

UNOFFICIAL TRANSLATION

Although Japan Post Insurance pays close attention to providing an English translation of the information disclosed in Japanese, the Japanese original prevails over the English translation in the case of any discrepancy.

March 5, 2021

Company name: JAPAN POST INSURANCE Co., Ltd.

Representative: SENDA Tetsuya, Director and President, CEO, Representative Executive Officer

Stock exchange listing: Tokyo Stock Exchange First Section (Code Number: 7181)

**(Update on the Previous Disclosure) Progress of the Business Improvement Plan
and other initiatives**

JAPAN POST INSURANCE Co., Ltd. (“Japan Post Insurance”; Chiyoda-ku, Tokyo; SENDA Tetsuya, Director and President, CEO, Representative Executive Officer) is hereby announcing that “Status of progress of policy investigations in order to regain customers’ trust” and “Progress of the Business Improvement Plan” were reported to “Japan Post Group Reformation Committee”, as per the attachment.

An announcement will be made promptly if further related matters due for disclosure arise.

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 INSURANCE Co., Ltd.

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

- We are required to report the progress of the Business Improvement Plan which we submitted to regulators on January 31, 2020 periodically. We made reports 4 times to regulators and announced them.
- 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 by March 15, 2020.
- Despite the impact of the novel coronavirus disease, we have progressed as scheduled for the most part and implemented most measures originally planned (including partial implementation) 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.

Heading	The end of November (Reported in 12/14)		The end of February (Report by 3/15)		Outlook for end of May (Report by 6/15)	
	Partially Implemented	Implemented	Partially Implemented	Implemented	Partially Implemented	Implemented
1.Actions toward Sales Personnel (6 measures)	0	6	0	6	0	6
2.Sales Promotion Scheme (7 measures)	1	5	1	5	0	7
3.Corporate Culture (9 measures)	1	8	1	8	0	9
4.Solicitation Quality Control Scheme (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

※ Implemented: Internal rule revisions regarding measures, system releases, or issuance of correspondence are treated as "implementation" (as for training measures, as of the completion of the training)

Partially implemented: Starting certain tasks, such as starting a trial, are treated as "partially implemented"

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

I . Create a healthy corporate culture and establish an appropriate sales promotion scheme

Measure	Deadline	"Implementation" Status	Status reported
Establish a code of conduct based on the customer-first philosophy	February 2020	Implemented	<ul style="list-style-type: none"> • Changes to our solicitation policy were decided in February 2020 and revised in April 2020
Establish a "Standard of Japan Post Insurance Sales"	February 2020	Implemented	<ul style="list-style-type: none"> • We defined solicitation principle based on solicitation policy which reflects the customer-first philosophy as "Standard of Japan Post Insurance Sales"
Training for sales personnel in accordance with "Standard of Japan Post Insurance Sales"	March 2020	Implemented	<ul style="list-style-type: none"> • Training on the significance and basic concept of "Standard of Japan Post Insurance Sales" was implemented as of the end of March 2020 • Follow Trainings were implemented from April 2020 to the end of September 2020 • Trainings continue after January 2021
Set appropriate sales targets - Shift from sales targets focused on new sales amounts (flow) to the sales targets focused on the policies in force (stock) - Set sales targets according to our sales capability and review the allocation method	March 2020	(Implemented)	<ul style="list-style-type: none"> • In fiscal year 2020, we decided not to set sales targets for sales personnel because we prioritize activities to regain customers' trust

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

I . Create a healthy corporate culture and establish an appropriate sales promotion scheme

Measure	Deadline	"Implementation" Status	Status reported
Measures for policy rewriting 1.Non-recording of sales results and non-payment of incentives for policy rewriting* 2.Extend the policy rewriting qualifying period (3 month before·6 month after → 12 month before·13 month after) ※Non-recording of sales results was implemented in August 2019.	March 2020	Implemented	<ul style="list-style-type: none"> • Non-payment of incentives for policy rewriting and extension of the policy rewriting qualifying period were implemented in April 2020
Introduction of a conditional cancellation system	January 2020	Implemented	<ul style="list-style-type: none"> • As a system that enables policy coverage review from a customer-first perspective, a conditional cancellation system has been introduced
Introduction of policy conversion system	April 2021	Under preparation	<ul style="list-style-type: none"> • We applied for authority approval and acquired permission on November 2020 • We prepare for developing systems to introduce the system in April 2021
Develop new products that meet our customers' insurance needs	Continue planning after April 2020	Under 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> • The expansion of insurance product line-up which are in high demand by customers and whose market is expanding is still under consideration

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

II. Checks and internal controls

Measure	Deadline	"Implementation" Status	Status reported
<p>Check contract applications</p> <p>1.Expand the target of system pre-checking</p> <p>2.Expand the target of pre-checking by post office managers</p> <p>3.Confirm customers' intentions in the enrollment process by call center</p> <p>4.Expand target of checking in underwriting process</p> <p>5.Confirm customers' intentions in the cancellation process through call center</p> <p>6.Review follow-up check(thanks-call, letters, SA investigation)</p>	<p>1.2.4. March 2020</p> <p>3.5. January 2020</p> <p>6. October 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • 1.2.4.were implemented in April 2020 (In regard to 1., we have established the <u>new standard to registrar sales personnel who have problems in their sales process.</u>) • 3.5.were implemented in January 2020 • In regard to 6., we 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
<p>System improvements</p> <p>Increase sophistication of customer information management</p> <p>- Set up systems which enable us to confirm customers' past policy enrollment and cancellation histories when accepting policy applications</p>	<p>After March 2020</p>	<p>Partially Implemented</p>	<ul style="list-style-type: none"> • In April 2020, we set up systems which enable us to confirm customers' past policy enrollment and cancellation histories when accepting policy applications. 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

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

II. Checks and internal controls

Measure	Deadline	“Implementation” Status	Status reported
Review functions at Headquarters - Build sales structure to ensure the solicitation quality by transferring the first-line operations such as improving the solicitation flow to the sales department - Strengthen investigation functions by integrating investigation command functions	April 2020	Implemented	<ul style="list-style-type: none"> We transferred first-line operations such as improving the solicitation flow to the sales department (established Sales Quality Improvement Office in Sales Planning Department) and integrated investigation command functions to the Compliance Investigation Office (newly established) in April 2020
Verification of measures by second line - Second line (Solicitation Management Department) verifies each measure of the Business Improvement Plan and reports the results to various committees and suggest improvement plans as necessary	After April 2020	Implemented	<ul style="list-style-type: none"> We set up verification of measures by second line in February 2020, verified solicitation checking scheme from the perspective of prevention and early detection and suggested improvement plan
Review functions of branches - Strengthen the system for investigation of solicitation and appropriate solicitation	After July 2020	Partially Implemented	<ul style="list-style-type: none"> Branches are in charge of confirmation activities about customer feedback, etc. (Implemented in October 2020)
Strengthen instruction for Sales Instructors and review roles	After July 2020	Implemented	<ul style="list-style-type: none"> We abolished the role of Sales 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

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

II. Checks and internal controls

Measure	Deadline	“Implementation” Status	Status reported
<p>Detection of complaints and Analysis of that causes</p> <p>1.Detection of complaints that includes problems in sales process</p> <p>2.Horizontal investigations about same type and structure cases that were detected complaints</p>	<p>①end of March 2021</p> <p>②end of March 2020</p>	<p>Implemented</p>	<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
<p>Increase the strictness of fact-finding criteria and the strictness of criteria for disciplinary action</p> <p>1.Conduct fact-finding that does not rely on confessions</p> <p>2.Strengthen efforts for the investigative cooperation (self-declaration) system</p> <p>3.Add “suspension of solicitation “ and “warning” in the disciplinary actions against sales personnel</p> <p>4.Clarification of the responsibilities of management and disciplinary actions for managers</p> <p>5.Select “sales personnel who have solicitation quality problem” and implement “follow up- sales personnel”</p>	<p>March 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • We changed related internal rules in March 2020 and applied these rules in April 2020 • In regard to 5., sales personnel who have solicitation quality issues were registered in the sales pre-checking system on April 20, 2020 and follow-up work has been carried out to control the preparation of insurance policy documents for a certain period of time, including confirmation by managers

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

II. Checks and internal controls

Measure	Deadline	"Implementation" Status	Status reported
<p>System improvements Record and keep a voice record of the solicitation process</p>	<p>After August 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • Trial implementation by post office managers was started on 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
<p>Strengthen internal controls 1.Strengthen the involvement by Audit Committee with Internal Audit Department - Require advance agreement by Audit Committee for the important personnel appointments of the internal audit department 2.Strengthen the function of the Audit Committee - Receiving report about actual solicitation circumstances, order in-depth investigation for verification and provide necessary advice to the executive officers</p>	<p>1. March 2020 2. After February 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • In regard to 1., the changes of relevant internal rules were determined in March 2020 • In regard to 2., in response to a report from the executive officer in charge in February 2020, the internal Audit Department may be instructed to investigate as necessary, and a system has been put in place to allow in-depth discussions on the actual situation based on the report of the investigation, <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)

III. Information sharing and governance

Measure	Deadline	"Implementation" Status	Status reported
<p>Hearing the voices of our employees</p> <p>1.Direct Suggestions to the President -Further activities to change the corporate culture by listening to the "Direct Suggestions to the President"</p> <p>2.Dialogue with Management -Managements visited Regional Headquarters, Branches, and Services Center and reviewed actual circumstances from the communication with employees</p>	<p>1.December 2019</p> <p>2. March 2020</p>	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 the novel coronavirus disease and was re-started by a web meeting on May 28, 2020
<p>Strengthen internal controls</p> <p>Establish a new "deliberation" within the Board of Directors -Establish "deliberation" and revise the scope of "Resolution" topic</p>	March 2020	Implemented	<ul style="list-style-type: none"> • The changes of relevant internal rules were determined in March, 2020