

May 30, 2025

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

Submission of a Business Improvement Plan by our Subsidiary

Sompo Holdings, Inc. (Group CEO, Director, Chairman and Representative Executive Officer: Mikio Okumura, hereinafter "Sompo Holdings") has announced that Sompo Japan Insurance Inc. (President & CEO: Koji Ishikawa, hereinafter "Sompo Japan"), a subsidiary of Sompo Holdings, submitted a business improvement plan to the Financial Services Agency in accordance with a business improvement order (hereinafter the "administrative disposition") dated March 24, 2025 concerning an information leak case.

Sompo Holdings sincerely apologizes to its customers and other related parties for the inconvenience and concern caused by this administrative disposition against Sompo Japan.

Sompo Holdings and Sompo Japan take this additional business improvement order, received in the course of implementing their business improvement plans, very seriously.

Sompo Japan has formulated additional measures to prevent recurrence that go beyond the business improvement plan currently being implemented, and will continue to work to restore trust by ensuring compliance with laws, regulations, and other rules, and reinforcing customer protections.

The attachment provides an overview of Sompo Japan's business improvement plan.

End of document

Submission of Business Improvement Plan

Sompo Japan Insurance Inc. (President & CEO: Koji Ishikawa, hereinafter "Sompo Japan") today submitted a business improvement plan to the Financial Services Agency in accordance with a business improvement order (hereinafter the "administrative disposition") dated March 24, 2025 concerning an information leak case.

This document provides information on management's response to the administrative disposition, analysis of the root causes, and measures to prevent recurrence.

Regarding the administrative disposition, Sompo Japan sincerely apologizes to its customers and many other related parties for the inconvenience and concern caused by its practices.

1. Management's response and clarification of responsibility

(1) Management's response

This is the third administrative disposition we have received, following the business improvement order issued on December 26, 2023 concerning insurance premium adjustment practices, and the business improvement order issued on January 25, 2024 concerning fraudulent automobile insurance claims. At a time when society's trust in the non-life insurance industry as a whole is being questioned, we take our responsibility for receiving these administrative dispositions extremely seriously.

We have been addressing numerous issues related to corporate governance, business management systems, internal management systems, and corporate culture that were brought to light through the business improvement plans established in February and March 2024 concerning the insurance premium adjustment practices case and fraudulent automobile insurance claims case (hereinafter the "two existing cases") by working to fundamentally review each system and corporate culture with a strong commitment to "building a new Sompo Japan" under a new management structure.

However, we recognize that this administrative disposition has highlighted the reality that further efforts are necessary to achieve our goal of "breaking away from the old business model and industry practices." We must reexamine the root causes of this situation while considering external evaluations and review our efforts to build internal management systems and reform our corporate culture.

We will work to prevent recurrence by exercising risk ownership, whereby all employees detect differences between our business model and the values of society and take action to change internal norms, and by establishing a PDCA cycle that promotes autonomous self-correction.

The clarification of management responsibility for administrative dispositions, including the two existing cases, and the business improvement plans are commitments made by our new management structure to society, and we will implement them with unwavering determination.

Attachment 1 provides the specific details of the business improvement plan.

(2) Clarification of management responsibility

The findings of inappropriate conduct and underlying systemic issues were consistent with the points raised in the business improvement orders related to the two existing cases, such as business management systems and systems to ensure compliance with laws, regulations, and other rules, and taking this into account, we have determined the disciplinary actions to be taken against the officers responsible for establishing such business management systems, taking into consideration the extent of each officer's responsibility.

All members of management take this finding very seriously. Clarifying management responsibility does not mean that we have fulfilled our responsibilities. All current members of management will continue to work earnestly to complete our business improvement plans, eradicate the negative culture that has persisted from the past, and regain the trust of our customers and stakeholders in order to fundamentally resolve the issues we face.

Attachment 2 provides the specific details of the disciplinary actions.

2. Analysis of root causes

We believe that the direct causes of the information leak case and the root causes underlying them are as follows. We recognize that these root causes are consistent with those of the two existing cases, and we will implement measures to fundamentally resolve them based on the business improvement plans for the two existing cases and the business improvement plan submitted this time.

(1) Direct causes of the information leak case

We recognize that the direct cause of this case was the fact that we continued to pursue a dispatching strategy that made light of compliance and customer protection, while failing to identify the risks inherent in following our old business model and industry practices and recognize related issues, and that we did not provide sufficient training to agencies and employees (dispatched personnel).

(2) Root causes of continuing occurrence of cases of inappropriate conduct

1) Old business model and industry practices, deeply rooted corporate culture and sales style that prioritizes top line and market share

Prior to the revision of the Insurance Business Act, regulatory relaxation, and liberalization, gaining market share was directly linked to expanding corporate profits. Since 2014, we have aimed to create a healthy competitive environment that promotes diversification and improvement of services under the current three-megacompany structure. However, the downside of this has been a tendency toward intensifying competition for market share.

At the same time, social factors such as population decline, an aging society and declining birthrate, and a plateau in automobile ownership have created an industry environment in which it is difficult to expect growth in the insurance market.

Amid such environmental changes, despite the need to transform our business model in response to these changes, we were unable to overcome our bias toward maintaining the status quo. Instead, we continued to follow past practices, and a corporate culture focused on top line and market share became deeply rooted.

Within this context, we prioritized short-sighted measures to increase our share within agencies such as providing benefits to agencies, holding policy shares, and strategic dispatching to agencies that were aimed at preferential treatment of our products and expanding top-line growth.

2) Decline in employee morale due to a culture that prioritized the completion of head office measures

We believe that the root cause of the information leak case that occurred following the two existing cases is a corporate culture that prioritized the completion of head office policies, leading to a decline in awareness of ensuring compliance with laws, regulations, and other rules as well as customer information management systems, which form the foundation of our business, and ultimately resulting in a decline in employee morale.

With a corporate culture that emphasizes market share, employees who were highly evaluated within that culture gained a certain amount of influence within the company, including in the head office. This fostered a value system within the company that emphasized results. As a result, a corporate culture developed in which employees were evaluated based on their ability to prioritize and take action to achieve "results indicators (numbers)" by thoroughly implementing the measures announced by the head office, which in turn led to a decline in the morale of each employee.

3) Insufficient awareness and initiatives regarding compliance among management

We recognize that, from a compliance risk perspective, incidents involving widespread and serious issues are closely linked to initiatives that are being promoted as part of management and sales strategies, and that when considering various strategies and measures, it is necessary to broadly examine the risks that may arise in accordance with them in advance.

However, management did not comprehensively understand risks or take appropriate measures, and we consider this to be a root cause in this case.

4) State of development of management department systems and insufficient demonstration of functional capabilities

As with the first line in the field level, there was a lack of risk awareness in the second and third lines, including violating the Act on the Protection of Personal Information and the Unfair Competition Prevention Act, resulting in insufficient training and formulation of rules for handling information from other companies.

We believe that the root cause in this case lies in the fact that we did not fully recognize that the execution of business plans and compliance risk management are closely linked, and that we did not establish a system to broadly examine and consider the increasing risks and concerns in advance, including conduct risks.

5) Lack of risk ownership

In the first lines in the field, there was a lack of autonomous consideration of the risks inherent in daily workflows and actions aimed at achieving targets, and it was not possible to review operations with a sense of risk ownership.

Additionally, in the first line in the head office, efforts were limited to disseminating biased measures aimed at achieving targets, and the system for identifying and analyzing actions and risks that arise unintentionally in the first lines in the field as a result of implementing measures was insufficient.

As such, we believe that the lack of proper knowledge regarding compliance with laws, regulations, and other rules, coupled with insufficient risk ownership in the first lines in the field and head office, was the cause of the repeated and ongoing information leaks that occurred in this case.

3. Formulation policy for business improvement plan (measures to prevent recurrence)

We take the issues pointed out in this business improvement order seriously. We have newly conducted a thorough investigation into the root causes of this information leak case, taking into account the results of investigations conducted to date, as well as reviews by external experts. Based on this, we re-examined the specific measures to be implemented to prevent recurrence and compiled a list of "measures to be newly implemented," "measures to add to (or enhance) the initiatives for the two existing cases," and "measures that continue or maintain existing initiatives."

We have commissioned two external experts regarding this business improvement plan—one who is commissioned to analyze and audit the progress of each measure outlined in the business improvement plans for the two existing cases as well as the management systems of the plans, and another who has been retained under a consulting agreement to conduct internal investigations following the occurrence of this issue—to review the root cause analysis and measures to prevent recurrence implemented and formulated by our company, and have received an evaluation confirming that our root cause analysis and measures are sufficient.

Going forward, we will continue to undergo regular reviews when implementing these business improvement plans to ensure that measures to prevent recurrence are effectively implemented and that their effects are appropriately established.

In addition, we received guidance from the Personal Information Protection Commission on April 30, 2025 in association with this case regarding the Act on the Protection of Personal Information. In light of the fact that the underlying root causes are similar, we have also submitted the measures to prevent recurrence formulated in this business improvement plan to the Commission.

End of document

(Reference) Past news releases related to this matter (in Japanese):

April 30, 2025 "Guidance from the Personal Information Protection Commission and Certified Personal Information Protection Organizations" ⇒[Link](#)

March 24, 2025 "Administrative Disposition (Business Improvement Order) from the Financial Services Agency" ⇒[Link](#)

August 30, 2024 "Status of Response to Improper Management of Insurance Contract Information between Insurance Agencies and Insurance Companies" ⇒[Link](#)

July 23, 2024 "Receipt of Request for Report from the Financial Services Agency (Inappropriate Management of Insurance Contract Information between Independent Agencies and Insurance Companies)" ⇒[Link](#)

May 23, 2024 "Inappropriate Information Management of Insurance Contract Information between Independent Agencies and Insurance Companies" ⇒[Link](#)

Overview of Business Improvement Plan (Recurrence Prevention Measures)

- The definitions of the terms [New], [Enhanced], and [Ongoing] indicated in the “Item” column for each recurrence prevention measure are as follows:
 - [New]: Measures newly implemented in addition to those included in the business improvement plans for the two existing cases.
 - [Enhanced]: Measures to add to (or enhance) the initiatives already included in the business improvement plans for the two existing cases.
 - [Ongoing]: Measures that continue or maintain the initiatives already included in the business improvement plans for the two existing cases.

1. Establish an appropriate legal compliance system to ensure compliance with the Act on the Protection of Personal Information, Unfair Competition Prevention Act, etc.

(1) Implementation of continuing education for employees

- We should have developed an environment in which all employees could access systematic compliance training at any time, with content tailored to real-world circumstances. However, such practical content was insufficient. In addition, we failed to adequately establish a training framework to educate employees about the risks that improper handling of information in their daily work could violate the Act on the Protection of Personal Information and the Unfair Competition Prevention Act.
- In light of the above issues, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Development and establishment of educational programs on the Act on the Protection of Personal Information and the Unfair Competition Prevention Act [Enhanced]	<ul style="list-style-type: none"> • In FY2024, we introduced a training program on the Act on the Protection of Personal Information and the Unfair Competition Prevention Act for all officers and employees. In FY2025, the training on the Unfair Competition Prevention Act will become mandatory, and the content of the training on the Act on the Protection of Personal Information will be revised to better align with the levels of understanding of officers and employees as well as the actual conditions of their work. 	FY2025 (Partially implemented in FY2024)
(2)	Development of educational programs on the Act on the Protection of Personal Information and the Unfair Competition Prevention Act for dispatched personnel [Enhanced]	<ul style="list-style-type: none"> • From July to August 2024, special training sessions were conducted for all dispatched personnel and the heads of their respective departments at the dispatching organization. In addition, in January 2025, we prohibited email communication between our officers/employees and dispatched personnel as a general rule. • For dispatched employees continuing their secondment into FY2025 based on their initial dispatch agreements, we conducted training for department heads at the dispatching organization in April 2025 to establish awareness and understanding of relevant laws and regulations, and to issue reminders. • Since April 2025, we have conducted e-learning training for all employees newly dispatched to organizations other than agencies, providing education and reminders regarding compliance with the Act on the Protection of Personal Information, the Unfair Competition Prevention Act, and the Antimonopoly Act. • From October to November 2025, dispatched personnel will be required to submit secondment 	FY2025 (Partially implemented in FY2024)

No.	Item	Overview	Timing of implementation
		<p>reports. To prevent a decline in awareness, department heads at the dispatching organization will confirm with the dispatched personnel whether information is being handled appropriately in their assigned duties at the organizations personnel are dispatched to.</p> <ul style="list-style-type: none"> For dispatched personnel (excluding agency solicitors) whose secondments will continue beyond FY2026, training will be conducted again prior to the start of the new term to provide education and reminders regarding compliance with the Act on the Protection of Personal Information, the Unfair Competition Prevention Act, and the Antimonopoly Act. 	
(3)	Clarification of how our product information, etc. should be handled [New]	<ul style="list-style-type: none"> We will clarify the rules for disseminating our product information and proposals (drafts) created by product divisions to internal staff and agencies, aiming to enhance risk awareness of all officers and employees. Through compliance training and other means, we will continue to communicate that obtaining competitors' product information is an inappropriate act under the Unfair Competition Prevention Act. By clarifying and thoroughly enforcing internal rules for handling our product information, we aim to reduce risks across the industry as a whole. 	FY2025

(2) Implementation of continuing education for agencies, and strengthening guidance and management of internal management systems

- Many of the employees assigned to the independent agencies involved in the “agency-related case” as well as those in the sales divisions responsible for the agencies lacked sufficient awareness that the incident constituted a personal information leak. We recognize the need to strengthen education on the Act on the Protection of Personal Information and enhance relevant systems in a way that reflects the actual operations of independent agencies.
- It is necessary to establish a system that allows us to identify early signs of risk by verifying the actual status of customer consent acquisition through agency inspections, internal management inspections, and other means. This system should also allow for the prompt implementation of necessary measures in the event of issues such as non-compliance with rules. However, the first line at the field level had not yet established a system to grasp the status of customer information management systems at agencies or to promptly implement necessary measures.

- In light of the above, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Strengthening support for developing agency solicitors and establishing systems [New]	<ul style="list-style-type: none"> In FY2025, we launched the “SOMPO Agent Academy,” a systematic training program aimed at supporting agencies in developing their sales representatives. Through this program, we aim to strengthen agency systems by offering educational content that helps agencies more clearly anticipate key legal compliance points. The program includes e- 	FY2025

No.	Item	Overview	Timing of implementation
		<p>learning modules on the Act on the Protection of Personal Information and the Unfair Competition Prevention Act, and clearly outlines important compliance considerations within the context of practical workflows.</p> <ul style="list-style-type: none"> • We will establish a new department dedicated to agency education in order to provide various educational content to agencies in a timely and appropriate manner. 	
(2)	Strengthening education and support for agency solicitors to ensure compliance with laws and regulations [New]	<ul style="list-style-type: none"> • The first line at the head office will encourage the first line at the field level to utilize e-learning and educational content for agencies, supporting efforts to help agency solicitors acquire knowledge and agencies establish proper customer information management systems. • The second line will provide training programs for agency solicitors to promote the acquisition of legal knowledge, including the Act on the Protection of Personal Information, the Insurance Business Act, and the Unfair Competition Prevention Act. It will also offer training content on how to respond to customers in the event of a personal information leak. 	FY2025
(3)	Strengthening guidance and management of internal management systems at agencies [Enhanced]	<ul style="list-style-type: none"> • The first line at the field level will assess the level of understanding of relevant laws and compliance requirements among agencies and establish a system to implement appropriate measures based on the level of understanding. • Specifically, we will strengthen guidance and management of agencies' internal management systems by using the results of the above-mentioned e-learning programs (1) and (2), and by reviewing agencies' compliance with relevant laws through agency inspections and other means. 	FY2025 (Partially implemented in FY2024)

(3) Implementation and strengthening of monitoring and verification by the first, second, and third lines of the head office

- The first line at the head office has not monitored self-inspection results carried out by the first line at the field level (e.g., voluntary checks of emails sent or received outside the company domain). As such, there is currently no mechanism in place to understand actual risks and promptly take countermeasures when signs of risk are detected. We recognize the need to strengthen both the establishment of various rules and the effectiveness of monitoring.
- The second line has not been able to directly confirm the appropriateness of operations at sales departments, divisions, and branches. Therefore, we recognize the need for the second line to perform checks, monitoring, and effectiveness verification from an independent standpoint, separate from the first lines at the field level and head office, to identify early signs of risk and prevent issues from arising, from a company-wide perspective.
- The third line, like the first lines at the field level and head office, lacked sufficient awareness of risks such as violations of the Act on the Protection of Personal Information and the Unfair Competition Prevention Act. As a result, the demonstration of its function in areas like training and the formulation of rules for handling information from other companies was inadequate.
- We also recognize the need to strengthen our understanding of the actual conditions at field offices by coordinating with the second line's on-site inspections, in order to appropriately verify the effectiveness and PDCA cycle of measures formulated by each head office department.

- In light of the above, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Monitoring of the first line at the field level and agencies by the first line at the head office [Enhanced]	<ul style="list-style-type: none"> • The first line at the head office will conduct monitoring activities, such as officer and employee surveys, to assess how well awareness of legal and regulatory compliance has been embedded among officers and employees, as part of efforts to build a robust compliance framework. • It will also monitor the initiatives undertaken by the first line at the field level, and promptly implement necessary countermeasures if any early signs of risk are detected. 	FY2025 (Partially implemented in FY2024)
(2)	Monitoring of the first line at the field level by the second line [New]	<ul style="list-style-type: none"> • The second line will verify whether the monitoring conducted by the first line at the head office is being appropriately implemented. In addition, through on-site inspections, it will assess the control environment at each department and branch office by examining factors such as compliance with laws and internal rules as well as the status of inspections and monitoring in the first line at the field level. Furthermore, to improve the accuracy of risk detection, questions related to legal compliance will be added to the Control Self-Assessment (CSA) questionnaire used in inspections at each site. 	FY2025
(3)	Verification of legal compliance system by the third line [Enhanced]	<ul style="list-style-type: none"> • In FY2024, the third line implemented measures to enhance the ability to detect compliance risks, including incorporating the perspective of fraud risk into the risk assessments conducted by the Internal Audit Department and encouraging internal audit staff to obtain legal knowledge-related certifications. • The third line will conduct audits to examine the effectiveness of measures to prevent legal violations from recurring, as well as the status of risk management and the presence of any issues, from both the perspective of the head office, which formulates measures, and the field units, which implement them. In addition, the third line will work in coordination with the second line's on-site inspections to strengthen understanding of actual field conditions. Through this, it will verify whether the first line at the head office, which is responsible for the relevant measures, uses appropriate risk ownership and implements those measures properly, thereby enhancing the effectiveness of internal controls. • If any issues are identified as a result of the audit, the third line will appropriately provide findings, advice, or recommendations in a timely manner to the first and second lines at the head office or to management. It will also follow up on improvement efforts, thereby enhancing the effectiveness of both internal audits and corrective actions. 	FY2025 (Partially implemented in FY2024)

2. Establishing an appropriate customer information management system at the company and its insurance agencies

(1) Formulation and re-enforcement of rules to establish an appropriate customer information management system

- Officers and employees lacked sufficient awareness that customer information, including insurance contract details, belongs to the customer. In addition, rules regarding the collection of necessary customer information in the course of underwriting insurance were not sufficiently established or clearly defined, and monitoring to ensure compliance was also lacking.
- The first line at the field level lacked a proper understanding of the need to obtain customer consent when receiving any type of customer information from agencies during sales activities.
- The first and second lines at the head office were not aware of this situation at the first line at the field level and also failed to clearly define and communicate the relevant rules.

• In light of the above, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Clarification of rules for handling information related to customers, etc. at independent agencies [New]	<ul style="list-style-type: none">We will clarify the purpose of use of customer information, the rules for obtaining customer consent, and the specific administrative procedures related to the handling of customer and other information during comparative proposals at the time of end-of-term policy renewal at independent agencies. This clarified purpose of use will be thoroughly communicated to employees and agencies. In addition, we will ensure that employees are informed that, as a general rule, they should refrain from entering agency offices unless necessary for business purposes.We will also monitor and provide guidance throughout the year on participation in educational content and e-learning, as well as compliance with rules, to ensure that the knowledge gained is effectively applied at the first line at the field level.	FY2025
(2)	Compliance with rules for contacting peers, based on appropriate insurance underwriting [Ongoing]	<ul style="list-style-type: none">All officers and employees will revisit the Rules on Information Exchange and Contact with Peers, which were established in December 2023, and Sompo Japan will monitor the level of understanding and adherence to these rules.	December 2023
(3)	Clarification of handling of main business information, etc. of multi-line agencies, etc. [New]	<ul style="list-style-type: none">Regarding the handling of customer information obtained through business activities other than insurance agency operations by multi-line agencies and similar entities, the first and second lines at the head office will clarify the rules for the use and management of such information within the scope of insurance agency operations and ensure thorough communication and enforcement of these rules among the first line at the field level and agencies.	FY2025

(2) System improvement for message transmission with agencies, etc.

- Our system for issuing automated alerts is in place but was limited to certain areas, leaving much reliance on the awareness of individual employees and officers.
- Regarding the “SJ Message” feature of the agency system, which enables email communication between our employees and agencies, monitoring of the email content sent and received by agencies was not conducted. Additionally, when sending emails with attachments from Sompo Japan using the “SJ

Message," employees were required to set a password for each email, resulting in a high risk of password omission.

- In light of the above, we will implement the following recurrence prevention measures. Without limiting ourselves to these measures, we will continue to enhance awareness among our employees and agencies through technical safety management measures, such as implementing alert functions in line with technological advancements.

No.	Item	Overview	Timing of implementation
(1)	User settings control [New]	<ul style="list-style-type: none">• We have modified the SJ Message system so that only the "system administrator" at the agency can set users, preventing dispatched employees from using SJ Message without the agency's authorization.	October 2024
(2)	Implementation of log investigation function [New]	<ul style="list-style-type: none">• A function to enable investigation of log data has been added to accurately grasp the situation in the event of an unexpected incident.	January 2025

(3) Implementation and strengthening of monitoring and verification by the first, second, and third lines of the head office

- Same as 1.(3) above.

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

(1) Fostering, enhancing, and embedding risk ownership within the first line at the field level

- At many first line units at the field level, efforts were limited to blindly following initiatives issued by the first line at the head office. There was a lack of awareness of the need to autonomously identify risks embedded in daily workflows and actions toward achieving targets, as well as to review and appropriately adjust implementation methods in a timely manner.

- In light of the above, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Enhancement of compliance promotion at the first line at the field level through the establishment of the Business Supervision Office [New]	<ul style="list-style-type: none"> Starting this fiscal year, we established the Business Supervision Office within the first line at the head office (Sales Support Department and Claims Services Support Department). The purpose of this office is to support compliance staff at the first line at the field level in fully performing their roles, while also functioning as a deterrent through monitoring and related activities. Specifically, the Business Supervision Office grasps and analyzes the actual conditions at the first line at the field level through monitoring and other means, and works in collaboration with the newly established Area Support Division to strengthen efforts to enhance autonomous internal management systems and promote compliance at the first line at the field level. In addition, the Business Supervision Office within the Sales Support Department identifies risks related to the misappropriation of trade secrets under the Unfair Competition Prevention Act and business risks that may lead to the acquisition of personal data. Based on this, it will hold regular dialogue with the first line at the head office to prevent inappropriate communications to the first line at the field level. Furthermore, we will strengthen the function of compliance staff by further promoting the assignment of personnel with the appropriate skills and aptitude for compliance roles. 	FY2025
(2)	Creation of a “Risk Ownership Handbook” [New]	<ul style="list-style-type: none"> We will newly develop the Risk Ownership Handbook to help management personnel, such as officers and department, division, and branch managers, learn about risk ownership-based management, practical legal knowledge and behavior aligned with actual operations, and the importance of capturing and promptly reporting adverse information. 	FY2025

(2) Fostering, enhancing, and embedding risk ownership within the first line at the head office

- Within the first line at the head office, which is responsible for issuing various measures, efforts were limited to disseminating biased measures aimed at achieving targets. It has lacked sufficient awareness of the need to understand and analyze the behaviors and risks that may arise unintentionally at the first line at the field level as a result of promoting these initiatives.
- Furthermore, when considering initiatives that could impact customers or agencies, the focus has been placed too heavily on their intended effectiveness, without adequately assessing the associated risks or

sharing those risk assessments with Executive Committee members and other relevant departments at the head office.

- We recognize the importance of embedding a mindset within the first line at the head office to autonomously consider potential risks when developing initiatives, and to review and adjust such initiatives in a timely and appropriate manner.

- In light of the above, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Enhancing risk assessment when submitting agenda items to the Executive Committee [Enhanced]	<ul style="list-style-type: none"> • To ensure appropriate evaluation of strategies and initiatives that, due to the nature of our business model, are very likely to have an impact on stakeholders and broad implications at the field level across the company, we will strengthen the risk assessment process for agenda items submitted to the Executive Committee. Specifically, for newly proposed initiatives or existing ones undergoing major policy changes, the originating unit within the first line at the head office will be required to conduct a risk assessment. This assessment will serve as the basis for appropriate risk assessments by the second line. 	FY2025
(2)	Conducting a comprehensive review of past initiatives and communications involving external third parties [Enhanced]	<ul style="list-style-type: none"> • To identify risks inherent in our insurance business processes that could hinder customer-oriented operations, we conducted risk identification through a multifaceted approach involving external third parties. The identified risks have been organized into key issues, and the corresponding response policies have already been formulated. • Moving forward, the first line at the head office will proceed with initiatives based on these response policies and report progress monthly to management. Additionally, the second line will evaluate the progress semi-annually and report to the Business Quality/Operational Risk Management Sub-Committee. 	FY2025 (Partially implemented in FY2024)

(3) Enhancing management systems through second and third lines

- The second line has not been fully performing its intended role, as it has failed to point out instances where the first line at the head office was not properly assessing risks.
- In addition, currently, each department at the head office is responsible for assessing the impact of legal and regulatory changes on its respective rules and initiatives, based on information obtained through the Legal and Regulatory Amendment and Repeal Information System, and, if applicable, for reviewing and revising them accordingly. However, the status of these responses has been managed and reviewed at the discretion of each department, and a centralized framework for appropriate management across the entire company has yet to be established.

- In light of the above, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Enhancing risk management in initiative promotion [Enhanced]	<ul style="list-style-type: none"> • The second line will continue to engage in regular dialogue with the first line at the head office to identify risks related to the misappropriation of trade secrets under the Unfair Competition 	FY2025 (Partially implemented in FY2024)

No.	Item	Overview	Timing of implementation
		<p>Prevention Act and business risks that may lead to the acquisition of personal data. These efforts are aimed at fostering risk ownership within the first line at the head office and minimizing risks such as inappropriate communications to the first line at the field level.</p> <ul style="list-style-type: none"> In addition, the second line will regularly review negative feedback from the first line at the field level regarding information communicated by the first line at the head office, and seeks to minimize the conduct risks of the first line at the head office that contradict our cultural transformation efforts, such as the persistence of a corporate culture overly focused on top line and market share. 	
(2)	Risk assessment of initiatives developed by the first line at the head office [Enhanced]	<ul style="list-style-type: none"> The second line will conduct risk assessments on major initiatives developed by the first line at the head office that will be rolled out across the company, focusing on risks that may arise during implementation. These initiatives will be decided and implemented only after management-level discussions in the relevant committees or other bodies. In particular, risks identified across multiple departments will be designated as cross-departmental issues. For each such risk, an officer will be appointed as the risk owner, and specific countermeasures and key risk indicators (KRIs) will be defined. Risk changes and the status of the corresponding responses will be regularly monitored. 	FY2025 (Partially implemented in FY2024)
(3)	Utilization of the Business Quality/Operational Risk Management Sub-Committee [Enhanced]	<ul style="list-style-type: none"> The Business Quality/Operational Risk Management Sub-Committee serves as an advisory body for managing and controlling compliance and conduct risks inherent in operations at the first line at the field level. Under this sub-committee, the second line regularly monitors whether the first line at the head office is appropriately reviewing and updating mechanisms and rules to prevent information leaks, based on risks identified and confirmed through operational inspections. 	FY2025 (Partially implemented in FY2024)
(4)	Review of management systems related to revisions of rules and initiatives accompanying the legal and regulatory amendments and repeals, including those beyond the Insurance Business Act [New]	<ul style="list-style-type: none"> As in the past, each department at the head office will proactively monitor trends in legal and regulatory amendments related to its respective area of responsibility and take the necessary actions. In addition, the Legal Department will coordinate with relevant departments to conduct cross-functional reviews of important laws and regulations that, if not appropriately reflected in revisions to internal rules and initiatives following their amendment or repeal, could impede customer-oriented business operations or significantly impact the company's reputation. These reviews are intended to ensure that no such revisions are overlooked. When such important laws or regulations are amended or repealed, the 	FY2025

No.	Item	Overview	Timing of implementation
		<p>Legal Department will actively notify and alert the relevant departments at the head office, thereby supporting the first line at the head office in appropriately responding to the changes.</p> <ul style="list-style-type: none"> Furthermore, the status of such responses will be periodically reported to the Internal Management Committee, which includes management, and other relevant bodies to ensure that there are no deficiencies or oversights in the actions taken. 	
(5)	Third-line monitoring of strategies and initiatives [Enhanced]	<ul style="list-style-type: none"> The third line monitors forums for management-level discussions on important strategies and initiatives, such as the Executive Committee and other relevant committees, by attending meetings and reviewing related materials. In addition, when necessary, the third line conducts internal audits and provides findings, advice, or recommendations to management. 	FY2025 (Partially implemented in FY2024)

4. Fostering a sound organizational culture that places importance on compliance and customer protections

(Promoting improvement initiatives among field-level employees through personnel evaluations and internal training)

(1) Initiatives to foster a culture that places importance on customer protection and compliance and to instill such a culture in officers and employees, and the development of a personnel evaluation system aimed at ensuring thorough compliance with laws and regulations in the performance of duties

- As with the Business Improvement Plan prepared based on the FSA's Supervisory Notices No. 3316 dated December 26, 2023, and No. 147 dated January 25, 2024, we recognize the importance of ascertaining whether a culture that emphasizes customer protection and compliance has been fostered and instilled throughout the company, as well as the importance of taking corrective action when issues are identified.
- Based on the renewed root cause analysis conducted this time, we recognize the need to strengthen our efforts to foster a fundamental understanding of the issues, as well as a sense of ownership, in order to foster and instill the aforementioned culture.
- We recognize that incorporating measures into the personnel evaluation system to ensure thorough compliance with laws and regulations in the performance of duties is an effective approach.
- We also recognize the importance of ensuring that all officers and employees have an accurate understanding of the personnel evaluation system so that it can be implemented appropriately.

In light of the above, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Revision of management's goal setting items [Ongoing]	<ul style="list-style-type: none">As an effort to enhance management's awareness to constantly check whether their actions align with the Code of Conduct, we have established and implemented a framework that includes setting compliance-related items in the ECP (goal setting) for officers. We will continue this initiative.	April 2024
(2)	Fostering compliance awareness and other values at the management level, and providing education and training [Ongoing]	<ul style="list-style-type: none">Opportunities for management to discuss compliance, including the execution and adherence to fair business practices, and conduct risks are being provided through internal forums such as the Internal Management Committee and the newly established Quality Control Committee starting in FY2024. These efforts will continue.	April 2024
(3)	Revision of the Code of Conduct [Ongoing]	<ul style="list-style-type: none">In November 2024, new value standards were established (five commitments), taking into account the results of discussions conducted during town hall meetings and workshops held at departments, divisions, and branches based on the SJ-R value standards.Regarding the revision of the Code of Conduct and other guidelines, the four components that represent the vision for New Sompo Japan—Purpose, Vision, Values, and SOMPO Yes (the Group Compliance Code of Conduct)—have been redefined with an overall consistent structure. These revisions have been communicated company-wide through official notices, distributed as a booklet to all employees, and incorporated into the human resources system.In addition, efforts to promote integrity among all officers and employees are ongoing, such as by distributing relevant materials to company-issued mobile phones of all employees to ensure they can	April 2024

No.	Item	Overview	Timing of implementation
		be referenced at any time.	
(4)	Measures to foster a culture that prioritizes customer protection and compliance and to instill such a culture in all officers and employees [Ongoing]	<ul style="list-style-type: none"> Management team members, including the President and CEO, have announced their commitment to maintaining compliance with the Antimonopoly Act. This message has been repeatedly and directly communicated to all officers and employees through town hall meetings, internal network broadcasts and other ways, and these efforts will continue. To ensure that the series of problems are not forgotten, news coverage, customer comments, and the content of the business improvement orders have been disclosed and archived within the company (by setting up the “Room for passing down: Learn from the past”). In addition to the two existing cases, the current business improvement plan will also be reviewed at all workplaces on “Day to look back,” established as an opportunity for an annual review. 	March 2024
(5)	Establishing a PDCA cycle within the organization [Enhanced]	<ul style="list-style-type: none"> To assess the progress of cultural transformation toward a culture that prioritizes customer protection and compliance, a Culture Change Survey is conducted on a quarterly basis, and feedback is provided to all workplaces. Using the survey as a starting point, each workplace engages in regular discussions based on the Vision and SOMPO Yes, enabling them to establish a cycle of understanding current conditions, recognizing challenges, and taking action for improvement. The results of the Culture Change Survey are also monitored by relevant head office divisions, which provide individual follow-up as necessary. 	FY2025 (Partially implemented in FY2024)
(6)	Implementation of interdivisional dialogue (between the field and the head office, claims services and sales departments, etc.) [Enhanced]	<ul style="list-style-type: none"> To foster a culture that prioritizes customer protection and compliance through mutual understanding across divisions, we will not only continue the dialogues already being conducted between head office divisions and the first line at the field level, as well as the workplace-level reflections on a series of issues during “Day/Month to look back,” but also establish new opportunities for dialogue that span across divisions, such as between the claims services and sales departments. 	FY2025 (Partially implemented in FY2024)
(7)	Penetration of initiatives into the field through improvements to organizational goals and internal award programs [Enhanced]	<ul style="list-style-type: none"> In terms of organizational goals, compliance will be positioned as a foundational element in the performance goals of departments, divisions and branches, and will also be designated as a mandatory item in personnel in charge’s performance goals. In addition, we aim to foster a sound organizational culture by assigning equal weight to the goals of improving quality—with the establishment of customer trust and quality standards as the top priority—and enhancing 	FY2025 (Partially implemented in FY2024)

No.	Item	Overview	Timing of implementation
		<p>profitability.</p> <ul style="list-style-type: none"> • We will also implement internal award programs premised on strict compliance with laws and regulations, ensuring their alignment with organizational goal policies. 	
(8)	Incorporation of matters related to personal information protection and prevention of unfair competition into personnel evaluations and goal setting [Enhanced]	<ul style="list-style-type: none"> • We will revise the system to require the setting of appropriate goals premised on compliance with relevant laws and regulations, including the Act on the Protection of Personal Information and the Unfair Competition Prevention Act, and to conduct year-end performance evaluations that take into account the degree of compliance with these laws and regulations. 	FY2025 (Partially implemented in FY2024)
(9)	Embedding improvements to the personnel evaluation system across the field operations [Enhanced]	<ul style="list-style-type: none"> • In line with the revisions to the personnel evaluation system described in item (8) above, we will implement various awareness initiatives, including training sessions for evaluators, to ensure thorough understanding and dissemination of the revised content. 	FY2025 (Partially implemented in FY2024)

(Efforts to achieve sound competition based on the enhancement and differentiation of insurance products and services)

(2) Strengthening the development system in product divisions and the governance system for product development

- Product divisions recognize the need to strengthen their efforts to pursue being chosen by customers through enhancing insurance products and services that provide value to customers, as well as differentiating from competitors following the enhancement.
- To appropriately and sustainably carry out efforts toward enhancement, we recognize the importance of establishing a framework that involves multi-faceted discussions among responsible officers and incorporates the opinions of the relevant divisions regarding each product revision and development policy.

• In light of the above, we will implement the following recurrence prevention measures.

No	Item	Overview	Timing of implementation
(1)	Enhancing the market-oriented perspective in product development [New]	<ul style="list-style-type: none"> • Previously, the marketing division was responsible for cross-divisional marketing activities. By integrating this function into product divisions, we aim to enhance the ability of product divisions to actively leverage marketing insights. In particular, we will promote product development from the customer's perspective by making it a standard practice to conduct consumer research when developing new products or making major revisions in the retail sector. • We will strengthen our research and development related to various industry business models, technological innovations, and social issues, establishing a system that considers not only our company's short-term outcomes, but also value provision from a medium- to long-term viewpoint, and will continue these efforts. 	FY2025

No	Item	Overview	Timing of implementation
		<ul style="list-style-type: none"> At the same time, we will emphasize ease of understanding and ease of procedures for customers, aiming to make our products easier to be chosen by simplifying and streamlining both the products themselves and the related procedures. 	
(2)	Efforts to enhance profitability analysis and pricing [Enhanced]	<ul style="list-style-type: none"> Product divisions will aim to move away from excessive comparisons with competitors by ensuring that the sales division strictly adheres to underwriting standards by product type and contract. In addition, we will pursue fair, appropriate, and stable premium calculations for customers by applying more suitable pricing based on risk. 	FY2025 (Partially implemented in FY2024)
(3)	Establishment of issue-based committees (Underwriting Profitability and Product Committee) [Ongoing]	<ul style="list-style-type: none"> In FY2024, we newly established the Underwriting Profitability and Product Committee to discuss matters concerning the ideal portfolio, profitability status, product development, product revisions, premium rate revisions, and underwriting policies, as well as matters concerning the development of new services. <p>This committee includes not only the executive officer in charge of sales and the CUO, but also the CRO, CCO, CCuO, and CQO as committee members. In particular, the CCO serves as vice chair to ensure that product development is not centered on the perspectives of the sales division. This structure will be maintained going forward.</p> <p>(Note) CUO: Chief Underwriting Officer CRO: Chief Risk Officer CCO: Chief Claims Officer CCuO: Chief Culture Officer CQO: Chief Quality Officer</p>	April 2024
(4)	Review of risk assessments for product development, revision, and discontinuation [New]	<ul style="list-style-type: none"> In the risk assessment process for product development, revision, and discontinuation, there may have been insufficient deterrence by relevant divisions due to factors such as short review periods relative to the complexity of the product. To address this, we will revise our procedures by introducing a system that requires prior review by the relevant departments responsible for key risks, and by extending the review period. In our follow-up process for product development, revision, and discontinuation, we will continue to monitor whether any issues arise in the developed, revised, or discontinued products. If any problems are found to have resulted from inadequate risk assessment at the time of development, revision, or discontinuation, we will consider reviewing the overall framework. 	November 2024

5. Establishing an appropriate management system for the secondment of employees to independent agencies

- Dispatched personnel were originally expected to enhance the operational capabilities of host agencies and help establish a high-quality solicitation structure that supports customer-oriented business operations through improvements in the quality of agency operations and human resource development. However, our company has prioritized strengthening relationships with host agencies and achieving short-term top-line growth and market share expansion.
- As a result, distortions have arisen that deviate from the original purpose of secondment, such as dispatched personnel taking on responsibilities that should belong to the host agencies. We recognize that the causes of these issues include a problem with the evaluation system in which the field-level sales division was responsible for assessing dispatched personnel, and a problem in the management system at the first line at the head office—specifically, the absence of clearly defined guidelines by the head office regarding which responsibilities dispatched personnel should or should not undertake.
- In addition, structured training on the handling of personal information was not adequately implemented or enforced for dispatched personnel, their dispatching organizations, or their host organizations. As a result, dispatched personnel had little opportunity to reflect on their own duties and therefore nobody recognized existing issues in the way information was being shared.
- Given that incidents of information leakage have also occurred at group subsidiaries, we recognize the need to enhance the management system for dispatched personnel across the entire group.
- In light of the above, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Formulation of secondment guidelines, discontinuation of secondments to agencies previously designated for sales strategy purposes, and appropriate selection of host organizations [Enhanced]	<ul style="list-style-type: none"> We formulated our own secondment guidelines in line with the guidelines prepared by the General Insurance Association of Japan, establishing clear principles regarding the objectives of secondment and the duties to be performed at the host organizations. In addition to formulating these company-specific guidelines, we decided to discontinue new secondments to agencies previously designated for sales strategy purposes, and no new secondments have been made to such agencies since then. 	FY2025 (Partially implemented in FY2024)
(2)	Revision of the evaluation system for dispatched personnel	<ul style="list-style-type: none"> In the past, performance goals for dispatched personnel were set primarily based on their contributions to our company. We have revised the rules so that objectives are now set based on their assigned duties and mission goals at the host organization. For dispatched personnel assigned to agencies, the Human Resources Department monitors whether the goals are properly set in accordance with the new rules. Previously, evaluations were conducted by the heads of the dispatching departments within our company based on interviews and the extent to which the dispatched personnel achieved their goals. However, we have revised the evaluation rules so that personnel evaluations are now based on the roles and responsibilities of the dispatched personnel at the host organization, regardless of their contribution to our company. Specifically, we now conduct interviews with supervisors and other relevant personnel at the host organization and use the feedback obtained to determine personnel evaluations. In addition, the organizational affiliation of 	FY2024

		dispatched personnel will be revised so that, going forward, they will belong to head office divisions rather than the first line at the field level.	
(3)	Monitoring by the first line at the head office of implementation status at the first line at the field level [Ongoing]	<ul style="list-style-type: none"> To ensure the effectiveness of the secondment management system for employees currently under secondment, we will monitor secondment reports through sample checks, including directly confirming the reported information with the dispatched personnel, to determine whether they are appropriate. 	FY2024
(4)	Sharing initiatives on the management system for dispatched personnel with group companies [New]	<ul style="list-style-type: none"> With regard to the initiatives described in items (1) through (3) above, we will share information on their details, including the underlying facts, and their progress with insurance companies within the Group that operate secondment programs to external organizations, as well as with SOMPO Holdings. 	FY2024

6. Strengthening the business management (governance) system to steadily implement and establish business improvements

- To implement the business improvement plans submitted in February and March 2024, we are holding committee meetings at the officer level within head office divisions to manage the progress on a monthly basis.
- As a preliminary step prior to submitting agenda items to the aforementioned committee, a progress management meeting was held by the general managers of each department at the head office. However, this meeting was informal and not stipulated in any official regulations.
- In addition, the secretariat for this meeting was operated solely by the first line at the head office. Given that the meeting is responsible for managing progress, including status updates on each measure, we recognize the need to strengthen the system of checks and balances, such as by involving the second line.
- In executing and managing the progress of the business improvement plan, we have emphasized incorporating external perspectives, for example, by utilizing the Group Executive Committee, an advisory body to the SOMPO Group CEO, and other means to gain input from the Group's overseas businesses, and by seeking advice from outside members of the Quality Control Committee and external experts (such as lawyers). We recognize the need to further strengthen these efforts on an ongoing basis.
- By placing the Internal Audit Department directly under the President, we have enhanced its presence within the company and facilitated regular exchanges of views with the President to share awareness of issues. However, we recognize the need to implement measures to ensure and strengthen the third line's independence to better guarantee the fulfillment of its third-line functions.
- We also recognize the importance of establishing a system to ensure that each division properly addresses the issues identified through audits and the corresponding recommendations.
- In light of the above, we will implement the following recurrence prevention measures.

No.	Item	Overview	Timing of implementation
(1)	Establishment of a committee for the implementation of the business improvement plan and strengthening of checks and balances in progress management [New]	<ul style="list-style-type: none"> • The meeting body responsible for progress management of the business improvement plan by head office divisions has been formalized and incorporated into official regulations as an official meeting body. • While the secretariat for this meeting body had previously been handled by the first line at the head office, we have now added the second line to strengthen checks and balances in its operations. • In addition, the third line (Internal Audit Department) attends the meeting body as an observer and reviews its materials, enabling it to verify discussions and provide opinions and recommendations to the first line at the head office and the second line. 	FY2024
(2)	Incorporating external (including overseas) perspectives [Ongoing]	<ul style="list-style-type: none"> • With regard to this business improvement plan, we will continue to strengthen the incorporation of external perspectives on its progress and initiatives. This will include the continued participation of outside members in the Group Executive Committee and the Quality Control Committee, lectures by external experts at officer training sessions, branch manager meetings and other meeting bodies, as well as other opportunities for dialogue with external experts. • In addition, when submitting progress reports on this business improvement plan, we will readily accept recommendations from external organizations regarding the extent to which the improvement measures have been embedded, as 	FY2024

No.	Item	Overview	Timing of implementation
		well as advice on our management framework.	
(3)	Enhancing the independence of the third line [Enhanced]	<ul style="list-style-type: none"> In FY2024, we enhanced the presence of the Internal Audit Department by placing it directly under the President. To better ensure independence from executive divisions and further strengthen the third line's functions, a CAE was appointed as a dedicated officer responsible for the Internal Audit Department. <p>(Note) CAE: Chief Audit Executive</p>	FY2025 (Partially implemented in FY2024)
(4)	Implementing audits related to the business improvement plan and strengthening follow-up on identified issues [Enhanced]	<ul style="list-style-type: none"> The third line will continue to conduct audits of the business improvement plan from both the head office and field perspectives, verifying the issues and countermeasures related to the plan's implementation. Issues identified through audits that require company-wide efforts are discussed and reported at relevant committees and Executive Committee meetings to facilitate management-level discussions on response policies. In addition, the implementation status of these responses will be monitored to enhance the effectiveness of the improvements. 	FY2025 (Partially implemented in FY2024)

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Reduction of Officer Remuneration

In addition to the three Representative Directors, the remuneration will be reduced for a total of 19 officers, including those in charge of the Corporate Planning Division, Human Resources Division, Checks and Balances Division, and sales operations.

Name	Current position/title	Reduction of Officer Remuneration
Koji Ishikawa	Representative Director, President and Chief Executive Officer	Reduction of monthly remuneration by 30% for 3 months
Kazuhisa Yamaguchi	Representative Director, Senior Managing Executive Officer	Reduction of monthly remuneration by 20% for 3 months
Hiroshi Horie	Representative Director, Senior Managing Executive Officer	Reduction of monthly remuneration by 20% for 3 months

Mikio Okumura, Group CEO, Director, President and Representative Executive Officer of Sompo Holdings, Inc., takes seriously the issuance of a business improvement order to its subsidiary, Sompo Japan Insurance Inc. To clarify his responsibility as the top executive officer of the Group, he will voluntarily return a portion of his officer remuneration.

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