

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.



September 3, 2020

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Progress of the Business Improvement Plan, 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 progress of the business improvement plan (as of the end of August 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 (Training implemented from June 2020 onward)

■ 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 (Expanded to all consultants from August 2020 for voice recording and keeping)
- 3) Take disciplinary actions according to the condition and level of improper solicitation (Added suspension of solicitation and warning) (Implemented from April 2020 onward)
- 4) Take rigorous disciplinary actions for managers of sales personnel found to have engaged in improper solicitation (Implemented from July 2020 onward)

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 (Implemented in stages from April 2020 onward)

(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

I Policy Investigations

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

A [Investigation of specified rewriting cases]

- In regard to the investigations of specified rewriting cases and the investigations of all insurance policies, we have mostly finished responding to customers as of the end of March 2020, except for cases that cannot be finished due to reasons attributable to customers.
- In regard to the sales personnel investigations in connection with the investigations of specified rewriting cases, we have identified 309 cases (the number of sales personnel involved: 410) of violations of laws and regulations and 3,315 cases (the number of sales personnel involved: 2,212) of violations of internal rules, and we have taken disciplinary actions in the form of termination of solicitation operations against 49 personnel (including 9 personnel* who are involved in other cases and 35 retired personnel subjected to penalties equivalent to termination of solicitation operations), suspension of solicitation operations of 1 month to 6 months against 1,085 personnel, suspension of solicitation 2 weeks or 3 weeks against 1,451 personnel and undetermined disciplinary action in order to allow for appeals against 37 personnel as of August 19, 2020. We will ensure appropriate solicitation quality by requiring that the sales activities of the affected personnel be monitored by their managers for a period of 4 months after restarting solicitation.

* 7 of 9 personnel who are involved in other cases, are involved in the portion of investigations of multiple policies which have been implemented from last year and the other 2 of 9 personnel are involved in the cases which have been found out from customers' voices.

B [Investigations of all insurance policies]

- In the investigations of all insurance policies, we received approximately 1,034 thousand replies as of August 16, 2020. We completed responding to customers, by the end of March 2020, except for cases that cannot be finished due to reasons attributable to customers. We continue responding customer requests sincerely.

2 Additional investigations of all insurance policies

- In regard to the additional investigations of all insurance policies, we have mostly completed confirmations of policy coverage as of the end of the June 2020 and continue responding to customers carefully for cases that cannot be finished due to reasons attributable to customers.
- In regard to the sales personnel investigations of additional investigations of all insurance policies and other investigations, we have identified 37 sales personnel who had violated laws and regulations and 3 sales personnel who had violated internal rules as of August 19, 2020.

A [Status of investigations of multiple policies]

- In regard to the portion of investigations of multiple policies which have been implemented from last year*, we have taken disciplinary actions in the form of termination of solicitation operations against 77 personnel at present (including 7 retired personnel subjected to penalties equivalent to termination of solicitation operations) as of August 19, 2020. We have taken disciplinary actions in the form of suspension of solicitation operations of 3 months or 6 months against 2 personnel.

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

As of August 16, 2020

Status of confirmations of policy coverage	Customers who are to receive priority responses (*1)	Customers other than those receiving priority responses (*2)	Total
	Number of applicable customers (%)	Number of applicable customers (%)	Number of applicable customers (%)
Customers whose policy coverage and intentions have been confirmed	883 (98)	5,387 (97)	6,270 (98)
Not in line with customers' intentions	507 (57)	2,539 (46)	3,046 (47)
Customers who request compensation for their policies	439 (49)	2,284 (41)	2,723 (42)
Total	897 (100)	5,532 (100)	6,429 (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).

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

As of August 16, 2020

B [Investigations other than the investigations of multiple policies]

- In regard to the investigations other than the investigations of multiple policies, we have contacted customers in proportion to the amount of premiums and the number of times policies were rewritten through visiting by staff of Japan Post Insurance or sending letters to confirm customer intentions.

As of August 16, 2020

Status of confirmations of policy coverage (Visiting by staff)	Policies for high insurance premiums (more than 200,000 yen) (*1)	Policy rewriting involving multiple changes of the insured or the insurance type (*2,3)	Total
	Number of applicable customers (%)	Number of applicable customers (%)	Number of applicable customers (%)
Customers whose policy coverage and intentions have been confirmed	4,980 (98)	2,465 (93)	7,445 (96)
Not in line with customers' intentions	2,112 (41)	951 (36)	3,063 (40)
Customers who request compensation for their policies	1,858 (36)	820 (31)	2,678 (35)
Total	5,103 (100)	2,650 (100)	7,753 (100)

*1. As of December 2019, policyholders aged 65 or older who have paid monthly premiums of 200,000 yen or more, and have had at least 1 policy which was cancelled in a short period thereafter during the period from April 2014 to December 2019.

*2. In the last five years, cases where sales personnel led the policyholders to change the insured at new enrollment without a change in policyholder, but the new policy was cancelled multiple times in a short period thereafter.

*3. Cases where sales personnel led customers to repeat rewriting insurance ⇔ annuity multiple times.

- In regard to investigations by mail, we sent notification documents with reply questionnaires to customers and the staff of Japan Post Insurance have visited and have investigated customers who replied their policies are not in line with their intentions. We sent notification documents again to customers who had not replied to these questionnaires on July 30, 2020.

Status of confirmations of policy coverage (Sending letters and visits by staff)	Policies for high insurance premiums (more than 100,000 yen) (*4)	Policy rewriting involving single change of the insured or the insurance type or policy rewriting using a system to shorten the maturities of existing contracts (*5,6,7)	Total
	Number of applicable customers (%)	Number of applicable customers (%)	Number of applicable customers (%)
Customers whose policy coverage and intentions have been confirmed	7,642 (98)	16,490 (98)	24,132 (98)
Not in line with customers' intentions	1,036 (13)	1,189 (7)	2,225 (9)
Customers who request compensation for their policies	839 (11)	873 (5)	1,712 (7)
Customers who replied letter	7,818 (100)	16,745 (100)	24,563 (100)
Total	14,059	32,814	46,873

*4. As of December 2019, policyholders aged 65 or older who have paid monthly premiums of 100,000 yen or more, and have had at least 1 policy which was cancelled in a short period thereafter during the period from April 2014 to December 2019.

*5. In the last five years, cases where sales personnel led the policyholders to change the insured at new enrollment without a change in policyholder, but the new policy was cancelled at once in a short period thereafter.

*6. In the last five years, cases where sales personnel led customers to rewrite from annuity to insurance.

*7. Cases where sales personnel led customers to shorten the maturity of existing policies and apply for a new policy, but the underwriting of the new policy was declined.

*8. Customers who did not reply (The number of customers who had policies for high insurance premiums (more than 100,000 yen):6,241, the number of customers who had policies for other than high insurance premiums (more than 100,000 yen):16,069.)

II Follow-up support activities to recover customer's trust

Basic policy

Japan Post Group will actively strive to ensure that all customers' life insurance policies are useful to them, through confirmation of whether their policies are in line with their intentions and seeking their opinions.

- In the past, for cases that appear to have caused disadvantages to customers, we have conducted the investigations of specified rewriting cases and the further investigation of all insurance policies. Going forward, based on the basic policy above, we will confirm whether customers' policies are in line with their intentions and compensate customers who have experienced disadvantages, and actively strive to ensure that their life insurance policies are useful to them.
- In order to regain customers' trust, we will not set sales targets in this fiscal year, and will focus on those follow-up activities even after the restart of sales activities.

3 Follow-up support activities : Activities to regain customers' trust and to confirm policy coverage

- We have started to confirm customers who experienced policy rewriting in FY2019 and later on an ongoing basis through visits by staff of Japan Post Insurance or sending letters since July 2020.
- In addition, we will continue confirmations such as sending letters to customers with whole life insurance where the customer and the insured are different, or with policies that were cancelled and rewritten after the payment period had ended.

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

- We will continue to strive to ensure that customer's life insurance policies are useful to them while being suited to customers' intentions and changes in their life styles, through continuing initiatives to ensure that we hear our customers' voices in a wide range of situations, such as by continued efforts to confirm contracts and the annual "Notification of Policy Coverage" documentation sent to customers, which will be enhanced by the inclusion of a complete list of the customer's contracts, including those that have already expired.

[Disciplinary actions enforced by Japan Post Insurance affecting the certification of sales personnel]

1 Investigations of specified rewriting cases

- 309 cases (the number of sales personnel involved: 410) of violations of laws and regulations and 3,315 cases (the number of sales personnel involved: 2,212) of violations of internal rules, in which disciplinary actions affecting the certification of 2,585 sales personnel were finalized, while there are undetermined disciplinary action against 37 personnel in order to allow for appeals.
- Sales personnel subjected to finalized disciplinary actions affecting their certification are classified into 49 personnel subjected to termination of solicitation operations (including 9 personnel who are involved in other cases and 35 retired personnel subjected to penalties equivalent to termination of solicitation operations), 1,085 personnel subjected to suspension of solicitation operations for 1 month to 6 months, and 1,451 personnel subjected to suspension of solicitation operations for 2 weeks or 3 weeks. (As of August 19)

Category of violation	Period of effective suspension of solicitation operations / disciplinary actions affecting certification	Personnel subjected to the actions*
Violations of laws and regulations: 410 personnel	Termination of solicitation operations	43
	3 or 6 months Strict warning	363
	Undetermined disciplinary action in order to allow for appeals	4
Violations of internal rules: 2,212 personnel	Termination of solicitation operations	6
	1 to 6 months Strict warning	722
	2 or 3 weeks Exempted from actions	1,451
	Undetermined disciplinary action in order to allow for appeals	33

*Including the number of sales personnel who have already lost their certification, such as retirees.

2 Investigations of multiple policies (Cases implemented from last year*1)

- Terminated solicitation operations of 77 personnel (including 7 retired personnel subjected to penalties equivalent to termination of solicitation operations), while suspending solicitation operations of 2 personnel for 3 or 6 months. (As of August 19)

Category of violation	Period of effective suspension of solicitation operations / disciplinary actions affecting certification	Personnel subjected to the actions*2
Violations of laws and regulations: 79 personnel	Termination of solicitation operations	77
	3 or 6 months Strict warning	2

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

*2 Including the number of sales personnel who have already lost their certification, such as retirees.

[Personnel changes and disciplinary actions enforced by Japan Post (Disciplinary actions according to employment rules)]

- Disciplinary actions have been enforced against 413 sales personnel since the last announcement (603 personnel on a cumulative basis) [22.5% of all specified rewriting cases, 26.6% of all investigations of multiple policies]
- Disciplinary actions have been enforced against 229 managers at the time (236 managers on a cumulative basis)
- **Status of disciplinary actions against sales personnel** (for both investigations of specified rewriting cases and those of multiple policies)
 - Written explanations about the circumstances surrounding the wrongful conducts, etc. are requested to and collected from sales personnel as soon as they are prepared
 - As of August 26, requested to and collected from 876 personnel in the specified rewriting cases (34.2% of all sales personnel subjected to disciplinary actions affecting their certification), and 64 personnel in investigations of multiple policies (81.0% of all sales personnel subjected to disciplinary actions affecting their certification)
 - Disciplinary actions are enforced following close examination (As of August 26)

Personnel implicated	Determined actions	Enforced on this occasion		Cumulative total number enforced	
		Cases involving multiple policies (reshown)		Cases involving multiple policies (reshown)	
Sales personnel [On this occasion] (Specified rewriting cases: 400 personnel Cases involving multiple policies: 13 personnel)	Punitive dismissal	7	7	15	15
	Suspension of duty	6	5	8	5
	Reduction of salary	142	1	182	1
[Cumulative total] (Specified rewriting cases: 582 personnel Cases involving multiple policies: 21 personnel)	Formal warning	253	-	393	-
	Admonition	2	-	2	-
	Caution	3	-	3	-
Total		413	13	603	21

Disciplinary actions to be enforced as soon as they are determined

- **Status of disciplinary actions against managers of sales personnel** (post office managers / GM within post offices) **at the time**
 - Disciplinary actions are enforced against managers who are found to have “neglected individual and specific issues” or “failed to sufficiently grasp the situation surrounding the occurrence of specified rewriting cases and cases involving multiple policies” (As of August 26)

Personnel implicated	Determined actions	Enforced on this occasion		Cumulative total number enforced	
		Cases involving multiple policies (reshown)		Cases involving multiple policies (reshown)	
Managers	Suspension of duty	1	-	1	-
	Formal warning	40	-	42	2
	Admonition	175	5	180	10
	Caution	13	-	13	-
Total		229	5	236	12

(Reference) Other disciplinary actions (against managers at head office, branches, area headquarters, etc.)

- On the first occasion (implemented in July), disciplinary actions have been enforced against 378 employees at head office, branches, area headquarters, etc. of Japan Post Insurance and Japan Post [Disciplinary actions enforced against 1,217 personnel in total]

Progress of the Business Improvement Plan

September 3, 2020
JAPAN POST HOLDINGS Co., Ltd.
JAPAN POST Co., Ltd.
JAPAN POST INSURANCE Co., Ltd.

Progress of the Business Improvement Plan (As of the end of August 2020)

- We are required to report the progress of the Business Improvement Plan which we submitted to regulators on January 31, 2020 periodically. We made our first report on March 13, 2020 and our second report on June 12, 2020 to regulators and announced them on same dates.
- On an ongoing basis, we are required to report our progress to the regulators every 3 months. We plan to report and announce the progress as of the end of August by September 15, 2020.
- Despite the ongoing impact of COVID-19, we have progressed as scheduled for the most part and implemented most measures originally planned as of the end of August.
- The progress of each measure included in the Business Improvement Plan as of the end of August is following.

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

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Review of the training system, etc. for managers	In stages from April 2020 onward	<u>Implemented</u>	<ul style="list-style-type: none"> In preparation for conducting training to help managers learn a new management approach and a management/instruction method based on coaching, with a view to shifting from management with excessive focus on sales promotion management. The training system and contents have been notified to branches in March 2020, and <u>training has been implemented from June 2020 onward</u>
Development of the framework for promoting comprehensive consulting	April 2020	Implemented	<ul style="list-style-type: none"> Renamed Financial Services Division of post offices as "Financial Consulting Division" and established a new "Financial Consulting Administration Division" at each branch. Implemented an organizational revision to reform into a customer-first management structure in April 2020 Newly appointed Consulting Advisors, instructors capable of providing instruction on comprehensive consulting, from April 2020, revising the method for instructing the post office employees Renamed the Sales Capabilities Development Institute as the "Consultant Training Center," making it report directly to the head office from April 2020

(4) Revision of the system including sales targets

Setting appropriate sales targets - Shift from sales targets focused on new sales amounts (flow) to the sales targets focused on the policies in force (stock) - Setting sales targets commensurate with the sales capabilities, and revising target allocation method	March 2020	Implemented	<ul style="list-style-type: none"> In order to regain customer trust as the top priority, sales targets for the front-line employees will not be set for FY2020
Reflecting the perspective of solicitation quality in sales targets, etc.	From the start date and onward	In preparation	<ul style="list-style-type: none"> From the start date and onward of business operations for Japan Post Insurance products, etc. aimed at regaining customer trust, reflect the perspective of solicitation quality in the status check and verification by the department in charge
Personnel evaluation and reward	April 2020	Implemented	<ul style="list-style-type: none"> Newly established evaluation items and criteria for solicitation quality in April 2020 for personnel evaluation of counter services personnel and sales personnel*, etc. * Renamed as consultants from April 2020

Progress of the Business Improvement Plan (As of the end of August 2020)

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

Progress of the Business Improvement Plan (As of the end of August 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
(1) Implement multi-layered checks from policy applications to the conclusion of a policy			
First line checking functions (Check at post offices) 1) Expansion of the pre-checking function for underwriting 2) Expansion of scope of checking of all cases by post office managers (Check at Japan Post Insurance) 3) Implementation of the verification of customers' intentions by the application call center 4) Expansion of scope of checking of all cases at the time of the underwriting process 5) Implementation of the verification of customer's intentions by the cancellation call center	1), 2), 4) March 2020 3), 5) January 2020	Implemented	[Implemented] For 1), 2), and 4), implemented the expansion of scope* in the revision for the term ended April 2020 * <pre-checking function for underwriting> Implemented "revision of criteria for multiple policies," etc. <Checking of all cases> Added "existing policies to which policy loans are being provided," etc. • For 3) and 5), implemented in January 2020
System improvements Increasing sophistication of customer information management - Establishing a system framework capable of easily identifying policy enrollment and cancellation histories at the time of solicitation	March 2020 onward	Partially implemented	• Established a framework to confirm past histories, including enrollment of existing policies, at the time of solicitation in the revision for the term ended April 2020. <u>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</u> in the revision for the term ending October 2020
Review of items listed in the sales activities log	January 2020	Implemented	• Added items required to be recorded by employees to the sales activities log, clarified the entry rules, and strengthened the management function focused on solicitation quality by clarifying items to be confirmed by managers

Progress of the Business Improvement Plan (As of the end of August 2020)

Second line (head office, etc.)

II. Checks and controls

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
(2) Strengthen systems to realize appropriate solicitation management			
Strengthening of insurance solicitation management framework at Japan Post branches	April 2020	Implemented	<ul style="list-style-type: none"> Implemented a revision of solicitation quality instruction specialists and organizations related to the structure of Financial Operations Divisions at branches in April 2020, for enhancing the insurance solicitation management framework at branches in order to improve solicitation quality
Verification of the management framework for insurance solicitation quality	Being implemented from November 2019	Partially implemented	<ul style="list-style-type: none"> Continuously conducting the verification of the management framework for insurance solicitation quality at all post offices by the employees of the Auditors Office* (<u>resuming inspections, etc., which had been suspended due to the impact of COVID-19, in July</u>) <p>*Renamed as Inspection Office in April 2020</p>
Review of functions of the Japan Post Insurance head office <ul style="list-style-type: none"> - Establishing a sales structure based on ensuring solicitation quality by transferring the first-line operations such as the improvement of solicitation flow to sales-related departments - Strengthening investigation systems by concentrating the command function for the investigation operations 	April 2020	Implemented	<ul style="list-style-type: none"> 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
Verification of effectiveness of measures by the second line at the Japan Post Insurance head office <ul style="list-style-type: none"> - The second line (Solicitation Management Administration Division) conducts verification of the effectiveness of each measure implemented based on the Business Improvement Plan, results of which are reported to various meeting bodies, and provide recommendations for improvements as necessary 	April 2020 onward	Implemented	<ul style="list-style-type: none"> Verified the solicitation checking framework from the perspective of prevention and early detection in March 2020, and formulated improvement measures
Review of functions of the Japan Post Insurance branches <ul style="list-style-type: none"> - Strengthening the structure related to investigating the status of solicitation and proper solicitation 	July 2020 onward	<u>Partially implemented</u>	<ul style="list-style-type: none"> <u>We decided that Agency Relation Division is in charge of confirmation activities about customer feedback, etc. in July 2020 (To be implemented in October 2020)</u>
Enhancing guidance to Area Instructors, review of their roles	July 2020 onward	<u>Implemented</u>	<ul style="list-style-type: none"> <u>We abolished the role of Area Instructor and established the role of Training Specialist responsible for ensuring that the staff of Agency Relations Division and Post Office to implement appropriate solicitation which reflects the customer-first philosophy in August 2020</u>

Progress of the Business Improvement Plan (As of the end of August 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
(3) Controls including increasing the strictness of criteria for fact-finding and disciplinary action			
More strict standards to determine incidents and disciplinary actions <ol style="list-style-type: none"> 1) Conducting fact-finding that does not rely on confession 2) Enhancement of investigation cooperation (self-declaration) system 3) Addition of “suspension of solicitation” and “warning” to disciplinary actions for sales personnel 4) Clarification of managerial responsibility and request for disciplinary actions 5) Selection of “employees with questionable solicitation quality” and implementation of “follow-up on sales personnel” 	March 2020	Implemented	<ul style="list-style-type: none"> • Revised related rules in March 2020 and applied them in April • With respect to 5), registered the employees with questionable solicitation quality on the pre-checking function for underwriting starting on April 20, 2020, and implemented follow-up including restriction on preparation of coverage proposal for a certain period and confirmation by managers
Personnel changes and disciplinary actions in relation to the investigations of specified rewriting cases	In stages after the completion of investigation	<u>Implemented in stages</u>	<ul style="list-style-type: none"> • With respect to disciplinary actions against the wrongdoers and related parties in the investigations of specified rewriting cases, <u>disciplinary actions have been implemented in stages after the wrongdoing was confirmed (the first and second disciplinary proceedings were announced in July and August, respectively)</u>
System improvements Voice recording and maintaining record of solicitation activities	August 2020 onward	<u>Implemented</u>	<ul style="list-style-type: none"> • <u>Trial implementation by post office managers was started in March 2020 and trial implementation by certain sales personnel was started on April 20, 2020. We carried out full implementation for all sales personnel on August 24, 2020</u>

Progress of the Business Improvement Plan (As of the end of August 2020)

Third line (Internal Audit Department)

II. Checks and controls

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
(4) Strengthen Internal Audit Department			
Reinforcement of internal controls 1) Reinforcement of involvement of the Audit Committee in the Internal Audit Department - Prior approval of important personnel affairs in the Internal Audit Department 2) Reinforcement of functions of the Audit Committee - In addition to receiving reports on the status of solicitation, etc. and instructing further investigations as needed, provide necessary advice, etc. to executive officers in charge	1) March 2020 2) February 2020 onward	Implemented	<ul style="list-style-type: none"> • With respect to 1), decided on the revision of related rules in March • 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

Progress of the Business Improvement Plan (As of the end of August 2020)

Oversight by management

III. Information sharing and governance

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
(1) Thoroughly implement the PDCA cycle			
Establishment of the telephone consultation desk for Japan Post Insurance, etc. by Consumer Affairs Consultants	Implemented in August 2020	<u>Implemented</u>	<ul style="list-style-type: none"> Established the telephone consultation desk for Japan Post Insurance, etc. manned by Consumer Affairs Consultants to establish an environment in which Japan Post Insurance policyholders can consult with peace of mind <u>Press release was published on July 31 to the effect that the telephone consultation desk was scheduled to start receiving consultations from August 17, 2020 (the status of usage is as per the Attachment)</u>
Establishment of the “Contact Point for Business Consultation for Japan Post Group Employees”	Implemented in February 2020	Implemented	<ul style="list-style-type: none"> Status, etc. of consultations are summarized each month and reported to Group Customer Satisfaction Promotion Liaison Meeting, etc.
Establishment of external point of contact exclusively for financial services	Implemented in March 2020	Implemented	<ul style="list-style-type: none"> Appropriately respond to contacted cases, while the status of usage is summarized and reported to the Group Compliance Committee, etc.
Hearing the voices of our employees 1) Japan Post Insurance suggestion box - Promoting efforts for corporate culture reform based on employee opinions through the suggestion box 2) Dialogue with Management - The management team visits the area headquarters, branches, and service centers to understand opinions of the front-line employees through dialogue	1) December 2019 2) March 2020	Implemented	<ul style="list-style-type: none"> <u>In regard to 1), we started from December 2019. For the improvement of visibility and visualization of agreement with respect to suggestions etc., we have constructed a system since July 2020</u> <u>In regard to 2), the Dialogue had been started in the late February 2020, was subsequently suspended in light of the growing effects of COVID-19 and was re-started by a web meeting on May 28, 2020</u>

Progress of the Business Improvement Plan (As of the end of August 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Expansion of whistleblowing system	March 2020	Partially implemented	<ul style="list-style-type: none"> Regarding establishment and utilization of the "Contact Point for Improper Financial Sales," dissemination and status of instillation are to be confirmed through compliance training and e-learning. However, due to the impact of COVID-19, part of the said training, etc. <u>is being implemented in the second quarter (July – September)</u>
Sharing information concerning whistleblowing contact points	Implementing since October 2019	Implemented	<ul style="list-style-type: none"> Status of usage of the whistleblowing contact points, including the number of whistleblowing reports, is summarized on a monthly basis, and reported to the Group Compliance Committee held once a month in principle, sharing information among the Group companies

(2) Strengthen governance on companies and the Group

Reinforcement of internal controls Establishment of "deliberation" in the operation of the Board of Directors - In addition to establishing "deliberation," review the scope of matters to be resolved	March 2020	Implemented	<ul style="list-style-type: none"> Decided on revisions to the related rules in March
Decision-making process in relation to important matters 1) Revision to the memorandum regarding the rules on the Group administration 2) Establishment and enhancement of committees and liaison meetings	1) Implemented in April 2020 2) Implemented by December 2019	Implemented	<ul style="list-style-type: none"> 1) Regarding the reexamination of the memorandum regarding the rules on the Group administration, a decision was made on the draft of the revised memorandum by the end of March, which took effect on April 1, 2020 2) Various committees and liaison meetings that have been established in the previous fiscal year, including the Group Compliance Committee, will be held once a month in principle, and their status will be reported to the Management Committee, etc.

Progress of the Business Improvement Plan (As of the end of August 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Demonstration of governance function 1) Enhancing functions of the “Group Steering Committee” 2) Enhancing functions related to sales and operations at Japan Post Holdings	1) Implementing since December 2019 2) Implementing since January 2020	Implemented	<ul style="list-style-type: none"> 1) Apart from the reporting on management information of regular items, discussions are carried out on the responses to the issue of Japan Post Insurance policies, the status of voices from customers and employees received at each company, and the status of operational risks, etc. 2) Reported issues and concerns regarding sales and operations of each business subsidiary to the Management Committee, etc. (Reported on “status of response to the incident involving mail authentication officers”)
Establishment of the Group Compliance Committee	Implementing since October 2019	Implemented	<ul style="list-style-type: none"> Held the Group Compliance Committee on a monthly basis to share information on and discuss 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
Follow-up on the opinions, etc. made at the Compliance Committee of Japan Post Holdings	Implementing since December 2019	Implemented	<ul style="list-style-type: none"> Based on the deliberation at the Compliance Committee of Japan Post Holdings (held on a quarterly basis) and report to the Management Committee, reported the status of promotion of the Group compliance to the Board of Directors (August 26, 2020)

Progress of the Business Improvement Plan (As of the end of August 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
<p>Implementation of on-site monitoring at post offices, etc. by Japan Post Holdings</p>	<p>Implementing since January 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • <u>On-site monitoring at post offices, etc., which was postponed to July onward due to the impact of COVID-19, has been implemented from July</u> • Number of sites for monitoring in July and August was as follows: <ul style="list-style-type: none"> [Japan Post] <ul style="list-style-type: none"> Post offices 10 locations Financial consulting divisions 4 locations Regional offices 2 locations [Japan Post Insurance] <ul style="list-style-type: none"> Branches 5 locations Area headquarters 2 locations • <u>Number of sites for monitoring in September (scheduled) is as follows:</u> <ul style="list-style-type: none"> [Japan Post] <ul style="list-style-type: none"> Post offices 9 locations Financial consulting divisions 4 locations Regional offices 1 location [Japan Post Insurance] <ul style="list-style-type: none"> Branches 4 locations Area headquarters 1 location • Implementation summary of the on-site monitoring for FY2020 was reported to the Group Internal Audit Liaison Committee (June 25, 2020), while the results (preliminary figures) of the prior questionnaire regarding the monitoring was also reported to the Group Internal Audit Liaison Committee (July 30 and August 28, 2020) • Coordinated with business subsidiaries on the sites for on-site monitoring, etc. scheduled from October onward
<p>Enhancement of the Group Internal Audit Liaison Committee, etc.</p>	<p>Implementing since November 2019</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • Status of audit activities in the first quarter regarding the “Basic Policies for Customer-first Business Operations,” etc. were reported to the Group Internal Audit Liaison Committee (June 25, 2020) • Results of the on-site monitoring as well as the status of audits on the “Basic Policies for Customer-first Business Operations” during the second quarter, are scheduled to be reported to the Group Internal Audit Liaison Committee for the month of September

Progress of the Business Improvement Plan (As of the end of August 2020)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
(3) Monitor improvement measures and regularly announce the progress			
Delivery of the message from the top management	Start date of business operations	Scheduled	<ul style="list-style-type: none"> Disseminate the “pledge to regain customer trust” and engage in the preparation for this initiative, so that all employees will once again be aware of the importance of “customer-first business operations,” in line with the start of business operations for regaining trust
Initiatives for managing the progress of the improvement measures and achieving customer-first business operations	Managing the progress of the improvement measures Implemented since February Achieving customer-first business operations Implemented since April	Partially implemented	<ul style="list-style-type: none"> JP Reform Execution Committee meeting was held on June 18 and July 16, 2020 Departments in charge of each measure explained the progress of the Japan Post Group’s improvement measures for verification, which is scheduled to be submitted at the fifth meeting of the JP Reform Execution Committee to be held on September 3, 2020
Initiatives for instilling the Management Philosophy	Implemented since April	Partially implemented	<ul style="list-style-type: none"> The Management Philosophy handbook was prepared to once again instill the Management Philosophy among all employees, copies of which were distributed to all employees within August The importance of the Management Philosophy was disseminated to all employees through the video message from the President of Japan Post Holdings

Progress of the Business Improvement Plan (As of the end of August 2020)

[Reference] Progress by company

	Item	1) End of May (Reported on June 12, 2020)		2) End of August (To be reported by September 15, 2020)		3) End of November (estimated) (To be reported by December 15, 2020)	
		Partially implemented	Implemented	Partially implemented	Implemented	Partially implemented	Implemented
Japan Post Insurance	1. Actions on sales personnel (6 measures)	0	6	0	6	0	6
	2. Sales promotion framework (7 measures)	3	3	3	3	1	5
	3. Organizational culture (9 measures)	1	7	1	8	1	8
	4. Solicitation management framework (22 measures)	9	11	7	14	4	17
	5. Governance (14 measures)	8	6	6	8	6	8
	Total (58 measures)	21	33	17	39	12	44
Japan Post	1. Actions on specified rewriting cases (2 measures)	1	0	1	1	0	2
	2. Establishment of sales promotion framework (10 measures)	1	8	1	8	1	8
	3. Development of organizational culture (18 measures)	0	17	0	18	0	18
	4. Establishment of solicitation management framework (20 measures)	2	17	1	18	1	18
	5. Enhancement of governance (23 measures)	2	20	1	21	1	22
	Total (73 measures)	6	62	4	66	3	68
Japan Post Holdings	1. Decision-making process on important matters (1 measure)	0	1	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	6	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	2	0	2	1
	Total (13 measures)	1	10	2	10	2	11

Status of Reception at the Telephone Consultation Desk for Japan Post Insurance, etc. by Consumer Affairs Consultants

Attachment

49 consultations were received by the end of August at the “telephone consultation desk for Japan Post Insurance, etc. by Consumer Affairs Consultants” (established on August 17).
The number and details of consultations as of the end of August are as follows:

【Details of consultations】

Category	Response	Consultation examples	Number of consultations
1	Cases referred to Japan Post Insurance from the desk for solutions	Request for policy cancellation, request for policy avoidance, etc.	11
2	Cases referred to Japan Post Insurance from the desk asking to call back the caller	Request for policy avoidance	1
3	Cases referred to Japan Post Insurance from the desk for sharing of information	Inquiry about the procedure for claiming insurance benefits, request for refund, request for disciplinary actions against sales personnel	3
4	Cases handled solely by the desk	Inquiry about the insurance coverage / procedure to receive payment, complaint about insurance coverage, inquiry regarding whether it is possible to conclude a policy	28
5	Others	Inquiry about variable annuity, etc.	6

49 cases in total

【Trend in the number of consultations】

Date	8/17 (Mon)	8/18 (Tue)	8/19 (Wed)	8/20 (Thu)	8/21 (Fri)	8/24 (Mon)	8/25 (Tue)	8/26 (Wed)	8/27 (Thu)	8/28 (Fri)	8/31 (Mon)	Total
Number of consultations	5	2	3	3	6	5	2	3	5	9	6	49