insurance risk is the risk to suffer losses due to economic changes and fluctuation of the incidence ratio of insured events that were not expected at the time when the premium rates were set. In addition to risks related to human disease/death, such as changes in mortality rate, survival rate and disability rate, risk related to changes in the surrender rate exists because many insurance contracts are long-term. Also, there are other risks related to changes in the expense ratios and catastrophic loss attributed to natural disaster and pandemic.

Relating to the life insurance business, the reported amounts of assets and liabilities of the insurance and reinsurance contracts by category are as follows.

(Millions of yen)

Amount recognized as liabilities (assets)	As of April 1, 2023 (Transition date)		As of March 31, 2024		As of March 31, 2025	
	Insurance	Reinsurance	Insurance	Reinsurance	Insurance	Reinsurance
Individual insurance	2,577,011	(2,378)	2,411,768	(2,323)	**2,070,964**	**(1,873)**
Individual annuities	128,087	—	119,995	—	**106,753**	**—**
Group insurance	5,109	—	5,195	2	**5,177**	**1**
Group annuities	—	—	—	—	**—**	**—**
Total	2,710,207	(2,378)	2,536,959	(2,320)	**2,182,895**	**(1,871)**

37.2.2 Sensitivity analysis

The effects of reasonably possible changes in insurance risks on net income before tax and other comprehensive income before tax are as follows:

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Effect on net income before tax		Effect on other comprehensive income before tax	
	Before reinsurance coverage	After reinsurance coverage	Before reinsurance coverage	After reinsurance coverage
P&C insurance business				
Loss ratio +10%	(305,332)	(240,893)	3,512	3,507
Maintenance expense ratio +10%	(31,551)	(29,517)	362	362
Inflation rate +0.5%	(55,298)	(45,756)	728	727
Life insurance business				
Mortality rates +5%	(1,649)	(1,612)	(1,320)	(1,320)
Morbidity rates +5%	(7,000)	(6,998)	(3,309)	(3,309)
Maintenance expense ratio +5%	(1,682)	(1,676)	(812)	(812)
Surrender and lapse rates +5%	(766)	(731)	(906)	(906)
Inflation rate +0.5%	(2,500)	(2,492)	(621)	(621)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Effect on net income before tax		Effect on other comprehensive income before tax	
	Before reinsurance coverage	After reinsurance coverage	Before reinsurance coverage	After reinsurance coverage
P&C insurance business				
Loss ratio +10%	**(290,767)**	**(235,611)**	**10,148**	**10,123**
Maintenance expense ratio +10%	**(31,983)**	**(29,590)**	**1,105**	**1,105**
Inflation rate +0.5%	**(68,513)**	**(54,231)**	**2,117**	**2,111**
Life insurance business				
Mortality rates +5%	**(1,564)**	**(1,529)**	**(4,202)**	**(4,202)**
Morbidity rates +5%	**(7,142)**	**(7,140)**	**11,405**	**11,405**
Maintenance expense ratio +5%	**(1,762)**	**(1,757)**	**1,671**	**1,671**
Surrender and lapse rates +5%	**(811)**	**(779)**	**(6,774)**	**(6,774)**
Inflation rate +0.5%	**(2,656)**	**(2,648)**	**5,682**	**5,682**

For the liability for remaining coverage, when risk variables used in estimation techniques for the future cash flows change, amortization of CSM is adjusted by reflecting changes in future cash flows. In addition, insurance contracts (including those measured by applying PAA) may become onerous or the gains and losses on onerous contracts may fluctuate due to changes in any loss component. In such cases, these impacts (the amortization of CSM is calculated on an annual basis) are reflected in net income before tax. For the liability for incurred claims, when risk variables used in the estimation techniques for the future cash flows change, insurance service expenses vary due to a fluctuation of future cash flows; therefore, such impacts are reflected in net income before tax.

Simultaneously, fluctuation in future cash flows results in fluctuation in the discount rate differences. As such, the effects are reflected in net income before tax or other comprehensive income before tax, depending on the accounting policy for each portfolio for insurance finance income or expenses.

For each of the above variables, the impact is assessed assuming that only a single variable changes, with all other variables held constant. For the life insurance business, recent inflation rates are varied, assuming the expected inflation rate reflected in the ultimate interest rate remains constant.

37.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, stock prices, and foreign exchange rates, will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. As market risks arise from insurance contracts, asset management and financing activities, the Group is exposed to a number of risks including interest rate risk, stock price risk, and foreign currency risk.

37.3.1 Interest rate risk

Interest rate risk is the risk that the fulfilment cash flows of insurance contracts and reinsurance contracts and the fair value or future cash flows of financial instruments will change due to fluctuation in the market interest rate.

The Group conducts asset management activities by using financial instruments such as bonds and loans. Therefore, there is a risk that the fair value of the fixed income securities would decline if the interest rate is raised. Also, there is a risk that the present value of the insurance contract and reinsurance contract liabilities would increase due to decline in discount rates, if the interest rate is lowered. For insurance products that guaranteed fixed interest rate to customers, if the actual interest rate is lower than the initial interest rate guaranteed, the Group is exposed to the risk of loss incurred.

The Group regularly monitors the exposure to the interest rate risk relating to asset and liability positions. Also, the Group manages group-wide interest rate risk appropriately through alignment of the duration of insurance contracts and corresponding portfolio assets as well as adjustment of interest rate exposure using derivatives such as interest rate swaps.

Sensitivity analysis—interest rate risk

The effects of reasonably possible changes in market interest rates on net income before tax and other comprehensive income before tax are shown below.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
Interest rate (JPY) +50bp	46	29	(1,659)	81,057	79,897	(43,682)
Interest rate (JPY) -50bp	(46)	(29)	1,695	(89,328)	(88,142)	47,563
Interest rate (USD) +50bp	23,151	15,911	(48,859)	463	378	(8,282)
Interest rate (USD) -50bp	(23,151)	(15,911)	49,339	(471)	(384)	8,631
Life insurance business						
Interest rate (JPY) +50bp	(389)	(386)	(287)	282,746	282,746	(261,824)
Interest rate (JPY) -50bp	577	558	313	(322,799)	(322,799)	297,252
Ultimate interest rate (JPY) -50bp	89	88	—	(31,494)	(31,494)	—
Interest rate (USD) +50bp	22	22	(588)	—	—	(5,864)
Interest rate (USD) -50bp	(23)	(23)	605	—	—	6,129

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
Interest rate (JPY) +50bp	**34**	**17**	**(1,543)**	**66,278**	**65,329**	**(30,487)**
Interest rate (JPY) -50bp	**(34)**	**(17)**	**1,577**	**(72,525)**	**(71,557)**	**32,520**
Interest rate (USD) +50bp	**33,280**	**22,776**	**(56,010)**	**594**	**507**	**(12,404)**
Interest rate (USD) -50bp	**(33,280)**	**(22,776)**	**56,031**	**(604)**	**(517)**	**13,216**
Life insurance business						
Interest rate (JPY) +50bp	**(400)**	**(397)**	**(273)**	**211,521**	**211,521**	**(222,555)**
Interest rate (JPY) -50bp	**378**	**375**	**299**	**(253,688)**	**(253,688)**	**251,843**
Ultimate interest rate (JPY) -50bp	**59**	**58**	**—**	**(19,812)**	**(19,812)**	**—**
Interest rate (USD) +50bp	**23**	**23**	**(548)**	**—**	**—**	**(6,952)**
Interest rate (USD) -50bp	**(24)**	**(24)**	**564**	**—**	**—**	**7,331**

As the fair value of fixed-income financial instruments changes when interest rates fluctuate, the effect is reflected in net income before tax for financial assets measured at FVTPL and in other comprehensive income before tax for Debt FVTOCI. For insurance and reinsurance contracts, as changes in interest rates result in changes in the discounted present value of future cash flows at the end of the period due to fluctuations of discount rates. The effect is reflected in net income before tax or other comprehensive income before tax, depending on the accounting policy of each portfolio for insurance finance income or expenses. In the Life insurance business, future cash flows from certain insurance contracts fluctuate due to changes in interest rate. Therefore, the impacts are reflected in net income before tax (the amortization of CSM is calculated on an annual basis).

In the P&C insurance business, sensitivity represents the impact of parallel shifts in the yield curve, assuming that all other variables are held constant. Additionally, in the Life insurance business, the sensitivity to yen interest rates represents the impact of parallel shifts in the yield curve excluding terminal interest rates, and the sensitivity to terminal interest rates represents the impact of changes in terminal interest rates only, assuming that all other variables are held constant.

37.3.2 Stock price risk

Stock price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in stock prices. It results from direct investment in stocks or investment in shares through funds. The Group monitors stock price exposure on a regular basis and utilizes derivative transactions such as stock index futures to appropriately manage stock price risk for the Group as a whole. In addition, certain insurance policies in the Life insurance business are subject to stock price risk because future cash flows fluctuate accordingly due to changes in the stock prices.

Major stock price exposures are as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
Domestic stocks	1,403,084	1,859,577	**1,336,643**
Foreign stocks	250,288	344,416	**459,404**
Others	102,842	115,497	**125,854**
Total	1,756,214	2,319,491	**1,921,902**

Sensitivity analysis—stock price risk

The effects of TOPIX (Tokyo Stock Price Index) fluctuations on net income before tax and other comprehensive income before tax are shown below.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
TOPIX +30%	—	—	20,827	—	—	497,900
TOPIX -30%	—	—	(20,827)	—	—	(497,900)
Life insurance business						
TOPIX +30%	(3,724)	(3,724)	3,812	—	—	320
TOPIX -30%	3,714	3,714	(3,812)	—	—	(320)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
TOPIX +30%	—	—	**23,549**	—	—	**341,722**
TOPIX -30%	—	—	**(23,549)**	—	—	**(341,722)**
Life insurance business						
TOPIX +30%	**(3,502)**	**(3,502)**	**6,553**	—	—	—
TOPIX -30%	**3,498**	**3,498**	**(6,553)**	—	—	—

The effects of changes in fair values of financial instruments arising from a fluctuation of stock prices are reflected in net income before tax for financial assets measured at FVTPL and in other comprehensive income before tax for Equity FVTOCI. In addition, for certain insurance policies in the Life insurance business, changes of future cash flows due to a fluctuation of stock prices are reflected in net income before tax (the amortization amounts of CSM is calculated on an annual basis). The sensitivity represents the impact on domestic listed stocks, and all other variables are assumed to remain constant.

37.3.3 Foreign currency risk

Foreign currency risk is the risk that the fulfilment cash flows of insurance and reinsurance contracts and fair value or future cash flows of financial instruments will fluctuate due to foreign exchange rates. In the Group, foreign currency exposures mainly arise from bonds as well as insurance contract liabilities denominated in any currency other than the functional currency. For some foreign currency risk, derivatives such as forward exchange contracts and currency options are utilized to allow the entire Group to properly manage foreign currency risk.

Major foreign currency exposures are as follows:

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
USD (assets/(liabilities))	354,813	494,599	**460,463**
EUR (assets/(liabilities))	(60,255)	(39,182)	**2,704**

Sensitivity analysis—foreign currency risk

The effects of reasonably possible changes in the exchange rates of currencies other than the functional currency on net income before tax and other comprehensive income before tax are shown below.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
USD -10% (Note 1)	7,491	5,071	(29,103)	(100)	(89)	1,110
USD +10% (Note 2)	(7,491)	(5,071)	22,322	100	89	(1,110)
EUR -10% (Note 1)	18,714	10,167	(4,457)	(61)	(46)	240
EUR +10% (Note 2)	(18,714)	(10,167)	4,457	61	46	(240)
Life insurance business						
USD -10% (Note 1)	70	70	(22,749)	—	—	1,552
USD +10% (Note 2)	(70)	(70)	20,737	—	—	(1,552)
EUR -10% (Note 1)	41	41	(2,668)	—	—	593
EUR +10% (Note 2)	(41)	(41)	2,668	—	—	(593)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
USD -10% (Note 1)	**9,446**	**6,447**	**(24,224)**	**(78)**	**(66)**	**233**
USD +10% (Note 2)	**(9,446)**	**(6,447)**	**23,569**	**78**	**66**	**(233)**
EUR -10% (Note 1)	**20,825**	**13,786**	**(10,879)**	**(49)**	**(45)**	**(32)**
EUR +10% (Note 2)	**(20,825)**	**(13,786)**	**10,879**	**49**	**45**	**32**
Life insurance business						
USD -10% (Note 1)	**70**	**70**	**(26,536)**	**—**	**—**	**992**
USD +10% (Note 2)	**(70)**	**(70)**	**25,322**	**—**	**—**	**(992)**
EUR -10% (Note 1)	**39**	**39**	**(3,158)**	**—**	**—**	**106**
EUR +10% (Note 2)	**(39)**	**(39)**	**3,158**	**—**	**—**	**(106)**

(Notes) 1. The impact of a 10% depreciation of the U.S. dollar or the euro represents the impact of a 10% appreciation of the yen against the U.S. dollar or the euro for domestic insurance companies whose functional currency is the Japanese yen and represents the impact of a 10% depreciation of the U.S. dollar or the euro against the relevant functional currency for overseas insurance companies whose functional currency is not the Japanese yen.

2. The impact of a 10% appreciation of the U.S. dollar or the euro represents the impact of a 10% depreciation of the yen against the U.S. dollar or the euro for domestic insurance companies whose functional currency is the Japanese yen and represents the impact of a 10% appreciation of the U.S. dollar or the euro against the relevant functional currency for overseas insurance companies whose functional currency is not the Japanese yen.

For monetary items such as insurance contracts, reinsurance contracts, and bonds, changes in exchange rates other than the functional currency result in corresponding foreign exchange gains or losses, the effects of which are reflected in net income before tax (the amortization of CSM is calculated on an annual basis). For discount rate differences arising from domestic insurance and reinsurance contracts, changes in exchange rates other than the functional currency result in changes in the discount rate differences recognized in other comprehensive income, the effects of which are reflected in other comprehensive income before tax. For discount rate differences arising from overseas insurance and reinsurance contracts, changes in exchange rates other than the functional currency result in changes in the foreign exchange gains or losses, the effects of which are reflected in net income before tax. For valuation differences arising from changes in the fair value of Debt FVTOCI, valuation differences recognized in other comprehensive income similarly change, the effects of which are reflected in other comprehensive income before tax. In addition, for all foreign exchange derivatives, regardless of whether the assets or liabilities hedged against foreign exchange risk are monetary or non-monetary, the impact of foreign exchange gains and losses resulting from changes in foreign exchange rates is reflected in net income before tax. For each of the above variables, the impact is assessed assuming that only a single variable changes, with all other variables held constant.

37.4 Credit risk

Credit risk is a risk of incurring financial loss in regard to bonds, loans and advances held by the Group, counterparties for trading assets such as derivative transactions, or reinsuring entities in reinsurance contracts, due to declined value of invested assets and difficulty in debt servicing or difficulty in collection of reinsurance claims as a result of the deterioration of financial conditions or bankruptcy.

37.4.1 Financial assets applicable to expected credit loss model

(1) Credit risk management

The Group manages credit risk of financial assets applicable to expected credit loss model by taking the following measures.

Establishing a credit policy and credit limit

The Group executes respective investments and loans, including bonds and loans, based on an appropriate assessment of the degree of credit risk of the debtors through an internal rating system. In addition, in order to control the concentration of credit risk on specific debtors, the Group sets a maximum amount of credit per debtor for each internal rating and manages credit risk appropriately.

Periodic credit risk monitoring

The Group monitors the financial condition and debt servicing performance of debtors and takes appropriate actions, including timely update of internal ratings and reduction of credit limit or protection of claims as necessary. In addition to managing credit exposure of each debtor, the Group manages credit exposures to avoid excessive concentration of credits to specific sectors such as industries and countries.

Self-assessment of credit quality and verification

The Group conducts self-assessment of credit quality (i.e., examining credit quality of each asset held individually and classifying them according to the degree of collectability or risk of damage to value) for all financial assets.

In the process of self-assessment, each department in charge conducts self-assessment (primary assessment), a department independent from the department in charge conducts verification (secondary assessment), and an audit department conducts an audit, while the expected credit losses are measured and recorded based on the results of self-assessment.

(2) Credit risk exposure by credit rating

The following table analyses the carrying amount of financial assets subject to the expected credit loss model by internal credit rating. It shows the total amount of the Group's maximum credit exposure (before credit guarantees are taken into account) arising from these investments.

As of April 1, 2023 (Transition date)

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	
Investment securities				
AAA	163,798	—	—	163,798
AA	4,391,805	—	—	4,391,805
A	394,844	—	—	394,844
BBB	46,941	—	—	46,941
BB or below	—	—	—	—
No rating	20,053	—	0	20,053
Carrying amount (Note)	5,017,444	—	0	5,017,444
Loans and advances				
AAA	20,664	—	—	20,664
AA	40,036	255	—	40,291
A	393,239	500	—	393,739
BBB	15,028	500	—	15,528
BB or below	1,549	19	8	1,577
No rating	45,146	3	—	45,149
Carrying amount (Note)	515,665	1,277	8	516,951

As of March 31, 2024

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	
Investment securities				
AAA	146,501	—	—	146,501
AA	4,397,179	—	—	4,397,179
A	331,316	—	—	331,316
BBB	42,183	—	—	42,183
BB or below	—	—	—	—
No rating	11,131	—	0	11,131
Carrying amount (Note)	4,928,312	—	0	4,928,312
Loans and advances				
AAA	18,922	—	—	18,922
AA	67,458	258	—	67,717
A	332,185	500	—	332,685
BBB	11,687	500	—	12,187
BB or below	991	17	7	1,015
No rating	62,865	0	—	62,865
Carrying amount (Note)	494,111	1,276	7	495,394

As of March 31, 2025

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	
Investment securities				
AAA	**86,691**	**—**	**—**	**86,691**
AA	**3,995,933**	**—**	**—**	**3,995,933**
A	**263,856**	**—**	**—**	**263,856**
BBB	**28,196**	**—**	**—**	**28,196**
BB or below	**—**	**—**	**—**	**—**
No rating	**11,342**	**—**	**0**	**11,342**
Carrying amount (Note)	**4,386,019**	**—**	**0**	**4,386,019**
Loans and advances				
AAA	**18,273**	**—**	**—**	**18,273**
AA	**74,087**	**258**	**—**	**74,346**
A	**304,734**	**500**	**—**	**305,234**
BBB	**7,461**	**500**	**—**	**7,961**
BB or below	**570**	**20**	**5**	**597**
No rating	**101,893**	**100**	**—**	**101,993**
Carrying amount (Note)	**507,022**	**1,379**	**5**	**508,407**

(Note) The carrying amount of financial assets measured at amortized cost represents the gross carrying amount before deducting allowance for credit losses.

Collateral and other credit enhancement

The Group receives collaterals including securities and property, or a parent company's guarantee for loans and receivables. For credit-impaired financial assets at the end of a fiscal year, the amount of those receivables is, in principle, fully protected by such collaterals.

Credit concentration risk

Credit concentration risk is the risk that a large amount of credit will be concentrated in a particular credit recipient, resulting in a large loss due to deterioration of the financial condition or bankruptcy of the credit recipient.

The Group has introduced an internal credit rating system and sets a limit of exposure per credit recipient for each internal rating, and regularly monitors and appropriately manages the credit concentration. In addition to the concentration in each credit recipient, the Group also periodically monitors the credit status of specific sectors such as industries and regions to ensure that there is no excessive concentration.

The domestic sector accounts for most of the Group's credit concentration. Other than that, however, there is no credit concentration in specific jurisdiction and regions, and there is no credit concentration in specific industries in Japan.

(3) Measurement of expected credit losses

The Group manages credit risks by grouping similar exposures based on types of financial instruments and credit ratings, measuring expected credit losses of the groups on a collective basis.

For assets with a significant increase in credit risk since initial recognition, the Group recognizes lifetime expected credit losses of a financial asset while considering all reasonable and supportable information including forward-looking information. For assets with no significant increase in credit risk since initial recognition, the Group measures allowance for credit losses for such assets at an amount equal to 12-month expected credit losses. Specifically, the expected credit losses are measured based on the probability of default (PD) and loss given default (LGD) for the 12 months or for the lifetime of the asset. To determine the lifetime PD and the 12-month PD, the Group uses a PD table created based on a default history of debtors by each rating provided by several credit rating agencies. LGD is an estimate of potential loss if the loans were to default. LGD is determined on the basis of factors including structure, collateral and seniority ranking of credit claims.

To reflect forward-looking information in a timely manner while considering changes in macro-economic conditions, historical data used will be calibrated by incorporating present and future economic forecasts when significant changes in economic conditions are observed.

Determination of significant increase in credit risk

The Group manages credit risk using an internal credit rating system for each debtor, ensuring a certain level of consistency with external ratings provided such as by S&P and Moody's.

The Group determines that there is a significant increase in credit risk if:

- a certain downgrade of internal rating is observed after the initial recognition of a financial asset;
- a payment is more than 30 days past due without a rebuttable presumption; or
- an event that may significantly change the debtor's ability to fulfil its obligation has occurred due to unfavorable changes in business, financial, or economic conditions.

To reflect forward-looking information in a timely manner while considering changes in macro-economic conditions, historical data used for the determination of credit risk will be calibrated by incorporating present and future economic forecasts when significant changes in economic conditions are observed.

As low credit risk exception has been applied to bonds, the Group considers that there is no significant increase in credit risk of investment-grade securities as of the end of the reporting period.

Definition of default

The Group defines that default occurs when the debtor has more than 90 days past due on a credit obligation or bankruptcy and the like while considering debt servicing history and consistency with assessment classification resulting from self-assessment of credit quality in line with the regulatory requirements.

Determination of credit-impaired financial assets

The Group determines that credit-impaired financial assets are claims that are in default, claims owed by a debtor who is likely to bankrupt and restructured loans that may cause significant disadvantage for a creditor.

Write-off

The gross carrying amount of financial asset is (fully or partly) written-off when there is no reasonable expectation of recovery. This occurs when the Group determines that a debtor does not have enough assets or revenue sources to generate sufficient cash flows to repay the amount subject to write-off.

Modified financial assets

Contractual terms of financial assets may be modified for various reasons such as relevant changes in market conditions and other factors not related to deterioration in the credit worthiness of debtors in current conditions and forecasts of future economic conditions. If a modification occurs, the Group monitors the amounts and ratio affected both before and after the modification and individually determines if a financial asset qualifies for derecognition.

Financial assets that qualify for derecognition are recognized at fair value as new financial assets that are renegotiated.

In case there is no derecognition even if financial assets are modified, the Group determines whether there is a significant increase in credit risk of such assets by comparing internal ratings both at initial recognition and at a reporting date.

The changes in allowance for credit losses related to investment securities are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)			Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-credit-impaired financial assets	Credit-impaired financial assets		Non-credit-impaired financial assets	Credit-impaired financial assets
Beginning balance	746	—	—	**757**	**—**	**—**
Changes due to transfer of beginning balance:						
Transfer to 12-month expected credit loss	—	—	—	**—**	**—**	**—**
Transfer to lifetime expected credit loss (non-credit-impaired financial assets)	—	—	—	**—**	**—**	**—**
Transfer to lifetime expected credit loss (credit-impaired financial assets)	—	—	—	**—**	**—**	**—**
Write-off	—	—	—	**—**	**—**	**—**
Provision due to new acquisition, derecognition and remeasurement (net)	10	—	—	**(43)**	**—**	**—**
Foreign exchange	—	—	—	**—**	**—**	**—**
Others	—	—	—	**—**	**—**	**—**
Ending balance	757	—	—	**713**	**—**	**—**

The changes in allowance for credit losses related to loans and advances are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)			Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-credit-impaired financial assets	Credit-impaired financial assets		Non-credit-impaired financial assets	Credit-impaired financial assets
Beginning balance	78	5	3	**47**	**4**	**3**
Changes due to transfer of beginning balance:						
Transfer to 12-month expected credit loss	—	—	—	**—**	**—**	**—**
Transfer to lifetime expected credit loss (non-credit-impaired financial assets)	(0)	0	—	**(0)**	**0**	**—**
Transfer to lifetime expected credit loss (credit-impaired financial assets)	—	—	—	**—**	**—**	**—**
Write-off	—	—	—	**—**	**—**	**—**
Provision due to new acquisition, derecognition and remeasurement (net)	(30)	(0)	(0)	**(10)**	**(0)**	**(0)**
Foreign exchange	—	—	—	**—**	**—**	**—**
Others	—	—	—	**—**	**—**	**—**
Ending balance	47	4	3	**36**	**4**	**2**

37.4.2 Reinsurance contracts

Although reinsurance is used to manage insurance risk, it does not mean that the Group is exempted from the responsibility as an insurance company. Even if the reinsurer fails to pay insurance claims for any reason, the Group is obliged to make payments to policyholders. The creditworthiness of the reinsurance company is managed by assessing its financial soundness before entering into a contract.

Although reinsurance contract assets are not subject to the expected credit loss model under IFRS 9, the Group estimates cash flows considering credit risk when estimating the future fulfilment cash flows.

The balances of reinsurance contract assets by internal credit rating are as follows: The maximum credit risk exposure equals the balance of reinsurance contract assets.

(Millions of yen)

	As of April 1, 2023 (Transition date)	As of March 31, 2024	As of March 31, 2025
AAA	1,609	668	**394**
AA	471,563	532,469	**557,378**
A	486,907	575,940	**513,414**
BBB	49,074	34,924	**12,983**
BB or below	8,344	786	**17,226**
No rating	57,279	85,148	**107,915**
Total	1,074,780	1,229,937	**1,209,313**

Concentration of ceded reinsurance risk

Concentration of ceded reinsurance risk is the risk of incurring significant losses due to deterioration of the financial condition or bankruptcy of the reinsurer as a result of a concentration of ceding to a specific reinsurer. The Group has implemented an internal rating system and sets a limit on the maximum expected recovery per reinsurer for each internal rating, and regularly monitors and appropriately manages the concentration risk of ceded reinsurers.

37.5 Liquidity risk

Liquidity risk is a risk of incurring losses as a result of deterioration in cash position and being forced to make transactions at a price significantly lower than usual to secure funds. Such risk arises from a decrease in insurance revenue associated with a decrease in new contracts, an increase in the payment of surrender value associated with large cancellations, and the payment of large amount of insurance claims due to large-scale disasters. It also includes the risk of late payment of claims due to failure to make transactions resulting from market disruptions and other factors.

The Group manages its day-to-day cash management activities and forecasts the maximum outflow of funds such as payments of insurance claims resulting from the development of a liquidity risk scenario including the occurrence of a huge disaster. It also secures sufficient liquid assets in preparation for such outflow of funds.

Maturity analysis

The contractual undiscounted cash flows of non-derivative financial liabilities and derivatives are as follows:

As of April 1, 2023 (Transition date)

(Millions of yen)

	Carrying amount	Contractual undiscounted cash flows	Within 1 year	1–5 years	Over 5 years
Non-derivative financial liabilities					
Repo and similar securities borrowings	575,531	575,531	575,531	—	—
Bonds issued and borrowings	614,424	972,865	12,765	134,255	825,844
Lease liabilities	361,325	393,913	41,533	138,201	214,178
Derivatives					
Derivative assets	(16,872)	(16,894)	(14,401)	(1,921)	(571)
Derivative liabilities	26,099	26,099	26,099	—	—
Total	1,560,508	1,951,515	641,529	270,535	1,039,451

As of March 31, 2024

(Millions of yen)

	Carrying amount	Contractual undiscounted cash flows	Within 1 year	1–5 years	Over 5 years
Non-derivative financial liabilities					
Repo and similar securities borrowings	527,028	527,028	527,028	—	—
Bonds issued and borrowings	691,738	1,044,299	13,532	208,684	822,083
Lease liabilities	331,571	364,546	41,636	134,060	188,849
Derivatives					
Derivative assets	(2,965)	(2,988)	(1,325)	(1,339)	(322)
Derivative liabilities	14,861	14,861	14,861	—	—
Total	1,562,234	1,947,748	595,733	341,405	1,010,610

As of March 31, 2025

(Millions of yen)

	Carrying amount	Contractual undiscounted cash flows	Within 1 year	1–5 years	Over 5 years
Non-derivative financial liabilities					
Repo and similar securities borrowings	**139,832**	**139,832**	**139,832**	**—**	**—**
Bonds issued and borrowings	**691,201**	**1,025,818**	**13,742**	**206,320**	**805,756**
Lease liabilities	**334,622**	**372,277**	**41,431**	**138,015**	**192,830**
Derivatives					
Derivative assets	**(9,519)**	**(9,543)**	**(8,686)**	**(710)**	**(147)**
Derivative liabilities	**5,410**	**5,410**	**5,410**	**—**	**—**
Total	**1,161,548**	**1,533,796**	**191,730**	**343,625**	**998,440**

The actual cash flows may differ from contractual cash flows presented above because some bonds issued and borrowings include clause allowing early redemption. Floating interest rates as of the reporting date are assumed to be held unchanged.

The details of undiscounted cash flows of insurance and reinsurance contracts are as follows. The assets and liabilities for remaining coverage measured by applying PAA are not included.

As of April 1, 2023 (Transition date)

(Millions of yen)

	P&C insurance business		Life insurance business	
	Insurance contract	Reinsurance contract	Insurance contract	Reinsurance contract
Within 1 year	2,040,574	(409,471)	(124,283)	(1,860)
1–2 years	1,044,138	(173,586)	(137,371)	—
2–3 years	677,645	(100,189)	(117,494)	—
3–4 years	477,585	(67,750)	(100,002)	—
4–5 years	345,291	(48,433)	(80,422)	—
Over 5 years	1,493,792	(109,651)	3,754,882	—
Total undiscounted cash flows	6,079,027	(909,082)	3,195,308	(1,860)
Expected present value of future cash flows /(assets)	5,637,227	(815,943)	1,627,470	(1,860)

As of March 31, 2024

(Millions of yen)

	P&C insurance business		Life insurance business	
	Insurance contract	Reinsurance contract	Insurance contract	Reinsurance contract
Within 1 year	2,171,318	(436,558)	(129,047)	(2,010)
1–2 years	1,153,414	(204,148)	(138,173)	—
2–3 years	778,495	(132,342)	(116,985)	—
3–4 years	535,565	(85,965)	(95,040)	—
4–5 years	391,896	(61,411)	(77,212)	—
Over 5 years	1,494,886	(144,038)	3,820,511	—
Total undiscounted cash flows	6,525,576	(1,064,464)	3,264,052	(2,010)
Expected present value of future cash flows /(assets)	5,955,280	(944,049)	1,442,049	(2,010)

As of March 31, 2025

(Millions of yen)

	P&C insurance business		Life insurance business	
	Insurance contract	Reinsurance contract	Insurance contract	Reinsurance contract
Within 1 year	**2,172,189**	**(399,840)**	**(128,093)**	**(1,518)**
1–2 years	**1,202,056**	**(200,061)**	**(133,313)**	**—**
2–3 years	**812,993**	**(142,847)**	**(108,334)**	**—**
3–4 years	**551,113**	**(94,614)**	**(88,092)**	**—**
4–5 years	**403,335**	**(67,539)**	**(67,209)**	**—**
Over 5 years	**1,469,924**	**(168,136)**	**3,868,727**	**—**
Total undiscounted cash flows	**6,611,612**	**(1,073,038)**	**3,343,683**	**(1,518)**
Expected present value of future cash flows /(assets)	**5,936,735**	**(941,456)**	**1,138,907**	**(1,518)**

The amounts payable on demand from policyholders and the carrying amount of the related group of insurance contracts are as follows:

(Millions of yen)

As of April 1, 2023 (Transition date)		As of March 31, 2024		As of March 31, 2025	
Amount payable on demand	Carrying amount	Amount payable on demand	Carrying amount	Amount payable on demand	Carrying amount
4,554,688	9,442,408	4,420,666	9,642,097	**4,342,090**	**9,327,341**

The amount payable on demand includes the amount of surrender value at the reporting date that would be paid if the insurance contracts were terminated.

37.6 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities that are subject to enforceable master netting arrangement or similar agreement are as follows:

As of April 1, 2023 (Transition date)

(Millions of yen)

Class of transaction	Gross amount of recognized financial assets/financial liabilities	Recognized amount offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received/ pledged	
Financial assets						
Derivative assets	5,715	—	5,715	2,276	2,599	840
Securities lending transactions and similar transactions	559,639	—	559,639	—	559,639	—
Financial liabilities						
Derivative liabilities	14,400	—	14,400	2,276	602	11,522
Securities borrowing transactions and similar transactions	—	—	—	—	—	—

As of March 31, 2024

(Millions of yen)

Class of transaction	Gross amount of recognized financial assets/financial liabilities	Recognized amount offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received/ pledged	
Financial assets						
Derivative assets	2,906	—	2,906	2,289	310	306
Securities lending transactions and similar transactions	512,134	—	512,134	—	512,134	—
Financial liabilities						
Derivative liabilities	14,732	—	14,732	2,289	8,673	3,769
Securities borrowing transactions and similar transactions	—	—	—	—	—	—

As of March 31, 2025

(Millions of yen)

Class of transaction	Gross amount of recognized financial assets/financial liabilities	Recognized amount offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received/ pledged	
Financial assets						
Derivative assets	**9,320**	**—**	**9,320**	**3,573**	**2,638**	**3,108**
Securities lending transactions and similar transactions	**139,657**	**—**	**139,657**	**—**	**139,657**	**—**
Financial liabilities						
Derivative liabilities	**4,400**	**—**	**4,400**	**3,573**	**524**	**302**
Securities borrowing transactions and similar transactions	**—**	**—**	**—**	**—**	**—**	**—**

Under enforceable master netting arrangement or similar agreement, the right of offsetting financial assets and financial liabilities becomes enforceable only when defaults and other specific events that are not expected in the ordinary course of business occur. It affects the settlement of individual financial assets and financial liabilities. Consequently, these agreements do not currently create a legally enforceable right to offset and do not meet offsetting requirements in the statement of financial position.

38. Subsequent events

1. Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's share buybacks to be conducted in accord with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2025.

(1) Reason for share buybacks

While ensuring financial soundness and improving capital efficiency by investing in growth business fields, the Company upholds a shareholder return policy of paying a basic return (50% of adjusted consolidated profit) and, in principle, a supplementary return of 50% of the after-tax gains on the sale of strategic shareholding.

Furthermore, the Company will consider adjusting the capital level depending on risk and capital conditions, trends in business performance, and financial market environment. These shareholder return shall be provided by dividends and share buybacks.

In accordance with this shareholder return policy, the Company will conduct share buybacks as basic and supplementary return.

(2) Details of share buybacks

(i)	Class of shares	Common stock of the Company
(ii)	Potential total number	33,000,000 shares (upper limit)
(iii)	Total price	105,000,000,000 yen (upper limit)
(iv)	Period	June 2, 2025 — November 18, 2025

2. Cancellation of treasury stock

The Company resolved to cancel the Company's treasury stock, pursuant to Article 178 of the Companies Act at the Company's Board of Directors meeting on May 20, 2025, and implemented the cancellation on May 30, 2025.

(i)	Class of shares to be cancelled	Common stock of the Company
(ii)	Number of shares to be cancelled	56,253,300 shares
(iii)	Total number of issued shares (after the cancellation)	934,228,767 shares
(iv)	Date of the cancellation	May 30, 2025

39. Transition to IFRS

The Group adopts IFRS from the consolidated financial statements of the fiscal year ended March 31, 2025 onwards. The most recent consolidated financial statements prepared under Japanese GAAP are for the fiscal year ended March 31, 2024. The date of transition from Japanese GAAP to IFRS is April 1, 2023.

(1) Exemption under IFRS 1

IFRS 1 requires first-time adopting entities to retrospectively apply all effective standards required under IFRS as of the reporting date. However, IFRS 1 also provides certain optional exemptions, and the Group has applied the following exemptions:

(i) Business combinations

IFRS 1 permits entities not to apply IFRS 3 retrospectively to business combinations that occurred prior to the date of transition to IFRS. The Group has elected to apply this exemption and such business combinations have not been restated. Therefore, goodwill arising from business combinations prior to the date of transition is stated in the opening statement of financial position in accordance with Japanese GAAP. Impairment tests were performed for such goodwill as of the transition date, regardless of the existence of indication of impairment.

(ii) Translation difference related to foreign operations

IFRS 1 permits entities to elect to deem the cumulative translation difference related to foreign operations to be zero at the transition date. The Group has applied this exemption.

(iii) Designation of financial instruments recognized prior to the transition date

IFRS 1 permits entities to determine the classification under IFRS 9 based on facts and circumstances that exist at the date of transition, rather than facts and circumstances that existed at the time of initial recognition. In addition, on the bases above, IFRS 1 permits entities to designate equity instruments as financial assets measured at fair value through other comprehensive income. The Group has applied this exemption and designated certain equity instruments, with some exceptions, as financial assets measured at fair value through other comprehensive income.

(iv) Insurance contracts

IFRS 1 permits entities to apply the transition exemptions under IFRS 17 to the measurement of insurance contracts at the transition date. The transition approach to IFRS 17 is disclosed in Note "17.4 Transition to IFRS 17."

(v) Leases as lessees

IFRS 1 permits first-time adopters to assess whether a contract contains a lease at the transition date. The Group applies this exemption and determines whether a contract contains a lease based on the facts and circumstances existing at the transition date. IFRS 1 permits the lessee to measure the lease liability and right-of-use asset as of the date of transition to IFRS for all leases when recognizing the lease liability and right-of-use asset under the lessee's lease. The Group applies this exemption and measures the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition.

The Group also measures right-of-use assets at the same amount as lease liabilities at the date of transition and applies IAS 36 Impairment of Assets to right-of-use assets at the date of transition. Leases for which lease term of 12 months or less from the date of transition to IFRS and leases for which the underlying asset is of low value are recognized as an expense.

(2) Mandatory exceptions to the retrospective application under IFRS 1

IFRS 1 prohibits retrospective application of other IFRSs, such as 'estimates', 'derecognition of financial assets and financial liabilities', 'non-controlling interests' 'classification and measurement of financial assets', etc. The Group applies these requirements in IFRSs prospectively from the date of transition to IFRSs.

(3) Reconciliation from Japanese GAAP to IFRS

The following reconciliations and explanatory notes provide a description of the effect of the transition from Japanese GAAP to IFRS on the Group's financial position, operating results and cash flows. In principle, 'Reclassification' includes items that do not affect retained earnings or comprehensive income, while 'Differences in recognition and measurement' includes items that affect retained earnings and comprehensive income.

(i) Reconciliation of equity

Reconciliation of equity as of April 1, 2023 (Transition date)

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets						Assets
Cash and deposits	1,246,638	13,569	17,879	1,278,088	(1) (10)	Cash and cash equivalents
Receivables under resale agreements	69,999	(69,999)	—	—	(1)	
Monetary receivables bought	21,915	(21,915)	—	—	(2)	
Money trusts	21,236	(21,236)	—	—	(2)	
Securities	9,808,182	(24,651)	257,037	10,040,567	(2) (10) (11) (13)	Investment securities
	—	44,561	590	45,152	(4) (10)	Investments in associates
Loans	484,145	74,839	(42,121)	516,863	(1) (13)	Loans and advances
	—	—	21,199	21,199	(11) (17)	Insurance contract assets
	—	—	1,074,780	1,074,780	(11) (17)	Reinsurance contract assets
Tangible fixed assets	360,882	4,322	274,014	639,218	(15)	Property and equipment
Intangible fixed assets	543,122	4,320	(7,656)	539,787	(16)	Goodwill and Intangible assets
Other assets	707,418	(34,226)	(21,934)	651,257	(10) (11) (13) (17)	Other assets
	—	24,930	(8,058)	16,872	(5) (14)	Derivative assets
Net defined benefit asset	230	—	(6)	223	(18)	Retirement benefit assets
Deferred tax assets	90,499	—	(53,841)	36,657	(21)	Deferred tax assets
Allowance for possible credit losses	(2,995)	—	2,995	—	(13)	
Total assets	13,351,277	(5,485)	1,514,878	14,860,669		Total assets

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities						Liabilities
Underwriting funds	9,475,679	—	(9,475,679)	—	(17)	
	—	—	9,463,607	9,463,607	(11) (17)	Insurance contract liabilities
	—	—	912	912	(17)	Reinsurance contract liabilities
Corporate bonds	609,051	6,554	(1,181)	614,424	(3)	Bonds issued and borrowings
Other liabilities	1,127,008	(577,040)	229,054	779,022	(3) (10) (11) (15) (17) (19)	Other liabilities
	—	575,531	—	575,531		Repo and similar securities borrowings
	—	25,401	698	26,099	(5) (14)	Derivative liabilities
	—	6,188	8,421	14,610		Current tax liabilities
	—	3,539	173	3,712		Provisions
Net defined benefit liability	59,235	—	37	59,272	(18)	Retirement benefit liabilities
Reserve for retirement benefits to directors	16	(16)	—	—		
Reserve for bonus payments	42,488	(42,488)	—	—		
Reserve for bonus payments to directors	487	(487)	—	—		
Reserve for stocks payments	2,669	(2,669)	—	—	(19)	
Reserve for price fluctuation	110,858	—	(110,858)	—	(20)	
Deferred tax liabilities	4,642	—	334,214	338,856	(21)	Deferred tax liabilities
Total liabilities	11,432,136	(5,485)	449,399	11,876,050		Total liabilities
Net assets						Equity
Common stock	100,045	—	—	100,045		Share capital
Capital surplus	134,708	269	904	135,882	(19)	Capital surplus
Retained earnings	961,838	—	1,600,986	2,562,824	(23)	Retained earnings
Treasury stock	(82,145)	—	—	(82,145)		Treasury stocks
Total accumulated other comprehensive income	788,599	—	(537,574)	251,025	(11) (13) (14) (17) (18) (22)	Other equity components
Stock acquisition rights	269	(269)	—	—		
Non-controlling interests	15,824	—	1,161	16,985		Non-controlling interests
Total net assets	1,919,140	—	1,065,478	2,984,618		Total equity
Total liabilities and net assets	13,351,277	(5,485)	1,514,878	14,860,669		Total liabilities and equity

Reconciliation of equity as of March 31, 2024

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets						Assets
Cash and deposits	1,231,345	(34,741)	20,136	1,216,739	(1) (10)	Cash and cash equivalents
Receivables under resale agreements	14,999	(14,999)	—	—	(1)	
Monetary receivables bought	21,686	(21,686)	—	—	(2)	
Money trusts	4,843	(4,843)	—	—	(2)	
Securities	11,424,810	(55,494)	151,697	11,521,014	(2) (10) (11) (13)	Investment securities
	—	47,022	1,383	48,405	(4) (10)	Investments in associates
Loans	451,662	79,690	(36,013)	495,339	(1)(13)	Loans and advances
	—	—	19,521	19,521	(11) (17)	Insurance contract assets
	—	—	1,229,937	1,229,937	(11) (17)	Reinsurance contract assets
Tangible fixed assets	371,583	5,825	240,603	618,011	(15)	Property and equipment
Intangible fixed assets	518,922	12,504	21,042	552,469	(16)	Goodwill and Intangible assets
Other assets	710,294	(19,133)	(19,141)	672,020	(10) (11) (13)(17)	Other assets
	—	3,447	(482)	2,965	(5) (14)	Derivative assets
Net defined benefit asset	433	—	(14)	418	(18)	Retirement benefit assets
Deferred tax assets	85,110	—	(2,014)	83,096	(21)	Deferred tax assets
Allowance for possible credit losses	(2,913)	—	2,913	—	(13)	
Total assets	14,832,778	(2,408)	1,629,569	16,459,939		Total assets

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities						Liabilities
Underwriting funds	9,810,421	—	(9,810,421)	—	(17)	
	—	—	9,661,618	9,661,618	(11) (17)	Insurance contract liabilities
	—	—	—	—	(17)	Reinsurance contract liabilities
Corporate bonds	682,349	5,128	4,260	691,738	(3)	Bonds issued and borrowings
Other liabilities	1,111,287	(569,276)	217,191	759,203	(3) (10) (11) (15) (17) (19)	Other liabilities
	—	527,028	—	527,028		Repo and similar securities borrowings
	—	14,744	116	14,861	(5) (14)	Derivative liabilities
	—	76,560	3,847	80,408		Current tax liabilities
	—	3,901	193	4,094		Provisions
Net defined benefit liability	21,654	—	81	21,735	(18)	Retirement benefit liabilities
Reserve for retirement benefits to directors	16	(16)	—	—		
Reserve for bonus payments	57,500	(57,500)	—	—		
Reserve for bonus payments to directors	443	(443)	—	—		
Reserve for stocks payments	2,535	(2,535)	—	—	(19)	
Reserve for price fluctuation	116,413	—	(116,413)	—	(20)	
Deferred tax liabilities	161,895	—	410,156	572,051	(21)	Deferred tax liabilities
Total liabilities	11,964,519	(2,408)	370,630	12,332,740		Total liabilities
Net assets						Equity
Common stock	100,045	—	—	100,045		Share capital
Capital surplus	32,096	235	824	33,156	(19)	Capital surplus
Retained earnings	1,291,783	—	1,828,994	3,120,777	(23)	Retained earnings
Treasury stock	(4,125)	—	—	(4,125)		Treasury stocks
Total accumulated other comprehensive income	1,432,100	—	(574,333)	857,767	(11) (13) (14) (17) (18) (22)	Other equity components
Stock acquisition rights	235	(235)	—	—		
Non-controlling interests	16,123	—	3,453	19,576		Non-controlling interests
Total net assets	2,868,258	—	1,258,939	4,127,198		Total equity
Total liabilities and net assets	14,832,778	(2,408)	1,629,569	16,459,939		Total liabilities and equity

(ii) Reconciliation of comprehensive income

Reconciliation of net income for the fiscal year ended March 31, 2024

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Underwriting income	4,099,489	—	(4,099,489)	—	(17)	
Underwriting expenses	3,495,132	—	(3,495,132)	—	(17)	
	—	—	4,836,830	4,836,830	(11) (12) (17)	Insurance revenue
	—	—	4,287,494	4,287,494	(11) (12) (17) (18) (19)	Insurance service expenses
	—	—	(197,750)	(197,750)	(11) (17)	Income or expenses from reinsurance contracts held
	604,357	—	(252,772)	351,585		Insurance service result
Investment income	592,545	(565,907)	(26,637)	—	(6) (11) (17)	
Investment expenses	108,014	(106,815)	(1,198)	—	(6) (11)	
	—	101,565	5,499	107,065	(6) (13)	Interest income
	—	353,324	50,654	403,979	(6) (13)	Other investment gains and losses
	—	10,122	1,299	11,422		Expenses related to investment
	484,531	(14,325)	29,415	499,621		Investment gains and losses
	—	—	233,284	233,284	(11) (17)	Insurance finance expenses, net
	—	—	55,067	55,067	(17)	Reinsurance finance income, net
	—	—	(178,217)	(178,217)		Insurance finance gains and losses
	484,531	(14,325)	(148,801)	321,404		Finance result
Other ordinary income	241,611	(37,836)	10,299	214,074	(8)	Other revenue
Other ordinary expenses	183,714	(176,730)	(6,984)	—	(7) (8) (11)	
Operating, general and administrative expenses	658,750	(10,679)	(549,023)	99,047	(11) (16) (17) (18) (19)	Administrative expenses
Extraordinary gains	1,129	(1,129)	—	—	(8)	
Extraordinary losses	9,583	(9,583)	—	—	(8) (20)	
	—	12,579	3,604	16,183	(7) (15)	Other finance expenses
	—	41,676	(2,044)	39,632	(8) (10)	Other income
	—	173,995	24,949	198,944	(8) (10)	Other expenses
	—	1,196	811	2,008	(9) (10)	Investment gains and losses on the equity method
	(609,307)	14,325	536,521	(58,460)		Other income and expenses
Net income before income taxes	479,581	—	134,947	614,529		Net income before tax
Total income taxes	61,514	—	21,274	82,789	(11)	Income tax expenses
Net income	418,066	—	113,673	531,739		Net income

Reconciliation of other comprehensive income for the fiscal year ended March 31, 2024

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Net income	418,066	—	113,673	531,739		Net income
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss:
Unrealized gains and losses on securities available for sale	538,779	(83,506)	40,875	496,149	(13)	Investments in equity instruments
Remeasurements of defined benefit plans	20,303	—	575	20,878	(18)	Remeasurements of defined benefit plans
	—	—	(27)	(27)		Share of other comprehensive income of associates accounted for by the equity method
						Items that may be reclassified subsequently to profit or loss:
	—	83,506	(261,944)	(178,438)	(13)	Investments in debt instruments
Deferred gains and losses on hedges	(716)	—	716	—	(14)	Cash flow hedge
Foreign currency translation adjustments	84,679	—	87,283	171,962	(22)	Translation difference related to foreign operations
	—	—	212,962	212,962	(17)	Changes on insurance contracts due to changes in interest rates
	—	—	(267)	(267)	(17)	Changes on reinsurance contracts due to changes in interest rates
Share of other comprehensive income of affiliates accounted for under the equity method	733	—	396	1,130		Share of other comprehensive income of associates accounted for by the equity method
Total other comprehensive income	643,779	—	80,569	724,349		Other comprehensive income
Comprehensive income	1,061,846	—	194,242	1,256,089		Comprehensive income
						Comprehensive income attributable to:
Comprehensive income attributable to shareholders of the parent	1,059,555	—	194,317	1,253,872		Owners of parent
Comprehensive income attributable to non-controlling interests	2,291	—	(74)	2,216		Non-controlling interests

Notes on reconciliation of equity and comprehensive income

Reclassifications

(1) “Cash and cash equivalents”

Time deposits with a term to maturity of greater than three months, which are classified as “Cash and deposits” under Japanese GAAP, are included and presented as “Loans and advances” under IFRS. “Receivables under resale agreements,” which are presented separately under Japanese GAAP, are included and presented as “Cash and cash equivalents” under IFRS.

(2) “Investment securities”

“Monetary receivables bought,” “Money trusts” and “Securities” under Japanese GAAP are presented collectively as “Investment securities” under IFRS.

(3) “Bonds issued and borrowings”

Borrowings included in “Other liabilities” under Japanese GAAP are included in “Bonds issued and borrowings” under IFRS.

(4) “Investments in associates”

Investments accounted for using the equity method, which are included in “Securities” under Japanese GAAP, are presented as “Investments in associates” under IFRS.

(5) “Derivative assets” and “Derivative liabilities”

Derivative assets included in “Other assets” and derivative liabilities included in “Other liabilities” under Japanese GAAP are presented as “Derivative assets” and “Derivative liabilities” under IFRS.

(6) “Interest income” and “Other investment gains and losses”

“Investment income” under Japanese GAAP is included in “Interest income” and “Other investment gains and losses” under IFRS. Additionally, “Investment expenses” under Japanese GAAP is included in “Other investment gains and losses” under IFRS.

(7) “Other finance expenses”

Interest expense included in “Other ordinary expenses” under Japanese GAAP is included in “Other finance expenses” under IFRS.

(8) “Other income” and “Other expenses”

Some of the “Other ordinary income” and “Extraordinary gains” under Japanese GAAP are presented as “Other income” under IFRS. Additionally, “Other ordinary expenses” and “Extraordinary losses” under Japanese GAAP are presented as “Other expenses” under IFRS.

(9) “Investment gains and losses on the equity method”

Investment gains and losses on the equity method included in “Other ordinary income” or “Other ordinary expenses” under Japanese GAAP are presented as “Investment gains and losses on the equity method” under IFRS.

Differences in recognition and measurement

(10) Scope of consolidation

Under Japanese GAAP, subsidiaries that do not have material impact on the consolidated financial statements are excluded from the scope of consolidation. Under IFRS, the scope of consolidation is determined based on the established principles. In addition, under Japanese GAAP, fund-related investments such as investment trust are accounted for as financial instruments according to the holding purposes. Under IFRS, judgment on whether the company has substantial controls over these structured entities is made on the grounds that the company has power that affects variable returns of their investee. If the company is deemed to have controls, it is included within the scope of consolidation.

(11) Alignment of reporting period-end dates

Under Japanese GAAP, for the consolidated subsidiaries, whose reporting period-end date differs from that of the parent, consolidation was implemented by using the financial statements of the subsidiary with making the adjustments for the effects of significant transactions between the parent and subsidiaries during the different reporting period-end dates, if the difference is no more than three months. Under IFRS, subsidiaries with different reporting period-end dates are consolidated by preparing financial statements using provisional calculations as of the parent’s reporting period-end date.

(12) Foreign currency translation

Under Japanese GAAP, revenues and expenses from foreign operations are translated into Japanese yen using the exchange rate at the period-end. Under IFRS, the average rate for the period is used unless exchange rates fluctuate significantly.

(13) Financial instruments: classification and measurement

Under Japanese GAAP, securities are classified as ‘trading securities’, ‘bonds held-to-maturity’, ‘policy reserve matching bonds’, ‘shares in subsidiaries and associates’ and ‘securities available for sale.’ ‘Bonds held-to-maturity’ and ‘policy reserve matching bonds’ are measured at amortized cost while ‘trading securities’ and ‘securities available for sale’ are measured at fair value through profit or loss and other comprehensive income, respectively. Also, receivables such as loans etc. are measured at amortized cost. Under IFRS, financial assets are classified as: ‘equity instruments measured at fair value through other comprehensive income (equity FVTOCI)’, ‘debt instruments measured at fair value through other comprehensive income (debt FVTOCI)’, ‘instruments measured at fair value through profit or loss (FVTPL)’ or instruments measured at amortized cost, depending on the business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

Investment securities (equity instruments)

Under Japanese GAAP, for stocks classified as ‘securities available for sale,’ gains or losses on sale of securities as well as impairment losses are recognized in profit or loss. Under IFRS, it is designated as ‘equity FVTOCI’ and changes in fair value are recognized as other comprehensive income. If such financial assets are derecognized, amount of accumulated other comprehensive income is subsequently reclassified to retained earnings. Under Japanese GAAP, as a basic rule, unlisted stocks are measured at cost, whereas under IFRS, these are measured at fair value.

Investment securities (debt instruments)

Under Japanese GAAP, bonds classified as ‘bonds held-to-maturity’ or ‘policy reserve matching bonds’ are measured at amortized cost on a straight-line basis. Under IFRS, it is classified as ‘debt FVTOCI’ and measured at fair value. In addition, under Japanese GAAP, impairment losses are recognized based on criteria such as significant decline in market value. Meanwhile, IFRS accounts for expected credit losses based on criteria such as significant increases in credit risks since initial recognition. Under Japanese GAAP, difference in the amount of foreign currency translation related to bonds is recognized in other comprehensive income, whereas IFRS recognizes it as profit or loss.

Fund-related investments such as investment trusts

Under Japanese GAAP, for investment trusts classified as ‘securities available for sale’, the unrealized gains and losses are recognized in other comprehensive income and for the investment in partnerships and others, held share of profits or losses of partnerships’ operations is recognized in profit or loss. Under IFRS, investment trusts excluding those recognized as subsidiaries are classified as ‘FVTPL’ and the amount of changes in fair value is recognized in profit or loss.

Loans and advances

Under Japanese GAAP, loans are measured at amortized cost using the straight-line method. Under IFRS, they are measured at amortized cost using the effective interest method. Under Japanese GAAP, any amount deemed to be uncollectable as a result of the credit risk self-assessment as of the end of the period is recognized as ‘allowance for possible credit losses.’ Under IFRS, expected credit losses are recognized based on criteria such as significant increase in credit risk since initial recognition.

(14) Hedge accounting

Under Japanese GAAP, deferred hedge accounting has been applied for interest rate risks related to insurance contracts. However, under IFRS, hedge accounting is not applied because they do not meet the criteria of qualifying hedge relationship. For foreign currency risks related to foreign bonds, fair value hedge has been used under Japanese GAAP but it was elected not to apply hedge accounting under IFRS.

(15) Leases as lessees

Under Japanese GAAP, leased assets are not recorded for operating leases. However, under IFRS, right-of-use assets and lease liabilities are recognized for all leases, including operating leases, if they meet requirements, in principle.

(16) Goodwill

Under Japanese GAAP, goodwill was amortized on a straight-line basis over a certain period. Under IFRS, goodwill is no longer amortized on and after the transition date and conduct impairment tests.

(17) Insurance contracts and reinsurance contracts

Due to significant differences in measurement and presentation methods between Japanese GAAP and IFRS as described below, the entire amount recorded under Japanese GAAP has been reversed and the entire amount recorded under IFRS has been newly recognized as 'Differences in recognition and measurement.'

Classification and measurement

Under Japanese GAAP, underwriting funds (required under the Insurance Business Act) were recognized as liabilities. Under IFRS, insurance and reinsurance contracts are measured as per Note "3. Summary of material accounting policies," as assets or liabilities.

The measuring methods under Japanese GAAP and IFRS are similar for assets or liabilities for remaining coverage related to contracts measured by applying the PAA. However, for assets or liabilities for incurred claims related to such contracts and assets or liabilities related to contracts that are measured by not applying PAA, the methods are different mainly in the following points:

- Under Japanese GAAP, undiscounted amounts have been recognized, in principle. Under IFRS, the amounts are measured based on the estimates of future cash flows discounted by using the rate that reflects the time value of money.
- Japanese GAAP does not consider risk adjustments explicitly. Under IFRS, the amounts are measured by reflecting a risk adjustment for non-financial risks in the estimates of future cash flows.
- Japanese GAAP is based on the assumptions related to the estimates at the time of contract signing, in principle. Under IFRS, the estimates of future cash flows are measured based on the estimates as of the period end.
- Under Japanese GAAP, costs related to insurance contracts are recognized as they arise, in principle. Under IFRS, acquisition expenses and direct maintenance costs are included in the measurement of the estimates of future cash flows.

Presentation of insurance revenue

Under Japanese GAAP, it was presented separately as 'premium written' which is recognized when the amount is received from policyholders, and the change in underwriting reserves which is the part of the underwriting funds ('provision for underwriting reserves' which is recognized as expense, and 'reversal of underwriting reserves' which is recognized as income). Under IFRS, it is presented as 'insurance revenue.'

Presentation of insurance service expenses

Under Japanese GAAP, it was presented separately such as: 'claims paid' which is recognized at the time they were paid to policyholders, and the change in reserve for outstanding losses and claims which is the part of the underwriting funds ('provision for reserve for outstanding losses and claims' which is recognized as expense, and 'reversal of reserve for outstanding losses and claims' which is recognized as income). Under IFRS it is presented as 'insurance service expenses.' Also under IFRS, profits and losses from onerous contracts are included in 'insurance service expenses.'

(18) Retirement benefit obligations related to defined benefit plans

Under Japanese GAAP, actuarial gains and losses and past service costs are accounted for as an expense on a straight-line basis over certain number of years equal to or less than the average remaining service period of the employees. However, under IFRS, actuarial gains and losses are recognized in other equity components through other comprehensive income when they arise and then, reclassified to retained earnings immediately. Past service costs are recognized in its entirety in profit or loss as it arises.

(19) Board Benefit Trust (BBT)

Under Japanese GAAP, the amount of the share-based payment obligations expected as of the end of the period is reported as provisions. However, under IFRS, equity-settled share-based payments are measured at fair value as of the grant date of the equity instruments with a corresponding increase in equity, and cash-settled share-based payments are measured at fair value as of the end of the period with a corresponding increase in liability.

(20) Reserves under special laws

Under Japanese GAAP, reserve for price fluctuation is reported pursuant to the Insurance Business Act. However, under IFRS, this reserve is not reported because the requirements for the recognition of liability are not met.

(21) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognized for temporary differences arising from reconciliation from Japanese GAAP to IFRS, with adjustments recorded as 'retained earnings' or 'other equity components' depending on the related transaction. These temporary differences are mainly due to 'differences in recognition and measurement' related to insurance contracts and financial instruments.

(22) Reclassification of cumulative translation difference related to foreign operations

In relation to the first-time adoption of IFRS, the cumulative translation difference as of the date of transition is fully reclassified as retained earnings, as it was elected to apply the exemption provided under IFRS 1.

(23) Retained earnings

Effects on retained earnings arising from reconciliation to IFRS are as follows:

(Millions of yen)

Item	Notes	As of April 1, 2023 (Transition date)	As of March 31, 2024
Alignment of scopes of consolidation and end of the reporting periods	(10) (11)	78,453	83,616
Financial instruments	(13) (14)	208,913	365,987
Goodwill	(16)	—	19,035
Insurance contracts and reinsurance contracts	(17)	1,749,272	1,840,780
Reserves under special laws	(20)	110,858	116,413
Cumulative translation difference related to foreign operations	(22)	59,627	59,627
Others		(29,104)	(13,150)
Tax effects	(21)	(577,034)	(643,317)
Effect on retained earnings		1,600,986	1,828,994

(iii) Reconciliation of cash flows

There are no material differences between Japanese GAAP and IFRS on the consolidated statement of cash flows.

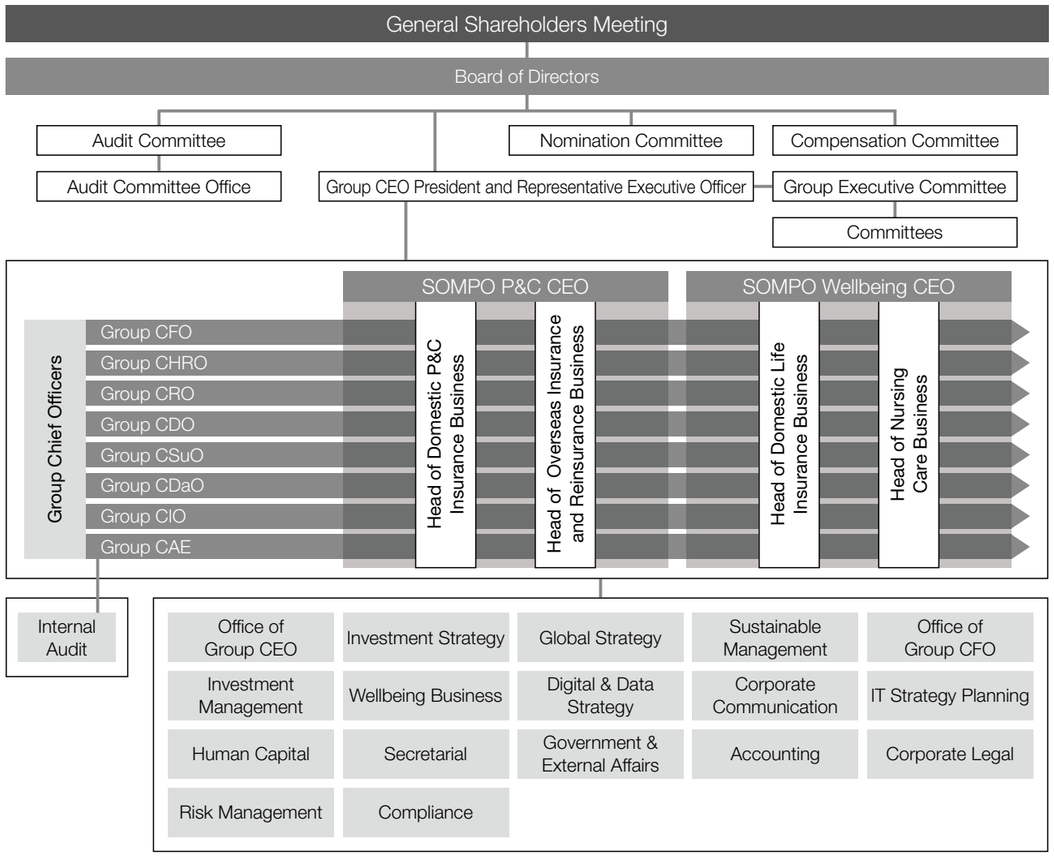
Corporate Overview

Company name:	Sompo Holdings, Inc.
Date of establishment:	April 1, 2010
Capital:	¥100 billion
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan
Group CEO, Director, President and Representative Executive Officer:	Mikio Okumura
Employees:	467*
Business activities:	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations
Exchange listing:	Tokyo Stock Exchange (Prime Market)
Independent auditor:	Ernst & Young ShinNihon LLC
URL:	https://www.sompo-hd.com/en/

* As of March 31, 2025

Organization Chart

(As of July 1, 2025)



Group CEO and other abbreviated titles represent the following positions: Group CEO:Group Chief Executive Officer/Group CFO:Group Chief Financial Officer/Group CHRO:Group Chief Human Resource Officer/Group CRO:Group Chief Risk Officer/Group CDO:Group Chief Digital Officer/Group CSuO: Group Chief Sustainability Officer/Group CDaO:Group Chief Data Officer/Group CIO:Group Chief Information Officer/Group CAE:Group Chief Audit Executive

Share and Shareholder Information

Share Information

1. Fiscal year:	April 1 of each year through March 31 of the following year
2. Annual General Meeting of Shareholders:	Held within 3 months of the end of each fiscal year
3. Record date for year-end dividends and voting rights:	March 31 Note: Record date for interim dividends: September 30
4. Share-trading lot size:	100
5. Shareholder registry administrator:	Mizuho Trust & Banking Co., Ltd.
6. Public notices:	Sompo Holdings issues public notices electronically. https://www.sompo-hd.com/en/ Note: If a public notice cannot be issued electronically, it will be published in the Nikkei (newspaper).
7. Exchange listing:	Tokyo Stock Exchange (Prime Market)

Matters for the General Meeting of Shareholders

The 15th General Meeting of Shareholders was held on June 23, 2025. The matters to be reported and the matters to be resolved were as follows:

Matters to be Reported

1. The business report, the consolidated financial statements, and the audit reports on the consolidated financial statements by the accounting auditors and the Audit Committee for fiscal 2024 (April 1, 2024 to March 31, 2025)
2. The financial statements for fiscal 2024 (April 1, 2024 to March 31, 2025)

Matters to be Resolved

[Company proposals]

Proposal No. 1: Disposition of Retained Earnings

Proposal No. 2: Appointment of 13 Directors

The proposals were approved as initially proposed.

[Shareholder Proposals]

Proposal No. 3 to No. 11*

All of the above Proposals were rejected.

* The contents of Proposal No. 3 to No. 11 are all related to amendments to the Articles of Incorporation.

Distribution and Shares

1. Equity Shares

(1) Type of shares	Common shares
(2) Total number of authorized shares	3,600,000,000
(3) Total number of shares outstanding	990,482,067 (Including treasury stock)
(4) Total number of shareholders	76,711

2. Types of Shareholders

(As of March 31, 2025)

Category	Number of Shareholders	Number of Shares Held (Thousands)*1	Percentage of Shares Outstanding (%)*2
National and Regional Governmental Organizations	2	24	0.00
Financial Institutions	133	304,827	30.78
Securities Companies	50	50,767	5.13
Other Corporations	1,171	52,180	5.27
Foreign Investors	1,211	421,927	42.60
Individuals and Others	74,144	160,754	16.23
Total	76,711	990,482	100.00

Note:
*1 Numbers of shares held are truncated to the unit displayed.
*2 Percentage of shares outstanding are rounded to the unit displayed.

Top 10 Shareholders

(As of March 31, 2025)

Name of Shareholder	Number of Shares Held (Thousands)*3	Percentage of Shares Outstanding (Excluding Treasury Stock) (%)*4
The Master Trust Bank of Japan, Ltd. (Trust account)	157,656	16.75
Custody Bank of Japan, Ltd. (Trust account)	62,713	6.66
GOVERNMENT OF NORWAY	27,057	2.87
STATE STREET BANK AND TRUST COMPANY 505103	23,807	2.53
Sompo Holdings Employee Shareholders Association	21,963	2.33
STATE STREET BANK AND TRUST COMPANY 505001	21,668	2.30
STATE STREET BANK WEST CLIENT - TREATY 505234	19,803	2.10
JP MORGAN CHASE BANK 380055	17,112	1.82
JPMorgan Securities Japan Co., Ltd.	14,480	1.54
JP MORGAN CHASE BANK 385781	13,596	1.44

*3. In addition to the above, there are 49,105 thousand shares of treasury stock owned by the Company. The number of said treasury stock does not include 1,622 thousand shares of the Company's stock owned by Mizuho Trust & Banking Co., Ltd. (Retrustee: Custody Bank of Japan, Ltd. (Trust account E), which was set up for the purpose of the "Board Benefit Trust (BBT)" plan.)
*4. The percentage of shares outstanding is calculated after deducting treasury stock (49,105 thousand shares).

The Company, Subsidiaries, and Affiliates (As of March 31, 2025)

The Sompo Group consists of 134 subsidiaries and 22 affiliates etc. The Group is engaged in Domestic P&C Insurance, Overseas Insurance and Reinsurance, Domestic Life Insurance, and Nursing care. Major Group companies are as follows.

Sompo Holdings, Inc.

Domestic P&C Insurance
- ◎ Sompo Japan Insurance Inc.
- ◎ Sompo Direct Insurance Inc.

Overseas Insurance and Reinsurance
- ◎ Sompo International Holdings Ltd.
- ◎ Endurance Specialty Insurance Ltd.
- ◎ Endurance Assurance Corporation
- ◎ Endurance Worldwide Insurance Limited
- ◎ SI Insurance (Europe), SA
- ◎ Sompo Holdings (Asia) Pte. Ltd.
- ◎ Sompo Sigorta Anonim Sirketi
- ◎ Berjaya Sompo Insurance Berhad
- ◎ Sompo Seguros S.A.
- ★ Universal Sompo General Insurance Company Limited

Domestic Life Insurance
- ◎ Sompo Himawari Life Insurance, Inc.

Nursing Care
- ◎ Sompo Care Inc.
- ◎ ND Software Co., Ltd.

Others
- ◎ Sompo Warranty Inc. (Extended warranty)
- ◎ SOMPO Light Vortex, Inc. (Digital-related)
- ◎ Sompo Asset Management Co., Ltd. (Asset management)
- ◎ Sompo Japan DC Securities Inc. (Defined contribution pension plan)
- ◎ Sompo Health Support Inc. (Healthcare)
- ★ Palantir Technologies Japan K.K. (Software sales)

Note: The meanings of each symbol are as follows.
◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method

Subsidiaries and Affiliates, etc.

Consolidated Subsidiaries

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Percentage of Voting Rights Held by the Holding Company (%)*1	Percentage of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)*1
Sompo Japan Insurance Inc.	Shinjuku-ku, Tokyo	February 12, 1944	85,000 million Japanese yen	Domestic P&C	100.0	—
Sompo Direct Insurance Inc.	Shinjuku-ku, Tokyo	September 22, 1982	35,260 million Japanese yen	Domestic P&C	100.0	100.0
Sompo International Holdings Ltd.	Pembroke (British Overseas Territory of Bermuda)	March 24, 2017	0 thousand U.S. dollars	Overseas Insurance and Reinsurance	100.0	100.0
Endurance Specialty Insurance Ltd.	Pembroke (British Overseas Territory of Bermuda)	November 30, 2001	12,000 thousand U.S. dollars	Overseas Insurance and Reinsurance	100.0	100.0
Endurance Assurance Corporation	Wilmington, DE (U.S.A.)	September 5, 2002	5,000 thousand U.S. dollars	Overseas Insurance and Reinsurance	100.0	100.0
Endurance Worldwide Insurance Limited	London (U.K.)	April 10, 2002	215,967 thousand British pounds	Overseas Insurance and Reinsurance	100.0	100.0
SI Insurance (Europe), SA	Luxembourg (Luxembourg)	January 12, 2018	30 thousand euros	Overseas Insurance and Reinsurance	100.0	100.0
Sompo Holdings (Asia) Pte. Ltd.	Singapore (Singapore)	August 1, 2008	790,761 thousand Singapore dollars	Overseas Insurance and Reinsurance	100.0	100.0
Sompo Sigorta Anonim Sirketi	Istanbul (Turkey)	March 30, 2001	195,498 thousand Turkish liras	Overseas Insurance and Reinsurance	100.0	100.0
Berjaya Sompo Insurance Berhad	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand Malaysian ringgits	Overseas Insurance and Reinsurance	70.0	70.0
Sompo Seguros S.A.	Sao Paulo (Brazil)	October 8, 1943	1,872,552 thousand Brazilian reals	Overseas Insurance and Reinsurance	99.9	99.9
Sompo Himawari Life Insurance Inc.	Chiyoda-ku, Tokyo	July 7, 1981	17,250 million Japanese yen	Domestic Life Insurance	100.0	—
Sompo Care Inc.	Shinagawa-ku, Tokyo	May 26, 1997	3,925 million Japanese yen	Nursing Care	100.0	—
ND Software Co., Ltd.	Nanyo-shi, Yamagata	December 20, 2018	100 million Japanese yen	Nursing Care	100.0	—
Sompo Warranty Inc.	Chiyoda-ku, Tokyo	August 20, 2009	95 million Japanese yen	Other (Extended warranty)	100.0	—
SOMPO Light Vortex, Inc.	Shinjuku-ku, Tokyo	July 1, 2021	12,198 million Japanese yen	Other (Digital-related)	100.0	—
Sompo Asset Management Co., Ltd.	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management)	100.0	—
Sompo Japan DC Securities Inc.	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million Japanese yen	Other (Defined contribution pension plan)	100.0	100.0
Sompo Health Support Inc.	Chiyoda-ku, Tokyo	October 1, 2018	10 million Japanese yen	Other (Healthcare)	100.0	—
115 other companies						

Equity-Method Affiliates, etc.

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Percentage of Voting Rights Held by the Holding Company (%)*1	Percentage of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)*1
Universal Sompo General Insurance Company Limited	Mumbai (India)	January 5, 2007	3,681,818 thousand Indian rupees	Overseas Insurance and Reinsurance	34.6	34.6
Palantir Technologies Japan K.K.	Shibuya-ku, Tokyo	October 15, 2019	5,432 million Japanese yen	Other (Software sales)	50.0	—
20 other companies						

Note: “Subsidiaries and affiliates, etc.” includes subsidiaries and affiliates, etc. as specified in the Insurance Business Act and the Order for Enforcement of the Insurance Business Act.
*1 Figures in percentage of voting rights are rounded to the indicated decimal place.

Directors and Executive Officers (As of July 1, 2025)

Directors

Name	Position
Mikio OKUMURA	Director
Masahiro HAMADA	Director
Shinichi HARA	Director
Scott Trevor DAVIS	Director* Chair of the Nomination Committee Member of the Compensation Committee
Isao ENDO	Director* Member of the Nomination Committee Member of the Compensation Committee
Kazuhiro HIGASHI	Director* Chair of the Board Member of the Nomination Committee Member of the Compensation Committee
Misuzu SHIBATA	Director* Chair of the Audit Committee
Takashi NAWA	Director* Member of the Nomination Committee Member of the Compensation Committee
Meyumi YAMADA	Director* Chair of the Compensation Committee Member of the Nomination Committee
Masayuki WAGA	Director* Member of the Audit Committee
Toru KAJIKAWA	Director* Member of the Audit Committee
Yuji KAWAUCHI	Director Member of the Audit Committee
Shinobu IMAMURA	Director Member of the Audit Committee

* Outside Director as set forth in Article 2 (XV) of the Companies Act.
* Mr. Scott Trevor DAVIS, Mr. Isao ENDO, Mr. Kazuhiro HIGASHI, Ms. Misuzu SHIBATA, Mr. Takashi NAWA, Ms. Meyumi YAMADA, Mr. Masayuki WAGA and Mr. Toru KAJIKAWA, meet the requirements of an "independent director" which is specified by the Tokyo Stock Exchange, Inc., and are deemed as being unlikely to have any conflict of interest with general stockholders.

Executive Officers and Vice Presidents

Name	Position
Mikio OKUMURA	Group CEO President and Representative Executive Officer
Masahiro HAMADA	Group CFO Deputy President and Representative Executive Officer
Shinichi HARA	Group CHRO Deputy President and Representative Executive Officer
James SHEA *1	CEO of SOMPO P&C, Senior Vice President SOMPO P&C (Chief Officer), Overseas Insurance and Reinsurance Business (Officer) (CEO of Sompo International Holdings)
Yasuhiro OBA *2	CEO of SOMPO Wellbeing, Senior Vice President SOMPO Wellbeing (Chief Officer) (Chairman of Sompo Himawari Life Insurance)
Koji ISHIKAWA *3	Senior Vice President in charge of SOMPO P&C, Domestic P&C Insurance Business (Officer) (President of Sompo Japan Insurance)
Yasuki KUME *4	Senior Vice President in charge of SOMPO Wellbeing, Domestic Life Insurance Business (Officer) (President of Sompo Himawari Life Insurance)
Takamitsu WASHIMI *5	Senior Vice President in charge of SOMPO Wellbeing, Nursing Care Business (Officer) (President of Sompo Care)
Koichi NARASAKI	Senior Executive Vice President and Executive Officer in charge of Digital Business (Officer) and Investment
Yoshihiro UOTANI	Group CRO Senior Executive Vice President and Executive Officer
Masayuki KIMURA	Group CDO Executive Vice President
Kayoko SAKAI	Group CSuO Executive Vice President
Akiko MURAKAMI	Group CDaO Executive Vice President
Yoshiyasu SUZUKI	Group CIO Senior Vice President General Manager, IT Strategy Planning Department
David CAMPUTO	Group CAE Senior Vice President
Katsuyuki TAJIRI	Senior Vice President in charge of SOMPO P&C (Director, Deputy President of Sompo Japan Insurance), Direct Insurance Business (Officer) and Overseas M&A
Kenneth REILLY	Senior Vice President in charge of SOMPO P&C (Deputy President of Sompo Japan Insurance)
Katsuhito NAKAGAWA *6	Senior Vice President Direct Insurance Business (President of Sompo Direct Insurance)
Hiroshi HORIE *7	Senior Executive Vice President in charge of Compliance
Nicolas BURNET	Executive Vice President in charge of SOMPO P&C Group Deputy CFO
Junsuke KOIKE	Executive Vice President Group Deputy CFO
Kayoko KOSAKA	Senior Vice President Group Deputy CSuO
Sina MARTENS	Senior Vice President in charge of Communications (Group Head of Communications)
Hirofumi SHINJIN	Senior Vice President in charge of Public Relations
Ryoko SHIMOKAWA	Senior Vice President in charge of SOMPO Wellbeing
Yohei NAMIKI	Senior Vice President in charge of SOMPO Wellbeing
Kyotaro HIROSE	Senior Vice President in charge of SOMPO P&C General Manager, Office of Group CEO

*1 James SHEA concurrently serves as Executive Chairman of the Board of Directors and Chief Executive Officer at Sompo International Holdings Ltd.
*2 Yasuhiro OBA concurrently serves as Chairman at Sompo Himawari Life Insurance Inc.
*3 Koji ISHIKAWA concurrently serves as President and Chief Executive Officer at Sompo Japan Insurance Inc.
*4 Yasuki KUME concurrently serves as President at Sompo Himawari Life Insurance Inc.
*5 Takamitsu WASHIMI concurrently serves as Chief Executive Officer at Sompo Care Inc.
*6 Katsuhito NAKAGAWA concurrently serves as President and Representative Director of Sompo Direct Insurance Inc.
*7 Hiroshi HORIE concurrently serves as Director, Senior Managing Executive Officer of Sompo Japan Insurance Inc.