

Corporate Governance

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Corporate Governance Systems

Basic Concept of Corporate Governance ●

Japan Post Insurance has set out the “Basic Policy Regarding Corporate Governance” and developed the corporate governance structure of the Group accordingly, with a view to ensuring sustainable growth of the Group (Japan Post Insurance and JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.; the same shall apply hereinafter) and creating its corporate value over the medium to long term.

Basic Policy Regarding Corporate Governance

http://www.jp-life.japanpost.jp/en/aboutus/company/en_abt_cmp_report.html

Organizational Design ●

We have adopted a company with three committees structure, under which the Board of Directors’ role of management supervision is separated from the Executive Officers’ role of business execution, thereby clarifying the responsibilities with respect to corporate management. Within the organization of the Board of Directors, the three committees, namely the Nomination Committee, the Compensation Committee and the Audit Committee, have been established to fully utilize external views on the management of Japan Post Insurance and ensure the transparency and fairness of decision-making on the management. The specific roles of these committees are as described on the right:

- The Nomination Committee determines proposals for general meetings of shareholders concerning the election and dismissal of Directors.
- The Compensation Committee formulates compensation policies for Directors and Executive Officers and determines detailed compensation for each individual.
- The Audit Committee audits the execution of duties by Directors and Executive Officers, prepares audit reports, determines the contents of proposals for general meetings of shareholders regarding the election and dismissal of the accounting auditor to be submitted to general meetings of shareholders and approves the compensation for the accounting auditor.

Internal Control Systems ●

Japan Post Insurance considers the establishment of strong internal control systems to be extremely important to increasing our corporate value and to our goal of becoming the “No. 1 Japanese insurance company selected by customers.” We have established systems for the execution of our business based on the principle of self-responsibility and have continued our efforts to enhance our organization and systems.

● Outline of Organization and Systems

Important management decisions related to business execution are first discussed by the Executive Committee and then made by the President, CEO, Representative Executive Officer. The Executive Committee is comprised of the President, CEO, Representative Executive Officer and the Executive Officers in charge of the respective business operations. In addition, we set up the following nine specialized committees to serve as advisory bodies to the Executive Committee. Among the items subject to approval of each Executive Officer, cross-divisional issues are discussed by the respective specialized committees.

- | | | |
|-----------------------------------|-----------------------------------|---|
| 1. Financial Management Committee | 2. Risk Management Committee | 3. Compliance Committee |
| 4. CS Committee | 5. Product Development Committee | 6. Administrative and IT Systems Reform Committee |
| 7. Workstyle Reform Committee | 8. Information Security Committee | 9. Disclosure Committee |

● Initiatives for Internal Control

We have formulated the “Fundamental Policy for Establishment of Internal Control Systems” at the Board of Directors for ensuring proper operations and improving corporate value.

Pursuant to the aforementioned policy, the Company is striving to establish appropriate internal control systems, including the development of the following systems:

- System for ensuring the execution of duties by the Executive Officers and employees of Japan Post Insurance is in compliance with laws and regulations and the Articles of Incorporation
- System for retaining and managing information concerning the execution of duties by the Executive Officers
- System and rules for managing the risk of loss to Japan Post Insurance
- System for ensuring the efficient execution of duties by the Executive Officers
- System for ensuring proper operations within the corporate group comprising Japan Post Insurance and Japan Post Holdings, and subsidiaries of Japan Post Insurance
- System for ensuring effective audits by the Audit Committee

Internal Audit Framework

We established an Internal Audit Department that is independent of our business-executing departments to contribute to sound and appropriate business operations. We have set up an internal audit framework to review and assess the Company's internal control system and the appropriateness and effectiveness of our business execution.

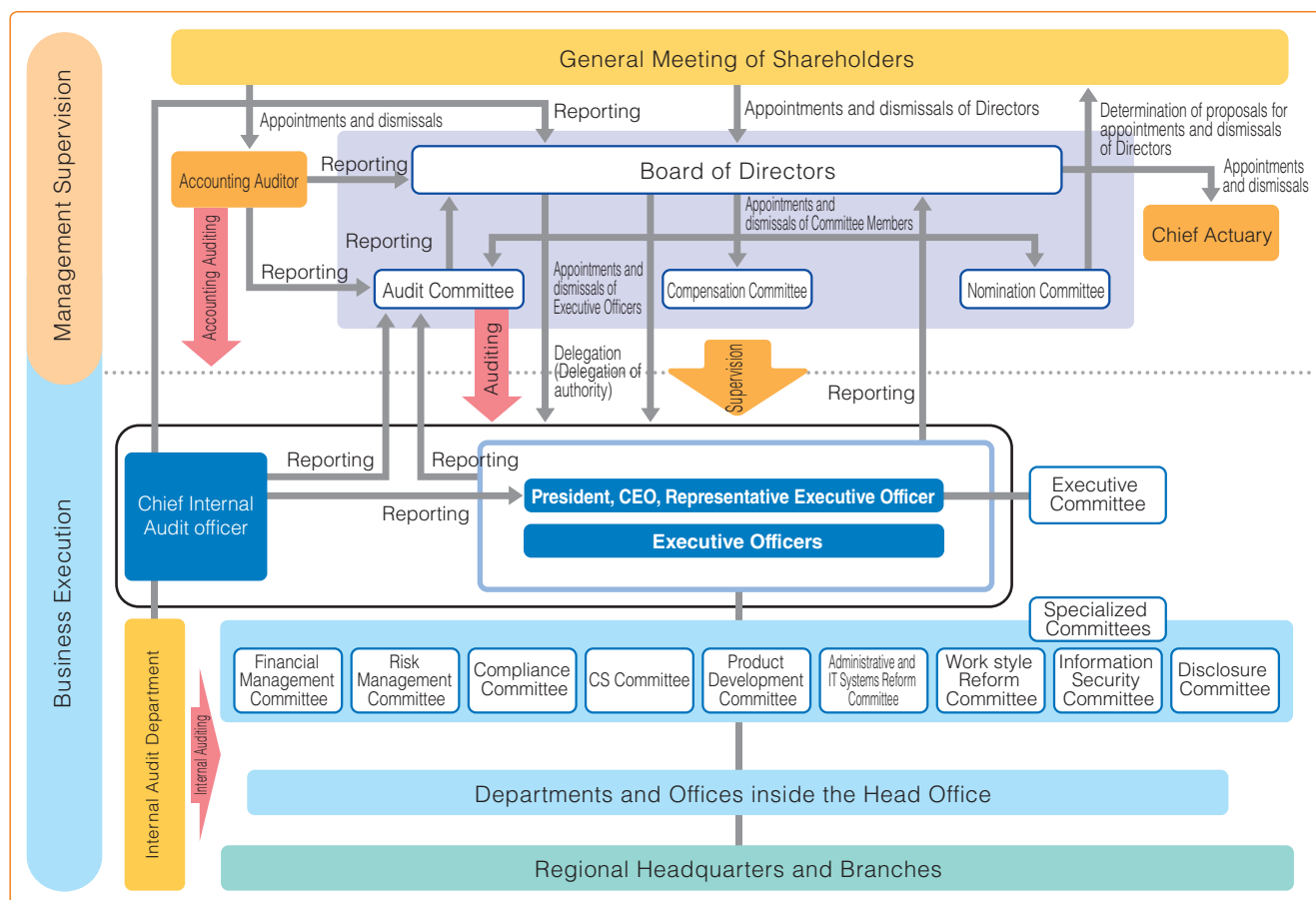
The Internal Audit Department carries out internal audits of various internal and external entities, including individual sections within the head office, regional headquarters, branches and our subsidiaries, as well as Japan Post Co., which acts as an agency of the Company.

Audited departments where problems or issues have been identified in an internal audit must carry out the corrections or improvements. Follow-up is to be

undertaken periodically to evaluate improvement measures taken by audited departments in response to suggestions by the internal audits. The Internal Audit Department reports the results of internal audits to the President, CEO, Representative Executive Officer, the Audit Committee and the Board of Directors.

The Internal Audit Department is also seeking to improve the professional skills required for auditing by enhancing its training programs for internal auditors and encouraging staff to obtain the relevant qualifications. At the same time, the Department has endeavored to strengthen the Company's internal audit framework by securing experienced staff in each area of the Company's operations.

Internal Control System



Directors and Executive Officers

Male: 29 Female: 6 (Percentage of female directors/executive officers: 17.1%)

(As of July 1, 2018)

Directors

Mitsuhiko Uehira

(Born 1956)
Director and President, CEO, Representative Executive Officer

Apr. 1979	Joined The Tokio Marine & Fire Insurance Co., Ltd.	Apr. 2014	Managing Executive Officer of the Company
Jun. 2012	Executive Officer and General Manager of Domestic Business Development Department of Tokio Marine Holdings, Inc.	Jun. 2015	Senior Managing Executive Officer of the Company
Jun. 2013	Managing Executive Officer of the Company	Jun. 2017	Director and President, CEO, Representative Executive Officer of the Company (current position)
Jul. 2013	Managing Executive Officer and Senior General Manager of Sales Planning Department of the Company	Jun. 2017	Director of Japan Post Holdings Co., Ltd. (current position)



Reasons for election He has held prominent positions at nonlife insurance companies and in the Sales Planning Department, etc. of the Company, and has also taken part in the management of the Company as President, CEO, Representative Executive Officer. Based on his considerable experience and achievements, we expect that he would play a significant role in making decisions on the execution of our important operations, and in supervising the execution of duties by Executive Officers.

Status of attendance Board of Directors 90% (9/10 meetings)

Masaaki Horigane

(Born 1956)
Director and Deputy President, Representative Executive Officer

Apr. 1979	Joined the Ministry of Posts and Telecommunications	Oct. 2010	Managing Executive Officer and Senior General Manager of Actuarial and Accounting Department of the Company
Oct. 2007	Executive Officer and Senior General Manager of Finance Department of the Company	Jul. 2011	Managing Executive Officer of the Company
Oct. 2008	Executive Officer and Senior General Manager of Actuarial and Accounting Department of the Company	Jul. 2014	Senior Managing Executive Officer of the Company
		Jun. 2017	Director and Deputy President, Representative Executive Officer of the Company (current position)



Reasons for election He has held prominent positions in the Finance Department, etc. of the Company, and has also taken part in the management of the Company as Deputy President, Representative Executive Officer. Based on his considerable experience and achievements, we expect that he would play a significant role in making decisions on the execution of our important operations, and in supervising the execution of duties by Executive Officers.

Status of attendance Board of Directors 100% (10/10 meetings)

Yasuhiro Sadayuki

(Born 1955)
Director

Apr. 1978	Joined Yasuda Fire & Marine Insurance Co., Ltd.	Apr. 2012	Audit & Supervisory Board Member (Full-Time) of NKSJ Systems, Inc.
Apr. 2009	Associate Director, General Manager, Risk Management Department of Sompo Japan Insurance Inc.	Jul. 2013	General Officer of Office of Audit Committee of the Company
Apr. 2010	General Manager, Risk Management Department of NKSJ Holdings, Inc.	Jul. 2014	Managing Executive Officer of the Company
		Jun. 2017	Director of the Company (current position)



Reasons for election Based on his considerable experience and achievements nurtured through his years of experience in Risk Management, etc. at nonlife insurance companies and the Company, we expect that he would play a significant role in making decisions on the execution of our operations, and in supervising the execution of duties by executive Officers.

Status of attendance Board of Directors 100% (10/10 meetings) Audit Committee 100% (12/12 meetings)

Masatsugu Nagato

(Born 1948)
Director

Apr. 1972	Joined The Industrial Bank of Japan, Ltd.	Jun. 2011	Director & Deputy Chairman of Citibank Japan, Ltd.
Jun. 2000	Executive Officer of The Industrial Bank of Japan, Ltd.	Jan. 2012	Director & Chairman of Citibank Japan, Ltd.
Jun. 2001	Managing Executive Officer of The Industrial Bank of Japan, Ltd.	May 2015	Director, President and Representative Executive Officer of JAPAN POST BANK Co., Ltd.
Apr. 2002	Managing Executive Officer of Mizuho Bank, Ltd.	Jun. 2015	Director of Japan Post Holdings Co., Ltd.
Apr. 2003	Managing Executive Officer of Mizuho Corporate Bank, Ltd.	Apr. 2016	Director and Representative Executive Officer, President & CEO of Japan Post Holdings Co., Ltd. (current position)
Jun. 2006	Corporate Executive Vice President of Fuji Heavy Industries, Ltd.	Apr. 2016	Director of JAPAN POST Co., Ltd. (current position)
Jun. 2007	Director, Corporate Executive Vice President of Fuji Heavy Industries, Ltd.	Apr. 2016	Director of JAPAN POST BANK Co., Ltd. (current position)
Jun. 2010	Representative Director & Executive Vice President of Fuji Heavy Industries, Ltd.	Jun. 2016	Director of the Company (current position)



Reasons for election He has been involved in the management of financial institutions over the years, and has also taken part in the management of the entire Japan Post Group as a Director, President and Representative Executive Officer of JAPAN POST BANK Co., Ltd., a Group company, and Director and Representative Executive Officer, President & CEO of Japan Post Holdings Co., Ltd., the Company's parent company. Based on his considerable experience and achievements, we expect that he would play a significant role in making decisions on the execution of our important operations, and in supervising the execution of duties by Executive Officers.

Status of attendance Board of Directors 100% (13/13 meetings) Nomination Committee 100% (2/2 meetings) Compensation Committee 100% (4/4 meetings)

Shinji Hattori

(Born 1953)
Outside Director



Apr. 1975	Joined Mitsubishi Corporation	Jun. 2009	Executive Vice President of Seiko Holdings Corporation
Jul. 1984	Joined Seikosha, Inc.	Apr. 2010	President of Seiko Holdings Corporation
Jun. 2001	President of SEIKO Precision Inc.	Oct. 2012	Chairman & Group CEO of Seiko Holdings Corporation (current position)
Jun. 2003	President of Seiko Watch Corporation	Jun. 2014	Director of the Company (current position)
Jun. 2007	Director of Seiko Corporation	Jun. 2015	President & CEO of Seiko Watch Corporation
Jul. 2007	Director of Seiko Holdings Corporation	Apr. 2017	Chairman & CEO of Seiko Watch Corporation (current position)

Reasons for election He is nominated as an Outside Director because we expect that he is capable of fulfilling supervisory and monitoring functions over the management based on his experience and insight as a management expert nurtured through years of experience in management of stock companies.

Status of attendance Board of Directors 92% (12/13 meetings) Nomination Committee 100% (2/2 meetings) Compensation Committee 100% (4/4 meetings)

Masako Suzuki

(Born 1954)
Outside Director



Jul. 1983	Joined Temporary Center Inc.	Mar. 2012	Director of Benefit one Solutions (current position)
Apr. 1999	Executive Officer of Pasona Inc.	May 2012	Auditor of Benefit one Health care Inc.
Sept. 2004	Senior Managing Director of Pasona Inc.	Jan. 2016	President and Representative Director of Benefit one Health care Inc. (current position)
Dec. 2007	Senior Managing Director of Pasona Group Inc.		
Jun. 2010	Director, Vice President of Benefit One Inc. (current position)	Jun. 2016	Director of the Company (current position)
Aug. 2010	Director of Pasona Group Inc.		

Reasons for election She is nominated as an Outside Director because we expect that she is capable of fulfilling supervisory and monitoring functions over the management based on her experience and insight as a management expert nurtured through years of experience in management of stock companies.

Status of attendance Board of Directors 100% (13/13 meetings) Audit Committee 100% (12/12 meetings)

Tamotsu Saito

(Born 1952)
Outside Director



Apr. 1975	Joined Ishikawajima-Harima Heavy Industries Co., Ltd.	Apr. 2011	Executive Vice President of IHI Corporation
Jun. 2006	Executive Officer, Vice President of Aero-Engine & Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd.	Apr. 2012	President, Chief Executive Officer of IHI Corporation
Jul. 2007	Executive Officer, Vice President of Aero-Engine & Space Operations of IHI Corporation	Apr. 2016	Chairman of the Board, Chief Executive Officer, General Manager of Monozukuri System Strategy Planning Headquarters of IHI Corporation
Jan. 2008	Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation	Apr. 2017	Chairman of the Board of IHI Corporation (current position)
Apr. 2008	Director, Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation	Jun. 2017	Director of the Company (current position)
Apr. 2009	Director, Managing Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation	Jun. 2018	Outside Director of Oki Electric Industry Co., Ltd. (current position)
Apr. 2010	Director of IHI Corporation		

Reasons for election He is nominated as an Outside Director because we expect that he is capable of fulfilling supervisory and monitoring functions over the management based on his experience and insight as a management expert nurtured through years of experience in management of stock companies.

Status of attendance Board of Directors 100% (10/10 meetings) Compensation Committee 100% (3/3 meetings)

Michiaki Ozaki

(Born 1952)
Outside Director



Apr. 1978	Appointed as Public Prosecutor of Tokyo District Public Prosecutors Office	Jan. 2014	Superintending Prosecutor of Takamatsu High Public Prosecutors Office
Jan. 2004	Public Prosecutor of Supreme Public Prosecutors Office	Jul. 2014	Superintending Prosecutor of Osaka High Public Prosecutors Office
Jan. 2005	Director-General for Inspection, Minister's Secretariat, Ministry of Foreign Affairs	Feb. 2016	Registered as attorney-at-law (Dai-ichi Tokyo Bar Association)
Apr. 2006	Chief Public Prosecutor of Kofu District Public Prosecutors Office	May 2016	Of Counsel of URYU & ITOGA (current position)
Jun. 2007	Public Prosecutor of Supreme Public Prosecutors Office (Panel on Preparation for Saiban-in System)	Jun. 2016	Outside Audit & Supervisory Board Member of East Nippon Expressway Company Limited (current position)
Jun. 2008	Director-General of Correction Bureau, Ministry of Justice	Jun. 2017	Director of the Company (current position)
Dec. 2010	Director-General of Public Security Intelligence Agency		

Reasons for election He is nominated as an Outside Director because we expect that he is capable of fulfilling supervisory and monitoring functions over the management based on his experience and insight as a legal expert nurtured through years of experience as a public prosecutor and attorney-at-law. Although he has never been directly involved in management of a company other than by serving as an Outside Director, we believe that he can appropriately perform duties as an Outside Director based on the aforementioned reasons.

Status of attendance Board of Directors 100% (10/10 meetings) Audit Committee 100% (12/12 meetings)

Meyumi Yamada

(Born 1972)
Outside Director

Apr. 1995	Joined KOEI KOGYO Co., Ltd	Sept. 2015	Director of MEDIA GLOBE CO., LTD. (current position)
May 1997	Joined Kiss Me Cosmetics co., Ltd.	Mar. 2016	President and Representative Director of IS Partners Inc. (current position)
Jul. 1999	Representative Director of I-Style Co., Ltd.		
Apr. 2000	Representative Director of istyle Inc.	Sept. 2016	Director of Eat Smart, Inc. (current position)
Dec. 2009	Executive Director of istyle Inc. (current position)	Jun. 2017	Director of the Company (current position)
May 2012	President and Representative Director of CyberStar Inc.	Jun. 2017	Outside Director of Seino Holdings Co., Ltd. (current position)

Reasons for election She is nominated as an Outside Director because we expect that she is capable of fulfilling supervisory and monitoring functions over the management based on her experience and insight as a management expert nurtured through years of experience in management of stock companies.

Status of attendance Board of Directors 100% (10/10 meetings) Audit Committee 100% (12/12 meetings)



Yoshie Komuro

(Born 1975)
Outside Director

Apr. 1999	Joined Shiseido Company, Limited	Apr. 2013	Member of Children and Childcare Support Council, Cabinet Office, Government of Japan
Jul. 2006	President of Work-Life Balance Co., Ltd. (current position)	Sept. 2014	Civil Member of Industrial Competitiveness Council, Prime Minister Abe's Cabinet
Apr. 2008	Member of Evaluation Working Group, Work-Life Balance Promotion and Evaluation Council, Cabinet Office, Government of Japan	Feb. 2015	Member of Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology
Aug. 2011	Member of Working Group on Pension, Social Security Council, Ministry of Health, Labour and Welfare (current position)	Mar. 2016	Chairperson of the Panel for Promoting Workstyle Reforms of Kasumigaseki
Aug. 2012	Member of Industrial Structure Council, Ministry of Economy, Trade and Industry	Jun. 2017	Director of the Company (current position)

Reasons for election In addition to years of experience engaging in the management of stock companies, she has held prominent positions, including service as an expert committee member for government affiliated committee meetings, and possesses deep knowledge regarding the environment surrounding corporate management, including workstyle reforms. Based on her experience and insight as a management expert nurtured through years of such experience, we expect that she is capable of fulfilling supervisory and monitoring functions over the management.

Status of attendance Board of Directors 90% (9/10 meetings)



Kazuyuki Harada

(Born 1954)
Outside Director

Apr. 1976	Joined Keikyu Corporation	Jun. 2013	President & Representative Director of Keikyu Corporation (current position)
Jun. 2007	Director of Keikyu Corporation		
Jun. 2010	Executive Director of Keikyu Corporation	Jun. 2015	Outside Director of Japan Airport Terminal Co., Ltd. (current position)
Jun. 2011	Senior Executive Director of Keikyu Corporation	Jun. 2018	Director of the Company (current position)

Reasons for election He is nominated as an Outside Director because we expect that he is capable of fulfilling supervisory and monitoring functions over the management based on his experience and insight as a management expert nurtured through years of experience in management of stock companies.

Status of attendance Board of Directors - % (-/- meetings)



Notes: 1. Mr. Shinji Hattori, Ms. Masako Suzuki, Mr. Tamotsu Saito, Mr. Michiaki Ozaki, Ms. Meyumi Yamada, Ms. Yoshie Komuro and Mr. Kazuyuki Harada are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.

2. Status of attendance shows attendance at meetings of the Board of Directors and each Committee, respectively, held during the fiscal year ended March 31, 2018 since assuming the position of Director of the Company.

Committees

Nomination Committee		Audit Committee		Compensation Committee	
Chairman	Masatsugu Nagato	Chairman	Michiaki Ozaki	Chairman	Tamotsu Saito
Member	Shinji Hattori	Member	Yasuhiro Sadayuki	Member	Masatsugu Nagato
Member	Kazuyuki Harada	Member	Masako Suzuki	Member	Shinji Hattori
		Member	Meyumi Yamada		

Executive Officers

In charge of respective departments		
President, CEO Representative Executive Officer	Mitsuhiko Uehira	
Deputy President Representative Executive Officer	Masaaki Horigane	Secretariate, Actuarial and Accounting Department and Credit Department
Senior Managing Executive Officer	Yoshito Horiie	Compliance Control Department, Sales Quality Control Department and Customer Services Department
Senior Managing Executive Officer	Yoshihiko Ido	Sales Promotion Department and Sales Training Department
Managing Executive Officer	Yoshio Inoue	Internal Audit Department
Managing Executive Officer	Hiroshi Nagaso	General Affairs Department and Regional Headquarters
Managing Executive Officer	Atsushi Tachibana	Investment Planning Department, Investment Management Department and Credit and Alternative Investment Department
Managing Executive Officer	Shinji Ando	Legal Affairs Department, Cash-Flow and Expense Management Department and Loan Department
Managing Executive Officer	Nobuyasu Kato	Corporate Planning Department, Digital Services Acceleration Department and Public Relations Department
Managing Executive Officer	Yasuaki Hironaka	IT Systems Management Department, IT Systems Planning Department and in charge of Digitalization
Managing Executive Officer	Tomoaki Nara	Risk Management Department, Human Resources Department and Human Resources Development Department
Managing Executive Officer	Nobuatsu Uchikoba	Business Process Planning Department and Product Planning Department
Managing Executive Officer	Yasumi Suzukawa	Underwriting Department, Policy Administration Department, Claims-Related Services Department and Policy Assessment Department
Managing Executive Officer	Yoshiki Miyanishi	Sales Planning Department and Whole Sales Department
Managing Executive Officer	Michiko Matsuda	In charge of Workstyle Reform
Executive Officer	Kieko Onoki	General Manager, Sendai Administration Services Center
Executive Officer	Toru Onishi	Senior General Manager, Kinki Regional Headquarters
Executive Officer	Hidekazu Sakamoto	Senior General Manager, Sales Promotion Department
Executive Officer	Junko Koie	Chief Actuary
Executive Officer	Masamichi Yokoyama	
Executive Officer	Motonori Tanaka	Senior General Manager, Tokai Regional Headquarters
Executive Officer	Masato Hashiba	Senior General Manager, Kanto Regional Headquarters
Executive Officer	Takashi Iida	Senior General Manager, Kyushu Regional Headquarters
Executive Officer	Shinsuke Fujii	Senior General Manager, Internal Audit Department
Executive Officer	Norihiro Fujimori	Senior General Manager, Business Process Planning Department
Executive Officer	Hajime Saito	Senior General Manager, Tokyo Regional Headquarters

Activities of the Board of Directors (Interview with Outside Director)

We aim to constantly create new value and achieve sustainable growth by practicing sound management based on strong corporate governance.

We asked Director Michiaki Ozaki, who has served as Chairman of the Audit Committee since June 2017, about the Company's corporate governance efforts and the role and effectiveness of our Board of Directors.

Director Michiaki Ozaki

● Experience

Apr. 1978	Appointed as Public Prosecutor of Tokyo District Public Prosecutors Office	Dec. 2010	Director-General of Public Security Intelligence Agency
Jan. 2004	Public Prosecutor of Supreme Public Prosecutors Office	Jan. 2014	Superintending Prosecutor of Takamatsu High Public Prosecutors Office
Jan. 2005	Director-General for Inspection, Minister's Secretariat, Ministry of Foreign Affairs	Jul. 2014	Superintending Prosecutor of Osaka High Public Prosecutors Office
Apr. 2006	Chief Public Prosecutor of Kofu District Public Prosecutors Office	Feb. 2016	Registered as attorney-at-law (Dai-ichi Tokyo Bar Association)
Jun. 2007	Public Prosecutor of Supreme Public Prosecutors Office (Panel on Preparation for Saiban-in System)	May 2016	Of Counsel of URYU & ITOGA (current position)
Jun. 2008	Director-General of Correction Bureau, Ministry of Justice	Jun. 2016	Outside Audit & Supervisory Board Member of East Nippon Expressway Company Limited (current position)
		Jun. 2017	Director of the Company (current position)

Q.1

What is your view of the Company's corporate governance?

The Company has adopted a company with three committees structure, under which supervision of management is separated from execution of business. In a company with three committees, a large part of business execution is delegated to the authority of Executive Officers to enable swift decision-making according to management environments or issues.

Under this institutional design, called the "monitoring model," the Board of Directors, which includes Outside Directors, and the Nomination Committee, Compensation Committee, and Audit Committee, which comprise mainly Outside Directors, are independent of the executive organization, and are expected to carry out supervision from an objective standpoint. To this end, the Companies Act stipulates that a majority of the members of each committee must comprise Outside Directors.

Therefore, ensuring the effectiveness of supervision by the Board of Directors and each committee is an extremely important issue for the Company.

I belong to the Audit Committee, which is made up of four members, including myself, three of whom are Outside Directors. The Audit Committee bears the important responsibility of auditing the legality and appropriateness of business execution mainly by Executive Officers.

The Company's Audit Committee holds meetings in principle once a month, where it receives detailed reports from members such as the responsible Executive Officers regarding the status of execution of duties based on the audit plan decided at the beginning of the fiscal year, and requests reports or asks questions as necessary. Discussion is very lively, and the meetings often run overtime. The contents are also reported to the Board of Directors, and we strive to share our understanding with other Directors. I believe that the role of the Audit Committee to receive and discuss relatively detailed explanations from executives including the responsible Executive Officers is very important.

The Company has a unique social mission, which is for Japan Post Holdings Co., Ltd. and Japan Post Co., Ltd. to provide universal services as mandated by law. I feel it is vital to keep this in mind when performing our audits.

For example, around 90% of our life insurance products are sold through the nationwide post office network, and it is mainly the employees of Japan Post Co., Ltd. serving at post offices who receive



the paperwork for claims procedures from customers. The “customer-first business operations” the Company aims for cannot be achieved by our employees alone, but with cooperation from everyone involved in life insurance operations at such post offices.

Thus, when thinking about the Company’s corporate governance or internal control, I believe it is necessary to cooperate and coordinate closely with Japan Post Co., Ltd. To do that, in addition to mutual coordination among officers, the Company’s Outside Directors and the Audit Committee visit Japan Post regional offices and post offices as well as the Company’s branches in an effort to understand the actual situation.

It is important that the numerous employees of this large organization that stretches nationwide can carry out day-to-day insurance operations with a sense of mission and motivation in providing high quality insurance services to customers, thereby allowing the Company to develop further and earn greater trust. I am committed to striving together with the Executive Officers to achieve that goal.

Q.2 How do you evaluate the effectiveness of the Company’s Board of Directors?

The Company’s Board of Directors is composed of 11 members, including seven Outside Directors, which ensures a very high degree of independence.

The six Outside Directors other than myself are all corporate managers from a wide variety of business areas including the manufacturing and service industries, with the deep insight and

abundant experience gained in their respective fields. Four of the Outside Directors are men, and three are women, representing a wide range of age groups, so the Board is rich in diversity in this respect as well.

Lively discussion takes place at meetings of the Board of Directors, which are held in principle once a month, fueled by the variety of extensive experience and knowledge of the Directors. I personally have had many instances of renewing my understanding triggered by the varied insights of other Directors based on their respective experience. All Outside Directors have an attendance rate at the meetings of the Board of Directors (for the fiscal year ended March 31, 2018) of over 90%.

With regard to the operation of the Board of Directors, creative measures are constantly being devised to allow the Outside Directors to fully perform their functions. For example, in addition to the meetings of the Board of Directors, business execution departments arrange extra opportunities as necessary to provide us with detailed explanations of specialized matters such as accounting and risk management unique to life insurance companies.

As I stated before, we are also given opportunities to visit post offices and Company branches where our products are actually delivered to customers and to exchange opinions with employees. It is an extremely effective environment for us Outside Directors to discuss and supervise regarding the Company’s management strategy and compliance.

Through such a framework, I believe that the Company’s Board of Directors is fully operating and is highly effective. I will continue to do my best to further enhance the effectiveness of the Board and to fulfill the role expected of me as an Outside Director.



Dialogue with Shareholders and Investors

IR Activities

● Financial Results and Corporate Strategy Meetings/ Financial Results Conference Calls

We organize financial results and corporate strategy meetings and conference calls for institutional investors and analysts after quarterly financial results announcements, as opportunities for our management to provide explanation on our management strategy, financial condition, etc.

● IR Activities for Domestic and Overseas Institutional Investors

Our IR activities cover institutional investors both in Japan and overseas, and overseas IR events by our management are organized several times a year. Meanwhile, to minimize the information gap between domestic and overseas investors, English translations of information such as financial results and IR materials are posted on our website.

● IR Activities for Individual Investors

We strive to enhance the quality of information including IR materials and the status of meetings held on the individual investors section of our website. We also hold briefing sessions and seminars for individual investors throughout the year.

● IR Website

We post financial information, IR materials and other non-financial timely disclosure materials as well as legal disclosure materials such as securities reports on our website.

Examples of dialogue activities (FY2018/3)

- Financial results conference calls for institutional investors and analysts (Held four times this year)
- Financial results and corporate strategy meetings for institutional investors and analysts (Held twice this year)
- Individual meetings with institutional investors in Japan and overseas (Held approximately 120 times this year)
- Briefing sessions for individual investors (Held 19 times this year: Tokyo, Osaka, Nagoya, Kanazawa, etc.)



A financial results and corporate strategy meeting

General Meeting of Shareholders

We held our 12th Ordinary General Meeting of Shareholders on June 18, 2018. (The number of attending shareholders was 284, and the meeting time was 1 hour and 17 minutes.)

For the meeting, we strived to improve the convenience for shareholders and enhance communication with them.

We mailed the Convocation Notice on May 30, 2018 to provide early dispatch and disclosed its content on our website and elsewhere prior to the dispatch on May 21, 2018, so that our shareholders would have enough time to carefully review the proposals. Moreover, in addition to ensuring the exercise of voting rights via the Internet, we addressed the issue of improving the environment for shareholders to exercise their voting rights by participating in the virtual platform recommended by the Tokyo Stock

Exchange, which allows institutional investors to conduct the electronic exercise of voting rights.

Furthermore, at the meeting, we strived to explain our business lines using video materials to facilitate the understanding of attending shareholders. During the Q&A session, we received several questions about the Company's stance or responses toward such issues as the Company's growth strategy and dividend policy. The President, CEO and the officers in charge of the respective subjects responded, enhancing interactive communication.

After the meeting, we swiftly disclosed the shareholder newsletter, the results of the exercised voting rights and other relevant information on the Company's website as part of our efforts to enhance the provision of corporate information to shareholders.



The 12th Ordinary General Meeting of Shareholders

Appropriate Information Disclosure

We strive to appropriately disclose information in order to help our stakeholders, including our customers, have a better understanding of the Company's management.

We have announced our "Disclosure Policy," which entails active disclosure of information based on relevant laws and regulations, as well as financial and non-financial information through means such as this "JAPAN POST INSURANCE Annual Report 2018" and our website.

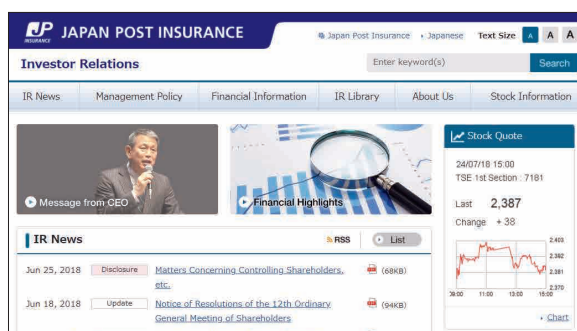
Examples of information disclosure

Annual Report "JAPAN POST INSURANCE Annual Report 2018"

- | | |
|---------------------------------|--|
| Website for PCs and smartphones | <ul style="list-style-type: none"> ● Financial Information ● Investor Relations ● Contract Guidelines and Policy Conditions, etc. |
|---------------------------------|--|



▲ Annual Report "JAPAN POST INSURANCE Annual Report 2018"



▲ Japan Post Insurance Website
<http://www.jp-life.japanpost.jp/en/>

Compliance

Japan Post Insurance assures the soundness and appropriateness of its business operations and maintains a framework that meets the trust of society by ensuring all its executives and employees comply with laws and regulations (laws, regulations, rules and internal rules, and social norms and corporate ethics) in every aspect of its business activities.

To realize our goal of becoming the “No. 1 Japanese insurance company selected by customers,” company-wide efforts are undertaken to achieve thorough implementation of compliance.

Compliance Policies ●

We have established our compliance framework by formulating compliance rules that set out the basics for the promotion of compliance within the Company. These rules incorporate the “Fundamental Policy for Establishment of Internal Control Systems” developed by the Company’s Board of Directors.

To provide a guide to the laws and regulations and other rules concerning our corporate activities, we have prepared a Compliance Manual that is distributed to all departments including our head office and branches. For

our executives’ and employees’ easy reference at any time, we have also produced a Compliance Handbook, which describes the essentials of the Compliance Manual, as well as a Pocket-Size Compliance Card, which contains a summary of our management philosophy and other directives. In addition, we work to undertake thorough implementation of compliance through our “Compliance Program,” a plan developed annually to lay out specific details for promoting compliance.

Compliance Promotion System ●

To promote compliance within the Company, we have established the Compliance Committee, headed by the Chief Compliance Officer (CCO), which meets regularly. The Compliance Committee deliberates on the management policies concerning compliance, specific compliance operations, and response to various compliance issues. The committee also works to achieve thorough compliance and prevent violations of compliance by monitoring and analyzing the Company’s compliance promotion efforts.

The CCO takes responsibility in operating and maintaining our compliance framework and reports on important matters to the Executive Committee, the Audit Committee and the Board of Directors.

The Compliance Control Department, which has been created to supervise compliance within the Company, plans and coordinates overall compliance-related matters. We have also established Regional Compliance Divisions at 13 locations nationwide, which operate under the direct control of the Compliance Control Department. Within their respective geographical areas of responsibility, these divisions oversee general compliance planning, coordination, promotion and guidance, and manage responses to violations of compliance. In order to build a system to promote compliance company-wide, we have appointed the

heads of the Compliance Control Department and Regional Compliance Divisions as Compliance Officers. In addition, as the officers responsible for the promotion of compliance, we have appointed Compliance Managers at our head office (including Services Centers) and at our regional headquarters and branches.

To discuss matters related to the enhancement and reinforcement of the compliance framework of Japan Post Co., which serves as our insurance solicitor, we have set up a liaison meeting, members of which include the CCO. We also provide guidance to post offices and manage their compliance activities on the basis of discussion at the meeting. In addition, we have established a Compliance System Strengthening Advisory Board comprised of external experts and knowledgeable persons, etc. This Board provides neutral and professional appraisals of matters such as the current status of our compliance along with recommendations on the future direction of our compliance efforts. We utilize these appraisals and recommendations to enhance our compliance framework.

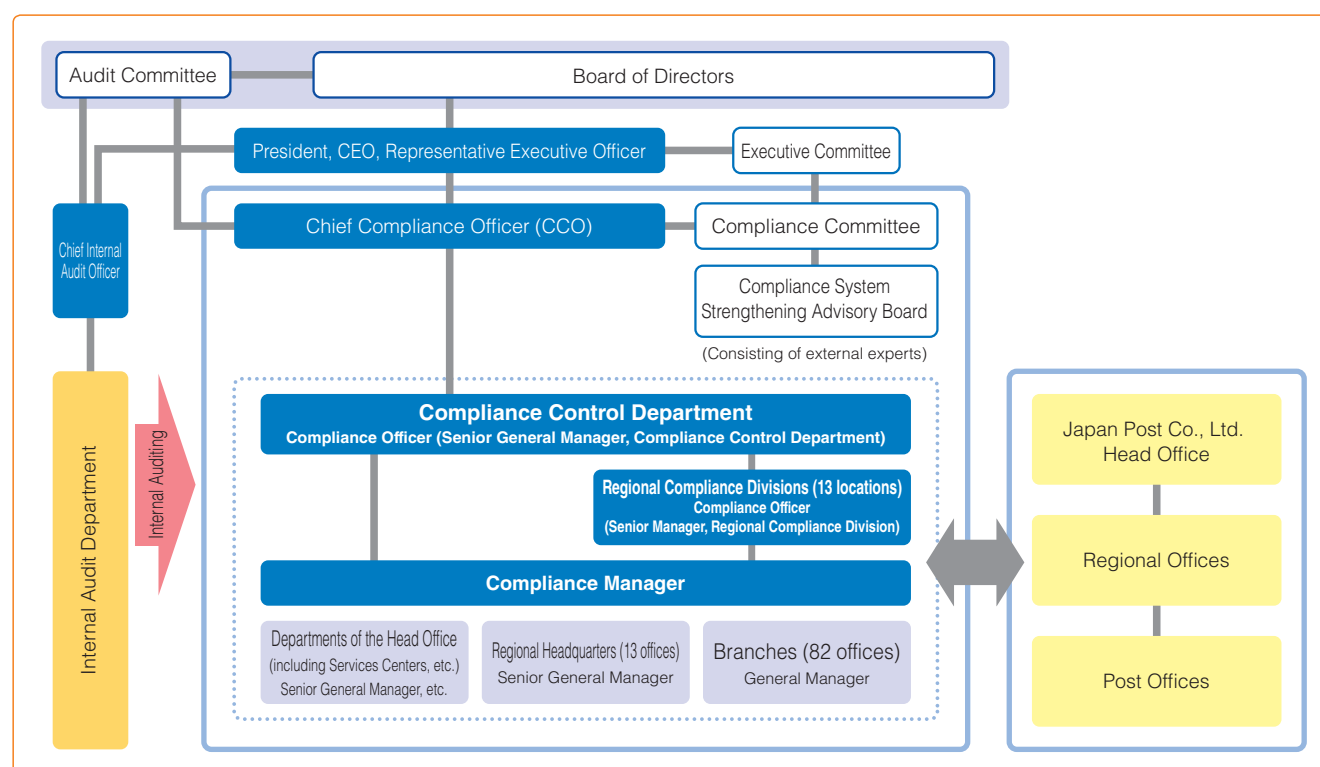
The Internal Audit Department conducts internal audits of compliance in our business activities and checks the adequacy and effectiveness of our compliance promotion system.

Implementing Compliance Education

Through our Compliance Program, we conduct training courses that include Compliance Administrators and Compliance Managers at our head office, branches and other locations. The program covers explanations and instructions regarding the role of Compliance Managers, as well as important points to note and other details regarding compliance in our business activities. In order to raise awareness of compliance, we also hold e-learning training courses for all executives and employees.

Within our head office, branches and other business units, we carry out activities designed to enhance compliance awareness utilizing opportunities such as business study group sessions and other meetings. We also offer various training programs and training materials to post offices.

Compliance Promotion System



Solicitation Policy

Under the Management Philosophy of “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” we are always close to people’s lives, offering easy-to-understand products and high-quality services.

Sales activities of life insurance will be conducted appropriately, abiding by laws and regulations as well as social norms.

Solicitation Policy of Japan Post Insurance

http://www.jp-life.japanpost.jp/policy/solicitation/pcy_sol_index.html (in Japanese)

Management of Conflicts of Interest

To prevent our customers’ interests from being unduly harmed in conjunction with conflicts of interest transactions between our customers and Japan Post Insurance, we have released the “Conflicts of Interest Management Regulations” in light of the Insurance Business Act and Financial Instruments and Exchange Act, and others. In accordance with these regulations, we engage in appropriate business conduct that complies with laws and regulations, internal rules and ethical standards.

Japan Post Group has released the Japan Post Group Conflicts of Interest Management Policy. This Policy governs the management of conflicts of interest transactions by our Group as a whole in order to prevent our customers’ interests from being unduly harmed.

Japan Post Group Conflicts of Interest Management Policy

http://www.jp-life.japanpost.jp/en/aboutus/company/en_abt_cmp_conflicts.html

Initiatives for Protecting Personal Information

Japan Post Insurance recognizes the importance of information security management called for by society and promotes measures to protect personal information appropriately pursuant to relevant laws and regulations.

We manage the security of personal data through an internal management structure that designates the Chief Information Security Officer (CISO), who is in charge of the company-wide control of information security, and an individual responsible for protection of personal information in each division, thereby protecting and handling personal information in an appropriate manner.

Japan Post Insurance Privacy Policy

http://www.jp-life.japanpost.jp/en/aboutus/company/en_abt_cmp_security.html

Succession of Personal Information Associated with the Postal Life Insurance Policies ●

We have succeeded personal information about policyholders and insured persons (hereinafter “customers” in this section), associated with the Postal Life Insurance Policies held by Japan Post at the time of the privatization to the extent required in performing the business operation and functions succeeded from Japan Post by the Management Organization and by the Company, in accordance with the “Implementation Plan Concerning the Business Succession of Japan Post” approved by the government pursuant to the Postal Service Privatization Act.

Personal information of the customers acquired by the Company in the course of the aforementioned business succession (including information concerning personal medical history such as hospitalization records) shall be used as necessary solely for the prescribed purposes, with a view to ensuring adequate management of life insurance operation on an ongoing basis.

Purpose of Use of Personal Information Succeeded from Japan Post

http://www.jp-life.japanpost.jp/policy/privacy/pcy_prv_index.html (in Japanese)

Elimination of Antisocial Forces

Japan Post Insurance recognizes that the complete elimination of relationships with antisocial forces is an integral part of our corporate social responsibility and is essential in maintaining the trust of our customers and realizing sound management.

Based on the “Fundamental Policy for Establishment of Internal Control Systems” formulated by the Board of Directors, we have stipulated a “Basic Policy on Handling of Antisocial Forces” to take appropriate actions against and eliminate and avoid any relationships with antisocial forces.

Basic Policy on Handling of Antisocial Forces

http://www.jp-life.japanpost.jp/en/aboutus/company/en_abt_cmp_antisocial.html

Rules for Handling of Antisocial Forces ●

Our “Fundamental Policy for Establishment of Internal Control Systems” requires the elimination of any relationships with antisocial forces that pose a threat to the order of society and sound corporate activities by routinely collaborating with the police and other outside experts and firmly rejecting the unjustified demands of antisocial forces. Accordingly, we have created “Rules for Handling

of Antisocial Forces,” which define our framework for eliminating and avoiding relationships with antisocial forces and the basics for organizational actions, as well as “Procedures for Handling of Antisocial Forces” and an “Antisocial Forces Manual” to lay down specific processes to ensure proper business conduct. We require all employees to strictly observe these rules and procedures.

System for Handling of Antisocial Forces ●

We have established an appropriate system to eliminate relationships with antisocial forces, with the President, CEO, Representative Executive Officer at the top. Below the President, CEO, Representative Executive Officer, we appointed the Executive Officer responsible for the General Affairs Department of the head office as the Antisocial Forces Response Officer and assigned the role of Antisocial Forces Response Manager to the Senior General Manager of the General Affairs Department of the head office, the Senior General Managers of the regional headquarters and the General Managers of the branches. The Compliance Committee and the Antisocial Forces Handling Council engage in across-the-board discussion on relevant matters.

As specific measures to eliminate any relationships with antisocial forces, we incorporated a clause against organized crime into our policy agreements in April 2012. Other efforts include checking all policies in force for any link with antisocial forces and incorporating a clause against organized crime into various other contracts. We also encourage persons in charge of countering unjustified demands to participate in the corresponding training seminar; work to reinforce our ties with the police, lawyers and other external organizations; and provide guidance through meetings, training programs and informational publications.

Risk Management Systems

Economic, demographic and other conditions surrounding the life insurance industry business environment are dramatically changing. As a life insurance company, Japan Post Insurance needs to ensure the financial stability and soundness of business operations now and into the future in order to manage the precious funds entrusted to us by customers and ensure payment of the sum insured to secure their living in times of need. In particular, as we have a social mission to take part in constantly providing the universal service products of endowment insurance and whole life insurance through the post office network, appropriate risk management is extremely important.

We have formulated the “Risk Appetite Statement” as part of our risk-taking strategies. In addition, we recognize effective risk management according to the various risk profiles of the life insurance business as one of management’s highest priorities. Our Basic Risk Management Policy stipulates fundamental matters that include our basic principle for risk management and risk management systems and techniques, and we implement risk management in accordance with this policy. As our basic principle, we undertake risk management with an aim to achieve a higher capital efficiency and risk-return ratio, while maintaining financial soundness based on management strategies, in addition to avoiding unforeseen losses. Our risk management systems perform comprehensive risk management and risk management by risk category.

Outline of Risk Management Systems ●

In accordance with the “Basic Risk Management Policy,” we have set up and regularly convene the Risk Management Committee headed by the Chief Risk Officer (CRO), while formulating rules of risk management.

The Risk Management Committee deliberates on risk management policies and matters concerning the establishment and operation of risk management systems as well as on matters concerning the implementation of risk management. This committee also performs appropriate risk management by monitoring and analyzing the status of each risk and other related matters. The CRO submits and reports on important matters to the Executive Committee for discussion.

Also, the CRO controls the Company’s risk management and builds, verifies and upgrades risk management systems in accordance with changes in risk management circumstances and the operating environment. The Risk Management Department is in charge of overall control of risk management and under the direction of the CRO executes affairs concerning building, verifying and upgrading risk management systems. At the same time, it regularly verifies the status of risk management by monitoring, analyzing and managing the state of risk management in sections responsible for performing risk management in each risk category (“risk management sections”).

Each of the Executive Officers in charge of risk management sections operate and upgrade the systems for managing their respective assigned risks by ascertaining the presence, types and profile of risk, as well as the risk management techniques and systems as prescribed by the Basic Risk Management Policy. While operating a mutual checks and balances system with departments of the head office and branches in charge of business execution, risk management sections appropriately fulfill their monitoring role and manage their assigned risks in accordance with risk management standards. As investment risk and operational risk have multiple subcategories, we have designated the Risk Management Department for handling comprehensive risk management in conjunction with the risk management sections for respective subcategories.

In order to strengthen our risk management systems, the Internal Audit Department conducts internal audits and examines the appropriateness and effectiveness of our risk management systems.

In enforcing risk management, we collaborate with the risk management departments of Japan Post Holdings Co., Ltd. and JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd., the Company’s subsidiary.

Comprehensive Risk Management (Enterprise Risk Management (ERM)) ●

We ascertain risk on an overall basis, which encompasses latent significant risks, for any risk we face and compare and contrast various risks with our capital and other areas in managing risk for our overall business.

As our basic principle, based on the characteristics of the life insurance business, we manage company-wide risks by comparing the risk amount with the capital amount on an economic-value basis, in

compliance with current solvency margin regulations applicable to insurance companies, with a view to improving capital efficiency while maintaining financial soundness.

In addition, we promote the sophistication of our ERM system through the application of ERM to the management plans and others, in an effort to attain stable profit and sustainable increases in our corporate value.

Implementation of Stress Tests ●

We implement periodic stress testing to ascertain the impact of an event that has a low but certain probability of occurring and could have a significant effect on the Company.

In establishing stress scenarios we undertake the following:

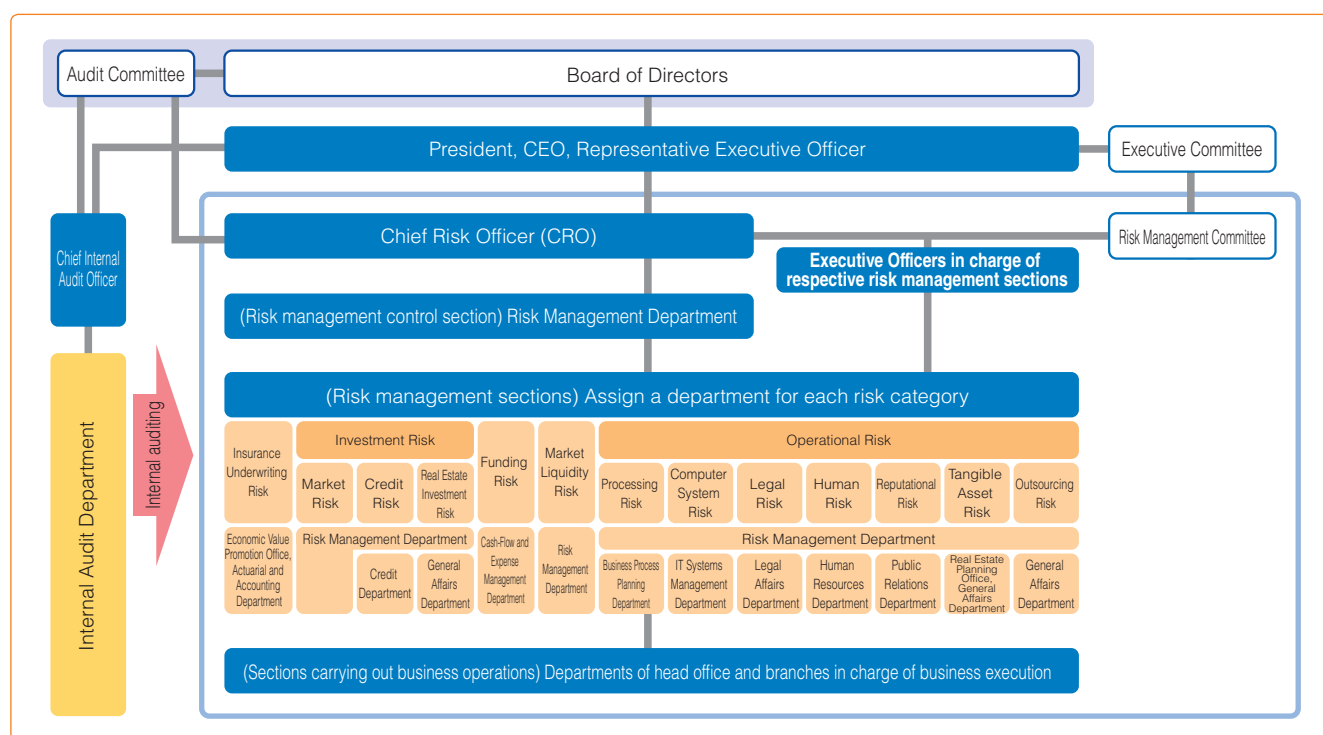
- We cover all risk categories that could have a significant impact on the Company taking into consideration the Company's risk profile status.
- Besides historical scenarios that have occurred in the past, we simulate forward-looking hypothetical scenarios that could occur in the future.

- We consider the impacts on the Company under a combined (comprehensive) stress scenario.

Specifically, we add sub-scenarios (financial market turmoil, mass lapse, etc.) into four main scenarios (a rise in interest rates, a decline in interest rates, the occurrence of a major earthquake and the widespread outbreak of a new strain of influenza).

The results of stress tests are periodically reported to the Risk Management Committee and the Executive Committee to be used in management judgments.

Risk Management Structure



Principal Risk Categories and Definitions

We classify and define types and details of managed risks into the following categories and have established a management system and rules in accordance with each characteristic and are appropriately carrying out risk management.

Insurance Underwriting Risk	The risk of losses due to changes in economic conditions, incidence rates of insured events or other factors contrary to the projections made at the time when premiums were set.
Investment Risk	The risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance-sheet assets and liabilities.
Market Risk	The risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance sheet assets and liabilities as well as the risk of losses resulting from fluctuations in profits generated by assets and liabilities due to fluctuations in various market risk factors such as interest rates, foreign exchange rates, and stock prices.
Credit Risk	The risk of losses resulting from a decline or elimination in the value of assets including off-balance sheet assets due to deterioration in financial conditions of borrowers or a counterparty.
Real Estate Investment Risk	The risk of losses due to a decline in profitability of real estate caused by factors such as the change of rents, or due to a decrease in the value of real estate itself caused by factors such as changes in market conditions.
Funding Risk	The risk of losses due to being forced to carry out transactions at a price extremely lower than normal as a result of a deterioration in cash management caused by factors such as a decrease of premium income following the decline of new policies caused by factors such as worsening financial conditions, an increase in payments of termination refunds following a large amount of policy surrenders and lapses and cash outflows following a significant natural disaster.
Market Liquidity Risk	The risk of losses due to being forced to conduct transactions at extremely unfavorable prices compared to normal or being unable to conduct market transactions due to factors including market turmoil.
Operational Risk	The risk of losses due to improper business processing, inappropriate behavior by executives and employees, improper computer system operations or external events.
Processing Risk	The risk of losses due to executives, employees and others neglecting to conduct proper operations, resulting in accidents or engagement in unlawful activities.
Computer System Risk	The following types of risk are included: a) the risk of losses due to system failures or malfunctions, system defects or any other causes. b) the risk of losses due to unauthorized use of computers. c) the risk of losses due to delayed computer system development.
Legal Risk	The risk of losses resulting from any legal conflicts associated with our business activities or due to our improper response to the establishment of or revisions to any relevant laws and regulations.
Human Risk	The risk of losses due to unequal, unfair or discriminatory actions, in terms of personnel management.
Reputational Risk	The risk of losses due to the spread of vague information such as rumors, speculations or reputation with regard to the Company, and the spread of misunderstandings, misperceptions or exaggerated interpretations associated with an accident or unlawful acts among policyholders or the mass media.
Tangible Asset Risk	The risk of losses due to damage to tangible assets caused by disasters or other events.
Outsourcing Risk	The risk of losses due to default of an outsourcing agreement and/or unlawful acts, etc., committed or conducted by an outsourcee (including any re-outsourced party) with regard to an operation outsourced externally.

We manage risk by designating risk management sections in respective risk categories. The Risk Management Department, which is in charge of the overall control of risk management, verifies the status of respective risk management sections based on their reports, while periodically reporting on relevant matters to the Risk Management Committee.

Risk management in each risk category is described in the sections below.

Insurance Underwriting Risk ●

Life insurance policies are contracts that provide long-term coverage to policyholders against the risk of death, illness or injury. Upon underwriting, we need to make accurate assessment and analysis of potential risks and appropriately reflect identified risks in the corresponding premiums.

Accordingly, we undertake such activities as verifying our setting of premium rates and assessing and analyzing the occurrence of insured events.

The Economic Value Promotion Office, Actuarial and Accounting Department, which is the section to perform insurance underwriting risk, conducts risk management

appropriately by measuring the amount of insurance underwriting risk, evaluating the profitability of each product sold and verifying the appropriateness of our underwriting standards from a medical perspective.

As required in managing insurance underwriting risk, we conduct ceded reinsurance upon fully studying the financial status of reinsurers. On the other hand, when underwriting reinsurance, we secure the required information, study the profitability and risk characteristics and verify whether the underwriting risk is restricted to cause no serious impact on management.

Investment Risk ●

To provide for anticipated payment of insurance claims and other benefits, we need to carefully manage funds entrusted to us from customers under life insurance policies.

Based on this perspective, in order to maintain sound management and offer a sense of assurance to customers, we have a basic investment policy to secure stable asset management by investing in and financing yen-denominated interest-bearing assets, such as Japanese public and corporate bonds and loans, matched to the long-term and fixed interest rate characteristics of our liabilities. With a view to improving profitability, we also promote diversification of our asset portfolio to the extent allowed in managing investment risk.

The Risk Management Department, which is the section to perform investment risk management, the Credit Department and the General Affairs Department are assigned the task of managing investment risk. These sections monitor investment risk and enforce appropriate management under a checks and balances system with departments of the head office in charge of business execution. The Risk Management Department provides comprehensive management of investment risk, working in collaboration with the Credit Department and General Affairs Department. Meanwhile, we strive to develop adequate risk management systems according to the risk profiles of our diversifying asset portfolio.

Funding Risk ●

Operation of the life insurance business involves making and receiving payments to and from customers and business partners as we pay insurance claims and other benefits and conduct fund management. Any trouble in the settlement of these funds will not just cause inconvenience to the parties concerned but also lead to situations that preclude the continued operation of the business itself.

To avoid such situations and ensure smooth cash flows, we enforce rigid fund management by monitoring incoming and outgoing cash flows, including the receipt of premiums and payment of insurance claims, on a daily basis.

The Cash-Flow and Expense Management Department, which is the section to perform funding risk management, has defined categories corresponding to cash flow tightness and established risk management standards in each category. The section implements appropriate management of funding risk by performing management and verification in accordance with these standards. Moreover, we carry out stress tests related to funding risks, assuming a large amount of policy surrenders and lapses, in an effort to improve cash flow management.

Market Liquidity Risk ●

We may sell assets in which we have made investments using funds entrusted to us from customers, and may incur losses when we are forced to conduct such transactions at extremely unfavorable prices than normal or are unable to execute such transactions at all because of market turmoil.

Accordingly, we make investments primarily in assets with high liquidity.

The Risk Management Department, which is the section to perform market liquidity risk management, has established management standards to limit the holding of securities with low liquidity, etc. The section implements the appropriate management of market liquidity risk by performing management and verification in accordance with these standards.

Operational Risk ●

Our executives and employees strive to prevent operational risks that may cause inconvenience to our customers or corporate losses, and to appropriately respond when such risks occur. We have designated risk management sections in each detailed subcategory of operational risk, thereby identifying and assessing the location, scale and nature of

company-wide operational risk and managing the risk according to severity. In this way, we prevent operational risk from materializing and minimize losses in the event of materialization. The Risk Management Department works in collaboration with these risk management sections and provides comprehensive management of operational risk.

1) Processing Risk

Errors in business processing will cause considerable inconvenience to customers and result in the loss of our credibility. Departments of the head office and branches autonomously grasp and manage processing accidents that occurred in the past and those that could foreseeably occur. This information is used to formulate and develop rules and standards to facilitate prompt and accurate administrative

processing, as well as to conduct supervision and education for employees.

The Business Process Planning Department, which is the section to perform processing risk management, evaluates and verifies whether risk management is appropriately conducted in each organization and makes efforts to suppress and minimize processing risk.

2) Computer System Risk

In the current situation where an extensive scope of our business processing relies on information systems, major system failures or delays in system development could cause considerable inconvenience to customers and result in the loss of our credibility. Therefore, as the section to perform computer system risk management, the IT Systems Planning Department strives to reduce computer system risk by verifying and supervising that the risk is appropriately managed by system administration personnel in the departments that maintain information systems. The occurrence of a system failure prompts the section to survey the effects on

customers, identify the causes and, implement adequate countermeasures for the prevention of a recurrence.

We have formulated a manual to respond to a major system failure and set up a structure to take immediate action. For the overall information systems for Japan Post Insurance, our main systems, we operate main computer centers as well as backup centers in order to respond to the risk resulting from a system failure. In case of a system failure, we investigate the impact on customers, analyze the causes and, implement appropriate countermeasures in order to prevent recurrence.

3) Other Operational Risk Subcategories

Other detailed subcategories of operational risk are legal risk, human risk, reputational risk, tangible asset risk and outsourcing risk. For each subcategory, we

designate a section to perform risk management, undertake relevant activities and implement initiatives to enhance our risk management systems.