

September 30, 2020
Sumitomo Life Insurance Company

Revision of the Sumitomo Life Medium-Term Business Plan 2022

Sumitomo Life Insurance Company (President & CEO: Masahiro Hashimoto; hereinafter “Sumitomo Life”) has revised the Sumitomo Life Medium-Term Business Plan 2022, a three-year plan that started from April 2020.

Please refer to the [Appendix](#) for details.

1. Purpose of the revision of the Sumitomo Life Medium-Term Business Plan 2022

We developed the Sumitomo Life Medium-Term Business Plan 2022 (the “Plan”) in April 2020, in the context of an ever-increasing pace of change, the effects of which may be felt throughout society. These include changing demographics, the acceleration of digitalization and work style reforms. The purpose of the Plan was to accurately grasp social changes and aim to be an “indispensable insurance company for society,” by contributing to society, being trusted by society, and adapting to society, in order to keep on meeting customers’ expectations into the future.

However, not long after we launched the Plan, a state of emergency was declared across the whole of Japan due to the spread of COVID-19, and a situation continued where we were unable to utilize our strength in working with our customers face-to-face, to provide insurance.

At present there is no sign of COVID-19 being brought under control, and a transformation to new ways of living and working is required, in anticipation of an era of the new normal. We perceive dramatic change taking place at a rapid pace, in ways such as the need for communication in the absence of face-to-face contact, and a further increase in health consciousness.

In view of these circumstances, we revised the Medium-Term Business Plan and the targets based on the results for the first half of the fiscal year, which was heavily impacted by COVID-19, with our commitment to remain a company that people find valuable under the new normal, in terms of “security” and “health,” which is the core of the life insurance business, and to engage vigorously in implementation of resource shift from existing operations in order to secure the investment capacity to focus on responding to this changing environment.

2. Overview of the revision of the Plan

a. Direction of response measures

To respond to changes accompanying the transition to an era of the new normal, we will promote initiatives to focus our efforts on “staying closer to our customers,” “supporting the rise in health consciousness,” and “ensuring the safety of employees and engaging in work style reform.”

In addition, it is vital that we secure the resources necessary to focus on these initiatives, in terms of both costs and personnel. Thus, we will engage in company-wide work reductions through a radical review of existing operations.

Direction of Response Measures	
■	<u>Measures for staying closer to our customers</u> Provide services optimized for each customer’s circumstances, situation and preferences, by fusing our existing “unique human value” with “digital technology”
■	<u>Measures to respond to the rise in health consciousness</u> Upgrade SUMITOMO LIFE Vitality to provide greater support for health-enhancing activities
■	<u>Measures to ensure the safety of employees and engage in work style reform</u> After ensuring the safety of employees, enhance working environments to enable high-productivity work styles, unconstrained by location or time of day
■	<u>Radical review of existing operations to support new initiatives</u> Implement a resource shift through substantial reductions in existing operations, in order to transform the business model

b. Target values (Revised)

Target item	Medium-Term Business Plan targets (End of fiscal 2022)	
	Before revision	After revision
Number of customers (policies in force)*1	14.22 million	14.00 million
Annualized premium of policies in force*1	¥2,360.0 billion	¥2,310.0 billion
Of which, living benefits + medical coverage*1	¥620.0 billion	¥610.0 billion
Core business profit: domestic operations*1	3-year total ¥922.0 billion	3-year total ¥901.0 billion
Core business profit: overseas operations*2	3-year total ¥141.0 billion	3-year total ¥103.0 billion

*1 Total of Sumitomo Life and Medicare Life. “Number of customers” is the total number of policies in force of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life).

*2 Total of overseas operations (Symetra, etc.).

Empowering your future



Medium-Term Business Plan

Sumitomo Life Medium-Term Business Plan 2022

Developed: March 2020

Revised : September 2020

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1. Overview of the Revision of the Medium-Term Business Plan

Purpose of the revision

- A situation continued where we were unable to utilize our strength in working with our customers face-to-face to provide insurance, due to the spread of COVID-19.
- Transformation to new ways of living and working is required, in anticipation of an era of the new normal. We perceive dramatic change taking place at a rapid pace, in ways such as the need for communication in the absence of face-to-face contact, and a further increase in health consciousness.
- We revised the Medium-Term Business Plan with our commitment to remain a company that people find valuable under the new normal, in terms of “security” and “health,” which is the core of the life insurance business, and to engage vigorously in implementation of resource shift from existing operations in order to secure the investment capacity to focus on responding to this changing environment.

Overview of the revision

■ Measures for staying closer to our customers

- Provide services optimized for each customer’s circumstances, situation and preferences, by fusing our existing “unique human value” with “digital technology”

■ Measures to respond to the rise in health consciousness

- Upgrade SUMITOMO LIFE Vitality to provide greater support for health-enhancing activities

■ Measures to ensure the safety of employees and engage in work style reform

- After ensuring the safety of employees, enhance working environments to enable high-productivity work styles, unconstrained by location or time of day

■ Radical review of existing operations to support new initiatives

- Implement a resource shift through substantial reductions in existing operations, in order to transform the business model

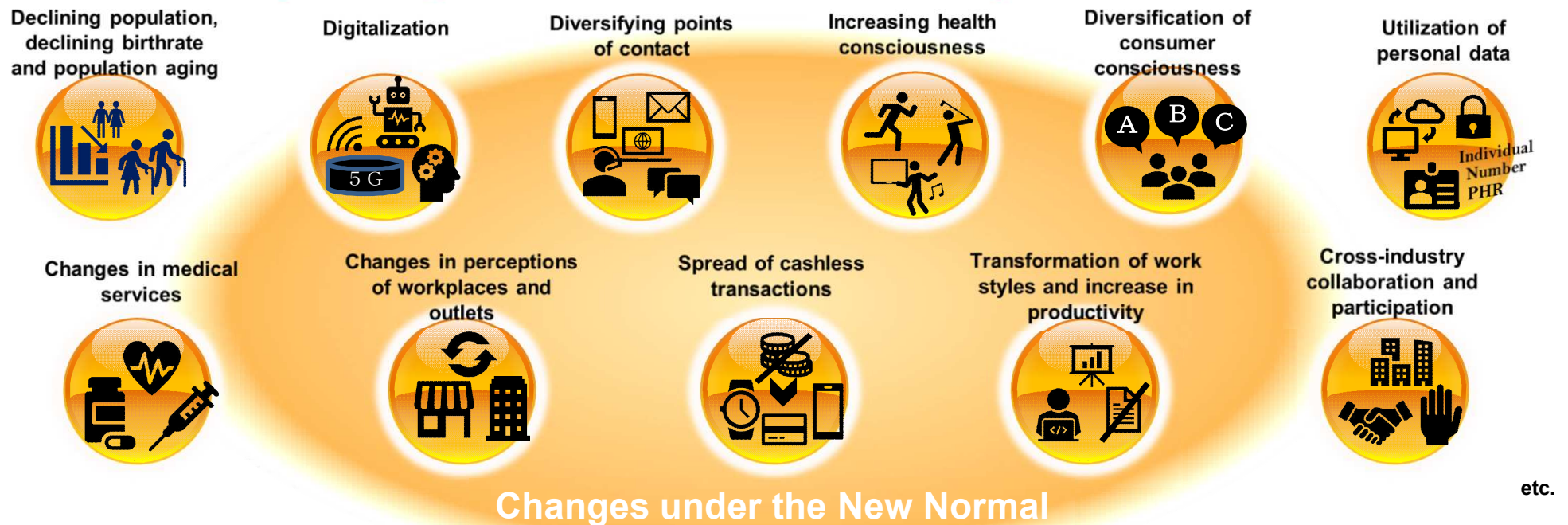
■ Revision of target values (P.15)

2. The Business Environment and Basic Stance in the Medium-Term Business Plan

Turning our attention to the social and economic environments of recent years, and the impact of the current COVID-19 pandemic, we can perceive the ever-increasing pace of change, the effects of which may be felt throughout society. These include changes under the new normal, as well as changing demographics, the acceleration of digitalization and work style reforms.

In this environment, we consider it vital to accurately grasp social changes, respond to the needs of society and remain an indispensable company for society, in order to continue to be useful for our customers into the future.

Accelerating changes that affect all of society



<The Basic Stance of the Medium-Term Management Plan>

In order to keep on meeting our customers' expectations into the future, we will accurately grasp social changes, and aim to be an "indispensable insurance company for society," by contributing to society, being trusted by society, and adapting to society.

*We operate our businesses based on this stance, considering all consumers, each of whom is a member of society, as our "customers."

3. Basic Policies

To be an “indispensable” insurance company for society under the new normal

Be trusted by society

“Customer” is the subject word



Behavior and work style personalized for our customers

Contribute to society

Contribute to achieving the SDGs

SUSTAINABLE DEVELOPMENT GOALS

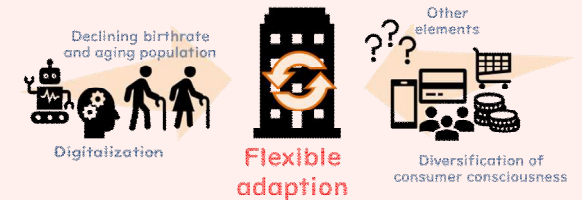


Contributing to healthy and long-living society



Adapt to social change

Transformation for continual evolution



Investing in future change



Asset management

Products & services

Life designers

Agencies such as financial institutions & insurance outlets

Management base

Overseas operations

Advancing all businesses together with our customers

3. Basic Policies – (1) Contribute to society

We will contribute to society through initiatives aimed at achieving the Sustainable Development Goals (SDGs) in our business activities with an ESG focus, primarily by contributing to a healthy and long-living society through the promotion of SUMITOMO LIFE Vitality.

In addition, by reaching across society with our unique value centering around SUMITOMO LIFE Vitality, we aim to establish a brand image of “health, security and familiarity.”



Contributing to a Healthy and Long-Living Society

- **Promotion of businesses related to SUMITOMO LIFE Vitality**

We will engage in initiatives to reach across society with our SUMITOMO LIFE Vitality, as well as initiatives to contribute to the evolution of products, programs and rewards.

- **Services and information for the era of the 100-year lifespan**

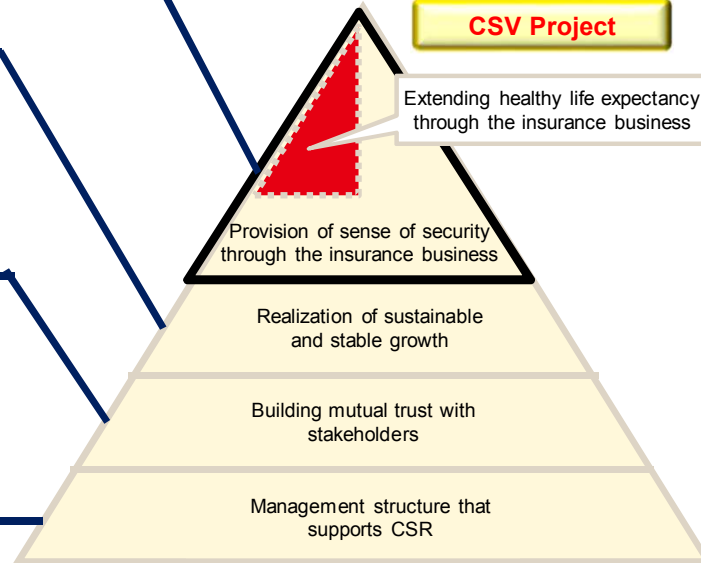
We will further evolve the products, services and information that we provide to customers, and strive to solve the challenges of super-aging society.



- Work style reform
- Recruit & nurture diverse human resources
- Coexistence with business partners through alliances etc.
- Promote ESG investment to realize sustainable societies
- New value creation through open innovation
- Strengthen business development infrastructure (IT etc.)

- Promote financial literacy education
- Global environmental protection
- Promote activities to contribute to society, and collaborate with regional governments

- Strengthen corporate governance
- Compliance initiatives
- Human rights initiatives
- Initiatives for the protection of personal data
- Increased sophistication of ERM
- Restructure and enhance risk management systems



Key Items of CSR

Key Items of CSR

Sumitomo Life has formulated the Key Items of CSR as shown on the left, based on its CSR Management Policy, which was established as one of its operating policy.

CSV Project

Sumitomo Life is endeavoring to solve the social challenge of “extending healthy life expectancy” through its efforts to promote health enhancement across society and health management based on CSR management and centering around SUMITOMO LIFE Vitality. We regard these initiatives as our “CSV* Project.”

* CSV is an abbreviation of Creating Shared Value. A business management concept that aims to achieve both “solution of social issues” and “enhancement of corporate value” through initiatives within the main business targeting social issues.

3. Basic Policies – (2) Be trusted by society

In order to further ensure that each and every executive and employee thinks and acts from the customer’s perspective, in addition to focusing on inculcating the “Sumitomo Life Group Code of Conduct”, we will also promote our “WPI Project,” which aims to promote transition to, and concentration on customer-oriented work styles, and create healthy, vibrant workplaces.

By reforming the work styles and behavior of executives and employees through these measures, we will strive to gain yet greater social trust.

Inculcating the “Sumitomo Life Group Code of Conduct”

<Sumitomo Life Group Code of Conduct – Basic Stance>



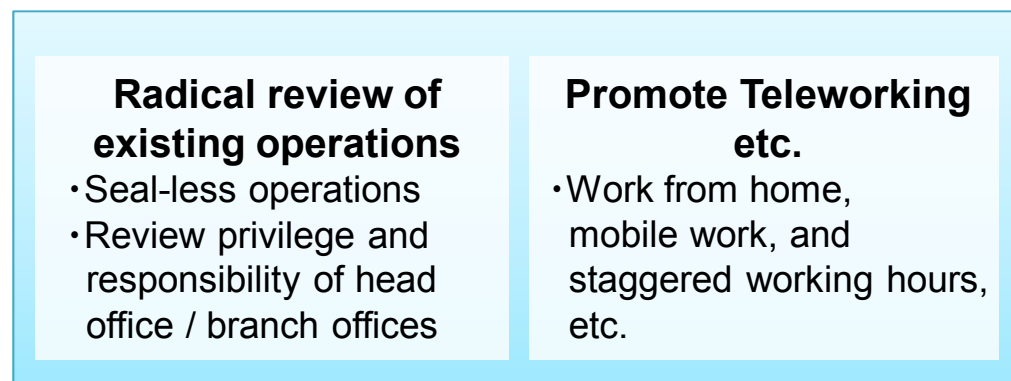
Inculcate these values across the Sumitomo Life Group and among all executives and employees

“Customer” is the subject word

The Sumitomo Life Group Code of Conduct is ...
A set of guidelines for executives and employees to follow in order to ensure that the Sumitomo Life Operating Policy is put into practice through their conduct. It serves as the basis for ethical and responsible business activities.

Promoting the “WPI Project”

<Our Vision for the Future>



Fulfilling both work and life (lifestyle reform)
Create innovation and maximize performance

Become a company that is chosen from customers

WPI (Work Performance Innovation) Project is ...
A project aiming to “enhance productivity from the customer perspective” by promoting transition to, and concentration on customer-oriented work styles, and creating healthy and vibrant workplaces.

3. Basic Policies – (3) Adapt to social change

In the new normal environment, amid the ever increasing pace of change, the effects of which may be felt throughout society, we will carry out a radical review of existing operations, and promote initiatives (service reform, HR nurturing, infrastructure building and innovation creation) to reform our business structure from a long term perspective, and ensure we will be a sustainable company that can adapt to any change in our environment.

Stay close to our customers to deliver better service

By fusing “unique human” value and “digital technology,” we will create structures enabling us to stay close to our customers and provide services adapted to social diversity, in the ways that our customers desire

Service Reform

Build a team of competitive, flexible and diverse human resources

In addition to further enhancing the performance of our sales representatives, including non-contact consulting methods, we will develop flexible and diverse human resources to form a team needed by our customers

HR Nurturing

Through concentrated investment in systems with a focus on the future, we will build infrastructure combining overwhelming usability, flexibility and efficiency even under the changing environment

Infrastructure Building

Build future-focused, flexible digital infrastructure

Innovation Creation

By promoting alliances with enterprises that have a variety of technologies, expertise and networks, we will create new value delivered to customers and society

Accelerate new value creation through open innovation



4. Direction of Initiatives in Each Business Area ~ Life Designers ~

**Life designers
(sales representatives)**

**Consulting for the era of the
100-year life span, centering
around SUMITOMO LIFE Vitality**

<Initiatives under the Medium-Term Management Plan>

- **Strive to distribute SUMITOMO LIFE Vitality, which is a product that meets customer needs in the era of the 100-year life span, to contribute to the “health” of our customers.**
- **Introduce and utilize digital tools, and build structures for sales representatives (review systems, digital infrastructure etc.) to provide sure and reliable service to our customers into the future, in response to the change in customer preferences resulting from the COVID-19 pandemic.**
- **Strive to strengthen our ability to meet the needs of corporate clients, to enhance customer response.**

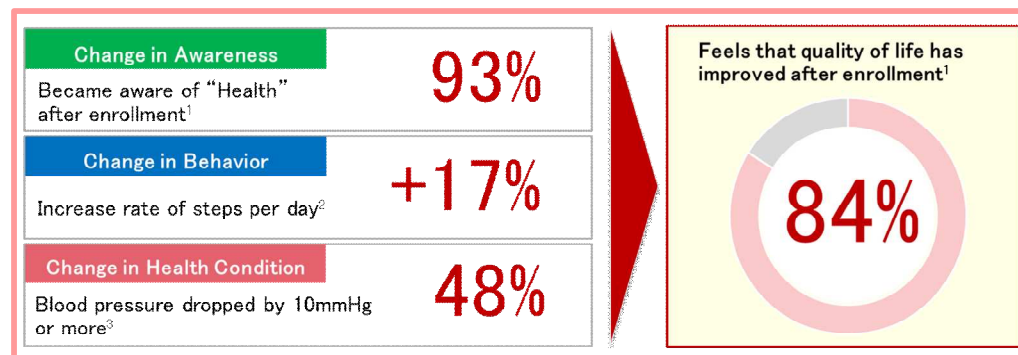


**Promote the formation of a team of competitive, flexible and diverse human resources
(Enhance the performance of our life designers)**



Launched July 2018

Contributing to members' health while also enriching their lives



Its unique concept to reduce risks with integrated products has been highly evaluated in the market.

Awarded the 7th Smart Life Project Award (Let's extend healthy life expectancy!) – Minister-of-Health Award for Excellence

· Award given to Sumitomo Life's CSV project centered around health enhancement: *Looking to extend healthy life expectancy through Vitality*



- 1 Results of a questionnaire conducted by Sumitomo Life. The number of responses: 15,702 (excluding Sumitomo Life employees).
- 2 Condition at the end of May 2019 for members who enrolled from September to November 2018. Comparison of steps in the first and second month after joining (8,260 steps and 9,655 steps, respectively).
- 3 Among members who enrolled from September to November 2018, with systolic blood pressure of 140mmHg or greater at enrollment. Comparison of the results of the medical examination presented on enrolling, and the results of the Vitality medical examination taken after enrolling.

4. Direction of Initiatives in Each Business Area ~ Agencies such as financial institutions & insurance outlets ~

Agencies such as financial institutions & insurance outlets

Expand product lines, capturing customer needs with a full lineup

<Initiatives under the Medium-Term Management Plan>

- **Build a framework to take advantage of synergies utilizing the strengths of group companies, to offer a broad response to customer needs.**
- **Realize a full lineup of products to meet increasingly diverse and fragmented customer needs, in response to changes in the agency business model under the new normal.**
- **Promote sales of SUMITOMO LIFE Vitality through agency channels, to contribute to the “health” of our customers.**

Direct Insurers in the Sumitomo Life Group



メディケア生命
 (Medicare Life)
 Flexibly provide simple and affordable products through agencies such as insurance outlets, online insurance sites and financial institutions.

アイアル
 アイアル少額短期保険株式会社
 (AIARU Small Amount & Short Term Insurance)
 AIARU has developed many unique products, based on the concept of developing original insurance products that meet market needs.
 (Subsidiary since Aug. 2019)

Sumitomo Life Group's Insurance Outlets

- **Izumi Life Designers Co., Ltd. (Established in Oct. 2009)**
 - ✓ Operates insurance outlets called “Hoken Hyakka”
 - ✓ Offers meticulous consulting
- **INSURANCE DESIGN (Subsidiary since Jul. 2017)**
 - ✓ Operates insurance outlets called “Hoken Design”
 - ✓ Develops outlets closely focused on the Kansai area
- **Mycommunication Co., Ltd. (Invested in Jan. 2018)**
 - ✓ Operates insurance outlets under the brand “Hoken Hotline”
 - ✓ Unique knowledge of sales representative training customer management system
- **Agent Co., Ltd. (Invested in Jan. 2018)**
 - ✓ Operates insurance outlets called “Hoken Erabi”
 - ✓ Knowledge of P&C insurance sales



4. Direction of Initiatives in Each Business Area ~ Asset Management ~

Asset management

Realize asset management for customer security and satisfaction

<Initiatives under the Medium-Term Management Plan>

- **Enhance asset management profitability and strengthen risk control** to realize asset management for customer security and satisfaction, with the low interest rate environment anticipated to persist for even longer than previously forecast.
- **Promote ESG investment** to respond to the new normal and realize a sustainable society, as well as to enhance medium to long-term investment profitability.
- **Strengthen our asset management platform through nurturing specialists** to support asset management and **cooperation with Symetra.**

Enhance asset management profitability

Enhance profitability by effectively utilizing capital and expanding investments in foreign currency-denominated credit assets and equity, unhedged foreign bonds etc.

Strengthen risk control

Strengthen risk control by promoting further portfolio diversification, while working to mitigate risks, primarily interest rate risks

Two Types of Portfolios (General Account)

We manage the general account with portfolios classified into two categories.

ALM Investment Portfolio

- Portfolio focused on yen-denominated assets (approx. JPY 24tn)
- Objective is to contribute to secure payment of claims etc.

Balanced Investment Portfolio

- Portfolio focused on highly liquid securities (approx. JPY 6tn)
- Objective is to contribute to sustainable growth of corporate value

ESG Investment Policy (Summary)

【Our Philosophy】

We promote ESG investment under the belief that investment incorporating an ESG perspective will enhance the investment returns for a medium to long-term institutional investor, and also contribute to the realization of a sustainable society.

【Key Initiatives】

ESG Investment Methodology	Description
Integration	• Incorporate an ESG perspective in the investment process
Engagement	• Engage in dialogue with invested portfolio companies, taking into account their ESG issues
Thematic Investing	• Investments in bonds etc. aimed at resolving ESG issues (JPY 300bn in 3 years)
Negative Screening	• Exclude certain industries or uses of proceeds from the scope of investments

4. Direction of Initiatives in Each Business Area ~ Overseas Operations ~

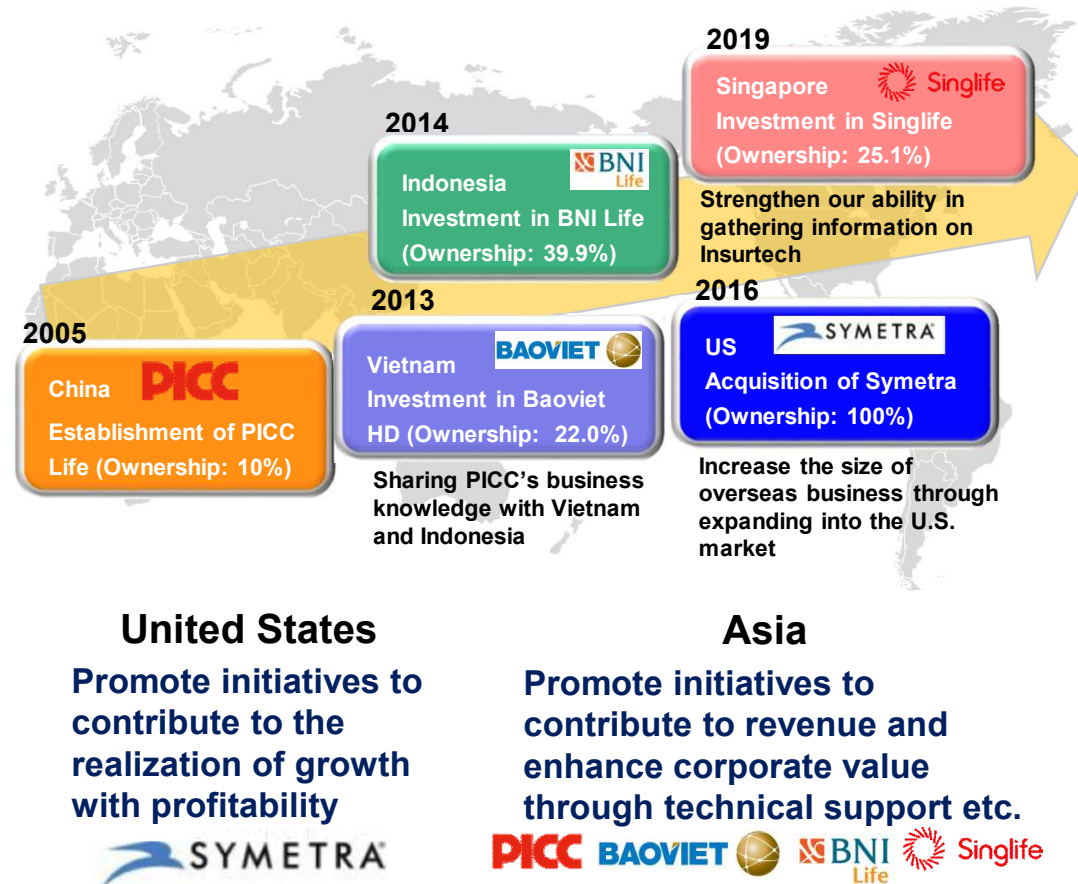
Overseas operations

Strengthen business sustainability to ensure continued service for our customers into the future

<Initiatives under the Medium-Term Management Plan>

- Supplement earnings from domestic operations and strengthen future business sustainability by capturing the profitability and growth of overseas life insurance markets, to ensure continued service for our customers into the future.
- Consider new M&A, and promote initiatives to realize synergies with overseas life insurance companies that we invest in.
- Monitor the companies that we invest in, focusing on their soundness for the present, in view of the deteriorating global economy and the risk of persistent low interest rates in the United States. Support initiatives aimed at recovering or enhancing profitability, as needed.
- Nurture human resources to support our overseas operations and realize increased sophistication of group governance.

Track Record and Strategy for Overseas M&A



4. Direction of Initiatives in Each Business Area ~ Products & Services ~

Products & services

Develop products and services to meet increasingly diverse customer needs

<Initiatives under the Medium-Term Management Plan>

- Work to provide diverse products and services swiftly through cooperation with companies in the Sumitomo Life Group and our business alliance partner companies, to meet increasingly diverse customer needs.
- Realize structures to provide service and response based on each customer's condition and circumstances, in the way desired by the customer, to make our products and services even more comfortable to use for all our customers, in an increasingly diverse society.

















 Implement initiatives to expand and develop SUMITOMO LIFE Vitality



Strive to stay close to our customers to deliver better service

Multi-Product Strategy

We develop and provide products to match customer needs, utilizing subsidiaries and business alliances.

Customer Needs	Life Insurance				P&C Insurance			
	Individual Life				Corporate Insurance	In case of a sudden accident		
	Mortality	Nursing Care / Work Disability	Medical Insurance	Savings				
Products	Comprehensive Protection Insurance  1UP+		Medical Insurance  Denta-GO		Single-Premium Insurance [Yen] (Whole Life)  Road plus	Single-Premium Insurance [Foreign Currency] (Whole Life)  Road plus	Term Life  Enplem	Automobile Insurance  GK
	[Launched in March 2020] Dementia Protection  Dementia Protection		Level-Premium Insurance [Yen] (Whole Life)  Parasense		Level-Premium Insurance [Foreign Currency] (Whole Life)  W	Term Life  Enplem	Property Insurance  GK	
	Wellness program that could be attached to the above main products  SUMITOMO LIFE Vitality		Income Assurance Insurance  Medicine		Medication Insurance  Medicine	Medical Protection  Denta-GO	Casualty Insurance  GK	

Evolution of the SUMITOMO LIFE Vitality Program and "Dementia PLUS"

Responding to "dementia" with coverage, service and the Vitality program, providing our unique comprehensive value



4. Direction of Initiatives in Each Business Area ~ Management Base ~

Management base

Building a management base to ensure continued service into the future

<Initiatives under the Medium-Term Management Plan>

- Strive to further promote “customer-oriented business operations” through **dissemination, inculcation and practice of the Sumitomo Life Group Code of Conduct**, to advance all businesses together with our customers.
- **Reform our business structure through “Invest for the Future”**, to ensure we continue to provide value to our customers into the future.
- Execute a **radical review our existing operations**, to support “Invest for the Future” and new initiatives for the new normal.
- After **ensuring the safety of employees**, enhance working environments to **enable high-productivity work styles, unconstrained by location or time of day**.
- Work to **increase the sophistication of ERM and risk management** to secure business sustainability, while promoting stable dividend returns to customers (policyholders).

Sumitomo Life Group Code of Conduct

A set of guidelines for executives and employees to follow in order to ensure that the Sumitomo Life Operating Policy is put into practice through their conduct. It serves as the basis for ethical and responsible business activities.



Business structure reform from a long-term perspective (Invest for the Future)

Invest for the future over four categories, to ensure Sumitomo Life can adapt to any change in our environment.



WPI (Work Performance Innovation) Project

Radical review of existing operations

- Seal-less operations
- Review privilege and responsibility of head office / branch offices

Promote Teleworking etc.

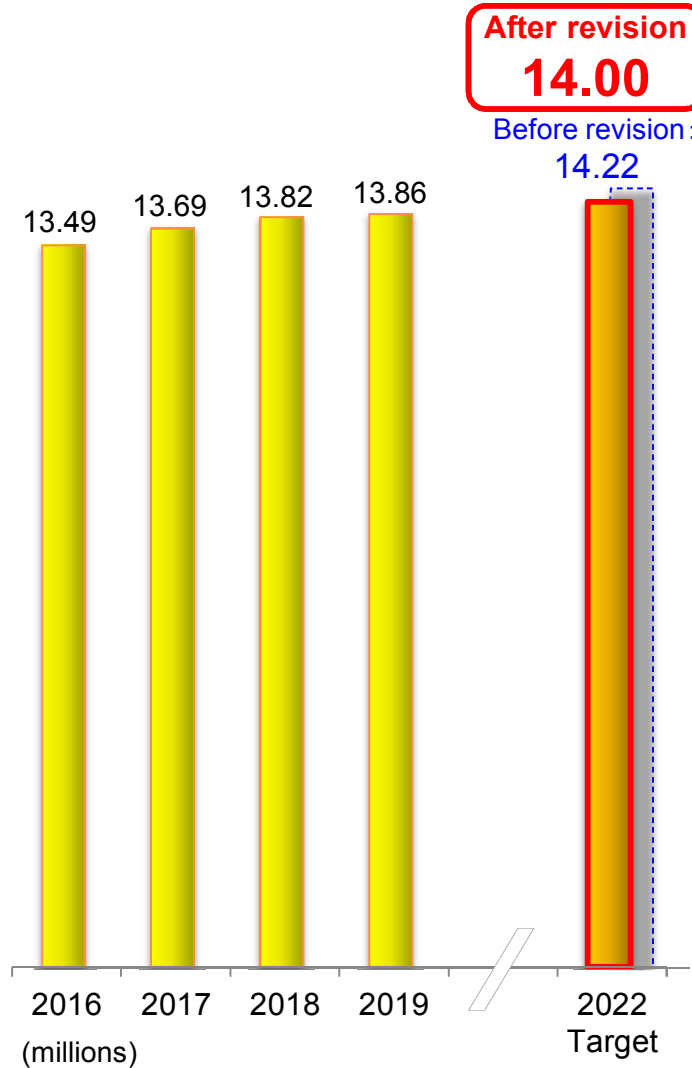
- Work from home, mobile work, and staggered working hours, etc.

Fulfilling both work and life (lifestyle reform)
Create innovation and maximize performance

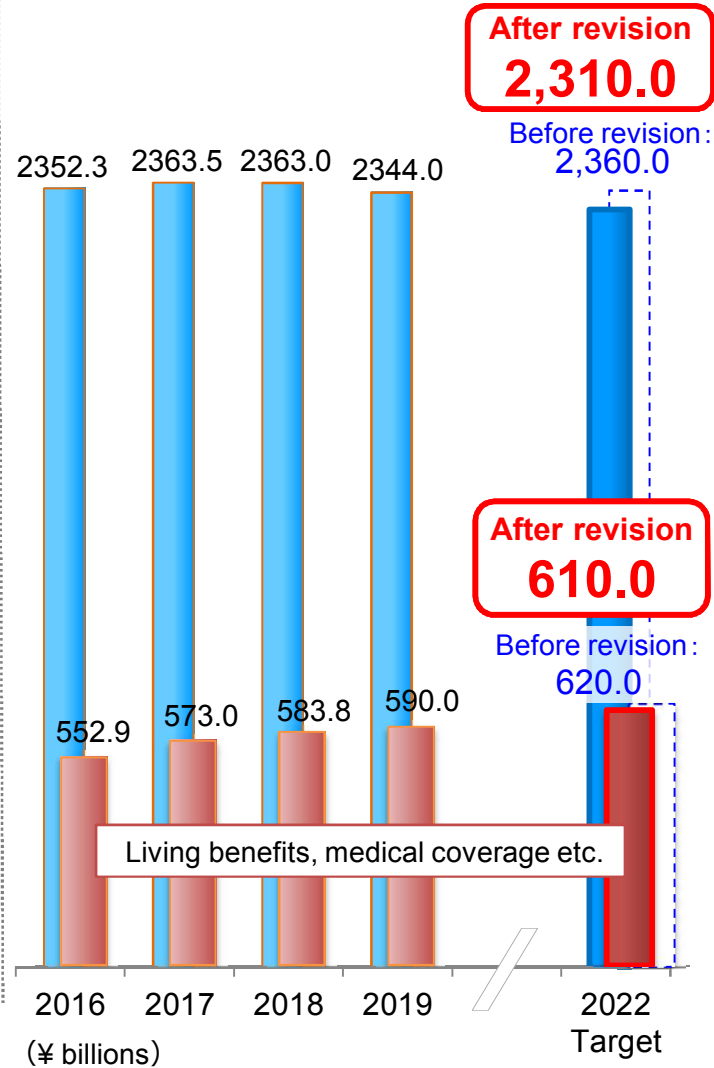
5. Target Values

The targets for the Medium-Term Business Plan have been revised as follows.

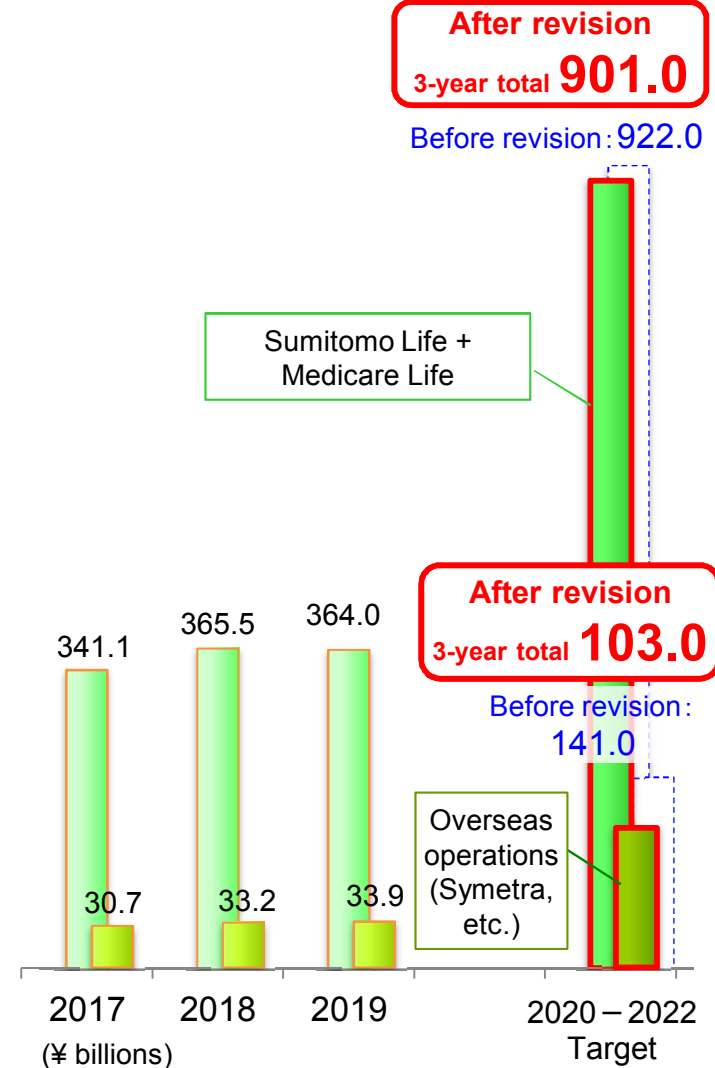
**Number of customers
(policies in force)¹**
(Sumitomo Life + Medicare Life
+ Business Alliance Partners)



**Annualized premium of
policies in force**
(Sumitomo Life + Medicare Life)



Core business profit



(Note 1) Number of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life).