

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 its English translation in the case of any discrepancy.

December 13, 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 “Progress of the Business Improvement Plan” was 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.

Progress of the Business Improvement Plan

December 13, 2021

JAPAN POST INSURANCE Co., Ltd.

Progress of the Business Improvement Plan (As of the end of November, 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 7 times to regulators and announced them. Most recently, the 7th report was published on September 15, 2021.
- 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 November by December 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 November 2021.
- The progress of each measure included in the Business Improvement Plan as of the end of November 2021 is following.

Heading	The end of August (Reported in 9/15)		The end of November (Report by 12/15)		Outlook for end of February (Report by 3/15)	
	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)	0	7	0	7	0	7
3.Corporate Culture (9 measures)	0	9	0	9	0	9
4.Solicitation Quality Control Scheme (22 measures)	1	21	1	21	0	22
5.Governance (14 measures)	0	14	0	14	0	14
Total (58 measures)	1	57	1	57	0	58

※ 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 November, 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 • Training on the basic edition of "Standard of Japan Post Insurance Sales" revised in October 2020 was implemented as of the end of December 2020 • <u>Trainings in accordance with "Standard of Japan Post Insurance Sales" continue appropriately after FY 2021</u>
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 so on	March 2020	(Implemented)	<ul style="list-style-type: none"> • In FY 2020, we decided not to set sales targets for sales personnel because we prioritize activities to regain customers' trust • <u>In FY 2021, we set activity target that appreciates the process of sales activities (implementation rate of response to customers) and sales quality target (three-year cancellation ratio) of sales personnel, instead of sales target</u>

Progress of the Business Improvement Plan (As of the end of November, 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 was introduced
Introduction of policy conversion system	April 2021	Implemented	<ul style="list-style-type: none"> • <u>We started to make available a policy conversion system, so that customers could change coverage without cancelling their existing policies in April 2021</u>
Develop new products that meet our customers' insurance needs	Continue planning after April 2020	Implemented	<ul style="list-style-type: none"> • We started to sell ordinary Term insurance and Special endowment insurance with longer insurance periods than before in April 2021 • <u>The development of product which meets the insurance needs of customers (especially young and middle-aged customers) is under consideration</u>

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

II. Checks and internal controls

Measure	Dead-line	"Impleme ntation" Status	Status reported
Check contract applications 1.Expand the target of system pre-checking 2.Expand the target of pre-checking by post office managers 3.Confirm customers' intentions in the enrollment process by call center 4.Expand target of checking in underwriting process 5.Confirm customers' intentions in the cancellation process through call center 6.Review follow-up check(thanks-call, letters, investigation by service assistant) <u>7. Strengthen checking function upon receiving cancellation requests and review flow of accepting</u>	1.2.4. March 2020 3.5. January 2020 6. October 2020 <u>7.</u> <u>Septem</u> <u>ber</u> <u>2021</u>	Imple- mented	<ul style="list-style-type: none"> • 1.2.4.were implemented in April 2020 (In regard to 1., we have established the new standard to register sales personnel who have problems in their sales process.) • 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 • <u>In regard to 7., based on "Establishment of new Japan Post Insurance sales system", feasibility of implementation of accepting cancellations through direct channels are under consideration</u>
System improvements 1.Increase sophistication of customer information management - Set up systems which enable us to confirm customers' past policy enrollment and cancellation histories when accepting policy applications <u>2.Review the customer assignment system of Post Office</u>	1. After March 2020 2. <u>March</u> <u>2021</u>	Imple- mented	<ul style="list-style-type: none"> • In regard to 1., in April 2020, we set up systems which enable us to confirm past policy enrollment and cancellation histories when accepting policy applications. We set up a checking function for policies and past cancellation histories in the sales procedure confirmation process (pre-checking etc.) in October 2020 • <u>In regard to 2., in April 2021, we implemented systemic revision to make assigned post offices registered and changed timely, such as the time of customers' address change procedure</u>

Progress of the Business Improvement Plan (As of the end of November, 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 verified solicitation checking scheme from the perspective of prevention and early detection, and suggested improvement plan in March 2020
Review functions of branches - Strengthen the system for investigation of solicitation and appropriate solicitation	After July 2020	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 November, 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>1. end of March 2021</p> <p>2. end of March 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • In regard to 1., we have decided to introduce the artificial intelligence-based software and have built the analysis system that utilized artificial intelligence • 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 November, 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</p> <p>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</p> <p>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>3.Strengthen risk assessment</p>	<p>1. March 2020</p> <p>2. After February 2020</p> <p>3. <u>March 2021</u></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, and we have executed as follows to secure search function of the Audit Committee <ul style="list-style-type: none"> -implemented visit and inspection of the post office • <u>In regard to 3., by the implementation of risk assessment methods focusing on specific operations, we identified some tasks with high residual risks. Through this, we set the next internal audit plan in March 2021, and prepared a risk assessment manual</u>

Progress of the Business Improvement Plan (As of the end of November, 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>	<p>Implemented</p>	<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 <u>and completed systemization in December 2020</u> • In regard to 2., <u>we held the first Dialogue in FY 2021 at a total of 136 locations, including Regional Headquarters, Branches, Services Centers, and headquarters departments by the end of July 2021</u>
<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>	<p>March 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • The changes of relevant internal rules were determined in March, 2020