

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.



July 16, 2020

Company name: Japan Post Holdings Co., Ltd.
Representative: MASUDA Hiroya
Director and Representative Executive
Officer, President & CEO
(Code number: 6178, First Section of
the Tokyo Stock Exchange)
Contact: IR Office (Phone: +81-3-3477-0206)

Conditions for Resumption of Sales of Japan Post Insurance Products, Etc.

JAPAN POST HOLDINGS Co., Ltd. (Chiyoda-ku, Tokyo; MASUDA Hiroya, Director and 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, Director and President, CEO, Representative Executive Officer) hereby announce that the companies reported the specific evaluation indicators pertaining to the conditions for the resumption of sales of Japan Post Insurance products and the progress of activities at the respective companies (as of June 30, 2020) to the JP Reform Execution Committee.

The specific evaluation indicators pertaining to the conditions for the resumption of sales of Japan Post Insurance products and the progress of activities at the respective companies are described in the following pages.

Evaluation Criteria for Resuming Sales Activities for Japan Post Insurance Products and
Progress of Each Companies' Improvement Measures (as of June 30)

Criterion 1. Policy investigations to regain customers' trust must progress according to the schedule that we announced in the Business Improvement Plan, and we can confirm the steps taken to compensate for customers' disadvantages.

Concrete Indicator	Progress	
<ul style="list-style-type: none"> ● Investigations of specified rewriting cases, investigations of all insurance policies and additional investigations of all insurance policies are progressing according to the schedule that we announced in the Business Improvement Plan submitted to regulatory authorities and discussed in our presidents' regular media interviews ● We can confirm the progress of compensation for customers' disadvantages through policy reinstatement and are approaching our goal to compensate all customers who have experienced disadvantages. 	Investigations of specified rewriting cases	<ul style="list-style-type: none"> ▪ Since August 2019, we have sent notification documents to approx. 156 thousand applicable customers for specified rewriting cases and confirmed their intentions by phone calls or home visits. ▪ <u>We have confirmed the intentions of approx. 136 thousand customers (approx. 87%) except for cases that could not be finished due to reasons attributable to customers*</u>. *For example, 'the customer is absent for long term and hopes to receive an explanation at a later date' or 'there is a need to arrange for elderly customers' family to accompany the customer when receiving explanations. ▪ <u>Of the approx. 49 thousand customers have requested detailed explanations and compensation for disadvantages experienced through policy reinstatements, we have finished responding to approx. 47 thousand customers (approx. 96%) except for cases that cannot be finished due to reasons attributable to customers*</u>. *For example, where we are waiting for customers' reply to reinstate their policies.
	Investigations of all insurance policies	<ul style="list-style-type: none"> ▪ <u>We have confirmed the intentions of approx. 1,025 thousand customers (approx. 100%) except for cases that cannot be finished due to reasons attributable to customers*</u>, in response to 1,028 thousand customers who replied to our notification documents. *For example, customers whose replies we received only recently. ▪ For the 8 thousand customers who requested policy reinstatement, we have finished reviewing approx. 81% of these cases and notified customers of the result of these reviews in approx. 62% of these cases.
	Additional investigations of all insurance policies	
	【Investigations of multiple policies】	<ul style="list-style-type: none"> ▪ <u>For the 6,429 applicable customers, we have confirmed 6,109 customers' policy coverage and their intentions (approx. 95%), except for cases that cannot be finished due to reasons attributable to customers*</u>. *For example, we could not contact them even by repeated phone calls and home visits. ▪ <u>2,612 customers have requested compensations for disadvantages experienced, and we have confirmed 1,782 customers' intentions (approx. 68%).</u>
【Investigations other than the	<ul style="list-style-type: none"> ▪ <u>For the 7,753 customers investigated through home visits by our staff, we have confirmed 7,132 customers' intentions (approx. 92%). For customers investigated through mailing of notification</u> 	

	above investigation of multiple policies]	<p><u>documents, we have received approx. 21 thousand replies and confirmed approx. 20 thousand customers' intentions (approx. 98%).</u></p> <p>*Because of the spread of COVID19, we stopped some confirmation activities by home visits temporarily, which has caused minor delays in the progress of confirmations. However, we instead conducted our confirmations by mail, phone calls and home visits.</p> <p>*In areas where the state of emergency was lifted, we restarted confirmation activities by home visits, while implementing infection prevention measures and monitoring the status of infection, requirements from local governments and customers' requests.</p> <ul style="list-style-type: none"> ▪ <u>We have compensated 748 customers for disadvantages experienced (approx. 31%) among the 2,424 customers investigated through home visits by our staff who requested compensation for disadvantages experienced. We have compensated 222 customers for disadvantages experienced (approx. 16%) among the 1,388 customers investigated through mailing of notification documents who requested compensation for disadvantages experienced.</u> <p>The additional investigations (other than the investigations of multiple policies) described above represent the current status as of the date hereof resulting from our efforts to complete the confirmation of customers' intentions by the end of June 2020.</p>
	Others	<ul style="list-style-type: none"> ▪ Other than for the above, since May 2020, we have confirmed policy coverage by sending questionnaires to 1,818 corporate customers, and 28 of them requested detail explanations. We have confirmed their policy coverage by the end of June excluding 3 corporate customers that could not be finished due to reasons attributable to customers. We will contact these customers and explain sincerely.

Criterion 2. Suspension of solicitation operations must be appropriately enforced done against sales personnel who actually violate laws and regulation or internal rules and those who are likely to have done so.

Concrete Indicator	Progress																												
<ul style="list-style-type: none"> We can identify sales personnel who actually violate laws and regulation or internal rules and who are likely to have done so, and suspend their solicitation operations appropriately. 	<p>Investigations of specified rewriting cases</p>	<ul style="list-style-type: none"> The number of sales personnel who violated laws and regulations or internal rules is <u>2,448</u>. Breakdown is as follows (as of June 25) . <table border="1" data-bbox="873 351 2004 893"> <thead> <tr> <th>Category of violations</th> <th>Suspension period of sales activities</th> <th>Disciplinary action for sales license</th> <th>Number of applicable sales personnel</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Violations of laws and regulations: 420 sales personnel</td> <td>-</td> <td>Termination of solicitation operations</td> <td>7</td> </tr> <tr> <td>3 or 6 months</td> <td>Severe reprimand</td> <td>334</td> </tr> <tr> <td colspan="2">Disciplinary action pending in order to allow for appeals by sales personnel</td> <td>79</td> </tr> <tr> <td rowspan="4">Violations of internal rules: 2,194 sales personnel</td> <td>-</td> <td>Termination of solicitation operations</td> <td>4</td> </tr> <tr> <td>1~6 months</td> <td>Severe reprimand</td> <td>590</td> </tr> <tr> <td>2 or 3 weeks</td> <td>Exempt from disciplinary action</td> <td>1,513</td> </tr> <tr> <td colspan="2">Disciplinary action pending in order to allow for appeals by sales personnel</td> <td>87</td> </tr> </tbody> </table> <p><Total number of Disciplinary Actions></p> <p style="text-align: center;">Total number : 2,448 sales personnel</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <ul style="list-style-type: none"> • Termination of solicitation operations : 11 • Suspension of solicitation operations from 1~6 months : 924 • Suspension of solicitation operations from 2 or 3 weeks : 1,513 </div> <ul style="list-style-type: none"> • Disciplinary action pending in order to allow for appeals by sales personnel : 166 	Category of violations	Suspension period of sales activities	Disciplinary action for sales license	Number of applicable sales personnel	Violations of laws and regulations: 420 sales personnel	-	Termination of solicitation operations	7	3 or 6 months	Severe reprimand	334	Disciplinary action pending in order to allow for appeals by sales personnel		79	Violations of internal rules: 2,194 sales personnel	-	Termination of solicitation operations	4	1~6 months	Severe reprimand	590	2 or 3 weeks	Exempt from disciplinary action	1,513	Disciplinary action pending in order to allow for appeals by sales personnel		87
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	<p>Additional investigations of all insurance policies</p>	<p>Through investigations of multiple policies, we identified sales personnel who were the subject of complaints from multiple customers that their insurance policies are not in line with their intentions or who received requests from multiple customers for invalidation of their insurance contracts and classified them as 'sales personnel prioritized for investigation', even if we have not yet started their investigations. <u>We suspend sales activities of applicable 1,153 sales personnel.</u></p>																											

* Categories of sales personnel prioritized for investigation and breakdown of number of sales personnel are as follows.

Category of sales personnel prioritized for investigation	Number of sales personnel
① Sales personnel who were the subject of complaints from multiple customers that their insurance policies are not in line with their intentions	182
② Sales personnel who received requests from multiple customers for invalidation of their insurance contracts	892
③ Sales personnel meeting both ① and ②	79
Total	1,153

- In the process of other investigations, we will identify other sales personnel who fall into the categories above, classify them as prioritized sales personnel for investigation, and suspend their sales activities. (Based on the additional investigations results, we plan to classify 845 sales personnel as prioritized sales personnel in August.)

Criterion 3. We must confirm the steps for appropriate disciplinary actions against sale personnel who violate laws and regulations or internal rules and their managers.

Concrete Indicator	Progress																											
<ul style="list-style-type: none"> Rules for disciplinary action for sales licenses and employment penalties against sales personnel who violate laws and regulations or internal rules have been organized and actually implemented. Rules for disciplinary action against managers of sales personnel who violate laws and regulations or internal rules have been organized and actually implemented. 	<p>➤ Disciplinary action for sales licenses by Japan Post Insurance</p> <p>(1) Specified rewriting cases</p> <p>According to the category of violations and whether the applicable employee cooperated with investigations, we have decided the length of suspensions of sales activities and disciplinary actions for sales licenses.</p> <p><Number of disciplinary actions></p> <table border="1" data-bbox="622 497 1980 999"> <thead> <tr> <th>Category of violations</th> <th>Length of suspension of sales activities</th> <th>Disciplinary action for sales licenses</th> <th>Number of applicable sales personnel</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Violations of laws and regulations: 420 sales personnel</td> <td>-</td> <td>Termination of solicitation operations</td> <td>7</td> </tr> <tr> <td>3 or 6 months</td> <td>Severe reprimand</td> <td>334</td> </tr> <tr> <td colspan="2">Disciplinary action pending in order to allow for appeals by sales personnel</td> <td>79</td> </tr> <tr> <td rowspan="4">Violations of internal rules: 2,194 sales personnel</td> <td>-</td> <td>Termination of solicitation operations</td> <td>4</td> </tr> <tr> <td>1~6 months</td> <td>Severe reprimand</td> <td>590</td> </tr> <tr> <td>2 or 3 weeks</td> <td>Exempt from disciplinary action</td> <td>1,513</td> </tr> <tr> <td colspan="2">Disciplinary action pending in order to allow for appeals by sales personnel</td> <td>87</td> </tr> </tbody> </table> <p><Number of disciplinary actions in each category></p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Total number : 2,448 sales personnel</p> <ul style="list-style-type: none"> •Termination of solicitation operations : 11 •Suspension of solicitation operations for 1~6 months : 924 •Suspension of solicitation operations for 2 or 3 weeks : 1,513 </div> <p>•Disciplinary action pending in order to allow for appeals by sales personnel : 166</p> <p>(2) Specific cases involving multiple policies (48 cases) that we have been investigating from FY2019 in our ordinary business activities</p>	Category of violations	Length of suspension of sales activities	Disciplinary action for sales licenses	Number of applicable sales personnel	Violations of laws and regulations: 420 sales personnel	-	Termination of solicitation operations	7	3 or 6 months	Severe reprimand	334	Disciplinary action pending in order to allow for appeals by sales personnel		79	Violations of internal rules: 2,194 sales personnel	-	Termination of solicitation operations	4	1~6 months	Severe reprimand	590	2 or 3 weeks	Exempt from disciplinary action	1,513	Disciplinary action pending in order to allow for appeals by sales personnel		87
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According to the category of violations, we have decided on disciplinary actions for sales licenses.

<Number of disciplinary actions>

as of June 25

Category of violations	Length of suspension of sales activities	Disciplinary action for sales licenses	Number of applicable sales personnel
Violations of laws and regulations: 77 sales personnel	-	Termination of solicitation operations	75
	3 or 6 months	Severe reprimand	2

(3) Additional investigations

According to the category of violations and whether the applicable employee cooperated with investigations, we have decided the length of suspensions of sales activities and disciplinary actions for sales licenses.

(4) Others

According to the category of violations and whether the applicable employee cooperated with investigations, we have decided the length of suspensions of sales activities and disciplinary actions for sales licenses.

■ Schedule

	Disciplinary action for sales licenses
(1) Specified rewriting cases	<ul style="list-style-type: none"> Sales personnel who have to suspend their sales activities have been required to participate in training sessions from April 2020 accordingly. As for sales personnel whose disciplinary action is pending in order to allow for appeals, we plan to decide their treatment by July 2020.
(2) 48 specific multiple policies cases	<ul style="list-style-type: none"> We plan to investigate 39 sales personnel who were involved in the cases and judge whether violations of laws occurred or not, and to decide disciplinary action for sales licenses by July 2020.
(3) Additional investigations	<ul style="list-style-type: none"> As for personnel designated as 'sales personnel prioritized for investigation', we plan to finish their investigations by early July and judge whether violations of laws occurred or not by the end of July

	2020. • We are going to decide disciplinary action for sales licenses from late July 2020.
(4) Others	• We will investigate cases requiring investigation as they are uncovered on an ongoing basis.

➤ **Employment penalties by Japan Post Co.**

Because Japan Post Insurance has given notice about disciplinary action for sales licenses involving the specified rewriting cases and cases involving multiple policies accordingly, Japan Post Co. has begun to administer employment penalties for sales personnel and managers since mid-June.

Japan Post Co. has received detailed statements about violations by sales personnel and, following inspections thereof, has determined and administered the appropriate penalties.

(1) Investigations of specified rewriting cases

【Sales personnel】

Japan Post Co. has started implementing of penalties for the sales personnel subject to disciplinary actions for sales licenses (Penalties implemented starting in July) .

※ In the case of sales personnel involved not only in specified rewriting cases but other cases, Japan Post Co. plans to begin implementing penalties after the completion of investigations of the other cases.

【Managers】

Japan Post Co. is currently identifying the sales personnel involved in the specified rewriting cases and other cases and their managers.

(2) 48 specific multiple policies cases

【Sales personnel】

Japan Post Co. terminated the employment of 2 sale personnel (in March).

Japan Post Co. will begin the administration of other penalties for sales personnel according to the number of cases they are involved in and the seriousness of such cases (Penalties to be administered from July) .

【Managers】

Japan Post Co. is currently investigating the fault of managers individually (Starting in July, with penalties to be administered once fault has been confirmed) .

(3) Additional investigations

Japan Post Co. will begin administering penalties as it is notified of the disciplinary actions for sales licenses for sales personnel and their managers.

(4) Cases other than (1)-(3)

When we recognize the possibility that violations of laws and regulations or internal rules have occurred, we will conduct sales personnel investigations and judge whether such violations have occurred or not.

(5) We are considering whether to carry out penalty against responsible managers in the headquarters and local branches.

■ Schedule

	Employment penalty for sales personnel	Employment penalty for managers
(1) Specified rewriting cases	From July 2020 onward	After investigations for all sales personnel are completed, we will identify their managers and administer penalties after confirming managers' fault.
(2) 48 specific multiple policies cases	From July 2020 onward	Currently confirming the fault of the managers. Penalties to be administered from July 2020 onward following confirmation of fault.
(3) Additional investigations	After investigations of sales personnel and administration of disciplinary actions for sales licenses	Same as (1)
(4) Others		

- ※ When sales personnel submit letters of resignation and the level of employment penalty would be expected to be termination, Japan Post Co. will carry that employment penalty prior to other cases.
- ※ For the number of applicable employees subject to employment penalties, the number of sales personnel subject to penalties and the number of disciplinary actions for sales licenses (including exemptions therefrom) is basically the same (the final result will depend on additional examinations of fault). The number of managers is not clear at present (the final number will depend on the confirmation of responsibility and fault).

Criterion 4. We must establish an appropriate solicitation quality control scheme in order to avoid occurrence of improper sales.

Concrete Indicator	Progress
<ul style="list-style-type: none"> The establishment of an appropriate solicitation quality control scheme is progressing according to the schedule that we announced in the Business Improvement Plan, and such scheme is functioning properly. 	<ul style="list-style-type: none"> We have including improvement measures to establish an appropriate solicitation quality control scheme in our Business Improvement Plan and these measures are progressing on schedule as follows. In April 2020, <u>Japan Post Insurance moved the function of planning and instructing proper sales from “Second Line” (Compliance Department and Solicitation Quality Control Department) to the “First Line” (Sales Promotion Department).</u> Japan Post Insurance will further strengthen the function of the First Line to ensure solicitation quality and make the Second Line concentrate on examining and checking the First Line operations. These changes will make possible planning measures based on the customer first philosophy under an appropriate system of checks and balances. In addition, <u>Japan Post Insurance strengthened its investigation function by newly establishing the Compliance Investigation Section and integrating the authority to investigate improper sales in that section.</u> The Second Line will check the effectiveness of the solicitation quality control scheme that we established based on the Business Improvement Plan from the point of view of prevention of improper sales and early discovery. We will confirm the efficiency of the scheme and the Second Line will suggest further improvements to the First Line (Interim report submitted in March 2020). From April 2020, <u>Japan Post Insurance and Japan Post Co. have prevented improper sales by a system of checking new policies multiple times (when creating an insurance policy plan, when accepting applications for new policies, and an additional check at the Service Center) at post offices, the designated call center and the Japan Post Insurance Service Center to ensure that new policies are in line with customers’ intentions.</u> By confirming the appropriate functioning of this system at the First, Second and Third Line functions of Japan Post Insurance, we have ensured that it functions appropriately. <u>We start to record and keep a voice record of solicitation process using sales personnel’s mobile devices,</u> allowing for the visualization of the solicitation process. In order to design a system allowing for the use of the record to confirm whether sales personnel’s suggestion was in line with customers’ intentions in case of complaints from customers, we began recording on a trial basis from March 2, 2020 and expanded it further from April 20, 2020 (Full implementation from August 2020 onward). Japan Post Insurance and Japan Post Co. have established a <u>system for employees in branches and post offices to simply check customers’ contract record,</u> including past enrollments and cancellations, when customers request new enrollment. We utilize this system to control solicitation quality and expanded the range of past cancellation records which the system provides to employees in post offices from the past 3 months to the past 24 months in April 2020.
<ul style="list-style-type: none"> We have prepared to identify sales personnel who carried out improper sales and restrict their solicitation 	<ul style="list-style-type: none"> In regard to disciplinary actions for sales licenses, we designated 2 categories, ‘termination of solicitation operations’ and ‘severe reprimand’. We changed the relevant internal rules in March 2020 with effect from April 2020 in order to implement disciplinary actions according to the degree of improper sales by adding actions to suspend sales activities in certain period, etc. We established a system for sales personnel who engaged improper sales to be registered in an advance check system

<p>operations when they commit improper sales after resuming sales activities.</p>	<p>during follow-up periods, whereby <u>new enrollments solicited by such registered sales personnel are subject to checks at multiple layers for certain periods.</u></p> <ul style="list-style-type: none"> ※ The system sends a warning message when new enrollment meeting specific criteria is found, and the system automatically stops the process of outputting plan documents. Without post office managers' approvals, sales personnel cannot proceed the process of enrollment. • In order to avoid failing to recognize major risks, we will detect realized risks and react appropriately and speedily. Besides individually handling incidents where problems were detected, we will gather information on and analyze the cause of improper solicitation. When we identify cases of similar type and structure, we will proactively investigate. We have begun to clarify process and roles and implement relevant measures from April 2020 onward.
<ul style="list-style-type: none"> ● We have established a reform program to administer strict reeducation of sales personnel who engaged in improper sales after resuming sales activities. 	<ul style="list-style-type: none"> • We have finished the training for the purposes of improving customer satisfaction and solicitation quality for sales personnel subject to suspension of solicitation operations. • We have established training for sales personnel who newly engaged in improper sales during the follow-up period after notification of disciplinary actions for sales licenses.
<ul style="list-style-type: none"> ● We have identified sales personnel whose solicitation quality has shown certain designated characteristics in the past and have implemented a method to restrict their solicitation operations. 	<ul style="list-style-type: none"> • <u>6,563 sale personnel whose solicitation quality has shown certain designated characteristics in the past (such as termination before execution, withdrawal, and cancellation before payment) are also registered in the advance check system,</u> and we will check new enrollment solicited by them in multiple layers for a certain period. We will subject them to training programs.

Criterion 5. We must reeducate sales personnel and establish a continuous reeducation system.

Concrete Indicator	Progress
<ul style="list-style-type: none"> All sales personnel have finished training for sales activities based on an understanding of the customer-first philosophy. 	<ul style="list-style-type: none"> • <u>Training for understanding the 'Japan Post Insurance Sales Standard' has progressed as scheduled.</u> <ul style="list-style-type: none"> – Training at each post office for understanding the 'Japan Post Insurance Sales Standard' has been completed as of the end of March 2020. – Follow-up training by DVD for understanding the 'Japan Post Insurance Sales Standard' will be held by the end of September 2020. • <u>Training for 'Comprehensive Consulting Services' has progressed as scheduled.</u> <ul style="list-style-type: none"> – Training at each post office for improving solicitation quality, enhancing operational knowledge and reforming comprehensive consulting services has finished at the end of March 2020. – Orientation training by DVD for 'Comprehensive Consulting Services' will be held by the end of June 2020.
<ul style="list-style-type: none"> We have established a system to educate sales personnel and the system continues to work effectively for the future. 	<ul style="list-style-type: none"> • <u>From April 2020, Japan Post Co. assigned consulting advisers as instructors for comprehensive consulting services and reformed instruction methods for post office staff.</u> In addition, Japan Post Co. changed the name of its sales training center to the 'Consultant Training Center' and reorganized it to report directly to headquarters in April 2020. • Japan Post Insurance and Japan Post Co. have established ① mandatory training programs, comprising continuous study oriented at customer-first sales activities or comprehensive consulting services, ② elective training programs, customized for each employees' challenges such as product knowledge and skill, and ③ participation-type training which is planned by headquarter based on employee requests and their decision to participate. • <u>Japan Post Insurance and Japan Post Co. have introduced a scheme for employees to submit their opinion about sales training for financial products directly to headquarters through an internal portal site in March 2020.</u> In addition, we introduced participation-type training which is planned by headquarters based on employer request and their decision to participate in April 2020.