Corporate Governance Report

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JAPAN POST INSURANCE Co., Ltd.

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http://www.jp-life.japanpost.jp/

The status of corporate governance of JAPAN POST INSURANCE Co., Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, and Other Basic Information Including Capital Structure and Corporate Profile

1. Basic Views

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.

(1) 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.

(2) Fully recognizing its fiduciary responsibility to its shareholders, the Company shall give consideration to effectively secure rights and equal treatment of shareholders.

(3) 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.

(4) 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.

[Reasons for Non-compliance with Principles of the Corporate Governance Code]

The Company implements all Principles of the Corporate Governance Code.

[Disclosure Based on Principles of the Corporate Governance Code]

[Principle 1.4 Cross-Shareholdings]

The Company sets forth its policy on cross-shareholdings and its views on the exercise of voting rights concerning the shares held as cross-shareholdings in Article 17 of the "BASIC POLICY REGARDING CORPORATE GOVERNANCE" and discloses it on its website.

http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/cg_basicpolicy.pdf

[Principle 1.7 Related Party Transactions]

The Company sets forth in Article 4, Paragraph 6 of the "BASIC POLICY REGARDING CORPORATE GOVERNANCE" that in the event of a related party transaction, the Board of Directors shall monitor and supervise the transaction pursuant to laws and regulations and internal rules.

http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/cg_basicpolicy.pdf

http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/directors_regulations1708.pdf

[Principle 3.1 Enhancement of disclosure]

(i) The Company discloses its management philosophy and medium-term business plan on its website, etc. Regarding the medium-term business plan, the Company discloses the Group Medium-term Management Plan of Japan Post Holdings Co., Ltd., which includes the Company's medium-term business plan.
http://www.jp-life.japanpost.jp/en/aboutus/company/en_abt_cmp_philosophy.html
http://www.japanpost.jp/en/ir/strategy/index03.html

(ii) The Company sets forth and discloses in the "BASIC POLICY REGARDING CORPORATE GOVERNANCE" basic views and policy on corporate governance based on the principles of the Corporate Governance Code.
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/cg_basicpolicy.pdf

(iii) The Company sets forth in Article 8 of the "BASIC POLICY REGARDING CORPORATE GOVERNANCE" that compensation for Officers shall be determined based on the "Compensation Policies for Directors and Executive Officers by Individual" and discloses it on its website.
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/cg_basicpolicy.pdf
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/compensation_policies.pdf

(iv) The Company sets forth policies and procedures of the nomination and appointment of candidates for Directors and Executive Officers in Article 4, Paragraph 5 and Article 7 of the "BASIC POLICY REGARDING CORPORATE GOVERNANCE" and discloses them together with the "Nomination Criteria for Candidates for Directors" and "Appointment Criteria for Executive Officers" on its website.
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/cg_basicpolicy.pdf
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/criteria_directors.pdf
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/criteria_officers.pdf

(v) The Company discloses the reasons for nominating the candidates for Directors and the reasons for appointment of Executive Officers on its website.

http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/reasons_directors.pdf
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/reasons_officers1711.pdf

[Supplementary Principles 4.1.1 Roles and Responsibilities of the Board of Directors (1)]
The Company sets forth in the "Board of Directors Regulations" that all authority concerning business execution of the Company is delegated to Executive Officers, excluding statutory matters to be resolved exclusively by the Board of Directors and some particularly important business executions. The Company stipulates a provision to such effect in Article 4, Paragraph 2 of the "BASIC POLICY REGARDING CORPORATE GOVERNANCE" and discloses it on its website.
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/directors_regulations1708.pdf
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/cg_basicpolicy.pdf

[Principle 4.8 Effective Use of Independent Outside Directors]
The Company has twelve Directors including eight Outside Directors, of which seven Outside Directors are designated as Independent Officers in accordance with the "Designation Criteria for Independent Officers." The Company sets forth in Article 4, Paragraph 1 of the "BASIC POLICY REGARDING CORPORATE GOVERNANCE" that the number of Directors shall be an appropriate number not exceeding 20 as set forth in the Articles of Incorporation and one-third or more of the Directors shall be, in principle, Independent Directors and discloses it on its website.
http://www.jp-life.japanpost.jp/en/aboutus/company/en_abt_cmp_drt.html
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/independent_officers.pdf
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/cg_basicpolicy.pdf

[Principle 4.9 Independence Criteria and Qualifications for Independent Outside Directors]
The Company formulates the "Designation Criteria for Independent Officers" and discloses it on its website.
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/independent_officers.pdf

[Supplementary Principles 4.11.1 Preconditions for Ensuring Effectiveness of the Board of Directors and Audit Committee]
The Company sets forth in the "Nomination Criteria for Candidates for Directors" that the Nomination Committee shall nominate candidates for Directors who have expertise, experience, etc. in different areas, while considering the balance of the Board of Directors as a whole and discloses it on its website.
http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/criteria_directors.pdf

[Supplementary Principles 4.11.2 Preconditions for Ensuring Effectiveness of the Board of Directors and Audit Committee]
For the status of concurrent positions of Directors, please refer to "II. 1. Relationship with the Company (2)" below.

[Supplementary Principles 4.11.3 Preconditions for Ensuring Effectiveness of the Board of Directors and Audit Committee]

The Company conducts a questionnaire survey to all Directors concerning the effectiveness of the Board of Directors. Based on the results of that survey, the Directors jointly examine issues and proposals for increasing the effectiveness of the Board of Directors, and a summary of the results of the examination is disclosed on the Company's website.

http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/result_evaluation170518.pdf

[Supplementary Principles 4.14.2 Training for Directors and Members of the Audit Committee]

The Company sets forth the training policy for its officers including newly appointed Executive Officers in Article 11, Paragraph 1 and Article 13 of the "BASIC POLICY REGARDING CORPORATE GOVERNANCE" and discloses it on its website.

http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/cg_basicpolicy.pdf

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company sets forth its policy regarding the system and initiatives for promoting constructive dialogue with shareholders in Article 19 of "BASIC POLICY REGARDING CORPORATE GOVERNANCE" and discloses it on its website.

http://www.jp-life.japanpost.jp/en/aboutus/company/pdf/cg_basicpolicy.pdf

2. Capital Structure

Percentage of Foreign Shareholders	Less than 10%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
Japan Post Holdings Co.,Ltd.	534,000,000	89.00
Japan Trustee Services Bank, Ltd. (Trust Account)	2,786,300	0.46
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,006,400	0.33
Japan Post Insurance Employee Shareholding Association	1,887,900	0.31
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,406,800	0.23
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	1,069,855	0.18
Japan Trustee Services Bank, Ltd. (Trust Account 2)	1,053,400	0.18
Japan Trustee Services Bank, Ltd. (Trust Account 1)	1,043,100	0.17
Japan Trustee Services Bank, Ltd. (Trust Account 9)	835,100	0.14

JP MORGAN CHASE BANK 385151	825,228	0.14

Controlling Shareholder (except for Parent Company)	—
Parent Company	Japan Post Holdings Co.,Ltd. (Listed on Tokyo Stock Exchange) (Securities Code: 6178)

Supplementary Explanation

Under the Postal Service Privatization Act, the Company's parent company, JAPAN POST HOLDINGS Co., Ltd. ("Japan Post Holdings") is required to dispose of its entire equity interest in JAPAN POST BANK Co., Ltd. ("Japan Post Bank") and the Company (the "two financial companies") within the earliest possible timeframe, in light of the condition of business of the Company and impact on securing basic services concerning postal business.

Japan Post Holdings has announced its plans to sell in multiple stages the equity interest in the two financial companies to the point its shareholding ratio is down to around 50% in view of ensuring greater freedom of management of the two financial companies as well as the realization of the Japan Post Group's unity and collective strength, while fulfilling its obligation to provide universal services. However, selling a sizable portion of the equity interest in the three companies in a short period of time is not likely to be an easy process from the perspective of demand and supply in the stock market. Thus, while Japan Post Holdings is not able to be specific about the timeframe to reduce the equity interest in the two financial companies to around 50%, it plans to proceed the selling-off process in multiple stages to achieve this 50% preliminary target as stock market trends and other conditions permit.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Industry	Insurance
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Net Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

When conducting transactions with the parent company, Japan Post Holdings, and other group companies of the Japan Post Group, the Company engages in fair transactions in compliance with the arm's-length rule (under which insurance companies shall not carry out transactions, etc. with specific related parties such as its parent company and the parent company's subsidiaries under conditions that are substantially different from normal conditions, and thereby are called the name mentioned above) pursuant to the Insurance Business Act.

In order to ensure the appropriateness of intragroup transactions, all transactions of the Company are checked beforehand in the department responsible for the transactions to confirm whether they fall under the category of intragroup transactions or not. In the case of transactions with any group companies of the Japan Post Group, the Company checks if the appropriateness of the transaction is secured by conducting preliminary checks based on a predefined checklist, from the perspective of the necessity for the intragroup transaction, appropriateness of the transaction conditions and other aspects. The appropriateness of details of the check is

confirmed by a specialized department (the Legal Affairs Department). In addition, a supervisory department (the Corporate Planning Department) also conducts a check after the completion of the transaction.
To ensure the appropriateness of the conditions related to intragroup transactions, the Company has developed a system, whereby any new important transactions or any changes in the conditions of the existing important transaction will be decided by resolution of the Board of Directors, whose members include Outside Directors.

5. Other Special Circumstances which may have Material Impact on Corporate Governance

The Company has entered into "Japan Post Group Operating and Trademark Arrangements" with Japan Post Holdings, JAPAN POST Co., Ltd. ("Japan Post") and Japan Post Bank, and "Japan Post Group Operating Agreement" with Japan Post Holdings.
Based on the above arrangements, etc., matters necessary to conduct appropriate and smooth group management and matters that require management by Japan Post Holdings, etc. in accordance with laws and regulations, etc. are subject to consultation with Japan Post Holdings beforehand or report to Japan Post Holdings. The "Japan Post Group Operating Agreement" stipulates that such prior consultation will not deter or bind the Company from making its own decisions.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Three Committees Structure

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 year
Chairman of the Board	President
Number of Directors	12
Number of Outside Directors	8
Number of Independent Directors	7

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shinji Hattori	From another company											
Michiko Matsuda	From another company											
Nobuhiro Endo	From another company											
Masako Suzuki	From another company											
Tamotsu Saito	From another company											
Michiaki Ozaki	Lawyer											
Meyumi Yamada (Name in family	From another company											

register: Meyumi Hara)												
Yoshie Komuro	From another company											

* Categories for “Relationship with the Company”

* ”○” for when the director presently falls or has recently fallen under the category
“△” for when the director fell under the category in the past

* “●” for when a close relative of the director presently falls or has recently fallen under the category
“▲” for when a close relative of the director fell under the category in the past

a. Executive person of the Company or its subsidiaries
b. Non-executive director or executive person of the parent company of the Company
c. Executive person of a fellow subsidiary of the Company
d. A party whose major business partner is the Company or an executive person thereof
e. Major business partner of the listed company or an executive person thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company apart from executive remuneration
g. Major shareholder of the Company (or an executive person of the corporate shareholder if the shareholder is a legal entity)
h. Executive person of a business partner company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive person of a company between which and the Company outside officers are mutually appointed (the director himself/herself only)
j. Executive person of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Relationship with the Company (2)

Name	Affiliated Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	The Nomination Committee	The Compensation Committee	The Audit Committee			
Shinji Hattori	○	○		○	[Significant concurrent positions] Chairman & Group CEO of Seiko Holdings Corporation Chairman & CEO of Seiko Watch Corporation	We have nominated Mr. Hattori as an Outside Director because we expect that he is capable of fulfilling supervisory and monitoring functions over the management from the standpoint of a management expert based on his experience and insight nurtured through years of experience in management of stock companies. Furthermore, he does not conflict with the criteria for independence stipulated by the Tokyo Stock Exchange, and also satisfies the independence criteria formulated by the Company. Therefore, we have judged him as an Outside Director for

						whom conflicts of interest with general shareholders are not likely to occur, and have designated him as Independent Director.
Michiko Matsuda			○	○	[Significant concurrent positions] Visiting Professor of Faculty of Applied Sociology, Kindai University Advisor, IHI Enviro Corporation	Ms. Matsuda is engaged in the management of stock companies as an advisor after having held key positions at government ministries and agencies. Given her considerable experience and insight nurtured through years of such experiences, we expect that she is capable of fulfilling supervisory and monitoring functions over the management from a professional perspective, and therefore, we have nominated Ms. Matsuda as an Outside Director. Although she has never been directly involved in management of a company other than by serving as an Outside Director, we believe that she can appropriately perform duties as an Outside Director based on the aforementioned reasons. Furthermore, she does not conflict with the criteria for independence stipulated by the Tokyo Stock Exchange, and also satisfies the independence criteria formulated by the Company. Therefore, we have judged her as an Outside Director for whom conflicts of interest with general shareholders are not likely to occur, and have designated her as Independent Director.
Nobuhiro Endo	○			○	[Significant concurrent positions] Chairman of the Board (Representative Director) of NEC Corporation	We have nominated Mr. Endo as an Outside Director because we expect that he is capable of fulfilling supervisory and monitoring functions over the management from the standpoint of a

					Outside Director of Seiko Holdings Corporation (to be appointed in June 2017)	management expert based on his experience and insight nurtured through years of experience in management of stock companies. Furthermore, he does not conflict with the criteria for independence stipulated by the Tokyo Stock Exchange, and also satisfies the independence criteria formulated by the Company. Therefore, we have judged him as an Outside Director for whom conflicts of interest with general shareholders are not likely to occur, and have designated him as Independent Director.
Masako Suzuki			○	○	[Significant concurrent positions] Director, Vice President of Benefit One Inc. President and Representative Director of Benefit one Health care Inc.	We have nominated Ms. Suzuki as an Outside Director because we expect that she is capable of fulfilling supervisory and monitoring functions over the management from the standpoint of a management expert based on her experience and insight nurtured through years of experience in management of stock companies. Furthermore, she does not conflict with the criteria for independence stipulated by the Tokyo Stock Exchange, and also satisfies the independence criteria formulated by the Company. Therefore, we have judged her as an Outside Director for whom conflicts of interest with general shareholders are not likely to occur, and have designated her as Independent Director.

Tamotsu Saito		○		○	[Significant concurrent position] Chairman of the Board of IHI Corporation	We have nominated Mr. Saito as an Outside Director because we expect that he is capable of fulfilling supervisory and monitoring functions over the management from the standpoint of a management expert based on his experience and insight nurtured through years of experience in management of stock companies. Furthermore, he does not conflict with the criteria for independence stipulated by the Tokyo Stock Exchange, and also satisfies the independence criteria formulated by the Company. Therefore, we have judged him as an Outside Director for whom conflicts of interest with general shareholders are not likely to occur, and have designated him as Independent Director.
Michiaki Ozaki			○	○	[Significant concurrent positions] Attorney-at-law Of Counsel of URYU & ITOGA Outside Audit & Supervisory Board Member of East Nippon Expressway Company Limited	We have nominated Mr. Ozaki as an Outside Director because we expect that he is capable of fulfilling supervisory and monitoring functions over the management from the standpoint of a legal expert by leveraging his experience and insight 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. Furthermore, he does not conflict with the criteria for independence stipulated by the Tokyo

						Stock Exchange, and also satisfies the independence criteria formulated by the Company. Therefore, we have judged him as an Outside Director for whom conflicts of interest with general shareholders are not likely to occur, and have designated him as Independent Director.
Meyumi Yamada			○	○	[Significant concurrent positions] Executive Director of istyle Inc. President and Representative Director of IS Partners Inc. Outside Director of Seino Holdings Co., Ltd. (to be appointed in June 2017)	In addition to engaging in the management of stock companies, Ms. Yamada 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 IT/information and communication. Based on her considerable experience and insight nurtured through years of such experience, we expect that she is capable of fulfilling supervisory and monitoring functions over the management from the standpoint of a management expert, and therefore, we have nominated Ms. Yamada as an Outside Director. Furthermore, she does not conflict with the criteria for independence stipulated by the Tokyo Stock Exchange, and also satisfies the independence criteria formulated by the Company. Therefore, we have judged her as an Outside Director for whom conflicts of interest with general shareholders are not likely to occur, and have designated her as Independent Director.
Yoshie Komuro					[Significant concurrent position]	In addition to engaging in the management of stock companies, Ms. Komuro

					President of Work-Life Balance Co., Ltd.	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 considerable experience and insight nurtured through years of such experience, we expect that she is capable of fulfilling supervisory and monitoring functions over the management from the standpoint of a management expert, and therefore, we have nominated Ms. Komuro as an Outside Director.

[Committees]

Committee's Composition and Attributes of Chairman

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairman
Nomination Committee	3	0	1	2	Inside Director
Compensation Committee	3	0	1	2	Outside Director
Audit Committee	5	1	1	4	Outside Director

[Executive Officers]

Number of Executive Officers	25

Status of Concurrent Posts

Name	Representative Authority	Concurrent Post as Director			Concurrent Post as Employee
			Nomination Committee Member	Compensation Committee Member	
Mitsuhiko Uehira	Yes	Yes	No	No	No
Masaaki Horigane	Yes	Yes	No	No	No

Yoshito Horiie	No	No	No	No	No
Yoshihiko Ido	No	No	No	No	No
Yoshio Inoue	No	No	No	No	No
Hiroshi Nagaso	No	No	No	No	No
Atsushi Tachibana	No	No	No	No	No
Shinji Ando	No	No	No	No	No
Nobuyasu Kato	No	No	No	No	No
Yasuaki Hironaka	No	No	No	No	No
Tomoaki Nara	No	No	No	No	No
Nobuatsu Uchikoba	No	No	No	No	No
Yasumi Suzukawa	No	No	No	No	No
Yoshiki Miyanishi	No	No	No	No	No
Kieko Onoki	No	No	No	No	No
Toru Onishi	No	No	No	No	No
Hidekazu Sakamoto	No	No	No	No	No
Junko Koie	No	No	No	No	No
Masamichi Yokoyama	No	No	No	No	No
Motonori Tanaka	No	No	No	No	No
Masato Hashiba	No	No	No	No	No
Takashi Iida	No	No	No	No	No
Shinsuke Fujii	No	No	No	No	No
Norihiro Fujimori	No	No	No	No	No
Hajime Saito	No	No	No	No	No

[Auditing Structure]

Appointment of Directors and Staff to Support the Audit Committee	Appointed

Matters Related to the Independence of Such Directors and Staff from Executive Officers

The Company has established the Office of Audit Committee as an organization that provides assistance to the Audit Committee in performing its duties, and assigned full-time employees with knowledge and ability necessary to assist the duties of the Audit Committee. In addition, matters relating to recruitment, transfer, personnel evaluation or disciplinary actions involving the employees assigned to the Office of Audit Committee shall be subject to the approval of a member of the Audit Committee appointed by the Audit Committee, thereby ensuring their independence from Executive Officers.

Cooperation among Audit Committee, Accounting Auditor and Internal Audit Department

The Audit Committee receives prior explanation about the audit plan and regular reports (on a monthly basis, in principle) on the status of audit implementation and results of internal audits from the internal audit department in order to ensure effective cooperation.
Likewise the Audit Committee receives prior explanation about the audit plan and regular reports (at the time of year-end audit, interim audit and quarterly review) on the implementation of the audits from the accounting auditor, and cooperates with the accounting auditor through exchange of opinions as appropriate in order to be

acquainted with important points concerning accounting audit at all times.
In addition, full-time members of the Audit Committee and the Office of Audit Committee exchange opinions bilaterally or trilaterally with the internal audit department and the accounting auditor, in an effort to strengthen mutual cooperation.
The internal audit department coordinates with the accounting auditor on matters including the results of internal audits, progress in the corrections or the improvement measures taken by the audited departments, and the implementation of internal audit activities.

[Independent Directors]

Number of Independent Directors	7

Matters relating to Independent Directors

The Company has designated all Outside Directors as Independent Directors, insofar as they meet the qualification thereof.
Criteria for evaluating the independence of Outside Directors are as follows.

[Designation Criteria for Independent Officers of JAPAN POST INSURANCE Co., Ltd.]
The Company shall designate independent officers as set forth by the Tokyo Stock Exchange from among the Outside Directors who do not fall under any of the following.

1. A person who has previously served as an executive person of the Japan Post Group
2. A person who has previously served as a director who was not an executive person of the parent company of the Company
3. An entity whose major business partner is the Company or an executive person, etc. of such business partner
4. A major business partner of the Company or an executive person, etc. of such business partner
5. A consultant, accounting professional or legal professional who receives or has received a large amount of money or other assets in addition to executive remuneration from the Company (in cases where the person who receives such assets is an organization such as a corporation or a partnership, a person who belongs to or has previously belonged to such organization)
6. A major shareholder of the Company (in the case of a corporation, an executive person, etc. of such corporation)
7. A spouse or a relative within the second degree of kinship of the following persons (excluding persons with no importance)
   (1) A person as set forth in the preceding 1 to 6
   (2) An executive person of the Japan Post Group (excluding the Company)
   (3) A director who is not an executive person of the parent company of the Company
8. An executive person, etc. of an entity where an executive person, etc. of the Company assumes the post of an outside officer
9. A person who receives a large amount of donation from the Company (in cases where the person is an organization such as a corporation or a partnership, an executive person, etc. of such organization or a person equivalent thereto)

(Appendix)

1. The definitions of the terms used in these Criteria are provided below.
   Japan Post Group: The Company, the parent company of the Company, the subsidiaries of the Company and the fellow subsidiaries of the Company
   Executive person: An executive person as prescribed in Article 2, Paragraph 3, Item (vi) of the Ordinance for Enforcement of the Companies Act
   Executive person, etc.: An executive person or a person who previously served as an executive person
   An entity whose major business partner is the Company: An entity to which the average annual amount of payment made by the Company in the past three fiscal years is 2% or more of such entity’s average annual consolidated net sales over the past three fiscal years
   A major business partner of the Company: An entity by which the average annual amount of payment made to the Company in the past three fiscal years is 2% or more of the Company’s average annual consolidated ordinary profit over the past three fiscal years

Large amount of money: Money in the average annual amount of 10 million yen or more in the past three fiscal years
Major shareholder: Major shareholders as prescribed in Article 163, Paragraph 1 of the Financial Instruments and Exchange Act
Large amount of donation: A donation in the average annual amount of 10 million yen or more in the past three fiscal years

2. With regard to attribute information of independent officers, when the transactions or donations associated with independent officers meet the immateriality standards provided below, such transactions or donations shall be judged to have no impact on the independency of such independent officers, and therefore attribute information of the independent directors shall be omitted.
   (1) Transactions
      - The average annual amount of payment made by the Company to such business partner in the past three fiscal years is less than 1% of such business partner’s average annual consolidated net sales over the past three fiscal years.
      - The average annual amount of payment made by such business partner to the Company in the past three fiscal years is less than 1% of the Company’s average annual consolidated ordinary profit over the past three fiscal years.
   (2) Donations
      The average annual amount of donation made by the Company in the past three fiscal years is less than 5 million yen.

[Incentives]

Implementation of Measures to Provide Incentives to Directors and Executive Officers	Performance-linked compensation scheme

Supplementary Explanation

The Company has introduced a performance-linked stock compensation system for its Executive Officers. The objective of the System is to further enhance the consciousness of contribution of Executive Officers toward achieving sustainable growth and enhancing the medium-to-long term corporate value of the Company through clarification of the linkage between the Executive Officers’ compensation and share values of the Company so that Executive Officers have common interests with shareholders not only the benefits from rising share prices, but also risks associated with falling share prices. Details, etc. of such System are described in “[Compensation for Directors and Executive Officers] Disclosure of Policy on Determining Compensation Amounts and Calculation Methods.”

Recipients of Stock Options	—

Supplementary Explanation

—

[Compensation for Directors and Executive Officers]

Disclosure of Individual Directors’ Compensation	No individual disclosure

Supplementary Explanation

The number of Directors and total compensation amounts for Inside Directors and Outside Directors are disclosed, respectively.

Disclosure of Individual Executive Officers’ Compensation	No individual disclosure

Supplementary Explanation

The number of Executive Officers and the total compensation amount of Executive Officers are disclosed.

Policy on Determining Compensation Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

With regard to the compensation of Directors and Executive Officers of the Company, the Compensation Committee formulates the “Compensation Policies for Directors and Executive Officers by Individual” as follows (effective June 22, 2016):

[Compensation Policies for Directors and Executive Officers by Individual]

1. Compensation System

(1) If a person serves concurrently as a Director and an Executive Officer, such person shall receive compensation as an Executive Officer.

(2) Directors of the Company shall receive a fixed monetary compensation commensurate with their positions based on the scope and scale of their responsibilities for management, etc.

(3) Executive Officers of the Company shall receive a basic compensation (fixed monetary compensation) commensurate with their duties and performance-linked stock compensation under a system that offers sound incentives for contributing to the sustainable growth of the Company.

2. Compensation for Directors

Compensation for Directors shall comprise a fixed monetary compensation of a certain level commensurate with their positions based on the primary role of supervision of management, and such level shall be an appropriate level that gives consideration to the extent of their duties as Directors and the current state of the Company.

3. Compensation for Executive Officers

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.

The level of a basic compensation shall be an appropriate level that gives consideration to the extent of duties of Executive Officers and the current state of the Company. However, should the compensation commensurate with the position of an Executive Officer who is in charge of a field that requires special business knowledge and skills fall significantly below the general level of compensation of an officer who is in charge of a similar field at another company, such Executive Officer shall receive a basic compensation based on the level of compensation of other companies, instead of compensation commensurate with his or her duties in the Company.

In terms of stock compensation, from the standpoint of offering sound incentives for contributing to the sustainable growth of the Company, Executive Officers shall be granted on a yearly basis basic points commensurate with their duties and the points calculated by multiplying evaluation points based on their individual evaluations by a coefficient that fluctuates according to factors such as the degree of achievement of management plans. At the time of retirement, Executive Officers shall receive stocks corresponding to the number of accumulated points and cash attainable through conversion of a certain portion of shares of the Company.

[Supporting System for Outside Directors]

Outside Directors receive prior explanation on the matters to be approved by the Board of Directors from the Corporate Planning Department or from the relevant department as appropriate.
The Corporate Planning Department provides information on the important management matters as appropriate, even if they are not matters to be approved by the Board of Directors.
The members of the Audit Committee receive prior explanation on the matters to be approved by the Audit Committee from the Office of Audit Committee and, as necessary, from the relevant department. On-going audit activities are carried out by the full-time members of the Audit Committee and the Office of Audit Committee mainly represented by the General Officer and the Secretary General, and the status of such activities and the results thereof are reported to the members of the Audit Committee at the Audit Committee meeting when specific activities are carried out.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

In order to facilitate more flexible and efficient decision-making and improve transparency in its management process, the Company has 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.

1. Board of Directors
The Board of Directors of the Company, comprised of 12 Directors (including eight Outside Directors), determines matters such as the basic management policy of the Company, segregation of duties of Executive Officers and the fundamental policy for establishment of internal control systems and has the authority of supervising the execution of duties by Executive Officers. Meanwhile, the Board of Directors promotes the development of a framework that enables supervision of management from the external and broader perspective by appointing lawyers and corporate managers as Outside Directors.
The three committees, namely the Nomination Committee, the Audit Committee and the Compensation Committee, have been established to ensure the fairness of management supervision function of the Board of Directors. Specific roles of these committees are as follows.

(1) Nomination Committee
The Nomination Committee, comprised of three Directors (including two Outside Directors), determines proposals for general meetings of shareholders concerning the appointment and dismissal of Directors.
(2) Audit Committee
The Audit Committee, comprised of five Directors (including four Outside Directors), audits the execution of duties by Directors and Executive Officers, determines proposals for general meetings of shareholders concerning the appointment and dismissal of the accounting auditor, and approves the compensation for the accounting auditor as determined by Directors.
One of the Outside Directors in the Audit Committee has sufficient knowledge in finance and accounting.
(3) Compensation Committee
The Compensation Committee, comprised of three Directors (including two Outside Directors), formulates compensation policies for Directors and Executive Officers and determines detailed compensation for each individual.

2. Business Execution
The Company has a structure in which prompt decision-making is conducted by Executive Officers with authority for business execution delegated by the Board of Directors. Of the matters delegated to Executive Officers by resolution of the Board of Directors, important management matters are discussed at the Executive Committee comprised of the President, CEO, Representative Executive Officer as well as Executive Officers in charge of respective businesses, and determined by the President, CEO, Representative Executive Officer. Some officers of the Japan Post Holdings are concurrently serving as officers of the Company. Although as a general rule, no officers of Japan Post Holdings attend the Company's Executive Committee unless they are concurrently serving as Managing Executive Officers or higher ranking Executive Officers at the Company, Representative Executive Officers of Japan Post Holdings may be asked to attend the Executive Committee, if the Company deems it necessary depending on the contents of the agenda or the matters to be reported at the meeting.

In addition, the Company has established a Managing Director system comprised of employees who execute business using highly specialized knowledge.
While consultations with Japan Post Holdings are made beforehand with respect to certain matters in accordance with the Japan Post Group Operating Agreement, this agreement stipulates that such prior consultation will not deter or bind the Company from making its own decisions.

The Company has established as advisory bodies to the Executive Committee nine specialized committees comprised of relevant Executive Officers. With regard to such matters delegated to each Executive Officer, cross-sectional issues are discussed by the respective specialized committees.

(1) Financial Management Committee
This committee is held once a month, in principle, and deliberates on investment and sales policies and other issues. It also performs appropriate earnings management by monitoring and analyzing such matters as the overall management of the Company's assets and liabilities and status of various earnings.
(2) Risk Management Committee
This committee is held once a month, in principle, and deliberates on risk management policies and matters concerning the establishment and operation of risk management systems as well as the implementation of risk management. It also performs appropriate risk management by monitoring and analyzing the status of each risk and other related matters.
(3) Compliance Committee
This committee is held once a month, in principle, and deliberates on policies concerning compliance, specific compliance operations and response to various issues. It also works to ensure legal compliance and prevent misconduct by monitoring and analyzing such matters as the progress made in the Company's compliance promotion efforts.
(4) CS Committee
This committee is held once a month, in principle, and promotes improvement of customer convenience and the Company's services to customers by deliberating on improvement efforts based on customer feedback as well as measures designed to raise the level of customer satisfaction.
(5) Product Development Committee
This committee is held once a month, in principle, and promotes the development of products tailored to customer needs by deliberating on policies for the development of insurance products and examining important matters from a multifaceted perspective.
(6) Administrative and IT Systems Reform Committee
This committee is held once a month, in principle, and discusses basic policies and related matters for system development and promotes the reform of administrative operations and IT systems by monitoring and analyzing such matters as the progress made in each of the Company's major IT projects.
(7) Work Style Reform Committee
This committee is held once a quarter, in principle and as appropriate when deemed necessary by the chairman of the Committee, and promotes the efficient utilization of human resources as valuable managerial resources and facilitates business management by discussing policies concerning the personnel system, human resource development and the protection of human rights, as well as measures for the realization of work-life balance and diversity. It also works to ensure the self-fulfillment of every employee as well as the growth and development of the Company.
(8) Information Security Committee
This committee is held once a quarter, in principle and as appropriate when deemed necessary by the chairman of the Committee, discusses matters pertaining to policies concerning information security management (including matters related to personal information protection) and the establishment and operation of an information security management structure as well as monitors and analyzes the status of information security management to ensure appropriate information management.
(9) Disclosure Committee
This committee is held once a quarter, in principle and as appropriate when deemed necessary by the chairman of the Committee, develops the information disclosure system, and deliberates on accuracy, adequacy, clarity, and dedication to information disclosure and fairness of public announcements.

3. Liability Limitation Agreement
The Company has entered into liability limitation agreements with its Directors (excluding those who are Executive Directors, etc.) in accordance with the provisions of Article 427, Paragraph 1 of the

Companies Act and the Articles of Incorporation of the Company. For liabilities provided for in Article 423, Paragraph 1 of the Companies Act, when the Directors (excluding Directors with executive functions) performed their duties in good faith and without gross negligence, they shall be liable to the minimum liability amount prescribed under Article 425, Paragraph 1 of the Companies Act under such agreements.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted a company with three committees structure in order to facilitate more flexible and efficient decision-making and improve transparency in its management process. The current system is in place as it is believed to ensure management transparency by the arrangement in which Executive Officers with authority for business execution delegated by the Board of Directors conduct prompt decision-making, and one-third or more of which are comprised of Outside Directors, as well as the Nomination Committee, the Audit Committee and the Compensation Committee, the majority of the members of which are Outside Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Delivery of Convocation Notice of General Meeting of Shareholders	In holding a general meeting of shareholders, the Company strives for early delivery of the convocation notice of the general meeting of shareholders. The convocation notice of the 11th Ordinary General Meeting of Shareholders held on June 21, 2017 was dispatched on June 1, 2017. Also, prior to the delivery of the convocation notice, the contents are posted on websites of the Company and the Tokyo Stock Exchange and other websites.
Scheduling of General Meeting of Shareholders to Avoid Concentration on a Certain Date	The Company strives to schedule the general meeting of shareholders on a date that allows many shareholders to attend. The 11th Ordinary General Meeting of Shareholders in 2017 was held on June 21, 2017.
Exercise of Voting Rights by Electromagnetic Means	Starting from the 10th Ordinary General Meeting of Shareholders in 2016, the Company allows the exercise of voting rights via the Internet at a designated website dedicated for this purpose.
Initiatives Toward Improving the Environment for Institutional Buyers to Exercise Voting Rights Including Participation in Electronic Voting Platform	Starting from the 10th Ordinary General Meeting of Shareholders in 2016, the Company participates in the “Electronic Voting Platform” operated by ICJ Co., Ltd.
Provision of Convocation Notice (Summary) in English	English version of the convocation notice is posted on websites of the Company and the Tokyo Stock Exchange and other websites.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Disclosure of Disclosure Policy	“Disclosure Policy” is posted on the Company’s website.	
Holding of Regular Briefing Sessions for Individual Investors	Measures are carried out to enhance information provision, including dedication of a section of the Company’s website to individual investors and	Yes

	holding of briefing sessions.	
Holding of Regular Briefing Sessions for Analysts and Institutional Buyers	The Company organizes financial results meeting and conference call for analysts and institutional investors after quarterly financial results announcements, as opportunities for the management to provide explanation about financial condition, etc. of the Company. The Company also participates in seminars for institutional investors organized by securities companies.	Yes
Holding of Regular Briefing Sessions for Overseas Investors	Overseas IR events by the management of the Company are organized several times a year. Meanwhile, information intended for use within Japan such as financial results and IR materials are translated into English and posted on the Company's website, in an effort to minimize the information gap between the domestic and overseas investors.	Yes
Posting of IR Materials on Website	Financial information such as financial results, timely disclosure information other than financial information, securities reports and quarterly securities reports are posted on the Company's website.	
Establishment of Office (Person in Charge) of IR	IR Office has been established under the Corporate Planning Department.	

3. Status of Measures Related to Respect of Position of Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company declares to respect the position of stakeholders in the management philosophy as well as the "BASIC POLICY REGARDING CORPORATE GOVERNANCE" as disclosed on the Company's website, etc.
Implementation of Environmental Activities, CSR Activities, etc.	One of the objectives of the Company's management policy states that "We actively contribute to health promotion, environmental protection and the development of local communities and society as a whole," and the Company has been seeking ways to contribute to society, aimed at supporting customers, society and local residents. Specifically, the Company engages in activities to actively contribute to promoting people's health, focusing on the promotion of popularization of Radio Exercises, and the promotion of environmental conservation activities, details of which are reported in the Company's annual report.
Stipulation of Policies on Information Provision to Stakeholders	To fulfill its accountability as a listed company and earn the trust of shareholders, investors, etc., the Company has formulated its disclosure policy focused on the principle of accurate and fair information disclosure, which is posted on the Company's website.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company has formulated the following "Fundamental Policy for Establishment of Internal Control Systems" by resolution of the Board of Directors and strives to establish an appropriate internal control system.

[Fundamental Policy for Establishment of Internal Control Systems]

1. System for ensuring execution of duties by the Executive Officers and employees of The Company

are in compliance with laws and regulations and the Articles of Incorporation

(1) In addition to the formulation of management philosophy and management policy, the Company shall ensure thorough understanding of all Executive Officers and employees of the compliance with laws and regulations in every aspect of its business activities, in accordance with the Japan Post Group's Charter of Corporate Conduct established by Japan Post Holdings Co., Ltd. Furthermore, the Company shall establish its compliance framework by formulating compliance rules.

(2) The Company shall establish a department that supervises compliance to promote compliance within the Company. Meanwhile, a Compliance Committee shall be established to deliberate on the management policies concerning compliance, specific compliance operations and response to various issues, and report important matters to the Executive Committee and the Audit Committee.

(3) The Company shall prepare a Compliance Manual that serves as a guide to the laws and regulations and other rules concerning its corporate activities, while carrying out trainings on laws and regulations as well as internal regulations that must be observed by Executive Officers and employees, in order to ensure thorough implementation of compliance.

(4) For the purpose of establishing compliance framework and ensuring sound business management, the Company shall set up a liaison meeting, comprised of the President, CEO, Representative Executive Officer and others, with Japan Post Co., Ltd., which serves as the Company's insurance agent, to discuss matters related to the enhancement and reinforcement of the internal control systems of Japan Post Co., Ltd., and shall take measures necessary for guidance and management of Japan Post Co., Ltd.

(5) The Company shall set out response as an organization to anti-social forces in the internal rules for dealing with anti-social forces, and cut off and exclude any relationship with anti-social forces that may threaten social order and sound corporate activities by firmly refusing their undue demand, while regularly cooperating with external expert bodies including the police.

(6) In order to ensure adequacy of the documents related to financial accounting and other information, the Company shall strive to secure credibility of its financial reporting, and report important matters to the Executive Committee, the Audit Committee and the accounting auditor, as appropriate.

(7) The Company shall establish rules for reporting for any violations or suspected violations of compliance, and set up points of contact for whistleblowing both inside and outside the Company, the use of which shall be thoroughly informed to all Executive Officers and employees.

(8) The Company shall formulate internal audit rules and develop an internal audit framework. Meanwhile, the internal audit department independent of all departments to be audited shall conduct effective internal audits of compliance in the Company's business activities and report the status of internal audits to the Executive Committee and the Audit Committee.

2. System for retaining and managing information concerning the execution of duties by the Executive Officers

In the Executive Committee rules and the document management rules, the Company shall define the methods and system for retaining and managing various documents concerning the execution of duties by the Executive Officers, such as the minutes of the Executive Committee meetings and approval documents, in order to appropriately retain and manage such information. Documents shall be accessed or copied at the request of the Audit Committee or the internal audit department.

3. System and rules for managing the risk of loss to the Company

(1) Through formulating basic risk management policies and other risk management rules, the Company shall present to Executive Officers and employees the basic matters related to risk management such as basic principles, the management framework and management methods, and implement risk management based on such basic policies and others.

(2) The Company shall establish a department that supervises risk management, identify the status of risks, and analyze and manage such risks. Meanwhile, a Risk Management Committee shall be established to deliberate on the policies concerning risk management, matters related to the development and operations of risk management system and matters related to the implementation of risk management and report important matters to the Executive Committee and the Audit Committee.

(3) The Company shall formulate crisis management rules and develop a crisis management framework to promptly and appropriately address and take necessary countermeasures in cases where risks that have a significant impact on the management arise.

4. System for ensuring the efficient execution of duties by the Executive Officers
   (1) The Company shall, in principle, hold a meeting of the Executive Committee, comprised of Executive Officers, on a weekly basis, and discuss matters delegated from the Board of Directors and matters to be approved by the Board of Directors. Furthermore, specialized committees shall be established as advisory bodies to the Executive Committee as appropriate.
   (2) The Company shall formulate organization rules and administrative authority rules and define the duties of each organizational unit, administrative authority and responsibility of each Executive Officer, and the procedures for approvals on business decisions, with a view to ensuring the efficient execution of duties by the Executive Officers.

5. System for ensuring proper operations within the corporate group comprising the Company and Japan Post Holdings, and subsidiaries of the Company
   (1) The Company shall conclude the Japan Post Group Operating and Trademark Arrangements with Japan Post Holdings Co., Ltd., Japan Post Co., Ltd. and Japan Post Bank Co., Ltd, while concluding the Japan Post Group Operating Agreement and a memorandum of understanding on the rules for such operations with Japan Post Holdings Co., Ltd., whereby prior consultation or reports shall be made over the matters necessary for proper and smooth operations of the Group.
   (2) The Company shall formulate rules concerning the management of subsidiaries, and establish a framework for appropriately managing business operations of subsidiaries as follows.
      - The Company shall have subsidiaries to take measures based on the Japan Post Group Operating and Trademark Arrangements, etc. which serves as a basis for the Group management.
      - The Company shall carry out management analysis, guidance on business operations, risk management, guidance on compliance, audits, etc., for subsidiaries.
      - Formulation of management policies, business plans and other important matters by subsidiaries shall be subject to the prior approval of the Company.
      - Matters filed to the authorities by subsidiaries, monthly business results, and the results of external audits shall be reported to the Company.
   (3) The Company shall formulate rules concerning the management of intra-Group transactions and ensure proper transactions with the Group companies based on the arm's-length rule.

6. Matters concerning employees who are to assist the duties of the Audit Committee
   The Company shall establish the Office of Audit Committee as an organization that provides assistance to the Audit Committee in performing its duties, and assign full-time employees with knowledge and ability necessary to assist the duties of the Audit Committee.

7. Matters related to maintaining the independence of employees who are to assist the duties of the Audit Committee from the Executive Officers, and matters related to ensuring the effectiveness of instructions given by the Audit Committee to these employees
   The employees assigned to the Office of Audit Committee shall assist the duties of the Audit Committee under its sole direction. In addition, matters relating to recruitment, transfer, personnel evaluation or disciplinary actions involving the employees assigned to the Office of Audit Committee shall be subject to the approval of the Audit Committee or of a member of the Audit Committee appointed by the Audit Committee.

8. System for the Executive Officers and employees to report to the Audit Committee, and other systems of reporting to the Audit Committee
   (1) The Executive Officer in charge of internal controls shall regularly report to the Audit Committee on the status of the performance of duties related to internal controls of the Company and its subsidiaries.
   (2) Executive Officers and employees shall promptly report to the members of the Audit Committee on important matters that are likely to have a significant impact on the management of the Company or its subsidiaries.

(3) The Executive Officer in charge of internal audits shall regularly report to the Audit Committee on the status and results of the internal audits of the Company and its subsidiaries, and report to the members of the Audit Committee on the important matters that are likely to have a significant impact on the management.
(4) Executive Officers and employees shall report the matters related to the business execution of the Company or its subsidiaries, as required by the Audit Committee.
(5) Executive Officers and employees shall promptly report to the members of the Audit Committee on any significant compliance violation (including any suspected matters) of the Company or its subsidiaries discovered through whistleblowing or by other means.
(6) Any person who reported to the Audit Committee or any whistleblower within the Company shall not be subject to disadvantageous treatment on the ground of such report or whistleblowing.

9. Procedures for making advanced payment or reimbursement of expenses to be incurred in the execution of duties by the members of the Audit Committee, and matters concerning a policy for the handling of expenses or debts to be incurred in the execution of such duties
Executive Officers and employees may not deny a request for payment made by the members of the Audit Committee for expenses incurred in the course of audits carried out as part of the execution of duties of the Audit Committee, including fees for advice they sought from attorneys, certified public accountants or other external experts, or duties they outsourced for investigation, appraisal or others, unless the Company proved that the aforementioned expenses were not necessary for the execution of duties of the Audit Committee.

10. Other systems for ensuring effective audits by the Audit Committee
(1) The President, CEO, Representative Executive Officer shall strive to exchange opinions with the Audit Committee regularly in an effort to enhance mutual understanding over the important management matters including basic management policy, issues to be addressed and the functional status of the internal control system.
(2) The Audit Committee shall receive prior explanation about the audit plan from the accounting auditor and regular reports on the status of audit implementation, and shall cooperate with the accounting auditor through exchange of opinions as appropriate in order to be acquainted with important points concerning accounting audit at all times.
(3) In executing its duties, the Audit Committee shall cooperate with the Audit Committee of Japan Post Holdings Co., Ltd., through measures such as regular exchange of opinions.

2. Basic Views on Eliminating Anti-Social Forces and State of Related Efforts

The Company recognizes that the complete elimination of relationships with anti-social forces is an integral part of its corporate social responsibility and is essential in maintaining the trust of its customers and realizing sound management.
Furthermore, in order to eliminate and avoid any relationships with anti-social forces, the Company has formulated the Basic Policy on Handling of Anti-social Forces, based on the Fundamental Policy for Establishment of Internal Control Systems formulated by the Board of Directors, to take appropriate actions against anti-social forces.

[Basic Policy on Handling of Anti-social Forces]

1. Organizational response
In firm recognition of its social responsibility and to strengthen management based on compliance, the Company, as an organization in its entirety, will ensure that any relationships with anti-social forces are eliminated.
2. Complete elimination of relationships, including transactions
The Company will have no relationships whatsoever with anti-social forces, including transactions.
3. Legal measures and prohibition of secret negotiations
The Company will strongly refuse any unjustified demands and will take legal measures, either via a civil court or a criminal court, or both. The Company will never negotiate in secrecy with anti-social forces, even if their unjustified demands are to conceal matters related to any misconduct of the Company’s own activities or that of its staff.
4. Cooperation with outside experts

The Company will establish close relationships with outside experts in preparation for any unjustified demands in order to ensure the safety of its staff against such demands.

5. Prohibiting financing for anti-social forces
   The Company will never engage in financing for anti-social forces.

Specifically, the Company is engaged in the following initiatives in an effort to develop a framework for eliminating anti-social forces.

1. Formulation of Rules for Handling of Anti-social Forces
   The Company's Fundamental Policy for Establishment of Internal Control Systems requires the elimination of any relationships with anti-social 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 their unjustified demands. Accordingly, the Company has created rules (Rules for Handling of Anti-social Forces), which define its framework for eliminating and avoiding relationships with anti-social forces and the basics for organizational actions, as well as detailed rules (Detailed Rules for Handling of Anti-social Forces, Procedures for Handling of Anti-social Forces and an Anti-social Forces Manual.) to lay down specific processes to ensure proper business conduct. We require all employees to strictly observe these rules and procedures.

2. System for handling of anti-social forces
   The Company strives to eliminate relationships with anti-social forces and promptly respond to unjustified demands under the system with the President, CEO, Representative Executive Officer at the top. Below the President, CEO, Representative Executive Officer, the Company appoints the Executive Officer responsible for the General Affairs Department as the Anti-social Forces Response Officer and assigns the role of Anti-social 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 as well as assigns persons in charge of countering unjustified demands at each site. Meanwhile, the General Affairs Department at the Head Office, as the Anti-social Forces Response Department, coordinates all administrative work for eliminating and avoiding any relationships with anti-social forces. Furthermore, the General Officers and Specialists for Response to Anti-social Forces are assigned in certain sites.

3. Training for officers and employees
   Persons in charge of countering unjustified demands assigned at each site participate in the corresponding training seminars organized by Prefectural Public Safety Commissions. Furthermore, the General Officers and Specialists for Response to Anti-social Forces provide the persons in charge of countering unjustified demands with guidance on the current situation of anti-social forces and how to deal with them.

4. Cooperation with relevant authorities and organizations
   While strengthening relationship with the local police and the Center for the Elimination of Boryokudan, the Company has joined the Federation on Special Organized Crimes within the Jurisdiction of the Tokyo Metropolitan Police Department.

5. Initiatives for eliminating anti-social forces
   The Compliance Committee and the Anti-social Forces Handling Council engage in across-the-board discussion on relevant matters. As specific measures to eliminate any relationships with anti-social forces, the Company incorporated a clause against organized crime into its policy agreements in April 2012. In addition, relevant database is being developed, based on the information concerning anti-social forces in the public domain collected from the sources including the past newspaper articles as well as the information provided by the relevant organizations. The Company, by using this database, verifies that policyholders and procurement contract counterparties are not associated with anti-social forces in order to prevent transactions with anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

In view of the supplementary resolution which states "adequate defense measures against hostile takeover bids must be adopted by applying the provisions of the Commercial Code and other laws and regulations," following the deliberation concerning the postal service privatization bills in the House of Councillors, the Company has set out provisions in its Articles of Incorporation to the effect that resolutions regarding the introduction, continuation or abolition of anti-takeover defense measures may be adopted at a general meeting of shareholders of the Company.
The Company has thus far not adopted and does not plan at the present to adopt any anti-takeover defense measures.

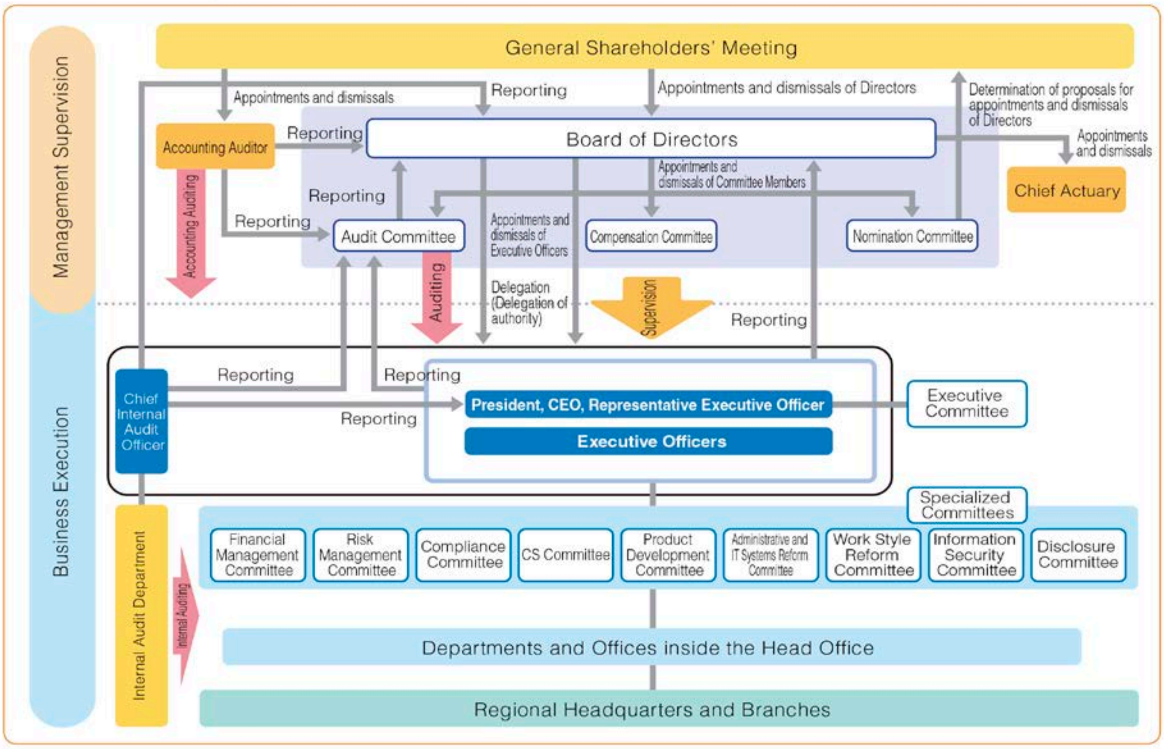
2. Other Matters Concerning the Corporate Governance System, etc.

Outline of the internal system for timely disclosure

1. Outline of the internal system for timely disclosure
   The Company, in its disclosure policy, makes it a principle to comply with the Financial Instruments and Exchange Act, other applicable laws and regulations and the securities listing regulations stipulated by the Tokyo Stock Exchange, and disclose important information about the Company and its subsidiaries in a fair and accurate manner to customers, shareholders, investors and other stakeholders.
   The Company has established the Disclosure Committee as an advisory body to the Executive Committee for discussing basic policies on business operations and important management matters to develop the information disclosure system and deliberate on accuracy, clarity, and dedication to information disclosure and fairness of announcements.
   Furthermore, matters including the roles of the departments responsible for the disclosure items and the workflow of disclosure are stipulated in the Disclosure Rules and Disclosure Manual of the Company, in an effort to develop and reinforce its internal system to ensure timely disclosure.

2. Department responsible for timely disclosure
   The Company has designated the IR Office in the Corporate Planning Department as the body responsible for timely disclosure and established a system to carry out timely and appropriate disclosure pursuant to the securities listing regulations, etc. in cooperation with relevant departments, promptly after its acquisition of information subject to timely disclosure.

Internal Control System



Outline of System for Timely Disclosure