

Message from the CEO

Helping each and every person achieve their dreams and peace of mind, by staying close to people and using the power of technology



Masashi Oka


President & CEO, Representative Director

I wish to express our deep appreciation to all stakeholders for the support and interest you continue to extend.

In addition, I would like to express both our respectful condolences to everyone affected by the COVID-19 pandemic since last year, and our deepest respect for healthcare workers and others who are striving to maintain social systems every day.

The Vision and Values of the Sony Financial Group

The Sony Financial Group (SFG) is a financial group centered on life insurance, non-life insurance and banking. Sony Financial Holdings (SFH), the holding company overseeing management of the Group, became a wholly-owned subsidiary of Sony Corporation (now Sony Group Corporation) in September 2020.

“To be a financial group that helps each and every person achieve their dreams and peace of mind, by staying close to people and using the power of technology to build a society in which people feel uniquely enriched.” Upon becoming a wholly-owned subsidiary of Sony Group Corporation, we redefined our aspirations as a financial business unique to the Sony Group in the form of the SFG Vision. 

Through its Lifeplanner sales specialists, Sony Life provides first-rate financial consulting; Sony Assurance and Sony Bank offer reliable direct and online services, while Sony Lifecare delivers nursing care services suitable for each resident. Our new vision is built upon our passion to firmly support the dreams of, and assure peace of mind for, customers and other stakeholders by multiplying the practice of staying close to people, which is constantly reinforced among the financial professionals of the Sony Financial Group companies, and the Sony Group’s unique power of technology.

All employees of the Sony Financial Group share six core common values. Customer Focus is the starting point for the business of every Group company, and Originality motivates us to pursue business guided by the Sony Spirit. We also share, as members of the Sony Group, the values of Dreams & Curiosity, Diversity, Integrity & Sincerity, and Sustainability. With a special focus on these six values, we undertake specific actions to realize our vision.

Establishment of the New Mid-Range Plan

With the start of FY2021 this April, we initiated a New Mid-Range Plan.

Intensifying competition, the persistence of low interest rates, and the diversification of customer needs have together made the environment surrounding SFG increasingly challenging. In order to take the initiative under such conditions, we established the key principle of maximizing corporate value through self-transformation in the New Mid-Range Plan. We will strive to maximize the value provided to customers by being sensitive to changes in the environment and thoroughly refining the unique strengths of SFG, without settling for past methods.

Five Strategic Pillars

The foundation of our New Mid-Range Plan rests upon five strategic pillars.

The first is to thoroughly strengthen our core and unique competitive advantages. The Sony Life Lifeplanner sales specialists who constitute one of SFG’s greatest strengths are positioned at the core of the promotion of strategy for the Group as a whole, to draw upon their full potential.

When it became necessary to regularly ensure social distancing due to the impact of COVID-19, Sony Life was quick to introduce remote consulting, and establish a system enabling the provision of high-quality service by Lifeplanner sales specialists regardless of whether the situation is face-to-face or remote. We will

continue to strengthen life planning and asset formation support through the introduction of new consulting tools and deep analysis of customer data, and at the same time focus on corporate sales, one example being the establishment of a corporate business department. Through doing so, we will enhance the value provided to customers while further improving productivity.

Sony Assurance, which boasts an overwhelming brand share in direct automobile insurance, will accelerate growth by applying the automobile insurance success model to fire insurance and other categories, and by strengthening its ties with the Lifeplanner channel.

Finally, Sony Bank, which has a strong mortgage loan business, will focus on expanding its foreign currency business in addition to its mortgage loan business. Along with proactively forging alliances with other companies, like Sony Assurance it will strengthen its ties with the Lifeplanner channel, thereby expanding its customer base.

Our second strategic pillar is altering our profit structure to withstand low interest rates. We will strengthen sales of products and services that meet the needs of not only families, which Sony Life has always focused on, but also corporate clients, customers who are interested in asset formation, and seniors, while also strengthening our profit structure by increasing the percentage of products with low interest risk. Furthermore, we will increase operational efficiency and reduce our expense ratio through digitalization and reviews of operations. In addition, we will strive to upgrade our asset management capabilities catering to low interest rates.

The third is to further evolve customer-centric management. One of SFG's strengths lies in the value of Customer Focus, which is shared by all our employees. Our consistently high ranking in various customer satisfaction surveys by external research organizations has resulted in a highly loyal customer base. We will continue to fulfill our fiduciary duty and ensure compliance, while also implementing customer-centric management through the provision of better customer experiences to ensure that customer satisfaction reaches ever higher levels.

The fourth pillar is strengthening our competitive edge through technology. Technology is one of SFG's strengths, and this will be further enhanced by becoming a wholly-owned subsidiary of Sony Group Corporation. We will strengthen R&D collaboration in areas such as the Sony Group's data analysis algorithms, sensing and AI technology. We will also pursue the creation of new value by combining the Sony Group's technology with SFG's financial business knowledge and experience.

The fifth is the maximization of Group synergies. Specifically, we will strengthen cross-selling among Group companies. In recent years, sales of Sony Assurance's automobile insurance and Sony Bank's mortgage loans by Lifeplanner sales specialists have been steadily increasing, but we will also focus on Sony Assurance and Sony Bank referring customers to Lifeplanner sales specialists in an effort to promote cross-selling centered on them. Furthermore, we will proceed with the integration of customer data infrastructure within SFG to provide products that accurately meet customers' needs, and conduct sensitive marketing activities spanning the Group. In the future, we will also seek ways to collaborate with other Sony Group companies in areas such as electronics and entertainment.

In order to ensure effective promotion of these five strategic pillars, the holding company will exert governance over group management and endeavor to further enhance the quality of management. By executing the New Mid-Range Plan, we will contribute to enhancing the corporate value of the Sony Group as a



whole. We will strive to sustain that enhancement while at the same time remaining in harmony with our various stakeholders, including not only our customers, but our employees, business partners, local communities and the environment itself.

Change of Company Name to Promote Integrated Group Management

In order to enhance integrated Group management more strongly, and by doing so demonstrate our dedication to both promote synergy as a financial group and maximize the value we provide to customers, we have decided to officially change the name of our holding company to Sony Financial Group, Inc. (scheduled for October 1, 2021). This reflects how, facing a society undergoing dramatic change, we are working constantly on self-transformation. By doing so, as a proud financial services arm of the Sony Group, we will strive to lead value creation as an integrated Group.

Building a Society in which People Feel Uniquely Enriched

At SFG, we have endeavored to act with adequate consideration for both our stakeholders and our impact on the global environment. While we build trust with our stakeholders through dialogue, I feel that due to COVID-19, we need to contribute to a sustainable society more than ever before.

The businesses operated by SFG span a variety of areas of activity and business models, but each business shares the common characteristics of providing products and services with high added value that meet the needs of individual customers and utilize the power of technology. With the grand vision of “helping each and every person achieve their dreams and peace of mind, by staying close to people and using the power of technology,” we will work as one Group to create new value with the aim of building a society in which people feel uniquely enriched.

I would like to express my sincere appreciation for your continuing support.

Mid-Range Plan

SFG's New Mid-Range Plan, starting in FY2021, follows the key principle of “maximizing corporate value through self-transformation” and establishes five strategic pillars aimed at realizing this objective.

Background and Vision behind Establishment of New Mid-Range Plan

The business environment surrounding SFG is expected to become increasingly severe in the future, due to intensifying competition, the persistence of low interest rates, and diversification of customer needs. Moreover, we must also respond to the rapid march of digitalization and enhance collaboration within the Group.

Future trends



Intensification of competition



Persistence of low interest rates



Diversification of customer needs



Acceleration of digitalization

SFG has pursued a different business model than conventional financial institutions, and has provided products and services with high added value by meeting the needs of each and every customer. We believe it is necessary to objectively ascertain changes in the business environment, and build and implement strategies for succeeding amidst intense competition in that environment from a Group perspective.

SFG's strengths



Ability to Stay Close to People

High-quality service from life insurance professionals, our Lifeplanner sales specialists



Power of Technology

Industry-leading presence as both direct and online players



Customer Focus & Originality

Customer-oriented perspective, high customer satisfaction
Enterprising energy & enthusiasm reflecting the Sony Spirit

Vision under New Mid-Range Plan

We will refine these *SFG strengths* and maximize the value provided to customers.

Furthermore, we will aim to 1) achieve top-line growth exceeding the market, 2) strengthen our abilities to create profit, and 3) fully utilize the strengths of SFG and the Sony Group, enabling us to contribute to the growth of corporate value of the Sony Group as a whole.

Overview of New Mid-Range Plan

Key Principle

Maximize Corporate Value through Self-Transformation

Strengthen Group Capabilities, Achieve Sustainable & Profitable Growth

SFG's Five Strategic Pillars for Realizing the Key Principle

- 1 Strengthen core/unique competitive advantages
- 2 Alter profit structure to withstand low interest rates
- 3 Further evolve customer-centric management
- 4 Strengthen competitive edge through technology
- 5 Maximize Group synergies

SFG's Five Strategic Pillars

1 Strengthen core/unique competitive advantages

In addition to drawing out the full potential of Sony Life's Lifeplanner sales specialists, who with their robust contact points and relationships with customers are a core competency of SFG, we will promote measures to strengthen agencies.

Specifically, we will raise overall sales productivity through sharing the know-how of high-performance Lifeplanner sales specialists, improve the efficiency of operations through utilizing digital technology, provide more sophisticated remote consulting, and increase the value provided to customers by utilizing data and other means.



Unlock full potential of our core asset, Lifeplanner sales specialists, and strengthen agency partners



Raise sales productivity

- Encourage the sharing of high-performance Lifeplanner know-how
- Strengthen corporate sales
- Accelerate agency development



Further evolve business model through digital technology

- Improve operational efficiency
- Further develop remote consulting
- Digitalize customer touchpoints



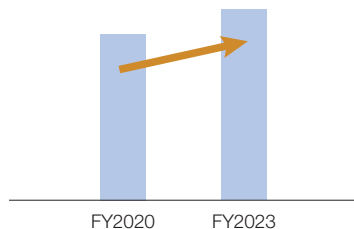
Provide more value to customers

- Develop data-driven optimized solutions for customers
- Expand product lineup



Number of Lifeplanner Sales Specialists

Continuously increasing hires

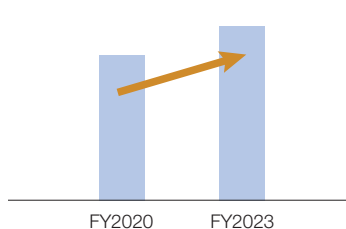


- Careful hiring process prioritizing quality



Productivity per Lifeplanner Sales Specialist*

+20%

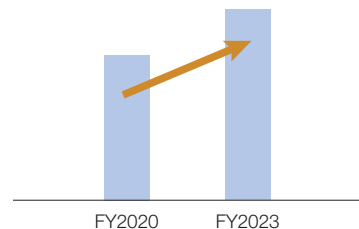


- Introduce a new consulting system (New LiPPS)
- Improve customer data analytics
- Establish corporate business strategy department



New Contracts in Agency Channel

+20% or higher



- Strengthen relationships with key agencies
- Foster collaboration with Lifeplanner sales specialists

*Productivity per Lifeplanner Sales Specialist = New policy amount / Total number of Lifeplanner Sales Specialists



Sony Assurance and Sony Bank, which have established a solid presence through high customer satisfaction, will further strengthen business models focused on service quality. They will also work to accelerate growth and expand the customer base by utilizing digital technology and strengthening their ties with the Lifeplanner channel.



By far the No.1 direct automobile insurer in Japan



Increase use of technology, data analytics



Apply successful model in auto to other categories



Grow mortgage loans



Expand foreign currency business



Forge alliances



Establish dominant presence: *No.1 in customer satisfaction*



Strengthen ties with Lifeplanner channel

2 Alter profit structure to withstand low interest rates

As historically low interest rates are expected to continue, Sony Life will build a more resilient profit structure. Concretely, we will strengthen sales of products and services to better meet the needs of various customers, such as corporate clients, customers who are interested in asset formation, and seniors. Meanwhile, we will raise the ratio of products with low duration gap risk, and strengthen our profit structure. Furthermore, we will endeavor to continually improve our expense ratio by revamping operational efficiency through digitalization and reviews of operations and by reviews of our cost structure. In addition, we will also enhance our asset management system based on ongoing ALM management. We will expand our investment targets to reach a certain level of investment returns even while low interest rates persist, and carefully review our ESG investment policy.



Improve product mix

- Garner new customers (e.g. corporate, asset-management, and seniors) and meet their needs
- Mitigate duration gap risk by shifting product mix



Improve expense ratio

- Improve operation efficiency and productivity through leveraging digital technology and redesigning operations
- Review cost structure and improve expense ratio against top line growth



Upgrade asset management capabilities

- Expand investment targets to adapt to low interest rate environment
- Enhance asset management system, including greater emphasis on ESG

3 Further evolve customer-centric management

Ensure customer-oriented operations, tighten compliance, and pursue higher customer satisfaction by focusing on the customer experience

SFG companies have been highly rated by various external organizations, but rather than be complacent strive to transform the customer experience through utilizing technology to bring customer satisfaction to an even higher standard.

NPS®* will be used throughout the entire Group as an indicator for measuring and analyzing improvements in customer satisfaction in detail.

By understanding the specifics of customer satisfaction at each contact point and utilizing their feedback, we will strive to craft a better customer experience while continuously improving management from a customer perspective.



*NPS® (Net Promoter Score) is a registered trademark of Bain & Company, Satmetrix Systems and Fred Reichheld.

4 Strengthen competitive edge through technology

The ability to utilize the power of the Sony Group's technology is a major strength of SFG, and our capacity to utilize this technology will accelerate due to our becoming a wholly-owned subsidiary of Sony Group Corporation. First, we will fully leverage the Sony Group's data analytics algorithms in order to realize further efficiency gains.

We will promote the utilization of technology with the aim of maximizing the value we provide to customers, such as detailed remote consulting using next-generation life-planning tools and innovations like Sony Assurance's new automobile insurance service GOOD DRIVE. In the future we plan to use data to facilitate the development of inventive new products and services and to help us transform our business models.



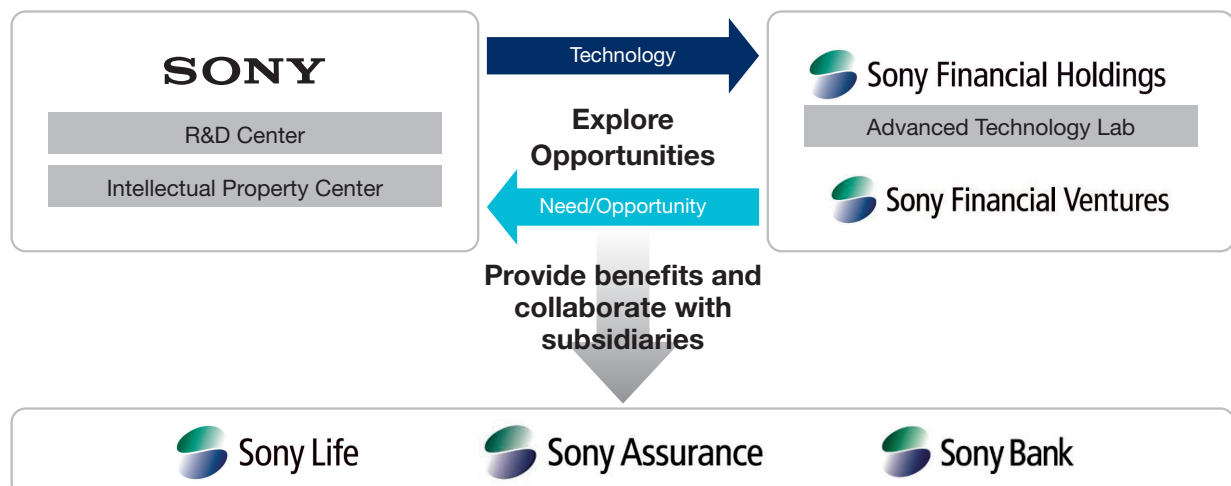
R&D Collaboration

Another way in which we will strengthen our competitiveness through technology is by collaborating more closely with the Sony Group's R&D divisions.

We will pursue the creation of new value by combining the Sony Group's technology with SFG's financial business knowledge and experience to address both potential problems and medium- to long-term issues.

In April 2021, we established within SFH a specialized organization called the Advanced Technology Lab. This Lab will closely collaborate with the Sony Group's R&D Center and Intellectual Property Center, sharing human resources as well.

By sharing new business possibilities that use the latest technology among SFG companies, we aim to innovate in ways that only the Sony Group's financial business can.



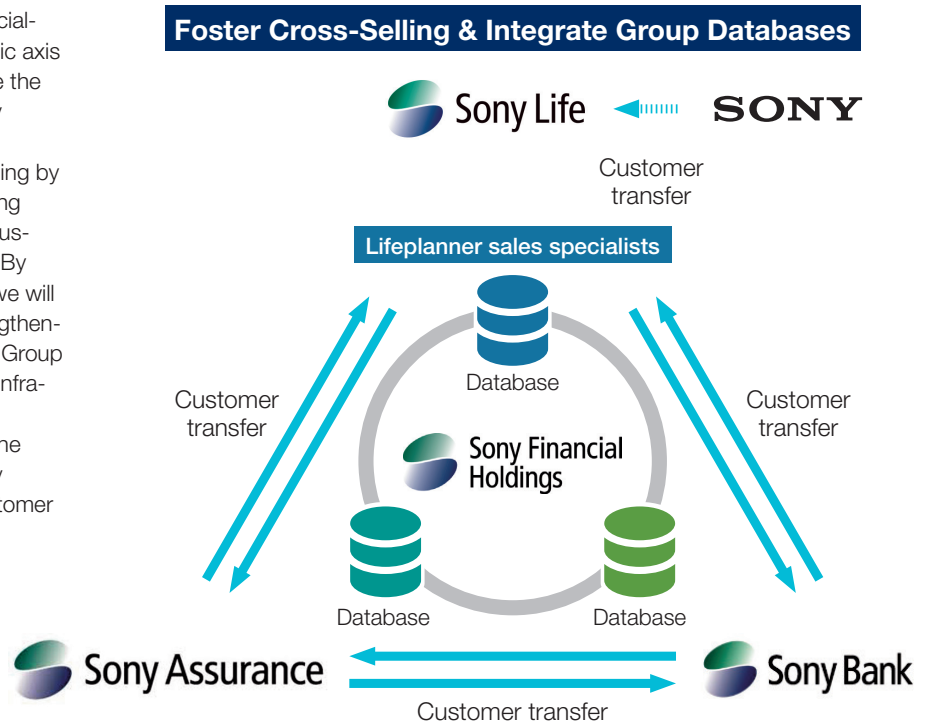
5 Maximize Group synergies

Promotion of cross-selling and integration of Group data infrastructure are key

By situating the Lifeplanner sales specialists, a core value of SFG, as a strategic axis for the whole Group, we will maximize the value we provide to our customers by fostering intra-group collaboration.

Specifically, we will foster cross-selling by strengthening customer transfer among Group companies, while integrating customer data infrastructure within SFG. By pursuing these two tactics together, we will create a virtuous circle whereby strengthening the customer infrastructure of the Group fosters the strengthening of our data infrastructure, and vice-versa.

Going forward, we aim to expand the value SFG provides to the entire Sony Group, with a view to developing customer transfer from Group companies.



Improve Management Quality

SFH will further improve management quality by leading Group companies in order to powerfully drive the five strategic pillars of SFG. Specifically, along with clarifying the Group-wide management plan and strategy, we at SFH will deepen our involvement with each Group company and comprehensively strengthen Group governance in order to ensure that respective plans are executed and their goals are met.

SFH will make decisions regarding investments that contribute to the growth of the entire Group, such as digital transformation, from the perspective of overall optimization.

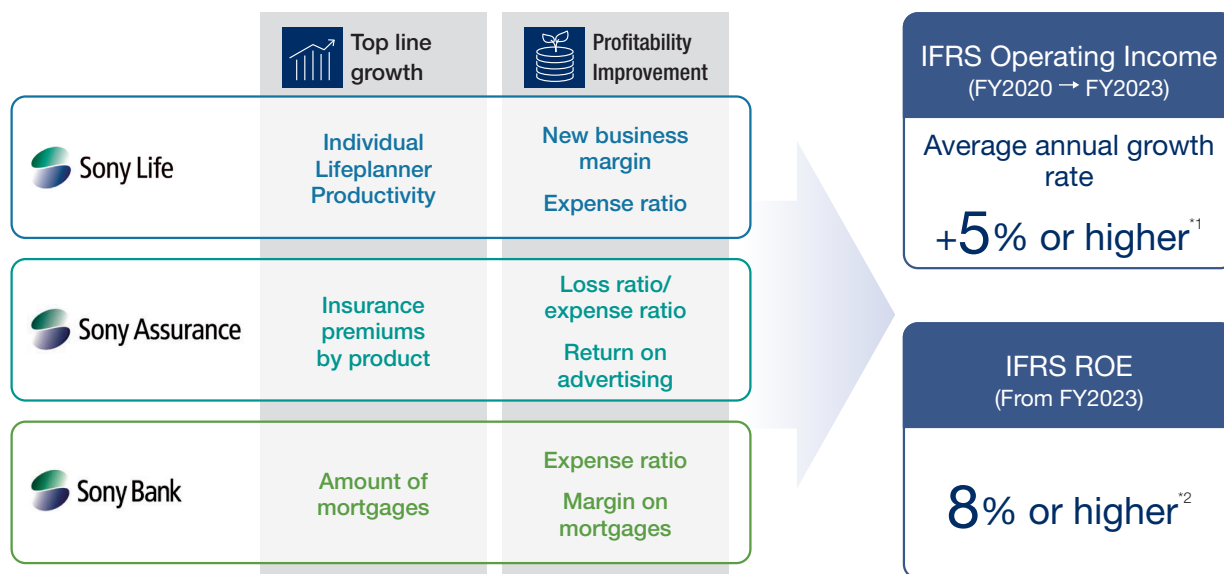
Lastly, in harmony with not only the Sony Group parent company, but also customers, employees, business partners, our local communities, the environment, and various other stakeholders, we will work to sustainably increase corporate value.



Management Targets and Major KPIs in New Mid-Range Plan

Sony Life, Sony Assurance and Sony Bank will work to grow profits and improve capital efficiency through growth of the top line and strengthening earnings power in their respective businesses.

We will establish specific numerical targets and strategic KPIs associated with major initiatives in each business in order to ensure the steady implementation and progression of plans aimed at the achievement of our goals.



*1: For FY2020, based on US GAAP excluding one-time impacts.

*2: Reflects the adoption of IFRS17 "Insurance Contracts", which becomes effective in FY2023.