

Introduction

This is the CPS 511 Remuneration disclosure for Sompo Japan Insurance Inc. – Australian Branch (the Branch) for the year ended 31 December 2024.

Oversight and Governance of the Remuneration Framework

The Senior Officer Outside Australia (SOOA) is responsible for overseeing the remuneration policy and framework of the Branch and its effective application consistent with the Branch's size, business mix and complexity of operations. The SOOA considers the remuneration of the relevant persons of the Branch on an annual basis.

The SOOA reviews the Branch's remuneration policy, as considered necessary, subsequent to a review undertaken by the Chief Risk Officer which includes assessing the alignment of the remuneration policy with the requirements of APRA's Prudential Standard CPS 511 Remuneration and the Financial Accountability Regime (FAR).

The SOOA exercises their discretion in determining remuneration outcomes by assessing risk management outcomes as part of the annual performance review of relevant persons of the Branch and applying consequence management in the event of a material breach or misconduct.

Design and Structure of the Remuneration Framework

The Branch's remuneration framework takes into account the Branch's business plan, strategic objectives and risk management framework.

The Branch's remuneration framework requires that the annual performance assessment of relevant persons takes into account financial and non-financial risks of the Branch and the activities undertaken by the relevant persons to implement the Branch's strategic objectives and business plans.

The Branch's remuneration framework promotes disciplined, transparent and effective management of risk by assessing conduct, risk and compliance outcomes in the annual performance assessment of relevant persons of the Branch. The performance assessment is reflected in a performance-based adjustment to the relevant person's fixed remuneration.

The Branch's Remuneration Policy

Variable remuneration is a small component of overall remuneration for relevant persons of the Branch and relates to the overall performance of Sompo Japan. Each year, following assessment of the performance of Sompo Japan as a whole, an adjustment is made to the last salary payment of the year for relevant persons of the Branch. Variable remuneration represents a maximum of approximately 12% of a relevant person's fixed remuneration.

The Branch's remuneration policy currently applies to the Branch Manager as there are no executive directors, material risk-takers or risk and financial control personnel within the Branch.

As a foreign accountable entity under the FAR, the Branch complies with the relevant deferred variable remuneration obligations. Subject to the amount of variable remuneration exceeding a relevant threshold, 40% of the relevant person's variable remuneration would be deferred for a minimum period of 4 years. The Branch's FAR policy requires a proportionate reduction in the relevant person's deferred variable remuneration if that person fails to comply with their documented accountabilities.