

Sompo Holdings and Sompo Japan Insurance submitted the first progress report on the business improvement plan to the Financial Services Agency on June 14, 2024. They will submit the next progress report as of the end of August 2024 in September 2024. The companies will strive to implement the improvement plan steadily for preventing recurrence and continue to properly report and disclose the progress.

Progress (as of the end of May 2024)

▲ Measures Implemented ■ For Further Consideration

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