

UNOFFICIAL TRANSLATION

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.



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Results and Future Initiatives on Investigation of Rewritten Insurance Policies

JAPAN POST HOLDINGS Co., Ltd. ("Japan Post Holdings"; Chiyoda-ku, Tokyo; Masatsugu Nagato, Director and President, CEO, Representative Executive Officer), together with JAPAN POST Co., Ltd. ("Japan Post"; Chiyoda-ku, Tokyo; Kunio Yokoyama, President and CEO) and JAPAN POST INSURANCE Co., Ltd. ("Japan Post Insurance"; Chiyoda-ku, Tokyo; Mitsuhiro Uehira, Director and President, CEO, Representative Executive Officer), is hereby announcing the results and future initiatives on the investigation of rewritten insurance policies announced in the release entitled "Implementation of Investigation on Rewritten Insurance Policies at the Japan Post Group" dated July 31, 2019, as per the attachment.

1. Results of investigation of rewritten insurance policies by Japan Post Insurance

(1) Summary of investigation of rewritten insurance policies by Japan Post Insurance

We have conducted an investigation of (i) specified rewriting cases (*) and (ii) all of our insurance policies.

In the course of our investigation of specified rewriting cases, we have confirmed with the applicable customers the circumstances of the solicitation process and their intentions for the reinstatement of their policies, and put priority on compensating disadvantages experienced by affected customers. In addition, based on the result of the confirmations from customers, we have been conducting the investigation into the sales personnel.

In the course of our investigation of all insurance policies, we have been confirming whether customers' policies are in line with their intentions or not. According to their requests and opinions, we have been conducting further investigations and taking other relevant measures.

We have conducted the investigation in an appropriate manner by providing explanation to and receiving advice from the Special Investigative Committee, which composed of neutral and fair external experts, 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)

(2) Results of investigation of specified rewriting cases

① Results of confirmation of customers' intentions

In regard to the investigation of specified rewriting cases, we described the applicable case for each customer covered by the scope of the investigation and sent out documents containing questions (number of cases: approximately 183 thousand; number of customers after accounting for policies held by the same person: approximately 156 thousand). Subsequently, we confirmed customer intentions at the time of enrollment through making phone calls on different days of the week, or at different times of the day, and by visiting elderly customers.

We are trying various measures in order to notify as many customers as

possible by making repeat visits to customers whom we could not contact and investigating the current addresses of customers whose documents did not arrive due to incorrect mailing addresses.

For those customers whom we could not contact despite the above activities, we asked them to answer a questionnaire to confirm their intentions that we sent via specified registered mail, which keeps a record of the items posted, along with an enclosed return-envelope to enable them to reply. In addition, we have been continuing to attempt to confirm intentions through phone calls and visits.

Despite all of the above activities, for those customers who we could not confirm their intentions, we sent out return-request mails, which were delivered by Japan Post's delivery personnel. The delivery personnel, when delivering these questionnaires, requested that recipients fill out the attached return postcard to indicate the day of the week and the time that are convenient for them. Depending on the contents of the postcard, we have been repeatedly taking various contact methods such receiving replies to our questionnaires, conducting visits and making phone calls at times convenient for customers. In doing so, we have continued to request customers to confirm their intentions.

The management of Japan Post Holdings, Japan Post and Japan Post Insurance have shared and confirmed the progress of these measures from time to time and considered the need for additional measures. In cases where additional measures were needed, they have sent employees of the Japan Post Group to Japan Post Insurance as necessary. Through these measures, the Japan Post Group as a whole has worked to confirm the intentions of customers.

As a result, we were able to contact approximately 154 thousand customers (98%), of which we were able to confirm the intentions of approximately 128 thousand customers (82%).

Going forward, we will continue to strive to contact and confirm the intentions of customers.

Confirmation status*1

| | Targets | |
|---|------------------|-------|
| | No. of customers | Ratio |
| Customers who have been contacted (a) | 154 thousand | 98% |
| Customers whose intentions have been confirmed | 128 thousand | 82% |
| Customers who requested detailed explanations about the reinstatement of their policies*2 | 45 thousand | 29% |
| Customers contacted who have yet to respond | 26 thousand | 17% |
| Customers who could not be notified due to non-arrival of notification documents (b) | 3 thousand | 2% |
| Total 《 (a) + (b) 》 | 156 thousand | 100% |

*1 Confirmed as of December 13, 2019. Number of cases for which customers' intention have been confirmed is 148 thousand (81%) out of the total of 183 thousand (The total number of policies is approximately 194 thousand).

*2 Refer the next page for the breakdown of each category.

② Status of policy reinstatement initiatives

For those customers who have requested policy reinstatement, we are listening carefully to such requests and performing procedures in accordance with the customer's intentions and convenience, as far as possible, such as by making proposals again in line with the customer's request.

In regard to the status of policy reinstatements, 45,462 customers have requested detailed explanations, and we have provided guidance on the procedures for policy reinstatements to 26,390 customers. Of this number, 15,324 customers requested reinstatement. We have finished the process for reinstatement for 14,755 customers.

In regard to cases of multiple overlapping insurance policies (category E : 34,283 customers), which accounts for a total of approximately 75% of the above total detailed explanation requests, we have provided explanations to 23,907 customers and completed reinstatement measures for 14,695 customers (approximately ¥420 million).

In addition, for those customers who did not request detailed explanations of policy reinstatements, we have been sending out letters of thanks for their cooperation in the investigation. Going forward, when there is a request for policy reinstatement, we will confirm the circumstances of the solicitation process and respond to the policy reinstatement request as appropriate.

We will continue to listen to our customers' voice carefully and work to compensate customers for disadvantages experienced.

Breakdown for each category for requesting detailed explanation*1

| Category | Outline of specified cases to be investigated* | Number of customers who have requested detailed explanations | Number of cases for which explanation have been completed | Number of customers who have requested reinstatement |
|----------|---|--|---|--|
| A | Rewriting cases in which the previous policy was cancelled but the new policy underwriting were declined | 2,597 | 757 | 128 |
| 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 | 925 | 343 | 109 |
| C | Rewriting cases in which sales personnel could have made more reasonable proposal such as switching riders or decreasing insurance amounts | 3,452 | 756 | 193 |
| D | Cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased | 2,188 | 623 | 198 |
| E | Cases of overlapping insurance because the previous policy was canceled after the rewriting period (cancelled during the period seven to nine months after date of writing of the new policy) | 34,283 | 23,907 | 14,695 |
| F | Cases in which the previous policy was canceled during the period four to six month before the date of writing new policy | 2,017 | 4 | 1 |
| Total | | 45,462*2 | 26,390 | 15,324 |

*1 Confirmed as of December 13, 2019.

*2 Corresponding to number of customers who have requested detailed explanations for policy reinstatements.

③ Status of sales personnel investigations

a. Methods of investigating sales personnel

Based on the results of our confirmations of customer intentions for specified rewriting cases, we have been investigating sales personnel to check if there were any cases that may involve the violation of laws and regulations or of internal rules through interviews with sales personnel and other measures, after explanation, as necessary, to and with the advice from Special Investigative Committee. (Referred to herein as “Sales personnel investigations”)

In the investigation, we are judging each case fairly through ① a fact-finding process based on factual confirmations based on written materials supervised

by an attorney, ② interviews with multiple investigators to secure objectivity, and ③ fact-finding with over 20 attorneys based on the results of survey and interviews.

In conducting the investigation, if sales personnel admit to violations of law or regulation or of internal rules and fully cooperate in the investigation, we have instituted reductions or exemptions from the usual disciplinary measures. Through this new method, we are prioritizing the early identification of underlying causes.

In order to proceed with an investigation that is both consistent and fair, we are working to establish and review the facts by comprehensively considering objective facts, evidence and reliable statements from customers or third-parties, without undue reliance on the statements of sales personnel.

In addition, we have established a system designed to ensure that we are able to make appropriate judgments for all issues by conducting confirmations of the standards we have established and our reviews of facts by an attorney.

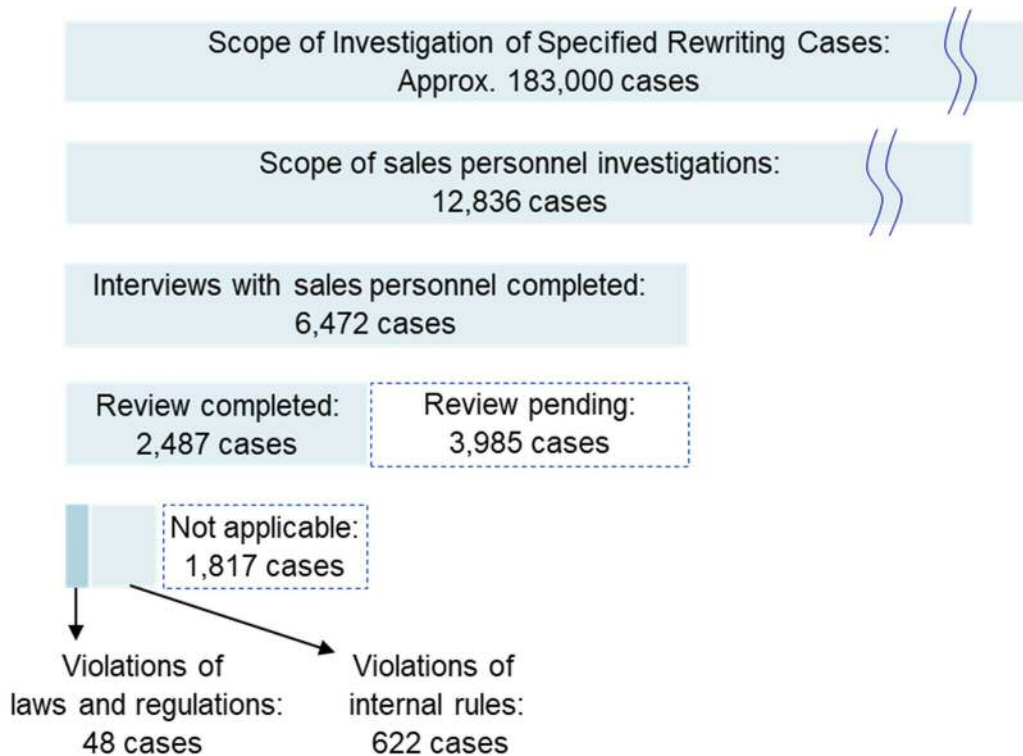
b. Status of sales personnel investigations

In our interim report, we reported that the potential number of violations of laws and regulations or internal rules was 6,327 out of the total of 183 thousand specified rewriting cases. Since then, we have expanded the coverage of the investigation as necessary following our examination of customers' responses.

As of December 15, the number of cases requiring investigations of sales personnel is 12,836 cases, and there are 6,472 cases in which interviews with the relevant sale personnel have been completed. As a result, we have identified 2,487 cases of violations of laws and regulations or internal rules. Out of those cases, we have identified 48 cases of violations of laws and regulations and 622 cases of violations of internal rules. We will continue to conduct the investigations of sales personnel in a fair manner.

In addition, we would like to express our sincere apologies to all stakeholders affected and will thoroughly conduct various measures for management of solicitation process in order to avoid a reoccurrence of these issues 【see section 2】

【Status of sales personnel investigations (as of December 15, 2019)】



c. Selected actual examples of cases examined

(a) Cases of violations of laws and regulations (Definition: violations of the Insurance Business Act, such as non-notice of matters disadvantageous to customers and false explanations to customers)

- Sales personnel falsely explained to customers that, when rewriting, pre-rewriting policies could not be cancelled after a period of six months (Article 300, paragraph 1, item 1 of the Insurance Business Act; falsely informing)

(b) Cases of violations of internal rules (Definition: Violations of internal rules, such as procedures for policy rewriting)

- Sales personnel asked customers desiring to rewrite their outstanding policies to wait for a period of six months in order to improperly inflate their sales results. In response to this, the customer accepted the offer and delayed the cancellation by seven months as requested (Circumvention of required period for policy rewriting)
- In a case of cancelling a pre-rewriting policy on the assumption of enrolling in a new policy, sales personnel, having been entrusted by the customer to act on their behalf, entered the customer into a policy three

months or more following cancellation of the previous policy, in order to gain credit for sales of such policy (Circumvention of required period for policy rewriting)

(c) Cases in which neither violation of laws and regulations or internal rules were found

- A policy was investigated for the potential delayed cancellation of a pre-rewriting policy without reasonable grounds, but based on our reconfirmation of the customer's intentions, the cancellation of the policy was in line with customer's needs for funding, and there is no contradiction with sales personals' verbal explanations of the case. We judged the case to not be a violation of laws and regulations or internal rules.
- Because the affected customer said that the sales personnel recommended that they continue the policy until maturity, we investigated the relevant sales personnel for the potential delayed cancellation of a pre-rewriting policy without reasonable grounds. However, we confirmed that the maturity would occur in five years, and the cancellation at the decision of the affected customer his or herself. We judged the case to not be a violation of laws and regulations or internal rules.

(3) Status of the investigation of all insurance policies

① Status of replies and content analysis

In regard to the investigation of all insurance policies, as of December 13, we have received approximately 1 million replies to return-postcards sent to approximately 19 million customers.

We received requests from approximately 420 thousand customers, such as requests for change of address and explanation of contract terms. In addition, we received opinions about how customers entered into a policy because they were convinced at the time of sale by sales personnel, but, upon further thought, they could have examined the policy contents more closely beforehand if they had received further explanation, and that they had felt anxious about the recent news reports and wondered whether their own insurance policies were appropriate. In addition, we also receive opinions of gratitude and encouragement.

While we are continuing to confirm and respond to the opinions and requests

of our customers, we have received a large amount of such feedback and we are responding for them with a group-wide effort.

Based on the many opinions and requests received, in addition to utilizing them to improve solicitation activities, we will continue to listen to our feedback from customers gained through various methods, such as contact through the annual 'Notification of Policy Coverage' documentation and visits through 'follow-up activities.' In addition, we will continue to strive to match more closely the intentions of our customers.

② Future initiatives

Separately from specified rewriting cases, based on the answers and opinions from customers through the investigation of all insurance policies, we have identified cases where sales personnel intentionally repeated new policy applications and cancellations, potentially causing disadvantages to customers.

In these cases, as we have already announced on June 27, we are conducting remedial measures for customers who have enrolled in multiple policies such as explaining the status of their contracts and reconfirming the customers' intentions.

We identified certain cases where sales personnel led customers to change the insured at new enrollment or to shorten the maturity of existing contracts to fund for new enrollment. We will compensate disadvantages caused to customers as necessary by thoroughly reconfirming customers' complaints or opinions.

In particular, for elderly customers, we will conduct thorough investigations by reconfirming the customer's intention with their family.

We have already implemented measures to prevent customers from being enrolled in multiple policies unintentionally by sales personnel by refraining from sales and by not crediting sales personnel for sales from July of this year, but we intend to make further improvements, including the abolition of incentive payments for policy rewriting, in Section 2.

2. Solicitation quality management measures for the time being

Based on the results of the investigation of policies, an internal analysis and the findings presented by the Special Investigative Committee, we will implement the following initiatives for the time being (including the improvement measures already announced and implemented, and [] shows the timing to start those measures). Going forward, we strive to examine and introduce necessary measures.

(1) Review of sales targets and benefits

We will implement the following initiatives for sales targets to change the

previous system of setting sales targets, allowances and evaluations that were focused on the acquisition of new policies. [April 2020]

- Shift from the sales targets focused on new sales amounts to a net increase in premiums
- Introduction of new index for net sales of new contracts to currently uninsured customers
- Establishment of performance assessments for organization and staff linked to the aforementioned sales targets, and add solicitation quality as a factor in the assessment standard

As for incentive payments, we will be taking necessary measures to implement initiatives as follows [April 2020 onward].

- Abolition of incentive payments for policy rewriting that are currently paid (at 50% of the allowances for normal new contract) .
- Revision of salary for sales personnel (adjustments of basic salary/allowance balance).

(2) Strengthening of customer-focused sales activities

① Provide customer-focused consulting services

Through an internal questionnaire, we found many complaints about the vagueness of the fair solicitation rules, suggesting lack of effectiveness in our education and training. We recognize that there has been inadequate awareness of the necessity for legal compliance among the sales staff. Based on this finding, we will define a customer-first standard sales model for the products of Japan Post Insurance, to be thoroughly implemented [April 2020].

In addition, we will provide customer-first consulting services on an ongoing basis in which our employees at post offices pay close attention to customers' future life plans and provide products and services that meet the objectives of such plans.

To do this, we will first implement training to provide sales staff with the wide-ranging knowledge on our products needed to offer customer-first consulting services, and to ensure quality of solicitation.

Furthermore, to reform our methods for post office staff training, we will create the new position of "Consulting Advisors" (provisional title) as instructors on customer-first consulting. In addition, we will place Sales Capability Training

Centers under the direct supervision of the headquarters of Japan Post in order to provide training on customer-first consulting services [April 2020].

② Increase sophistication of customer information management

Reflecting on the insufficient use of systems designed to manage customer information in order to prevent cases that could cause disadvantages to customers, we will establish a system in which customer information related to products provided by Japan Post Insurance are managed in a consolidated manner. In addition, we will develop and utilize a system for solicitation quality management by verifying customers' past policy records at post offices and branches of Japan Post Insurance [April 2020 onward].

In the future, Japan Post will develop a system enabling centralized control over all information including investment trusts and financial products provided by partner financial institutions along with developing of customer-first consulting services.

③ Strengthen verification process of customers' intentions

Reflecting on the insufficient procedures and systems for checking the insurance application process at post offices, as well as the underwriting process at Japan Post Insurance, we will be implementing a multi-layered system for verification of customers' intentions for applications for which we have doubt about solicitation quality, which shall be conducted by post office managers as well as by a dedicated call center of Japan Post Insurance [January 2020].

Meanwhile, on receiving requests for cancellation from customers through sales personnel, the call center of Japan Post Insurance will verify customer's intentions and whether they received explanation about potential disadvantages, in addition to the explanations and verifications by sales personnel of post office [January 2020].

Moreover, we intend, in the future, to accept cancellations only at post office counters (not from sales personnel)

④ Restructure the organization with a view to strengthening solicitation management

Our branches' functions have been focusing on agency support for sales promotion, but we plan to shift to agency support/guidance balancing sales promotion and improvement measures in order to secure solicitation quality [April

2020 onward].

The Financial Liaison Department (which is currently in charge of financial products sales personnel) of Japan Post shall be renamed the “Financial Consulting Department” (provisional title) and create the “Financial Consulting Headquarters” (provisional title), which will be newly established at Japan Post’s regional headquarters, to strengthen the management structure. In addition, we will charge the managers of counter operations with responsibility for solicitation quality in addition to the managers of finance liaison operations. [By April 2020].

(3) Expand the functions of the compliance and audit departments

Reflecting on the inadequate functioning of our internal control systems concerning insurance solicitation, such as checks by the compliance department and internal audits by the audit department, we will expand the functions of compliance and audit departments across JP Group [April 2020].

- Strengthening the staffing and organization structure in the compliance department (at Japan Post Insurance and Japan Post)
- Implementation of theme-specific audits specializing in the solicitation process of Japan Post Insurance products (at Japan Post)
- Inclusion of an element of “customer-first” operations in the scope of audit, inspection and monitoring in addition to compliance with laws, regulations and internal rules and development of a scheme in which procedures from inspection to implementation of measures can be done in an integrated way while strengthening collaboration between departments (at Japan Post).
- Implementation of monitoring of frontline operations at business subsidiaries by the audit department of Japan Post Holdings, including direct audit where necessary.

(4) Measures for policy rewriting

① Introduction of a conditional cancellation system and policy conversion system

We recognize that we have not prioritized examining and introducing measures to allow for the adjustment of insurance policy contents or products from a customer-first point of view. We will be committed to the early introduction of conditional cancellation system [January 2020], along with policy conversion system to enable transitions to new policies without cancellation of existing policies [October 2020 onward, as soon as possible].

② Extension of policy rewriting qualifying period

From the perspective of preventing circumvention of required periods for policy rewriting, we will extend the policy rewriting qualifying period and introduce a system to display alert messages and add reconfirmation process for policy rewriting in close proximity to the relevant periods. (The policy rewriting period is currently set beginning three months prior to, and ending six months after, the underwriting of the new policy. This will be extended) [April 2020 onward].

(5) Develop new products

Japan Post Insurance has been unable to freely develop and provide various insurance products because of regulatory restrictions. As a result, our main products have been “savings-type” products such as endowment insurance and annuities. Going forward, we will prepare for obtaining approvals of new products more closely meeting our customers’ insurance needs, including those of working age customers.

(6) Change and strengthen the scheme for the investigation of sales personnel

As for the procedure of policy investigations and fact finding, we previously did not treat certain cases as improper solicitation when sales personnel denied improper actions toward customers. This has led to a delay in recognizing the importance of improper solicitation, which has prevented sufficient analyses of underlying causes and consideration of preventive measures. We therefore plan to implement the following initiatives.

- We will ensure transparency of the solicitation process by recording and keeping a voice record of the solicitation process using the mobile devices carried by sales personnel, to develop a system that can verify whether sales personnel’s proposal met the customer’s intentions, in case of a customer complaint [trial basis implementation scheduled in April 2020].
- We will carry out fact finding concerning an improper solicitation of an insurance contract that apparently caused disadvantage to the customer, based on the response from the customer as well as credible circumstantial evidence, even if the sales personnel denies such solicitation, which shall be followed up by disciplinary action as appropriate.
- Disciplinary actions against sales personnel previously comprised just two levels, namely “termination of operations” and “strict warning.” We will add “suspension of solicitation,” which suspends solicitation activities for a certain period, and “warning,” which requires the verification of all solicitation

procedures by the manager of post office for a certain period.

- Japan Post Insurance shall send the manager a written caution as part of the guidance to sales personnel. Japan Post shall clarify the role and responsibility of managers, and take rigorous disciplinary actions if there is the manager laziness.
- In conducting the investigation, if sales personnel admit to violations and fully cooperate in the investigation, we will continue to reduce or exempt the sales personnel from the usual disciplinary actions.

Through this, we will enhance our efforts to identify underlying causes of inappropriate solicitation [April 2020].

(7) Reform corporate culture

① Firmly cement a philosophy of ‘customer-first business operations’

We recognize that employees in the JP Group did not have sufficient awareness of the philosophy of ‘customer-first business operations’. We will send a message from management to employees to reinforce this philosophy. In addition, we will declare to our customers that all members of the JP Group promise to ‘implement thorough measures for compliance matters’ and ‘establish customer-first business operations’.

② Understand the voices of employees

We recognize that we could not identify the unseen issues and their causes surrounding policy rewriting and other insurance solicitation when faced with potential cases of improper policy rewriting and other inappropriate insurance solicitation or their allegations. We will set up a new employee contact point exclusively for financial services, including sales proposals of Japan Post Insurance [By March 2020].

In addition, we strive to understand the voices of our employees by establishing a contact point for consultations from Japan Post Group employees on issues they experience in the course of their daily work [February 2020], while introducing a system that allows Japan Post Insurance employees to directly make suggestions to President [December 2019].

③ Strengthening of the collaborations between the Group companies

Reflecting on the inadequate cooperation between departments as a result of vertical sectionalism, we will establish and strengthen Group-wide liaison

committees on various management issues including internal audit, compliance, operational risk and promotion of customer satisfaction, with a view to strengthening cooperation among the Group companies [implementation completed].

In addition, we will enhance the function of the Group Operation Committee which has been utilized by the senior management of the Group companies as a place for sharing awareness of Group-wide operations, whereby the Committee shall further be utilized as a place for discussion among the senior management of the Group as well as for making and receiving reports on the important matters at business subsidiaries such as the recent rewriting issues.

(8) Management of the progress of improvement measures

In order to ensure the implementation of these improvement measures, management will take responsibility for planning and managing the progress of these initiatives, and we plan to disclose the progress on a regular basis.