

June 13, 2025

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

Sompo Japan Insurance Inc.
Koji Ishikawa, President and CEO

**Status of Progress on the Business Improvement Plans
(Update on disclosed matter as of May 31, 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 also 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.

We will strive to regain trust through re-emphasizing compliance with laws and regulations as well as customer protection so that we can hear from all the stakeholders such as customers, society, and shareholders, “We're glad we chose Sompo Japan. We're glad we chose SOMPO.” aiming to become “New Sompo Japan,” a company that thinks like a customer in every aspect of business.

Please see our news release for further information (available in Japanese).

https://www.sompo-hd.com/-/media/hd/files/news/2025/20250613_2.pdf

(Note)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.

Our initiatives to regain trust

Progress Report on the Business Improvement Plans

As of May 31, 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 sincerely apologizes for the great inconvenience and concern caused to its stakeholders, including customers and related parties, due to its response to fraudulent automobile insurance claims, insurance premium adjustments, and the inappropriate management of policyholder information at agencies.

On March 24, 2025, we received a Business Improvement Order from the Financial Services Agency concerning customer data leakage and other matters. Additionally, on April 30, 2025, we received guidance from the Personal Information Protection Commission as well as the General Insurance Association of Japan, a certified personal information protection organization. In addition to the business improvement plans currently in progress, we take the Business Improvement Order seriously.

To prevent this from happening again, we conducted a thorough investigation into the causes of the incident and performed a more in-depth analysis of the root causes. Based on the results, we formulated business improvement plans that incorporate more detailed recurrence prevention measures into the current plans.

On May 30, 2025, we submitted our newly formulated business improvement plans to the Financial Services Agency and the Personal Information Protection Commission. On June 10, 2025, we submitted the plans to the certified personal information protection organization.

Based on the business improvement plans we have submitted, we will ensure full compliance with laws and regulations as well as customer protection so that we can hear from all stakeholders such as customers, local communities, and shareholders, “we are happy with Sompo Japan, and satisfied with Sompo,” aiming to become a “New Sompo Japan,” with the preparedness and determination of all executives and employees.

Business Improvement Order and Business Improvement Plans Regarding the Inappropriate Management of Insurance Contract Data, etc.

! Summary of the problem encountered

Type 1: Agency-related case

- Agencies sent personal data about our policyholders to other property and casualty insurance companies. In addition, we received personal data about policyholders of other companies.

Type 2: Secondee-related case

- A secondee to an agency sent customer data, including data other than insurance contract data, to us without obtaining the agency's consent.

Responses to the above problems

Business improvement order dated March 24, 2025 (excerpt)

- Establish an appropriate legal compliance system
- Establish an appropriate customer data management system
- Establish a timely and appropriate business management (governance) system
- Review the ongoing business improvement plans

⇒ For an overview of the business improvement order, please refer to our news release. ([Link](#))

New business improvement plans

Fundamentally review relevant items in the business improvement plans currently being implemented and formulate new business improvement plans.

⇒ For an overview of the business improvement plans, please refer to our news release. ([Link](#))

On April 30, 2025, **we received guidance** regarding this problem from the Personal Information Protection Commission as well as the General Insurance Association of Japan, a certified personal information protection organization.

Note: For an overview of the content of the guidance, please refer to our news release dated April 30, 2025 ([Link](#)).

The Spate and Causes of Problems

The spate of problems

- ! **Insurance premium adjustment practices**
*December 26, 2023: Business improvement order issued
- ! **Responses to fraudulent automobile insurance claims**
*January 25, 2024: Business improvement order issued
- ! **Inappropriate management of insurance contract data, etc.**
*March 24, 2025: Business improvement order issued

We developed business improvement plans and submitted them to the Financial Services Agency. We are currently implementing various measures to improve our operations.

- February 29, 2024 (Insurance premium adjustment practices)
- March 15, 2024 (Responses to fraudulent automobile insurance claims)
- May 30, 2025 (Inappropriate management of insurance contract data, etc.)

True causes of problems

Corporate culture

- Lack of morale and risk ownership of sales representatives
- Self-protection, a top-down culture, siloed thinking and blaming others
- Negative information is not escalated, and others
(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, etc.

Structural issues in non-life insurance industry

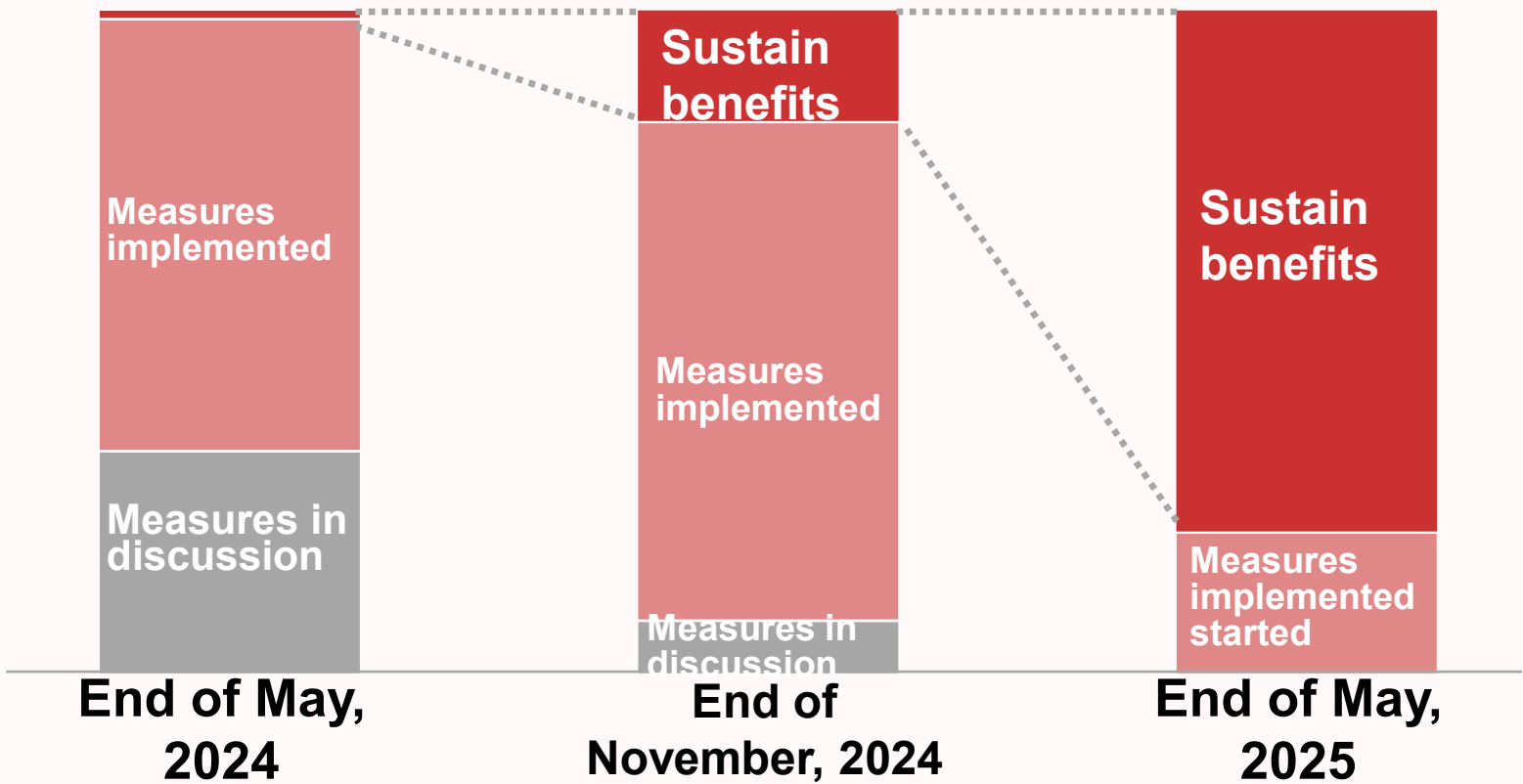
- Conflicts of interest at agencies also operating as auto repair shops
- Excessive provision of convenience to agencies and secondments to agencies
- A distorted competitive environment by cross-shareholding, etc.

Toward Becoming “New Sompo Japan”

To realize the "New Sompo Japan," we are promoting various initiatives in our business improvement plans, which is SJ-R's top priority. We will continue the initiatives we have launched so far and now enter a crucial phase of instilling them throughout the company.

Progress of business improvement plan

All initiatives have been launched, and many are producing ongoing benefits



Review Measures

**Sustain benefits
(verify effectiveness)**

Instill and
firmly
establish benefits

*Progress of business improvement plans related to insurance premium adjustments and responses to fraudulent automobile insurance claims

Signs of the benefits being instilled

Various measures have been promoted to ensure that the benefits are being instilled

Transformation of corporate culture

Culture change survey

Since the survey began, indicators have improved continuously, and culture change has been steadily instilled (see page 11).

Strengthening governance

PDCA cycle for risk assessment and countermeasures

The PDCA cycle for quality improvement is functioning well, and sales representatives are disseminating negative information more actively (see page 17).

Solving structural issues

Review of secondments to agencies

Based on the new secondment guidelines, we have eliminated secondees who do not contribute to the establishment of customer-oriented business operations (see page 19).

Overview of Initiatives for Improvement

Transformation of corporate
culture

Updates from the previous report (March 2025)

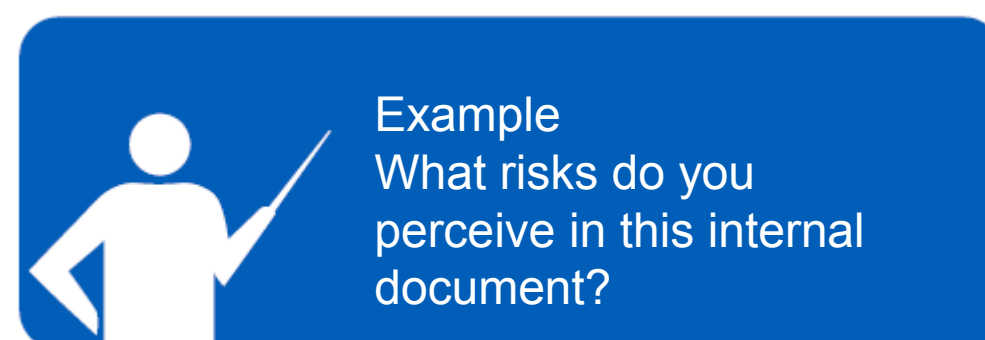
Fostering, Improving and Firmly Establishing Risk Ownership

To enable the first line to independently recognize, manage, and properly control risks, promote initiatives that establish **risk ownership (taking ownership)** in all departments and branches, as well as initiatives to ensure that **all employees acquire the correct knowledge and behavior change**.

Operational inspections and training with an external perspective

- Provide training on the risks that should be recognized and managed when implementing measures based on issues detected during operational inspections from the perspective of an audit firm

Image of the training



[Image of actual internal document]

Potential risks

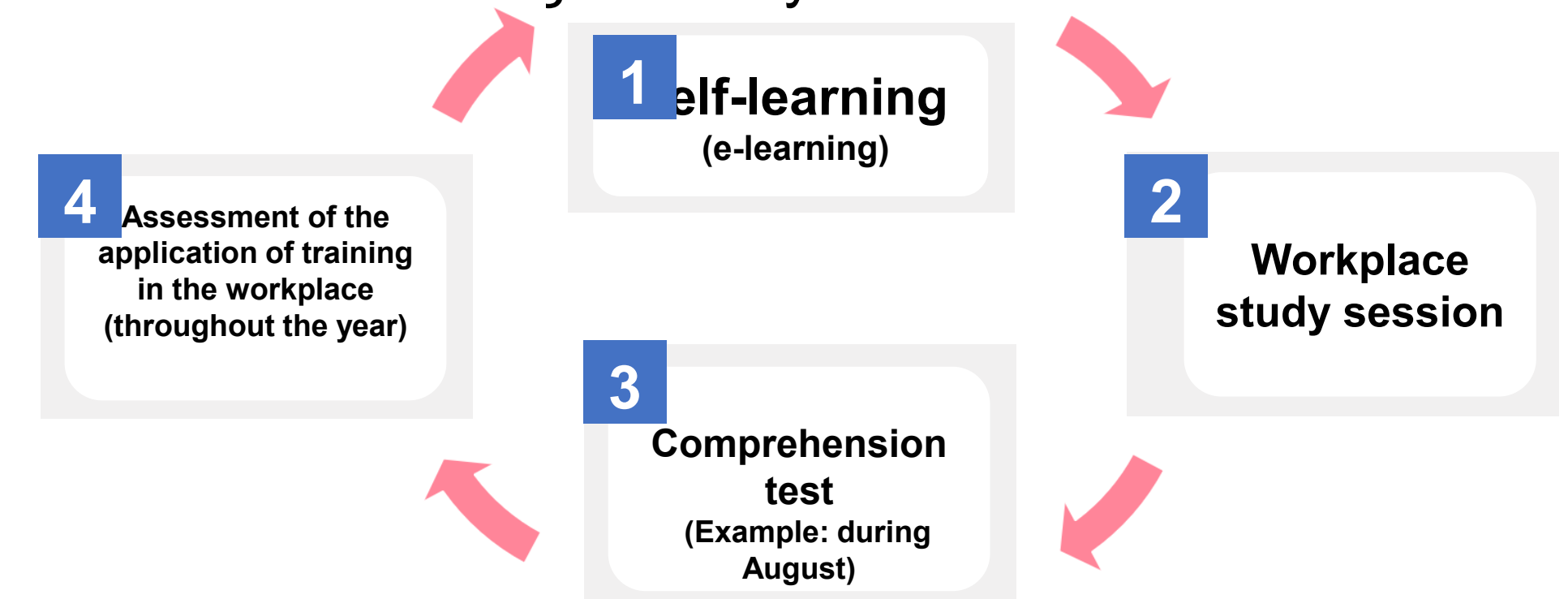
- Top-line-focused sales activities
- Neglect of customer needs and risk reality

Main comments from participants

- This training was a great opportunity to learn how we are, and may be, perceived by outsiders.
- Third-party checks revealed practices and customs that were so commonplace among our employees that we didn't even notice them.
- I felt it was meaningful to verify the information from different angles.

Employee compliance training

- Offer more than 20 mandatory programs nationwide annually
- In particular, the curriculum for the Act on the Protection of Personal Information and the Unfair Competition Prevention Act is a multi-layered curriculum that combines workplace study sessions, confirmation tests, etc.
- Enhance legal awareness of each employee to build an autonomous risk management system



Formulation of "SOMPO's Yes"

Established "SOMPO's **Yes**," which outlines the criteria by which all Sompo Japan executives and employees should think, make decisions, and act when faced with uncertainties in their daily work

"SOMPO's Yes"

- "SOMPO's Yes" was formulated in light of issues such as, "this decision complies with laws and regulations, but it deviates from common sense among customers and the general public," and "this decision is biased toward the company's own interests."

SOMPOのYes 

Assuming that your actions and decisions do not violate laws, regulations, or internal rules,

For customers

Are you being fair in your dealings with customers and business partners?

For society

Do you feel comfortable explaining your actions or decisions openly and honestly to society?

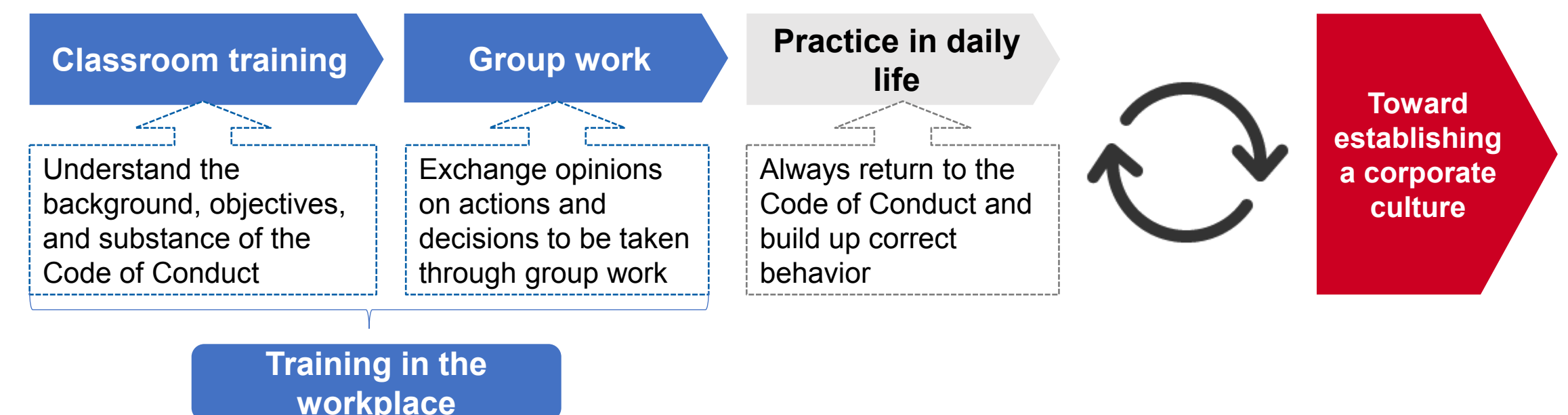
For your family and friends

Do you feel comfortable telling your family and friends with confidence?

Internal penetration measures

- Workplace study sessions were held on topics relevant to each session of our compliance training program. Opinion exchange meetings were held using "SOMPO's Yes" during the workplace study sessions.
- Training was conducted in each workplace around the theme of "SOMPO's Yes." Employees practiced what they learned in training and promoted its adoption in daily work.

Overall image of training and practice



Mechanisms to Prevent Memories from Fading and Fostering Risk Awareness

In November 2024, set up the **“Room for passing down: Learn from the past”** to never let the fact and memory of our losing the trust of society fade away

By reflecting on what happened at that time and why it happened, **embrace them with a sense of ownership and pass them on to future generations**

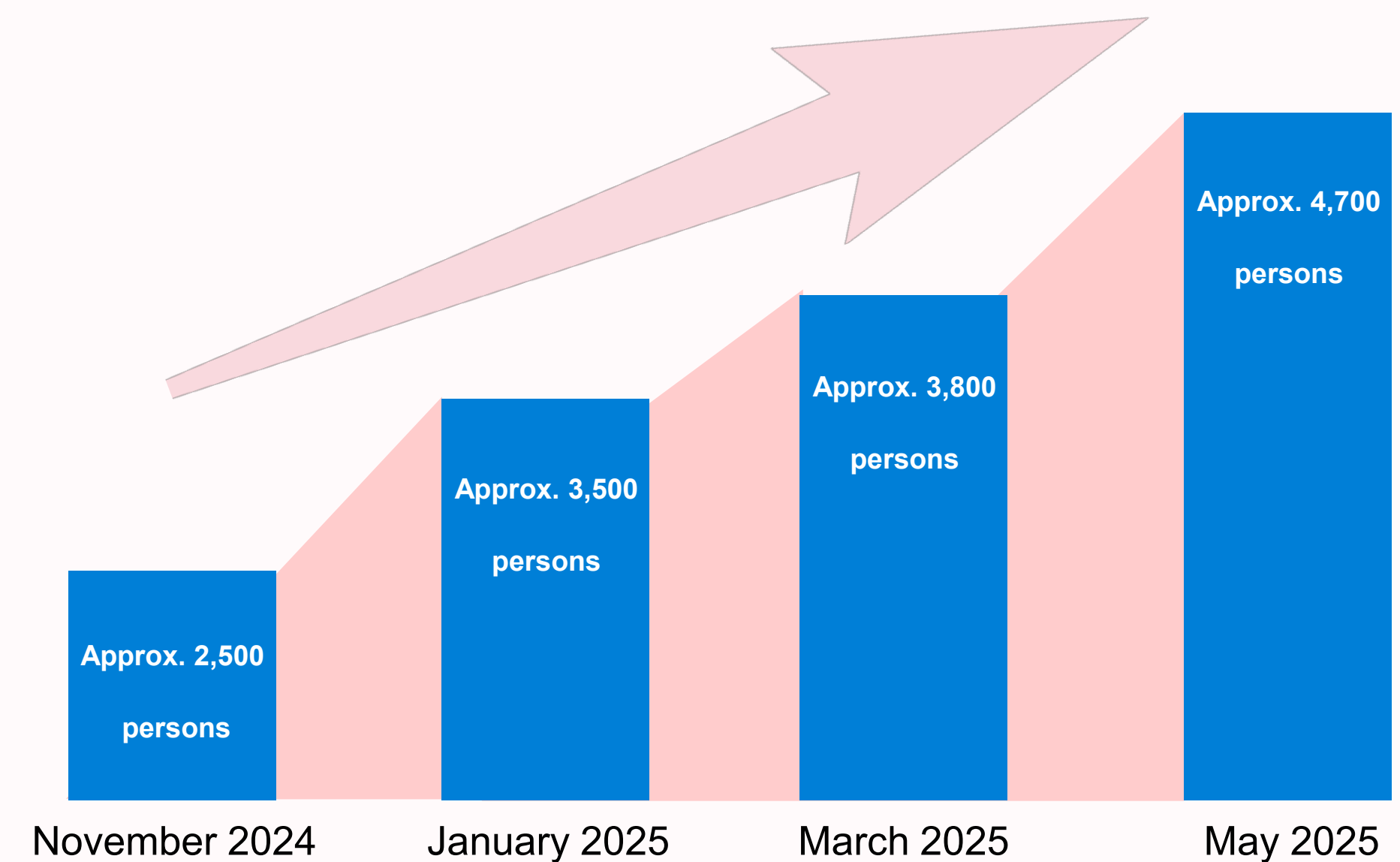
| Fostering risk awareness among new employees

- To help all employees understand the spate of problems that occurred as their own, new employees joining the company in April 2025 visited the Room for passing down.



*The Room for passing down is open only to employees of SOMPO Group companies.

Number of visitors (cumulative)



Facilitating Dialogue Between Management and Sales Representatives

By the end of May 2025, conducted direct dialogue with **approximately 7,200 employees across 733 departments and branches** in the claims service departments, sales departments and head office departments.



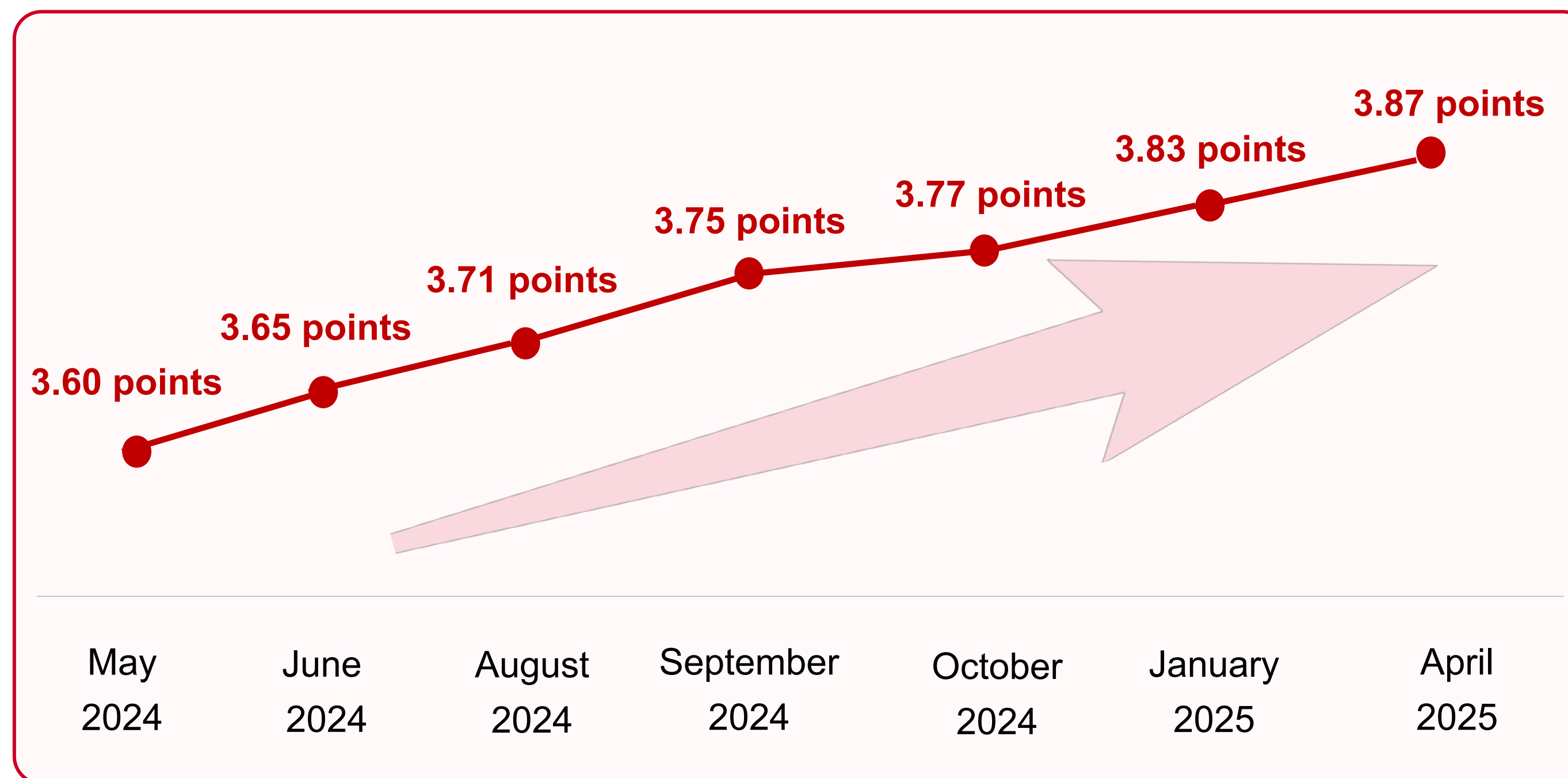
The town hall meeting survey yielded many constructive suggestions about company policy, suggesting that **positive changes are occurring in corporate culture.**

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: 19,643

The aim is to establish **a system (action cycle) for autonomously continuing** actions for identifying issues and taking improvement actions autonomously within each organization by reviewing survey results at each workplace

Initiatives to Improve Quality by Conducting Agency Surveys

Our agencies are partners who understand our history, recognize our issues, and share our expectations for change, while maintaining a critical perspective Conduct a survey of all agencies, take the results seriously, and work to improve quality

Summary of main survey results

[Response by sales branches]

- Good point of response: Politeness of response, etc.
- Points to be improved: Speed of response, etc.

[Accident response]

- Points to be improved: Advice on how to handle accidents, etc.

[Other]

- Expectations for SOMPO: Simplicity of the agency system, etc.

Key questions (on a scale of one to five*)

Q: Please tell us how you feel about the response from sales branches.

3.8 points

Q: Please tell us how you feel about our sales branch's accident response in terms of customer satisfaction.

3.9 points

*5: Very satisfied, 4: Somewhat satisfied. 3: Neutral, 2: Somewhat dissatisfied, 1: Very dissatisfied

Received responses from over 3,500 persons from agencies nationwide

Analyze the results and take measures to address the identified issues

Disseminating Information on Initiatives to Regain Trust

Good action of employees nationwide to realize the "new Sompo Japan "
A web commercial expressing the " 損保ジャパン **ACTIONS!** " is now available

| Disseminating information to solve social issues

- Disseminate our initiatives that contribute to solving social issues and pursue changes that are valuable to our customers

Issues perceived by customers

Issues related to insurance companies

- ❗ It is difficult to understand the process to insurance payment
- ❗ It takes time to confirm damage caused by natural disasters

Issues related to the customers themselves

- ❗ No one nearby to rely on in the event of a disaster
- ❗ Increased risk in company management

| WebCM (AI-based damage analysis solution)

- Disseminate initiatives that solve issues such as the time it takes to confirm damage caused by natural disasters

WebCM "AI-based damage analysis solution"



(Excerpt from the commercial narration)

Then you can use AI to check the situation

Take photos, send them, and pay—all in one seamless flow

Prompt assistance to all of our customers

Bottom-up Initiatives to Promote SJ-R

The SJ-R Working Group (WG), launched by 41 sales representatives across Japan, **embodies** the SJ-R's **strong commitment to field-oriented operations**. The WG began its activities in November 2023 and summarized its initiatives in March 2025.

| SJ-R WG

- Consists of five themes: “customer-oriented business operations,” “corporate culture and climate,” “claims service,” “retail sales reform,” and “corporate sales reform”
- Ensure that the voices of the first line at the field level, as discussed by the WG, are reflected in company-wide measures



SJ-R WG activities

Major measures recommended by the SJ-R WG

[WG for customer-oriented business operations]

- Define "customer trust quality"

[WG for corporate culture and climate]

- Establish the "to-be state (values standards) of the new Sompo Japan"

[WG for claims service]

- Establish the "claims service system without long wait times" (Expand the scope of normalization across organizations and ensure operational stability)

⇒ **Participate from the planning and review stage, and conduct reviews together with relevant departments at the head office**

Overview of Initiatives for Improvement

Strengthening governance

Updates from the previous report (March 2025)

Functional Demonstration of New Three-line Model

In order to establish a framework for ensuring compliance and customer protection, a new three-line model was built to enhance the first line functions and promote **“the creation of a disciplined and dynamic organization”**

*Three-line model: Framework for establishing systems related to internal control, governance, and company-wide risk management

Reinforcement of the first line functions (sales department)

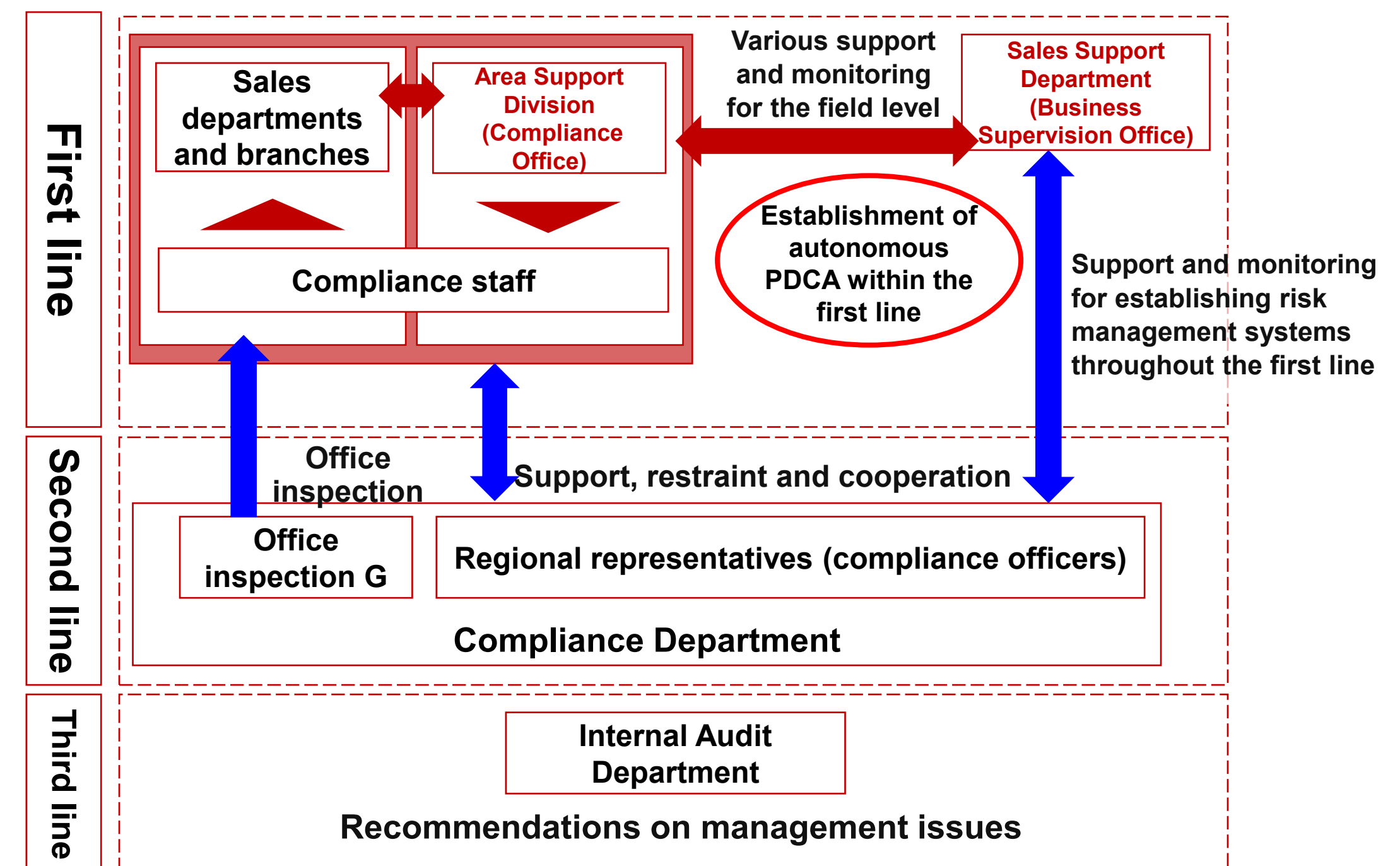
First line at the field level (Area Support Division)

- Establish a new Area Support Division to support sales departments and branches in each region, and establish a Compliance Office as an organization responsible for risk management at sales departments and branches
- Strengthen autonomous internal management systems under the supervision of the director in charge of the area

First line at the head office (Sales Support Department)

- Establish a new "Business Supervision Office" within the Sales Support Department
- Provide various types of support and monitoring to develop and establish an autonomous compliance and internal control framework for the first line at the field level
- Provide support and education to establish an autonomous internal management system for the first line at the field level

Three-line model for FY2025 (sales department)



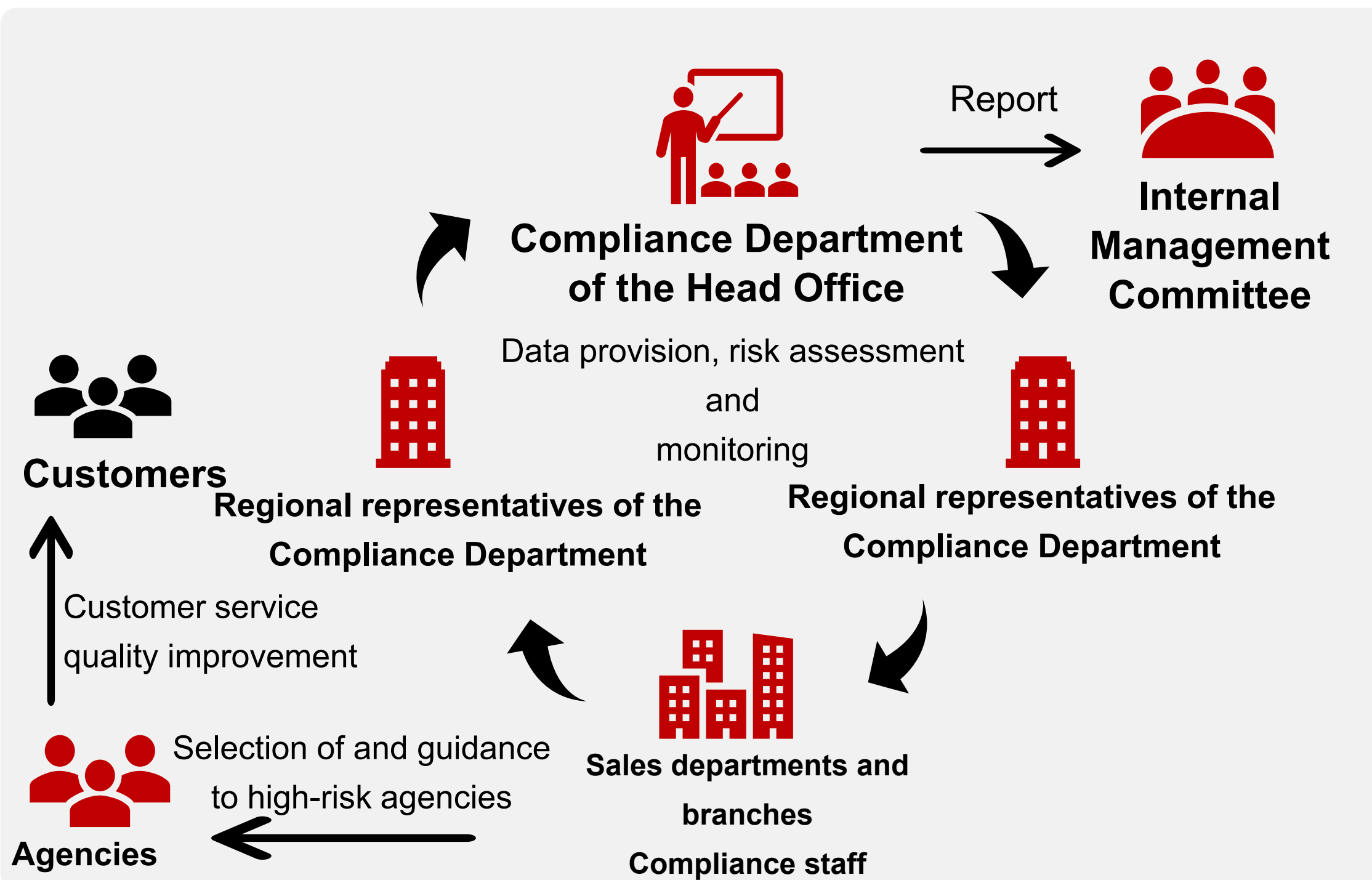
Establishment of a Governance System to Improve Business Quality

Conduct risk assessments and provide agencies with guidance based on data from Agency Operations Quality Improvement Cases*

Established a PDCA cycle involving sales representatives, the head office, and management **to improve the quality of customer service**

*Agency Operations Quality Improvement Cases: Cases that do not constitute misconduct, but do not meet the minimum business quality standards for agencies and need improvement.

Image of the system



Main points of initiatives

- Based on reports from sales branches, the Compliance Department assesses the risk level of high-risk agencies.
- The Compliance Department and compliance staff monitor the status of selected agencies and the content of guidance provided to them. They report this information to the Internal Management Committee, which discusses it.
- Ongoing guidance will be provided while reporting to the head office and others until improvements based on data can be confirmed.
- Support is provided for the development of a system tailored to the agency's specific needs.

Emerging benefits

- A PDCA cycle has been established for organizational quality improvement, including management.
- The dissemination of negative information by the first line at the field level has been activated. (The number of reports on the selection of high-risk agencies and quality improvement measures has increased.)

Overview of Initiatives for Improvement

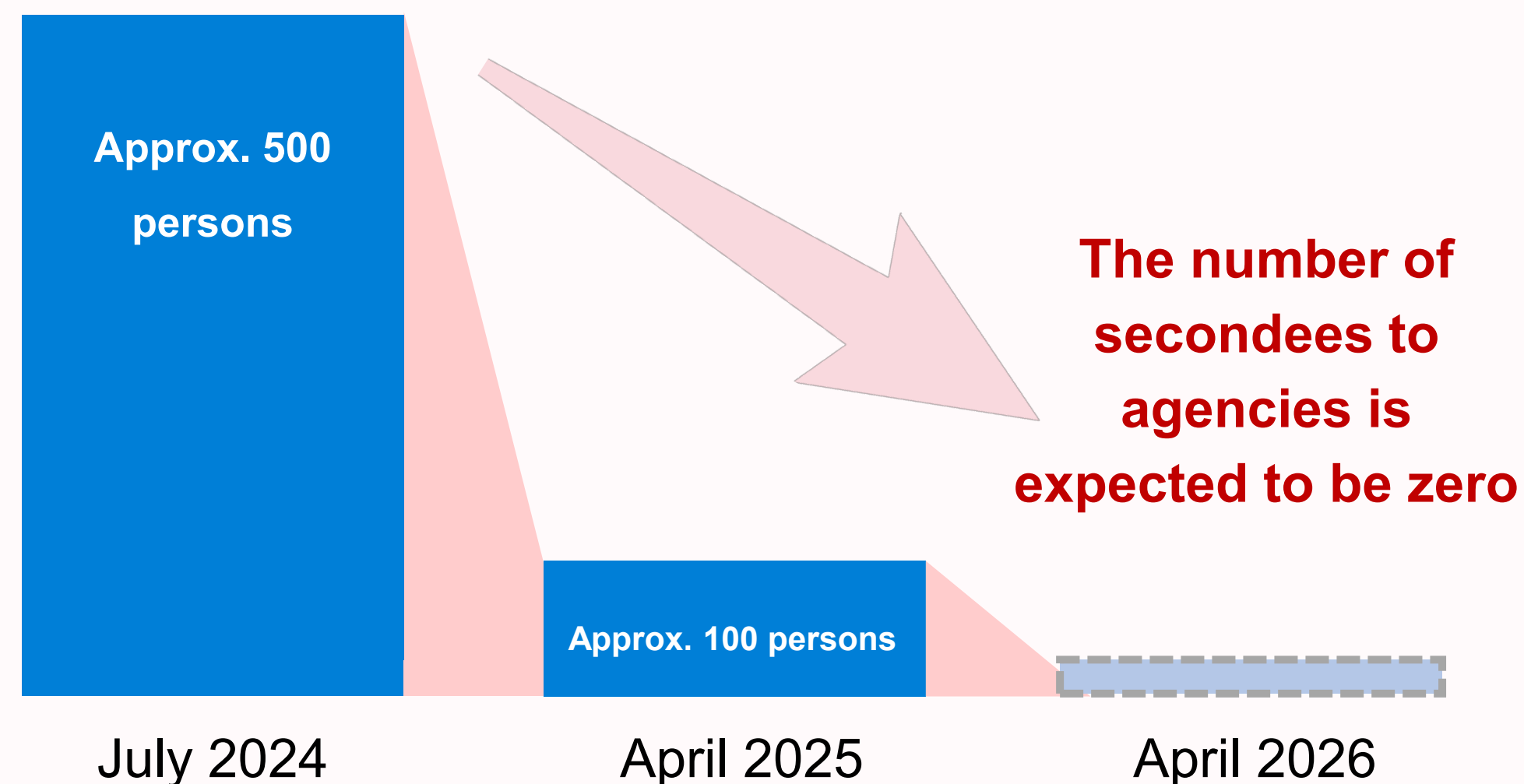
Solving structural issues

Updates from the previous report (March 2025)

Initiatives to Secure an Appropriate Competitive Environment - Fundamental review of secondment to agencies -

Established our own guidelines based on those formulated by the General Insurance Association of Japan, and **abolished secondments to agencies that do not contribute to the establishment of customer-oriented business operations**

Operation of the system of secondment to agencies based on our guidelines



! Issues regarding secondment to agencies revealed by the spate of problems

- The importance of not only taking a medium- to long-term perspective focused on quality improvement, but also adopting a short-term perspective that emphasizes strengthening relationships with customers and agents in sales, as well as gaining market share.
- There is a possibility that excessive secondment hinders the agencies' efforts to become independent.

(Reference) Initiatives to ensure compliance with laws and regulations for secondees

- From July to August 2024, ad hoc training on the Act on the Protection of Personal Information and the Unfair Competition Prevention Act was provided to all secondees.

Initiatives to Secure an Appropriate Competitive Environment - Risk-based secondment response -

In light of the spate of problems, we have decided to discontinue new secondments to agencies. Provide training to employees currently on secondment and new secondees to destinations other than agencies based on risks that have become apparent to date.

Pre-departure training for secondees

- Thoroughly enforce strict management of the information obtained at the secondment location, and reaffirm that any inappropriate conduct may violate the Act on the Protection of Personal Information and the Unfair Competition Prevention Act.
- Inform secondees that they can contact our consultation desk if they suspect that the company to which they are seconded is engaging in inappropriate conduct, such as violations of laws and regulations.

Training for managers

- Keep managers informed about changes in the environment surrounding secondments, as well as the strict handling of information obtained by secondees at their locations.
- Thoroughly communicate with secondees through regular interviews and other methods.

Initiatives to Secure an Appropriate Competitive Environment - Revision of Personnel Evaluation System -

Fundamentally revised our personnel evaluation system to move away from excessive performance-based evaluation and align it with our culture change that emphasizes compliance with laws and regulations, customer focus, and a strong focus on quality

New evaluation system for employees

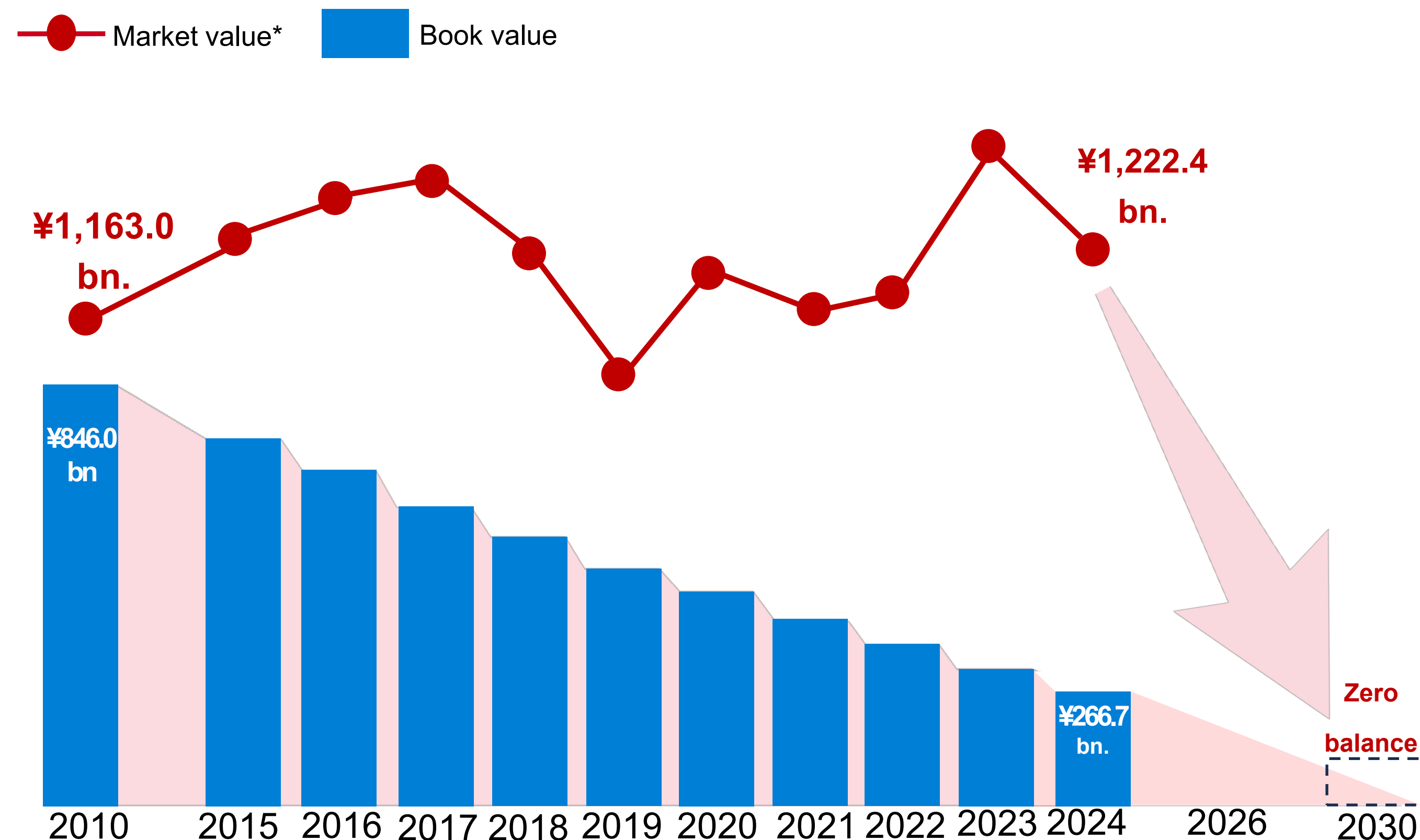
- **Compliance is prioritized in individual evaluations** to ensure strict adherence to various laws and regulations.
- If employees' compliance efforts are insufficient, **they will be disqualified from evaluation** regardless of their performance.
- **To curb excessive focus on performance**, the following target-setting items are clearly specified: "quality improvement," "enhancement of expertise," "contribution to the organization," and "value creation (through co-creation and collaboration with external parties, etc.)."

New evaluation system for organizations

- **Fundamental goals, such as "compliance" and "cultural change,"** are set as essential objectives for our organization. Then, initiatives are conducted to establish appropriate internal management systems in each workplace and foster a healthy organizational culture, and promote sustainable growth.

**Through the new personnel evaluation system,
promote the "New Sompo Japan," which thinks like a customer in every aspect of business**

Initiatives to Secure an Appropriate Competitive Environment - Reduction in balance of cross-holding stocks -



* Includes retirement benefit trust

Latest reduction of cross-holding stocks (Market value)

The sales of cross-holding stocks for FY2024 was 429.3 billion yen

Greater cost reductions than those set in the interim settlement were achieved through the sale of large-cap stocks.

The sales of cross-holding stocks for FY2025 was 73.4 billion yen as of the end of May

! 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

Initiatives to Enhance Corporate Sales Expertise

SOMPO Commercial Academy: A talent development program to enhance expertise in sales employees

Based on a review of FY2024, the program will continue to be implemented in FY2025

*SOMPO Commercial Academy: “Commercial sales” refers to corporate sales. This talent development program enhances the expertise of sales representatives

SOMPO Commercial Academy

- A talent development platform for corporate sales employees launched in July 2024.
- New initiatives, such as linking with external qualification examinations, will be introduced and developed in FY2025.

Example of curriculum for FY2024

[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.

Summary of FY2024

- A total of 686 sales employees from companies nationwide participated in this program, with an average of 30 credits earned. (Including general departments and branches, a total of 1,607 sales employees nationwide participated.)
- According to the survey results, 90% of participants responded that the program was “very useful” or “useful.”



Special Course FY2024:
Discussion between outside experts
and Deputy President Saito

Main comments from participants

- Through this initiative, I was able to deepen my basic knowledge of insurance products.
- I learned about the services provided by group companies, which has expanded the range of proposals I can offer customers.
- I now understand the importance of risk management, so I can use this knowledge to make better proposals to customers.
- I feel that it has become easier to engage with employees under my supervision, which helps foster a culture of learning.

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		Sustain benefits (verify effectiveness)		Current	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 <ul style="list-style-type: none">● Strengthen and improve the effectiveness of Group governance● Revise the institutional design of operating companies (major domestic companies)● Appoint a Chief Compliance Officer 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 Sompo Japan Insurance <ul style="list-style-type: none">● Appoint outside directors (establish an Audit & Supervisory Committee, etc.)■ Governance system of the holding company over individual non-life insurance companies■ Enhance the roles of directors in charge of second and third lines● Establish new issue-specific 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.	2. Establish a system to thoroughly ensure compliance and customer protections (including the Antimonopoly Act) <ul style="list-style-type: none">■ A monitoring system for internal controls over subsidiaries' key measures and other activities● Information sharing and reporting system regarding recent spate of problems● Internal audit system	3. Foster a healthy organizational culture prioritizing compliance and customer protections <ul style="list-style-type: none">● Revising, instilling, and implementing a Group Corporate Philosophy framework● Follow up on progress of instilling a 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)● Revise the Claims Payment Regulations and Claims Service Manual (a)	<ul style="list-style-type: none">● The Compliance Department monitors solicitation at agencies to check recurrence prevention measures are instilled● Evaluation/monitoring at risk assessment(business quality impairment risk of the claims payment division/appropriate regulatory reporting and information sharing at the Government & External Affairs Department)	5. Establish an effective agency management (insurance sales management) system <ul style="list-style-type: none">● Establish a protection system by providing guidance to large agencies● Revised the measure standards, etc. related to agency measure standards● Analyze data on quality improvement issues and monitor improvement status		
Fraudulent automobile insurance claims					
Insurance premium adjustment practices	6. Measures to ensure an environment for fair competition in the corporate insurance area <ul style="list-style-type: none">● Review cross-holding stocks/sales plan■ Review excessive preferential treatment● Formulate rules to select the agencies, and build framework to manage secondees● Measures to achieve the ideal corporate insurance	<ul style="list-style-type: none">● Establish rules prohibiting contact with other companies, etc.● Improve underwriting rules for coinsurance and group insurance, etc.● Provide training and foster the understanding of all officers and employees regarding the Antimonopoly Act and related laws● Establish an appropriate underwriting process for the agencies	7. Establish an appropriate sales promotion framework and an underwriting management framework <ul style="list-style-type: none">● 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 March 2025 to May 2025) (1)

Measures	Main progress
1. Drastically strengthen governance to diligently implement the business improvement plan and ensure measures are firmly established	
<ul style="list-style-type: none">■ Bring onboard perspectives from outside the company■ Foster compliance awareness at the management level	<ul style="list-style-type: none">■ Bring onboard perspectives from outside the company, including from overseas<ul style="list-style-type: none">• On February 14, 2025, SOMPO HD issued a news release announcing the establishment of the "SOMPO P&C" structure to strengthen collaboration with Sompo International Holdings (SI), an overseas property and casualty insurance company within the group. This structure is intended to enhance the group's property and casualty insurance business.• James Shea, the CEO of SI, joined SOMPO P&C to strengthen the company's external, or overseas, perspective.■ Implement reverse mentoring<ul style="list-style-type: none">• Began recruiting for the FY2025 Reverse Mentoring program following FY2024. The program uses the reverse mentoring approach to reform the management team's mindset by reversing traditional titles and roles. Selected mentors with one to 15 years of experience from applications submitted across the country. Begin mentoring with mentees (executives) in August.
<ul style="list-style-type: none">■ Conduct audits by the Audit and Supervisory Committee■ Establish issue-specific committees	<ul style="list-style-type: none">• At the Audit and Supervisory Committee meeting in May 2025, reviewed the audit findings for the key audit items of FY2024 and finalized the audit report.• Held a total of 10 Quality Control Committee meetings during FY2014.
2. Establish a system to thoroughly ensure compliance and customer protections (including Antimonopoly Act)	
Drastically revise management of the third line	<p>Based on the initiatives and reviews for FY2024, implemented organizational changes for FY2025 to establish an internal management system that enables autonomous risk management.</p> <ul style="list-style-type: none">■ First line at the field level<ul style="list-style-type: none">• Established new "Area Support Division" to support the sales departments and branches in each region. Also established Compliance Office to manage the risk of the sales departments and branches.■ First line at the head office<ul style="list-style-type: none">• Established new "Business Supervision Office" within the Sales Support Department.• Provided various types of support and monitoring to develop and establish an autonomous compliance system and internal control framework for the first line at the field level.• Also provided support and education to help establish an autonomous internal management system for the first line at the field level.
Establish a legal compliance system	<ul style="list-style-type: none">■ Provide training<ul style="list-style-type: none">• Asked each workplace to submit a report on the training courses completed in FY2024. All workplaces completed the mandatory training by the end of March 2025.■ Monitoring and third-party audits<ul style="list-style-type: none">• The first (Sales Section Branch Manager) and the second line (compliance staff) are now conducting quarterly monitoring of the "Underwriting Rules" and the "Rules for Contact with Competitors."• Reported the results of the third quarter monitoring at the Internal Management Committee meeting in March 2025. Although there were minor administrative irregularities, it was confirmed that there were no serious irregularities that could lead to violations of the Antimonopoly Act and that the rules are being established.

[Sompo Japan Insurance] Progress Status of Business Improvement Plans (Main Initiatives from March 2025 to May 2025) (2)

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">■ Dissemination of information by top management<ul style="list-style-type: none">• President Ishikawa regularly communicates messages about the company's situation and commitments at times such as when reporting business improvement plans or announcing quarterly financial results.• The town hall meeting project entered its second cycle in the second half of FY2024. By the end of May 2025, approximately 7,200 employees from 733 departments and branches had participated in town hall meetings, including traditional roundtable meetings and open meetings (a combination of in-person and online meetings).■ Handover room<ul style="list-style-type: none">• Since FY2024, the handover room has been used consistently for scheduling employee visits during meetings and training sessions. All new employees who joined the company on April 1, 2025, including regional employees but excluding mid-career hires, visited the handover room. As of the end of May 2025, about 4,700 people had visited.■ Status of culture change survey<ul style="list-style-type: none">• The quarterly culture change survey continues to show that steady progress has been made toward the transformation of the corporate culture.■ Sompo Japan ACTIONS!<ul style="list-style-type: none">• A web commercial detailing the company's initiatives to solve social issues and the good practices being implemented across the country to regain trust is now available.
4. Establish an appropriate claims payment and management system	
<p>Ensure independence of the claims payment division</p>	<ul style="list-style-type: none">• As an additional measure to prevent inappropriate intervention by the Sales Department in the Claims Department, the Sales Support Department and the Claims Services Support Department began initiatives in April 2025 to prevent retroactive contract revisions by improving the solicitation quality, and changed the operation to handle the matter in accordance with the Sales Department Communication Rule.• During the May 2025 Management Committee meeting, the Claims Services Support Department reviewed the claims payment management system for FY2024. They reported that no incidents occurred that could compromise the independence of claims payment operations.• Going forward, we will regularly verify appropriateness (appropriateness of judgments in current operations, ensuring independence of insurance services, etc.) based on the ex-post verification rules established by the Claims Services Support Department, Sales Support Department, and Compliance Department. Additionally, we will report any deficiencies to the sales frontline and work to establish rules for communicating opinions and improve solicitation quality.

[Sompo Japan Insurance] Progress Status of Business Improvement Plans (Main Initiatives from March 2025 to May 2025) (3)

Measures	Main progress
5. Establish an effective agency management (insurance sales management) system	
Separate sales when providing guidance to large agencies in terms of insurance premiums	<ul style="list-style-type: none"> We have notified all employees via an internal memo that, "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," and provide appropriate guidance and talent development. Additionally, when evaluating sales branch performance, if guidance is provided to an agency to protect its customers and employees, but the agency shows no improvement and its contract is terminated, all revenue losses are considered improvements in performance.
Establish a supervision and guidance system for agencies	<ul style="list-style-type: none"> The sales first line communicates with agencies using various monitoring data to provide appropriate guidance and control. Monitoring early termination contracts helps detect fraud early and uncover suspected agency misconduct, such as creating fictitious contracts and borrowing names.
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 for FY2024 was 429.3 billion yen. The initial plan was 200 billion yen, but in light of the sale of large-cap stocks, the actual reduction exceeded the 400 billion yen forecast announced in the interim results. The sales of cross-holding stocks for FY2025 is 73.4 billion yen as of the end of May.
Review excessive preferential treatment	<ul style="list-style-type: none"> Held discussions with our business partners regarding the termination of cooperation and support for their core businesses, which should be discontinued by the end of September 2024. Since then, we have continued discussions, and as of the end of May 2025, more than 98% of the terminated cases have been resolved through dialogue.
Formulate a management system for secondees	<ul style="list-style-type: none"> As of April 2025, none of the new secondees were assigned to agencies. On April 25, 2025, held a training session for supervisors of all employees on secondment to explain the rules for setting goals and conducting evaluations, and to reaffirm important points. Created an environment in which secondees can easily find the SJ hotline number and other necessary information to contact head office departments and outside lawyers directly.
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"> Steadily implementing measures to address high-loss contracts as a major initiative to improve profitability. This is improving before the sales policy announced in FY2024 (May 2024), and certain effects are being noted.

【SOMPO HD】Progress Status of Business Improvement Plans (Main Initiatives from March 2025 to May 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	<ul style="list-style-type: none"> Strengthening the supervision over Sompo Japan such as Group CEO chairs the Board of Directors of Sompo Japan. Conduct an external evaluation by experts on the effectiveness of the Board of Directors to confirm a more effective structure for the board and future policies.
(2) Revise the institutional design of operating companies (major domestic companies)	<ul style="list-style-type: none"> Sompo Japan transitioned to a company with Audit & Supervisory Committee, etc. and is operating under the new framework. Even at other major operating companies, the Board of Directors is chaired by non-executives. We are considering a framework in which supervision and execution are separated in order to improve the supervisory system.
(3) Appoint a Chief Compliance Officer	<ul style="list-style-type: none"> Newly appointed Chief Compliance Officer concurrently serving as Chief Compliance Officer of Sompo Japan to promote information sharing in a timely and appropriate manner and strengthen collaboration. 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	<ul style="list-style-type: none"> Reorganized the Compliance Office into a Compliance Department and continue to use the communication system to share information with Sompo Japan in a timely 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	<ul style="list-style-type: none"> Conducting studies on specific measures to enhance and standardize internal audit functions throughout the group. As to the progress of the business improvement plans, conduct monitoring and audits on the status of promotion and the appropriateness of the operation.
(6) Clearly define the relationships between Group Chief Officers (CxO) and Chief Officers (CxO) of individual companies	<ul style="list-style-type: none"> Clarified and implemented the collaboration between Chief Officers (CxO) when negative information was found at a group company.
(7) Strengthen specialized personnel	<ul style="list-style-type: none"> Organized the overview of the Group's personnel investment (details, amount) and implemented personnel investment measures (development, hiring, etc.). Launched a job-focused system that is common to both SOMPO HD and 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	<ul style="list-style-type: none"> Monitor the deliberations of important meetings at Sompo Japan to ensure that advance risk assessments and follow-up monitoring of key measures of Sompo Japan are conducted appropriately. Also conducted an annual review of these initiatives and established a monitoring policy.
2) Monitoring of the adequacy and effectiveness of Sompo Japan's internal controls	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> To improve the effectiveness of audits by the Audit Committee, as stated in above 2), the Audit Committee has received a quarterly report from Group CRO, etc. on the matters related to internal controls. To monitor risks at each Group company including Sompo Japan, continuously cooperate with audit and supervisory committee members and auditors of each Group company.

[SOMPO HD] Progress Status of Business Improvement Plans (Main Initiatives from March 2025 to May 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 Sompo Holdings without omission	a. Reestablish reporting rules on key matters from subsidiaries to Sompo Holdings <ul style="list-style-type: none"> Developed regulations required for group companies to ensure key matters of group companies are submitted to Sompo 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 Sompo Japan's head office departments and mutual concurrent appointments of officers and employees <ul style="list-style-type: none"> Constantly monitoring the management status and directly involved in formulating measures through integrated management with Sompo Japan's head office departments and mutual concurrent appointments of officers and employees to understand Sompo Japan's management status, and directly involved in formulating measures. b. Sompo Holdings' officers will officially participate in various important meetings of Sompo Japan <ul style="list-style-type: none"> Clearly defined the officers and employees attending important meetings of Group companies including Sompo Japan to strengthen and operate an active information sharing. c. Bolster informal communication <ul style="list-style-type: none"> Held regular meetings among Group Chief Officers (CxO) and among key divisions of Sompo Japan to increase opportunities to communicate to strengthen and implement information sharing. d. Strengthen risk assessment <ul style="list-style-type: none"> In cooperation with Sompo Japan and other group companies, we have compiled our annual risk assessment activities according to group-wide standards. We continue to carry out these activities based on enhanced measures. e. Encourage use of the whistleblowing system and improve its reliability <ul style="list-style-type: none"> To improve our ability to recognize warning signs, we are summarizing the annual initiatives of the group-wide contact point for consulting on the use of the whistleblowing system and verifying its effectiveness.
(3) Internal audit system	Confirm and assess the appropriateness and other aspects of the actual state of internal controls at Sompo Japan <ul style="list-style-type: none"> Establishing an audit plan for the "Audit of Business Improvement Plans" conducted by Sompo Japan's Internal Audit Department, in which our Internal Audit Department also participates, and are conducting audits.
4. Establish a system to foster in subsidiary insurance companies a healthy organizational culture prioritizing not sales but compliance and customer protections	
(1) Revise, instill and implement the Group Corporate Philosophy framework	<ul style="list-style-type: none"> To increase the effectiveness of the rebuilt corporate philosophy framework, the revised "Group Common Competencies" have been implemented since April 2025, along with the new criteria for hiring, evaluating, promoting to management positions, and electing executives.
(2) Follow up on progress with instilling a corporate culture	<ul style="list-style-type: none"> Conducted a culture survey to verify the progress of instilling a corporate culture, running a PDCA cycle through such a follow up.