

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.



March 5, 2021

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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 February 2021), 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 (Permission acquired in November 2020)

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 (New function added in October 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

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, 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 311 cases (the number of sales personnel involved: 414) of violations of laws and regulations and 3,347 cases (the number of sales personnel involved: 2,223) of violations of internal rules as of January 31, 2021.

B [Investigations of all insurance policies]

- In the investigations of all insurance policies, we received approximately 1,038 thousand replies as of February 14, 2021. 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 responding to customers 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 256 sales personnel who had violated laws and regulations and 111 sales personnel who had violated internal rules as of January 24, 2021.
- In addition, we have investigated sales personnel who have problems that they are related to cases including serious complaint since March 2021.
- We have investigated sales personnel by letters who are not included in prior investigations in end of March 2021. We confirm the existence of problems in sales process by sales personnel answers and we will execute for investigations to sales personnel who answer that their sales process had problems.

A [Status of investigations of multiple policies]

- In regard to the investigations of multiple policies, we received 6,303 replies as of February 14, 2021 and we have confirmed 2,776 customers who request compensation for their policies and 2,693 customer's policies were compensated.
- In regard to sales personnel investigations of multiple policies which have been implemented from last year※, we completed the investigations except for one case which we cannot investigate due to a salesperson's sick leave. We have identified 84 sales personnel who had violated laws and regulations as of January 24, 2021.

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

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. In regard to visiting investigation*1, we have confirmed 2,797 customers who request compensation for their policies and 2,678 customer's policies were compensated as of 14 February 2021. In regard to letter investigation*2, we have confirmed 2,352 customers who request compensation for their policies and 2,121 customer's policies were compensated.

*1. Investigation for customers who have policy that is shown as follows

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

*2. Investigation for customers who have policy that is shown as follows

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

Status of progress of policy investigations in order to regain customers' trust

3 Follow-up support activities

- In regard to activities to regain customers' trust and to confirm policy coverage, we have confirmed customers who experienced policy rewriting since April 2019, customers with whole life insurance where the customer and the insured are different, and customers with policies that were cancelled and rewritten after the payment period had ended.

As of February 14, 2021

	Customers who experienced policy rewriting since April 2019	Customers with whole life insurance where the customer and the insured are different	Customers with policies that were cancelled and rewritten after the payment period had ended								
	Number of applicable customers (%)	Number of applicable customers (%)	Number of applicable customers (%)								
Customers whose policy coverage and intentions have been confirmed ...A	10,716(89)	34,075(100)	9,769(99)								
<table border="1"> <tr> <td>Customers who request compensation for their policies ...B</td> <td>4,199(39)</td> <td>767(2)</td> <td>199(2)</td> </tr> <tr> <td>Customers whose compensation for their policies have been finished ...C</td> <td>2,414(57)</td> <td>386(50)</td> <td>45(23)</td> </tr> </table>	Customers who request compensation for their policies ...B	4,199(39)	767(2)	199(2)	Customers whose compensation for their policies have been finished ...C	2,414(57)	386(50)	45(23)			
Customers who request compensation for their policies ...B	4,199(39)	767(2)	199(2)								
Customers whose compensation for their policies have been finished ...C	2,414(57)	386(50)	45(23)								
Total	12,104(100)	34,201(100)	9,907(100)								

*Ratio of customers who request compensation for their policies is calculated as B/A. Ratio of customers whose compensation for their policies have been finished is calculated as C/B.

*Number of A(customers with whole life insurance where the customer and insured are different) and Number of A (customers with policies that were cancelled and rewritten after the payment period had ended) include customers that we will resend letters for reconfirming.

- We have provided guidance to confirm the policy coverage by posting the policy coverage confirmation procedures on "Notification of Policy Coverage" sent to all policyholders in October 2020.

Progress of the Business Improvement Plan

March 5, 2021
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 February 2021)

- We are required to make periodic reports on the progress of the Business Improvement Plan which we submitted to regulators on January 31, 2020. We made reports 4 times to regulators and announced them (the most recent fourth report was made on Monday, December 14, 2020).
- 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 February 2021 by March 15, 2021.
- 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 February.
- The progress of each measure included in the Business Improvement Plan as of the end of February 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 2020 • Conducted training pertaining to the October revision of the “Standard of Japan Post Insurance sales (Basic)” by the end of December 2020 • Continuously conduct training from January 2021 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 February 2021)

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	Implemented	<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 training has been implemented from June 2020 onward
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, etc.	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.	At the time of setting the next sales targets	In preparation	<ul style="list-style-type: none"> At the time of setting the next sales targets, 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 February 2021)

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"> Applied for authority approval and acquired permission in November 2020 Preparing for system development 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"> <u>We prepare for the system development to extend the term of Term insurance and Special endowment insurance in April 2021</u> 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 February 2021)

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			
Check contract applications 1) Expansion of the pre-checking function for underwriting 2) Expansion of scope of checking of all cases by post office managers 3) Implementation of the verification of customers' intentions by the application call center 4) Expansion of target of checking in underwriting process 5) Implementation of the verification of customer's intentions by the cancellation call center 6) Review follow-up check (thanks-call, letters, SA investigation)	1), 2), 4) March 2020 3), 5) January 2020 6) October 2020	Implemented	<ul style="list-style-type: none"> For 1), 2), and 4), implemented the expansion of scope* in the revision for the term ended April 2020 (<u>In regard to 1), we have established the new standard to register sales personnel who have problems in their sales process.</u>) For 3) and 5), implemented in January 2020 For 6), reviewed that we started sending introduction for the confirmation of application coverage in October 2020 and started the part of confirmation tasks by branch employees other than service assistant
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	Implemented	<ul style="list-style-type: none"> 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. We set up a checking function for customer policies and past cancellation histories in the sales procedure confirmation process (pre-checking etc.) in October 2020
Review of items listed in the sales activities log	January 2020	Implemented	<ul style="list-style-type: none"> 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 February 2021)

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* (resuming inspections, etc., which had been suspended due to the impact of COVID-19, in July) <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	Implemented	<ul style="list-style-type: none"> Branches are in charge of confirmation activities about customer feedback, etc. (Implemented in October 2020)

Progress of the Business Improvement Plan (As of the end of February 2021)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Enhancing guidance to Area Instructors, review of their roles	July 2020 onward	Implemented	<ul style="list-style-type: none"> 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
Detection of complaints and Analysis of that causes 1) Detection of complaints that includes problems in sales process 2) Horizontal investigations about same type and structure cases that were detected complaints	1) end of March 2021 2) end of March 2020	Implemented	<ul style="list-style-type: none"> <u>In regard to 1., we have decided to introduce the artificial intelligence-based software and have built the analysis system that utilized artificial intelligence</u> In regard to 2., we have established the structure to detect same type and structure cases and implement horizontal investigations
(3) Controls including increasing the strictness of criteria for fact-finding and disciplinary action			
More strict standards to determine incidents and disciplinary actions 1) Conducting fact-finding that does not rely on confession 2) Enhancement of investigation cooperation (self-declaration) system 3) Addition of “suspension of solicitation” and “warning” to disciplinary actions for sales personnel 4) 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	Implemented in stages	<ul style="list-style-type: none"> With respect to disciplinary actions against the wrongdoers and related parties in the investigations of specified rewriting cases, 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 and <u>the fourth was announced in December</u>)
System improvements Voice recording and maintaining record of solicitation activities	August 2020 onward	Implemented	<ul style="list-style-type: none"> 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

Progress of the Business Improvement Plan (As of the end of February 2021)

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, <u>and we have executed as follows to secure search function of the Audit Committee</u> - <u>Implemented visit and inspection of the post office</u>

Progress of the Business Improvement Plan (As of the end of February 2021)

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	Implemented	<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 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)
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. (December 2, January 25 and February 19)
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. (December 25, January 25 and February 22)
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"> 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 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

Progress of the Business Improvement Plan (As of the end of February 2021)

Contents of measures	Implementation deadline	Implementation status	Matters to be reported
Expansion of whistleblowing system	March 2020	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. was implemented in the second quarter (July – September)
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 (December 25, January 25 and February 22), 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 February 2021)

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 Group’s important issues, including the status of voices from customers and employees received at each company <u>and the result of the analysis of data such as SNS postings</u> 2) Reported issues and concerns regarding sales and operations of each business subsidiary to senior management (<u>Reported on “Future Efforts in Business Operations to Regain Trust,” “Confirmation Attributable to Crosscutting Complaints on Financial Products Affiliated with Japan Post Insurance Products (Follow-Up)” etc.</u>)
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 (<u>December 25, January 25 and February 22</u>) 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 (<u>February 25, 2021</u>)

Progress of the Business Improvement Plan (As of the end of February 2021)

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	Implemented	<ul style="list-style-type: none"> Announced the “pledge to regain customer trust” on September 11, 2020 in line with the announcement regarding the implementation of business operations for regaining trust. In line with the start of business operations for regaining trust, shared an email and a video that deliver messages from the four Group company presidents
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	Implemented	<ul style="list-style-type: none"> JP Reform Execution Committee meeting was held on December 3, 2020, and the progress as of the end of November was reported Departments in charge of each measure explained the progress of the Business Improvement Plan (improvement measures) as of the end of February 2021 for verification, and it was submitted to the ninth meeting of the JP Reform Execution Committee held on March 5, 2021
Initiatives for instilling the Management Philosophy	Implemented since April	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 Whenever copies of the Management Philosophy handbook are distributed, the video message (DVD) for the Management Philosophy handbook training, lectured by the President of Japan Post Holdings, must be viewed to ensure that the importance of the Management Philosophy is disseminated

Progress of the Business Improvement Plan (As of the end of February 2021)

[Reference] Progress by company

	Item	1) End of November (Reported on December 14, 2020)		2) End of February (To be reported by March 15, 2021)		3) End of May (estimated) (To be reported by June 15, 2021)	
		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)	1	5	1	5	0	7
	3. Organizational culture (9 measures)	1	8	1	8	0	9
	4. Solicitation management framework (22 measures)	4	17	2	19	1	21
	5. Governance (14 measures)	5	9	3	11	0	14
	Total (58 measures)	11	45	7	49	1	57
Japan Post	1. Actions on specified rewriting cases (2 measures)	0	2	0	2	0	2
	2. Establishment of sales promotion framework (10 measures)	1	8	1	9	1	9
	3. Development of organizational culture (18 measures)	0	18	0	18	0	18
	4. Establishment of solicitation management framework (20 measures)	1	18	2	18	0	20
	5. Enhancement of governance (23 measures)	1	21	1	21	1	21
	Total (73 measures)	3	67	4	68	2	70
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)	0	3	0	3	0	3
	Total (13 measures)	0	13	0	13	0	13

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

Material 3
Attachment

1,542 consultations were received by the end of February at the “telephone consultation desk for Japan Post Insurance, etc. by Consumer Affairs Consultants” (established on August 17, 2020).
The number and details of consultations as of the end of February 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.	120
2	Cases referred to Japan Post Insurance from the desk asking to call back the caller	Request for policy avoidance	4
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	26
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	1,349
5	Others	Inquiry about variable annuity, etc.	43

1,542 cases in total

【Trend in the number of consultations】

Month	August	September	October	November	December	January	February	Total
Number of consultations	49	203	297	264	250	228	251	1,542