



Corporate Governance Systems

Basic Concept of Corporate Governance

The Company shall develop the corporate governance structure of the Group based on the following concept, with a view to ensuring sustainable growth of the Group and creating corporate value over the medium to long term.

- The Company shall continue to create new convenience for customers and pursue the provision of high quality services, while generating consistent value by providing life insurance services through the post office network.
- Fully recognizing its fiduciary responsibility to its shareholders, the Company shall give consideration to effectively secure rights and equal treatment of shareholders.
- The Company shall place emphasis on dialogue with all stakeholders including customers and shareholders with an aim to ensure appropriate collaboration and sustainable coexistence. To this end, the Company shall strive to secure management transparency and commit to appropriate disclosure and provision of information.
- The Company shall carry out swift and decisive decision-making and business execution under the effective supervision by the Board of Directors, in order to promptly cope with changes in social and economic environment and meet the expectation of all stakeholders.

The Company has set out the “BASIC POLICY REGARDING CORPORATE GOVERNANCE,” which lays out our basic concept of corporate governance, its framework and operations, including the items mentioned above, and the corporate governance structure is developed accordingly.

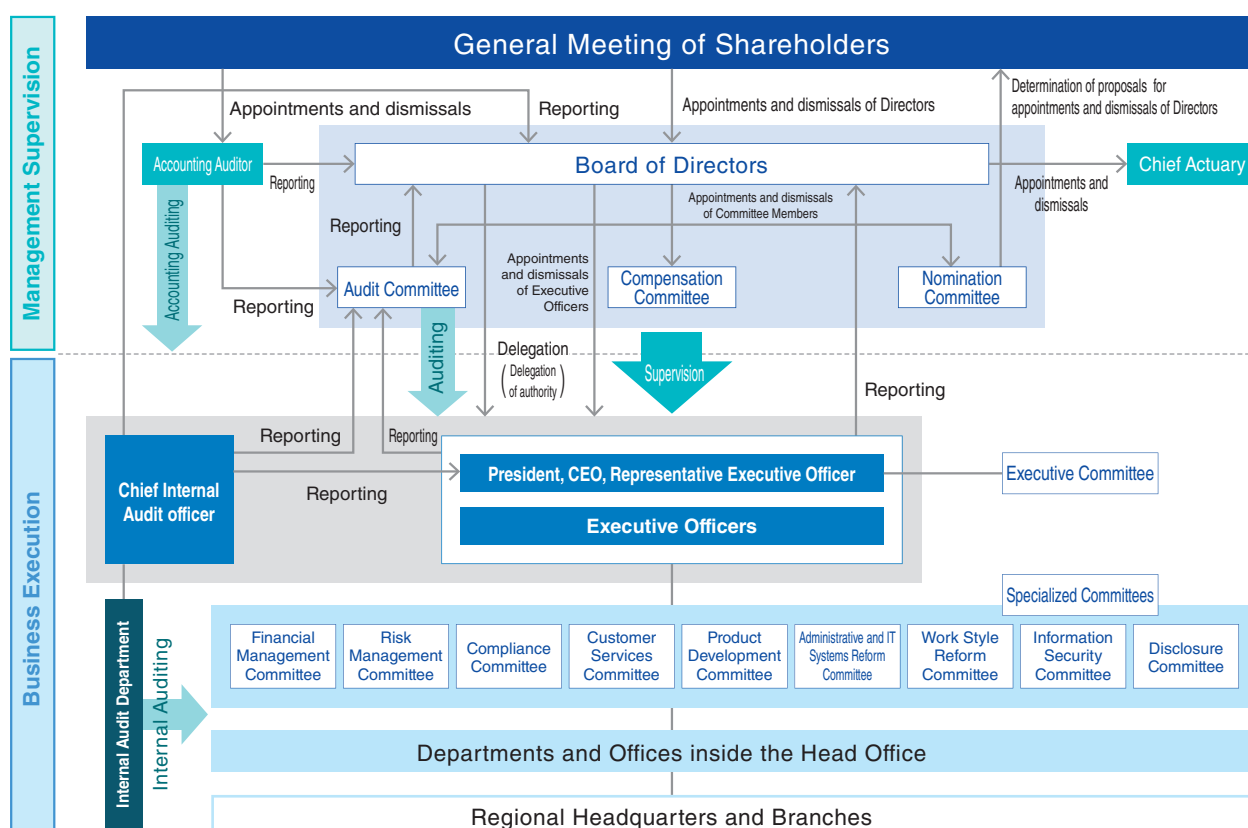
BASIC POLICY REGARDING CORPORATE GOVERNANCE

https://www.jp-life.japanpost.jp/english/aboutus/company/en_abt_cmp_report.html

Outline of the Corporate Governance Structure

To speed up decision-making and enhance the transparency of management, 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.

Corporate Governance Structure



Board of Directors (Management Supervision)

The Company's Board of Directors sets out basic management policies, as well as basic policies, etc. regarding the division of duties of Executive Officers and the development of internal control systems, and has the authority to supervise the execution of duties by Executive Officers. We invite lawyers and corporate managers, etc., to be Outside Directors in order to create a system that makes it possible to monitor management from a broader, external viewpoint.

The three committees, namely the Nomination Committee, the Audit Committee, and the Compensation Committee, have been established to fully utilize external views on the management of the Company and ensure the transparency and fairness of decision-making on the management. The specific roles of these committees are as follows:

- **Nomination Committee**

The committee determines proposals for general meetings of shareholders concerning the election and dismissal of Directors.

Chairman: Masatsugu Nagato

Members: Tamotsu Saito (Outside Director), Kazuyuki Harada (Outside Director)

- **Audit Committee**

The 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.

Chairman: Michiaki Ozaki (Outside Director)

Members: Masako Suzuki (Outside Director), Meyumi Yamada (Outside Director), Akira Satake (Outside Director)

- **Compensation Committee**

The committee formulates compensation policies for Directors and Executive Officers and determines detailed compensation for each individual.

Chairman: Tamotsu Saito (Outside Director)

Members: Masatsugu Nagato, Kazuyuki Harada (Outside Director)

(Membership composition as of July 1, 2019)



Corporate Governance Systems

Internal Control Systems (Business Execution)

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. Customer Services Committee |
| 5. Product Development Committee | 6. Administrative and IT Systems Reform Committee |
| 7. Work Style 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:

- | | |
|--|--|
| <ul style="list-style-type: none"> ● 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 | <ul style="list-style-type: none"> ● 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 in accordance with the “International Standards for the Professional Practice of Internal Auditing” developed by the Institute of Internal Auditors (IIA).

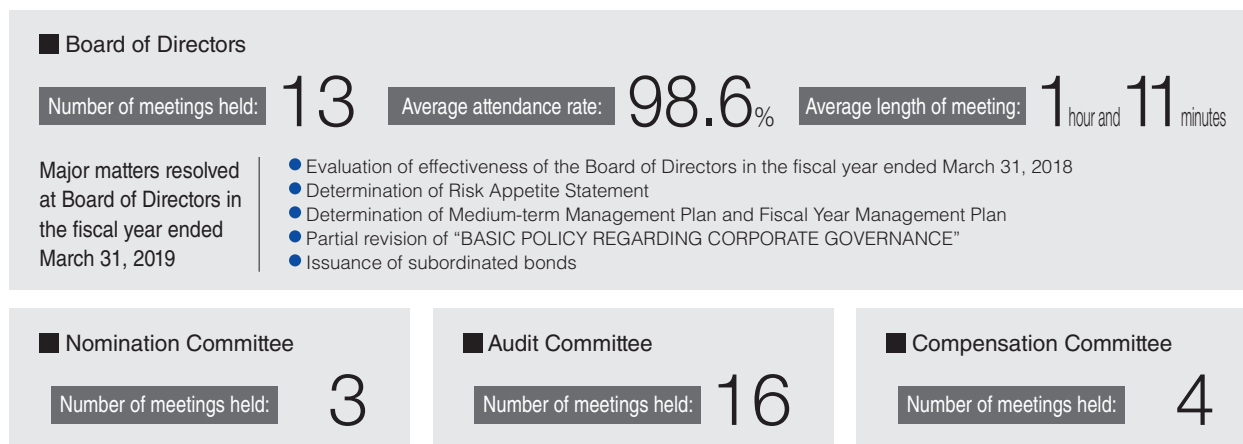
The Internal Audit Department carries out internal audits of various internal and external entities, including individual sections within the head office, regional headquarters, branches and our subsidiaries, as well as Japan Post Co., which acts as an agency of the Company.

Audited departments where problems or issues have been identified in an internal audit must carry out the corrections or improvements, and the improvement measures taken by audited departments are accurately evaluated. 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.

Status of Operations of the Board of Directors, etc.

The operations of the Board of Directors and the committees in the fiscal year ended March 31, 2019 were as follows.



We have established an operating structure to ensure effective and smooth operations of the Board of Directors. In particular, in order to increase the effectiveness of supervision by the Directors, we arrange a yearly schedule with sufficient time built in, provide accurate information as needed, fully explain the details of proposals in advance, and ensure time for prior discussion and question-and-answer sessions at the Board of Directors.

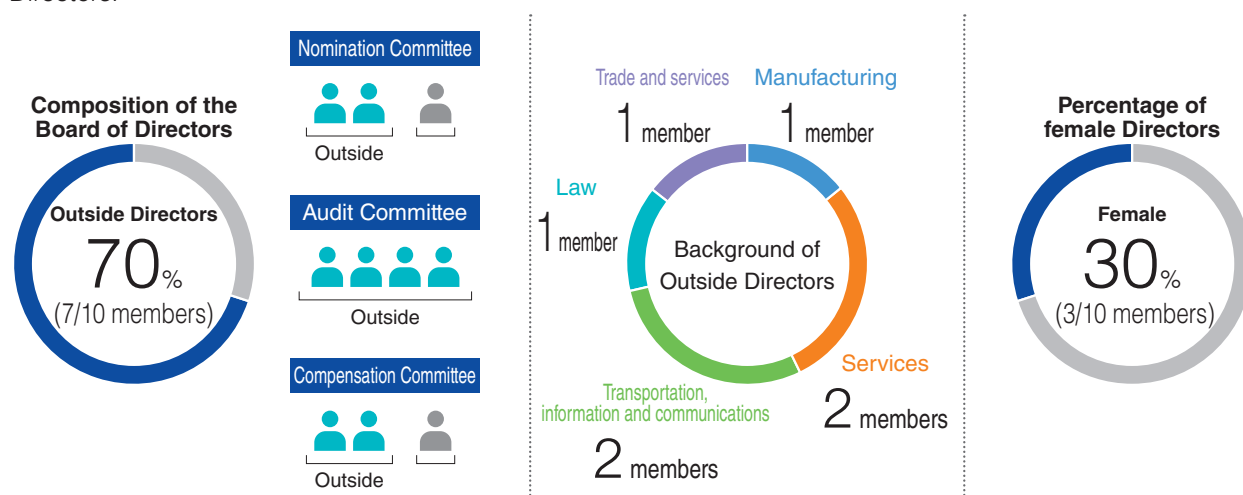
Furthermore, in an effort to give Outside Directors a better understanding of our operations, we set up opportunities for informal discussion apart from the meetings and proceedings of the Board of Directors, where Outside Directors can receive explanations of the situation at the Company with regard to timely and appropriate topics such as our digital strategies, workstyle reforms, etc. We also hold inspection tours of post offices and the Company's regional headquarters and branches for Outside Directors.



Outside Directors exchange opinions with employees at regional headquarters and branches during an inspection tour (September 2018)

Composition of the Board of Directors

The Company's Board of Directors has a high level of independence and diversity, with a majority (7 out of 10 members) comprised of Outside Directors from a wide range of backgrounds and including three female Directors.





Corporate Governance Systems

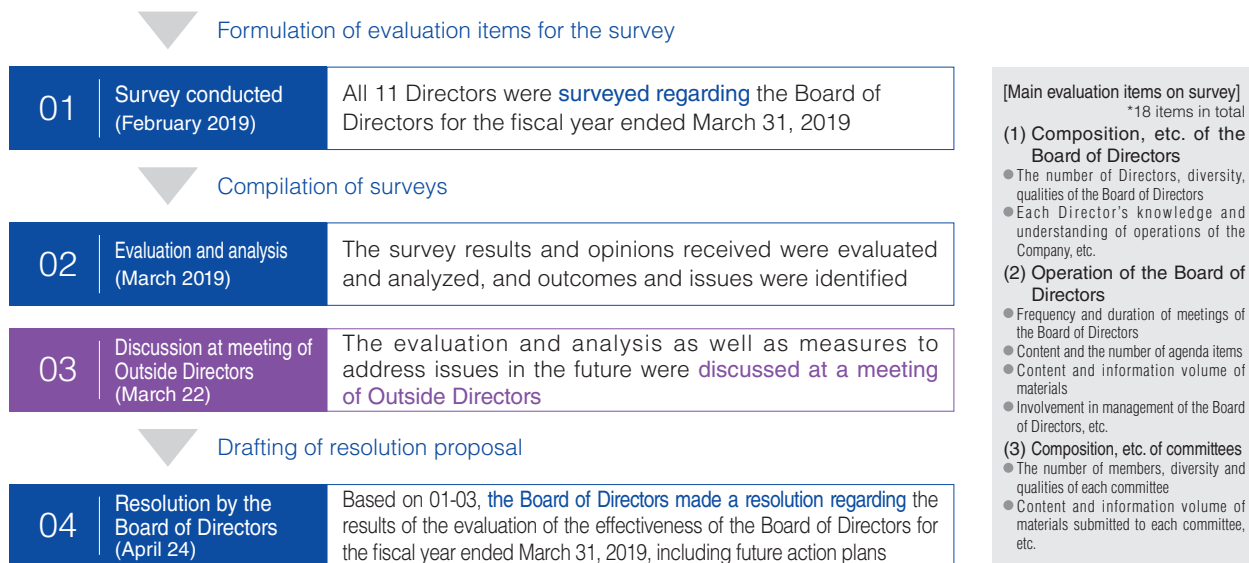
Evaluation of the Effectiveness of the Board of Directors

The Board of Directors analyzes and evaluates the effectiveness, etc. of the Board of Directors as a whole every year through measures such as confirming the opinions of each Director regarding the Board of Directors and uses the results to improve the operations of the Board of Directors.

A summary of the evaluation results is posted on the Company's website.

https://www.jp-life.japanpost.jp/english/aboutus/company/en_abt_cmp_report.html

Process for evaluating effectiveness of the Board of Directors for the fiscal year ended March 31, 2019



*We are advised by a third-party lawyer regarding the formulation of evaluation items for the survey and the results of the evaluation of the effectiveness of the Board of Directors.

Previous initiatives to improve the operation of the Board of Directors based on the evaluation of the effectiveness

- Enhanced discussion on the Company's future management issues such as medium- to long-term growth strategies
- Conducted frontline inspection tours
- Held informal meetings to provide fuller information on the management of the Company
- Established a system to enable remote participation in meetings

Nomination Criteria for Candidates for Directors / Designation Criteria for Independent Officers

The Nomination Committee has formulated the "Nomination Criteria for Candidates for Directors" that stipulate our philosophy regarding the balance of knowledge, experience and skills, as well as the diversity and scale of the Board of Directors as a whole, along with the qualifications the Company requires of Directors. Based on these standards, the Nomination Committee selects candidates for Directors. The Nomination Committee also formulates the "Designation Criteria for Independent Officers" stipulating the Company's requirements for Outside Directors with no concerns of risk of conflict of interest with shareholders, and designates Independent Officers from among the Outside Directors.

[Nomination Criteria for Candidates for Directors](#)

https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/criteria_directors.pdf

[Designation Criteria for Independent Officers](#)

https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/independent_officers.pdf

Executive Compensation

■ Compensation Policies for Directors and Executive Officers

With respect to compensation for our Directors and Executive Officers, the Compensation Committee has established the “Compensation Policies for Directors and Executive Officers by Individual” and determines compensation based on these policies.

Compensation for Directors shall comprise a fixed monetary compensation of a certain level commensurate with their positions based on the primary role of supervising management.

Compensation for Executive Officers shall comprise a basic compensation (fixed monetary compensation) of a certain level commensurate with their duties in light of the differences in responsibilities depending on position, as well as performance-linked stock compensation that reflects factors such as the degree of achievement of management plans.

▢ Compensation Policies for Directors and Executive Officers by Individual

https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/compensation_policies.pdf

■ Amount of Compensation for Directors and Executive Officers (fiscal year ended March 31, 2019)

Total Amount of Compensation, etc., Total Amount of Compensation, etc. by Type, and Number of Eligible Officers by Officer Category				
Officer category	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)		Number of eligible officers (Persons)
		Fixed compensation	Performance-linked stock compensation	
Directors (excluding Outside Directors)	27	27	—	1
Outside Directors	54	54	—	9
Executive Officers	693	612	81	26




- Notes: 1. As the Company does not give compensation, etc. for Directors who concurrently serve as Executive Officer of the Company or the parent company, etc., the number of eligible officers in the Directors category in the chart above does not include those who concurrently serve as Executive Officer of the Company or the parent company, etc.
2. The amount recorded as performance-linked stock compensation is the amount recorded in the fiscal year ended March 31, 2019.
3. No bonuses are paid.



Corporate Governance Systems

Directors and Executive Officers

(As of July 1, 2019)

Directors						
	Mitsuhiro Uehira	Director and President, CEO, Representative Executive Officer	Status of attendance	Board of Directors 100% (13/13 meetings)		
	<div>Apr. 1979 Joined The Tokio Marine & Fire Insurance Co., Ltd.</div> <div>Jun. 2012 Executive Officer and General Manager of Domestic Business Development Department of Tokio Marine Holdings, Inc.</div> <div>Jun. 2013 Managing Executive Officer of the Company</div> <div>Jul. 2013 Managing Executive Officer and Senior General Manager of Sales Planning Department of the Company</div> <div>Apr. 2014 Managing Executive Officer of the Company</div> <div>Jun. 2015 Senior Managing Executive Officer of the Company</div> <div>Jun. 2017 Director and President, CEO, Representative Executive Officer of the Company (current position)</div> <div>Jun. 2017 Director of Japan Post Holdings Co., Ltd. (current position)</div>					
	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.					
	Reasons for election					
	Masaaki Horigane	Director and Deputy President, Representative Executive Officer	Status of attendance	Board of Directors 100% (13/13 meetings)		
	<div>Apr. 1979 Joined the Ministry of Posts and Telecommunications</div> <div>Oct. 2007 Executive Officer and Senior General Manager of Finance Department of the Company</div> <div>Oct. 2008 Executive Officer and Senior General Manager of Actuarial and Accounting Department of the Company</div> <div>Oct. 2010 Managing Executive Officer and Senior General Manager of Actuarial and Accounting Department of the Company</div> <div>Jul. 2011 Managing Executive Officer of the Company</div> <div>Jul. 2014 Senior Managing Executive Officer of the Company</div> <div>Jun. 2017 Director and Deputy President, Representative Executive Officer of the Company (current position)</div>					
	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.					
	Reasons for election					
	Masatsugu Nagato	Director	Status of attendance	Board of Directors 100% (13/13 meetings)	Nomination Committee 100% (3/3 meetings)	Compensation Committee 100% (4/4 meetings)
	<div>Apr. 1972 Joined The Industrial Bank of Japan, Ltd.</div> <div>Jun. 2000 Executive Officer of The Industrial Bank of Japan, Ltd.</div> <div>Jun. 2001 Managing Executive Officer of The Industrial Bank of Japan, Ltd.</div> <div>Apr. 2002 Managing Executive Officer of Mizuho Bank, Ltd.</div> <div>Apr. 2003 Managing Executive Officer of Mizuho Corporate Bank, Ltd.</div> <div>Jun. 2006 Corporate Executive Vice President of Fuji Heavy Industries, Ltd.</div> <div>Jun. 2007 Director, Corporate Executive Vice President of Fuji Heavy Industries, Ltd.</div> <div>Jun. 2010 Representative Director & Executive Vice President of Fuji Heavy Industries, Ltd.</div> <div>Jun. 2011 Director & Deputy Chairman of Citibank Japan, Ltd.</div> <div>Jan. 2012 Director & Chairman of Citibank Japan, Ltd.</div> <div>May 2015 Director, President and Representative Executive Officer of JAPAN POST BANK Co., Ltd.</div> <div>Jun. 2015 Director of Japan Post Holdings Co., Ltd.</div> <div>Apr. 2016 Director and Representative Executive Officer, President & CEO of Japan Post Holdings Co., Ltd. (current position)</div> <div>Apr. 2016 Director of JAPAN POST Co., Ltd. (current position)</div> <div>Apr. 2016 Director of JAPAN POST BANK Co., Ltd. (current position)</div> <div>Jun. 2016 Director of the Company (current position)</div>					
	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.					
	Reasons for election					

Masako Suzuki

Outside Director

Status of
attendanceBoard of Directors 100%
(13/13 meetings)Audit Committee 100%
(16/16 meetings)

Jul. 1983 Joined Temporary Center Inc.
Apr. 1999 Executive Officer of Pasona Inc.
Sept. 2004 Senior Managing Director of Pasona Inc.
Dec. 2007 Senior Managing Director of Pasona Group Inc.
Jun. 2010 Director, Vice President of Benefit One Inc.
Aug. 2010 Director of Pasona Group Inc.

Mar. 2012 Director of Benefit one Solutions Inc.
May 2012 Auditor of Benefit one Health care Inc.
Jan. 2016 President and Representative Director of Benefit one Health care Inc.
Jun. 2016 Director of the Company (current position)
Jun. 2018 Director, Executive Vice President of Benefit One Inc.
Jul. 2019 Senior Advisor of Pasona Group Inc. (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.

Tamotsu Saito

Outside Director

Status of
attendanceBoard of Directors 100%
(13/13 meetings)Compensation Committee 100%
(4/4 meetings)

Apr. 1975 Joined Ishikawajima-Harima Heavy Industries Co., Ltd.
Jun. 2006 Executive Officer, Vice President of Aero-Engine & Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd.
Jul. 2007 Executive Officer, Vice President of Aero-Engine & Space Operations of IHI Corporation
Jan. 2008 Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation
Apr. 2008 Director, Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation
Apr. 2009 Director, Managing Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation

Apr. 2010 Director of IHI Corporation
Apr. 2011 Executive Vice President of IHI Corporation
Apr. 2012 President, Chief Executive Officer of IHI Corporation
Apr. 2016 Chairman of the Board, Chief Executive Officer, General Manager of Monozukuri System Strategy Planning Headquarters of IHI Corporation
Apr. 2017 Chairman of the Board of IHI Corporation (current position)
Jun. 2017 Director of the Company (current position)
Jun. 2018 Outside Director of Oki Electric Industry Co., Ltd. (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.

Michiaki Ozaki

Outside Director

Status of
attendanceBoard of Directors 100%
(13/13 meetings)Audit Committee 100%
(16/16 meetings)

Apr. 1978 Appointed as Public Prosecutor of Tokyo District Public Prosecutors Office
Jan. 2004 Public Prosecutor of Supreme Public Prosecutors Office
Jan. 2005 Director-General for Inspection, Minister's Secretariat, Ministry of Foreign Affairs
Apr. 2006 Chief Public Prosecutor of Kofu District Public Prosecutors Office
Jun. 2007 Public Prosecutor of Supreme Public Prosecutors Office (Panel on Preparation for Saiban-in System)
Jun. 2008 Director-General of Correction Bureau, Ministry of Justice

Dec. 2010 Director-General of Public Security Intelligence Agency
Jan. 2014 Superintending Prosecutor of Takamatsu High Public Prosecutors Office
Jul. 2014 Superintending Prosecutor of Osaka High Public Prosecutors Office
Feb. 2016 Registered as attorney-at-law (Dai-ichi Tokyo Bar Association)
May 2016 Of Counsel of URYU & ITOGA (current position)
Jun. 2016 Outside Audit & Supervisory Board Member of East Nippon Expressway Company Limited (current position)
Jun. 2017 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 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.

Meyumi Yamada

Outside Director

Status of
attendanceBoard of Directors 100%
(13/13 meetings)Audit Committee 100%
(16/16 meetings)

Apr. 1995 Joined KOEI KOGYO Co., Ltd.
May 1997 Joined Kiss Me Cosmetics co., Ltd.
Jul. 1999 Representative Director of I-Style Co., Ltd.
Apr. 2000 Representative Director of istyle Inc.
Dec. 2009 Director of istyle Inc. (current position)
May 2012 President and Representative Director of CyberStar Inc.

Sept. 2015 Director of MEDIA GLOBE CO., LTD. (current position)
Mar. 2016 President and Representative Director of IS Partners Inc. (current position)
Sept. 2016 Director of Eat Smart, Inc. (current position)
Jun. 2017 Director of the Company (current position)
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.



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Yoshie Komuro

Outside Director

Status of
attendanceBoard of Directors 100%
(13/13 meetings)

Apr. 1999 Joined Shiseido Company, Limited
 Jul. 2006 President of Work-Life Balance Co., Ltd. (current position)
 Apr. 2008 Member of Evaluation Working Group, Work-Life Balance Promotion and Evaluation Council, Cabinet Office, Government of Japan
 Aug. 2011 Member of Working Group on Pension, Social Security Council, Ministry of Health, Labour and Welfare (current position)
 Aug. 2012 Member of Industrial Structure Council, Ministry of Economy, Trade and Industry
 Apr. 2013 Member of Children and Childcare Support Council, Cabinet Office, Government of Japan

Sept. 2014 Civil Member of Industrial Competitiveness Council, Prime Minister Abe's Cabinet
 Feb. 2015 Member of Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology
 Mar. 2016 Chairperson of the Panel for Promoting Workstyle Reforms of Kasumigaseki
 Jun. 2017 Director of the Company (current position)
 May 2019 Outside Director of ONWARD HOLDINGS CO., LTD. (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.

Kazuyuki Harada

Outside Director

Status of
attendanceBoard of Directors 100%
(10/10 meetings)Nomination Committee 100%
(2/2 meetings)

Apr. 1976 Joined Keiiky Corporation
 Jun. 2007 Director of Keiiky Corporation
 Jun. 2010 Executive Director of Keiiky Corporation
 Jun. 2011 Senior Executive Director of Keiiky Corporation

Jun. 2013 President & Representative Director of Keiiky Corporation (current position)
 Jun. 2015 Outside Director of Japan Airport Terminal Co., Ltd. (current position)
 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.

Akira Satake

Outside Director

Status of
attendanceBoard of Directors - %
(-/- meetings)

Apr. 1979 Joined SUMITOMO CORPORATION
 Apr. 2011 Executive Officer, General Manager of Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit of SUMITOMO CORPORATION
 Apr. 2013 Managing Executive Officer, General Manager of Finance Dept. of SUMITOMO CORPORATION
 Apr. 2016 Senior Managing Executive Officer of SUMITOMO CORPORATION

Jun. 2017 Director, Senior Managing Executive Officer of Sumitomo Precision Products Co., Ltd.
 Jun. 2018 Director, Executive Vice President of Sumitomo Precision Products Co., Ltd.
 Apr. 2019 Adviser of SUMITOMO CORPORATION
 Jun. 2019 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 as well as operation in finance departments, which gave him profound knowledge of finance and accounting.

Executive Officers

Respective departments in charge

President, CEO Representative Executive Officer	Mitsuhiko Uehira	
Deputy President Representative Executive Officer	Masaaki Horigane	Secretariate, Actuarial and Accounting Department and Credit Department
Deputy President Representative Executive Officer	Tetsuya Senda	Legal Affairs Department and Business Process Planning Department
Senior Managing Executive Officer	Yoshito Horiie	Compliance Control Department, Sales Quality Control Department and Customer Services Department
Managing Executive Officer	Atsushi Tachibana	Investment Planning Department, Investment Management Department and Credit and Alternative Investment 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	Product Planning Department and Loan 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 Sales Promotion Department
Managing Executive Officer	Michiko Matsuda	In charge of Workstyle Reform
Managing Executive Officer	Kieko Onoki	General Affairs Department and Cash-Flow and Expense Management Department
Managing Executive Officer	Junko Koie	Internal Audit Department
Managing Executive Officer	Motonori Tanaka	Whole Sales Department, Sales Training Department and Regional Headquarters
Executive Officer	Toru Onishi	Senior General Manager, Kinki Regional Headquarters
Executive Officer	Hidekazu Sakamoto	Senior General Manager, Tokai Regional Headquarters
Executive Officer	Masamichi Yokoyama	
Executive Officer	Takashi Iida	Senior General Manager, Kanto 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
Executive Officer	Susumu Miyamoto	Senior General Manager, Corporate Planning Department
Executive Officer	Takashi Muro	Senior General Manager, Sales Promotion Department
Executive Officer	Takayuki Haruna	Senior General Manager, Credit and Alternative Investment Department
Executive Officer	Takeshi Kume	Senior General Manager, Kyushu Regional Headquarters



Dialogue between the CEO and an Outside Director



Director and President, CEO,
Representative Executive Officer

Mitsuhiko Uehira

Dialogue

Outside Director
(President of Work-Life Balance Co., Ltd.)

Yoshie Komuro

Outside Director Yoshie Komuro and Director and President, CEO, Representative Executive Officer Mitsuhiko Uehira exchanged their views on the Board of Directors and workstyle reform of the Company.

The Board of Directors of Japan Post Insurance as seen by an Outside Director

Uehira: The relationship between you and Japan Post Insurance started when we requested your advice and support regarding workstyle reform at the Company in 2015. After that, you assumed the position of Outside Director in June 2017, and almost two years have passed since that time. Could you give us your impression of Japan Post Insurance, as an Outside Director?

Komuro: When I was supporting workstyle reform at meetings with trial teams for reviewing workstyles, we worked together with employees to advance workstyle reform by receiving their input. Their comments provided insight from the close-up perspectives of managers and employees, so I still feel that the many conversations I had at that time were very fruitful.

Meanwhile, after I became a Director two years ago, and assumed a position involving supervision of the business-executing departments, I started to see things from a broader perspective, including

management policies and management strategies, which led me to many more new discoveries.

One example is the sheer number of customers. While the Board of Directors also touches on this topic from time to time, we have around 26 million customers. Japan has a population of 120 million, so roughly one in five people in Japan are our customers. This means that we have a truly massive customer base that is rarely seen at other life insurance companies. In addition, I feel that the fact that we provide insurance services through a vast network of about 20,000 post offices nationwide is our greatest strength from the perspective of competitive strategy. At the same time, I have the impression that we act as a “public institution for society.”

Uehira: Thank you. The Company’s predecessor, the Postal Life Insurance Service was created with the social mission of “protecting the means of fundamental livelihood of the public through simple procedures.” The privatization process has transferred that social mission to the Company as it is today, and the fact that we have inherited this social

mission makes me strongly aware that we have a role to play as a “public institution for society,” just as you say.

Director Komuro, having participated in our Board of Directors, what do you think about the Company serving this role?

Komuro: I take part in discussions regarding resolutions by the Board of Directors and various reports from business-executing departments, while thinking about the role the Company plays in society. The Outside Directors, who account for the majority of the Board of Directors come from a diverse mix of generations, genders, and backgrounds, and I feel that discussions at the Board of Directors meetings are very fruitful.

Furthermore, the business-executing departments provide me with thoughtful, detailed explanations before the Board of Directors meetings, so the Board does not have to spend a lot of time explaining the agenda, and instead can spend more time on discussions. I hear that the business-executing departments work hard to ensure that their meetings also run smoothly.

Uehira: I agree. I have been telling people inside the Company for a long time that all participants in our meetings should discuss important points and issues with an equal understanding. In order for this to happen, it is essential that the materials and explanations be very easy to understand. In that sense, I feel that various meetings held in the Company are also being improved accordingly. In addition, the importance of ensuring that everyone involved has an equal understanding of the points of discussion is not limited to meetings, but also applies to relationships between superiors and subordinates, as well as senior and junior employees. I feel that establishing an equal understanding will lead to workstyle reform, as it reduces wasted work resulting from various misunderstandings and mistakes.

Initiatives and results in workstyle reform

Komuro: The necessity for workstyle reform, as it is commonly discussed today, includes such aspects as addressing the labor shortage and supporting employees as they balance childcare or nursing care with their jobs. But I see our workstyle reform as moving one step beyond that point, to make Japan Post Insurance “a more comfortable company to work at.”

In 2015 I gave a lecture at a “Workstyle Review Seminar” aimed at our executives and managers. From that point forward, we have made incremental progress, and our efforts continue today as an initiative for all workplaces and employees. At each

workplace, we have established a system for identifying unique issues, examining measures for improvement, implementing these measures, and reflecting on progress.

When I received reports about initiatives for workstyle reform at last year’s Board of Directors meetings, I heard about the “Workstyle Reform Survey” that is currently underway. Each employee assigns scores to 15 items, including “Is there a shared awareness of delivering results in a limited time at your workplace?” and “Is your workplace an environment that makes it easy to take leave?” By aggregating these scores for each workplace, we can quantify matters that cannot normally be represented quantitatively, such as workplace culture and employee awareness, and I thought this enables employees to obtain an objective view of the state of their own workplaces. At the same time, when the Board of Directors is supervising the business-executing departments, I find it helpful to have access to such information as employee workplace awareness.

In addition, among the 15 questions in the survey, we ask employees, “Do you always act in the shoes of the customer or business partner?” This asks about the employee’s own awareness of customer-first job execution. I think it’s a wonderful achievement that this question yielded the highest average score of 4.07 out of 5 points.

Uehira: We have formulated our “Basic Policies for Customer-first Business Operations,” and announced these policies broadly, both inside and outside of the Company. In addition to announcing these basic policies, I believe it is important to work to foster employees who can continue to put these policies into practice on a daily basis. As a major prerequisite for this, it is necessary to increase the job satisfaction level of each of our employees, and we are using workstyle reform as a method to improve that satisfaction.

Komuro: So improving job satisfaction among employees through workstyle reform is linked to customer-first business operations. I believe that we are beginning to see various results of our continuous workstyle reform initiatives.

Uehira: I think so. We have reduced the average amount of overtime work per employee several years in a row, and that number was down to 8.4 hours per month in the fiscal year ended March 31, 2019. This is roughly half of those in the fiscal year ended March 31, 2015 which was four years ago. Furthermore, the rate of annual paid leave taken among all employees was 87.7% on average in the fiscal year ended March



Dialogue between the CEO and an Outside Director

31, 2019. This means that employees take about 17.5 days of annual paid leave, which is a very high level. In addition, all employees are given three days of paid leave for summer vacation and two days of paid leave for winter vacation.

We have also achieved an employment rate for people with disabilities that is higher than the statutory rate, and are continuing our support for wheelchair tennis, which we started in the fiscal year ended March 31, 2019. With regard to promotion of women's career activities, we not only hold various training programs and seminars, but are also focusing on enabling networking by female employees, and at the beginning of the fiscal year ending March 31, 2020, 12.1% of management positions at the Company were occupied by women.

In the fiscal year ended March 31, 2019, we received "Platinum Kurumin" ^(Note) certification from the Ministry of Health, Labour and Welfare. In addition, for the second year in a row, we have achieved a gold rating on the "PRIDE INDEX," ^(Note) which evaluates LGBT-related initiatives at corporations.

Note: See page 21 for details on "Platinum Kurumin" and the "PRIDE INDEX."

Komuro: We are actively working on health management as well. The "*Sukoyakanpo*" is an app that I myself personally use. It's fun to manage the number of steps I walk every day in a stamp-collecting format with our corporate mascot, Kampokun, and it makes me want to walk more. So, it really is a great health support app.

Uehira: Thank you. Japan Post Insurance was also selected as a "Health and Productivity Management Outstanding Organization (White 500)." In addition, our promotion of Radio Exercise and support for



wheelchair tennis has also gained recognition, and we have been certified as a "Tokyo Sports Promotion Company."

Radio Exercise was established more than 90 years ago by our predecessor, the Postal Life Insurance Bureau of the Ministry of Communications, in order to promote the health of the people of Japan. While Japan's modern super-aging society can be said to be undergoing a "health promotion boom," we take pride of the fact that we have been engaged in health promotion for more than 90 years. Even today, we are working companywide to promote widespread participation in Radio Exercise, and we perform Radio Exercise during work hours, at all workplaces. Management takes the lead in this initiative, with all attendees of Executive Committee meetings performing Radio Exercise before meetings.

Komuro: Radio Exercise has really become a permanent part of the Japanese culture. I heard that the Radio Exercise attendance cards used by elementary school students during summer break are made and distributed by the Company. I see that the Company is undertaking a wide variety of efforts in health management and health promotion support.

Earlier, you elaborated on our efforts to promote the roles of women. In addition to the three female Outside Directors, we also have three female Executive Officers in the Company, which is a relatively high ratio. I heard that the ratio of female managers was 6.5% at the start of the fiscal year ended March 31, 2016. However, in just four years since then, that number has risen to 12.1% ^(Note). As I understand it, we are making great progress in promoting women's career activities. Please tell us



about your future plans for promoting women in the workplace.

Note: See page 20.

Uehira: Although it's rather simple, it all comes down to properly evaluating, training, and promoting human resources, regardless of gender. If we continue to steadily practice this basic policy, then in the future, I expect we will approach approximately equal numbers of male and female employees and managers. We are working to become a company where everyone can work comfortably and demonstrate their full potential, regardless of their gender.

Komuro: Compared to other companies, we offer a good selection of support and systems for employees to balance childcare or nursing care with their jobs. Furthermore, our workplace culture makes it easier for them to use these systems, so I feel that our workplace enables people in various circumstances to shine.

Vision we hope to achieve through workstyle reform

Uehira: Our goal for promoting workstyle reform and diversity is to be "an attractive company that offers self-fulfillment and job satisfaction through work." I want to create a virtuous spiral of improvement, in which every employee can work enthusiastically and grow through self-fulfillment. The presence of such actively working, appealing employees will then make Japan Post Insurance a more attractive company.

What I mean by "self-fulfillment" is that employees

can feel themselves growing, even if it's little by little, through their day-to-day work. I think a lot of people consider their professional and private lives to be completely separate. However, I believe that personal development within a company also leads to growth within society outside of the Company. Furthermore, the growth of our employees also translates to growth of the Company.

There is still room for many improvements to be made regarding employee workstyle, and I want to make our workplace culture even better. There are still so many things left for us to do. We would like you to continue to demonstrate her skills to accelerate these improvements.

Komuro: Thank you very much. Appealing employees make the Company itself a more attractive company. Those are wonderful words that really leave an impression. I will do my best on the Board of Directors, to ensure that the Company can continue its efforts as a pioneer in workstyle reform, and trigger efforts by other companies as well.





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, as well as a Compliance Handbook, which describes the essentials of the Compliance Manual, and ensured

that all executives and employees are aware of the content by making these available for reference. We have also produced a Pocket-Size Compliance Card, which contains a summary of our management philosophy and other directives for easy reference at any time, and distributed these to all our executives and employees. 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). 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.

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.

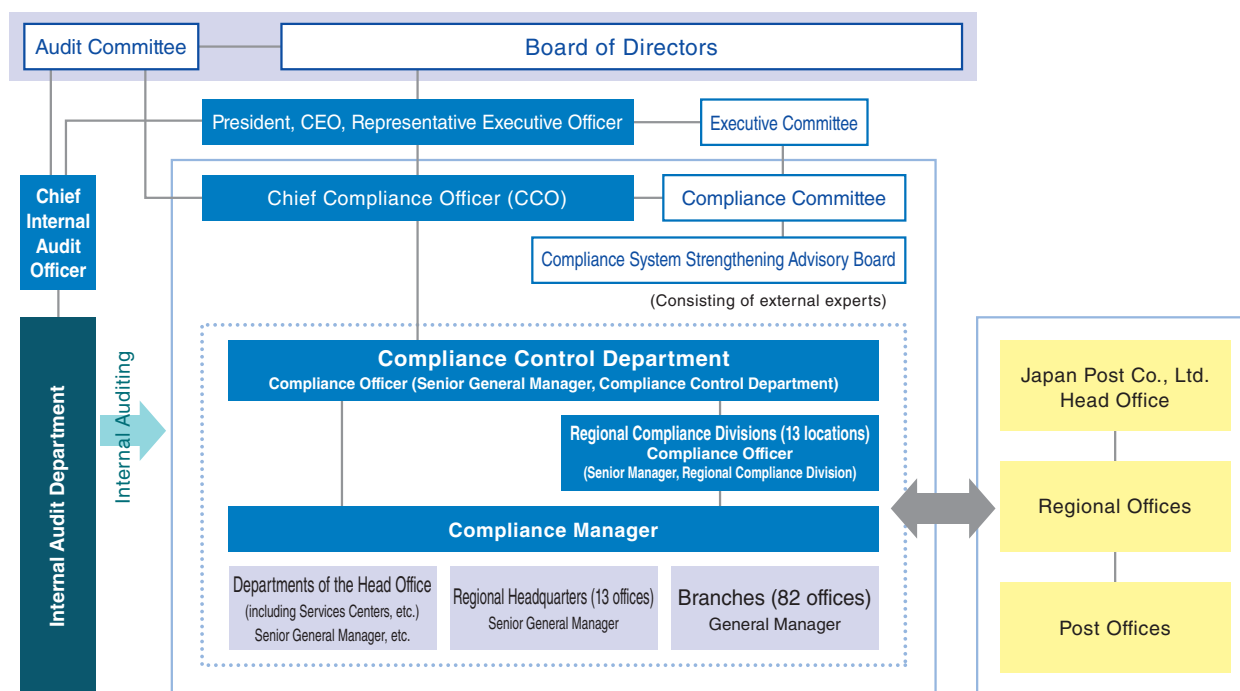
Implementing Compliance Education

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



Whistleblowing System

We have prepared an appropriate whistleblowing system by establishing reporting rules that Group employees should follow in the case of a violation of laws and regulations or internal regulations, in addition to setting up an internal and external whistleblowing contact points, in order to prevent the occurrence or spread of compliance violations, or to resolve them at an early stage.

Measures to Prevent Corruption

We have established necessary systems and various rules in an effort to promote fair business practices and prevent corruption such as bribery, as well as conduct that invites suspicion.

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

https://www.jp-life.japanpost.jp/policy/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

https://www.jp-life.japanpost.jp/english/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

https://www.jp-life.japanpost.jp/english/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 Network 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

https://www.jp-life.japanpost.jp/policy/privacy/pcy_prv_object.html (in Japanese)

Countermeasures against Money Laundering and Financing of Terrorism

Japan Post Insurance is promoting efforts to appropriately reduce the risk of money laundering and financing of terrorism (“money laundering, etc.”) at the Group and its agencies based on the “Policy on Anti-Money Laundering and Combating the Financing of Terrorism” formulated in accordance with the Financial Services Agency’s “Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism.”

We identify and evaluate risks based on the profile of business, conditions at agencies, and laws and regulations, from the perspective of preventing the misuse of products and services provided by the Group and its agencies for money laundering, etc. We take appropriate countermeasures against the relevant risks in order to effectively reduce them.

The management is independently and proactively working on countermeasures against money laundering, etc., while we are clarifying the roles and responsibilities of executives and employees engaged in countermeasures against money laundering etc., by putting the Chief Compliance Officer as the person in charge of countermeasures against money laundering, etc.

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

https://www.jp-life.japanpost.jp/english/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 companywide 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:

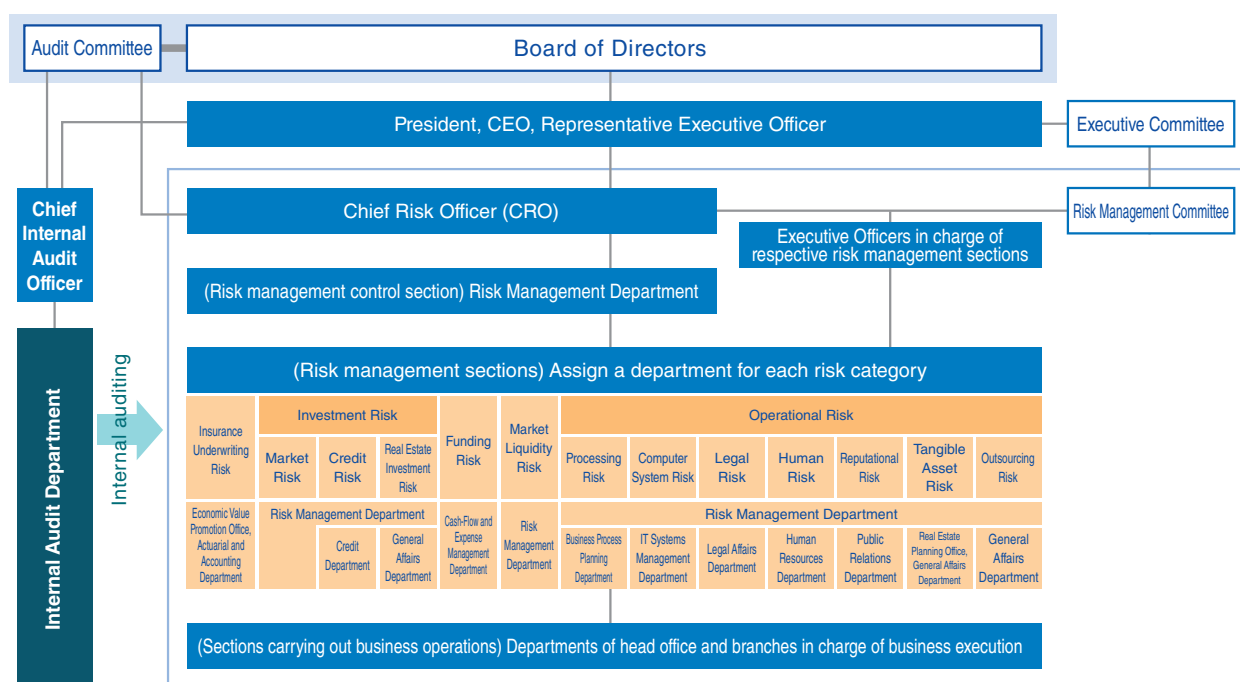
- We cover all risk categories that could have a significant impact on the Company taking into consideration the Company's risk profile status.
- Besides historical scenarios that have occurred in the past, we simulate forward-looking hypothetical scenarios that could occur in the future.

- 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).

Based on the analysis of the impacts on loss situation and soundness under the stress scenarios, 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





Risk Management Systems

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.



Risk Management Systems

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.

Customer-first Business Operations

Following our Management Philosophy “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” we provide simple and easy-to-understand life insurance products with smaller coverage amounts through the nationwide post office network to 26.48 million customers^(Note).

In pursuit of the best interest of each and every one of these 26.48 million customers, we formulated our vision of customer-first business operations, along with the measures needed to ensure its realization in terms of our framework and business operations, as our “Basic Policies for Customer-first Business Operations,” and announced them on April 7, 2017.

The entire Company will work as one in an effort to further improve and enhance customer-first business operations based on these “Basic Policies for Customer-first Business Operations.”

Note: The number of customers is the sum of policyholders and insured persons (including individual insurance and individual annuities as well as Postal Life Insurance reinsured by us).

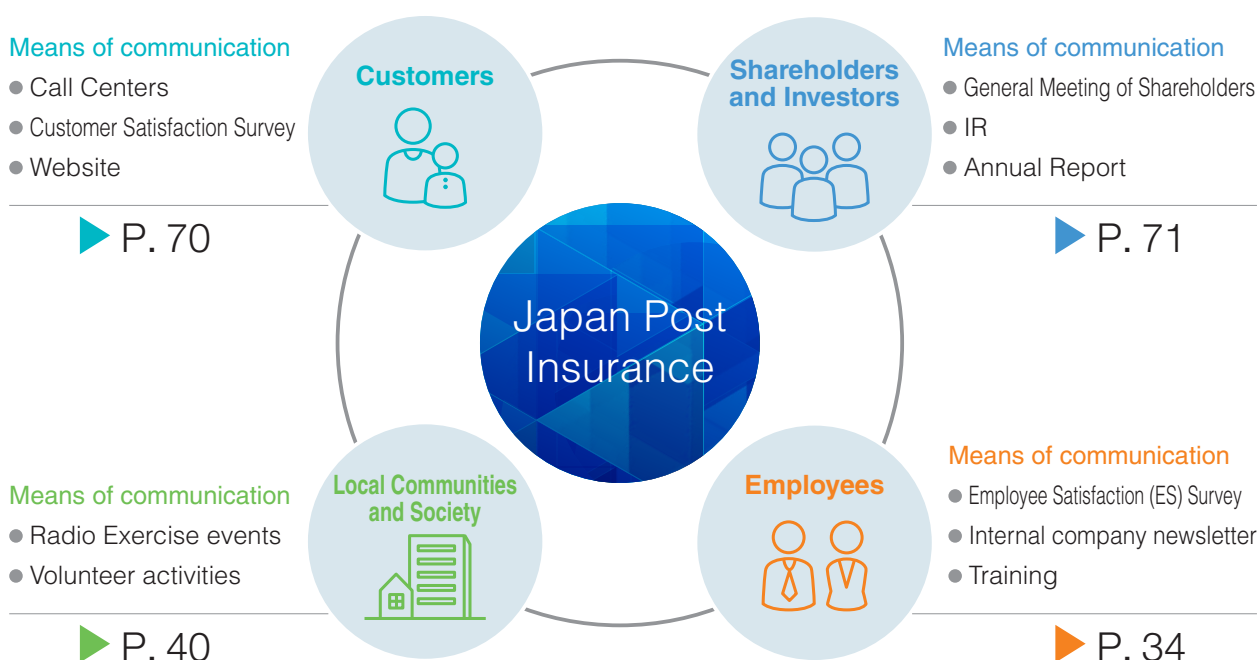
Basic Policies for Customer-first Business Operations

https://www.jp-life.japanpost.jp/aboutus/company/abt_cmp_fiduciary.html (in Japanese)

Stakeholder Engagement

Stakeholders Supporting Japan Post Insurance

We recognize that accurately understanding what our stakeholders demand and expect from the Company through dialogue with stakeholders, and responding to those requests and expectations is essential to improving corporate value. We have therefore declared in our Management Policy that “We work to communicate closely with all stakeholders.” We will make use of feedback from stakeholders to improve management with the aim of ensuring appropriate collaboration and sustainable coexistence.





Stakeholder Engagement

Dialogue with Customers



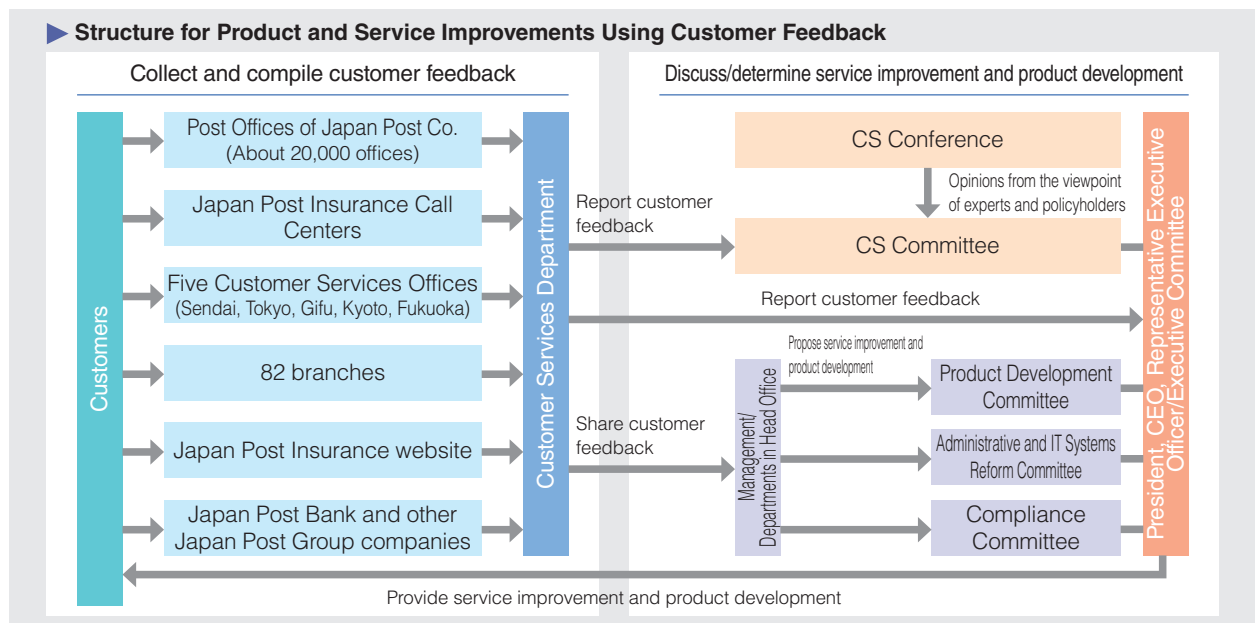
Japan Post Insurance recognizes that the “voices of our customers” are valuable “assets.” We value dialogue with customers, and will strive to develop a structure for the ceaseless creation of new convenience for customers and to pursue quality services. In addition, reviewing our services daily based on customer input in order to increase our customers’ satisfaction is fundamental to improving our business.

Customer Satisfaction

In addition to developing and improving products and services based on customer feedback, our Directors and Executive Officers, as well as our employees, give careful consideration to and act on customer feedback to ensure customer-first business operations.

We received approximately 1.17 million feedback comments from our customers through the post offices and Japan Post Insurance Call Centers in the fiscal year ended March 31, 2019. The customer feedback is compiled and centrally managed by our Customer Services Department. We analyze the feedback to improve our services and develop superior products with the aim of providing services that bring satisfaction to our customers.

We have also held the “CS Conference” with external experts to receive opinions for improving customer satisfaction.



Customer Satisfaction Survey

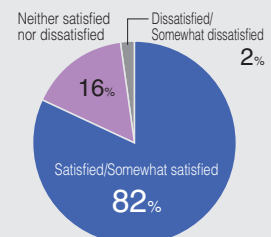
We conduct customer satisfaction surveys to seek feedback directly from customers enrolled in our coverage and utilize such customer input to provide better insurance services in the future.

Results of Customer Satisfaction Survey Conducted in the Year Ended March 31, 2019

The general satisfaction level was rated “Satisfied” (total of “satisfied” and “somewhat satisfied”) by over 80% of respondents. We will continue to undertake efforts to improve our customer service to receive high ratings from more customers.

Overview of Customer Satisfaction Survey conducted in the year ended March 31, 2019

- Period of survey: September–October 2018
- Survey targets: Customers who newly enrolled in our products, those involved in policy maintenance procedures, and those who filed claims for maturity, death, hospitalization and other benefits
- Number of questionnaires sent: 41,736
- Number of questionnaires returned: 13,245



Dialogue with Shareholders and Investors

We have formulated our Disclosure Policy, which sets out our basic policy of accurately and fairly disclosing information to fulfill our accountability as a listed company and to earn the trust of shareholders and investors, etc., and have been working to put it into practice.

IR Activities

IR Activities for Domestic and Overseas Institutional Investors

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. We also participate in the conferences for institutional investors organized by securities companies.

IR Activities for Individual Investors

We post corporate information for investors in a timely manner on the individual investors section (IR site) of our website. We also hold briefing sessions for individual investors throughout the year.

Legal Disclosure and Timely Disclosure

We have established a system for timely and appropriate disclosure of financial information such as financial results materials, IR materials, and other timely disclosure materials based on laws and regulations, as well as materials such as securities reports and quarterly securities reports.

Corporate Website and IR Website

In addition to posting our Disclosure Policy, which is basically to disclose information accurately and fairly, we disclose information in accordance with relevant laws and regulations, and actively communicate financial and non-financial information.



A financial results and corporate strategy briefing (1)



A financial results and corporate strategy briefing (2)

1st quarter			2nd quarter			3rd quarter			4th quarter		
April	May	June	July	August	September	October	November	December	January	February	March
	Announcement of year-end financial results	General Meeting of Shareholders	Overseas IR	Announcement of quarterly financial results			Announcement of quarterly financial results		Overseas IR	Announcement of quarterly financial results	
Domestic IR											



Stakeholder Engagement

General Meeting of Shareholders

For the 13th Ordinary General Meeting of Shareholders, we strived to improve the convenience for shareholders and enhance communication with them.

We worked on the early dispatch and disclosure of the Convocation Notice 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.

At the meeting, we strived to explain our business lines using video materials to facilitate the understanding of attending shareholders. We also enhanced interactive communication through the Q&A session with shareholders on such issues as the Company's asset management strategies and the profitability of new products.

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.



Mailing date of Convocation Notice May 30, 2019

Date June 17, 2019

Meeting duration 1 hour and 31 minutes

Number of attending shareholders 239

Appropriate Information Disclosure

In order to help our stakeholders gain a better understanding of the Company's management, we strive to actively disclose information through means such as the Annual Report and the Company's website.

Examples of
information
disclosure

Annual Report
(Japanese/English)



Corporate website (Japanese/English)

We provide a wide range of information on our website, including financial information as well as introductions of our products and services, and disclose information immediately, fairly and promptly.



<https://www.jp-life.japanpost.jp/> (Japanese)

<https://www.jp-life.japanpost.jp/english/> (English)