

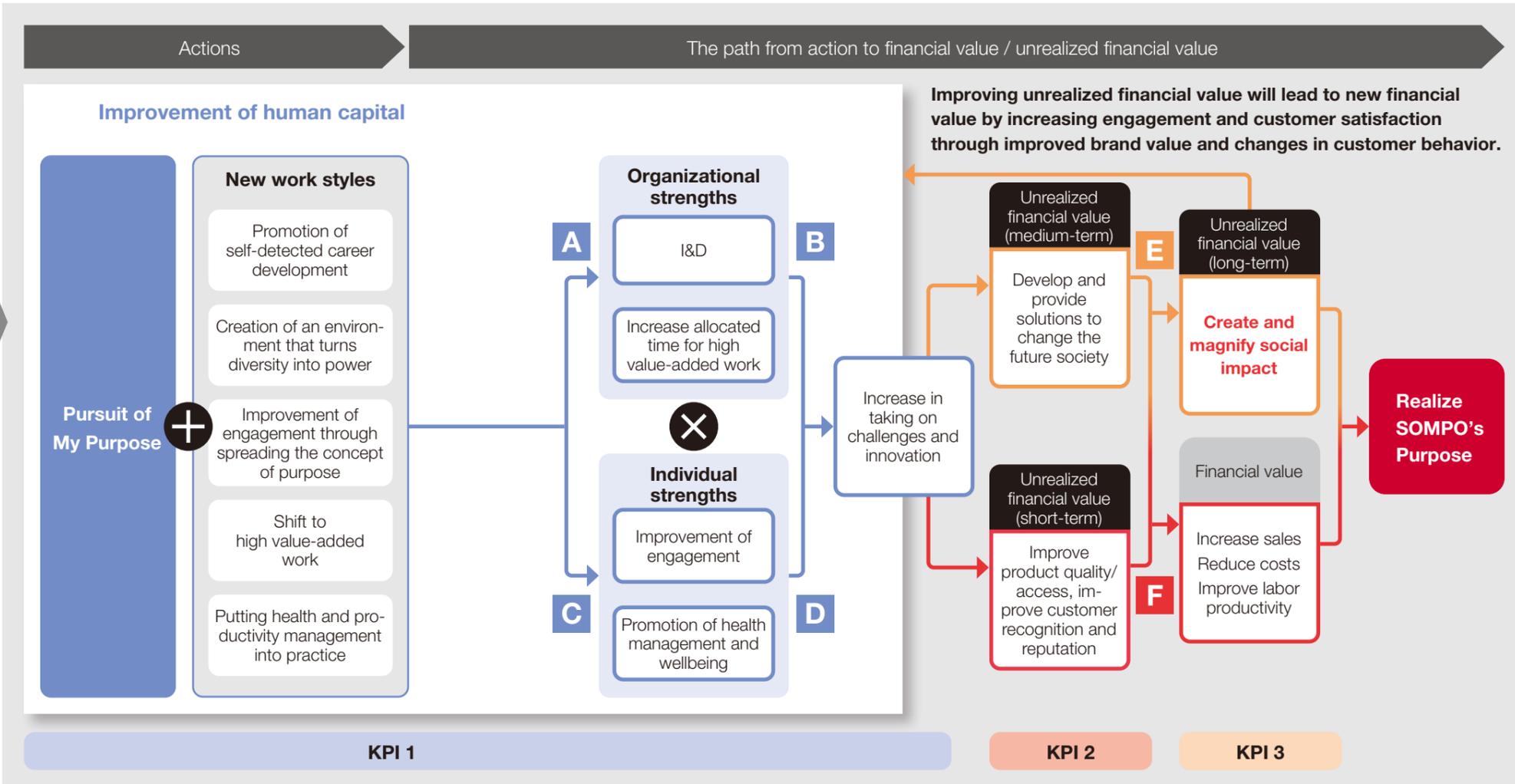
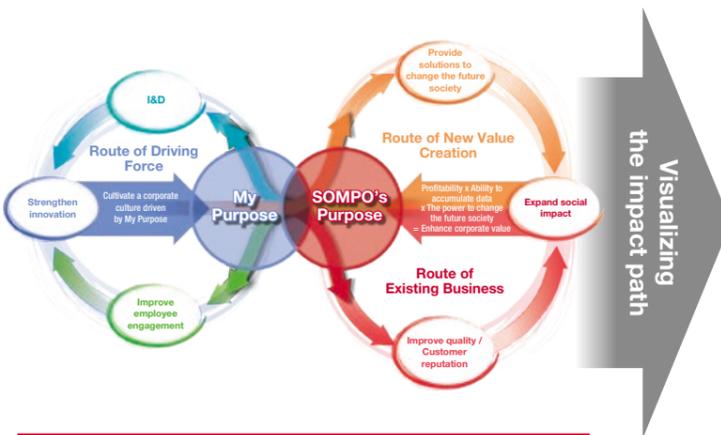
Improving Unrealized Financial Value – Visualizing

the impact path of human capital

Efforts to visualize SOMPO's Unrealized Financial Value

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

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



The Impact Path

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

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

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

KPI 1	Details	2021 financial results	See Page 22
My Purpose	• Executives and employees (As of March 31, 2022)	73,676 (27,070 male; 46,606 female)	
	• My Purpose training participation ratio (FY2021)	66.0% (FY2023 goal: 100%) *1	
Engagement	• Employee engagement	Domestic: 3.46 points Overseas: 4.02 points*2	
	• Productivity indicators connected to health and productivity management	93.8%*3	
	• Number of companies certified as Health & Productivity Management Outstanding Organizations	22 (14 large companies, 8 small to medium-sized companies)	
I&D Data	• Percentage of female executives (As of April 1, 2022)	9.0%	
	• Percentage of executives who are foreign-born (As of July 1, 2022)	14.7%*4	
	• Percentage of female candidates in succession plans	32.4%*5	
	• Percentage of female managers (As of April 1, 2022)	26.8%	
	• Percentage of employees with disabilities (As of April 1, 2022)	2.41%	

*1 Participation rate in domestic P&C insurance, domestic life insurance, and nursing care and seniors businesses
*2 FY2023 targets – Domestic: 3.70 points, Overseas: 4.10 points

KPI 2	Details	FY2021 results	See Page 30
Quality/customer reputation	• Sales of priority products	72,000 at 2.49 billion yen	
	• Customer satisfaction with car accident response	46.4pt	
	• Number of Insurhealth® packages sold/owned	340,000/710,000	
	• Number of nursing care users	90,000	

KPI 3	Details	Goal	See Page 36
Solutions	• Group sales created using RDP	500 billion yen (mid- to long-term goal)	
	• External sales and monetization of RDP products and services	Two or more businesses by end of FY2023.	
Social impact	• Details planned for release in November 2022		

*3 Targeting Sampo Japan and Sampo Himawari Life
*4 Ratio of executive directors, executive officers, vice presidents: (5 out of 34 total)
*5 Targeting the Group CEO, other chief officers, presidents, and other key posts (total 88)

Verifying the impact path connections

Organizational improvement route

Individual improvement route

Human Capital

A My Purpose dialogue accelerates I&D

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

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

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

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

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

C My Purpose dialogue improves engagement faster

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

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

*Normal correlation between one-on-one dialogues and engagement is roughly 0.5.

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

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

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

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

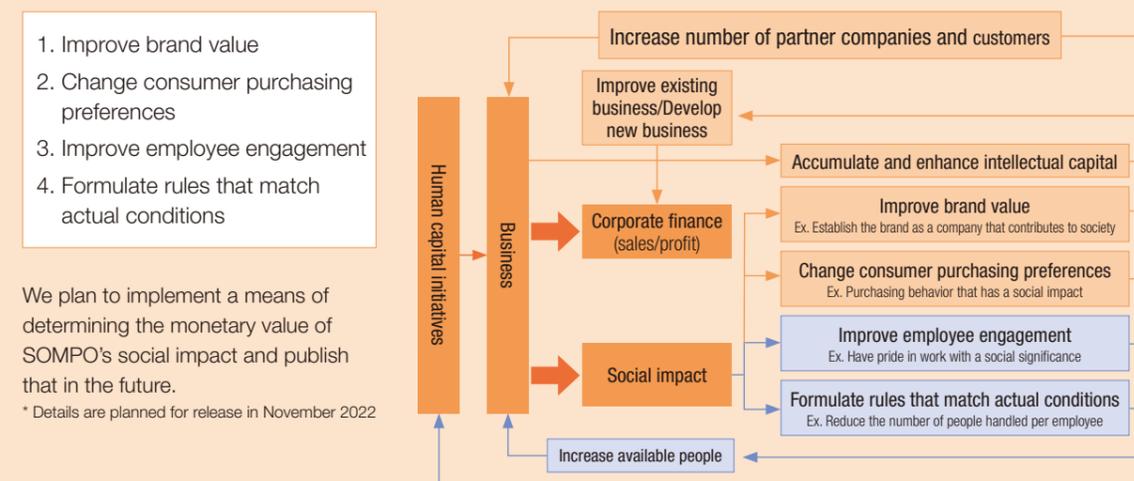
Unrealized Financial Value (Medium-term, Long-term)



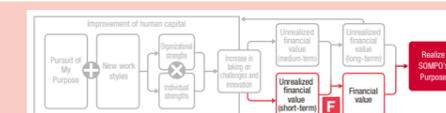
E The challenge of visualizing SOMPO's social impact and the connection to future financial value

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

Example: Nursing care business



Unrealized Financial Value (Short-term)

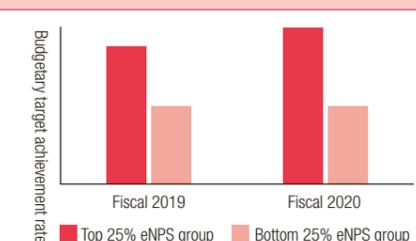


F Improving engagement leads to improved quality and performance through individuals taking on challenges and increasing innovation

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

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

We compared and confirmed engagement (eNPS) and budgetary target achievement rates for the top 25% and bottom 25% of Sompo Japan's roughly 550 sales branches. We were able to confirm that there is a statistically significant difference between the two groups, **with higher achievement rates in the upper 25% of sales branches compared to the lower 25%.**



*This analysis was conducted by Sompo Institute Plus.