

September 13, 2024

Company Name: Sompo Holdings, Inc.
Representative: Mikio Okumura, Group CEO, Director,
President and Representative Executive Officer
(Stock Code: 8630, Prime Market of Tokyo Stock
Exchange)

Company name: Sompo Japan Insurance Inc.
Representative: Koji Ishikawa, President and CEO

**Status of Progress on the Business Improvement Plans
(Progress on Disclosure Items as of August 31, 2024)**

Sompo Holdings, Inc. (Group CEO, Director, President and Representative Executive Officer: Mikio Okumura, hereinafter “Sompo Holdings”) and Sompo Japan Insurance Inc. (President and CEO: Koji Ishikawa, hereinafter “Sompo Japan”) today submitted the status of progress on the business improvement plans and related matters to the Financial Services Agency in accordance with a business improvement order dated January 25, 2024 regarding their measures to address fraudulent automobile insurance claims and related matters.

Sompo Japan submitted the status of progress on a business improvement plan to the Financial Services Agency in accordance with a business improvement order dated December 26, 2023, concerning insurance premium adjustments and other practices.

Please see the attached Status of Progress on the Business Improvement Plans (as of August 31, 2024).

Sompo Holdings and Sompo Japan have been addressing the company-wide transformation project “SJ-R” under the slogan of “Dedicated to the customers and society.” Under strong leadership, not only the corporate culture but also business models will be drastically changed, aiming to become “New Sompo Japan” to regain trust.

Our initiatives to regain trust

Progress Report on the Business Improvement Plans

As of August 31, 2024

Sompo Japan

Progress Status of the Business Improvement Plans

Management's Commitment to Regaining Trust



石川 耕治

President and Chief
Executive Officer
Sompo Japan Insurance Inc.

Sompo Japan sincerely apologizes to its customers and other related parties for the inconvenience and concern caused by its response to fraudulent automobile insurance claims submitted by Bigmotor, insurance premium adjustments, and inappropriate management of policyholder information at agencies.

We could not break away from the old business model as well as misguided value standards and industry practices. As a result, a spate of problems occurred as a result of forcing our employees to follow such an approach. We deeply regret these incidents.

In order to prevent such recurrence, we will steadily implement the Business Improvement Plans. Moreover, we recognize that it is essential to reform our corporate culture and traditional business model, which are the true causes of these problems, as well as to break away from distorted industry practices.

In the current fiscal year, Sompo Japan launched its new Medium-Term Management Plan featuring the slogan of “Always be straight with customers and society” and is addressing the company-wide transformation project “SJ-R.”

We are fully committed to make a clean break with the past to regain trust. Under our strong leadership to be reborn, our corporate culture as well as business models will be drastically changed, aiming to become “New Sompo Japan,” a company that thinks like a customer in every aspect of business.

Our Foundation and Purpose



In the early days, when fires were frequent, our company established the only officially recognized private fire brigade. Ever since then, we have been committed to protecting the precious property of people.

This spirit remains unchanged since our foundation, and we have provided security and safety by empathizing with customers who suffered damage from accidents or disasters.



Going back to where we started, we will strive as one to regain trust, aiming to become a **"company that thinks like a customer in every aspect of business."**

Transformation Project “SJ-R” towards “New Sompo Japan”

After revisiting our foundation and purpose, we established the slogan of “Always be straight with customers and society” and five commitments to customers.

Under this slogan as the value standards of “**New Sompo Japan**,” we are committed to the company-wide transformation project of “**SJ-R**.”

Always be straight with customers and society

Our five commitments to customers

- 1 Act fairly and impartially by giving first priority to trust of customers and society
- 2 Stand by customers together with the agencies to assist in lives and society
- 3 Focus on quality and work to improve “speed” and “ease of understanding”
- 4 Proactively learn and improve expertise to pursue the fundamental value of insurance
- 5 Build the future of insurance by leveraging diversity and individual capabilities

SJ-R

Dedicated to the customers and society

Restart

Revolution

Reborn

The Spate of Problems Identified by FSA and External Investigation Committee and Their True Causes

The spate of problems

! Responses to fraudulent automobile insurance claims

! Insurance premium adjustment practices

True causes of problems

Corporate culture

- Valuing company profits over customer protection and compliance
- Self-protection, a top-down culture, siloed thinking and blaming others
- Negative information is not escalated (Gap between the sales representatives and management)

Governance

- The management team lacking risk awareness and dysfunctional internal controls
- Claims payment management system
- Dysfunctional Compliance and Risk Management Divisions

Structural issues in non-life insurance industry

- A distorted competitive environment by cross-shareholding
- Excessive client business support and personnel dispatch to agencies
- Conflicts of interest at agencies also operating as auto repair shops

Overview of Initiatives for Improvement

Transformation of corporate culture

Promote dialogue between management and sales frontlines

As of July 31, 2024, direct dialogue was held with **approx. 3,500** employees
at **192 divisions** including the claims service division, sales division and H.O. divisions



President Ishikawa



Saito Deputy President (Sales Support)



Horie EVP (Quality, Compliance)

Sakai EVP (HR and Corporate Culture)

Yamamoto EVP (Management Strategy)

Ohki EVP (Claims Service)

Tezen EO (Products)

*Description in the () is main responsibilities of officers

Initiatives to transform management's value standards

Introduced **“reverse mentoring,”** a mentoring framework where the management team is mentored by a younger and more junior employee. A junior employee communicates with management on the topic raised by them.



This will deepen the understanding of each other and values across generations and mitigate organizational inertia towards achieving an organization where diverse talents can demonstrate their abilities.

Nurturing a culture to thoroughly think from a customer perspective

Held a program for officers called **“Listening to the real voice of customers”** to actually listen to the customers’ thoughts logged at the Claims Hotline as an opportunity to think from their perspectives



Officers of Head Office as well as general managers and leaders of the H.O./Sales/Claims Payment Service Divisions participated.

Initiatives to correct siloed business and the gap between the sales frontlines and H.O.

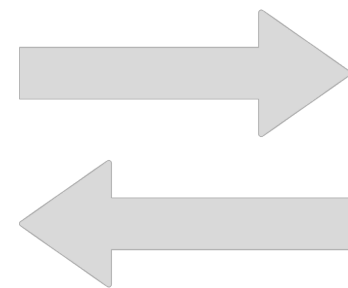
Initiatives to reform H.O. divisions

- If requested by the sales representatives, members of H.O. divisions will visit their sites to explain the Company's measures and their background.
- To mitigate burden at sales frontlines, started reviewing the dissemination of information from H.O.



Sales frontlines

Feedback on measures



Improve measures as
fed back by the sales
frontlines



Head Office

A short-term program for sales representatives to work at H.O. divisions

- A short-term program to send sales representatives to H.O. divisions will start in H2.
- Improve effectiveness of measures from an onsite perspective in implementing the Business Improvement Plan.



Breaking away from excessive focus on top line and market share

Remove the items related to top line budget and market share from the sales targets

Revise the priority of compliance-related items at the personnel evaluation of sales divisions

Revise the sales targets and award system

- Set the “quality and profitability targets” to rightly evaluate actions to instill and firmly establish “Customer trust and quality standards” and to improve profitability
- Change to a sales evaluation system focused on quality and profitability from the current award system ranked by top line and market share
- Abolish the sales budget led by the Head Office (top down) and change to divisional goal (bottom up)

Revise personnel evaluation



- Change to a structure where compliance-related initiatives are ranked higher in behavior evaluation, and comprehensively review based on such evaluation
- Fundamental targets (quality, compliance and culture transformation) were added to the business targets of GMs, section heads and branch managers to help subordinates understand more specifically.

A new framework to escalate negative information

Established **“Dorotama BOX,”** a framework to enable all employees nationwide to directly escalate negative information to the management team

More than 1,000 cases were reported and the management and each H.O. department are confirming one by one such opinions and information, and reviewing measures to take.

Main opinions and information reported so far

-  A voice guidance of the roadside assistance desk was confusing, and a customer bore the cost due to a misunderstanding of the service content
-  Compared with other insurers, the coverage of special contract was not clearly explained upon quoting for overseas travel insurance. This may be misleading to customers.



* “Dorotama” is an abbreviation of “onions with mud” in Japanese, and recommends raising undisguised opinion or information (as it is with mud).

Initiatives to remove a top down approach and instill diversity

Innovation challenge

Overview

Based on an idea from employees, a proposer and H.O. divisions will think together to create innovation.

Main ideas

- Provide disaster response to local authorities through the network of Sompo's retired employees
- Develop a game to learn about disaster prevention, insurance and risk management, and provide it to schools, local governments and companies across Japan

SOMPO Awards

Overview

Under the concept of "encouraging employees to embrace every challenge," encourage each other to share thoughts, challenges and efforts with colleagues, and Sompo Group members will feel and experience the solidarity, and workforce and business diversity.

Shared initiatives

- Established and implemented from scratch ["Eyeco Support,"](#) a remote support service for people with vision impairments
- ["SOMPO Children's cafeteria"](#) Project
- Held Okinawa Children's Future Work Experience Event

Gather data to transform corporate culture

Gather data to confirm the current and actual status for culture change

Example cases of data gathering

Culture change survey

Engagement survey

Survey to visualize culture

Cross-division survey

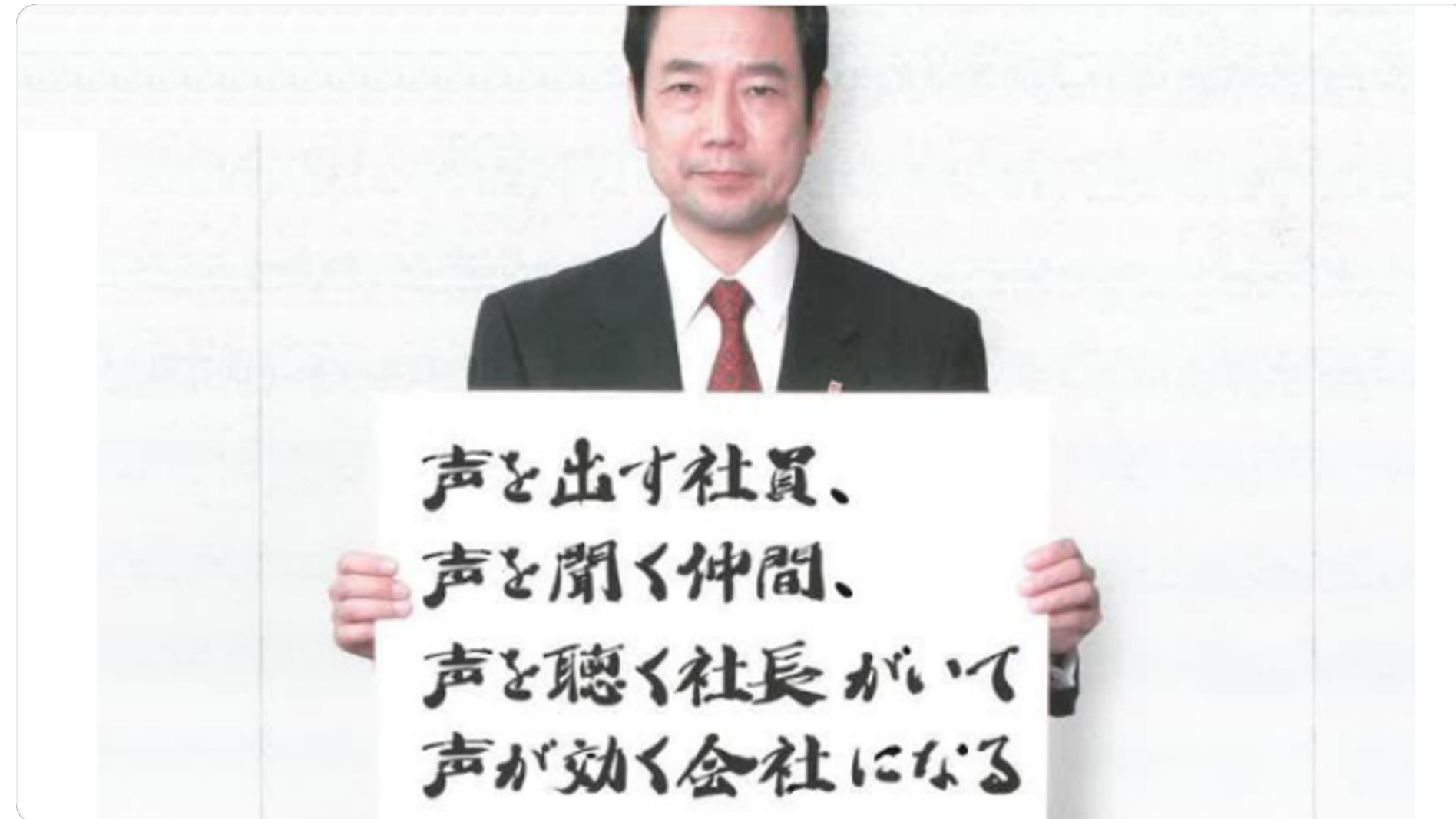
Follow up on the progress of instilling the change and behavioral change in all officers and employees

Continue following up on the progress of instilling changes, behavioral change in all officers and employees, in addition to evaluating own behavior. At the follow-up, how officers and managerial-level staff are nurturing the organizational culture and the status of cross-divisional collaboration/function are checked.



A structure to ensure a problem is not forgotten and fostering a risk-aware culture

Set a day each November for **all executive officers and employees** to review in detail past incidents, the business improvement orders, and voice of customers including scolding by disclosing them within the Company.



2006



2023

Overview of Initiatives for Improvement

Strengthening governance

As of February 29, 2024, we clarified where management responsibility lies and revamped management

Under new leadership, started to become a
“company that thinks like the customers in every aspect of business”

Representative
Director resigned



All officers reduced or
voluntarily returned part of
their remuneration

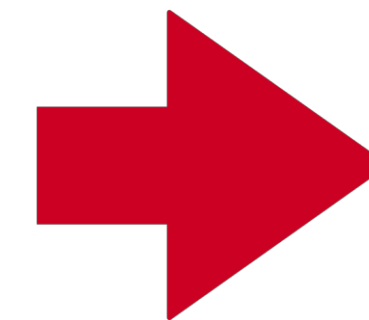
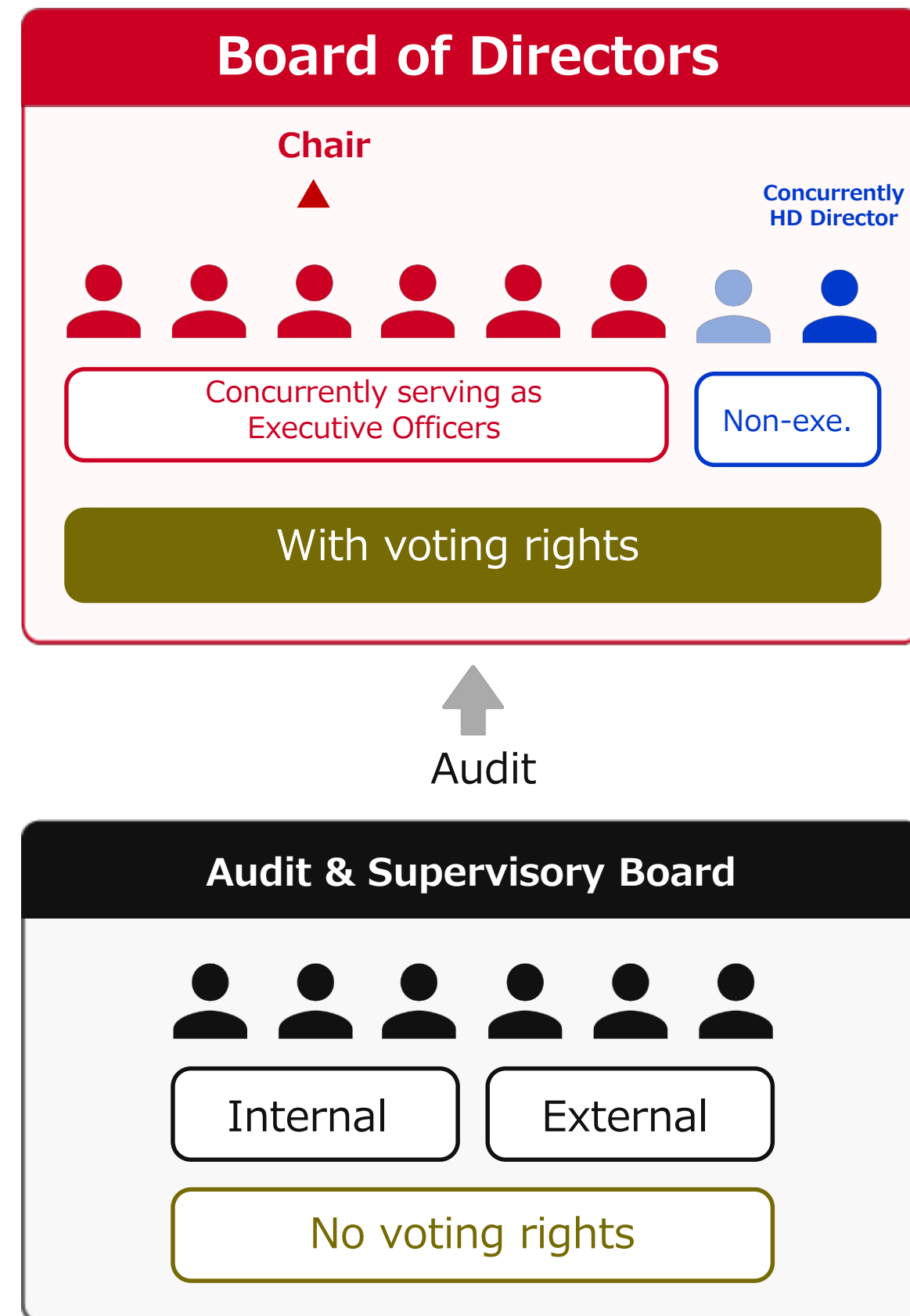


Revamped management



Revised governance structure

Previous system
(a company with Audit & Supervisory Board)



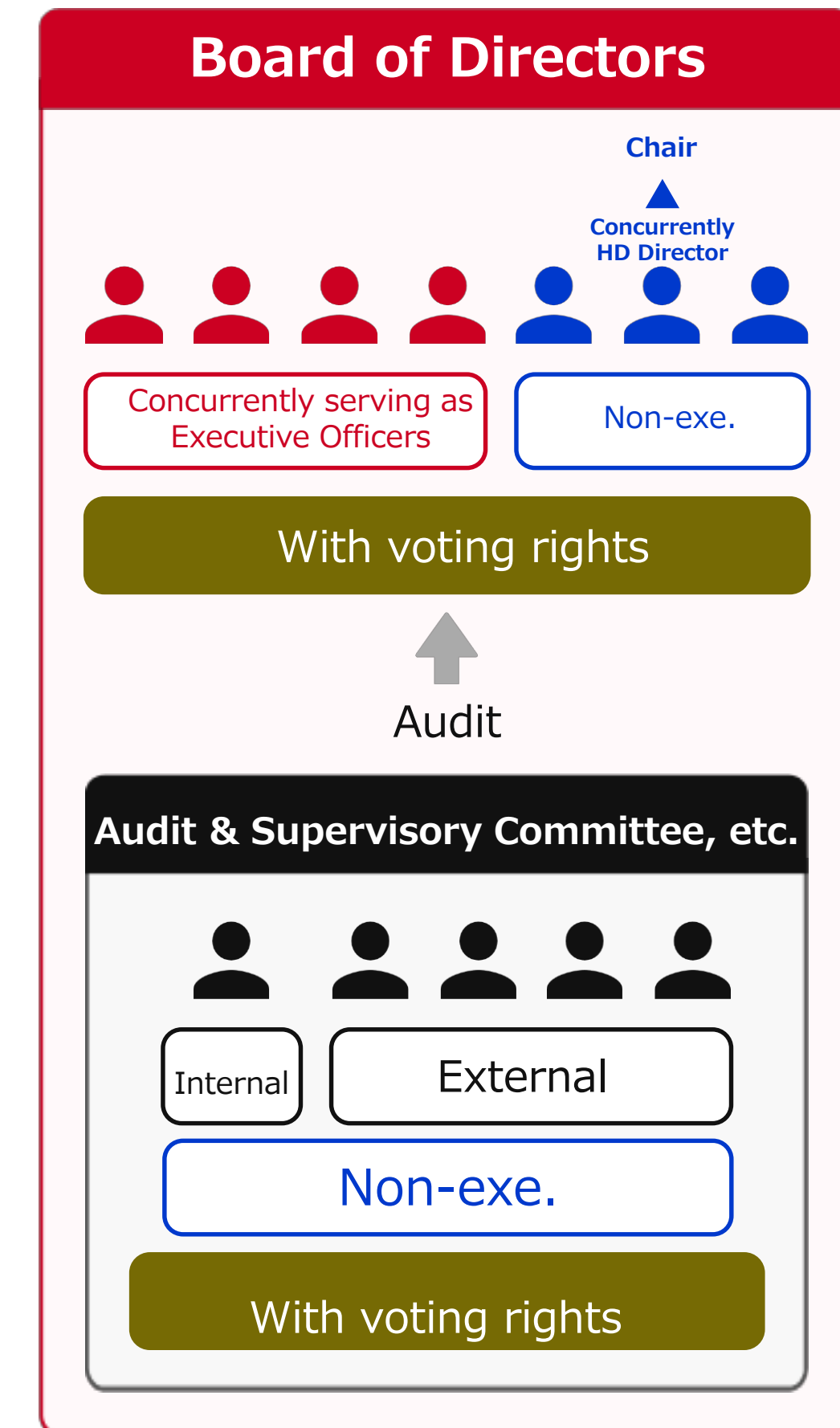
Revisions

In FY2024, transitioned to a company with Audit & Supervisory Committee, etc. The Board of Directors, mainly comprising non-executive directors supervises management. (Separation of supervision and execution)

Installed again the external director system which was abolished in FY2022

The Board of Directors is chaired by CEO of Sompo Holdings and strengthened the Group's control function.

Current system
(a company with Audit & Supervisory Committee, etc.)



Bringing external perspectives into management

An advisory body of the Executive Committee was established where external experts participate as external members.

Active discussions were held with management at the Quality Control Committee



Kumiko Bando

- Held various positions including Deputy Minister, Ministry of Education, Culture, Sports, Science and Technology, and Secretary-General, Consumer Affairs Agency
- Current position:
Governor, Japanese Red Cross Society
External Director, MEGMILK SNOW BRAND Co., Ltd.



Yumiko Nagasawa

- Organizer, Foster Forum (forum to foster quality financial products)
- Held various positions including a member of the Financial System Council and a member of the "Expert Panel on Structural Issues and Competition in the Non-Life Insurance Sector"



Emiko Nagasawa

- Representative, Waku Waku Kyoso Office
- Engaged in corporate management respecting socially responsible corporate behavior and human rights, and promotion of corporate social contribution activities

Strengthen the Claims Payment Division (1)

Abolished simple investigations of auto insurance which was identified as a finding, and **strengthened personnel** of the Claims Payment Division

Abolished simple investigations



Get technical adjusters, an expert of loss investigation work involved in all automobile claims

Strengthened personnel



300 employees were transferred to strengthen the Claims Payment Division

Strengthen the Claims Payment Division (2)

Formulated the code of conduct and rules to ensure independence of claims payment operation

Formulate the code of conduct and information sharing rules to thoroughly ensure “the Claims Service Division has the absolute right to make liability judgment and recognize damage in claims payment.”
H.O. divisions will strengthen monitoring of the progress with instilling and addressing them.

Code of Conduct

“At SOMPO Japan, all officers and employees will provide appropriate and fair claims service to all customers regardless of the amount of insurance premium and agencies/distributors based on the five commitments towards achieving its vision.”

Rules concerning independence of claims payment operations

To prevent the Sales Division intervening inappropriately in loss recognition, etc., formulate rules to notify the Claims Service Division of the inquiries on claims payment the Sales Division received from customers.

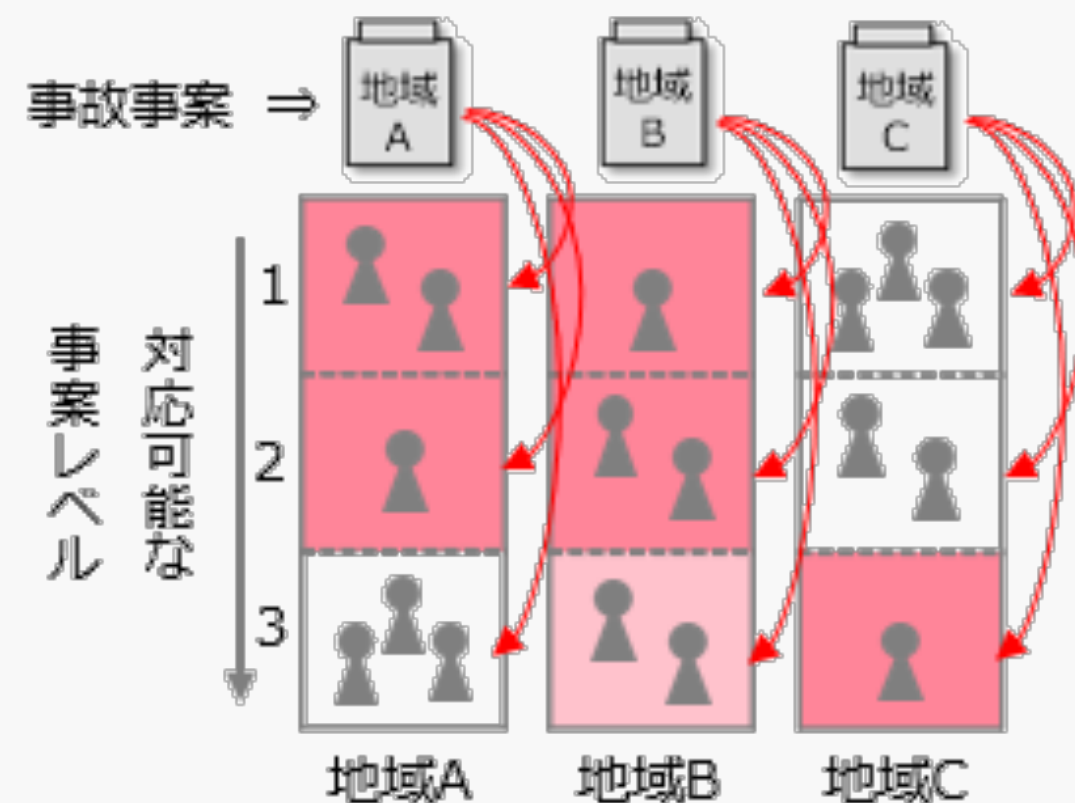
Strengthen the management of Claims Payment Division (3)

Revise the core operations of the Claims Service Division

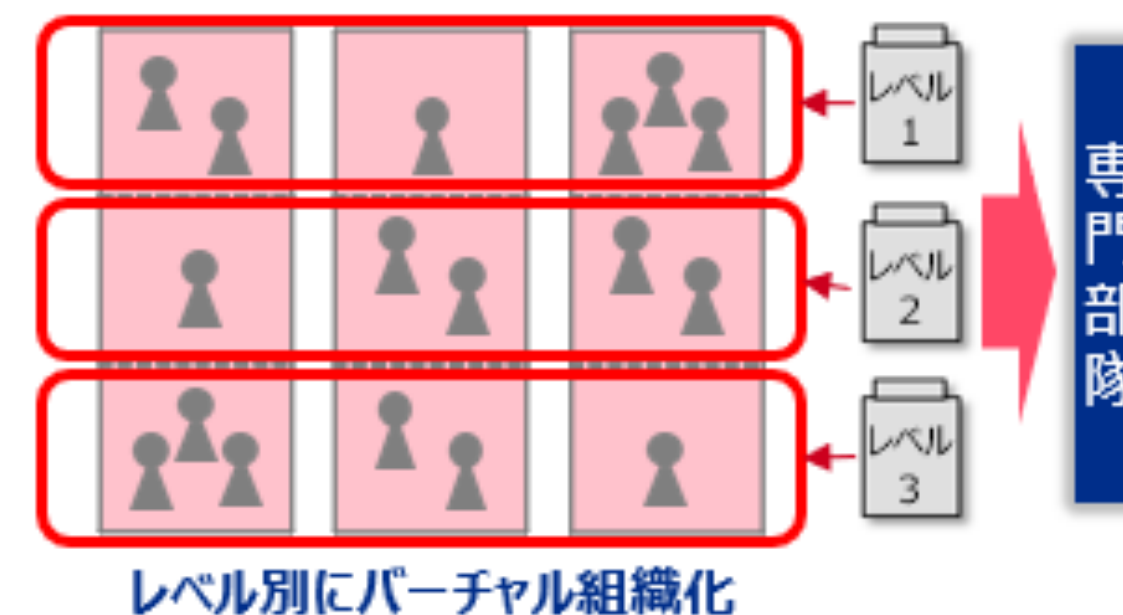
With reference to advanced operations at overseas subsidiaries, transform into a world-class claims service division. Check and revise all the claims service procedures from claims notification, initial response, introducing an auto repair shop, fraudulent claims detection, to claims payment by bringing in external perspectives.

Current issue

Each organization (each region) addresses cases and optimal use of resources is not achieved



Improve productivity by concentration, division of duties, specialization, digitalization, and payment adequacy



- Visualize employees' capacity by accelerating digitalization
- Set a wider scope of claims service (Virtual organization)
- Expert teams support special cases such as fraudulent claims
- Improve payment adequacy by standardization of operations

Strengthen the internal control and risk management system

Strengthen the internal control

Established Quality Control (Management Department)

Promote management and improvement of business quality toward firmly establishing customer-oriented business operations

Strengthen the conduct risk management system

Established the Fair Transaction Promotion Office

Thoroughly enforce investigation of insurance premium adjustments and the measures to prevent recurrence

Strengthen the Internal Audit Department

Turn the Internal Audit Department into an organization that reports directly to the President.

Strengthen the risk management system

Established an advisory body (Risk management)

Established an advisory body to strengthen and improve the operational risk management system

Participation of external experts

To autonomously uncover bad practices deeply rooted in the Company, bring in external perspectives for transparent operation.

A comprehensive review

A comprehensive review of current operations is scheduled in FY2024.

Overview of Initiatives for Improvement

Solving structural issues

A drastic review of personnel dispatch to agencies

Abolished personnel dispatch that does not contribute to “Customer-oriented business operations.”

Current problems

- A short-term perspective of strengthening ties with customers and agencies and acquisition of market shares, in addition to a mid to long-term perspective including quality improvement
- Excessive dispatch of personnel may decelerate agencies’ movement toward independence.

After
improvement



Abolish personnel dispatch that does not contribute to “customer-oriented business operations”

We will formulate a guideline based on industry guidelines to be implemented.

*Currently dispatched personnel will ask for a change in duties or return to H.O.

Revised the system to manage personnel dispatched to agencies

Establish a control division

Strengthen education and supervision of personnel dispatched to agencies

Revise the evaluation of dispatched personnel

Evaluate by the achievement level of operations at agencies with dispatched personnel

Initiatives to secure an appropriate competitive environment (1)

| Abolished excessive client business support

Revised the disciplinary standards for employees

Clarified in regulations the disciplinary standards for excessive client business support
Started disclosing and applying for all employees

Thoroughly implement the internal whistleblowing system

Conducted a questionnaire to all employees to thoroughly implement the internal whistleblowing system and a leniency program

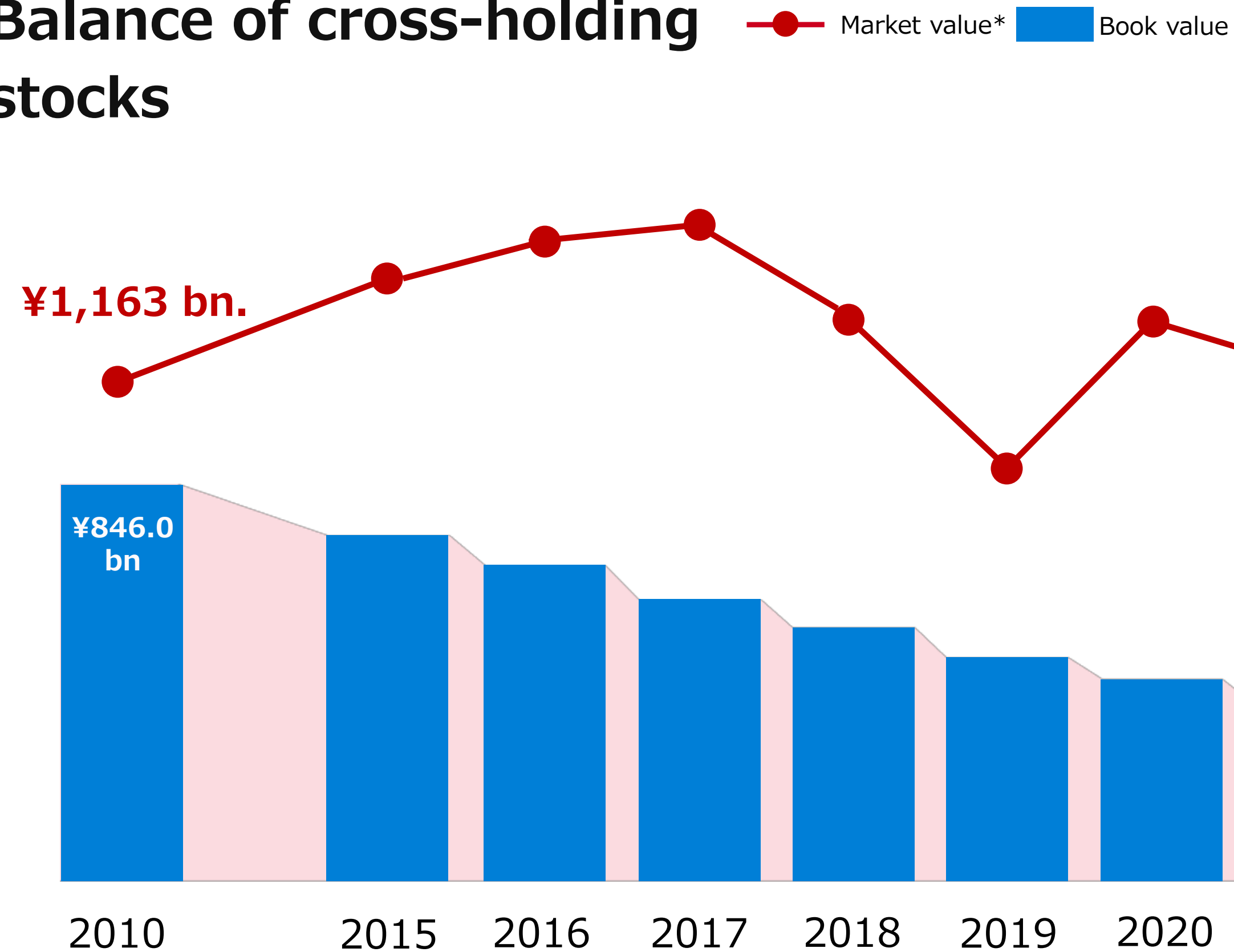
Client business support guideline

Formulated a guideline for client business support for agencies and explained the following:

- If the volume of client business support determines the share at agencies, discontinue such practice.
- No client business support subject to our increasing or retaining insurance transactions will be provided.

Initiatives to secure an appropriate competitive environment (2)

Balance of cross-holding stocks



Latest reduction of cross-holding stocks (Market value)

Reduced **¥162.3 billion** as of August 31, 2024

Steady progress toward the full-year target of **¥200.0 billion or more**

* Includes retirement benefit trust

Initiatives to secure an appropriate competitive environment (3)

| Initiatives to ensure compliance with the Antimonopoly Act

Monitoring of various rules

Built an autonomous risk management system in the first line regarding the insurance policy underwriting rules and rules that prohibit contact with peers

E-learning training for all agencies and employees

Provided e-learning training for all agencies and employees

Revised the disciplinary standards for employees

Clarified the disciplinary standards for behaviors in violation with the Antimonopoly Act in regulations, and implemented them after disclosing to all employees



Overview of the Business Improvement Plans (Full Version)

Overview of the Business Improvement Plans

Current

▲ Measure implemented ■ For further consideration

Review Measures (Formulate and Establish Frameworks, etc.) and Implement Measures

Sustain benefits
(verify effectiveness)

Instill and firmly
establish benefits

	Common		
	1. Drastically strengthen governance to diligently implement the business improvement plan and ensure measures are firmly	2. Establish a system to thoroughly ensure compliance and customer protections (including the Antimonopoly Act)	3. Foster a healthy organizational culture prioritizing compliance and customer protections
	Sompo Holdings <ul style="list-style-type: none"> Strengthen and improve the effectiveness of Group governance Revise the institutional design of operating companies (major domestic companies) Appoint a Chief Compliance Officer Establish a Compliance Office Appoint a Chief Internal Audit Officer Clearly define the relationships between Group Chief Officers (CtO) and Chief Officers (CO) of individual companies Strengthen specialized personnel 	<ul style="list-style-type: none"> A monitoring system for internal controls over subsidiaries' key measures and other activities Information sharing and reporting system regarding recent spate of problems Internal audit system 	<ul style="list-style-type: none"> Revising, instilling, and implementing a Group Corporate Philosophy framework Follow up on progress of instilling a corporate culture
	Sompo Japan Insurance <ul style="list-style-type: none"> Appoint outside directors (establish an Audit & Supervisory Committee, etc.) Governance system of the holding company over individual non-life insurance companies Enhance the roles of directors in charge of second and third lines Establish new committees Revision of internal company policies such as proposal submission standards and circular approval policy Learning from Sompo Japan's prior case examples and those of other companies Bring onboard perspectives from outside the company (including international perspectives) Strengthen the management framework for matters submitted to the Executive Committee 	<ul style="list-style-type: none"> Drastically revise management of the third line <ul style="list-style-type: none"> Clearly define roles in the first line Strengthen the risk management system and internal controls in the second line (Compliance Department and Risk Management Department) Strengthen internal controls in the third line (Internal Audit Department) Communication between the first line and the second and third lines Strengthen operational risk management 	<ul style="list-style-type: none"> Foster compliance awareness at the management level Revise the Code of Conduct and other rules Revise the establishment of the sales promotion system and sales targets Revise personnel evaluations and their implementation (Utilize an exchange program) Foster a culture that prioritizes customer protection and compliance, and measures to instill such a culture in officers and employees Establish the new post of Chief Culture Change Officer (CCO), the Culture Change Department, Chief Quality Officer, and the Quality Control Department
Fraudulent automobile insurance claims	4. Establish an appropriate claims payment and management system <ul style="list-style-type: none"> Shift technical adjusters to undertake loss investigation work Establish a system for preventing fraudulent claims (unified management of information, stronger involvement by Head Office, etc.) Establish a fair and precise screening structure 	<ul style="list-style-type: none"> Formulate reporting rules regarding negative information (Report to the management team, Sompo Holdings and relevant authorities) Independence of claims payment operations (Eliminate inappropriate intervention by the Sales Division) Follow-up verification of the Claims Service Division 	5. Establish an effective agency management (insurance sales management) system <ul style="list-style-type: none"> Establish a protection system by providing guidance to large agencies Increase the point-reflection weighting for quality in agency fee points (in phases) Formulate rules to address misconduct by agencies
Insurance premium adjustment practices	6. Measures to ensure an environment for fair competition in the corporate insurance area <ul style="list-style-type: none"> Establish rules for matters such as insurance underwriting for collective insurance, group insurance policies, and similar arrangements Determine policy for matters such as cross shareholdings and excessive preferential treatment 	<ul style="list-style-type: none"> Provide training and foster the understanding of all officers and employees regarding the Antimonopoly Act and related laws Establish and appropriate insurance underwriting process at agencies 	7. Establish an appropriate sales promotion system and insurance underwriting management system <ul style="list-style-type: none"> Sales activities that can present appropriate premiums according to the underwriting management system, profit management for each type of policy, and risk

Supplementary explanation

Blue: Measures added to the Business Improvement Plans based on the investigation report by the External Investigation Committee

Red: Measures with progress updates from previous reporting (measures in discussion ⇒ measures implemented)

Progress status of Business Improvement Plans (main initiatives from June to August 2024 (1))

Measures	Main progress
1. Drastically strengthen governance to diligently implement the business improvement plan and ensure measures are firmly established	
Appoint outside directors	<ul style="list-style-type: none">• Audit and Supervisory Committee Members (Directors) participate in the Board of Directors (including pre-briefings) and express their opinions.• Additionally, held discussions with Directors, CxO and Executive Officers, and meetings with the Internal Audit and Compliance Department. <ul style="list-style-type: none">• 3 Directors are concurrently serving as SOMPO Holdings’ Directors participate in the Board of Directors and express their opinion. <ul style="list-style-type: none">• As of April 1, the Internal Audit Department was turned into an organization that reports directly to the President, and regularly meets with President and General Manager of Internal Audit Department. <ul style="list-style-type: none">• As an external member of the Quality Control Committee chaired by the CQO (Chief Quality Officer), Ms. Nagasawa who served as a member of FSA’s “Expert Panel on Structural Issues and Competition in the Non-Life Insurance Sector,” joined as a member.• The Quality Control Committee meets monthly starting from May. At the 3rd Quality Control Committee on July 16, Ms. Bando who is an external member and External Director of MEGMILK SNOW BRAND Co., Ltd. lectured on and shared the initiatives of other companies including MEGMILK to regain trust and improve quality.• Also on July 22, Ms. Nagasawa lectured on the theme of “What are the good insurance products consumers expect” at executive training sessions based on her long experience as an expert in financial administration.
Implement audits by the Audit & Supervisory Committee, etc.*	
Governance system of the holding company over individual non-life insurance companies	
Enhance the roles of officers in charge of second and third lines	
Learn from Sompo Japan’s prior case examples and those of other companies	
Bring onboard perspectives from outside the company (including international perspectives)*	
Foster compliance awareness at the management level	
2. Establish a system to thoroughly ensure compliance and customer protections (including Antimonopoly Act)	
Strengthen internal controls in the third line	•Planned offsite monitoring related to the Business Improvement Plans and an internal audit plan. Monitoring started in June and an internal audit in August.
Communication between the first line and the second and third lines	•To build an autonomous internal control system in the first line, CCoO (Chief Compliance Officer) held a dialogue with GMs of sales/claims service.
Provide training and foster the understanding of all executives and employees regarding the Antimonopoly Act and related laws	•From July, monitoring related to “insurance underwriting rules” and “rules that prohibit contact with peers” was introduced to ensure compliance with the Antimonopoly Act. By firmly establishing these rules at a quarterly monitoring, the autonomous risk management system in the first line has been strengthened.
3. Foster a healthy organizational culture prioritizing not sales but compliance and customer protections	
Revise the establishment of the sales promotion system and sales targets	<ul style="list-style-type: none">• H.O. confirmed all the departmental/branch office plans appropriately set the fundamental targets of quality/compliance/culture change, and such plans do not focus on top line and market share.• From August, conducted a questionnaire (awareness survey) for officers and employees of the Sales Division and verified the appropriateness of sales targets and sale promotion method.
Establish the new post of Chief Quality Officer and the Quality Control Department	<ul style="list-style-type: none">• Issued “Customer trust and quality guidebook” as a guide for action to satisfy the “Customer trust and quality standards*” of agencies.• Also issued the “Code of conduct to meet the customers’ trust and quality standards” for employees at the Claims Service Division. <p>*Minimum level normally expected by customers</p>
Foster a culture that prioritizes customer protection and compliance, and measures to instill such a culture in employees	<ul style="list-style-type: none">• President Ishikawa sends a video message to all employees at various occasions such as when announcing the Medium-term Management Plan, when submitting the progress report on the Business Improvement Plans, when the External Investigation Committee issued a report, and in response to the FSA’s order to submit a report. He continues to express his commitment.• At town hall meetings, H.O. officers directly communicated with approx. 3,500 employees in 192 divisions of Claims Service Division, Sales Division, and H.O. divisions. H.O. officers other than President Ishikawa sent messages to all employees through an in-house broadcast TV.

Progress status of Business Improvement Plans (main initiatives from June to August 2024 (2))

Measures	Main progress
4. Establish an appropriate claims payment and management system	
Establish a fair and precise screening structure and process	<ul style="list-style-type: none">• Reviewing the necessary personnel for FY2025 based on personnel verification by an external consulting firm (including standardized work volume and division of roles by the difficulty level of operations)
Establish a follow-up verification system for claims payment and other cases	<ul style="list-style-type: none">• Formulated rules for conducting investigation work by adding items related to loss investigation work to the check items of a follow-up verification. Verification by the Claims Service Division is required for the claims service sections.• In July a follow-up verification started to check whether payments are made to fraudulent claims and other inappropriate payment, if any; specifically, whether the responses to fraudulent claims is being carried out in accordance with the rules, whether the response to reports made through the hotline of the General Insurance Association of Japan is being carried out in accordance with the rules, and payment adequacy to large agencies and large policyholders is checked.
Ensure the independence of the claims service division (remove inappropriate intervention from the sales division)	<ul style="list-style-type: none">• Thoroughly enforced the code of conduct that specifies “Claims Service Division has the absolute right to make liability judgment and recognize damage in claims payment.”• To prevent inappropriate intervention of damage recognition and others at the Sales Division, formulated rules to notify the Claims Service Division inquiries on claims payment received from customers at the Sales Division.• Claims Service Division will be subject to monitoring by H.O. first and second lines, and whether the code of conduct is instilled and properly understood will be checked.
Introduce a repair garage	<ul style="list-style-type: none">• Issued an internal notice to address based on the considerations presented in the report of “Expert Panel on Structural Issues and Competition in the Non-Life Insurance Sector” if a customer asked for an introduction to a repair garage.
5. Establish an effective agency management (insurance sales management) system	
Investigate inappropriate sales through questionnaires for policyholders	<ul style="list-style-type: none">• Revised questionnaires for policyholders in July.• We will directly confirm with customers the status of “confirmation of customer’s intention” and “disclosure statement.”
6. Review and implement measures to ensure an environment for fair competition in the corporate insurance area	
Cross-holding stocks	<ul style="list-style-type: none">• The amount of cross-holding stocks sold reached ¥162.3 bn. as of August 31, 2024.
Abolish excessive client business support (preferential treatment), etc.	<ul style="list-style-type: none">• Based on the discussions of the Expert Panel, prepared a guideline for client business support (countermeasures for excessive preferential treatment). Sales divisions accustomed to client business support will explain the following to their business partners by the end of September.<ul style="list-style-type: none">- Client business support subject to our increasing or retaining insurance transactions is prohibited (including provision of information by consolidating the records of client business support)- If the volume of client business support determines the share at agencies, discontinue such practice.• As of July 1, revised the disciplinary standards and clarified the handling of excessive client business support (preferential treatment)
Abolish personnel dispatch that does not contribute to “Customer-oriented business operations”	<ul style="list-style-type: none">• A personnel dispatch that does not contribute to the “Customer-oriented business operations” aimed at enhancing business ties with customers/agencies and acquiring market share will be abolished. This is because several cases show dispatched personnel were involved in information leakage. We will prepare our guideline based on the industry guideline to be formulated.

Sompo Holdings

Progress Status of the Business Improvement Plans

Revise the corporate philosophy framework to achieve the reframed “SOMPO’s Purpose”

“SOMPO’s Purpose” was reframed to clearly explain the Group’s worldview. We also set three values of “Integrity,” “Self-motivation,” and “Diversity,” which are respected by all our officers and employees.

SOMPO’s Purpose

**For a future filled with
“security, safety
and wellbeing”**

SOMPO’s values



Doing what’s right for society and the people.



Thinking for oneself and taking on challenges without being constrained by precedents.



Welcoming diverse opinions and taking in their thoughts and feelings.

Our beliefs outlined in our purpose statement

For a future filled with “security, safety and wellbeing”
It is defined as the rich future full of smiles, where no individuals and companies are threatened by risk factors, allowing them to pursue their ideal vision at any time.

To enable people embrace challenges without fear and keep growing flexibly and proactively in the era of the 100-year life, where the world faces significant changes every day

SOMPO Group will connect with you as the most reliable partner to realize a happy and rich society/life beyond the boundaries of business domains, nations and companies.
We will face together various risks and concerns about health and living conditions and walk along together to continue support.

For a future filled with “security, safety and wellbeing”
We are SOMPO Group

Progress status of Business Improvement Plans (main initiatives from June to August 2024) (1)

Measures	Main progress (Sompo Holdings)
1. Drastically strengthen governance to diligently implement the business improvement plan and ensure measures are firmly established	
(1) Strengthen and improve the effectiveness of Group governance	<ul style="list-style-type: none"> Strengthening the supervision over Sompo Japan such as Group CEO chairs the Board of Directors of Sompo Japan.
(2) Revise the institutional design of operating companies (major domestic companies)	<ul style="list-style-type: none"> Sompo Japan transitioned to a company with Audit & Supervisory Committee, etc. and is operating under the new framework.
(3) Appoint a Chief Compliance Officer	<ul style="list-style-type: none"> Newly appointed Chief Compliance Officer concurrently serving as Chief Compliance Officer of Sompo Japan to promote information sharing in a timely and appropriate manner and strengthen collaboration.
(4) Establish a Compliance Office	<ul style="list-style-type: none"> Newly established the Compliance Office with a new post of specially appointed GM to strengthen collaboration by sharing information Sompo Japan in a time and appropriate manner.
(5) Appoint a Chief Internal Audit Officer	<ul style="list-style-type: none"> Chief Internal Audit Officer built a structure where Sompo Japan’s GM of the Internal Audit Department reports in a timely and appropriate manner. Discussing how the control division of Sompo Japan should be. Under their leadership, monitoring the progress status of the Business Improvement Plans.
(6) Clearly define the relationships between Group Chief Officers (CxO) and Chief Officers (CxO) of individual companies	<ul style="list-style-type: none"> Clarified and implemented the collaboration between Chief Officers (CxO) when negative information was found at a group company.
(7) Strengthen specialized personnel	<ul style="list-style-type: none"> Discussing among Group companies on how to increase specialized personnel in terms of quality and quantity, and directions of reforming the HR system
2. As an insurance holding company, establish a system to ensure sound and appropriate management of the operations of subsidiary insurance companies	
(1) Monitoring system for internal controls over subsidiaries’ key measures and other activities 1) Strengthen monitoring of key measures and other activities	<p>To thoroughly monitor advance risk assessment and follow-up monitoring of key measures of Sompo Japan, while revising our monitoring method, we have confirmed the status of operation such as verifying the deliberations at Sompo Japan’s important meetings, etc.</p>
2) Monitoring of the adequacy and effectiveness of Sompo Japan’s internal controls	<ul style="list-style-type: none"> The Compliance Officer regularly meets with Sompo Japan’s Compliance Department to supervise and monitor the adequacy and effectiveness of internal controls at Sompo Japan and check the progress of recurrence prevention measures outlined in the Business Improvement Plan prepared by Sompo Japan. To improve the effectiveness of audit by the Audit and Supervisory Committee stated in 3) below, in addition to the progress status of the Business Improvement Plans, the Group CRO, etc. report to the Audit Committee every quarter about the overall internal control system, responses to the Group’s major risk and occurrence of incidents and major issues at subsidiaries, and their prevention measures.
3) Audits of the status of development and operation of internal controls, including progress management on the improvement plans by the Audit Committee	<ul style="list-style-type: none"> To improve the effectiveness of audits by the Audit Committee, as stated in above 2), the Audit Committee has received a quarterly report from Group CRO, etc. on the matters related to internal controls. To enhance monitoring of risks at each Group company, strengthening collaboration such as exchanging views on the audit plan with corporate auditors of each Group company.

Progress status of Business Improvement Plans (main initiatives from June to August 2024) (2)

Measures	Main progress (Sompo Holdings)
3. As an insurance holding company, establish a system to ensure sound and appropriate management of the operations of subsidiary insurance companies	
(2) Information sharing and reporting system regarding the recent spate of problems 1) Develop a system for subsidiaries’ key information to be reported to Sompo Holdings without omission	a. Reestablish reporting rules on key matters from subsidiaries to Sompo Holdings <ul style="list-style-type: none">To ensure key issues at Group companies are submitted to us for approval and reported without omission, we have developed regulations at group companies.
2) Establish a system to actively obtain subsidiaries’ key information	a. Constantly monitor management status and be directly involved in formulating measures through integrated management with Sompo Japan’s head office departments and mutual concurrent appointments of officers and employees <ul style="list-style-type: none">Constantly monitoring the management status and directly involved in formulating measures through integrated management with Sompo Japan’s head office departments and mutual concurrent appointments of officers and employees to understand Sompo Japan’s management status, and directly involved in formulating measures. b. Sompo Holdings’ officers will officially participate in various important meetings of Sompo Japan <ul style="list-style-type: none">Clearly defined the officers and employees attending important meetings of Group companies including Sompo Japan to strengthen and operate an active information sharing. c. Bolster informal communication <ul style="list-style-type: none">Held regular meetings among Group Chief Officers (CxO) and among key divisions of Sompo Japan to increase opportunities to communicate to strengthen and implement information sharing. d. Strengthen risk assessment <ul style="list-style-type: none">Discussing with Sompo Japan and other companies to strengthen risk assessment such as integrating assessment. e. Encourage use of the whistleblowing system and improve its reliability <ul style="list-style-type: none">Preparing a new structure to improve the function of the whistleblowing system to grasp warning signs.
(3) Internal audit system	Confirm and assess the appropriateness and other aspects of the actual state of internal controls at Sompo Japan <ul style="list-style-type: none">The Internal Audit Department receives reports on the monitoring status related to the Business Improvement Plans conducted by Sompo Japan’s Internal Audit Department and recommendations to the management, and provides opinions and recommendations.Further, participates in the Council of “Audit related to the Business Improvement Plans” held by Sompo Japan’s Internal Audit Department to advise and make proposals
4. Establish a system to foster in subsidiary insurance companies a healthy organizational culture prioritizing not sales but compliance and customer protections	
(1) Revise, instill and implement the Group Corporate Philosophy framework	<ul style="list-style-type: none">To achieve a corporate culture that encourages employees to speak up and embraces diverse perspectives and ideas, the Group Corporate Philosophy was integrated into “SOMPO’s purpose” and made easier to understand.Also revised the corporate philosophy framework by adding “Thoughts behind Purpose,” “SOMPO’s value,” etc. to achieve “SOMPO’s Purpose.”
(2) Follow up on progress with instilling a corporate culture	<ul style="list-style-type: none">Started a culture survey to verify the progress of instilling a corporate culture, running a PDCA cycle through such a follow up.