
Report on Issues Related to Solicitation Quality of Japan Post Insurance Products

This report describes the summary and results of investigations concerning the solicitation quality issues, etc., of Japan Post Insurance products and activities under the business improvement plan.

Overview and circumstances of the issues

Following an internal investigation into the handling of customers' revisions of insurance coverage for products of Japan Post Insurance Co., Ltd., it was discovered that in some cases, revisions were carried out in a manner that might have been disadvantageous to customers, and not in line with their intentions.

We take this incident very seriously and have been working Company-wide to investigate and reinstate policies to improve solicitation quality.

The Special Investigation Committee, established on July 24, 2019, consisting only of external experts who are disinterested in Japan Post Holdings, Japan Post, and Japan Post Insurance, released its investigation report on December 18, 2019. At the same time, the Japan Post Holdings Group announced its investigation results and future activities. In addition, Japan Post Holdings, Japan Post, and Japan Post Insurance received administrative disposition (orders to suspend business and improve business operations) from the Ministry of Internal Affairs and Communications and the Financial Services Agency on December 27, 2019, and submitted a business improvement plan on January 31, 2020. Since February 2020, we have been conducting the investigations additional to the investigations of all insurance policies.

We deeply apologize to all of our customers and other stakeholders for the substantial concern and will devote ourselves entirely to regaining trust of them.

For the latest information, please visit Japan Post Holdings Group's website (<https://www.japanpost.jp/en/>).

Overview of investigations of policies

Summary

Japan Post Insurance has been conducting investigations of specified rewriting cases*, investigations of all insurance policies, and additional investigations.

In the course of our investigations of specified rewriting cases, we have confirmed with the applicable customers (approximately 183 thousand policies extracted from the data of past policy rewrites, approximately 156 thousand customers after accounting for policies held by the same person) the circumstances of the solicitation process and their intentions to reinstate the policies, and proceeded with procedures while putting the priority on compensating disadvantages experienced by affected customers. In addition, we conducted the investigation into the sales personnel concerned based on the results of the confirmation of circumstances of the solicitation process.

In the course of our investigations of all insurance policies, we have confirmed with the customers (approximately 30 million policies including cancelled policies for the past five years, and approximately 19 million customers excluding policyholders subject to the investigations of specified rewriting cases) whether the policies enrolled in were in line with the intentions of customers. In addition, we took necessary actions and investigations according to customer requests and opinions.

Since February 2020, as part of our additional investigations of all insurance policies, we have started visits, etc., by employees of Japan Post Insurance branches to approximately 6 thousand customers in the investigation of multiple policies and approximately 54 thousand customers in the investigation on policies except multiple policies, in succession in the order of descending priorities, confirmed customers' complaints, opinions, etc., conducted investigations on the status of solicitation at that time, and worked to compensate for any disadvantages to customers that have occurred.

We have conducted the investigation in an appropriate manner by providing explanation to and receiving advice from the Special Investigation Committee, comprised of independent, neutral, and fair third parties, regarding the methods for confirming customers' intentions as well as for analyzing the information obtained.

* Specified rewriting cases: Cases involving potential disadvantages to customers after rewriting policies for which we have conducted this investigation in order to grasp the situation of the solicitation processes (Categories A to F)

Categories of specified rewriting cases

Category	Outline of specified cases to be investigated	Number of cases in scope of investigation
A	Rewriting cases in which the previous policy was cancelled but the new policy underwriting was declined	Approx. 18,000
B	Rewriting cases in which subsequent benefit payments were declined as a result of cancellation of the new policy due to breach of the duty to disclose important matters	Approx. 3,000
C	Rewriting cases in which sales personnel could have made more reasonable proposals such as switching riders or decreasing insurance amounts	Approx. 26,000
D	Cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased	Approx. 15,000
E	Cases of overlapping insurance because the previous policy was cancelled after the rewriting period (cancelled during the period seven to nine months after date of writing of the new policy)	Approx. 75,000
F	Cases in which the previous policy was cancelled during the period four to six months before the date of writing new policy	Approx. 46,000
Total		Approx. 183,000

Investigations of multiple policies

Category	Scope of investigation (definition)	Number of policyholders in scope of investigation
Multiple policies	Cases in which a customer has enrolled in 10 or more new policies in the past five years, and 30% or more of them have been terminated (Indicates a cancellation, lapse, reduction, or conversion to a fully paid insurance policy; the same applies in the table below)	Approx. 6,000

Investigation of policies except multiple policies

Category	Scope of investigation (definition)	Number of policyholders in scope of investigation
High insurance premium policies	Cases in which policyholders 65 years of age or older as of December 2019, who have paid monthly premiums of ¥100,000 or more, and have had at least one policy that was terminated a short period thereafter during the period from April 2014 to December 2019	Approx. 19,000
Policy rewriting involving a change of the insured	Cases in which a new policy with the same policyholder and a new insured person was entered into in the past five years, and the policy was terminated a short period thereafter	Approx. 27,000
Policy rewriting involving a change of the insurance type	Cases in which a policy was rewritten from an annuity to insurance in the past five years, or for which there has been repeated rewriting between annuity and insurance	Approx. 4,000
Policy rewriting using a system to shorten the maturities of existing contracts	Cases in the past five years in which the maturity has been shortened for an existing policy while applying for a new policy, but the underwriting of the new policy was declined	Approx. 4,000
Total		Approx. 54,000

Results of the investigations of policies



(1) Status of progress of investigations of specified rewriting cases

In regard to the investigations of specified rewriting cases, we confirmed the circumstances of the solicitation process at the time of enrollment and customers' intentions about reinstatement by mail, phone, or home visit to approximately 156 thousand customers. As for the reinstatement, etc., of policies, we finished responding to customers as of the end of March 2020, except for cases that could not be finished due to reasons attributable to customers.

We will conduct reinstatement, etc., of policies carefully and swiftly based on the following basic policy.

Basic policy	We will continue to strive to quickly compensate customers who have experienced disadvantages in accordance with their intentions through appropriate internal judgment, except for cases clearly not involving disadvantages to customers.
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(2) Status of progress of sales personnel investigations in connection with investigations of specified rewriting cases

Based on the results of our confirmations, etc., with customers of the circumstances of the contract process as part of the investigations of specified rewriting cases, Japan Post Insurance has investigated sales personnel to check if there were any cases of solicitation process problems that might involve the violation of laws and regulations or of internal rules through interviews with sales personnel and other measures (sales personnel investigations).

As a result, we have mostly completed the review of sales personnel investigations as of the end of April 2020, and identified 315 cases (the number of sales personnel: 420) of violations of laws and regulations and 3,277 cases (the number of sales personnel: 2,207) of violations of internal rules as of May 31, 2020.

Meanwhile, we have already started remedial training for the sales personnel who were identified to have violated laws and regulations or internal rules (1,889 personnel were subject to training through June 15, 2020).

In the course of the investigations of all insurance policies and the additional investigations described below, we identified 3,661 potential cases that might involve violations of laws and regulations or internal rules as of May 31, 2020, for which we have been conducting the sales personnel investigations and compensating customers for disadvantages experienced.

We would like to express our sincere apologies for violations of laws and regulations and internal rules identified during the sales personnel investigations and will ensure avoiding recurrence.

(3) Status of progress of investigation of all insurance policies

In the investigations of all insurance policies, we sent notification documents with reply cards to approximately 19 million customers to confirm their intentions and received over 1 million replies. Based on the aforementioned basic policy, we completed responding to customers as of the end of March 2020, except for cases that could not be finished due to reasons attributable to customers. We will continue responding to customer requests, such as the requests for compensation for disadvantages experienced, including those that could not be finished due to reasons attributable to customers, and plan to complete the compensation by the end of June 2020.

(4) Status of progress of additional investigations of all insurance policies

1) Status of progress of investigations of multiple policies

In regard to additional investigations of multiple policies, we have nearly completed confirmations of policy coverage with all applicable customers as of the end of April 2020, except for the cases that could not be finished due to reasons attributable to customers.

We have made progress in the investigation in regard to the customers who are to receive priority responses (897 policyholders) from February 2020. As of May 31, 2020, 851 customers (95%) have expressed their intention and 490 customers (55%) have answered that their policies were not in line with their intentions. Of this number, 414 customers (46%) have requested compensation for their policies.

Status of investigations of multiple policies (*1)

Status of contact and confirmations of policy coverage	Customers who are to receive priority responses (*2)		Customers other than those receiving priority responses (*3)	
	Number of applicable customers	Ratio (%)	Number of applicable customers	Ratio (%)
Customers whose policy coverage and their intentions have been confirmed	851	95	4,712	85
Not in line with customers' intentions (*4)	490	55	2,199	40
Customers who have requested compensation for their policies	414	46	1,860	34
Applicable customers	897	100	5,532	100

*1: As of May 31, 2020

*2: Customers who have applied for 15 or more policies, of which half or more have been cancelled, in the last five years (from April 2014 to March 2019; the same hereinafter)

*3: Customers who have applied for 10 or more policies, of which 30% or more have been cancelled, in the last five years

*4: Customers who cancelled or applied for policies not in line with their intentions because they followed the recommendation of post office staff or did not recognize cancellation or application for a new policy

In addition, we have made progress in the investigation in regard to the customers other than those receiving priority responses (5,532 policyholders). As of May 31, 2020, 4,712 customers (85%) have expressed their intention and 2,199 customers (40%) have answered that their policies were not in line with their intentions. Of this number, 1,860 customers (34%) have requested compensation for their policies.

2) Status of progress of investigations on policies except multiple policies

In regard to the investigations on policies except multiple policies, we have been contacting customers who have policies with high insurance premiums or who had a change of the insured or type of insurance when enrolling in a new policy through visits by staff of Japan Post Insurance branches or sending letters explaining policy status to confirm the policy coverage by the end of June 2020.

We have made progress in the investigation in regard to the customers who have policies with high insurance premiums (19,162 policyholders). As of May 31, 2020, 6,944 customers (36%) have expressed their intention and 1,813 customers (9%) have answered that their policies were not in line with their intentions. Of this number, 1,055 customers (6%) have requested compensation for their policies.

In addition, in regard to the investigation of the customers who had a change of the insured and enrolled in a new policy (27,169 policyholders), as of May 31, 2020, 8,872 customers (33%) have expressed their intention and 1,436 customers (5%) have answered that their policies were not in line with their intentions. Of this number, 547 customers (2%) have requested compensation for their policies.

In regard to the investigation of the customers who changed the type of insurance and enrolled in a new policy (4,030 policyholders), as of May 31, 2020, 1,444 customers (36%) have expressed their intention and 193 customers (5%) have answered that their policies were not in line with their intentions. Of this number, 63 customers (2%) have requested compensation for their policies.

In addition, in regard to the investigation of the customers who used the policy rewriting system to shorten the maturity of existing contracts (4,265 policyholders), as of May 31, 2020, 266 customers (6%) have expressed their intention and 52 customers (1%) have answered that their policies were not in line with their intentions. Of this number, 5 customers (0%) have requested compensation for their policies.

3) Future initiatives

In addition to the above cases being investigated, through providing home visits to regain customers' trust and to confirm policy coverage, we are listening carefully to customer's opinions and requests.

As part of the above activities, we are confirming the policy coverage by sending questionnaires for the approximately 1.8 thousand corporate customers who experienced policy rewriting. As of May 31, 2020, 1,814 (approximately 99%) corporate customers confirmed policy coverage and 27 corporate customers requested detailed explanation about policy coverage. We will contact these customers and explain policy coverage in detail by visits or phone calls.

Based on the many opinions and requests which we have received, in addition to utilizing them to improve solicitation activities, we will continue to listen to the feedback from customers gained through various methods, such as the continuous activities of confirmation of policy coverage and the improvement of the annual "Notification of Policy Coverage" documentation sent to customers. We will continue to strive to align more closely with the intentions of our customers.

Status of investigations on policies except multiple policies (*1)

Status of contact and confirmations of policy coverage	Customers who have policies with high insurance premiums (*2)		Customers who rewrote policies and changed the insured (*3)	
	Number of applicable customers	Ratio (%)	Number of applicable customers	Ratio (%)
Customers whose policy coverage and their intentions have been confirmed	6,944	36	8,872	33
Not in line with customers' intentions (*4)	1,813	9	1,436	5
Customers who have requested compensation for their policies	1,055	6	547	2
Applicable customers	19,162	100	27,169	100

*1: As of May 31, 2020

*2: As of December 2019, policyholders aged 65 or older who have paid monthly premiums of ¥100,000 or more, and have had at least one policy which was cancelled in a short period thereafter during the period from April 2014 to December 2019

*3: Cases where, in the last five years, sales personnel led the policyholders to change the insured at new enrollment without a change in policyholder, but the new policy was cancelled in a short period thereafter

*4: Customers who cancelled or applied for policies not in line with their intentions because they followed the recommendation of post office staff or did not recognize cancellation or application for a new policy

Status of investigations on policies except multiple policies (*1)

Status of contact and confirmations of policy coverage	Customers who rewrote policies and changed the type of insurance (*2)		Customers who used the policy rewriting system to shorten the maturities of existing contracts (*3)	
	Number of applicable customers	Ratio (%)	Number of applicable customers	Ratio (%)
Customers whose policy coverage and their intentions have been confirmed	1,444	36	266	6
Not in line with customers' intentions (*4)	193	5	52	1
Customers who have requested compensation for their policies	63	2	5	0
Applicable customers	4,030	100	4,265	100

*1: As of May 31, 2020

*2: Cases where, in the last five years, sales personnel led customers to rewrite from annuity to insurance, or to repeat rewriting insurance ⇔ annuity many times

*3: Cases where, in the last five years, sales personnel led customers to shorten the maturity of existing policies and apply for a new policy, but the underwriting of the new policy was declined

*4: Customers who cancelled or applied for policies not in line with their intentions because they followed the recommendation of post office staff or did not recognize cancellation or application for a new policy

Measures against the growing effects of the COVID-19 pandemic

In light of the growing effects of the novel coronavirus (COVID-19) pandemic, in the investigations of policies, we refrained from home visits to customers and instead continued with the provision of explanations to customers via mail or phone; and in the sales personnel investigations, as a general rule, we suspended investigations through interviews. However, given that the declaration of an emergency situation has been lifted, we restarted these investigations by way of home visits to customers and face-to-face interviews or interviews using a web terminal with sales personnel. It should be noted that the progress of these investigations may be delayed due to circumstances of future growing effects of the pandemic.

Status of progress of measures to prevent recurrence

We submitted a business improvement plan on January 31, 2020, to the Minister for Internal Affairs and Communications and the Financial Services Agency.

We have positioned the execution of this business improvement plan as the management issue of the highest priority and are committed to preventing the recurrence of such events in the future.

Establishing an appropriate sales promotion scheme

I Creating a healthy corporate culture and establishing an appropriate sales promotion scheme

1. Review the code of conduct reflecting the customer-first philosophy

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Formulation of the code of conduct for customer-first business operations	February 2020	Implemented	<ul style="list-style-type: none"> In February 2020, set a solicitation policy that reflects the customer-first philosophy in order to thoroughly implement basic actions based on the principle of providing insurance coverage founded on high ethical standards which take the original roles and mission of life insurance into account (Announced this solicitation policy to customers in April 2020.)
Management and training for thoroughly implementing customer-first philosophy <ul style="list-style-type: none"> Clarifying basic policies for solicitation 	April 2020	Implemented	<ul style="list-style-type: none"> Revised the basic policies for solicitation (Sales/Service Policy and Basic Policies for Customer-first Business Operations) in April 2020

2. Set the Standard of Japan Post Insurance Sales

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Set the Standard of Japan Post Insurance Sales	February 2020	Implemented	<ul style="list-style-type: none"> Defined our sales action principles, as Standard of Japan Post Insurance Sales, based on the solicitation policy that reflects the customer-first philosophy

3. Instill a code of conduct based on the customer-first philosophy

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Training based on the Standard of Japan Post Insurance Sales	March 2020	Implemented	<ul style="list-style-type: none"> We completed the provision of training on the significance and basic concept of the Standard of Japan Post Insurance Sales to all sales personnel, etc., of Japan Post Insurance and Japan Post by the end of March 2020. Continuously conduct training from April onward
Management and training for thoroughly implementing customer-first <ul style="list-style-type: none"> Training to improve knowledge and skills necessary for financial consulting 	March 2020	Implemented	<ul style="list-style-type: none"> Conducted various training that contributes to customer-first sales activities and comprehensive consulting services, including enhancement of solicitation quality, reinforcement of technical knowledge, and improvement in communication skills
Review of the training system, etc., for managers	In stages from April 2020 onward	Scheduled	<ul style="list-style-type: none"> In preparation for conducting training to help managers learn a new management approach and a management / instruction method based on coaching, with a view to shifting from management with excessive focus on sales promotion management. The training system and contents have been notified to branches in March.
Development of the framework for promoting comprehensive consulting	April 2020	Implemented	<ul style="list-style-type: none"> Renamed Financial Services Division of post offices as Financial Consulting Division and established a new Financial Consulting Administration Division at each branch Implemented an organizational revision to reform into a customer-first management structure in April 2020 Newly appointed Consulting Advisors, instructors capable of providing instruction on comprehensive consulting, from April 2020, revising the method for instructing the post office employees Renamed the Sales Capabilities Development Institute as the Consultant Training Center, making it report directly to the head office from April 2020

4. Revision of the system of sales targets, etc.

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Setting appropriate sales targets <ul style="list-style-type: none"> Shift from sales targets focused on new sales amounts (flow) to the sales targets focused on the policies in force (stock) Setting sales targets commensurate with the sales capabilities, and revising target allocation method 	March 2020	Implemented	<ul style="list-style-type: none"> In order to regain customer trust as the top priority, sales targets for the frontline employees will not be set for the fiscal year ending March 31, 2021.
Reflecting the perspective of solicitation quality in sales targets, etc.	After resuming normal operations	In preparation	<ul style="list-style-type: none"> After resuming normal operations, reflect the perspective of solicitation quality in the status check and verification by the department in charge
Personnel evaluation and reward	April 2020	Implemented	<ul style="list-style-type: none"> Newly established evaluation items and criteria for solicitation quality in April 2020 for personnel evaluation of counter services personnel and sales personnel*, etc. <p>* Renamed as consultants from April 2020</p>
Measures for policy rewriting (quasi-policy conversion) <ol style="list-style-type: none"> Revision of sales allowance*¹ (half payment to non-payment) Extension of the rewriting qualifying period (From between a period of three months before enrollment in a new policy and six months after the enrollment to between a period of 12 months before enrollment in a new policy and 13 months after the enrollment) <p>*¹ Sales results have been revised to non-recording in August 2019</p>	March 2020	Implemented	<ul style="list-style-type: none"> Implemented revision of sales allowance and expansion of the rewriting qualifying period from April 2020
Incentive measures	April 2020	Implemented	<ul style="list-style-type: none"> As sales targets will not be set for the fiscal year ending 2021, determined not to organize sales personnel commendation in the fiscal year ending 2022 based on results of the fiscal year ending 2021

5. Improvement in the mechanisms for reviewing coverage

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Introduction of a conditional cancellation system*²	January 2020	Implemented	<ul style="list-style-type: none"> Introduced a conditional cancellation system as a system to enable the adjustment of insurance policy content or products from a customer-first point of view
Introduction of a policy conversion system*³	ASAP after October 2020	In preparation	<ul style="list-style-type: none"> Preparing for the system development and obtaining of approval with the aim of introducing a policy conversion system in April 2021 to enable transitions to new policies without the cancellation of existing policies
Developing new products meeting our customers' insurance needs	Continuously consider from April 2020 onward	In preparation	<ul style="list-style-type: none"> Continuously considering the enhancement of product lineup for coverage-based products, which are in high demand from customers and whose market is expanding

*² In order to prevent any disadvantages to customers, the system makes the cancellation of an existing policy effective on the condition that a new policy is validly concluded.

*³ A system that allows customers to transfer to a new policy without cancelling the existing contract.

Status of progress of measures to prevent recurrence

First line (post offices, call centers, service centers, etc.)

II Checks and controls

1. Implement multi-layered checks from policy applications to the conclusion of a policy

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
First line checking functions (Check at post offices) 1) Expansion of the pre-checking function for underwriting 2) Expansion of scope of checking of all cases by post office managers (Check at Japan Post Insurance) 3) Implementation of the verification of customers' intentions by the application call center 4) Expansion of scope of checking of all cases at the time of the underwriting process 5) Implementation of the verification of customer's intentions by the cancellation call center	1), 2), 4) March 2020 3), 5) January 2020	Implemented	[Implemented] For 1), 2), and 4), implemented the expansion of scope* in the revision for the term ended April 2020 * <Pre-checking function for underwriting> Implemented "revision of criteria for multiple policies," etc. <Checking of all cases> Added "existing policies to which policy loans are being provided," etc. • For 3) and 5), implemented in January 2020
System improvements Increasing sophistication of customer information management • Establishing a system framework capable of easily identifying policy enrollment and cancellation histories at the time of solicitation	March 2020 onward	Partially implemented	• Established a framework to confirm past histories, including enrollment of existing policies, at the time of solicitation in the revision for the term ended April 2020. Scheduled to implement a revision that displays a list of existing policy information and cancelled policy information at the time of confirmation activities (pre-checking, etc.) during the solicitation flow in the revision for the term ending October 2020
Review of items listed in the sales activities log	January 2020	Implemented	• Added items required to be recorded by employees to the sales activities log, clarified the entry rules, and strengthened the management function focused on solicitation quality by clarifying items to be confirmed by managers

Second line (head office, etc.)

II Checks and controls

2. Strengthen systems to realize appropriate solicitation management

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Strengthening of insurance solicitation management framework at Japan Post branches	April 2020	Implemented	• Implemented a revision of solicitation quality instruction specialists and organizations related to the structure of Financial Operations Divisions at branches in April 2020, for enhancing the insurance solicitation management framework at branches in order to improve solicitation quality
Verification of the management framework for insurance solicitation quality	Being implemented from November 2019	Partially implemented	• Continuously conducting the verification of the management framework for insurance solicitation quality at all post offices by the employees of the Auditors Office*. However, inspections, etc., have been suspended due to the impact of COVID-19. * Renamed as Inspection Office in April 2020
Review of functions of the Japan Post Insurance head office • Establishing a sales structure based on ensuring solicitation quality by transferring the first-line operations such as the improvement of solicitation flow to sales-related departments • Strengthening investigation systems by concentrating the command function for the investigation operations	April 2020	Implemented	• Implemented the transfer of the first-line operations such as the improvement of solicitation flow to sales-related departments (established Solicitation Quality Improvement Office in the Sales Planning Division) and concentration of inspections and investigations to the Compliance Investigation Office (newly established) in April 2020

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Verification of effectiveness of measures by the second line at the Japan Post Insurance head office • The second line (Solicitation Management Administration Division) conducts verification of the effectiveness of each measure implemented based on the Business Improvement Plan, results of which are reported to various meeting bodies, and provide recommendations for improvements as necessary.	April 2020 onward	Implemented	• Verified the solicitation checking framework from the perspective of prevention and early detection in March 2020, and formulated improvement measures
Review of functions of the Japan Post Insurance branches • Strengthening the structure related to investigating the status of solicitation and proper solicitation	July 2020 onward	In preparation	• In preparation for a revision in October
Enhancing guidance to Area Instructors, review of their roles	July 2020 onward	In preparation	• In consideration based on the status of the review of branch functions

3. Controls through increasing the strictness of criteria for fact-finding and disciplinary action

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
More strict standards to determine incidents and disciplinary actions 1) Conducting fact-finding that does not rely on confession 2) Enhancement of investigation cooperation (self-declaration) system 3) Addition of "suspension of solicitation" and "warning" to disciplinary actions for sales personnel 4) Request Japan Post to clarify managerial responsibility and take disciplinary actions against managers 5) Selection of "employees with questionable solicitation quality" and implementation of "follow-up on sales personnel"	March 2020	Implemented	• Revised related rules in March 2020 and applied them in April • With respect to 5), registered the employees with questionable solicitation quality on the pre-checking function for underwriting starting on April 20, 2020, and implemented follow-up including restriction on preparation of coverage proposal for a certain period and confirmation by managers
Personnel changes and disciplinary actions in relation to the investigations of specified rewriting cases	In stages after the completion of investigation	Scheduled	• In preparation of disciplinary actions against the wrongdoers and related parties in the investigations of specified rewriting cases
System improvements Voice recording and maintaining record of solicitation activities	August 2020 onward	In trial	• Began trial by managers in March, and trial by some of the sales personnel on April 20, 2020 Continuing preparations for the full-scale implementation from August

Third line (Internal Audit Department)

II Checks and controls

4. Strengthen the Internal Audit Department

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Reinforcement of internal controls 1) Reinforcement of involvement of the Audit Committee in the Internal Audit Department • Prior approval of important personnel affairs in the Internal Audit Department 2) Reinforcement of functions of the Audit Committee • In addition to receiving reports on the status of solicitation, etc. and instructing further investigations as needed, provide necessary advice, etc. to executive officers in charge	1) March 2020 2) February 2020 onward	Implemented	• With respect to 1), decided on the revision of related rules in March 2020 • With respect to 2), established a framework in February 2020, in which instructions for investigations can be given to the Internal Audit Department as needed, based on reports from executive officers in charge, and discussions on the actual situation can be held based on the reports on the investigations

Status of progress of measures to prevent recurrence

Oversight by management

III Information sharing and governance

1. Thoroughly implement the PDCA cycle

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Establishment of the Japan Post Insurance call center by the Consumer Center	Implementation in August 2020	Scheduled	<ul style="list-style-type: none"> Established a dedicated call center for Japan Post Insurance manned by Consumer Affairs Expert Consultants to establish an environment in which Japan Post Insurance policyholders can consult with peace of mind Details of consultations are periodically fed back to Japan Post Holdings for utilization in guidance, etc., of Japan Post Insurance.
Establishment of the "Contact Point for Business Consultation for Japan Post Group Employees"	Implemented in February 2020	Implemented	<ul style="list-style-type: none"> Status, etc., of consultations to the "Contact Point for Business Consultation for Japan Post Group Employees" established on February 25, 2020, are summarized and then reported to Group Customer Satisfaction Promotion Liaison Meeting, etc.
Establishment of external point of contact exclusively for financial services	Implemented in March 2020	Implemented	<ul style="list-style-type: none"> Established the "Contact Point for Improper Financial Sales" on March 23, 2020, as an external point of contact for whistleblowing, and began operation
Hearing the voices of our employees 1) Japan Post Insurance suggestion box ・ Promoting efforts for corporate culture reform based on employee opinions through the suggestion box 2) Dialogue with management ・ The management team visits the area headquarters, branches, and service centers to understand opinions of the frontline employees through dialogue.	1) December 2019 2) March 2020	Implemented	<ul style="list-style-type: none"> 1) was launched in December 2019 and a total of over 400 suggestions were made by the end of May. Based on these opinions, considering initiatives including reinforcing the information transmission from the head office, introduction of frontline-oriented personnel system, etc., and establishment of a framework to quickly respond to employee opinions With respect to 2), we started successive visits to each location in late February 2020. (The visits had been suspended given the situation concerning the COVID-19 pandemic, but parts of the dialogues were restarted on May 28, 2020, by using a web communication system.)
Expansion of whistleblowing system	March 2020	Partially implemented	<ul style="list-style-type: none"> Regarding establishment and utilization of the "Contact Point for Improper Financial Sales," dissemination and status of instillation are to be confirmed through compliance training and e-learning. However, due to the impact of COVID-19, part of the said training, etc., has been postponed to the second quarter (July–September).
Sharing information concerning whistleblowing contact points	Implementing since October 2019	Implemented	<ul style="list-style-type: none"> Since October 2019, information concerning the status of utilization of the internal whistleblowing contact point, including the number of reports received by the contact point from each company, has been shared on a monthly basis among the companies at the Group Compliance Committee meetings. Status of usage of the whistleblowing contact points, including the number of whistleblowing reports received in the fiscal year ended March 31, 2020, was summarized and reported to the Group Compliance Committee (April 22, 2020), sharing information among the Group companies.

2. Strengthen governance on companies and the Group

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Reinforcement of internal controls Establishment of "deliberation" in the operation of the Board of Directors ・ In addition to establishing "deliberation," review the scope of matters to be resolved	March 2020	Implemented	<ul style="list-style-type: none"> Revisions to relevant regulations were resolved in March 2020 to establish a new "deliberation" function which will leverage the expertise of Outside Directors from the resolution drafting stage
Decision-making process in relation to important matters 1) Revision to the memorandum regarding the rules on the Group administration 2) Establishment and enhancement of committees and liaison meetings	1) Implemented in April 2020 2) Implemented by December 2019	Implemented	<ul style="list-style-type: none"> 1) Regarding the reexamination of the memorandum regarding the rules on the Group administration, a decision was made on the draft of the revised memorandum (revisions in response to the issue of Japan Post Insurance policies, etc.) by the end of March as scheduled, which took effect on April 1, 2020. 2) Various committees and liaison meetings that have been newly established, including the Group Compliance Committee, will continue to be held, and their status will be reported to the Management Committee, etc.

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Demonstration of governance function 1) Enhancing functions of the Group Steering Committee 2) Enhancing functions related to sales and operations at Japan Post Holdings	1) Implementing since December 2019 2) Implementing since January 2020	Implemented	<ul style="list-style-type: none"> 1) For the month of March, discussed responses to COVID-19 and business plans for the next fiscal year, etc. Has been adjourned since April 12, 2020, due to the impact of COVID 19 (will continue discussing future management strategies, etc. after the containment of COVID-19) 2) Reported issues and concerns regarding sales and operations of each business subsidiary for the month of March to the Management Committee
Establishment of the Group Compliance Committee	Implementing since October 2019	Implemented	<ul style="list-style-type: none"> Monthly Group Compliance Committee meetings have been held since October 2019 to share information on the status of the improper solicitation incidents discovered by the investigations of Japan Post Insurance policies, as well as major incidents and initiatives related to compliance and risks. Matters reported to the Committee are reported to the Management Committee and the Board of Directors on a monthly basis.
Follow-up on the opinions, etc., made at the Compliance Committee of Japan Post Holdings	Implementing since December 2019	Implemented	<ul style="list-style-type: none"> Matters deliberated at meetings of the Compliance Committee of Japan Post Holdings (held on a quarterly basis) are reported at meetings of the Management Committee and the Board of Directors. The matters deliberated in the third Committee meeting for the fiscal year ended March 31, 2020 (January 24), were reported to the Management Committee (February 14) and the Board of Directors (February 25), and the matters deliberated in the fourth Committee meeting (March 24) were reported to the Management Committee (March 31) and the Board of Directors (April 23), respectively.
Implementation of on-site monitoring at post offices, etc., by Japan Post Holdings	Implementing since January 2020	Implemented	<ul style="list-style-type: none"> On-site monitoring at post offices, etc., was scheduled to be conducted from May 2020, but postponed to July onward due to the impact of COVID-19. Number of sites for monitoring in the fiscal year ending March 31, 2021 (scheduled), is as follows: [Japan Post] Post offices: 40–60 locations Financial consulting divisions: 6–8 locations Regional offices: 6–8 locations [Japan Post Insurance] Branches: 6–8 locations Area headquarters: 6–8 locations From this fiscal year onward, coordinate with business subsidiaries with a view to conducting on-site monitoring in July onward Number of sites for monitoring in July and August (scheduled) is as follows: [Month of July] Post offices: 10 locations Financial consulting divisions: 5 locations Regional offices: 1 location Branches: 1 location Area headquarters: 1 location [Month of August] Post offices: 9 locations Financial consulting divisions: 5 locations Branches: 2 locations
Enhancement of the Group Internal Audit Liaison Committee, etc.	Implementing since November 2019	Implemented	<ul style="list-style-type: none"> Results of the on-site monitoring in the fourth quarter as well as issues and future initiatives of Audit Divisions of each Group company were summarized and reported to the Group Internal Audit Liaison Committee, etc. (March 25, 2020) Status of audits during the first quarter on the Basic Policies for Customer-First Business Operations are scheduled to be reported to the Group Internal Audit Liaison Committee for the month of June.

Status of progress of measures to prevent recurrence

Japan Post Insurance Japan Post Japan Post Holdings

3. Monitor improvement measures and regularly announce the progress

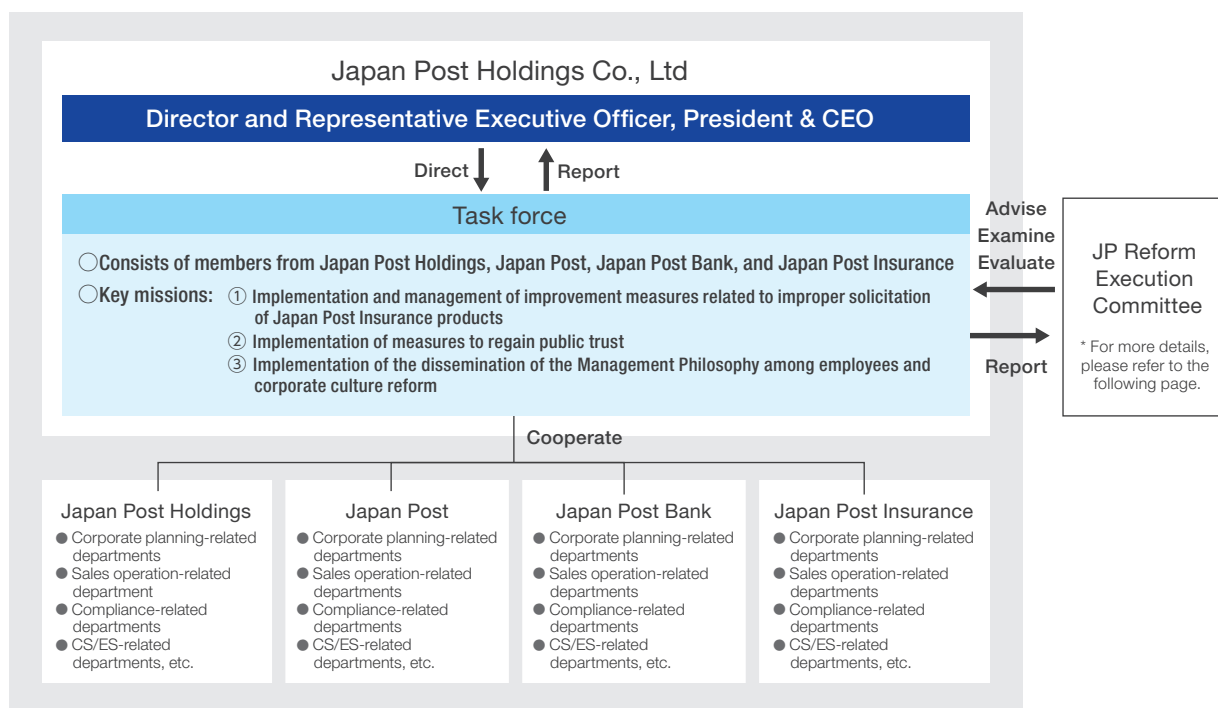
Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Delivery of the message from the top management	At the time of resuming operations	Scheduled	<ul style="list-style-type: none"> Consider the appropriate method of delivering a message in order to deliver the message from the top management to all employees on the importance of "customer-first business operations" at the time of resuming operations
Initiatives for managing the progress of the improvement measures and achieving customer-first business operations	Managing the progress of the improvement measures: Implemented since February Achieving customer-first business operations: Implemented since April	Partially implemented	<ul style="list-style-type: none"> The JP Reform Execution Committee consisting of external experts was set up on April 2, 2020, and the first meeting was held on the same day and the second, on May 27. Departments in charge of each measure explained the progress of the Japan Post Group's improvement measures for verification, and reported on each measure for customer-first business operations at the second meeting.
Initiatives for instilling the Management Philosophy	Implemented since April	Scheduled	<ul style="list-style-type: none"> At the meetings of the Japan Post Group task force members, considered specific measures (including preparation of tools for instilling the Management Philosophy and organizing a forum by the management) while receiving advice from an external consulting company, and reported to the second JP Reform Execution Committee on May 27, 2020

For the latest information, please visit Japan Post Holdings Group's website (<https://www.japanpost.jp/en/>).

(As of May 31, 2020)

■ Establishment of a Japan Post Holdings cross-company task force

In response to the issues associated with the solicitation quality of Japan Post Insurance products, a Group-wide task force was established directly under the President & CEO of Japan Post Holdings in order for each and every member of the management team and employees to share the awareness of transforming ourselves into a company truly trusted by customers and for the entire Group to unite to prevent recurrence, regain public trust and disseminate the Management Philosophy and reform the corporate culture of the Japan Post Holdings Group.



■ Establishment of the JP Reform Execution Committee

In response to the issues related to solicitation quality of Japan Post Insurance products, we established the JP Reform Execution Committee (the “Committee”) on April 2, 2020, based on the belief that it is necessary for us to receive intense examination and evaluation of various measures that we undertake by external experts from a fair and neutral standpoint in order to further reinforce the compliance system and the governance system of the Japan Post Holdings Group, thoroughly reform the corporate culture which has allowed the issues to be prevalent within the Group, ensure prevention of recurrence, and thereby work to regain public trust in the Japan Post Holdings Group.

The Committee members include compliance experts, corporate governance experts, an attorney at law, a person related to a consumers’ association and a person related to the financial field, who have specialized expertise in fields in which improvements are deemed to be necessary for the Japan Post Holdings Group.

Committee meetings were held three times in total by the end of June 2020 (April 2, May 27, and June 18 of 2020) with attendance by presidents of Japan Post Holdings, Japan Post, Japan Post Bank, and Japan Post Insurance.

The Committee examined the status of progress of the business improvement plan and the activities aimed at regaining trust and discussed each of the measures to foster the customer-first business attitude.

The meetings will also be held on a regular basis in the future.

The materials (only available in Japanese), etc., distributed in the Committee meetings are disclosed on Japan Post Holdings’ website.

List of JP Reform Execution Committee members

Chairperson	YAMAUCHI Hirotaka	Specially Appointed Professor, Graduate School of Business Administration, Hitotsubashi University
	KAJIKAWA Toru	Chairman, Grant Thornton Taiyo LLC
	NOMURA Shuya	Professor of Law, Chuo Law School
	MASUDA Etsuko	President, Japan Association of Consumer Affairs Specialists
	YOKOTA Tomoyuki	Attorney at law, Seiryō Law Office (Former Justice of the Supreme Court, Former Deputy Prosecutor-General of the Supreme Public Prosecutors Office)

