

March 25, 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

Administrative Sanctions on Subsidiary by Financial Services Agency

On March 24, Sompo Japan Insurance Inc. (President and CEO: Koji Ishikawa, hereinafter “Sompo Japan”), a subsidiary of Sompo Holdings, Inc. (hereinafter “Sompo Holdings”), received notification from the Financial Services Agency of administrative sanctions (business improvement order) it has issued under Article 132, Paragraph 1 of the Insurance Business Act regarding the leakage of customer information, among other matters.

Sompo Holdings and Sompo Japan deeply regret this incident and sincerely apologizes to its customers and other related parties for the inconvenience and concern caused.

Sompo Japan issued a news release on this matter on May 23, 2024, and upon receiving a report demand order from the Financial Services Agency on July 22, 2024, it submitted a report on the facts and recurrence prevention measures on August 30, 2024. Sompo Japan has been working to improve and prevent recurrence since reporting to the Financial Services Agency. It takes this situation very seriously and will work to restore trust by re-emphasizing compliance with laws and regulations as well as customer protections.

Sompo Japan plans to submit a business improvement plan to the Financial Services Agency in accordance with this business improvement order, and will make a further announcement once it has been submitted.

Details of the administrative sanctions (business improvement order) imposed on Sompo Japan by the Financial Services Agency (Article 132, Paragraph 1 of the Insurance Business Act)

- (1) Implement the following to ensure sound and appropriate business operation:
1. Establish an appropriate legal compliance system to ensure compliance with the Act on the Protection of Personal Information, Unfair Competition Prevention Act, etc.

2. Establish an appropriate customer information management system at the company and its insurance agencies
3. Establish a management control (governance) system to examine the risks that arise in conjunction with the characteristics of the business model and the promotion of management strategies, etc., and to take appropriate measures in a timely manner

*Also consider the following points:

- The business model relies on the use of independent agencies as an important sales channel; however, the company failed to fully consider the risks involved, and consequently, overlooked the inappropriate practices of many independent agencies in the handling of customer information, etc. while also failing to prevent inappropriate actions by its own employees
- The company was pursuing a management strategy of seconding employees to insurance agencies as part of its measures to strengthen cooperation with insurance agencies, promote sales, and improve business efficiency; however, it failed to take appropriate measures to address the risks associated with this strategy

4. Formulate a business improvement plan that covers the above items 1. through 3. In addition, based on the root cause analysis conducted in the cases of insurance premium adjustment practices and fraudulent insurance claims, conduct a root cause analysis of this series of inappropriate cases, and then implement a drastic review of the following items in the business improvement plan formulated and implemented under the business improvement order (issued in December 2023 and January 2024)

- Fostering a sound organizational culture that places importance on compliance and customer protections
- Establishing an appropriate management system for the secondment of employees to independent agencies
- Strengthening the management (governance) system to steadily implement and establish business improvements

- (2) Regarding (1) above, receive a review of the formulation and implementation of the business improvement plan from an external expert with specialized knowledge of the insurance business and corporate governance
- (3) Regarding (1) 4. above, clarify where management responsibility lies based on the results of the root cause analysis conducted
- (4) Submit the business improvement plan for (1), (2) and (3) above by Friday, May 30, 2025, and implement it immediately
- (5) Regarding the improvement plan in (4) above, report on the progress and status of improvements every three months by the 15th of the following month (the initial report deadline is the end of August 2025)