

**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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**Progress of the Business Improvement Plan, etc.**

JAPAN POST HOLDINGS Co., Ltd. (Chiyoda-ku, Tokyo; MASUDA Hiroya, Representative Executive Officer, President & CEO), JAPAN POST Co., Ltd. (Chiyoda-ku, Tokyo; KINUGAWA Kazuhide, President and CEO) and JAPAN POST INSURANCE Co., Ltd. (Chiyoda-ku, Tokyo; SENDA Tetsuya, President, CEO, Representative Executive Officer) hereby announce that the companies reported the progress of the business improvement plan (estimated as of the end of May 2020), based on “Administrative Dispositions against Japan Post Insurance” dated December 27, 2019, and the status of the investigation of policies at Japan Post Insurance to the JP Reform Execution Committee.

The progress of the business improvement plan and the status of the investigation of policies at Japan Post Insurance are described in the following pages.

## Establishing an appropriate sales promotion scheme

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

Foster a customer-first mindset throughout the organization, and build a system in which the practice of insurance policy solicitation based on this mindset is appropriately evaluated.

#### (1) Review the code of conduct reflect the customer-first philosophy

Establishment of a code of conduct (solicitation policy, Basic Policies for Customer-first Business Operations) 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" (February 2020)

Embodiment

#### (2) Set the Standard of Japan Post Insurance Sales

Formulation of a standard sales model, whereby "products are proposed upon accurately identifying true coverage needs based on customers' concerns for the future and their current situations using a survey form, etc." (February 2020)

Instill among all employees

#### (3) Instill a code of conduct based on the customer-first philosophy

##### ■ Training for all employees

Continuously conduct training for the understanding and establishment of the code of conduct based on the customer-first philosophy, including the training for instilling the "Standard of Japan Post Insurance sales" (started in February 2020)

##### ■ Implementation of coaching-based management training

Conduct managerial training for shifting from the sales promotion management-driven management method to a management/guidance method using coaching-based approach

##### ■ Establishment of system for promoting comprehensive consulting (April 2020)

- 1) Renamed Financial Services Division of post offices as "Financial Consulting Division" and established a new "Financial Consulting Administration Division" at each branch
- 2) Renamed the Sales Capabilities Development Institute as the "Consultant Training Center," which now reports directly to the head office
- 3) Newly appointed "Consulting Advisors," instructors capable of providing instruction on comprehensive consulting

Consistent

#### (4) Revision of the system including sales targets

- 1) Set sales targets involving higher solicitation quality (No sales targets set for FY2020)
- 2) Increase the weight of various evaluation criteria for solicitation quality
- 3) Review the ratio of basic salary to sales incentive for the sales personnel (April 2020)
- 4) Review the sales personnel commendation based on customer-first sales activities to put greater emphasis on solicitation quality (no sales personnel commendation for Japan Post Insurance products in FY2020)

#### (5) Improvement of the mechanisms for reviewing coverage

- 1) Conditional cancellation system (January 2020)  
Achieves seamless continuation of coverage under the system at the time of policy rewriting
- 2) Policy conversion system  
When adjusting coverage, allows for a payment of insurance benefit within the scope of coverage under the policy prior to the adjustment, even when insurance benefit is not payable under the policy after the adjustment

Control

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

### II. Checks and controls

Prevent the occurrence of policies that are not in line with the intentions of customers

#### (1) Implement multi-layered checks from policy applications to the conclusion of a policy

- 1) Check at post offices
  - (a) (Pre-application / post office) Expand the pre-checking function for underwriting (Added to the scope in April 2020)
  - (b) (Post-application / post office) Conduct verification of customers' intentions by post office managers (Added to the scope in April 2020)  
(Going forward, establish a system environment that enables utilization of enhanced customer information (Expansion started in April 2020))
- 2) Check at Japan Post Insurance
  - (a) (Post-application / Japan Post Insurance) Conduct verification of customers' intentions by the application call center (January 2020)  
Conduct verification of customers' intentions by the call center for cancellations (January 2020)
  - (b) (Conclusion of a policy / Japan Post Insurance) Conduct verification of customers' intentions at the time of the underwriting process through checking of all policies (Added to the scope in April 2020)

## Second line (head office, etc.)

### II. Checks and controls

#### (2) Strengthen systems to realize appropriate solicitation management

- Reinforce staff in the areas of solicitation management, compliance, and customer services departments
- 1) Reinforce the structure of solicitation quality instruction specialists (Organizational revision in April 2020)
  - 2) Strengthen and revise the investigation systems at the second line of the Japan Post Insurance head office (Organizational revision in April 2020) and branches
  - 3) Detection of complaints and in-depth analysis of the causes (In stages from December 2019 onward)

#### (3) Controls including increasing the strictness of criteria for fact-finding and disciplinary action

- 1) Conduct fact-finding that does not rely on confession (November 2019)
- 2) Record and keep a voice record and a video record of the solicitation process (Started trial implementation in March 2020 for voice recording)
- 3) Take disciplinary actions according to the condition and level of improper solicitation (Added suspension of solicitation and warning)
- 4) Take rigorous disciplinary actions for managers of sales personnel found to have engaged in improper solicitation

## Third line (Internal Audit Department)

### II. Checks and controls

#### (4) Strengthen Internal Audit Department

- 1) Reinforce the human resources and organizational structure, and audit with higher efficacy by strengthening risk assessment (Decided on organizational revision in February 2020)
- 2) Strengthen coordination with the Audit Committee (Continuously implement from February 2020 onward)

Establishing an appropriate sales promotion scheme  
(Instill customer-first sales)

Strengthening of the appropriate solicitation quality control scheme  
(Prevention of policies that are not in line with customer intentions)

Oversight by management

Strengthening governance by the Board of Directors, etc.

### III. Information sharing and governance

Upon strengthening governance based on accurate information, thoroughly implement the PDCA cycle, and steadily carry out and instill improvement measures to prevent recurrence

#### (1) Thoroughly implement the PDCA cycle

Identify and analyze various information including customer complaints, as well as employee opinions received at the contact point for business consultation (February 2020) and the external point of contact exclusively for financial services (March 2020) with higher risk sensitivity, and verify the effectiveness of the improvement measures and make revisions upon in-depth discussions

#### (2) Strengthen governance on companies and the Group

Strengthen the Board of Directors, etc. of each company by utilizing the insight of Outside Directors, and establish a Group Liaison Meeting for internal controls to conduct in-depth discussions

#### (3) Monitor improvement measures and regularly announce the progress

Establish a task force for implementing various improvement measures (January 2020), which is being monitored by a third party, and announce the status on a regular basis

## 1 Investigations of specified rewriting cases/ Investigations of all insurance policies

- In regard to the investigations of specified rewriting cases, we confirmed the circumstances surrounding solicitation at the time of application, as well as customers' intentions on policy reinstatements, with approximately 156,000 customers via post, telephone, and home visit, and finished responding to the customers as of the end of March 2020, except for cases that cannot be finished due to reasons attributable to customers. (Policy reinstatements have been carried out for 42,019 customers as of May 17, 2020.)
- In regard to the sales personnel investigations in connection with the investigations of specified rewriting cases, we have mostly completed the review of sales personnel investigations by the end of April 2020, which identified 315 cases (involving 420 personnel) of violation of laws and regulations, and 3,275 cases (involving 2,211 personnel) of violation of internal rules as of May 20, 2020. We have already started remedial training for the sales personnel who were identified to have violated laws and regulations or internal rules, based on the results of the sales personnel investigations in connection with the investigations of specified rewriting cases (1,335 personnel are subject to training as of June 1, 2020).
- In regard to the investigations of all insurance policies, we conducted confirmation of customers' intentions with approximately 19 million customers via letters enclosing reply postcards, receiving more than one million replies. The process of responding has been completed by the end of March 2020, including explaining about the policy coverage and procedures for changing the address, except for the cases that could not be finished due to reasons attributable to customers. With respect to the cases involving customer reasons, such as customer requests for policy adjustments, we are continuing to make our best efforts, such as by carrying out procedures for eliminating disadvantages, which is scheduled to be completed tentatively by the end of June 2020. In addition, out of opinions, etc. submitted by the customers, we have confirmed that 3,547 cases may fall under potential violations of laws and regulations or internal rules, as of May 18, 2020.

## 2 Additional investigation of all insurance policies

### A [Status of investigation of multiple policies]

- In regard to the customers who are to receive priority responses (897 policyholders), we have completed confirmations of policy coverage and customers' intentions with approximately 94% of them as of May 20, 2020. In regard to the customers other than those receiving priority responses (5,532 policyholders), we have completed confirmations of policy coverage and customers' intentions with approximately 83% of them, almost completing the confirmation process except for the cases that cannot be finished due to reasons attributable to customers. We are continuously working on the customers yet to be reached, by confirming intentions via post.
- In regard to the part of investigations of multiple policies which has been implemented from last year\*, we have taken disciplinary actions in the form of termination of solicitation operations against 75 personnel at present (including five retired personnel subjected to penalties equivalent to termination of solicitation operations). Meanwhile, two personnel were subjected to disciplinary actions in the form of strict warnings.

\* Refer to the press-release dated June 27, 2019.

### B [Investigations other than the above investigation of multiple policies]

- In regard to the investigations other than those of multiple policies, we started in March 2020 to contact the customers who have policies for high insurance premium or experienced policy rewriting such as a change of the insured or type of insurance, through visiting by staff of Japan Post Insurance or sending letters to confirm intentions. 7,753 customers have been reached, and the policy coverage and customers' intentions have been confirmed with 3,621 customers (approximately 47%) as of May 20, 2020. Going forward, in regard to the policyholders who have policy rewriting using a system to shorten the maturities of existing contracts, we plan to complete the confirmation of customers' intentions by around the end of June 2020.

## ■ Status of investigations of multiple policies

As of May 20, 2020

Status of contact, and confirmations of policy coverage	Priority response (*1)		Others (*2)	
	Number of applicable customers	Ratio	Number of applicable customers	Ratio
Customers whom we have been able to contact	857	96	4,812	87
Customers whose policy coverage and their intentions have been confirmed	846	94	4,577	83
In line with customers' intentions (*3)	353	39	2,437	44
Not in line with customers' intentions (*4)	493	55	2,140	39
Customers with whom we have already made appointments	11	1	235	4
Customers with whom we are making appointments	40	5	720	13
Total	897	100	5,532	100

\*1 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.)

\*2 Customers who have applied for 10 or more policies, of which 30% or more have been cancelled, in the last five years.

\*3 Customers who cancelled or applied for policies in line with their intentions such as "for the financing of business," "for funds for home renovations," or customers whose family members are sales personnel.

\*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.

## 3 Home visits to regain customers' trust and to confirm policy coverage

- In addition to the above cases to be investigated, through providing home visits to regain customers' trust and to confirm policy coverage, we are listening carefully to customer's opinions and requests. Moreover we will aim to compensate customers for disadvantages caused by policy coverage which doesn't suit customers' intention sincerely. As part of above activities, we are confirming the policy coverage by sending questionnaires for the approximately 1,800 corporate customers who experienced policy rewriting. 1,807 corporate customers (approximately 99%) have confirmed their policy coverage as of May 22, 2020, of which 24 corporate customers requested further detailed policy coverage confirmation. We will carry out such detailed confirmation by visits as well as phone calls.

## 4 Continuing follow-up support and improvement of policy coverage confirmation activities

- We will continue to listen to our customers' voices through various methods, such as improvement of our ongoing efforts to confirm policy coverage and of the annual "Notification of Policy Coverage" documentation sent to customers. In addition, we will continue to strive to match more closely the intentions of our customers.

### Measures in response to the growing effects of the novel coronavirus disease

#### \*Impact on policy investigations and sales personnel investigations

In light of the growing effects of the novel coronavirus disease, we are refraining from visiting our customers in the course of conducting the investigations of policies while continuing to provide explanations to customers through postal mail and phone calls. In regard to the sales personnel investigations, we have suspended our investigations by interviews, in principle. Based on the status of the declaration of state of emergency being lifted, we have resumed these investigations utilizing home visits and face-to-face interviews in some regions, as well as investigations utilizing online devices. Nonetheless, depending on the future development of the spread of the impact of COVID-19, the progress of the investigations may be delayed.

# Progress of the Business Improvement Plan

May 27, 2020  
JAPAN POST HOLDINGS Co., Ltd.  
JAPAN POST Co., Ltd.  
JAPAN POST INSURANCE Co., Ltd.

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

- The Business Improvement Plan submitted on January 31, 2020 must be followed up by reports on its progress on a regular basis. The first report on the progress as of the end of February was submitted to the authorities on March 13, 2020 (Friday), which was disclosed to the public on the same day.
- Thereafter, we are required to report the progress to the authorities every three months. We will be reporting on and disclosing the status as of the end of May by June 15, 2020.
- Despite changes to the method of implementing training and suspension of inspections due to the impact of COVID-19, the progress is generally as scheduled across the Group, having implemented most of the measures as originally scheduled as of the end of May 2020.
- Progress of each measure under the Business Improvement Plan as of the end of May 2020 is as follows.

### Establishing an appropriate sales promotion scheme

Blue...Japan Post Insurance  
 Yellow...Japan Post  
 Orange...Japan Post Holdings

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

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>(1) Review the code of conduct reflect the customer-first philosophy</b>			
<b>Formulation of the code of conduct for customer-first business operations</b>	February 2020	Implemented	• Determined the details of the revisions to the solicitation policy in February (revised in April)
<b>Management and training for thoroughly implementing customer-first - Clarifying basic policies for solicitation</b>	April 2020	Implemented	• Revised the basic policies for solicitation (Sales/Service Policy and Basic Policies for Customer-first Business Operations) in April 2020
<b>(2) Set the Standard of Japan Post Insurance Sales</b>			
<b>Set the Standard of Japan Post Insurance sales</b>	February 2020	Implemented	• Set a “Standard of Japan Post Insurance sales” based on a solicitation policy that reflects the customer-first philosophy
<b>(3) Instill a code of conduct based on the customer-first philosophy</b>			
<b>Training based on the Standard of Japan Post Insurance sales</b>	March 2020	Implemented	• <u>Conducted training on the significance and basic concept of the “Standard of Japan Post Insurance sales” by the end of March</u> • Continuously conduct training from April onward
<b>Management and training for thoroughly implementing customer-first - Training to improve knowledge and skills necessary for financial consulting</b>	March 2020	Implemented	• 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

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>Review of the training system, etc. for managers</b>	In stages from April 2020 onward	Scheduled	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Development of the framework for promoting comprehensive consulting</b>	April 2020	Implemented	<ul style="list-style-type: none"> <li>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</li> <li>Newly appointed Consulting Advisors, instructors capable of providing instruction on comprehensive consulting, from April 2020, revising the method for instructing the post office employees</li> <li>Renamed the Sales Capabilities Development Institute as the "Consultant Training Center," making it report directly to the head office from April 2020</li> </ul>

### (4) Revision of the system including sales targets

<b>Setting appropriate sales targets</b> - 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"> <li>In order to regain customer trust as the top priority, sales targets for the front-line employees will not be set for FY2020</li> </ul>
<b>Reflecting the perspective of solicitation quality in sales targets, etc.</b>	After resuming normal operations	In preparation	<ul style="list-style-type: none"> <li>After resuming normal operations, reflect the perspective of solicitation quality in the status check and verification by the department in charge</li> </ul>
<b>Personnel evaluation and reward</b>	April 2020	Implemented	<ul style="list-style-type: none"> <li>Newly established evaluation items and criteria for solicitation quality in April 2020 for personnel evaluation of counter services personnel and sales personnel*, etc.                * Renamed as consultants from April 2020</li> </ul>

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>Measures for policy rewriting (quasi-policy conversion)</b> <b>1) Revision of sales allowance* (half payment to non-payment)</b> <b>2) Extension of the rewriting qualifying period (from 3 prior / 6 after to 12 prior / 13 after)</b> *Sales results have been revised to non-recording in August 2019	March 2020	Implemented	<ul style="list-style-type: none"> <li>• <u>Implemented revision of sales allowance and expansion of the rewriting qualifying period from April 2020</u></li> </ul>
<b>Incentive measures</b>	April 2020	Implemented	<ul style="list-style-type: none"> <li>• As sales targets will not be set for FY2020, determined not to organize sales personnel commendation in FY2021 based on FY2020 results</li> </ul>
<b>(5) Improvement of the mechanisms for reviewing coverage</b>			
<b>Introduction of a conditional cancellation system</b>	January 2020	Implemented	<ul style="list-style-type: none"> <li>• For the adjustment of insurance policy content or products from a customer-first point of view, introduced a conditional cancellation system</li> </ul>
<b>Introduction of a policy conversion system</b>	ASAP after October 2020	In preparation	<ul style="list-style-type: none"> <li>• Conducting system development and preparations for license acquisition, with a view to April 2021 introduction</li> </ul>
<b>Developing new products meeting our customers' insurance needs</b>	Continuously consider from April 2020 onward	In preparation	<ul style="list-style-type: none"> <li>• Continuously considering the enhancement of product line-up for coverage-based products, which are in high demand from customers and whose market is expanding</li> </ul>



## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

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

#### II. Checks and controls

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>(1) Implement multi-layered checks from policy applications to the conclusion of a policy</b>			
<b>First line checking functions</b> (Check at post offices) 1) Expansion of the pre-checking function for underwriting 2) Subject to 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 <u>expansion of scope*</u> 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
<b>System improvements</b> <b>Increasing sophistication of customer information management</b> - 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
<b>Review of items listed in the sales activities log</b>	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



## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

### Second line (head office, etc.)

#### II. Checks and controls

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>(2) Strengthen systems to realize appropriate solicitation management</b>			
<b>Strengthening of insurance solicitation management framework at Japan Post branches</b>	April 2020	Implemented	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Verification of the management framework for insurance solicitation quality</b>	Being implemented from November 2019	Partially implemented	<ul style="list-style-type: none"> <li>Continuously conducting the verification of the management framework for insurance solicitation quality at all post offices by the employees of the Auditors Office*. <b>However, inspections, etc. have been suspended due to the impact of COVID-19</b></li> </ul> <p><small>*Renamed as Inspection Office in April 2020</small></p>
<b>Review of functions of the Japan Post Insurance head office</b> <ul style="list-style-type: none"> <li>- 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</li> <li>- Strengthening investigation systems by concentrating the command function for the investigation operations</li> </ul>	April 2020	Implemented	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Verification of effectiveness of measures by the second line at the Japan Post Insurance head office</b> <ul style="list-style-type: none"> <li>- 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</li> </ul>	April 2020 onward	Implemented	<ul style="list-style-type: none"> <li>Verified the solicitation checking framework from the perspective of prevention and early detection in March 2020, and formulated improvement measures</li> </ul>
<b>Review of functions of the Japan Post Insurance branches</b> <ul style="list-style-type: none"> <li>- Strengthening the structure related to investigating the status of solicitation and proper solicitation</li> </ul>	July 2020 onward	In preparation	<ul style="list-style-type: none"> <li>In preparation for a revision in October</li> </ul>
<b>Enhancing guidance to Area Instructors, review of their roles</b>	July 2020 onward	In preparation	<ul style="list-style-type: none"> <li>In consideration based on the status of the review of branch functions</li> </ul>

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>(3) Controls including increasing the strictness of criteria for fact-finding and disciplinary action</b>			
<b>More strict standards to determine incidents and disciplinary actions</b> <ol style="list-style-type: none"> <li>1) Conducting fact-finding that does not rely on confession</li> <li>2) Enhancement of investigation cooperation (self-declaration) system</li> <li>3) Addition of “suspension of solicitation” and “warning” to disciplinary actions for sales personnel</li> <li>4) Clarification of managerial responsibility and request for disciplinary actions</li> <li>5) Selection of “employees with questionable solicitation quality” and implementation of “follow-up on sales personnel”</li> </ol>	March 2020	Implemented	<ul style="list-style-type: none"> <li>• <u>Revised related rules in March 2020 and applied them in April</u></li> <li>• 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</li> </ul>
<b>Personnel changes and disciplinary actions in relation to the investigations of specified rewriting cases</b>	In stages after the completion of investigation	Scheduled	<ul style="list-style-type: none"> <li>• In preparation of disciplinary actions against the wrongdoers and related parties in the investigations of specified rewriting cases</li> </ul>
<b>System improvements</b> <b>Voice recording and maintaining record of solicitation activities</b>	August 2020 onward	In trial	<ul style="list-style-type: none"> <li>• <u>Began trial by managers in March, and trial by some of the sales personnel on April 20, 2020.</u> Continuing preparations for the full-scale implementation from August</li> </ul>

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

### Third line (Internal Audit Department)

#### II. Checks and controls

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>(4) Strengthen Internal Audit Department</b>			
<b>Reinforcement of internal controls</b> <b>1) Reinforcement of involvement of the Audit Committee in the Internal Audit Department</b> - Prior approval of important personnel affairs in the Internal Audit Department <b>2) Reinforcement of functions of the Audit Committee</b> - 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	<ul style="list-style-type: none"> <li>• With respect to 1), <u>decided on the revision of related rules in March</u></li> <li>• With respect to 2), established a framework in February, 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</li> </ul>

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

### Oversight by management

#### III. Information sharing and governance

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>(1) Thoroughly implement the PDCA cycle</b>			
<b>Establishment of the Japan Post Insurance call center by the Consumer Center</b>	Implementation in August	Scheduled	<ul style="list-style-type: none"> <li>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</li> <li>Details of consultations are periodically fed back to Japan Post Holdings for utilization in guidance, etc. of Japan Post Insurance</li> </ul>
<b>Establishment of the “Contact Point for Business Consultation for Japan Post Group Employees”</b>	Implemented in February 2020	Implemented	<ul style="list-style-type: none"> <li>Status, etc. of consultations to the “Contact Point for Business Consultation for Japan Post Group Employees” established on February 25, 2020 are summarized and reported to Group Customer Satisfaction Promotion Liaison Meeting, etc.</li> </ul>
<b>Establishment of external point of contact exclusively for financial services</b>	Implemented in March 2020	Implemented	<ul style="list-style-type: none"> <li>Established the “<u>Contact Point for Improper Financial Sales</u>” on March 23, 2020 as an external point of contact for whistleblowing, and began operation</li> </ul>
<b>Hearing the voices of our employees</b> <b>1) Japan Post Insurance suggestion box</b> - Promoting efforts for corporate culture reform based on employee opinions through the suggestion box <b>2) Dialogue with Management</b> - The management team visits the area headquarters, branches, and service centers to understand opinions of the front-line employees through dialogue	1) December 2019 2) March 2020	Implemented [2) has been suspended]	<ul style="list-style-type: none"> <li>1) was launched in December 2019 and a total of over 300 suggestions were made by the end of April. Based on these opinions, considering initiatives including reinforcing the information transmission from the head office, introduction of front-line-oriented personnel system, etc., and establishment of a framework to quickly respond to employee opinions</li> <li>With respect to 2), began visits to each site in stages from late February. However, it has been suspended in light of the status of the infection of COVID-19</li> </ul>

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>Expansion of whistleblowing system</b>	March 2020	Partially implemented	<ul style="list-style-type: none"> <li>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. <b>has been postponed to the second quarter (July – September)</b></li> </ul>
<b>Sharing information concerning whistleblowing contact points</b>	Implementing since October 2019	Implemented	<ul style="list-style-type: none"> <li><u>Status of usage of the whistleblowing contact points, including the number of whistleblowing reports received in FY2019, was summarized and reported to the Group Compliance Committee (April 22, 2020), sharing information among the Group companies</u></li> </ul>

### (2) Strengthen governance on companies and the Group

<b>Reinforcement of internal controls</b> <b>Establishment of “deliberation” in the operation of the Board of Directors</b> - In addition to establishing “deliberation,” review the scope of matters to be resolved	March 2020	Implemented	<ul style="list-style-type: none"> <li><u>Decided on revisions to the related rules in March</u></li> </ul>
<b>Decision-making process in relation to important matters</b> <b>1) Revision to the memorandum regarding the rules on the Group administration</b> <b>2) Establishment and enhancement of committees and liaison meetings</b>	1) Implemented in April 2020 2) Implemented by December 2019	Implemented	<ul style="list-style-type: none"> <li>1) <u>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</u></li> <li>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.</li> </ul>

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>Demonstration of governance function</b> <b>1) Enhancing functions of the “Group Steering Committee”</b> <b>2) Enhancing functions related to sales and operations at Japan Post Holdings</b>	1) Implementing since December 2019 2) Implementing since January 2020	Implemented	<ul style="list-style-type: none"> <li>• 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)</li> <li>• 2) Reported issues and concerns regarding sales and operations of each business subsidiary for the month of March to the Management Committee. (Reported on “status of response to the incident involving mail authentication officers” and “status of response to the government request for distributing face masks”)</li> </ul>
<b>Establishment of the Group Compliance Committee</b>	Implementing since October 2019	Implemented	<ul style="list-style-type: none"> <li>• Held the Group Compliance Committee (March 3 and April 22, 2020) 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</li> </ul>
<b>Follow-up on the opinions, etc. made at the Compliance Committee of Japan Post Holdings</b>	Implementing since December 2019	Implemented	<ul style="list-style-type: none"> <li>• Based on the deliberation at the Compliance Committee of Japan Post Holdings (March 24, 2020) and report to the Management Committee (March 31, 2020), reported the status of promotion of the Group compliance to the Board of Directors (April 23, 2020)</li> </ul>

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<p><b>Implementation of on-site monitoring at post offices, etc. by Japan Post Holdings</b></p>	<p>Implementing since January 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• <u>Number of sites for monitoring in FY2020 (scheduled) is as follows:</u> <ul style="list-style-type: none"> <li>[Japan Post] <ul style="list-style-type: none"> <li>Post offices 40 – 60 locations</li> <li>Financial consulting divisions 6 – 8 locations</li> <li>Regional offices 6 – 8 locations</li> </ul> </li> <li>[Japan Post Insurance] <ul style="list-style-type: none"> <li>Branches 6 – 8 locations</li> <li>Area headquarters 6 – 8 locations</li> </ul> </li> </ul> </li> <li>• From this fiscal year onward, coordinate with business subsidiaries with a view to conducting on-site monitoring in July onward</li> <li>• <u>Number of sites for monitoring in July and August (scheduled) is as follows:</u> <ul style="list-style-type: none"> <li>[Month of July] <ul style="list-style-type: none"> <li>Post offices 10 locations</li> <li>Financial consulting divisions 5 locations</li> <li>Regional offices 1 location</li> <li>Branches 1 location</li> <li>Area headquarters 1 location</li> </ul> </li> <li>[Month of August] <ul style="list-style-type: none"> <li>Post offices 9 locations</li> <li>Financial consulting divisions 5 locations</li> <li>Branches 2 locations</li> </ul> </li> </ul> </li> </ul>
<p><b>Enhancement of the Group Internal Audit Liaison Committee, etc.</b></p>	<p>Implementing since November 2019</p>	<p>Implemented</p>	<ul style="list-style-type: none"> <li>• 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)</li> <li>• 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</li> </ul>



## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<b>(3) Monitor improvement measures and regularly announce the progress</b>			
<b>Delivery of the message from the top management</b>	At the time of resuming operations	Scheduled	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Initiatives for managing the progress of the improvement measures and achieving customer-first business operations</b>	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"> <li>Launched the “JP Reform Execution Committee” comprised of external experts on March 31, 2020, and held the first meeting on April 2, 2020 and the second meeting on May 27, 2020</li> <li>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</li> </ul>
<b>Initiatives for instilling the Management Philosophy</b>	Implemented since April	Scheduled	<ul style="list-style-type: none"> <li>At the meetings of the Japan Post Group task force members, <u>considered specific measures (including preparation of tools for instilling the Management Philosophy and organizing a forum by the management)</u> while receiving advice from an external consulting company, and <u>reported to the second “JP Reform Execution Committee” on May 27, 2020</u></li> </ul>

## Progress of the Business Improvement Plan (Estimated as of the end of May 2020)

### [Reference] Progress by company

	Item	1) End of February (Reported on March 13, 2020)		2) End of May (estimated) (To be reported by June 15, 2020)		3) End of August (estimated) (To be reported by September 15, 2020)	
		Partially implemented	Implemented	Partially implemented	Implemented	Partially implemented	Implemented
Japan Post Insurance	1. Actions on sales personnel (6 measures)	3	0	0	6	0	6
	2. Sales promotion framework (7 measures)	1	0	3	3	2	4
	3. Organizational culture (9 measures)	2	1	1	7	2	7
	4. Solicitation management framework (22 measures)	3	7	9	11	10	11
	5. Governance (14 measures)	2	2	8	6	8	6
	<b>Total (58 measures)</b>	<b>11</b>	<b>10</b>	<b>21</b>	<b>33</b>	<b>22</b>	<b>34</b>
Japan Post	1. Actions on specified rewriting cases (2 measures)	0	0	1	0	1	1
	2. Establishment of sales promotion framework (10 measures)	2	4	1	8	1	8
	3. Development of organizational culture (18 measures)	5	3	0	17	0	18
	4. Establishment of solicitation management framework (20 measures)	7	8	2	17	1	18
	5. Enhancement of governance (23 measures)	5	13	2	20	1	21
	<b>Total (73 measures)</b>	<b>19</b>	<b>28</b>	<b>6</b>	<b>62</b>	<b>4</b>	<b>66</b>
Japan Post Holdings	1. Decision-making process on important matters (1 measure)	1	0	0	1	0	1
	2. Demonstration of governance functions (1 measure)	0	1	0	1	0	1
	3. Enhancement of Group compliance functions (6 measures)	0	5	0	6	0	6
	4. Enhancement of Audit Division functions (2 measures)	0	2	0	2	0	2
	5. Establishment of framework for instilling the Management Philosophy and radical enhancement of governance for implementing improvement measures (3 measures)	1	0	1	0	2	0
	<b>Total (13 measures)</b>	<b>2</b>	<b>8</b>	<b>1</b>	<b>10</b>	<b>2</b>	<b>10</b>

## Verification of the Progress of the Business Improvement Plan

May 27, 2020

### Section I: Key focus in verifying the progress of the business improvement plan

1. Recommendations and points presented by the Special Investigative Committee
2. Key focus in the verification

### Section II: Progress in the verification to date

1. Overall progress of the business improvement plan
2. Progress in compensating customers for disadvantages experienced as part of the investigations of insurance policies
  - (1) Confirmation of customers' intentions
  - (2) Policy reinstatements and policy adjustments
3. Progress of the sales personnel investigations and disciplinary actions
4. Progress in the main improvement measures based on the recommendations by the Special Investigative Committee
  - (1) Enhanced transparency of the solicitation process (by visual and voice recording)
  - (2) Development of a framework whereby a system can easily detect policies involving the risk of improper solicitation at the front-line sales
  - (3) Revision of incentives and personnel evaluation system that excessively focus on acquisition of new policies
  - (4) Thorough disciplinary actions against the sales personnel who committed improper solicitation and their managers
  - (5) Establishment of a whistleblowing system specializing in solicitation-related compliance and the regular reporting on the matters reported through the system

End