

Integrated Annual Report 2019



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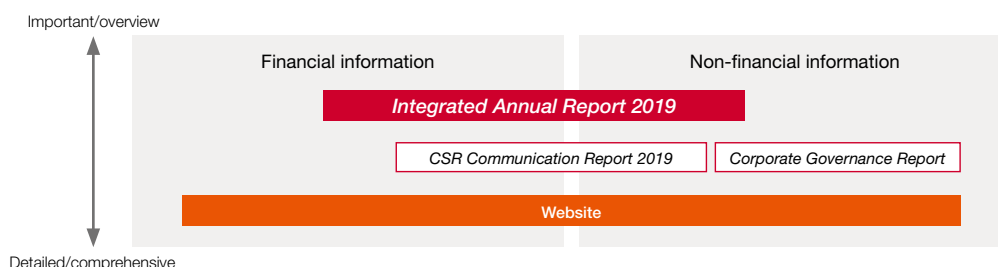
Editorial Policy for *Integrated Annual Report 2019*

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

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

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

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



Information Related to Sustainability in This Report



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

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

Forward-Looking Statements

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

Group Management Philosophy

We will at all times carefully consider the interests of our customers
when making decisions that shape our business.

We will strive to contribute to the security, health,
and wellbeing of our customers and society as a whole by
providing insurance and related services
of the highest quality possible.

A Message from the Group CEO

MISSION

Transformation focused on becoming “A Theme Park for Security, Health & Wellbeing”



Kengo Sakurada

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



The Role of Companies in Japan as They Become Frontrunners in Addressing Social Issues

I believe that volatility, uncertainty, complexity, and ambiguity (VUCA) best describe the current era of the 21st century. We live in truly turbulent times. Rapid globalization and innovation in digital technology that are stemming from the fourth industrial revolution are enabling us to do things that were once completely out of reach. On the other hand, these advances have led to social inequality and division. Moreover, dissatisfaction over growing income gaps and inequalities of opportunity is fueling populism and national particularism trends. In addition, ethical issues related to personal information protection

and human rights are emerging. Thus, humanity faces the task of realizing the ideals of the Sustainable Development Goals (SDGs) by creating a society that is sustainable and inclusive and in which “no one will be left behind.”

The urgency of this task was made even more apparent to me by significant changes to the annual meeting of the World Economic Forum, often called the Davos Conference, which I attend every year. In 2019, the theme of the meeting was

"Globalization 4.0: Shaping a New Global Architecture in the Age of the Fourth Industrial Revolution." As a participant in a panel discussion, I took part in discussions with people from many different walks of life—including a representative of an environmental NGO, a scientist, a musician, and a student activist—on how to use technology and human intelligence for the happiness of society and humanity as well as how best to use technology to eliminate social inequality and division and other negative byproducts that are stemming from technological innovation.

In my view, we must find a way for people and digital technology to coexist harmoniously without forgetting that society will remain centered on people or that digital technology is meant to benefit humanity. Furthermore, I think Japan is well placed to become a country that uses technology and human intelligence to provide leading-edge solutions that mitigate the negative aspects of technology and technological innovation.

I say this because valuing social morality and altruism is a particular feature of traditional Japanese ethics. For example, the world was taken aback by the sight of people who, in a situation where they might have been excused for rioting, patiently waited in line to receive rations following the Great East Japan Earthquake or by fans who take their trash home even if their team loses a match at an international soccer tournament. This mind-set and the resulting society are among the country's core strengths.

A further advantage for Japan is the real data* it has garnered from such areas as healthcare, nursing care, automobile driving, and the operations of products. The country has accumulated data over many years through its universal health insurance system. Also, the high-performance production facilities of Japan's robust manufacturing sector have yielded operational data. Although the accumulation of virtual data* is dominated by companies that have developed huge digital platforms—with Google, Apple, Facebook, and Amazon being among the most well-known in this

field—I believe Japan has the potential to create innovative products and services based on real data.

* "Virtual data" refers to data that is exchanged via the Internet. "Real data" refers to data that is acquired from various real-life activities.

In April 2019, I became the chairman of the Japan Association of Corporate Executives (Doyukai). In this capacity, I have been emphasizing making Japan not only valuable, but indispensable, to the common good of the world. A country whose presence is valuable captivates the people of the world, while an indispensable country is one that is trusted by international society and which can provide solutions. Japan's rapidly aging society will cause significant issues in such areas as national finances, social security, and labor supply. Looking at this positively, however, Japan is a trailblazer in terms of issues that many other countries will eventually have to face. We should see this as an opportunity for Japan to provide international society with solutions.

In addressing its problems, Japan should tackle three tasks. First, companies need to reform themselves to increase productivity. Japan's labor productivity is below the average for countries belonging to the OECD (Organisation for Economic Co-operation and Development), so we must improve in this area. However, simply reducing working hours risks putting the country on a contraction trajectory. Second, adding as much value as possible is important. To this end, innovation is crucial. Also, achieving innovation calls for breaking away from a homogeneous culture and a conformist mind-set to realize "good clashes" through diversity. Lastly, we should not fear failure that is a result of being bold, a mind-set that Japanese people once had. Instead, we need to regain a mind-set that sees failure as a source of inspiration. Senior executives must consider how to make their companies valuable and indispensable. They must be prepared to help overcome social issues by agilely revising strategies and transforming businesses. If this does not happen, I feel that Japan and its companies will not survive.

Target Profile—“A Theme Park for Security, Health & Wellbeing”

A Sampo Holdings Group That Is Not Only Valuable but Indispensable

To ensure that the Sampo Holdings Group's presence is valuable and indispensable in an unpredictable era, we have to keep asking ourselves what we want to be, what kind of society we want to create, and why. We should then envision a target profile and backcast from it to clarify the measures we need to take today. Further, through cooperation among many different stakeholders, we need to transform society and pass on a sustainable society to future generations. Therefore, based on our Group Management Philosophy, which calls on us to “contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible,” we envisioned a target corporate profile and sought a mold-breaking business model. These efforts resulted in the vision of “A Theme Park for Security, Health & Wellbeing.” This represents both our target profile and our unshakable commitment.

A Positive Contribution to the Quality of Life through “A Theme Park for Security, Health & Wellbeing”

Under the vision of “A Theme Park for Security, Health & Wellbeing,” the Sampo Holdings Group will give concrete form

to the abstract concepts of security, health, and wellbeing.

The vision entails addressing social issues and providing cohesive support by accompanying people, who are the focus of society, throughout their lives and by making appropriate use of digital and other leading-edge technologies.

When customers have accidents or become ill, traditional insurance businesses mitigate the effects. In other words, the role of such businesses is to restore things to their original state. This business model does not help customers to stay happy and healthy, nor does it make a positive contribution to their quality of life by helping them to become even happier.

Theme parks, by contrast, are fun. They can make a positive contribution to the quality of life. Similarly, we can develop products and services that not only help in crises but also promote happiness. I believe that realizing this type of positive, theme park business model will enable us to “contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible,” in accordance with the Group Management Philosophy. I also want Group employees to tackle their jobs with enjoyment and to always look for ways of promoting customer happiness.



My Mission as the Group CEO

Transformation into “A Theme Park for Security, Health & Wellbeing”

My mission as the Group CEO is to accomplish our transformation into “A Theme Park for Security, Health & Wellbeing.” By “transformation,” I do not just mean changing things, I am referring to qualitative evolution. More specifically, I want to reform our business portfolio and corporate culture qualitatively. Meanwhile, our quantitative targets are adjusted consolidated profit of ¥300 billion and adjusted consolidated ROE of 10%. We will rigorously heighten the appeal of each business. At the same time, the Group will diversify its business fields and sources of profits by rearranging its business portfolio. In this way, we will make our corporate culture more mission-driven and results-oriented.

Innovation in digital technology is disrupting all manner of businesses and industries, and many of them will be drawn

inexorably into the whirlpool of digitalization. The “vertical” separation of industries based on a silo approach is collapsing. As digitalization accelerates, it is rapidly bringing down artificial boundaries created between industries and producing completely new business formats. Inevitably, digital disruption will also affect the insurance business, the Sampo Holdings Group’s mainstay business. The enhancement of autonomous technology and forays into the insurance industry by companies from other industries will circumscribe traditional business models centered on insurance. In response, rather than premising strategies on the defense of existing businesses, we must view these changes as opportunities. With the aims of strengthening the advantages of existing businesses, realizing enterprise risk management, and allocating the Group’s resources optimally, we will pursue an M&A strategy and develop new businesses. Through this process, we will reform our business portfolio and achieve significant growth.

In reforming our corporate culture, we aim to take on new businesses as well as risks and switch our focus to output and added value creation based on a strong sense of mission with respect to the building of the Group’s future. For this reason, in my role as a member of the senior management team, I will diversify personnel to encourage “good clashes” as well as fusion. Reforming our corporate culture will also enable us to reform our business portfolio—which is sure to pave the way toward quantitative progress. Therefore, reform of the Group’s corporate culture is an extremely important task. With this in mind, rather than just issuing messages, I want to make sure that all executives and employees understand and embrace their missions. As they work, I want personnel to continuously discuss these missions and analyze how best to achieve them. I believe that changing our personnel and organization in this way is the mission of the Group CEO.

Toward Transformation

Digital Strategy and Group Synergy Creation

To realize transformation, digital strategies are indispensable. Digital technology is integral to enhancing the productivity of and further evolving existing businesses, realizing open innovation, and creating new points of contact with customers. Moreover, in anticipation of digital disruption by companies from other industries, we have to form alliances with digital platform developers in advance. Under our digital strategies, SOMPO Digital Lab in Tokyo exercises overall control, while our leading-edge bases in the digital hubs of Silicon Valley and Tel Aviv in Israel create businesses that generate new value. I am confident that this three-base system, which has conducted numerous verification tests to date, will enable us to step up the pace of our transformation into “A Theme Park for Security, Health & Wellbeing.”

Customers should experience the value that “A Theme Park for Security, Health & Wellbeing” provides, not as an aggregate of the products and services of the domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care & healthcare businesses but as a solution that seamlessly combines the products and services of these businesses. The keys to achieving this level of integration are digital strategies and real data. Through the provision of services to customers, mainly in the day-to-day operations of its insurance and

nursing care businesses, the Sampo Holdings Group has accumulated a huge amount of real data. The Group will be able to realize its unique advantages by maximizing the utilization of such data, interlinking the aforementioned businesses based on its digital strategies, and marketing products and services on a Group-wide basis that offer new value and meet society’s needs.

Our initiatives focused on dementia are an example of Group synergy. The Group entered the nursing care field in earnest in 2015. This gave me a renewed appreciation of the host of serious social issues that accompany a super-aging society. These include the supply-demand gap in the nursing care market, accidents caused by elderly drivers, and the financial risks of longevity. In response to these social issues, not only the nursing care business but also the domestic P&C insurance and domestic life insurance businesses began Group-wide initiatives focused on dementia with the aim of addressing issues in the nursing care market from a demand-side viewpoint, alleviating anxiety about dementia that comes with the development of a long-lived society, and extending healthy life expectancy.

A Message from the Group CEO

Dementia is a challenging field, with an effective drug for the condition yet to be developed. In Japan, which has a super-aging society, dementia is an issue that concerns everyone. The Group is ideally positioned to offer comprehensive, original solutions in this field because it has both insurance and nursing care businesses, which provide cover in relation to risks and financial needs. Through initiatives focused on dementia, we aim to address social issues boldly, preserve the dignity of the elderly and those with dementia, and create a society without prejudice or discrimination. Japan will be the first country to face the issues of a super-aging society. Our goal is to help build a society in which “no one will be left behind” and whose members are able to delay the onset or development of dementia and live with dignity if they develop the condition.

In response to this evolution in our role, we will focus even more strongly on helping address social issues, contributing to the creation of a sustainable society, and reflecting the needs of diverse stakeholders as we take measures to realize “A Theme Park for Security, Health & Wellbeing.”

Reform of the Group's Governance

With a view to the realization of “A Theme Park for Security, Health & Wellbeing,” we also need to further strengthen the management structures that support business globalization and the development of products and services contributing to security, health, and wellbeing.

Over the past several years, the Sompo Holdings Group has been steadily strengthening its management structures. In fiscal 2016, we adopted a hybrid organizational structure, which includes a Nomination and Compensation Committee, and a Business Owner system. The following fiscal year saw the establishment of a Group Chief Officer (CxO) system as well as an integrated platform for the overseas insurance business, and we integrated nursing care operating companies in fiscal 2018. Because the above initiatives had given us the experience and implementation systems needed to move into the next phase of our corporate governance, we recently transferred to a governance system that will enable swifter decision-making and more active implementation of measures

focused on realizing the Group's target profile. Specifically, we established the Global Executive Committee (Global ExCo) and the Managerial Administrative Committee in April 2019. Further, in June 2019 the Group transitioned from a Company with an Audit & Supervisory Board structure to a Company with Committees structure. This reform has delegated significant authority from the Board of Directors to executive divisions, clarified the missions of each officer, and introduced a rigorous focus on producing results. Meanwhile, we will strengthen governance capabilities to ensure that the Board of Directors, which is centered on outside directors, can fully realize its supervisory functions.

Realization of Global Management Capabilities

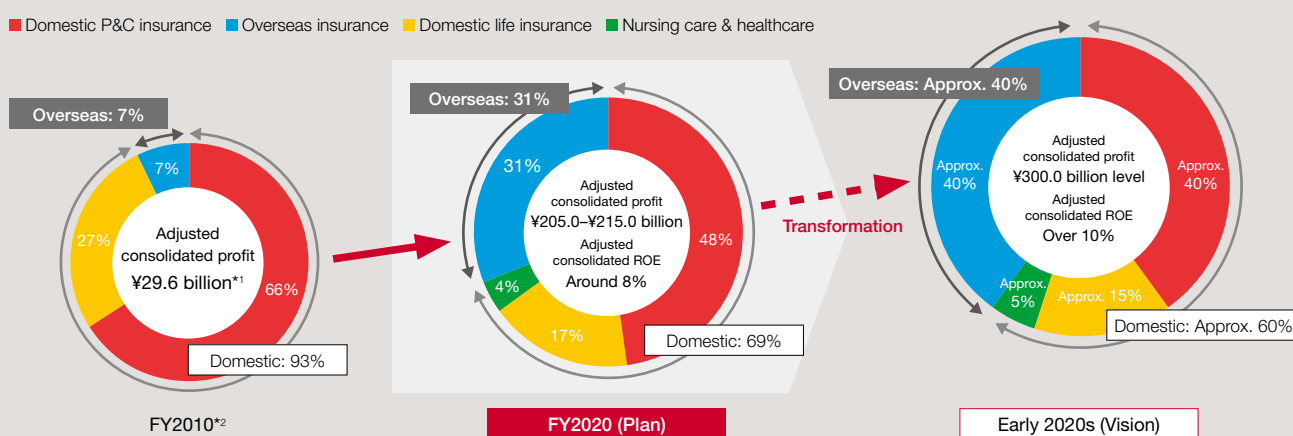
The key to our global management system is Global ExCo, which is an advisory body to the Group CEO. Unlike the Management Committee, in which mainly Japanese participants discussed a wide range of topics, the new body includes executives from overseas and conducts intensive discussions focused on important Group-wide issues, such as strategies and policies. As the highest executive committee, Global ExCo comprises 10 members, of whom two are non-Japanese, namely, the Overseas Insurance Business Owner and the executive officer with overall responsibility for overseas M&A. Having senior executives who have a thorough, intuitive understanding of overseas businesses participate in management discussions will enable us to determine the best methods, systems, and distribution of resources in light of global perspectives. In reaching decisions, Global ExCo meetings gather all types of information from around the world, not just insurance-related information. I doubt that there is a meeting quite like it anywhere. We convened the first meeting of the new body in April 2019. With open-mindedness, considering what is best for the Group, and being rooted in facts as our three premises, we held discussions without fear of “good clashes.” I feel that the response to Global ExCo has been positive and that it will prompt a change in the approach of senior Group executives as well as expedite decision-making and implementation in the Group as a whole, thereby enabling us to achieve transformation early.

Progress under the Mid-Term Management Plan and Target Profile beyond Fiscal 2021

We have completed the first half of our Mid-Term Management Plan. During the plan's first three years, we made steady progress in laying the foundations for "A Theme Park for Security, Health & Wellbeing." In fiscal 2017 and fiscal 2018, a series of major natural disasters significantly impacted our performance. Excluding the impact of such natural disasters, however, we have achieved high levels of income and ROE and steadily strengthened the Group's profitability and capital efficiency. Further, we will take measures to enhance the stability of revenues, such as expanding the overseas insurance business to increase risk diversification benefits and optimizing reinsurance schemes. In addition, we will upgrade analysis of climate change effects and increase the efficiency of mitigation measures for the Group's natural disasters risks.

Fiscal 2019 and fiscal 2020 will see downside pressure due to such factors as an increase in consumption tax and the

amendment of Japan's Civil Code. Nonetheless, we aim to achieve adjusted consolidated profit of between ¥205 billion and ¥215 billion and adjusted consolidated ROE of approximately 8% in fiscal 2020 by strengthening our business foundations through enhancement of productivity in each business and optimization of the product portfolio. Then, by strengthening our business foundations even further, we will move toward a trajectory of dramatic growth beginning from the next Mid-Term Management Plan and aim to reach adjusted consolidated profit at the ¥300 billion level and adjusted consolidated ROE of over 10% in the early 2020s. By this point, we envision having a well-balanced business portfolio that is split roughly 60/40 between Japan and overseas. At the same time, we will transform significantly, moving beyond the boundaries of the insurance industry.



*1 Estimate based on the current definition of adjusted consolidated profit

*2 The fiscal year that Sampo Holdings was established.

In Conclusion

Achieving an unprecedented transformation will lead to a new type of value creation in the form of "A Theme Park for Security, Health & Wellbeing." Our goals are to help make society sustainable and to ensure that the Sampo Holdings Group is regarded as a valuable and indispensable entity. To these ends, the Group will engage and cooperate with

all stakeholders. Moreover, with a sense of ownership, employees will make a concerted effort to move forward with the Group's transformation.

As we transform, we would like to ask all of our stakeholders for their continued support.

Interview with an Outside Director



Governance for Growth through Transformation

Scott Trevor Davis

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

Q1: Why has this change in the governance structure been implemented at this time?

In general terms, the goal of governance is to make sure that a company continues to create new value and meet the expectations of all of its stakeholders. Achieving governance goals entails setting appropriate targets, making good decisions, and implementing them effectively. Monitoring and assessing the entire process—from formulating targets to evaluating their results—are key issues for governance.

Individual companies not only have their own distinctive features tailored to meet the specific expectations of their stakeholders but also possess unique business models and value propositions. Of course, this also applies to Sompo Holdings. What this means is that in order to evaluate the quality of governance at the Company and the importance of its adoption of a Company with Committees structure at this time, one must also look at the strategic direction of the Company's businesses and its characteristics.

Almost a decade ago, the Company was faced with the question of how to generate growth in a business focused primarily on the domestic P&C insurance business, a country that faces an aging and declining population and low levels of economic growth. The answer was transformation. In other words, Sompo Holdings aims to realize growth and create new value by transforming itself into a corporate group that provides a range of seamless services, similar to a theme park for security, health, and wellbeing. The Company's business

operations have therefore been reoriented to emphasize growth through transformation—both through the renewal of existing business models and expansion into related but novel fields.

In terms of governance, this reorientation resulted in a need to facilitate decision-making with an appropriate sense of speed to match the different dynamics of specific markets and to promote the identification and development of promising business opportunities as well as synergies across markets. From the perspective of a holding company, the reorientation of business operations heightened the need to enhance the management of a growing portfolio of businesses.

Therefore, Sompo Holdings is carrying out governance as an ongoing process to clarify lines of responsibility and promote greater objectivity and transparency. The Company is also pursuing synergies by promoting greater coordination among business units. Accordingly, the adoption of the Company with Committees structure was a very effective means of ensuring governance that could guarantee appropriate management supervision in order to enhance the objectivity and transparency of decision-making as it engaged in this process of transformation.

However, the transition to this organizational structure is only a part of the ongoing process for strengthening the governance structures and systems required to keep our promise to create new value and meet stakeholder expectations.

Q2: How is the Group CEO nominated?

Nominating the right person to serve as Group CEO is an issue of critical importance to any corporation, and Sampo Holdings is not an exception. The question, however, should not be, “How is the Group CEO chosen and nominated?” but, “How is executive appointment and evaluation linked to strategy?”

The Company has promoted various organizational innovations to achieve growth through transformation. At the executive level, the Company has established the positions of Business Owners and Group Chief Officers (CxO). Business Owners are the heads of the Group’s business segments (including domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care & healthcare). Meanwhile, under the overall supervision of the Group CEO, Group Chief Officers (the Group’s COO, CSO, CDO, CFO, CHRO, and CRO, respectively) oversee their respective functional areas: the Group’s business operations, business strategies, digital strategies, financial affairs, human resources, and risk management. The result is a matrix-style management system wherein Business Owners are charged with directly developing and managing business segments, while Group Chief Officers focus on their functional responsibilities.

Through this system, the Company is able to examine business operations from different perspectives simultaneously. For instance, innovation in the nursing care sector can be evaluated in terms of trends in the changing needs of the elderly, and with regard to the potential for leveraging digital and other new technologies to enhance efficiency or develop entirely new services. This distinction between ownership and function enables highly objective, transparent, and balanced strategy deliberation at both the planning and implementation stages. At the same time, it creates a wealth of opportunities to evaluate the performance, aptitudes, and potential of executives as they work and interact across different roles.

Regardless of whether an executive is a Business Owner or a Group Chief Officer, all are required to formulate their own missions, drawing from the overall aim of transformation into “A Theme Park for Security, Health & Wellbeing.” Executive nominations and compensation are based upon a mission-driven, results-oriented policy.

Executive succession planning at Sampo Holdings is not based upon how closely a candidate resembles an abstract ideal of a chief executive, but is instead based on these missions. All executives, including the CEO, are constantly evaluated and compensated according to their ability to create and implement missions that can define and contribute to the realization of the Group-wide strategy of growth through transformation.

Q3: What is the next step in the development of Sampo Holdings’ governance?

To date, Sampo Holdings’ mission-driven, results-oriented policy has been highly effective in promoting innovation and delivering results. Similarly, the matrix-style management system that combines the Business Owner and Group Chief Officer positions has had a marked effect on promoting further transparency and objectivity in management processes. As a result, the current executive team at Sampo Holdings and those at its Group companies deliver solid performance. The quality and performance of these executive teams, combined with the policies and procedures that support them, currently place Sampo Holdings in a position to take full advantage of the Company with Committees structure as it takes the “growth through transformation” strategy to the next level of implementation.

One of the benefits of the abovementioned organizational structure is that it enables the flexible and timely implementation of strategies by separating policy formulation and strategy implementation. In other words, it offers a clearer differentiation between supervisory and management responsibilities. Using this new structure, the Board of Directors will allocate more authority to Business Owners and Group Chief Officers as required in order to facilitate greater flexibility and timeliness of decision-making. At the same time, the Company has introduced a new level of strategic organization called Global ExCo (Global Executive Committee).

While the Board of Directors sets overall strategic direction and closely monitors its progress and achievement, Global ExCo will serve as a management platform staffed by Business Owners and Group Chief Officers drawn from Group companies worldwide, with the objective of enhancing the coordination and development of both domestic and global operations in accordance with the Company’s mission-driven, results-oriented policy. In addition, by creating synergies of knowledge, insight, experience, and resources in a manner that transcends individual regions and markets, the Global ExCo is expected to help the Sampo Holdings Group further enhance the agility and transparency of its executive management functions across all Group companies.

History of Value Creation

Sompo Holdings traces its roots back 130 years to Japan's first fire insurance company that wholeheartedly committed itself to a mission of protecting its customers from fire. We have adapted to major changes throughout our history by adhering to the idea of working for the wellbeing of people and society, amid undercurrents of change in customer behavior and the surrounding business environment, such as population decline, fewer children in an aging society, climate change, and the proliferation of mobile devices and other advances in technology. In the future as well, we will boldly take on the challenge of creating new value with the aim of realizing our vision for "A Theme Park for Security, Health & Wellbeing."

Founded as Japan's First Fire Insurance Company

Sompo Japan Nipponkoa Insurance Inc., at the core of Sompo Holdings, was formed in September 2014 from the merger of Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd. The forerunners to these two companies included The Yasuda Fire & Marine Insurance Co., Ltd., The Nissan Fire and Marine Insurance Company, Limited, The Taisei Fire and Marine Insurance Co., Ltd., The Nippon Fire & Marine Insurance Co., Ltd., and The Koa Fire & Marine Insurance Co., Ltd. Of these, the firm that started operations the earliest, and later became The Yasuda Fire & Marine Insurance Co., Ltd., was Tokyo Fire Insurance Company, Inc. Founded in 1888 on the desire to protect the residents of Tokyo from fire, which back then was a frequent occurrence, Tokyo Fire Insurance Company, Inc., was Japan's first fire insurance company. At that time, insurance companies depended on the Tokyo Fire Brigade, then the only officially recognized private fire brigade, to protect their customers from fire 24 hours a day, 365 days a year. We have inherited this 130-year history of an insurance company whose mission and commitment to protect customers has been passed down through generations. Today, this mission and commitment is mirrored in our Group Management Philosophy: "We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible."



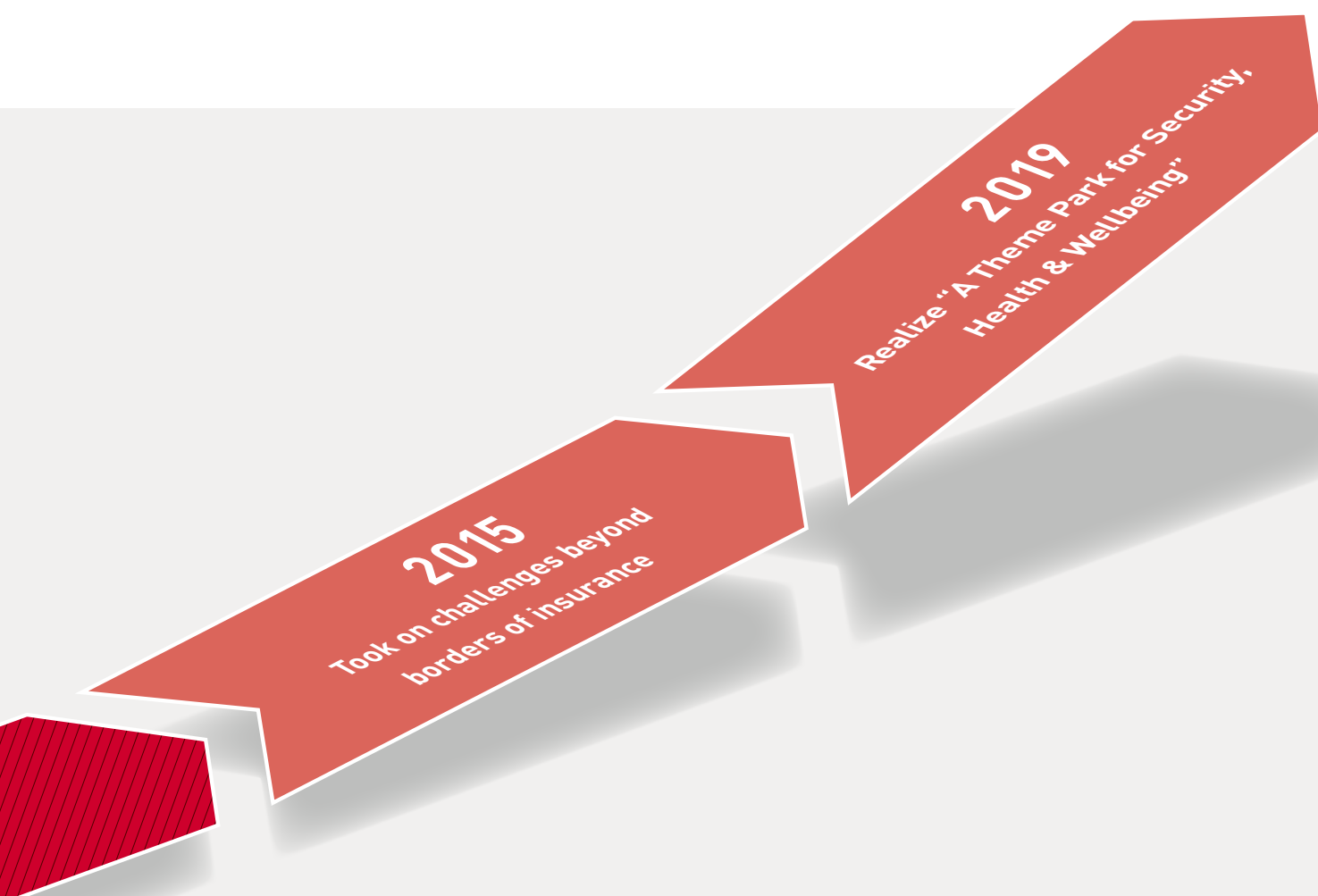
1888
Founded as Tokyo Fire Insurance
[Yasuda Fire & Marine Insurance]

2010
Established Sompo Holdings

Business Integration in Response to Changes in the Operating Environment

Over the next century following the founding of Tokyo Fire Insurance Company, Ltd., the insurance industry became regulated under the so-called convey system, with insurance providers lined up to offer the same insurance policies at basically the same premiums. In 1996, revisions to the Insurance Business Act (part of reforms that were Japan's version of the financial Big Bang) greatly accelerated deregulation and led to intense competition that sparked a realignment of the insurance industry. Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., the forerunners to Sompo Holdings, evolved while remaining close to their customers, coalescing their strengths honed over 130 years of history into a singular force, leading to the establishment of NKSJ Holdings, Inc. (currently Sompo Holdings, Inc.), in April 2010 and then the creation of Sompo Japan Nipponkoa Insurance Inc. in September 2014.

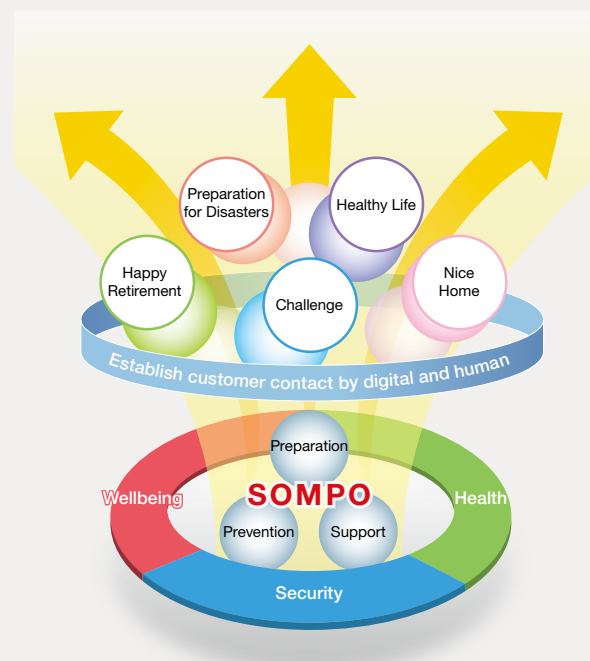




Toward the Realization of “A Theme Park for Security, Health & Wellbeing”

Throughout its 130-year history, the Sampo Holdings Group has contributed to the development of society by providing security through insurance for unlikely events, being there when needed for customers in their daily lives and corporations in their business activities. Nowadays, the volatility, uncertainty, complexity, and ambiguity (VUCA) of situations has increased around the world alongside advances in technology and other modern trends, while more complex social issues have emerged. The role played by the Group must also evolve. In this era, the Sampo Holdings Group boldly ventured into new business domains related to security, health, and wellbeing, entering the nursing care business in 2015 and moving beyond the boundaries of insurance by creating new platforms in retail and corporate fields in its overseas insurance business, centered on Endurance Specialty Holdings Ltd. (currently Sampo International Holdings Ltd.), which was acquired in 2017.

The Group strives to create new value centered on security, health, and wellbeing while seizing on opportunities to solve various social issues. Looking ahead, we aim to realize our vision for “A Theme Park for Security, Health & Wellbeing” by transforming each business and strengthening collaboration among businesses, based on a solid financial foundation and the ability to steadily generate profits.



Value Creation Model

The Sampo Holdings Group has been transforming its existing business models and entire business portfolio by utilizing digital technologies and developing new businesses and services. We aim to help realize a resilient and sustainable society by creating new value through our transformation into “A Theme Park for Security, Health & Wellbeing.”

Social issues the Group focuses on

Low birth rates,
aging populace,
population
decline

Extension of
healthy life
expectancy

Technological
advances and
diversification of
lifestyles

Normalization of
natural disasters
caused by
climate change

Corporate Governance

Transition to Company
with Committees
structure
Establish Global ExCo

► P. 14

Change and
diversify interactions with
customers, create new sources
of revenue

Domestic P&C Insurance Business

► P. 42

Transform into
health support enterprise

Domestic Life Insurance Business

► P. 50

Contribute to
realization of “Japan,
an affluent country that can boast
to the world about the long and
quality lives of its people”

Nursing Care & Healthcare Business

► P. 53

Human Resources

Maximize value of human resources
by improving diversity,
expertise,
and market value

► P. 22

“A Theme Park for Security, Health & Wellbeing”

Digital Technologies

Trilateral structure
in Tokyo, Silicon Valley,
and Tel Aviv

► P. 23

Overseas Insurance Business

Group profit
growth driver

► P. 46

Sustainability

Incorporate the SDGs into
management and operations
Stakeholder engagement

► P. 20

Provide products and
services that address
various changing risks

Provide new experiences
in security, health, and
wellbeing with the latest
digital technologies

Provide high-quality
nursing care and
healthcare services

Provide products and
services that help solve
environmental issues
like climate change



Realization of a Sustainable Society

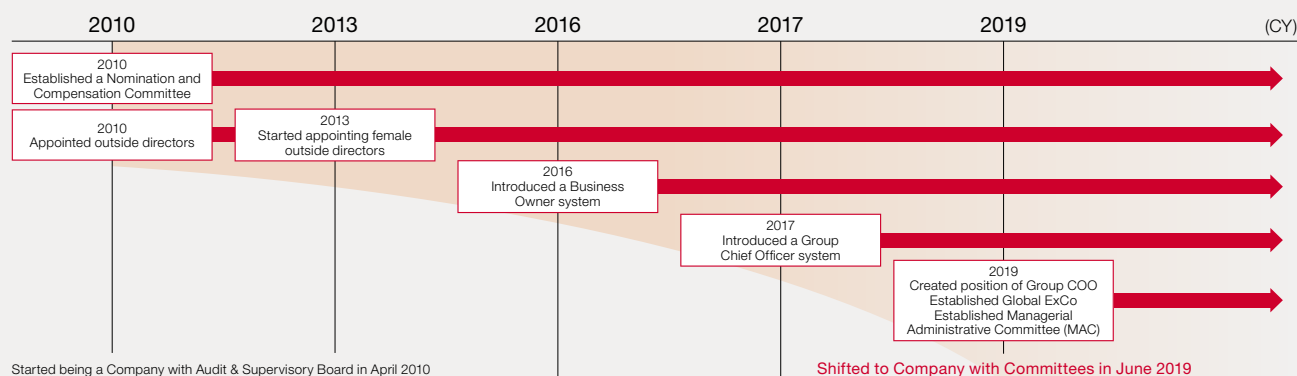
By providing products and
services of the highest quality,
we envision a world where we can help people
achieve happiness, going beyond
helping when unlikely events occur and
finding positive outcomes where there
is nothing to begin with.

Corporate Governance

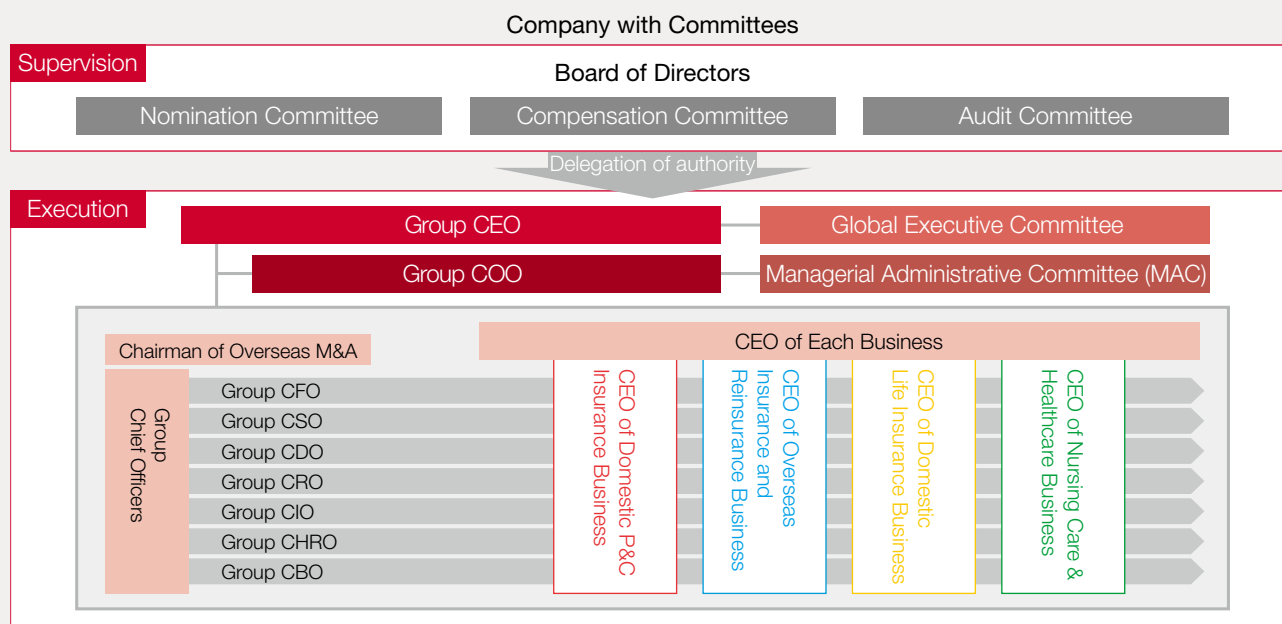
The Sampo Holdings Group places great importance on strengthening relationships of trust with all stakeholders by constantly improving transparency and fairness of corporate governance and fulfilling its corporate social responsibility. The Board of Directors of Sampo Holdings formulated the Corporate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

The Company has made solid progress in reinforcing the management structure of the Group, designing and operating a hybrid-type corporate governance structure that has a Nomination and Compensation Committee and an Audit & Supervisory Board. We adopted a Business Owner System in fiscal 2016 and a Group Chief Officer (CxO) system in fiscal 2017. Subsequently, in June 2019 Sampo Holdings changed from a Company with Audit & Supervisory Board structure to a Company with Committees structure, enabling it to more swiftly and proactively make decisions pertaining to business execution and realize the vision of the Group.

Corporate Governance Reforms to Date



Corporate Governance Structure



Group CEO and other abbreviated titles represent the following positions.

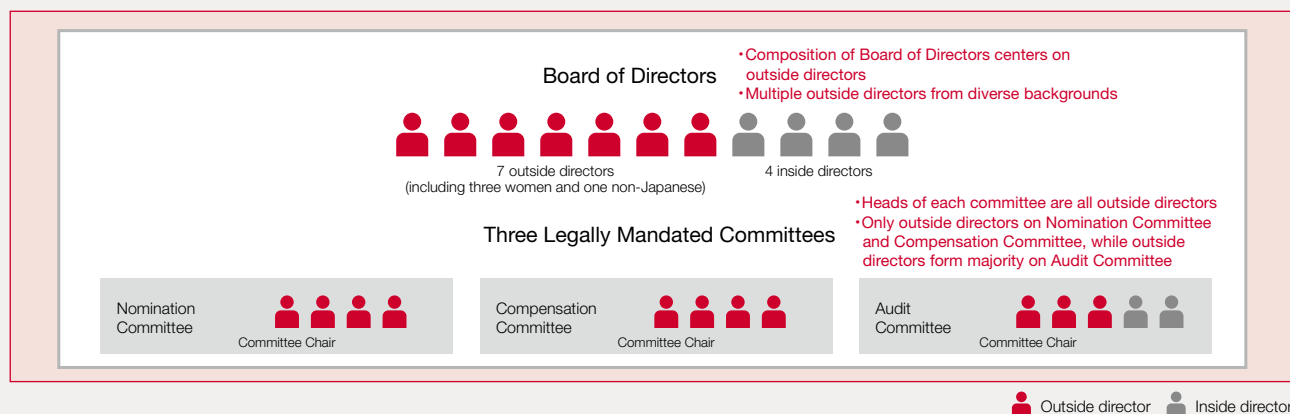
Group CEO: Group Chief Executive Officer / Group COO: Group Chief Operating Officer / Group CFO: Group Chief Financial Officer / Group CSO: Group Chief Strategy Officer / Group CDO: Group Chief Digital Officer / Group CRO: Group Chief Risk Officer / Group CIO: Group Chief Information Officer / Group CHRO: Group Chief Human Resource Officer / Group CBO: Group Chief Brand Officer

Transition to a Company with Committees Structure

Sompo Holdings shifted to a Company with Committees structure in June 2019 as part of efforts to reinforce corporate governance. Separating management supervision from business execution allows the Company to reinforce the supervisory function of the Board of Directors and delegate significant authority to executive divisions for swifter business execution. The Company also established three legally mandated committees: the Nomination Committee, the Audit Committee, and the Compensation Committee. Such measures have formed a governance structure that achieves greater transparency and fairness.

Under the comprehensive oversight of the Group CEO and Group COO, executive officers appointed by the Board of Directors make decisions and conduct business execution on matters delegated by the Board of Directors. The Business Owner System and the Group Chief Officer (CxO) system are already in place for agile and flexible decision-making and business execution as well as for clarifying the division of authority and responsibility.

Supervision under the Company with Committees Structure



Establishment of Global ExCo and MAC

Sompo Holdings newly established the Global Executive Committee ("Global ExCo") as the highest executive committee to discuss Group-wide strategic issues and other important matters. Global ExCo, an advisory body to the Group CEO, includes key members representing the overseas insurance business and discusses subjects that have significant impact on management, such as Group-wide management strategies and business operation policies based on high-level insight and wide-ranging views from a global perspective. The decisions by the Global ExCo are promptly reflected in

strategies at the individual business level and then translated into specific business decisions and actions to speed up the entire process.

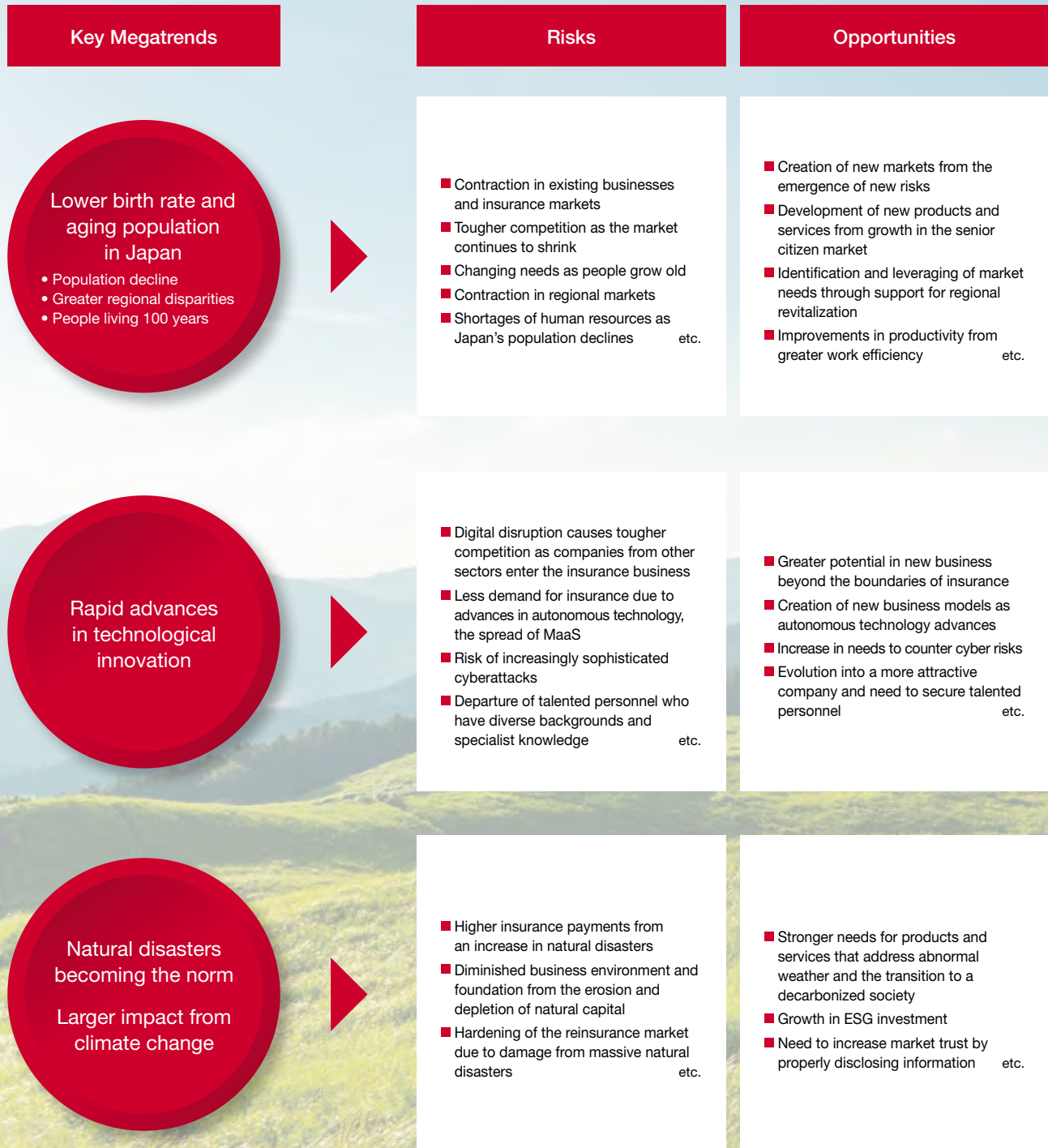
Important matters related to domestic businesses and operational management are discussed in detail by the Managerial Administrative Committee (MAC), an advisory body to the Group COO, and then implemented in operations. The decisions and discussions at MAC are shared with members of the Global ExCo so that both the Global ExCo and MAC fully function organically and thereby solidify these committees.



(For more details about governance, please see page 72.)

Business Environment and the Medium-

Based on the experience gained over its 130-year history, the Sompo Holdings Group views imaginable risks as business opportunities as it contributes to society by providing products and services of the highest quality that lend to the security, health, and wellbeing of customers.



to-Long-Term Course

Examples of Measures Derived from Strategies

- Adopt a growth strategy utilizing IT and digital technology
- Create new businesses by collaborating with advanced players
- Decide prices from a customer perspective

- Began using LINE to provide new experiences to younger people for buying insurance (developed LINE Insurance)
- Entered into the C2C car sharing and private car leasing businesses through joint ventures with DeNA
- Used digital technology to prevent accidents by elderly drivers
- Launched the Linkx health service brand
- Opened Future Care Lab in Japan with the aim of creating new nursing care solutions that utilize the latest technologies
- Developed a dementia support program (dementia insurance and the SOMPO Egao Club)
- Developed housing facilities for the elderly with work opportunities etc.

- Advance new business models
- Implement marketing strategies targeting digital natives
- Use digital technology to change points of contact with customers
- Raise work efficiency in each business division

- Developed new products and services that contribute to a society with safe autonomous cars
- Started new accident reporting and response services with LINE Insurance
- Collaborated with start-ups from SOMPO Digital Labs in Tokyo, Silicon Valley, and Tel Aviv
- Entered the cybersecurity business
- Began providing smart house fire insurance that covers costs associated with cyberattacks
- Began using AI in insurance premium and payment operations etc.

- Create new businesses by collaborating with advanced players
- Collaborate with stakeholders, proactively participate in initiatives

- Developed a fire prevention and mitigation system that uses AI
- Established a damage prediction model using the latest technology
- Promoted the spread and growth of ESG funds
- Launched the Bosai JAPAN-DA Project for disaster prevention education for children and their parents
- Started the SAVE JAPAN Project, an initiative to preserve biodiversity with citizen participation in conjunction with regional environmental organizations, NPO support centers, and the Japan NPO Center
- Declared agreement with the Task Force on Climate-related Financial Disclosures (TCFD) and took steps toward disclosure
- Provided Weather Index Insurance to mitigate risks in agricultural management etc.

Business Transformation

Sompo Holdings has been steadily transforming the entire Group and each business toward its vision of becoming “A Theme Park for Security, Health & Wellbeing.” During the first half of its Mid-Term Management Plan (fiscal 2016–fiscal 2018), the Company accelerated the development of new businesses as well as products and services that go beyond the framework of existing businesses. During the second half of the Mid-Term Management Plan (fiscal 2019–fiscal 2020), the Company will continue to transform its business portfolio and diversify its business domains and sources of revenue.

● Entry into the C2C Car Sharing Business and the Private Car Leasing Business

With the aim of creating a safe and secure consumer-to-consumer (C2C) car sharing market, DeNA Co., Ltd., and Sompo Holdings established two joint ventures in the mobility domain in February 2019—namely, DeNA Sompo Mobility and DeNA Sompo Carlife—marking the Group's entry into the C2C car sharing and private car leasing businesses.

● Test Services for Autonomous Cars

In September 2018, we opened the Connected Support Center as a research facility for responding to traffic accidents and other troubles through the remote monitoring and control intervention of self-driving cars, with the objective of getting involved in new markets and playing new roles as an insurer, in a pivot from insurance coverage to services. In February 2019, we began to develop solution-based services for local governments and transportation providers to test services for autonomous cars, partnering with Tier IV, Inc., a developer of software for autonomous cars, and AISAN TECHNOLOGY Co., Ltd., a company that creates and distributes high-precision 3D maps.

Domestic P&C Insurance

Stabilizing profit growth by raising efficiency, creating new sources of revenue

- Making up-front investments in AI, RPA, and IT systems, increasing efficiency by optimizing sales networks
- Optimizing product pricing strategy, reforming earnings structure by cutting business costs
- Utilizing partnerships and digital technology to create points of contact with new customers, creating new sources of revenue



● Linkx Helping Customers Maintain and Improve Their Health

Our income compensation insurance product, Linkx: Protection for You and Your Family, encourages customers to maintain and improve their health by incorporating a “Get☆Healthy Challenge!” program. This program lowers the premiums of customers who quit smoking or get healthier and provides them with a Get Healthy Bonus, equivalent to a reimbursement of the difference between the former and reduced premiums dating back to the time of policy enrollment.

Domestic Life Insurance

Steadily expanding profits by transforming into health support enterprise

- Expanding profits by gradually increasing number of policies in force
- Developing Insurhealth® as insurance combined with services to help customers maintain and improve their health
- Rapidly improving productivity with AI and RPA



● Launched Sales of Linkx Egao Wo Mamoru Dementia Insurance

In October 2018, we started selling dementia insurance that pays out benefits from the mild cognitive impairment (MCI) stage of dementia, an industry first. The insurance was developed by the entire Group as a health support product. It comes with the SOMPO Egao Club dementia support platform, which provides information and introduces services that help with the early detection of MCI and dementia and the prevention of deterioration in cognitive functions.

● Dementia Support Program

As a group, we began offering the SOMPO Dementia Support Program to address the serious social issue of helping people with dementia. In October 2018, the Company launched the SOMPO Egao Club as a support platform for dementia along with web services that help prevent deterioration in cognitive functions. Across the Group, these offerings are provided as add-on services for insurance policies.

● Entry into the Cybersecurity Business

By utilizing the know-how of the SOMPO Digital Lab we set up in Israel in November 2017, we formally entered the cybersecurity business in January 2018 to use the latest technologies to fight off cyberattacks that have become increasingly sophisticated and damaging.

New business

Accelerate tie-ups with external



“A Theme Park for Security, Health & Wellbeing”

● Accelerated Global Platform Strategy

We have accelerated the launch and global rollout of *AgriSampo*, a platform for agricultural insurance, and *SomPro*, a platform for specialty insurance, such as for financial institutions and professional occupations. In April 2018, we also launched a platform for the retail field and shared our know-how globally.

Overseas Insurance

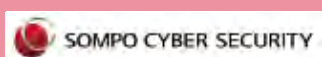
Driving profit growth for the Group

- Accelerating organic growth in global platforms for corporate and retail fields
- Expanding business base via bolt-on M&A that complements existing operations
- Continuing disciplined underwriting with focus on risks and returns



models

partners and business collaboration



Nursing Care & Healthcare

Improving productivity while solving social issues

- Improving profitability by using cutting-edge technologies
- Creating new sources of revenue in dementia-related services and senior citizen market



● Future Care Lab in Japan

In February 2019, we opened Future Care Lab in Japan as a research lab for experimenting with the latest technologies from around the world.

● SOMPO Care FOOD LAB

In March 2018, SOMPO Care FOOD LAB was opened to propose new and improved menus and to develop menus tailored to people's ability to chew and swallow food. We are strengthening food-related operations as a new business, leveraging our knowledge about food.

Factors Supporting Our Transformation

1 Sustainability

SOMPO's Strengths

In order to continue creating new value, the Group's transformation is being driven by our efforts as a solutions provider to solve identified social issues while looking to the future.

History

1992

- Rio de Janeiro United Nations Conference on Environment and Development (Earth Summit)

2000

- Nursing Care Insurance Law enacted

2007

- Japan became a super-aging society (21.5% of the population is 65 years or older)

Source: Ministry of Internal Affairs and Communications, Population Estimates of the Statistics Bureau of Japan (April 15, 2008)

Group Initiatives

1990

- Established the Global Environment Risk Management Office

1995

- Signed the United Nations Environment Programme Finance Initiative (UNEP FI)



1997

- Acquired ISO 14001 certification for the data processing center building (first for a financial institution in Japan)

2001

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

2006

- Signed the United Nations Global Compact (UNGC)
- Signed the Principles for Responsible Investment (PRI) (first for an insurance company in Japan)



Examples of Initiatives in Products and Services

Pioneer in ESG Funds in Japan

Sompo Japan Nipponkoa Asset Management Co., Ltd., began managing the Sompo Japan Green Open fund in 1999 at the dawn of ESG funds in Japan. For many years, the fund has invested in the stocks of companies that aggressively tackle environmental issues while promoting environmental dialogue. [P. 58](#)



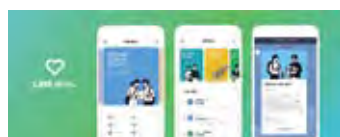
Realizing a Society Resilient to Natural Disasters through Prevention and Mitigation

We intend to help realize a society where everyone can enjoy healthy, safe, and secure lifestyles by developing and providing AI-based systems for preventing and mitigating natural disasters for local governments, an industry first. Our aim is to create cities resilient to natural disasters in cooperation with local communities through disaster prevention training. [P. 44](#)



Initiatives to Improve Access to Financial Services

We strive to improve access to financial services by developing and offering insurance indexed to the weather for farmers in Southeast Asia and providing LINE Insurance that makes it easy for people to purchase insurance via the LINE app on their smartphones. [P. 44, 71](#)



Full-Scale Participation in the Nursing Care & Healthcare Business

We propose new ideas for nursing care that combine a human touch with technology, work to eliminate the gap in supply and demand for nursing care practitioners, and aim to create a sustainable nursing care business model. We ultimately aim for Japan to be an affluent country that can boast to the world about the long and quality lives of its people, where the elderly can live with peace of mind. [P. 53](#)



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



We aim to contribute to the realization of a sustainable society by providing the highest-quality services that improve the security, health, and wellbeing of our customers, as mirrored in the Group Management Philosophy.

Sompo Holdings is also keen to help achieve the Sustainable Development Goals (SDGs) through its Group Management Philosophy for the realization of "A Theme Park for Security, Health & Wellbeing."

2011

- UN approved Guiding Principles on Business and Human Rights
- Great East Japan Earthquake

2015

- UN adopted the Sustainable Development Goals (SDGs)
- UN adopted the Paris Agreement

2017

- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were announced.

2010

- Established NKSJ Holdings
- Participated in the drafting of Principles for Finance Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)



2012

- Signed the UNEP FI Principles for Sustainable Insurance (PSI) and was a participant in its drafting



2016

- Revised Group CSR Material Issues in light of trends in international society
- P. 69

2018

- Declared support for TCFD
- P. 70

Group-wide CSR Promotion Structure

The Sompo Holdings Group has a system for promoting CSR, having put together a CSR Management System based on ISO 14001 as a framework for promoting a broad range of CSR initiatives. We have a PDCA cycle for iterative improvements along with annual CSR action plans for Group companies.

Also, we have set up the Group's Council for CSR Promotion. Chaired by the Group CBO with officers from each Group company meeting to discuss ESG issues, the Council for CSR Promotion aims to enhance the CSR initiatives of the entire Group by ascertaining and sharing progress on successful initiatives at Group companies.



Advancing the Creation of a "Theme Park" and Globalization

We strive to solve complex social issues around the world by collaborating with stakeholders to provide advanced solutions from Japan to other countries dealing with social issues. With the aim of having a presence that is valuable and indispensable in an unpredictable era, Sompo Holdings will carry on with its transformation into a future where society centers on people and "no one will be left behind."

Factors Supporting Our Transformation

2 Human Resources

SOMPO's Strengths

We will achieve a transformation by changing our corporate culture and our business portfolio.

This can be accomplished by increasing the diversity and expertise of Group personnel while enhancing their ability to create market value. Human resources are the key factor that supports the transformation of the Sompo Holdings Group.

History

■ Training for Selected Employees

With the aim of training up personnel to be managers in the Group, we have put into place a global selective training program for women across business boundaries.

2011

- Female Business Management Program

2012

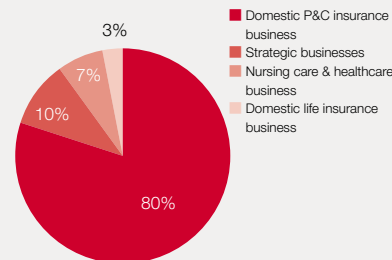
- SOMPO Global University

2017

- Global Leadership Program

- Global Executive Program

Female Business Management Program	This program seeks to improve the business perspectives and awareness of female employees who are interested in becoming future managers (a total of 98 women have participated).
SOMPO Global University	This internal university trains young employees to think globally as managers in the future (162 employees from 17 countries have participated).
Global Leadership Program	This program aims to raise awareness of mid-career employees who are prospective candidates for managerial positions (23 employees from 8 countries have participated).
Global Executive Program	This program seeks to train global leaders as candidates for top management positions (24 employees from 8 countries have participated).



Percentage of participants in the Female Business Management Program by business in 2019

■ Personnel Exchange on a Global Basis

Sompo Holdings is increasing personnel exchanges with Group companies overseas in order to put into place an environment where Group employees can act globally.

2014

- Launched Exchange Program*
- * Name changed to Global Assignment Program in 2019



Exchange Program

2017

- Started talent management on a global basis

■ Creation of a Global Personnel System Platform

We are building a personnel platform so that Group employees can act on a global basis.



Integrated personnel system platform

2016

- Launched global personnel system platform at overseas Group companies

2017

- Visualized key posts in entire Group and shared core components of competency

2018

- Launched project to integrate personnel system platforms across domestic Group companies

Advancing the Creation of a "Theme Park" and Globalization

The Sompo Holdings Group has created personnel measures so that the cumulative knowledge and experiences of its 80,000 employees from diverse backgrounds and different nationalities, genders, and ages can be focused on growing the entire Group. In this era of volatility, uncertainty, complexity, and ambiguity (VUCA), diversity in personnel is what drives companies into the future. The Sompo Holdings Group will transform itself and facilitate the transformation of its human resources with the objective of leading the transformation of its corporate culture and becoming a truly global corporate group. By promoting diversity, expertise, and improvements in market value, each and every Group employee will advance the expansion of the Group by applying their own strengths toward accomplishing their missions.

(For more details about our initiatives in human resources, please see page 60.)

3 Digital Technologies

SOMPO's Strengths

We expect that digital disruption is likely to have a major impact on the insurance industry. Products and services that break the concept of traditional insurance are being provided over the web and smart devices. Aggressively promoting digital transformation is essential to surviving and proactively utilizing digital technologies is vital in facilitating the transformation of the Sampo Holdings Group.

History

■ SOMPO Digital Lab Launched

SOMPO Digital Lab Tokyo

Established in
April 2016



SOMPO Digital Lab Silicon Valley

Established in
April 2016



SOMPO Digital Lab Tel Aviv

Established in
November 2017



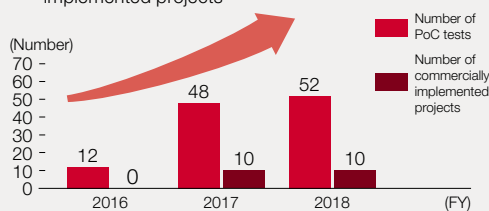
SOMPO Digital Lab Tokyo	- Carries out proof-of-concept (PoC) tests with services using digital technology - Examines new business ideas etc.
SOMPO Digital Lab Silicon Valley	- Researches and provides information about the latest technologies and business models - Builds networks with local companies
SOMPO Digital Lab Tel Aviv	Promotes innovation among Group companies etc.

■ Structure of SOMPO Digital Lab

We established SOMPO Digital Lab in April 2016 with **10** personnel, and as of June 30, 2019, it had grown to roughly **120** people, some of whom also serve in other positions. SOMPO Digital Lab is a hub for developing the Group's digital strategy and accelerating the Group's transformation. In July 2018, we launched the SOMPO Sprint Team as an in-house development team within SOMPO Digital Lab Tokyo to promptly conduct PoC tests utilizing the agile software development method.

■ Number of PoC Tests and Number of Commercially Implemented Projects

▶ Steady increase in PoC tests and commercially implemented projects



Key PoC Tests and Commercially Implemented Projects

- Delivered the industry's first* accident reporting and response service using LINE
- Entered into a partnership with Neurotrack Technologies, Inc., a Silicon Valley start-up in the digital healthcare field, and started PoC tests in the joint development of a Japanese version of a Memory Health Program (MHP) as a digital coaching service to prevent cognitive decline
- Partnered with Trōv, Inc., a Silicon Valley start-up, to develop on-demand insurance products that people can easily purchase on the web via their smartphones to insure their valuable items in daily increments

* Based on a survey conducted by Sampo Japan Nipponkoa in July 2019

Advancing the Creation of a "Theme Park" and Globalization

Insurance provides reassurance by paying a benefit when unexpected events occur, such as accidents, injuries, and illness. In addition to offering insurance, the Sampo Holdings Group wants to prevent these unexpected events by using digital technologies and to provide "security, health, and wellbeing" to society and thereby ensure it does not require insurance.

Through the digital transformation of the entire Group, we aim to realize a truly service-oriented industry and create new customer experiences by leveraging the information-gathering capabilities and digital technologies as a core competency at our bases in Tokyo, Silicon Valley, and Tel Aviv.

(For more details about our digital initiatives, please see page 64.)



Special Feature: Accelerating Global Growth

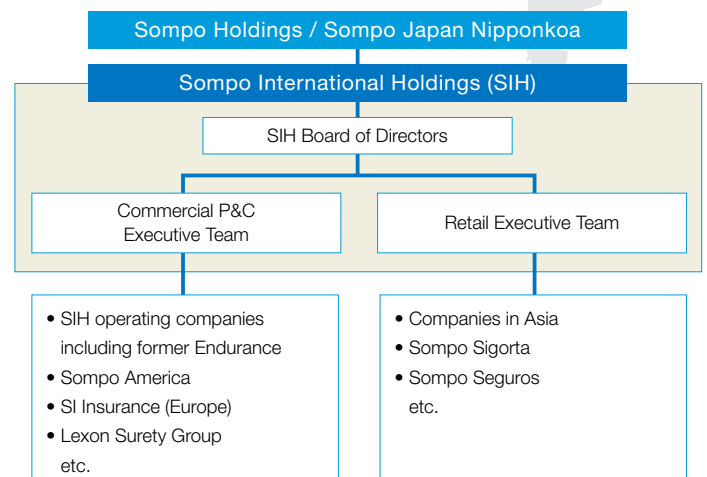


John R. Charman

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

Transforming Our Business through a Unified Global Platform

Overseas Insurance Business Unified Platform



With the evolution of our integrated global Commercial P&C and Retail Insurance platforms, Sampo International represents a unique opportunity to transform and grow the Sampo Holdings Group's overseas insurance business organically and through acquisition.

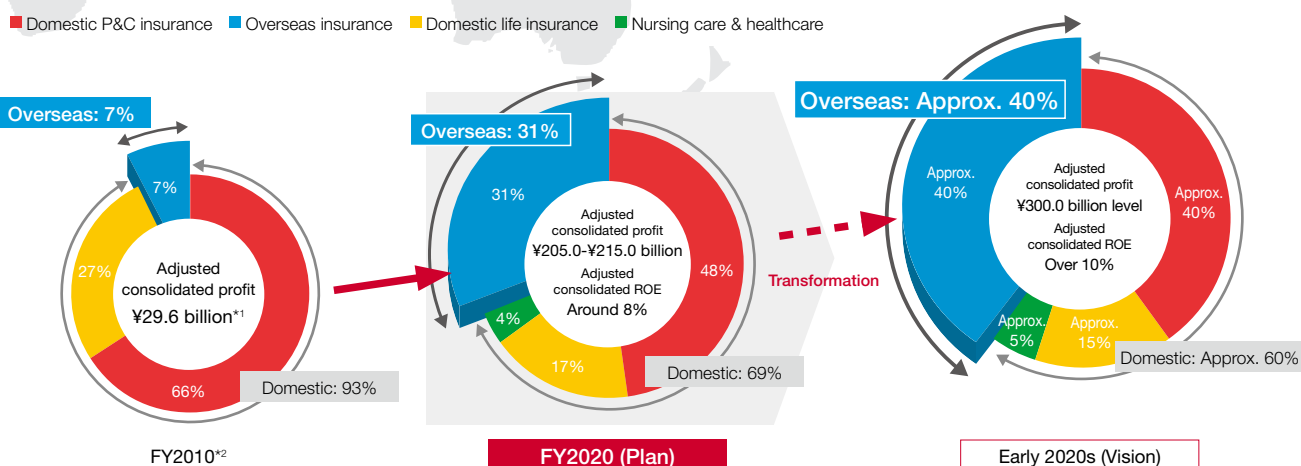
During the past fiscal year, we have focused on combining our global resources with local expertise to enhance our capabilities in a number of key geographies and across several lines of business. We continue to find innovative ways to deliver our underwriting expertise and broad product set across our extensive global footprint. Further, with the successful launch of our Retail Insurance platform to complement our Commercial P&C platform, we are proud to play a leading role in our efforts to break new ground, not only in the Japanese market, but also in the insurance industry more broadly.

Our Commercial P&C platform now encompasses all of the Group's commercial property, casualty, and specialty insurance and reinsurance outside of Japan. Through SI Insurance (Europe) we have successfully integrated Sampo Holdings' commercial operations across Europe, providing Sampo International with broad European Economic Area insurance capabilities. We also continue to export our technical expertise to new markets around the world through the introduction of new global capabilities such as *SomPro*, our new platform offering financial and professional lines insurance and reinsurance delivered by industry leading experts around the world.

Our new Retail Insurance platform combines Sampo International's underwriting capabilities with the broad licensing network of the Group, setting the stage for future growth through the introduction of new products and geographic expansion. Our Retail Insurance centers of excellence enable Sampo International to develop innovative products and services, integrate them within broader consumer distribution ecosystems, and tailor our solutions for each market we serve. By sharing underwriting, technology, Enterprise Risk Management, and actuarial expertise across our global network, we are strengthening our ability to deliver leading edge products and services to customers around the world.

The foundation of our business transformation is the Sampo Holdings Global Executive Committee, of which Nigel Frudd and I are now members. This new global governance structure is unique among Japanese insurers and brings together diversified and global perspectives to revolutionize our business. In doing so, it ensures strategic alignment between Sampo Holdings and its overseas subsidiaries while also giving our overseas businesses the opportunity to participate more broadly in the operations of the Group. In facilitating collaboration across the Company, the Sampo Holdings Global Executive Committee is helping accelerate our efforts to unify our retail and commercial overseas business under Sampo International, creating a unique integrated platform with greater scale and diversity.

Expanding Profit Contribution from Overseas Business



^{*1} Estimate based on the current definition of adjusted consolidated profit

^{*2} The fiscal year that Sampo Holdings was established.



Driving Growth through a Disciplined Approach to Strategic M&A

Nigel Frudd

Senior Executive Vice President, Chairman of Overseas M&A, Sompo Holdings, Inc. and Executive Director & CEO, Sompo International Holdings Ltd.

Building Scale and Scope

We continue to take a disciplined approach to strategic M&A activities to build scale and scope in support of Sompo Holdings' vision of becoming a top 10 insurance company. Whether organically or through acquisitions, investments or strategic partnerships, we are seeking opportunities to diversify and expand our overseas insurance platforms.

Building on Shared Expertise

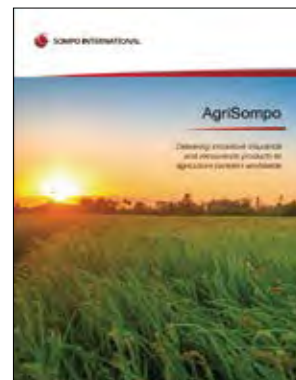
We see significant movement in the P&C market and are very well positioned to take advantage of these changes, which will include "transformational" deals.

We are also committed to pursuing transactions that build on the shared expertise, technology, and scale offered by the entities that have come together to form our integrated Retail Insurance platform. However, our recent M&A activities have focused on expanding our Commercial P&C platform, which continues to lie at the heart of our growth engine. Our Commercial P&C platform is built on a foundation of technical expertise and we are selectively targeting opportunities for growth that add to its value.

Expanding Our Commercial P&C Platform

In fiscal 2018, we made progress toward these goals by successfully pursuing attractive opportunities to expand into businesses that complement our Commercial P&C offerings, creating greater diversification and reducing volatility. Through a number of strategic partnerships with industry leaders, we continue to enhance *AgriSompo*, our integrated agricultural insurance platform. We are jointly developing and delivering innovative insurance solutions together with SV SparkassenVersicherung (SV), one of the largest public insurance companies in Germany. Through our strategic partnership with CropTrak™, a leading provider of technology

solutions for the food and agriculture markets, we are providing advanced insurance and risk management solutions to growers, insurance agents and agri-businesses around the world. We have also expanded the scope of A&A, S.r.l., our wholly owned subsidiary acquired in March 2018, so it now operates as a multi-mandate insurance agency offering a broader range of agriculture insurance products to producers in the Italian market.



Leading the U.S. Surety Market

Further, with the integration of Lexon Surety Group (Lexon) into Sompo International complete, we have firmly established our company as a top 10 surety market in the United States. The acquisition of Lexon was attractive because Lexon's strong distribution relationships and technical expertise in the surety and bond market are highly complementary to Sompo International's existing product capabilities. We are committed to pursuing M&A opportunities which substantially accelerate the growth of our product portfolios with offerings that are additive to our existing operations.



Local Centers of Excellence Leading to Global Expansion

Recai Dalas

CEO of Retail Insurance, Sampo International Holdings Ltd.
and CEO & Director, Sampo Sigorta Anonim Sirketi

Growth in Retail Insurance

For more than 60 years, the Sampo Holdings Group has been delivering personal lines, small-to-medium enterprise and corporate insurance products outside of Japan. Our retail subsidiaries and affiliates have strong track records of success, demonstrating rapid growth and achieving significant market share.

In April 2018, we launched our Retail Insurance platform and began the process of integrating all of our overseas retail subsidiaries and affiliates into Sampo International. This integration will bring new opportunities for growth, scale, and diversity to our business while creating a platform that is unique in our industry.

Our Retail Insurance platform utilizes centers of excellence drawing on the experience and expertise of our retail businesses to develop leading edge products and services, integrate them within broader consumer distribution ecosystems, and tailor our offerings to the local markets we serve. Our centers of excellence are key drivers of our success as we continue to enhance our overseas Retail Insurance platform with additional products and further geographic expansion.

Growth through Innovative Partnerships and Technology

In Turkey, for example, Sampo Sigorta's market leading growth is driven by technical innovation including, our award-winning mobile device application supporting 24/7 service delivery by our agencies, as well as our technical insurance pricing expertise and superior marketing strategies.

In Southeast Asia, Sampo Holdings (Asia) is driving growth and expansion through a regional bancassurance distribution partnership with CIMB, one of ASEAN's largest banking groups, supported by enhancements to our branding and digital strategies.

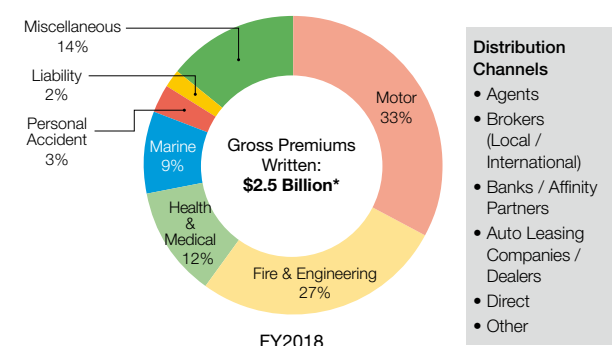
In Brazil, Sampo Seguros is now the No. 1 marine insurer in the country based on advanced digital analytics. We are working to tailor these modeling and analysis tools for use in additional marine markets in other regions around the world.

Further, Sampo China's online travel alliance with ZhongAn, China's largest Internet insurance company, demonstrates our strength in creating successful affinity partnerships built on exceptional customer service while also increasing our penetration of this fast-growing market.

In addition, we are working with SOMPO Digital Lab and InsureTech start-ups to introduce the latest digital products and services and create new distribution channels with affinity partners.

By creating a truly global integrated Retail Insurance operation, we have created a new ecosystem which will effectively share the best practices and technology across all Group operations around the globe.

Retail Insurance Business Overview



* Total gross premiums written for retail insurance subsidiaries and affiliates outside of Japan



Combining Underwriting Expertise with Global Reach

Christopher Gallagher

Executive Director, Sompo International Holdings Ltd.
and CEO, Sompo International Commercial P&C

Growth of Commercial Business

Sompo International's Commercial P&C platform now encompasses substantially all Sompo commercial property, casualty, and specialty insurance and reinsurance businesses outside of Japan.

Having achieved significant growth in our global insurance business over the last five years, in 2018, we set the foundation for further expansion with the successful formation of SI Insurance (Europe), SA (SIE). We have transferred Sompo Japan Nipponkoa Insurance Company of Europe Limited's Continental European business to SIE and expanded our presence in Europe beyond SIE's headquarters in Luxembourg to include operations in Belgium, France, Germany, Italy, and Spain. With the integration of our commercial insurance operations into our unified global platform, we are strengthening our ability to bring our extensive product knowledge to local markets in regions around the world.

Global Product and Service Platforms

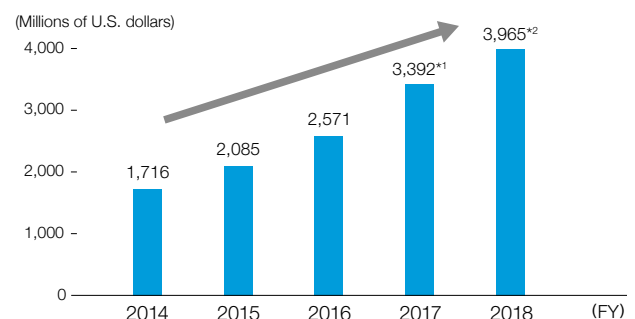
A key differentiator for the Commercial P&C team is our ability to combine the deep underwriting, claims, and risk management expertise of Sompo International with the global reach of Sompo Holdings to develop new insurance and reinsurance solutions. This includes developing product and service platforms that unify our underwriting expertise in a particular class or line of business and enhancing those platforms with innovative solutions tailored to local needs. For example, we continue to develop new products to enhance our industry leading *AgriSompo* agriculture insurance platform, including the introduction of parametric weather products for farmers in Thailand and Brazil.

We are also looking for additional opportunities to apply our approach to building unified insurance platforms like *AgriSompo* to grow additional lines of business globally.

In fiscal 2018, this included the launch of *SomPro*, a global platform uniting our broad financial and professional lines capabilities. Drawing on the underwriting expertise of Sompo International and the global reach of the Sompo Holdings Group, *SomPro* brings together our worldwide network of professional liability underwriting teams to deliver a broad range of financial lines and cyber insurance and reinsurance products.

Building on *AgriSompo*, and now *SomPro*, we continue to create additional platforms where our specialty underwriting resources are key differentiators to our clients and trading partners. Each of these globally networked centers of excellence is backed by our exceptional financial strength and our extensive licensing capabilities. This combination of underwriting experience and global resources uniquely positions us to develop innovative insurance solutions tailored for local markets while also serving as key drivers of our future growth.

Commercial P&C Insurance Growth in GPW Since 2014

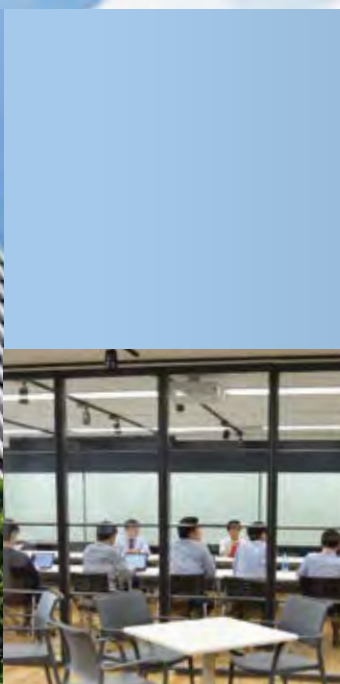


^{*1} Includes Gross Premiums Written of \$401 million of Sompo America, etc., integrated into Sompo International

^{*2} Includes Gross Premiums Written of \$110 million of SJNK Europe, integrated into Sompo International



Mid-Term Management Plan and Financial and Capital Strategy



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A Message from the Group COO



We are steadily advancing the qualitative evolution of the entire Sampo Holdings Group, enhancing quality, speed, and flexibility in decision-making and business execution.

Shinji Tsuji

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

Duties of the Group COO

Ten years have passed since the establishment of the holding company, and we entered the latter half of the Mid-Term Management Plan this fiscal year. At this turning point, we reassessed the business execution structure to center on Global ExCo, which was established as the highest executive committee, while transitioning to a Company with Committees structure. These moves have clarified the roles of supervision and business execution as well as improved transparency in governance and strengthened oversight functions. Also, we have worked to improve the speed, flexibility, and quality of business execution, all the while globalizing management. The transition to this new corporate governance structure is meant to ensure our transformation into “A Theme Park for Security, Health & Wellbeing” by facilitating more agile and flexible decision-making and business execution. As a part of this transition, Sampo Holdings created the new executive position of Group COO (Chief Operating Officer) in January 2019, and I was appointed to this role. The duties of the Group COO are to bring together the management of the entire Group as the chair of Global ExCo and the Managerial Administrative Committee (MAC), which were created in April 2019, while inheriting the authority and responsibilities of the Group CEO as they relate to business execution. I make decisions to further the execution and realization of business strategies and management policies deliberated at Global ExCo, and I also make decisions to solve and move beyond pressing management issues. While promoting the effective functioning of Global ExCo and MAC, the Group COO advances specific measures to achieve Group targets raised in the Mid-Term Management Plan.

Taking on Challenges to Qualitatively Evolve the Group

Under the current Mid-Term Management Plan, which runs from fiscal 2016 through fiscal 2020, the Company has identified significant changes in the external business environment, including the shrinking and rapid aging of Japan’s population, large-scale natural disasters becoming the norm, and changing customer behavior in tandem with technological innovation, among other trends. Against this backdrop, the Sampo Holdings Group aims to evolve into a corporate group that can sustain growth into the future, achieving a transformation for the provision of “A Theme Park for Security, Health & Wellbeing.” Our transformation goes beyond simple change to encompass a qualitative evolution that entails reforming the business portfolio and corporate culture. Such a transformation is an unprecedented challenge, a key turning point for the Sampo Holdings Group in its more than 130-year history, which has focused on the insurance business.

In order to assure progress in taking on this challenge, over the three years through fiscal 2018, the Company made steady progress creating a foundation for realizing “A Theme Park for Security, Health & Wellbeing.” We began by introducing a Business Owner system and a Group Chief Officer (CxO) system, transitioning to a Company with Committees structure, and strengthening corporate governance functions with the establishment of Global ExCo. The Company also moved to strengthen its competitive advantages in each business. In the domestic P&C insurance business, we reviewed our pricing and reinsurance strategies and improved capital efficiency by

reducing strategic-holding stocks. In the overseas insurance business, we completed our reorganization in developed countries and launched our retail platform vision. In the domestic life insurance business, we developed products and services centered on Insurhealth® and launched the Linkx (pronounced “link cross”) brand as a part of our change into a health support enterprise. In the nursing care & healthcare business, we improved productivity by merging four nursing care companies in the business. Moreover, Sampo Holdings accelerated growth through M&A activities, headlined by its acquisition of Endurance Specialty Holdings Ltd. (currently Sampo International Holdings Ltd.) in fiscal 2016. The Company also sought out new business opportunities. We began to offer comprehensive support in a collaborative effort across businesses (across Group companies) with the SOMPO Dementia Support Program, which provides a wide range of support services from the prevention of impairment in cognitive functions to care for people with dementia. Other initiatives

included advancing our digital strategy that utilizes cutting-edge expertise and technologies accumulated at our three SOMPO Digital Labs.

In these ways, Sampo Holdings has simultaneously implemented and sustained initiatives across the Group, encouraging organic growth in each business, executing disciplined M&A activities, and creating new businesses that leverage unique Group strengths. The Group is keen to realize its qualitative evolution into a constantly growing corporate group resilient to any change in the external business environment and to realize its transformation into “A Theme Park for Security, Health & Wellbeing.”

Under our new corporate governance structure, we aim to improve the quality, speed, and flexibility of decision-making and business execution, accelerate our transformation more than ever, and take other measures so that this year, which marks the 10th anniversary of the holding company’s establishment, will be a leap forward into the next decade.

Domestic P&C Insurance Business	✓ Achieved record-high profits after adjusting for the impact of natural disasters in Japan ✓ Reviewed our pricing and reinsurance strategies, improved capital efficiency by reducing strategic-holding stocks ✓ Enhanced points of contact with customers with Portable Smiling Road and LINE Insurance	Adjusted Profit (Billions of yen) * Adjusted for natural disasters in Japan 2015 2018 (FY)
Overseas Insurance Business	✓ Acquired Endurance Specialty Holdings Ltd. (currently Sampo International Holdings Ltd.), finished reorganization in developed countries, including sale of Canopus ✓ Launched retail platform vision, rolled out global brands, including <i>AgriSampo</i> and <i>SomPro</i>	Adjusted Profit (Billions of yen) 2015 2018 (FY)
Domestic Life Insurance Business	✓ Launched Linkx brand, developed products and services centered on Insurhealth®, which helps maintain and improve health ✓ Started initiatives to rapidly improve productivity, such as concentrating administrative functions at head office	Adjusted Profit (Billions of yen) 2015 2018 (FY)
Nursing Care & Healthcare Business, etc.	✓ Entered nursing care business in earnest, explored new business opportunities in surrounding fields ✓ Merged four nursing care companies and quickly achieved profitability by integrating Group companies and improving productivity	Adjusted Profit (Billions of yen) 2015 2018 (FY) ■ Nursing care & healthcare business ■ Asset management business, etc.
Digital Strategy	✓ Created three bases, in Tokyo, Silicon Valley, and Tel Aviv, to advance use of digital technologies ✓ Of roughly 100 proof of concept projects, 20 projects launched, including call center AI	
Governance	✓ Introduced Business Owner system and Group Chief Officer (CxO) system ✓ Transitioned to new corporate governance structure (Company with Committees structure), established Global ExCo and MAC	

A Message from the Group CSO



We are accelerating our transformation
while continuing to enhance
corporate value.

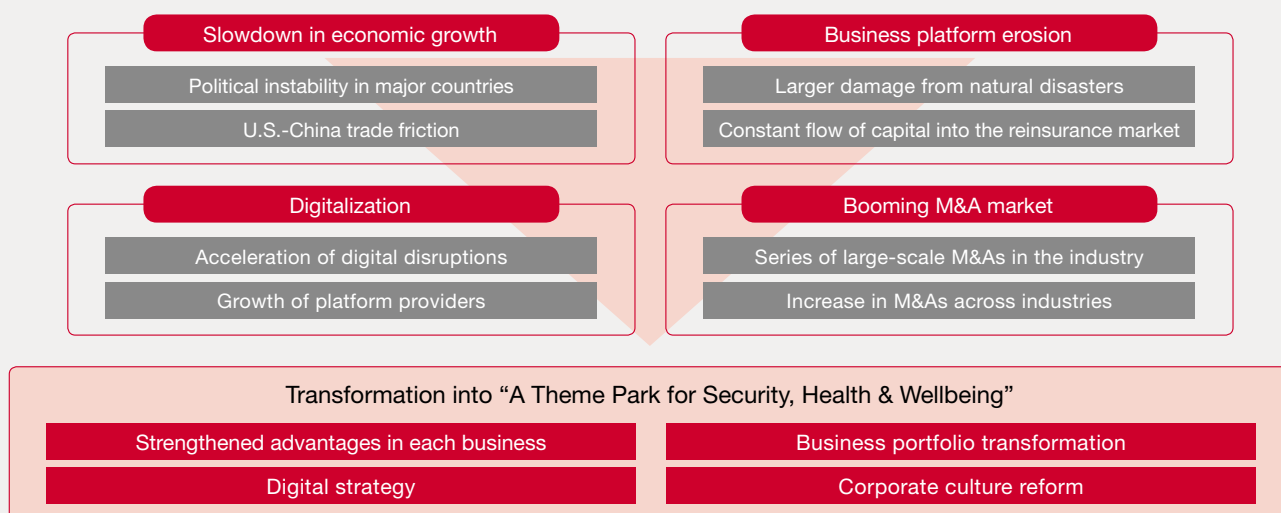
Mikio Okumura

Group CSO
Executive Vice President and Executive Officer

Changes in the Group's Business Environment

Looking at how the external business environment has changed over the past few years, the world has changed at a faster pace and on a larger scale than we had anticipated, with more frequent and severe natural disasters in Japan and elsewhere, slower growth in the global economy, prolonged stasis in capital markets due to ongoing monetary easing, and accelerated digitalization. Moreover, autonomous cars will change the nature of insurance itself, and groundbreaking advances in technology, such as genome analysis, will lead to a new normal and change our lifestyles for the better.

The Group Management Philosophy is to contribute to the security, health, and wellbeing of our customers and society by providing solutions of the highest quality possible. Amid these changes in the external environment, we aim to remain a corporate group chosen and preferred by our customers by precisely meeting their changing needs and always advancing the Group from a customer-oriented perspective. To this end, we must realize our transformation into “A Theme Park for Security, Health & Wellbeing,” our vision for the future.



Accelerating Our Transformation

In the two years through fiscal 2020, the final year of the current Mid-Term Management Plan, Sompo Holdings is accelerating the transformation of the entire Group, centered on reforms to the business portfolio, by diversifying business domains and earnings sources, and reforms to the corporate culture to make it more mission-driven and results-oriented. By effecting this qualitative evolution, the Company aims to solidify its footing for strong growth in the future.

In reforms to our business portfolio, we aim for steady growth in profit from overseas insurance with a truly integrated global platform that hones the competitive advantages of each business. Other initiatives are geared toward expanding business domains beyond insurance in Japan. Global ExCo was set up to support and accelerate these initiatives. The diverse opinions and management strategies that come out of Global ExCo will serve to accelerate the Group's growth. As an example, we can take the Global Transaction Committee, which was set up under Global ExCo in June 2019. Across the Group, this committee promotes M&A activities around the world and promotes transaction-related initiatives in M&A, financing, and tie-ups in Japan and other countries in various business domains not limited to the insurance field.

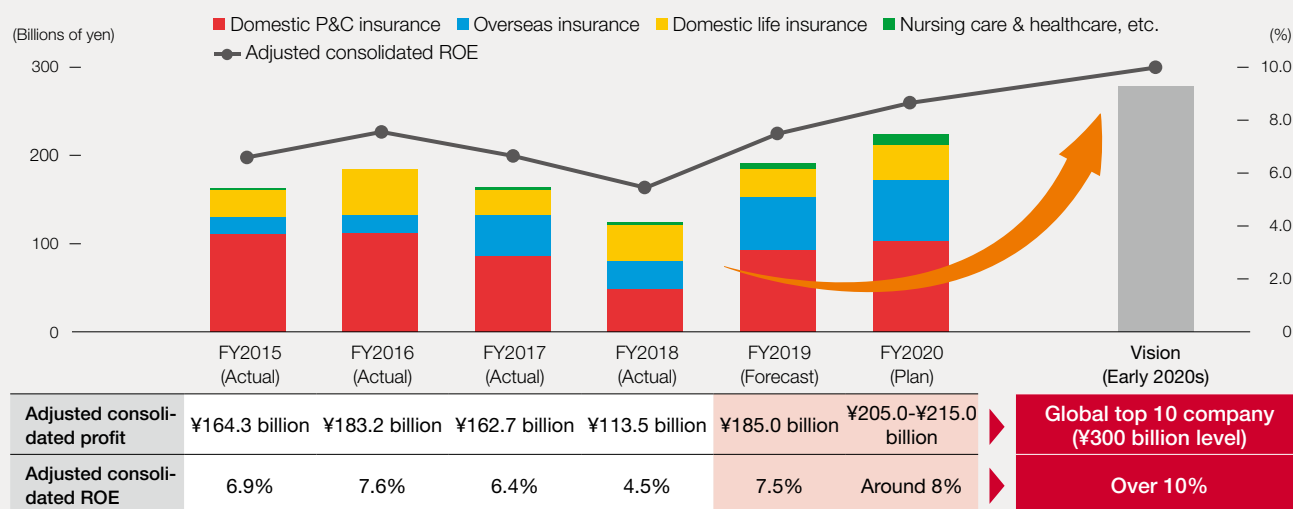
To realize "A Theme Park for Security, Health & Wellbeing," we provide added value through collaboration across businesses, utilizing real data as an entire Group and not just the sum total of data from services in each business. The key to this approach is our digital strategy and real data. While deploying cutting-edge digital technologies, we analyze real data to accurately understand the needs of our customers in real time in an effort to offer new value and solutions through collaboration across businesses.

At the same time, we are reforming the business portfolio to organically create new value with real data and digital technologies, aiming for stable growth in business profit and the expansion of business domains beyond insurance.

All executives and employees of the Group are given their own mission and responsibilities for growing each business, developing new businesses, and creating added value. They delve into their missions, taking on challenges without fear of failure, and build on each success to ultimately achieve major leaps in growth. That is how we are reforming our corporate culture. As our corporate culture changes, it will accelerate reforms to the business portfolio. This reform of our corporate culture will require taking on challenges from a fresh perspective, uncoupled from past trends, and translating this perspective into an output-driven culture that prizes diversity and results. In this context, it is important to reform work styles, such as by letting employees work anywhere, as an opportunity to reinforce this mind-set.

By staging such a qualitative evolution, we aim to help solve issues faced by society and our customers, earn their trust, and build up our customer base even further. We intend to create a sustained growth cycle that provides our customers with new and greater value while enhancing our corporate value.

To achieve our transformation into "A Theme Park for Security, Health & Wellbeing," we are targeting adjusted consolidated profit of ¥300 billion or higher and an adjusted consolidated ROE of more than 10% in the early 2020s.



Note: Figures for fiscal 2015 are estimates based on the current definition of adjusted profits.

A Message from the Group CFO



Based on our Enterprise Risk Management (ERM) framework, we aim to provide attractive shareholder returns and maximize corporate value based on a balance between profit and capital.

Masahiro Hamada

Group CFO and Group CIO
Executive Vice President and Executive Officer

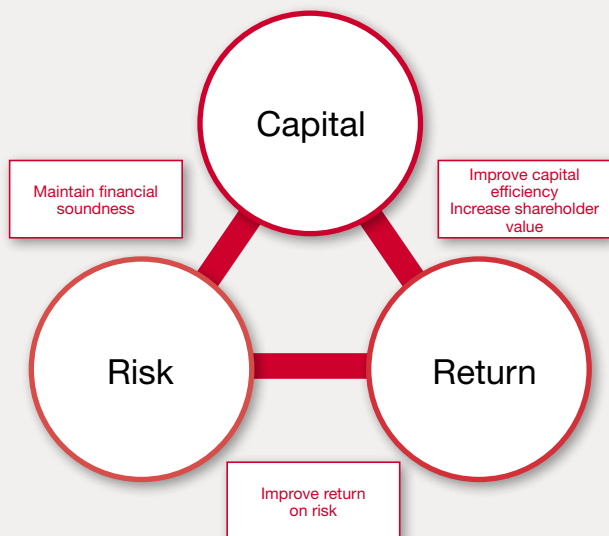
Basic Capital Policy

The basic capital policy of the Sampo Holdings Group entails appropriately controlling the balance between capital, risk and returns and maintaining adequate financial soundness based on the Enterprise Risk Management (ERM) framework. Our basic policy for shareholder returns (shareholder dividends and share buybacks) is to provide an attractive return commensurate with profit and capital levels, based on our targets for growth

in adjusted consolidated profit to ¥300 billion, steady improvement in capital efficiency to an adjusted consolidated ROE of 10.0% or more, and expansion driven by investments in growth businesses.

In accordance with our basic capital policy, we apply management procedures for financial soundness based on international capital regulations and evaluate and utilize criteria based on adjusted consolidated ROE and return on risk (ROR) for making management decisions in a wide range of fields, including investments and performance evaluation. We also strive to enhance capital quality on a continuous basis and to promote capital policy that facilitates the acquisition of returns in order to maximize corporate value.

Capital Policy Based on the ERM Framework



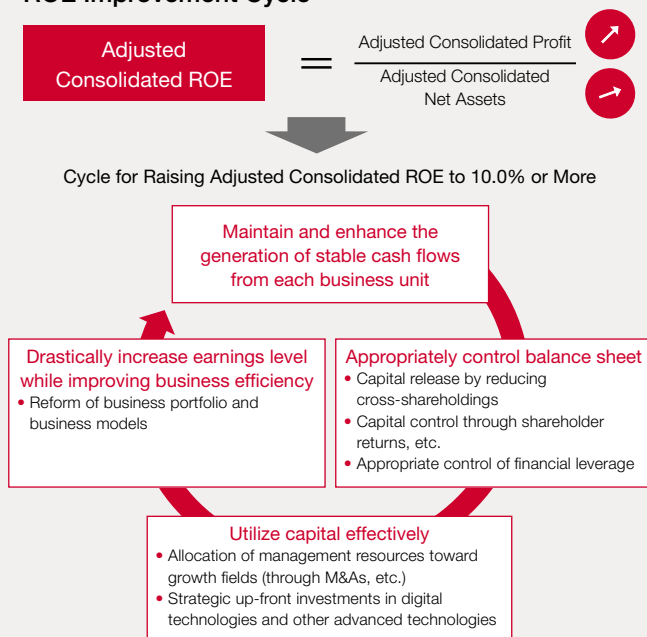
Improvement of Capital Efficiency

Sampo Holdings has an operating cycle for improving capital efficiency (ROE) sustainably that was established on the basis of its ERM framework. The Group appropriately controls its balance sheet through such measures as continuing to reduce its cross-shareholdings, increasing shareholder returns, and managing financial leverage while maintaining and enhancing its systems for generating stable cash flows in each of its businesses. On this basis, we will allocate management resources toward growth fields (through M&As, for example) and conduct forward-looking strategic investments in various fields with the potential to bring about new businesses and to revolutionize industry structures, such as digital technologies

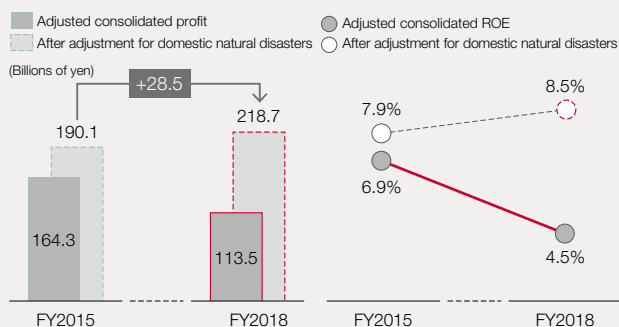
and advanced sciences and technologies. In addition, we will work to achieve drastic improvements in business efficiency and profit levels by transforming our business portfolio and business models. As a result, we intend to achieve sustainable growth in adjusted consolidated profit and adjusted consolidated ROE and reach our medium-to-long-term targets.

In fiscal 2018, adjusted consolidated profit was ¥113.5 billion and adjusted consolidated ROE was 4.5%, reflecting the impact of larger-than-expected damage caused by natural disasters in Japan. In fiscal 2019, the Company anticipates a normal level of damage from natural disasters, and thus it expects profit levels and ROE to improve. We are working diligently to steadily improve capital efficiency in order to quickly achieve our targets.

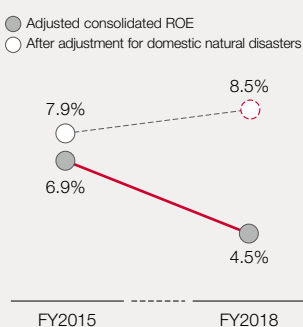
ROE Improvement Cycle



Adjusted Consolidated Profit



Adjusted Consolidated ROE



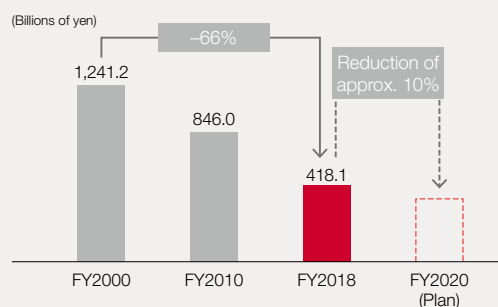
Policy on Cross-Shareholdings and Their Reduction

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

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

Under the current Mid-Term Management Plan, we plan to reduce cross-shareholdings by around ¥100.0 billion per year. The amount reduced in fiscal 2018 was ¥158.0 billion, a greater reduction than in previous fiscal years, and a total of ¥371.9 billion in cross-shareholdings has been reduced over the three years ended fiscal 2018. We will continue to reduce the overall balance of cross-shareholdings going forward based on quantitative evaluations and extensive discussions with counterparties.

Balance of Cross-Shareholdings Based on Book Value



Shareholder Returns

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

Based on growth in adjusted consolidated profit, we plan to proactively increase total shareholder returns (total dividend payments + total share buybacks). In the latter half of the Mid-Term Management Plan (fiscal 2019 and fiscal 2020), as a target for shareholder returns, we aim to attain a total payout ratio*¹ of between 50% and 100% of adjusted consolidated profit.

As shareholder returns based on our performance in fiscal 2018, we have chosen to pay an annual dividend of ¥130 per share, consisting of an interim dividend and a year-end dividend of ¥65 each, which will represent a year-on-year increase of ¥20 per share. In addition, we have announced a share buyback program for up to ¥33.5 billion for the purpose of

enhancing shareholder returns. In fiscal 2018, the Company's total payout ratio was 72% of adjusted consolidated profit.

As for fiscal 2019, we intend to raise dividend payments for the sixth consecutive year with a ¥20 increase per share over the level from fiscal 2018, for an annual dividend of ¥150 per share, comprising an interim dividend and a year-end dividend of ¥75 each.

Going forward, we will continue to use internal reserves and capital gains generated from sales of cross-shareholdings to conduct promising growth investments in pursuit of rapid business growth. By allocating the additional profit generated through such growth to the enhancement of shareholder returns, we will maximize shareholder value.

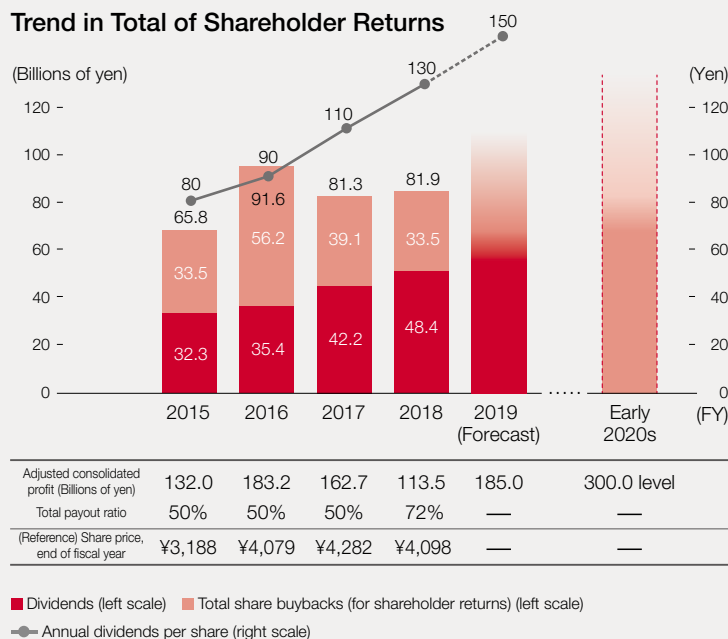
The Company's total shareholder returns*² have comfortably exceeded performance on the TOPIX since the Company announced its Mid-Term Management Plan, underscoring the steady increase in shareholder value.

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

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

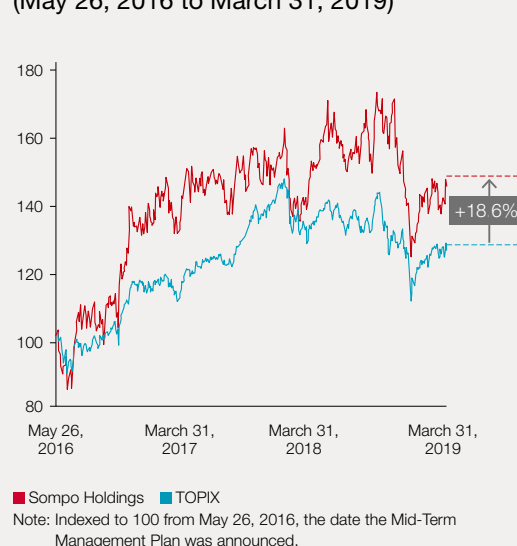
*² Total shareholder returns is the ratio of return after the reinvestment of dividends.
Note: Please see page 39 for the method of calculating adjusted consolidated profit.

Trend in Total of Shareholder Returns



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

Trend in Total Shareholder Returns (May 26, 2016 to March 31, 2019)



Maintenance of Financial Soundness

To maintain financial soundness, we manage capital based on the economic solvency ratio (ESR), determined by comparing economic value based on capital and risk.

Capital management is carried out by establishing a target capital level (ESR: 180% to 250%) and a risk tolerance level as indicators of the amount of capital necessary for advancing Group strategies. When calculating ESR, we employ capital management methods based on international capital regulations in order to increase global comparability, taking into account recent regulatory trends and the disclosure status of insurance companies in Japan and overseas. Financial soundness is maintained and managed in this manner.

With an ESR of 227% as of March 31, 2019, the level is within our target capital range, indicating that we are maintaining adequate financial soundness.

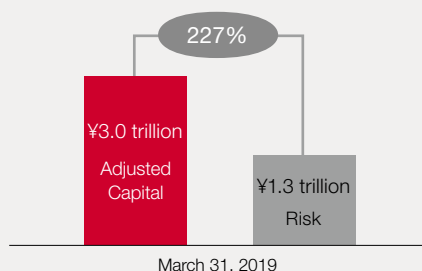


ESR (Economic Solvency Ratio)

Target Capital Level of around 180% to 250%

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

250%: Level set based on capital efficiency



Improvement of Return on Risk

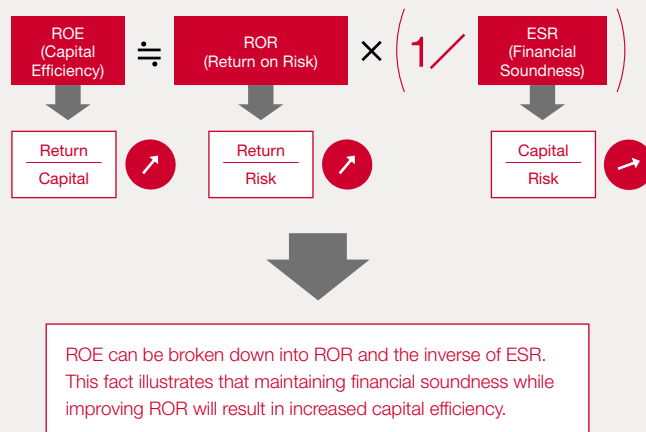
We use the return on risk indicator of ROR for making various management decisions in order to operate our businesses in a manner that ensures returns match or exceed the level of risks. By improving capital efficiency and maintaining financial soundness through improvements in various performance metrics,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

When formulating business plans, the Group confirms the validity of plans in terms of outlooks for the Group's overall capital efficiency, financial soundness, and earnings stability as

well as quantitative analyses of risks and returns of each business unit and line of business.

Not just limited to these areas, ROR functions as a yardstick for management in a wide area of individual policies. This indicator is utilized when selecting stocks as part of reducing cross-shareholdings, formulating natural catastrophe risk reinsurance strategies, making investment decisions regarding M&A activities, setting insurance product underwriting strategies and premiums, and evaluating officer and employee performance.

Utilization of ROR (Breakdown of ROE)



Financial and ESG Highlights

Consolidated Financial and ESG Indicators for Sampo Holdings

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	
Key Figures							
Ordinary Income	2,621,689	2,790,555	2,843,226	3,008,339	3,282,343	3,256,186	
Net Premiums Written (P&C Insurance)	1,933,283	1,973,777	2,062,606	2,268,967	2,508,031	2,552,193	
Life Insurance Premiums	238,178	250,193	264,732	277,230	277,208	297,696	
Ordinary Profit	(6,437)	(51,815)	104,783	112,391	208,309	216,853	
Net Income Attributable to Shareholders of the Parent	(12,918)	(92,262)	43,618	44,169	54,276	159,581	
Comprehensive Income	(143,120)	(48,098)	319,047	149,965	469,485	(116,689)	
Per Share Information (Yen, U.S. dollars)							
Net Income	(31.11)	(222.30)	105.10	106.98	132.85	394.21	
Dividends	80.0	80.0	60.0	60.0	70.0	80.0	
(Of which, Interim)	—	—	—	30.0	30.0	40.0	
Diluted Net Income	—	—	104.87	106.77	132.61	393.66	
Financial Condition							
Total Net Assets	1,079,446	1,000,577	1,283,488	1,390,153	1,829,852	1,652,839	
Total Assets	8,981,974	8,893,378	9,178,198	9,499,799	10,253,431	10,186,746	
Equity Ratio (%)	12.0	11.2	13.9	14.5	17.8	16.1	
Consolidated Solvency Margin Ratio (%)	—	549.8	688.3	783.1	803.4	851.4	
Stock Information (Shares)							
Number of Shares Outstanding (Excluding Treasury Stock)	415,106,429	414,825,205	414,726,157	411,284,208	408,037,848	404,162,514	
Adjusted Financial Indicators							
Adjusted Consolidated Profit (Billions of yen)	80.7	1.2	111.6	101.5	138.3	164.3	
Adjusted Consolidated ROE (%)	4.2	0.1	5.4	4.3	5.2	6.9	
ESG indicators							
Greenhouse Gas Emissions (Scope 1–3) (t-CO ₂)*1	—	—	138,039	139,736	155,140	151,704	
Ratio of Outside Directors (%)		50.0	50.0	25.0	33.3	33.3	
Ratio of Female Employees in Managerial Positions*2 (%)		4.0	5.3	5.0	5.2	11.0	

Notes: 1. Sampo Holdings carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Net income per share, dividends per share, and number of shares outstanding (excluding treasury stock) are calculated based on the assumption that the reverse split of stocks was executed at the beginning of fiscal 2010.
2. Reflecting amendments to the "Accounting Standard for Business Combinations," etc., since fiscal 2015 the presentation of "net income" has been amended to "net income attributable to shareholders of the parent."
3. From the end of fiscal 2011, the consolidated solvency margin ratio as the standard of consolidated financial soundness has been calculated in accordance with the related laws and regulations, including the Ordinance for Enforcement of the Insurance Business Act, revised on March 31, 2011. Above, the figures for fiscal 2012 and before and the figures for fiscal 2013 and after are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of the solvency margin ratio that was enforced at the end of fiscal 2013. Figures are not presented for fiscal 2010.
4. Diluted net income per share for fiscal 2010 and fiscal 2011 is not shown due to the recording of net loss per share.
5. Since fiscal 2016, the definition of adjusted consolidated profit has been changed. (Fiscal 2015 figures have been recalculated and presented based on new standards.)
6. U.S. dollar amounts are translated from yen at the rate of ¥110.99 = U.S.\$1.00, the approximate rate prevailing at March 31, 2019.
*1 Figures are the total of Scope 1 (direct emissions due to use of gasoline, etc.), Scope 2 (indirect emissions from electricity and other energy sources), and Scope 3 (indirect emissions across entire value chains, including transport and business trips). Since fiscal 2012, the Group has received an annual Assurance Statement from a third-party certification organization. The coverage of the survey is as follows.
Fiscal 2012: NKSJ Holdings, Inc. (currently Sampo Holdings, Inc.), and 27 consolidated subsidiaries
Fiscal 2013: Sampo Japan Insurance Inc., including consolidated subsidiaries, and NIPPONKOA Insurance Co., Ltd., including consolidated subsidiaries
Fiscal 2014: Sampo Japan Nipponkoa Insurance Inc. and some of its consolidated subsidiaries, including overseas subsidiaries
Fiscal 2015: Sampo Japan Nipponkoa Holdings and its main consolidated subsidiaries and operating companies
Fiscal 2016–Fiscal 2018: Sampo Holdings, Inc., and its main consolidated subsidiaries
Emissions in fiscal 2017 were recalculated based on fiscal 2018 standards.
*2 Data for overseas consolidated subsidiaries as of December 31 in each fiscal year. Data for domestic operating companies as of April 1 in each fiscal year between fiscal 2014 and fiscal 2018; record dates differ before fiscal 2013.

Adjusted Financial Indicators

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

	Millions of yen			Millions of U.S. dollars
	FY2016	FY2017	FY2018	FY2018
	3,419,530	3,770,052	3,643,040	32,823
	2,550,336	2,854,755	2,718,155	24,490
	323,860	346,998	349,606	3,149
	241,713	141,890	198,959	1,792
	166,402	139,817	146,626	1,321
	226,949	177,754	(54,460)	(490)
	419.15	361.39	392.26	3.53
	90.0	110.0	130.0	1.17
	40.0	55.0	65.0	0.58
	418.71	361.09	391.96	3.53
	1,868,940	1,916,210	1,779,911	16,036
	11,931,135	11,948,323	12,018,254	108,282
	15.1	15.8	14.6	—
	748.9	862.5	859.8	—
	393,398,576	380,579,944	372,426,159	—
	183.2	162.7	113.5	1,023
	7.6	6.4	4.5	—
	147,403	156,201	148,486	
	30.8	33.3	33.3	
	13.2	18.7	20.7	

Definition of Adjusted Consolidated Profit, Adjusted Consolidated ROE, etc. (Fiscal 2016-Fiscal 2018)

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

^{*1} The total of Sompo Japan Nipponkoa Insurance Inc.; SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED; Sompo 24 Insurance Company Limited; Sompo Japan Nipponkoa Insurance Services Inc.; Sompo Japan Nipponkoa DC Securities Inc.; and Sompo Risk Management & Health Care Inc. (for fiscal 2017 and after)

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

^{*3} The total of Sompo Care Inc. (the former Sompo Care Message Inc. and Sompo Care Next Inc.); Cedar Co., Ltd.; Sompo Japan Nipponkoa Asset Management Co., Ltd.; Prime Assistance Inc.; Sompo Warranty Inc.; and FRESHHOUSE Co., Ltd.

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

^{*5} Adjusted profit for each business from fiscal 2019 excludes one-time profits/losses and special factors, such as dividends received from subsidiaries.

External Recognition of ESG Initiatives

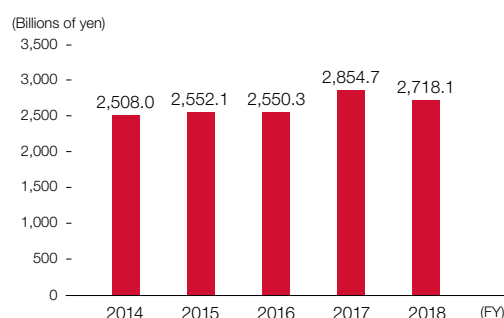
We have been actively involved in ESG initiatives from an early stage, and our initiatives have been recognized by various institutions globally, as demonstrated by our inclusion in socially responsible investment (SRI) indices. (As of July 1, 2019)



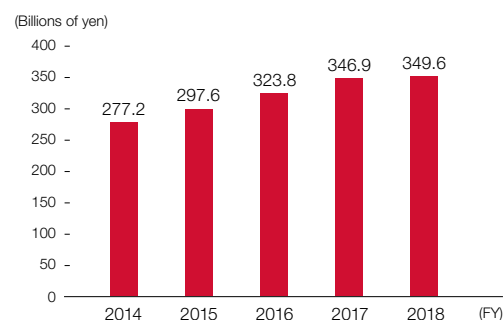
Consolidated Indicators for Sampo Holdings

Expansion in Net Premiums Written

Net Premiums Written (P&C Insurance)



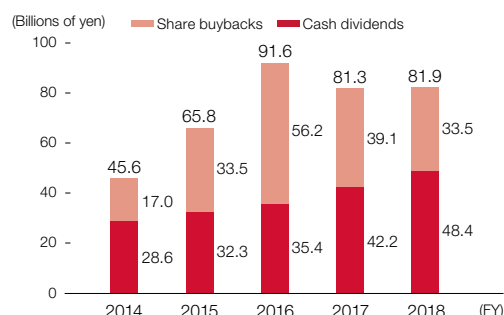
Life Insurance Premiums



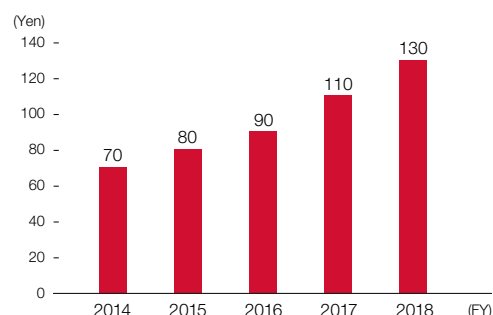
In fiscal 2018, net premiums written declined slightly owing to the sale of Canopus; excluding this factor, they would have increased, mainly reflecting firm sales of products to small and medium-sized enterprises in other lines. Life insurance premiums written also grew strongly due to an increase in the number of policies in force.

Change in the Target Range for the Total Payout Ratio, Basic Policy to Continue Raising Dividends

Shareholder Returns



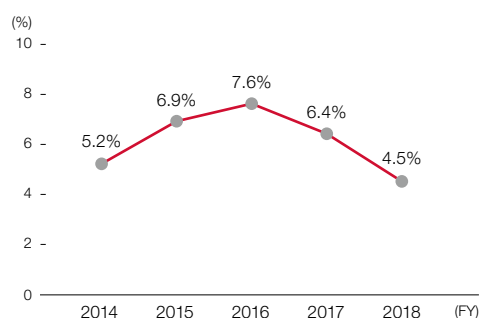
Dividends per Share



In fiscal 2019, Sampo Holdings changed its target range to between 50% and 100% for the total payout ratio and aims to further improve shareholder returns. The Company plans to increase dividends again for the sixth straight year (including estimates for fiscal 2019), in line with its basic policy of continuing to raise dividend payments.

Medium-Term Improvement Trend in Capital Efficiency

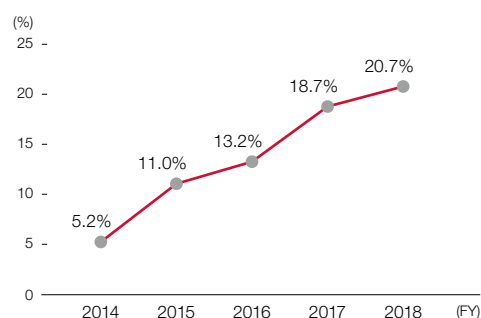
Adjusted Consolidated ROE



In fiscal 2018, adjusted consolidated ROE declined to 4.5% due to the impact from natural disasters in Japan and elsewhere, but it remained on pace to achieve a record-high level once the impact from natural disasters returns to a normal level. The Company continues to steadily improve capital efficiency.

Increase in the Ratio of Female Employees in Managerial Positions from the Promotion of Diversity

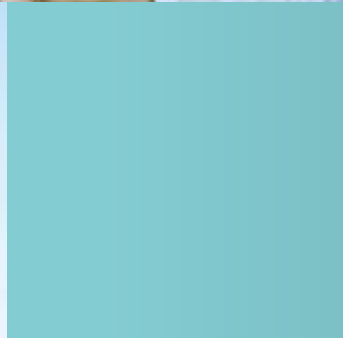
Ratio of Female Employees in Managerial Positions



The Sampo Holdings Group has positioned diversity as part of its business strategy and aims to increase the percentage of female employees in managerial positions to 30% by the end of fiscal 2020. We have been proactively promoting female employees to managerial positions.



Business Strategy



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Nursing Care & Healthcare Business	53
Strategic Businesses	58

Domestic P&C Insurance Business

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



Keiji Nishizawa

CEO of Domestic P&C Insurance Business
Executive Officer

(President and Chief Executive Officer, Sampo Japan Nipponkoa Insurance Inc.)

Business Outline

The domestic P&C insurance business meets a variety of customer needs through its operations. Sampo Japan Nipponkoa Insurance Inc., which was established in 1888 as Japan's first fire insurance company, primarily sells insurance through agencies as the core company in this business. SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, meanwhile, is responsible for direct sales.

Furthermore, Sampo Japan Nipponkoa DC Securities Inc. provides defined contribution pension fund management services, and Sampo Risk Management Inc. provides risk solution services, and the Group can deliver products and services of the highest quality that leverage the specialization of each Group company.

Business Environment and Basic Strategies

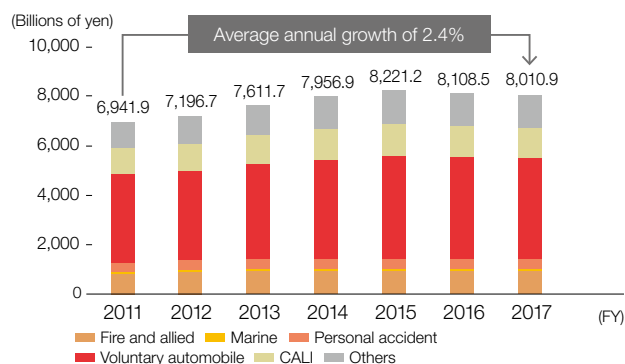
The Sampo Holdings Group boasts a roughly 30% share of the domestic P&C insurance market, which is showing steady growth in premiums despite the fact that Japan's society is approaching full-fledged population decline. However, the environment of this market is expected to undergo dramatic changes over the medium-to-long term. Factors behind this transformation will include demographic changes, the increasing frequency of large-scale natural disasters, and the dramatic evolution of digital technology and accompanying changes in customer needs and behavior.

Even in these changing times, we will support Japanese companies that have global operations and support Japanese people's safety, health, and wellbeing by providing the highest-quality products and services. We seek to become the most highly evaluated P&C insurance company by making decisions thoroughly from customers' perspectives and realizing sustained growth founded on with quality through massive improvements to business efficiency.

Business Environment

Trend in Premiums in the Japanese P&C Insurance Market

Stable trend in the domestic P&C insurance market



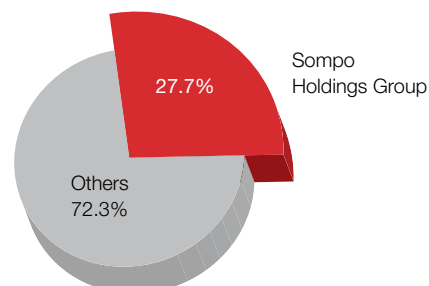
Source: Sigma Report, Swiss Re; Insurance, Hoken Kenkyujo

Notes: 1. Based on total of various types of premiums

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

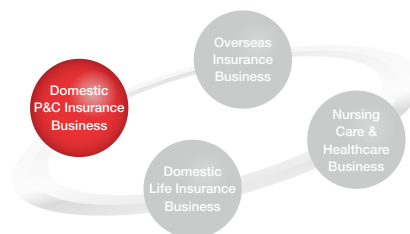
Share of Domestic P&C Insurance Market

One of the largest shares of the domestic market



Source: Insurance, Hoken Kenkyujo

Note: Based on net premiums of P&C insurers in Japan from fiscal 2017



Progress of the Mid-Term Management Plan

The domestic P&C insurance business is predicted to account for about 50% of the Group's adjusted profit (fiscal 2019 forecast). Going forward, we aim for this business, which is the largest business segment, to contribute further to the Group's growth.

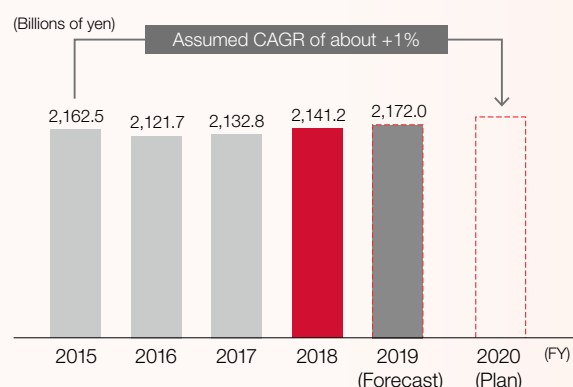
In fiscal 2018, the third fiscal year of the Mid-Term Management Plan, adjusted profit was significantly below our target at the beginning of the fiscal year due to a series of natural disasters in Japan.

Looking to fiscal 2019, although such factors as a hike in consumption tax are likely to produce downside pressure, we

project that normal levels of natural disasters in Japan and reductions in business expenses will result in adjusted profit of at least ¥85.0 billion.

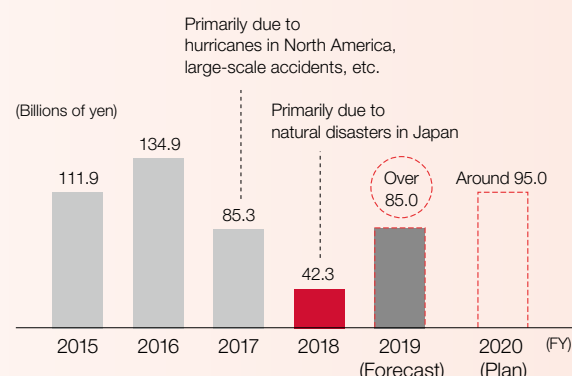
As the Group's largest business segment, the domestic P&C insurance business will increase profitability over the medium-to-long term not only by maintaining and growing existing businesses but also by pursuing new strategies that leverage IT and digital technology and creating new businesses through business partnerships with other progressive companies.

KPI Net Premiums Written (Sompo Japan Nipponkoa)*



* Net premiums written are adjusted to reflect assumed reinsurance premiums scheduled to be transferred to overseas subsidiaries in a phased manner. Of the total amount to be transferred (approximately ¥60.0 billion), the portion not yet transferred in each fiscal year has been excluded.

KPI Plan for Adjusted Profit*



* For the definition of adjusted profit, please see page 39.

Main Future Initiatives

To realize sustained growth founded on quality, we will focus on the following initiatives.

Ongoing Growth through Existing Business Models

In initiatives to achieve ongoing growth via existing business models, the Sompo Holdings Group will increase quality and productivity through customer-oriented reforms in sales and claims departments. Sales departments will develop systems that enable swifter, more finely tuned responses. Claims departments, meanwhile, will implement reforms aimed at providing better services to customers, enhancing specialized expertise, and more effectively utilizing digital technologies.

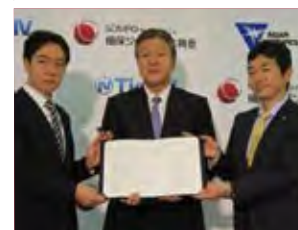
Further, we are taking advantage of rapidly evolving IT and digital technologies to improve productivity drastically. Specifically, we are applying AI and robotic process automation technologies and implementing the Future Innovation Project.

Creation of New Business Models

To create new business models and points of contact with customers and to offer differentiated insurance products and services, we will form business partnerships with platform developers and providers of sharing services. Further, with our sights set on changes in customers' values and lifestyles as technology evolves rapidly, we will combine digital technologies and marketing to create new business models. We will create new businesses that cater to security, health, and wellbeing needs arising from changes in industry structures that are being brought about by advanced science technologies.



Participating in peer-to-peer vehicle sharing and the private car leasing businesses through the establishment of joint ventures with DeNA



Planning to offer autonomous car-related services through a business alliance with Tier IV and AISAN TECHNOLOGY

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

From Claim to Payment in as Little as 30 Minutes via Smartphones

By using the LINE app, customers can now notify us of accidents covered by overseas travel, automobile, fire, and accident insurance 24 hours a day, 365 days a year.

The service enables customers to provide the information needed for a claim quickly and easily. Moreover, the service shortens the processing lead time from claims and investigations through to payments from two and three weeks to as little as 30 minutes.



A rendering of the chat screen independently developed by Sompo Japan Nipponkoa

Launch of LINE Insurance

Through its LINE app, Sompo Japan Nipponkoa Insurance Inc. has begun offering a service that allows customers to enroll in insurance at any time or location. Customers can complete all of the processes required for enrollment in a minimum of 60 seconds.

We offer a varied range of product plans, focusing on insurance products with selectable term periods starting from one day.

These plans include Okuru Hoken Jishin no Omamori, which allows customers to send insurance through the LINE app's chat function. In this way, we offer customers the novel experience of expressing their desire to protect loved ones from accidents by sending them insurance products.



A rendering of the LINE Insurance home screen



A rendering of LINE Insurance's Okuru Hoken Jishin no Omamori screen

Opening of the Connected Support Center

With the aim of establishing an environment for the penetration of autonomous cars, Sompo Japan Nipponkoa has opened the Connected Support Center at a Group company. The center will conduct research on the provision of comprehensive support that includes remote surveillance of and steering intervention for unmanned autonomous cars as well as support for related traffic accidents and other incidents.

Anticipating the ubiquity of autonomous cars, we will capture a new market by fulfilling new roles as an insurance company that has shifted its pivot from insurance coverage to services.



An operator remotely surveilling an autonomous car



CSR Material Issue 1 Providing Solutions for Disaster Preparedness

Development of AI-Enabled Disaster Preparedness Systems

To help enhance the disaster prevention capabilities of local communities, Sompo Japan Nipponkoa has concluded an operational tie-up agreement with Silicon Valley-based disaster prevention start-up One Concern, Inc., and Weathernews Inc. Through this alliance, we have begun the joint development of disaster preparedness systems that leverage advanced AI technology.

In our first project for enhancing the disaster prevention capabilities of a local community in Japan, we have begun proving tests in the city of Kumamoto aimed at developing a disaster preparedness system unique to the country. By conducting advanced, elaborate simulations of damage caused by disasters, we will contribute to the development of towns with greater disaster resilience and support the security, health, and wellbeing of local residents.

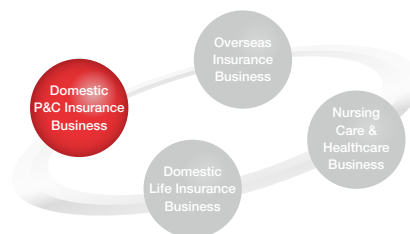
(For more details about the Five CSR Material Issues, please see page 69.)



Flood damage projection screen

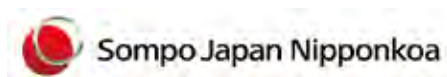


Earthquake damage projection screen



Company Outline (As of March 31, 2019)

Sompo Japan Nipponkoa Insurance Inc.



As a core company in the Sompo Holdings Group, Sompo Japan Nipponkoa supplies a wide range of P&C insurance and other services to contribute to the security, health, and wellbeing of its approximately 2,000 customers across Japan. With the domestic P&C insurance business at its core, Sompo Japan Nipponkoa will realize growth in accordance with quality and thereby become the most highly evaluated P&C insurance company.

Topics

Change of Name to Sompo Japan Insurance Inc.

In light of feedback from customers, it has been decided to change the name of Sompo Japan Nipponkoa Insurance Inc. to Sompo Japan Insurance Inc. in April 2020, subject to approval by the relevant authorities. As the core company of the Sompo Holdings Group, we will continue benefiting society by using a rigorously customer-focused approach to create products and services that are of the highest quality and which support customers' security, health, and wellbeing.

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED



We are the Sompo Holdings Group's direct marketing insurance company. Focusing on our mainstay product "Otona no Jidosha Hoken," we aim to be an insurance company that is understood and chosen by each customer. With respect to "Otona no Jidosha Hoken," through such features as setting insurance rates by age, we will continue to provide original, innovative products as well as optimal support when and in the form that it is needed.



Takefumi Umemoto
President

Sompo Japan Nipponkoa DC Securities Inc.



As the Sompo Holdings Group's defined contribution pension fund manager, we provide companies with bundled services covering everything related to the introduction through to the maintenance of defined contribution corporate pension plans, including supporting them in introducing systems and offering investment education and various types of information to participants (employees). We also provide individuals with comprehensive services pertaining to individual-type defined contribution pension plans (iDeCo) with the goal of being chosen by as many customers as possible.



Shuichi Kita
President & Chief
Executive Officer

Sompo Risk Management Inc.



To heighten specialization in both healthcare and risk management even further and to better reflect customer needs, we separated the healthcare business from Sompo Risk Management & Health Care Inc. and established Sompo Risk Management Inc. on October 1, 2018. We will support customers in their initiatives promoting security, health, and wellbeing by providing services and solutions such as company-wide enterprise risk management, business continuity management and planning, and cybersecurity measures.



Yasushi Fuse
President and Chief
Executive Officer

Mysurance Inc.



March 2019 saw the establishment of the small-amount, short-term insurance company Mysurance Inc. Through this company, we will create new value in insurance by marketing products and services that utilize digital technology to offer novel experiences and cater to customers' diverse needs.

The company name was coined based on the phrase "My Insurance" and expresses our desire to offer customers personalized insurance that always helps when they have a problem.



Fumito Kawakami
President and
Representative Director

Overseas Insurance Business

Whether providing market leading products and services or addressing global issues with significant local impacts, Sompo International is committed to working with our clients to better understand and manage their exposures.



John R. Charman

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

Business Outline

Sompo International contributes to the security, health and wellbeing of our clients by offering a full range of tailored commercial and personal lines products and related services in markets around the world. Drawing on our deep underwriting

expertise, we deliver innovative solutions to address a broad range of known and emerging risks in today's rapidly changing environment.

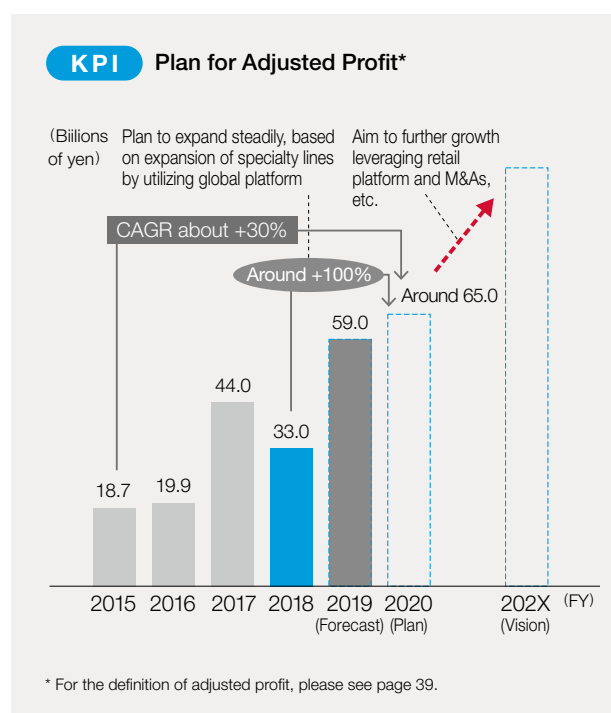
Progress of the Mid-Term Management Plan

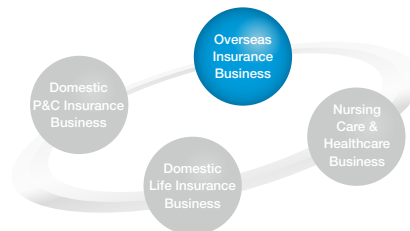
Under the current Mid-Term Management Plan, we expect to achieve an adjusted profit of around ¥65 billion due to steady organic growth centered on the expansion of specialty insurance for fiscal 2020.

After completing the formation of Sompo International in March 2017, the Company is working to build a truly integrated global platform, with the aim of further expanding the overseas insurance business contribution.

In fiscal 2018, the third year of the Mid-Term Management Plan, the adjusted income of overseas insurance business was ¥10.9 billion less than fiscal 2017 due to the effects of tax expense reductions associated with the reorganization of Sompo International in fiscal 2017 and the impact of overseas natural disasters. It decreased to ¥33.0 billion.

In fiscal 2019, we plan to achieve an adjusted profit of ¥59 billion or more by increasing income premiums while further promoting the use of the global platform in the corporate sector and building the platform in the retail sector. In the future, we will aim to achieve an adjusted profit of ¥100.0 billion by further expanding the use of retail platforms and M&As.





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

SomPro Global Platform Helps Clients Manage Cyber and Professional Lines Risks

Sompo International is a leading provider of cyber, financial, and professional lines of insurance and reinsurance, delivering innovative solutions to local, regional, and multinational companies of all sizes around the world.

In November 2018, we launched *SomPro*, a new global financial and professional lines platform delivering market leading underwriting, risk control, and claims services by sharing our extensive product expertise and distribution relationships across our specialty teams. With more than 100 dedicated underwriters and claims professionals in key insurance and reinsurance markets, *SomPro* utilizes the combined global licensing capabilities of Sompo

Holdings, Inc. and Sompo International to serve clients around the world.

Sompo International underwrites approximately \$1 billion in Gross Written Premiums globally across our *SomPro* teams. We will continue to look for additional opportunities to utilize *SomPro* to achieve significant scale and worldwide relevance in this important market.



CSR Material Issue 3 Promoting the Manageability of Global Environmental Issues

Partnership with South Africa’s Largest Non-Banking Financial Services Company: Setting the Stage to Address Environmental Challenges in Africa

Through our strategic partnership with Sanlam Group, Sompo is exploring opportunities to leverage its underwriting and technical expertise to help countries across the African continent respond to a broad range of environmental challenges.

Sanlam Group is South Africa’s largest non-banking financial services provider with a wide network across the African continent. Through its five business clusters—Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investments, Sanlam Corporate and Santam—the Group provides financial solutions including life and general insurance, financial planning, retirement, investment, and wealth management across all market segments.

Since 2017, the strategic partnership has provided Sompo a significant distribution network for introducing new products across the African continent. In February 2019, representatives from both companies met at the Johannesburg office of Sompo Japan Nipponkoa Insurance Inc. to discuss collaborating to introduce Sompo international’s expertise and specialty insurance solutions for crop, energy, and weather risks in the region.

We also co-hosted the business seminar in Johannesburg. Session participants also included a number of Japanese clients with operations in Africa and a representative from the Japanese Embassy.

We will continue to work with Sanlam Group to expand our presence in Africa with a goal of becoming a leading provider of P&C insurance solutions for multinationals across the continent.



At the Sanlam—Sompo Corporate Client Business Seminar

(For more details about the Five CSR Material Issues, please see page 69.)

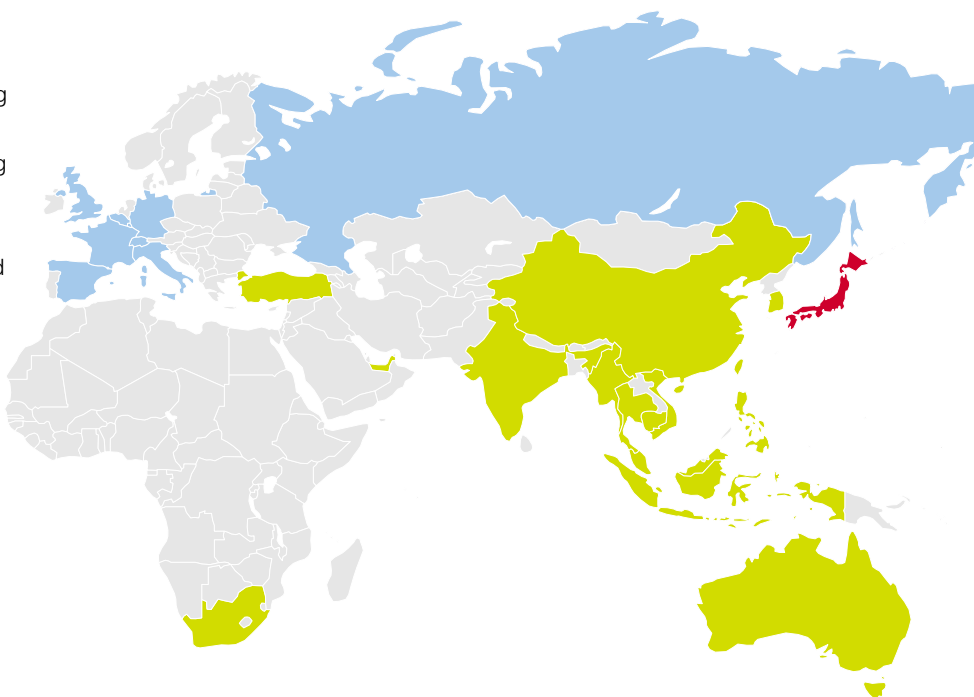
Global Expansion



Sompo Holdings (Asia) Pte. Ltd.

Sompo Holdings (Asia) is the regional head-quarters for Asia in charge of planning and implementing growth strategies and managing operations in 14 countries in Asia, including ASEAN countries, India, and China. By planning cross-regional measures, such as bancassurance sales at CIMB Group, a major banking group in the ASEAN region, we aim to expand our businesses in this fast-growing region.

30 countries



SOMPO SIGORTA

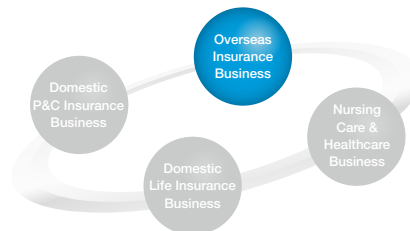
Sompo Sigorta is the only P&C insurance company in Turkey with a parent company from Asia. It recorded the sixth-largest sales (gross premiums) and the fourth-largest underwriting profit in the market in 2018.

Sompo Sigorta has steadily generated earnings with strategic management techniques, and we are utilizing its superior know-how to build a retail platform.



SOMPO SEGUROS

Established in 2014 through the merger of Maritima Seguros (incorporated in 1943) and Yasuda Seguros (in 1959), Sompo Seguros is an insurance company that provides both P&C and health insurance in Brazil. As a core base in the retail sector of our overseas insurance business, Sompo Seguros has a broad product lineup and a strong sales network. It has steadily expanded business scale, becoming the No. 1 marine insurer in Brazil (as of December 31, 2018).

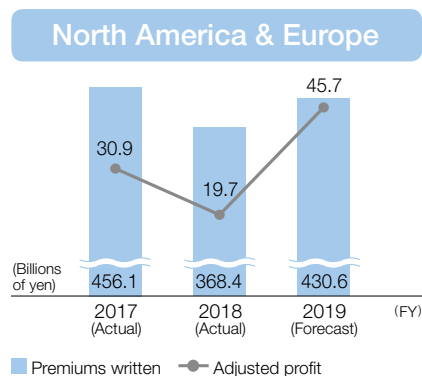


and regions (As of March 31, 2019)



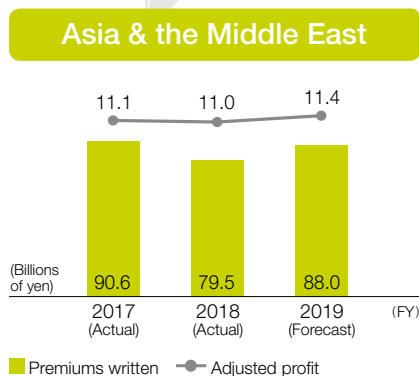
Sompo International is a group of insurance companies that offer global underwriting and reinsurance services. It currently manages all our commercial property, casualty, agricultural, and specialty products outside Japan. Sompo International is a core company in the overseas insurance business, even the retail field, having advanced the development of a truly integrated platform for retail insurance.

Premiums Written*¹ and Adjusted Profit*² by Region



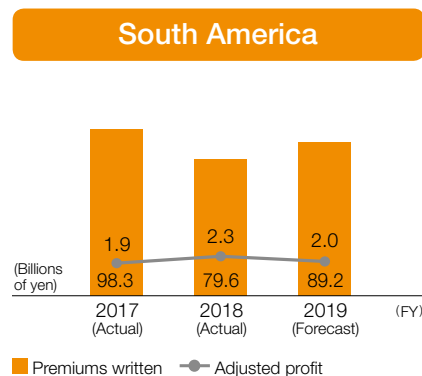
Main Operating Companies (based on head office location)

- Endurance Specialty Insurance Ltd.
- Sompo America Insurance Company
- Endurance Worldwide Insurance Limited
- SI Insurance (Europe), SA



Main Operating Companies (based on head office location)

- Sompo Japan Sigorta Anonim Sirketi*³
- Sompo Insurance Singapore Pte. Ltd.
- Berjaya Sompo Insurance Berhad
- PT Sompo Insurance Indonesia
- Sompo Insurance China Co., Ltd.
- Sompo Insurance (Hong Kong) Company Limited
- Universal Sompo General Insurance Company Limited



Main Operating Companies (based on head office location)

- Sompo Seguros S.A.
- Sompo Saude Seguros S.A.

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

*² For the definition of adjusted profit, please see page 39. Further, the figures for operating company groups that conduct businesses in multiple regions have been included in the figures of the region that has the largest earnings.

*³ Sompo Japan Sigorta Anonim Sirketi was renamed Sompo Sigorta Anonim Sirketi on May 28, 2019.

Domestic Life Insurance Business



Yasuhiro Oba

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

By offering new value and its existing insurance products, Sampo Japan Nipponkoa Himawari Life Insurance, Inc., is transforming into a health support enterprise that aids people in leading healthy lives. We aim to be an insurance company that is the first choice of customers and which helps them maintain and improve their health. To this end, we will provide Insurhealth®, which integrates traditional insurance functions and healthcare functions to offer new value.

Business Outline

In the Sampo Holdings Group, Sampo Japan Nipponkoa Himawari Life Insurance is responsible for the domestic life insurance business, which has strong growth potential. As one of the pillars of the Group's business strategy, since fiscal 2016 the company has been transforming into a health support enterprise that aids people in leading healthy lives.

Change of Name to Sampo Himawari Life Insurance Inc.

With the aim of being readily understandable to customers, Sampo Japan Nipponkoa Himawari Life Insurance, Inc., will change its name to Sampo Himawari Life Insurance Inc. on October 1, 2019, subject to approval by the relevant authorities. Going forward, we will continue to think outside the box and establish our brand as a front runner in security, health, and wellbeing.

Business Environment and Basic Strategies

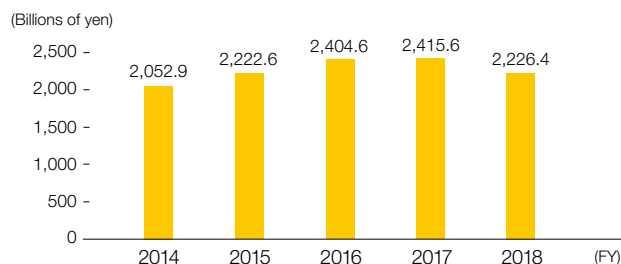
We expect Japan's life insurance market to contract steadily as its society ages. Competition is intensifying due to the digitalization and diversification of sales channels. In this environment, we believe that our mission is to help make the world a brighter place by protecting customers as much as we can from unhappiness and anxiety associated with the risk of death or illness.

Since launching the health service brand Linkx (pronounced "link cross") in September 2016, Sampo Japan Nipponkoa Himawari Life Insurance has been rolling out a varied selection of health services. In fiscal 2018, we launched four Insurhealth® products, which integrate traditional insurance functions and healthcare functions. The products' insurance functions will provide financial support, while healthcare functions will

Business Environment

Trend in Annualized Premiums from New Business in Japan

▶ Domestic life insurance market expected to contract

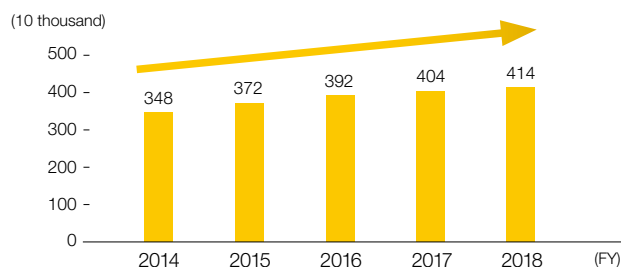


Note: Individual insurance only

Source: Trends in Life Insurance (fiscal 2018), the Life Insurance Association of Japan

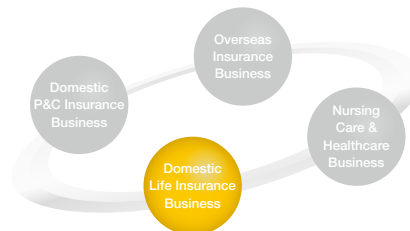
Sampo Japan Nipponkoa Himawari Life Insurance's Policies in Force

▶ Policies in force are increasing steadily



maintain and improve customers' health through prediction, prevention, and monitoring.

Based on the Policy on Customer-Oriented Business Operations, Sampo Japan Nipponkoa Himawari Life Insurance will continue providing new value that traditional insurers cannot emulate.



Progress of the Mid-Term Management Plan

We will seek to evolve into a health support enterprise by advancing our new growth strategy and rapidly improving productivity based on the concepts of breaking industry norms, adopting the customer's standpoint, and becoming a familiar and trusted presence for customers.

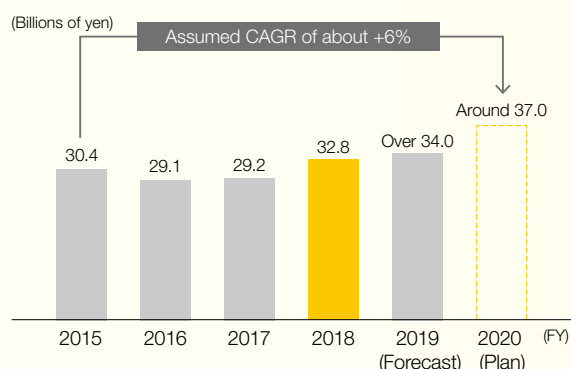
Advancing Our New Growth Strategy

All employees will work to build an integrated three-part business model. This model will incorporate ICT and enable sales representatives to offer new value in the form of novel services based on health and products that incorporate these services. Further, through ongoing improvements that closely reflect the needs of customers, we will continue providing them with new value.

Rapidly Improving Productivity

We will reform the fundamental elements of our operations, including operating rules, ICT, products and services, sales and marketing systems, and personnel development. By using new ideas to rapidly improve productivity and stepping up the pace of our efforts dramatically, we will realize our target profile.

KPI Adjusted Profit*



In fiscal 2018, due to steady growth in income from insurance premiums, adjusted profit was ¥32.8 billion, outperforming our target of ¥32.0 billion.

In fiscal 2019, targeting adjusted profit of at least ¥34.0 billion, we will realize one target of the Mid-Term Management Plan.

* For the definition of adjusted profit, please see page 39.

The Mid-Term Management Plan sets targets for adjusted profit of ¥34.0 billion for the end of fiscal 2019 and ¥37.0 billion for the end of fiscal 2020. At the end of fiscal 2018, adjusted profit was ¥32.8 billion, reflecting a favorable trend. Further, for policies in force we have set targets of 4.29 million for the end of fiscal 2019 and 4.45 million for the end of fiscal 2020.

At the end of fiscal 2018, there were 4.14 million policies in

force. Through the timely introduction of new products, we will achieve an increase in policies in force that is centered on high-margin products. Based on the two overriding strategies of achieving new growth and rapidly improving productivity, Sompo Japan Nipponkoa Himawari Life Insurance will expedite the evolution and improvement of its initiatives to realize the vision of the Mid-Term Management Plan.

Main Future Initiatives

Sompo Japan Nipponkoa Himawari Life Insurance will provide new added value by rolling out Insurhealth® products, which integrate insurance with services that maintain and improve customer health.

In fiscal 2018, we launched four Insurhealth® products, releasing a renewed family income insurance product in April, Linkx Pink in August, Linkx Egao Wo Mamoru Dementia Insurance in October 2018, and Linkx Nineguard in March 2019.

Focusing on Insurhealth®, we will continue accelerating the evolution of products, sales channels, and services. Further,

we will actively advance health and productivity management and enhance the capabilities of personnel with the aim of promoting the mental and physical health of employees and their families and creating an organization in which employees perform well and feel comfortable taking on challenges.

In this way and by leveraging the business model and business structures that we have built, we will transform from a traditional life insurer into a health support enterprise that aids people in leading healthy lives.

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

Developing an Integrated Three-Part Business Model

Sompo Japan Nipponkoa Himawari Life Insurance is advancing initiatives aimed at breaking out of its existing business model and establishing an integrated three-part business model that interlinks products, sales channels, and services to provide customers with new value. We outline this new business model in our Mid-Term Management Plan for the period from fiscal 2016 through fiscal 2020. In recognition of these initiatives, we became the first Japanese life insurer to win an award in the Legacy and Ecosystem Transformation category of the Model Insurer Awards 2019,* hosted by U.S. research and advisory company Celent.

Integrated Three-Part Business Model

Part	Details
Products	We are developing and marketing products that help customers maintain and improve their health.
Sales channels	We will conduct rigorous education to increase the number of highly knowledgeable sales representatives who are Himawari Life advisors that not only engage in consultative sales of insurance but also offer health-related advice.
Services	We are building the Linkx health service platform and developing and operating new services focused on health.

* These awards recognize insurers demonstrating best practice in the utilization of technology. The awards were launched in 2007, with this year marking the 13th holding of the annual event.



Business Alliance with U.S. Start-Up Neurotrack Technologies

In February 2019, Sompo Japan Nipponkoa Himawari Life Insurance, Sompo Holdings, Inc., and Sompo Health Support Inc., formed a business alliance with Neurotrack Technologies, Inc., a Silicon Valley start-up in the digital healthcare field. The alliance partners have begun verification tests with a view to the joint development of a Japanese memory health program, which will provide digital coaching services designed to prevent the impairment of cognitive functions. Through the proactive utilization of the latest digital technologies, we will provide Insurhealth®, integrating traditional insurance functions and healthcare functions to offer new value.

CSR Material Issue 2 Contributing to Health and Welfare

Advancement of Initiatives for Health and Productivity Management

In transforming into a health support enterprise, we believe that the self-motivated efforts of employees and their families to maintain and improve their health are indispensable. With this in mind, we are actively moving forward with initiatives for health and productivity management and work-style reform. Reflecting favorable evaluations of these initiatives, in 2019 Sompo Holdings was selected for the first time as a “Health & Productivity Stock,” while for the third consecutive year Sompo Japan Nipponkoa Himawari Life Insurance received certification as one of the “Outstanding Enterprises Engaging in Efforts for Health and Productivity Management” in the large enterprise category (White 500).

Utilization of wearable devices	We are helping all employees improve their health by loaning them Fitbit wearable devices, which can measure heart rates.
Introduction of no-smoking rule for all employees during working hours	In April 2019, we began prohibiting all employees from smoking during working hours. Employees visiting clinics for treatment to help them quit smoking receive financial assistance from health insurance associations.
Introduction of “premium Fridays”	In light of work situations or personal plans, employees can leave the office at 3:00 p.m. once a month in rotation.
Participation in <i>kurort</i> * programs * German for “health resort”	In collaboration with municipal authorities affiliated with the Japan Kurort Council, we enable all employees to participate in <i>kurort</i> programs. (These are health promotion programs that are created in collaboration with hot spring spa resorts and which feature walking events for health improvement and nutritionally balanced cuisine made using locally sourced ingredients.)

(For more details about the Five CSR Material Issues, please see page 69.)



Participating in a *kurort* program

Nursing Care & Healthcare Business

By delivering services of the highest quality to many senior citizens, we will cater to demand and help resolve the issues faced by society. In this way, we will assist in making “Japan an affluent country that can boast to the world of a long and quality life.”



Satoshi Kasai

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

Business Outline

In catering to the diverse needs of numerous senior citizens and their families, Sampo Care Inc. offers a full lineup of nursing care services encompassing everything from at-home nursing care to facility-based nursing care.

Business Environment and Basic Strategies

As the numbers of those certified as requiring nursing care and senior citizens with dementia increase, demand for nursing care services is expected to grow. Meanwhile, as the working-age population decreases, the workforce is set to contract. Consequently, a shortage of about 380,000 nursing care professionals is anticipated by 2025. Thus, the supply-demand gap for nursing care professionals is widening. To help address the aforementioned social issues facing Japan's super-aging society, as a provider of nursing care services, we will cater to growing demand by utilizing technologies and training nursing care professionals to realize nursing care services with high levels of productivity and quality. Moreover, we will offer our expertise in these areas to other nursing care providers as well as local communities and families that are involved in nursing care. Further, we will associate the SOMPO brand with outstanding dementia care capabilities by offering a varied range of dementia solutions that are based on enhanced services for the prevention and early detection of dementia and even better dementia care services.

Business Environment

Sales of Listed Nursing Care Service Providers (Fiscal 2018)

▶ Second highest sales in the industry

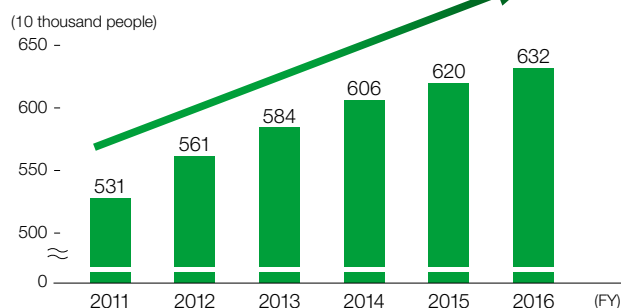
1	Company A	¥151.4 billion
2	Sampo Care	¥123.8 billion
3	Company B	¥116.9 billion
4	Company C	¥86.3 billion
5	Company D	¥47.6 billion
6	Company E	¥41.1 billion

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

While aiming to provide nursing care and healthcare services of the highest quality that support security, health, and wellbeing in daily life, the company will help make “Japan an affluent country that can boast to the world of a long and quality life.”

Demand Growth

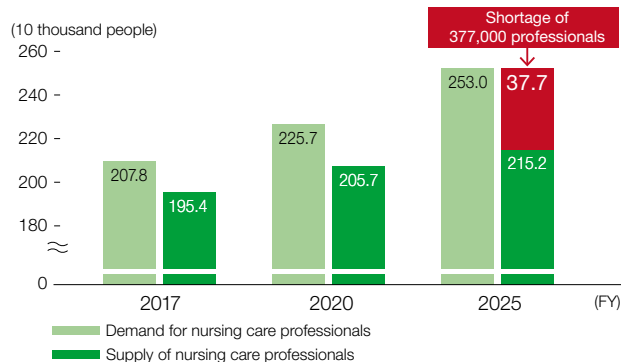
▶ Number of people certified as requiring nursing care (requiring support) increasing every year



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

Nursing Care Professionals Supply-Demand Gap

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



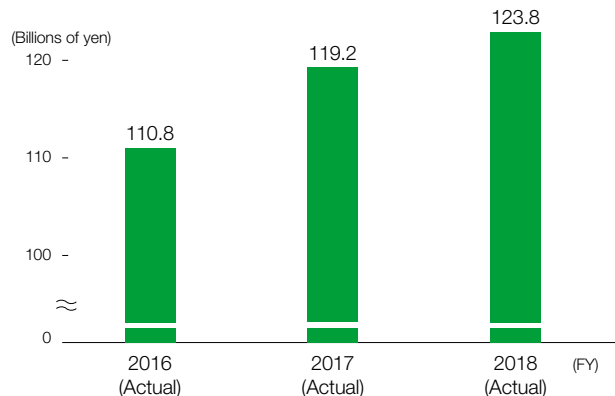
Note: Prepared by the Company based on Estimates of Supply and Demand of Nursing Care Professionals Toward 2025 of the Ministry of Health, Labour and Welfare

Progress of the Mid-Term Management Plan

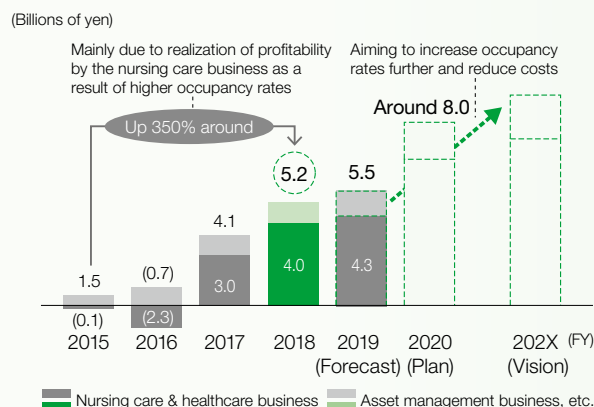
Since commencing full-fledged entry into the nursing care business in fiscal 2015, we have concentrated on developing systems. For example, we have strengthened our internal control systems and enhanced personnel training through the establishment of SOMPO Care University and other programs. In fiscal 2017, we integrated the head office functions of Sompo Care Message Inc. and Sompo Care Next Inc. In fiscal 2018, we strengthened our management foundations by introducing a Regional Headquarters System and merging four operating companies, including Sompo Care Message and Sompo Care Next.

As for business results, we began in the red in fiscal 2016. However, steadily recovering occupancy rates moved us into the black in fiscal 2017. In fiscal 2018, revenues and earnings were up year on year.

Sales of Sompo Care



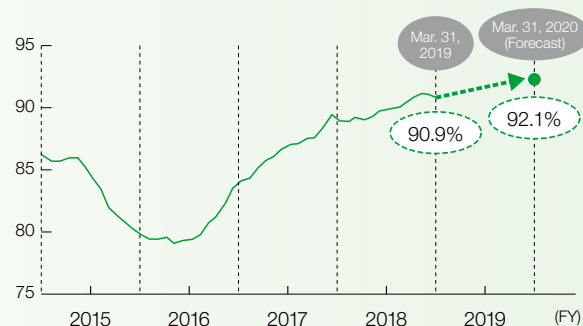
KPI Adjusted Profit*1 Results and Targets



*1 For the definition of adjusted profit, please see page 39.

*2 The benefits of enhanced governance, improved quality, and human resource development led to an upturn in occupancy rates that began in fiscal 2016 and continued thereafter. We anticipate that rates will keep improving in fiscal 2019.

KPI Occupancy Rate*2 Performance

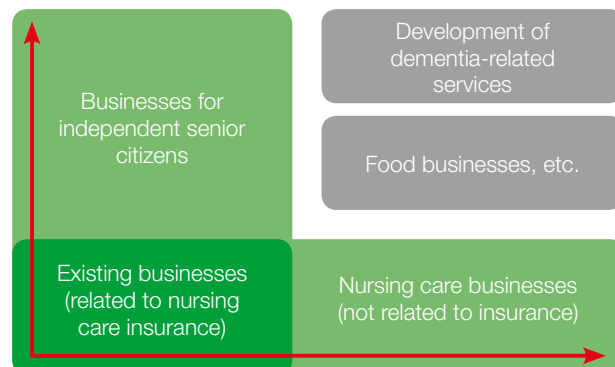


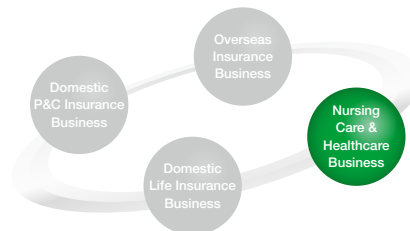
Main Future Initiatives

We will help address the supply-demand gap for nursing care professionals by effectively utilizing ICT and other leading-edge technologies and improving compensation. Also, we will fully leverage our know-how in relation to the provision of nursing care services with high levels of productivity and quality as well as feedback from customers and employees to develop new peripheral nursing care businesses and dementia-related services. Through these initiatives, we will help address the social issues that Japan faces as a super-aging society.

Future Direction (Vision)

Leveraging the existing nursing care business to expand into surrounding fields





Personnel Development

SOMPO Care University and SOMPO Care FOOD LAB

In the nursing care industry, personnel development and retention have become issues. Aiming to address these issues and give all employees opportunities to gain a sense of growth as nursing care specialists, the Sompco Care Group opened SOMPO Care University facilities in Tokyo in July 2017 and Osaka in April 2018.

The university supports the studies and growth of each employee, trains personnel so that they can provide high-quality nursing care services, and conducts practical education.

In fiscal 2018, we established an education and training system based on career paths and built education systems that develop personnel who are able to work flexibly in a variety of roles. The revamped facility offers improved programs based on a high-quality training system. At the same time, through collaboration with a variety of educational and research bodies, we operate the facility as an open, in-house university. Some 48,000 people have studied and trained at the university since it opened in July 2017. We want to make the university a place where a variety of people who support the nursing care business can study.

Further, in March 2018 the Sompco Care Group unveiled the SOMPO Care FOOD LAB as a general organization tasked with conducting personnel training as well as the planning and development of food products with respect to diet and nutrition. Through this new organization, the Sompco Care Group aims to realize its basic management policy of creating tasty food and helping people gain vitality. SOMPO Care FOOD LAB will propose new or improved menus based on the opinions and requests of those who receive nursing care as well as develop menus for different levels of chewing and swallowing capability. In addition, the lab will provide food and hygiene technical training that covers knowledge and preparation methods and which is tailored to specific professions, such as dietitians.



SOMPO Care University



SOMPO Care FOOD LAB

Internal Control

1. System

To earn the trust of those who use its products and services, Sompco Care is establishing systems for corporate governance and the management of service offices. Also, we have set up the Governance, Risk, and Compliance Committee as an advisory body to the Management Committee. As well as responding to serious incidents pertaining to risk management, the committee discusses internal audit results and other internal control-related matters. Further, the head office risk management division gathers information on accidents and ensures that everyone is fully informed about measures to prevent recurrence.

2. Compliance and Risk Management

Sompco Care cultivates and enhances the compliance awareness and knowledge of all its employees. For example, we conduct training at all service offices based on compliance programs.

Further, we have established help desks with a view to identifying and promptly addressing a range of different issues. These include a help desk for receiving whistleblower reports on illegal acts or misconduct in the workplace as well as inquiries regarding various other concerns, a help desk providing expert consultation on work issues, and a help desk that specializes in issues related to harassment.

Sompco Care's Whistleblowing System and Help Desks

Call about anything (help desk for whistleblower reports)	A help desk that performs a wide variety of consultative functions, such as receiving whistleblower reports on illegal acts or misconduct in the workplace and listening to accounts of workplace-related problems and concerns
On-site support help desk	A help desk at which expert counselors provide advice on work issues that are challenging to deal with adequately in on-site operations and respond to requests for support
Harassment help desk	A help desk providing consultations on sexual harassment, harassment by a superior, pregnancy discrimination, and other forms of harassment

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

Creating a New Form of Nursing Care

In February 2019, we launched Future Care Lab in Japan, a project tasked with creating a new form of nursing care based on the coexistence of people and technology. At the same time, we opened a research center that will conduct verification tests on the latest technologies from Japan and overseas.

In recent years, as the elderly population grows, the number of senior citizens requiring nursing care has been rising continuously. A survey* by generation on attitudes to the use of nursing care robots has revealed great expectations with respect to the use of technology for nursing care. On average, across all generations, 63% of respondents said that, whether they were providing or receiving care, they would be willing to use nursing care robots.

Given such expectations, Future Care Lab in Japan is jointly conducting R&D that combines the technologies of start-ups, major manufacturers, and research bodies with the Group's operational know-how in relation to nursing care facilities. The aim of these efforts is to help close the supply-demand gap for nursing care professionals, build a sustainable nursing care business model, and contribute to the realization of a sustainable society in which senior citizens can live with peace of mind.

By verifying technologies and their safety through Future Care Lab in Japan and introducing effective technologies to facilities that provide nursing care services, we will increase the options of those who use nursing care services, help service users become independent, and enhance their quality of life. Moreover, we will gather data and evidence on the use of technologies in heightening the quality and productivity of nursing care. This data will then enable us to roll out proven technologies across the nursing care industry at large.

* 2015 White Paper on Information and Communications in Japan, the Ministry of Internal Affairs and Communications
<http://www.soumu.go.jp/johotsusintokei/whitepaper/eng/WP2015/chapter-4.pdf>



The Resyone Plus robotic care bed, which helps users out of bed by enabling part of the bed to become a wheelchair



Conducting practical use verification tests on a self-driving wheelchair

Providing Work Opportunities for Elderly Residents

In response to feedback from residents at one of our serviced residential complexes for senior citizens, Sompō Care La vie Re Tamagawa, who said that they would like to work and be useful to society, we began a joint project that enables residents to make nursing care accessories. Our partner in this project is TOKIMEKU JAPAN inc., developer of the KISS MY LIFE nursing care fashion brand. Through this project, we are helping residents form new connections with the local community and live with a sense of happiness and fulfillment.



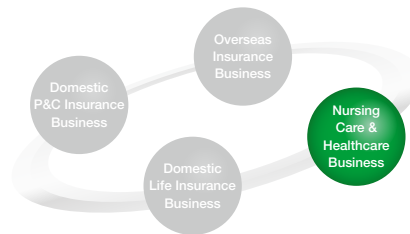
On each occasion that residents make accessories, they receive compensation equivalent to ¥500, which is usable within the residential complex.

Dementia Care Method Based on Communication Putting *Humanitude* into Practice

Originating from France, *humanitude* is a dementia care method based on comprehensive communication through perception, emotion, and language. Employees working at the Sompō no le Sumida Koen, Sompō Care La vie Re Machida Onoji, and Sompō Care La vie Re Kamimizo serviced residential complexes have received *humanitude* training, and the complexes have been certified as service offices that practice *humanitude* care. Through this initiative, we aim to alleviate the dementia-related behavior and psychological symptoms of residents as well as reduce the workload of nursing care personnel.



Yves Gineste, one of the creators of *humanitude*, with employees who have received *humanitude* training



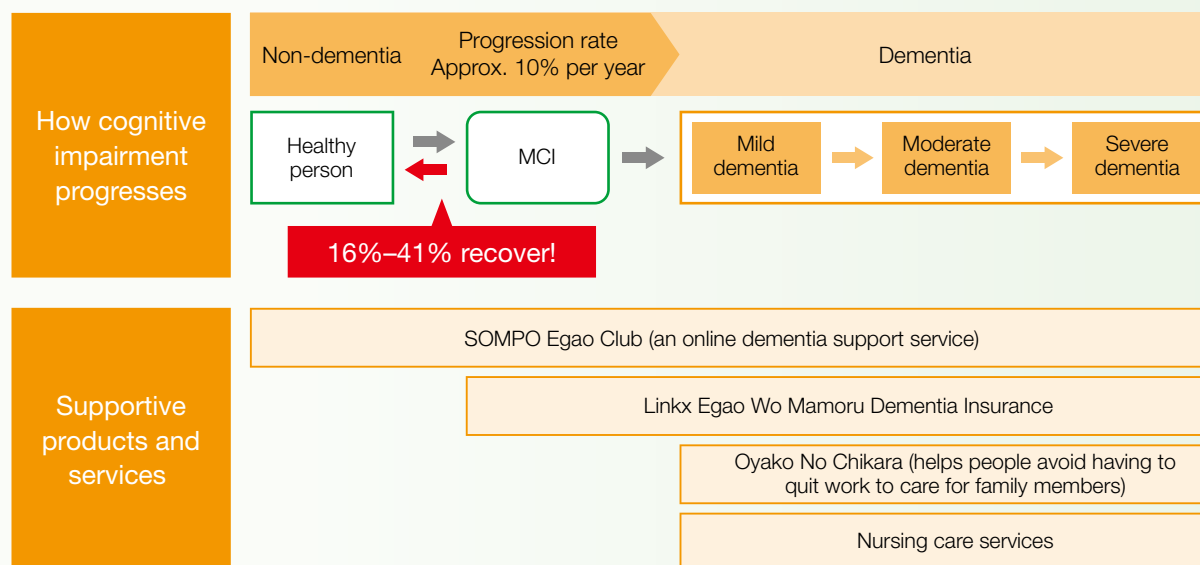
Initiatives on a Group-wide Basis

SOMPO Dementia Support Program

In Japan, 4.62 million people aged 65 or above had dementia as of 2012. In other words, roughly one in every seven senior citizens suffers from dementia. This is likely to increase to approximately one in three by 2060. Consequently, such social issues as an increase in the number of car accidents caused by the drivers with dementia, people leaving their jobs to take care of their family members, and shortages of nursing care professionals are likely to become more serious. On the other hand, it is becoming apparent that reversion is possible if appropriate steps are taken at the mild cognitive impairment (MCI) stage, prior to the onset of dementia. Despite the difficulties endured by those living with dementia, many people with the condition are able to live with dignity as individuals.

We view dementia as one of the important social issues that we should address on a Group-wide basis. Accordingly, we are conducting SOMPO Dementia Support Program with the aim of building a society that strives to prevent dementia and enables people, even if diagnosed with dementia, to continue living with dignity as individuals. We have been developing the program by using feedback from nursing care personnel as well as advice from the National Center for Geriatrics and Gerontology, with which we concluded a comprehensive alliance agreement in September 2017, and from Alzheimer's Association Japan, Japan's largest group for those with dementia and their families.

In October 2018, we began offering an online dementia support service, SOMPO Egao Club Dementia Support Service, which introduces information and services that help with taking measures to prevent cognitive impairment and providing appropriate care to those with dementia. The service is an ancillary service of two insurance products: Oyako No Chikara, which helps people avoid having to resign from work to care for family members and is offered by Sompo Japan Nipponkoa Insurance Inc., and Linkx Egao Wo Mamoru Dementia Insurance, which provides a one-time payment if a diagnosis of MCI or dementia is received and is offered by Sompo Japan Nipponkoa Himawari Life Insurance. Also, the Group will undertake multifaceted development of the online dementia support service so that as many people as possible benefit from it, regardless of whether they have links with the Group.



With a view to developing and providing other solutions that cater to customers' dementia-related needs, the Sompo Holdings Group is leveraging the unique collective strengths that result from operating one of the largest insurance businesses in Japan as well as one of the country's largest nursing care businesses. These initiatives include joint research with the National Center for Geriatrics and Gerontology, whose mission is to reduce cognitive impairment. Also, we are collaborating with other companies and organizations to develop products and services as well as conducting activities to support those affected by dementia and to help raise awareness of the condition.

Strategic Businesses

Our strategic businesses include assisting customers with building asset portfolios through the asset management business and providing policyholders with roadside assistance service through the assistance business. We are also advancing into the home remodeling, extended warranty, and comprehensive health support business fields. Through these businesses, we pursue inter-business coordination that is intrinsically related to our domestic P&C insurance business and other main businesses.

Company Outline (As of March 31, 2019)

Sompo Japan Nipponkoa Asset Management Co., Ltd.



Sompo Japan Nipponkoa Asset Management

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



Nobuhiro Kojima
President and Chief
Executive Officer

Prime Assistance Inc.



Prime Assistance

Through its assistance business, which provides roadside and home assistance as well as assistance in solving problems and inconveniences overseas, the company offers services of the highest grade 24 hours a day, 365 days a year that support the security and wellbeing of customers in their daily lives.



Hiroyuki Tokuoka
President and Chief
Executive Officer

FRESHHOUSE CO., LTD.



As a general remodeling firm, the company aims to eliminate uneasiness, inconvenience, and discomfort through high-quality remodeling services, providing homes in which residents can live safely, comfortably, and with peace of mind.



Shuu Nakamura
President and Chief
Executive Officer

Sompo Warranty Inc.



SOMPO WARRANTY

As a professional extended warranty company, Sompo Warranty Inc. seeks to create a society in which consumers can use any product safely and with peace of mind. Based on lofty ethical standards, this company develops, provides, and operates reliable warranty programs in a wide variety of product categories.



Kyu Tamura
President and Chief
Executive Officer

Sompo Health Support Inc.



SOMPO HEALTH SUPPORT

Sompo Health Support Inc. uses the latest technologies to provide companies, medical insurers, and other customers with comprehensive healthcare services, which cover individualized analysis of mental and physical health through to prevention and recurrence prevention.



Hidehiro Sumi
President and Chief
Executive Officer

Initiatives Aimed at Realizing "A Theme Park for Security, Health & Wellbeing"

Establishment of Sompo Health Support

In October 2018, Sompo Health Support was established as a company specializing in healthcare services. This company supports customers in achieving their health goals by developing and providing various services. Such services include the prevention of lifestyle-related ailments with the use of the latest research, data, and AI from industry-academia collaboration with venture firms from universities and other research institutions as well as online services and apps that offer health advice without regard to time or place, leveraging the latest ICT and digital technologies.

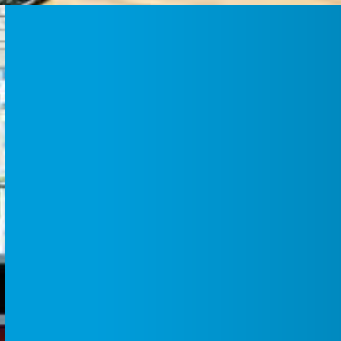
Provision of Eco Funds for 20 Years

Sompo Japan Nipponkoa Asset Management was presented with the Special Prize in the general category of the Minister of the Environment's Awards for the Sompo Japan Green Open Fund ("Buna no Mori"), an outstanding example of the Principles for Financial Action for the 21st Century. "Buna no Mori" is an eco-fund that, for the past 20 years, has shown exceptional management performance in investing in companies with a high degree of environmental awareness and that actively implement environmental initiatives. The fund is a long-term initiative, predating the attention currently being directed toward ESG and the SDGs, and has been highly rated for its pioneering activities.





Group Management Foundation



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Human Resources

Worldwide, the Sampo Holdings Group employs 80,000 people who are of different nationalities, genders, and ages and have various backgrounds. We believe that changing the awareness of these employees is essential to realize “A Theme Park for Security, Health & Wellbeing.” Such change will reform our corporate culture, helping drive the transformation of our business portfolio. Through human resource strategies that effectively transform its corporate culture, the Group will grow with even greater momentum.

Group Human Resource Strategy

In this era of volatility, uncertainty, complexity, and ambiguity (VUCA), it is crucial to generate new ideas without getting caught up in past practices and to make rapid decisions in regard to the challenges we face.

Given such conditions, the most important human resource strategy for the Group is to ensure that its business management benefits from the expertise and experience of a diverse 80,000-strong workforce.

The human resource strategy that we have been implementing in earnest since 2015 is laterally unifying human resource management, which we used to conduct on a country or business basis. We will become a corporate group in which—regardless of nationality, gender, experience, or age—talented personnel can contribute in a range of fields on a Group-wide basis.

To benefit from the contributions of diverse personnel, we have built a human resource platform for the Group-wide management of a variety of human resource information and systems. This effort has made all of the key positions in the Group visible, established common evaluation criteria, and made human resource information accessible through a new human resource system. The Group will utilize this platform and advanced human resource technologies to find talented personnel who can perform across organizational boundaries within the Group. We will then assign them to appropriate positions straddling countries or businesses in a timely manner. In addition, we will encourage further growth through talent



management that provides educational opportunities and extends the scope of capable employees' work. In this way, we will become a corporate group that empowers talented personnel.

Diversity

CSR Material Issue

5

Supporting Diversity and Inclusion in Private and Public Life

We view diversity as a management strategy that is essential for our growth. With “Diversity for Growth” as our slogan, we are focusing efforts on developing systems and a corporate culture that enable diverse employees to take maximum advantage of their particular talents and which create workplaces offering employees job satisfaction.

(For more details about the Five CSR Material Issues, please see page 69.)

Empowerment of Women

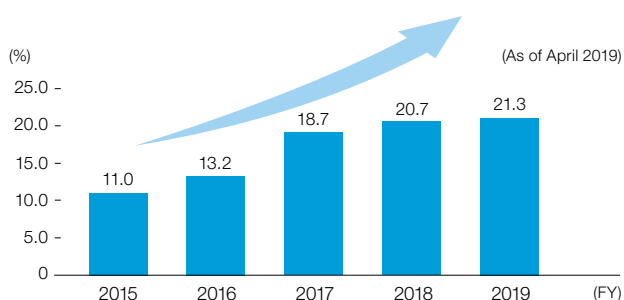
We need the contribution of female employees if we are to cater fully to customers' wide-ranging needs. With this in mind, we aim for women to account for at least 30% of our managers by the end of fiscal 2020. Aiming to enhance the knowledge and skills of female employees and change their

mind-sets, we are conducting the Group-wide training programs for women shown in the following table. Moreover, Group companies conduct their own educational programs.

Management Program for Women	A program for potential candidates for executive or general manager positions that aims to cultivate the broad outlook needed for business management
Leadership Academy for Women	A program that focuses on the acquisition of management skills and knowledge and practical implementation in workplaces with a view to developing female leaders
Role Model Channel	An online channel that serves as a career development tool by having role models who represent a wide variety of age groups, positions, and divisions recount their experiences

Thanks to these programs, as of April 2019 Sampo Japan Nipponkoa Insurance has one female executive officer and 13 female general managers, while Sampo Japan Nipponkoa Himawari Life Insurance has three female executive officers and two female general managers.

Ratio of Female Employees in Managerial Positions in the Group (including major domestic Group companies and overseas consolidated subsidiaries)



Furthermore, Group CEO Kengo Sakurada participates in and is a member of the 30% Club, a global campaign to improve female representation in corporate senior management.

In recognition of a steadily increasing number of female managers and such initiatives as the establishment of the SOMPO KIDS PARK in-house day-care center for children, Sampo Japan Nipponkoa received the Grand Prize at the 3rd Working Women Empowerment Awards, hosted by Japan Productivity Center (Working Women's Empowerment Forum).

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



Diversity of Nationality

Our policy is to conduct discussions at meetings of the Board of Directors and Global ExCo based on global perspectives and diverse opinions. Accordingly, we have appointed a non-Japanese national with a high level of expertise to the position of director. In addition, two of the Group's executive officers are foreign nationals: John R. Charman, CEO of the Overseas Insurance and Reinsurance Business, and Nigel Frudd, chairman of Overseas M&A. Further, we are increasing personnel exchanges with overseas Group companies. In fiscal 2014, we began the Exchange Program,* through which we assign employees of overseas Group companies to divisions in Japan. By the end of fiscal 2018, 57 such employees had benefited from the experience of working at a division in Japan while contributing to the globalization of the Group as a whole.

* In 2019, the name was changed to the "Global Assignment Program."

Empowerment of Persons with Disabilities

The Sampo Holdings Group is promoting the employment of persons with disabilities with the aim of stably providing opportunities to such persons to realize their talents and gain a sense of fulfillment through work. To further promote the steady employment of persons with disabilities throughout our organization and create an environment where they can work with vitality, in April 2018 we established SOMPO Challenged Inc., which has received certification as a special subsidiary.



Persons with disabilities working at head office

Creation of an Environment That Respects Identity

To build a corporate organization full of vitality, we have made it possible for senior employees who have grown with the Group to continue working for as long as they can and want to do so through the introduction of a system for rehiring employees after they reach retirement age. Also, we are continuing initiatives for LGBT individuals so that all employees feel motivated and are able to work with dignity as individuals. We are creating an environment in which everyone can work comfortably through the establishment at our head office of changing rooms that anyone can use and gender-free restrooms.

Health and Productivity Management*1 Initiatives

We are promoting health and productivity management based on the belief that the health of employees and their families is an important driver of our efforts to “contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.” Accordingly, all Group companies are advancing a variety of initiatives.

(1) Maintaining and promoting employee health—defensive health and productivity management

Group companies implement measures to maintain and promote the health of each employee based on their state of health.

- With respect to employees who have a high risk of developing lifestyle diseases, we use an app to conduct ongoing follow-ups with health insurance associations.
- A portal provided by health insurance associations enables each employee to manage their health checkup results, access information on the health risks they face, and receive advice on improving their health.
- As a countermeasure for mental health issues, doctors and mental health specialists interview employees periodically.

(2) Enabling employees to continue working healthily and with gusto—health and productivity management for remaining positive

We believe that creating a vibrant working environment helps maintain employees’ physical and mental health, increases productivity, and sustains corporate growth. For this reason, Group companies are emphasizing the realization of appropriate working hours, productivity enhancement, and indicators focused on presenteeism.*2

- Periodically, we measure the level of activity of employees and organizations. We analyze the results of stress and performance checks and physical data on lifestyle and the risk of developing lifestyle diseases, identify characteristics, and then use our findings when considering measures.



A meeting space where employees can exercise while at the office to stay healthy and refresh themselves

- We have built systems to ensure the proactive implementation of stress checks designed to prevent the decline of employees’ mental health. Also, we systematically implement “line care,” whereby managers take steps to improve workplace environments from a mental health perspective and make themselves available to talk about mental health with their subordinates.
- To heighten health awareness, we conduct two-day *kurort**3 programs for all employees.

In 2019, the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange jointly selected Sampo Holdings as a “Health & Productivity Stock,” a designation that recognizes companies with outstanding health and productivity management. At the same time, eight Group companies were certified as “Outstanding Enterprises Engaging in Efforts for Health and Productivity Management” in the large enterprise category (White 500) of a system jointly conducted by METI and Nippon Kenko Kaigi. In partnership with health insurance associations, the Company will popularize health and productivity management among Group and client companies by distributing information internally and externally on the ongoing benefits of its initiatives while verifying and revising them.

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

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

*3 Health programs held at resorts focused on the natural environment or hot springs

Work-Style Innovation

On a Group-wide basis, we are promoting work-style innovation so that employees use their time more productively and make effective use of the time this frees up to fully realize their respective talents.

Aiming for more flexible work styles, we are promoting the use of a shift work system and telecommuting by removing restrictions on times and places and by issuing messages from the senior management team and taking other measures to heighten awareness of work-style innovation via a portal and in-house network broadcasts. In business management and planning divisions, we are innovating work styles to reflect the characteristics of operations and introducing a discretionary work system. Further, we are establishing a range of different systems so that each employee can choose which work style fits best with their other commitments, such as child-rearing or nursing a parent.

By introducing IT, we are continuously initiating new work styles tailored to the particular requirements of each division’s frontline operations. For example, we are virtualizing desktops, using advanced videoconferencing, and incorporating tablet computers, smartphones, and laptops into operations based on the compatibility of each device with certain types of work. In addition, Sampo Japan Nipponkoa is introducing robotic process automation.

Also, as part of our work-life balance drive, we offer various types of leave to encourage employees to use all of their annual paid vacations. Specifically, employees can avail of special consecutive leave, designated leave, legally required leave, and refreshment leave as well as paid leave to participate in voluntary activities.

Through the aforementioned initiatives, we aim to increase each employee’s engagement with their work and thereby realize value creation at an advanced level.

Development of Globally Competent Leaders

To develop human resources capable of leading its global business management, the Group provides training for selected employees from three different employee levels. For young employees, we provide the Overseas Short-Term Training Program, MBA programs in Japan and overseas, and

the in-house SOMPO Global University, which operates in partnership with the National University of Singapore Business School. Further, we established the Global Leadership Program for mid-level employees in fiscal 2017 and the Global Executive Program for senior employees in fiscal 2018.

SOMPO Global University (for Young Employees)

Our in-house university enables employees to acquire management knowledge and experience working collaboratively with a range of individuals. The program not only includes classroom training but also emphasizes practical training. For example, the Action Learning Project tasks trainees to propose solutions to challenges given by CEOs from around the world. From its establishment in 2012 to fiscal 2019, 162 employees from 17 countries participated in the program. On a Group-wide basis, we are fostering globally competent personnel who, regardless of nationality, have broadened their outlook through discussions with various peers and acquired fundamental business management knowledge.



SOMPO Global University's class of 2019

Global Leadership Program (for Mid-Level Employees)

Through such activities as a lecture delivered by the Group CEO, this training program gives candidates for management positions a concrete sense of true leadership and a more expansive outlook. Themed on "Changing Behavior" and focused on practical training, fiscal 2018's program asked trainees to set targets for their departments in light of broader outlooks and take measures accordingly. A total of 23 employees from eight countries participated in this program, which we conducted on a global basis.



A Global Leadership Program training session held in 2019

Global Executive Program (for Senior-Level Employees)

This program provides the Group CEO and other members of the senior management team opportunities to communicate their philosophies to candidates for senior management positions. These encounters encourage trainees to mull over their aspirations and beliefs based on the differences that there may be between themselves and senior executives. The program also includes opportunities to experience Japanese culture. Our goal is to foster cosmopolitan, global leaders who are able to make diversity an advantage. To date, 24 employees from eight countries have taken part in the program.



Global Executive Program 2019 participants

As well as training selected personnel according to their position, we have been developing Japanese global leaders through the Sompo International Global Trainee Program since fiscal 2018. This program selects talented personnel engaged in specialized work in Japan and assigns them to specific positions in Sompo International's highly specialized operations. Lasting three years, in principle, the program provides trainees with an opportunity to develop their expertise even further by

giving them the same duties, responsibilities, and authority as local employees. The program dispatched 13 employees in fiscal 2018 and seven in the current fiscal year to divisions engaged in underwriting and other specialized areas. We plan to continue such assignments aimed at heightening employees' expertise. In this way, by letting employees experience different work environments, we will develop strong Japanese global leaders who have backgrounds in specialized areas.

Digital Technologies

By promoting the development of new products and services enabled by AI, IoT, and other leading-edge digital technologies, and by preventing and predicting accidents, disasters, and illnesses with digital technologies and data, we aim to create a society that realizes security, health, and wellbeing, thereby ensuring insurance is no longer required.

Four Important Tasks in Digital Technology Utilization

As digital technologies evolve exponentially, the Group is incorporating them into operations in an intensive, transformative manner based on a digital strategy. Given that the evolution of digital technologies is significantly affecting not only the business processes of insurance companies but also their customers, business models, and competitive environments, we are concentrating on the four tasks listed on the right.

1. Increase efficiency in all business segments

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

2. Use digital technologies to transform customer touchpoints

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

3. Market to digital natives

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

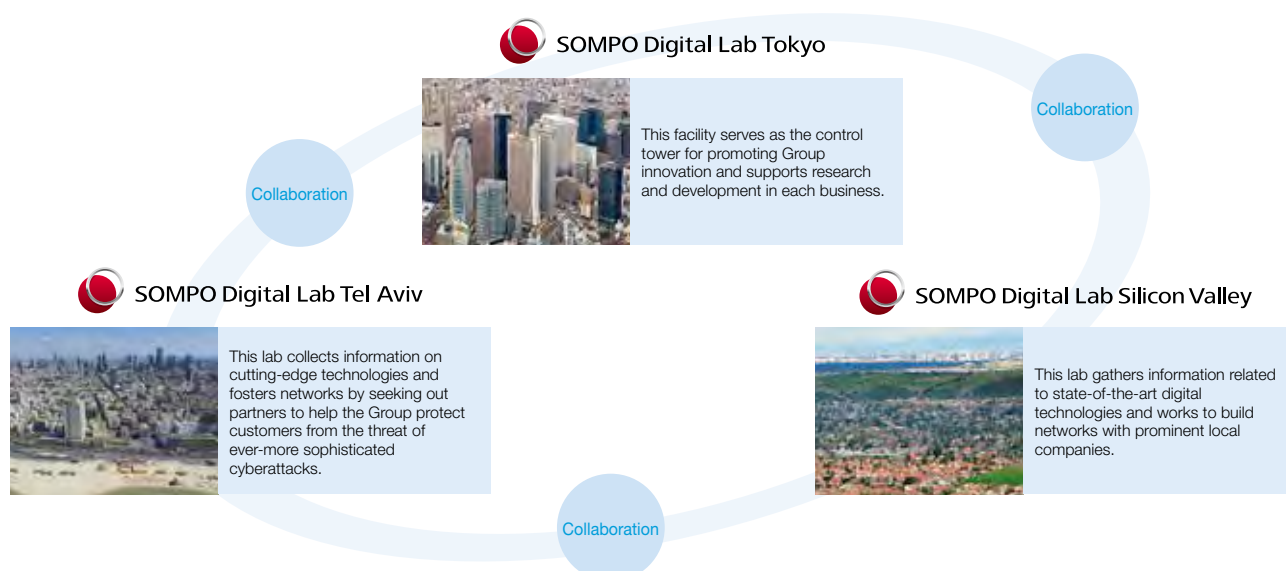
4. Evolve new business models

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

Initiative Results

We are actively conducting proof-of-concept (PoC) tests regarding digital technologies, and the number of commercial services is increasing every year. In fiscal 2018, we increased work efficiency and the quality of customer services by extending the application of AI in departments that are in contact with customers, such as call centers and claims departments. Further, through the use of AI to automate and advance insurance underwriting, we offered many customers optimal

policies more efficiently. Also, we concentrated efforts on using IoT devices and the Internet to provide products and services that enhance customer experiences. Other initiatives included the utilization of LINE and Amazon smart speakers to provide voice recognition-based quotations for overseas travel insurance and the launching of on-demand insurance through an alliance with a Silicon Valley start-up.



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

Participating in Israel's EcoMotion Mobility Community

With the aim of focusing on mobility to enhance the experiences of Group customers, SOMPO Digital Lab Tel Aviv became a gold partner of EcoMotion,^{*1} the largest community in Israel's mobility industry. We then hosted the SOMPO Challenge Competition,^{*2} themed on mobility and the reduction of driving accidents involving the elderly.

After a rigorous examination of entries from 50 companies, ContinUse Biometrics Ltd. (CEO: Asher Polani) was selected as the winning start-up. The company has developed non-touch sensing technology that detects any decrease in physical and cognitive capabilities. The winner of the special prize was Mobileye (Director of APAC & Africa: Nimrod Dor). SOMPO Digital Lab Tel Aviv plans to begin PoC tests with ContinUse Biometrics and Mobileye. By using Israel's ecosystem community to actively access and introduce the latest digital technologies, we will continue providing high-quality services that contribute to security, health, and wellbeing.

^{*1} Israel's largest mobility community, comprising 8,000 individual members from the mobility industry and more than 600 start-ups

^{*2} A pitch event at which Israeli start-ups demonstrated how their original technologies have the potential to solve issues



Representatives of start-ups and the Sompco Holdings Group at the award ceremony

Topics

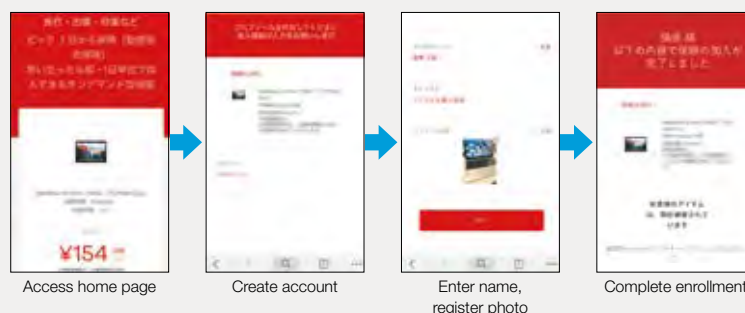
Adoption of AI for the Setting of International Cargo Insurance Policies

International cargo insurance provides compensation if cargo is damaged when being transported by sea or air during global trade operations. Until now, due to the level of specialized knowledge called for, employees with expertise in this area have set insurance policies for international cargo. Consequently, setting optimal insurance policies that reflect client needs took a certain amount of time. We have addressed this issue by developing a system that uses proprietary algorithm analysis to estimate accident probability and predict incurred losses in the event of accidents and which mechanizes and automates a series of tasks ranging from optimal policy setting and premium calculation through to quotation submission. In developing this system, we had AI perform machine learning using data from approximately 8 million cargo insurance policies previously written by us. From autumn 2019, employees will be able to set policies and calculate premiums online 24 hours a day by using tablet computers or smartphones to access the system. Further, plans call for introducing the system to Sompco Japan Nipponkoa agencies nationwide during fiscal 2020.

Launch of On-Demand Insurance

The evolution of digital technologies and the spread of smartphones in recent years have made it possible to purchase a variety of products and services via smartphones. As a result, the insurance industry is seeing the emergence of demand for insurance products that customers can conveniently enroll in through smartphones as well as for enrollment in insurance that covers specific items and specific periods. In collaboration with Silicon Valley start-up Tröv, Inc., we began offering a product that enables customers to use smartphones for convenient online enrollment in insurance that covers their important possessions for the number of days required. Without being restricted by conventional approaches to insurance, the Group will continue providing insurance in new formats that reflect customers' lifestyles and needs.

On-demand insurance enrollment process



Enterprise Risk Management (ERM)

Through appropriate management of increasingly diverse and complex risks, we will support our transformation into “A Theme Park for Security, Health & Wellbeing.” At the same time, we will enhance corporate value and contribute to society.

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

1. ERM as a “Management Compass”

In an era of volatility, uncertainty, complexity, and ambiguity (VUCA), risk management's role no longer simply entails taking measures to avoid loss. Increasingly, risk management acts as a “navigator” that is close to the front lines and guides the Group in the right direction from the viewpoint of reducing opportunity loss.

Risk management's role can be likened to a sophisticated compass used in a voyage across rough, unpredictable seas. In other words, just as setting the best course requires correct understanding of the vessel's current position, any dangers on the horizon, and the optimal direction in which to sail, ERM calls for understanding the Group's financial position, accurately identifying the risks that need to be addressed, and moving forward with countermeasures.

Strongly focused on Group-wide transformation, the Sampo Holdings Group will realize “A Theme Park for Security, Health & Wellbeing.” Moreover, in the overseas insurance business, Sampo International will establish a truly integrated global platform. To support our transformation into a unique, progressive group, we are further evolving ERM beyond the confines of the insurance business.

2. Development of a Group-wide ERM Culture

Frontline operations must be able to respond flexibly and promptly to environmental changes. Therefore, it is important to develop a deeply rooted risk management culture throughout our organization so that every personnel can make decisions based on common criteria.

To ensure that every Group executive and employee understands ERM and acts in unison, we have formulated the ERM Vision, which explains the philosophy underpinning ERM as well as the state which ERM aims for. Based on the vision, we will encourage personnel in frontline operations to take concrete decisions and actions from the viewpoints of improving return on risk (ROR) and maintaining financial soundness (the economic solvency ratio (ESR)).

ERM Vision

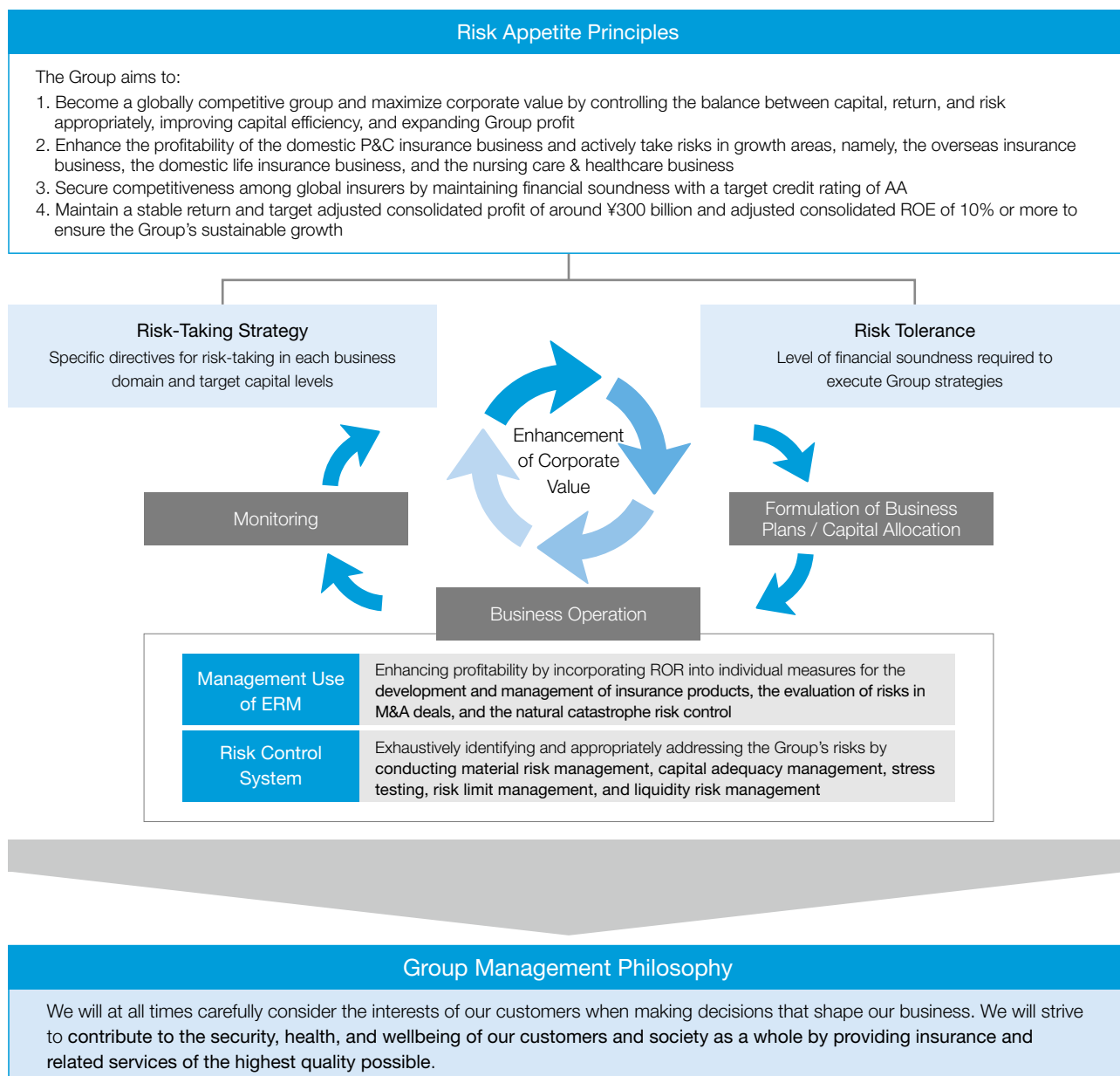
- ◆ Sampo's ERM aims to support both enhancement of corporate value and contribution to society through appropriate risk management, achieving a mutually-beneficial relationship with all stakeholders.
- ◆ To this end, we:
 - (1) identify and control changing and diversifying risks appropriately to maintain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

ERM Implementation

We are embedding tangible, practical ERM measures into all levels of our organization, from the pricing of insurance products in frontline operations through to important management decisions that affect the strategies of businesses.

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

The ERM Framework of Sampo Holdings



1. Management Use of ERM

(1) Insurance Product Development and Management

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

(2) Evaluation of Risks in M&A Deals

We decide on M&A deals and other new business investments after measuring investment effects and performing thorough-going due diligence. In this process, we also verify the

appropriateness of investments from an ERM perspective, taking into consideration the impact of investment implementation on Group-wide capital efficiency (return on equity (ROE)) financial soundness (ESR), and ROR.

(3) Natural Catastrophe Risk Management

We appropriately manage natural catastrophe risks by keeping them within tolerance levels, which are established in light of capital and profits. Further, we incorporate the latest knowledge into in-house models and continuously upgrade them. At the same time, we employ these models in reinsurance strategies and other business management decisions.

2. Risk Control System

(1) Material Risk Management

We exhaustively identify and assess the risks that businesses face, and define risks that could have a significant impact on businesses as Material Risks. The Group determines the adequacy of countermeasures for Material Risks and continuously monitors these risks. If measures are found to be inadequate, we appoint person responsible and implement countermeasures.

Further, the Group defines emerging risks as those that are not currently material but which, due to environmental changes, could become material and have a significant impact on the Group. We identify the precursors of risks becoming significant and manage such risks accordingly. Identifying emerging risks is important not only as a way of mitigating losses but also in terms of the development of new insurance products and services to realize business opportunities. For these reasons, we monitor, research, and study emerging risks on a Group-wide basis.

(2) Capital Adequacy Management

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

(3) Stress Testing

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

Scenario Stress Testing	We evaluate how significantly large-scale natural disasters, financial market disruptions, and other stress scenarios could affect business management and verify capital adequacy as well as the effectiveness of risk mitigation measures. Moreover, we regularly verify the validity of stress scenarios to ensure that we can respond appropriately to environmental changes.
Reverse Stress Testing	We identify specific events that breach risk tolerance levels and prepare appropriate actions in advance.
Sensitivity Analyses	We identify the impact on capital and risks of fluctuations in the primary causes of risks. Also, we verify the validity of in-house models by comparing their projections with the previous impacts of fluctuations on actual business performance.

(4) Risk Limit Management

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

(5) Liquidity Risk Management

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

Topics

5th Global CRO Assembly

Once a year, the Group assembles persons responsible for ERM and compliance from its main Group companies with a view to encouraging interaction and thereby enhancing ERM and compliance. To this end, participants hold discussions and share progressive examples from their Group companies with respect to Group-wide and individual issues.

With "Beyond Boundaries" as its theme, the fifth Assembly focused on informing participants about the need to take measures that transcend existing frameworks. In addition, the Assembly provided opportunities for everyone to participate in discussions through workshops and presentations.



Participants included chief risk officers and those in charge of ERM and compliance from Group companies in Japan and overseas



Lively discussions at a workshop

Initiatives Addressing Social Issues

The Group CSR Vision calls on us to contribute to security, health, and wellbeing by providing insurance and related services of the highest quality possible. Moreover, the goals of these efforts are to address social issues and help realize a sustainable society. In accordance with this vision, we are advancing a range of initiatives.

Group CSR Vision

We, the Sampo Holdings Group, will positively engage our stakeholders in forward-looking dialogue, respect international standards and codes of conduct, and address environmental issues of climate change, biodiversity, and social issues of human rights and diversity 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 solution provider to promote the realization of a resilient and sustainable society.

Based on the Group CSR Vision, we established the following Three Key Strengths to advance its CSR initiatives. Furthermore, the Group identified the Five CSR Material Issues that it should tackle.

Our Key Strengths

- 1 Developing and providing innovative products and services using financial expertise and digital technologies to provide innovative solutions for social issues.
- 2 Promoting the development of advanced human skills by fostering partnerships with stakeholders representative of broad sectors of civil society.
- 3 Promoting the quality of life and its enrichment by the application throughout all our operations of our expertise and resources in the arts and culture.

Five Material Issues

1 Providing Solutions for Disaster Preparedness

Provide products and services to help improve disaster resilience, and collaborate with stakeholders on realizing a safer, more secure world.

2 Contributing to Health and Welfare

Provide high-quality nursing care and healthcare services, and implement projects that promote health and welfare with the aim of creating a society where all people are able to lead a fulfilling life.

3 Promoting the Manageability of Global Environmental Issues

Contribute to climate change adaptation and mitigation, biodiversity conservation, and other global environmental goals through value chain initiatives and provision of new solutions.

4 Empowering Community and Society

Through community outreach and initiatives in culture and the arts, improve the lives of people in local communities and become their most trusted corporate citizen.

5 Supporting Diversity and Inclusion in Private and Public Life

Respect the human rights and individuality of all stakeholders, supporting them in their pursuit of professional and personal development.

Our Vision

Toward the Realization of a Sustainable Society

Climate Change Initiatives

With the adoption of the Paris Agreement and the establishment of the Sustainable Development Goals (SDGs) in 2015, there are growing expectations for corporate action on climate change. In response, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Under this initiative, we are carrying out various measures to address climate change and promoting highly transparent information disclosure, in order to fulfill our responsibility to bestow a hopeful future upon the generations to come.

Main Initiatives in Response to Climate Change Risks and Opportunities

Governance and Risk Management

The Company has risk management systems based on the Group Basic Policy on ERM, established by the Board of Directors.

Under these systems, risks that could have a major effect on the Group are defined as “material risks.” After comprehensively identifying and assessing the risks inherent in our businesses, we regularly report on the status of risk management to the Board of Directors. With respect to climate change, we regard the occurrence of unexpected natural disasters as well as reputational damage associated with the transition to a decarbonized society as material risks in the environmental, social, and governance (ESG) area. Responsibility for implementing countermeasures for these risks lies with the Group’s executives.

We conduct stress tests for such risks as windstorms. We quantitatively assess the impact of stress scenarios that have a significant impact on management and evaluate the adequacy of capital and the effectiveness of risk mitigation measures. Furthermore, we are currently conducting large-scale analyses that use meteorological and climatic big data on typhoons and heavy rains. This entails quantifying changes in the average trends of disasters as well as quantifying trends in the occurrence of extreme weather events in climates undergoing a temperature increase between 2°C and 4°C. We then incorporate the findings into typhoon and flood assessment models and conduct quantitative analyses of the effect on the insurance business.

Strategies and Main Initiatives

Given the potential impact of climate change on its business strategies, the Group is taking various initiatives focused on climate change.

Climate-Related Risks and Opportunities

(1) Risks Associated with Increasing Natural Catastrophes

A rise in natural catastrophes due to climate change may lead to an increase in insurance payments, leading to a possible deterioration in underwriting results, which may make it difficult to provide stable insurance.

needs and the impairment of stock value and other investment assets, thereby adversely affecting the Group’s future performance or financial position.

On the other hand, we believe that structural changes to industries will increase business opportunities by creating new insurance needs and markets.

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

Technological progress or the introduction of stricter laws and regulations aimed at transitioning toward a decarbonized society could result in structural changes to industries. Such an outcome could lead to changes in insurance

(3) Expansion of the Risk Consulting Business

We expect that the growing need of companies and local governments to take measures in response to climate-related risks will expand not only the insurance business but also the risk consulting business.

Main Initiatives

● Enhancement of Natural Catastrophe Risk Models and Analytic Technology

Since 2018, Sompo Risk Management has been participating in the Social Implementation Program on Climate Change Adaptation Technology of the Ministry of Education, Culture, Sports, Science and Technology (SI-CAT). The Group aims to upgrade its natural catastrophe risk models, enhance its analytic technology, and accumulate know-how by utilizing a database that projects the climates that would result from global warming with temperature increases of 2°C and 4°C, conducting research on the consequences such a temperature increase, and collaborating with research institutions.

Chaired by the Group Chief Brand Officer (CBO), the council comprises executives from respective Group companies.

● Disclosure Enhancement

The Group has been a member of the PSI-TCFD Insurer Pilot Group of the United Nations Environment Programme Finance Initiative (UNEP FI) since 2018. We are enhancing disclosure in light of the recommendations of the TCFD.

● Stakeholder Engagement

Aiming to improve its measures that address social issues, the Group exercises leadership by creating opportunities for dialogue with diverse stakeholders—including experts and civil organizations—and by participating in initiatives related to social issues.

We are taking steps to help society become sustainable based on the belief that collaboration and co-creation have a significant impact on issues such as climate change that are being addressed by many different organizations.

● Natural Disaster Damage Prediction

Sompo Japan Nipponkoa Insurance aims to use various types of data related to regional disaster prevention—such as meteorological and building data—in combination with AI technology to develop a service that enables the accurate prediction and assessment of damage to individual blocks before, during, and after floods, earthquakes, and other natural disasters.

● Weather Index Insurance in Southeast Asia

In Southeast Asia, agriculture is the main industry, but the region's agriculture is vulnerable to climate change. With a view to reducing the risks associated with agricultural businesses in the region, we have been offering Weather Index Insurance since 2010. This insurance pays fixed insurance claims in the event that measurable weather conditions, such as temperature, wind, and precipitation, satisfy particular previously established requirements. Currently, we provide Weather Index Insurance through *AgriSompo*, an integrated global underwriting platform for agricultural businesses.

The product has been recognized as meeting the requirement for membership to the Business Call to Action (BCtA) initiative, which is led by the United Nations Development Programme (UNDP), with the aim of promoting the establishment of business models that combine commercial activities and sustainable development.

● Regional Resilience through Insurance for Local Governments

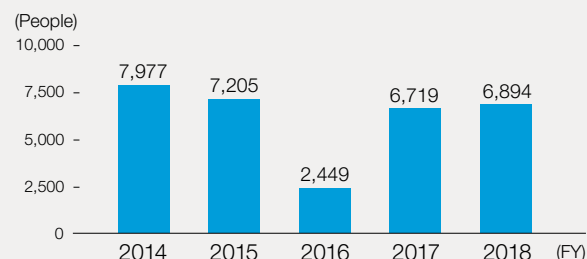
In response to a series of floods caused by heavy rains and typhoons, Sompo Japan Nipponkoa has launched

Disaster Prevention/Reduction Insurance, which compensates local governments for costs arising from evacuation in natural disasters. In this way, we help local governments achieve rapid initial responses and contribute to the peace of mind and safety of local communities.

● Raising Awareness among People Regarding Environmental Issues

The Group is raising interest in and awareness of environmental issues, including climate change, among people, thereby increasing the number of persons capable of exercising autonomy in addressing such issues. In this way, we are ensuring a sustained contribution to the resolution of environmental issues. Also, the Group collaborates with research and government institutions in research on environmental issues and shares findings with the public.

Number of Participants in Environmental Conservation Awareness Activities



Notes:

- Figures are the total of the number of people who participated in the SAVE JAPAN Project, which is a program for preserving rare species in Japan, and in Open Lectures on the Environment as well as of the number of people who completed the CSO Learning Scholarship Program, which provides an internship program for university and graduate program students in environmental nonprofit and nongovernmental organizations.
- The fiscal 2016 SAVE JAPAN Project was implemented between October 2016 and March 2017. The number of people for fiscal 2016 is the number of participants in the project during this period.

Metrics and Targets

We have established key performance indicators (KPIs) for CSR initiatives to enhance and check their effectiveness. In relation to the environment, we are conducting initiatives based on the following KPIs.

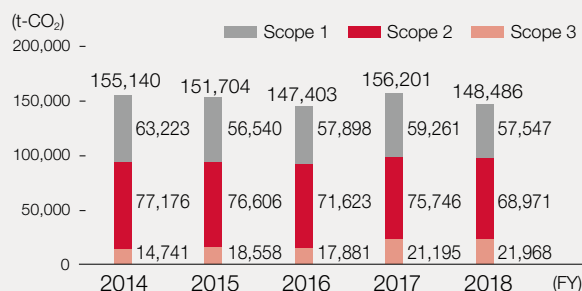
- (1) Development and provision of products and services that contribute to climate change adaptation and mitigation
- (2) Participants in environmental conservation awareness and educational opportunities in collaboration with civil organizations
- (3) CO₂ emissions
- (4) Electricity consumption
- (5)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

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

Moreover, we are implementing these measures with a view to acquiring certification under the Science Based Targets initiative, which promotes reductions in GHG

emissions that will enable the realization of the Paris Agreement's long-term goals.

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



Notes:

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

Governance



Director
Member of the Audit Committee
Hidegori Hanada

Director
(Outside Director)
Member of the Audit Committee
Hideyo Uchiyama

Director
(Outside Director)
Chair of the Nomination Committee
Member of the Compensation Committee
Scott Trevor Davis

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

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



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

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

Director
(Outside Director)
Chair of the Audit Committee
Naoki Yanagida

Director
Member of the Audit Committee
Masaki Hanawa

Group CEO
Director,
President and
Representative Executive Officer
Kengo Sakurada

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

Management Members

Directors

(As of July 1, 2019)



Director

Kengo Sakurada

(DOB: Feb. 11, 1956)

Summarized resume

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



Director

Shinji Tsuji

(DOB: Dec. 10, 1956)

Summarized resume

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

Director
Member of the Audit Committee**Masaki Hanawa**

(DOB: Feb. 16, 1958)

Summarized resume

Joined The Yasuda Fire & Marine Insurance Co., Ltd., in April 1981. He has extensive insight into business management generally stemming from his experience in corporate planning as well as accounting and finance in the P&C insurance and life insurance businesses. He became an executive officer of Sompo Japan Insurance Inc. in 2010 and a director of said company in 2014. He became a full-time Audit & Supervisory Board member at the Company in June 2016. He has held his current position since June 2019.

Director
Member of the Audit Committee**Hidenori Hanada**

(DOB: Aug.15, 1958)

Summarized resume

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

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

(DOB: Jan. 16, 1958)

Attendance at Board of Directors meetings (fiscal 2018)

12 of 14 Board of Directors meetings

Significant positions concurrently held

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

Reasons for appointment

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

Director
(Outside Director)
Member of the Nomination Committee
Member of the Compensation Committee**Isao Endo**

(DOB: May 8, 1956)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 Board of Directors meetings

Significant positions concurrently held

Chairman of Roland Berger Ltd.
Director of Ryohin Keikaku Co., Ltd. (Outside Director)
Director of NIPPON STEEL NISSHIN CO., LTD. (Outside Director)

Reasons for appointment

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

Directors

(As of July 1, 2019)



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

Tamami Murata

(DOB: Jan. 18, 1960)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 Board of Directors meetings

Significant position concurrently held

Attorney at Law

Reasons for appointment

She has abundant knowledge and experience as a legal expert. Based on her expertise resulting from this knowledge and experience, she is expected to provide appropriate advice on the management of the Company. Further, she is expected to provide valuable advice on the initiative on women's empowerment in the workplace, which is one of the most important strategies of the Company. She has been in her current position since June 2014.



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

Scott Trevor Davis

(DOB: Dec. 26, 1960)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 Board of Directors meetings

Significant positions concurrently held

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

Reasons for appointment

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



Director
(Outside Director)
Chair of the Audit Committee

Naoki Yanagida

(DOB: Feb. 27, 1960)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 meetings of the Board of Directors as an outside Audit & Supervisory Board member

Significant positions concurrently held

Attorney at Law

Audit & Supervisory Board Member of YKK CORPORATION (Outside Audit & Supervisory Board Member)

Reasons for appointment

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



Director
(Outside Director)
Member of the Audit Committee

Hideyo Uchiyama

(DOB: Mar. 30, 1953)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 meetings of the Board of Directors as an outside Audit & Supervisory Board member

Significant positions concurrently held

Certified Public Accountant

Executive Advisor of ASAHI Tax Corporation

Audit & Supervisory Board Member of OMRON Corporation (Outside Auditor)

Director of Eisai Co., Ltd. (Outside Director)

Reasons for appointment

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



Director
(Outside Director)
Member of the Audit Committee

Atsuko Muraki

(DOB: Dec. 28, 1955)

Attendance at Board of Directors meetings (fiscal 2018)

All 14 meetings of the Board of Directors as an outside Audit & Supervisory Board member

Significant positions concurrently held

Member of the Board of ITOCHU Corporation (Outside Director)

Director of Sumitomo Chemical Co., Ltd. (Outside Director)

Reasons for appointment

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

Management Members

Executive Officers

(As of July 1, 2019)



Group Chief Executive Officer
President and Representative Executive Officer

Kengo Sakurada

(DOB: Feb. 11, 1956)



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

Shinji Tsuji

(DOB: Dec. 10, 1956)



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

Keiji Nishizawa

(DOB: Feb. 11, 1958)



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

John R. Charman

(DOB: Oct. 22, 1952)



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

Yasuhiro Oba

(DOB: Sep. 30, 1965)



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

Satoshi Kasai

(DOB: Dec. 22, 1962)



Senior Executive Vice President and
Executive Officer
(Chairman of Overseas M&A)
(Executive Director & CEO,
Sampo International Holdings Ltd.)

Nigel Frudd

(DOB: Oct. 4, 1958)



Group Chief Financial Officer and
Group Chief Information Officer
Executive Vice President and
Executive Officer

Masahiro Hamada

(DOB: Dec. 18, 1964)



Group Chief Strategy Officer
Executive Vice President and
Executive Officer

Mikio Okumura

(DOB: Nov. 23, 1965)



Group Chief Digital Officer
Executive Vice President and
Executive Officer

Koichi Narasaki

(DOB: Jan. 4, 1958)

Executive Officers

(As of July 1, 2019)



Group Chief Risk Officer
Senior Vice President and
Executive Officer

Takashi Izuhara

(DOB: Mar. 23, 1964)



Group Chief Human Resource Officer
Executive Vice President and
Executive Officer

Shinichi Hara

(DOB: Apr. 14, 1965)



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

Yuji Kawauchi

(DOB: Dec. 24, 1965)



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

Yasunori Kuroda

(DOB: Aug. 17, 1963)



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

Takuto Kobayashi

(DOB: Nov. 22, 1965)



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

Katsuyuki Tajiri

(DOB: Oct. 8, 1967)



Senior Vice President and
Executive Officer
(General Manager, Office of Group CEO)

Takato Udo

(DOB: Aug. 4, 1962)



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

Koji Ishikawa

(DOB: Dec. 22, 1968)

Corporate Governance

Supervisory Framework

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

Board of Directors

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

As of the conclusion of the 9th General Meeting of Shareholders, seven of the 11 directors are outside directors (a majority), consisting of 10 Japanese people and one non-Japanese person, of whom eight are men and three are women. The average length of service (including time served as an Audit & Supervisory Board member) is 4.6 years.

Nomination Committee

The Nomination Committee defines policy and standards for the appointment of directors and executive officers, determines the list of candidates, and is involved in the appointment of directors and executive officers at major subsidiaries. In addition, the committee deliberates on the appointment and dismissal of the Group CEO based on a personal performance evaluation for the purpose of enhancing transparency and corporate governance. The Nomination Committee consists of at least three directors, a majority of whom are among the outside directors. The chair of the Nomination Committee is an outside director. As of July 2019, the committee comprises four outside directors.

Compensation Committee

The Compensation Committee determines the evaluation, compensation scheme, and compensation amounts of directors and executive officers, and is involved in deciding the compensation scheme of directors and executive officers at major subsidiaries. In addition, the committee conducts a personal performance evaluation of the Group CEO to enhance transparency and objectivity in the compensation-deciding process, and to improve corporate governance. The Compensation Committee consists of at least three directors, a majority of whom are outside directors. The committee chair is selected from the outside directors. As of July 2019, the committee comprises four outside directors.

Audit Committee

The Audit Committee audits—from a legal compliance and appropriateness perspective—the performance of duties by directors and executive officers, produces audit reports, and determines the proposals to be presented at the General Meeting of Shareholders regarding the appointment, dismissal, and non-reappointment of independent accounting auditors. The Audit Committee consists of at least three members selected



from among directors who do not have any executive roles, and the majority of members are outside directors. In principle, the committee chair is an outside director, and the committee has at least one full-time Audit Committee member and at least one Audit Committee member who has expert knowledge of finance and accounting. As of July 2019, there are five members on the committee, three of whom are outside directors.

Evaluation of Effectiveness of the Board of Directors

To fully exercise the functions of the Board of Directors, the Company convenes and integrates meetings of the Board of Directors and preliminary briefing sessions to promote open and unrestricted discussions. The Company creates opportunities for the Group CEO and outside directors to exchange their opinions, while issuing questionnaires to Board members. By implementing such improvements, the Company has built

a governance structure unrestricted by precedent.

In fiscal 2018, the Board of Directors discussed and made decisions about reforming the business portfolio and advancing each business. At the same time, the Company decided to adopt the globally recognized Company with Committees structure, which calls for committees to be membered by a majority of outside directors, with the aim of reaching the next stage. In the process, outside Board members actively voiced opinions about issues and governance system improvements in terms of sustainable growth and the improvement of

corporate value, such as “the realization of ‘A Theme Park for Security, Health & Wellbeing’” and the process for facilitating “the delegation of authority to executive officers from the Board of Directors.” In these ways, the policies determined through active management debates are steadily being utilized in the management of the Company.

This dynamic plan-do-check-act (PDCA) cycle has been functioning effectively, and the Company believes it meets the expectations of its shareholders and other stakeholders.

Business Execution Framework

In this time of heightened volatility, uncertainty, complexity, and ambiguity (VUCA), a flexible and responsive management system is of utmost importance.

To achieve such a management system, the Sampo Holdings Group has built a matrix-style management system comprising vertical and horizontal axes under the overall supervision of the Group CEO and Group COO. On the vertical axis, Business Owners, who are heads of business segments, are delegated substantial authority to allow them to perform swift decision-making and business execution. On the horizontal axis, Group Chief Officers, who are the highest authority in their respective functional areas, oversee their area of responsibility on a Group-wide basis to ensure decision-making that is best for the Group and exercise functions laterally across the Group.

Business Owner System

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

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

Group CxO System

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

The Group CxO system was introduced in April 2017 to serve as a framework designed to promote strong, mission-driven leadership. The roles and functions as well as the skills and experience required of each Group Chief Officer are defined in the Group’s function portfolio.

The roles and functions of Group Chief Officers as well as the number of officers and the fields for which officer positions exist are not set but will rather be flexibly revised as the operating environment of the Group or the management issues it faces change.

Executive Officers (Appointed by the Board of Directors)

Representative Executive Officers



Group CEO, Director,
President and Representative
Executive Officer
Kengo Sakurada
(Concurrently serving as Director)



Group COO, Group CBO,
Director, Deputy President
and Representative Executive
Officer
Shinji Tsuji
(Concurrently serving as Director)

Brand

CEOs of Businesses

Domestic P&C Insurance Business



CEO of Domestic P&C
Insurance Business
Executive Officer
Keiji Nishizawa
(Sampo Japan Nipponkoa
Insurance Inc.
President and Chief Executive
Officer)

Overseas Insurance Business



CEO of Overseas Insurance
and Reinsurance Business
Executive Officer
John R. Charman
(Sampo International
Holdings Ltd.
Executive Chairman of the
Board of Directors)

Domestic Life Insurance Business



CEO of Domestic Life
Insurance Business
Executive Officer
Yasuhiro Oba
(Sampo Japan Nipponkoa
Himawari Life Insurance.
President and Chief Executive
Officer)

Nursing Care & Healthcare Business



CEO of Nursing Care &
Healthcare Business
Executive Officer
Satoshi Kasai
(Sampo Care Inc.
Chief Executive Officer)

Executive Officers and Group Chief Officers



Senior Executive Vice President
and Executive Officer
(Chairman of Overseas M&A)
Nigel Frudd
(Sampo International Holdings Ltd.
Executive Director & CEO)

Overseas M&A



Group CFO, Group CIO
Executive Vice President and
Executive Officer
Masahiro Hamada

Finance / IT



Group CSO
Executive Vice President and
Executive Officer
Mikio Okumura

Strategy



Group CDO
Executive Vice President and
Executive Officer
Koichi Narasaki

Digital



Group CRO
Senior Vice President and
Executive Officer
Takashi Izuhara

Risk Management

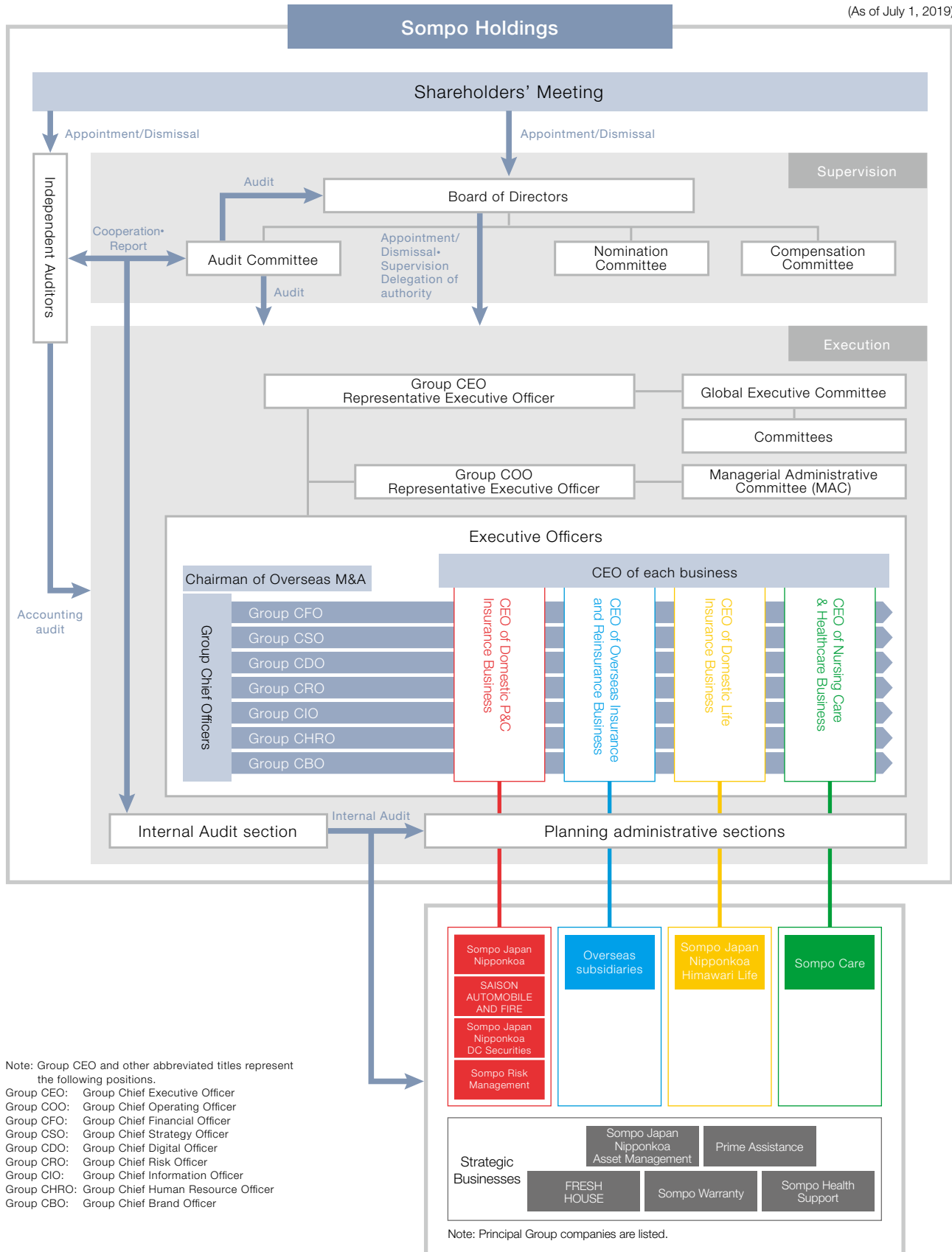


Group CHRO
Executive Vice President and
Executive Officer
Shinichi Hara

Human Resources

Management Structure of Corporate Governance

(As of July 1, 2019)



Policies for the Appointment of Officers

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

(1) Policies for the Appointment of Directors

The Company supervises and guides its subsidiaries, formulating management strategies for subsidiaries engaged mainly in the P&C insurance business, as well as comprehensive management strategies for the entire Group. The Company is responsible for the execution and realization of these strategies.

From this perspective, to facilitate objective decision-making with respect to management issues from a diverse and independent focus and perspective, the Board of Directors elects outside directors, who form a majority on the Board, with due consideration paid to diversity, including gender and nationality,

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

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

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

(2) Policies for the Appointment of Executive Officers

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

Standards Regarding the Independence of Outside Directors

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

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

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

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

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

Support System for Outside Directors

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

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

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

Corporate Governance

Sompo Holdings' Executive Compensation Structure

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

which is chaired by an outside director.

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

Basic Policies on Executive Compensation (Common to Group Companies)

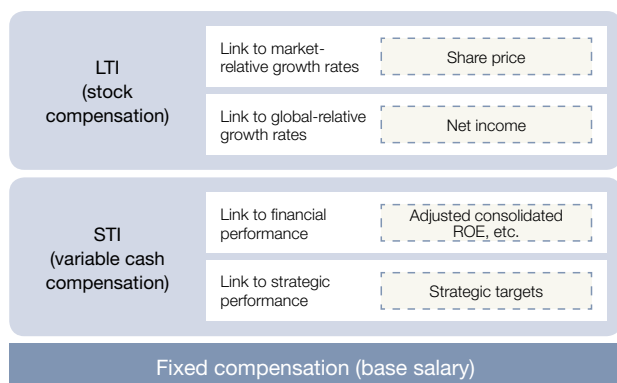
- (1) The composition and level of executive compensation shall enable the recruitment and retention of superior executive human resources as members of management of the Group.
- (2) The compensation structure shall be consistent with business strategies and promote incentives for executives to improve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

1. Overview of Executive Compensation Structure

The Company considers the current Mid-Term Management Plan as an opportunity for transforming each business and the entire Group. Executive compensation linked to the Company's

performance is recognized as an important facet of corporate governance underpinning this transformation initiative.

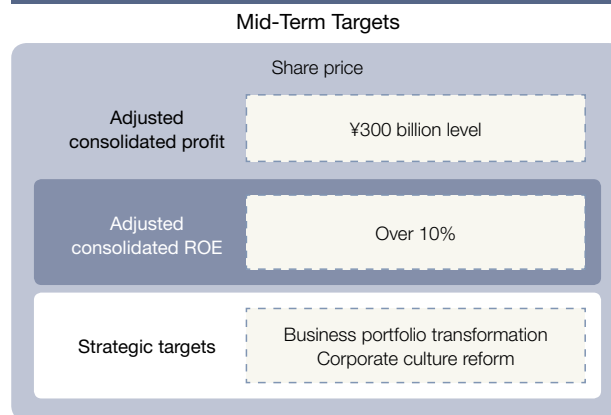
Motivate executive officers with a compensation structure that is linked to performance indicators in the Mid-Term Management Plan



The Company, based on the principle of being mission-driven and results-oriented, is of the opinion that each executive officer should demonstrate and act in accordance with their own duties and mission. Compensation for these executive officers is not a fixed amount based on their duties or position, but decided in accordance with the magnitude of the mission they are undertaking for the future and the outcome of their efforts. The structure for executive compensation was designed with this philosophy in mind.

To realize this, the Company determines standard amounts for total compensation packages based on a post grading system that sets grades for each post, with the Group CEO at the top grade, in accordance with the duties of each executive

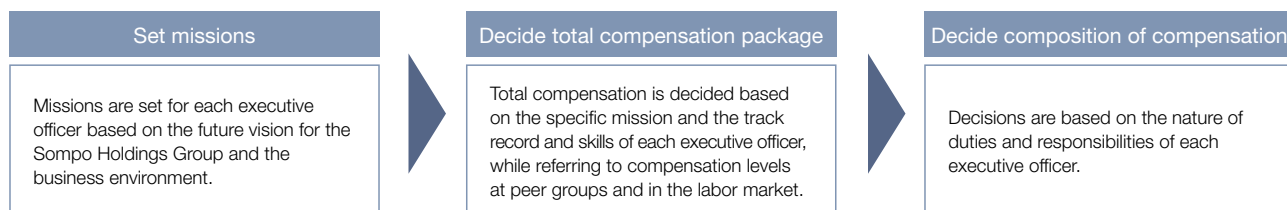
Realization of a "theme park" corporate group unlike any other in the world



officer post. The magnitude of the mission assigned to each post is mirrored in the standard amount of the total compensation package for each executive officer, which is decided for each fiscal year.

(1) Decision-making process for total compensation packages

The Company sets compensation levels on an individual basis with consideration made to the magnitude of the mission assigned to each executive officer and their own personal performance. This is in contrast to an approach whereby compensation is determined according to a traditional compensation table for each executive rank.



(2) Composition of executive compensation

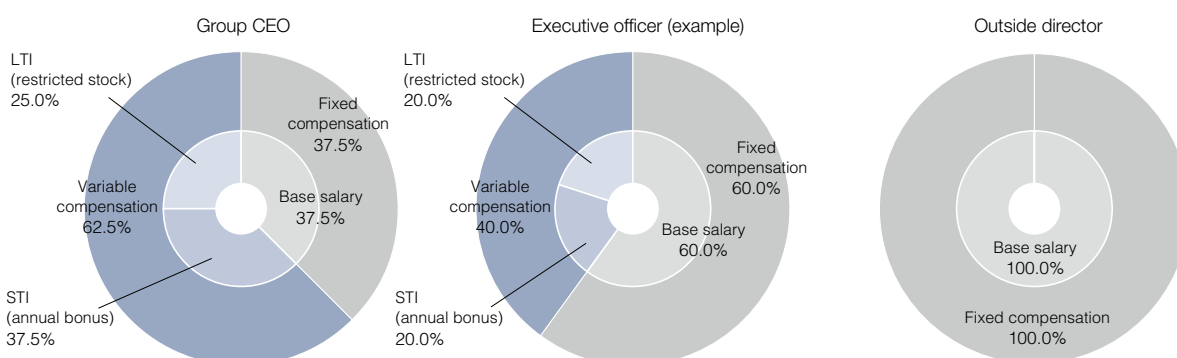
Executive officer compensation consists of a fixed component (base salary) based on the duties and responsibilities of each executive officer and a variable component linked to performance. Variable compensation comprises an annual bonus, which is compensation linked to short-term performance paid out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

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

Outline of Executive Compensation Structure at Sampo Holdings

	Type of compensation	% of total		Remarks
		CEO	Other executive officers	
Fixed compensation	Base salary	37.5%	50%–70%	- Set for each individual in accordance with the responsibilities and duties of their assigned post - Cash compensation paid monthly
Variable compensation	STI (annual bonus)	37.5%	15%–25%	- In addition to a set standard amount, payment amount is decided based on annual performance and achievements - Assessment of each executive officer's achievement of financial targets and strategic targets - Paid in cash in June after the conclusion of the fiscal year
	LTI (restricted stock)	25.0%	15%–25%	- Number of shares granted based on medium-to-long-term performance in order to align management with the interests of shareholders and facilitate the longer-term growth of the Group - Reference is made to the profit growth rates of peer companies and share price performance relative to TOPIX over the past three fiscal years - Points based on a trust agreement are awarded in September after the conclusion of the fiscal year; Stock is granted after retirement
	Subtotal	62.5%	30%–50%	
Total		100%	100%	

Example of Compensation Composition by Position



■ Fixed Compensation (Base Salary)

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

The amount of fixed compensation (base salary) is set at a level deemed fair in light of prevailing compensation levels on the market, referring to a survey of executive compensation conducted by a third-party compensation consulting firm, with a standard amount for the total compensation package based on the post grading system, as well as a base amount that

depends on the nature of the duties and responsibilities of each executive officer while considering the mission of each post.

■ STI (Annual Bonus)

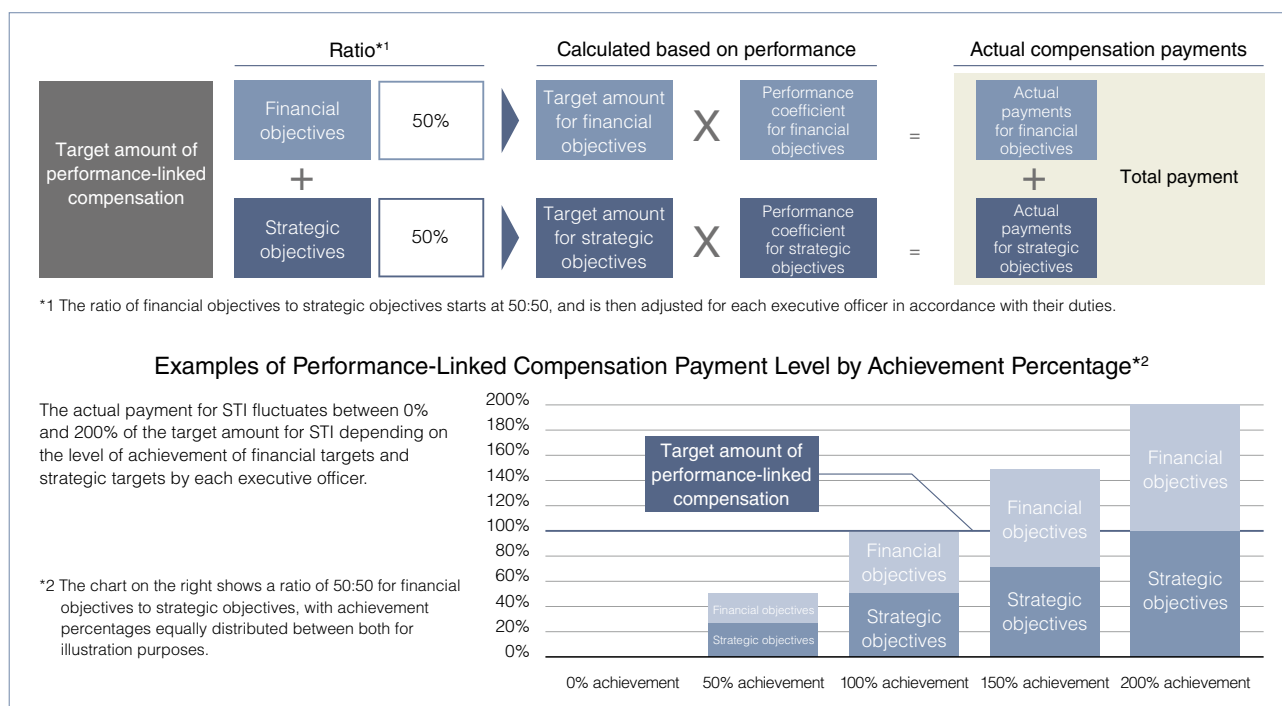
The Company has put in place a performance-linked compensation structure that rewards executive officers based on the business contributions they made in a single fiscal year, as well as establishing a framework that incentivizes executive officers to improve performance for the sake of the Group's growth, while aligning the executive compensation structure to business strategies.

Corporate Governance

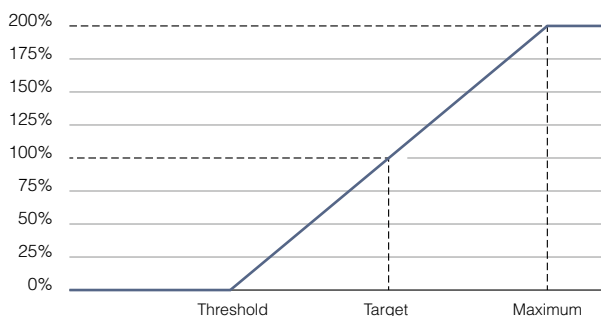
- The annual bonus is determined by reflecting the degree of achievement toward financial targets and strategic targets in a single fiscal year in the base amount of performance-linked compensation.
- The target amount of performance-linked compensation is defined as the amount to be paid when financial targets and strategic targets are achieved. This base amount is determined for each executive officer individually.
- The annual bonus consists of financial performance-linked compensation and strategic performance-linked compensation. The ratio of the two components is determined by the Compensation Committee in accordance with the nature of

the mission assigned to each executive officer.

- The performance metrics for financial targets include adjusted consolidated ROE in the fiscal year, and the coefficient is determined as a ratio of actual performance to target performance (numerical targets in the business plan).
- The performance metrics for strategic targets are those agreed upon by the Group CEO, or other senior executives (such as Business Owners) in charge of evaluating performance, in accordance with the mission assigned to the executive officer in question, and the coefficient is set according to the degree of achievement.



Assessment of Financial Target Achievement



Notes:

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

Indicators Used for Performance-Linked Compensation

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

Assessment of Achievement of Strategic Objectives

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

Note:

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

Business domain	Financial indicators (fiscal 2019)
Entire Group	Adjusted consolidated ROE
Domestic P&C insurance business	Net premiums written, adjusted profit, ROR,* net income, combined ratio
Overseas insurance business	Net premiums written, adjusted profit, ROR*
Domestic life insurance business	Increase in adjusted EV, adjusted profit, ROR*
Nursing care & healthcare business	Sales, ordinary profit

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

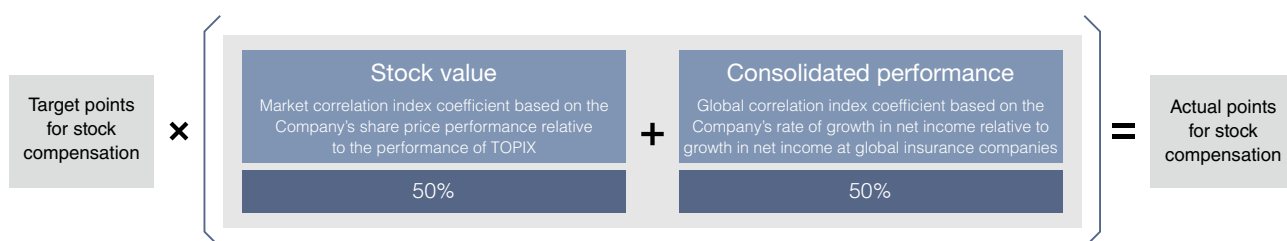
■ LTI (Restricted Stock)

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

- Performance-linked stock compensation is determined using market comparisons for medium-to-long-term stock value

and consolidated performance, expressed as a number of standard points for performance-linked stock compensation.

- The coefficient for stock value is determined by referring to the Company's share price performance relative to TOPIX over the past three fiscal years.
- The coefficient for consolidated performance is determined by comparing the Company's growth rate in consolidated net income over the past three fiscal years with the profit growth rates of global peers with operations centered on the insurance business.



2. Amount of Compensation Paid to Executives (Fiscal 2018)

Officer classification		Total compensation (¥ million)	Total compensation by type (¥ million)				No. of eligible executives
			Fixed compensation (base salary)	STI (annual bonus)	LTI (restricted stock)	Retirement benefits, etc.	
Directors (excluding outside directors)		541	283	141	116	—	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)		62	62	—	—	—	3
Outside officers	Outside directors	56	56	—	—	—	4
	Outside Audit & Supervisory Board members	42	42	—	—	—	3
Total		701	443	141	116	—	18

Notes: 1. For directors (excluding outside directors), total compensation, total compensation by type, and the number of eligible executives includes one director who resigned on March 31, 2018, and one director who resigned at the end of the 8th General Meeting of Shareholders held on June 25, 2018.

2. For Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members), total compensation, total compensation by type, and the number of eligible executives includes one Audit & Supervisory Board member who resigned at the end of the 8th General Meeting of Shareholders held on June 25, 2018.

3. Total compensation for directors (excluding outside directors) includes ¥479 million as compensation as executive officers for directors who are serving concurrently as executive officers (¥243 million in fixed compensation (base salary), ¥131 million in annual bonus, and ¥104 million in restricted stock). A total of eight people receive executive officer compensation.

4. Fixed compensation (base salary) is paid in cash.

5. Annual bonus is paid in cash as the total of compensation based on performance in the previous fiscal year and provisions to reserves for compensation based on performance in the current fiscal year. (However, this excludes provisions to reserves for the previous fiscal year.)

6. Restricted stock is the amount of provision to reserves for stock benefits posted as the portion for the current fiscal year, based on performance in the previous fiscal year.

7. Executives who receive compensation totaling more than ¥100 million from the Company and its consolidated subsidiaries are listed below.

Name	Total compensation from the Company and its consolidated subsidiaries (¥ million)	Officer classification	Company category	Total compensation by type from the Company and its consolidated subsidiaries (¥ million)			
				Fixed compensation (base salary)	STI (annual bonus)	LTI (restricted stock)	Retirement benefits, etc.
Kengo Sakurada	248	Director	The Company	110	82	56	—
		Director	Sompo Japan Nipponkoa Insurance Inc.	—	—	—	—
Keiji Nishizawa	150	Director	The Company	—	—	—	—
		Director	Sompo Japan Nipponkoa Insurance Inc.	78	31	40	—

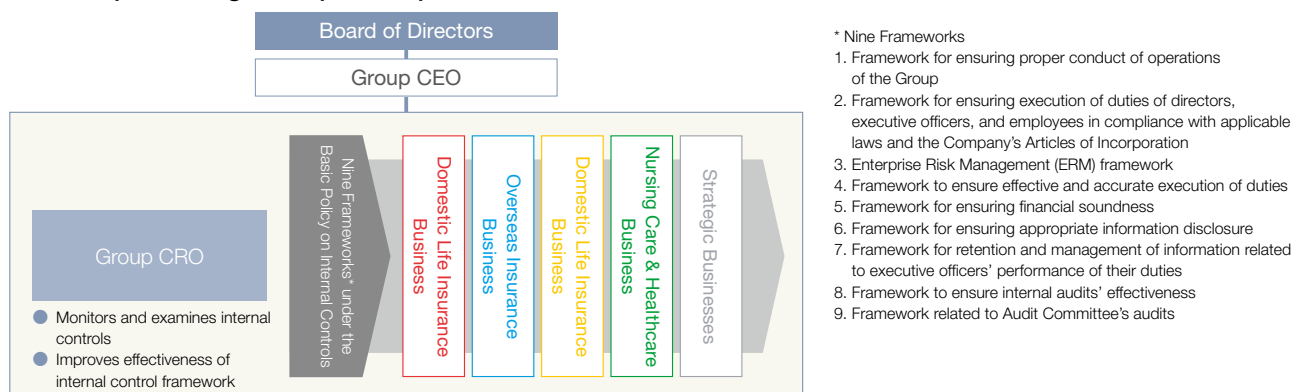
Corporate Governance

Group Internal Controls Supporting Corporate Governance

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

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

The Sampo Holdings Group's Group Internal Control Framework



Commitment to Compliance

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

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

identify potential risks of inappropriate actions by employees.

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

Developing the Group's Internal Audit Framework

Sampo Holdings has established the Sampo Holdings Group Basic Policy on Internal Audits, which defines internal audits as a process for verifying the appropriateness and effectiveness of the internal control framework. Moreover, the policy clearly states that internal audits are not merely meant to detect and identify issues in internal administrative processes or other areas, but should rather go further to analyze issues and

provide recommendations on methods for improvement. Based on these provisions, we shall develop an efficient and effective Group internal audit framework.

The Company identifies issues at each Group company by monitoring the implementation status of internal audits and supports them in developing their own internal audit frameworks by evaluating the quality of internal audits periodically.

IT Governance

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

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

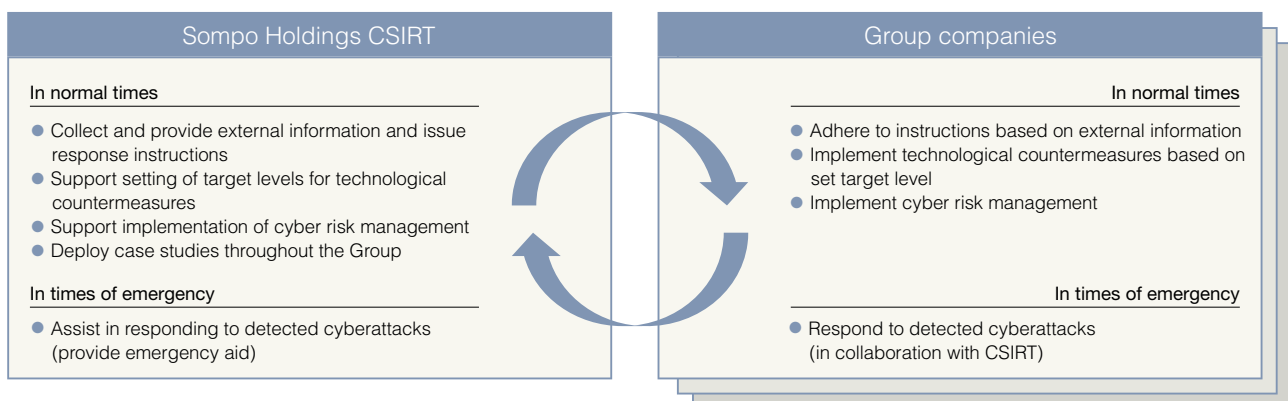
Responses to Cyber Risks—CSIRT

The Group has set up Sompo Holdings CSIRT* as a specialized organization tasked with systematically responding to ever-growing cyber risks for the entire Group. We are ceaselessly increasing the sophistication of our responses to cyber risks by supporting preparations for cyber risk management at each Group company and collecting external information.

Sompo Holdings CSIRT plays a central role in implementing the following initiatives, and individuals are assigned at each Group company to take charge of these initiatives.

- Collect external information (threats, vulnerabilities) and share with Group companies and issue response instructions
- Integrate information pertaining to detected cyberattacks within the Group and support responses to such attacks
- Support the setting of target levels for technological countermeasures based on probability and potential impact of risks at each Group company
- Assist creation of business continuity plans, employee education, as well as planning and implementation of employee drills

* CSIRT: Computer Security Incident Response Team



Information Disclosure

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

Corporate Website / Integrated Report

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

URL

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

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



Regular Briefings for Investors and Analysts

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

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

basis. In addition, we provide a wide range of opportunities for discussions with Business Owners with regard to specific business themes.

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

Briefings, etc., Held in Fiscal 2018

Business strategy explanation meetings for institutional investors and analysts (IR meetings)	2 times
Financial results conference calls for institutional investors and analysts	2 times
Small, theme-specific meetings with Business Owners, etc.	3 times
Conferences sponsored by securities companies	5 times
One-on-one meetings with institutional investors	268 times
Information sessions for individual investors	12 times

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Segment Overview (Unaudited)

Domestic P&C Insurance Business

1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	401,178	15.99%	5.60%	426,238	16.76%	6.25%
Marine insurance	46,983	1.87	3.89	46,123	1.81	(1.83)
Personal accident insurance	276,557	11.02	(3.92)	262,694	10.33	(5.01)
Voluntary automobile insurance	1,127,108	44.91	0.59	1,123,163	44.15	(0.35)
Compulsory automobile liability insurance	297,410	11.85	(6.59)	297,246	11.69	(0.06)
Others	360,403	14.36	4.57	388,254	15.26	7.73
Total	2,509,641	100.00	0.52	2,543,721	100.00	1.36
Deposits of premiums by policyholders	120,380	4.80	(8.54)	111,132	4.37	(7.68)

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	282,230	12.72%	(1.32)%	265,519	12.08%	(5.92)%
Marine insurance	47,386	2.14	7.73	44,315	2.02	(6.48)
Personal accident insurance	182,280	8.22	(1.11)	172,856	7.86	(5.17)
Voluntary automobile insurance	1,124,201	50.68	0.45	1,118,765	50.88	(0.48)
Compulsory automobile liability insurance	292,021	13.16	(1.31)	278,788	12.68	(4.53)
Others	290,288	13.09	2.64	318,458	14.48	9.70
Total	2,218,407	100.00	0.28	2,198,702	100.00	(0.89)

Note) Figures are amounts before the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	201,779	15.50%	7.64%	276,294	19.59%	36.93%
Marine insurance	29,084	2.23	6.40	34,103	2.42	17.26
Personal accident insurance	96,404	7.41	(0.11)	91,729	6.50	(4.85)
Voluntary automobile insurance	608,645	46.76	3.31	620,252	43.97	1.91
Compulsory automobile liability insurance	215,441	16.55	(4.02)	206,781	14.66	(4.02)
Others	150,278	11.55	4.08	181,396	12.86	20.71
Total	1,301,632	100.00	2.55	1,410,557	100.00	8.37

Note) Figures are amounts before the elimination of internal transactions between segments.

4. Investment assets

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Deposits	497,791	7.39%	489,138	7.48%
Receivables under resale agreements	74,998	1.11	64,999	0.99
Monetary receivables bought	6,301	0.09	11,703	0.18
Money trusts	98,613	1.46	40,862	0.62
Securities	4,489,120	66.64	4,067,374	62.20
Loans	628,099	9.32	661,077	10.11
Land & buildings	232,377	3.45	223,925	3.42
Total investment assets	6,027,302	89.47	5,559,080	85.01
Total net assets	6,736,732	100.00	6,539,595	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

5. Securities

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Government bonds	842,594	18.77%	782,353	19.23%
Municipal bonds	14,380	0.32	17,358	0.43
Corporate bonds	571,645	12.73	604,069	14.85
Domestic stocks	1,629,104	36.29	1,310,730	32.23
Foreign securities	1,366,275	30.44	1,284,594	31.58
Others	65,119	1.45	68,268	1.68
Total	4,489,120	100.00	4,067,374	100.00

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- As of March 31, 2018, Others primarily comprised security investment trust beneficiary securities amounting to 51,499 million yen.
As of March 31, 2019, Others primarily comprised security investment trust beneficiary securities amounting to 54,455 million yen.

6. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	96	458,442	0.02%	246	455,187	0.05%
Call loans	0	80	0.03	—	—	—
Receivables under resale agreements	3	72,887	0.00	2	62,238	0.00
Monetary receivables bought	150	6,375	2.36	134	6,844	1.96
Money trusts	2,395	95,770	2.50	2,093	73,463	2.85
Securities	92,929	3,338,115	2.78	98,459	3,232,253	3.05
Loans	6,505	611,659	1.06	7,010	646,947	1.08
Land & buildings	3,703	278,313	1.33	3,499	233,316	1.50
Subtotal	105,783	4,861,646	2.18	111,447	4,710,251	2.37
Others	1,218	—	—	1,166	—	—
Total	107,002	—	—	112,613	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Income is the sum of interest and dividend income and the amount equivalent to the interest and dividend income that is included in investment gains on money trusts and investment losses on money trusts in consolidated statements of income.
- Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

(2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	(1,578)	458,442	(0.34)%	298	455,187	0.07%
Call loans	0	80	0.03	—	—	—
Receivables under resale agreements	3	72,887	0.00	2	62,238	0.00
Monetary receivables bought	150	6,375	2.36	134	6,844	1.96
Money trusts	5,307	95,770	5.54	4,438	73,463	6.04
Securities	160,193	3,338,115	4.80	188,269	3,232,253	5.82
Loans	4,561	611,659	0.75	8,039	646,947	1.24
Land & buildings	3,703	278,313	1.33	3,499	233,316	1.50
Derivatives	(11,606)	—	—	(6,685)	—	—
Others	(170)	—	—	2,247	—	—
Total	160,563	4,861,646	3.30	200,244	4,710,251	4.25

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Investment profit (realized basis) excludes investment expenses from total amount of investment income and interest and dividend income on deposits of premiums, etc., on the Consolidated Statement of Income.
- Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

7. Foreign investments

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	786,891	53.37%	674,539	49.85%
Foreign stocks	120,587	8.18	107,917	7.98
Others	310,948	21.09	344,420	25.45
Subtotal	1,218,427	82.63	1,126,877	83.28
Yen-denominated securities				
Loan for non-resident	3,600	0.24	1,100	0.08
Foreign bonds	44,623	3.03	31,854	2.35
Others	207,848	14.10	193,298	14.29
Subtotal	256,071	17.37	226,252	16.72
Total	1,474,498	100.00	1,353,130	100.00
Yield on foreign investments				
Income yield		2.38%		2.53%
Realized yield		2.49		2.64

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Figures include the amount managed as money trust.
- Assets associated with foreign investments under income yield within yield for foreign investments are calculated using the same method as 6. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield for foreign investments are calculated using the same method as 6. Yield (2) Realized yield.
- As of March 31, 2018, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 239,262 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 156,103 million yen.
As of March 31, 2019, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 251,149 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 130,875 million yen.

Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	636,347	88.21%	519,452	(18.37)%

Note) Figures are amounts before the elimination of internal transactions between segments.

Domestic Life Insurance Business

1. Total amount of business in force

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	21,877,872	(0.86)%	23,073,457	5.46%
Individual annuities	247,948	(4.12)	237,554	(4.19)
Group insurance	2,784,686	3.09	2,710,674	(2.66)
Group annuities	—	—	—	—

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.

2. Amounts of individual annuities represent the sums of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

2. Total amount of new business

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Individual insurance	1,484,076	1,484,076	—	4,244,311	4,244,311	—
Individual annuities	—	—	—	—	—	—
Group insurance	18,461	18,461	—	17,092	17,092	—
Group annuities	—	—	—	—	—	—

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.

2. Amounts of new business and net increase on conversion for individual annuities represent annuity fund at the beginning of annuity payment.

3. Investment assets

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Deposits	90,465	3.23%	92,843	3.09%
Securities	2,593,406	92.72	2,804,105	93.28
Loans	39,865	1.43	41,734	1.39
Land & buildings	433	0.02	445	0.01
Total investment assets	2,724,171	97.40	2,939,128	97.77
Total net assets	2,796,934	100.00	3,006,265	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

4. Securities

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,771,498	68.31%	1,843,724	65.75%
Municipal bonds	61,623	2.38	66,010	2.35
Corporate bonds	355,247	13.70	425,426	15.17
Domestic stocks	9,234	0.36	8,649	0.31
Foreign securities	395,802	15.26	460,294	16.42
Total	2,593,406	100.00	2,804,105	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

5. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	76,714	— %	—	86,033	— %
Securities	42,635	2,447,617	1.74	43,308	2,623,647	1.65
Loans	1,181	38,913	3.04	1,235	40,686	3.04
Land & buildings	—	442	—	—	422	—
Subtotal	43,816	2,563,687	1.71	44,544	2,750,789	1.62
Others	—	—	—	—	—	—
Total	43,816	—	—	44,544	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Income amount represents interest and dividend income on the Consolidated Statement of Income.
- Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

(2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	0	76,714	0.00%	—	86,033	— %
Securities	43,897	2,447,617	1.79	44,460	2,623,647	1.69
Loans	1,181	38,913	3.04	1,235	40,686	3.04
Land & buildings	—	442	—	—	422	—
Derivatives	(1,384)	—	—	(926)	—	—
Others	(87)	—	—	—	—	—
Total	43,607	2,563,687	1.70	44,769	2,750,789	1.63

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Investment profit (realized basis) excludes investment expenses from investment income on the Consolidated Statement of Income.
- Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

6. Foreign investments

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	376,018	96.53%	429,747	94.74%
Others	166	0.04	—	—
Subtotal	376,184	96.57	429,747	94.74
Yen-denominated securities				
Foreign bonds	13,350	3.43	8,410	1.85
Others	—	—	15,459	3.41
Subtotal	13,350	3.43	23,870	5.26
Total	389,535	100.00	453,618	100.00
Yield on foreign investments				
Income yield		2.19%		2.02%
Realized yield		2.00		1.94

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Assets associated with foreign investments under income yield within yield on foreign investments are calculated using the same method as 5. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as 5. Yield (2) Realized yield.
- As of March 31, 2018, others in foreign currency denominated securities is entirely attributable to deposits.
As of March 31, 2019, others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.

Nursing Care & Healthcare Business

Ordinary income decreased 0.3 billion yen, to 127.5 billion yen, compared with the fiscal year ended March 31, 2018. Net loss attributable to shareholders of the parent improved 1.2 billion yen from the fiscal year ended March 31, 2018, to a net loss of 0.2 billion yen.

(Reference) Overview of Entire Business

1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	538,247	17.00%	12.52%	531,642	17.05%	(1.23)%
Marine insurance	104,351	3.30	17.63	88,929	2.85	(14.78)
Personal accident insurance	288,131	9.10	(3.60)	271,240	8.70	(5.86)
Voluntary automobile insurance	1,250,159	39.49	(0.13)	1,207,020	38.70	(3.45)
Compulsory automobile liability insurance	297,410	9.40	(6.59)	297,246	9.53	(0.06)
Others	687,145	21.71	57.32	722,477	23.17	5.14
Total	3,165,447	100.00	10.18	3,118,558	100.00	(1.48)
Deposits of premiums by policyholders	120,380	3.80	(8.54)	111,132	3.56	(7.68)

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	454,125	15.91%	21.57%	375,171	13.80%	(17.39)%
Marine insurance	105,325	3.69	32.76	81,730	3.01	(22.40)
Personal accident insurance	192,798	6.75	(0.70)	180,270	6.63	(6.50)
Voluntary automobile insurance	1,241,314	43.48	(0.35)	1,199,516	44.13	(3.37)
Compulsory automobile liability insurance	292,021	10.23	(1.31)	278,788	10.26	(4.53)
Others	569,170	19.94	57.34	602,677	22.17	5.89
Total	2,854,755	100.00	11.94	2,718,155	100.00	(4.78)

Note) Figures are amounts before the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	337,488	19.87%	47.24%	345,793	20.40%	2.46%
Marine insurance	63,003	3.71	52.47	53,424	3.15	(15.20)
Personal accident insurance	100,955	5.94	1.43	95,396	5.63	(5.51)
Voluntary automobile insurance	679,027	39.99	5.31	671,375	39.61	(1.13)
Compulsory automobile liability insurance	215,441	12.69	(4.02)	206,781	12.20	(4.02)
Others	302,254	17.80	60.43	322,119	19.01	6.57
Total	1,698,171	100.00	18.94	1,694,889	100.00	(0.19)

Note) Figures are amounts before the elimination of internal transactions between segments.

Report of Independent Auditors



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Independent Auditor's Report

The Board of Directors
Sompo Holdings, Inc.

We have audited the accompanying consolidated financial statements of Sompo Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2019, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sompo Holdings, Inc. and its consolidated subsidiaries as of March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 27, 2019

Consolidated Financial Statements

Consolidated Balance Sheet

Sompo Holdings, Inc.

(Millions of yen)

		As of March 31, 2018		As of March 31, 2019		Increase (Decrease)
	Notes No.	Amount	Composition ratio	Amount	Composition ratio	
Assets:						
Cash and deposits	*5	894,437	7.49%	971,469	8.08%	77,031
Receivables under resale agreements		74,998	0.63	64,999	0.54	(9,999)
Monetary receivables bought		6,727	0.06	11,869	0.10	5,142
Money trusts		98,744	0.83	40,993	0.34	(57,751)
Securities	*3, *5, *6	8,275,132	69.26	8,012,734	66.67	(262,398)
Loans	*4, *7	668,419	5.59	703,255	5.85	34,836
Tangible fixed assets:	*1, *2, *5	354,593	2.97	355,144	2.96	550
Land		132,601		128,381		(4,219)
Buildings		123,682		124,558		875
Leased assets		59,305		55,598		(3,707)
Construction in progress		6,935		13,260		6,325
Other tangible fixed assets		32,069		33,345		1,276
Intangible fixed assets:		402,839	3.37	401,165	3.34	(1,673)
Software		20,090		21,023		932
Goodwill		223,977		198,694		(25,282)
Other intangible fixed assets		158,770		181,447		22,676
Other assets		1,155,305	9.67	1,447,194	12.04	291,889
Net defined benefit asset		1,062	0.01	207	0.00	(854)
Deferred tax assets		22,312	0.19	15,663	0.13	(6,649)
Allowance for possible credit losses		(6,249)	(0.05)	(6,442)	(0.05)	(192)
Total assets		11,948,323	100.00	12,018,254	100.00	69,930

Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2018		As of March 31, 2019		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Liabilities:						
Underwriting funds:		8,277,130	69.27%	8,348,638	69.47%	71,507
Reserve for outstanding losses and claims		1,563,825		1,559,910		(3,915)
Underwriting reserves		6,713,304		6,788,727		75,422
Corporate bonds		512,045	4.29	510,383	4.25	(1,661)
Other liabilities	*5	939,362	7.86	1,113,887	9.27	174,524
Net defined benefit liability		102,992	0.86	103,796	0.86	804
Reserve for retirement benefits to directors		40	0.00	31	0.00	(9)
Reserve for bonus payments		31,731	0.27	30,363	0.25	(1,368)
Reserve for bonus payments to directors		290	0.00	261	0.00	(29)
Reserve for stocks payments		937	0.01	1,347	0.01	410
Reserves under the special laws:		86,095	0.72	90,722	0.75	4,626
Reserve for price fluctuation		86,095		90,722		4,626
Deferred tax liabilities		81,487	0.68	38,910	0.32	(42,576)
Total liabilities		10,032,113	83.96	10,238,342	85.19	206,229
Net assets:						
Shareholders' equity:						
Common stock		100,045	0.84	100,045	0.83	—
Capital surplus		408,335	3.42	244,170	2.03	(164,165)
Retained earnings		603,615	5.05	712,745	5.93	109,129
Treasury stock		(128,182)	(1.07)	(2,902)	(0.02)	125,279
Total shareholders' equity		983,814	8.23	1,054,058	8.77	70,244
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		922,425	7.72	763,859	6.36	(158,566)
Deferred gains and losses on hedges		7,050	0.06	6,449	0.05	(601)
Foreign currency translation adjustments		(22,317)	(0.19)	(62,937)	(0.52)	(40,620)
Remeasurements of defined benefit plans		(3,205)	(0.03)	(3,551)	(0.03)	(346)
Total accumulated other comprehensive income		903,954	7.57	703,820	5.86	(200,134)
Stock acquisition rights		749	0.01	632	0.01	(116)
Non-controlling interests		27,692	0.23	21,399	0.18	(6,292)
Total net assets		1,916,210	16.04	1,779,911	14.81	(136,298)
Total liabilities and net assets		11,948,323	100.00	12,018,254	100.00	69,930

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		3,770,052	100.00%	3,643,040	100.00%	(127,011)
Underwriting income:		3,369,720	89.38	3,220,047	88.39	(149,672)
Net premiums written		2,854,755		2,718,155		(136,599)
Deposits of premiums by policyholders		120,380		111,132		(9,248)
Interest and dividend income on deposits of premiums, etc.		39,333		38,203		(1,129)
Life insurance premiums written		346,998		349,606		2,608
Other underwriting income		8,252		2,949		(5,303)
Investment income:		254,395	6.75	273,249	7.50	18,854
Interest and dividend income		190,863		188,722		(2,140)
Investment gains on money trusts		5,476		5,445		(30)
Investment gains on trading securities		11,461		—		(11,461)
Gains on sales of securities		83,450		110,913		27,463
Gains on redemption of securities		756		1,709		952
Investment gains on special account		1,478		391		(1,086)
Other investment income		242		4,271		4,028
Transfer of interest and dividend income on deposits of premiums, etc.		(39,333)		(38,203)		1,129
Other ordinary income:		145,936	3.87	149,743	4.11	3,806
Investment gains on the equity method		592		—		(592)
Other ordinary income		145,344		149,743		4,399
Ordinary expenses:		3,628,162	96.24	3,444,081	94.54	(184,080)
Underwriting expenses:		2,868,010	76.07	2,737,949	75.16	(130,061)
Net claims paid		1,698,171		1,694,889		(3,281)
Loss adjustment expenses	*1	138,317		135,759		(2,557)
Net commissions and brokerage fees	*1	516,938		504,932		(12,006)
Maturity refunds to policyholders		231,367		205,423		(25,944)
Dividends to policyholders		186		128		(58)
Life insurance claims paid and other payments		88,899		88,471		(427)
Provision for reserve for outstanding losses and claims		75,625		13,119		(62,506)
Provision for underwriting reserves		113,706		89,730		(23,976)
Other underwriting expenses		4,797		5,494		697
Investment expenses:		29,270	0.78	35,798	0.98	6,527
Investment losses on money trusts		168		1,006		837
Investment losses on trading securities		—		195		195
Losses on sales of securities		9,682		10,984		1,301
Impairment losses on securities		3,745		13,425		9,679
Losses on redemption of securities		97		236		139
Losses on derivatives		11,546		2,766		(8,780)
Other investment expenses		4,030		7,184		3,153
Operating, general and administrative expenses	*1	608,427	16.14	540,542	14.84	(67,885)
Other ordinary expenses:		122,453	3.25	129,792	3.56	7,338
Interest paid		14,549		13,902		(646)
Provision for allowance for possible credit losses		—		420		420
Losses on bad debt		60		27		(33)
Investment losses on the equity method		—		593		593
Other ordinary expenses		107,843		114,848		7,005
Ordinary profit		141,890	3.76	198,959	5.46	57,068

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		30,692	0.81%	12,868	0.35%	(17,823)
Gains on disposal of fixed assets		4,714		12,868		8,154
Other extraordinary gains	*3	25,978		—		(25,978)
Extraordinary losses:		58,246	1.54	9,799	0.27	(48,447)
Losses on disposal of fixed assets		35,200		2,427		(32,773)
Impairment losses	*2	11,132		1,735		(9,396)
Provision for reserves under the special laws:		11,894		4,626		(7,268)
Provision for reserve for price fluctuation		11,894		4,626		(7,268)
Losses on reduction of real estate		18		—		(18)
Other extraordinary losses	*4	—		1,009		1,009
Net income before income taxes		114,336	3.03	202,029	5.55	87,692
Income taxes		13,618	0.36	43,276	1.19	29,657
Deferred income taxes		(35,920)	(0.95)	16,380	0.45	52,300
Total income taxes		(22,301)	(0.59)	59,657	1.64	81,958
Net income		136,637	3.62	142,372	3.91	5,734
Net loss attributable to non-controlling shareholders		(3,179)	(0.08)	(4,253)	(0.12)	(1,074)
Net income attributable to shareholders of the parent		139,817	3.71	146,626	4.02	6,808
Gross investment margin		225,124		237,451		12,327
Other ordinary income and expenses		23,483		19,951		(3,532)
Investment gains and losses on the equity method		592		(593)		(1,186)
Extraordinary gains and losses		(27,554)		3,069		30,623

Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
		Amount	Amount
Net income		136,637	142,372
Other comprehensive income:			
Unrealized gains and losses on securities available for sale		59,196	(154,942)
Deferred gains and losses on hedges		(952)	(601)
Foreign currency translation adjustments		(43,504)	(40,913)
Remeasurements of defined benefit plans		26,458	(328)
Share of other comprehensive income of affiliates accounted for under the equity method		(81)	(47)
Total other comprehensive income	*1	41,116	(196,832)
Comprehensive income		177,754	(54,460)
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		180,373	(49,978)
Comprehensive income attributable to non-controlling shareholders		(2,618)	(4,481)

Consolidated Statement of Changes in Net Assets

Sompo Holdings, Inc.

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	408,382	501,561	(71,459)	938,529
Changes during the period:					
Dividends			(41,027)		(41,027)
Net income attributable to shareholders of the parent			139,817		139,817
Acquisition of treasury stock				(56,941)	(56,941)
Disposal of treasury stock		(45)		219	173
Changes in the scope of consolidation			2,332		2,332
Changes in interest of the parent related to transactions with non-controlling shareholders		(1)			(1)
Others			931		931
Net changes in items other than shareholders' equity					
Total changes during the period	—	(47)	102,054	(56,722)	45,284
Balance at the end of the period	100,045	408,335	603,615	(128,182)	983,814

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	863,455	8,003	22,663	(29,676)	864,445	926	65,038	1,868,940
Changes during the period:								
Dividends								(41,027)
Net income attributable to shareholders of the parent								139,817
Acquisition of treasury stock								(56,941)
Disposal of treasury stock								173
Changes in the scope of consolidation								2,332
Changes in interest of the parent related to transactions with non-controlling shareholders								(1)
Others								931
Net changes in items other than shareholders' equity	58,970	(952)	(44,981)	26,471	39,509	(177)	(37,346)	1,985
Total changes during the period	58,970	(952)	(44,981)	26,471	39,509	(177)	(37,346)	47,269
Balance at the end of the period	922,425	7,050	(22,317)	(3,205)	903,954	749	27,692	1,916,210

Consolidated Statement of Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	408,335	603,615	(128,182)	983,814
Cumulative effects of changes in accounting policies			3,529		3,529
Restated balance	100,045	408,335	607,144	(128,182)	987,343
Changes during the period:					
Dividends			(45,208)		(45,208)
Net income attributable to shareholders of the parent			146,626		146,626
Acquisition of treasury stock				(39,127)	(39,127)
Disposal of treasury stock		(50)		295	244
Cancellation of treasury stock		(164,112)		164,112	—
Changes in the scope of consolidation			4,182		4,182
Changes in interest of the parent related to transactions with non-controlling shareholders		(2)			(2)
Net changes in items other than shareholders' equity					
Total changes during the period	—	(164,165)	105,600	125,279	66,714
Balance at the end of the period	100,045	244,170	712,745	(2,902)	1,054,058

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	922,425	7,050	(22,317)	(3,205)	903,954	749	27,692	1,916,210
Cumulative effects of changes in accounting policies	(3,529)				(3,529)			—
Restated balance	918,896	7,050	(22,317)	(3,205)	900,425	749	27,692	1,916,210
Changes during the period:								
Dividends								(45,208)
Net income attributable to shareholders of the parent								146,626
Acquisition of treasury stock								(39,127)
Disposal of treasury stock								244
Cancellation of treasury stock								—
Changes in the scope of consolidation								4,182
Changes in interest of the parent related to transactions with non-controlling shareholders								(2)
Net changes in items other than shareholders' equity	(155,037)	(601)	(40,620)	(346)	(196,604)	(116)	(6,292)	(203,013)
Total changes during the period	(155,037)	(601)	(40,620)	(346)	(196,604)	(116)	(6,292)	(136,298)
Balance at the end of the period	763,859	6,449	(62,937)	(3,551)	703,820	632	21,399	1,779,911

Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)
		Amount	Amount	Amount
Cash flows from operating activities:				
Net income before income taxes		114,336	202,029	87,692
Depreciation		73,069	47,305	(25,763)
Impairment losses		11,132	1,735	(9,396)
Amortization of goodwill		25,731	24,057	(1,674)
Increase (decrease) in reserve for outstanding losses and claims		91,837	11,962	(79,874)
Increase (decrease) in underwriting reserves		110,798	85,494	(25,303)
Increase (decrease) in allowance for possible credit losses		(222)	255	478
Increase (decrease) in net defined benefit liability		4,877	1,193	(3,683)
Increase (decrease) in reserve for retirement benefits to directors		4	(9)	(13)
Increase (decrease) in reserve for bonus payments		(1,547)	(1,071)	475
Increase (decrease) in reserve for bonus payments to directors		(15)	(29)	(13)
Increase (decrease) in reserve for stocks payments		491	410	(81)
Increase (decrease) in reserve for price fluctuation		11,894	4,626	(7,268)
Interest and dividend income		(190,863)	(188,722)	2,140
Losses (gains) on investment in securities		(70,667)	(87,971)	(17,304)
Interest expenses		14,549	13,902	(646)
Foreign exchange losses (gains)		(1,349)	(1,455)	(106)
Losses (gains) related to tangible fixed assets		28,220	(10,490)	(38,711)
Losses (gains) related to loans		1	0	(0)
Investment losses (gains) on the equity method		(592)	593	1,186
Decrease (increase) in other assets (other than investing and financing activities)		(71,583)	(295,450)	(223,866)
Increase (decrease) in other liabilities (other than investing and financing activities)		9,294	82,050	72,756
Others		(15,167)	12,892	28,060
Subtotal		144,227	(96,688)	(240,915)
Interest and dividend received		193,223	192,623	(599)
Interest paid		(13,906)	(18,921)	(5,014)
Income taxes refund (paid)		(77,109)	1,758	78,868
Cash flows from operating activities		246,433	78,772	(167,661)

Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)
		Amount	Amount	Amount
Cash flows from investing activities:				
Net decrease (increase) in deposits		(22,547)	54	22,601
Purchase of monetary receivables bought		(415)	(6,889)	(6,473)
Proceeds from sales and redemption of monetary receivables bought		5,173	1,889	(3,284)
Increase in money trusts		(96)	(1)	95
Decrease in money trusts		8,531	62,125	53,593
Purchase of securities		(1,589,361)	(1,442,144)	147,216
Proceeds from sales and redemption of securities		1,581,387	1,462,201	(119,186)
Loans made		(198,238)	(224,725)	(26,486)
Collection of loans		154,792	180,906	26,113
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		22,921	1,966	(20,955)
Others		(11,354)	45,248	56,603
Total of investment transactions		(49,207)	80,630	129,838
Total of operating activities and investment transactions as above		197,226	159,402	(37,823)
Acquisition of tangible fixed assets		(24,178)	(28,149)	(3,971)
Proceeds from sales of tangible fixed assets		24,298	21,154	(3,144)
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		—	(12,731)	(12,731)
Proceeds from sales of stocks of subsidiaries resulting in changes in the scope of consolidation		67,991	—	(67,991)
Others		(50,763)	(47,421)	3,342
Cash flows from investing activities		(31,859)	13,482	45,342
Cash flows from financing activities:				
Proceeds from borrowings		152,150	90	(152,059)
Repayments of borrowings		(15,937)	(34,758)	(18,821)
Proceeds from issuance of corporate bonds		100,000	—	(100,000)
Redemption of corporate bonds		(11,300)	—	11,300
Net increase (decrease) in payables under securities lending transactions		(154,345)	106,571	260,916
Proceeds from sales of treasury stock		46	128	81
Acquisition of treasury stock		(56,941)	(39,127)	17,813
Dividends paid		(40,983)	(45,159)	(4,175)
Dividends paid to non-controlling shareholders		(7,205)	(1,695)	5,510
Repayments to non-controlling shareholders		(25,990)	—	25,990
Acquisition of stocks of subsidiaries that do not result in changes in the scope of consolidation		(16)	—	16
Others		(6,073)	(5,177)	896
Cash flows from financing activities		(66,597)	(19,127)	47,469
Effect of exchange rate changes on cash and cash equivalents		3,365	(18,231)	(21,597)
Increase (decrease) in cash and cash equivalents		151,343	54,895	(96,447)
Cash and cash equivalents at the beginning of the period		773,466	931,033	157,567
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries		6,224	5,366	(858)
Cash and cash equivalents at the end of the period	*1	931,033	991,295	60,261

Notes to the Consolidated Financial Statements

Sompo Holdings, Inc.

1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 67 companies

Names of major subsidiaries

Sompo Japan Nipponkoa Insurance Inc.
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
Sonpo 24 Insurance Company Limited
Sompo Japan Nipponkoa Insurance Services Inc.
Sompo International Holdings Ltd.
Endurance Specialty Insurance Ltd.
Sompo America Insurance Company
Endurance Worldwide Insurance Limited
SI Insurance (Europe), SA
Sompo Japan Sigorta Anonim Sirketi
Sompo Holdings (Asia) Pte. Ltd.
Sompo Insurance Singapore Pte. Ltd.
Berjaya Sompo Insurance Berhad
PT Sompo Insurance Indonesia
Sompo Insurance China Co., Ltd.
Sompo Insurance (Hong Kong) Company Limited
Sompo Seguros S.A.
Sompo Saúde Seguros S.A.
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
Sompo Care Inc.
Sompo Health Support Inc.
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.
Sompo Risk Management Inc.
Sompo Japan Nipponkoa DC Securities Inc.

Lexon Holding Company and 9 other companies became subsidiaries as a result of the acquisition of shares and thus were included in the scope of consolidation from the fiscal year ended March 31, 2019, however, Lexon Holding Company ceased to exist following an absorption-type merger on December 31, 2018, in which Endurance U.S. Holdings Corp. was a surviving company while Lexon Holding Company and 4 other companies were absorbed companies.

Sompo Japan Nipponkoa Insurance Company of Europe Limited was merged by absorption into SI Insurance (Europe), SA on January 1, 2019.

Sompo Care Next Inc. was merged by absorption into Sompo Care Inc. on July 1, 2018. Sompo Care Inc. changed its name from Sompo Care Message Inc. on April 1, 2018.

Sompo Risk Management & Health Care Inc. (renamed Sompo Risk Management Inc. on October 1, 2018) split its healthcare business on October 1, 2018, and established Sompo Health Support Inc. As a result, Sompo Health Support Inc. is included in the scope of consolidation from the fiscal year ended March 31, 2019.

(2) Names of major non-consolidated subsidiaries

Names of major subsidiaries

- Sompo Insurance (Thailand) Public Company Limited
- Sompo Japan Nipponkoa Reinsurance Company Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of Sampo Holdings Group ("SOMPO HOLDINGS") in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of the Company, they are excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method: 5 companies

Names of major affiliates

- Hitachi Capital Insurance Corporation
- Universal Sampo General Insurance Company Limited

(2) The non-consolidated subsidiaries and affiliates (Sampo Insurance (Thailand) Public Company Limited and Sampo Japan Nipponkoa Reinsurance Company Limited, etc.) do not have a material impact on the consolidated financial statements in terms of net income or loss and retained earnings, etc. to the extent of the equity position of the Company even if they are excluded from the scope of the equity method, and they do not have a material impact as a whole. Therefore, they are excluded from the scope of the equity method.

(3) The Company holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. ("J.E.R.") through its domestic consolidated property and casualty insurance subsidiaries. As J.E.R. is engaged in public business and the Company is not considered to have a material impact on J.E.R.'s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.

3. The fiscal year of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements. Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

4. Accounting policies

(1) Valuation policies and methods for securities

(a) Trading securities are carried at fair value.

Cost of sale is calculated based on the moving-average method.

(b) Bonds held to maturity are carried at amortized cost based on the moving-average method.

(c) Policy reserve matching bonds are carried at amortized cost based on the moving-average method in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy Reserve Matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.21).

The outline of risk management policy in relation to policy reserve matching bonds is as follows.

Domestic consolidated life insurance subsidiary sets up the sub-category for individual insurance depending on line of business and investment policy, etc., and follows the management policy to match the duration of the policy reserve in the sub-category with the duration of policy reserve matching bonds within a certain range.

(d) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.

- (e) Securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) are carried at fair value based on the market price and other factors at the end of the fiscal year.
Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.
- (f) Securities available for sale which are considered extremely difficult to figure out their fair value are carried at cost based on the moving-average method.
- (g) Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.
- (h) Securities managed as trust assets in individually operated money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

(2) Valuation policies and methods for derivative transactions

Derivative transactions are carried at fair value.

(3) Depreciation methods of significant depreciable assets

- (a) Tangible fixed assets (excluding leased assets)
Depreciation of tangible fixed assets (excluding leased assets) is calculated by using the straight-line method.
- (b) Intangible fixed assets (excluding leased assets)
Amortization of intangible fixed assets (excluding leased assets) is calculated by using the straight-line method.
As for intangible fixed assets acquired through the acquisition of overseas subsidiaries, amortization is being carried out over the estimated period of its effect and as its effect emerges.
Amortization of software for internal use held by the consolidated subsidiaries is calculated by using the straight-line method based on the estimated useful lives.
- (c) Leased assets
Leased assets under finance lease transactions that are not deemed to transfer ownership of the leased assets to the lessee for the domestic consolidated subsidiaries have been depreciated using the straight-line method over the period of the lease.

(4) Accounting policies for significant reserves

- (a) Allowance for possible credit losses
In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible credit losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.
For claims against debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated collectable amounts by the disposal of collateral and by guarantees.
For claims against debtors that are highly likely to go bankrupt in the future, allowances are provided based on the amount considered necessary according to overall solvency assessment of the debtor, after deduction of estimated collectable amounts by disposal of collateral and by guarantees.
For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is calculated based on historical credit loss experience for a certain period in the past.

The departments responsible for respective assets assess relevant claim in accordance with the internal standards for self-assessment of assets. The asset auditing department independently reviews the results and allowances are provided based on the reviewed results.

The other consolidated subsidiaries determine mainly the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Reserve for retirement benefits to directors

In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(c) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, with the estimated amount to be paid at the end of the fiscal year.

(d) Reserve for bonus payments to directors

In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, with the estimated amount to be paid at the end of the fiscal year.

(e) Reserve for stocks payments

In order to provide for the grant of Company shares to directors (excluding outside directors) and executive officers of SOMPO HOLDINGS, according to the "Rules of the Stock Benefit Trust for Directors," reserve for stocks payments is recorded, with the estimated amount of the stock payment obligation at the end of the fiscal year.

(f) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock, etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

(5) Methods of accounting procedures for retirement benefits

(a) Allocation method of projected retirement

Benefit formula method is mainly used for calculating retirement benefit obligation as the method for attributing projected retirement benefits to the end of the current consolidated fiscal year.

(b) Amortization method of actuarial difference and prior service costs

Actuarial difference is mainly amortized from the following fiscal year by using the straight-line attribution method over certain years (10 to 11 years) within the average remaining service years of employees in each fiscal year when the difference occurs.

Prior service costs are mainly amortized by using the straight-line method over certain years (5 years) within the average remaining service years of employees at the time of occurrence.

(6) Significant hedge accounting

Generally the consolidated subsidiaries apply the exceptional treatment for certain interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds to the extent that such transactions meet the conditions required for the application of the exceptional treatment.

The deferred hedge accounting method is applied to interest rate swaps to hedge interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No. 26). Since insurance liabilities as hedged item and interest rate swaps as hedging instrument are grouped by certain remaining periods, and then designated as hedge, the hedge is highly effective and the assessment of hedge effectiveness is omitted. The consolidated subsidiaries apply the fair value hedge accounting method to equity swaps for hedging the future stock price fluctuation risks.

Generally the fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet the conditions required for application of the assignment accounting. Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary and foreign currency denominated borrowings.

Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the hedge to the date of assessment.

However, when the significant conditions are shared among the hedged item and the hedging instrument and its effectiveness is obviously considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the assignment accounting, the assessment of the hedge effectiveness is omitted.

(7) Method and period of amortization of goodwill

Goodwill is amortized in equal installments over 10 to 20 years.

Immaterial amounts of goodwill are amortized at one time.

(8) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less, which can be cashed easily and have little risk of fluctuation in value.

(9) Accounting methods for consumption taxes

The Company and its domestic consolidated subsidiaries account for consumption taxes by using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses mainly under the tax-included method.

Non-deductible consumption taxes relating to assets are included in other assets and amortized in equal installments over 5 years.

(Changes in accounting policy)

ASU No.2016-01 "Recognition and Measurement of Financial Assets and Financial Liabilities." has been early applied from the fiscal year ended March 31, 2019 at overseas consolidated subsidiaries that apply US GAAP. ASU No.2016-01 requires equity investments except the investments in consolidated subsidiaries and affiliates accounted for under the equity method (hereinafter the "Equity Investments") to be measured at fair value with changes in fair value recognized in net income or loss. Due to this update, previously, the Company has changed the Equity Investments classified as securities available for sale in overseas consolidated subsidiaries into trading securities from the fiscal year ended March 31, 2019 and has changed the method of recording changes in unrealized gains and losses related to the Equity Investments in the consolidated statement of comprehensive income into the method of recording changes in unrealized gains and losses related to the Equity Investments in the consolidated statement of income.

The Company has transferred unrealized gains and losses on securities available for sale related to the Equity Investments at the end of the fiscal year ended March 31, 2018 to retained earnings as of the beginning of the fiscal year ended March 31, 2019.

As a result, retained earnings have increased by 3,529 million yen and unrealized gains and losses on securities available for sale has decreased by the same amount at the beginning of the fiscal year ended March 31, 2019. The effect on ordinary profit and net income before income taxes for the fiscal year ended March 31, 2019 was immaterial.

(Additional information)

Introduction of a performance-linked stock compensation plan

The Company introduced the "Board Benefit Trust (BBT)" (hereinafter referred to as the "Plan"), a performance-linked stock compensation plan for directors (excluding outside directors) and executive officers of SOMPO HOLDINGS.

(1) Outline of the transactions involved

The Company established the "Rules of the Stock Benefit Trust for Directors" (hereinafter the "Rules") as prerequisite to the introduction of the Plan. Based on the Rules, the Company contributes money to a trust bank as fund for acquiring shares to be delivered later, and the trust bank has duly acquired shares in the Company using the money trusted thereto (hereinafter the "Trust").

The Plan is a scheme for delivering shares, based on the Rules, to directors (excluding outside directors) and executive officers of SOMPO HOLDINGS, in proportion to the points granted thereto.

(2) Accounting treatment

The gross method is adopted based on the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (Accounting Standards Board of Japan Practical Issue Task Force No. 30, March 26, 2015). Expenses and corresponding reserve are provided based on the number of points granted to officers according to the Rules.

Shares in the Company remaining in the Trust are recorded as treasury stock under shareholders' equity, and its carrying amount is 1,646 million yen and its number of shares is 596,300 shares at the end of the fiscal year ended March 31, 2018, while its carrying amount is 1,518 million yen and its number of shares is 550,100 shares at the end of the fiscal year ended March 31, 2019.

2. Notes to the Consolidated Balance Sheet

***1. The amounts of accumulated depreciation of tangible fixed assets are as follows.**

(Millions of yen)	
As of March 31, 2018	As of March 31, 2019
399,543	399,664

***2. The amounts of advanced depreciation of tangible fixed assets are as follows.**

(Millions of yen)	
As of March 31, 2018	As of March 31, 2019
17,319	16,958

Note) The amounts of advanced depreciation deducted from the acquisition cost of tangible fixed assets newly purchased after the receipt of subsidy from the government for the fiscal year ended March 31, 2018 are 18 million yen.

***3. Investments in non-consolidated subsidiaries and affiliates are as follows.**

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Securities (stocks)	23,642	22,362
Securities (equity interests)	2,688	2,481

***4. The amounts of loans to borrowers in bankruptcy, etc. are as follows.**

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Loans to borrowers in bankruptcy	—	—
Overdue loans	285	137
Loans overdue for three months or more	18	35
Restructured loans	—	—
Total	303	173

Note) Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96, paragraph (1), item (iii) (a) to (e) (the maximum amount transferable to allowance for possible credit losses) or Article 96, paragraph (1), item (iv) of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.
Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments has been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.
Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.
Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

***5. Pledged assets and secured debts are as follows.**

Pledged assets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Deposits	42,621	56,238
Securities	527,533	598,778
Tangible fixed assets	8,881	4,837
Total	579,036	659,853

Note) The above figures are collateral for the borrowings and securities which are put into as deposited assets for overseas operation and others.

Secured debts

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Other liabilities (payables under repurchase agreements)	—	8,977
Other liabilities (payables under securities lending transactions)	118,639	227,176
Other liabilities (borrowings)	5,902	2,230
Other liabilities (deposits)	96	47
Total	124,638	238,432

The above securities include pledged securities as collateral under securities lending transactions secured by cash. The amounts of securities are as follows.

(Millions of yen)

As of March 31, 2018	As of March 31, 2019
109,866	219,252

***6. The amounts of lending securities under loan agreements of securities are as follows.**

(Millions of yen)

As of March 31, 2018	As of March 31, 2019
207,887	340,432

***7. The amounts of loan commitments outstanding are as follows.**

(Millions of yen)	
As of March 31, 2018	As of March 31, 2019
11,863	8,879

8. The guarantee of obligations regarding to the underwriting of companies other than the consolidated companies are as follows.

(Millions of yen)		
	As of March 31, 2018	As of March 31, 2019
Canopus Reinsurance AG	25,102	9,049

3. Notes to the Consolidated Statement of Income

***1. Main components of operating expenses are as follows.**

(Millions of yen)		
	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Agency commissions, etc.	496,934	483,659
Salaries	250,816	241,980

Note) Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statement of income.

***2. Main components of impairment losses are as follows.**

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)						
Purpose of use	Category	Location	Impairment losses			
			Land	Buildings	Goodwill	Total
Properties for rent	Land and buildings	Land and buildings in Kyoto	1,395	64	—	1,459
Idle properties	Land and buildings	3 properties, including land and buildings in Aichi	965	313	—	1,279
—	Goodwill	—	—	—	8,393	8,393
Total			2,360	378	8,393	11,132

The Company and its domestic consolidated insurance subsidiaries categorize properties used for the insurance business as a single asset group for the entire insurance business. Each property for rent, idle property and expected disposal property is categorized as an individual asset group, and goodwill is categorized as a single asset group for each consolidated subsidiary. The other consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

Concerning properties for rent and idle properties whose profitability is decreased significantly, due mainly to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the recoverable value, and these devaluations are recorded as impairment losses in extraordinary losses. As for goodwill, in association with the conclusion of the share transfer agreement to sell all of the shares of Canopus AG, unamortized balance of goodwill is reduced to the recoverable value and this devaluation is recorded as impairment losses in extraordinary losses.

The recoverable value of properties for rent and idle properties is calculated by using the net selling price.

The net selling price is the appraisal value measured by the real estate appraisers. The recoverable value of goodwill is measured by using the net selling price, and calculated based on the scheduled selling price.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

Omitted as they are not material.

***3. Other extraordinary gains are as follows.**

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Gains on liquidation of subsidiaries	25,927	—
Gains on reversal of stock acquisition rights	50	—

***4. Other extraordinary losses are as follows.**

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Special premium to be paid out in conjunction with Special Measures for Employees' Career Change Support	—	1,009

4. Note to the Consolidated Statement of Comprehensive Income

***1. Reclassification adjustments and the related tax effects concerning other comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	164,466	(107,785)
Reclassification adjustments	(82,680)	(100,483)
Before tax effects adjustments	81,786	(208,268)
Tax effects	(22,589)	53,326
Unrealized gains and losses on securities available for sale	59,196	(154,942)
Deferred gains and losses on hedges		
The amount occurred during the period	1,999	820
Reclassification adjustments	1,560	(1,654)
Adjustment on the cost of the assets	(4,887)	—
Before tax effects adjustments	(1,327)	(833)
Tax effects	375	232
Deferred gains and losses on hedges	(952)	(601)
Foreign currency translation adjustments		
The amount occurred during the period	(10,927)	(40,913)
Reclassification adjustments	(32,577)	—
Foreign currency translation adjustments	(43,504)	(40,913)
Remeasurements of defined benefit plans		
The amount occurred during the period	32,933	(1,121)
Reclassification adjustments	3,748	643
Before tax effects adjustments	36,681	(478)
Tax effects	(10,223)	149
Remeasurements of defined benefit plans	26,458	(328)
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	(24)	(63)
Reclassification adjustments	(56)	16
Share of other comprehensive income of affiliates accounted for under the equity method	(81)	(47)
Total other comprehensive income	41,116	(196,832)

5. Notes to the Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	—	—	415,352
Total	415,352	—	—	415,352
Treasury stock				
Common stock	21,953	12,888	69	34,772
Total	21,953	12,888	69	34,772

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 612 thousand shares and 596 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Breakdown of increase in treasury stock of common stock of 12,888 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 12,878 thousand shares
Increase due to purchase of shares less than a full trading unit: 9 thousand shares
- Breakdown of decrease in treasury stock of common stock of 69 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 52 thousand shares
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 16 thousand shares
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	749
Total		749

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 26, 2017	Common stock	19,700	50	March 31, 2017	June 27, 2017
The Board of Directors' meeting held on November 17, 2017	Common stock	21,326	55	September 30, 2017	December 5, 2017

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 26, 2017 includes 30 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 17, 2017 includes 32 million yen in dividends paid on the shares in the Company held by the BBT.

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 25, 2018	Common stock	20,964	Retained earnings	55	March 31, 2018	June 26, 2018

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 25, 2018 includes 32 million yen in dividends to be paid on the shares in the Company held by the BBT.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	—	42,021	373,330
Total	415,352	—	42,021	373,330
Treasury stock				
Common stock	34,772	8,244	42,112	904
Total	34,772	8,244	42,112	904

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 596 thousand shares and 550 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Decrease of 42,021 thousand shares in shares outstanding of common stock is due to cancellation of treasury stock in accordance with approval by Board of Directors.
- Breakdown of increase in treasury stock of common stock of 8,244 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 8,238 thousand shares
Increase due to purchase of shares less than a full trading unit: 6 thousand shares
- Breakdown of decrease in treasury stock of common stock of 42,112 thousand shares is as follows.
Decrease due to cancellation of treasury stock in accordance with approval by Board of Directors: 42,021 thousand shares
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 46 thousand shares
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 44 thousand shares
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	632
Total		632

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 25, 2018	Common stock	20,964	55	March 31, 2018	June 26, 2018
The Board of Directors' meeting held on November 19, 2018	Common stock	24,243	65	September 30, 2018	December 4, 2018

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 25, 2018 includes 32 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 19, 2018 includes 35 million yen in dividends paid on the shares in the Company held by the BBT.

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 24, 2019	Common stock	24,243	Retained earnings	65	March 31, 2019	June 25, 2019

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 24, 2019 includes 35 million yen in dividends to be paid on the shares in the Company held by the BBT.

6. Notes to the Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents at the end of the period to the line items represented in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Cash and deposits	894,437	971,469
Receivables under resale agreements	74,998	64,999
Monetary receivables bought	6,727	11,869
Securities	8,275,132	8,012,734
Time deposits with original maturities of more than 3 months	(114,277)	(94,015)
Monetary receivables bought other than cash equivalents	(6,727)	(11,703)
Securities other than cash equivalents	(8,199,257)	(7,964,057)
Cash and cash equivalents	931,033	991,295

2. Significant non-cash transactions

None.

3. Cash flows from investing activities include cash flows from investment activities conducted as a part of insurance business.

7. Lease Transactions

Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Due within one year	19,462	19,879
Due after one year	196,343	179,911
Total	215,806	199,790

(Lessor)

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Due within one year	530	433
Due after one year	1,301	1,385
Total	1,831	1,818

8. Financial Instruments

1. Overview of financial instruments

(1) Our policy to manage financial instruments

As SOMPO HOLDINGS is mainly engaged in insurance businesses and recognizes the characteristic of investment fund for the insurance company, SOMPO HOLDINGS manages the investment assets taking into consideration safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities related to life insurance and savings-type insurance, SOMPO HOLDINGS intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

(2) The nature and risk of financial instruments

As financial instruments which SOMPO HOLDINGS holds are mainly securities such as bonds and stocks, SOMPO HOLDINGS is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

In addition, the securities and the loans which SOMPO HOLDINGS holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, SOMPO HOLDINGS utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

Please refer to the note on “(6) Significant hedge accounting” in “4. Accounting policies” in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements” for derivative transactions which hedge accounting is applied to.

(3) The risk management systems regarding financial instruments

The Company has established the risk management systems to appropriately identify, evaluate and control risks and accurately respond when risks emerge through strategic risk management (ERM) designed to maximize the corporate value of SOMPO HOLDINGS, as described below.

With the aim of maintaining strategic risk management, the Company's Board of Directors has established the “Group Basic Policy on ERM”, which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the Company established Group ERM and Internal Control committee. Moreover, the Risk Management Department was established to promote the Company's efforts to develop and enhance its risk management systems. Through the model of investment risks, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment assets information on a daily basis and quantifies investment risks. Further, the Company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on the operations of SOMPO HOLDINGS, and performing stress tests to assess and measure risks comprehensively.

As to credit risks, in order to avoid concentrating the risks on specific borrowers, the Company has set credit limits and manages the risks appropriately for the whole group.

As to liquidity risks, the Company has developed systems for its insurance subsidiaries to forecast payments for claims, etc. upon occurrence of liquidity risk scenarios, such as outbreak of catastrophe, and to ensure liquidity assets so as to adequately secure enough to cope with these payments.

Each group member has rules formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, insurance subsidiaries place considerable emphasis on managing various types of risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

(4) Supplemental explanation about the fair value of financial instruments

Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. “Notional amount” on each table in notes on “Derivative Transactions” shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.

2. Fair value of financial instruments

Carrying amount, fair value and unrealized gains and losses are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Notes) 2 for details.)

As of March 31, 2018

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	894,437	894,437	—
(2) Receivables under resale agreements	74,998	74,998	—
(3) Monetary receivables bought	6,727	6,727	—
(4) Money trusts	98,744	98,744	—
(5) Securities:			
Trading securities	212,004	212,004	—
Bonds held to maturity	1,199,257	1,484,687	285,429
Policy reserve matching bonds	267,978	290,029	22,051
Securities available for sale	6,516,106	6,516,106	—
(6) Loans	668,419		
Allowance for possible credit losses ^(*)	(35)		
	668,383	687,033	18,649
Total assets	9,938,639	10,264,769	326,130
(1) Corporate bonds	512,045	530,392	18,347
(2) Payables under securities lending transactions	118,639	118,639	—
(3) Borrowings	142,870	142,834	(35)
Total liabilities	773,555	791,866	18,311
Derivative transactions ⁽²⁾ :			
Hedge accounting is not applied to	14,742	14,742	—
Hedge accounting is applied to	28,223	28,223	—
Total derivative transactions	42,965	42,965	—

(*) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

As of March 31, 2019

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	971,469	971,469	—
(2) Receivables under resale agreements	64,999	64,999	—
(3) Monetary receivables bought	11,869	11,869	—
(4) Money trusts	40,993	40,993	—
(5) Securities:			
Trading securities	198,084	198,084	—
Bonds held to maturity	1,197,758	1,510,109	312,350
Policy reserve matching bonds	370,080	409,926	39,846
Securities available for sale	6,165,141	6,165,141	—
(6) Loans	703,255		
Allowance for possible credit losses ^(*)	(40)		
	703,215	722,531	19,315
Total assets	9,723,613	10,095,125	371,512
(1) Corporate bonds	510,383	521,433	11,049
(2) Payables under securities lending transactions	227,176	227,176	—
(3) Borrowings	108,751	108,791	39
Total liabilities	846,312	857,401	11,088
Derivative transactions ⁽²⁾ :			
Hedge accounting is not applied to	4,838	4,838	—
Hedge accounting is applied to	11,056	11,056	—
Total derivative transactions	15,894	15,894	—

(*) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(4) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and their fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and others.

(5) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties and others.

(6) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto. For the loans categorized as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future, the fair values are the carrying amount less current estimated credit losses. Because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges, the price released by Japan Securities Dealers Association and others.

(2) Payables under securities lending transactions

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Borrowings

The fair value is the amount of future collection cash flow of each borrowing which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. Carrying amounts of the financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Securities."

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Domestic stocks	45,415	49,775
Foreign securities	22,419	19,397
Others	11,077	12,013
Total	78,911	81,186

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As others are investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

3. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

As of March 31, 2018

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	886,367	7,995	—	—
Receivables under resale agreements	74,998	—	—	—
Monetary receivables bought	415	—	—	5,826
Securities:				
Bonds held to maturity:				
Government bonds	15,313	54,560	258,235	704,948
Municipal bonds	—	—	1,000	43,400
Corporate bonds	13,173	13,300	4,700	73,500
Foreign securities	1,407	1,995	571	—
Policy reserve matching bonds:				
Government bonds	—	—	—	258,500
Fixed maturity securities available for sale:				
Government bonds	26,659	242,950	223,045	625,935
Municipal bonds	1,080	2,000	6,600	17,400
Corporate bonds	49,342	182,910	65,800	408,506
Foreign securities	122,806	699,914	848,784	598,407
Others	193	24,122	7,266	1,280
Loans ^(*)	162,820	331,278	101,582	62,328
Total	1,354,579	1,561,026	1,517,586	2,800,031

(*) 266 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included. 10,000 million yen of loans without maturities is not included.

As of March 31, 2019

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	967,129	4,236	—	—
Receivables under resale agreements	64,999	—	—	—
Monetary receivables bought	166	2,000	1,700	7,549
Securities:				
Bonds held to maturity:				
Government bonds	5,700	55,960	274,686	683,397
Municipal bonds	—	—	1,000	43,400
Corporate bonds	5,100	12,400	500	92,900
Foreign securities	4,514	4,975	115	—
Policy reserve matching bonds:				
Government bonds	—	—	—	360,000
Fixed maturity securities available for sale:				
Government bonds	51,977	230,479	203,279	558,025
Municipal bonds	1,600	400	10,500	21,300
Corporate bonds	64,454	140,479	62,520	513,190
Foreign securities	101,781	742,604	843,691	569,387
Others	4,200	18,976	6,954	1,285
Loans ^(*)	189,377	346,408	93,414	63,952
Total	1,461,002	1,558,921	1,498,361	2,914,387

(*) 83 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included. 10,000 million yen of loans without maturities is not included.

4. The contractual payment amounts of the corporate bonds, long-term borrowings, lease obligations and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2018

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	—	—	33,900	471,415
Long-term borrowings	34,083	32,229	30,481	30,479	15,264	281
Lease obligations	5,054	4,736	4,126	4,021	4,012	48,106
Payables under securities lending transactions	118,639	—	—	—	—	—
Total	157,777	36,966	34,607	34,501	53,177	519,802

As of March 31, 2019

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	—	33,300	—	470,745
Long-term borrowings	32,228	30,478	30,477	15,268	60	188
Lease obligations	5,233	4,620	4,500	4,222	4,033	43,574
Payables under securities lending transactions	227,176	—	—	—	—	—
Total	264,638	35,099	34,977	52,790	4,093	514,508

9. Securities

1. Trading securities

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Unrealized gains and losses recognized in the statement of income	1	(7,136)

2. Bonds held to maturity

As of March 31, 2018

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,180,112	1,465,926	285,814
	Foreign securities	2,019	2,087	67
	Subtotal	1,182,131	1,468,013	285,881
Securities whose fair value does not exceed their carrying amount	Domestic bonds	15,129	14,694	(435)
	Foreign securities	1,996	1,979	(17)
	Subtotal	17,125	16,673	(452)
Total		1,199,257	1,484,687	285,429

As of March 31, 2019

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,184,779	1,497,251	312,472
	Foreign securities	3,907	3,975	67
	Subtotal	1,188,687	1,501,226	312,539
Securities whose fair value does not exceed their carrying amount	Domestic bonds	3,216	3,139	(76)
	Foreign securities	5,855	5,742	(112)
	Subtotal	9,071	8,882	(189)
Total		1,197,758	1,510,109	312,350

3. Policy reserve matching bonds

As of March 31, 2018

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	231,867	255,152	23,285
Securities whose fair value does not exceed their carrying amount	Domestic bonds	36,110	34,877	(1,233)
Total		267,978	290,029	22,051

As of March 31, 2019

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	361,192	401,082	39,889
Securities whose fair value does not exceed their carrying amount	Domestic bonds	8,888	8,844	(43)
Total		370,080	409,926	39,846

4. Securities available for sale

As of March 31, 2018

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,014,762	1,827,096	187,665
	Domestic stocks	1,560,427	560,579	999,847
	Foreign securities	1,355,885	1,234,891	120,994
	Others	58,933	52,793	6,139
	Subtotal	4,990,008	3,675,361	1,314,646
Securities whose carrying amount does not exceed their cost	Domestic bonds	133,071	136,423	(3,352)
	Domestic stocks	28,161	31,536	(3,374)
	Foreign securities	1,370,567	1,413,677	(43,109)
	Others	8,648	8,693	(45)
	Subtotal	1,540,448	1,590,330	(49,882)
Total		6,530,456	5,265,692	1,264,764

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

As of March 31, 2019

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,130,397	1,932,041	198,355
	Domestic stocks	1,217,908	461,936	755,971
	Foreign securities	1,590,323	1,462,884	127,438
	Others	63,892	58,153	5,739
	Subtotal	5,002,520	3,915,016	1,087,504
Securities whose carrying amount does not exceed their cost	Domestic bonds	44,163	44,858	(694)
	Domestic stocks	48,817	55,812	(6,994)
	Foreign securities	1,077,106	1,103,626	(26,520)
	Others	11,919	12,012	(92)
	Subtotal	1,182,007	1,216,309	(34,301)
Total		6,184,528	5,131,325	1,053,202

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.

2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

5. Securities available for sale sold during the fiscal years ended March 31, 2018 and 2019

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	111,882	2,830	1,679
Domestic stocks	112,071	69,085	491
Foreign securities	613,830	9,319	6,177
Others	7,301	1,616	2
Total	845,086	82,852	8,350

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	106,408	7,311	212
Domestic stocks	158,313	90,954	719
Foreign securities	746,172	11,476	10,002
Others	999	1,108	46
Total	1,011,893	110,850	10,981

6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2018 and 2019

For the fiscal year ended March 31, 2018, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 1,627 million yen (foreign securities only), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 2,051 million yen (domestic stocks: 1,248 million yen, foreign securities: 802 million yen).

For the fiscal year ended March 31, 2019, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 9,176 million yen (domestic stocks: 6,732 million yen, foreign securities: 2,444 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 3,616 million yen (domestic stocks: 1,050 million yen, foreign securities: 2,565 million yen, others: 0 million yen). Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30% or more from their cost.

10. Money Trusts

1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Unrealized gains and losses recognized in the statement of income	(110)	(246)

2. Money trusts held to maturity

None.

3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2018

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	78,084	76,698	1,386

As of March 31, 2019

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	40,336	38,529	1,806

4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2018 and 2019

For the fiscal year ended March 31, 2018, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity are not recognized.

For the fiscal year ended March 31, 2019, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 446 million yen.

Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30% or more from their cost.

11. Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency derivatives

As of March 31, 2018

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	36,744	—	681	681
Long	6,426	—	(132)	(132)
Currency options:				
Short	26,715	—	(16)	193
Long	65,015	—	111	(170)
Total	—	—	643	571

Notes) Calculation methods for the fair value

1. Forward foreign exchanges

The fair value is based on the forward exchange rate or the price quoted by counterparties.

2. Currency options

The fair value is based on the price quoted by counterparties.

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	71,367	—	(307)	(307)
Long	6,225	—	2	2
Currency options:				
Short	68,899	—	(16)	173
Long	63,000	—	20	(168)
Currency swaps	22,437	—	(1,239)	(1,239)
Total	—	—	(1,540)	(1,539)

Notes) Calculation methods for the fair value

1. Forward foreign exchanges
The fair value is based on the forward exchange rate or the price quoted by counterparties.
2. Currency options
The fair value is based on the price quoted by counterparties.
3. Currency swaps
The fair value is based on the price quoted by counterparties.

(2) Interest rate derivatives

As of March 31, 2018

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Interest rate futures:				
Short	1,412	—	6	6
Long	25,244	—	(17)	(17)
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	2,415	2,415	(18)	(18)
Total	—	—	(28)	(28)

Notes) Calculation methods for the fair value

1. Interest rate futures
The fair value is based on the price quoted by counterparties.
2. Interest rate swaps
The fair value is based on the price quoted by counterparties.

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Interest rate futures:				
Short	4,140	—	(81)	(81)
Long	24,375	—	102	102
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	4,014	4,014	66	66
Total	—	—	87	87

Notes) Calculation methods for the fair value

1. Interest rate futures
The fair value is based on the price quoted by counterparties.
2. Interest rate swaps
The fair value is based on the price quoted by counterparties.

(3) Equity derivatives

As of March 31, 2018

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Equity index futures:				
Short	5,016	—	(5)	(5)
Total	—	—	(5)	(5)

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Equity index futures:				
Short	10,144	—	70	70
Total	—	—	70	70

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

(4) Bond derivatives

As of March 31, 2018

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Bonds forwards:				
Short	10,667	—	(10,922)	(27)
Long	22,939	—	23,514	11
Total	—	—	12,591	(16)

Note) Calculation methods for the fair value
The fair value is mainly based on the price quoted by information vendors.

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Bonds forwards:				
Short	7,281	—	(7,412)	(48)
Long	14,862	—	15,120	167
Total	—	—	7,707	118

Note) Calculation methods for the fair value
The fair value is mainly based on the price quoted by information vendors.

(5) Others

As of March 31, 2018

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	226	226	19	19
Over-the-counter transactions:				
Credit derivatives:				
Short	79	79	1	1
Weather derivatives:				
Short	31,705	6,783	(4,378)	1,377
Long	16,858	3,628	6,241	(609)
Earthquake derivatives:				
Short	12,493	1,310	(3)	311
Long	11,243	2,142	19	(256)
Industry loss warranty:				
Long	—	—	0	0
Loss development cover:				
Short	2,735	2,735	(205)	(205)
Pandemic derivatives:				
Short	1,062	1,062	(170)	66
Long	743	—	15	(40)
Total			1,541	665

Notes) Calculation methods for the fair value

1. Credit derivatives
The fair value is mainly based on the price quoted by information vendors.
2. Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
3. Earthquake derivatives
The fair value is calculated based on the contract term and other elements of the contract.
4. Industry loss warranty
The fair value is calculated based on the contract term and other elements of the contract.
5. Loss development cover
The fair value is calculated based on the contract term and other elements of the contract.
6. Pandemic derivatives
The fair value is calculated based on the contract term and other elements of the contract.

As of March 31, 2019

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	521	521	(16)	(16)
Over-the-counter transactions:				
Credit derivatives:				
Short	1,831	77	(2)	0
Weather derivatives:				
Short	29,845	2,775	(7,799)	701
Long	15,178	1,387	6,506	(371)
Earthquake derivatives:				
Short	40,633	10	(3)	754
Long	36,569	288	8	(514)
Loss development cover:				
Short	2,688	2,688	(92)	(92)
Pandemic derivatives:				
Short	1,109	1,109	(100)	136
Long	776	—	15	(38)
Total			(1,485)	561

Notes) Calculation methods for the fair value

1. Credit derivatives
The fair value is mainly based on the price quoted by information vendors.
2. Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
3. Earthquake derivatives
The fair value is calculated based on the contract term and other elements of the contract.
4. Loss development cover
The fair value is calculated based on the contract term and other elements of the contract.
5. Pandemic derivatives
The fair value is calculated based on the contract term and other elements of the contract.

2. Derivative transactions to which hedge accounting is applied

(1) Currency derivatives

As of March 31, 2018

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year		Fair value
Fair value hedge	Forward foreign exchanges:	Securities available for sale	708,613	—	—	18,379
	Short					
	Currency options:	Securities available for sale	76,398 71,290	— —	— —	(50) 115
	Short Long					
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	216,426	216,426		Note 2
Total			—	—		18,443

Notes) 1. Calculation methods for the fair value

(1) Forward foreign exchanges

The fair value is calculated by using forward exchange rate.

(2) Currency options

The fair value is based on the price quoted by counterparties.

(3) Currency swaps

The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

As of March 31, 2019

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year		Fair value
Fair value hedge	Forward foreign exchanges:	Securities available for sale	756,133	—	—	2,123
	Short					
	Currency options:	Securities available for sale	93,655 84,788	— —	— —	(60) 47
	Short Long					
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	198,011	198,011		Note 2
Total			—	—		2,110

Notes) 1. Calculation methods for the fair value

(1) Forward foreign exchanges

The fair value is calculated by using forward exchange rate.

(2) Currency options

The fair value is based on the price quoted by counterparties.

(3) Currency swaps

The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

(2) Interest rate derivatives

As of March 31, 2018

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year		Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	78,000		9,779
Total			—	—		9,779

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

As of March 31, 2019

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year		Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	78,000	69,000		8,945
Total			—	—		8,945

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

12. Retirement Benefits

1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, Sompo Japan Nipponkoa Insurance Inc., which is a consolidated subsidiary of the Company, provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan for both retired employees who are already receiving pension and those who are eligible for employees' benefits but have not yet reached the pension commencement age. Sompo Japan Nipponkoa Insurance Inc. also sets up a retirement benefit trust. The other domestic consolidated subsidiaries provide a contract-type corporate pension plan and an unfunded retirement plan with lump-sum payments as defined benefit type in addition to defined contribution pension plans. Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

Net defined benefit liability and retirement benefit expenses regarding lump-sum payments retirement plan are calculated by using the simplified accounting methods.

2. Retirement defined benefit plans

(1) Reconciliation of beginning and ending balances of the retirement benefit obligation

	(Millions of yen)	
	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Retirement benefit obligation at the beginning of the period	228,877	202,072
Service cost	13,090	12,640
Interest cost	1,070	809
The amount of actuarial difference occurred	(26,075)	(3,535)
Retirement benefit paid	(13,673)	(13,906)
The amount of prior service costs occurred	—	(418)
Increase due to merger	—	6
Changes in the scope of consolidation	(1,464)	—
Others	247	(3,932)
Retirement benefit obligation at the end of the period	202,072	193,735

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

(2) Reconciliation of beginning and ending balances of plan assets

	(Millions of yen)	
	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Plan assets at the beginning of the period	95,850	100,454
Expected return on plan assets	733	526
The amount of actuarial difference occurred	6,918	(5,080)
The amount of employer contributions	963	691
Retirement benefit paid	(2,435)	(2,206)
Changes in the scope of consolidation	(1,736)	—
Others	159	(3,947)
Plan assets at the end of the period	100,454	90,436

(3) Reconciliation of the ending balances of retirement benefit obligation and plan assets, and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Funded retirement benefit obligation	192,617	185,239
Plan assets	(100,454)	(90,436)
	92,163	94,803
Unfunded retirement benefit obligation	9,455	8,495
Asset ceiling adjustments	311	289
Net liabilities and assets on the consolidated balance sheet	101,929	103,588
Net defined benefit liability	102,992	103,796
Net defined benefit asset	(1,062)	(207)
Net liabilities and assets on the consolidated balance sheet	101,929	103,588

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Service cost	13,090	12,640
Interest cost	1,070	809
Expected return on plan assets	(733)	(526)
Amortization of actuarial difference	3,311	583
Amortization of prior service costs	216	59
Others	120	1,099
Retirement benefit expenses for defined benefit plans	17,076	14,666

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

(5) Remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in remeasurements of defined benefit plans are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Prior service costs	(216)	(477)
Actuarial difference	(36,464)	955
Total	(36,681)	478

(6) Accumulated remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in accumulated remeasurements of defined benefit plans are as follows.

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Unrecognized prior service costs	433	(43)
Unrecognized actuarial difference	3,975	4,942
Total	4,409	4,898

(7) Plan assets

(a) Main components of plan assets

The percentage shares of components by main asset class out of total plan assets are as follows.

	(Proportion)	
	As of March 31, 2018	As of March 31, 2019
Bonds	18%	21%
Stocks	63%	63%
Joint investment assets	6%	6%
Life insurance general accounts	6%	7%
Cash and deposits	1%	1%
Others	6%	2%
Total	100%	100%

(b) Establishment of methods for the long-term expected rate of return on plan assets

In order to assume the long-term expected rate of return on plan assets, present and expected distribution of plan assets and the long term expected rate of return on the multitude of assets in plan assets are considered.

(8) Basis of actuarial assumptions

Major bases of actuarial assumptions are as follows.

		(Proportion)	
		Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Discount rate	Domestic consolidated subsidiaries	0.2%—1.5%	0.1%—1.0%
	Foreign consolidated subsidiaries	2.5%—10.3%	4.7%—9.9%
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0%—1.5%	0.0%—1.5%
	Foreign consolidated subsidiaries	10.3%	9.9%

3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 7,084 million yen for the fiscal year ended March 31, 2018 and amounts to 7,147 million yen for the fiscal year ended March 31, 2019.

13. Stock Options

1. Recorded amount and account which includes stock option expense

None.

2. Recorded amount on profit resulting from forfeiture of stock options

	(Millions of yen)	
	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Gains on reversal of stock acquisition rights	50	—

3. Contents, size and its changes of stock options

(1) Contents of stock options

Stock options granted by the Company are as follows.

15th and 16th issue of stock acquisition rights of the Company are stock options transferred from Sampo Japan Insurance Inc. ("Sampo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from NIPPONKOA Insurance Company, Limited ("NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010.

The Company decided to introduce the "Board Benefit Trust (BBT)," a performance-linked stock compensation plan at the 6th general meeting of shareholders held on June 27, 2016, and not to grant new stock options thereafter.

(a) Stock options transferred from Sompo Japan and granted by the Company

	15th issue	16th issue
Resolution date	Extraordinary general meeting of shareholders of Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and executive officers of Sompo Japan: 27 Others (Note 1): 1	Directors and executive officers of Sompo Japan: 41 Others (Note 1): 1
Number of stock options granted by types of shares	Common stock: 74,325 stocks (Note 2)	Common stock: 186,775 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to August 11, 2033	April 1, 2010 to August 10, 2034
Number of stock acquisition rights*	197 stock acquisition rights (Note 3)	342 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,925 stocks (Notes 3, 4)	Common stock: 8,550 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 3,761 Amount of capital incorporation (Note 5)	Issue price: 2,493 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2019), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2019).
Notes)

1. "Others" in the column "Title and number of grantees" represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by the Company.
2. Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
3. The number of shares underlying each stock acquisition right is 25.
4. In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
5. Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - (1) When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - (2) When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
6. Conditions for exercising the stock acquisition rights are as follows:
 - (1) Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and executive officer of Sompo Japan Nipponkoa Insurance Inc.
 - (2) Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.

7. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.

If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
 - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

(b) Stock options transferred from NIPPONKOA and granted by the Company

	17th issue	18th issue
Resolution date	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and executive officers of NIPPONKOA: 5 Others (Note 1): 7	Directors and executive officers of NIPPONKOA: 7 Others (Note 1): 11
Number of stock options granted by types of shares	Common stock: 35,775 stocks (Note 2)	Common stock: 50,400 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to June 29, 2024	April 1, 2010 to June 29, 2025
Number of stock acquisition rights*	14 stock acquisition rights (Note 3)	13 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 3,150 stocks (Notes 3, 4)	Common stock: 2,925 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,385 Amount of capital incorporation (Note 5)	Issue price: 2,385 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2019), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2019).

Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.

$$\text{Number of shares after the adjustment} = \text{Number of shares before the adjustment} \times \text{stock split or reverse split ratio}$$
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the day a year after the day immediately following the date of the loss of their status as a director and executive officer of Sampo Japan Nipponkoa Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 7 years after the exercise commencement date or the last day of the exercise period, whichever earlier.
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
- (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
- (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
- (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
- (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

	19th issue	20th issue
Resolution date	Extraordinary general meeting of shareholders of Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and executive officers of NIPPONKOA: 12 Others (Note 1): 2	Directors and executive officers of NIPPONKOA: 12 Others (Note 1): 2
Number of stock options granted by types of shares	Common stock: 27,675 stocks (Note 2)	Common stock: 30,375 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 27, 2027	April 1, 2010 to March 17, 2028
Number of stock acquisition rights*	10 stock acquisition rights (Note 3)	12 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 2,250 stocks (Notes 3, 4)	Common stock: 2,700 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

	21st issue	22nd issue
Resolution date	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and executive officers of NIPPONKOA: 16 Others (Note 1): 3	Directors and executive officers of NIPPONKOA: 21 Others (Note 1): 3
Number of stock options granted by types of shares	Common stock: 61,875 stocks (Note 2)	Common stock: 88,425 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 16, 2029	April 1, 2010 to October 7, 2029
Number of stock acquisition rights*	19 stock acquisition rights (Note 3)	23 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,275 stocks (Notes 3, 4)	Common stock: 5,175 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2019), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2019).

Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.

$$\text{Number of shares after the adjustment} = \text{Number of shares before the adjustment} \times \text{stock split or reverse split ratio}$$
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
 - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the date of the loss of their status as a director and executive officer of Sampo Japan Nipponkoa Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 10 days after the following date of the exercise commencement date (and before the end of the exercise period of the stock acquisition rights (hereinafter the "exercise period")):
 - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
 If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
 - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

(c) Stock options granted by the Company

	23rd issue	24th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2010	Meeting of the Board of Directors held on October 14, 2011
Title and number of grantees	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 66 The actual number of persons 69 (Notes 1, 2)	Directors and executive officers of the Company: 8 Directors and executive officers of subsidiaries of the Company: 82 The actual number of persons 86 (Notes 1, 2)
Number of stock options granted by types of shares	Common stock: 349,450 stocks (Note 3)	Common stock: 372,300 stocks (Note 3)
Grant date	August 16, 2010	November 1, 2011
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 17, 2010 to August 16, 2035	November 1, 2011 to October 31, 2036
Number of stock acquisition rights*	1,218 stock acquisition rights (Note 4)	424 [398] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 30,450 stocks (Notes 4, 5)	Common stock: 42,400 [39,800] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,809 Amount of capital incorporation (Note 6)	Issue price: 1,373 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	25th issue	26th issue
Resolution date	Meeting of the Board of Directors held on July 27, 2012	Meeting of the Board of Directors held on July 26, 2013
Title and number of grantees	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 87 The actual number of persons (Notes 1, 2) 90	Directors and executive officers of the Company: 9 Directors and executive officers of subsidiaries of the Company: 136 The actual number of persons (Notes 1, 2) 79
Number of stock options granted by types of shares	Common stock: 391,100 stocks (Note 3)	Common stock: 195,000 stocks (Note 3)
Grant date	August 14, 2012	August 13, 2013
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 14, 2012 to August 13, 2037	August 13, 2013 to August 12, 2038
Number of stock acquisition rights*	489 [439] stock acquisition rights (Note 4)	321 [285] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 48,900 [43,900] stocks (Notes 4, 5)	Common stock: 32,100 [28,500] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,329 Amount of capital incorporation (Note 6)	Issue price: 2,297 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	27th issue	28th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2014	Meeting of the Board of Directors held on July 30, 2015
Title and number of grantees	Directors and executive officers of the Company: 11 Directors and executive officers of subsidiaries of the Company: 117 The actual number of persons (Notes 1, 2) 69	Directors and executive officers of the Company: 16 Directors and executive officers of subsidiaries of the Company: 61 The actual number of persons (Notes 1, 2) 63
Number of stock options granted by types of shares	Common stock: 172,900 stocks (Note 3)	Common stock: 100,700 stocks (Note 3)
Grant date	August 15, 2014	August 17, 2015
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 15, 2014 to August 14, 2039	August 17, 2015 to August 16, 2040
Number of stock acquisition rights*	454 [387] stock acquisition rights (Note 4)	439 [344] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 45,400 [38,700] stocks (Notes 4, 5)	Common stock: 43,900 [34,400] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,404 Amount of capital incorporation (Note 6)	Issue price: 4,153 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

* The above figures represents the status as of the end of the current fiscal year (March 31, 2019). For changes made during the period between the end of the current fiscal year and the end of the month prior to the submission date of this document (May 31, 2019), status as of the end of the month prior to the submission date is indicated in square brackets and the absence of these indicates no change.

Notes)

1. "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors.
2. Since several directors and executive officers of the Company have concurrently served as director/executive officer of the Company or its subsidiaries, the actual number of the persons to whom the stock acquisition rights of the Company are granted is shown in the table, respectively.
3. Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares concerning the 23rd issue of stock acquisition rights of the Company are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
4. The number of shares underlying each stock acquisition right is 25 for the 23rd issue of stock acquisition rights and 100 for the 24th to the 28th issue of stock acquisition rights.
5. In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
6. Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
 - (1) When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - (2) When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.

7. Conditions for exercising the stock acquisition rights are as follows:
- (1) Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and executive officer of the Company and its subsidiaries.
 - (2) Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
8. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
- If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.
- (1) Number of reorganized company stock acquisition rights to be delivered
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
 - (2) Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
 - (3) Number of reorganized company shares underlying the stock acquisition rights
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 5 above, taking into consideration the conditions of the corporate reorganization.
 - (4) Value of assets contributed when exercising stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
 - (5) Exercise period of the stock acquisition rights
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
 - (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights
Determined in accordance with Note 6 above.
 - (7) Limitations on transfers of stock acquisition rights
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
 - (8) Terms and conditions for Company retrieval of stock acquisition rights
This shall be decided based on the following procedure:
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
 - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
 - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
 - (9) Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 7 above.

(2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2019 is indicated by converting to number of shares.

(a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

	(Stocks)				
	March 31, 2018	Vested	Exercised	Forfeited	March 31, 2019
15th issue of stock acquisition rights of the Company	4,925	—	—	—	4,925
16th issue	8,550	—	—	—	8,550
17th issue	3,150	—	—	—	3,150
18th issue	2,925	—	—	—	2,925
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	4,275	—	—	—	4,275
22nd issue	5,175	—	—	—	5,175
23rd issue	30,450	—	—	—	30,450
24th issue	46,400	—	4,000	—	42,400
25th issue	58,100	—	9,200	—	48,900
26th issue	38,500	—	6,400	—	32,100
27th issue	55,800	—	10,400	—	45,400
28th issue	58,100	—	14,200	—	43,900

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2019 (yen)	Fair value per share on the grant date (yen)
15th issue of stock acquisition rights of the Company	1	—	3,760 (Notes 1, 2)
16th issue	1	—	2,492 (Notes 1, 2)
17th issue	1	—	2,384 (Note 1)
18th issue	1	—	2,384 (Note 1)
19th issue	1	—	2,440 (Note 1)
20th issue	1	—	2,440 (Note 1)
21st issue	1	—	2,440 (Note 1)
22nd issue	1	—	2,440 (Note 1)
23rd issue	1	—	1,808 (Note 1)
24th issue	1	4,476	1,372
25th issue	1	4,383	1,328
26th issue	1	4,428	2,296
27th issue	1	4,360	2,403
28th issue	1	4,358	4,152

Notes)

1. The Company carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts represent exercise price and fair value per share on the grant date after the execution of the reverse split of stocks.

2. Fair value per share at the time of grant by Sampo Japan is shown in the table.

4. Method for estimating the fair value per share of stock options

There is no stock option granted for the fiscal year ended March 31, 2019.

The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from Sampo Japan to the Company (15th and 16th issue of stock acquisition rights of the Company).

The Company also does not make a new estimation for the fair value per share of stock acquisition rights transferred from NIPPONKOA to the Company (17th to 22nd issue of stock acquisition rights of the Company) because those are revalued under the purchase method.

5. Method for estimating the number of rights of stock options vested

As all stock options are vested at the time that they are granted, this item is not applicable.

14. Tax Effect Accounting

1. Main components of deferred tax assets and deferred tax liabilities

	As of March 31, 2018	As of March 31, 2019
(Millions of yen)		
Deferred tax assets:		
Underwriting reserves	175,792	170,496
Reserve for outstanding losses and claims	38,185	38,064
Intangible fixed assets for tax purposes	34,655	33,268
Impairment losses on securities and real estate	34,520	32,217
Net defined benefit liability	28,789	29,097
Losses carried forward for tax purposes (Note)	38,293	25,635
Others	57,731	56,364
Deferred tax assets subtotal	407,968	385,144
Valuation allowance associated with losses carried forward for tax purposes (Note)	—	(19,522)
Valuation allowance associated with total amount such as deductible temporary differences	—	(39,484)
Valuation allowance subtotal	(63,389)	(59,006)
Total deferred tax assets	344,578	326,138
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(373,883)	(317,268)
Unrealized gains and losses on consolidated subsidiaries	(10,530)	(8,791)
Others	(19,339)	(23,325)
Total deferred tax liabilities	(403,753)	(349,386)
Net deferred tax liabilities	(59,174)	(23,247)

Note) Losses carried forward for tax purposes and deferred tax assets by expiration of carry-forward

As of March 31, 2019

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
(Millions of yen)							
Losses carried forward for tax purposes ^(*)	981	2,180	2,197	2,440	1,942	15,894	25,635
Valuation allowance	(922)	(2,180)	(2,197)	(2,440)	(1,942)	(9,839)	(19,522)
Deferred tax assets	59	—	—	—	—	6,054	6,113 ^(*)

(*) Losses carried forward for tax purposes are calculated using the statutory income tax rate.

(*) Deferred tax assets of 6,113 million yen are recorded for losses carried forward for tax purposes of 25,635 million yen (calculated using the statutory income tax rate). They are deemed to be recoverable as it is expected that there will be taxable income in the future.

(Changes in presentation)

(Changes due to the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) since the fiscal year ended March 31, 2019. Accordingly, details as described in the explanatory note (Note 8) (excluding total amount of valuation allowance) and the explanatory note (Note 9) of the "Accounting Standard for Tax Effect Accounting," which are prescribed in Paragraph 3 through Paragraph 5 of the Partial Amendments to Accounting Standard for Tax Effect Accounting, have been added in the notes on tax effect accounting. However, details as described in these explanatory notes for the previous fiscal year are not published in accordance with the transitional treatment prescribed in Paragraph 7 of the Partial Amendments to Accounting Standard for Tax Effect Accounting.

2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting

	As of March 31, 2018	As of March 31, 2019
(%)		
Japanese statutory income tax rate	30.9	Reconciliation details are omitted for the fiscal year ended March 31, 2019, because the difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting is 5% or less.
(Reconciliation)		
Non-taxable revenue such as dividends received	(140.7)	
Combined income of specified foreign subsidiaries or the like	80.2	
Amortization of goodwill	7.0	
Non-deductible expenses such as entertainment expenses	3.8	
Others	(0.7)	
Effective tax rate after the application of tax effect accounting	(19.5)	

15. Segment Information

Segment information

1. Summary of reportable segments

The reportable segment of the Company is the component of SOMPO HOLDINGS, for which discrete financial information is available and whose operating results are periodically reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The respective group companies of the Company determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of the Company.

Therefore, the Company is composed of business segments, which consist of the respective group companies as minimum component. "Domestic P&C insurance business," "Overseas insurance business," "Domestic life insurance business" and "Nursing care and healthcare business" are determined as the reportable segments. The Company, asset management business, risk management business and defined-contribution pension business that are not covered by the reportable segments are included in "Others."

The major companies which constitute the reportable segments and "Others" are described below.

"Domestic P&C insurance business" consists mainly of underwriting of property and casualty insurance, investment, and related activities in Japan. "Overseas insurance business" consists mainly of underwriting of property and casualty insurance and investment activities overseas. "Domestic life insurance business" consists mainly of underwriting of life insurance and investment activities in Japan, "Nursing care and healthcare business" consists mainly of providing nursing care service and healthcare service.

		Major companies
Reportable segments	Domestic P&C insurance business	Sompo Japan Nipponkoa Insurance Inc. SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED Sompo 24 Insurance Company Limited
	Overseas insurance business	Sompo International Holdings Ltd. Sompo Japan Sigorta Anonim Sirketi Sompo Seguros S. A.
	Domestic life insurance business	Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
	Nursing care and healthcare business	Sompo Care Inc. ^(Note 1) Sompo Care Next Inc. ^(Note 2) Sompo Health Support Inc. ^(Note 3)
Others		Sompo Holdings, Inc. (Insurance holding company) Sompo Japan Nipponkoa Asset Management Co., Ltd. Sompo Risk Management Inc. ^(Note 3) Sompo Japan Nipponkoa DC Securities Inc.

Notes)

1. Sompo Care Inc. changed its name from Sompo Care Message Inc. on April 1, 2018.

2. Sompo Care Next Inc. was merged by absorption into Sompo Care Inc. on July 1, 2018. Results of operations of Sompo Care Next Inc. from the beginning of the fiscal year to June 30, 2018 are included in the segment information.

3. Sompo Risk Management & Health Care Inc. (renamed Sompo Risk Management Inc. on October 1, 2018) split its healthcare business on October 1, 2018, and established Sompo Health Support Inc.

2. Calculation methods for the amount of sales, income or loss, assets and other items by each reportable segment

The accounting methods of reportable business segments are those mentioned in "1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements." Income or loss attributable to the reportable segments is the amounts based on net income attributable to shareholders of the parent in the consolidated statement of income.

Income from internal transactions among segments is based on the price of transactions among third parties and others.

As described in “(Changes in accounting policies)”, ASU No.2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities.” has been early applied from the fiscal year ended March 31, 2019 at overseas consolidated subsidiaries that apply US GAAP. The effect of this change on segment income (loss) for the fiscal year ended March 31, 2019 was immaterial.

3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales (Note 1):									
Sales from transactions with external customers	2,218,407	641,347	341,998	125,047	3,326,801	9,304	3,336,106	433,946	3,770,052
Sales from internal transactions or transfers among segments	—	—	—	2,835	2,835	10,927	13,763	(13,763)	—
Total	2,218,407	641,347	341,998	127,883	3,329,637	20,232	3,349,869	420,183	3,770,052
Segment income (loss)	112,765	20,892	7,462	(1,485)	139,635	182	139,817	—	139,817
Segment assets	6,736,732	2,202,596	2,796,934	187,434	11,923,697	24,626	11,948,323	—	11,948,323
Other items:									
Depreciation	13,102	54,225	428	5,135	72,891	177	73,069	—	73,069
Amortization of goodwill	147	20,167	609	4,807	25,731	—	25,731	—	25,731
Interest and dividend income	105,454	42,285	43,816	152	191,709	0	191,710	(847)	190,863
Interest paid	7,063	4,470	96	2,920	14,550	3	14,554	(4)	14,549
Investment gains on the equity method	33	559	—	—	592	—	592	—	592
Extraordinary gains (Note 5)	4,641	26,021	0	0	30,663	50	30,713	(21)	30,692
Extraordinary losses (Note 6):	47,271	9,510	1,438	46	58,265	2	58,268	(21)	58,246
Impairment losses	2,738	8,393	—	—	11,132	—	11,132	—	11,132
Income tax expenses	43,369	(69,782)	3,166	500	(22,746)	445	(22,301)	—	(22,301)
Investment in affiliates accounted for under the equity method	1,356	3,554	—	—	4,910	—	4,910	—	4,910
Increase in tangible and intangible fixed assets	67,367	7,634	380	2,511	77,895	358	78,253	—	78,253

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Overseas insurance business:

Domestic life insurance business:

Nursing care and healthcare business:

“Others” and amount on the consolidated financial statements:

Net premiums written

Net premiums written and life insurance premiums written

Life insurance premiums written

Ordinary income

Ordinary income

2. “Others” is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business and defined-contribution pension business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business

and domestic life insurance business excluding net premiums written and

life insurance premiums written:

433,946 million yen

Elimination of internal transactions among segments:

(13,763) million yen

4. Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.

5. Extraordinary gains for domestic P&C insurance business include 4,619 million yen of gains on disposal of fixed assets. Also, extraordinary gains for overseas insurance business include 25,927 million yen of gains on liquidation of overseas subsidiaries.

6. Extraordinary losses for domestic P&C insurance business include 34,041 million yen of losses on disposal of fixed assets, and 10,490 million yen of provision for reserve for price fluctuation. Also, extraordinary losses for overseas insurance business include 8,393 million yen of impairment losses.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales (Note 1):									
Sales from transactions with external customers	2,198,702	523,972	345,086	127,405	3,195,167	13,250	3,208,418	434,622	3,643,040
Sales from internal transactions or transfers among segments	—	—	—	110	110	15,985	16,095	(16,095)	—
Total	2,198,702	523,972	345,086	127,515	3,195,277	29,236	3,224,514	418,526	3,643,040
Segment income (loss)	139,821	(6,033)	14,757	(201)	148,343	(1,717)	146,626	—	146,626
Segment assets	6,539,595	2,229,930	3,006,265	177,267	11,953,060	65,194	12,018,254	—	12,018,254
Other items:									
Depreciation	14,566	26,659	456	5,243	46,924	380	47,305	—	47,305
Amortization of goodwill	100	18,539	609	4,807	24,057	—	24,057	—	24,057
Interest and dividend income	111,349	33,515	44,544	141	189,551	0	189,551	(829)	188,722
Interest paid	7,158	3,912	80	2,754	13,904	1	13,906	(3)	13,902
Investment gains (losses) on the equity method	79	(672)	—	—	(593)	—	(593)	—	(593)
Extraordinary gains (Note 5)	12,875	12	—	0	12,888	—	12,888	(20)	12,868
Extraordinary losses (Note 6):	6,556	1,448	1,694	117	9,817	1	9,819	(20)	9,799
Impairment losses	703	1,032	—	—	1,735	—	1,735	—	1,735
Income tax expenses	51,505	(445)	6,193	1,322	58,576	1,080	59,657	—	59,657
Investment in affiliates accounted for under the equity method	1,432	6,153	—	—	7,586	—	7,586	—	7,586
Increase in tangible and intangible fixed assets	62,386	23,087	332	6,313	92,120	676	92,796	—	92,796

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Overseas insurance business:

Domestic life insurance business:

Nursing care and healthcare business:

"Others" and amount on the consolidated financial statements:

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business and defined-contribution pension business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business

and domestic life insurance business excluding net premiums written and

life insurance premiums written:

434,622 million yen

Elimination of internal transactions among segments:

(16,095) million yen

4. Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.

5. Extraordinary gains for domestic P&C insurance business include 12,855 million yen of gains on disposal of fixed assets.

6. Extraordinary losses for domestic P&C insurance business include 3,994 million yen of provision for reserve for price fluctuation. Also, extraordinary losses for domestic life insurance business include 1,009 million yen of the special premium to be paid out in conjunction with Special Measures for Employees' Career Change Support.

Related information

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	454,125	105,325	192,798	1,241,314	292,021	569,170	2,854,755

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	325,365	6,348	15,284	—	346,998

2. Information by geographic area

(1) Sales

(Millions of yen)			
Japan	United States	Others	Total
2,612,597	343,455	370,748	3,326,801

Notes)

1. Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.

2. Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

(2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheet.

3. Information by major customers

None.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Information by products and services

(Millions of yen)							
	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	375,171	81,730	180,270	1,199,516	278,788	602,677	2,718,155

(Millions of yen)					
	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	329,504	5,846	14,256	—	349,606

2. Information by geographic area

(1) Sales

(Millions of yen)			
Japan	United States	Others	Total
2,626,307	232,393	336,466	3,195,167

Notes)

1. Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.

2. Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

(2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheet.

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	2,738	8,393	—	—	11,132	—	—	11,132

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	703	1,032	—	—	1,735	—	—	1,735

Information related to amortization of goodwill and balance of goodwill by reportable segments

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2018	147	20,167	609	4,807	25,731	—	—	25,731
Balance as of March 31, 2018	241	176,310	1,827	45,598	223,977	—	—	223,977

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2019	100	18,539	609	4,807	24,057	—	—	24,057
Balance as of March 31, 2019	140	156,545	1,218	40,790	198,694	—	—	198,694

Information related to gains on negative goodwill by reportable segments

None.

16. Related-Party Transactions

There is no significant related-party transaction to be represented.

17. Per Share Information

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net assets per share	4,960.24 yen	4,720.07 yen
Net income per share	361.39 yen	392.26 yen
Diluted net income per share	361.09 yen	391.96 yen

Notes)

1. Calculation of net income per share and diluted net income per share are based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net income per share		
Net income attributable to shareholders of the parent	139,817	146,626
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	139,817	146,626
Average number of common stocks outstanding	386,879 thousand shares	373,792 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:	328 thousand shares	282 thousand shares
Stock acquisition rights	328 thousand shares	282 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	—	—

2. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Total net assets	1,916,210	1,779,911
Amount to be deducted from total net assets:	28,441	22,032
Stock acquisition rights	749	632
Non-controlling interests	27,692	21,399
Net assets attributable to common stocks	1,887,769	1,757,879
Number of common stocks used for calculation of net assets per share	380,579 thousand shares	372,426 thousand shares

3. In the calculation of net income per share and diluted net income per share, the Company shares outstanding in "Board Benefit Trust (BBT)" which are recognized as treasury stock in shareholders' equity are included in treasury stock deducted from the average number of shares outstanding. In addition, in the calculation of net assets per share, such shares are included in treasury stock deducted from the number of total shares outstanding. The average number of the treasury stock deducted above mentioned is 597 thousand for the fiscal year ended March 31, 2018 and is 553 thousand for the fiscal year ended March 31, 2019. The number of the treasury stock deducted above mentioned is 596 thousand as of March 31, 2018 and is 550 thousand as of March 31, 2019.

18. Significant Subsequent Events

Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2019. Details of the resolution are as follows.

1. Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a shareholder return policy of paying stable dividends, with the option of stock buybacks depending on capital conditions. In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return for the financial results of fiscal year ended March 31, 2019.

2. Details of stock buybacks

(1) Class of shares	Common stock of the Company
(2) Potential total number	12,000,000 shares (upper limit)
(3) Total price	33,500,000,000 yen (upper limit)
(4) Period	May 29, 2019 — November 18, 2019

Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	445,878	459,769	13,891
Cash	2	6	3
Deposits	445,875	459,762	13,887
Receivables under resale agreements	74,998	64,999	(9,999)
Monetary receivables bought	6,301	11,703	5,402
Money trusts	98,613	40,862	(57,751)
Securities:	5,491,040	5,056,187	(434,852)
Government bonds	834,110	779,818	(54,292)
Municipal bonds	6,839	6,366	(472)
Corporate bonds	570,034	603,468	33,433
Domestic stocks	1,661,445	1,345,501	(315,943)
Foreign securities	2,356,282	2,255,634	(100,647)
Other securities	62,328	65,398	3,070
Loans:	661,399	685,377	23,978
Policy loans	7,643	6,788	(855)
Ordinary loans	653,756	678,589	24,833
Tangible fixed assets:	244,366	249,654	5,287
Land	103,348	101,753	(1,595)
Buildings	105,830	104,267	(1,563)
Leased assets	2,563	3,377	814
Construction in progress	6,920	12,700	5,779
Other tangible fixed assets	25,703	27,555	1,851
Intangible fixed assets:	79,404	114,753	35,349
Software	4,913	3,583	(1,330)
Other intangible fixed assets	74,490	111,169	36,679
Other assets:	596,552	842,663	246,110
Premiums receivable	2,868	2,921	53
Agency accounts receivable	173,280	179,302	6,022
Foreign agency accounts receivable	38,056	33,174	(4,882)
Coinsurance accounts receivable	11,716	21,708	9,992
Reinsurance accounts receivable	100,220	173,825	73,605
Foreign reinsurance accounts receivable	65,424	187,352	121,927
Proxy service receivable	708	528	(179)
Accounts receivable	66,125	121,641	55,515
Accrued income	10,201	9,462	(739)
Advance deposits	19,322	22,625	3,303
Earthquake insurance deposits	7,364	4,358	(3,006)
Suspense payments	69,189	65,487	(3,701)
Deposits paid for future transactions	7,744	9,248	1,504
Derivative assets	24,328	10,881	(13,447)
Cash collateral paid for financial instruments	—	144	144
Other assets	0	0	—
Prepaid pension cost	669	477	(191)
Allowance for possible credit losses	(3,570)	(3,471)	98
Allowance for possible investment losses	(7,476)	(7,089)	387
Total assets	7,688,176	7,515,887	(172,289)

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	4,766,933	4,626,617	(140,316)
Reserve for outstanding losses and claims	907,429	885,703	(21,725)
Underwriting reserves	3,859,504	3,740,913	(118,590)
Corporate bonds	433,560	433,560	—
Other liabilities:	651,635	760,883	109,248
Coinsurance accounts payable	5,135	5,179	43
Reinsurance accounts payable	81,782	91,235	9,453
Foreign reinsurance accounts payable	37,179	40,761	3,581
Payables under securities lending transactions	95,718	202,289	106,571
Borrowings	137,263	106,771	(30,492)
Income taxes payable	5,685	27,888	22,202
Deposits received	3,449	3,106	(342)
Unearned income	361	312	(49)
Accounts payable	173,446	155,882	(17,563)
Suspense receipts	84,158	88,162	4,004
Derivative liabilities	739	4,340	3,600
Cash collateral received for financial instruments	20,768	28,608	7,840
Lease obligations	3,968	4,321	353
Asset retirement obligations	1,977	2,024	46
Reserve for retirement benefits	92,974	93,600	626
Reserve for bonus payments	18,435	18,325	(110)
Reserve for bonus payments to directors	97	64	(33)
Reserves under the special laws:	79,193	83,183	3,990
Reserve for price fluctuation	79,193	83,183	3,990
Deferred tax liabilities	70,750	30,352	(40,398)
Total liabilities	6,113,580	6,046,586	(66,993)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	70,000	70,000	—
Capital reserves	70,000	70,000	—
Retained earnings:	459,119	527,900	68,781
Other retained earnings:	459,119	527,900	68,781
Reserve for advanced depreciation	4,084	8,421	4,337
General reserve	83,300	83,300	—
Retained earnings carried forward	371,735	436,179	64,444
Total shareholders' equity	599,119	667,900	68,781
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	968,426	794,949	(173,476)
Deferred gains and losses on hedges	7,050	6,449	(601)
Total valuation and translation adjustments	975,477	801,399	(174,077)
Total net assets	1,574,596	1,469,300	(105,295)
Total liabilities and net assets	7,688,176	7,515,887	(172,289)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	2,590,740	2,678,209	87,469	3.4%
Underwriting income:	2,424,702	2,440,115	15,412	0.6
Net premiums written	2,168,009	2,148,632	(19,376)	(0.9)
Deposits of premiums by policyholders	120,364	111,128	(9,235)	(7.7)
Interest and dividend income on deposits of premiums, etc.	39,287	38,153	(1,133)	(2.9)
Reversal of reserve for outstanding losses and claims	5,332	21,725	16,393	307.4
Reversal of underwriting reserves	89,318	118,590	29,271	32.8
Foreign exchange gains	835	939	104	12.5
Other underwriting income	1,556	945	(611)	(39.3)
Investment income:	155,053	225,397	70,343	45.4
Interest and dividend income	106,234	134,644	28,410	26.7
Investment gains on money trusts	5,476	5,445	(30)	(0.6)
Gains on sales of securities	81,469	116,389	34,920	42.9
Gains on redemption of securities	1,025	1,709	684	66.8
Foreign exchange gains	—	3,276	3,276	—
Other investment income	136	2,085	1,949	1,431.1
Transfer of interest and dividend income on deposits of premiums, etc.	(39,287)	(38,153)	1,133	—
Other ordinary income	10,983	12,696	1,712	15.6
Ordinary expenses:	2,415,519	2,462,672	47,152	2.0
Underwriting expenses:	2,021,875	2,096,117	74,242	3.7
Net claims paid	1,272,130	1,377,796	105,665	8.3
Loss adjustment expenses	123,507	121,930	(1,577)	(1.3)
Net commissions and brokerage fees	392,329	388,839	(3,490)	(0.9)
Maturity refunds to policyholders	231,262	205,330	(25,931)	(11.2)
Dividends to policyholders	186	128	(58)	(31.4)
Other underwriting expenses	2,458	2,092	(365)	(14.9)
Investment expenses:	57,210	35,567	(21,643)	(37.8)
Investment losses on money trusts	168	1,006	837	497.3
Losses on sales of securities	14,110	16,329	2,218	15.7
Impairment losses on securities	26,703	4,807	(21,896)	(82.0)
Losses on redemption of securities	97	342	245	251.7
Losses on derivatives	11,326	6,438	(4,888)	(43.2)
Foreign exchange losses	1,406	—	(1,406)	(100.0)
Other investment expenses	3,396	6,644	3,247	95.6
Operating, general and administrative expenses	325,104	321,281	(3,823)	(1.2)

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	11,328	9,706	(1,622)	(14.3)%
Interest paid	7,058	7,152	93	1.3
Provision for allowance for possible credit losses	171	11	(159)	(93.1)
Losses on bad debt	11	28	16	142.5
Other ordinary expenses	4,087	2,513	(1,573)	(38.5)
Ordinary profit	175,220	215,537	40,316	23.0
Extraordinary gains:	27,690	18,937	(8,752)	(31.6)
Gains on disposal of fixed assets	4,619	18,937	14,318	309.9
Other extraordinary gains	23,071	—	(23,071)	(100.0)
Extraordinary losses:	47,541	7,256	(40,285)	(84.7)
Losses on disposal of fixed assets	34,316	2,562	(31,753)	(92.5)
Impairment losses	2,738	703	(2,035)	(74.3)
Provision for reserves under the special laws:	10,486	3,990	(6,496)	(62.0)
Provision for reserve for price fluctuation	10,486	3,990	(6,496)	(62.0)
Net income before income taxes	155,369	227,218	71,849	46.2
Income taxes	831	29,480	28,649	3,447.1
Deferred income taxes	(15,494)	22,029	37,523	—
Total income taxes	(14,663)	51,510	66,173	—
Net income	170,032	175,708	5,675	3.3
Underwriting result:				
Net premiums written	(+) 2,168,009	2,148,632	(19,376)	(0.9)
Net claims paid	(-) 1,272,130	1,377,796	105,665	8.3
Loss adjustment expenses	(-) 123,507	121,930	(1,577)	(1.3)
Net operating expenses:	(-) 700,206	689,835	(10,371)	(1.5)
Net commissions and brokerage fees	392,329	388,839	(3,490)	(0.9)
Operating, general and administrative expenses related to underwriting	307,876	300,995	(6,881)	(2.2)
Underwriting result	72,164	(40,928)	(113,093)	(156.7)
Underwriting profit	94,815	41,990	(52,824)	(55.7)
Ratios:				
Net loss ratio	(%) 64.4	69.8	5.4	
Net operating expenses ratio	(%) 32.3	32.1	(0.2)	
Combined ratio	(%) 96.7	101.9	5.2	

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	27,171	26,063	(1,107)
Cash	0	0	(0)
Deposits	27,170	26,063	(1,107)
Securities:	18,462	18,070	(391)
Government bonds	6,481	2,535	(3,946)
Municipal bonds	7,541	10,991	3,450
Corporate bonds	1,610	601	(1,009)
Domestic stocks	35	29	(6)
Foreign securities	1	1,044	1,043
Other securities	2,791	2,869	77
Loans:	0	0	0
Policy loans	0	0	0
Tangible fixed assets:	310	454	143
Buildings	87	80	(6)
Leased assets	185	326	141
Other tangible fixed assets	38	47	9
Intangible fixed assets:	2,896	3,436	540
Software	2,892	3,432	540
Other intangible fixed assets	3	3	—
Other assets:	4,998	6,289	1,291
Premiums receivable	1,752	1,956	204
Agency accounts receivable	71	76	5
Coinsurance accounts receivable	11	10	(0)
Reinsurance accounts receivable	66	496	429
Foreign reinsurance accounts receivable	45	39	(6)
Accounts receivable	599	704	104
Accrued income	31	17	(13)
Advance deposits	373	428	54
Suspense payments	1,768	2,378	609
Other assets	277	182	(95)
Allowance for possible credit losses	(31)	(45)	(14)
Total assets	53,807	54,269	461

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	41,984	44,331	2,347
Reserve for outstanding losses and claims	13,630	14,929	1,298
Underwriting reserves	28,353	29,401	1,048
Other liabilities:	3,049	3,222	172
Coinsurance accounts payable	36	36	(0)
Reinsurance accounts payable	190	209	18
Foreign reinsurance accounts payable	133	115	(18)
Income taxes payable	130	134	4
Deposits received	15	20	5
Accounts payable	1,534	1,492	(42)
Suspense receipts	818	881	62
Lease obligations	188	330	142
Reserve for retirement benefits to directors	25	24	(1)
Reserve for bonus payments	273	329	55
Reserve for bonus payments to directors	22	24	2
Reserves under the special laws:	44	49	4
Reserve for price fluctuation	44	49	4
Deferred tax liabilities	118	179	61
Total liabilities	45,518	48,160	2,642
Net assets:			
Shareholders' equity:			
Common stock	31,010	32,260	1,250
Capital surplus:	29,247	30,497	1,249
Capital reserves	29,247	30,497	1,249
Other capital surplus	0	0	—
Retained earnings:	(52,364)	(57,203)	(4,838)
Other retained earnings:	(52,364)	(57,203)	(4,838)
Retained earnings carried forward	(52,364)	(57,203)	(4,838)
Total shareholders' equity	7,893	5,554	(2,338)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	396	554	158
Total valuation and translation adjustments	396	554	158
Total net assets	8,289	6,108	(2,180)
Total liabilities and net assets	53,807	54,269	461

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	38,160	41,363	3,203	8.4%
Underwriting income:	38,065	41,308	3,243	8.5
Net premiums written	38,012	41,265	3,252	8.6
Deposits of premiums by policyholders	16	3	(12)	(77.1)
Interest and dividend income on deposits of premiums, etc.	35	39	3	9.8
Investment income:	90	41	(48)	(53.7)
Interest and dividend income	83	75	(7)	(9.5)
Gains on sales of securities	37	—	(37)	(100.0)
Other investment income	5	5	(0)	(1.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(35)	(39)	(3)	—
Other ordinary income	5	13	8	175.8
Ordinary expenses:	43,602	46,179	2,577	5.9
Underwriting expenses:	30,151	33,385	3,233	10.7
Net claims paid	23,102	26,711	3,608	15.6
Loss adjustment expenses	3,108	3,534	426	13.7
Net commissions and brokerage fees	841	683	(158)	(18.8)
Maturity refunds to policyholders	105	92	(12)	(11.9)
Provision for reserve for outstanding losses and claims	1,186	1,298	112	9.5
Provision for underwriting reserves	1,799	1,048	(751)	(41.8)
Foreign exchange losses	0	0	0	301.1
Other underwriting expenses	8	17	8	92.7
Investment expenses:	3	3	(0)	(13.5)
Other investment expenses	3	3	(0)	(13.5)
Operating, general and administrative expenses	13,375	12,748	(627)	(4.7)
Other ordinary expenses:	71	42	(28)	(39.9)
Interest paid	4	6	1	23.4
Provision for allowance for possible credit losses	31	14	(16)	(54.2)
Other ordinary expenses	35	22	(12)	(35.9)
Ordinary loss	(5,441)	(4,815)	625	—

(Millions of yen)

		Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
		Amount	Amount		
Extraordinary losses:		4	7	2	52.7%
Losses on disposal of fixed assets		0	0	(0)	(32.2)
Provision for reserves under the special laws:		4	4	0	16.4
Provision for reserve for price fluctuation		4	4	0	16.4
Business structure reform expenses		—	1	1	—
Net loss before income taxes		(5,446)	(4,823)	623	—
Income taxes		15	15	0	1.6
Total income taxes		15	15	0	1.6
Net loss		(5,461)	(4,838)	622	—
Underwriting result:					
Net premiums written	(+)	38,012	41,265	3,252	8.6
Net claims paid	(-)	23,102	26,711	3,608	15.6
Loss adjustment expenses	(-)	3,108	3,534	426	13.7
Net operating expenses:	(-)	14,198	13,411	(786)	(5.5)
Net commissions and brokerage fees		841	683	(158)	(18.8)
Operating, general and administrative expenses related to underwriting		13,356	12,728	(628)	(4.7)
Underwriting result		(2,396)	(2,392)	3	—
Underwriting profit (loss)		(5,422)	(4,791)	630	—
Ratios:					
Net loss ratio	(%)	69.0	73.3	4.3	
Net operating expenses ratio	(%)	37.4	32.5	(4.9)	
Combined ratio	(%)	106.4	105.8	(0.5)	

Sompo 24 Insurance Company Limited (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	20,795	20,145	(650)
Cash	0	0	(0)
Deposits	20,795	20,144	(650)
Securities:	2,001	—	(2,001)
Government bonds	2,001	—	(2,001)
Tangible fixed assets:	188	148	(39)
Buildings	16	24	8
Other tangible fixed assets	171	123	(48)
Other assets:	895	584	(310)
Reinsurance accounts receivable	8	—	(8)
Proxy service receivable	—	2	2
Accounts receivable	658	368	(290)
Accrued income	1	—	(1)
Advance deposits	171	171	(0)
Suspense payments	54	42	(12)
Deferred tax assets	219	—	(219)
Total assets	24,100	20,878	(3,221)
Liabilities:			
Underwriting funds:	11,933	8,684	(3,249)
Reserve for outstanding losses and claims	4,458	4,009	(449)
Underwriting reserves	7,475	4,674	(2,800)
Other liabilities:	2,200	1,629	(570)
Reinsurance accounts payable	4	6	2
Income taxes payable	198	14	(184)
Deposits received	5	21	16
Accounts payable	988	1,097	108
Suspense receipts	1,003	490	(512)
Reserve for retirement benefits	280	544	264
Reserve for bonus payments	98	74	(24)
Reserve for bonus payments to directors	4	4	—
Reserves under the special laws:	20	—	(20)
Reserve for price fluctuation	20	—	(20)
Total liabilities	14,537	10,937	(3,599)
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus:	19,000	19,000	—
Capital reserves	19,000	19,000	—
Retained earnings:	(28,437)	(28,059)	378
Other retained earnings:	(28,437)	(28,059)	378
Retained earnings carried forward	(28,437)	(28,059)	378
Total shareholders' equity	9,562	9,940	378
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	0	—	(0)
Total valuation and translation adjustments	0	—	(0)
Total net assets	9,562	9,940	377
Total liabilities and net assets	24,100	20,878	(3,221)

Sonpo 24 Insurance Company Limited (Non-consolidated)

Statement of Income

(Millions of yen)

		Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
		Amount	Amount		
Ordinary income:		13,881	12,090	(1,791)	(12.9)%
Underwriting income:		13,890	12,065	(1,825)	(13.1)
Net premiums written		12,386	8,804	(3,581)	(28.9)
Interest and dividend income on deposits of premiums, etc.		10	11	0	8.7
Reversal of reserve for outstanding losses and claims		924	449	(475)	(51.4)
Reversal of underwriting reserves		569	2,800	2,230	391.4
Investment income:		(10)	(11)	(1)	—
Interest and dividend income		0	(0)	(0)	(118.7)
Transfer of interest and dividend income on deposits of premiums, etc.		(10)	(11)	(0)	—
Other ordinary income		0	36	35	3,567.9
Ordinary expenses:		11,595	10,711	(883)	(7.6)
Underwriting expenses:		8,507	7,788	(718)	(8.5)
Net claims paid		6,775	6,395	(380)	(5.6)
Loss adjustment expenses		996	938	(58)	(5.8)
Net commissions and brokerage fees		735	454	(280)	(38.2)
Operating, general and administrative expenses		3,087	2,922	(164)	(5.3)
Other ordinary expenses:		0	0	0	33.3
Other ordinary expenses		0	0	0	33.3
Ordinary profit		2,285	1,378	(907)	(39.7)
Extraordinary gains:		21	20	(1)	(7.4)
Reversal of reserves under the special laws:		21	20	(1)	(7.4)
Reversal of reserve for price fluctuation		21	20	(1)	(7.4)
Extraordinary losses:		36	726	690	1,889.3
Losses on disposal of fixed assets		1	1	(0)	(12.3)
Business structure reform expenses		35	725	690	1,968.2
Net income before income taxes		2,271	671	(1,599)	(70.4)
Income taxes		242	73	(168)	(69.6)
Deferred income taxes		42	219	177	416.3
Total income taxes		284	293	8	3.0
Net income		1,986	378	(1,608)	(81.0)
Underwriting result:					
Net premiums written	(+)	12,386	8,804	(3,581)	(28.9)
Net claims paid	(-)	6,775	6,395	(380)	(5.6)
Loss adjustment expenses	(-)	996	938	(58)	(5.8)
Net operating expenses:	(-)	3,820	3,375	(445)	(11.6)
Net commissions and brokerage fees		735	454	(280)	(38.2)
Operating, general and administrative expenses related to underwriting		3,084	2,920	(164)	(5.3)
Underwriting result		793	(1,904)	(2,697)	(340.1)
Underwriting profit		2,297	1,356	(941)	(41.0)
Ratios:					
Net loss ratio	(%)	62.8	83.3	20.5	
Net operating expenses ratio	(%)	30.8	38.3	7.5	
Combined ratio	(%)	93.6	121.6	28.0	

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)
Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	90,465	92,843	2,377
Cash	0	—	(0)
Deposits	90,465	92,843	2,377
Securities:	2,594,537	2,805,201	210,663
Government bonds	1,773,257	1,845,412	72,154
Municipal bonds	61,410	65,809	4,399
Corporate bonds	354,833	425,036	70,202
Domestic stocks	9,233	8,648	(585)
Foreign securities	395,802	460,294	64,492
Loans:	39,865	41,734	1,869
Policy loans	39,865	41,734	1,869
Tangible fixed assets:	1,455	1,297	(158)
Buildings	433	445	11
Leased assets	759	566	(192)
Other tangible fixed assets	262	286	23
Agency accounts receivable	120	133	13
Reinsurance accounts receivable	1,925	1,435	(490)
Other assets:	53,984	54,814	830
Accounts receivable	35,828	37,028	1,199
Prepaid expenses	1,865	2,041	176
Accrued income	7,600	8,045	445
Advance deposits	2,750	2,760	9
Derivative assets	5,384	4,402	(982)
Cash collateral paid for financial instruments	—	80	80
Suspense payments	481	370	(111)
Other assets	73	86	12
Deferred tax assets	13,923	8,680	(5,242)
Allowance for possible credit losses	(48)	(51)	(3)
Total assets	2,796,230	3,006,090	209,860

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	2,604,810	2,784,798	179,988
Reserve for outstanding claims	41,979	45,266	3,286
Policy reserves	2,557,365	2,734,761	177,396
Reserve for dividends to policyholders	5,465	4,770	(694)
Agency accounts payable	4,506	4,097	(408)
Reinsurance accounts payable	963	821	(141)
Other liabilities:	41,408	46,592	5,184
Payables under securities lending transactions	22,921	24,887	1,966
Income taxes payable	2,544	4,174	1,630
Accounts payable	5,805	6,587	781
Accrued expenses	7,964	7,852	(111)
Deposits received	225	1,637	1,412
Derivative liabilities	203	198	(5)
Cash collateral received for financial instruments	100	—	(100)
Lease obligations	900	686	(214)
Suspense receipts	742	567	(175)
Reserve for bonus payments to directors	47	37	(9)
Reserve for retirement benefits	3,698	3,802	103
Reserve for possible reimbursement of prescribed claims	—	601	601
Reserves under the special laws:	6,838	7,490	651
Reserve for price fluctuation	6,838	7,490	651
Total liabilities	2,662,271	2,848,241	185,969
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	13,333	13,333	—
Capital reserves	13,333	13,333	—
Retained earnings:	65,624	74,169	8,544
Legal reserve	200	1,570	1,370
Other retained earnings:	65,424	72,599	7,174
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	65,099	72,274	7,174
Total shareholders' equity	96,207	104,752	8,544
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	37,750	53,096	15,345
Total valuation and translation adjustments	37,750	53,096	15,345
Total net assets	133,958	157,848	23,890
Total liabilities and net assets	2,796,230	3,006,090	209,860

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	490,791	495,111	4,320	0.9%
Insurance premiums and other:	438,487	444,443	5,956	1.4
Insurance premiums	434,803	441,582	6,779	1.6
Reinsurance income	3,684	2,861	(823)	(22.3)
Investment income:	49,490	48,621	(869)	(1.8)
Interest and dividend income and other:	43,880	44,583	703	1.6
Interest and dividends on securities	42,659	43,301	642	1.5
Interest on loans	1,181	1,235	54	4.6
Other interest and dividends	39	46	6	17.0
Gains on sales of securities	4,132	3,635	(496)	(12.0)
Foreign exchange gains	—	7	7	—
Other investment income	—	2	2	—
Investment gains on special account	1,478	391	(1,086)	(73.5)
Other ordinary income:	2,812	2,045	(766)	(27.3)
Fund receipt for annuity rider	1,205	494	(711)	(59.0)
Fund receipt for claim deposit payments	1,573	1,542	(31)	(2.0)
Other ordinary income	33	9	(23)	(72.0)
Ordinary expenses:	474,069	468,524	(5,544)	(1.2)
Insurance claims and other:	182,504	186,185	3,681	2.0
Insurance claims	34,636	32,214	(2,421)	(7.0)
Annuity payments	12,362	11,621	(741)	(6.0)
Insurance benefits	42,700	45,853	3,152	7.4
Surrender benefits	86,263	90,285	4,021	4.7
Other refunds	2,904	2,640	(263)	(9.1)
Reinsurance premiums	3,635	3,569	(65)	(1.8)
Provision for policy reserves and other:	187,276	180,683	(6,592)	(3.5)
Provision for reserve for outstanding claims	1,109	3,286	2,177	196.3
Provision for policy reserves	186,166	177,396	(8,770)	(4.7)
Provision for interest portion of reserve for dividends to policyholders	0	0	(0)	(9.9)
Investment expenses:	4,449	3,508	(941)	(21.2)
Interest paid	96	80	(16)	(16.9)
Losses on sales of securities	2,855	2,394	(460)	(16.1)
Losses on derivatives	1,384	926	(458)	(33.1)
Foreign exchange losses	14	—	(14)	(100.0)
Provision for allowance for possible credit losses	12	7	(4)	(37.2)
Other investment expenses	87	99	12	14.4
Operating expenses	95,576	93,273	(2,302)	(2.4)

(Millions of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	4,263	4,873	610	14.3%
Claim deposit payments	1,291	1,369	78	6.1
Taxes	2,056	2,132	75	3.7
Depreciation	428	456	27	6.5
Provision for reserve for retirement benefits	463	103	(359)	(77.6)
Other ordinary expenses	23	811	788	3,393.9
Ordinary profit	16,721	26,586	9,865	59.0
Extraordinary gains:	0	—	(0)	(100.0)
Gains on disposal of fixed assets and other	0	—	(0)	(100.0)
Extraordinary losses:	1,438	1,694	256	17.9
Losses on disposal of fixed assets and other	12	33	21	171.8
Provision for reserves under the special laws:	1,425	651	(773)	(54.3)
Provision for reserve for price fluctuation	1,425	651	(773)	(54.3)
Other extraordinary losses	—	1,009	1,009	—
Provision for reserve for dividends to policyholders	3,981	3,292	(689)	(17.3)
Net income before income taxes	11,301	21,599	10,297	91.1
Income taxes	5,392	6,930	1,538	28.5
Deferred income taxes	(2,208)	(725)	1,482	—
Total income taxes	3,184	6,204	3,020	94.9
Net income	8,117	15,394	7,276	89.6

Solvency Margin Ratio of Sampo Holdings, Inc. on a Consolidated Basis (Unaudited)

Consolidated Solvency Margin Ratio

- The Company calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The consolidated solvency margin ratio of the Company for the current fiscal year decreased 2.7 points from previous fiscal year to 859.8 percent.

Sompo Holdings, Inc. (Consolidated)
Consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
(A) Total Consolidated Solvency Margin	3,345,644	3,264,797
Capital and funds, etc.	698,113	799,920
Reserve for price fluctuation	86,095	90,722
Contingency reserve	30,894	32,571
Catastrophic loss reserve	560,080	501,491
General allowance for possible credit losses	2,412	2,745
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,129,750	947,259
Unrealized gains and losses on land	69,855	84,297
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	(4,473)	(4,970)
Surplus such as premium fund	164,592	172,796
Subordinated debt, etc.	433,560	433,560
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	—
Total solvency margin related to small amount and short term insurance companies	—	0
Deductions	38,553	38,048
Others	213,315	242,452
(B) Total Consolidated Risks $\sqrt{(\sqrt{R_1^2+R_2^2+R_3+R_4})^2+(R_5+R_6+R_7)^2+R_8+R_9}$	775,746	759,401
Underwriting risk for property and casualty insurance business (R_1)	250,523	251,559
Underwriting risk for life insurance business (R_2)	14,256	14,865
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_3)	9,318	9,961
Underwriting risk related to small amount and short term insurance companies (R_4)	—	—
Guaranteed interest rate risk (R_5)	27,801	26,533
Guaranteed minimum benefit risk for life insurance policies (R_6)	379	388
Investment risk (R_7)	515,517	466,050
Business management risk (R_8)	19,804	19,430
Major catastrophe risk for property and casualty insurance policies (R_9)	153,168	181,719
(C) Consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	862.5%	859.8%

Note) The above amounts and figures are calculated based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).

Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)

Non-consolidated Solvency Margin Ratio

- Domestic insurance companies calculate the non-consolidated solvency margin ratio based on provision of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.” ((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates” ((B) Total Non-consolidated Risks).
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- Non-consolidated solvency margin ratios of the domestic insurance subsidiaries at the end of the current fiscal year are as follows.

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
(A) Total Non-consolidated Solvency Margin	3,078,246	2,925,752
Capital and funds, etc.	598,902	667,900
Reserve for price fluctuation	79,193	83,183
Contingency reserve	611	917
Catastrophic loss reserve	555,293	497,090
General allowance for possible credit losses	229	296
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,184,429	979,958
Unrealized gains and losses on land	93,030	102,267
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	433,560	433,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	54,455	53,329
Others	187,451	213,906
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	837,472	810,142
Underwriting risk (R_1)	187,079	185,722
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	19,350	18,070
Investment risk (R_4)	646,159	584,923
Business management risk (R_5)	19,583	18,978
Major catastrophe risk (R_6)	126,585	160,215
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	735.1%	722.2%

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
(A) Total Non-consolidated Solvency Margin	12,720	10,676
Capital and funds, etc.	7,893	5,554
Reserve for price fluctuation	44	49
Contingency reserve	11	11
Catastrophic loss reserve	4,306	4,400
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	463	660
Unrealized gains and losses on land	—	—
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	—	—
Others	1	0
(B) Total Non-consolidated Risks	5,482	6,248
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	4,233	4,893
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	21	19
Investment risk (R ₄)	702	693
Business management risk (R ₅)	178	201
Major catastrophe risk (R ₆)	1,008	1,101
(C) Non-consolidated Solvency Margin Ratio	463.9%	341.7%
$[(A) / \{(B) \times 1/2\}] \times 100$		

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).

Sonpo 24 Insurance Company Limited (Non-consolidated)

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
(A) Total Non-consolidated Solvency Margin	10,063	10,216
Capital and funds, etc.	9,562	9,940
Reserve for price fluctuation	20	—
Contingency reserve	—	—
Catastrophic loss reserve	480	276
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	0	—
Unrealized gains and losses on land	—	—
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	—	—
Others	—	—
(B) Total Non-consolidated Risks	1,860	1,649
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	1,649	1,455
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	—	—
Investment risk (R ₄)	248	202
Business management risk (R ₅)	60	53
Major catastrophe risk (R ₆)	132	126
(C) Non-consolidated Solvency Margin Ratio	1,081.6%	1,238.7%
$[(A) / \{(B) \times 1/2\}] \times 100$		

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 Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
(A) Total Non-consolidated Solvency Margin	340,108	383,002
Capital, etc.	96,207	104,752
Reserve for price fluctuation	6,838	7,490
Contingency reserve	30,270	31,642
General allowance for possible credit losses	3	4
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)	47,188	66,370
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	164,592	172,796
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(30,855)	(28,599)
Brought in capital, etc.	—	—
Deductions	—	—
Others	25,862	28,545
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2}+R_4$	44,952	50,809
Underwriting risk (R_1)	13,508	14,188
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_6)	9,318	9,961
Guaranteed interest rate risk (R_2)	8,430	8,443
Guaranteed minimum benefit risk (R_7)	379	388
Investment risk (R_3)	28,512	34,335
Business management risk (R_4)	1,202	1,346
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,513.1%	1,507.5%

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
2. Guaranteed minimum benefit risk is calculated by using the standard method.

Corporate Information

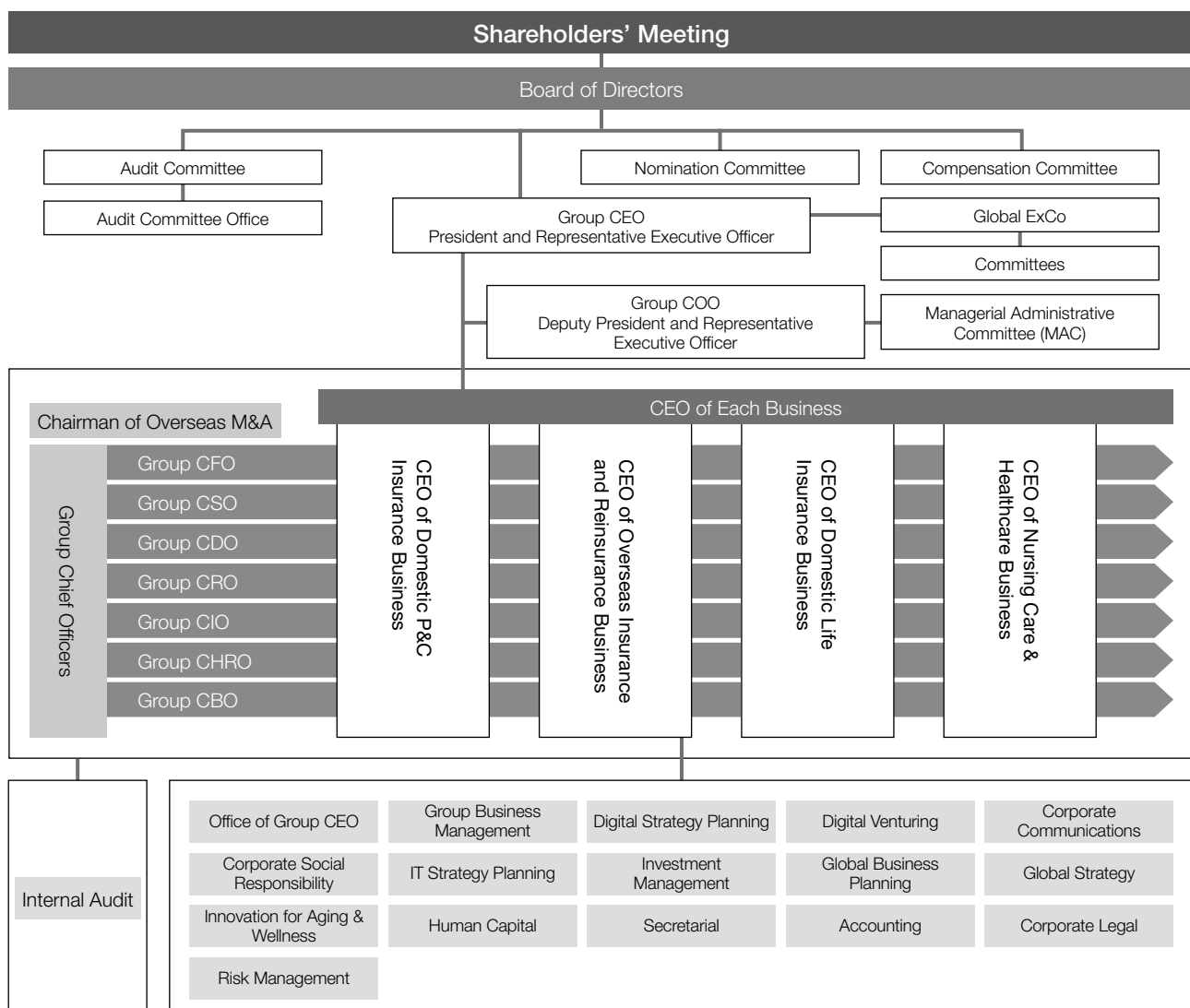
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Corporate Overview

Company name:	Sompo Holdings, Inc.
Date of establishment:	April 1, 2010
Capital:	¥100 billion
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan
Group CEO, Director, President and Representative Executive Officer:	Kengo Sakurada
Employees:	579*
Business activities:	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations.
Exchange listing:	Tokyo Stock Exchange (First Section)
URL:	https://www.sompo-hd.com/en/

* As of March 31, 2019

Organization Chart



An organization and Group CEO and other such titles use the following English abbreviations:

Global ExCo: Global Executive Committee; Group CEO: Group Chief Executive Officer / Group COO: Group Chief Operating Officer / Group CFO: Group Chief Financial Officer / Group CSO: Group Chief Strategy Officer / Group CDO: Group Chief Digital Officer / Group CRO: Group Chief Risk Officer / Group CIO: Group Chief Information Officer / Group CHRO: Group Chief Human Resource Officer / Group CBO: Group Chief Brand Officer

Share and Shareholder Information

Share Information

(As of July 1, 2019)

- | | |
|--|---|
| 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/)
Note: If a public notice cannot be issued electronically, it will be published in the <i>Nikkei</i> (newspaper). |
| 7. Exchange listing: | Tokyo Stock Exchange (First Section) |

Matters for the General Meeting of Shareholders

The 9th General Meeting of Shareholders was held on June 24, 2019. 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 by the accounting auditors and the Audit & Supervisory Board for fiscal 2018 (April 1, 2018 to March 31, 2019)
2. The financial statements for fiscal 2018 (April 1, 2018 to March 31, 2019)

Matters to Be Resolved

- Proposal No. 1 Disposition of Retained Earnings
Proposal No. 2 Partial Amendment to the Articles of Incorporation
Proposal No. 3 Appointment of Eleven Directors
The proposals were approved as initially proposed.

Distribution and Shares

(As of March 31, 2019)

1. Equity Shares

(1) Type of shares	Common shares
(2) Total number of authorized shares	1,200,000,000
(3) Total number of shares outstanding	373,330,489 (Including treasury stock)
(4) Total number of shareholders	42,254

2. Types of Shareholders

Category	Number of Shareholders	Number of Shares Held (Thousands)* ¹	Portion of Shares Outstanding (%) ^{*2}
National and Regional Governmental Organizations	2	8	0.00
Financial Institutions	162	127,753	34.22
Securities Companies	57	12,979	3.48
Other Corporations	1,002	29,615	7.93
Foreign Investors	784	165,504	44.33
Individuals and Others	40,247	37,469	10.04
Total	42,254	373,330	100.00

*1 Numbers of shares held are truncated to the unit displayed.

*2 Portions of shares outstanding are rounded to the unit displayed.

Top 10 Shareholders

(As of March 31, 2019)

Name of Shareholder	Number of Shares Held (Thousands)	Portion of Shares Outstanding (Excluding Treasury Stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	24,715	6.63
JP MORGAN CHASE BANK 380055	24,512	6.57
Japan Trustee Services Bank, Ltd. (Trust account)	18,034	4.84
GOVERNMENT OF NORWAY	14,525	3.89
Sompo Holdings Employee Shareholders Association	8,759	2.35
NIPPON EXPRESS CO., LTD.	8,001	2.15
Japan Trustee Services Bank, Ltd. (Trust account 5)	6,823	1.83
Japan Trustee Services Bank, Ltd. (Trust account 7)	6,786	1.82
JP MORGAN CHASE BANK 385151	5,372	1.44
STATE STREET BANK WEST CLIENT - TREATY 505234	5,240	1.41

Note: The number of shares held by NIPPON EXPRESS CO., LTD., includes 1,600 thousand shares contributed by that company as trust assets for a retirement benefit trust (In the shareholder register, the shares are listed in the name of Mizuho Trust & Banking Co., Ltd., NIPPON EXPRESS Retirement Benefit Trust).

The Company, Subsidiaries, and Affiliates (As of March 31, 2019)

The Sampo Holdings Group consists of 96 subsidiaries and 14 affiliates. The Group is engaged in domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care & healthcare businesses. Major Group companies are as follows.

List of Group Companies

Domestic P&C Insurance

- ◎ Sampo Japan Nipponkoa Insurance Inc.
- ◎ SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
- ◎ Sampo 24 Insurance Company Limited^{*1}
- ◎ Sampo Japan Nipponkoa Insurance Services Inc.
- ★ Hitachi Capital Insurance Corporation

Overseas Insurance

- ◎ Sampo International Holdings Ltd. <Bermuda, British Overseas Territory>
- ◎ Endurance Specialty Insurance Ltd. <Bermuda, British Overseas Territory>
- ◎ Sampo America Insurance Company <U.S.A.>
- ◎ Endurance Worldwide Insurance Limited <U.K.>
- ◎ SI Insurance (Europe), SA <Luxembourg>
- ◎ Sampo Japan Sigorta Anonim Sirketi <Turkey>^{*2}
- ◎ Sampo Holdings (Asia) Pte. Ltd. <Singapore>
- ◎ Sampo Insurance Singapore Pte. Ltd. <Singapore>
- ◎ Berjaya Sampo Insurance Berhad <Malaysia>
- ◎ PT Sampo Insurance Indonesia <Indonesia>
- ◎ Sampo Insurance China Co., Ltd. <China>
- ◎ Sampo Insurance (Hong Kong) Company Limited <China>
- ◎ Sampo Seguros S.A. <Brazil>
- ◎ Sampo Saude Seguros S.A. <Brazil>
- ★ Universal Sampo General Insurance Company Limited <India>

Domestic Life Insurance

- ◎ Sampo Japan Nipponkoa Himawari Life Insurance, Inc.

Nursing Care & Healthcare

- ◎ Sampo Care Inc.
- ◎ Sampo Health Support Inc.^{*3}

Financial and Other Services

- ◎ Sampo Japan Nipponkoa Asset Management Co., Ltd. (Asset Management)
- ◎ Sampo Risk Management Inc. (Risk Management)^{*4}
- ◎ Sampo Japan Nipponkoa DC Securities Inc. (Defined Contribution Pension Plans)

Note: The definitions of each sign are as follows. ◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method

^{*1} Sampo 24 Insurance Company Limited became SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, following a merger on July 1, 2019.

^{*2} Sampo Japan Sigorta Anonim Sirketi was renamed Sampo Sigorta Anonim Sirketi on May 28, 2019.

^{*3} Sampo Health Support Inc. was established on October 1, 2018.

^{*4} Sampo Risk Management & Health Care Inc. was renamed Sampo Risk Management Inc. on October 1, 2018.

Subsidiaries and Affiliates

Consolidated Subsidiaries

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ^{*1}	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ^{*1}
Sompo Japan Nipponkoa Insurance Inc.	Shinjuku-ku, Tokyo	February 12, 1944	70,000 million Japanese yen	Domestic P&C Insurance	100.0	—
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Toshima-ku, Tokyo	September 22, 1982	32,260 million Japanese yen	Domestic P&C Insurance	—	99.8
Sonpo 24 Insurance Company Limited ^{*2}	Toshima-ku, Tokyo	December 6 1999	19,000 million Japanese yen	Domestic P&C Insurance	—	100.0
Sompo Japan Nipponkoa Insurance Services Inc.	Shinjuku-ku, Tokyo	February 28, 1989	1,845 million Japanese yen	Domestic P&C Insurance	—	100.0
Sompo International Holdings Ltd.	Pembroke (Bermuda, British Overseas Territory)	March 24, 2017	0 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Specialty Insurance Ltd.	Pembroke (Bermuda, British Overseas Territory)	November 30, 2001	12,000 thousand U.S. dollars	Overseas Insurance	—	100.0
Sompo America Insurance Company	New York (New York, U.S.A.)	August 9, 1962	13,742 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Worldwide Insurance Limited	London (U.K.)	April 10, 2002	346,320 thousand U.S. dollars	Overseas Insurance	—	100.0
SI Insurance (Europe), SA	Luxembourg (Luxembourg)	January 12, 2018	30 thousand Euros	Overseas Insurance	—	100.0
Sompo Japan Sigorta Anonim Sirketi ^{*3}	Istanbul (Turkey)	March 30, 2001	195,498 thousand Turkish liras	Overseas Insurance	—	100.0
Sompo Holdings (Asia) Pte. Ltd.	Singapore (Singapore)	August 1, 2008	790,761 thousand Singaporean dollars	Overseas Insurance	—	100.0
Sompo Insurance Singapore Pte. Ltd.	Singapore (Singapore)	December 14, 1989	318,327 thousand Singaporean dollars	Overseas Insurance	—	100.0
Berjaya Sompo Insurance Berhad	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand Malaysian ringgits	Overseas Insurance	—	70.0
PT Sompo Insurance Indonesia ^{*4}	Jakarta (Indonesia)	December 16, 1975	344,940,000 thousand Indonesian rupiahs	Overseas Insurance	—	80.0
Sompo Insurance China Co., Ltd.	Dalian (China)	May 31, 2005	600,000 thousand Chinese yuan	Overseas Insurance	—	100.0
Sompo Insurance (Hong Kong) Company Limited	Hong Kong (China)	March 25, 1977	270,000 thousand Hong Kong dollars	Overseas Insurance	—	97.8
Sompo Seguros S.A.	Sao Paulo (Brazil)	October 8, 1943	985,585 thousand Brazilian reals	Overseas Insurance	—	99.9
Sompo Saude Seguros S.A.	Sao Paulo (Brazil)	June 12, 2001	116,280 thousand Brazilian reals	Overseas Insurance	—	100.0

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ^{*1}	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ^{*1}
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	Shinjuku-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 & Healthcare	100.0	—
Sompo Health Support Inc.	Chiyoda-ku, Tokyo	October 1, 2018	10 million Japanese yen	Nursing Care & Healthcare	100.0	—
Sompo Japan Nipponkoa Asset Management Co., Ltd.	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management service)	100.0	—
Sompo Risk Management Inc.	Shinjuku-ku, Tokyo	November 19, 1997	30 million Japanese yen	Other (Risk management)	100.0	—
Sompo Japan Nipponkoa DC Securities Inc.	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million Japanese yen	Other (Defined contribution pension plans)	—	100.0
43 other companies						

Equity-Method Affiliates

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ^{*1}	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ^{*1}
Hitachi Capital Insurance Corporation	Chiyoda-ku, Tokyo	June 21, 1994	6,200 million Japanese yen	Domestic P&C Insurance	—	20.6
Universal Sompo General Insurance Company Limited	Mumbai (India)	January 5, 2007	3,681,818 thousand Indian rupees	Overseas Insurance	—	34.6
3 other companies						

Note: "Subsidiaries and affiliates" includes subsidiaries and affiliates as specified in the Insurance Business Law and the Enforcement Order for the Insurance Business Law.

^{*1} Figures in proportion of voting rights are rounded to the indicated decimal place.

^{*2} Sonpo 24 Insurance Company Limited became SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, following a merger on July 1, 2019.

^{*3} Sompo Japan Sigorta Anonim Sirketi was renamed Sompo Sigorta Anonim Sirketi on May 28, 2019.

^{*4} PT Sompo Insurance Indonesia increased its stake on April 11, 2019, expanding paid-in capital to 494,940,000,000 Indonesia rupiahs.

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