

March 14, 2025

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 February 28, 2025)**

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 February 28, 2025).

Progress as of November 30, 2024 was disclosed on December 13, 2024.

* Status of Progress on the Business Improvement Plans (Progress on Disclosure Items as of November 30, 2024)

https://www.sompo-hd.com/-/media/hd/en/files/news/2024/e_20241213_2.pdf

Sompo Holdings and Sompo Japan will further strive to regain trust from all the stakeholders under the slogan of “Always be straight with customers and society.” Furthermore, all executives and employees will drive transformation with preparedness and determination, aiming to become “New Sompo Japan,” a company that thinks like a customer in every aspect of business.

Our initiatives to regain trust

Progress Report on the Business Improvement Plans

As of February 28, 2025

Sompo Japan

Progress Status of the Business Improvement Plans

Management's Commitment to Regaining Trust



**President and Chief
Executive Officer
Sompo Japan Insurance Inc.**

石川 耕治

Sompo Japan has caused great inconvenience and concern to its stakeholders, including customers and related parties, due to its response to fraudulent automobile insurance claims, insurance premium adjustments, and inappropriate management of policyholder information at agencies.

We received Cease and Desist Orders and a Surcharge Payment Order based on the Antimonopoly Act from the Japan Fair Trade Commission (JFTC) on October 31, 2024, and implemented recurrence prevention measures approved by the JFTC on January 17, 2025, in connection with the Cease and Desist Orders. We once again take these orders from the JFTC seriously, and will strive to further strengthen our initiatives to ensure strict compliance with the Antimonopoly Act and pursue appropriate business operation.

Almost a year has passed since we submitted the business improvement plans to the Financial Services Agency, and launching in full-scale the company-wide transformation project “SJ-R.” We feel steady progress has been made toward transformation by directly communicating with the sales frontlines at the townhall meetings and the Leader Summit.

Moreover, specific tangible measures have been taken to prevent the recurrence of the same issues such as by establishing a division designated for fraudulent claims and introducing a new system, in addition to intangible measures such as providing training.

We will strive to surely reflect each measure into operation so that we can hear from all the stakeholders such as customers, society, and shareholders, “we are happy with Sompo Japan, and satisfied with Sompo,” aiming to become “New Sompo Japan,” with preparedness and determination of all executives and employees.

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

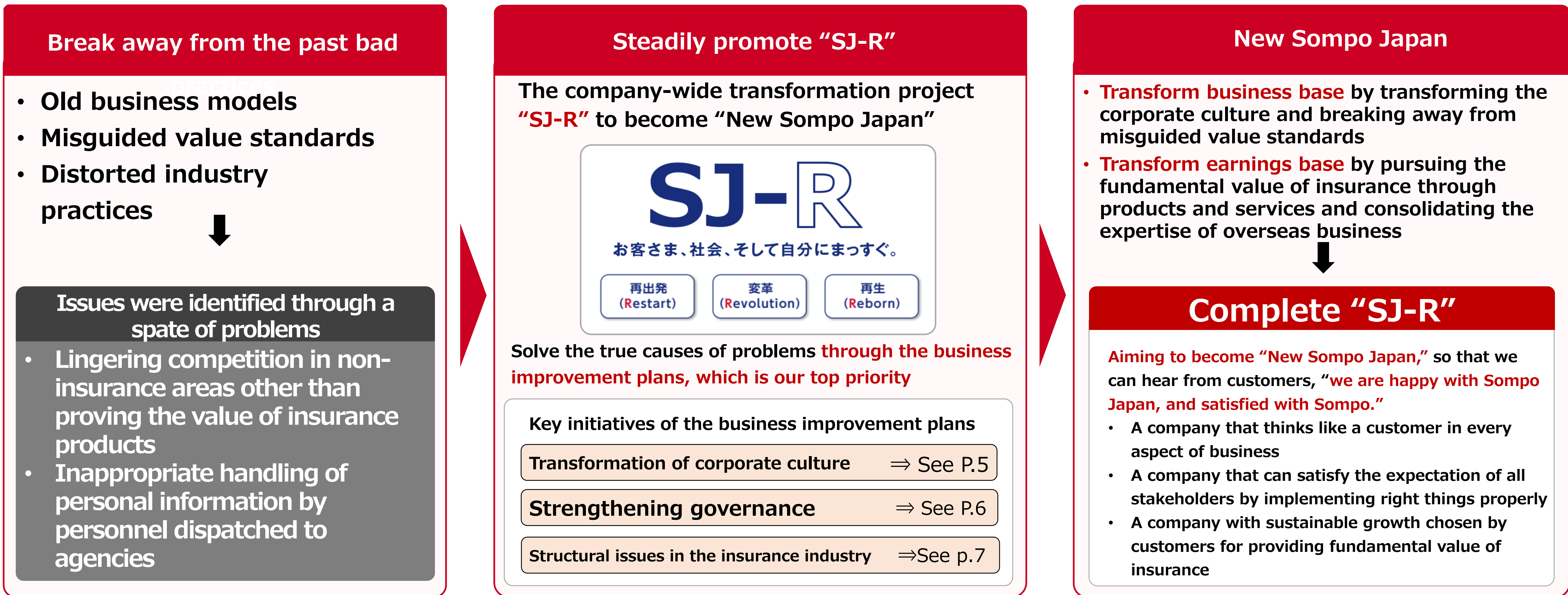
- The management team lacking risk awareness and dysfunctional internal controls
- Claims payment management system
- Dysfunctional Compliance and Risk Management Divisions

Structural issues in non-life insurance industry

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

Toward Becoming “New Sampo Japan”

Aim to promote “SJ-R” and become “**New Sampo Japan**” to break away from the old business model, misguided value standards, and distorted industry practices and prevent recurrence of the same problems.



Review of the Initiatives to Reform Corporate Culture

To achieve the vision of Sompo Japan, implemented various initiatives to reform corporate and work culture so as to hear from all the stakeholders **“we are happy with Sompo Japan, and satisfied with Sompo”**

Initiatives implemented

Established the handover room

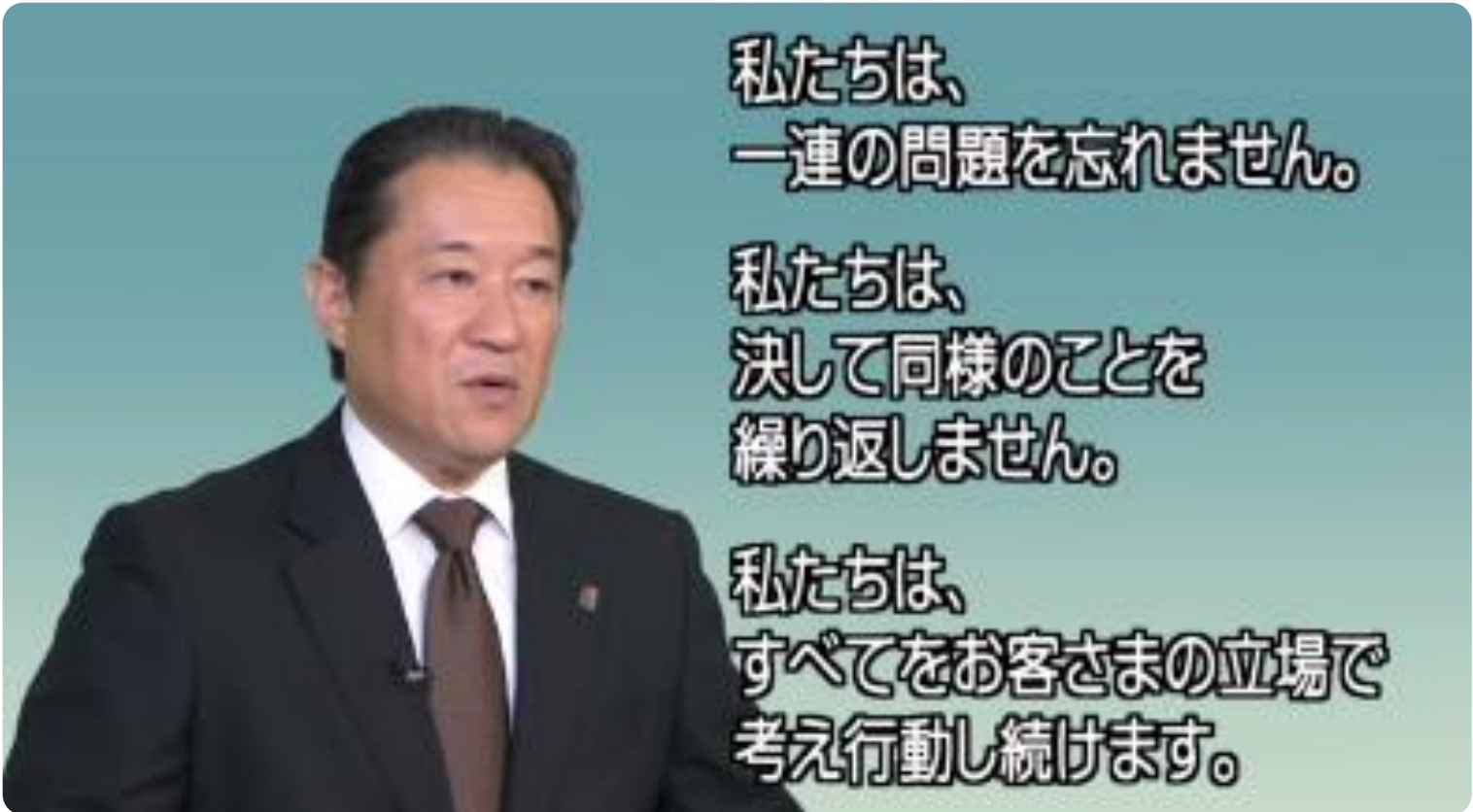
- Established the “Handover room – learning from past lessons–” to never let the fact and memory of our losing the trust of society fade away, and embrace them with a sense of ownership
- *Handover room is only opened to the employees of SOMPO Group companies



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Set the month to review the past incidents

- Set November as the “month to review the past incidents”
- Sent a video message of the President to all offices across Japan to make all executives and employees review with a sense of ownership.



Initiatives to deepen the understandings of customers

- All executives and employees listen to the frank opinions of customers (phone call logs) and exchange views at the workplace from a customer perspective

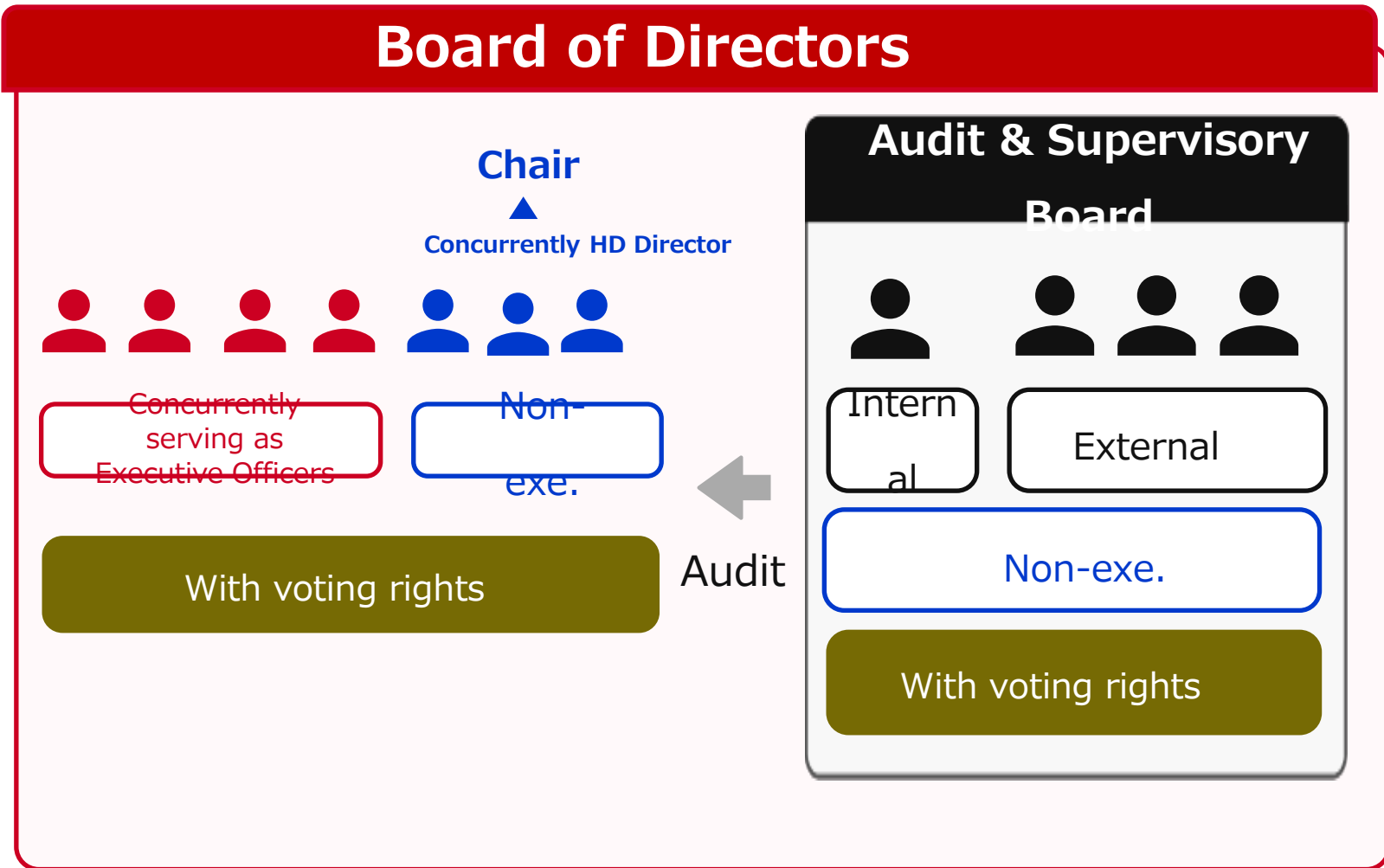


Review of the Initiatives to Strengthen Governance

Promote various initiatives to strengthen governance that contribute to forming a culture
prioritizing compliance and customer protections

Initiatives implemented

- Strengthen governance**
 - 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)
- New (a company with Audit & Supervisory Committee)



- Ensure the independence of claims payment division**
 - Formulated code of conducts and information sharing rules to thoroughly disseminate the independence of the Claims Payment Division

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.

- Business quality/operational risk management sub-committee**
 - Newly established an advisory body to manage and control inherent operational risks



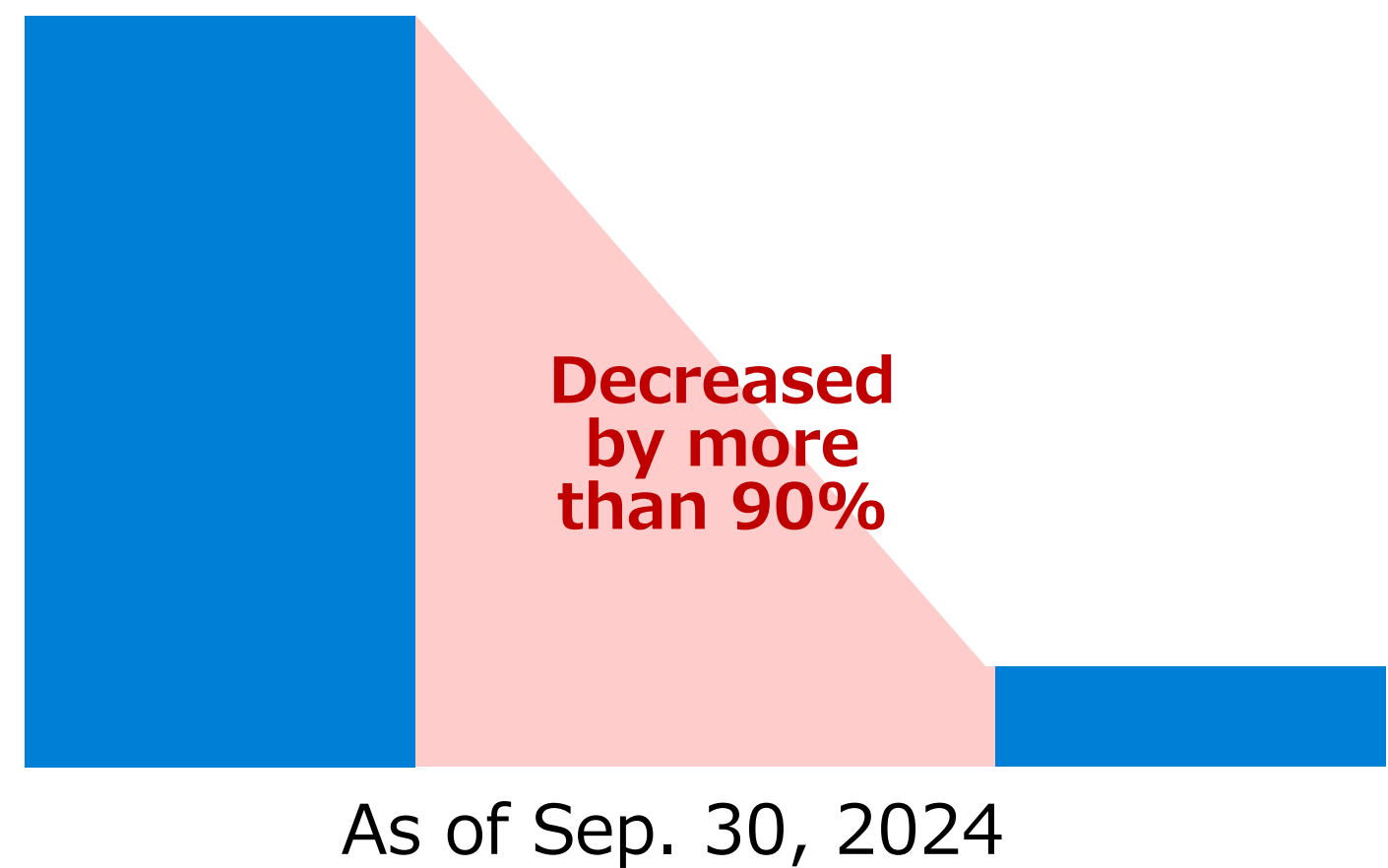
Review of the Initiatives to Solve Structural Issues

Implemented various initiatives to drastically solve structural issues
Transition to a company with sustainable growth chosen
by customers for providing fundamental value of insurance

Initiatives implemented

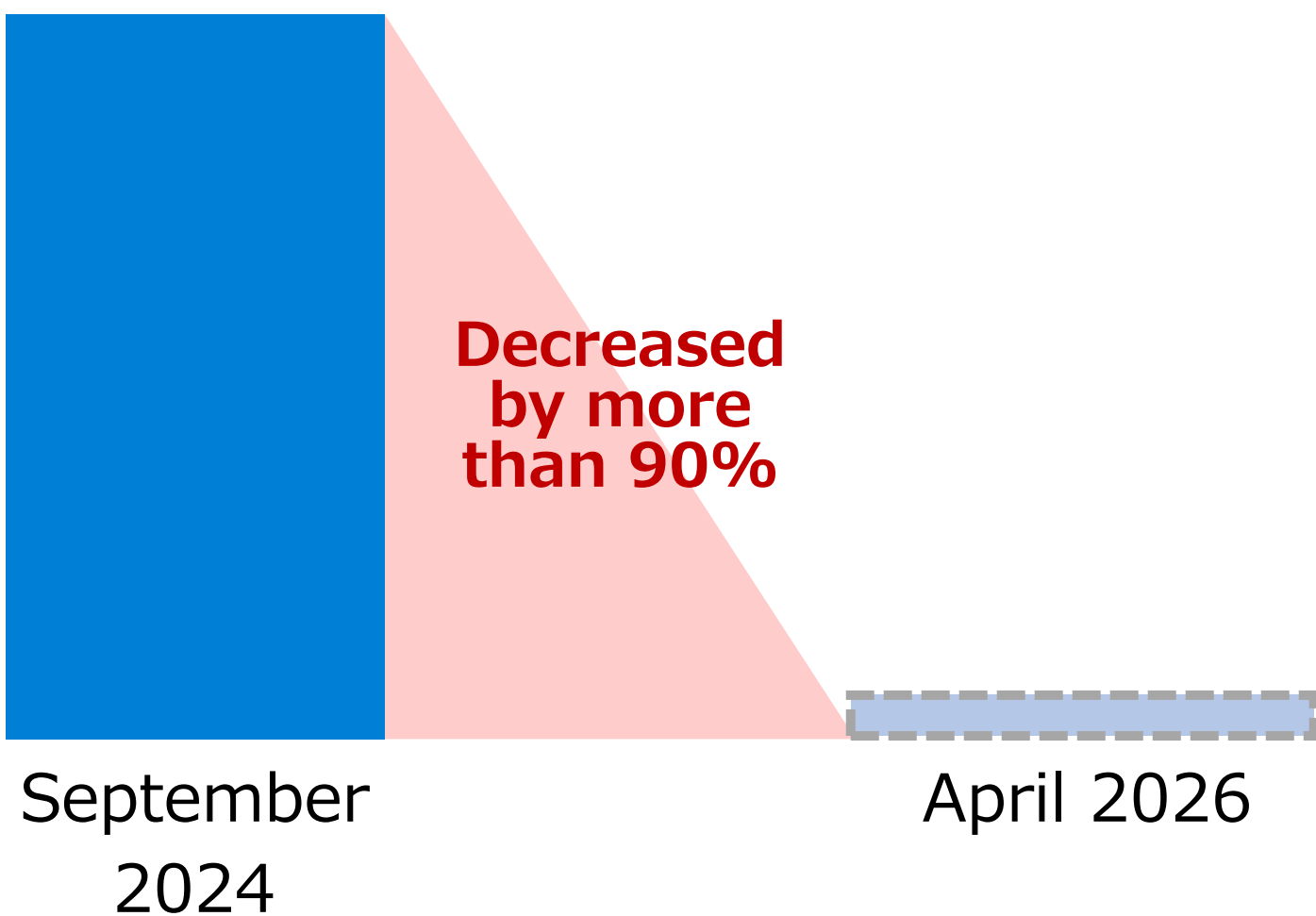
Abolish excessive preferential treatment

- More than 90% of agencies agreed to discontinue such treatment. Continue discussions with the remaining agencies towards discontinuation



A drastic review of personnel dispatch to agencies

- Prepared our guideline and abolished personnel dispatch that does not contribute to "Customer-oriented business operations."



Initiatives to comply 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

- Provided e-learning training for not only employees, but also all agencies

Revised the disciplinary standards for

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

Overview of Initiatives for Improvement

Transformation of corporate culture

Updates from the previous report (December 2024)

Disseminate Based on Cease and Desist Orders issued by the Japan Fair Trade Commission

Implemented various prevention measures for insurance premium adjustments
based on Cease and Desist Orders issued by the Japan Fair Trade Commission on October 31, 2024

Details of prevention measures

- Send a notification to corporate customers
- Disseminate prevention measures to all executives and employees
- Provide regular trainings (strict operation such as requiring the participants to pass the test with full score before completion)
- Periodic internal and external audits
- Formulate disciplinary regulations



Released a tutorial video to all agencies and promoted gaining knowledge of the Antimonopoly Act
Also continued providing regular trainings to independent and company agencies

Initiatives to Promote Understanding within the Company

To promote culture transformation within the company,
held **town hall meetings** for wider audience and the **Leader Summit** for leaders



Town hall meetings for wider audience



Leader Summit

Through **direct communications between the management and sales frontline**,
deepen understanding of the background to initiatives and details

Framework to Consolidate and Share Initiatives to Regain Trust

Centralize SJ-R information and good initiatives being held nationwide to regain trust

“Sompo Japan ACTIONS!” is an initiative to **grow a point of action into “waves of transformation”**

“Sompo Japan ACTIONS!” intranet

- Centralize voluntary activities pursued to regain trust nationwide
- Introduce and share activities held across Japan to accelerate the corporate transformation



Internal announcement (President Ishikawa's message)

- “Sompo Japan ACTIONS!” is a company-wide initiative
- President Ishikawa sent a video message to all offices across Japan to encourage all executives and employees to actively use this to reform the corporate culture



Externally introduce valuable initiatives for customers which were shared at the “Sompo Japan ACTIONS!”

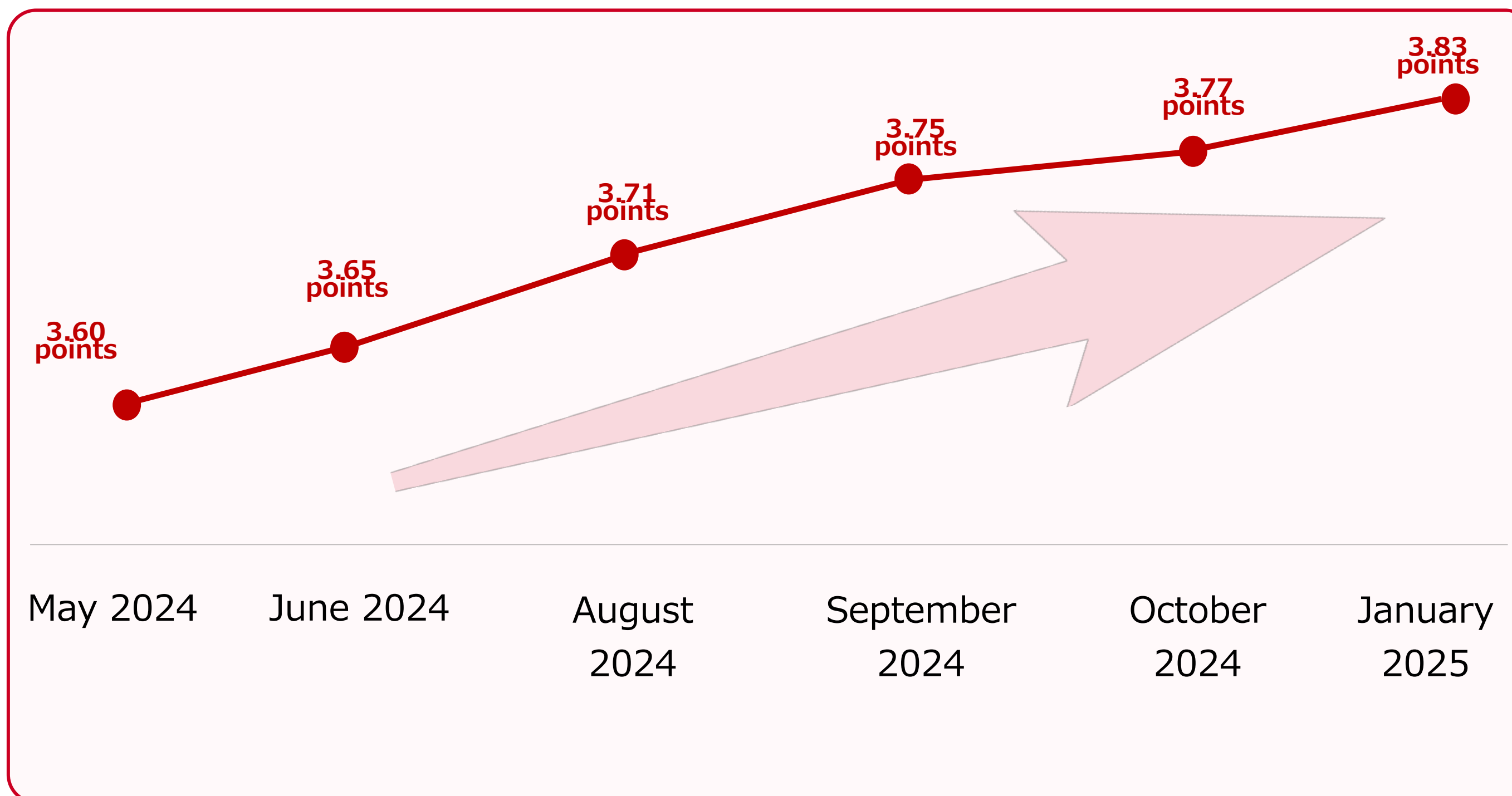
Data Gathering to Transform Culture

Gather data to understand the key status and actual conditions to reform corporate culture as the true causes of problems

“Culture change survey”

(indicators of awareness and action for culture transformation) has steadily improved

And we will continue to monitor the trend to review various measures and consider additional measures



Culture change survey

[Key questions] (on a scale of one to five)

Q. Do executives actively send out a message to employees and provide a chance to communicate?

Q. Do you share even negative information with your superiors and other departments without hesitation?

[Response status]

Average response rate: 91.8%

Average no. of respondents: 19,670

Initiatives Aiming to Break Away from a Top-down Culture and Instill Diversity (1)

Held the **“SOMPO Award,”** an award system to mutually send cheers by sharing the initiatives among employees of group companies

Example of Project Awarded at SOMPO Award 2024



Support disaster recovery in Noto Peninsula with Japan's first “SOMPO Mana (‘Learning’) Boccia” which was invented in Ishikawa

- Developed sport items to increase awareness for disaster prevention while enjoying Boccia, a ball game
- This goes beyond raising disaster preparedness and participants can learn how to use disaster prevention goods as explained on the back of each target.



Nurture diversity and solidarity beyond the boundaries of companies and businesses by connecting with comrades, digital technologies, and various thoughts

Initiatives Aiming to Break Away from a Top-down Culture and Instill Diversity (2)

Held **“innovation challenge”** to look for and award ideas that contribute to achieving
“five commitments to customers” set under the SJ-R

Projects achieved based on innovation challenges



An online application system for recreation insurance and domestic travel comprehensive insurance

- Released a system for recreation insurance (*1) and domestic travel comprehensive insurance (*2) to complete online from application to premium payment
- Developed at the request of an agency based on the idea of a sales representative to enhance customer convenience

(*1) Name of accident insurance with injury risk coverage of event participants

(*2) Name of accident insurance with domestic travel injury risk coverage

Based on the ideas of employees, the inventor and the H.O. divisions collaborate to generate innovation

Initiatives to Promote Mutual Understanding Between the Sales Frontline and the H.O.

Newly established a short-term training program to study at the H.O. divisions, mainly at product divisions (Approx. 20 employees participated from the sales divisions across Japan)
Strengthen expertise at OJT while accumulating insights on the Group's business overview



Short-term training presentation

Main comments from participants





- I could extensively and deeply understand the underwriting policy and the background to the information issued from H.O.
- Toward transforming the culture to become "New Sompo Japan," I'd like to build a relationship of mutual understanding and trust.
- Upon returning to my office, I'd like to strengthen collaboration between the sales frontline and H.O. by constantly exchanging opinions and making proposals to H.O.

Through communications between H.O. executives and employees of H.O. divisions,
promote mutual understanding among the frontline and H.O. divisions

Responses to “Doro-Tama Box,” a Framework to Escalate Negative Information

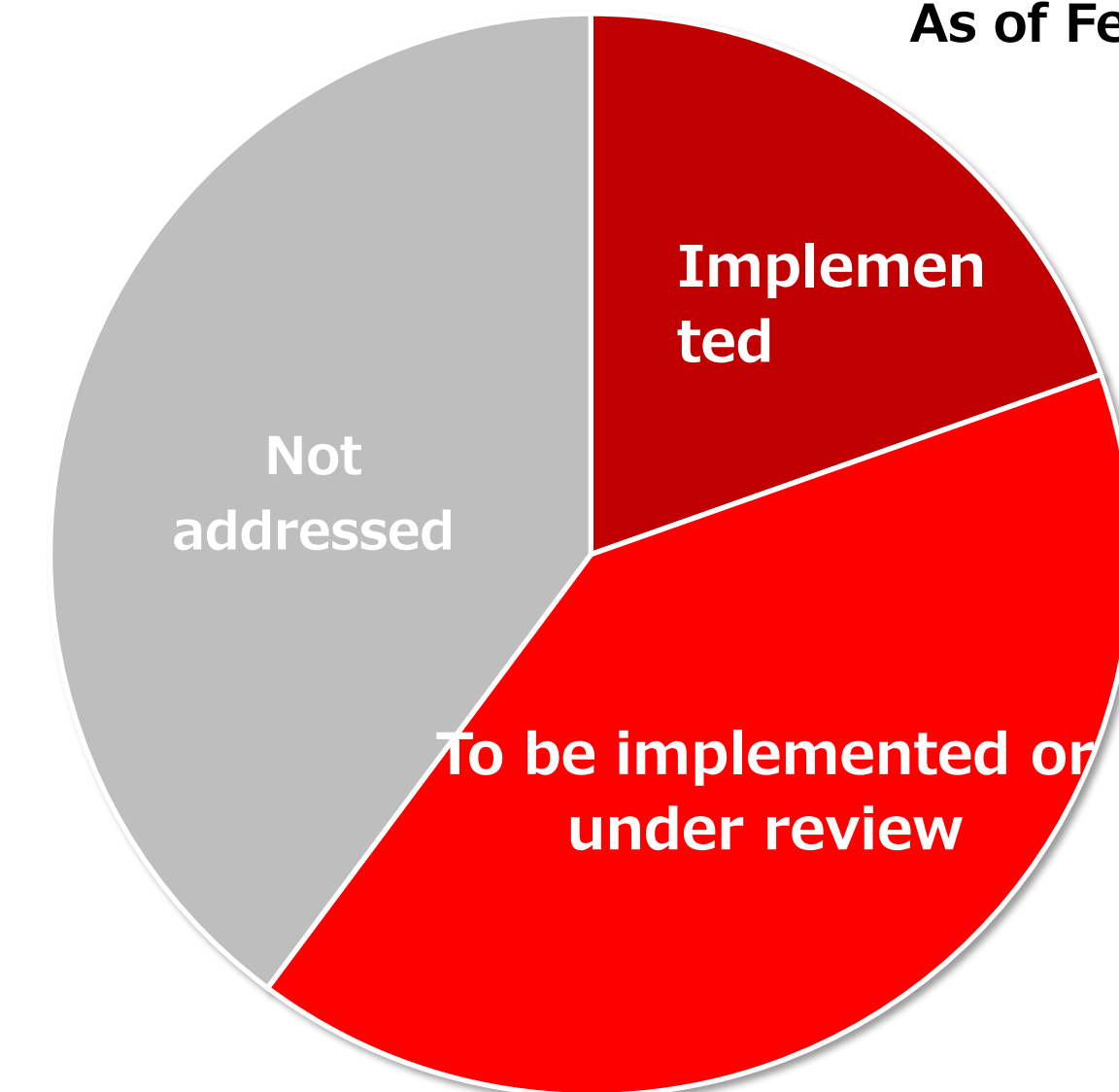
“**Doro-Tama*BOX**” was launched as a mechanism to enable all employees nationwide to directly escalate negative information to the management team. **More than 2,700 cases are reported yearly** and measures are being implemented as needed to address issues, mainly by H.O. departments

Key responses sent to this date

-  Held “Time to Know Your Customer” monthly throughout the company where all executives and employees listen to the voice of customers and exchange views at the workplace from a customer perspective
-  Revise the claims payment manual to improve the service quality in case of accidents
-  To support the operational quality of insurance agencies, “SOMPO Agent Academy (Son-aka),” a program to train an insurance agent, will start in Apr.
-  Streamline operations by enhancing the function of “Oshiete! SOMPO,” an internal knowledge search and FAQs systems

Responses to the opinions raised

As of Feb. 28, 2025



All executives and employees are allowed to view how H.O. departments responded to the suggestions and requests for improvement for pursuing a transparent operation.

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

Promote Data-driven Management

Build a behavior reform cycle based on objective data through **“SJ-R Dashboard”** instead of depending on individual’s experience and intuition

Provide company-wide common data

All executives and employees check the same data



Data-driven behaviors

Consider and implement specific measures based on objective data



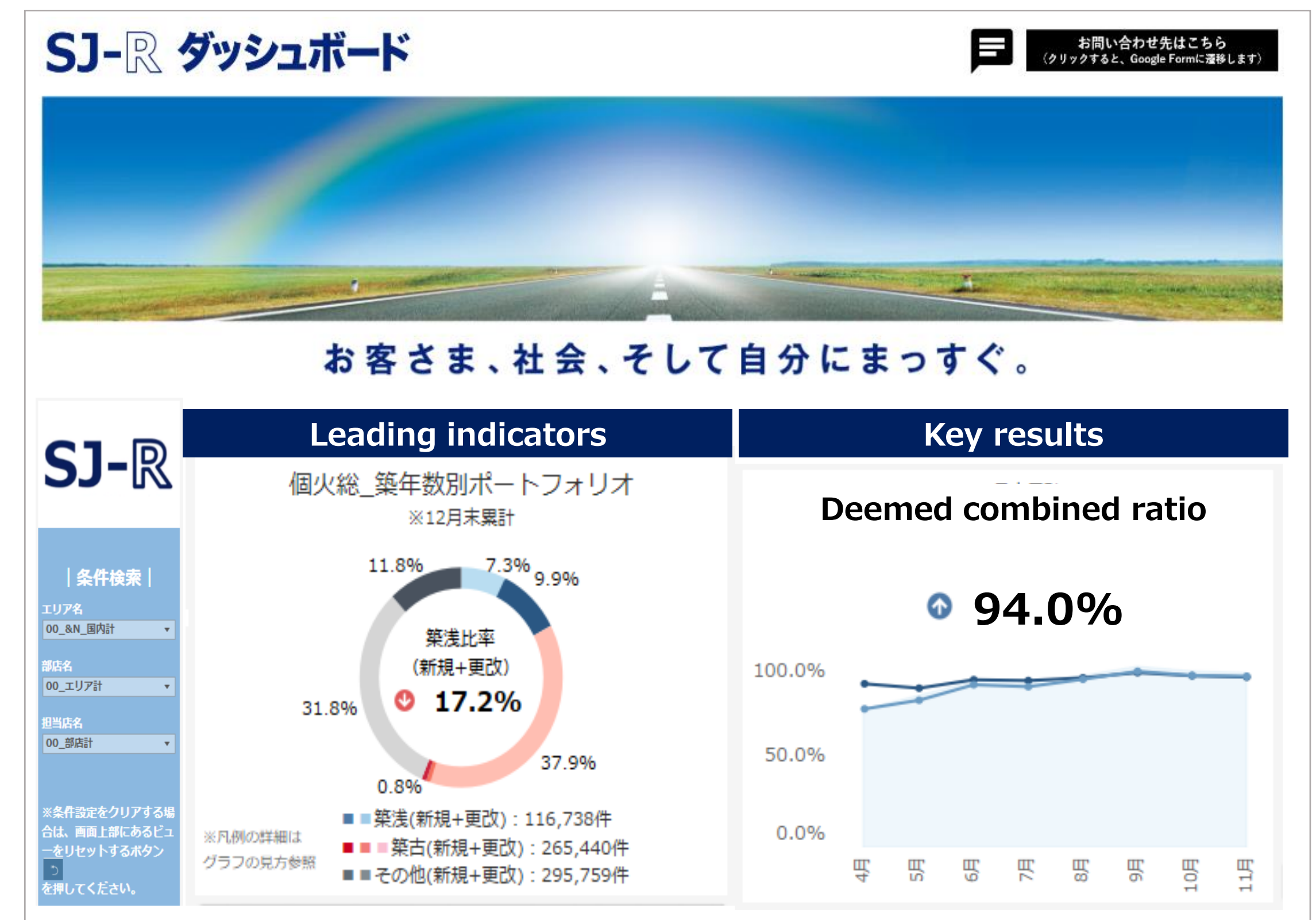
Constant improvement actions

Visualize the improvements to continue actions



Confirm and verify the action results

Verify the action results and consider measures for further improvements



Overview of Initiatives for Improvement

Strengthening governance

Updates from the previous report (December 2024)

Analyze Improvement Requests from Customers and Employee's Suggestions

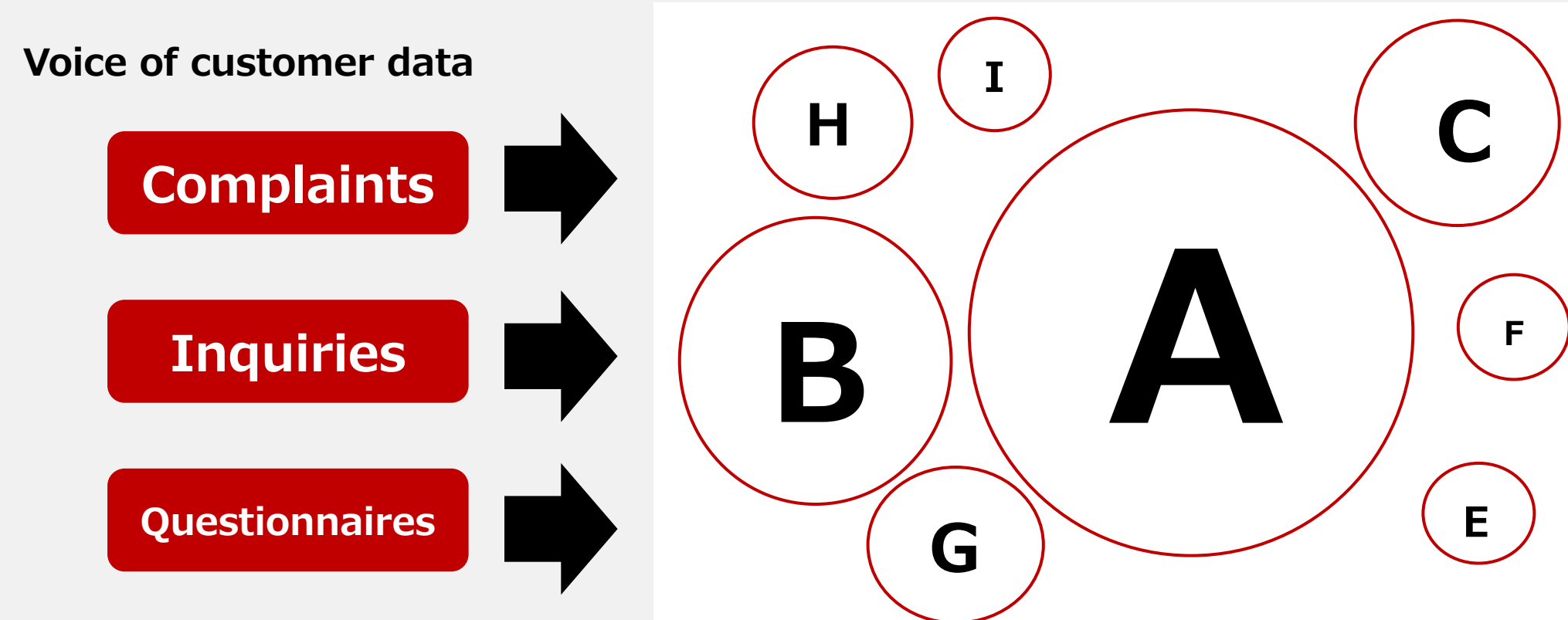
Conducted **in-depth analysis of requests from customers and employee's proposals** extracted with text mining

Select the analyzed data and discuss effective countermeasures at the Quality Control Committee

Text mining

- A process to extract the patterns of frequent words and phrases to draw insights
- Analyze quantitatively and qualitatively all the voice of customer data (complaints, inquiries and questionnaires) using text mining

Illustration of text mining



Examples of requests and suggestions for improvement extracted from text mining

- Deadline for sending out documents requested by customers
⇒ Even if a deadline is not fixed with customers, made it a rule to send out within seven days
- Correct words that are difficult to understand
⇒ Need additional explanation to customers about technical words such as "scope of coverage" and "grade"
- Customer support immediately after an accident
⇒ Enhance the customer support immediately after an accident
- Character size in documents is too small
⇒ Revised the size of words such as applications and quotes

Bringing External Perspectives into Management

Lawyer Motoi Shimadera, member of the “Financial Services Agency Expert Panel on Structural Issues and Competition in the Non-Life Insurance Sector” held a lecture to the insurance claim divisions on **“ensuring independence of claims payment operation”**

Mr. Shimadera’s training on the “business environment surrounding non-life insurance industry and ensuring independence of claims payment operations”



Motoi Shimadera

Managing Partner of Oh-Ebashi LPC & Partners

A member of the “Financial Services Agency Expert Panel on Structural Issues and Competition in the Non-Life Insurance Sector,” etc.

Main comments from participants

- After hearing the external views on non-life insurance industry and the company’s current status, I could reaffirm the importance of ensuring independence of claims payment operations
- I took to heart again his comment of “all the discussions go back to the fact that proper payments were not made” as an employee in charge of claims payment.
- I felt it important for each of us to change our mindset and take measures to build an appropriate claims management framework.

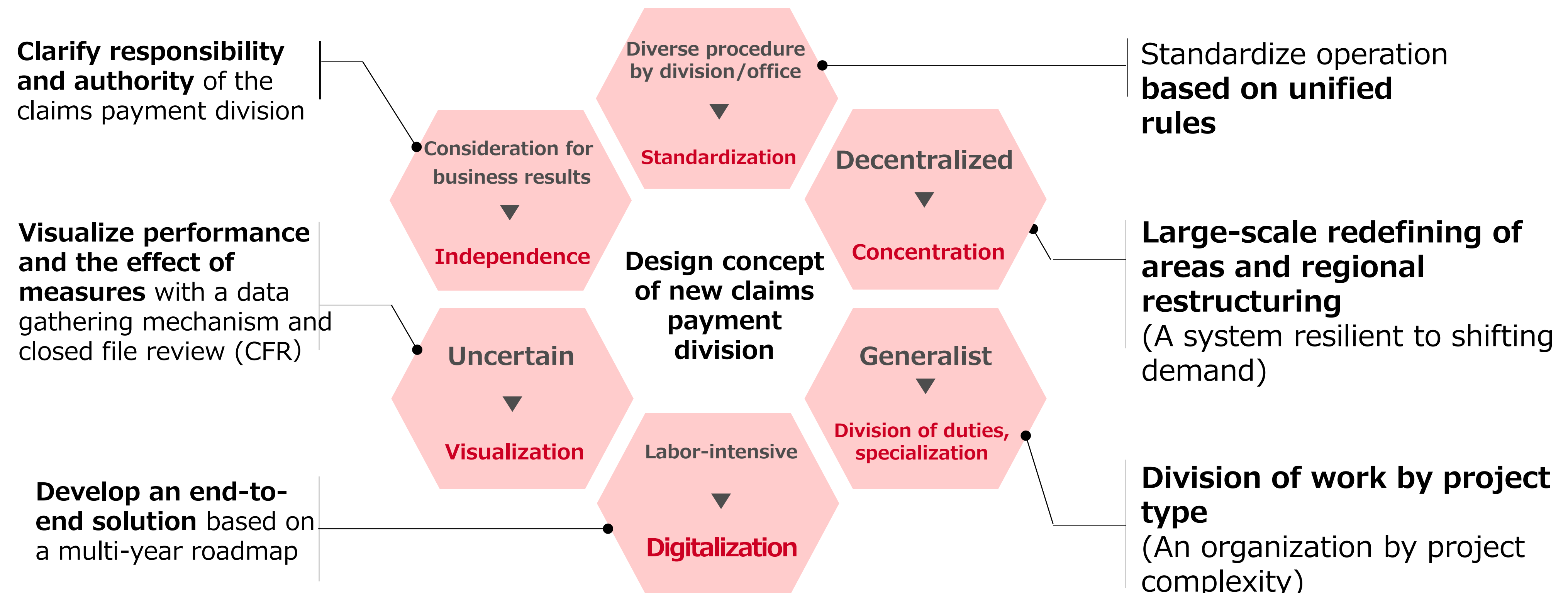
Disseminate the importance of **controlling inappropriate interference of sales divisions and ensuring fairness among policyholders**

Enhance Management of Claims Payment Division (1)

Pursue four priorities of

“Customer satisfaction,” “Payment adequacy,” “Operational efficiency” and “Employee satisfaction”

To this end, develop the business process, organization and systems



Enhance Management of Claims Payment Division (2)

Achieve fair and appropriate claims payment through an initiative to prevent fraudulent automobile claims

Newly establish a designated division for fraudulent claims

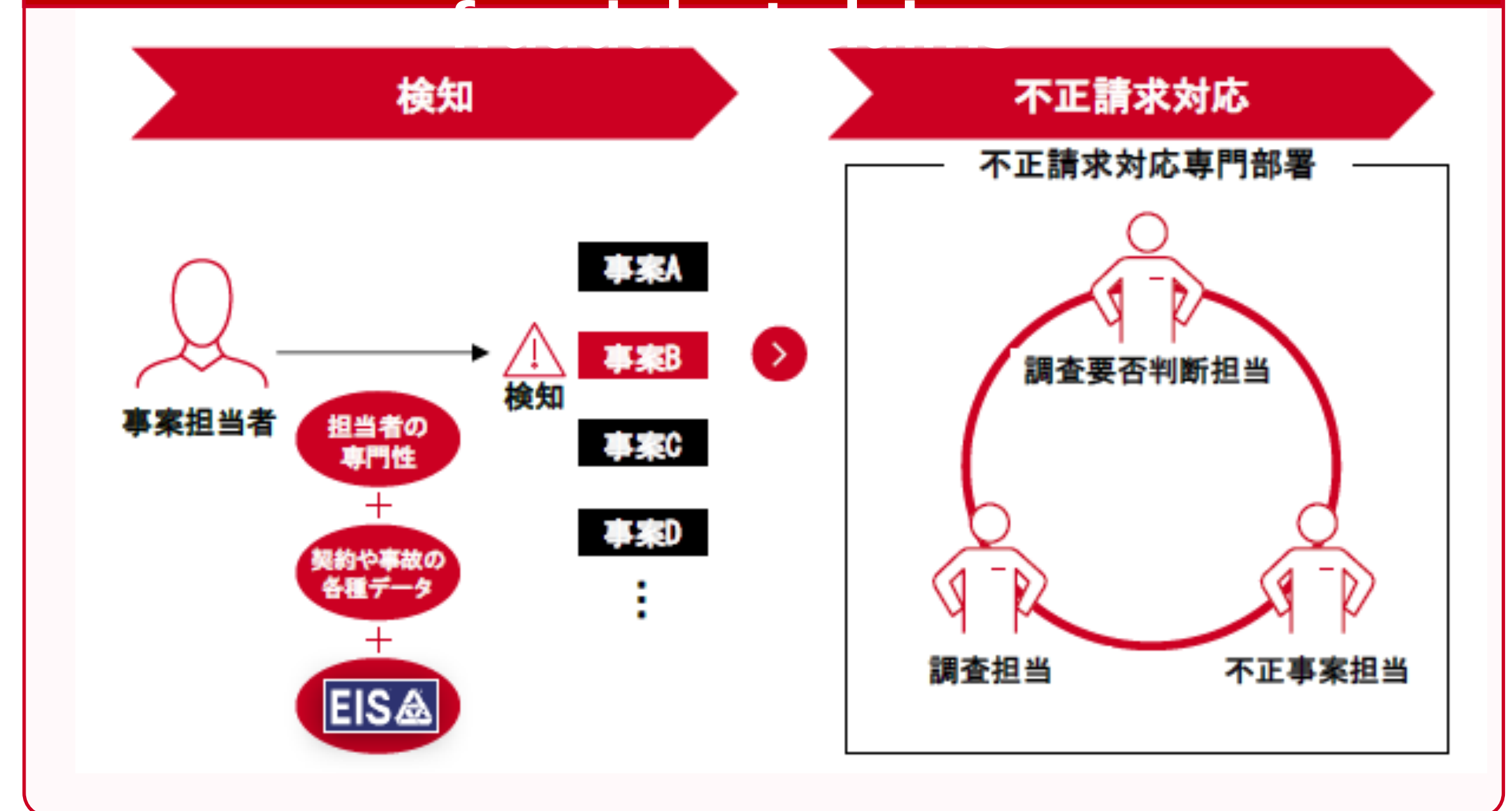
- A higher level of expertise and know-how are required than ever to respond to increasingly complex and sophisticated fraudulent insurance claims
- Establish a division designated to address cases where signs of fraudulent claims were detected in Apr. 2025

Introduced a system of EIS to detect fraudulent insurance claims

- Introduced a system provided by EIS* to detect fraudulent claims
- Refine the detection function of similar cases based on the vast data of historical claims payment analyzed by AI

*EIS: A leading provider of SaaS core platform based in San Francisco for the insurance industry.

A framework responsive to



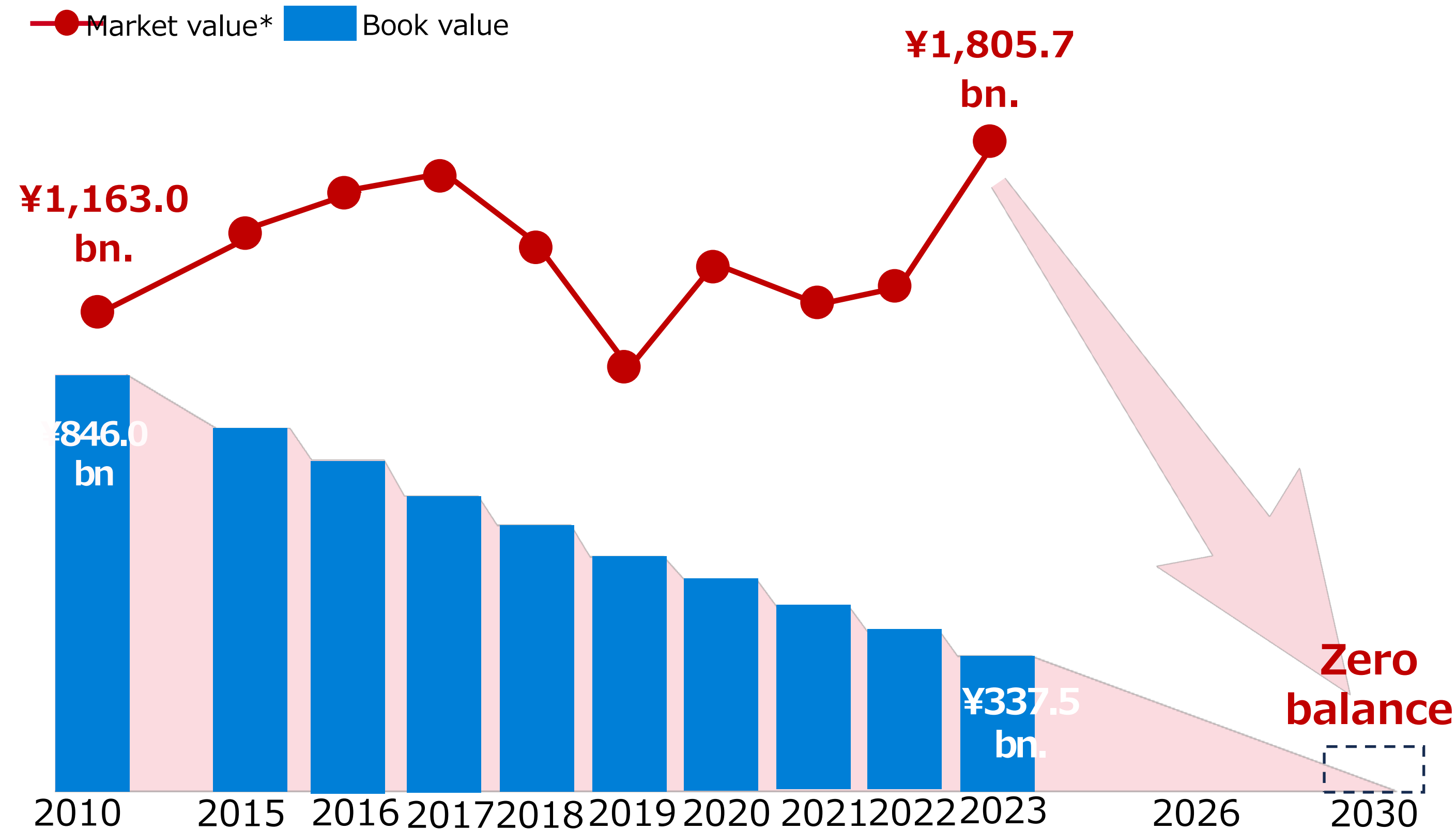
Overview of Initiatives for Improvement

Solving structural issues

Updates from the previous report (December 2024)

Initiatives to Secure an Appropriate Competitive Environment

Balance of cross-holding stocks



* Includes retirement benefit trust

Latest reduction of cross-holding stocks (Market value)

The sales of cross-holding stocks was ¥420.7 bn as of Feb. 28, 2025.

With the sales of large-cap stocks, the reduction amount **doubled from the initial plan.**

! Issues concerning cross-holding stocks identified by the spate of problems

- The actual balance of cross-holding stocks affects the share and sales representatives of insurance companies are demotivated to engage in fair competition.
- May be a factor to hinder fair competition

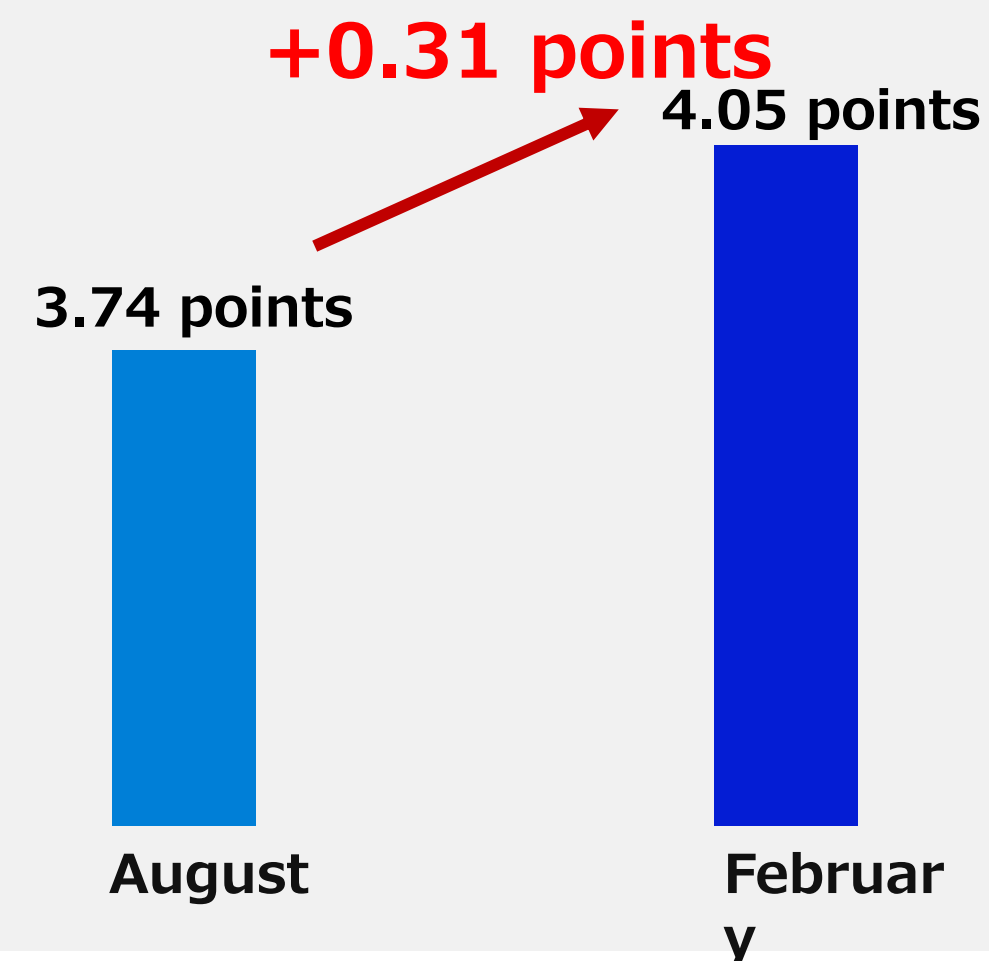
Check the Progress Status for Solving Structural Issues

Conducted questionnaires by the sales/claims payment division to **regularly track improvements** such as for “over-emphasis on topline” and “old industry practice”

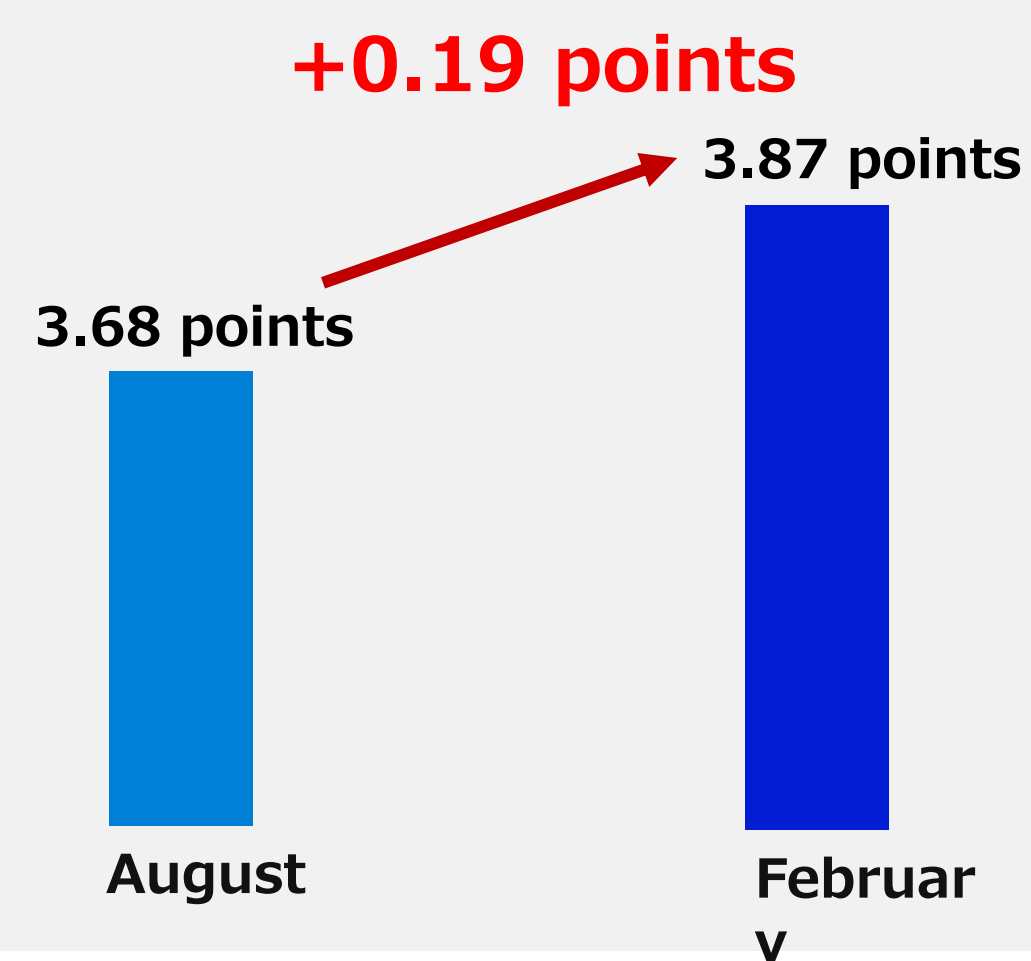
Questionnaires to the sales division

(conducted in Aug. 2024 and Feb. 2025)

Q: Do you understand the Company’s approach to excessive preferential treatment and business support guideline?



Q: Do you communicate with and provide guidance to especially large agencies, etc. with a resolute attitude irrespective of business ties, impact and awareness?



Key questions (on a scale of one to five)

A questionnaire to the claims payment division

(conducted in Feb. 2025)

Q: Do you understand the code of conduct to ensure the independence of claims payment operations and act accordingly?

3.92 points
(Total 5.0 points)

Q: Do you understand our goal is to achieve “customer satisfaction” and “payment adequacy,” which is the mission of the claims payment division?

3.97 points
(Total 5.0 points)

Enhance Risk Expertise and Appropriate Product Proposal

To provide **fair and appropriate insurance products and services to all customers** accelerate appropriate product design by policy based on data, and initiatives to enhance expertise of the corporate sales division

Introduce a system to analyze policy-based risk

- Newly introduced a system to simulate premium corresponding to the risks of past accidents



Initiatives to enhance corporate sales expertise

- Opened the “**SOMPO Commercial Academy**” for nurturing talents to gain expertise on risk management required for corporate sales

Main curriculum

[Insurance knowledge (Total 33 courses)]

- Basic corporate insurance knowledge
- Knowledge on corporate insurance and international insurance brokers etc.

[Risk management (Total 34 courses)]

- Changes in risk environment surrounding companies and an ideal risk management manager
- Introduction to corporate legal affairs and compliance risk, etc.

[Business skills (Total 17 courses)]

- Corporate analysis-knowledge and information to understand business status of corporate customers-
- Project management basic courses, etc.

More than 1,500 people attended the SOMPO Commercial Academy **within 6 months from its opening**, mainly employees of the corporate sales division.

Strengthen Initiatives to Enhance Risk Management for Customers and Agencies

To achieve “providing quality services that pursue a fundamental value of insurance”
began offering a risk manager training course

| Basic course

Main curriculum

- Changes in risk environment surrounding companies and an ideal risk management manager
- Introduction to corporate legal affairs and compliance risk
- Information security risk and cyber security measures

etc.

| Elementary course

Main curriculum

- Roles of a risk manager
- Basics of risk management and risk control
- Points of note for arranging non-life insurance for companies

etc.

| Mid-level course

Main curriculum

- Risk Management Standard ISO 31000
- Quantitative risk evaluation
- Global market trends

etc.

Received applications from more than 100 companies, mainly large companies
We will further promote these courses

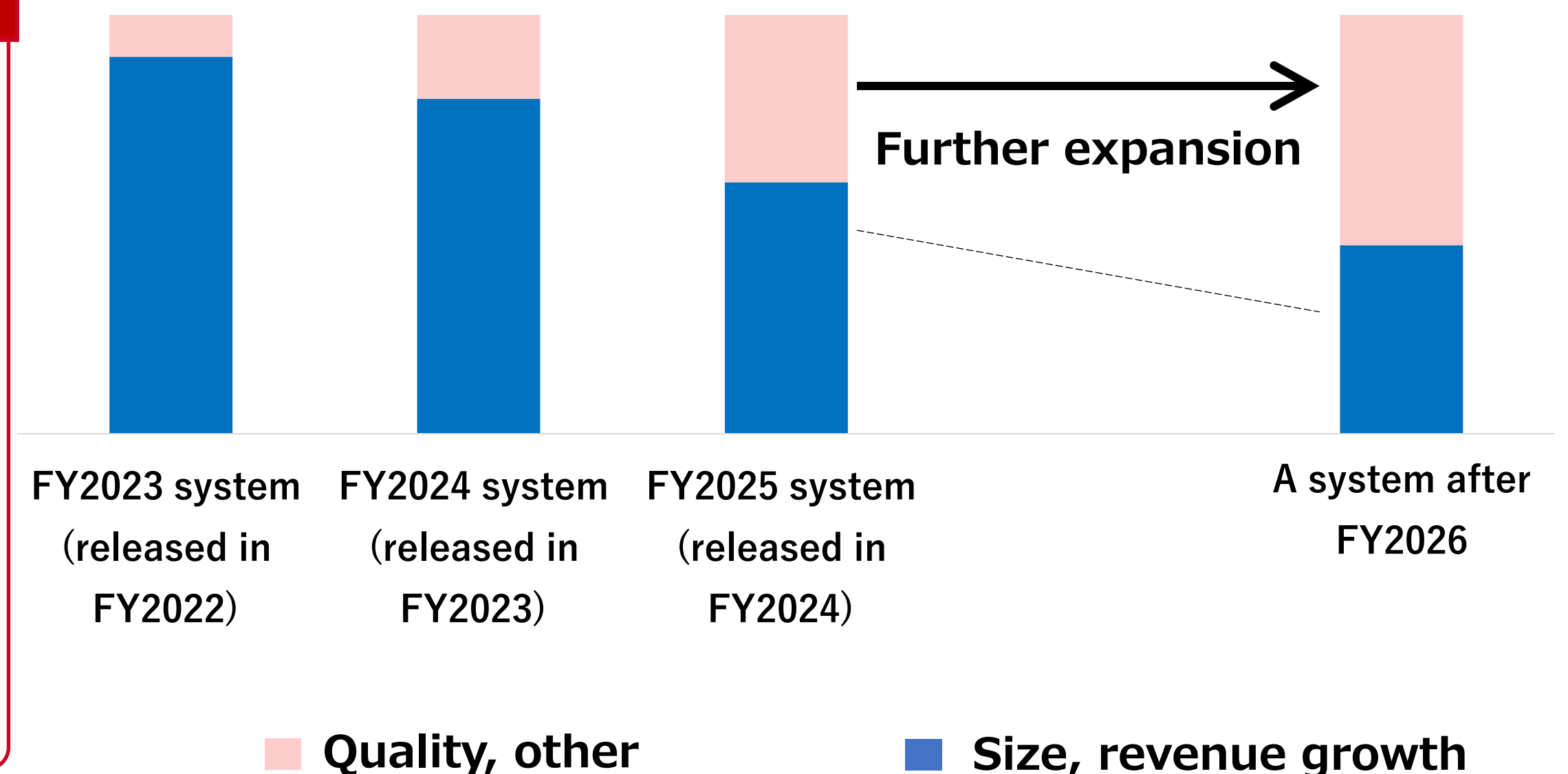
Shift to a Fee System Focused on Quality Such as Incorporating Evaluation Points

Break away from the past approach focused on the size of premiums and revenue growth and transform to a fee structure focused on **“service quality of agencies”** and **“stable management of agencies”**

Approach to reflect “service quality of agencies” (example)

- A system to support “thorough customer-oriented business operation”
- A system to support initiatives to satisfy our unique “standards for providing quality service to customers”
- A system to recommend and evaluate the self-sufficient operations at agencies and procedures that do not cause defect

Illustration of changes in evaluation weight of business quality



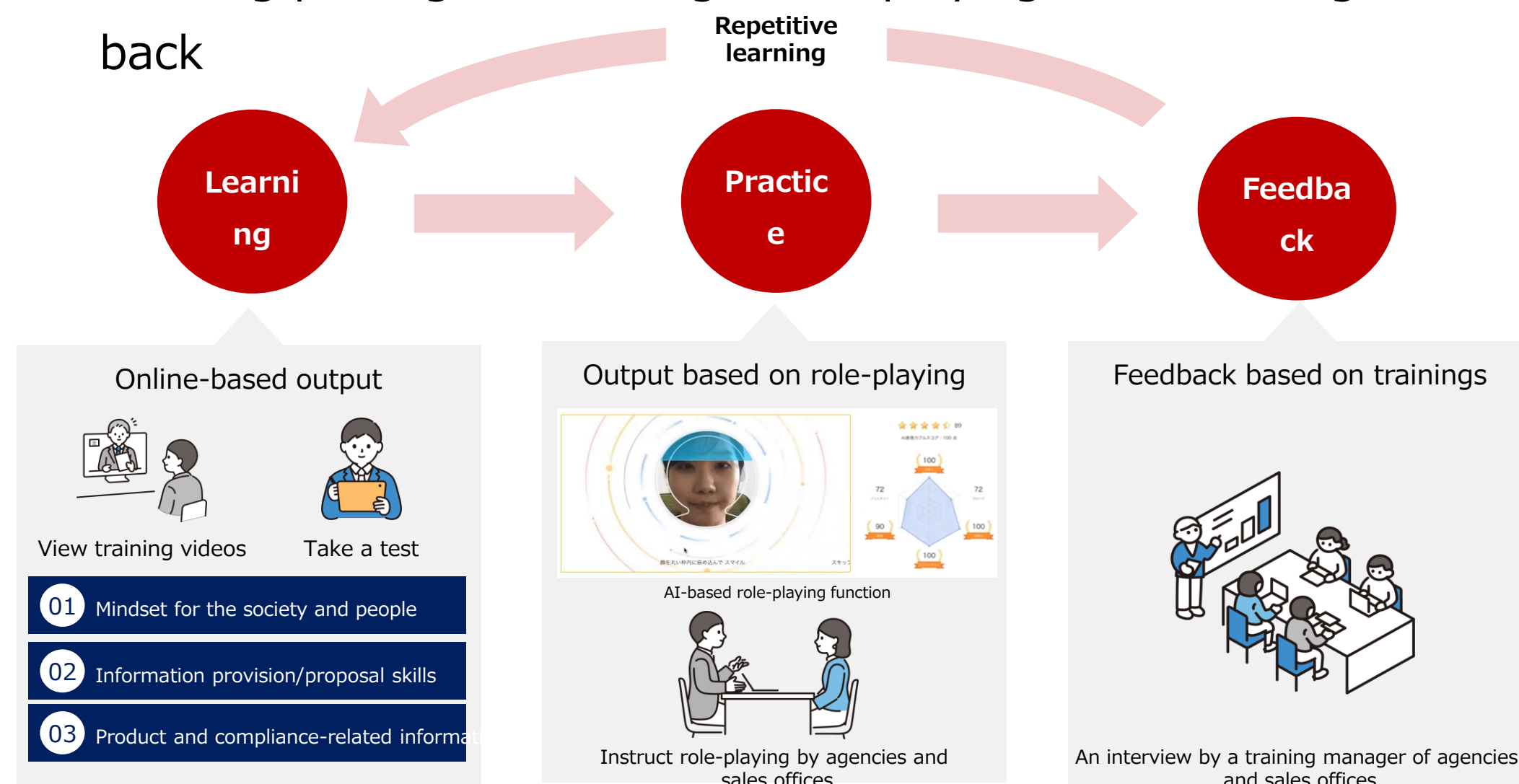
Implement disciplined initiatives toward **a system contributing to “customer-oriented”**

Initiatives to Improve the Service Quality of Agencies

Nurture insurance solicitors who can provide high-level proposals to customers for solving their issues
and implement various initiatives to **develop a framework contributing to customer-oriented business operations**

SOMPO Agent Academy (Son Aca)

- Opened the “SOMPO Agent Academy” to support talent development of agencies
- Training packages including a role-playing session using AI and feed back



A seminar contributing to the “customer-oriented business operations”

- Held a seminar on the importance of building a management framework originating from the “customer-oriented business operations” and specific measures
- More than 10,000 people participated across Japan, including our sales representatives



(Lecturer) Mr. Yoshihiro Yoshida

Partner of Nozomi Sogo Attorneys at Law
Advisor, Japan Property Insurance Agents Association
Director, Insurance Lawyer Forum,
Kinzai Institute for Financial Affairs, Inc. etc.

Promote initiatives to improve the customer service quality and support the enhancement of the
solicitation management framework at agencies

Overview of the Business Improvement Plans (Full Version)

Progress Status of Business Improvement Plans (SOMPO HD/Sompo Japan)

Supplementary explanation

▲ Measures in discussion ■ Measures implemented ● Sustain benefits

Red: Measures with progress made from the previous report
(measures in discussion ⇒ measures implemented, measures implemented ⇒ Sustain benefits)

| Review Measures (Formulate and Establish Frameworks, etc.) and Implement Measures | | | Current | 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 established Sompo Holdings ● Strengthen and improve the effectiveness of Group governance ● Revise the institutional design of operating companies (major domestic companies) ● Appoint a Chief Compliance Officer and establish the Compliance Office ● Appoint a Chief Internal Audit Officer ● Clearly define the relationships between Group Chief Officers (CxO) and Chief Officers (CxO) of individual companies ■ Strengthen specialized personnel | 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 Japan Insurance ■ 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 ■ Revise internal company policies such as proposal submission standards and circular approval policy ■ Learn from Sompo Japan's prior case examples and those of other companies ■ Bring onboard perspectives from outside the company (including international perspectives) ■ Conduct evaluation of the Board of Directors and Audit & Supervisory Committee, etc. | ■ 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 | ● Revising, instilling, and implementing a Group Corporate Philosophy framework ● Follow up on progress of instilling a corporate culture | | |
| Fraudulent automobile insurance claims | 4. Establish an appropriate claims payment and management system ■ Consider use of digital technologies ● Secure technical adjusters (secure senior-aged staff) ● Establish a fair and precise screening structure (Secure personnel of the claims payment division, nurture talents and establish a professional organization, etc.) | ■ Drastically revise management of the third line ● 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 | 5. Establish an effective agency management (insurance sales management) system ■ Establish a protection system by providing guidance to large agencies ● Revised the measure standards, etc. related to agency measure standards ● Agency fee based on quality such as expanding the ratio of evaluation points to be reflected | | |
| Insurance premium adjustment practices | 6. Measures to ensure an environment for fair competition in the corporate insurance area ■ Review cross-holding stocks and sales plan ■ Review excessive preferential treatment ● Formulate rules to select the agencies, and build framework to manage dispatched personnel ■ Measures to achieve the ideal corporate insurance | ■ 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 framework and an underwriting management framework ■ Thoroughly manage profitability by insurance type and policy ▲ Establish sales activities to present appropriate insurance premium by risk ■ The product division, etc. will check the appropriateness of the premiums the sales division quoted to companies | | |

[Sompo Japan Insurance] Progress Status of Business Improvement Plans (Main Initiatives from December 2024 to February 2025) (1)

| Measures | Main progress |
|--|---|
| 1. Drastically strengthen governance to diligently implement the business improvement plan and ensure measures are firmly established | |
| <div>■ Bring onboard perspectives from outside the company</div> <div>■ Learn from Sompo Japan's prior case examples and those of other companies</div> <div>■ Foster compliance awareness at the management level</div> | <div>■ Reverse mentoring</div> <div>• To reform the mindset of the management team, conducted reverse mentoring, an approach that reverses the traditional titles and roles from Oct. 2024 to Feb. 2025. Younger employees who have been with the company for a shorter period will start mentoring to resolve issues such as the gap in awareness between generations.</div> <div>■ Lecture by Lawyer Shimadera</div> <div>• In Feb. 2025 invited Mr. Shimadera, a member of the Expert Panel on Structural Issues and Competition in the Non-Life Insurance Sector, to lecture on the theme of “ensuring independence of claims payment operations” for more than 300 people from the management of the Claims Payment Division.</div> <div>■ Conducted to agencies an awareness survey on Sompo Japan</div> <div>• Quantitatively grasp how agencies see Sompo Japan, and to utilize for quality improvement, conducted a questionnaire for agencies and 3,745 people responded. As to our initiatives responding to the business improvement orders, responses of “significant change” and “slight change” represented 50% of total responses. We could confirm signs of change were noted by external parties. We will disseminate and instill this further so that more agencies can feel the change.</div> <div>■ External evaluation of the Board of Directors</div> <div>• Conducting questionnaires to evaluate the Board of Directors from an external perspective</div> |
| 2. Establish a system to thoroughly ensure compliance and customer protections (including Antimonopoly Act) | |
| Drastically revise management of the third line | <div>■ Strengthen the risk management system and internal controls in the second line (Compliance Department and Risk Management Department)</div> <div>• Established in FY2025 the “Area Support Division” as an organization to undertake risk management of the sales division and offices within each area and newly opened the Compliance Office</div> <div>• Under the executive officer of each area, grasp and analyze the actual status of divisions, branches, sections and agencies within each area to strengthen an autonomous internal control framework and to promote compliance.</div> |
| Provide training and foster the understanding of all officers and employees regarding the Antimonopoly Act and related laws | <div>■ Conduct basic knowledge trainings</div> <div>• Cease and Desist Orders issued by JFTC on Oct. 31, 2024, require trainings for sales representatives but also included as measures of the business improvement plants, the target scope of trainings was expanded to include all executive officers and employees.</div> <div>• A training includes viewing a video of an external lecturer (lawyer), read through the training materials, and then conduct a test to confirm the proficiency level (need to answer all 13 questions correctly to complete the training)</div> <div>■ Monitoring the rules that prohibit contact with peers and the underwriting rules</div> <div>• A quarterly monitoring of the underwriting rules and the rules that prohibit contact with peers by the first and second lines</div> <div>• Based on the instructions of JFTC we will conduct an external audit of appropriateness in 4Q</div> |
| Promote use of the whistleblowing system and disseminate internal leniency | <div>• Revised the Disciplinary Regulations to secure internal leniency, operated leniency based on the regulations, disclosed the internal disciplinary actions to promote understanding of the whistleblowing and its system, while disseminating information to disseminate leniency</div> |

| Measures | Main progress |
|--|---|
| 3. Foster a healthy organizational culture prioritizing not sales but compliance and customer protections | |
| <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■ Foster a culture that prioritizes customer protection and compliance, and measures to instill such a culture in officers and employees | <ul style="list-style-type: none">■ Messages from the management team<ul style="list-style-type: none">•Managers reaffirmed their own missions though dialogues with the management and managers across Japan to accelerate transformation to become “New Sompo Japan.” Held the “Leader Summit 2024” for managers of all divisions, and 1,122 people participated.■ Handover room<ul style="list-style-type: none">•To never let the fact and memory of losing the trust of society fade away, the exhibition room (handover room) was established in Nov. 2024. As of Feb. 28, 2025, more than 3,700 employees visited in total. A video on the handover-room is released internally for employees who are difficult to visit the H.O.■ SOMPO Japan ACTIONS<ul style="list-style-type: none">•Centralized SJ-R information and good initiatives being held nationwide to regain trust and launched “SOMPO Japan ACTIONS” which is an initiative to grow a point of action into “waves of transformation.”■ Status of culture change survey<ul style="list-style-type: none">•Conducted a monthly survey and steady progress has been made toward transformation of the corporate culture |
| 4. Establish an appropriate claims payment and management system | |
| <ul style="list-style-type: none">■ Establish a system for preventing fraudulent claims■ Ensure the independence of the claims service division (Eliminate inappropriate intervention by the Sales Division) | <ul style="list-style-type: none">■ Increase of executive officers<ul style="list-style-type: none">•In Apr. 2024 increased an executive officer to internally control his responsible claims payment dept., support the management of divisions and offices, nurture the GM of the claims payment division. More meticulous management is in place.•While keeping the management team implemented in Apr. 2024, 2 executives were added in FY2025.■ Ensure independence of the claims payment division<ul style="list-style-type: none">•In Dec. 2024 revised the rules to provide opinion from the sales division to the claims payment division and started its operation■ Disseminate and ensure such system among employees<ul style="list-style-type: none">•In Feb. 2025 conducted an employee survey to what extent employees understand the missions, etc. of the claims payment division. We will continue such survey to check the trends. |

[Sompo Japan Insurance] Progress Status of Business Improvement Plans (Main Initiatives from December 2024 to February 2025) (3)

| Measures | Main progress |
|---|--|
| 5. Establish an effective agency management (insurance sales management) system | |
| Monitoring based on data to detect inappropriate solicitation in advance (measures for early termination policies) | <ul style="list-style-type: none"> • Sales frontline will communicate with agencies using monitoring data such as client questionnaire and early termination policies to conduct appropriate guidance and control. |
| Separate sales when providing guidance to large agencies in terms of insurance premiums | <ul style="list-style-type: none"> • From a customer protection perspective, we will firmly respond to agencies which require service quality improvement. Unless improvement is made despite strict guidance, etc., and cancellation of the agency contract seems inevitable based on an overall judgment, we take sales performance into account and provide appropriate guidance and talent development. • In the questionnaire for the sales division conducted in Feb. 2025, the question of “Do you communicate with and provide guidance to agencies, etc. irrespective of business ties” increased by 8 points from the previous questionnaire in Aug. 2024. This has evolved to certain extent and improvement has been made. |
| 6. Review and implement measures to ensure an environment for fair competition in the corporate insurance area | |
| Review cross-holding stocks/sales plan | <ul style="list-style-type: none"> • The sales of cross-holding stocks was ¥420.7 bn as of Feb. 28, 2025. With the sales of large-cap stocks, the reduction amount doubled from the initial plan. |
| Review excessive preferential treatment | <ul style="list-style-type: none"> ■ Monitoring the responses from employees • In Feb. 2025 conducted the second questionnaire to the sales division. The response to the questions of “do you understand the guideline?” and “has the stance of the company and employees changed?” show that steady progress is made from the previous questionnaire in Aug. 2024. |
| Formulate rules to select agencies to dispatch personnel and build the framework to manage dispatched personnel | <ul style="list-style-type: none"> • In Oct. 2024 based on the guidelines of the General Insurance Association of Japan, we formulated our operational rule that no personnel dispatch is basically made to agencies. • In Apr. 2025 no personnel dispatch was made to agencies among newly dispatched personnel. |
| Responses to achieve the ideal corporate insurance | <ul style="list-style-type: none"> ■ Enhance the proposals and expertise in the commercial market • Opened in Jul. 2024 “SOMPO Commercial Academy” an initiative to increase commercial talents. The first training on enhancing and advancing the risk management completed and we now entered the execution phase. We are proposing high-level proposals to customers sequentially. ■ Support the use of insurance brokers • To support the use of insurance brokers, we will increase the employees of the International Brokers Business Department. ■ Initiatives to enhance the risk management of companies • Opened the risk manager training course to support nurturing a risk manager for enhancing the risk management of companies |
| 7. Establish an appropriate sales promotion system and insurance underwriting management system | |
| Thoroughly manage profitability by insurance type and policy | <ul style="list-style-type: none"> • A leading indicator of the combined ratio exceeded the annual self-target set by each division/office. • To prevent high-loss policies as a major initiative to improve profitability, the review rate for small and mid-sized policies generating high loss is improving before the sales policy announced in FY2024, and certain effect is noted. • Product division monitors the premiums quoted by the sales office but no inappropriate discount is confirmed. • Risk management dept. monitors premiums for underwritten policies of the product division but no problematic underwriting is confirmed. |

[SOMPO HD] Progress Status of Business Improvement Plans (Main Initiatives from December 2024 to February 2025) (1)

| Measures | Main progress |
|---|---|
| 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 | •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) | •Sompo Japan transitioned to a company with Audit & Supervisory Committee, etc. and is operating under the new framework. •Even at other major operating companies, the Board of Directors is chaired by non-executives, and we are considering a framework where supervision and execution are separated. |
| (3) Appoint a Chief Compliance Officer | •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. •Strengthening measures for the compliance area where risk is heightening such as by formulating the policy to develop a system to ensure the Group’s fair trade. |
| (4) Establish a Compliance Office | •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. •Conducted a group-wide training for the “Compliance Code of Conduct” and “SOMPO Yes” to instill understanding. |
| (5) Appoint a Chief Internal Audit Officer | •While trying a new system, assigned a Group CAE (Chief Audit Executive) and held a Group CAE meeting. •As to the progress of the business improvement plans, conducted an audit on developing a system to promote the plans and the appropriateness of the operation. |
| (6) Clearly define the relationships between Group Chief Officers (CxO) and Chief Officers (CxO) of individual companies | •Clarified and implemented the collaboration between Chief Officers (CxO) when negative information was found at a group company. |
| (7) Strengthen specialized personnel | •Organized the overview of the Group’s personnel investment (details, amount) and implemented personnel investment measures (development, hiring, etc.). •Considering to revise the job-focused system and integrating the HR system with Sompo Japan. |
| 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 | •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. |
| 2) Monitoring of the adequacy and effectiveness of Sompo Japan’s internal controls | •In addition to attending important meetings of Sompo Japan, the Compliance Office regularly meets with Sompo Japan's Compliance Department and check the progress of recurrence prevention measures outlined in the Business Improvement Plans 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 | •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 with corporate auditors of each Group company. •Exchanged information between Sompo Japan’s outside directors and Sompo HD’s outside directors including corporate auditors |

[SOMPO HD] Progress Status of Business Improvement Plans (Main Initiatives from December 2024 to February 2025) (2)

| Measures | Main progress |
|--|---|
| 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 Sampo Holdings without omission | a. Reestablish reporting rules on key matters from subsidiaries to Sampo Holdings •Developed regulations required for group companies to ensure key matters of group companies are submitted to Sampo HD for approval and reported without omission. |
| 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 Sampo Japan's head office departments and mutual concurrent appointments of officers and employees •Constantly monitoring the management status and directly involved in formulating measures through integrated management with Sampo Japan's head office departments and mutual concurrent appointments of officers and employees to understand Sampo Japan's management status, and directly involved in formulating measures. b. Sampo Holdings' officers will officially participate in various important meetings of Sampo Japan •Clearly defined the officers and employees attending important meetings of Group companies including Sampo Japan to strengthen and operate an active information sharing. c. Bolster informal communication •Held regular meetings among Group Chief Officers (CxO) and among key divisions of Sampo Japan to increase opportunities to communicate to strengthen and implement information sharing. d. Strengthen risk assessment •At Sampo Holdings and Sampo Japan, etc. integrated risk assessment and identified risks at each company. e. Encourage use of the whistleblowing system and improve its reliability •To enhance the function to grasp warning signs, and set up the Group-wide contact point to consult on how to use the whistleblowing system, and operating while verifying its effectiveness. |
| (3) Internal audit system | Confirm and assess the appropriateness and other aspects of the actual state of internal controls at Sampo Japan • The Internal Audit Department of Sampo Holdings participated in the “Audit related to the Business Improvement Plans” held by the Sampo Japan's Internal Audit Department, and conducted an audit. |
| 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 | • To increase the effectiveness of the rebuilt corporate philosophy framework, revised the criteria for hiring, evaluation, promotion to the management position, and election of executives based on the “Group Common Competencies” which will be implemented in Apr. 2025 |
| (2) Follow up on progress with instilling a corporate culture | •Conducted a culture survey to verify the progress of instilling a corporate culture, running a PDCA cycle through such a follow up. |