

[Translation]

Explanatory Note: This document reflects the work, findings, and views of the External Special Investigation Committee. The statements contained in this document are solely those of the Committee and should not be attributed to Prudential Financial, Inc. or any of its subsidiaries.

Investigation Report

(Public Version)

October 3, 2026

External Special Investigation Committee

To: The Prudential Life Insurance Company, Ltd.

External Special Investigation Committee

Chairperson	Shuji Iwamura
Member	Naoki Kadotani
Member	Ryohei Kataoka
Member	Seiro Hirata

Table of Contents

Section 1: Overview of the Committee	3
1. Background of Establishment	3
2. Purpose of the Investigation and Matters Entrusted	3
3. Structure	4
4. Committee Operations	6
5. Relationship with the Secretariat Established by POJ	7
6. Relationship of the Committee with the Self-Inspection Team and the Reimbursement Committee	7
7. Period of the Investigation	9
8. Method and Scope of the Investigation	9
(1) Review of Relevant Materials	9
(2) Interviews with Relevant Parties	9
(3) Digital Forensic Investigation	9
(4) Questionnaire Survey	10
(5) Establishment of a Hotline and Related Measures	11
(6) The Monetary Transaction Cases Investigated as a Priority by the Committee	12
9. Meetings of the Committee	12
10. Premises and Limitations of the Investigation	13
(1) Premises	13
(2) Limitations	14
11. Scope of Disclosure of the Report and Related Matters (Non-Disclosure Measures)	15
Section 2: POJ's Business and Organizational Structure and Laws, Regulations, and Related Matters Relevant to the Cases	17
1. Organizational Overview	17
(1) Basic Corporate Information	17
(2) History	18
(3) Overall Corporate Structure	19
(4) Overview of POJ's Core Business: Life Insurance	21
2. Business Performance and Position in the Life Insurance Industry	23
3. Overview of Sales Activities by LPs	24
4. Sales Management Structure	25
(1) General Marketing Division	26
(2) Marketing Regions	27
(3) Agencies and Sales Units	27
5. Internal Control Systems at POJ Home Office and PHJ	28
(1) Principal Bodies Responsible for Determining POJ's Management Policies and Other Important Matters	28
(2) Sales Management Functions at the POJ Home Office	31
(3) Second Line of Defense	33
(4) Third Line of Defense	35
(5) Systems Relating to Complaints and Internal Reporting	36
(6) Public Relations Structure	37
(7) Internal Control System by PHJ	40
6. Laws and Regulations, Internal Rules, and Other Standards that may Apply to LPs' Customer Services	44
(1) Laws and Regulations, etc.	45
(2) POJ's Internal Rules	52

(3) Internal Dissemination of the Norms	61
Section 3: LPs' Sales Activities, the Actual State of Field Management's Management and Supervision of their Activities, and HO's Management and Supervision Situations (including relevant systems)	63
1. The LP System, Agency System, and the Actual State of LPs' Sales Activities	63
(1) Positioning of LPs at POJ	63
(2) Positioning of Field Management at Agency System	65
(3) The Nature of LPs being "Independent Self-Employed Persons"	66
(4) The Actual State of LPs' Sales Activities.....	67
(5) LP Recruitment Procedures, Recruitment Policies, and Actual Recruitment Practices	71
(6) LP Compensation System.....	78
(7) LP Training System	82
(8) Qualification and Recognition Programs for LPs	89
(9) Method for Calculating LPs' Working Hours	91
2. Appointment of field managers and the actual state of LPs management and supervision by field managers	92
(1) Core Duties of Sales Managers and Agency Managers who are in field management position	92
(2) Appointment of Field Managers	92
(3) Compensation System	95
(4) Training System.....	101
(5) Recognition Programs.....	102
(6) Management and Supervision of LPs	103
3. Management and Supervision by POJ Home Office	104
(1) General Marketing Division	104
(2) Marketing Region	105
(3) Agency Internal Control Team	106
(4) Operation Control Office	106
Section 4: Overview of the Monetary Transaction Cases	107
1. Overview and Types of the Monetary Transaction Cases	107
2. Facts Established by the Committee Regarding the Cases Subject to Individual Investigation.....	109
(1) Details of the Cases and Attributes of the Subject Individuals	109
(2) Overview of the Major Cases Corresponding to Type 1 among the Cases Subject to Individual Investigation	113
(3) Overview of the Major Cases Corresponding to Type 2 among the Cases Subject to Individual Investigation	122
(4) Overview of Major Cases Corresponding to Type 3 Among the Cases Subject to Individual Investigation	127
(5) Overview of Major Cases Corresponding to Type 4 Among the Cases Subject to Individual Investigation	131
(6) Common characteristics and trends identified across the Cases Subject to Individual Investigation	135
3. Summary of Results of the Comprehensive Review of the Monetary Transaction Cases Conducted by the Self-Inspection Team	136
(1) Types of Conduct	136
(2) Attributes of the Subject Individuals	139
Section 5: Inappropriate Conduct Other Than Monetary Transactions in Sales Activities	142
1. Overview of the Self-Inspection by POJ.....	142

(1) Investigation methods and results of the Self-Inspection	142
(2) Analysis and evaluation by the Committee regarding the summary of the results of the Self-Inspection	144
2. LPs' Conduct suspected of being inappropriate, identified in the course of the Investigation.....	144
(1) Conduct identified through the questionnaire survey by the Committee.....	144
(2) Violation of internal rules by LPs and sales managers during POJ's voluntary suspension of sales operations	146
Section 6: Response to the Monetary Transaction Cases, etc. by POJ, PHJ, and PFI	148
1. Response following the discovery of the Monetary Transaction Cases at POJ	148
(1) Matters relating to internal whistleblowing	148
(2) Matters relating to complaints from customers and prospective customers	148
(3) Response of the Internal Audit Team	150
2. Review of the business model including the LP system, etc.	151
(1) Revisions of the internal rules, etc. from 2009 to 2013	151
(2) Response in May 2017 regarding misconduct in Gibraltar.....	151
(3) Response to the discovery and announcement of misconduct cases involving monetary transactions at industry peers from 2017 to 2018 and the FSA publication of the "Principles for Customer-Oriented Business Conduct"	152
(4) Response from May to August 2018 regarding the issues of recognition program pointed out by the Financial Bureau	153
(5) Response conducted by Gibraltar in September 2018.....	154
(6) Response to issues pointed out by the external consultant engaged following Gibraltar's financial misconduct in March 2019.....	154
(7) Establishment of the "Business Model Overhaul TF" from April to October 2019	155
(8) PHJ's Response regarding its subsidiary management readiness since November 2019	156
(9) Response to LIAJ'S "Survey on Compliance and Risk Management in Sales Representative Channels" conducted in 2020 and 2021	157
(10) Responses implemented at Gibraltar and PHJ, as mentioned in the briefing memo prepared around May 2021 for a telephone conference with the FSA ..	159
(11) Response to the "Guidance" etc. Published by the LIAJ in February 2023	159
(12) Response from December 2023 to June 2024 following the discovery of the Case AH, etc.	161
(13) POJ's "sending of direct mail to customers and prospective customers" and "publication on its website" from May to August 2024, and responses by PHJ and PFI.....	162
(14) Response of POJ from December 2024 to June 2025.....	163
(15) Response from May to November 2025 regarding the application of the deemed working hours system for work performed outside the workplace to LPs	166
(16) Summary	168
Section 7: Analysis of the Causes of the Cases	170
1. Basic recognition of the Committee	170
2. Specific causes of the Cases	171
(1) "Risk of fraud related to monetary transactions" structurally inherent in the LP system and Agency System	173
(2) Management policy and corporate culture that place excessive emphasis on sales performance	176
(3) Weakness in the management and supervisory functions over LPs by Sales Management, the Operation Control Office, and others	177

(4) Dysfunction of Control Function over Sales Organizations by POJ and PHJ	179
(5) Erosion of POJ's Autonomy in Group-Level Decision-Making	182
Section 8: Recommendations for Recurrence Prevention Measures	184
1. Redefinition of Business Model as a Premise for Overall Recurrence Prevention Measures	184
2. Diversification of customer relationships and strengthening of risk management regarding private relationships with customers	185
3. Strengthening Objectivity and Check Functions in the LP Recruitment Process	186
4. Review of Evaluation Indicators for Various Systems with Compliance as a Consideration Factor	188
5. Fostering a Corporate Culture that Values Compliance	189
6. Improving the Effectiveness of Management and Supervision Systems by Sales Management.....	190
7. Enhancing the Effectiveness of Supervisory Functions by the Sales Management Department at POJ Headquarters.....	192
8. Enhancing the Effectiveness of Internal Management Functions by the Second Line and Third Line	193
9. Strengthening of Group Governance and Business Model Oversight Functions by PHJ	195
10. Strengthening Proactive Risk Management and Management Decision-Making Functions by POJ	196
Section 9: Conclusion.....	199
Appendix 1: Biographies of Committee Members.....	201
Appendix 2: Overall Picture of the Individual Investigation Target Cases	204
Appendix 3: Attributes of Subject Individual in the Cases Subject to Individual Investigation	207
Appendix 4: Overall Picture of the Cases Subject to Self-Inspection.....	208
Appendix 5: Attributes of the Subject Individuals involved in the Cases Subject to Self-Inspection	211

List of Definitions

The definitions (meanings) of the principal terms used in this Report are set out in the table below.

With respect to laws, regulations, internal rules, and similar materials referred to in this Report, those for which no date or time reference is specified refer, in principle, to those currently in effect. In certain instances, however, they refer to the laws, regulations, internal rules, and similar materials that were in effect at the time of the Monetary Transaction Cases (as defined in Part 1.1 below; the same applies hereinafter). As described in Part 1.11 below, anonymization measures, including the replacement of names with alphabetical designations and the generalization of descriptions, have been applied to the names of officers, employees, and other persons associated with POJ, PHJ, and PFI. (In the Public Version of the Report (as defined in Section 1.11 below; the same applies hereinafter), proper nouns referring to individuals, corporations, agencies, incidents, and the like have been anonymized by assigning alphabetic designations, as described in Section 1.11 below. Please note that, within the Report, different alphabetic designations may be used for the same proper noun in different sections, including in defined terms.)

Term	Definition
the Committee	The External Special Investigation Committee (hereinafter referred to as "the Committee") composed solely of external experts independent of POJ.
the Investigation	The investigation conducted by the Committee
the Report	The report, which reports the results of the Investigation to the Board of Directors of POJ
Deloitte	Deloitte Tohmatsu LLC
the Self-Inspection Team	The self-inspection team
the Reimbursement Committee	The Customer Reimbursement Committee
LIAJ	The Life Insurance Association of Japan
POJ	The Prudential Life Insurance Company, Ltd.
PHJ	Prudential Holdings of Japan, Inc.
Gibraltar	The Gibraltar Life Insurance Co., Ltd.
PFI	Prudential Financial, Inc. (a U.S. corporation that is the ultimate

Term	Definition
	parent company of PHJ)
LP	Life Planner
ELP	Executive Life Planner
President	Representative Director, Executive Officer and President
CRO	Chief Risk Officer
CCO	Chief Compliance Officer
CLO	Chief Legal Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CGO	Chief Governance Officer

Section 1: Overview of the Committee

1. Background of Establishment

The Prudential Life Insurance Company, Ltd. (hereinafter referred to as "POJ") has been conducting an internal investigation (hereinafter referred to as "the Internal Investigation") into the facts and circumstances following the discovery of cases (including the cases¹ announced on January 16, 2026; hereinafter referred to as "the Monetary Transaction Cases" or "the Cases") involving allegations that employees and former employees had engaged, during or after their employment, in inappropriate conduct involving money, including inappropriate investment solicitation, toward life insurance policyholders or non-policyholders. However, POJ determined that it was necessary to conduct an investigation with expertise and objectivity in order to enhance the accuracy and credibility of the fact-finding process and the consideration of measures to prevent recurrence, and on February 6, 2026, POJ's Board of Directors resolved to establish an External Special Investigation Committee (hereinafter referred to as "the Committee") composed solely of external experts independent of POJ. In response to this, the Committee was established on February 10, 2026.

2. Purpose of the Investigation and Matters Entrusted

The purpose of the Committee is to conduct the investigations, reviews, analyses, and formulation of measures described in items ① through ⑤ below regarding the Monetary Transaction Cases and the Internal Investigation (hereinafter referred to as "the Investigation"), and to report the results in writing to the Board of Directors of POJ (hereinafter, such written report is referred to as "the Report").

- ① Verification of the findings of the Internal Investigation and investigation into the facts and circumstances of the Monetary Transaction Cases
- ② Verification of governance issues related to the Monetary Transaction Cases (including the role played by POJ's management, including in the past)
- ③ Root cause analysis of the Monetary Transaction Cases
- ④ Consideration and formulation of recurrence prevention measures based on the root cause analysis in ③ above
- ⑤ Other matters related to the Monetary Transaction Cases, as separately and individually agreed upon in writing between POJ and the Committee.

In order to clarify the scope of the Investigation, POJ and the Committee agreed as follows:

- (a) The purposes of the Committee do not include the pursuit of civil and criminal

¹This refers to cases involving various acts of inappropriate conduct by Life Planners (each hereinafter also referred to as an "LP") and others, as disclosed by POJ in its press release entitled "Efforts toward Reforms to Restore Trust," issued on the same date (hereinafter referred to as the "January 2026 Press Release").

liability of the parties involved, the examination of the necessity of disciplinary measures and other sanctions against POJ officers and employees

- (b) The purposes of the Committee do not include advice and support regarding the responses² POJ has taken or will take in the future with respect to the Monetary Transaction Cases or other cases.

In addition, the Committee identified, in the course of conducting the Investigation, although not directly related to the Monetary Transaction Cases themselves, as described in Section 5.2 below, cases suspected of being inappropriate conduct in POJ's sales activities, cases of violations of internal rules³ by sales employees during the period of POJ's voluntary sales suspension⁴, etc. Accordingly, the Committee and POJ agreed as follows:

- (c) Since each of the above cases is not directly related to the Monetary Transaction Cases, they shall not be subject to the Investigation.
- (d) In formulating specific recurrence prevention measures by POJ based on the contents of the Report, it is necessary to conduct examinations that include facts not directly related to the Monetary Transaction Cases. Therefore, under the monitoring⁵ of the Committee, POJ shall form the Self-Inspection Team described in 6 below, conduct fact-finding investigations regarding these cases, and based on those results, formulate more specific recurrence prevention measures as necessary.

3. Structure

The Committee is composed of the following members whose biographies are set forth in Appendix 1.

Chairperson: Shuji Iwamura (Attorney, T&K Partners, Former Superintending Prosecutor, Nagoya High Public Prosecutors Office)

Member: Naoki Kadotani (Attorney, T&K Partners)

Member: Ryohei Kataoka (Attorney, T&K Partners)

Member: Seiro Hirata (Attorney, OH-EBASHI LPC & PARTNERS)

None of the above Committee members has any direct interest in POJ.

²This includes, but is not limited to, responses to life insurance policyholders or non-policyholders and other related parties based on the Monetary Transaction Cases, responses to supervisory authorities and other related ministries and agencies, as well as responses including external announcements and press conferences.

³This means all internal rules prescribed by POJ, including the "Field Employee Working Rules," "Field Employee's Disciplinary Action Rules," and any other internal rules. The same shall apply hereinafter.

⁴POJ voluntarily suspended its new business solicitation activities for an initial period of 90 days beginning on February 9, 2026 (the period of such voluntary suspension being hereinafter referred to as the "Sales Suspension Period"), and subsequently extended the Sales Suspension Period by 180 days.

⁵Furthermore, even in such monitoring, the Committee shall not provide opinions or advice regarding the necessity of disciplinary action against POJ's officers and employees or the content thereof.

The Committee appointed the following attorneys to assist with the Investigation. Such attorneys, the paralegals and other staff supporting them, and the professionals affiliated with Deloitte Tohmatsu LLC described below (hereinafter referred to as "Deloitte") are hereinafter collectively referred to as the "Investigation Assistants." None of the Investigation Assistants has any direct interest⁶ in POJ.

(Attorneys at T&K Partners)

Takunori Yamamoto, Yugo Kasai, Tomoko Okazaki, Sakura Tamaki, Ryo Narita, Yunosuke Yonekura, Taiga Kawaguchi, Sho Maruyama, Chiharu Kondo, Kousuke Sato, Ryuuto Sumita, Yutaro Nakamura, Tomoyuki Nakayasu, Nanami Matsubara

(Attorneys at OH-EBASHI LPC & PARTNERS)

(Tokyo Office) Yoichiro Ono, Toshiyuki Sawai, Tatsuki Otawa, Mizuki Kanno, Keiji Sato, Taishi Komiyama, Sayuri Murayama, Misaki Ueda, Ginga Narita, Rei Nakahashi, Tatsuya Tanaka, Kohei Kawaguchi, Satoshi Kanai, Kounosuke Suzuki, Takaki Asai, Tomoya Kato, Yuji Kawashima, Yosei Inoue, Kento Furuyashiki
(Osaka Office) Shinji Takada, Natsuki Yamato

In addition, the Committee appointed 47 professionals and other personnel affiliated with Deloitte as Investigation Assistants to assist in conducting the digital forensic investigation described in 8(3) below and the questionnaire survey described in 8(4) below.

Furthermore, the Committee appointed the following persons as advisors: Hiroshi Suzaki, Professor at Doshisha University Law School, whose research focuses on commercial law, the Insurance Act, and the Insurance Business Act; Tomotaka Fujita, Professor at the University of Tokyo Graduate Schools for Law and Politics, whose research focuses on commercial law and the Insurance Act; Takafumi Sato of T&K Partners, a former Commissioner of the Financial Services Agency, who has extensive expertise in finance and corporate governance; Noriaki Mizuno of T&K Partners, a former Director of the Financial Department of the Kanto Local Finance Bureau of the Ministry of Finance; and Shunpei Tanaka, an attorney-at-law at T&K Partners, whose legal practice focuses on crisis management and compliance. The Committee received advice from each advisor, based on their respective expertise, on all aspects of the Investigation, including the formulation of recurrence prevention measures. None of the advisors has any direct interest in POJ.

⁶Although Deloitte assists or has assisted POJ in connection with matters unrelated to the response to the Cases, it has put in place measures including strict information barriers between personnel engaged in the digital forensic investigation described in 8(3) below and personnel engaged in other work. Such measures include maintaining information obtained in connection with the digital forensic investigation separately from other information. The Committee therefore determined that Deloitte's involvement in assisting with the performance of the Digital Forensic Investigation raises no concerns regarding conflicts of interest.

4. Committee Operations

The operation of the Committee is not governed by the "Guidelines for Third-Party Committees in Corporate Misconduct Cases⁷" established by the Japan Federation of Bar Associations. However, with due regard to the intent underlying those guidelines, the Committee agreed with POJ on the following matters in order to conduct the Investigation smoothly and appropriately without compromising the Committee's independent judgment as to the policy and content of the Investigation. All of these matters were adhered to throughout the Investigation.

- ① The Committee shall conduct the Investigation, including interviews with relevant parties and the collection of relevant materials, by such methods as it determines.
- ② The Committee shall, at its own discretion, appoint Investigation Assistants or appoint additional Investigation Assistants.
- ③ POJ shall fully cooperate with the activities of the Committee, its members, and those appointed by the Committee as Investigation Assistants in connection with the Investigation; ensure that the Committee has access to the materials and information in POJ's possession and to its officers and employees; and direct its officers and employees to treat cooperation with the Investigation as a priority duty.
- ④ With respect to any Investigation Assistant appointed by the Committee who has no contractual relationship with the law firm to which such Investigation Assistant belongs, POJ shall, in principle, directly engage such person to perform the relevant services. In each agreement with an Investigation Assistant, POJ shall expressly provide that the authority to direct and supervise that Investigation Assistant belongs exclusively to the Committee and that the results of the Investigation shall be reported solely to the Committee.
- ⑤ POJ shall establish a secretariat staffed by an appropriate number of personnel to assist the Committee in performing its duties and exercising its authority, and shall, in principle, ensure that information concerning the Committee's work is not shared between the secretariat and POJ's other departments, officers, and employees.
- ⑥ POJ shall request that any relevant parties deemed necessary by the Committee (including officers and employees of POJ's affiliates, business partners, relevant government ministries and agencies, and any other related parties) give priority to cooperating with the Investigation.
- ⑦ In preparing the Report, the Committee shall make findings of fact based on its independent assessment of the evidence.
- ⑧ The authority to draft the Report shall belong exclusively to the Committee.
- ⑨ POJ shall not request that the Committee disclose all or any part of the draft Report before its completion.

⁷The guidelines were established and published by the Japan Federation of Bar Associations on July 15, 2010, and revised on December 17 of the same year.

- ⑩ The Committee shall have the authority to determine the disposition of information, materials, and other items that it collects during the Investigation and may, in accordance with its policies, elect not to provide or disclose them to POJ and may destroy them at its own discretion.
- ⑪ If any officer or employee of POJ provides information during an interview conducted by the Committee with such officer or employee, through a questionnaire administered by the Committee to such officer or employee, or through a hotline or other channel established by the Committee, POJ shall not subject such officer or employee to any adverse treatment⁸, including disciplinary action, on the grounds that such officer or employee provided the information, even if the information could adversely affect POJ.

5. Relationship with the Secretariat Established by POJ

To ensure the smooth and appropriate conduct of the Investigation, the Committee requested POJ to establish a secretariat to collect and organize materials and data relating to the Investigation, contact interviewees and coordinate interview schedules, and perform other administrative tasks. In response, POJ established a secretariat consisting of three officers and employees by February 15, 2026 (hereinafter referred to as the "Secretariat"). Four additional officers and employees were subsequently assigned to the Secretariat by February 28, 2026, bringing the total number of employees to seven. In addition, the Secretariat appointed a total of eight professionals affiliated with an external consulting firm to assist with its administrative work.

The Committee requested POJ to ensure that "unless the Committee consents otherwise, the Secretariat shall not disclose to any third party, including any other officer or employee of POJ, any information concerning the status of the Investigation or related matters that becomes known to the Secretariat in the course of the Investigation," and POJ agreed to this request. The Committee also obtained confirmation from POJ that, as of September 18, 2026 (hereinafter referred to as the "Reference Date"), "POJ had not requested the Secretariat or any interviewee to disclose the aforementioned information." Furthermore, the Committee requested that each interviewee agree that "the interviewee shall not disclose the content of the relevant interview to any third party, including any other officer or employee of POJ," and all interviewees agreed to this request.

In connection with the Investigation and the preparation of the Report, POJ's officers and employees, including the Secretariat, fully cooperated with the Investigation while respecting the Committee's independence, and no conduct by any such officer or employee that could have impeded the Investigation was identified.

6. Relationship of the Committee with the Self-Inspection Team and the Reimbursement Committee

⁸However, this is not intended to provide immunity for past acts or events.

As described in 8(6) below, among POJ employees or former employees who may have engaged in investment solicitation, investment referrals, money lending, or other similar conduct in violation of internal rules or other applicable requirements in connection with the Monetary Transaction Cases (hereinafter referred to as the "Subject Individuals")⁹, the Committee designated cases involving 27 key individuals as the "Cases Subject to Individual Investigation"¹⁰ and made such cases the focus of its investigation.

At the same time, in order to analyze the background and underlying causes of the Monetary Transaction Cases and formulate effective recurrence prevention measures, it is necessary not only to analyze the Cases Subject to Individual Investigation, but also to understand both the overall picture¹¹ of the Monetary Transaction Cases and the overall picture of inappropriate conduct¹² in POJ's sales activities other than the Monetary Transaction Cases.

Accordingly, the Committee proposed that POJ establish, separately from the Committee, an investigative framework consisting primarily of POJ's Investigation Team¹³ and external professionals, and conduct a supplementary investigation aimed at comprehensively ascertaining the facts concerning both the overall picture of the Monetary Transaction Cases described above and the overall picture of inappropriate conduct in POJ's sales activities other than the Monetary Transaction Cases. In response, POJ formed a self-inspection team comprising employees of POJ's Investigation Team, and attorneys from external law firms other than those with which the Committee members are affiliated (hereinafter referred to as the "Self-Inspection Team"), and commenced such investigation (hereinafter referred to as the "Self-Inspection"). The Self-Inspection was still ongoing as of the Reference Date.¹⁴

Furthermore, as stated in its press release dated February 10, 2026, entitled "Regarding the Customer Reimbursement Committee," Prudential Holdings of Japan, Inc. (hereinafter referred to as "PHJ"), POJ's wholly owned parent company, established the "Customer Reimbursement Committee" (hereinafter referred to as the "Reimbursement Committee"). The Reimbursement Committee, whose members include external professionals and whose secretariat is staffed by an external law firm¹⁵, receives reports from POJ policyholders and prospective customers (hereinafter referred to as the "Prospective

⁹This includes persons who, based on the results of the Investigation, were not found to have engaged in such conduct.

¹⁰The Committee defines the "Cases Subject to Individual Investigation" as cases involving 27 Subject Individuals out of a total of 159 individuals, including employees and former employees identified in the January 2026 Press Release (see 8(6) below).

¹¹This includes, but is not limited to, the number of Subject Individuals, the total number of cases, trends in the characteristics of the Subject Individuals, the total amount of reported losses, and the number of cases that became the subject of criminal proceedings.

¹²This includes, but is not limited to, inappropriate handling of personal information, inappropriate conduct in connection with insurance solicitation, and other violations of the Insurance Business Act or POJ's internal rules.

¹³For POJ's Investigation Team, see Section 2.5(3)A below.

¹⁴For details of the Self-Inspection, see Sections 4.3 and 5.1 below.

¹⁵The external law firm is not one with which any member of the Committee is affiliated.

Customers" and, together with policyholders, the "Customers and Prospective Customers") of losses arising from inappropriate conduct involving money by sales employees. The Committee has not been involved in any way in the establishment or organizational structure of the Reimbursement Committee, its determination of compensation amounts, or any of its other activities (hereinafter referred to as the "POJ Compensation Response"), nor is the Committee responsible for reviewing or otherwise examining the appropriateness of the POJ Compensation Response. However, the Committee received, through POJ, materials collected or prepared by the Reimbursement Committee.

7. Period of the Investigation

The Investigation was conducted from February 10 to October 3, 2026. The Report was prepared, in principle, based on information received by the Committee through the Reference Date.

8. Method and Scope of the Investigation

(1) Review of Relevant Materials

The Committee collected a broad range of materials that it considered necessary for the Investigation and carefully reviewed their contents. These included materials collected through the internal investigation and questionnaire survey conducted by POJ prior to the Investigation, as well as organizational charts of POJ and PHJ, internal rules, business process flows, corporate governance materials, and minutes of various meetings. In collecting these materials, the Committee requested the Secretariat to provide materials on an ongoing basis, as necessary and, in parallel, to respond to questions raised by the Committee.

(2) Interviews with Relevant Parties

The Committee conducted a total of 100 interviews with 81 individuals, including the Subject Individuals; persons responsible for the internal investigation conducted by POJ in connection with the Monetary Transaction Cases; other officers and employees¹⁶ of POJ considered to have some connection with the Monetary Transaction Cases; and life insurance customers and non-customers who reported losses or other harm to POJ in connection with such matters (hereinafter referred to as the "Reporting Individuals"). In addition to interviews, a total of eight sessions were held during which POJ presented to the Committee explanations concerning the overview of the Monetary Transaction Cases, the overview of the Internal Investigation, and other matters.

(3) Digital Forensic Investigation

The Committee selected a total of 201 officers and employees of POJ and PHJ¹⁷ as

¹⁶This includes former officers and former employees.

¹⁷This includes former officers and former employees.

individuals connected with the Monetary Transaction Cases. For the relevant period¹⁸ specified by the Committee for each individual, the Committee preserved the email and chat data¹⁹ of such officers and employees stored on email servers and other systems managed by POJ and PHJ (hereinafter referred to as the "Email and Chat Data") and processed such data, including by eliminating duplicates. The Committee then searched the Email and Chat Data using keywords selected to ascertain the facts and circumstances of the Monetary Transaction Cases and how those facts and circumstances were understood by the Subject Individuals and by POJ's officers and employees. The search narrowed the data set to a total of 257,280 items. Through a primary review, Deloitte reviewers tagged items as "Hot," "Relevant," or otherwise, identifying 19,580 items as "Hot" and 30,088 items as "Relevant." After excluding duplicate items in which the same content had been tagged, the Committee reviewed 32,307 items from the Email and Chat Data and used them as reference materials for interviews with relevant parties and as a basis for its findings of fact.

Of the 201 individuals referred to above, four had smartphones issued by POJ. Three²⁰ of those individuals submitted their smartphones to the Committee, and the data stored on those smartphones was extracted in the same manner as described above²¹.

In addition, with respect to a total of 2,672 items of the Email and Chat Data²²²³ provided by Prudential Financial, Inc. (a U.S. corporation that is the ultimate parent company of PHJ; hereinafter referred to as "PFI"), Deloitte reviewers conducted a primary review by tagging items as "Hot," "Relevant," or otherwise, identifying 257 items as "Hot" and 932 items as "Relevant." After excluding duplicate items in which the same content had been tagged, the Committee reviewed a total of 1,113 items and used them as reference materials for the Investigation and as a basis for its findings of fact. However, because some of the Email and Chat Data had been redacted or otherwise masked, the scope of the Committee's review of those data was limited.

(4) Questionnaire Survey

¹⁸Due to time constraints and other factors associated with the Investigation, the digital forensic investigation was limited to data covering periods considered important for each individual. In addition, as described in 10(2) below, there were certain limitations on the scope of data that could be preserved.

¹⁹This includes materials attached to emails or chat messages.

²⁰For the remaining individual, the smartphone service had already been terminated following the individual's departure from POJ, making data extraction impossible.

²¹However, no data relevant to the Investigation was found in the short message service (SMS) or other communication tools used on the POJ-issued smartphones; accordingly, no review of such data was conducted.

²²The Committee requested that PFI provide the Email and Chat Data of 12 current or former directors of PHJ who are or were officers of PFI and had PFI corporate email addresses (hereinafter referred to as the "PFI Officer Emails and Other Data"). However, PFI indicated that it would be difficult to provide the requested data due to legal, compliance, and information management concerns at PFI, and the Committee was therefore unable to obtain the data in full.

²³The Committee received and reviewed the PFI Officer Emails and Other Data only to the limited extent made available by PFI after it had redacted or deleted information that it considered unrelated to the investigation.

The Committee conducted a questionnaire survey²⁴ between April 15 and May 8, 2026, targeting a total of 10,235 individuals in categories ① through ③ below who were considered to have been in a position to possess relevant information concerning the Monetary Transaction Cases²⁵ ²⁶. The questionnaire covered matters concerning the Monetary Transaction Cases, responses thereto, and related matters. In conducting the questionnaire survey, with POJ's consent, the Committee informed the survey recipients that POJ had confirmed that: POJ would not monitor the content of the responses to the questionnaire; the names and contact information of respondents would be retained solely by the Committee and would not be disclosed to POJ without the relevant respondent's permission; and even if a response to the questionnaire was unfavorable to POJ, no adverse action would be taken against a respondent solely because the respondent submitted such a response.

- ① All officers and employees of POJ (including those on secondment) as of April 15, 2026
- ② Among non-sales employees who left POJ on or after January 20, 2023, those who provided their email addresses in the written pledges submitted upon departure (former non-sales employees)
- ③ Among sales employees who left POJ on or after December 29, 2020, those who provided their email addresses in the written pledges submitted upon departure (former sales employees)

Through the above questionnaire survey, the Committee received a total of 7,539 responses during the above period (a response rate of approximately 73.7%) and carefully reviewed the responses.

(5) Establishment of a Hotline and Related Measures

From April 15 through April 30, 2026, the Committee established a dedicated email hotline through which reports could be submitted directly to the Committee. The hotline was made available to the individuals referred to in (4) ① above and all officers and employees of PHJ as of April 15, 2026, for the purpose of soliciting information concerning the Monetary Transaction Cases and whether any related or similar cases existed, as well as the details of any such cases. The Committee notified the relevant individuals of the establishment of the hotline.

In connection with the establishment of the hotline, with the consent of POJ and PHJ, the Committee informed the relevant individuals that POJ and PHJ had confirmed that: neither

²⁴The questionnaire also included questions concerning appropriate insurance solicitation practices, in addition to the Monetary Transaction Cases.

²⁵Due to the inadvertent omission of certain recipients from the notification email sent by POJ concerning the questionnaire survey and other circumstances, the questionnaire survey was conducted from April 20 through May 8, 2026, for four individuals in category ① and 276 individuals in category ②.

²⁶Former sales employees whose email addresses were not provided in the written pledges submitted upon departure were also included in the questionnaire survey if their email addresses could otherwise be identified. For such individuals, the response period ran from April 28 through May 18, 2026.

POJ nor PHJ would monitor the content of reports submitted through the hotline; the names and contact information of the Reporting Individuals would be retained solely by the Committee and would not be disclosed to POJ or PHJ without the relevant Reporting Individual's permission; and even if a report submitted through the hotline was unfavorable to POJ or PHJ, no adverse action would be taken against a Reporting Individual solely because the Reporting Individual submitted such a report.

Through the hotline, the Committee received a total of seven reports from five individuals during the above period and reviewed the reports.

The Committee also included within the scope of the Investigation, and reviewed, information reported and materials submitted through other channels, including emails and faxes sent to the law firms with which the Committee members were affiliated, inquiries²⁷ submitted through those law firms' websites, and documents addressed to the Committee and mailed to POJ.

(6) The Monetary Transaction Cases Investigated as a Priority by the Committee

As stated at the beginning of Section 4 below, in order to investigate the Monetary Transaction Cases in depth and ascertain their actual circumstances, the Committee selected, from among the Monetary Transaction Cases, cases that warranted focused, individualized and detailed investigation and analysis (the "Cases Subject to Individual Investigation" referred to in 6 above). In making this selection, the Committee comprehensively considered various factors, including the methods and manner of the conduct, the attributes and motives of the Subject Individuals, the relationships between the Subject Individuals and the Customers and Prospective Customers concerned, the feasibility of conducting investigations, including interviews with the relevant Subject Individuals or Customers and Prospective Customers, and POJ's responses after the conduct came to light. The Committee then conducted the Investigation, placing particular emphasis on the Cases Subject to Individual Investigation.

9. Meetings of the Committee

The Committee held a total of 32 meetings during the period from the Committee's establishment on February 10 through October 3, 2026. Attendance at each Committee meeting was limited to the Committee members and the attorneys serving as the Investigation Assistants. No officers or employees of POJ, including members of the Secretariat, attended any of these meetings.

During the same period, the Committee also held separate sessions with the advisors as needed. No officers or employees of POJ, including members of the Secretariat, attended any of these sessions.

²⁷Including replies to emails acknowledging receipt.

10. Premises and Limitations of the Investigation

(1) Premises

The Investigation is based on the following premises. In particular, POJ, PHJ, and PFI agreed with the Committee that they would not use the substance or results of the Investigation as reference materials or evidence for the purpose of determining whether managerial responsibility should be pursued, whether disciplinary action should be taken, or whether any civil or criminal liability should be pursued. [To POJ: Please confirm whether the original wording is acceptable for this point.]

- ① The Report is to be submitted to the Board of Directors of POJ. The results of the Investigation conducted by the Committee are not intended to be used for any purpose other than the “Purpose of the Investigation and Matters Entrusted” described in 2 above, or to be disclosed, without the Committee’s consent, to any third party other than POJ. (For measures relating to the disclosure and publication of the Report, see 11 below.)²⁸
- ② Other than its obligations to POJ within the scope of the mandate entrusted to it by POJ, the Committee assumes no responsibility whatsoever, including with respect to the factual findings or legal assessments set forth in the Report.
- ③ If the Report is disclosed to a third party other than POJ as a result of any legal or other obligation of POJ or any request made to POJ by a relevant governmental, regulatory, or other authority, the Committee does not consent to such disclosure. The Committee has prepared and submitted the Report after confirming with POJ that the Report is not contemplated to be shared, now or in the future, with any person other than those whom POJ expressly identified to the Committee as authorized recipients.
- ④ The Investigation is not intended to pursue legal liability against any individual or specific legal entity.
- ⑤ In light of the agreement specifically noted in the introductory paragraph of this subsection (1) and item ④ above, the names of POJ’s officers, employees, and other related persons have been anonymized in the Report through measures including replacement with alphabetical identifiers and the generalization of identifying descriptions.
- ⑥ The Investigation does not cover the standards used by the Reimbursement Committee to determine the necessity or content of compensation, the content of compensation determined by the Reimbursement Committee, or the reasonableness or appropriateness of the composition of the Reimbursement Committee.

²⁸However, POJ may disclose the contents of the Report only to officers and employees of PHJ and PFI, POJ’s parent companies, who need to know the contents of the Report for the purpose of considering the development of POJ’s management control system, provided that POJ notifies the Committee of the identities of such persons.

(2) Limitations

The Investigation and the Report are subject to the following limitations, and all findings, conclusions, and statements contained herein should be understood in light of, and subject to, these limitations.

- ① The Investigation was a voluntary investigation conducted without compulsory investigative powers and within a limited period and with limited personnel and other resources. Interviews with relevant persons and the collection of materials and other information were therefore conducted only to the extent that the voluntary cooperation of the relevant persons could be obtained. Accordingly, the contents of the Report are limited to those based on the facts that the Committee was able to ascertain as of the Reference Date, and the contents of the Report and the assessments set forth therein may be subject to change in the future. For example, in some cases, the Committee was unable to interview Subject Individuals because they were detained, serving sentences, or otherwise unavailable. In other cases, certain respondents to the questionnaire survey described in 8(4) above did not respond to requests for interviews concerning the details of their responses, and the Committee was therefore unable to interview them. In addition, the Committee was unable to obtain certain materials that it had requested from POJ because they were related to submissions made to the FSA.
- ② Important materials or facts to which the Committee did not have access may exist and may therefore not be reflected in the Report. As a result, the factual findings and assessments set forth in the Report may be subject to change in the future. With respect to the digital forensic investigation described in 8(3) above, some emails of certain individuals subject to that investigation had been deleted²⁹ for reasons relating to POJ's email system and could not be preserved or restored. The Committee was therefore unable to ascertain the existence or contents of those emails. In addition, many communications and other interactions between POJ's sales employees and the Customers and Prospective Customers were conducted orally or through personal mobile phones used by the sales employees. Consequently, limited objective records, such as emails, were available in relation to those communications³⁰.
- ③ The Committee also referred, as appropriate, to materials collected or prepared in the course of the Self-Inspection and the POJ Compensation Response that the Committee considered useful for the Investigation in light of the circumstances in which they were prepared, their contents, and other relevant circumstances. The

²⁹Emails sent or received before POJ updated its email system in January 2017 were deleted as a result of the update and, as a general rule, were no longer available when the digital forensic investigation commenced.

³⁰Since July 2026, POJ has provided LPs with company-issued smartphones on a phased basis. Before then, LPs communicated with the Customers and Prospective Customers primarily using their personal smartphones and other personal devices.

Committee used such materials in making factual findings, analyzing the causes, and considering measures to prevent recurrence in the Investigation. However, because the materials were not collected or prepared by the Committee itself and external professionals other than the Committee members and the Investigation Assistants were involved in their preparation, the Committee does not guarantee the accuracy, completeness, or reliability of those materials.

- ④ Because the Self-Inspection and the POJ Compensation Response remain ongoing, the descriptions of their status in the Report are based on the information that the Committee was able to confirm through POJ as of the Reference Date.
- ⑤ The Committee examined and ascertained the circumstances of the Cases only to the extent necessary for the purpose of analyzing their causes and making recommendations concerning measures to prevent recurrence. Some of the individual details stated in the Report, including the matters described in Sections 4, 5, and 6 below, such as monetary amounts and other figures, timing, and the understandings or perceptions of the parties concerned, are based on materials and other information disclosed to the Committee as of the Reference Date. Accordingly, those individual details, including the monetary amounts referred to above, are not necessarily final or definitive. They are neither intended nor suitable for use in making factual findings in litigation or other proceedings concerning the civil or criminal liability of any person involved in the Cases.

11. Scope of Disclosure of the Report and Related Matters (Non-Disclosure Measures)

At POJ's request, the Committee intends to assist with and undertake work involved in preparing a version of the Report for disclosure (the "Public Version") for use by POJ in disclosing the Report to third parties or publicly releasing it.

The Public Version subject to the above assistance work will incorporate appropriate non-disclosure measures, including the replacement of the names of officers, employees, and related persons of POJ, PHJ, and PFI with alphabetical designations³¹, anonymization through the generalization of descriptions, and other similar measures, with respect to portions of the Report for which POJ requests the omission of certain descriptions, the generalization of details that could lead to the identification of individuals, or similar treatment, for the purposes of eliminating and mitigating the impact on persons involved in the Cases, protecting individuals' privacy and reputation, and preventing the dissemination

³¹ As an anonymization measure, proper names are identified using alphabetical designations (e.g., "Person A"). In quotations from emails and other materials, such designations may be rendered, as appropriate and consistent with the original text, as "Mr. A," "Ms. A," or similar forms. (In the Public Version, proper nouns referring to individuals, corporations, agencies, incidents, and the like have been anonymized by assigning alphabetic designations. Please note that, including defined terms used in the Report, the same proper noun may be assigned different alphabetic designations in different parts of the Report, even where it appears multiple times.)

of trade secrets, among other purposes. The Committee will review such requests to determine whether they are excessive or arbitrary in light of those purposes and whether compliance with such requests would impair the substance of the Report.

POJ itself determines which portions of the Public Version will not be subject to non-disclosure measures and will therefore be disclosed as set forth in the Report. POJ will be responsible for taking any necessary steps in relation to the disclosed portions, including obtaining any required consent from third parties, in coordination with the Committee as appropriate. The Committee does not guarantee that the purposes described above will be achieved through the non-disclosure measures or that the Public Version will raise no issues with respect to third-party rights. However, the Committee and POJ have agreed that the Committee may decline to assist in preparing the Public Version if, in the Committee's judgment, the Public Version does not appropriately reflect the contents of the Report or the non-disclosure measures may be excessive or arbitrary.

Section 2: POJ's Business and Organizational Structure and Laws, Regulations, and Related Matters Relevant to the Cases

1. Organizational Overview

Set forth below is an overview of POJ's organization and business, which constituted the organizational and business setting and background for the Monetary Transaction Cases

³².

(1) Basic Corporate Information

POJ's basic corporate information is set forth in the table below as of the Reference Date, except where another date is specified.

(Items marked with an asterisk are based on commercial registry information.)

Company Name*	The Prudential Life Insurance Company, Ltd.
Registered Head Office Address*	2-13-10 Nagata-cho, Chiyoda-ku, Tokyo
Name of Representative Director*	Hiromitsu Tokumaru
Date of Incorporation*	October 14, 1987
Capital*	JPY 29 billion
Fiscal Year ³³	April 1 to March 31 of the following year
Shareholder and Ownership Percentage ³⁴	Prudential Holdings of Japan, Inc.— 100%
Business Activities*	(1) Life insurance business (2) Acting as an agent for, or performing administrative services on behalf of, other insurance companies (including foreign insurers) and other persons engaged in financial businesses; providing guarantees of obligations; and conducting other businesses incidental to the business described in the preceding item (3) Buying and selling national government bonds, local government bonds, and government-guaranteed bonds; undertaking the offering or management of local government bonds, corporate bonds, and other bonds;

³²Unless otherwise indicated, the descriptions of the organizational structure and applicable laws, regulations, and related matters in Sections 2 and 3 are, as a general rule, based on the circumstances as of February 10, 2026, the date on which the Committee was established.

³³"FY2025 Financial Results: The Current Status of Prudential Life Insurance 2026," POJ, p. 122 (<https://www.prudential.co.jp/company/achievement/pdf/pru20261.pdf> last accessed on September 25, 2026)

³⁴See footnote 33 above, p. 16.

	and conducting other business permitted under the Insurance Business Act or other laws applicable to life insurance companies (4) Other business activities incidental or related to any of the foregoing
Accounting Auditor*	PricewaterhouseCoopers Japan LLC
Number of Employees ³⁵	6,527 (including 4,243 LPs; as of the end of fiscal year 2025)
Number of Agencies	142 (as of the end of fiscal year 2025)
Number of Sales Units	584 (as of the end of fiscal year 2025)
In-force Policy Count	4,623,887 policies (as of the end of fiscal year 2025)
In-force Amount	JPY 45.7413 trillion (as of the end of fiscal year 2025)

(2) History

POJ's history is set forth in the table below³⁶.

Year and Month	History
August 1979	Sony Prudential Life Insurance Co., Ltd. was established with capital of JPY 400 million as a joint venture between Sony Corporation and The Prudential Insurance Company of America.
February 1980	The company changed its name to Sony Prudential Life Insurance Co., Ltd.
April 1981	Sony Prudential Life Insurance Co., Ltd. launched the LP system (defined and described in detail in Section 3 below) and commenced operations.
July 1987	Sony Corporation and The Prudential Insurance Company of America agreed to terminate their joint venture agreement.
October 1987	POJ was established.
April 1988	POJ commenced operations.
August 1988	The first LPs joined POJ.
November 1995	The number of LPs reached 1,000.
December 1998	POJ's in-force amount reached JPY 10 trillion.

³⁵The figures for "Number of Employees," "Number of Agencies," "Number of Sales Units," "In-force Policy Count," and "In-force Amount" were provided by POJ. The Committee did not independently analyze the source materials or other information underlying those figures.

³⁶"History" (POJ)

(<https://www.prudential.co.jp/company/history.html>, last accessed on September 25, 2026)

"Company History — The History of the Prudential Group Insurance Companies in Japan" (PHJ)

(<https://www.pru-holding.co.jp/phj/company/history/index.html>, last accessed on September 25, 2026)

"History" (Sony Life)

(<https://www.sonylife.co.jp/company/corporate/history/>, last accessed on September 25, 2026)

March 2001	PHJ was established as a holding company.
April 2001	PHJ acquired The Gibraltar Life Insurance Co., Ltd. (hereinafter referred to as “Gibraltar”) as a subsidiary.
August 2002	POJ's in-force policy count reached one million.
November 2004	POJ acquired Aoba Life Insurance Company Ltd. as a subsidiary.
February 2005	POJ merged with and absorbed Aoba Life Insurance Company Ltd.
October 2007	For the first time, a serving LP was appointed as an Executive Officer.
April 2009	PHJ made POJ its subsidiary through a share exchange.
May 2009	Gibraltar made The Prudential Financial Japan Life Insurance Co., Ltd. (now The Prudential Gibraltar Financial Life Insurance Co., Ltd.; formerly Yamato Life Insurance Company under reorganization) its subsidiary.
February 2011	Gibraltar made AIG Edison Life Insurance Company and AIG Star Life Insurance Co., Ltd. its subsidiaries.
January 2012	Gibraltar merged with and absorbed AIG Edison Life Insurance Company and AIG Star Life Insurance Co., Ltd.
October 2015	The Prudential Trust Company, Ltd., POJ's trust subsidiary, commenced operations.
January 2018	The number of LPs reached 4,000.
March 2019	POJ's in-force amount reached JPY 40 trillion.
March 2020	POJ's in-force policy count reached four million.
August 2022	PHJ established PNA Establishment Preparation Company (now Sonamira Co., Ltd.) and made it a subsidiary.
January 2025	PHJ made Prudential Japan Technology, Limited its subsidiary.

(3) Overall Corporate Structure

As of February 1, 2026, POJ is a company with an Accounting Auditor and has a Board of Directors and a Board of Statutory Auditors³⁷.

POJ also has an Executive Officers Meeting under the Board of Directors³⁸.

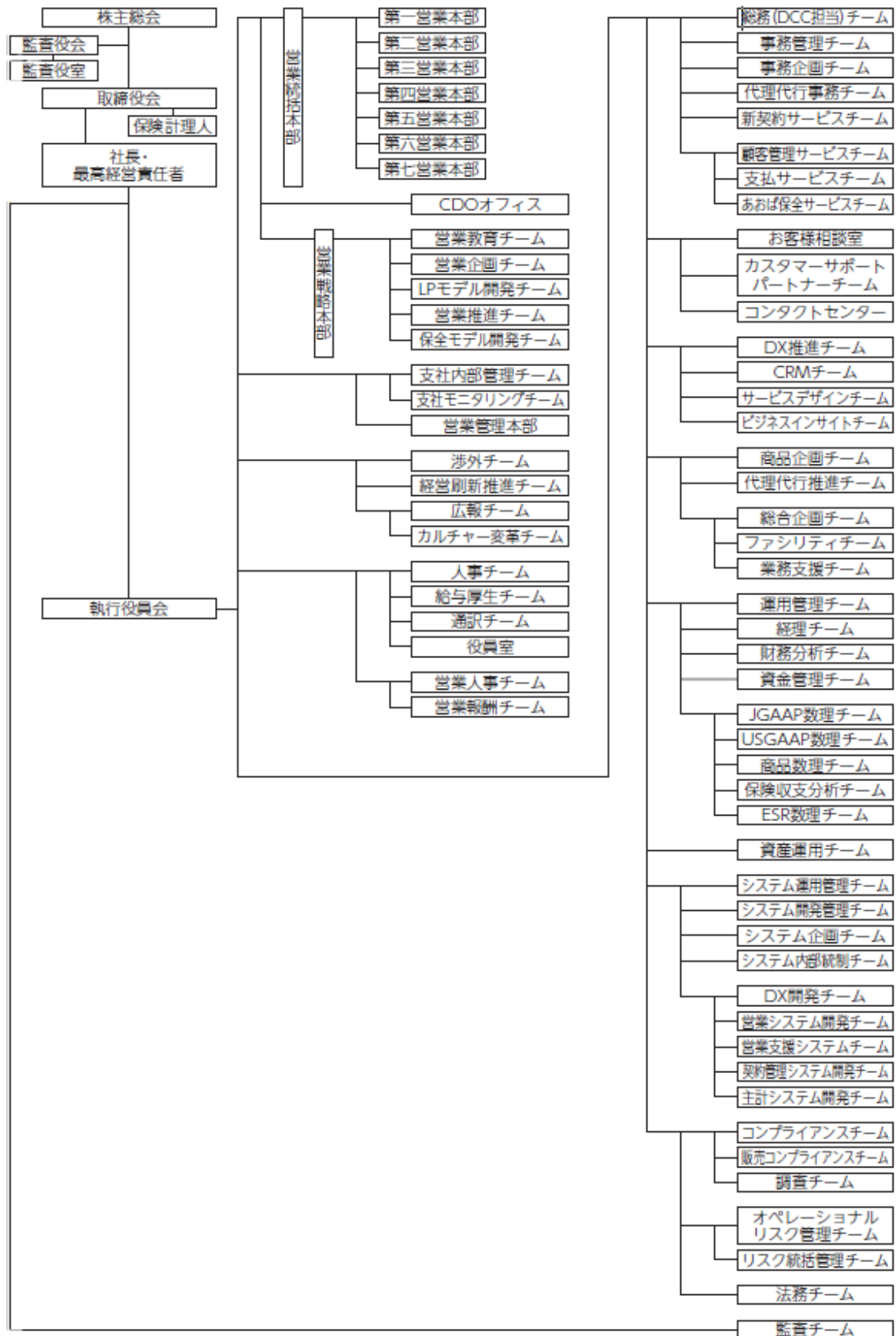
The specific roles and areas of responsibility of the respective bodies and departments relevant to the Monetary Transaction Cases are described in detail in 4 and 5 below. The overall organizational structure of POJ's Home Office as of July 1, 2026, is shown in the diagram below³⁹.

³⁷Based on commercial registry information.

³⁸See footnote 33 above, p. 11.

³⁹See footnote 33 above, p. 11.

2026年7月1日現在



(4) Overview of POJ's Core Business: Life Insurance

POJ engages primarily in the life insurance business and offers a wide range of insurance products. Taking into account factors such as the age, occupation, family composition, life goals and plans, financial circumstances, and annual income of the Customers and Prospective Customers, LPs design and propose customized protection plans tailored to their individual needs by combining various standardized insurance policies and riders. POJ's principal insurance products as of September 2026 are set forth in the table below⁴⁰.

Type of Insurance Product (Standardized Classification)	Product Name
Whole Life Insurance	Whole Life Insurance
Endowment Insurance	Endowment Insurance
	Retirement Income [Annuity Payment Type Special Endowment Insurance]
	Retirement Income (Simplified Issue Type) [Annuity Payment Type Special Endowment Insurance (Simplified Issue Type)]
Term Insurance	Level Term
	Low Cash Value Level Term
	No Cash Value Level Term
	Decreasing Term Life
	Low CV New Family Income (permanent disability treatment type)
Health and Medical Insurance	Low CV Hospitalization Needs Benefit (lump-sum benefit type)
	Cancer Diagnosis Insurance
	Three Dread Diseases Insurance
	Cancer Insurance
	Dread Disease Term Insurance
Long Term Care Insurance	Whole Life Long Term Care Insurance
	Nursing Care Whole Life (Dementia Type)
	Lump-Sum Long-Term Care Insurance
Living Income	Living Income [Low CV Living Income]

⁴⁰See footnote 33 above, p. 31 and 32.

Foreign Currency-Denominated Whole Life Insurance	US Dollar Denominated Whole Life
	US Dollar Denominated Special Whole Life (Non-declaration type) (with Survival Benefit Rider)
	USD-Denominated Credited Rate Renewal SP WL (Non-declaration type)
Foreign Currency-Denominated Endowment Insurance	US Dollar Denominated Retirement Income [USD-Denominated Annuity Payment Type Special Endowment Insurance]
	US Dollar Denominated Retirement Income (Simplified Issue Type) [US Dollar Denominated Annuity Payment Type Special Endowment Insurance (Simplified Issue Type)]
Foreign Currency-Denominated Term Insurance	US Dollar Denominated Level Term
Foreign Currency-Denominated Long Term Care Insurance	US Dollar Denominated Nursing Care Whole Life (Dementia Type)
Variable Insurance	Variable Whole Life
	Variable Life Limited
	Variable Annuity

As shown in the table above, POJ offers not only yen-denominated level payment insurance products but also foreign currency-denominated insurance and variable insurance products that include investment features⁴¹ ⁴². According to POJ, since around 2000⁴³, foreign currency-denominated insurance and variable insurance have accounted for an increasing share of individual insurance new business, measured by policy count⁴⁴. Since 2018, these two categories combined have consistently accounted for more than

⁴¹Because amounts payable and receivable under foreign currency-denominated insurance policies are denominated in a foreign currency, fluctuations in exchange rates may cause the amount of insurance benefits and other amounts, when converted into yen, to be lower than the corresponding amounts calculated in yen when the policy was entered into.

"Information on Foreign Exchange Risk," p. 5, (POJ, , December 1, 2023)

(https://www.prudential.co.jp/insurance/lineup/gaika/pdf/kawase_risuku.pdf, last accessed on September 25, 2026)

⁴²In the case of variable insurance, the account balance and the amounts of insurance benefits, annuity payments, and cash surrender value fluctuate depending on the investment performance of the separate account. As a result, the maturity benefit, total annuity payments, death benefit or accidental death benefit, and cash surrender value may be less than the total premiums paid.

"Important Notes Regarding Variable Insurance"(POJ, July 1, 2026)

(<https://www.prudential.co.jp/caution/hengaku.html>, last accessed on September 25, 2026)

⁴³Reflecting the economic bubble of the late 1980s, variable insurance accounted for a relatively high share of new business, measured by policy count, through the early 1990s, reaching approximately 50% in one year. However, following the collapse of the economic bubble, its share did not exceed 20% from 1994 to around 2000.

⁴⁴POJ began offering foreign currency-denominated insurance on February 15, 1999.

50% of such new business⁴⁵.

2. Business Performance and Position in the Life Insurance Industry

The following table⁴⁶ shows trends in POJ's major performance indicators and other data over the five most recent fiscal years.

(Unit: JPY million. Policy counts and the number of employees are stated as actual numbers.)

Item	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Ordinary Revenue	1,248,708	1,608,405	1,915,971	1,688,848	1,760,359
Ordinary Profit	47,725	22,520	48,832	82,308	45,678
Net Income	33,176	14,837	32,015	58,981	28,293
Number of Employees	6,728	6,650	6,619	6,619	6,527
In-force Amount ⁴⁷	43,258,010	43,464,482	44,870,189	44,938,863	45,741,380
In-force Policy Count ⁴⁸	4,453,657	4,503,727	4,554,394	4,627,793	4,623,887
New Business Face Amount ⁴⁹	3,190,186	2,995,076	4,445,032	4,551,201	3,507,413
New Policy Count ⁵⁰	311,997	321,973	362,016	362,480	276,274

⁴⁵In terms of policy count, these two categories combined have accounted for more than 30% of all policies in force since 2012 and more than 40% since fiscal year 2020.

⁴⁶The table was provided by POJ. The Committee did not analyze the source materials or other information underlying the entries in the table.

Certain information in the table is based on footnote 33 above, p. 39.

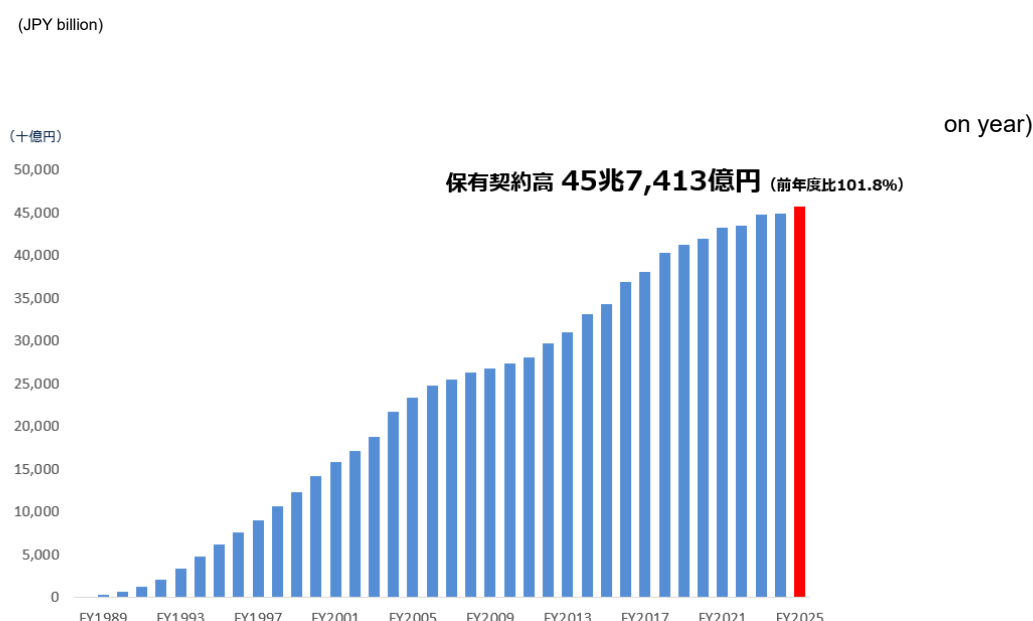
⁴⁷In-force amount refers to the aggregate amount of coverage provided by POJ under individual life insurance and individual annuity insurance policies in force at the end of each fiscal year. For individual annuity insurance, the in-force amount is calculated as the sum of the annuity funds at the commencement of annuity payments for policies under which annuity payments have not yet commenced and the policy reserves for policies under which annuity payments have commenced.

⁴⁸In-force policy count refers to the total number of individual life insurance and individual annuity insurance policies in force with POJ at the end of each fiscal year.

⁴⁹New business face amount refers to the aggregate amount of coverage provided by POJ under individual life insurance and individual annuity insurance policies newly issued during each fiscal year. For individual annuity insurance, it refers to the annuity fund at the commencement of annuity payments for policies under which annuity payments have not yet commenced.

⁵⁰New policy count refers to the total number of new individual life insurance and individual annuity insurance policies issued during each fiscal year.

According to POJ, as shown in the chart⁵¹ below, POJ's in-force amount increased consistently from the commencement of operations through 2025.



In addition, POJ is identified as one of 21 major life insurance companies in the FSA's "Annual Report on Insurance Monitoring" and is one of the major insurers in Japan's life insurance industry⁵². According to POJ, in fiscal year 2025, POJ ranked fifth among life insurance companies in terms of new business face amount and sixth in terms of in-force amount⁵³.

3. Overview of Sales Activities by LPs

An overview of the ordinary sales activities undertaken by LPs in their capacity as sales employees is set forth below.

Since its founding, POJ's basic business policy has been to have its sales employees, known as LPs, analyze customers' insurance needs and provide customized life insurance products best suited to those needs, rather than offering ready-made life insurance products ("needs-based selling")⁵⁴.

According to POJ, LPs are POJ's life insurance solicitors registered pursuant to Article 276 of the Insurance Business Act. They enter into employment contracts with POJ, are assigned to their respective Sales Units, and directly solicit applications from Customers and Prospective Customers for life insurance policies. LPs constitute POJ's sole sales

⁵¹The chart was provided by POJ. The Committee did not analyze the source materials or other information underlying the data presented in the chart.

⁵²"Annual Report on Insurance Monitoring 2026" p.6, Note 3(FSA, August 2026) (<https://www.fsa.go.jp/news/r8/hoken/20260806/02.pdf>, last accessed on September 18, 2026)

⁵³The rankings are based on POJ's independent calculations using the financial statements of the respective life insurance companies. The Committee did not analyze those calculations or the source materials or other information on which they were based.

⁵⁴Based on "We are the Prudential" (POJ, April 2010).

channel⁵⁵ for life insurance policies, as POJ does not, in principle, solicit applications for insurance policies through insurance agencies⁵⁶.

According to POJ, POJ does not provide LPs with any assigned customer base or sales territory, including referrals of Prospective Customers. As qualified professionals with specialized knowledge of life insurance, LPs develop their own customer bases through broad personal networks and referrals, using their own initiative and efforts, regardless of the industries in which the Customers and Prospective Customers operate or the geographic areas in which they are located. Based on long-term, close relationships of trust with customers, LPs also handle all aspects of the customer relationship, from identifying customer needs and proposing and explaining insurance policies to arranging for policy issuance and providing post-issue service.

Accordingly, POJ's solicitation of applications for life insurance policies is based on LPs' independent development of their own customer bases and their establishment and maintenance of relationships with customers, and POJ's business performance depends almost entirely on the sales activities of individual LPs.

The actual nature of LPs' sales activities and how LPs are managed and supervised by sales managers and other supervisory personnel (for the basic framework, see 4 below) are important issues in analyzing the causes of the Monetary Transaction Cases and are therefore described in detail in Section 3 below.

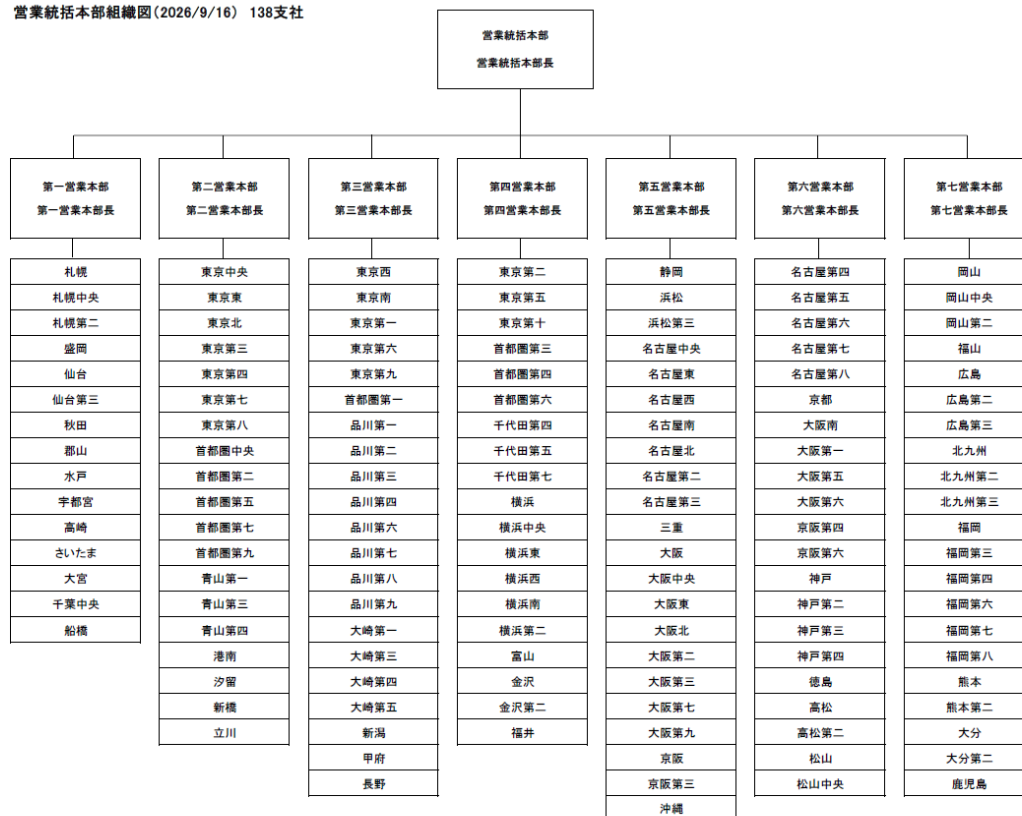
4. Sales Management Structure

The overall structure of POJ's sales organization as of September 16, 2026, is shown in the organizational chart below.

⁵⁵There are also exceptional cases in which Agency Managers or Sales Managers solicit applications for life insurance policies.

⁵⁶According to POJ, it has also been piloting an arrangement under which an LP first resigns from POJ, a corporation established by that LP enters into an agency agreement with POJ, and POJ delegates insurance solicitation activities to that corporation (the "individual agency arrangement"). As of May 2026, however, the pilot remained limited to one individual.

営業統括本部組織図(2026/9/16) 138支社



POJ's sales organization has a structure in which Agencies are located in various regions under the Home Office functions, which consist of the Representative Director and President (hereinafter referred to as the "President"), the General Marketing Division, and multiple Marketing Regions. Each Agency oversees the Sales Units under it, to which LPs are assigned.

Specifically, as of April 20, 2026, POJ has the First through Seventh Marketing Regions under the General Marketing Division, with each Marketing Region overseeing approximately 15 to 22 Agencies. Depending on its size, each Agency oversees approximately three to five Sales Units, and each Sales Unit oversees approximately 10 LPs assigned to it. Every LP is assigned to a Sales Unit. Each Agency has one Agency Manager, and each Sales Unit generally has one Sales Manager. However, some Sales Units do not have a Sales Manager and are directly overseen by the Agency Manager.

The status of each component of the sales organization under POJ's internal rules is described below.

(1) General Marketing Division

Under the responsibility of the Head Chief Marketing Officer, the General Marketing Division promotes sales management by: (1) establishing and maintaining sales

management readiness⁵⁷; (2) planning and implementing specific measures relating to sales management; and (3) assessing the effectiveness and adequacy of those measures and conducting sales management.

The Head Chief Marketing Officer issues appropriate instructions and orders to the Marketing Regions to ensure that measures relating to sales management are properly and effectively implemented.

(2) Marketing Regions

Under the responsibility of the Chief Marketing Officer, each Marketing Region promotes sales management by: (1) establishing and maintaining appropriate sales management readiness; and (2) issuing appropriate instructions and orders to the Agency Managers and other relevant personnel of the Agencies under its jurisdiction and supporting and facilitating the proper and effective implementation of measures relating to sales management. Specifically, each Marketing Region is responsible for supporting and facilitating the sales activities and management of the Agencies under its jurisdiction and promoting compliance at those Agencies, among other responsibilities.

The Agencies overseen by a Marketing Region are not necessarily located in geographically adjacent areas and may instead be located in regions that are far apart. For example, the First Marketing Region oversees Agencies in Hokkaido, the Tohoku region, and the Kanto region excluding Tokyo. The Fifth Marketing Region oversees Agencies in the Tokai region, including part of Nagoya, and the Kinki region, including part of Osaka, as well as the Agency in Okinawa. The allocation of Agencies among the Marketing Regions is said to take into account not only ease of travel for the Chief Marketing Officer responsible for the relevant Marketing Region, but also the objective of incorporating information from various regions and avoiding an excessive concentration of regional characteristics in sales methods, recruitment methods, governance practices, and other areas.

(3) Agencies and Sales Units

As of the Reference Date, each Agency and its Sales Units are located on the same floor of the same building. In addition to the Agency Manager, Sales Managers, and LPs, Agency-based non-sales employees work on that floor, and some Agencies have an Office Manager who supervises those employees.

Each Agency Manager conducts sales management by: (1) establishing and maintaining appropriate sales management readiness based on the circumstances of the relevant

⁵⁷The Japanese term “taisei” written as “体制” refers to the organizational structure within a company, whereas “taisei” written as “態勢” is a broader concept referring to the manner in which matters are addressed and the state of readiness established for that purpose. For example, “compliance readiness” encompasses not only the organizational structure but also matters such as corporate culture and employee training and education. In the Report, terminology used in POJ’s internal rules and other internal documents is generally retained as used therein. In other contexts, “readiness” may be used to translate “態勢” as a concept that encompasses not only organizational structure but also approaches, practices, and other relevant aspects.

Agency; and (2) planning, implementing, assessing, and improving specific measures relating to sales management.

Specifically, in accordance with the Home Office's management and sales policies, Agency Managers perform the following functions: (1) managing, supervising, educating, and providing guidance to Agencies and Sales Units with respect to sales and compliance; (2) promoting, implementing, and managing new business sales, post-issue service, and the recruitment and development of sales employees; and (3) communicating and reporting to the Home Office, administering insurance operations and premium collection, handling examinations administered by The Life Insurance Association of Japan (the "Life Insurance Association") and the registration of life insurance solicitors, and communicating and reporting to the competent authorities and regional life insurance associations.

Under the supervision of the Agency Manager, each Sales Manager performs duties for which the Agency Manager has delegated execution authority to the Sales Manager, as well as duties performed in collaboration with the Agency Manager.

Specifically, based on the Home Office's management and sales policies, each Sales Manager: (1) manages the Sales Unit and educates and provides guidance to its personnel with respect to sales and compliance; (2) handles the recruitment and personnel matters of sales employees; and (3) formulates and implements Agency targets and measures relating to sales and recruitment.

5. Internal Control Systems at POJ Home Office and PHJ

An overview of the internal control systems established by the POJ Home Office and PHJ with respect to the sales employees who are the Subject Individuals of the Monetary Transaction Cases and the sales managers who manage and supervise them is as follows.

(1) Principal Bodies Responsible for Determining POJ's Management Policies and Other Important Matters

A. Board of Directors

POJ is a company with a Board of Directors. As of February 1, 2026, the Board consisted of 12 Directors, including two Outside Directors.

Previously, the POJ Board of Directors was composed primarily of insiders and individuals affiliated with the group⁵⁸, with emphasis placed on timely management decision-making and the requirements of group-wide management oversight. However, monetary fraud⁵⁹ by sales employees at Gibraltar, a group company, among other events,

⁵⁸In this Section 2.5, unless otherwise indicated, the terms "Group" and "Group Companies" refer to PHJ and its subsidiaries, namely POJ, Gibraltar, and The Prudential Gibraltar Financial Life Insurance Co., Ltd. ("PGF"). As a general rule, these terms also refer to the same four companies when used elsewhere in the Report in connection with the life insurance business in Japan. Depending on the context, however, they may refer to the broader global group that also includes PFI.

⁵⁹This refers to the case disclosed in a press release by Gibraltar dated July 11, 2019, titled "Regarding Fraudulent Acquisition of Money by Our Former Employee." Specifically, an employee of Gibraltar made

led to a growing recognition of the need for the Board to oversee management from a more objective and independent standpoint. POJ also recognized that, to achieve sustainable growth, it was necessary to incorporate external perspectives in order to obtain more objective views on customer protection, the enhancement of internal controls, and other matters. Against this backdrop, POJ has gradually increased the number of Outside Directors (part-time) since 2020.

PHJ officers and employees—including the Representative Director and Chairman, the Representative Director and President, other Directors, and Senior Officers—have also concurrently served as POJ Directors and participated in meetings of the POJ Board of Directors from the perspective of group-wide management oversight. In particular, following the monetary fraud case at Gibraltar and other events, POJ began taking measures in and after June 2019 to place greater emphasis on PHJ's oversight function. These measures included reducing the number of POJ Directors who also held executive responsibilities and appointing PHJ Senior Officers as part-time POJ Directors.

B. Executive Officers Meeting

As a voluntary body, the Executive Officers Meeting has been established by resolution of the Board of Directors.

As of May 20, 2026, the Executive Officers Meeting consisted of the President; the Executive Deputy President; the Executive Vice President and Senior Vice President designated by the President; the Chief Risk Officer (hereinafter referred to as the "CRO"); the Chief Compliance Officer (hereinafter referred to as the "CCO"); the Chief Legal Officer (hereinafter referred to as the "CLO"); the Chief Financial Officer (hereinafter referred to as the "CFO"); the Chief Information Officer (hereinafter referred to as the "CIO"); the Executive Officers responsible for the Human Resources Team and the Audit Team; and other Executive Officers designated by the President.

Most Executive Officers oversee one or more teams responsible for business execution, and each Executive Officer reports on, or submits for deliberation, matters concerning the team or teams under their responsibility at the Executive Officers Meeting and other relevant meetings.

The Executive Officers Meeting deliberates on and makes decisions regarding important matters concerning the execution of the Company's business, important matters concerning compliance with laws and regulations, important matters concerning risk management, and other matters deemed important by the President. It also receives reports on a wide range of matters, including audit results; the status of misconduct incidents and sales-related misconduct cases, as well as significant individual cases in

customers take out policyholder loans (a system whereby an insurance company lends money to policyholders using a certain range of the surrender value of the life insurance policy they have enrolled in as collateral; the same applies hereinafter), then received money by making false explanations to the effect that "it would be advantageous to prepay insurance premiums using this money as the source of funds," and in reality fraudulently obtained such money without applying it to insurance premiums.

those categories; the status of insurance consultations, complaints, and other comments, as well as significant individual cases in those categories; regular and ad hoc reports from various committees and projects; and the operational status of the internal control system.

C. Board of Statutory Auditors

POJ is a company with a Board of Statutory Auditors. As of February 1, 2026, the Board consisted of four Statutory Auditors, all of whom were Outside Statutory Auditors. Three served on a full-time basis, and one served on a part-time basis.

Statutory Auditors of PHJ and POJ's Corporate Secretary, who serves as the secretariat of the Board of Directors, participate in meetings of the Board of Statutory Auditors as observers.

Previously, Statutory Auditors were selected primarily from among individuals who had held positions within the group. However, the aforementioned monetary fraud incident at Gibraltar and other incidents led to recognition of the need to enhance the independence and objectivity of the audit function. Accordingly, for nearly the entire period since June 2019, POJ has appointed part-time Outside Statutory Auditors from outside the group.

D. Compliance Committee

The Compliance Committee has been established as a committee overseen by the Executive Officers Meeting. As of June 1, 2026, the Committee is chaired by the CCO, and its members include the President, Vice President, CCO, CLO, CRO, and others. PHJ's CCO and certain other individuals participate as observers without voting rights.⁶⁰

The Compliance Committee receives reports on, deliberates on, and approves matters concerning compliance with laws and regulations and related matters. Beginning around 2017, reports on the status of responses to the Monetary Transaction Cases were regularly submitted to the Compliance Committee. The Compliance Committee also received reports on the progress of deliberations by various task forces (hereinafter referred to as the "TFs") concerning measures to prevent the recurrence of monetary misconduct cases.

The Compliance Committee also has subordinate bodies, including the Business Ethics Subcommittee, which is responsible for matters concerning corporate ethics, including the hotline system.

E. Risk Management Committee

The Risk Management Committee has been established as an advisory body to the Board of Directors and the Executive Officers Meeting. As of February 1, 2026, the Committee is chaired by the CRO, and its members include the respective executive officers responsible

⁶⁰In addition, the Executive Officers responsible for the Human Resources Team, the Sales Personnel Team, the General Marketing Division, the General Marketing Strategy Office, the Customer Desk, the External Affairs Team, the Agency Internal Control Team, and the Operation Control Office; the President of DCC; and any other individuals appointed by the Chairperson also serve as members of the Committee.

for the Integrated Risk Management Team and the Corporate Planning Team, the CFO, and others⁶¹. In practice, the team leader of the Integrated Risk Management Team, the executive officer responsible for the sales division, and persons in charge of PHJ's risk management division participate as observers without voting rights.

The Risk Management Committee receives reports on the status of risk management within POJ and deliberates on important risk management matters. It also considers policies and measures concerning the integrated management of capital, earnings, and risk in order to ensure POJ's soundness, sustainably enhance corporate value, and achieve its strategic objectives.

(2) Sales Management Functions at the POJ Home Office

The sales management functions at the POJ Home Office comprise the Agency Internal Control Team and the Operation Control Office⁶².

A. Agency Internal Control Team

The Agency Internal Control Team was established within the POJ Home Office in July 2020 by integrating all functions of the Agency Staff Consultant Team, which had previously been responsible for the planning, development, and administration of personnel matters, compensation and other systems, education and skills development, and recruitment for Agency-based non-sales employees, with certain functions of the Sales Administration Team.

The principal functions of the Agency Internal Control Team relating to sales employees are as follows.

(a) Activities Related to Agency Self-Audits

Agency self-audits are audits conducted by each Agency, in which sales managers review compliance with various rules within the Agency and provide guidance where necessary. The items to be covered by the audits are determined by the Agency Internal Control Team. The Team consolidates the Agency self-audit reports submitted by each Agency, reports the consolidated results to the relevant Chief Marketing Officer, and shares the information with the relevant departments at the Home Office.

(b) Management of Sales Employee Activities

⁶¹In addition, the Chief Actuary; the Chief Investment Officer; the President of DCC; the CLO; the CCO; the CIO; the Executive Officers responsible for the Public Relations Team, the Business Support Team, the Facility Team, the Human Resources Team, the Sales Personnel Team, the Field Compensation Team, and the Agency Internal Control Team; the Chief Operation Control Officer; and other individuals appointed by the Chairperson also serve as members of the Committee.

⁶²According to POJ, the Agency Internal Control Team is responsible for functions relating to Agency compliance. However, because it is organizationally part of the General Marketing Division, it is positioned as the first line of defense rather than the so-called 1.5 line of defense. The Operation Control Office is positioned as the 1.5 line of defense.

Once every six months, the Agency Internal Control Team reviews whether the activity results forms⁶³ have been approved to ensure that none remain unapproved.

(c) Support Activities for Low-Earning Sales Employees

At POJ, the Agency Internal Control Team communicates to the Agency the list of sales employees who meet certain criteria such as “take-home compensation over the most recent 12 months of less than 2.4 million yen.” Upon receiving this information, the Agency Manager conducts interviews with such sales employees and, as necessary, implements measures to improve their performance.

B. Operation Control Office

Following the discovery of a series of large-scale Monetary Transaction Cases such as the Case A⁶⁴, and in order to strengthen the first-line compliance function, the Operation Control Office was established within the Home Office as an organization independent from the Sales Management Headquarters, effective April 1, 2025.

Its principal functions are as follows.

(a) Agency Interviews

The Sales Management Department Head visits Agencies and, through interviews with persons belonging to the Agency (hereinafter referred to as “Agency Interviews”), ascertains the actual situation with respect to the following categories and identifies issues at the relevant Agency: (i) control environment, (ii) misconduct (monetary), (iii) misconduct (personal information), (iv) management status, and (v) recruitment and training. The Sales Management Division then shares these issues with the Agency, instructs it to consider remedial measures, and provides guidance and advice on the measures planned by the Agency.

(b) Consultation Desk Functions

The Sales Management Division has established a consultation desk within the division for Agencies to consult on response methods when internal misconduct concerns are detected, and provides advice on such consultations.

⁶³LPs enter their schedules for appointments with customers and other sales activities on a weekly basis. This system was introduced no later than 2000 and has been maintained electronically since June 2020 (see Section 3.2(6)B below).

⁶⁴This case involved an LP who worked at Agency A until [REDACTED] and who, both while employed by POJ and after leaving POJ, received funds from customers and others purportedly for investment management and failed to return most of those funds. Within POJ, the case is generally referred to as the “Case A.” POJ subsequently announced that [REDACTED]. (As described in Section 1.11 above, in the Public Version, proper nouns referring to individuals, corporations, agencies, incidents, and the like have been anonymized by assigning alphabetic designations. Accordingly, including defined terms used in the Report, the same proper noun may be assigned different alphabetic designations in different parts of the Report, even where it appears multiple times.)

(c) Coordination with Other Departments

The Operation Control Office reports quarterly on the status of its activities to the Executive Officers Meeting and the Compliance Committee. It also reports, at the monthly First Governance Meeting attended by the Head Chief Marketing Officer and others, and at the monthly Marketing Region Support Meetings held for each Marketing Region, on the findings from the Agency Interviews⁶⁵, details of specific inquiries received through the consultation desk, and the status of the responses to those inquiries. As necessary, the Operation Control Office also requests the relevant Chief Marketing Officer to provide guidance and other support to the relevant Agency.

The Operation Control Office also reports on the status of its activities, as appropriate, at the Compliance Committee's Compliance Promotion Meetings. At those meetings, it presents issues common to multiple Agencies that have been identified through the Agency Interviews and other activities, and develops a shared understanding of those issues with the relevant teams.

(3) Second Line of Defense⁶⁷

A. Compliance Function

The Compliance Function falls under the responsibility of the CCO. It is the collective term for the following four teams: (1) the Investigation Team; (2) the Compliance Team; (3) the Agency Inspection Team⁶⁸; and (4) the Sales Administration Team⁶⁹. As of February 10, 2026, 68 employees were assigned to the Investigation Team, 81 to the Compliance Team, 15 to the Agency Inspection Team, and 18 to the Sales Administration Team.

The Compliance Function is responsible for strengthening POJ's compliance management readiness by assessing the state of compliance within POJ, developing measures to promote compliance, and providing guidance and education. The respective roles and responsibilities of the CCO and the four teams described above are as follows.

First, the position of CCO was established in April 2002 and is held by the Executive Officer responsible for compliance. The CCO is responsible for accurately assessing POJ's

⁶⁵ The Operation Control Office Manager visits each Agency for which they are responsible and conducts Agency Interviews with the Agency Manager; Agency office employees, including Office Managers and Field Service Staff; Sales Managers; and LPs. The Agency Interviews are conducted as part of the Operation Control Office's monitoring of sales management readiness and the status of sales management initiatives.

⁶⁶ The Operation Control Office establishes a basic framework covering the frequency of visits, interviewees, and matters to be reviewed, and sets and reviews specific review items and questions in light of the circumstances of each Agency under its jurisdiction.

⁶⁷ Generally, a risk management framework based on the "three lines of defense" is established to ensure the appropriateness and effectiveness of risk governance. The first line refers to autonomous controls by business divisions, the second line to the management and oversight of the first line by control functions, and the third line to audits by the internal audit function of the activities of the first and second lines.

⁶⁸ In April 2026, to further foster risk ownership in the first line and enable the second line to perform its checks-and-balances function, the Agency Inspection Team was renamed the "Agency Monitoring Team" and transferred to the first line.

⁶⁹ In April 2026, to further foster risk ownership in the first line and enable the second line to perform its checks-and-balances function, the Sales Administration Team transferred its policy monitoring functions to the Agency Monitoring Team and was renamed the "Sales Compliance Team."

compliance status, based on the laws, regulations, and other rules applicable across the insurance company's operations and the methods used to ensure and monitor compliance. The CCO is also responsible for considering policies and specific measures for developing and establishing appropriate compliance readiness and insurance solicitation management readiness.

Next, the Investigation Team referred to (1) above independently handles investigations and other matters relating to actual or suspected compliance violations, separately from the sales locations and other teams. Specifically, its responsibilities include the intake and management of suspected compliance violation cases; determining whether an investigation is warranted; investigating such cases and reporting the investigation results; determining whether Agency misconduct incidents must be reported and reviewing the contents of such reports; planning and operating the Disciplinary Committee; and performing secretariat functions for the Misconduct Case Management Committee.

The Investigation Team reviews all internally reported cases involving actual or suspected compliance violations and determines whether there is a possibility that a compliance violation has occurred. If it determines that such a possibility exists, it conducts an investigation to establish the facts. As part of the investigation, the Team confirms the relevant facts with the Customers and Prospective Customers, LPs, and sales managers. For certain types of cases, including investment solicitation and monetary misconduct, the Team is also required to conduct additional investigations to identify other potential cases, including by sending written inquiries to customers, making follow-up telephone calls, and using other methods.

The Compliance Team referred to (2) above is the central function responsible for the centralized management of compliance matters at POJ. Specifically, its responsibilities include formulating and revising basic compliance policies; preparing, revising, and disseminating the Compliance Manual; and centrally managing compliance risk.

The Agency Inspection Team⁷⁰ referred to (3) above is responsible for reviewing compliance at sales locations. Specifically, its responsibilities include formulating the annual Agency inspection policy and annual Agency inspection plan; conducting Agency inspections; reporting the results of those inspections; and handling matters relating to improvement plans.

The Sales Administration Team⁷¹ referred to (4) above is responsible for matters concerning insurance solicitation among the various compliance issues. Specifically, its responsibilities include formulating and revising basic policies on insurance sales management; assessing the state of sales compliance; and providing education and training designed to promote sales compliance.

⁷⁰This includes the period after the Agency Inspection Team was renamed the "Agency Monitoring Team" and transferred to the first line, as described in Note 68.

⁷¹This includes the period after the Sales Administration Team was renamed the "Sales Compliance Team," as described Note 69.

B. Law Team⁷²

The Law Team is established at the POJ Home Office, falls under the responsibility of the CLO, and works in coordination with the Investigation Team, the Compliance Team, the Agency Inspection Team, and the Sales Administration Team referred to in (1) through (4) above.

The Law Team has personnel responsible for legal affairs and Board of Directors Secretariat functions. As of April 1, 2026, the Team had 26 employees, including the Team Leader⁷³⁷⁴.

The Law Team's principal functions are (1) responding to various legal inquiries; (2) handling litigation and disputes; and (3) collecting information on amendments to laws and regulations.

Specifically, the Law Team conducts legal analyses to determine whether employer liability exists in cases involving compensation claims by customers and cases identified through customer outreach investigations. As a general rule, in monetary misconduct cases, including the Cases, the Law Team provides legal assessments of whether employer liability exists and of the employment-related and disciplinary measures to be taken against the Subject Individuals, based on the facts collected by the Investigation Team. In cases where employer liability is at issue, the Customer Desk normally determines the appropriate course of action and whether compensation should be provided, taking into account the views of the Law Team. There are no internal rules setting forth criteria for determining whether employer liability exists.

(4) Third Line of Defense

The Audit Team has been established to independently examine and evaluate the appropriateness and effectiveness of internal management readiness across all aspects of POJ's business operations. The Audit Team is positioned as POJ's third line. Since 2021, under the "One Audit" framework based on global audit standards, group-wide audit resources have been utilized⁷⁵ through partial secondments of audit personnel and other arrangements. Internal audit activities are conducted in a consistent manner in accordance

⁷²Although, for convenience, the Report classifies the Law Team as part of the second line, POJ explained that the Law Team serves a cross-functional support role by providing legal advice to the first, second, and third lines. Its position within the three-lines model has not been clearly defined.

⁷³As of the same date, all employees responsible for legal affairs concurrently held positions at Group Companies, with 70% of their work allocated to PHJ and between 5% and 30% allocated to POJ.

⁷⁴The Law Team had one member qualified as an attorney, who was employed on a contract basis, from January through the end of December 2016; no such members from January 2017 through the end of March 2020; one such member from April 2020 through the end of May 2022; and two such members from June 2022 onward. The Law Team engages external law firms as necessary and maintains relationships with 15 such firms.

⁷⁵As of January 1, 2026, the Audit Team at POJ comprised seven employees whose home company was POJ and who were on partial secondment to PHJ: one Team Leader, three managerial employees, and three non-managerial employees. Including employees on partial secondment to POJ from Group Companies, including Gibraltar, the Audit Team had a total of 26 members.

with the internal audit manual common to the group companies in Japan under PHJ.

The Audit Team also coordinates with the Statutory Auditors regarding the preparation of internal audit plans, audit reporting, and other related matters.

(5) Systems Relating to Complaints and Internal Reporting

POJ officers and employees, vendors and other business partners, other stakeholders, and former officers and employees of the foregoing may seek advice or make reports through the internal or external hotline channels established by POJ. Under POJ's internal rules, reports may be made anonymously, and persons making reports and persons cooperating in investigations must not be subjected to any adverse or unfair treatment on the grounds that they made a report or cooperated in an investigation.

The internal hotline channels are (1) the Compliance Team and (2) the Compliance Officer of the Agency or Team to which the person making the report belongs. The external hotline channels are (1) a hotline operated by a vendor⁷⁶ engaged by POJ; (2) a hotline for which a PHJ Statutory Auditor is responsible for its operation; and (3) a hotline established and operated by PFI.

POJ officers and employees may use any of the hotline channels described above. By contrast, external persons wishing to report actual or suspected compliance violations by POJ officers or employees may make reports only to the Compliance Team, which is an internal hotline channel. In this context, external persons include former POJ officers and employees; persons who have participated in POJ employee recruitment programs; and officers and employees, and former officers and employees, of subsidiaries and business partners. Such persons may submit reports to the Compliance Team by email or postal mail.

The CCO is responsible for the operation of the hotline system, and the Business Ethics Office serves as its secretariat. The Business Ethics Office manages the respective hotline channels and maintains the intake logs. Under the responsibility of the CCO, the Office determines whether a matter is to be treated as a "Report" subject to investigation or as a "Consultation" not subject to investigation. If a matter is treated as a Report, the Business Ethics Office reports the matter to the CCO and the Chief Business Ethics Officer and requests the Investigation Team to conduct an investigation. Based on the investigation results, the matter is reported or referred to the Disciplinary Committee, as necessary. A matter treated as a Consultation is not investigated and is instead handled through an individual response, coordination with the relevant department, or other action appropriate to its content.

The operational status of the hotline system is reported to the Statutory Auditors⁷⁷, the

⁷⁶The vendor has no capital ties or other conflicts of interest with POJ and has been engaged by POJ to provide hotline services.

⁷⁷For the statutory auditors, updated versions of each hotline register containing records of all cases from the preceding two years are reported on a monthly basis, thereby enabling monthly information sharing regarding the receipt and handling of hotline reports and related matters.

Compliance Committee⁷⁸, and the Business Ethics Subcommittee⁷⁹, which is a subordinate body of the Compliance Committee. Depending on the circumstances, reports are also made to the Chief Marketing Officer and the Public Relations Team, and information is shared with the Misconduct Case Management Committee. The Business Ethics Subcommittee receives quarterly reports on the number and status of Reports and Consultations received through the hotlines. The Compliance Committee receives annual reports on changes and trends in the number of Reports received during the preceding year. The Statutory Auditors receive monthly updates on the receipt and handling of hotline matters. For this purpose, each hotline log containing all matters recorded during the preceding two years is updated monthly and stored in a shared folder, and the Statutory Auditors are notified by email. Neither the Directors nor the Board of Directors are included among the recipients of such reports under POJ's internal rules or in practice.

POJ has also established at its Home Office a Customer Support and Related Management Function to appropriately handle opinions, requests, and inquiries from customers (hereinafter referred to as "Customer Feedback"). This function comprises (1) the Customer Voice Team; (2) the Customer Service Team; (3) the Customer Desk; and (4) the Service Design Team. Customer Feedback is classified and managed under the following four categories: "Complaints," "Comments," "Requests," and "Inquiries and Other Matters." Customers may submit inquiries to the Customer Service Center (hereinafter referred to as the "CSC") by telephone, fax, through POJ's website, or by other means. Matters categorized as Complaints, Comments, or Requests must be reported to the Customer Voice Team. For Complaints and Comments, the person responsible for addressing the matter reports the cause, the status of the response, the resolution, and measures to prevent recurrence to the Customer Voice Team. The Team then reviews the handling status and analyzes trends before reporting to the person responsible for the customer support and related management function.

(6) Public Relations Structure

The Public Relations Team has been established as the team responsible for POJ's public relations. As of March 2026, it consisted of 11 members: 1 Team Leader, 3 Managers, and 7 staff members. As with other teams at POJ, there is no department or section overseeing the Team, and the Team is overseen directly by the Executive Officer responsible for it.

The Team is responsible for all aspects of POJ's public relations activities. Specifically, its responsibilities include external public relations activities, such as responding to media inquiries, preparing press releases, and handling press conferences; preparing earnings

⁷⁸The Compliance Committee receives annual reports on trends and developments in the number of hotline reports received during the preceding year.

⁷⁹The Business Ethics Subcommittee receives quarterly reports on the status of hotline reports and consultations.

releases and disclosure materials; overseeing and operating POJ's corporate website; monitoring reputational risk relating to information on social networking services (hereinafter referred to as "SNS") and other online sources; and preparing internal newsletters and intranet articles.

In the event of a misconduct incident, the Executive Officer responsible for the Public Relations Team determines, in principle, whether public disclosure should be made, based on a proposal prepared by the Public Relations Team Leader. If a company-wide response system⁸⁰ has been activated for the relevant case, whether public disclosure should be made is deliberated by the Executive Officers Meeting⁸¹. In practice, even if a company-wide response system has not been activated, a case determined to have a significant impact on POJ is referred to the Executive Officers Meeting for deliberation as to whether disclosure should be made and, if so, the content of the disclosure. For a case considered to have only a limited impact, the Executive Officer responsible for the Public Relations Team and the Public Relations Team Leader determine whether disclosure should be made.

On October 3, 2012, POJ established the "Standards for Information Disclosure Regarding Misconduct" as criteria for publicly disclosing misconduct incidents involving employees and others. Subsequently, the Standards were replaced in August 2024 by the "Group-wide Guidelines on Public Disclosure of Misconduct" (hereinafter referred to as the "Misconduct Disclosure Guidelines") as the criteria for publicly disclosing misconduct incidents⁸² ⁸³. Under the Misconduct Disclosure Guidelines, the disclosure approach is determined by first considering whether the misconduct relates to insurance business and then considering (1) whether public outreach is necessary to reach potential victims or prevent further harm (the need for public outreach) and (2) the degree of social impact, taking into account the amount of damage, the number of victims, media coverage, and other relevant factors. An outline is provided below.

⁸⁰A company-wide response system is to be activated, in principle, for monetary cases—including monetary fraud, investment intermediation or solicitation, and unclear monetary transactions with customers—and other cases involving suspected violations that may have a material impact on the Group, if the amount of loss is JPY 50 million or more or the number of victims is 4 or more (the "Significant Case Reporting Standard," dated April 1, 2024).

⁸¹Article 3 of the "Standards for Information Disclosure Regarding Misconduct" dated October 3, 2012; Article 6, Paragraph 3 of the "Reputation Risk Management Rule" dated January 1, 2026.

⁸²[REDACTED]

⁸³Although there were moves within POJ in January 2026 to revise the Misconduct Disclosure Guidelines with a view to ensuring consistency in their application across the Group, no formal revision had been made as of the Reference Date.

Applicability to Insurance Business	Necessity of public awareness outreach	Social Impact	Basic Disclosure Policy
Yes ⁸⁴	Yes	Significant	Disclosure
		Limited	Disclosure to Be Considered / High Likelihood of Disclosure
	No	Significant	Disclosure to Be Considered / Medium Likelihood of Disclosure
		Limited	Disclosure to Be Considered / Low Likelihood of Disclosure
No ⁸⁵	Yes	Significant	Disclosure to Be Considered / High Likelihood of Disclosure
		Limited	Disclosure to Be Considered / Medium Likelihood of Disclosure
	No	Significant	Disclosure to Be Considered / Low Likelihood of Disclosure
		Limited	Disclosure to Be Considered / Low Likelihood of Disclosure

As shown in the table above, matters that relate to insurance business, involve a need for public outreach, and have a significant social impact are to be publicly disclosed. For all other matters, public disclosure is to be considered, with the likelihood of disclosure

⁸⁴According to the Misconduct Disclosure Guidelines, this refers to “fraud in connection with insurance solicitation where the company can conclusively determine that fraudulent conduct occurred, or a case that does not involve insurance solicitation but in which employer liability is recognized.”

⁸⁵According to the Misconduct Disclosure Guidelines, this refers to “investment solicitation or improper monetary transactions that do not involve insurance solicitation and for which employer liability does not exist.”

categorized as high, medium, or low.⁸⁶

(7) Internal Control System by PHJ

A. Management Obligation for Subsidiaries as an Insurance Holding Company

PHJ is a holding company with insurance companies including POJ as subsidiaries and has received authorization from the Prime Minister as an insurance holding company under the Insurance Business Act⁸⁷.

Under the Insurance Business Act, an insurance holding company is obligated to manage the insurance holding company and a group of its subsidiaries⁸⁸ (hereinafter referred to as the "Insurance Holding Company Group"), and as part of that obligation, the insurance holding company is obligated to establish a system to ensure that the execution of duties by directors, employees, and other persons of the companies belonging to the Insurance Holding Company Group complies with laws and regulations⁸⁹, in accordance with the provisions of the Cabinet Office Ordinance set as necessary to ensure that the execution of operations of the Insurance Holding Company Group complies with laws and regulations. Insurance holding companies are subject to regulations regarding reporting, disclosure, and other accounting matters concerning their business and financial conditions and are also subject to supervisory measures by the FSA, including requests for reports⁹⁰, on-site inspections⁹¹, business improvement orders, and other supervisory actions.⁹²

As an insurance holding company, PHJ is required to establish a system to ensure that the execution of duties by not only its own employees and other personnel but also those of POJ complies with laws and regulations, in accordance with the above management obligations.

B. Organizational Structure and Roles, etc.

(a) Board of Directors

PHJ's Board of Directors has established the "Basic Policy on Group Governance" and is working to build and operate a framework that enables transparent, fair, prompt, and effective decision-making, taking into account the positions of stakeholders across the entire group⁹³, including customers of group companies, employees of group companies,

⁸⁶Ultimately, each group company is to make the final decision based on an overall assessment. However, if a group company determines that a conclusion or approach different from that set forth in the Misconduct Disclosure Guidelines is appropriate, it is to make the decision in consultation with and with the agreement of the relevant departments of PHJ.

⁸⁷Insurance Business Act, Article 2, Paragraph 16

⁸⁸Insurance Business Act, Article 100-2, Paragraph 2, Item 1

⁸⁹Insurance Business Act, Article 271-21, Paragraph 1, Paragraph 4, Item 3, and Enforcement Regulations of the Act, Article 210-6-3, Paragraph 2

⁹⁰Insurance Business Act, Articles 271-27 and 271-28

⁹¹Insurance Business Act, Article 271-28

⁹²Insurance Business Act, Article 271-29

⁹³In the context related to the "Basic Policy on Group Governance" (enforced on April 1, 2022), the term "Group" refers to the corporate group consisting of PHJ and its subsidiary insurance companies, etc., and includes, in addition to POJ, Gibraltar, and PGF which are assumed to be the "Group" and "Group

local communities, and PFI, the ultimate parent company⁹⁴. The Board of Directors of PHJ assumes the role of making decisions on management strategies and other important management matters for the entire group and PHJ within the framework⁹⁵.

The number of directors has remained at around 10, and with regard to outside directors, one was appointed in June 2019, and although there were none from September 2019 to March 2020, one had been appointed since April 2020. Since October of the same year, two to three have been appointed.

(b) Subordinate Organizations under the Board of Directors

PHJ's compliance framework is composed of the "Group Compliance Committee," the "Senior Officers' Meeting," the CCO, etc., under the Board of Directors.

The Group Compliance Committee is an organization that conducts discussions aimed at understanding the status of compliance with laws and regulations within the Group and further strengthening the Group's compliance readiness.

The Senior Officers' Meeting is an organization that deliberates on, makes resolutions regarding, or receives reports on important matters concerning the Group, PHJ, insurance companies under its umbrella (hereinafter referred to as the "Group Insurance Companies"), and subsidiaries directly held by PHJ other than the Group Insurance Companies.

The CCO is a Senior Officer in charge of the compliance function, having been delegated authority relating to the compliance function based on a resolution of the Board of Directors.

Senior Officers are delegated authority from the Board of Directors and are responsible for each function of PHJ, and the functions related to group governance are the "Compliance Function," "Risk Management Function," "Law Function," and "Group Sustainability Management Office," among others.

The "Compliance Function" is responsible for monitoring the compliance status of the Group Insurance Companies, etc., providing guidance as necessary, and promoting the efficiency and sophistication of the group's compliance operations.

(c) Board of Statutory Auditors

PHJ has established the Board of Statutory Auditors, and the Statutory Auditors and the Board of Statutory Auditors are responsible for auditing the execution of duties by PHJ's Executive Officers (directors concurrently serving as Executive Officers and Senior Officers), as well as monitoring and supervising the business execution of the Group Insurance Companies including POJ and requesting reports from the internal audit

Companies as stated in the aforementioned note 58, Sonamira Corporation and Prudential Japan Technology Corporation which are subsidiaries of PHJ. It may also differ from the "Insurance Holding Company Group," which is a concept under laws and regulations.

⁹⁴"Basic Policy on Group Governance" (enforced April 1, 2022), Article 2, Paragraph 1 and Paragraph 2

⁹⁵"Basic Policy on Group Governance" (enforced April 1, 2022), Article 4, Paragraph 1

division⁹⁶.

C. Internal Control Process

(a) Management Agreement

In order to appropriately manage and supervise the business operations of the Group Insurance Companies as an insurance holding company, PHJ is required to indicate the group's basic policies, etc. to the Group Insurance Companies based on the management agreement concluded with each of the Group Insurance Companies, and to require them to comply with those policies⁹⁷. In fact, with regard to PHJ's management of POJ, a "Management Agreement" dated December 25, 2019 has been concluded between the two parties⁹⁸. Under this agreement, PHJ is to specify "matters requiring prior approval by PHJ," "matters for prior consultation," "matters for reporting" concerning POJ's important business execution, and "the contents of framework development that POJ must comply with when PHJ implements management and administration operations," and is also to formulate various policies related to group management and disseminate them to POJ.

(b) Management of POJ Based on the Management Agreement

Pursuant to the aforementioned management agreement, POJ established the "Management Rules Concerning Reporting to PHJ, etc." and stipulated matters requiring PHJ's prior approval, matters requiring prior consultation, and matters requiring reporting. The main contents are as shown in the table below.

[Prior Approval]	
Management Philosophy	Formulation and revision of management philosophy (Vision, Mission, Strategy)
Management Plan (Business Plan)	①Management plan, ②Budget/business plan (single year), ③Commencement of full-scale examination involving basic agreement for new business, etc., ④Implementation of business alliance/capital alliance for new business, etc.
Governance (Business Management)	①Corporate reorganization, dissolution, or sale under the Companies Act, ②Appointment, dismissal, evaluation, etc. of Executive Officers (including CxO ⁹⁹) and team leaders in charge of specific departments
Internal Control (Internal Management)	①Important intra-group transactions and business alliances, ②Formulation of internal audit plans, establishment/revision/abolition of important policies, etc.
[Prior Consultation]	

⁹⁶"Basic Policy on Group Governance" (enforced April 1, 2022), Article 5, Paragraph 1

⁹⁷"Basic Policy on Group Governance" (enforced April 1, 2022), Article 3, Item 2

⁹⁸Prior to this, a "Management Services Agreement" dated June 24, 2009, had been concluded.

⁹⁹Refers to the chief officer who bears company-wide responsibility for a specific area, such as CFO.

Asset Management	①Important asset management policies, ②Other matters related to asset management
Products	①Development and release of new products and revision of existing products, ②Commencement of new reinsurance transactions and changes to existing reinsurance transactions, ③Changes to underwriting standards
Internal Control (Internal Management)	①Establishment, revision, and abolition of rules based on policies other than the Compliance Basic Policy, and Group common policies, ②Changes and reviews of business continuation systems that may affect Group management, etc.
[Reporting]	
Governance (Business Management)	①Agenda items and materials for the Board of Directors, ②Agenda items and materials for the Executive Officers Meeting, ③Revision and abolition of the executive performance evaluation system, etc.
Internal Control (Internal Management)	①Occurrence of significant matters that may affect the management of the Group and status/policy of response, ②Occurrence of serious troubles in labor management, ③Changes to important personnel systems and compensation systems, ④Status of business continuation framework development, etc.
Misconduct cases, etc.	①Litigation, etc. in which POJ is a party, including litigation, etc. with a disputed amount exceeding 100 million yen as well as litigation, etc. that has a significant impact on management, ②Compliance violation cases such as monetary fraud related to insurance sales and investment solicitation, etc., among which those that may have a significant impact on the management of the Group, etc.
Others	① Rumors that may have a significant impact on the Group's management, ② Formulation of policies and publication of initiatives related to CSR, ③ Establishment of emergency response organizations such as crisis management task force, ④ Matters that POJ determines to have a significant impact on POJ's business operations or that may affect the entire Group, etc.

As an example of matters requiring prior approval based on the above management rules, the formulation of POJ's business plans (management policies that form the basis of the medium-term business plan, priority initiatives, performance plans, etc.) is to be undertaken by POJ's Corporate Planning Team as the responsible department for obtaining approval. After going through the approval procedures of POJ's Board of Directors, Executive Officers Meeting, etc., prior approval from PHJ's Board of Directors is to be obtained.

In this way, the matters subject to management under the aforementioned management agreement are to be approved, discussed, and reported between the designated responsible departments of POJ and the corresponding divisions of PHJ.

D. Process of Reporting to PHJ regarding the Monetary Transaction Cases

PHJ has designated, in its "Group Serious Case Reporting Standards"¹⁰⁰, (1) monetary fraud and (2) solicitation of investments/products (including those other than financial products) to customers and borrowing of money from customers (excluding borrowing from money lending businesses and employees)¹⁰¹ as subjects for serious case reporting^{102 103}, and the Monetary Transaction Cases are included therein.

In accordance with the above "Group Serious Case Reporting Standards," POJ has established its own "Serious Case Reporting Standards," and in the event that a monetary transaction case occurs at POJ, the department that detects the occurrence or suspicion thereof shall report to the Executive Officer in charge of that department and POJ's core members,¹⁰⁴ etc., and also report to the secretariat (Corporate Planning Team) of the Misconduct Case Management Committee. The secretariat shares information with the Investigation Team, and the Executive Officer in charge of the Investigation Team makes a preliminary determination as to whether or not the matter constitutes a serious case. If it is determined that it does constitute a serious case, the Executive Officer reports by email to the core members¹⁰⁵, including PHJ's Senior Officer responsible for its Compliance Function, within two business days in principle from the date of discovery.

PHJ's Compliance Function conducts a secondary determination of whether a matter constitutes a serious case and judges whether to make an immediate report to PFI. If it is determined that an immediate report should be made to PFI after confirmation by the Senior Officer in charge of the Compliance Function and PHJ core members, the report is submitted via email to the designated recipients¹⁰⁶ at PFI.

6. Laws and Regulations, Internal Rules, and Other Standards that may Apply to

¹⁰⁰Established on December 18, 2019, revised on January 1, 2026

¹⁰¹Based on the guideline of three or more similar damage reports or an estimated damage amount of 10 million yen or more, limited to those that occurred during employment.

¹⁰²Based on the standards revised and enforced on June 1, 2021.

¹⁰³Although the Group Serious Case Reporting Standards and POJ's Serious Case Reporting Standards were established on December 18, 2019, and November 27, 2019, respectively, from the time of establishment until the revisions on June 1, 2021, and May 28, 2021, respectively, cases corresponding to the Monetary Transaction Cases were judged for necessity of reporting primarily under the category of "serious compliance violation cases such as monetary fraud or investment solicitation, accounting/audit fraud, or bribery (including suspicions)," and the criterion for judging the necessity of reporting itself was based on subjective evaluation of whether it was "serious."

¹⁰⁴Refers to the Executive Officers in charge of the Investigation Team, Compliance Team, Operational Risk Management Team, Human Resources Team, Sales Personnel Team, Public Relations Team, Law Team, System Control Team, Business Support Team, Accounting Team, and Corporate Planning Team.

¹⁰⁵Refers to the Senior Officers in charge of each function of Compliance, Risk Management, Corporate Planning and Public Relations, Law, Human Resources and Ethics, External Affairs, Systems, Operations, General Affairs, and Financial Management.

¹⁰⁶Refers to the person in charge of compliance, risk management, external affairs, legal affairs, human resources, ethics, and internal audit at the PFI.

LPs' Customer Services

The norms that should serve as evaluation standards for the conduct of LPs and the appropriateness of management and supervision by field management in the Monetary Transaction Cases are broadly divided into "laws and regulations, etc." and "internal rules." An overview of them is as follows.

(1) Laws and Regulations, etc.¹⁰⁷

A. Insurance Business Act, Supervisory Guidelines, and Guidelines

(a) Overview of Norms

The Insurance Business Act, in order to ensure fair and appropriate implementation of insurance solicitation and to protect policyholders, etc., restricts those who can engage in insurance solicitation and establishes rules to be observed during insurance solicitation (information provision obligations, intention confirmation obligations/system development obligations, prohibited acts, etc.).

Furthermore, the FSA has established and published the "Comprehensive Guidelines for Supervision for Insurance Companies, Main Document" (established on August 12, 2005, last revised on August 17, 2026; hereinafter referred to as the "Supervisory Guidelines"), and the Life Insurance Association of Japan, an industry organization of life insurance companies, has also established guidelines in relation to insurance solicitation, including the "Guidelines on Sales Activities" (established on December 3, 2015, last revised on January 29, 2026) and the "Guidelines on the Development of Systems for Insurance Agents" (established on November 12, 2015, last revised on May 13, 2026) (hereinafter collectively referred to as the "Life Insurance Association Guidelines").

These rules are primarily rules concerning insurance solicitation and do not directly apply to acts that are not insurance solicitation activities themselves, for example, as seen in the Monetary Transaction Case, acts where an LP undertakes investment management by means other than concluding contracts of company's insurance products, from customers, etc., introduces investment products of other companies to customers, etc., or borrows money from customers, etc. However, in cases where inappropriate conduct in relation to customers, etc. is recognized, the insurance company may report it to the FSA or the Director-General of the Local Finance Bureau, etc. (as defined in (b) ii. below) as a misconduct case.

At POJ, for cases in the Monetary Transaction Cases that were determined to constitute misconduct in light of the Agency Misconduct Report Standards (established on December 29, 1998, last revised on June 18, 2024), reporting described in (d) below was made to the Commissioner of the FSA or the Director-General of the Local Finance Bureau, etc.

¹⁰⁷ The laws and regulations (meaning laws, cabinet orders, rules, notifications, orders, ordinances, guidelines, and other regulations) described in Section 2.6(1) shall, in principle, mean the laws and regulations as of the reference date when any date is not specified.

(b) Concepts Underlying the Norms

i. Insurance Solicitation and Life Insurance Agents

Under the Insurance Business Act, the act of agency or intermediation in the conclusion of insurance contracts is referred to as "insurance solicitation"¹⁰⁸, which specifically includes the explanation of insurance contract terms for the purpose of soliciting contract conclusion, receipt of insurance contract applications, and the like¹⁰⁹.

In addition, officers¹¹⁰ and employees of life insurance companies who engage in acting as agents for or intermediating insurance contracts on behalf of such life insurance companies fall under the category of "life insurance agents"¹¹¹, and since LPs are employees of POJ who engage in soliciting the conclusion of contracts related to POJ's life insurance, etc., they fall under the category of "life insurance agents."

ii. Registration System

In order for life insurance agents to conduct insurance solicitation, they must obtain registration from the Director of a Local Finance Bureau or the Director of the Fukuoka Local Finance Branch (hereinafter, the Directors of Local Finance Bureaus and the Director of the Fukuoka Local Finance Branch are collectively referred to as "Directors of Local Finance Bureaus, etc."), who have been delegated authority from the Prime Minister through the Commissioner of the FSA¹¹². Insurance solicitation without such registration is subject to criminal penalties of imprisonment for not more than one year or a fine of not more than JPY 1 million, or both. Also, persons who have committed grossly inappropriate acts in relation to insurance solicitation within three years prior to the date of application are among those disqualified from registration¹¹³, and "grossly inappropriate acts in relation to insurance solicitation" include acts that are detrimental to the protection of policyholders and others, such as misappropriating insurance premium equivalents or insurance premiums entrusted by customers, or taking advantage of the ignorance of policyholders¹¹⁴.

Life insurance companies are required to take measures to improve the ability of life insurance agents to conduct fair insurance solicitation¹¹⁵, and as one of these measures, they have adopted the practice of utilizing the examination system implemented by the Life Insurance Association of Japan and appointing those who have passed the exam as life insurance agents¹¹⁶. Those who wish to become life insurance agents are required to

¹⁰⁸Insurance Business Act, Article 2, Paragraph 26

¹⁰⁹Supervisory Guidelines II-4-2-1(1)①

¹¹⁰Officers with representative authority, auditors, members of audit and supervisory committees, and members of audit committees are excluded.

¹¹¹Insurance Business Act, Article 2, Paragraph 19

¹¹²Insurance Business Act, Article 275, Paragraph 1, Item 1, Article 276, Article 313, Paragraphs 1 and 2, Article 317-2, Item 4, Enforcement Order of the Insurance Business Act, Article 49, Paragraph 1, Item 3.

¹¹³Article 279, Paragraph 1, Item 6 of the Insurance Business Act

¹¹⁴See Supervisory Guidelines V-1-6(1)

¹¹⁵Article 100-2 of the Insurance Business Act, Article 53, Paragraph 1, Item 3 of the Insurance Business Act Enforcement Regulations

¹¹⁶See the "2nd Financial System Council Working Group on Non-Life Insurance Business Systems, etc.,

complete the life insurance industry-common educational curriculum in order to take the examination¹¹⁷.

(c) Regulations on Insurance Solicitation

i. Obligation to Provide Information and Obligation to Ascertain Intentions

Insurance companies and life insurance agents must provide information on the content of insurance contracts and other information that serves as a reference for policyholders, etc., in order to contribute to the protection of customers, etc., in relation to the conclusion of insurance contracts, insurance solicitation, etc.¹¹⁸

In addition, life insurance agents must, in relation to the conclusion of insurance contracts, insurance solicitation, etc., ascertain the intentions of customers, etc., propose the conclusion of insurance contracts, etc. (conclusion of insurance contracts or enrollment in insurance contracts) that are in line with their intentions, explain the content of such insurance contracts, and provide customers, etc. with an opportunity to confirm that their intentions and the content of the insurance contracts are consistent at the time of concluding the insurance contracts, etc.¹¹⁹

ii. Prohibited Acts of Life Insurance Agents

Insurance companies and life insurance agents are prohibited, in connection with insurance solicitation, from making false statements to customers, etc. or from failing to inform them of important matters that would affect the judgment of policyholders or the insured¹²⁰.

In addition, life insurance agents must not offer or promise policyholders, insured persons or others any special benefit in connection with the conclusion of insurance contracts¹²¹ or insurance solicitation, including a discount or rebate of insurance premiums, the purchase of goods, the provision of services, or any other transaction that is not considered reasonable in light of generally accepted business practices (the so-called prohibition of provision of special benefits). "Special benefits" may include not only direct discounts or rebates in the form of cash payments, but also the provision of expensive goods or services that deviate from the scope of what is considered reasonable under social norms, or the provision of goods or services conditional upon the conclusion of an insurance contract¹²².

Material 1, Secretariat Explanatory Material" (p. 5, Note 1) by FSA (October 16, 2024) (https://www.fsa.go.jp/singi/sonpo_wg/siryou/20241016/1.pdf, last accessed September 18, 2026).

¹¹⁷ "Life insurance industry-common educational curriculum" Life Insurance Association of Japan (<https://www.seiho.or.jp/exam/curriculum/>, last accessed September 18, 2026)

¹¹⁸ Insurance Business Act Article 294, Paragraph 1, Main Clause

¹¹⁹ Insurance Business Act Article 294-2, Main Clause

¹²⁰ Insurance Business Act Article 300, Paragraph 1, Item 1

¹²¹ Insurance Business Act Article 300, Paragraph 1, Item 5

¹²² For example, this includes acts such as promising the policyholder that "the first premium is free," soliciting insurance contracts by shouldering the first premium on behalf of the applicant, or recruiting prospective

iii. Grounds for Cancellation of Life Insurance Agent Registration and Deletion of Registration

The Prime Minister may cancel the registration of specified insurance agents (which includes life insurance agents¹²³) when they fall under certain grounds¹²⁴.

As such a ground, "when it is recognized that the person has conducted significantly inappropriate acts related to insurance solicitation" is stipulated¹²⁵, and this may include insurance solicitation acts that deviate from the original purpose of insurance, such as misappropriation or diversion of insurance premiums, signing or sealing on behalf of others, solicitation without meeting in person, fictitious contracts, and unauthorized contracts¹²⁶.

(d) Reporting of Misconduct Cases Involving Life Insurance Agents

Under the Insurance Business Act, when a "misconduct case" occurs at an insurance company, the insurance company is required to file a misconduct report within 30 days from the date it becomes aware of the misconduct¹²⁷.

The term "misconduct case" as used here refers to cases where a life insurance agent of an insurance company has engaged in any of the following acts, etc.¹²⁸

- ① Fraud, embezzlement, breach of trust, or other crimes in the execution of the insurance company's business¹²⁹
- ② Acts that violate the Act on Regulating the Receipt of Contributions, the Receipt of Deposits and Interest Rates, etc. (hereinafter referred to as the "Investment Deposit and Interest Rate Act")¹³⁰
- ③ Acts that violate the regulations on insurance solicitation activities under the Insurance Business Act¹³¹
- ④ Other acts that hinder or are likely to hinder the sound and appropriate operation of an insurance company's business and are equivalent to the acts listed in the preceding items¹³²

Therefore, if an LP commits criminal acts such as fraud or embezzlement against customers, etc. in the course of performing the business of POJ, POJ must file a

insurance applicants by telling them "if you sign up for insurance, we will present you with a gift certificate without fail." Takeo Nakahara, Keita Yamamoto, Hidetada Seki, and Daiki Okamoto, "Compliance in Insurance Business [4th Edition]," pp. 190-191 (Kinzai Institute for Financial Affairs, 2021)

¹²³Insurance Business Act Article 276

¹²⁴Insurance Business Act Article 307, Paragraph 1

¹²⁵Insurance Business Act Article 307, Paragraph 1, Item 3

¹²⁶Edited by Takayuki Kitagawa, Life Insurance Contract Law Study Group, "Q&A Handbook Life Insurance Contract: Theory and Practice of Life Insurance Contracts," p. 71 (Sokousha, 2023). See FSA "Inspection Manual for Insurance Companies" (abolished on December 18, 2019).

¹²⁷Insurance Business Act Article 127, Paragraph 1, Item 8; Enforcement Regulations of the Insurance Business Act Article 85, Paragraph 1, Item 25, Paragraph 8, Paragraph 9

¹²⁸Insurance Business Act Article 127, Paragraph 1, Item 8, Insurance Business Act Enforcement Regulations Article 85, Paragraph 8

¹²⁹Insurance Business Act Enforcement Regulations Article 85, Paragraph 8, Item 1

¹³⁰Insurance Business Act Enforcement Regulations Article 85, Paragraph 8, Item 2

¹³¹Insurance Business Act Enforcement Regulations Article 85, Paragraph 8, Item 3

¹³²Insurance Business Act Enforcement Regulations Article 85, Paragraph 8, Item 6

misconduct report within 30 days from the time it becomes aware of such acts.

(e) Summary

As described above, the rules stipulated in the Insurance Business Act, the Supervisory Guidelines, and the Life Insurance Association Guidelines are all primarily focused on insurance solicitation, and basically do not directly regulate life insurance agents including LPs, from engaging in transactions not directly related to their own insurance solicitation activities, (such as lending money, investment solicitation, etc.)¹³³. However, if the conduct of an LP constitutes a misconduct case, POJ shall file a misconduct report.

B. Regulations under the Financial Instruments and Exchange Act and Other Laws and Regulations

(a) Financial Instruments and Exchange Act

i. Prohibition of Unregistered Business Operations

Under the Financial Instruments and Exchange Act, those who engage in financial instruments business are required to register with the Prime Minister¹³⁴, and if they conduct financial instruments transactions (acts enumerated in each item of Article 2, Paragraph 8 of the Financial Instruments and Exchange Act) as a business without registering for financial instruments business¹³⁵, they will be subject to penalties (imprisonment for not more than 10 years or a fine of not more than 10 million yen, or both) as an unregistered financial instruments business¹³⁶.

ii. Prohibition of Solicitation by Unregistered Operators

Under the Financial Instruments and Exchange Act, it is prohibited to solicit the conclusion of a contract (financial instruments transaction contract) that involves conducting financial instruments transaction acts for the purpose of engaging in financial instruments business without obtaining registration as a financial instruments business operator¹³⁷, and this is subject to criminal penalties (imprisonment for not more than one year or a fine of not more than one million yen, or both) ¹³⁸. This regulation aims to thoroughly prevent investors from being harmed by unregistered operators by prohibiting unregistered operators from "soliciting" investors to conclude contracts for financial instruments transactions at the stage prior to conducting acts that fall under financial

¹³³While Article 42-6 of the Financial Instruments and Exchange Act prohibits lending of money or securities to customers in investment management business, no such provision exists in the Insurance Business Act.

¹³⁴Article 29 of the Financial Instruments and Exchange Act

¹³⁵This includes brokerage of purchase and sale of securities or derivative transactions, handling of public offering and private placement of securities, advice based on investment advisory contracts, investment management based on discretionary investment contracts, brokerage of conclusion of investment advisory contracts or discretionary investment contracts, custody of money, etc. related to purchase and sale of securities, etc. or derivative transactions, etc. (Financial Instruments and Exchange Act, Article 2, Paragraph 8, Items 2, 3, 4, 9, 11, 12(b), 13, and 16).

¹³⁶Financial Instruments and Exchange Act Article 197, Paragraph 1, Item 4-3

¹³⁷Financial Instruments and Exchange Act Article 31-3-2, Item 2

¹³⁸Financial Instruments and Exchange Act Article 200, Item 12-3

instruments business¹³⁹.

Regarding the meaning of "solicitation," in addition to typical solicitation acts of recommending and inducing individual customers to buy or sell securities or engage in derivative transactions, based on the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." (established on July 31, 2007 and last revised on August 17, 2026) issued by the FSA (hereinafter referred to as the "Supervision Guidelines for Financial Instruments Business Operators, etc."), explanations of the content of individual products may constitute "solicitation"¹⁴⁰.

Regarding "intermediation" in the buying and selling of securities or derivative transactions in unregistered business operations, and "intermediation" in the conclusion of investment advisory contracts or discretionary investment contracts, there is no legal definition, and it is generally interpreted as a factual act of standing between other parties and making efforts to establish a legal act between those parties¹⁴¹. However, in making such determinations, the presence or absence of "solicitation" is considered to be an important indicator in judging whether something constitutes "intermediation." Therefore, in practice, whether or not something constitutes "solicitation" often becomes an important watershed in determining whether an act in question corresponds to unregistered business operation¹⁴².

The Supervisory Guidelines for Financial Instruments Business Operators, etc. list "general explanations of the structure and utilization methods of financial instruments at financial product briefings, etc." as acts that do not constitute "intermediation" for the conclusion of discretionary investment contracts, etc., and it is also stated that there is no issue with simply conveying the trade name, contact information, etc. of investment advisory service providers or discretionary investment business operators¹⁴³.

iii. Application to LP's Acts in the Monetary Transaction Cases

In light of the above regulations, it is considered highly likely that acts by an LP such as introducing a financial instruments business operator by providing its trade name, contact information, etc., or merely explaining the business content of the financial instruments business operator it intends to introduce, or the structure and utilization methods of products based on general products rather than explaining individual financial products, do not constitute "solicitation" or "intermediation" of financial instruments transaction contracts prohibited by the Financial Instruments and Exchange Act.

¹³⁹Hideki Kanda, Etsuro Kuronuma & Naohiko Matsuo (eds.), *Commentary on the Financial Instruments and Exchange Act*, Vol. 2, p. 122 (Shoji Homu, 2014)

¹⁴⁰Supervisory Guidelines for Financial Instruments Business Operators, etc. VII-2-1-1 (Note). Arito Okoshi & Hiroki Iwai (eds.), *Commentary on Key Issues: Business Regulation under the Financial Instruments and Exchange Act*, p. 5 (Kinzai Institute for Financial Affairs, Inc., 2026)

¹⁴¹Kanda Hideki, Kuronuma Etsuro, and Matsuo Naohiko eds., *"Financial Instruments and Exchange Act Commentary Vol. 1 [2nd Edition]"*, p. 143 (Shoji Homu, 2018)

¹⁴²Okoshi Arito and Iwai Hiroki eds., *"Explanation of Issues: Business Regulation under the Financial Instruments and Exchange Act"*, p. 5 (Kinzai Institute for Financial Affairs, Inc., 2026)

¹⁴³FSA Supervision Guidelines for Financial Instruments Business Operators, etc. VII-3-1(2)②(b)

On the other hand, if an LP goes further and, as part of a business, continuously solicits customers and prospective customers to purchase securities such as stocks, or even explains the details of individual financial products, this may constitute "solicitation" or "intermediation" prohibited under the Financial Instruments and Exchange Act, and may fall under unregistered business operations or solicitation or intermediation acts by unregistered operators.

(b) Payment Services Act

i. Prohibition of Unregistered Crypto Asset Exchange Services, etc.

Under the Payment Services Act (hereinafter referred to as the "Payment Services Act"), those who engage in crypto asset exchange business are required to register with the Prime Minister¹⁴⁴, and if crypto asset exchange or other activities are conducted as a business without registration for crypto asset exchange business, it is subject to penalties (imprisonment for not more than 3 years or a fine of not more than 3 million yen, or both) as unregistered crypto asset exchange business¹⁴⁵.

Under the Payment Services Act, "Crypto-assets" are defined as two types: (1) property value that can be used for payment to unspecified persons and can be purchased and sold with unspecified persons, is electronically recorded, and is electronically transferable (excluding legal tender, currency-denominated assets, and electronic payment instruments) (so-called "Type 1 crypto-assets¹⁴⁶"), and (2) property value that is electronically transferable for the purpose of being mutually exchanged with Type 1 crypto-assets with unspecified persons as counterparties (so-called "Type 2 crypto-assets¹⁴⁷"). Bitcoin (BTC), Ethereum (ETH), and others are included in Type 1 crypto assets.

In addition, under the Payment Services Act, conducting "exchange of crypto assets, etc." as a business constitutes "crypto asset exchange business," and "exchange of crypto assets, etc." includes the buying and selling of crypto assets, exchange with other crypto assets, and acts of intermediation for such acts¹⁴⁸.

Therefore, "intermediation" of the sale and purchase or exchange of crypto assets conducted "as a business" without registration is prohibited, and the definitions of "as a business" and "intermediation" are generally the same as those in the Financial Instruments and Exchange Act¹⁴⁹.

ii. Application to LP's Acts in the Monetary Transaction Cases

Based on the above regulations, it is considered highly likely that acts by an LP such as

¹⁴⁴Payment Services Act, Article 63-2

¹⁴⁵Payment Services Act, Article 107, Item 12

¹⁴⁶Payment Services Act, Article 2, Paragraph 14, Item 1

¹⁴⁷Article 2, Paragraph 14, Item 2 of the Payment Services Act

¹⁴⁸Article 2, Paragraph 15, Items 1 and 2 of the Payment Services Act

¹⁴⁹FSA Administrative Guidelines Volume 3: Financial Companies "16. Crypto Asset Exchange Service Providers" I-1-2-2 ① ②

informing customers and prospective customers of the trade name and contact information of a crypto asset exchange service provider and introducing them, or acts that are limited to explaining the business content of the crypto asset exchange service provider they intend to introduce, or the general mechanisms and utilization methods of crypto assets, do not constitute "intermediation" of crypto asset transaction contracts prohibited under the Payment Services Act.

On the other hand, going further, if an LP continuously recommends the purchase of crypto assets to customers, etc., or even provides explanations of the product details of individual crypto assets, this could constitute "intermediation," which is prohibited under the Payment Services Act.

(c) Investment Deposit and Interest Rate Act

i. Prohibition of Accepting Deposits

The Investment Deposit and Interest Rate Act prohibits receipt of deposits as a business, except where special provisions are provided for under other laws¹⁵⁰. The term "as a business" here is understood to refer to receiving deposits with the intention of repeatedly and continuously doing so¹⁵¹.

Furthermore, "deposits" refers to "the receipt of money from an unspecified large number of persons" which constitutes either "the receipt of deposits, savings, or installment savings" or "bonds, borrowings, or regardless of what name is used, those having the same economic characteristics as those listed in the preceding item¹⁵²."

ii. Application to LP's Acts in the Monetary Transaction Cases

When an LP repeatedly and continuously accepts money from an unspecified large number of customers, etc. with a guarantee of principal, this may constitute the business of receiving deposits prohibited under the Investment Deposit and Interest Rate Act.

(2) POJ's Internal Rules

A. Main Internal Rules

(a) Field Employee Working Rules (Established on February 1, 1988, last revised on April 1, 2026)

The working rules are intended to stipulate the duties and working conditions of sales employees and apply to LPs, Agency Managers, and Sales Managers¹⁵³.

The provisions of the working rules that are relevant to the conduct involved in the present cash receipt/payment matter, as well as the history of amendments thereto, are described in Sections (b) and (c) below.

¹⁵⁰Article 2, Paragraph 1 of the Act on Regulating the Receipt of Contributions, the Receipt of Deposits and Interest Rates, etc.

¹⁵¹Osamu Sakuma, "Systematic Economic Criminal Law," pp. 150-151 (Chuo Keizai-sha, 2022)

¹⁵²Article 2, Paragraph 2, Items 1 and 2 of the Investment Deposit and Interest Rate Act

¹⁵³Articles 1 and 2 of the Field Employee's Disciplinary Action Rules

(b) Field Employee's Disciplinary Action Rules (Established on January 1, 1998, last revised on April 1, 2026)

The rules as of the reference date aim to maintain a proper and favorable workplace environment, ensure a disciplined operational management structure, and contribute to the company's existence and business development, by stipulating matters related to discipline, including grounds for disciplinary action, acts that violate the company order, and types of disciplinary actions¹⁵⁴.

The scope of application of the rules includes LPs, as well as Agency Managers and Sales Managers¹⁵⁵; however, prior to the revision on April 1, 2026, they applied only to LPs.

In addition, as of this reference date, there are five types of disciplinary actions, in ascending order of severity: admonition, reprimand, suspension from work, dismissal by recommendation, and disciplinary dismissal¹⁵⁶, and the standard disciplinary actions for each violation stipulated in the attached table of the rules are determined within the prescribed range after taking into consideration the specified aggravating or mitigating factors¹⁵⁷. In addition, even for conduct that does not correspond to disciplinary action, a stern warning may be issued when there is a strong demand for prevention and recurrence prevention of similar cases from the perspective of impact on customers or the company and the nature of the conduct¹⁵⁸.

(c) Field Management's Disciplinary Action Rules (established February 1, 2002, last revised April 1, 2026)

The rules as of the reference date aim to maintain an appropriate and sound workplace environment, ensure a disciplined business operation system, and contribute to the company's existence and the development of its business by stipulating the acts subject to disciplinary action, the types of disciplinary action, and personnel treatment concerning the discipline of field management¹⁵⁹.

Prior to the revision on April 1, 2017, the purpose of these rules was primarily focused on pursuing the managerial responsibility of field management, and the rules were not applicable to disciplinary violations committed by the field management themselves;

¹⁵⁴Article 1 of the Field Employee's Disciplinary Action Rules. At the time of enactment, the purpose provision stipulated that "The purpose of these rules is to establish the grounds for disciplinary actions, the types of disciplinary actions, and the personnel handling with respect to sales employees under disciplinary actions."

¹⁵⁵Article 2 of the Field Management's Disciplinary Action Rules, Article 2 of the Field Employee Working Rules

¹⁵⁶Article 3 of the Field Employee's Disciplinary Action Rules

¹⁵⁷Article 5 of the Field Employee's Disciplinary Action Rules. For violations for which standard disciplinary actions are not specified, disciplinary actions shall be decided within the specified range by comprehensively considering various circumstances such as the content, degree, and circumstances of the conduct constituting the disciplinary offense. In addition, if the malicious nature of the conduct, the impact on customers or the company, the degree of extenuating circumstances, or special circumstances to be taken into account are confirmed, disciplinary actions may be decided beyond the specified range.

¹⁵⁸Article 4 of the Field Employee's Disciplinary Action Rules

¹⁵⁹Field Management's Disciplinary Action Rules Article 1

however, as a result of the revision on April 1, 2017, both managerial responsibility and their own conduct are now subject to application of the rules.

The scope of application of the rules as of the reference date is Agency Managers and Sales Managers¹⁶⁰.

Furthermore, as of the reference date, there are seven types of disciplinary actions in ascending order of severity: admonition, (severe) reprimand, salary reduction, suspension from work, dismissal/demotion, dismissal by recommendation, and disciplinary dismissal.¹⁶¹ Similar to the Field Employee's Disciplinary Action Rules, the standard disciplinary actions for each violation specified in the attached table are determined within the prescribed range after taking into consideration the designated aggravating and mitigating factors¹⁶². Furthermore, even in cases of conduct that does not correspond to disciplinary action, a stern warning may be issued when there is a strong demand for prevention or recurrence prevention¹⁶³.

Furthermore, according to the rules, even when sales managers themselves do not have any violations as stipulated in Field Employee's Disciplinary Action Rules, in a case where employees including subordinate LPs commit acts subject to disciplinary action, in principle, the immediate supervisor who manages and supervises the employee in question, will be held accountable for the prescribed management and supervisory responsibilities, and in a case where an employee causes a misconduct case that falls under the "Agency Misconduct Reporting Standards," in principle, both the immediate supervisor who manages and supervises the employee in question and their superior will be held accountable for the prescribed management and supervisory responsibilities¹⁶⁴.

(d) Compliance Manual (Last revised on June 1, 2026)¹⁶⁵

As of the reference date, the Manual has been developed as an internal rule that specifically describes explanations of laws and regulations that POJ officers and employees should comply with, as well as points to be noted regarding laws and regulations to be complied with in accordance with each business operation. Prior to the revision on April 1, 2021, the "Company-Wide Common Section" provided general provisions on matters common to all officers and employees, and as individual sections, the

¹⁶⁰ Field Management's Disciplinary Action Rules Article 2, Field Employee Working Rules Article 2. According to POJ, while LPs are included in the definition of these rules, it is expected that the Field Employee's Disciplinary Action Rules will be applied to LPs. In addition, the Rules do not apply to office staff.

¹⁶¹ Field Management's Disciplinary Action Rules, Article 3

¹⁶² Field Management's Disciplinary Action Rules Article 5. For violations for which standard disciplinary actions are not established, disciplinary actions shall be determined within the established range by comprehensively considering various circumstances such as the nature, degree, and circumstances of the conduct warranting disciplinary action. When the malicious nature of the conduct, the impact on customers and the company, the degree of extenuating circumstances, or special circumstances to be taken into account are confirmed, disciplinary actions may be determined beyond the established range.

¹⁶³ Article 4 of the Field Management's Disciplinary Action Rules

¹⁶⁴ Article 8 of the Field Management's Disciplinary Action Rules

¹⁶⁵ According to POJ, it was stated that the date of enactment of the Compliance Manual could not be confirmed.

"Sales-Related (Home Office/Agency Office) Section," "Field Management Section," and "Asset Management Section" provided specific topics. However, with the revision on April 1, 2021, the structure was changed to three sections: "Life Planner Section," "Field Management Section," and "Home Office Staff Section," so that each person can refer to the section corresponding to their job type and find all the information they need.

In the "Life Planner Section," POJ's policies and codes of conduct, compliance framework (including explanations of the whistle blowing system, educational training system, etc.), regulations under laws and internal rules (Insurance Business Act, Insurance Act, Financial Instruments and Exchange Act, etc.), points to note regarding working (including anti-discrimination, anti-harassment, etc.), manuals for appropriate insurance sales, and other matters are described.

Furthermore, although the content of the "Field Management Section" substantively overlaps to "Life Planner Section," in addition to the above, it describes matters such as points to note when hiring LPs, the management and supervisory responsibilities of field managers, and points to note when implementing sales strategies at Agencies and Sales Offices as duties of field managers.

(e) Standards for Operations of the Disciplinary Committee Secretariat (established on November 22, 2012, last revised on April 1, 2026)

The standards as of the reference date stipulate the standards for the frequency of Disciplinary Committee meetings, deliberation methods, the disciplinary decision process, and other related matters.

When the standards were revised on May 28, 2014, it was stipulated that when the proposed disciplinary action for a person subject to disciplinary action is dismissal (or "equivalent to dismissal" in the case of a person who has resigned), consideration should also be given to whether or not an application to the Registration System of Life Insurance Agent Information including Discontinuance of Business, etc. is necessary.

The Registration System of Life Insurance Agent Information including Discontinuance of Business, etc. is a system operated by the Life Insurance Association of Japan for the purpose of assisting life insurance companies in judging the eligibility and qualifications of life insurance agents, ensuring the sound and proper operation of life insurance companies' business and the fairness of insurance sales, and thereby contributing to the protection of the interests of policyholders and other related parties and the sound development of the insurance business, through the joint use of information regarding life insurance agents who have engaged in significantly improper conduct in relation to insurance business. Through this registration system, information of agents if agents fall into the registration criteria in the table below is registered in the Life Insurance Association of Japan's Registration System of Life Insurance Agent Information including Discontinuance of Business, etc. during the retention and management period specified in the table, and each

insurance company that is a member of the Life Insurance Association of Japan is able to refer such information.

Registration Criteria	Retention and Management Period ¹⁶⁶
Where a life insurance agent has fraudulently obtained or misappropriated customer funds in connection with insurance solicitation, etc. ¹⁶⁷	20 years
Inappropriate acts related to life insurance business	3 years
When a life insurance agent has received an administrative disposition of cancellation of registration based on Article 307, Paragraph 1 of the Insurance Business Act	3 years ¹⁶⁸
The information of life insurance agents who caused extremely inappropriate incidents which were notified from the General Insurance Association of Japan to the Life Insurance Association of Japan	3 years or 20 years ¹⁶⁹

Of these, the "inappropriate conduct related to life insurance business" mentioned second one from the top in the above table, as of the reference date, also includes the following acts, which was clarified by the Life Insurance Association of Japan¹⁷⁰.

- Cases where customer information obtained through life insurance business is used to defraud or misappropriate money from the customer, or where money entrusted by the customer is not repaid by the due date
- Cases where customer information acquired through life insurance business is used to introduce financial products handled by unregistered and unlicensed operators or such operators, etc. to customers, resulting in financial damages to those customers

In addition, the above-mentioned "Standards for Operations of Disciplinary Committee Secretariat" as of the reference date includes a provision to the effect that "in cases where a field manager changes job type to LP, the managerial responsibility from the time as a

¹⁶⁶The starting date is the date on which the life insurance agent ceased business, etc., or retired.

¹⁶⁷This includes not only cases where a life insurance agent has fraudulently obtained or misappropriated insurance premiums, etc., but also cases where he/she has fraudulently obtained or misappropriated insurance claims, benefits, policy loans (repayments), surrender values, etc. (including those resulting from fraudulent insurance claims).

¹⁶⁸The retention and management period is 20 years when it also falls under "cases where a life insurance solicitor has defrauded or misappropriated customer funds in connection with insurance solicitation, etc."

¹⁶⁹The retention and management period will be as notified by the General Insurance Association of Japan.

¹⁷⁰The "Registration System of Life Insurance Agent Information including Discontinuance of Business, etc. and the Registration System of Agency Information including Discontinuance of Business, etc." by Life Insurance Association of Japan (https://www.seiho.or.jp/personal/retire_sharing/, last accessed September 18, 2026)

field manager shall not be questioned." ¹⁷¹ This provision was added in the revised Standards on October 1, 2022, and prior to the revision on that date, the same treatment was applied in practice. This provision is intended to provide opportunities for improvement as a field manager, and was established because such intent does not apply to those who have changed job categories to LP and are no longer field managers¹⁷². However, in the revision on April 1, 2026, a proviso was added stipulating that "management responsibility for cases occurring on or after such date shall be subject to disciplinary action regardless of the job category at the time of disciplinary action."

It should be noted that prior to the revision on October 1, 2022, there was a provision stating that "when a field manager changes position to become a Head Chief Marketing Officer, the managerial responsibility from their time as a field manager shall not be questioned" (underlined for emphasis in the Report), and the rationale for this was explained as "since the possibility of returning to the position of field manager at an Agency Office after assuming the position of Head Chief Marketing Officer is low, the purpose of questioning the aforementioned managerial responsibility is not appropriate," and operations based on this interpretation had been conducted since around spring of 2013. However, from the perspective of fairness and providing opportunities for improvement as a manager, this provision was abolished by the revision on October 1, 2022, and field managers who changed job categories to Head Chief Marketing Officer became subject to being held accountable for their managerial responsibilities during their time as field managers.¹⁷³

B. Rules on Investment Solicitation, Introduction of Investment Products and Investment Companies, etc.

(a) Revision of the Compliance Manual - Company-Wide Common Section on November 1, 2013

In the revision on November 1, 2013, "13. Prohibition of Involvement in Investment Products, etc. Not Approved for Handling by the Company" was added to the Compliance Manual - Company-Wide Common Section, and it was clearly stated that sales employees are prohibited from any involvement whatsoever, such as explaining individual investment

¹⁷¹The same provisions apply to the management responsibilities held during the time as a home office manager when a home office manager changes job category to a home office non-manager.

¹⁷²Similar provisions are also established in Gibraltar.

¹⁷³Similar provisions are also established in Gibraltar.

products or schemes not approved for handling by the company¹⁷⁴¹⁷⁵. In addition, it was also clearly stated that "violations of this may result in disciplinary action in accordance with the Field Employee's Disciplinary Action Rules."

The following matters are listed as specific examples of prohibited involvement in investment products.

- ① Soliciting or introducing investment products, etc. to customers, etc., and receiving fees, etc. regardless of the name as consideration for such activities (even if fees, etc. are not received as consideration, it constitutes involvement in investment products, etc.).
- ② Communicating to customers, etc. matters that are uncertain in the future regarding investment products, etc. based on speculation
- ③ Providing specific explanations to customers, etc. regarding products or schemes, such as the characteristics of investment products, etc.
- ④ Introducing parties related to investment products, etc. to customers, etc.
- ⑤ Communicating the names of investment products, etc. to customers, etc. (however, investment products, etc. handled by financial institutions that have received licenses/registrations from Japanese supervisory authorities are excluded.)

At the time of said revision, it was also clarified that the above rules would apply "when acting in a personal capacity" and "when requested by customers and prospective customers."

(b) Revision of the Field Employee Working Rules on May 1, 2020

In the revision of said rules on May 1, 2020, a provision was added stating that "sales employees shall not engage in any involvement whatsoever with individual investment products, schemes, etc. that the company does not authorize for handling, in the connection with customers and prospective customers."

Furthermore, the Compliance Manual "Life Planner Section" revised on April 1, 2021,

¹⁷⁴According to the Compliance Manual as of this reference date, the purpose of this regulation is as follows: when handling investment products, etc., it is necessary to comply with related laws and regulations such as the Financial Instruments and Exchange Act and the Act on the Development of an Environment for the Provision and Utilization of Financial Services, and involvement without appropriate knowledge or qualifications may lead to violations of laws and regulations or liability for damages in the event that customers suffer losses, and there have actually been cases where customers have suffered significant losses and demanded compensation for damages; furthermore, Article 100 of the Insurance Business Act stipulates restrictions on other businesses, and there is a risk of violating the Insurance Business Act if one becomes involved in investment products, etc., for which handling is not permitted. Furthermore, according to the manual as of this reference date, there are no investment products that POJ has authorized for handling, excluding the company's own sales products.

¹⁷⁵Prior to the revision, there were no internal rules that directly restricted involvement in investment products, etc. Therefore, investment solicitation by LPs, introduction of investment products and investment businesses, etc., were not explicitly prohibited, and whether such actions constituted grounds for disciplinary action was structured to be determined based on the employment regulations for sales employees at the time and other regulations.

organizes cases that do not violate the above provisions, such as explaining general matters without referring to specific products or introducing sales representatives of financial institutions licensed or registered by Japanese supervisory authorities, as well as examples that are subject to prohibition under the same provisions¹⁷⁶.

(c) Revision of Field Employee's Disciplinary Action Rules, etc. Based on Comparative Review with Gibraltar

From August 2024 onward, based on a review of POJ's investigation process and disciplinary system by Sales Practice experts from Prudential International Insurance (the international insurance business segment of PFI and its related management organization, hereinafter referred to as "PFI"), a comparative study with the system at Gibraltar was conducted, and at POJ as well, revisions were made to the Field Employee's Disciplinary Action Rules and Field Management's Disciplinary Action Rules on April 1, 2025, to align with Gibraltar's disciplinary rules.

In addition, discussions were held to standardize violation categories among group companies, and revisions were made to POJ's Field Employee's Disciplinary Action Rules, to add new standard disciplinary actions so as to align with Gibraltar's categories.

(d) Application to LP's Acts

As described above, at POJ, internal rules such as the Field Employee Working Rules and the Compliance Manual "Life Planner Section" prohibit LPs from engaging in any acts involving specific investment products or schemes that POJ does not authorize for handling with respect to customers, etc. Specifically, these prohibited acts include "soliciting or introducing investment products or schemes," "receiving fees regardless of the name as compensation", "providing concrete explanations regarding specific investment products or schemes", and "introducing parties related to investment products or schemes." On the other hand, conduct that does not refer to the content of individual investment products or schemes and is limited to general explanations is deemed not to conflict with internal rules.

If an LP engages in any of the above prohibited acts, disciplinary action will be taken in accordance with the Field Employee's Disciplinary Action Rules (or the Field Management's Disciplinary Action Rules for field managers).

C. Rules on Monetary Lending and Borrowing

(a) Revision of "Prudential Financial Principles & Policies" in October 2006

In the "Prudential Financial Principles & Policies" (last revised in December 2013, abolished on April 1, 2017), which is a policy applicable to the Group, the October 2006

¹⁷⁶Regarding this classification, while the Compliance Manual "Life Planner Section" does not contain provisions of laws/regulations or legal interpretations, it appears that reference is made to the interpretation of whether it constitutes "solicitation" (Article 31-3-2, Item 2 of the Financial Instruments and Exchange Act) under the Financial Instruments and Exchange Act as described in (1) B (a) (ii) above.

revision explicitly stipulated the prohibition of lending and borrowing between employees and customers as well as between employees, and from that point forward, violations of this policy resulted in disciplinary action based on the Field Employee's Disciplinary Action Rules. It should be noted that, prior to the said amendment, there were no express specific internal rules that directly restricted monetary loans and borrowings, etc. by LPs, and there were no disciplinary cases related to monetary loans and borrowings, etc. by LPs at that time.

(b) Revision of the Compliance Manual – “Company-Wide Common Section” on November 1, 2013

In the revision of the Compliance Manual – “Company-Wide Common Section” on November 1, 2013, the provision, "14. Prohibition of Monetary Lending and Borrowing with Customers, etc." was added, and it was clearly stipulated that sales employees are prohibited from engaging in monetary lending and borrowing with customers, etc., that is, both borrowing money and lending money are prohibited¹⁷⁷¹⁷⁸.

In addition, it was also clearly stated that "in case of violation of the said provision, disciplinary action may be taken in accordance with the Field Employee's Disciplinary Action Rules (at that time)." This revision was made to clarify the matter by adding the provision to the Compliance Manual, as multiple complaints had occurred regarding LPs' making personal loans to customers and prospective customers and failing to repay them, despite the fact that money lending and borrowing was prohibited under the "Prudential Financial Principles & Policies."

However, when customers, etc. were relatives of the sales employee in question (blood relatives within the sixth degree, spouses, and relatives by marriage within the third degree), this was exceptionally permitted in light of their personal relationship. Furthermore, as of November 1, 2013, there were no particular provisions regarding monetary loans between POJ employees, and such matters were not subject to disciplinary action¹⁷⁹.

(c) Revisions to the Field Employee Working Rules on May 1, 2020 and October 26, 2020

In the revisions to the Field Employee Working Rules on May 1, 2020 and October 26 of the same year, the following provisions were added to Article 16, Items 12 and 13,

¹⁷⁷According to the Compliance Manual as of this reference date, the purpose of this regulation is to prevent cases where troubles arise with customers at a later date and develop into complaints, which could lead to a loss of customer trust not only in the sales employee in question but also in the company, as well as to prevent acts that could lead to serious legal violations such as the misuse or embezzlement of money entrusted by customers and the provision of special benefits.

¹⁷⁸According to the Compliance Manual as of this reference date, the purpose and objective of prohibiting sales employees from lending to customers, etc. is to avoid situations where customers receive loans of money equivalent to insurance premiums from sales employees and sales employees effectively advance insurance premiums on behalf of customers, etc. (Advancing insurance premiums by life insurance agents may constitute the provision of special benefits by life insurance agents. See (1) A (c) ii above).

¹⁷⁹See (c) below.

respectively: "Do not engage in lending or borrowing of money or debt guarantees (requests or undertakings) between employees. However, this excludes cases involving relatives under the Civil Code," and "Do not engage in lending or borrowing of money or debt guarantees (requests or undertakings) with customers or prospective customers (hereinafter referred to as customers, etc.). However, this excludes cases involving relatives under the Civil Code." The revision of the Field Employee Working Rules was made in conjunction with a comprehensive review of the Compliance Manual, in order to further clarify that it constitutes the rules to be observed by sales employees and to strengthen controls by explicitly stipulating it in the Rules.

Furthermore, from April 1, 2021 onwards, the Compliance Manual "Life Planner Section" also explicitly stipulates the prohibition of monetary lending and borrowing and debt guarantees between employees.

(d) Revision of the Field Employee's Disciplinary Action Rules and Field Management's Disciplinary Action Rules on April 1, 2025

Based on the revision process described in B(c) above, the Field Employee's Disciplinary Action Rules and Field Management's Disciplinary Action Rules were revised on April 1, 2025, so as to make them align with Gibraltar's disciplinary rules, for cases that came to light in and after December 2024.

In addition, based on the same revision process described in B (c) above, effective April 1, 2026, were stipulated as additional violation acts and standard disciplinary actions were provided as to the rules restricting money lending and borrowing in the Field Employee's Disciplinary Action Rules.

(e) Application to LP's Acts

As described above, at POJ, internal rules such as the Field Employee Working Rules and the Compliance Manual - Life Planner Section prohibit LPs from engaging in monetary lending/borrowing or debt guarantees with customers, etc. and between employees, specifically acts such as "borrowing money from customers, etc.," "having customers, etc. guarantee debts," "lending money to employees, etc." However, monetary loans and debt guarantees between relatives under the Civil Code are excluded from the prohibited acts.

If an LP engages in any of the above prohibited acts, disciplinary action will be taken in accordance with the Field Employee's Disciplinary Action Rules (or the Field Management's Disciplinary Action Rules for sales managers).

(3) Internal Dissemination of the Norms

At POJ, internal rules are disseminated through the company's intranet, and important revisions are also posted on the company bulletin board. In the Rules Management Rules (established on February 28, 2007, last revised on April 1, 2026), it is also provided that

various rules shall be compiled in the rules collection by the team in charge of the relevant rules, and that when rules are established or revised, the team leader in charge of those rules shall endeavor to disseminate information about the content¹⁸⁰. Furthermore, as described in Section 3.1.(7)B(a) below, initial training (FTP) is provided to LPs who join the company, and in that process, compliance training is conducted to enhance the awareness of internal rules.

¹⁸⁰Rules Management Rules Article 4, Article 10

Section 3: LPs' Sales Activities, the Actual State of Field Management's Management and Supervision of their Activities, and HO's Management and Supervision Situations (including relevant systems)

In analyzing the causes of the long-term and frequent occurrence of the monetary transaction cases and the concealment of many of these cases, the following are important points: how LP, the life insurance agent (sales employee) who was the Subject Individual of the monetary transaction cases, was positioned at POJ and what kind of activities they engaged in; how the direct supervisors such as Agency Managers and Sales Managers, who are field management, managed and supervised LP's sales activities and under what kind of system; and furthermore, what kind of management and supervision was exercised by POJ Home Office. Therefore, these points are described in detail by categorizing in this Section three.

1. The LP System, Agency System, and the Actual State of LPs' Sales Activities

(1) Positioning of LPs at POJ

LPs are life insurance agents registered under the Insurance Business Act, as described in Section 2.6 (1) A (b) above. At POJ, an LP is "a life insurance professional¹⁸¹ who understands and analyzes each customer's individual circumstances and needs, and delivers high-quality services and peace of mind," "proposes the protection suitable for each customer inquiring into their future life plans and values in detail,¹⁸²" and "plays a role in providing lifelong personal services as a life partner even after the contract is concluded¹⁸³."

Furthermore, in the booklet containing the "Corporate Philosophy" that is distributed to LPs who join the company, it states that the greatest characteristic of POJ's sales policy is that "life insurance specialists called Life Planners conduct needs-based selling and provide customized life insurance sales tailored to the needs of each individual customer," and that "the company places equal emphasis not only on demanding knowledge and skills in life insurance and sales from Life Planners, but also on their awareness of social responsibility and personal development."

Furthermore, POJ describes on its website that it "utilizes its proprietary education system to train LPs as specialists equipped with extensive knowledge not only in life insurance but also in law, tax systems, social security systems, inheritance, and other areas."¹⁸⁴

¹⁸¹ "Features of Prudential Life" POJ (<https://www.prudential.co.jp/insurance/features/>, last accessed September 18, 2026)

¹⁸² "Corporate Profile" page 9 (January, 2026, POJ) (https://www.prudential.co.jp/assets_item/1/corporate_profile.pdf, last accessed September 18, 2026)

¹⁸³ Additionally, LPs are also expected to serve corporate clients as life insurance consultants with expertise in taxation and legal matters, providing services to design original insurance programs that include retirement benefit systems and condolence payment systems for employees and executives.

¹⁸⁴ "Training System and Qualification Acquisition Support" POJ (<https://www.prudential.co.jp/recruit/lifeplanner/training/>, last accessed September 18, 2026)

According to POJ, the company has adopted its business model (primarily the "LP system" for sales employees and the "Agency system"¹⁸⁵ for Agency Offices to which LPs belong) since its founding as of the reference date, and the philosophy of this business model is based on "maximizing respect for the autonomy and independence of Agencies and LPs, rewarding their contributions as C (Contribution) = C (Compensation (including not only monetary compensation but also rewards and personnel matters)), and thereby enabling LPs to maximize their potential and provide the best service to each customer through creativity and ingenuity." Therefore, POJ's basic stance has been to interfere as little as possible with the activities of Agencies and LPs, except in cases where it is essential to respond to legal and regulatory requirements.

POJ explains that the LP system is designed with the aim of maximizing the capabilities of LPs and also illustrate as follows using main characteristics, and keywords such as "independent self-employed business owner," "inverted pyramid," "My Client," "Free to Work," and "C=C" are used within the company related to "the basic philosophy," "the company's understanding of customers and markets," "its recruitment policy," "the manner in which approach to sales activities," and the systems relating to the compensation, personnel management, and performance evaluation of LPs.

<Basic Philosophy>

- Although LPs are employees, they are "independent self-employed individuals."
- LPs only need to focus on their customers in their work.
- Positions close to customers are respected (referred to as an "inverted pyramid," where the field is placed at the top and management at the bottom).

<Understanding of Customers and Markets>

- LPs have no personnel transfers or territories, and basically handle their own customers until retirement (referred to as "My Client").
- The company does not provide a market to LPs, and LPs start by conducting sales to their own close relatives, friends, and acquaintances, then expand their market through referrals.
- Through customer satisfaction and trust, referrals of new prospective customers can be obtained.

<Recruitment Policy>

- Basically, the company does not hire new graduates, and Agency Managers recruit talented individuals with high sales skills from other industries.

¹⁸⁵This refers to a system related to the sales organization at the Agency Office level and below, with the Agency Manager as the responsible person.

<Approach to Sales Activities>

- While the basic sales style and process are taught, marketing and other sales activities are left to the LP's creativity and discretion in their work style, as long as they do not violate laws or internal rules (referred to as "Free to Work").

<Systems regarding LP Compensation, Personnel, and Evaluation>

- A full commission compensation system is adopted based on the perspective that "contribution to customers = sales and contract continuation" (referred to as Contribution = Compensation, or "C = C").
- There is no concept of promotion, and there is no personnel evaluation from the company or field management¹⁸⁶.
- The underlying concept is that customer focus is naturally realized because the compensation system is based on receiving contracts from customers and maintaining those contracts, and business activities cannot be sustained without continued referrals from customers.
- The compensation system, the qualification program, and the recognition program use performance-related figures as criteria, and evaluation is made quantitatively (there are impacts on compensation due to disciplinary actions (such as business suspension) cancellation of qualifications and promotion/awards, etc.).
- There are no sales quotas, and LPs set their own goals necessary to achieve the success they aim for.

(2) Positioning of Field Management at Agency System

POJ explains that the agency system is a sales organization and related institutional framework characterized by an agency structure headed by an Agency Manager, who is responsible for the operations of the agency and its subordinate units and "designed with the purpose of maximally supporting the activities of LPs." In addition, POJ explains that field managers, consisting of Agency Managers and Sales Managers, serve as supporters of LPs in their sales activities. The specific features are as follows.

- The independence and autonomy of Agency management are respected, and Agency Managers are given significant responsibility and discretion.
- Agencies take the lead in discovering, recruiting, and training LP candidates.
- Basically, as field management, Sales Managers are appointed from among LPs, and Agency Managers are appointed from among Sales Managers (furthermore, Head Chief Marketing Officers belonging to the Home Office are appointed from among Agency Managers, and the Head Chief Marketing Officer, who is above multiple Head

¹⁸⁶ Furthermore, at POJ, becoming a field management position such as a Sales Manager or Agency Manager from LP is explained not as a promotion but as a "job type change."

- Chief Marketing Officers, is appointed from among Head Chief Marketing Officers).
- Personnel exchanges between Agencies and the Home Office are limited.
- The primary duties of Sales Managers are the recruitment and training of LPs.
- The compensation of Sales Managers and Agency Managers, who are field management, is largely determined by the hiring of LPs and the performance of LPs under their supervision.
- There is a system whereby, if an LP's sales performance falls below a certain standard, an amount equivalent to a portion of the supply amount to the LP is deducted from the Agency Manager's compensation according to performance, etc. (referred to as the "Liability System," which is described in detail in 2(3)A(i) below).
- In order to ensure fairness in compensation among Agency Managers, there is a system whereby a certain amount is paid from POJ to the Agency Manager or from the Agency Manager to POJ as an adjustment relating to the appointment and transfer of Agency Managers and the acceptance or transfer of LPs (referred to as the "Agency Succession System," which is described in detail in 2(3)B below).

(3) The Nature of LPs being "Independent Self-Employed Persons"

LPs positioned as described above are employed by POJ as sales employees and are subject to the Working Rules, while regarding activities related to life insurance sales, they are "business entities" under the tax law and are conducting life insurance sales independently on their own account. In substance, they are "independent self-employed persons."

Regarding these matters, the following statements were made in interviews with POJ's officers and employees¹⁸⁷.

- Although LPs work under employment contracts, they structure their business in an independent, self-employed manner, and POJ has little notion to actively manage the labor of LPs.
- The role of the Sales Manager for LPs is not so much about managing LPs, but rather supporting LPs' sales activities (recruitment and training). Even though an Agency Manager was told to properly manage LPs, in reality, there is no way for him to know what the LPs are doing outside the company and there are too many things that he cannot grasp, which makes it impossible to manage LPs completely.
- There is a long-term situation where a strong respect for each LP's autonomy had been accepted like a myth and a system for the Home Office to directly manage LPs

¹⁸⁷According to the interview, there were also multiple individuals who made similar statements, such as "LPs have an extremely low awareness of being company employees or members of an organization, and instead have the mindset of being independent self-employed individuals, with a strong tendency to think that compliance is fine as long as they don't get caught," "Given that LPs are treated as independent self-employed individuals, the reality is that even Agency Managers do not really know where they are or what they are doing during the day," and "Unlike sales staff at typical banks or insurance companies, LPs at POJ are like individual business owners, and the relationship was not one where Sales Managers evaluated them or excessively interfered with their sales methods."

had not been established.

- "Free to Work" was originally supposed to be a policy with a discretionary work-style nuance meaning "you can work as long as you want without worrying about time," but at some point, it has come to be interpreted with the nuance meaning "LPs are not managed by the company."
- Among LPs, there are some who misunderstand the concepts of full commission and Free to Work as the meaning that "you can take a break anytime," and do not visit Customers.

(4) The Actual State of LPs' Sales Activities

A. Relationships between LPs and Customers, etc.

As a reflection of being "independent self-employed individuals," LPs recognized clients as "My Client," served as the contact point for clients to handle their matters, and only the LP in charge is in a position to know their situations. Regarding these matters, the following statements were made during interviews with POJ's officers and employees¹⁸⁸.

- A direct sales channel allows LPs to firmly hold onto customers because a relationship with customers becomes close, while, conversely, a relationship with customers becomes insular. When LPs are asked by customers if there are any profitable opportunities, they will say like this, "here's a profitable opportunity" (then, start to introduce it).
- Since LPs are in close proximity to customers and their contact with customers occurs behind closed doors (it is unclear where and what is being discussed), management's oversight becomes insufficient. It seems that the management were reluctant to impose restrictions on successful LPs and did not have even intention of managing them. When LPs under improper management engage in misconduct, the misconduct progresses at an accelerating rate, and by the time it is noticed, it is already too late.
- The weak management of LP activities by the Home Office is attributable to the strong belief among LPs, based on the "My Client" philosophy, that the clients they are dealing with are their own customers and therefore there is no need to report to the company. Even LPs who input schedules into the company system seem to do so not for the purpose of reporting to the company but for keeping memos as their reminder, and LPs who establishes their own management methods do not enter

¹⁸⁸ According to the interview, it was found that multiple individuals giving statements such as: "Communication with customers was conducted via phone calls using personal mobile phones and LINE. Email addresses provided by POJ were rarely used," "Once customer-facing sales activities began, depending on the LP's capabilities, the Agency Manager would basically accompany sales visits for the first two to three months, but after that, the LP would basically go on sales visits alone," and "Regarding customers acquired by LPs, the system was such that the LP would continue to be in charge unless there were any particular complaints. Looking back now, we treated the closed nature of the relationship between LPs and customers as something like a sacred area, and we were unable to intervene" and other remarks similar to them.

schedules into the company system at all.

B. Specific Contents of Sales Activities by LPs

(a) Role as a Financial Professional

As stated in Section 2.1(4) above, POJ offers foreign currency-denominated insurance and variable insurance and concludes contracts, and these insurance contracts are affected by foreign exchange fluctuations, etc. It is also anticipated that some customers may compare and examine them with other investment financial products. Therefore, in order to appropriately propose and explain such insurance, POJ is required to have not only knowledge of the insurance content itself but also knowledge of general mechanisms and risks of foreign exchange transactions, knowledge of investment financial products other than life insurance, and knowledge of finance and economics that form the basis of them.

Regarding these matters, the following statements were made during the interviews with POJ's officers and employees¹⁸⁹.

- Conversations with customers consisted of 20 to 30 percent insurance sales and 70 to 80 percent consultations regarding customers' financial concerns. They recognize that customers evaluated them as "an insurance agent who sincerely provides consultation on financial matters," and that this led to referrals of new customers.
- At business venues such as networking events, knowledge about investment and taxes was essential as an information exchange tool to hold one's own, so he expanded his network by using the knowledge and experience gained from making investments himself and studying taxes. Customers often asked what he was investing in and what they should invest in.

(b) Sales Activity Process

The series of sales activities conducted by LPs is referred to as the "Sales Process," and its outline is as follows¹⁹⁰.

¹⁸⁹According to the interview, it was found that multiple individuals giving the following statements and other similar remarks: "I heard that a certain LP advised his junior colleagues that 'knowledge of related products is necessary to sell insurance. At that time, iDeCo and NISA had just been introduced, and it was generally said within the company that it would be better to have knowledge about those financial instruments.'" "Customers consulted us not only about life insurance, and I provided information by utilizing my experience from previous jobs and knowledge based on my real estate transaction specialist qualification."

¹⁹⁰The contents of the "Sales Process" are included in the FTP (First-Month Training Program), a foundational training program that forms part of the sales training curriculum provided to LPs after they join POJ (for details of the FTP, see Section 3.1(7)(b)(i) below).

Stage	Content
① Prospecting	Identify persons who are expected to purchase life insurance.
② Approach	Make contact with prospects and set the date, time, and location for a meeting to provide an explanation about life insurance.
③ Fact-finding	Collect information on the prospect's family structure, financial situation, future goals, details of existing insurance coverage, asset status, and other information.
④ Presentation	Based on the results of the fact-finding, analyze the prospect's insurance needs and propose an insurance plan that addresses them.
⑤ Closing	Based on the proposed content, encourage the prospect to conclude an insurance contract.
⑥ Obtaining Referrals	Receive referrals of friends, acquaintances, etc. from prospects or customers.
⑦ Hand Delivery of Insurance Certificate	Hand-deliver the issued insurance certificate to the customer and explain its contents.

As stated in the above table, at POJ, the discovery of prospective customers is positioned as the starting point of the entire sales process, and prospective customers are categorized into three types: ① LP's friends, acquaintances, and relatives, etc. (hereinafter referred to as "X"), ② people introduced through mutual friends, etc. (hereinafter referred to as "Y"), and ③ unknown people (hereinafter referred to as "Z"), and it is recommended to develop customers Y and Z starting from X. At POJ, this method of continuously expanding prospects through referrals is called the "infinite chain method"¹⁹¹.

Furthermore, when receiving referrals of prospects, it is considered important to identify individuals who have extensive social networks and strong influence over those around them (referred to as "key persons") and groups of people who share common attributes such as occupation (referred to as "prospect groups"), and to deepen relationships with them.

In addition, as a method for developing prospects, LPs sometimes hold seminars jointly with housing manufacturers, chambers of commerce and industry, tax accountants and

¹⁹¹In the internal document of POJ, "a method called "endless chain method" is introduced as one of the prospecting techniques. Specifically, it is explained as follows: "Let me actually explain how to do this. First, call someone in your base market (see footnotes no. 204) and ask them for the names of people in their neighborhood. (omitted) If you can get four names from one person, you're doing quite well. And once you have four names, you then try to obtain information about each person—approximate age, family composition, ages of family members, workplace, etc. This way, you can increase your prospects with almost no wasted time," and so on.

judicial scriveners, inheritance consultants, business consultants, employer organizations, entrepreneurship support organizations, social welfare corporations, etc., and the themes of these seminars include asset formation, financial education, inheritance and business succession, corporate management, nursing care, childcare, and support for people with disabilities¹⁹².

(c) Relationship between LPs and Customers, etc., and Attributes of Important Customers

At POJ, the practice whereby a single LP provides continuous service throughout the lifetime of a single customer, from sales activities related to the solicitation and conclusion of insurance contracts to the payment of insurance claims, is referred to as "Partner for life" and is promoted as one of the important sales strategies. For this reason, it is expected that a long-term and close relationship of trust will be formed between LPs and customers.

The insurance market for affluent customers, business owners, and corporate clients is also positioned as the important markets, and voluntary training programs are also being implemented for LPs with limited experience.

(d) Self-bearing of LPs' Sales Activity Expenses

LP compensation is classified as "business income" under the Income Tax Act, and as a consequence, transportation expenses, entertainment expenses (including the cost of using business meeting venues such as hotel lounges, etc.), and self-improvement expenses (including participation fees for networking events such as seminars, etc.; hereinafter collectively referred to as "sales activity expenses") incurred by LPs in their business activities shall, in principle, be borne by the LPs themselves.

As described in (6) below, the compensations of LPs (excluding TAPLP (as defined in (6)B below) are guaranteed only to the extent of payments based on the Minimum Wage Act as stipulated in the Life Planner Compensation Rules (hereinafter, "LP Compensation Rules"), and there is no guarantee of payment of a fixed amount such as a so-called base salary. The adjusted first-year commission, renewal commission, and performance/renewal bonus, which account for the majority of the compensation, constitute a remuneration system directly linked to the number of new insurance contracts and insurance premiums (so-called full commission) which the company adopts.

Therefore, since LPs must develop customers by spending sales activity expenses at their own expense, they bear the risk that continuous customer development accompanied by such burdens may not succeed, and in some cases, they may not be able to obtain sufficient remuneration to maintain their livelihood, making it difficult to spend even on sales activity expenses, and as a result, may fall into a negative spiral where they cannot develop new customers who are the source of their income. On the other hand, while POJ pays a

¹⁹²Based on the list of applications for external seminars by sales employees provided by POJ.

portion of the insurance premium revenue from the concluded insurance contracts to LPs as performance-based compensation, it only provides business infrastructure to LPs such as payment of a minimum guaranteed salary, lending of equipment, and provision of offices.

Regarding these matters, the following statements were made during interviews with POJ's officers and employees¹⁹³.

- Not a few LPs borrow money in anticipation of performance bonuses they will receive in the future, and if they fail to acquire new contracts, only the borrowings remain, and they tend to fall into a negative spiral.
- There was a prevailing atmosphere that it was natural for LPs to get loans to raise funds for sales activity expenses. While POJ had a lending system for LPs, there were certain hurdles in the screening process for its use, so it was not uncommon for LPs to borrow money from relatives and others to cover expenses of their sales activities.
- Although monetary lending/borrowing between employees was prohibited, there was an atmosphere that such conduct was unavoidable due to the necessity of raising funds for sales activity expenses.
- They were dissatisfied with the fact that LPs had to bear the costs themselves for customer follow-up services required after the payment of fees was completed.

(5) LP Recruitment Procedures, Recruitment Policies, and Actual Recruitment Practices

A. Recruitment Procedures, etc.

Regarding the hiring procedures for LPs, the current Field Employee Working Rules stipulate that, in principle, a selection examination consisting of document screening, a written examination, and an interview shall be conducted¹⁹⁴, and the details thereof are set forth in the "Guidelines on Life Planner Hiring Procedures¹⁹⁵" (hereinafter referred to as the "Recruitment Guidelines")¹⁹⁶.

Since identifying LP candidates and approaches to the candidates are designated as the role of Sales Managers, most LP candidates are put in the hiring flow through solicitation by Sales Managers. At POJ, since its founding, the company has, in principle, not hired new graduates as LPs¹⁹⁷, and has primarily targeted so-called ready-to-work personnel who

¹⁹³According to the interview, it was found that multiple individuals giving the following statements and other similar remarks: "Activity expenses and entertainment expenses are quite substantial, but all of them are regarded as expenses and taken out of my own income as an independent self-employed person." "All expenses were borne by the LP, and depending on the person, the amount could easily reach 200,000 to 300,000 yen per month."

¹⁹⁴Field Employee Working Rules Article 4, Paragraph 2

¹⁹⁵Established April 1, 2021, last revised September 2025

¹⁹⁶Prior to the establishment of the Recruitment Guidelines, recruitment procedures were stipulated in the Compliance Manual, but with the establishment of the Guidelines, more specific procedures were established and descriptions regarding the desired candidate profile were supplemented.

¹⁹⁷However, POJ had implemented a trial LP recruitment program for new graduates who were relatives within the third degree of existing LPs, Agency Managers, or Sales Managers, with a view to transferring

have gained sales experience in industries other than insurance, such as automobile dealers, banks, real estate, etc.¹⁹⁸

In the Compliance Manual¹⁹⁹ prior to the establishment of the Recruitment Guidelines, the recruitment requirements were stipulated. The recruitment requirements clearly stated in the Recruitment Guidelines established on April 1, 2021, as the qualifications required of candidates for hire, were shown in the table below.

• Has no problems in the past regarding the handling of third-party funds • Has no defaults on monetary debts without legitimate reason • Has no experience working at another life insurance company or at an insurance agency that specializes in or primarily handles life insurance • Does not fall under the registration refusal requirements for life insurance agent registration²⁰⁰ • Has no experience in selling life insurance (protection products) as a primary business • Has graduated from university or above, or has completed an equivalent educational program (However, even for graduates of junior colleges/vocational schools, if the candidate is outstanding, exceptions may be made with the approval of the Head Chief Marketing Officer after consultation with the Executive Officer in charge of the Sales Personnel Team. Note that those who withdrew from university before completing their second year and graduates of educational institutions that do not confer degrees are not considered to have "completed an educational curriculum equivalent to university graduation" as mentioned above) • Has not changed jobs frequently and has achieved results • Is a character with high moral values/ethical standards
--

Furthermore, as a result of deliberations in POJ's Sustainability Project²⁰¹ launched in response to the occurrence of the monetary transaction cases and the personal information

contracts from incumbent LPs, and since April 2020, there have been new graduates hired through this program. There have been hires of new graduates under this program among individuals who joined the company from April 2020 through those scheduled to join in April 2027. According to POJ, however, the spouse of a Sales Manager or Agency Manager, as well as any relative by blood or marriage within the second degree of kinship of such manager, is prohibited from being hired into a sales office or an agency that falls within the same reporting line as that Sales Manager or Agency Manager.

¹⁹⁸Recruitment to an unspecified large number of people through staffing agencies is not permitted in principle.

¹⁹⁹Established in August 2006

²⁰⁰In the Compliance Manual, it stated "Legally not being a disqualified person (such as an undischarged bankrupt, etc.)."

²⁰¹The Project is a project launched on December 18, 2024, in response to this monetary transaction case and others, and is positioned as a project that, in addition to analyzing individual serious cases, verifies the causes and root causes including issues related to the sales field, organizational culture, management control system, and three lines of defense management structure, considers and formulates effective recurrence prevention measures, and advances the development of methods for evaluating their effectiveness.

leakage case and for the purpose of preventing such cases before they occur and detecting them early, the recruitment policy was revised in April 2025, and the above recruitment requirements were revised as shown in the table below (the revisions are underlined). Specifically, from the perspective of preventing the influx of personnel with compliance concerns, circumstances that could constitute grounds for non-employment have been specified and clarified, including empathy with company philosophy, high moral and ethical standards, past problematic behavior, relationships with antisocial forces, and financial concerns^{202 203}.

• <u>Has empathy with the company's philosophy (Example of non-employment: Concerns about the cultivation of life planner-ship, etc.)</u> • <u>Has high moral standards/ethical values (Examples of non-employment: falsification of personal history, strong tendency toward falsehood, vanity, confirmed negative reputation regarding character, etc.)</u> • <u>Has no history of problematic behavior, not limited to work-related matters</u> • <u>Has no history of problems related to the handling of third-party funds_ (Examples of non-employment: Facts of embezzlement or financial troubles related to monetary lending/borrowing, etc.)</u> • <u>Has no history of defaulting on financial obligations without legitimate reason_ (Examples of non-employment: History of bankruptcy, history of personal rehabilitation, delinquent payment of public utility bills, etc.)</u> • <u>Has no history of causing serious compliance violations (Examples of non-employment: History of disciplinary dismissal, causing serious trouble, history of arrest, etc.)</u> • <u>Is not suspected of involvement with antisocial forces or criminals (Examples of non-employment: Suspected of involvement with antisocial forces etc.)</u> • <u>Is not a person with concerns about multiple debts or insufficient living funds (Examples of non-employment: Unsecured loans with unclear purposes, large amounts of debt regardless of purpose, etc.)</u> • <u>Does not fall under the grounds for refusal of life insurance agent registration (Examples of non-employment: Undischarged bankrupts, etc.; refer to Article 279, Paragraph 1 of the Insurance Business Act)</u>

In addition to the above Recruitment Guidelines, each Agency establishes its own "standards for LPs to be hired" (referred to as the "Criteria") based on its independent

²⁰²It should be noted that matters such as involvement with antisocial forces, which had been confirmed through background checks and hiring practices even before the above-mentioned revisions, have now been explicitly stated in writing.

²⁰³Regardless of the said recruitment requirements, it is stipulated that the spouse and blood relatives or relatives by marriage within the second degree of kinship of an Agency Manager may not be recruited within the same agency, and the spouse and blood relatives or relatives by marriage within the second degree of kinship of a Sales Manager may not be recruited within the same sales office (added by the revision of the recruitment guidelines dated September 29, 2025).

judgment. Given that the core potential customers for life insurance contracts are married individuals with children and in light of the base market²⁰⁴ that LP candidates possess, it has traditionally been common to select married individuals in their 30s with children as candidates. However, from around the 2010s, following the success of LPs in their 20s at Agencies known as "[REDACTED]"²⁰⁵²⁰⁶ within POJ, Agencies that selected single individuals in their 20s as LP candidates began to emerge.²⁰⁷

According to the interview, from around the 2010s, influenced by Agencies called "[REDACTED]" ([REDACTED]), there appeared some Agencies that conducted recruitment by prominently featuring money motivation and promoting the idea that becoming an LP would lead to success at a young age and high compensation²⁰⁸. At that time, the materials used in the Career Information Program (hereinafter referred to as the "CIP") conducted by Agency Managers for candidates were based on model stories provided by the Home Office, with the details being prepared by Agency Managers themselves. Prior to January 2026, these materials sometimes included descriptions that evoked the impression that LPs earn high incomes (see diagram below). In addition, there were also cases during the recruitment process where Agency Managers and Sales Managers showed their salary statements.²⁰⁹

Following POJ's indication at a press conference on January 23, 2026 that it would review its compensation system, at the time of reviewing materials that referenced the compensation system in the CIP, the then Head Chief Marketing Officer and then General Marketing Strategy Officer instructed the immediate deletion of descriptions that evoke high income and expressions that could encourage inappropriate money motivation and also prohibited showing of compensation statements.

²⁰⁴The base market refers to friends, acquaintances, and relatives of the LP.

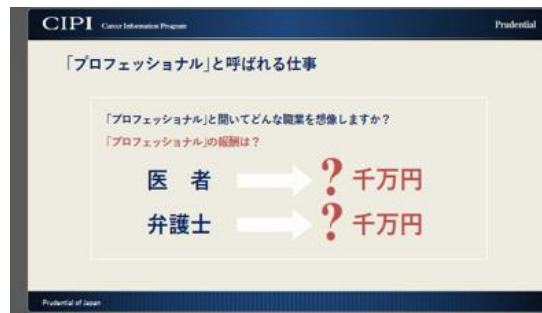
²⁰⁵According to POJ, from around 2011 onward, a group of Agencies centered on Agency B and other Agencies established under the [REDACTED] Marketing Region, within this group, emphasized the recruitment of young people meeting the conditions of ①top-ranked universities, ②top-ranked companies, and ③athletic club background and adopted sales methods focusing on expansion of new business performance results and willingly evaluating LPs with successful new business results among other practices. It is reported that there was a period, peaking around 2014, when these practices became the subject of nationwide emulation.

²⁰⁶"[REDACTED]" is a coined term used within POJ as a concept referring to this group of Agencies or the sales methods for recruitment and new business acquisition that were shared within this group of Agencies.

²⁰⁷According to the interview, "around 2010, under the then representative director, so-called [REDACTED] Agencies were established, and in those Agencies, aggressive recruitment of young LPs was promoted. Most of these LPs were highly educated and initially expanded their performance results through sales maximizing their personal networks centered on similarly highly educated customers," and "the recruitment of young LPs began in earnest from around 2014 to 2016, and it is recognized that young LPs increased following the establishment of the so-called [REDACTED] Agencies."

²⁰⁸In addition, according to the interview, it was found that some individuals giving the following statements: "There was a period when the company adopted an approach that to some extent heightened money motivation. The so-called '[REDACTED]'. In [REDACTED], the attitude was that as long as you could sell, anything goes, and they aggressively pushed sales and hired people who could gain strong sales. There was a period when the company praised the practice of hiring people who already had connections with the upper class and having them sell."

²⁰⁹In the video footage of the declaration of commitment made during the training sessions for new LPs at the time of joining the company, there were not a few statements setting goals such as "aiming for an annual income of 50 million yen within 5 years" and "aiming for an annual income of 100 million yen," which emphasized obtaining high income.



The specific recruitment process for LPs under the Recruitment Guidelines prior to April 25, 2025, begins with an initial interview conducted by Sales Manager who identified the recruitment LP candidate, and if the candidate wishes to participate in the recruitment process, the Agency Manager conducts the CIP three times to provide explanations on the details of the LP position, etc.²¹⁰ Then, if the candidate wishes to continue with the selection process, the candidate himself requests for a sales employee employment application form (entry sheet). The Agency Manager and the Sales Manager conduct an interview called TS (Target Selection) 1, and Head Chief Marketing Officer conducts an interview called TS2 and then evaluations are made²¹¹. Subsequently, the Agency Manager submits a hiring approval request in writing to POJ Home Office's Sales Personnel Team, and the Executive Office in charge of the Sales Personnel Team and the Head Chief Marketing Officer decide whether to approve the hiring.

Even after the revision of the recruitment guidelines on April 25, 2025, the process, which includes an interview by the Sales Manager and CIP, TS1 and TS2 conducted by the Agency Manager remains unchanged; however, to eliminate arbitrariness, an interview is now conducted after TS1 by the Agency Manager and another individual appointed by the Agency Manager (selected from Sales Managers other than the Sales Manager of the

²¹⁰Although the detailed content of the CIP varied depending on the Agency Manager, some Agency Managers explained how to overcome psychological barriers to conducting sales activities targeting the base market of friends and acquaintances, the steps for discovering prospective customers, and so-called endless chain methods.

²¹¹According to the interview, it was found that some individuals giving the following statements: "in light of the successive financial misconduct cases that came to light at POJ from around 2023 and 2024 onward, negative checks began to be conducted in TS2 from that period onward. However, it should be noted that there are no specific criteria for negative checks, and judgments are left to the discretion of Head Chief Marketing Officers. The number of people who fail TS2 is limited."

office where the candidate is to be hired); additionally to raise awareness of pledge items related to the prevention of misconduct cases, the Agency Manager now explains the hiring pledge to the candidate. Furthermore, it had previously been left to agency offices to determine what to verify during interviews, in order to obtain information on concerns, it was decided that during Agency Manager interviews, candidates would be questioned based on items listed in the recruitment record sheet prepared by the Home Office (including whether there are any unpaid utility bills, outstanding loans, confirmation of income and expenditure balance, etc.), and that candidate information would be entered and updated on the same sheet, which would serve as the basis for determining whether to hire the candidate and whether a committee review is necessary. In addition, screening procedures (including verification of academic and employment history, checks for relationships with anti-social forces, and reference checks as needed) have been enhanced; for example, credit reports are now obtained from all candidates and reviewed by the Agency Manager. Furthermore, when it is determined that a joint deliberation is necessary²¹², the Executive Officer in charge of the Sales Personnel team and the Head Chief Marketing Officer jointly decide whether to approve the hiring, and if the two cannot reach an agreement, the decision is made by the Sales Personnel Committee.²¹³

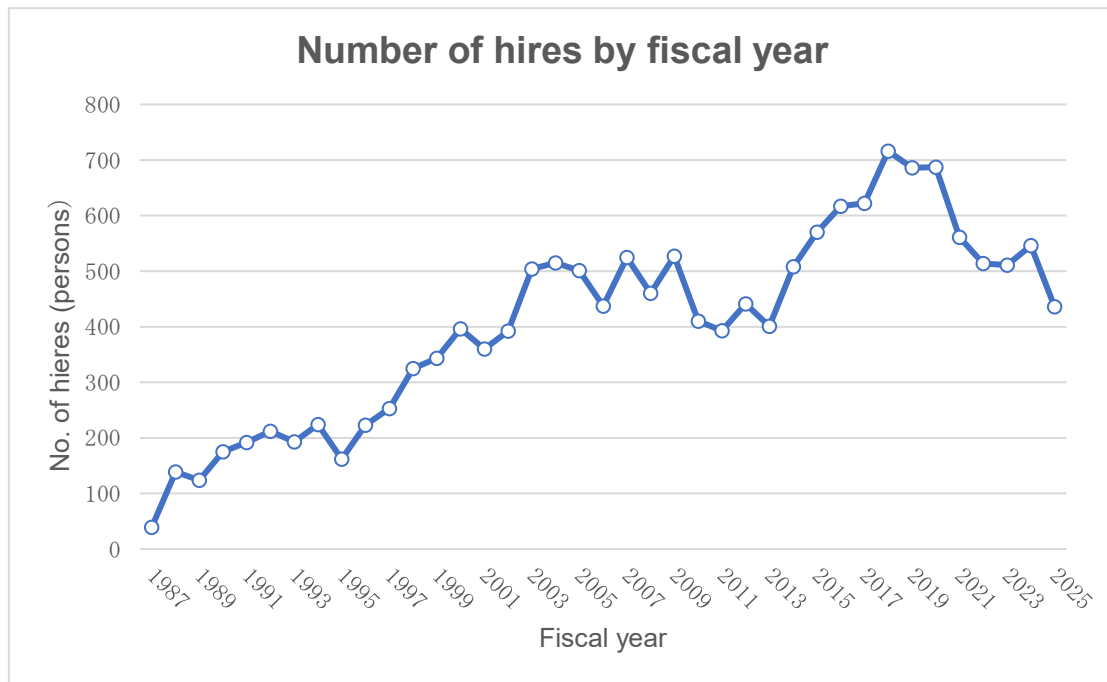
B. Trends in LP Recruitment Numbers and Turnover Rate

The trends in LP recruitment numbers at POJ are as shown in the figure below²¹⁴.

²¹²Joint deliberation is required in cases involving a tendency toward dishonesty or vanity, concerns regarding one's reputation among peers, borrowing of a certain amount of money, or disciplinary actions or issues related to a previous job; since the revision of the hiring guidelines on April 25, 2025, a joint deliberation has been held for only one individual as of the Reference Date.

²¹³After these procedures, TS2 and subsequent procedures are carried out.

²¹⁴This figure was created by the Committee based on information on the number of LPs hired provided by POJ and does not represent an analysis by the Committee of the materials or other documents that form the basis of the information provided by POJ.



The number of LPs hired each fiscal year was in the 100s at the time of establishment, but after fiscal year 1995 it basically continued to increase steadily, and in fiscal year 2003 it surged from 392 in the previous fiscal year to 504. The background to this is considered to be that from fiscal year 2001 onward, the number of Sales Managers responsible for LP recruitment activities also increased along with the increase in the number of sales offices. After that, from fiscal year 2016 onwards, the number remained at 600 or more until fiscal year 2020, before the impact of the COVID-19 pandemic expansion occurred.

The number of LP hires is set as one of the agency office management evaluation indicators (the achievement rate of hiring standards set based on the number of Sales Managers in the agency office), and it affects the personnel evaluation of Sales Managers. On this point, according to POJ, while recruitment target numbers were allocated to the Head Chief Marketing Officer, the Home Office has never explicitly stated to individual marketing regions to increase their hiring target.

However, the number of recruits is part of the President's Trophy contest (PT) (hereinafter referred to as the "President's Trophy," which will be discussed in detail in (8)B.(a) below) was one of the evaluation criteria, and it is difficult to deny that Agency Managers and Sales Managers were conscious of the number of recruits. Furthermore, in fiscal years 2005 and 2007, bonuses were paid to Sales Managers according to the number of recruits as a time-limited promotion, indicating that at least at that time, POJ was aiming to expand the number of LP recruits.

Thus, while it cannot be confirmed that an increase in the number of hires was explicitly stated as a company-wide policy at POJ, it can be said that there was a structure that encouraged the expansion of the number of LP hires through the discretion of each agency

office, the personnel evaluations of Agency Managers, and systems and operations such as the President's Trophy.

On the other hand, according to POJ, as of the end of fiscal year 2025, the retention rate of LPs is slightly over 80% in the 13th month after joining, slightly over 60% in the 25th month, and below 50% in the 37th month; in other words, the turnover rate is just under 20% after slightly more than one year of employment, but approximately one-third leave after slightly more than two years, and more than half leave after slightly more than three years.

Looking at the reasons for resignation of LPs who left between April 30, 2022 and January 31, 2026, there are factors such as "anxiety about living conditions and financial matters," "decrease in compensation and income," "loss of confidence," "poor performance in expanding from the base market," "mental health issues," and "difficulty in finding prospective customers." Furthermore, these trends in reasons for resignation are similar regardless of years of service.

In POJ, as stated in (4) B. (b) above, the standard sales approach is for LPs to target their friends, acquaintances, and relatives (x), as their base market. However, based on the specific reasons for resignation cited above, it appears that after joining the company, LPs began their sales activities by leveraging their existing personal networks – including friends and acquaintances – but then struggled to expand into new markets through referrals from those existing contacts. As a result, they experienced poor performance, income insecurity, a loss of confidence, or mental health issues, ultimately leading to resignation.

(6) LP Compensation System

A. Design Philosophy of the System

At POJ, as stated in (1) above, the “C=C” philosophy has been upheld since the company’s founding, based on the principles that “contribution to customers = securing and retaining sales and contracts” and that LPs, who are sales employees, are "independent business owners." Based on this philosophy, the compensation system has been designed so that most LPs’ compensation is calculated based on their “contribution to customers” – that is, the acquisition and retention of insurance policies (full commission).

B. Overview of the System

The remuneration items for LPs (excluding TAPLPs mentioned below) consist of: (1) adjusted First-Year Commission, (2) Renewal Commission, (3) Performance and Renewal bonuses, (4) Customer Retention Allowance, etc., and after deducting Replacement Commission²¹⁵ and other charges from the total amount of these items, the payment is

²¹⁵A "replacement contract" means a newly issued insurance contract where, within a specified period, a rider to the same type of insurance contract as such newly issued insurance contract, or all or part of

made to the LP^{216, 217}. Among these, the Customer Retention Allowance was introduced in April 2023. According to POJ, there were no major revisions to the LP compensation items since the company's foundation until the introduction of the Customer Retention Allowance in 2023²¹⁸.

For new LPs during their first 24 months of employment, the Training Allowance Program (hereafter referred to as the "TAP System") has been established to ensure stable income and prevent financial hardship while they acquire the knowledge, skills, and work habits required for their jobs.²¹⁹ New LPs subject to the TAP System (hereinafter referred to as "TAPLPs") are paid Training Allowance based on the Rules on Training Allowance Program for LPs (hereafter referred to as the "TAPLP rules").

For both LPs and TAPLPs, it is clearly stated that "if the total amount of monthly compensation calculated based on internal rules falls below the minimum wage amount based on the Minimum Wage Act, the minimum wage amount shall be paid²²⁰."

C. Contents of Compensation Items for LPs (excluding TAPLPs; the same applies hereinafter in this section)

According to POJ, the breakdown of each compensation component as a percentage of the average annual compensation for LPs in 2024 is as follows: ①Adjusted First-Year Commission for 43%, ②Renewal Commission for 31%, ③Performance and Renewal bonuses for 23%, and ④Customer Retention Allowance for 3%.

The details of each compensation item are as follows.

(a) Adjusted First-Year Commission

Adjusted First-Year Commission is a compensation item paid monthly as compensation for acquiring new business. The amount is calculated by multiplying the premium received by POJ for the first insurance year of new contracts acquired by LP by the first-year commission rate (with a median of approximately [REDACTED]%) determined for each insurance contract, then multiplying it by the value obtained by subtracting the first-Year Commission Adjustment Rate²²¹ from 100%, and adding or subtracting the Sales Quality

another insurance contract covering the same insured, is terminated or otherwise extinguished due to cancellation or other causes. A "replacement contract commission" means a commission that is not payable where the newly issued insurance contract constitutes a replacement contract.

²¹⁶Overtime wages are not paid separately, and it is stipulated that an amount equivalent to 20% of the adjusted first-year commission, renewal commission, and customer retention allowance constitutes overtime wages (Article 17 of the LP Compensation Rules).

²¹⁷Article 2, Paragraph 1 of the LP Compensation Rules,

²¹⁸From 1988 to 2005, Service Fees were paid to LPs who took over policies that had become unattended due to reasons such as the retirement of the responsible LP (these LPs were called Policy Service LPs). However, in response to the reality that the payment of Service Fees did not necessarily lead to more active policy service activities, this practice was abolished in 2005.

²¹⁹See Article 1 of the Rules on TAPLP Rules.

²²⁰Article 8 of the LP Compensation Rules, Article 17, Paragraph 4 of the TAPLP Rules

²²¹The first-year commission adjustment rate is determined according to the LP years (which refers to the period from joining the company counted in 0.5-month units, divided by 12, and rounded up to the nearest

Adjustment Amount^{222 223}. That is, the calculation formula is as follows.

First-Year Commission = Insurance premiums received by POJ for the first policy year of new contracts × First-Year Commission Rate (median approximately [REDACTED]%)

Adjusted First-Year Commission = First-Year Commission × (100% - first-Year Commission Adjustment Rate) + the Sales Quality Adjustment Amount (+ or -)²²⁴

In this way, the Adjusted First-Year Commission is calculated based on the premiums received by POJ for the first insurance year of the new contracts acquired by the LP in question, and the amount is basically determined by the premiums of the LP's new contracts and their commission rates.

It should be noted that the Sales Quality Adjustment Amount is an item introduced in April 2025 as an indicator related to sales quality to further enhance compliance, governance, and "customer-oriented business conduct," and is designed to make adjustments based on insurance policy retention rates. Furthermore, as described in (d) below, the Customer Retention Allowance was introduced in April 2023, and for LPs with 6 or more years of LP experience, a portion of the (pre-adjustment) First-Year Commission came to be allocated to the Customer Retention Allowance.

(b) Renewal Commission

This is a compensation item paid monthly as compensation for the continuation of acquired insurance policies and is specifically calculated by multiplying the insurance premiums received by POJ from the second to fourth insurance years of policies acquired by LP by the Renewal Commission Rate for each insurance related to the policies (with a median of approximately [REDACTED]%)^{225 226 227}.

(c) Performance and Persistency Bonus

This is a compensation item paid quarterly as compensation for the sale of new policies

whole number; Article 3, Paragraph 2, Item 2 of the LP Compensation Rules), and currently ranges from [REDACTED]% (less than 6 years) to [REDACTED]% (20 years or more) (LP Compensation Rules, Attached Table 1).

²²²In the case of single-premium insurance policy, it is calculated based on the single-premium received by POJ according to the first-year commission rate for each product.

²²³Article 3, Paragraphs 1 and 2 of the LP Compensation Rules

²²⁴Specifically, the sales quality adjustment amount (-) is calculated by multiplying the cumulative total of the annualized first-year commissions at the time of establishment of insurance policies subject to 3-month lapse cancellation by the sales quality rate (-[REDACTED]% when the 3-month lapse cancellation rate is 5% or more but less than 10%, and [REDACTED]% when it is 10% or more), in cases where the [REDACTED]-month lapse cancellation rate is [REDACTED]% or more. The sales quality adjustment amount (+) is determined by the "Rules Concerning the Treatment of Sales Quality Adjustment Amount (+)".

²²⁵In the case of a single-premium policy, payment is made according to the Renewal Commission rate for each product based on the single-premium received by POJ.

²²⁶Article 3, Paragraph 1 and Paragraph 3 of the LP Compensation Rules

²²⁷It should be noted that maintaining insurance contracts acquired by LPs is expected to require a certain amount of work even after the fifth year from the policy issuance; however, according to POJ, the consideration for maintaining policies from the fifth year onward is considered as being included in the compensation linked to insurance premiums up to the fourth year from the policy issuance.

and the continuation of contracts. The amount is calculated as follows. In other words, it is calculated by multiplying the first-year commission calculated in the immediately preceding business quarter by a rate determined by the sales index of the previous year (which refers to the ratio of the LP's annualized net first-year commission to the average annualized net first-year commission of all LPs meeting specified conditions²²⁸ in the previous year, serving as a relative evaluation) and the Persistency Rate (the percentage of policies acquired by the LP over the past two years that are in force at that point in time)²²⁹. If the sales indicator is less than [REDACTED]% or the Persistency Rate is less than [REDACTED]%, the bonus rate will be 0%.

It should be noted that when the LP Compensation Rules were revised in September 2005, it was stipulated that "compliance status of LPs shall be taken into consideration when calculating performance and renewal bonuses," but in actual operation, we were told that no negative adjustments have been made in consideration of compliance status.

(d) Customer Retention Allowance

This is a new compensation item introduced in April 2023 to shift the focus away from an overemphasis on acquiring new policies toward a more balanced approach, specifically, to reflect in compensation contributions toward longer-term policy retention (policy service).

This is paid monthly as compensation for the continuation of insurance policies to LPs with 6 or more years of service as LP and is calculated by multiplying the LP's first-year commission holdings by a fixed payment rate determined according to the LP's years of service²³⁰.

D. TAPLP Compensation

In the case of TAPLPs, a completely fixed amount system is applied until the fourth month after joining the company, and from the fifth month onward, if the performance of the TAPLP in question exceeds a certain benchmark value, the amount paid will exceed the amount that was paid under the fixed amount system. On the other hand, if the performance of the TAPLP in question falls below a certain benchmark value, a Training Allowance that is less than the amount that was paid under the fixed amount system will be paid²³¹.

Prior to September 2023, the Training Allowance paid to TAPLPs during their first four months of employment ranged from a minimum of [REDACTED] yen to a maximum of [REDACTED] yen per month.

However, at POJ, concerns were raised regarding the continuing downward trend in the number of new hires and hiring efficiency over the past several years. In particular, the

²²⁸Those who have been employed by POJ as of March 16 and have been with the company for at least 24 months.

²²⁹Article 4 of the LP Compensation Rules,

²³⁰Article 5 of the LP Compensation Rules

²³¹See Article 3, Paragraph 2 and Article 7 of the TAPLP Rules

amount of Training Allowance provided to TAPLPs was considered low from the perspective of so-called high-class talent, and this was seen as a reason why the company was losing such talent to competitors. Consequently, as part of effort to create an environment targeted at high-class talent and lead to their hiring, the maximum amount of the Training Allowance was revised, and in September 2023, the monthly cap was raised to [REDACTED] yen.

E. Summary

In this way, the Adjusted First-Year Commission and Performance and Renewal Bonus, which account for approximately 66% of the LP compensation, are calculated based on the first-year premium amount of new policies acquired by the LP, and therefore these compensation items are significantly affected by the premiums of new policies acquired by the LP and their premium rates. Furthermore, the Renewal Commission, which accounts for approximately 31% of LP compensation, is calculated based on insurance premiums paid by customers from the second to fourth year after the issuance of policies acquired by the relevant LP and is therefore significantly affected by the insurance premiums and renewal commissions of policies that continue until the fourth year after new acquisition. In response to this, in April 2023, a Customer Retention Allowance was introduced to rebalance away from an overemphasis on acquiring new policies, but it accounts for only about 3% of LP compensation.

Furthermore, under the LP Compensation Rules, there are no upper limits set on any individual LP compensation items, and the system is designed as a full-commission basis, meaning that compensation amounts are directly linked to the acquisition and retention of policies, and compensation can increase without limit. In fiscal year 2025, there were approximately 400 LPs whose annual compensation exceeded 30 million yen, and some cases, it even exceeds 300 million yen. In addition, the Performance and Renewal Bonus, which accounts for 23% of LP compensation, varies significantly in the amount paid based on relative evaluation indicators. On the other hand, POJ does not have its own minimum guarantee pay standards for LPs, and only provides guarantees based on the Minimum Wage Act. Furthermore, there is an upper limit on the compensation amount of TAPLPs, and in particular, the compensation for TAPLPs up to the fourth month after joining is completely fixed.

(7) LP Training System

A. Industry-wide Common Education System for Life Insurance Agents

(a) Position of the industry-wide exam (basic course) conducted by the Life Insurance Association of Japan (LIAJ) at the time of registration

As stated in Section 2.6(1)(a)(ii) above, when engaging in insurance solicitation on behalf of a life insurance company as a life insurance agent, it is necessary to obtain registration

from the Prime Minister, and in practice, life insurance companies submit registration applications to the authorities through the LIAJ.

When a registration application is submitted, the Commissioner of the FSA or the Director-General of a Local Finance Bureau, etc. is required to accept the registration unless the applicant falls under grounds for refusal of registration, etc.²³²; however, passing the industry-wide exam (basic course) conducted by the LIAJ is not a statutory requirement for registration²³³.

However, as one of the measures²³⁴ aimed at improving life insurance agents' ability to conduct fair sales practice, life insurance companies requires that individuals first complete a 32-hour training program (in the case of a model case²³⁵) through the industry-wide Common Education System conducted by the Life Insurance Association of Japan and pass the industry-wide exam (basic course) conducted by the LIAJ before they can be registered as insurance agents. Accordingly, passing the examination has, in practice, become a prerequisite for registration as an insurance agent.

(b) Contents of Other Industry-Wide Education Systems

As part of the industry-wide education system, the Life Insurance Association of Japan offers, in addition to the industry-wide exam (basic course), following training courses are provided (hereinafter collectively referred to as "Industry-Wide Examinations"):

- ① The industry-wide exam (intermediate course), which aims to enable participants to acquire specialized knowledge and related knowledge concerning insurance sales based on the foundational knowledge obtained in the basic course, and to enhance their basic ability to respond to customer needs
- ② The industry-wide exam (advanced course) that aims to develop applied and practical skills utilizing the knowledge acquired in the industry-wide exam (intermediate course), and to acquire the comprehensive knowledge necessary for financial planning services
- ③ The Life Insurance University Course Examination, which targets those who have passed the industry-wide exam (advanced course) and aims to develop genuine life insurance financial planners by acquiring life insurance and related knowledge necessary for financial planning services at a more specialized level, consists of six subjects: "Life Insurance Mechanisms and Individual Insurance Products," "Financial Planning and Compliance," "Life Insurance, Taxation, and Inheritance," "Asset Management Knowledge," "Corporate Insurance Products and Consulting," and

²³²Article 278, Paragraph 1 of the Insurance Business Act

²³³See Article 279, Paragraph 1, each item of the Insurance Business Act

²³⁴Article 100-2, Paragraph 1 of the Insurance Business Act and Article 53, Paragraph 1, Item 3 of the Enforcement Rules of the Insurance Business Act

²³⁵"Training System for Sales Staff and Agents," The Life Insurance Association of Japan (<https://www.seiho.or.jp/exam/education/>, last accessed September 18, 2026). In addition, it is expected that 28 hours of training (in the case of a model case) should be received after registration.

"Social Security System"

- ④ Variable insurance sales qualification examination aimed at acquiring the knowledge necessary for selling variable insurance
- ⑤ Foreign currency-denominated insurance sales qualification examination aimed at improving business knowledge necessary for selling foreign currency-denominated insurance and compliance literacy that contributes to reducing complaints

Upon passing the examination ① above, the title of Life Consultant is awarded. In addition, upon passing the examination ② above, the title of Senior Life Consultant is awarded, and those who pass examinations ② and ③ above and meet certain conditions are awarded the title of Total Life Consultant [Life Insurance Association Certified FP].

In addition to these Industry-Wide Examinations, the Life Insurance Association of Japan operates a continuing education program with the aim of ensuring that life insurance agents maintain a "customer-focus and compliance-oriented" approach when conducting in insurance sales, and life insurance agents are required to complete training provided by their respective insurance companies or agencies every year.

(c) Operations at POJ

At POJ, it is mandatory to pass the Industry-wide exam (basic course), the Industry-wide exam (intermediate course), and the Foreign Currency-Denominated Insurance Sales Qualification Examination during the FTP period²³⁶. In addition, it is mandatory to pass the Variable Insurance Sales Qualification Examination, the Industry-wide exam (advanced course), and the Life Insurance University Course Examination within 24 months of joining the company, and it is strongly recommended to obtain the title of Total Life Consultant [Life Insurance Association Certified FP].

(d) Pass rates and other information on Industry-Wide Examinations

According to materials published by the Life Insurance Association of Japan, the pass rates and other information for industry-wide examinations in fiscal year 2024 are shown in the table below²³⁷.

The pass rate for the Industry-wide exam (basic course) in fiscal year 2024, which is practically required for the registration of life insurance agents, stood at 98.1%, and this is higher than the pass rates for the sales representative examinations required for registration as a sales representative under Article 64 of the Financial Instruments and Exchange Act (in FY2024, the pass rate for the Type 1 Sales Representative Qualification Examination was 73% and the pass rate for the Type 2 Sales Representative Qualification

²³⁶See B. (a) below.

²³⁷"The Life Insurance Association of Japan Bulletin FY2024 Serial No. 291 April 1, 2024 (Reiwa 6) - March 31, 2025 (Reiwa 7)", The Life Insurance Association of Japan (<https://www.seiho.or.jp/data/publication/bulletin/pdf/bulletin2024.pdf>, last accessed September 18, 2026). Note that the Committee has not verified the accuracy of the materials that form the basis of such data.

Examination was 64.5%²³⁸).

Examination Name	Number of applicants	Number of exam takers	Number of successful applicants	Exam-taking rate	Pass rate
Industry-wide exam (basic course)	114,266 people	108,288 people	106,240 people	94.8%	98.1%
Industry-wide exam (intermediate course)	94,461 people	84,614 people	65,116 people	89.6%	77.0%
Industry-wide exam (advanced course)	41,294 people	34,124 people	21,778 people	82.6%	63.8%
Life Insurance University Course	50,594 people	46,065 people	35,686 people	91.0%	77.5%
Variable Insurance Sales Qualification	86,054 people	79,219 people	65,846 people	92.1%	83.1%
Foreign Currency-Denominated Insurance Sales Qualification	86,046 people	76,949 people	55,510 people	89.4%	72.1%

The pass rates for the industry-wide examinations at POJ over the past five years²³⁹ are shown in the table below, which are higher than those of the industry as a whole.

²³⁸"Registered Representative Qualification Examination," Japan Securities Dealers Association (<https://www.jsda.or.jp/gaimuin/shiken.html>, last accessed September 18, 2026). However, the Committee has not verified the accuracy of the source materials on which such data is based.

²³⁹From 2021 to 2025. However, for the Foreign Currency-Denominated Insurance Sales Qualification Examination, from April 2022 to 2025. All are based on materials independently prepared by POJ. The Committee has not verified the data and figures that form the basis of the materials.

Examination Name		Number of applicants	Number of exam takers	Number of successful applicants	Exam-taking rate	Pass rate
Industry-wide exam (basic course)		2,715 people	2,704 people	2,704 people	99.6%	100.0%
Industry-wide exam (intermediate course)		2,873 people	2,845 people	2,787 people	99.0%	98.0%
Industry-wide exam (advanced course)		2,987 people	2,738 people	2,586 people	91.7%	94.4%
Life Insurance University Course	Life Insurance Structure and Personal Insurance Products	2,534 people	2,360 people	2,348 people	93.1%	99.5%
	Financial Planning and Compliance	2,682 people	2,391 people	2,236 people	89.1%	93.5%
	Life Insurance and Tax/Inheritance	2,681 people	2,404 people	2,280 people	89.7%	94.8%
	Asset Management Knowledge	2,680 people	2,483 people	2,354 people	92.6%	94.8%
	Corporate insurance products and consulting	2,803 people	2,479 people	2,234 people	88.4%	90.1%
	Social security system	2,865 people	2,564 people	2,318 people	89.5%	90.4%
Variable Insurance Sales Qualification		1,918 people	1,907 people	1,878 people	99.0%	97.8%
Foreign Currency-Denominated Insurance Sales Qualification		2,864 people	2,835 people	2,772 people	99.4%	98.5%

B. Training System for LPs in the first two years of employment (Initial Training)

(a) Training Program

LPs hired by POJ undergo a regular training program consisting of FTP (First Month

Training Program)^{240 241}), ITP (Initial Training Program)^{242 243}, and BTP (Basic Training Program) ^{244 245}at appropriate times during their first 24 months after joining the company²⁴⁶. For all training programs, although model textbooks are provided by the Home Office, their use is optional, and the actual teaching materials are prepared by each agency office, so the content may differ depending on the agency. In addition, training is conducted in person at agency offices in principle.

(b) TAP System

The TAP system is available to LPs within 24 months of joining the company. As described in (6) B. above, the TAP system is an initial support system in which the LPs recommended by an Agency Manager and approved by the company receive a Training Allowance, which is less closely tied to performance than the compensation paid to regular LPS, allowing the company to provide new LPs with a stable income while they acquire the knowledge, skills, and work habits necessary for their jobs.

During the TAP period, training and guidance for the LP is mainly provided by the Sales Manager who recruited the LP. These include accompanying prospective customer visits called "Joint Work (J/W)" to verify the quality of business negotiations, meetings and role-playing before and after prospective customer visits, weekly "sit plans" (creating activity plans for the following week and the week after, as well as prospecting for potential customers), and quarterly performance reviews (confirming whether results are being achieved as planned and market transitions are taking place) (the repeated implementation of these training activities is called the "Training Cycle").

C. Training system for LPs from the third year of employment onward (Career Training)

²⁴⁰It is conducted every weekday during the period up to 1.5 months after joining the company. The goal is to acquire the minimum knowledge necessary to sell life insurance products, including the necessity of life insurance, salesmanship and sales activities, compliance, and the sales process, as well as a mindset based on POJ's philosophy, and to reach a state where one can begin sales activities.

²⁴¹Note that the item regarding the prohibition of involvement in investment products, etc. was added in 2020.

²⁴²It is implemented together with OJT (On-the-Job Training) within the first four months after joining the company.

²⁴³The goal is to reach a state where the basic sales process is established, the market development image from "Y" (mentioned in (4) A. (a)) onward is held, and efforts are being made to overcome one's own weak areas. The main training items are the sales process and compliance in each market.

²⁴⁴It is conducted once a week during the 16 months after joining the company. The goal is to reach a state where one can operate independently in personal insurance and is prepared for market development. BOM (Business Owner Market. Refers to fields of business protection such as long-term loan countermeasures and working capital countermeasures for management executives centered on owner-managers, as well as fields of inheritance and business succession protection such as countermeasures for privately held stocks.) and career paths are the main training items.

²⁴⁵As a measure examined by the POJ Monetary Fraud Investment Solicitation Prevention Task Force in March 2021, a "Money Management" item was added to enhance the money literacy of LPs (understanding of one's own finances, avoiding becoming a victim of investment fraud, etc., and not participating in investment solicitation).

²⁴⁶In addition to these programs, for LPs who joined the company in October 2025 or later, the ATP (Advanced Training Program) is implemented within 24 months after joining, following the completion of the BTP. The goals include fostering a high level of awareness of compliance specific to each market and exploring and embodying one's own sales process that leverages one's strengths.

For LPs from the third year of employment onward (with a period of employment exceeding 24 months), the training (Career Training) that is mandated to be implemented company-wide consists of ①e-learning^{247 248} and ②the Compliance Check Test described below. Additionally, ③weekly interviews (sit plans) are also conducted as necessary.

Furthermore, POJ has a system called "Sell Happiness" for assessing the job suitability of LPs. In the explanatory materials called the "Blue Book" for field management, it is stated that "Sell Happiness is not intended to force LPs to resign or encourage them to resign, but rather should be implemented for low-performing LPs after providing proper training and, as a result of the training, determining that Sell Happiness would be in the best interest of the LPs themselves, in situations where the LP is unable to make a decision about the timing." However, in some agency offices, there were cases where it appeared to be perceived as a system for encouraging low-performing LPs to resign²⁴⁹.

D. Overview of Compliance Training

Among career education, the outline of compliance education, including the Compliance Check Test described in C. (ii) above, is as follows.

(a) Compliance Check Test

Since 2004, the Compliance Check Test has been conducted once every quarter during Agency office meetings. The main purpose is to prevent compliance violations and complaints from occurring or recurring; they also include questions intended to assess understanding of the Compliance Manual²⁵⁰²⁵¹.

(b) Compliance Day

²⁴⁷E-learning is conducted on quarterly based on the same teaching materials provided by the Home Office, with the aim of helping LPs acquire knowledge necessary for life insurance sales, compliance, and knowledge related to personal information protection. After completing the e-learning programs, taking a confirmation test is mandatory, and LPs must continue to take the confirmation test until they pass, but the results do not affect their performance evaluations or compensation.

²⁴⁸The e-learning completion status can be confirmed electronically, and the test-taking status of each agency office is communicated to the Compliance Team.

²⁴⁹During the interviews, they stated that "regarding 'Sell Happiness', we encouraged LPs to resign by communicating that if their annual income was too low, they would be better off leaving and finding a different job," and that "the prevailing view was that (since subsidizing low-income LPs did not fit the business model) LPs were likely to be able to make a living if they moved to another company, so we had to implement 'Sell Happiness'." They also stated that "if an LP's performance is poor, the Agency Manager and Sales Manager provide advice and support as appropriate; however, poor-performing LPs tend to be unable to improve even after the support, and in such cases, we encourage them to retire (Sell Happiness, SH)." There were also explanations that treated SH as synonymous with encouragement to retire, such as, "we also conducted SH, and at the discretion of the Sales Manager, LPs deemed unsuitable for the role are encouraged to retire," which suggest a perception that SH is a procedure leading to encouraged retirement for LPs deemed unsuitable for the role.

²⁵⁰Since the Compliance Check Test (Sales Staff Edition) in the first quarter of 2021, questions related to lending / borrowing of money have been regularly included.

²⁵¹Since July 2020, when the Check Tests began to be implemented online, both Home Office and Agency offices have been able to track test completion status. Agency offices and Home Office are both sending reminders to those who have not taken the test. Test results are shared with each Agency office, and questions with high error rates are included multiple times to ensure understanding.

At each Agency office, an ACO (Assistant Compliance Officer) Committee has been established, consisting of the Office Manager, Agency Manager, some Sales Managers, and LPs, and they carry out initiatives to achieve the compliance goals set by each Agency at the beginning of the fiscal year and approved by the Home Office. Each Agency office holds a Compliance Day every month to provide training on topics specific to compliance, and the ACO Committee supports these activities. These topics include those related to investment solicitation, and the training materials regarding investment solicitation are provided by the Home Office to individual Agency offices.

(8) Qualification and Recognition Programs for LPs

A. Qualification Programs

At POJ, LPs are classified into six qualification levels as shown in the table below, with designations and titles corresponding to each qualification, and each level receives different treatment.

Qualification	Qualified Title	Job Title
Beginner	Life Planner	—
Grade 2	Life Planner (hereinafter referred to as "Life Planner (Chief)")	Chief
Grade 3	Senior Life Planner	Assistant Manager
Grade 4	Consulting Life Planner	Section Manager
Grade 5	Senior Consulting Life Planner	Deputy General Manager
Grade 6	Executive Life Planner (hereinafter also referred to as "ELP".)	General Manager

To be granted these qualifications, it is necessary to meet specific criteria such as passing the industry-wide examinations, the amount of first-year commission (FYC), the number of insurance policies held, and the renewal rate of insurance policies.

There is a practical demotion system in place for the qualifications. Even if a person has met the criteria and been granted a qualification, if the person fails to meet the criteria for that qualification on the annual certification date, the person will retain the qualification and its qualified title but will be reassigned to a lower-level position that meets the criteria and will be prohibited from using the Job Title.

Among these qualifications, the ELP, which is positioned at the highest level (Grade 6), is treated as a class of its own. For example, ELPs are granted certain privileges, such as the use of private booths and the ability to hire a personal assistant to serve as a private

secretary²⁵². Furthermore, once an ELP meets certain requirements such as maintaining membership for a specified number of years, and is appointed as a member, they become eligible for additional special privileges, such as an upgrade to their private booths.²⁵³

B. Recognition Programs

(a) Company-Wide Programs

POJ has established several recognition programs for LPs based on their sales performance. The most prominent of these is the President's Trophy, which is held annually for all LPs, Sales Managers, and Agency Managers.

The eligibility requirements for LPs to win awards in the President's Trophy are reviewed annually. Taking fiscal year 2025 as an example, they are generally as follows²⁵⁴.

- The evaluation method is based on points calculated from commissions earned on new insurance policies over the course of a year and the policy retention rate, as well as the number of policyholders.
- There are five levels of scoring criteria: Super Gold Prize (SG), Gold Prize (GP), Silver Prize (SP), Super Bronze Prize (SB), and Bronze Prize (BP), and those who meet these scoring criteria are recognized. Furthermore, the points earned by each LP are compiled into a ranked list of all LPs, which is published internally within the company.
- Those who achieved the above criteria were invited by POJ to conventions held in locations such as Hawaii and Okinawa until 2024 and were honored in a grand ceremony. Those who achieved particularly high point criteria were granted additional benefits such as invitations for family members, hotel upgrades during their stay, and invitations to PFI conferences.

Taking fiscal year 2025 as an example, 774 out of 4,061 LPs (approximately 19%) achieved the above scoring standard (BP or higher). The number of award winners since 2019, when the above evaluation criteria were revised, has remained at roughly the same level, ranging from approximately 14% to 25%.

In addition, there are various recognition programs such as the "YZ5 Contest" for young LPs, which uses the number of new insurance policyholders and new policy commission as

²⁵²With respect to assistant staff, the same rights are also granted to Senior Consulting Life Planners.

²⁵³In addition, at POJ, in agency offices where there is no ELP, ELPs from other agency offices may be invited as instructors to conduct training. This is called "Exe Day." However, not all ELPs are necessarily invited.

²⁵⁴As part of a relatively major revision in recent years, in fiscal year 2019, the criteria were changed from the number of insurance policies to the number of insured persons for individual awards for young LPs, the President's Trophy, and the YZ5 Contest. This change was made to address concerns about sales policies focused on generating a high volume of policies, to prevent last-minute, end-of-period sales pushes, and to accommodate the growing diversity of insurance products. Such changes were not limited to the individual awards for young LPs, but were similarly implemented in other recognition programs, including the President's Trophy, the YZ5 Contest, and the F300 Promotion. It should be noted that the individual awards program was discontinued in 2024 following its integration into the "YZ5 Awards" category of the President's Trophy.

indicators; the "2I Promotion" for LPs who have been with the company for two years or less, which is based on weekly performance; and the "F300 Promotion" for all LPs within five years of joining the company, which has a goal of acquiring 300 or more new insurance policyholders within five years. There have been instances in the past where programs that were previously established were abolished or replaced by other programs.

(b) Recognition programs implemented at each agency office

Sales contests are sometimes held at the agency office level, and in the past, there were cases where lavish prizes such as trips were offered. In November 2019, guidelines were established that set a monthly prize limit of 20,000 yen equivalent and prohibited overseas trips as rewards, among other provisions, and these guidelines remain in effect as of the reference date²⁵⁵²⁵⁶.

(9) Method for Calculating LPs' Working Hours

Regarding the management of LPs' working hours, POJ applies the "deemed working hours system for work outside the workplace"²⁵⁷ as defined by the Labor Standards Act²⁵⁸²⁵⁹.

This system provides that "when a worker performs duties outside the workplace for all or part of their working hours and it is difficult to calculate the actual working hours, the worker shall be deemed to have worked a specified number of hours, such as the prescribed working hours." It constitutes an exception to the basic principle of calculating working hours based on actual hours worked²⁶⁰. The purpose of this provision is to "address situations where, when workers perform work outside the workplace, the employer's specific direction and supervision do not extend to them, and it may be difficult to calculate their actual working hours."²⁶¹

When this system is applied, workers are, in principle, deemed to have worked the prescribed working hours. In addition, when it becomes necessary to work beyond the regular prescribed working hours due to duties performed outside the workplace, it shall be

²⁵⁵The upper limit for prize amounts as of the reference date is 10,000 yen per week. In addition, a maximum payout amount and other applicable limits are separately established for each incentive program.

²⁵⁶Specific examples include the provision of business items such as dress shirts and food products, and the agency office bearing the cost of extended stays at the convention mentioned above.

²⁵⁷Article 38-2 of the Labor Standards Act

²⁵⁸At POJ, a deemed working hours system for work performed outside the workplace had been operated in practice since the company's founding in terms of working hours management. However, in May 2000, at a certain agency office, the Labor Standards Inspection Office pointed out that when applying this system, if work exceeding prescribed working hours becomes necessary to carry out duties, it is required to conclude a labor-management agreement in writing and submit it to the Labor Standards Inspection Office. Taking this as an opportunity, from December of that year, the application of this system was clearly stated in the work rules.

²⁵⁹During the period of voluntary suspension of sales activities, LPs are in principle required to come to their assigned Agency offices every weekday; however, this section describes the situation prior to that point in time.

²⁶⁰Article 38-2 of the Labor Standards Act; Yuichiro Mizumachi, "Detailed Commentary on Labor Law [4th Edition]," p. 786 (University of Tokyo Press, 2025)

²⁶¹Takashi Araki et al., "Yuhikaku Commentary: Annotated Labor Standards Act and Labor Contract Act, Volume 1, General Provisions and Labor Standards Act (1)", p. 559 (Yuhikaku, 2023)

deemed that the worker has worked for the necessary hours (or the hours specified in a labor-management agreement at the workplace, if such an agreement has been established)²⁶².

At POJ, LPs are not required to come into the office except to attend Agency meetings held on Mondays and Thursdays. As a method of managing LPs work, the company has adopted the approach described in 2 (6) B. below, requiring LPs to submit a weekly activity plan and an activity report once a week, which are then reviewed by the Agency Manager or the Sales Manager.

2. Appointment of field managers and the actual state of LPs management and supervision by field managers

(1) Core Duties of Sales Managers and Agency Managers who are in field management position

POJ states that the duties of an Agency Manager are to "select, recruit, train, supervise, and guide members of the agency, including Life Planners, to help each of them meet their individual goals and to consolidate these goals to achieve the agency's objectives."²⁶³

In agency management, the Agency Manager is positioned as the "first line" manager who bears responsibility for all aspects of the agency, and the Sales Manager is positioned as the "second line" business manager, whose role is defined as "becoming a good collaborator of the Agency Manager in creating and supervising a well-trained and capable sales organization."

In addition, Sales Managers²⁶⁴ are expected to "maintain and develop active sales offices with 'successful Life Planners' through hiring and training activities."

(2) Appointment of Field Managers

A. Sales Manager

(a) Candidate recommendation process

Sales Managers are selected from among LPs. First, the Agency Manager recommends LPs who meet the prescribed criteria to the Home Office as candidates for Sales Manager. The Home Office then evaluates their abilities in areas such as recruitment, training, management, and grants candidate status as Sales Manager to those deemed suitable.

The criteria for the recommendation consist of ① performance criteria, ② acquisition of internal licenses, and ③ other criteria. Under "performance criteria" in item ①, an LP must have achieved a certain minimum level of performance and policy retention rate related to

²⁶²Kazuo Sugano and Ryuichi Yamakawa, "Labor Law [13th Edition]", pp. 474-475 (Koubundou, 2024)

²⁶³Blue Book No. 33, "Duties of Agency Manager"

²⁶⁴According to Blue Book No. 11, "Duties of Sales Managers," successful LPs are those who can sell a sufficient quantity of high-quality policies to meet the Agency's goals, and success from the LPs' perspective, is defined as achieving one's personal income goals.

new insurance policies as an LP at least once as of the evaluation date²⁶⁵. In addition, under "other criteria" in item ③, factors such as whether the LP has ever been disciplined based on the POJ's Work Rules are taken into consideration²⁶⁶²⁶⁷.

At POJ, the "Business Model Overhaul TF"²⁶⁸ recognized that "evaluation methods that place excessive emphasis on sales pose a challenge to implementing customer-oriented business conduct." As a corrective measure, starting in July 2020, a "test to measure understanding of compliance and corporate philosophy" was implemented, and those who did not achieve the passing score were deemed to have failed. Furthermore, even for those who achieved the passing score, if it is determined that they were not suitable based on disciplinary actions taken since joining the company or the number and nature of customer complaints, they will not be granted eligibility as Sales Manager candidates.

(b) Promotion

Sales Manager candidates are promoted to Sales Managers through consultation among the responsible Chief Marketing Officer, the Head Chief Marketing Officer, and the vice president, etc., if they meet the recommendation criteria described in (a) above at the assessment date immediately preceding the appointment date. However, those who have received certain disciplinary actions, etc. will have their appointment reserved for a certain period depending on the content²⁶⁹.

(c) Training after appointment

Sales Managers are required to take training programs for newly appointed Sales Managers after their appointment.

The training programs include matters such as the duties of Sales Managers, the recruitment and development of LPs, points to note in the management and supervision of

²⁶⁵The assessment dates for June recommendations are the 15th of each month from January to June immediately before the recommendation, and the assessment dates for December recommendations are the 15th of each month from July to December immediately before the recommendation.

²⁶⁶According to POJ, the appointment to Sales Manager is not positioned as a promotion from LP, but rather is communicated as one of the career paths (that is, they explain that there are ① a career path aiming for ELP, etc. as an LP, and ② a career path engaging in management work as a sales manager), and LPs are not automatically recommended in order of those with the highest sales performance for new insurance policies. On the other hand, as mentioned above, since the recommendation criteria include performance standards, a person who has poor sales performance of new insurance policies as an LP would not be appointed as a Sales Manager.

²⁶⁷Article 3 of the Rules on the Selection System for Sales Manager Candidates stipulates that "The recommendation criteria shall be deemed to have been met when all of the following items are satisfied," and Item (3) "Other" under the same Article stipulates "Being in good health and, in principle, not having been subject to disciplinary action under the company's work rules."

²⁶⁸See Section 6.2(7) below.

²⁶⁹Specifically, a person cannot be appointed as Sales Manager if they have received a business suspension of one month or more within five years prior to the appointment date, a business suspension of one week or more but less than one month within three years, a business suspension of less than one week within two years, or a reprimand within one year. However, POJ may change such period after a designated officer comprehensively considers the content and reasons for the disciplinary action (Article 4 of the Rules Concerning the Selection System for Sales Manager Candidates). Note that this provision was added by the revision on May 1, 2007.

LPs, and compliance-related matters²⁷⁰.

B. Agency Manager

(a) Candidate recommendation process

Agency Managers are selected from among Sales Managers. First, the Agency Manager recommends Sales Managers who meet the prescribed criteria to the Home Office as candidates for Agency Manager. The Home Office then evaluates their agency management capabilities and grants candidate status as Agency Manager to those deemed suitable.

The criteria for such recommendations include "performance-based criteria" and "quality-based criteria," where the former is determined by factors such as "the number of LPs recruited by the individual as a Sales Manager (self-recruited LPs)," "the number of existing self-recruited LPs and their productivity," and "the performance improvement rate of LPs not self-recruited," while the latter is determined by "the retention rate of policies acquired by self-recruited LPs." In addition, those who have received certain disciplinary actions are prohibited from being promoted to an Agency Manager for a certain period depending on the nature of the action²⁷¹.

(b) Appointment to AMT and Assumption of the Position of Agency Manager

Sales Managers who have been granted qualification as Agency Manager candidates are appointed as Agency Manager Trainees (hereinafter referred to as "AMT"). While belonging to the Home Office, an AMT receives training²⁷² to assume the position of Agency Manager. Then, based on the personnel proposal for the appointment of Agency Managers prepared by the General Marketing Division, they are appointed through deliberation and approval by the Sales Personnel Committee and the Executive Officers' Meeting, and assigned to individual agency offices.

C. Summary

As described above, POJ has established a consistent internal promotion pathway in which LPs advance from the LP level to Sales Manager, and then from Sales Manager to Agency Manager. Under this system, LPs engaged in actual sales activities who meet certain performance-related criteria and express an interest in sales management roles are promoted to field management positions.

²⁷⁰See (4) below for details of the training.

²⁷¹Specifically, if a person receives disciplinary action such as admonition, reprimand, severe reprimand, demotion, dismissal, or suspension from duties due to their own conduct or management responsibility for field employees, they cannot be appointed as Agency Manager for a period of one to five years depending on the content of the disciplinary action. However, the company may change the relevant period after a designated executive comprehensively considers the content and reasons for the disposition (Article 15 of the Rules Concerning the Agency Manager Candidate Selection System). Note that this provision was added by the revision on May 1, 2007.

²⁷²See (4) below for details of the training.

(3) Compensation System

The compensation of Agency Managers consists of ①Base Salary, ②Governance Allowance, ③Adjusted Override Commission, ④Persistency Override Commission, ⑤Productivity and Persistency Bonus, ⑥Development Bonus, ⑦ Indemnification, ⑧ growth bonus and ⑨ liability, from which amounts to be returned in relation to replacement policy commissions, etc. that the LP should return to POJ are deducted²⁷³²⁷⁴.

The compensation of Sales Managers consists of the components described in ① through ⑦ above, among others, and is subject to deductions for amounts required to be reimbursed in connection with replacement contract commissions and other amounts that LPs are obligated to return to POJ²⁷⁵.

Regarding Agency Managers and Sales Managers as well, it is clearly stated in the Rules that "if the total amount of monthly compensation calculated based on the internal company rules falls below the minimum wage amount based on the Minimum Wage Act, the minimum wage amount shall be paid²⁷⁶."

The specifics are as follows.

A. Details of Individual Compensation Items

According to POJ, the proportion of individual compensation items in the average annual compensation of Agency Managers (excluding those eligible for initial guarantee payment) in 2024 is as follows: ① Base Salary: 5%; ② Governance Allowance: 8%; ③ Adjusted Override Commission: 29%; ④ Persistency Override Commission: 2%; ⑤ Productivity and Persistency Bonus: 39%, ⑥ Development Bonus: 8%, ⑦ Indemnification: 1%; ⑧ Growth Bonus: 11%, and ⑨ an adjustment of -2% is made for Liability.

The proportion of individual compensation items in the average annual compensation of Sales Managers (excluding those eligible for initial guarantee payment) in 2024 was as follows: ① Base Salary: 5%; ② Governance Allowance: 4%; ③ Adjusted Override Commission: 49%; ④ Persistency Override Commission: 2%; ⑤ Productivity and Persistency Bonus: 32%; ⑥ Development Bonus: 7%, and ⑦ Indemnification: 1%.

The individual items are detailed as follows.

(a) Base Salary

For Base Salary of Agency Managers, a fixed monthly amount is paid as compensation

²⁷³Agency Managers and Sales Managers are treated as managerial supervisors, and overtime premium wages and holiday wages are not paid (Article 23, Paragraph 1 of the Agency Manager Compensation Rules, Article 24, Paragraph 1 of the Sales Office Manager Compensation Rules). Late-night premium wages are not paid separately, and an amount equivalent to 20% of the Base Salary, Governance Allowance, and Adjusted Override Commission is deemed to constitute late-night premium wages (Article 23, Paragraph 2 of the Agency Manager Compensation Rules; Article 24, Paragraph 2 of the Sales Office Manager Compensation Rules).

²⁷⁴Article 2, Paragraph 1 of the Agency Manager Compensation Rules

²⁷⁵Article 2, Paragraph 1 of the Sales Office Manager Compensation Rules

²⁷⁶Article 17 of the Sales Office Manager Compensation Rules; Article 16 of the Agency Manager Compensation Rules

for their overall management of the agency; for Base Salary of Sales Managers, a fixed monthly amount is paid as compensation for their duties related to LP hiring and training²⁷⁷
278.

(b) Governance Allowance

Governance Allowance is paid monthly to Agency Managers and Sales Managers as compensation for their duties related to maintaining organizational control at their respective agencies or sales offices. It is calculated based on the number of LPs and other staff members²⁷⁹ assigned to the agency or sales office²⁸⁰.

Previously, the Governance Allowance was referred to as the “Scale Allowance,” but in April 2023, it was renamed as Governance Allowance to clarify its purpose of ensuring compliance and governance. In addition, quality indicators were introduced from the perspective of promoting compliance. For Agency Managers, “the attendance rate of LPs assigned to the agency at Agency meetings” and “the submission rate of self-audit reports” will be considered, while for Sales Managers, “the attendance rate of LPs assigned to the sales office at Agency meetings” will be considered. Specifically, if these metrics fall below certain thresholds, the allowance will be reduced by 10% in each case²⁸¹.

(c) Adjusted Override Commission

Adjusted Override Commission is paid monthly to Agency Managers and Sales Managers as compensation based on the performance and sales quality related to new business acquisitions by LPs and others assigned to the agency or sales office in securing new policies. It is calculated by multiplying the annualized net first-year commission from new policies sold by LPs assigned to the agency or sales office by the Override Commission rate²⁸² based on each LP’s years of service and then summing the results for all LPs (Override Commission)²⁸³.

The amount of the Override Commission derived from such aggregation serves as the basis for the calculation under the following formula.

²⁷⁷As of the reference date, Agency Managers are paid [REDACTED] yen per month and Sales Managers are paid [REDACTED] yen per month as Base Salary (Article 3, Paragraph 2 of the Agency Manager Compensation Rules, Article 3, Paragraph 2 of the Sales Office Manager Compensation Rules).

²⁷⁸Article 3 of the Agency Manager Compensation Rules, Article 3 of the Sales Office Manager Compensation Rules

²⁷⁹In the case of Sales Managers, it means LPs, and in the case of Agency Managers, it means LP and Sales Managers. The same applies hereinafter.

²⁸⁰Article 4 of the Agency Manager Compensation Rules, Article 4 of the Sales Manager Compensation Rules

²⁸¹See Article 4, Paragraph 3 of the Agency Manager Compensation Rules, Article 4, Paragraph 3 of the Sales Manager Compensation Rules

²⁸²The Override Commission rate is determined according to the number of months of service of the assigned LP, etc. at the time of application for the insurance policies sold by the LP, etc., and is [REDACTED]% (over 61 months) to [REDACTED]% (within 13 months) for Agency Managers, and [REDACTED]% (over 61 months) to [REDACTED]% (within 13 months) for Sales Managers (Article 5, Paragraph 3 of the Agency Manager Compensation Rules; Article 5, Paragraph 3 of the Sales Office Manager Compensation Rules).

²⁸³Article 5 of the Agency Manager Compensation Rules; Article 5 of the Sales Office Manager Compensation Rules

Adjusted Override Commission = Override Commission + Sales Quality Adjustment Amount (+ or -)^{284 285}

The Sales Quality Adjustment Amount was introduced in April 2025 as an indicator related to sales quality for the purpose of further strengthening "compliance," "governance," and "customer-oriented business conduct," and it was determined that adjustments would be made based on the insurance continuation rate.

(d) Persistency Override Commission

This is paid quarterly to Agency Managers and Sales Managers as compensation for the continuation of insurance contracts for the entire agency or sales office, and is calculated by multiplying the theoretical commission²⁸⁶ for the business quarter by the Persistency Override Commission rate^{287 288 289}.

(e) Productivity and Persistency Bonus

Productivity and Persistency Bonus is paid quarterly to Agency Managers and Sales Managers as compensation for the acquisition of new policies and the continuation of insurance policies for the entire agency or sales office. It is calculated by multiplying the

²⁸⁴Specifically, the Sales Quality Adjustment Amount (-) is calculated by multiplying the Sales Quality Rate, which is determined according to the 3-month lapse cancellation rate of the assigned LP, etc., by a portion of the Override Commission from the previous fiscal year generated from the said LP, etc., for each assigned LP, etc., and then summing the amounts for all assigned LPs, etc. If the 3-month lapse cancellation rate of assigned LPs, etc. is 5% or more, it is calculated by multiplying the cumulative total of the annualized first-year commissions at the time of issuance of policies that were subject to 3-month lapse cancellations by the Sales Quality Rate ([REDACTED]% if the lapse cancellation rate is 5% or more but less than 10%, and [REDACTED]% if it is 10% or more).

²⁸⁵The Sales Quality Adjustment Amount (+) is determined based on the "Rules on the Handling of Sales Quality Adjustment Amount (+)".

²⁸⁶The theoretical commission is calculated by multiplying the premiums paid to POJ during the relevant business quarter for the second and third policy years of insurance policies sold by Agency Managers, Sales Managers individually, and sold by assigned LPs, etc., by the first policy year commission rate for the relevant insurance policy and a coefficient determined based on the number of months of service of the sales representative (in principle, ranging from [REDACTED]% (over 61 months) to [REDACTED]% (within 13 months)) (Article 7, Paragraph 4 of the Agency Manager Compensation Rules; Article 6, Paragraph 4 of the Sales Manager Compensation Rules).

²⁸⁷ The Persistency Override Commission rate is set at [REDACTED]% for Agency Managers and [REDACTED]% for Sales Managers when the Persistency rate (the ratio of the total annualized commissions of insurance policies that remain valid at the end of a business quarter among insurance policies sold by the Agency Managers or the Sales Managers individually and by the assigned LPs, to the annualized commissions of insurance policies sold by the Agency Manager or Sales Managers individually and by the assigned LPs that were concluded at the relevant agency or sales office during the most recent 8 quarters including the business quarter) is 90% or more, and is set at [REDACTED]% for both Agency Managers and Sales Managers when it is less than 90% (Article 7, Paragraph 6 of Agency Manager Compensation Rules; Article 6, Paragraph 6 of the Sales Office Manager Compensation Rules).

²⁸⁸Article 7 of the Agency Manager Compensation Rules, Article 6 of Sales Office Manager Compensation Rules

²⁸⁹As a result of the 2019 Governance Reinforcement Project, emphasis was placed on ① rebalancing away from an excessive focus on new policies (evaluating not only the acquisition of new policies but also contributions to the ongoing policy service), and ② evaluating the quality of compliance and governance (enhancing LP control by field managers), it was decided that reductions would be applied when Agency Managers or Sales Managers received a disciplinary action of severe reprimand or higher (the same applies to Productivity and Persistency Bonus, Development Bonus, and Growth Bonus).

theoretical commission for the relevant quarter by the Productivity and Persistency Bonus rate^{290 291}.

This bonus was formerly called the "Persistency Bonus" and was calculated by multiplying the insurance premiums received in the second and third years of insurance policies by the first-year commission rate and the Persistency Bonus rate. However, from April 2024 onward, the system was revised with the aim of serving as an incentive for field managers regarding the recruitment and development of LPs and enhancing contributions to policy service, whereby the aforementioned amount is further multiplied by a coefficient corresponding to the years of service of the LP who made the sale (the shorter the years of service, the larger the coefficient).

(f) Development Bonus

Development Bonus is paid quarterly as compensation for the development results of TAPLPs to Agency Managers and Sales Managers. When the LP meets certain evaluation criteria, the Agency Manager is paid from [REDACTED] yen to [REDACTED] yen and the Sales Manager are paid from [REDACTED] yen to [REDACTED] yen, respectively, according to the achievement rate of the LP in question²⁹².

Regarding the Development Bonus, "Compliance Promotion Status" was added as a consideration factor in 2003 and it was decided that the bonus amount should be reduced when an Agency Manager or Sales Manager received a disciplinary action of a severe reprimand or higher. Specifically, it was explained that a negative adjustment of approximately 20% to 50% is made in the case of disciplinary action concerning one's own conduct, and approximately 5% in the case of disciplinary action concerning management responsibility for the conduct of LPs assigned to one's agency or sales office.

(g) Indemnification

Indemnification is compensation paid to field managers to recognize their contributions to organizational growth by developing and promoting subordinate LPs and other personnel to field management positions, as well as to compensate for the reduction in compensation resulting from the corresponding decrease in the number of subordinate LPs. Agency Managers are paid an amount based on the performance of the person promoted when they "promote a Sales Manager to the position of Agency Manager" or "promote a subordinate LP to the position of Sales Manager," and Sales Managers are paid an amount

²⁹⁰Article 8 of the Agency Manager Compensation Rules, Article 7 of the Sales Manager Compensation Rules

²⁹¹Productivity and Persistency Bonus is determined based on the insured productivity indicator for the relevant business quarter and the Persistency rate at the end of the relevant business quarter for the agency or sales office in question, and ranges from [REDACTED]% to [REDACTED]% for Agency Managers and from [REDACTED]% to [REDACTED]% for Sales Managers (Attached Table 1 of the Agency Manager Compensation Rules, Attached Table 2 of the Sales Manager Compensation Rules).

²⁹²Article 9 of the Agency Manager Compensation Rules, Article 8 of the Sales Manager Compensation Rules

based on the performance of the person promoted when they “promote a subordinate LP to the position of Sales Manager.”²⁹³

(h) Growth Bonus

Growth Bonus is compensation paid to Agency Managers who have improved their agency's insurance policy sales performance on a quarterly basis, as indicated by the annualized net first-year commission amount²⁹⁴.

Regarding the Growth Bonus, the annualized amount is calculated by dividing the annualized net first-year commissions for the relevant fiscal year – derived from insurance policies acquired by the Agency office at the end of each quarter of that fiscal year- by the coefficient specified for each fiscal quarter. The Bonus is paid monthly in an amount proportional to the excess of that annualized amount over the annual average of the annualized net first-year commissions generated over the past three fiscal years.

(i) Liability System

Liability is a system whereby, in cases where ① an LP resigns within two years of joining the company or ② an LP falls out of the scope of TAP during the TAP application period, that is, when the sales performance of the TAPLP in question falls below even the minimum standard, an amount equivalent to a portion of the Support Allowance paid by POJ to said LP is deducted from the Agency Manager's remuneration according to the performance of said LP²⁹⁵²⁹⁶.

B. Agency Office Succession System

Regarding Agency Managers, in addition to the compensation system based on the Agency Manager Compensation Rules mentioned in A. above, agency succession system has been established based on Rules concerning Agency Manager Compensation Adjustments following agency succession, whereby Agency Manager compensation is adjusted upward or downward as adjustments related to the appointment and transfer of Agency Managers, as well as the acceptance or dispatch of LPs, in order to ensure fairness in compensation among Agency Managers²⁹⁷.

When a new agency office is established, the person who assumes the position of Agency Manager of that agency office hires LPs from scratch together with several Sales

²⁹³See Article 11 of the Agency Manager Compensation Rules, Rules regarding the Agency Manager Indemnification System, Article 9 of the Sales Manager Compensation Rules, and Rules regarding Sales Manager Indemnification

²⁹⁴Article 6 of the Agency Manager Compensation Rules

²⁹⁵The liability system was established to promote the hiring and development of highly qualified field employees and to raise agency managers' cost awareness regarding agency management. (Article 1 of the Rules concerning the Liability System).

²⁹⁶See Article 2 of the Agency Manager Compensation Rules and the Rules concerning the Liability System

²⁹⁷See Article 2 of the Agency Manager Compensation Rules and the Rules concerning Agency Manager Compensation Adjustment in Connection with Agency Succession

Managers and develops the new agency office²⁹⁸. In addition, when an existing agency office's Agency Manager reaches retirement age or is transferred to another agency office, another person takes over the position of the Agency Manager of that agency office²⁹⁹.

According to POJ, while the former is recognized for making a high contribution by expanding new agency offices and contributing to the expansion of POJ's business, it is difficult to immediately generate sales, and such contribution is not easily reflected in compensation at the time of appointment, whereas the latter can obtain sufficient compensation from the time of appointment by taking over the LPs recruited and trained by their predecessor. The agency succession system is a system that adjusts compensation to achieve substantial fairness in compensation among Agency Managers, considering such differences.

Specifically, payment of the Agency Succession amount is made in the following cases: ① when a person who was not an Agency Manager is newly appointed as an Agency Manager, ② when a person who is currently an Agency Manager is transferred to another agency and appointed as an Agency Manager of the agency³⁰⁰, or ③ when there is no appointment or transfer of an Agency Manager, but there is a transfer of an LP belonging to the agency. The payment amount is half of the amount calculated by deducting the Agency Manager compensation amount to be paid in the event of such appointment as Agency Manager or transfer of the affiliated LP from the Agency Manager compensation amount assuming that such appointment as Agency Manager or transfer of the affiliated LP had not occurred³⁰¹ (provided that in the case of ① above, the amount shall be 0 yen). If such half amount is positive, it shall be paid by POJ to the Agency Manager by adding it to the Agency Manager compensation amount, and if such half amount is negative, it shall be paid by the Agency Manager to POJ by deducting it from the Agency Manager compensation amount.³⁰²³⁰³

C. Long-Term Incentive Program for Agency Managers

For Agency Managers, a long-term incentive program has been established using the grant of PFI's Restricted Stock Units (hereinafter referred to as "RSU"), with the aim of providing incentives for medium- to long-term enhancement of corporate value and promoting employee retention.

Specifically, the amount of PFI RSUs granted to each Agency Manager is determined

²⁹⁸This is called "zero start" in POJ.

²⁹⁹In POJ, this is called "takeover start."

³⁰⁰① and ② include cases where Agency offices are consolidated or abolished.

³⁰¹To be precise, these are a portion of: Override Commission, Persistency Override Commission, and Productivity and Persistency Bonus (the same applies hereinafter).

³⁰²We were told in the interviews that when the payment amount is positive, it is paid over a period of three years, but when it is negative, it is deducted over a period of five years. Additionally, regarding the case in ①, where an individual is newly appointed as Agency Manager, while the deduction amount under the Agency Succession System may be substantial, it was explained that for the first 15 months following the appointment, after the deduction amount is applied, the difference between that amount and the standard amount under the Initial Guarantee System will be compensated.

³⁰³See Articles 2 and 6 of the Agency Manager Compensation Rules

according to the points earned by each Agency Manager, which are calculated based on the number of new hires, the number of resignations, the number of AMTs produced, the number of Senior Sales Managers³⁰⁴ produced, the number of Agency Manager appointments, and the number of Sales Managers produced at each agency. One-third of the granted RSUs vest each year over a three-year period starting from the grant date, and PFI shares are delivered upon each vesting to Agency Managers. However, if the Agency Manager leaves POJ before the rights are vested, the rights associated with the unvested portion will, in principle, expire.

The proportion of the stock amount granted under the long-term incentive program for Agency Managers to the total compensation ranges from 1.6% to 22.2%, with an average of 6.4%.

(4) Training System

To assume the position of Sales Manager, it is necessary to complete training for new Sales Managers that is conducted over 8 business days, and the content of this training includes the importance of recruitment in the duties of a Sales Manager, points to note regarding the management and supervision of LPs, and matters related to compliance. Since October 2022, this training has incorporated content related to lending and borrowing of money and investment solicitation.

The Blue Book for Sales Managers contains many materials related to LP recruitment, such as "The Necessity of Recruitment," "Scouting and Recruitment Activities," "LP Recruitment," "Finding Candidates," and "How to Conduct Recruitment Meetings," and in addition to these, materials concerning the duties of Sales Managers and training of LPs are also provided.

The process by which a Sales Manager is promoted to Agency Manager is as described in (2) above, and upon passing the Agency Manager examination, one becomes an AMT and receives training to become an Agency Manager while being affiliated with the Home Office.

The Blue Book for Agency Managers covers "the duties of Agency Managers," "characteristics of successful Agency Managers," "planning and procedure determination," "how to give speeches," and "how to conduct meetings," and there is no material specifically focused on the management, supervision, training, and guidance of LPs and Sales Managers.

In addition to compliance training as part of the training for the newly appointed Sales Managers and newly appointed Agency Managers mentioned above, "Compliance Check

³⁰⁴A Senior Sales Manager is a position within the promotion system to Agency Manager, so-called the SSM Trial, which is separate from the regular Agency Manager candidate selection system, and after a certain period of agency operation, a decision is made on whether or not to promote the person to Agency Manager.

Tests"³⁰⁵ and "Compliance Video Training"³⁰⁶ are conducted as compliance training for field management personnel.

(5) Recognition Programs

Similar to the recognition programs for LPs described in 1(8) B. above, POJ has established multiple recognition programs for Sales Managers and Agency Managers. Unlike the case with LPs, Sales Managers and Agency Managers are evaluated not on their own sales performance, but on the sales performance and number of recruits of the LPs assigned to their sales office or agency. The main recognition programs are outlined as follows.

A. Awarding of the President's Trophy

As stated in 1(8) B. above, this is the most representative recognition program, and Sales Managers and Agency Managers are also eligible.

The selection of award recipients among Sales Managers and Agency Managers in the 2025 President's Trophy were determined by adding points based on the number of times they have won the President's trophy (considering the time of joining the company) and the number of LPs hired to the points earned by LPs assigned to the sales office or agency of the respective field manager, with all other aspects being the same as for LPs. In addition, the selection process themselves are reviewed every year, and in 2020, revisions were made from a compliance perspective, including stricter standards for disciplinary actions.

Taking fiscal year 2025 as an example, of the 487 Sales Managers, 92 (approximately 19%) achieved a score of BP or higher, and of the 117 Agency Managers, 21 (approximately 18%) achieved a score of BP or higher.

B. Sparkling Diamond Club

This is a recognition program for all Agency Managers, implemented with the purpose of "honoring the contributions of Agency Managers for their many years of recruiting, developing, and producing managerial personnel, while encouraging further improvement." The criteria for winning awards are that the number of LPs hired and the number of Sales Managers and Agency Managers produced meet prescribed standards, that no certain disciplinary actions have been received for one year, and that the agency audit evaluation meets the recognition criteria, and awards are presented at the Management Conference

³⁰⁵In January 2021, the "Compliance Check Test (Sales Management Edition)" for Agency Managers and Sales Managers was initiated, and this test includes questions related to lending/borrowing of money and investment solicitation (such as those asking about how to respond when suspicions arise regarding lending/borrowing of money between customers and LPs under their management, and those requiring selection of acts that constitute prohibited investment solicitation acts from multiple acts, etc.).

³⁰⁶Since April 2021, training sessions have been conducted based on money-related inappropriate cases (including the Monetary Transaction Cases) that occurred within and outside POJ around that time. Since April 2022, movies have been distributed on topics related to the prevention of financial and investment-related misconduct.

where field management personnel are invited.

(6) Management and Supervision of LPs

A. Positioning of Field Managers and Relationship with LPs

Although field managers are a position to manage and supervise LPs, they do not have the authority to conduct personnel evaluations of LPs, and in the qualification system for LPs described in 1(8) A. above, recommendations or evaluations by field managers are not a requirement for promotion. Since LP compensation was designed to be largely linked to the performance of each LP, personnel evaluations by field managers do not have a direct impact on LP promotions, compensation, or other treatment.

B. Review of Activity Plan Sheet and Activity Result Sheet prepared and submitted by LPs

At POJ, as part of sales activity training for LPs, LPs have been required to prepare "Activity Plan Sheet" and "Activity Result Sheet" on a weekly basis and submit them to Sales Managers since at least 2000. In June 2020, "DAM³⁰⁷" was introduced from the perspective of utilizing data related to sales activities and reducing administrative burden, and its operation was digitized.

The "Activity Plan Sheet" is a document in which LPs enter on a weekly basis their scheduled appointments with their own customers and other sales activities, etc., and the "Activity Results Sheet" is a document in which LPs enter on a weekly basis the results of their sales activities, etc. Although fields for entering start times are provided for each business activity recorded in these documents, no fields for entering end times are provided, nor are there any fields for recording the daily starting and ending work times. Additionally, the "Activity Result Sheet" is in a format where the customer's name and activities conducted with that customer are selected from categories, and the specific details of interactions with individual customers are not recorded.

The Sales Managers are required to review the above-mentioned "Activity Plan Sheet" and "Activity Result Sheet" every Monday to verify that they are submitted without required data, that there are no recurring deficiencies (e.g., late submission, incorrect entries, or omissions), and that there are no false entries – including fictitious activities or other inaccuracies – in the activity reports^{308 309}. In addition, if the review reveals any entries that violated internal rules, the Sales Managers are required to record them as "deficiencies" in the Agency's self-audit report³¹⁰.

In addition, Agency Managers are required to supervise the status of Sales Managers'

³⁰⁷DAM stands for Digital Activity Management, meaning a digital activity schedule results table.

³⁰⁸ During the period from January 2023 to March 2023, 1,986 out of a total of 4,453 LPs had not entered even a single schedule in the Activity Plan Sheet, suggesting that input into the Activity Plan Sheet was not thoroughly implemented during that period.

³⁰⁹ During the period from January 2023 to March 2023, 22 LPs out of a total of 4,453 LPs had not entered even a single result in the Activity Result Sheet.

³¹⁰See Section 2.5 (2) A. (a) above

review of "Activity Result Sheet," and when there are unreviewed "Activity Result Sheet," the Agency Managers are required to point out to the Sales Managers that they are "unreviewed" and instruct them to review them promptly, and enter the fact as deficiencies in the audit report.

C. Management through Agency Meetings

At each agency office of POJ, "Agency Meetings" attended by the Agency Manager, Sales Managers, and assigned LPs are held every Monday and Thursday. It is customary for progress reports on LPs' sales activities and information sharing to take place on Mondays, and for LPs development and training to be conducted on Thursday. The Agency Manager has operational responsibility, and the Sales Managers assist the Agency Manager in operations and are responsible for managing LP attendance and other duties delegated by the Agency Managers.

It should be noted that, according to internal company rules, the purposes of Agency Meetings are "information sharing with LPs," "communication within the agency office (cultivation and transmission of agency office culture and life planner-ship)," "mutual learning among LPs," "fostering compliance awareness," and "activity management of LPs," among others; however, there are no company-wide unified standards regarding the specific content or selection of themes, and these matters are left to the discretion of each Agency Manager^{311 312}.

D. Accompanying LPs to meetings with customers, etc.

Field managers are required to accompany LPs to meetings with customers and improve sales capabilities through on-site guidance for inexperienced LPs ("Joint Work"³¹³), as well as to ensure compliance and achieve appropriate insurance solicitation when soliciting specified insurance policies to elderly customers. In addition, When LPs received complaints from customers, field managers are required to accompany them to meetings with customers and other activities to address issues through interviews.

3. Management and Supervision by POJ Home Office

(1) General Marketing Division

The General Marketing Division holds the Extraordinary Agency Manager Meeting if

³¹¹We were told in the interviews that there was no uniform operation regarding discussions and guidance on compliance issues, and the focus was on general content such as "the Ethics Enhancement Month held around October every year" and "training following the revisions to the Compliance Manual."

³¹²In interviews with those who have experienced Sales Managers' position, some stated that "(as a Sales Manager) during the TAP period, I had meetings with LPs every day, and after the TAP period, about once per quarter or once every six months," and in interviews with those who have experienced Agency Managers' position, some stated that "(as Agency Manager) I had meetings with LPs about twice a week during the TAP period to provide training for sales activities," but according to POJ, there are no company-wide guidelines or implementation standards set for meetings between Sales Managers or Agency Managers and LPs.

³¹³See 1(7) B.(b) above

necessary, hosted by Head Chief General Marketing Officer with the Sales Planning Team for administrative supports, and attended by the Head Chief General Marketing Officer, the Head Chief Strategy Officer, the Chief Operation Control Officer, each Head Chief Marketing Officer, Agency Managers nationwide, Agency Manager candidates, and Head Chief Marketing Officer assistants, where information is provided by each department at Home Office followed by questions and answers regarding the content, and messages are communicated from the Head Chief General Marketing Officer to the field.

The General Marketing Division consists of the Head Chief General Marketing Officer, as well as Head Chief Marketing Officers who are not Executive Officers, Agency Manager candidates undergoing training, and newly hired LPs³¹⁴, but there are no clerical staff. Although the Head Chief General Marketing Officer visits agencies, the visits are primarily for meetings with Agency Managers and are conducted irregularly.

(2) Marketing Region

The Head Chief Marketing Officer exercises the following management and supervision over the Agency Managers of the agencies under his responsibility.

- ① Performance reviews of each Agency Manager (once a year) regarding the results of agency inspections conducted in the previous fiscal year, the implementation status of action plans (improvement plans), important observations raised in agency inspections, issues identified through agency inspections, inspections by supervisory authorities and their results, notable trends in disciplinary actions and recruitment activities at each agency, trends in the quality of sales at each agency, etc.
- ② Review of each Agency Manager's management of agency activities utilizing periodic management information reports for each agency office, BQIR³¹⁵, agency inspection reports, reports prepared by each division at the Home Office, improvement plans and special investigation reports, monthly self-audit reports by Agency Managers, and the content of discussions with the COO
- ③ Review of disciplinary issues related to LPs and field managers at each agency office, and implementation of recurrence prevention measures for the relevant agency offices as necessary

The Marketing Region is composed solely of the Head Chief Marketing Officer, whose specific duties primarily consisted of conducting irregular visits to agency offices to understand agency office operational status and engage in dialogue with Agency Managers, and conduct interviews and exchange views on matters such as recruitment progress and sales performance.

³¹⁴While POJ generally does not engage in new-graduate recruitment, certain individuals were hired as new graduates through the LP New Graduate Recruitment Trial, as described in footnote 197 above.

³¹⁵BQIR (Business Quality Index Report) is a data report that describes key indicators relating to LP activities from the conclusion of new contracts to policy service.

(3) Agency Internal Control Team

The Agency Internal Control Team determines the audit items that field managers should implement in agency office self-audits³¹⁶. The audit items include: ① spot inspection³¹⁷, ② compliance topic confirmation³¹⁸, ③ confirmation by the Sales Manager of the Activity Result Sheet, and ④ review by the Agency Manager of the confirmation of the activity results table by the Sales Manager, among others.

(4) Operation Control Office

The Chief Operation Control Officer visits each agency office under his responsibility and conducts agency interviews with the Agency Managers, agency office staff (office managers, field service staff), Sales Managers, and LPs regarding business operations and other matters. It should be noted that, unlike agency office inspections, this does not evaluate the control conditions at agency offices³¹⁹.

³¹⁶See 2.5(2) A. (a) above

³¹⁷In "spot inspections," the Sales Manager is required to check LPs' personal belongings, stored items, SNS, etc., for any items that may violate laws, regulations or internal rules (inappropriate items) or any communications with customers, etc., at least once every six months and at least once between the submission of a resignation notice and the resignation date when such notice is given. In addition, materials suspected of promoting investment has been explicitly identified as inappropriate item since October 2022.

³¹⁸Audits review whether compliance-related topics were discussed at least once a month during Agency meetings. Such topics may include not only the prohibition of investment solicitation and lending/borrowing of money but also handling of personal information and customer feedback.

³¹⁹According to POJ, based on Agency interviews, there have been no reports on suspected compliance violations (see Section 2.5(3)A. above).

Section 4: Overview of the Monetary Transaction Cases

In order to conduct an in-depth investigation into the specific details of the Monetary Transaction Cases³²⁰, the Committee designated the cases involving 27 of the Subject Individuals, who deemed to be key figures, as the "Cases Subject to Individual Investigation"³²¹ and focused on these cases to clarify the facts regarding the methods and nature of the conduct, attributes and motives of the Subject Individuals, relationships with customers and others, POJ's response after the cases became known. For all other cases³²², the Committee decided to rely on the findings of the investigation by the Self-Inspection Team³²³ to understand the full picture of the Monetary Transaction Cases.

Details are provided below.

1. Overview and Types of the Monetary Transaction Cases

As of the Reference Date, there were 159³²⁴ Subject Individuals³²⁵ involved in the Monetary Transaction Cases. According to a compiled count based on reports from customers and others involved in the conduct, or on the self-confessions of the 159 Subject Individuals, there were 794 customers³²⁶ and other parties who are alleged to have exchanged money with the Subject Individuals or third parties in connection with the conduct. The total amount of money exchanged in connection with the conduct, based on

³²⁰The Monetary Transaction Cases refer to the cases where employees and former employees of POJ are alleged to have engaged in inappropriate conduct related to money, such as inappropriate investment solicitations, to policyholders or non-policyholders during their employment or after leaving employment (including cases related to individual misconduct by LPs and others that POJ disclosed in this January 2026 press release).

³²¹In the Monetary Transaction Cases involving the 27 Subject Individuals of the Cases Subject to Individual Investigation, the total amount that customers and others reported having paid, based on the compilation of customer reports, is 5,139,500,050 yen, and since the total amount that customers and others reported having paid in the entire Monetary Transaction Cases involving all 159 Subject Individuals is 6,166,601,644 yen according to said compilation, the former accounts for approximately 80% of the latter.

³²²The Self-Inspection covers the Monetary Transaction Cases involving 132 Subject Individuals, excluding the 27 individuals who were subject to the Cases Subject to Individual Investigation out of 159 individuals mentioned above.

³²³This continues as of the Reference Date.

³²⁴This refers to a total of 159 individuals, consisting of (i) the 148 individuals who, as of the date of the January 2026 Press Release, had been determined by POJ's disciplinary committee to be subject to disciplinary action on the grounds that they had either engaged in inappropriate conduct related to money or introduced investment products or their dealers to customers that were not permitted under POJ's internal rules and other regulations (representing the aggregate of 106 individuals involved in misconduct involving money and 69 individuals who introduced such investment products or dealers to customers, after eliminating any overlap); (ii) one individual whose investment solicitation, investment introduction, lending or borrowing of money, or similar conduct had not been identified by POJ's Investigation Team as of that date but was identified thereafter; and (iii) 10 individuals whose engagement in such conduct had been identified by POJ as of the date of the January 2026 Press Release, but for whom the disciplinary committee had not yet completed its determination as to whether disciplinary action should be imposed. The 159 Individuals include certain persons who were ultimately found, through POJ's disciplinary process, not to have engaged in any transfer of money.

³²⁵Refers to POJ employees or former employees who may have engaged in investment solicitation, investment referrals, monetary lending or borrowing, or other similar acts that violate internal rules and other regulations.

³²⁶Unless there is a clear contradiction with objective evidence such as bank account transfer histories, if a customer reports that conduct falling under the Conduct Types has occurred or the Subject Individual admits to such conduct, the number of customers is calculated based on that report or admission. The number includes customers admitted by the Subject Individual, whose names or corporate identities have not yet been identified.

reports from customers and other parties is 6,166,601,644 yen ³²⁷ ³²⁸ ³²⁹. However, the above numbers of individuals and amounts are based on the relevant declarations and are therefore not definitive.

Given the scale and nature of the subject matter of this investigation, it is not necessarily practical to exhaustively investigate and organize the individual and specific circumstances of all cases, nor is it indispensable in light of the Committee's purpose of analyzing the causes of the Monetary Transaction Cases and examining and formulating recurrence prevention measures.

Therefore, in order to understand the full picture and specific circumstances of the Monetary Transaction Cases involving the exchange of money, the Committee has classified the Monetary Transaction Cases into following four types (hereafter referred to as "the Conduct Type") based on such factors as the method and manner of the exchange, the nature of the exchange, the existence or absence of a promise to repay, the involvement or absence of their parties, and the positioning under the company's internal rules. The Committee also determined to rely on the findings of the Self-Inspection Team's investigation, and to focus its own efforts on establishing the facts and circumstances relating to the Cases Subject to Individual Investigation.

Type 1: Investment solicitation	Soliciting investment to customers or other parties in violation of internal rules or other regulations, and
------------------------------------	--

³²⁷There is a discrepancy between such amount and the aggregate amount disclosed by POJ in the January 2026 Press Release, consisting of (i) the amount received by the relevant current and former employees through misconduct involving money and (ii) the amount received as a result of current and former employees introducing to customers investment products and their dealers that were not permitted under POJ's internal rules and other regulations.

The principal reasons for such discrepancy are that, in order to obtain a comprehensive understanding of the overall circumstances of this matter, the Committee: (i) based its calculations on reports made by customers and other parties; (ii) in cases where the amount reported by a customer or other party was unclear, did not uniformly exclude such report from the basis of calculation, but in some cases used a specified monetary range or minimum amount as the basis for calculation (see footnote 4 of Appendix 2 and footnote 4 of Appendix 4); (iii) included amounts relating to the Cases Subject to Individual Investigation that had been subject to disciplinary determinations prior to the Customer Outreach Investigation (as defined in Section 2(1)(e) below), as well as amounts relating to conduct that occurred after the relevant current or former employee had left POJ; and (iv) subsequently added 11 individuals to the population of actors whose conduct was included in the calculation, in light of information identified after the calculation had originally been performed (see footnote 325 above).

³²⁸This amount represents the aggregate amount based on reports made by customers and other parties and does not necessarily correspond to amounts that may be derived from other sources, such as amounts admitted by the Subject Individuals. However, where no report has been made by a customer or other party, or in other circumstances where the amount of money transferred or otherwise exchanged can be established independently of such reports, including through admissions by the Subject Individual, such amount has been used as the basis for calculation. For the avoidance of doubt, certain cases have not been included where, although a report was made by a customer or other party, the amount of money transferred or otherwise exchanged could not be determined from the report and could not be established based on any other evidence or materials.

³²⁹This amount represents the aggregate amount of money paid by customers and other parties to the Subject Individuals or third parties, together with the aggregate amount of money loaned or otherwise provided by the Subject Individuals to customers and other parties. It has not been reduced by any amounts returned to customers and other parties by the Subject Individuals or third parties, including repayments of investment principal, distributions or dividends on investments, repayments of loans, or similar payments.

(Self-Receipt)	receiving money from customers or other parties
Type 2: Investment Solicitation (Third-Party Receipt)	Soliciting or introducing investment to customers or other parties in violation of internal rules or other regulations, and having the customers or other parties deliver money to a third party
Type 3: Money Lending/Borrowing	Engaging in lending or borrowing money ³³⁰ with customers or other parties in violation of internal rules or other regulations
Type 4: Other Monetary Transactions	Monetary transactions with customers or other parties or similar acts that violate internal rules or other regulations that do not fall under the three types described above

Based on the Conduct Types, the details of the Cases Subject to Individual Investigation and the overall picture of the Monetary Transaction Cases subject to this Self-Inspection are described below.

2. Facts Established by the Committee Regarding the Cases Subject to Individual Investigation

(1) Details of the Cases and Attributes of the Subject Individuals

In the Cases Subject to Individual Investigation, the total number of Subject Individuals is 27, the total number of customers and other parties is 429³³¹ based on the reports or the admission by the Subject Individuals, the total number of cases³³² is 788, the total declared amount ranges from 5,139,500,050 yen to 5,254,090,050 yen^{333 334}, and the total amount returned ranges from 827,252,088 yen to 846,102,088 yen³³⁵. The breakdown by Conduct

³³⁰This includes cases where the Subject Individuals lend money to customers or other parties and cases where customers or other parties lend money to the Subject Individuals.

³³¹Unless clearly contradicted by objective evidence, such as bank transfer records of financial institution accounts, where a customer or other party reports, or a Subject Individual admits, that conduct falling within a Conduct Type has occurred, the number of customers and other parties is calculated based on such report or admission. The number of customers and other parties includes persons whose involvement has been admitted by a Subject Individual but whose names or identities have not yet been identified.

³³²When analyzing and compiling the Monetary Transaction Cases, the unit "case" is used. See Appendix 2, Footnote 3 for details on how to count the number of "cases."

³³³This amount represents the aggregate amount based on reports made by customers and other parties and does not necessarily correspond to amounts that may be calculated from other sources, including amounts admitted by Subject Individuals. However, where no report has been made by a customer or other party, or where the amount of the transfer of money or similar transaction can otherwise be established independently, including through an admission by a Subject Individual, such amount has been used as the basis for calculation. In addition, certain cases have not been included where, although a report was made by a customer or other party, the amount of the transfer of money or similar transaction could not be determined from the report and could not be established based on other materials or evidence.

³³⁴This amount represents the aggregate amount of money provided by customers and other parties to Subject Individuals or third parties, together with the aggregate amount of money provided by Subject Individuals to customers and other parties in the form of loans or similar arrangements, and has not been reduced by any amounts returned to customers and other parties by Subject Individuals or third parties as repayment of borrowings or otherwise, including returns of investment principal and payment of dividends.

³³⁵This amount represents the aggregate amount of funds returned to customers and other parties,

Type is as shown in the table below (details are provided in Appendix 2). However, the above numbers of individuals and amounts are based on the relevant declarations and are therefore not definitive.

	Type 1	Type 2	Type 3	Type 4	Total
Number of the Subject Individuals (persons)	16	15	13	7	27
Number of customers and other parties (persons)	145	170	102	12	429
Number of Cases	323	229	210	26	788
Total declared amount (yen)	3,293,589,640	1,360,213,928	452,071,267	33,625,215	5,139,500,050
	-	-	-	-	-
	3,367,089,640	1,386,813,928	466,441,267	33,745,215	5,254,090,050
Total amount returned (Yen)	429,289,672	299,456,256	91,484,924	7,021,236	827,252,088
	-	-	-	-	-
	439,889,672	301,096,256	98,094,924	7,021,236	846,102,088

Each of the above cases occurred between 1992 and 2025; viewed chronologically, 99 cases occurred in or before 2009, 222 cases occurred between 2010 and 2019, 410 cases occurred in or after 2020, and the time of occurrence is unknown for 57 cases.

Additionally, POJ's responses after the discovery of each case are as follows.

A. Criminal Prosecution and Consultation with the Police

Of the Subject Individuals of the Cases Subject to Individual Investigation, three of the Subject Individuals were either arrested, detained, or prosecuted by the investigating authorities; all of these were for conduct falling under Type 1. There were no Subject Individuals who were arrested, detained, or prosecuted for acts corresponding to other Types.

Furthermore, the cases where it was confirmed that POJ had consulted with or provided

including not only repayments of borrowings or similar obligations, but also payments of investment principal or dividends made by Subject Individuals or third parties. In cases where the amount returned or otherwise paid exceeds the amount originally provided by the relevant customers and other parties, the entire amount so returned or paid has been included in the calculation. For the avoidance of doubt, amounts paid by POJ to customers and other parties pursuant to awards or determinations made by the Reimbursement Committee are excluded from this amount.

information to the police are as follows: 64 cases under Type 1, 39 cases under Type 2, 26 cases under Type 3, and 0 case under Type 4.

B. Filing of Misconduct Report

Of the Cases Subject to Individual Investigation, the number of cases for which POJ filed a misconduct report was 176 for Type 1, 31 for Type 2, 39 for Type 3 and 14 for Type 4.

C. Status of Public Disclosure

Of the Cases Subject to Individual Investigation, there were 103 instances out of the 788 cases above, in which POJ had disclosed details on its website or elsewhere including names, methods, and other information sufficient to individually identify each case prior to the January 2026 Press Release.

D. Status of Disciplinary Actions, etc.

When POJ imposed disciplinary action (including Attention by Written Document in addition to the disciplinary actions defined in POJ's Work Rules, the same applies hereafter) on the Subject Individuals, the number of cases cited as grounds for such action in the materials submitted to the Disciplinary Committee was 543.

E. Others

The number of cases in which the Subject Individuals acknowledged their own inappropriate conduct is 314. Additionally, the number of cases involving POJ officers and employees other than LP, who are the Subject Individuals, was 2.

Looking at the circumstances of discovery of the Cases Subject to Individual Investigation, 658 cases out of the 788 cases above were discovered through responses such as latent case investigation by inquiries to all customers that POJ commenced on August 5, 2024 (hereinafter referred to as the "Customer Outreach Investigation"), and investigation of pre-existing policies³³⁶. The remaining cases were discovered through voluntary reports to the CSC by customers and others that were not dependent on approaches from POJ including the Customer Outreach Investigation, or through reports by customers to another LP who took over the responsibilities of the LP in question due to the LP's resignation, etc.

As noted above, although the number of the Subject Individuals of the Cases Subject to Individual Investigation is limited to 27, the total amount of money that customers and other parties reported having exchanged in the cases accounts for 80% of the total amount involved in the entire Monetary Transaction Cases involving the 159 individuals mentioned

³³⁶"Investigation of pre-existing policies" refers to an investigation into whether an employee or former employee who caused a violation subject to the investigation has committed similar acts or other inappropriate acts against other customers or parties.

above; furthermore, the number of customers and other parties in the Cases Subject to Individual Investigation exceeds half of the entire Monetary Transaction Cases, and it includes cases spanning a long period from 1992 to 2025, and it encompasses types such as cases subject to disciplinary action and cases in which the Subject Individuals have admitted; therefore, a certain degree of comprehensiveness can be recognized.

F. Attributes of the Subject Individuals of the cases

The Subject Individuals of the Cases Subject to Individual Investigation were classified based on factors: designation at the time the conduct began³³⁷, changes in annual income, age at the time the conduct began, the number of years in service, the number of policies held at the time the conduct began, sales performance including the number of new policies sold, sales office, agency and Marketing Region to which they belonged at the time the conduct began, and the number of times the supervisor changed; the major result is outlined below (see Appendix 3 for details):

[Designation at the Time the Conduct Began]

Executive Life Planner	4%
Senior Consulting Life Planner	7%
Consulting Life Planner	11%
Senior Life Planner	33%
Life Planner (Chief)	0%
Life Planner	44%
Before joining the company	0%

[Annual Compensation Amount at the Start of the Conduct]

15 million yen or more	22%
8 million yen or more but less than 15 million yen	22%
4 million yen or more but less than 8 million yen	48%
Less than 4 million yen	7%
Before joining the company	0%

[Age at the time the Conduct began]

50 years old and above	11%
40 to 49 years old	33%
30 to 39 years old	37%
20 to 29 years old	19%

[Years of service at the time the Conduct began]

10 years or more	19%
5 years or more but less than 10 years	33%
3 years or more but less than 5 years	19%
1 year or more but less than 3 years	15%

³³⁷In Appendix 3, the term "at the time the conduct began" refers to the point in time when the conduct falling under the Conduct Type is committed. If conduct falling under the Conduct Type is committed multiple times or on a continuous basis, it refers to the point in time when the first such conduct was committed. See Appendix 3 for details.

Less than 1 year	15%
------------------	-----

In addition, among the Subject Individuals involved in the Cases Subject to Individual Investigation, those who received disciplinary action for reasons other than the Cases Subject to Individual Investigation from the time they joined POJ until their resignation include 3 persons who received an attention by written document, 7 persons who received a reprimand, 6 persons who received an admonition, 6 persons who received a business suspension and 1 person who was dismissed following a recommendation to resign, totaling 16 persons excluding duplicates where the same person corresponds to multiple disciplinary actions.

Furthermore, among the Subject Individuals involved in the Cases Subject to Individual Investigation, the number of complaints, etc. by type received from the Customers and Prospective Customers during the period from when the Subject Individuals joined POJ until their resignation, for reasons other than the Cases Subject to Individual Investigation, is as shown in the table below³³⁸.

Type of complaint, etc.	Number of cases
False explanations at the time of insurance sales	6
Discrepancy with customer needs, etc.	4
Policy content discrepancy	8
Personal troubles with the Subject Individuals	9
Attitude, manner of speaking, appearance, and common sense of the Subject Individuals	15
Inappropriate acquisition of declaration	4
Inappropriate solicitation	15
Failure to fulfill promises / Runaround	10
Loss or leakage of personal information, etc.	3
Others	549

(2) Overview of the Major Cases Corresponding to Type 1 among the Cases Subject to Individual Investigation³³⁹

³³⁸Complaints and other matters at POJ have been recorded as electronic data in the Customer Voice System (CVS System) since 2008, and the classification of types of complaints, etc. depends on the application categories recorded in that system.

³³⁹In this (2), in order to avoid excessive identification of the Subject Individuals and other related parties in individual cases, certain abstractions may be made regarding the timing, location, amounts, proper nouns, etc. in each act. The same applies to items (3) and (4) herein.

A. Investment solicitation to a customer by an LP (Mr. A) of the Agency C³⁴⁰

(a) Overview of the case

Mr. A was engaged in sales as an employee of [REDACTED] before joining POJ in [REDACTED] as an LP belonging to the Agency D. Thereafter, he was transferred to multiple Agencies including the Agency E, and through the absorption and merger of Agencies, became an LP of the Agency C. Ultimately, Mr. A left POJ in [REDACTED].

Mr. A, [REDACTED], was exhibiting at an event in [REDACTED], where he met and became acquainted with the customer. After Mr. A changed jobs to POJ, the customer was solicited by Mr. A for insurance products such as [REDACTED]³⁴¹ and purchased them.

Around [REDACTED], Mr. A solicited investment for the first time in violation of internal rules at a hotel located in [REDACTED], telling the customer that [REDACTED] as the source of funds for the investment and stated that, if the customer entrusted funds to Mr. A, he would, for a certain period of time, return an amount exceeding the amount originally entrusted. ^{342*1}

In response to this, the customer went to [REDACTED] with Mr. A on [REDACTED], completed [REDACTED], and then transferred money to Mr. A's personal bank account:[REDACTED]^{343 344 *2}.

Mr. A transferred money to the bank account under the customer's name every month for a certain period^{345 *3}.

Subsequently, Mr. A proposed to the customer that, from the perspective of money management, instead of returning the funds each time, the funds should be left in his custody, and the customer agreed to this.

Regarding the reason, Mr. A explained as follows: "I initially made payments of [REDACTED] yen per month, but [REDACTED], so it was agreed between me and the customer that I would hold onto the money without returning it each time and would hand it

³⁴⁰As stated in Section 1.10 (2) ⑤ above, the individual circumstances such as amounts, timing, etc. described in A herein are not necessarily final or definitive.

³⁴¹[REDACTED]

³⁴²Although there are parties involved in the case who state that Mr. A said, "[REDACTED]", according to Mr. A, he did not explain that it was a project limited to POJ employees only, and he stated that he did not mention POJ at all when soliciting investment.

^{*1}The description has been generalized in this public version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

³⁴³Mr. A stated that he received a total of [REDACTED] yen from the customer in the first investment solicitation, but according to the LINE conversation history between Mr. A and the customer, the dates and amounts that the customer transferred to Mr. A are as stated in the main text, and it is considered that the amount Mr. A received from the customer in the first investment solicitation totaled [REDACTED] yen.

³⁴⁴[REDACTED]

^{*2}The description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

³⁴⁵According to the customer in question, Mr. A transferred [REDACTED] yen into the financial institution account under the customer's name [REDACTED]; however, as stated in the main text, Mr. A transferred [REDACTED] yen monthly to the customer from [REDACTED] to [REDACTED], and it is considered that there were [REDACTED] instances of the [REDACTED] yen transfers.

^{*3}The description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

over to the customer all at once at a later date.”^{*4}

Around [REDACTED], Mr. A solicited the customer for a second investment, stating things such as the investment was going smoothly, and, if the customer entrusted funds to Mr. A, he would, for a certain period of time, return an amount exceeding the amount originally entrusted^{*5}. The customer then transferred [REDACTED] yen to Mr. A's personal bank account on [REDACTED].

On [REDACTED], the customer contacted Mr. A via LINE³⁴⁶, as he needed funds, he requested payment of an amount corresponding to a portion of the money he had entrusted. Mr. A responded to the customer that it would be possible to transfer [REDACTED] yen, which is equivalent to [REDACTED] payments, if it were by [REDACTED]. On [REDACTED], Mr. A transferred the amount to a financial institution account in the customer's name^{*6}.

According to the customer, regarding the [REDACTED] yen transferred [REDACTED], the repayment received consisted of transfers of [REDACTED] yen from [REDACTED] onward, and only a transfer of [REDACTED] yen around [REDACTED]; and regarding the [REDACTED] yen transferred on [REDACTED], Mr. A did not return any money to the customer at all. On the other hand, according to Mr. A, with respect to the aforementioned [REDACTED] yen each received as remittances from the customer in question, the maximum amount returned to the customer was [REDACTED] yen.

Around [REDACTED], after Mr. A resigned from POJ, he made a third investment solicitation to the customer, stating that he had resigned from POJ and was running an investment-related company, and if the customer entrusted funds to Mr. A, he would, for a certain period of time, return an amount exceeding the amount originally entrusted. The customer then transferred [REDACTED] yen on [REDACTED] to a bank account under the name of [REDACTED]^{*7}.

On [REDACTED], Mr. A proposed to the customer via LINE to extend the repayment deadline for a certain period due to the investment unsatisfactory performance, and on [REDACTED], while explaining that the investment performance had stabilized and that an amount exceeding the entrusted amount would be returned, he proposed that, after paying a portion of the profits, he would continue to hold the principal and, in addition to making the payments previously promised in connection with his investment solicitations, would make further payments as distributions from [REDACTED]. The customer accepted this

^{*4}The description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

^{*5}The description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

³⁴⁶This means a communication application that enables message exchange, voice calls, etc. between users. The same shall apply hereinafter.

^{*6}The description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

^{*7}The description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

proposal^{*8}.

However, with respect to the [REDACTED] yen transferred under the circumstances described above, according to the customer, on [REDACTED], Mr. A only transferred [REDACTED] yen to the bank account in the name of the customer and thereafter did not return any money.

The Sales Manager, who was Mr. A's direct supervisor at the time of the first investment solicitation mentioned above, stated that he had no knowledge whatsoever of the series of Mr. A's investment solicitation.

In addition, the Agency Manager of the Agency C at that time stated that he heard about the investment solicitations conducted by Mr. A for the first time from a former colleague of Mr. A in [REDACTED], and that was the time when he heard that Mr. A had been arrested.

The explanation provided by Mr. A regarding the above-mentioned case is, as follows: "Since [REDACTED], so we had opportunities to discuss on topics relating to asset building and wealth management, and as a further effective use of the funds, the customer themselves decided to engage in investment," "I had received guidance from the Sales Manager and Agency Manager on multiple occasions that investment solicitation and monetary lending/borrowing were prohibited, and I was subjected to quizzes and compliance checks almost weekly, so I was aware of such internal regulations," and "I plan to repay the outstanding balance, but there are no concrete prospects at present. [REDACTED] and plan to repay using the profits from [REDACTED] as the source of funds. I met with the customer on [REDACTED], and informed the customer of this." ^{*9}

(b) POJ's Response to the Above Case

The above case came to light around [REDACTED], through the Customer Outreach Investigation. POJ conducted investigations from [REDACTED] to [REDACTED], including fact-finding with Mr. A [REDACTED], interviewing the customer, and receiving provision of related materials.

Based on the results of the investigation, the POJ Disciplinary Committee determined that the first and second investment solicitations conducted during Mr. A's employment constituted violations of the provisions of the aforementioned Compliance Manual and therefore based on the Field Employee's Disciplinary Action Rules³⁴⁷, and together with other disciplinary grounds including other investment solicitations and monetary loans conducted by Mr. A, determined that Mr. A was subject to disciplinary dismissal.

^{*8}The description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

^{*9}This description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

³⁴⁷This was deemed to be in violation of the provisions concerning investment solicitation in the aforementioned Compliance Manual and was found to fall under Attached Table X.2. of the Field Employee's Disciplinary Action Rules (revised and enforced on April 1, 2017): "When in violation of the rules of employment or other regulations, directives, etc. established by the company. (From admonition to disciplinary dismissal)"

In addition, regarding disciplinary actions against Mr. A's supervisors, it was determined that the Sales Manager to whom Mr. A directly reported at the time of the first investment solicitation would receive an attention by written document, and the Sales Manager to whom Mr. A directly reported at the time of the second investment solicitation would not be subject to disciplinary action on the grounds that the period of supervision was less than one year and no negligence in management and supervision was identified.

The Agency Manager of the Agency C at the time of the first and second investment solicitations was judged to be exempt from the subject of disciplinary action on the grounds that he/she held the Home Office management position on [REDACTED], when the cases involving Mr. A, including this case, were deliberated by the Disciplinary Committee. At POJ, for cases that occurred before October 1, 2022, when the supervisor at the time of the conduct, such as Sales Managers or Agency Managers, had become an executive officer or other Home Office management position at the time of deliberation, the company had a practice of not holding them accountable for management responsibility.

Regarding this case, POJ determined that it did not bear employer liability³⁴⁸, stating that "no facts could be confirmed that Mr. A solicited the customer by indicating his relationship with POJ, and that Mr. A and the customer in question made monetary transactions based on a personal relationship³⁴⁹."

POJ reportedly provided information to the police station on [REDACTED], regarding investment solicitation activities involving Mr. A's [REDACTED] customers, including the customer in this case, due to the large amounts reported by these customers, including information on the number of customers, the reported amounts, and the results of confirmations with the customers; however, no evidence of a subsequent investigation has been confirmed.

POJ has submitted misconduct reports to the [REDACTED] Local Finance Bureau regarding this matter, filing the first report on [REDACTED], and the second report on [REDACTED].

In light of the Guidelines for the Disclosure of Misconduct, POJ had determined that (1) the basic stance on public disclosure was "to be considered (the possibility of disclosure being made is high)" and (2) the timing of disclosure would be "when Mr. A is criminally accused or charged"; however, since Mr. A was not criminally accused or charged, this matter was not disclosed³⁵⁰.

B. Investment solicitation to a customer by a former LP (Mr. B) of the Agency F³⁵¹

³⁴⁸Article 715, Paragraph 1 of the Civil Code (the same applies hereinafter)

³⁴⁹Furthermore, the POJ has determined that the mere fact that a customer has received a policy loan does not constitute recognition of business execution.

³⁵⁰The transfer of money involved in this case was included in, and publicly disclosed as part of, the figures reported in the January 2026 Press Release. However, the Press Release did not set out the specific details of Mr. A's case described in the main text.

³⁵¹As stated in 1.10 (2) ⑤ above, the individual circumstances described in B, including the amounts, timing, number of monetary transfers, and purpose of transfers, are not necessarily final or definitive.

(a) Overview of the case

Mr. B was engaged in the advertising business as [REDACTED] before joining POJ as an LP belonging to the Agency F on [REDACTED], and resigned from POJ on [REDACTED].

Mr. B met the customer at [REDACTED] after joining POJ and subsequently became close friends. The customer was solicited by Mr. B for [REDACTED] life insurance policy and purchased it in [REDACTED].

According to the customer, on [REDACTED], at a restaurant located in [REDACTED], Mr. B told the customer that he was making profits through investment. The customer handed over [REDACTED] yen in cash to Mr. B on the same day. After that, Mr. B sent messages to the customer via LINE that he would responsibly manage the fund, that it had already generated a profit of [REDACTED]% , and that the investment performance was favorable^{*10}. Based on the customer's statement and the LINE messages, it appears that Mr. B made the first investment solicitation in violation of the internal rules.

According to the subsequent LINE history between Mr. B and the customer, it can be inferred that Mr. B delivered [REDACTED] yen to the customer as dividends on [REDACTED].

Further, there were LINE communications between Mr. B and the customer as follows. First, on [REDACTED], when the customer conveyed Mr. B that "I am considering entrusting you with additional funds for investment," and Mr. B responded that, if additional funds were entrusted to him, he would pay a fixed amount of dividends on a compound-interest basis for a certain period and would continue to pay dividends thereafter. After that, on [REDACTED], the customer asked informed Mr. B that he wished to postpone the timing of any additional contribution of investment funds. Mr. B responded that he would be able to accept funds for investment management up to a certain date and that there was therefore no need to rush. He further explained that the timing of any additional investment and whether to proceed with the investment management arrangement would be left to the customer's own discretion. By making these statement, Mr. B conducted a second act of soliciting investment to the customer^{*11}.

According to the customer, the customer delivered [REDACTED] yen to Mr. B in [REDACTED]. Also, the customer reported that Mr. B explained to him/her that the aforementioned [REDACTED] yen was [REDACTED], but the customer does not recall receiving any dividends.

On [REDACTED], after Mr. B's resignation from POJ, when the customer asked Mr. B whether the customer could entrust Mr. B with an additional [REDACTED] yen the following week, Mr. B agreed to this, making a third investment solicitation, and referring to specific

^{*10}This description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

^{*11}This description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

investment performance results, he represented that the existing investments were performing well and generating profits steadily. The customer in question delivered a total of [REDACTED] yen to Mr. B on [REDACTED], and received a deposit receipt from Mr. B^{*12}. According to the customer, Mr. B paid the customer a partial amount as dividends for the above [REDACTED] yen^{*13}.

Further, on [REDACTED], in response to the customer's inquiry via LINE, asking "May I have you manage a total of [REDACTED] yen?", Mr. B conducted a fourth investment solicitation, and on [REDACTED], received cash of [REDACTED] yen from the customer and issued a receipt for [REDACTED] yen. The [REDACTED] yen, representing the difference between the amount stated on the receipt and the amount actually delivered, was claimed to be the previous investment gains^{*14}.

On [REDACTED], Mr. B delivered [REDACTED] yen as dividends to the customer by bank transfer.

The Sales Manager to whom Mr. B directly reported at the time of each of the above investment solicitations is said to have had no awareness whatsoever of the investment solicitations conducted by Mr. B.

It is said that the Agency Manager of the Agency F at that time learned of the above-mentioned investment solicitation by Mr. B around [REDACTED].

The explanation by Mr. B regarding the above case is, as follows: "The customer was an acquaintance from before I solicited POJ insurance, and I had been talking about how I had been making money through investments such as [REDACTED] for a long time. The customer asked me, I initially refused but eventually decided to accept and manage the funds," "During my employment at POJ, I served as [REDACTED], and from the compliance cases that were shared, I understood that receiving and giving money constituted a compliance violation and would be subject to disciplinary action," and "I managed the funds I received mainly through a certain method myself, and initially made profits, but around [REDACTED], I failed in the method and incurred major losses, making it impossible to return the money."^{*15}

(b) POJ's Response to the Above Case

The above case came to light in [REDACTED], after Mr. B had left POJ, when the customer in question reported it to the successor LP. POJ sent out a letter for investigation of other possible offenses on [REDACTED], and through [REDACTED], conducted fact-finding with Mr. B and interviews with the customer, and carried out investigations including

^{*12}This description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

^{*13}This description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

^{*14}This description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

^{*15}This description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

receiving relevant materials.

The POJ Disciplinary Committee, based on the investigation results, determined that the first and second investment solicitations conducted during Mr. B's employment constituted violations the provisions of the aforementioned Compliance Manual and therefore based on the Field Employee's Disciplinary Action Rules³⁵², and together with other disciplinary grounds including other investment solicitations conducted by Mr. B and the business use of LINE, warranted disciplinary dismissal of Mr. B.

Regarding disciplinary actions against Mr. B's supervisors, the Sales Manager to whom Mr. B directly reported at the time of the first and second investment solicitations had already changed job categories to LP at the time of the disciplinary committee's decision on penalty and was therefore excluded from the scope of disciplinary action. The Agency Manager of the Agency F at the time of the first and second investment solicitations received an attention by written document.

Regarding this case, POJ determined that it would not bear employer liability based on the view that "no facts could be confirmed that Mr. B solicited investment by indicating his relationship with POJ, and that Mr. B and the customer in question exchanged money based on a personal relationship."

POJ provided information to the police station on [REDACTED], regarding investment solicitation cases to [REDACTED] customers including Mr. B's customer, as the amounts reported by the customers were substantial, providing information such as the number of customers, reported amounts, and the results of confirmation with the customers; however, no facts have been confirmed that an investigation was conducted thereafter.

POJ has filed a misconduct report with the [REDACTED] Local Finance Bureau regarding this matter, submitting the first report on [REDACTED], the second report on [REDACTED], the third report on [REDACTED], and the fourth report on [REDACTED].

In light of the Guidelines for the Disclosure of Misconduct, POJ had determined that, as a case type with significant social impact, ①the basic stance on disclosure would be "under consideration (moderate possibility of disclosure)" and ②the timing of disclosure would be "when Mr. B is criminally accused or charged," but since Mr. B was not criminally accused or charged, this case was not disclosed.

C. Investment solicitation of customers by a former LP (Mr. C) of the Agency G ³⁵³

(a) Overview of the case

Mr. C was a sales employee at [REDACTED] before joining POJ as an LP assigned to the Agency G on [REDACTED]. He continued to work at the same Agency and resigned

³⁵²This was deemed to constitute a violation of the provisions regarding investment solicitation in the aforementioned Compliance Manual, and to fall under Appendix X.2 of the Field Employee's Disciplinary Action Rules (revised and enforced on April 1, 2017 and May 1, 2020): "When working rules or other company regulations, directives, etc. are violated. (From admonition to dismissal)"

³⁵³As stated in Section 1.10 (2) (5) above, the amounts, timing, and other individual circumstances described in this Section (c) are not necessarily final or definitive.

from POJ on [REDACTED].

Mr. C became acquainted with one of the customer through the introduction of an employee at that customer's workplace, as Mr. C and the employee were acquaintances from [REDACTED] days. The customer in question was solicited by Mr. C for a [REDACTED] insurance policy and purchased it in [REDACTED]. Furthermore, Mr. C also had a relationship with the customer's [REDACTED] (non-policyholder).

According to Mr. C, around [REDACTED] after he resigned POJ, he solicited the customer for investment, stating that there is a person who will manage the money [REDACTED]. According to the customer, the customer handed over money to Mr. C for several times, , of which [REDACTED] yen was the customer's contribution (the remaining [REDACTED] yen was the [REDACTED] contribution³⁵⁴)*¹⁶. However, according to the customer, the money has not been fully returned since then.

At the time of the aforementioned investment solicitation, the person who was the Sales Manager and the Agency Manager of the Agency G to whom Mr. C directly reported stated that they had no knowledge whatsoever of the investment solicitation conducted by Mr. C.

The explanation by Mr. C regarding the above case is : "From my own investment experience, I realized that there are ways to increase assets through means other than insurance, and I came to want to spread investment products that I thought were good."; "I did not actively solicit investments, and based on the belief that only those who can take responsibility for investment failures themselves should engage in such activities, I only explained investment products when such customers consulted me about investments, and the customer in question was one of such customers," and "I misunderstood POJ's Compliance Manual, and I did not know that investment solicitation itself was prohibited until around [REDACTED], when I became aware that investment solicitation was prohibited through either internal training or notification of disciplinary actions around that time."

(b) POJ's Response to the Above Case

The above case came to light on [REDACTED], through the Customer Outreach Investigation. From [REDACTED] to [REDACTED], POJ conducted fact-finding with Mr. C and interviews with related parties including the customer, and carried out an investigation that included receiving relevant materials from the customer.

Based on the results of the investigation, POJ's Disciplinary Committee determined that the investment solicitation conducted towards the customer in question during Mr. C's employment constituted a violation of the provisions of the aforementioned Compliance

³⁵⁴As described above, Mr. C also had a relationship with [REDACTED] , and [REDACTED] also handed over money to Mr. C in response to his investment solicitation.

*¹⁶This description has been generalized in the Public Version in order to mitigate any potential impact on the individuals concerned and to protect their privacy.

Manual and therefore based on the Field Employee's Disciplinary Action Rules³⁵⁵, and together with other disciplinary grounds related to other investment solicitations conducted by Mr. C and the removal of personal information, concluded that Mr. C's conduct was equivalent to disciplinary dismissal.

In addition, both the Sales Manager to whom Mr. C directly reported and the Agency Manager of the Agency G at the time of the above-mentioned investment solicitation, were given an attention by written document respectively.

POJ, based on the understanding that "no facts could be confirmed that Mr. C solicited investment by indicating his relationship with POJ, and that Mr. C and the customer exchanged money based on a personal relationship," determined that it did not bear employer liability.

POJ has not consulted the police regarding this matter, and no investigation has been confirmed to have taken place.

POJ determined that Mr. C's investment solicitation to the customer "does not constitute financial misconduct related to POJ's business" and has not filed a misconduct report with the FSA or the Local Finance Bureau.

POJ did not make a public disclosure because it determined that the cases involving Mr. C, including this case, did not fall under cases where employer liability would be questioned as described above, and also "did not correspond to cases requiring public disclosure from the perspective of the necessity to widely alert society to prevent the spread of damage or the magnitude of social impact" In light of the Guidelines for the Disclosure of Misconduct.

(3) Overview of the Major Cases Corresponding to Type 2 among the Cases Subject to Individual Investigation

A. Introduction of investment destinations to customers by an LP (Mr. D) of the Agency H³⁵⁶

(a) Outline of the case

Mr. D was a sales employee of [REDACTED] before joining POJ as an LP of the Agency H on [REDACTED]. He left POJ on [REDACTED].

Mr. D became acquainted with the customers through an introduction from a friend, and Mr. D solicited the customer for an insurance called [REDACTED] and the customer purchased it.

Around [REDACTED], Mr. D introduced to the customer an investment product concerning discretionary FX trading services provided by a foreign company (hereinafter referred to as

³⁵⁵This was determined to constitute a violation of the provisions regarding investment solicitation in the aforementioned Compliance Manual, and to fall under Appendix Table X.2. of the Field Employee's Disciplinary Action Rules (revised and enforced on April 1, 2017): "When violating the working rules or other company-established rules, regulations, notifications, etc. (ranging from admonition to disciplinary dismissal)."

³⁵⁶As stated in 1.10(2)⑤ above, the specific circumstances described in this Section A, such as amounts and timing are not necessarily final or definitive.

"the Foreign Company"). When introducing the Foreign Company and the investment product to the customer, Mr. D explained that "it is not a POJ product." Furthermore, Mr. D downloaded an application form from the website of the Foreign Company and delivered it to the customer in order for the customer to apply for an investment account with the Foreign Company.

In reliance on the fact that Mr. D was an LP of POJ, the customer decided to open an investment account with the Foreign Company and³⁵⁷, from [REDACTED], to [REDACTED], sent a total of [REDACTED] yen in [REDACTED] installments to third-party remittance accounts designated by Mr. D³⁵⁸ *¹⁷. The status of fund management by the Foreign Company was designed to be verifiable through [REDACTED].

After that, according to the customer, when the customer consulted with Mr. D around [REDACTED] (already retired from POJ at that time) about wanting to recover the money deposited with the Foreign Company, Mr. D told the customer, "Since substantial profits have been generated, and in order to receive the funds in a tax-advantageous manner, an additional remittance is necessary," and urged the customer to invest an additional [REDACTED] yen^{*18}.

In response to this, the customer transferred a total of [REDACTED] yen to the financial institution account designated by Mr. D in [REDACTED] installments from [REDACTED] to [REDACTED]³⁵⁹. Subsequently, according to the customer, when the customer checked the balance on [REDACTED] around [REDACTED], the customer learned that the additional remittance to the foreign company that Mr. D had explained had not been made^{*19}.

Subsequently, [REDACTED].

The customer has not been able to recover the full amount of the initial investment and the additional [REDACTED] yen invested from the Foreign Company.

At the time of Mr. D's introduction of the above investment destinations, the Sales Manager to whom Mr. D directly reported, and the Agency Manager of the Agency H at the time of Mr. D's introduction of the above investment destinations stated that they had no awareness whatsoever of Mr. D's such introduction of investment destinations.

The explanation provided by Mr. D regarding the above case was, in summary: "I had been

³⁵⁷Regarding the investment product application form for the Foreign Company delivered by Mr. D, it is unclear whether, after the customer filled it out, the customer submitted it directly to the Foreign Company or submitted it to the Foreign Company through Mr. D.

³⁵⁸The customer transferred a total of [REDACTED] yen: [REDACTED] yen on [REDACTED], to a financial institution account under a name designated by Mr. D; [REDACTED] yen on [REDACTED], [REDACTED] yen on [REDACTED], and [REDACTED] yen on [REDACTED] to financial institution accounts under other names designated by Mr. D.

^{*17}The description has been generalized in the Public Version for reasons including the mitigation of potential impacts on the individuals concerned and the protection of privacy.

^{*18}The description has been generalized in the Public Version for reasons including the mitigation of potential impacts on the individuals concerned and the protection of privacy.

³⁵⁹The customer transferred [REDACTED] yen on [REDACTED], [REDACTED] yen on [REDACTED], [REDACTED] yen on [REDACTED], [REDACTED] yen [REDACTED] times (totaling [REDACTED] yen) on [REDACTED], [REDACTED] yen on [REDACTED], and [REDACTED] yen on [REDACTED] to the financial institution account designated by Mr. D.

^{*19}The description has been generalized in the Public Version for reasons including mitigating potential impacts on the persons concerned and protecting their privacy.

making investments myself and had accumulated knowledge about investing, so I was often consulted by customers about what they should invest in. For customers with whom I had a relationship of trust, I not only introduced them Japanese products such as iDeCo and NISA, but also explained that investment carries risks and that they would be responsible at their own risk, and then introduced them to investment products I myself used and the operators handling those investment products," "I received a consultation from the customer asking me to introduce investment options, and after explaining that whether or not to invest would be at the customer's own risk, I merely introduced the investment products of the Foreign Company," "I acknowledge that I gave the customer the application form for the Foreign Company[REDACTED], but the account into which the customer transferred funds was the company's designated transfer account that was listed in the Foreign Company's pamphlet and application documents, and I did not designate the transfer destination," and "I knew that if I personally received profits in connection with investment solicitation or introducing investment options, it would violate internal regulations, but I recognized that my actions toward this customer were limited to introducing investment options and that I was not receiving any profits and therefore thought I did not violate internal regulations."

(b) POJ's Response to the Above Case

The above case came to light around [REDACTED] through this potential investigation. POJ conducted a hearing with the customer in question in [REDACTED], but according to POJ, no related objective materials were provided from the customer. In addition, although fact-finding was conducted with Mr. D, because necessary consent could not be obtained from the customer regarding the disclosure of his/her name to Mr. D regarding the case mentioned above, the fact-finding pertaining to the above case was not conducted.

Based on the results of the investigation, POJ's Disciplinary Committee³⁶⁰ determined that the above-mentioned introductions of investment destinations made during Mr. D's tenure at POJ constituted violations of the Compliance Manual, and together with other disciplinary grounds such as investment solicitations and introductions of investment destinations made by Mr. D, warranted disciplinary dismissal of Mr. D based on the Field Employee's Disciplinary Action Rules.

The Sales Manager who was Mr. D's direct supervisor at the time of his investment solicitation and introduction of other investment opportunities while he was employed at POJ was subject to a reprimand. Additionally, the Agency Manager of the Agency H at the time had been transferred to the position of the Operation Control Office Manager on

³⁶⁰This was deemed to be in violation of the provisions regarding investment solicitation in the aforementioned Compliance Manual, and to fall under Attached Table X.13 of the Field Employee's Disciplinary Action Rules (revised and enforced November 1, 2012) "When in violation of the working rules or other company-established regulations, directives, etc. (from admonition to disciplinary dismissal)" and Attached Table X.2 of the Field Employee's Disciplinary Action Rules (revised and enforced April 1, 2017) "When in violation of the employment rules or other company-established regulations, directives, etc. (from admonition to disciplinary dismissal)."

[REDACTED], when the disciplinary committee deliberated on cases involving Mr. D, including this matter, and was therefore excluded from the scope disciplinary action³⁶¹.

POJ determined that it did not bear employer liability in this case, based on the understanding that "no facts could be confirmed that Mr. D solicited customers by indicating his relationship with POJ, and the customer in question was under the impression that they were investing in an investment destination separate from POJ."

POJ, [REDACTED], offered to provide information on the investigation results at POJ to the police station on [REDACTED], but the offer to provide information was declined by the police station on the grounds that the customer had no intention of filing a damage report.

POJ has not filed a misconduct report with the FSA or the Local Finance Bureaus, as it determined that this case does not fall under cases of financial misconduct related to insurance policies, which is one of the acts subject to disciplinary action stipulated in the Field Employee's Disciplinary Action Rules.

POJ determined that the cases involving Mr. D, including this case, did not fall under cases where employer liability would be questioned as described above, and also judged that they "did not correspond to cases requiring public disclosure from the perspective of the necessity to broadly call out to society for the prevention of further damage or from the perspective of significant social impact," based on the Guidelines for Disclosure of Misconduct and therefore did not make them public.

B. Introduction of an investment-related individual to a customer by an LP (Mr. E) of Agency I³⁶²

(a) Overview of the case

Mr. E worked as [REDACTED]. On [REDACTED], he joined POJ as an LP of the Agency J and subsequently became an LP of the Agency I, where he continues to work.

Mr. E had a junior LP with whom he had built a good working relationship (hereinafter referred to as the "Investment-Related LP"), The Investment -Related LP, who left POJ in [REDACTED], made an introduction of cryptocurrency-related investments to Mr. E.

Around [REDACTED], Mr. E joined a service (hereinafter referred to as "the Service") [REDACTED] of cryptocurrency [REDACTED]. He deposited approximately [REDACTED] yen.

Around [REDACTED], prior to joining the Service, Mr. E took over as the person in charge of a certain customer following the resignation of another LP who had been handling that customer.

At the beginning after the handover, the customer did not appear to be interested in

³⁶¹POJ has a practice of not holding accountable those who were Sales Managers or Agency Managers directly supervising the Subject Individual at the time of the conduct, if they had become Home Office managers (including executive officers) of POJ at the time of deliberation, for cases that occurred before October 1, 2022.

³⁶²As stated in 1.10 (2) ⑤ above, the amounts, timing, and other individual circumstances described in this section are not necessarily final or definitive.

investment products, and there were no particular conversations about investment products other than insurance. However, subsequently, around [REDACTED], Mr. E mentioned during a conversation with the customer that he had started investing in the Service, and when the customer showed interest in this, he provided the contact information of the Investment-Related LP.

The customer stated that he/she participated in an investment seminar where the Investment-Related LP served as an instructor, subscribed to the Service, and transferred a total of [REDACTED] yen to the Service or the original cryptocurrency wallet.

At the time the above-mentioned incident occurred, the Agency Manager of the Agency to which Mr. E belonged was unaware of Mr. E's introduction of the said investment-related person.

Mr. E's explanation regarding the above case was as follows: "Since the customer showed interest in the investment product in which I was investing, I merely introduced an acquaintance who was knowledgeable about it, and since I did not solicit the customer by suggesting that there was a profitable investment opportunity, I do not consider that I engaged in investment solicitation," and "I consider that my actions do not constitute a violation of POJ's Compliance Manual or other internal regulations."

(b) POJ's Response to the Above Case

The above case came to light because it was mentioned in the "Written Pledge Regarding the Prohibition of Inappropriate Handling of Money, etc."³⁶³ that was completed and submitted by Mr. E on [REDACTED]. POJ conducted an investigation from [REDACTED] to [REDACTED], including fact-finding with Mr. E and interviewing the customer concerned.

Based on the results of the investigation, POJ's Disciplinary Committee determined that Mr. E's introduction of an investment-related person in this case constituted a violation³⁶⁴ of the Compliance Manual, and together with other disciplinary causes including Mr. E's introduction of other investment-related parties and monetary loans, subjected Mr. E to a [REDACTED] business suspension based on the Field Employee's Disciplinary Action Rules.

In addition, the Disciplinary Committee determined that the then-Agency Manager of the Agency I had "failed to properly supervise Mr. E," and issued an attention by written document.

POJ states that it does not bear employer liability for the introduction of an investment-related individual to the customer in question.

Furthermore, regarding this case, POJ has not taken any action such as consulting with the police.

³⁶³This is a document through which POJ requires all of its officers and employees to report any instances of the Subject Monetary Transfer Misconduct involving themselves or others, and to pledge that they will not engage in such misconduct.

³⁶⁴This was deemed to constitute a violation of the provisions in the aforementioned Compliance Manual regarding involvement with investment products, etc. that the company does not authorize for handling, and to fall under Appendix Table X.2. of the Field Employee's Disciplinary Action Rules (revised and enforced April 1, 2017): "When in violation of the employment rules or other regulations, directives, etc. established by the company. (ranging from admonition to disciplinary dismissal)"

Regarding this case, POJ has not filed a misconduct report with the FSA or the Local Finance Bureaus on the grounds that it "does not constitute a monetary misconduct related to the company's business operations."

POJ did not make a public disclosure because it determined that the cases involving Mr. E, including this case, did not fall under cases where employer liability would be questioned as described above, and also "did not correspond to cases requiring public disclosure from the perspective of the necessity to make a broad appeal to society for the prevention of the spread of damage or the magnitude of social impact" based on the Guidelines for Disclosure of Misconduct.

(4) Overview of Major Cases Corresponding to Type 3 Among the Cases Subject to Individual Investigation

A Monetary loan from a customer by an former LP (Mr. F) of the Agency K³⁶⁵

(a) Overview of the Case

Mr. F was employed at [REDACTED] and was in charge of corporate sales, etc., before joining POJ as an LP of the Agency L on [REDACTED]. However, [REDACTED]. In this reorganization, Mr. F was transferred to the Agency K on [REDACTED]. Mr. F resigned from POJ on [REDACTED].

Mr. F and the customers were [REDACTED] classmates and [REDACTED] and had been friends ever since. This customer was solicited by Mr. F for a [REDACTED] insurance policy and a [REDACTED] life insurance policy and purchased them in [REDACTED]. After that, in response to Mr. F's solicitation, the customer additionally purchased a [REDACTED] income policy in [REDACTED], and in [REDACTED], surrendered the above [REDACTED] insurance policy and purchased a [REDACTED] insurance policy with different conditions. These insurance policies were all cancelled on [REDACTED], and according to the customer, [REDACTED].

Before Mr. F joined POJ, there was no monetary loan relationship with the customer, but after joining POJ, Mr. F began to ask the customer for monetary loans.

Mr. F received money from the customer on multiple occasions, citing reasons such as repayment of [REDACTED] debts. First, in [REDACTED] while employed at POJ, Mr. F borrowed [REDACTED] yen, and subsequently, also while employed at POJ, multiple monetary transactions took place between Mr. F and the customer at least from [REDACTED] to [REDACTED]. Such monetary transactions were conducted by wire transfer to and from Mr. F's bank account, and according to the customer, these were loans to Mr. F³⁶⁶.

Mr. F continued to receive money from the customer in question even after resigning from

³⁶⁵As stated in Section 1.10 (2) ⑤ above, the individual circumstances described in this item (a), such as the amounts, timing, and purpose of monetary payments, are not necessarily final or definitive.

³⁶⁶There were also wire transfers from Mr. F to the customer's bank account, and according to the customer, these were repayments.

POJ. According to the customer, [REDACTED] yen of the total that Mr. F received by bank transfer in [REDACTED] and the [REDACTED] yen of the total that Mr. F received by bank transfer in [REDACTED] were loans to Mr. F³⁶⁷ ³⁶⁸. In addition, a [REDACTED] dated [REDACTED], for a loan amount of [REDACTED] yen and a [REDACTED] dated [REDACTED] for a loan amount of [REDACTED] yen were respectively prepared after the loans were made between Mr. F and the customer³⁶⁹. Mr. F also acknowledges that he prepared and delivered such documents to the customer. Based on the explanation from the customer above, these two [REDACTED] appear to be documents that set forth in writing the amount of debt owed by Mr. F, the repayment amount, the repayment timing, etc., based on the multiple past borrowings and repayments made.

At the time the above-mentioned loan consumption cases occurred, neither of the Agency Manager nor the Sales Manager, who were Mr. F's superiors, was aware of the monetary loans in question.

Regarding the above cases, Mr. F explains "Due to [REDACTED], I needed to repay my initial lenders and came to borrow from that customer as well," and "If the company found out that my debt repayment was delayed, I could lose my job. While I was aware that monetary lending and borrowing with customers was an act that posed compliance issues, at the time I did not think deeply about that problem."

(b) POJ's response to the above case

The above case was discovered on [REDACTED], through the Customer Outreach Investigation. POJ conducted an investigation from [REDACTED], to [REDACTED], including fact-finding with Mr. F, interviewing the customer in question, and receiving relevant materials.

Based on the results of the above investigation, the Disciplinary Committee collectively deliberated on the monetary loans between Mr. F and [REDACTED] of his customers or alike that took place between [REDACTED], and [REDACTED], while he was employed by POJ³⁷⁰, and determined that, based on Field Employee's Disciplinary Action Rules, Mr. F should be subject to advised resignation, finding him in violation of the Compliance Manual and the Field Employee's Disciplinary Action Rules, together with monetary loans between employees. However, monetary loans extended after his resignation were excluded from the scope of disciplinary action.

Although neither of the Agency Manager nor the Sales Manager, who were Mr. F's

³⁶⁷According to Mr. F, a portion of these borrowed amounts has already been repaid.

³⁶⁸Although there were other monetary transactions, those where it is unclear whether they constitute loans due to their small amounts or other reasons have been excluded.

³⁶⁹The amounts stated in each [REDACTED] do not match the amounts shown in the remittance records, which is consistent with the explanation by the customer in question that each [REDACTED] was created after the fact. However, Mr. F does not accurately remember the timing and amount of individual loans or the repayment status.

³⁷⁰With regard to the relationship with the said customer, the amount of [REDACTED] yen as declared by the said customer became the subject of deliberation. In addition, in POJ's internal documents, the loan amounts are organized mainly based on the declarations of the said customer, and not all cases are substantiated by objective materials.

superiors, was aware of the monetary loans in question at the time they were made, POJ considered two Sales Managers as subjects of disciplinary action. However, one who had already resigned was excluded from the scope of disciplinary action on the grounds of having already left the company, and the other who was still employed was also excluded from the scope of disciplinary action on the grounds that his period of supervision over Mr. F was less than one year and no management negligence was found. In addition, the Agency Manager of the Agency L, where Mr. F was previously assigned, was not subject to disciplinary action on the grounds that he had already resigned, and the Agency Manager of the Agency K was not subject to disciplinary action on the grounds that he had already changed his job type to LP as of [REDACTED], when the disciplinary committee deliberated on the cases involving Mr. F, including this case.

POJ maintains that it does not bear employer liability for the monetary loans with the customer in question.

In addition, regarding this case, POJ has not taken any action such as consulting with the police.

POJ has not filed a misconduct report with the FSA and the Local Finance Bureaus regarding this case, citing reasons such as "it does not constitute financial misconduct in the course of business."

POJ determined that there were Monetary Transaction Cases involving Mr. F with multiple Customers and Prospective Customers, including this case, but did not make a public disclosure because it determined that the cases involving Mr. F, including this case, did not constitute cases where employer liability would be questioned as described above, and also "did not fall under cases requiring public disclosure from the perspective of the necessity to make a broad appeal to society for the prevention of expansion of damage or the magnitude of social impact" based on the Guidelines for Disclosure of Misconduct.

B. Money Lending/Borrowing between an LP (Mr. G) of the Agency M and his customers³⁷¹

(a) Overview of the case

Mr. G was a sales employee at [REDACTED] before joining POJ as an LP assigned to the Agency N in [REDACTED]. He was transferred to Agency M on [REDACTED] and continues to work there as an LP.

Mr. G and the customers became acquainted around [REDACTED] through [REDACTED] and subsequently developed a relationship involving their entire families. [REDACTED]. The customer [REDACTED], subscribed to [REDACTED] insurance through Mr. G's handling.

Mr. G had been receiving consultations regarding [REDACTED] even before the customer subscribed to the above-mentioned [REDACTED] insurance. The customer, [REDACTED].

³⁷¹ As stated in the aforementioned Section 1.10 (2) ⑤, the amounts, timing, and other individual circumstances described in this Item I are not necessarily final or definitive.

Consequently, around [REDACTED], the customer explained the situation to Mr. G and requested a loan of [REDACTED] yen.

Mr. G [REDACTED] lent [REDACTED] yen to the customer on [REDACTED], by wire transfer. The customer repaid [REDACTED] yen to Mr. G in [REDACTED].

Mr. G did not report the lending to his direct Sales Manager or the Agency Manager.

Mr. G's explanation regarding the above case was, "Although I had taken compliance check tests and other training as part of career education at POJ, at the time of the above lending, while I was aware that borrowing money from customers was prohibited, I did not have the recognition that lending money to customers was also prohibited. I recognized the above lending as a temporary advance payment and purely a private monetary loan. Therefore, I did not have the recognition that the above lending constituted an act violating internal regulations or a matter that should be reported in the investigation, and I did not state the fact of the above lending in the "Written Pledge Regarding Prohibition of Inappropriate Monetary Handling, etc' that I submitted at the beginning of POJ's investigation into this matter."

(b) POJ's Response to the Above Case

The above case came to light around [REDACTED], through a report from the customer during the Customer Outreach Investigation. POJ conducted fact-finding with the customer and Mr. G, and carried out investigations such as verifying [REDACTED] submitted by Mr. G.

Based on the results of the above investigation, the Disciplinary Committee determined that the above loan constituted a violation of the Compliance Manual, and based on the Field Employee's Disciplinary Action Rules, imposed an admonition on Mr. G. Especially, with regard to the maliciousness of the act, even taking into account the background circumstances leading to the loan, it was an intentional act in violation of internal rules and was evaluated as "high." On the other hand, regarding Mr. G's failure to report this loan, it was assessed that it was not motivated by an intention to obstruct the investigation or conceal facts, and furthermore, since there was no complaint from the customer and the full amount had been repaid, the severity of the consequences was assessed as "minor". Based on these factors, POJ subjected Mr. G to an admonition.³⁷²

The Sales Manager to whom Mr. G directly reported and the Agency Manager have testified that they were not aware of Mr. G's aforementioned lending. The Disciplinary Committee determined that neither supervisor had been in charge for more than one year and that no negligence in management or supervision was observed, and therefore they were not subject to disciplinary action.

³⁷²It was determined that this violated the provisions regarding the prohibition of lending and borrowing money in the aforementioned Compliance Manual, and fell under Appendix Table X.2. of the Field Employee's Disciplinary Action Rules (revised and enforced on May 1, 2020), which states "When an employee violates the working rules or other company regulations, circulars, etc. (ranging from admonition to disciplinary dismissal)."

POJ determined that the above case did not constitute financial misconduct related to POJ's operations and did not file a misconduct report with the FSA and the Local Finance Bureaus.

POJ did not make a public disclosure because it judged that the cases involving Mr. G, including this case, did not fall under cases where employer liability would be questioned as described above, and also "did not correspond to cases requiring public announcement from the perspective of the necessity to make a widespread appeal to society for the prevention of the expansion of damage or the magnitude of social impact" based on the Guidelines for Disclosure of Misconduct.

(5) Overview of Major Cases Corresponding to Type 4 Among the Cases Subject to Individual Investigation

A. Use of a loan in a customer's name for the purchase of an accessory by an LP (Mr. H) of Agency O³⁷³

In this case, it was agreed between Mr. H and the customer that the customer would take out a loan to purchase both the customer's own accessory and Mr. H's accessory together, and that Mr. H would repay the customer the amount equivalent to the price of Mr. H's luxury accessory in installments. Therefore, economically speaking, it can be regarded as equivalent to a loan of money; however, since there is no fact of direct monetary transfer from the customer to Mr. H, it differs from an ordinary loan for consumption, and thus is described below as Type 4 rather than Type 3.

(a) Overview of the Case

Mr. H [REDACTED] and was engaged in [REDACTED] before joining POJ on [REDACTED] as an LP of the Agency P. [REDACTED]he was transferred to the Agency O and continues to work there as an LP.

According to Mr. H, he became acquainted with a customer in question around [REDACTED]³⁷⁴ through an introduction from [REDACTED]. Later, the customer was solicited by Mr. H and subscribed to POJ's [REDACTED] insurance on [REDACTED].

According to Mr. H, its background was as follows: around [REDACTED]³⁷⁵, Mr. H received a request from the customer and introduced an accessory store to the customer. [REDACTED]the customer purchased [REDACTED], while Mr. H purchased [REDACTED].

Additionally, at the proposal of the customer in question, it is reported that a verbal agreement was made between Mr. H and the customer whereby loans for [REDACTED] would be taken out in the customer's name, and regarding [REDACTED] the price of

³⁷³As stated in 1.10(2)⑤ above, the individual circumstances such as the amounts, timing, etc. described in this item A are not necessarily final or definitive.

³⁷⁴According to Mr. H, it was several months before the date when the customer applied for POJ's [REDACTED] insurance, but the specific date cannot be identified.

³⁷⁵According to Mr. H, it was several months before [REDACTED], which is the first payment month for the loan that appears in the next paragraph, but the specific date cannot be identified.

[REDACTED] for Mr. H among them, Mr. H would repay the customer over [REDACTED] years in [REDACTED] installments. According to this agreement, Mr. H paid the customer [REDACTED] yen every [REDACTED] months [REDACTED], for a total of [REDACTED] yen³⁷⁶.

Subsequently, Mr. H was interviewed by the POJ Investigation Team regarding taking out a loan in the customer's name, and through this, he recognized that his actions constituted a compliance violation. According to POJ, the remaining balance of [REDACTED] yen was paid in a lump sum to the customer on [REDACTED].

At the time of the above case, the Sales Manager to whom Mr. H directly reported and the Agency Manager of the Agency O stated that they had no knowledge whatsoever of Mr. H's purchase of accessories.

Mr. H's explanation regarding the above case was: "in addition to the desire to fulfill the customer's wishes, there was also an expectation of receiving customer referrals from that customer , so I proposed to purchase accessory myself"²⁰. As for payment, a lump sum was also possible, but since the loan was interest-free, I accepted the customer's proposal," and "At agency meetings and elsewhere, there were explanations regarding the prohibition of monetary loans with customers, and I was aware of that, but at the time I did not recognize that taking out a loan in the customer's name would constitute a monetary loan, and I only came to that recognition for the first time during the interview by the Investigation Team."

(b) POJ's Response to the Above Case

The above case was discovered on [REDACTED], through the Customer Outreach Investigation. POJ conducted an investigation from at least [REDACTED]to [REDACTED], including fact-finding interviews with Mr. H and others, and receiving relevant materials.

Based on the results of the above investigation, the Disciplinary Committee determined Mr. H's conduct to be a violation of the Compliance Manual and Field Employee's Disciplinary Action Rules and, as it constituted grounds for disciplinary action stipulated in the Field Employee's Disciplinary Action Rules, imposed a reprimand on Mr. H.³⁷⁷

As explained above, at the time of the above incident, the Sales Manager to whom Mr. H reported directly and the Agency Manager of the Agency O testified that they had no awareness whatsoever of Mr. H's purchase of the luxury accessory. The Disciplinary Committee, in accordance with the practice of issuing an attention by written document in principle when no significant negligence in management and supervision is found in

³⁷⁶Objective evidence confirms that, at a minimum, Mr. H transferred [REDACTED] yen to the customer in question by bank transfer on [REDACTED], and that Mr. H withdrew [REDACTED] yen from an ATM on [REDACTED] (according to Mr. H, this was for the purpose of repayment to the customer in question).

²⁰The relevant description has been generalized in the Public Version in order to minimize the impact on the parties concerned and to protect their privacy.

³⁷⁷It was determined that this violated the provisions regarding monetary lending and borrowing with customers in the Field Employee Working Rules and Compliance Manual and fell under Appendix Table X.2. of the Field Employee's Disciplinary Action Rules (revised and enforced on May 1, 2020, August 1, 2023, and January 1, 2025), which states "When the working rules or other company-established rules, regulations, notifications, etc. are violated. (From admonition to disciplinary dismissal)."

managing Career LPs, issued an attention by written document to them.

POJ did not file a misconduct report because it determined that the above case had no apparent connection to business operations and did not constitute a violation of laws and regulations concerning insurance solicitation.

In addition, POJ has not made a public disclosure because it determined that the above case "does not fall under cases requiring public disclosure from the perspective of the need to make a broad appeal to society to prevent the expansion of damage or the magnitude of social impact" based on the Guidelines for Disclosure of Misconduct.

- B. Investment solicitation by a former LP (Mr. I) of the Agency Q through the introduction of network businesses to customers and mediation of job recruitment at an investment company³⁷⁸

(a) Overview of the Case

Mr. I worked at [REDACTED], and in [REDACTED], he joined POJ as an LP and was assigned to the Agency Q, after which he resigned from POJ on [REDACTED].

Mr. I was introduced to Customer I-1 by [REDACTED], and they became friends, after Customer I-1's enrollment in life insurance. Mr. I met Customer I-2 at an inter-industry exchange meeting that he attended for the purpose of prospecting customers. Customer I-2 enrolled in POJ's life insurance through solicitation by Mr. I.

According to Mr. I, the background was as follows: around [REDACTED] to [REDACTED], he was approached by Customer I-1, who said "[REDACTED]for the network business I participate in [REDACTED], so I would like you to help me out," and requested that Mr. I registered as a member.

When Mr. I declined on the grounds that side jobs were prohibited at POJ, Customer I-1 asked him to "introduce someone else." In response to this, Mr. I introduced Customer I-2 to Customer I-1 because Customer I-2 had joined multiple network businesses and had previously solicited Mr. I to participate in his own network business.

According to Mr. I, customer I-2 stated that he would be willing to join if Mr. I would bear the registration fee (approximately [REDACTED] yen), so Mr. I proceeded to pay the equivalent amount of the registration fee to customer I-2. Mr. I testified that, as a return for introducing customer I-2 to customer I-1, he was expecting new insurance subscriptions from customer I-1 or introductions to new customers.

According to Mr. I, around [REDACTED] to [REDACTED] Mr. I became acquainted with a sales representative of a company operating an investment scheme utilizing the sales and rental of [REDACTED] appliances (hereinafter referred to as "Company A") at a cross-industry networking event, and received a request from that person stating, "We are recruiting sales representatives for the company, so please introduce suitable candidates." That person

³⁷⁸As stated in Section 1.10(2)⑤ above, the specific circumstances described in this section B, including the amounts involved and the timing of the events, are not necessarily final or definitive.

also offered to introduce many prospective insurance customers in return. Therefore, Mr. I mentioned this to Customer I-3, who was his own customer and had a life insurance policy issued through him. Since Customer I-3 showed interest, he informed Customer I-3 of the schedule for Company A's briefing session.

Subsequently, in [REDACTED] Mr. I received a communication from Customer I-2 stating that "I was solicited by customer Mr. I-3 to invest in Company A's investment scheme.", and when Mr. I received such communication from Customer I-2, who appears to have met with Company A's sales representative through Customer I-3 and invested in Company A's investment scheme, Mr. I responded to Customer I-2 that "Company A is not engaged in any illegal business, but there is a risk of Company A going bankrupt." According to Customer I-2, he borrowed a total of [REDACTED] yen from [REDACTED] and purchased a large number of [REDACTED] appliances from Company A but [REDACTED] because Company A's investment scheme collapsed.

Regarding the above case, Mr. I explained that "At POJ at that time, it was commonly understood that LPs would introduce the business of other customers, etc. to customers, and there was no recognition that such referral activities were problematic."

(b) POJ's Response to the Above Case

The case related to the above network business came to light when Mr. I reported it in the "Written Pledge Regarding the Prohibition of Improper Handling of Money, etc." that he completed and submitted in [REDACTED]. On the other hand, the case related to the investment in Company A mentioned above came to light in [REDACTED] through a notification from Customer I-2 during the Customer Outreach Investigation. POJ conducted an investigation from [REDACTED] to [REDACTED], which included fact-finding interviews with Mr. I and hearings with related customers, as well as receiving relevant materials.

Based on the results of the above investigation, the Disciplinary Committee determined that each of the above cases³⁷⁹ constituted a violation of the Compliance Manual and imposed a three-business-day business suspension on Mr. I based on the Field Employee's Disciplinary Action Rules. The Disciplinary Committee ruled that covering the above registration fees did not constitute the provision of special benefits prohibited under Article 300, Paragraph 1, Item 5 of the Insurance Business Act, based on the reasoning that "it cannot be recognized as being for the purpose of customer insurance enrollment, and thus cannot be said to constitute the provision of benefits in relation to insurance solicitation."

The Sales Manager to whom Mr. I directly reported at the time of the above incident had already retired and was therefore excluded from the scope of disciplinary action. In addition,

³⁷⁹ It was determined that the violation of the provisions regarding investment solicitation in the aforementioned Compliance Manual, and the covering the network business registration fee, constituted a violation of the Rules on Gifts and Entertainment (revised November 2010), and fell under Attached Table X.13 of the Field Employee's Disciplinary Action Rules (revised and enforced November 1, 2012): "When violating the working rules or other regulations, notifications, etc. established by the company (from admonition to disciplinary dismissal)."

the Agency Manager of the Agency Q at the time of the incident had been appointed as Chief Marketing Officer, and was therefore excluded from the scope of disciplinary action.

Furthermore, regarding each of the above cases, POJ did not take any measures such as consulting with the police.

Regarding each of the above cases, POJ determined that they did not constitute financial misconduct related to POJ's business and did not file misconduct reports with the FSA and the Local Finance Bureaus.

POJ determined that each of the above cases "does not fall under cases that require public announcement from the perspective of the necessity to broadly alert society to prevent the expansion of damage or the magnitude of social impact," based on the Guidelines for Disclosure of Misconduct, and therefore did not make any public announcements.

(6) Common characteristics and trends identified across the Cases Subject to Individual Investigation

Looking through the individual Cases Subject to Individual Investigation, it can be said that in many cases, the personal relationship of trust between LPs and customers, etc., formed through the solicitation and management of insurance policies, served as the foundation for the exchange of money. While there are cases where personal relationships such as friendships or acquaintances preceded the business relationship, these were subsequently compounded or deepened by the customer-LP relationship. It appears that customers trusted the Subject Individuals not only as a life insurance solicitor but also on a personal level, and many customers had expectations in and placed trust in the LP's expertise as a specialist in finance and investment. It also appears that behind this lies the fact that many of POJ's customers are high-net-worth individuals, and a significant number of the POJ insurance products handled by LPs have investment characteristics that are favored by such high-net-worth individuals. The forms of monetary transactions observed in the Monetary Transaction Cases were diverse, including deposits of funds for investment purposes, introductions to third parties who were investment-related persons as investment destinations, direct lending/borrowing of money with customers and others on the premise of high interest rates, and use of loans in the names of customers and others. However, in substance, they were common in that, against the background of relationships of trust with customers and others, they drew customers and others into private transactional relationships beyond the control of POJ where they worked, separately from life insurance solicitation.

Furthermore, these acts were often carried out through meetings at hotels, restaurants, and other locations, as well as through private means of communication such as LINE and telephone, with important exchanges regarding solicitation content, fund transfers, repayment conditions, and other matters being completed between the parties themselves. On the other hand, there were almost no cases where these matters were reported to supervisors or recorded in the company's management records, and the relationships

between customers and LPs had, so to speak, become closed-door affairs. As a result, many cases went undetected for a long period of time and were discovered all at once as a result of the Customer Outreach Investigation, etc.

As described above, in the Cases Subject to Individual Investigation, common characteristics and tendencies have been identified, namely that monetary transactions were conducted outside the framework of organizational management and supervision through closed-off private contact and means of communication based on personal and individual relationships of trust with customers and others, and that in many of these cases there was an expectation of customers for LPs as financial and investment experts premised on relationships of trust.

It should be noted that although disciplinary action has been taken against the Subject Individuals who are LPs, there are many cases where no disciplinary action has been taken against field managers who should have managed and supervised the LPs, due to reasons such as job type changes to LP or transfers to Home Office management positions.

An analysis of the causes related to the frequent occurrence of the Monetary Transaction Cases, based on the actual circumstances of such individual cases, will be described in Section 7 below.

3. Summary of Results of the Comprehensive Review of the Monetary Transaction Cases Conducted by the Self-Inspection Team

As stated in Section 1.6 above, the Committee requested an investigation for the purpose of understanding the overall outline of the Monetary Transaction Cases, to be conducted by POJ's Self-Inspection Team, regarding the Monetary Transaction Cases other than the Cases Subject to Individual Investigation (hereinafter referred to as the "Cases Subject to Self-Inspection"). Although the investigation is still ongoing, the "Summary of Investigation Results" based on the materials provided by POJ as of the Reference Date is as follows.

(1) Types of Conduct

The number of Subject Individuals, the number of customers, etc.³⁸⁰, the number of cases, the³⁸¹ total amount declared, and the total amount returned for the Cases Subject to Self-Inspection are as shown in the table below. The aggregated results, including other investigation items are as shown in Appendix 4.

³⁸⁰Unless clearly inconsistent with objective materials such as transfer records in financial institution accounts, when there is a declaration from a customer, etc. or an admission by the Subject Individual that conduct falling under this category of conduct occurred, the number of customers, etc. is calculated based on such declaration or admission, and such number of customers, etc. includes those whom the Subject Individual has admitted to but whose names or designations have not been identified.

³⁸¹The Self-Inspection Team, unlike the Committee, counts the number of "cases" based on the principle that even if there are multiple instances of conduct, a consecutive conduct toward one customer, etc. constitutes one case, and when conducts of different types are committed against the same customer, etc., each is counted as one case.

	Type 1	Type 2	Type 3	Type 4	Total
Number of Subject Individuals (persons)	21	38	73	17	124 ³⁸²
Number of customers and prospective Customers (persons)	51	90	205	32	365
Number of Cases	51	95	208	33	387
Total declared amount ³⁸³ (Yen)	168,162,060 ~ 169,762,060	637,667,000 ~ 652,647,000	196,414,534 ~ 200,004,534	24,858,000 ~ 25,058,000	1,027,101,594 ~ 1,047,471,594
Total amount returned ³⁸⁴ (yen)	65,307,000 ~ 65,607,000	54,468,988 ~ 55,188,988	67,156,942 ~ 70,416,942	150,000 ~ 150,000	187,082,930 ~ 191,362,930

The following points can be noted from this investigation result (Attachment 4).

A. Amount of money involved

The total amount of monetary transactions declared related to the Cases Subject to Self-Inspection exceeds 1 billion yen. When viewed by conduct type, the average total declared amount per customer, etc. (total declared amount / number of customers, etc.) is approximately 3.3 million yen to 3.33 million yen for Type 1, approximately 7.09 million yen to 7.25 million yen for Type 2, approximately 960,000 yen to 980,000 yen for Type 3, and approximately 780,000 yen for Type 4.

In addition, the ratio of the total amount refunded to the total amount of monetary transactions related to the reports (total amount refunded / total amount declared) is approximately 38.5% to 39.0% for Type 1, approximately 8.3% to 8.7% for Type 2, approximately 33.6% to 35.9% for Type 3, and approximately 0.6% for Type 4.

³⁸²The actors subject to this self-inspection are 124 persons, which is the result of excluding 27 actors involved in the Cases Subject to Individual Investigation from the 159 persons mentioned in footnote 325 above, resulting in 132 persons, and then excluding 8 persons for whom no acts corresponding to the Conduct Types were found due to reasons such as no monetary transactions being recognized.

³⁸³The amounts are based on the declarations of customers and others, and do not necessarily match amounts that can be calculated from other materials, such as amounts acknowledged by the actors. See Appendix 4 for details

³⁸⁴This states the total amount including not only amounts returned as repayment of borrowings, etc., but also amounts where principal or dividends from investments were delivered by the Subject Individual or a third party, and in cases where the amount returned, etc. exceeds the amount delivered by the customer, etc., such returned amount is included in the calculation. See Appendix 4 for details

B. Criminal cases and consultations with the police

Of all the Cases Subject to Self-Inspection, only one case in Type 2 was confirmed to be a case where the actor was either arrested, detained, or prosecuted. In addition, only one case in Type 1 was confirmed to³⁸⁵ be a case where POJ consulted with or provided information to the police.

C. Filing of Misconduct Report

Of the Cases Subject to Self-Inspection, the cases for which POJ filed misconduct reports with the FSA were 1 case of Type 1 and 12 cases of Type 3, with no filings made for Type 2 or Type 4.

D. Time of Occurrence

Looking at the number of cases that occurred over time, the number of cases that occurred before 2009 was 24, the number of cases that occurred from 2010 to 2019 was 170, and the number of cases that occurred in 2020 and thereafter was 186, and the number of cases for which the time of occurrence is unknown was 7.

E. Public Disclosure Status

The total number of the Cases Subject to Self-Inspection is 387, and among these, there are cases that could be deemed subject to mandatory disclosure under the Misconduct Disclosure Guidelines, such as cases where the total amount of monetary transaction reported by one customer exceeded 100 million yen and resulted in criminal prosecution. However, POJ has not disclosed and made public on its own website or elsewhere, prior to the publication of this January 2026 press release, information in sufficient detail to individually identify and specify each case by name, method, or other means.

F. Status of Disciplinary Actions, etc.

The number of actors who received disciplinary actions, etc. for reasons related to the Cases Subject to Self-Inspection is 116 (approximately 94%).

During the period when the Cases Subject to Self-Inspection occurred, the total number of Sales Managers who managed the actors was 157, and the total number of such Agency Manager was 167. Of these, 39 Sales Managers and 39 Agency managers received disciplinary action, etc., and no Sales Manager or Agency Manager received disciplinary action of demotion or higher.

Regarding the 118 Sales Managers and 128 Agency Managers who did not receive disciplinary action, etc., the breakdown of the reasons is as follows.

³⁸⁵Cases where any of arrest, detention, or prosecution occurred with respect to the Subject Individual are different from cases where it was confirmed that POJ made a consultation or provided information to the police.

Reasons for not receiving disciplinary action	Sales Managers	Agency Managers
Already resigned	48 persons	43 persons
Already changed job type to LP	25 persons	22 persons
Not subject to disciplinary action because the acts occurred before the change is made to the practice regarding management responsibility ³⁸⁶	1 person	5 persons
Supervision period less than 1 year and no particular negligence	14 persons	19 persons
Facts corresponding to grounds for disciplinary action could not be established	0 persons	0 persons
Already disciplined for past cases	13 persons	11 persons
The specific timing of the case is unclear and the responsible field managers cannot be identified	10 persons	20 persons
Job type already changed to Home Office employees, etc.	2 persons	5 persons
Others	5 persons	3 persons
Total	118 persons	128 persons

G. Others

Of the 387 Cases Subject to Self-Inspection, 224 cases (approximately 58%) are admitted by the Subject Individuals. In addition, of the above 387 cases, it was confirmed that POJ officers and employees other than the actors were involved in 3 cases (approximately 1%). Furthermore, of the above 387 cases, 385 cases (approximately 99%) were discovered through the Customer Outreach Investigation of POJ, investigation of other possible offences, and other measures.

(2) Attributes of the Subject Individuals

The names of the actor at the time of the act³⁸⁷, annual compensation amounts at the time

³⁸⁶At POJ, with respect to cases that occurred before October 1, 2022, when Sales Managers or Agency Managers who were supervisors at the time of the conduct had become Home Office managers (including executive officers) at the time of deliberation, the company operated under a policy of not holding them accountable for management responsibility.

³⁸⁷"act" means an act that falls under this type of act, and "time of act" or "at the time of act" means the point in time of April 1 of the year in which an act that falls under this type of act was first executed. For details, see Attachment 5.

of the conduct commenced³⁸⁸, ages at the time of the conduct, and years of service of the Subject Individuals are as shown in the table below³⁸⁹. Other survey items and the aggregated results including each actual figure are as shown in Appendix 5.

[Title at the Time of the Conduct]		[Annual Remuneration at the Start of the Conduct]	
Executive Life Planner	1%	15 million yen or more	16%
Senior Consulting Life Planner	2%	8 million yen or more but less than 15 million yen	21%
Consulting Life Planner	10%	4 million yen or more but less than 8 million yen	34%
Senior Life Planner	16%	Less than 4 million yen	27%
Life Planner (Chief)	7%	Before joining the company	2%
Life Planner	63%		
Before joining the company	2%		

[Age at the time of conduct]		[Years of service at the time of conduct]	
50 years old or older	4%	10 years or more	7%
40 to 49 years old	14%	5 years or more but less than 10 years	15%
30 to 39 years old	41%	3 years or more but less than 5 years	20%
20 to 29 years old	41%	1 year or more but less than 3 years	33%
		Less than 1 year	24%

In addition, among the Subject Individuals in the Cases Subject to Self-Inspection, those who had a history of disciplinary action at the time of the conducts in the Cases Subject to Self-Inspection due to reasons other than the Cases Subject to Self-Inspection were 9 persons with attentions with written documents, 6 persons with reprimands, 12 persons with admonitions, and 2 persons with business suspensions, totaling 23 persons excluding duplications due to the same person being subject to multiple disciplinary actions. The disciplinary action rate for LPs over the past 15 years in POJ as a whole (the number of

³⁸⁸"at the time the conduct commenced" or "at the time when the conduct commenced" refers to the point in time when conduct falling under this type of conduct was executed, and where conduct falling under this type of conduct has been carried out multiple times or continuously, it refers to the point in time when conduct falling under this type of conduct was first executed. For details, refer to Attachment 5.

³⁸⁹Percentages in the table below are rounded to the first decimal place. Note that among the Subject Individuals who engaged in conducts corresponding to Type 3, there is one individual for whom the specific time period when the conduct was committed has not been reported and the time when the conduct began is unknown, but the Subject Individual is not included in the figures in the table.

persons subject to disciplinary action / the number of LPs enrolled in that year) varies by year, ranging from a minimum of 4.29% (2011) to a maximum of 19.30% (2023), and in light of these figures, no particular correlation is observed between the number of enrolled LPs and the number of persons who received disciplinary actions, etc.

Furthermore, among the 121 Subject Individuals³⁹⁰ in the Cases Subject to Self-Inspection, the number of cases by type of complaint for those who had received complaints, etc. from Customers and Prospective Customers at the time of the conduct in the Cases Subject to Self-Inspection due to reasons other than the Cases Subject to Self-Inspection was as shown in the table below.

Type of complaint	Number of cases
False explanations at the time of insurance sales	4
Discrepancy with customers' needs, etc.	5
Discrepancy in Policy terms	4
Personal troubles with the Subject Individuals	8
Attitude, manner of speaking, appearance, and common sense of the Subject Individuals	13
Inappropriate acquisition of declaration	2
Inappropriate solicitation	0
Failure to fulfill promises/ Runaround	12
Loss or leakage of personal information, etc.	6
Others	74

The average number of complaints, etc. received by individual LPs during the period from when they joined the company until they left was 0.1 or less³⁹¹, suggesting that the proportion of Subject Individuals in the Cases Subject to Self-Inspection who had experienced receiving some kind of complaint was high.

³⁹⁰This excludes a total of 3 persons from the 124 actors subject to the Self-Inspection: 1 person for whom the time when the conduct commenced is unknown, and 2 persons whose first conduct falling under this conduct type was executed before joining POJ.

³⁹¹The average values are rounded to the first decimal place (the second decimal place is rounded).

Section 5: Inappropriate Conduct Other Than Monetary Transactions in Sales Activities

1. Overview of the Self-Inspection by POJ

As stated in Section 1.6 above, in order to analyze the background and underlying causes of the cases and formulate effective measures to prevent recurrence, it is necessary to grasp the overview of inappropriate conduct in POJ's sales activities by its LP other than the Cases. Therefore, the Committee requested POJ to form a Self-Inspection Team to conduct these investigations and present the results. According to POJ, the overview of the Self-Inspection regarding the cases above as of the base date is as follows.

(1) Investigation methods and results of the Self-Inspection

A. Matters related to inappropriate conduct in sales activities (excluding inappropriate conduct related to the handling of personal information)

(a) Implementation of questionnaire survey

POJ conducted a questionnaire survey regarding POJ's insurance solicitation procedures (hereinafter referred to as the "Internal Questionnaire Survey on Solicitation Procedures") targeting a total of 7,138 officers and employees who were on the payroll of POJ (including those were seconded while being on the payroll of POJ) as of May 1, 2026, and who were considered to be in a position to have some knowledge of inappropriate conduct in POJ's business activities, with the response period from May 1, 2026 to May 20, 2026. At that time, POJ communicated that "if individuals voluntarily report their own misconduct and cooperate honestly and sincerely, this may be taken into consideration when POJ examines internal disciplinary action for such conduct"; that "if it is discovered that an individual provided false answers, instructed others to provide false answers, or deliberately failed to respond despite knowing the relevant facts, they may be subject to disciplinary action in accordance with POJ's internal rules"; and furthermore, that "if acts of retaliation against respondents or acts of obstruction of the internal questionnaire related to this solicitation procedure are confirmed, strict disciplinary action will be imposed on the actors."

As a result of the questionnaire, a total of 6,469 responses (response rate of 90.6%) were obtained during the above period. According to POJ, there were 372 responses stating that they "engaged in inappropriate conduct related to insurance solicitation" or "witnessed or heard about such conduct,"³⁹² and 83 responses stating that they "engaged in financial instrument transactions, crypto asset transactions, involvement in investment products or schemes not authorized by POJ, monetary consumption related to insurance policies (fraud, embezzlement), lending/borrowing of money with POJ employees or customers or debt guarantees, or other inappropriate or unclear monetary transactions with customers, etc." or

³⁹²The questions and answers of the relevant questionnaire have been summarized, and the same applies hereinafter.

"witnessed or heard about such conduct"³⁹³."

(b) Hearings with Relevant Parties

According to POJ, based on the results of the questionnaire, the Self-Inspection Team has been proceeding with hearings of POJ officers and employees for whom the necessity of fact-finding through hearings was recognized by the reference date, including those listed in ① through ③ below and conducted a total of 134 hearings with 134 persons by the reference date.

- ① Persons who responded about their own inappropriate conduct in business activities, regarding which it remains unclear whether the company was aware of it at the time of the questionnaire survey, and whether responses such as disciplinary action were taken.
- ② Those who provided responses suggesting that they had witnessed or heard of inappropriate conduct by others in business activities, regarding which it remains unclear whether the company was aware of it at the time of the questionnaire survey, and whether responses such as disciplinary action were taken.
- ③ Those who provided unclear responses requiring clarification of their intent

B. Corporate culture-related matters

POJ conducted a survey on the actual state of insurance solicitation and corporate culture, etc., targeting a total of 4,958 Agency Managers, Sales Managers, and LPs who were belong to POJ at the time, with a response period from February 5, 2026 to February 12 of the same month, in order to broadly gather voices regarding the corporate culture at sales the field, daily work practices, surrounding circumstances, and questionable cases, and obtained a total of 4,560 responses (response rate 92%) (hereinafter referred to as the "Internal Questionnaire Survey on Corporate Culture, etc.").

Based on the results of the Internal Questionnaire Survey on Corporate Culture, etc., the POJ Investigation Team and the Self-Inspection Team conducted a total of 113 interviews with 104 POJ officers and employees (including former employees) (of which 12 were former employees), including those listed in ① through ③ below, for whom fact-finding through interviews was deemed necessary by the Reference Date.

- ① Those who responded with their names in the Internal Questionnaire Survey on Corporate Culture, etc. indicating that they themselves have engaged in inappropriate conduct regarding the handling of personal information, or that they have seen or heard about such conduct concerning a specific LP

³⁹³Among the cases that responded "yes" to the question, those that were clearly evident from the survey responses as being cases where the POJ had already become aware at the time of the survey and disciplinary action or other measures had been taken, or cases that were personal securities transactions conducted through securities companies, etc. and were unproblematic, have been excluded from the calculation.

②Persons who, as managers, provided explanations and other information about Project 100³⁹⁴ to individuals joined POJ, in light of the fact that multiple reports were confirmed in the aforementioned survey indicating that the initiative called Project 100 at POJ could potentially give rise to inappropriate conduct in the handling of personal information.

③ In addition to the above, and not limited to the handling of personal information, those who were named as related parties regarding rumors of financial misconduct, etc. that were mentioned in responses to the Internal Questionnaire Survey on Corporate Culture, etc., as well as those who work in the same workplace and could be witnesses to the relevant incident

(2) Analysis and evaluation by the Committee regarding the summary of the results of the Self-Inspection

Considering that the Internal Questionnaire Survey Concerning Solicitation Procedures and the Internal Questionnaire Survey on Corporate Culture, etc. were conducted for all officers and employees or sales employees of POJ, and that the response rate for both exceeded 90%, a reasonable evaluation can be made regarding their comprehensiveness. Furthermore, according to the questionnaire results, there are numerous responses for which further fact-finding is deemed necessary to determine whether they constitute improper conduct. From this, depending on the results of such investigation, it is possible that numerous inappropriate acts were potentially committed at POJ, including cases where it is not clear that POJ had already taken measures such as disciplinary actions, and that such acts may have involved LPs over a long period of time in the past or on a widespread scale.

Therefore, based on these initial findings and to prevent a situation where a large number of latent misconduct cases are uncovered after the formulation of recurrence prevention measures in the Cases, we believe it is necessary that POJ's Investigation Team and the Self-Inspection Team further proceed with interviews based on each questionnaire and focusing primarily on incidents where it is not clear POJ has already identified and taken responses such as disciplinary action, accurately assess the extent of misconduct, and to additionally review and revise the recurrence prevention measures.

2. LPs' Conduct suspected of being inappropriate, identified in the course of the Investigation

(1) Conduct identified through the questionnaire survey by the Committee

In the questionnaire survey³⁹⁵ conducted by the Committee, multiple responses were obtained stating that they had "encountered inappropriate conduct in POJ's sales activities (i.e., acts suspected of constituting improper handling of personal information, inappropriate

³⁹⁴ This refers to a voluntary initiative in the recruitment process for LP positions, where recruitment candidates write out a list of 100 friends and acquaintances to understand the market they possess.

³⁹⁵ See Section 1.8 (4) above.

solicitation during insurance solicitation, or other suspected violations of the Insurance Business Act and internal regulations established by POJ)." Among these, some appear to have been previously unknown to POJ.

As stated in Section 1.6 above, the Committee has entrusted the Self-Inspection with the investigation of inappropriate conduct in POJ's sales activities other than the Monetary Transaction Cases, and the conduct that can be inferred from the above responses suggests insufficient compliance at POJ and also contributes to the analysis of the causes of the frequent occurrence of the Monetary Transaction Cases; therefore, examples thereof are listed below³⁹⁶.

- ① Acts suspected of violating the obligation of LPs to ascertain customers and prospective customers' intentions in insurance solicitation, etc.³⁹⁷
- ② Acts suspected of involving instigation by an LP to make false statements or not to disclose, or obstruction of disclosure³⁹⁸, regarding the notification of material facts by customers and prospective customers to insurance companies, etc.³⁹⁹
- ③ Acts suspected of involving advance payment of insurance premiums by an LP⁴⁰⁰
- ④ Acts suspected of involving compensation for losses on specified insurance policies by an LP⁴⁰¹
- ⑤ Acts suspected of involving conclusion of fictitious insurance policies by an LP (such as policies concluded using the names of real third parties without authorization or fictitious names)⁴⁰²
- ⑥ Acts in which LP's involvement in fraudulent insurance claims is suspected⁴⁰³
- ⑦ Acts in which LP is suspected of taking out POJ's customer information without permission (inappropriate handling of personal information, etc.)
- ⑧ Acts in which LP is suspected of bringing customer information from a previous employer to POJ without permission (inappropriate handling of personal information, etc.)
- ⑨ Acts in which LP is suspected of having conducted "insurance solicitation on the premise of conversion to paid-up⁴⁰⁴ insurance"⁴⁰⁵

³⁹⁶The suspected cases listed below are based solely on responses to the relevant questionnaire, and have not been subject to detailed investigation by the Committee.

³⁹⁷Article 294-2 of the Insurance Business Act

³⁹⁸While the person who will become a policyholder or insured person has a duty of disclosure to the person who will become the insurer (Insurance Act Article 4, Article 37, Article 66), in view of the importance of proper disclosure, such obstructive acts by life insurance solicitors, etc. are prohibited.

³⁹⁹Insurance Business Act Article 300, Paragraph 1, Item 2 and Item 3 of the same paragraph

⁴⁰⁰Insurance Business Act Article 300, Paragraph 1, Item 5

⁴⁰¹Financial Instruments and Exchange Act Article 39 as applied mutatis mutandis pursuant to Insurance Business Act Article 300-2

⁴⁰²Insurance Business Act Article 307, Paragraph 1, Item 3

⁴⁰³Article 246, Paragraph 1 of the Penal Code

⁴⁰⁴A method of discontinuing premium payments and applying the surrender value at that time to the payment of the remaining premiums. Since conversion to paid-up insurance is, from the original purpose of life insurance, merely one option for maintaining a policy in-force when premium payments become difficult, POJ prohibits the practice of selling insurance products on the premise of converting to paid-up insurance.

⁴⁰⁵Compliance Manual (Last Revised June 1, 2026)

⑩ Acts in which inappropriate use of social media by LP is suspected^{406,407}

(2) Violation of internal rules by LPs and sales managers during POJ's voluntary suspension of sales operations

A. Solicitation of new insurance policies

According to POJ, POJ has voluntarily suspended its sales operations since February 9, 2026, and during that period, with some exceptions⁴⁰⁸, has issued instructions prohibiting the solicitation of new insurance policies. However, during the voluntary sales suspension period, a total of 37 employees on a cumulative basis (33 Agency Managers, 2 Sales Managers, and 2 LPs, each on a cumulative basis) violated those instructions, resulting in a total of 64 applications for new insurance policies. According to POJ, these violations of the instructions were due to insufficient dissemination of the said instructions by POJ or misunderstandings on the part of the employees regarding the said instructions.

Of the 64 applications, 59 were submitted in February 2026, and the last application was submitted in April of the same year. Given this, the violation seems to be mainly attributable to insufficient dissemination of the instruction at the beginning of the voluntary suspension of sales operations. However, even after numerous incidents of the Monetary Transaction Cases were discovered, leading to the voluntary suspension of sales operations, it can be observed that the compliance structure for sales activities remains inadequate.

B. Misappropriation of funds, etc. by LP

(a) Overview

On [REDACTED], [REDACTED], it was discovered that an LP of Agency R was suspected of having improperly received money from multiple customers and prospective customers not only before the start of the voluntary sales suspension period but also after the commencement of the sales suspension.

In response to this, an internal investigation by the Investigation Team is currently being conducted as described below. The main details of the suspected inappropriate receipt of money by said LP are wide-ranging, including: soliciting customers and prospective customers to [REDACTED], and receiving money from the other parties; [REDACTED], and

⁴⁰⁶POJ has established rules regarding the use of social media, which prohibit acts of slandering or defaming third parties and disseminating information such as providing explanations about POJ's insurance products without obtaining company approval.

⁴⁰⁷Compliance Manual (Last Revised June 1, 2026)

⁴⁰⁸According to POJ, from the perspective of customer protection even during the voluntary sales suspension period, (POJ continued to revise internal rules during the suspension period, and although the exceptions varied depending on the timing,) generally, the following were permitted as exceptions for acquiring new policies during the voluntary sales suspension period: ① new policies in cases where changes to insurance premiums or conditions, etc. of the proposed insurance policies may occur due to aging for prospective customers to whom insurance policies were proposed between July 1, 2025 and February 3, 2026; ② new policies with newly hired officers and employees as insured persons in cases where a corporation has already introduced the insurance policy as employee benefits in which the corporation is the policyholder, officers and employees of said corporation are the insured persons, and POJ is the insurer; and ③ new policies related to existing policyholders and their families in connection with the marriage, pregnancy, or childbirth of existing policyholders.

receiving money from the other parties as [REDACTED]; and [REDACTED]. As of [REDACTED], it is stated that the number of individuals who reported that they "delivered money, etc. to the said LP" was [REDACTED], the total amount reported was [REDACTED] yen, and the total amount repaid was [REDACTED] yen.

(b) Investigation status and future outlook

In [REDACTED], the suspected solicitation by the LP of that customer to [REDACTED], as described in (a) above, was made subject to an investigation, following a report from the customer. However, at [REDACTED], POJ's Investigation Team concluded the investigation concerning the suspected matter related to the report, citing reasons such as the absence of financial damage to the customer, the inability to obtain sufficient fact verification from the customer, and the LP's denial of the suspected matter.

After that, in order to ascertain the full extent of the LP's inappropriate monetary transactions in [REDACTED], POJ began investigating whether there were any other cases on [REDACTED], and sent a questionnaire letter around [REDACTED] to all customers of the LP in question, asking whether they have experienced any suspicious behavior or other conduct related to inappropriate monetary transactions by POJ employees. However, the questionnaire yielded no responses concerning inappropriate conduct or other matters by the LP. Under such circumstances, on [REDACTED], suspicions of the above-mentioned inappropriate monetary transaction activities by the LP in question came to light through the circumstances described in (a) above.

Even after [REDACTED], multiple reports have been received from customers and prospective customers regarding suspected inappropriate monetary transactions with the LP in question, both before and after the start of the voluntary sales suspension period.

POJ is conducting an investigation by the Investigation Team, and furthermore, around [REDACTED], plans to send questionnaire letters again to all customers of the said LP to check for any additional cases, etc., and to conduct an investigation aimed at further clarification of the case.

Section 6: Response to the Monetary Transaction Cases, etc. by POJ, PHJ, and PFI

It is important for the Investigation—in analyzing the causes and considering measures to prevent recurrence—to understand what understanding POJ Home Office, its insurance holding company PHJ, and its parent company, U.S. corporation PFI, had and how they responded from a governance perspective following the discovery of the Monetary Transaction Cases and similar cases, in order to prevent such cases or detect them at an early stage.

From this perspective, in 1. below, we will organize the information that POJ had grasped through internal whistleblowing, complaints from customers and prospective customers, and audit activities, as well as the responses to such information. In 2. below, we will analyze the steps taken by POJ, PHJ, and PFI in response to various events that occurred during the discovery process of the Monetary Transaction Cases, misconduct cases at industry peers, and requests or instructions from supervisory authorities and industry associations⁴⁰⁹.

1. Response following the discovery of the Monetary Transaction Cases at POJ

(1) Matters relating to internal whistleblowing

According to the ledger recording the internal whistleblowing at POJ, there was one report each in 2004 and 2005 regarding the Monetary Transaction Cases, both with the content that "LP has received money from customers." Since 2019, reports concerning investment solicitation and related matters have increased. However, according to the ledger, responsible departments processed those reports solely as individual cases—such as imposing disciplinary action, etc. on the LP(s) for whom inappropriate conduct was confirmed. These internal reports did not serve as a catalyst for analyzing the causes of misconduct or issues with the compliance readiness, nor did they lead to the establishment of cross-functional or effective measures aimed at the early detection of financial misconduct cases in general or the prevention of their recurrence.

(2) Matters relating to complaints from customers and prospective customers

The Committee investigated the presence or absence of complaints related to the Cases Subject to Individual Investigation⁴¹⁰ and the timeline thereof. The results are as shown in the table below, and it was confirmed that, of the 27 Subject Individuals in the Cases Subject to Individual Investigation, complaints related to the cases had been

⁴⁰⁹With regard to the investigation concerning PFI, there were constraints on the investigation, as the Committee was unable to obtain certain email data and other materials directly and other materials that the Committee requested, and having no choice but to base the investigation on materials that had undergone sorting and masking of information by PFI. Therefore, it should be noted that the description of PFI's recognition and response is based on materials obtained by the Committee, and does not clarify the entire process of internal deliberations and decision-making within PFI.

⁴¹⁰Relevant complaints refer to complaints with content judged to belong to the same type as the Cases Subject to Individual Investigation, which were previously received regarding each LP who is the Subject Individual in this individual investigation case.

received for 10 Subject Individuals prior to the time when POJ recognized the incidents that prompted the commencement of internal investigation (the internal investigation that led to the recognition of the Cases Subject to Individual Investigation, as confirmed from the disclosed materials).

While many of these were submitted around 2020, some had been submitted earlier. In the Case S⁴¹¹ and the Case T⁴¹² for example, complaints related to each of these cases were received approximately 10 years before the time when POJ began its internal investigation. At the time those complaints were made, however, POJ did not go so far as to take measures similar to those it later took, such as establishing various task forces, including the "Business Model Comprehensive Review TF", from 2019 onwards, or conducting the Outreach Investigation.

Case	Trigger for Internal Investigation ⁴¹³		Time when the first relevant complaint was filed
	Trigger	Timing	
Case S	Report to CSC ⁴¹⁴	[REDACTED]	[REDACTED]
Case U ⁴¹⁵	Report to CSC	[REDACTED]	[REDACTED]
Case T	Report to CSC	[REDACTED]	[REDACTED]
Case V ⁴¹⁶	The Customer Outreach Investigation	[REDACTED]	[REDACTED]
Case W(1) ⁴¹⁷	The Customer Outreach Investigation	[REDACTED]	[REDACTED]

⁴¹¹This case involves an LP who was employed at the Agency S until [REDACTED] and who, both during and after their employment with POJ, received money from customers and prospective customers under the pretext of investment management and failed to return most of it. This case is generally referred to within POJ as the "Case S."

⁴¹²This is a case in which an LP who was employed at the Agency T until [REDACTED] solicited customers and others to invest in investment companies for the purpose of dividends, etc., both during his/her employment and after resignation, and had these customers and others deliver money to such investment companies, but subsequently most of the funds invested by the customers and others were not repaid. This case is generally referred to as the "Case T" within POJ.

⁴¹³How each case came to light varies from case to case, the table describes the trigger information for the internal investigation that identified the existence of the case subject to the individual investigation, to the extent that can be confirmed from materials and other documents disclosed by POJ.

⁴¹⁴Refers to the Customer Service Center, as stated in Section 2.5(5) above.

⁴¹⁵This case involves an LP who was employed at the Agency U and who, both during and after their employment with POJ, received money from customers and others under the pretext of investment management or borrowing and failed to repay a portion of it. This case is generally referred to within POJ as the "Case U."

⁴¹⁶This case involves an LP who was employed at the Agency V until [REDACTED] and who, both during and after their employment with POJ, received money from customers and others under the pretext of investment management or caused them to pay money to investment companies and other entities. Most of the money was not returned. This case is generally referred to within POJ as the "Case V."

⁴¹⁷This case involves an LP who was employed at the Agency W at the time of leaving POJ and who, both

Case W(2) ⁴¹⁸	The Customer Outreach Investigation	[REDACTED]	[REDACTED] (on personal loans, etc.)
Case X ⁴¹⁹	The Customer Outreach Investigation	[REDACTED]	[REDACTED]
Case Y ⁴²⁰	The Customer Outreach Investigation	[REDACTED]	[REDACTED]
Case Z(1) ⁴²¹	The Customer Outreach Investigation + Written pledge by other LPs ⁴²²	[REDACTED]	[REDACTED]
Case Z(2) ⁴²³	The Customer Outreach Investigation	From around [REDACTED] onwards	[REDACTED]

(3) Response of the Internal Audit Team

The Internal Audit Team recognized "the risk of financial misconduct incidents" as one of the important risks through activity reports and other information of the "Task Force for Countermeasures Related to Monetary Fraud and Investment Solicitation" established at the Executive Officers' Meeting held on January 27, 2021, and in considering the fiscal year

during and after their employment with POJ, received money from customers and others under the pretext of investment management or borrowing and failed to return a portion of it. The LP also lent money to customers and others. This case is referred to within POJ as the "Case W (***)" (***) is the LP's surname).

⁴¹⁸This is a case involving an LP who was employed at the same Agency W until [REDACTED], but was different from the LP in the Case W(1). Both during and after their employment with POJ, the LP collected from customers amounts corresponding to insurance premiums that the LP had paid on their behalf, but received more than the amounts actually paid. This case is generally referred to within POJ as the "Case W (***)" (***) is the LP's surname).

⁴¹⁹This case involves an LP who was employed at the Agency X until [REDACTED] and who, both during and after their employment with POJ, received money from customers and others under the pretext of investment management or borrowing and failed to return a portion of it. This case is referred to within POJ as the "Case X."

⁴²⁰This case involves an LP who was employed at the Agency Y until [REDACTED] and who, both during and after their employment with POJ, solicited customers and others to make investments or engage in similar transactions, received money from them or caused them to pay money to third parties, and most of that money was not returned. This case is generally referred to within POJ as the "Case Y."

⁴²¹This case involves an LP who was employed at the Agency Z until [REDACTED] and who, both during and after their employment with POJ, solicited customers and others and either received money from them or caused them to pay money to third parties. None of the money was returned. This case is generally referred to within POJ as the "Case Z (***)" (***) is the LP's surname).

⁴²²Multiple LPs and sales managers reported the investment solicitation activities by the Subject Individual in the "Written Pledge Regarding Prohibition of Inappropriate Handling of Money, etc."

⁴²³This is a series of cases involving an LP who was employed at the same Agency Z until [REDACTED], but was different from the LP in the Case Z(1). Both during and after their employment with POJ, the LP solicited customers and others to invest in third parties and caused them to pay money to those third parties. Most of the funds invested by the customers and others were subsequently not returned. These cases are generally referred to within POJ as the "Case Z(***)" (***) is the LP's surname).

2022 Audit Plan, identified "monetary fraud, investment solicitation, and inappropriate sales activities" as matters to be addressed, and incorporated an "audit related to ensuring appropriate sales" into the Plan as an audit concerning inappropriate sales activities. However, in the audit, only issues related to the approval process for unregistered documents by LPs (not applicable to sales materials) were detected, and no control deficiencies directly linked to fraud involving monetary transactions were detected. The Internal Audit Team had been aware since 2022 that there might be issues with the sales management readiness, as symbolized by the "Free to Work" in the code of conduct at the sales field, and considered that there was room to strengthen the mechanism by which LPs record and manage their own activities and field managers monitor these activities. However, the audits at that time had a limited scope, with insufficient direct on-site audits of Agencies, and mainly remained at the level of evaluating "the design and operation of Home Office controls over Agencies." The Internal Audit Team did not provide timely recommendations in their audit results regarding the internal control risks inherent in the business model such as the LP system, or the organizational culture issues at the Home Office and Agencies based on the experience and lessons learned through responding to past financial misconduct cases at group companies.

Furthermore, the Internal Audit Team, following the discovery of the Case S in August 2023 and the Case AA⁴²⁴ in September of the same year, set "Compliance Readiness Audit" and "Audit on Sales Channel Management Readiness (the LIAJ's Guidance)" among others as audit themes in the Audit Plan for fiscal year 2024.

2. Review of the business model including the LP system, etc.

(1) Revisions of the internal rules, etc. from 2009 to 2013

In 2009, POJ initiated status checks (low-income earner monitoring) for low-income earners with the purpose of "preventing and detecting misconduct related to money and investments at an early stage." In this process, in 2013, triggered by multiple complaints concerning the Case AB and other cases, POJ revised its Compliance Manual in November 2013 as described in Section 2.6(2) B(a) and C(b) above, adding "Prohibition of Involvement in Investment Products, etc. Not Authorized by the Company" and "Prohibition of Involvement in Investment Products, etc. Not Authorized by the Company" However, at that point, POJ did not go so far as to implement large-scale measures such as the Outreach Investigation to discover financial misconduct cases of which POJ was not aware.

(2) Response in May 2017 regarding misconduct in Gibraltar^{*21}

⁴²⁴This is a case where an LP who was employed at Agency AA until [REDACTED] accepted money from customers and prospective customers under the pretext of investment management during his/her employment and after resignation, and failed to repay the majority of it. This case is generally referred to as the "Case AA" within POJ.

^{*21}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

At a meeting of PFI's Enterprise Risk Committee⁴²⁵, a report titled "MEMORANDUM TO THE AUDIT COMMITTEE" was presented with some of PFI's management serving as reporters. In that document, it was reported that "regarding the issues of large-scale fraud by Gibraltar's sales employees and the conclusion of fictitious insurance policies, despite measures being taken, fraud continued to occur frequently, and in response, measures were taken such as revising the compensation system for sales employees, making the content of customer inquiries a matter to be reported to Gibraltar Home Office, and strengthening supervision of sales employees by field managers."²² However, at that point in time, no fundamental measures regarding the revision of the compensation system for field employees, strengthening of supervision by field managers, etc. were taken at POJ for the purpose of preventing the Monetary Transaction Cases.

- (3) Response to the discovery and announcement of misconduct cases involving monetary transactions at industry peers from 2017 to 2018 and the FSA publication of the "Principles for Customer-Oriented Business Conduct"

In March 2017, a life insurance company announced the occurrence of a "case in which a sales representative proposed to customers that they invest funds and use the returns to pay insurance premiums, or approached them with fictitious investment schemes, and then had the customers cancel their life insurance or go through procedures for the policy loans, thereby defrauding them of money" (according to the announcement, there were 3 victims with total losses of approximately 100 million yen)⁴²⁶. In addition, in July 2017, another life insurance company announced the occurrence of a "case in which money was fraudulently obtained from customers under the guise of procedures for purchasing fictitious product" (according to the announcement, there were 6 victims with total damages of approximately 140 million yen).

POJ disseminated information on misconduct cases at the Management Conferences that brought together field managers from 2017 to 2018, and conducted study sessions at each agency. However, these efforts were limited to confirming regulations and laws related to compliance and sharing information about the cases to raise awareness, and no measures were taken such as conducting fundamental investigation into potential incidents (outreach investigation) at POJ, comprehensively inspecting the compliance readiness, and making revisions based on the results, triggered by the discovery and public announcement of similar cases at industry peers.

In addition, in March 2017, the FSA formulated and published the "Principles for Customer-Oriented Business Conduct"⁴²⁷. The Principles state that financial service

⁴²⁵It refers to the committee for grasping the major risks of the entire group and their management status.

²²This description has been generalized in the Public Version for supervisory and control reasons.

⁴²⁶The description of public announcement regarding other life insurance companies is based on the corresponding press releases. The same applies hereinafter

⁴²⁷"Principles for Customer-Oriented Business Conduct" FSA (March 30, 2017)

(<https://www.fsa.go.jp/news/28/20170330-1/02.pdf>, last accessed September 18, 2026)

providers, including insurance companies, when adopting the Principles, "should formulate and publish a clear policy for realizing customer-oriented business conduct, and should periodically publish the status of initiatives related to said policy." In response to this, POJ formulated its "Policy on Customer-Oriented Business Conduct" in June 2017, and in June 2018, as part of its report on the results of the previous year's initiatives, announced that it had prepared training programs to enable LPs to provide sufficient consulting to customers, and that LPs and field managers were being evaluated not only based on the volume of insurance solicitations but also reflecting factors such as policies' retention status and compliance adherence; however, as mentioned above, measures such as conducting a comprehensive investigations into potential undiscovered cases were taken.

(4) Response from May to August 2018 regarding the issues of recognition program pointed out by the Financial Bureau

POJ submitted a misconduct incident report to the [REDACTED] Finance Bureau [REDACTED] Finance Office of the Ministry of Finance (hereinafter referred to as the "[REDACTED] Finance Office") on [REDACTED] regarding "a case involving fictitious policy (borrowing a name of policyholder who has no intention to purchase insurance policy), etc. that occurred at Agency AC," and on [REDACTED] regarding "a case involving the provision of special benefits that occurred at Agency AD." According to POJ's records, it appears that the Company received oral comments to the following effect (hereinafter referred to as "Finance Bureau Comments") from officials at the [REDACTED] Finance Office.

- Misconduct cases with the President Trophy Contest as a backdrop have recurred at POJ. How is this acceptable as a company? I understand that it's about motivation, but what about the contest itself? This⁴²⁸ was the question we posed to you last time. Will you continue to do this going forward? Wouldn't changing it be one option? I'm not saying you should stop it, but that's also one option. I'm not saying it's bad, but I'd like you to raise the question to the Home Office: shouldn't the approach be changed? (2018/3/29)
- Please consider as a future issue the fundamental question of whether internal contests are appropriate in the first place. (This time is acceptable, but we would also like to see a description of how the company will approach contests and how they will be managed going forward⁴²⁹.) These days, it seems other companies don't hold

⁴²⁸While the Finance Bureau commented that "we had raised the question to your company last time about whether the contest itself was appropriate," according to POJ, it is unclear which comment made by the [REDACTED] Financial Office at what time is being referred to as the "last time" mentioned here.

⁴²⁹Subsequently, regarding the incident report on misconduct (first report) submitted on December 14, 2018 concerning cases of name-borrowing policy and other matters that occurred at Agency AF, the [REDACTED] Finance Office commented, "What will you do going forward regarding the methods (approach) of the President Trophy Contest?" In response to this, POJ made descriptions in the Misconduct Incident Report

On [REDACTED], after the above-mentioned Finance Bureau Comments, a case was uncovered in which an LP at Agency AE had repeatedly engaged in inappropriate solicitation practices, including fictitious contracts and provision of special benefits, motivated by the desire to continue winning awards at the President Trophy Contest and similar achievements⁴³⁰. In response to this, at POJ, a list was compiled extracting 15 cases of inappropriate solicitation practices motivated by recognition and honors under recognition program such as the President Trophy Contest, which were deliberated at the Compliance Committee meeting held on [REDACTED]. There, opinions were expressed such as "the Marketing Region also recognizes the negative aspects of the recognition system and has entered the phase of considering countermeasures," "various recognition systems are effective under POJ's business model, so we would like to continue utilizing them in the future," and "since there has been no request to abolish the President Trophy Contest at present, we presume that the authorities also have a certain level of trust."

Subsequently, at POJ, from fiscal year 2019 onwards, changes were made to the rules of each recognition system. For example, for the President Trophy Contest, starting with the selection of winners for fiscal year 2019, they abolished the conventional criterion based on the number of policies and instead adopted a criterion based on the number of insured persons. At the same time, changes were made such as abolishing the ranking system and the recognition of top performers in each category.

(5) Response conducted by Gibraltar in September 2018^{*23}

In connection with the response to Gibraltar's monetary misconduct case, in an email dated September 27, 2018 among PFI's management, reference was made to regulatory developments involving life insurance companies by the FSA stating that "the FSA's view is that the 'C=C philosophy' at PHJ (the policy of providing variable compensation according to contribution) should be reconsidered, and that this encourages misconduct, but we completely disagree with this point⁴³¹."^{*24}

(6) Response to issues pointed out by the external consultant engaged following Gibraltar's

(Final Report) for the above case regarding the cancellation of the year-end contest at the Agency AF and changes to the President Trophy Contest's recognition criteria from fiscal 2019 onward (change to criteria based on the number of insured persons).

⁴³⁰As background information, the LP in question at the Agency AE was competing in sales performance with LPs who joined the same Sales Unit around the same time during the TAP period, and from the time of joining, had set personal goals of winning an internal contest based on one year's performance and continuously achieving three policies per week (3w).

^{*23}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

⁴³¹From the said email, it is unclear whether the above PFI executive's thoughts were communicated to POJ or how they influenced POJ's response.

^{*24}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

financial misconduct in March 2019

In an email dated March 23, 2019, from a member of PHJ's management to a member of PFI's management, it was reported that an external consultant engaged following the discovery of the Gibraltar's misconduct had made observations and assessments including the following: "the internal governance system of Gibraltar, the supervisory and management system of Gibraltar by PHJ, and the supervisory and management system of PHJ by PFI—all of these are 'broken' (the governance system is broken)," and "the Compliance department is not functioning effectively and is occasionally too biased toward sales (as evidenced by the fact that almost no disciplinary actions or investigations conducted)." Among them, it is stated as the opinion of the aforementioned person in PHJ's management team that "Gibraltar merely made mistakes in a very small number of cases, and there are no organizational factors that would create a terrible culture focused solely on sales."

Furthermore, [REDACTED] pointed out that [REDACTED].⁴³²

[REDACTED] pointed out that [REDACTED].⁴³³

(7) Establishment of the "Business Model Overhaul TF" from April to October 2019

In January 2019, a life insurance company publicly announced the discovery of a case in which "an employee of the company impersonated an insurance agency employee and fraudulently obtained money by pretending to process insurance purchase procedures for the company's insurance." Furthermore, in July 2019, Gibraltar publicly announced the discovery of a case in which "sales employees made false explanations to customers that they would profit if they used policy loans and paid insurance premiums in advance using those funds as a source, and fraudulently received cash."

In response to the aforementioned announcements by industry peers and the FSA's request concerning the "Principles for Customer-Oriented Business Conduct," POJ established the "Business Model Overhaul TF" in April 2019, identifying the following perspectives for review: "sales management readiness," "sustainable business model and overall management governance," "clarification regarding the compensation system (100% commission)," "company-wide compliance readiness," "field governance and compliance readiness," and "sales-first business conduct (corporate culture and climate)." According to POJ, among these, they particularly emphasized the "compensation system," and in internal materials related to the establishment of the TF, under "Organization of the compensation system (100% commission)," it is pointed out that "it is necessary to recognize the risk that LPs' income fluctuates significantly and leads to financial pressure, while maintaining appropriate control from the customer's perspective." According to POJ, this awareness of the issue reflected the fact that the FSA, which had conducted on-site

⁴³²[REDACTED]

⁴³³[REDACTED]

inspections of other life insurance companies at the time, had been reported as "viewing the company's 100% commission-based compensation system similar to POJ's as problematic."

The inspection by the Business Model Overhaul TF was conducted by commissioning an external audit firm, and the procedure taken was to identify matters that were expected to be pointed out by the FSA on-site inspections and then analyze the causes. In the final report dated August 30, 2019, prepared by the audit firm, issues expected to be pointed out by the FSA's on-site inspection were listed as "dysfunction of the three lines of defense (3LoD) management system," "lack of systems (including LP compensation systems) that would motivate compliance and quality enhancement," and "lack of risk sensitivity in management attitude, such as failure to discuss significant misconduct cases at the Compliance Committee," and their root causes were identified as "an attitude overly focused on Agency and LP independence," "systems and rules overly focused on sales operations," and "a management attitude overly focused on pursuing differentiation from other companies." Furthermore, in the same report, "measures against financial risks in the solicitation management readiness" was cited as one of the themes that required prompt action on improvement measures, and it was pointed out that "although events that serve as an initial sign of financial distress are being identified through low-income earner monitoring, they are not being utilized in measures to prevent recurrence of misconduct incidents and other issues, and there is room for improvement." In response to these inspection results, POJ launched the "Governance Reinforcement Project" in October 2019, and by January 2023, strengthened the 3LoD, enhanced field governance, and revised the field compensation system, among other measures.

(8) PHJ's Response regarding its subsidiary management readiness since November 2019^{*25}

Since November 2019, PHJ submitted reports to the FSA regarding issues relating to its subsidiary management readiness, including the following^{*26}.

- Regarding the causes of financial misconduct cases in Gibraltar, it is noted that (i) the response to compliance issues arising from individual financial fraud cases and other cases that came to light was limited to analyzing the causes of each incident and formulating and implementing measures to prevent recurrence on a case-by-case bases, and that (ii) no verification was conducted on the possibility that the LC (Life Plan Consultants, who are sales employees for insurance policies at Gibraltar;

^{*25}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

^{*26}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

the same shall apply hereinafter)^{*27} compensation system based on the C=C concept and the sales style that made the recruitment and training of LCs the primary role of field managers may have induced financial fraud cases.

- As issues concerning PHJ's subsidiary management readiness, it is noted that (i) PHJ's role was to handle matters on a group basis, particularly in areas such as finance, while on the other hand, the approach was that responses to important individual matters in the field of sales channel management should be addressed by prioritizing the resources of each insurance company within the group; under this approach, PHJ was unable to conduct an in-depth examination of Gibraltar's misconduct cases and failed to correct the fact that Gibraltar did not have the necessary personnel assigned to its internal control departments, and (ii) PHJ's request for a review of the compensation systems and other arrangements for Gibraltar's field employees and field managers was delayed, among other issues.

(9) Response to LIAJ'S "Survey on Compliance and Risk Management in Sales Representative Channels" conducted in 2020 and 2021

In October and December 2020, it was announced that "large-scale cases of monetary fraud by sales representatives" had been discovered at other life insurance companies, and this triggered the FSA, the Life Insurance Association of Japan (LIAJ), and each life insurance company to begin in earnest their industry-wide efforts to review management readiness for sales employees. In November 2020, immediately before the said announcement, the FSA requested the LIAJ to have each life insurance company confirm the actual state of its sales employees management readiness and proceed with examining specific measures to implement necessary responses⁴³⁴.

In response to this, the LIAJ conducted a survey in December 2020 entitled "Survey on Compliance and Risk Management in Sales Representative Channels Contributing to the Enhancement of Customer-Oriented Business Conduct" targeting member companies (all 42 companies), and published a report summarizing the results in April 2021⁴³⁵. In the report, regarding "initiatives to prevent monetary misappropriation and fraud," while it is stated that "it is generally considered difficult for companies to detect cases of monetary misappropriation and fraud occurring in the actions of sales personnel outside their business duties," it is pointed out that it is important to reduce opportunities where improper incidents may occur and to create mechanisms that can detect even the slightest warning signs.

^{*27}In the Public Version, additional wording has been inserted for clarification in connection with the omitted portions.

⁴³⁴"2021 Annual Report on Insurance Monitoring" FSA (September 2021) p. 39 (<https://www.fsa.go.jp/news/r3/hoken/20210910/210910.pdf>, last accessed September 18, 2026)

⁴³⁵"Report on 'Survey on Compliance and Risk Management in Sales Representative Channels Contributing to the Enhancement of Customer-Oriented Business Conduct'" Life Insurance Association of Japan (April 16, 2021) (https://www.seiho.or.jp/info/news/2021/pdf/20210416_5_1.pdf, last accessed September 18, 2026)

In addition, in its responses to the above survey, POJ answered that, regarding the roles of Agency Managers and Sales Managers in the compliance and risk management readiness, "the roles and responsibilities of Agency Managers and Sales Managers regarding compliance are stipulated in guidelines concerning the Agency work allocation" and "there is a mechanism whereby bonuses are reduced if the compliance status at an Agency or Sales Unit under the jurisdiction of a field manager is poor." This refers to a mechanism whereby Persistency and Development bonuses are reduced by a certain percentage when an Agency Manager or Sales Manager receives a disciplinary action of severe reprimand or higher.

The LIAJ conducted another survey (follow-up survey) of its member companies in December 2021 and published a report summarizing the results in April 2022⁴³⁶. The report states that "it has been confirmed that all member companies are reviewing the improvement status of their own readiness, and that efforts are being made to enhance compliance and risk management for sales representative channels by referring to the contents of the report."⁴³⁷

In addition, during fiscal year 2021, in light of the situation that inappropriate cases by sales employees continued to occur at multiple companies, the FSA issued alerts on multiple occasions at opinion exchange meetings with the LIAJ. The content of the alerts included: "management should continuously communicate to the sales field their commitment to emphasizing compliance and risk management," "the company should thoroughly disseminate internally and externally the fundamental policies such as prohibiting sales employees from handling cash," "sales employees are often expected to provide consultations on financial products according to customers' life plans, but since such opportunities can lead to inappropriate cases, management and guidance should be thoroughly implemented," and so on.⁴³⁸

At POJ, from July 2020 onward, LPs were required to prepare and submit to Agencies a written pledge regarding "prohibition of involvement in investment products not approved by the Company" to confirm their level of understanding of the rules prohibiting involvement in investment products.⁴³⁹ In addition, measures were taken such as the introduction of a machine learning model to detect LPs with a high risk of engaging in fraudulent activities such as embezzlement or misappropriation of funds based on information of acquired policies, and the establishment of the Agency Internal Control Team. Furthermore, in May

⁴³⁶Report on "Follow-up Survey on Compliance and Risk Management in Sales Representative Channels Contributing to the Enhancement of Customer-Oriented Business Conduct" Life Insurance Association of Japan (April 15, 2022)

(https://www.seiho.or.jp/info/news/2022/pdf/20220415_3-1.pdf, last accessed September 18, 2026)

⁴³⁷See note 436 above, p. 13

⁴³⁸"2022 Annual Report on Insurance Monitoring" FSA (September 2022), pp. 35-36

(<https://www.fsa.go.jp/news/r4/hoken/20220930/02.pdf>, last accessed September 18, 2026)

⁴³⁹This written pledge was the predecessor to the "Written Pledge Regarding Prohibition of Inappropriate Handling of Money, etc." POJ required LPs to submit it through 2022. Unlike the later pledge, it contained no questions concerning the prohibition of monetary lending and borrowing.

and October 2020, the prohibition of monetary lending and borrowing between employees was explicitly stated in the Work Rules. In response to the aforementioned case involving another life insurance company, POJ also established a "Task Force for Countermeasures against Monetary Fraud and Investment Solicitation" in January 2021. The main measure of the TF was a "horizontal review," which compared POJ's compliance readiness with other life insurance companies including Gibraltar and improved areas deemed to be deficient, and it did not delve into the causes of individual misconduct cases or structurally analyze the background behind the occurrence of similar cases.

(10) Responses implemented at Gibraltar and PHJ, as mentioned in the briefing memo prepared around May 2021 for a telephone conference with the FSA^{*28}

According to a briefing memo (draft) prepared internally around May 2021 for a telephone conference to be held between a member of PFI's management and FSA officials, among the series of responses since September 2018 regarding [REDACTED], the main improvement measures taken by Gibraltar included: "introducing a fixed salary component to LC compensation and revising the bonus calculation method to place greater emphasis on long-term policy retention," "revising the evaluation system for field managers to incorporate LC training and appropriate sales quality indicators into evaluations," and "adjusting the compensation structure for field managers to place greater weight (over [REDACTED] of total compensation) on LC activity management, sales processes, and risk management."^{*29} Furthermore, according to the briefing memo, as improvement measures regarding governance that PHJ took in response to [REDACTED], it is pointed out that "the Group Business Management Stance/System was reviewed and the shift in the role of PHJ was clarified from 'monitor, advise and support' to 'oversight and supervision based on in-depth monitoring.'^{*440}

(11) Response to the "Guidance" etc. Published by the LIAJ in February 2023

Since 2022, cases of financial misconduct by sales personnel at life insurance companies have continued to be discovered and publicly disclosed. Specifically, from June 2022 to March 2023, cases were disclosed at multiple life insurance companies in which sales personnel fraudulently obtained money from customers (including cases that constituted fraud).

The FSA published the "FSA Strategic Priorities: July 2022" in August 2022, explicitly stating that "in light of the ongoing occurrence of inappropriate cases involving sales

^{*28}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

^{*29}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

^{*440}It is unclear from the above memo whether these improvement measures at Gibraltar and PHJ were communicated to POJ, or how they affected POJ's response.

personnel, we will promote the establishment of effective sales personnel management readiness at insurance companies."

Furthermore, based on the results of survey conducted from fiscal year 2020 onwards, the LIAJ published in February 2023 the "Focal points in relation to further enhancement of compliance and risk management readiness in captive agency channel" (hereinafter referred to as the "Guidance"), which organized the principles and examples of initiatives of life insurance companies regarding compliance and risk management readiness for direct salesperson channels⁴⁴¹. In the "Guidance," regarding "assessment of compliance risk," it is stated that "risks differ depending on each company's business model, management strategy, and the attributes and characteristics of sales channels, and therefore companies should assess and identify what specific risks exist in their own company and establish systems and rules according to those risks." In addition, as measures to prevent misconduct in sales representative channels, items such as "clarification of business rules," "introduction of a mechanism where compliance-related evaluations are reflected in personnel and compensation (recognition) systems," and "managers supervising the activities of sales representatives" are listed.⁴⁴²

Partly because the FSA also encouraged each life insurance company to take action based on the "Guidance"⁴⁴³, each company has subsequently disclosed the status of their own initiatives based on the "Guidance." POJ publicly disclosed its initiatives in June 2023, stating that it "is undertaking efforts to maintain and improve the quality of its unique business model of consulting and sales by Life Planners," and regarding the prevention of inappropriate conduct in the sales representative channel, as "the company's recognition," stated that "we have established rules to prevent inappropriate conduct in advance both inside and outside of business operations, implemented measures, and introduced quality evaluation indicators in our personnel and compensation (recognition) systems as well. In addition, field managers are making efforts to build relationships of trust through repeated dialogue with Life Planners."

At the POJ Executive Officers' Meeting, the publication of this implementation status was deliberated in advance, and there were opinions such as "it is ambitious content, including what will be implemented in the future," and it was approved as originally proposed.

In addition, at POJ, when discussing the follow-up survey requested by the LIAJ at the Executive Officers' Meeting held in November 2023, it was reported that "at other companies, rather than adopting a resignation system such as the minimum requirement system for sales personnel with poor sales performance, discussions are progressing in the direction of reducing risk by converting to fixed salary system." Furthermore, the POJ Board

⁴⁴¹"Focal points in relation to further enhancement of compliance and risk management readiness in captive agency channel" Life Insurance Association of Japan (February 17, 2023) (https://www.seiho.or.jp/info/news/2023/pdf/2230217_1_1.pdf, last accessed September 18, 2026)

⁴⁴²See above note 441, p. 9 et seq.

⁴⁴³"2023 Annual Report on Insurance Monitoring" FSA (June 2023), p. 40 (<https://www.fsa.go.jp/news/r4/hoken/20230630-2/02.pdf>, last accessed September 18, 2026)

of Statutory Auditors has discussed considering the content of the above-mentioned "Guidance" as a reference in formulating the priority audit items for the fiscal year 2023 audit.

(12) Response from December 2023 to June 2024 following the discovery of the Case AH, etc.

At POJ as well, starting with the discovery of the Case AH in July 2022⁴⁴⁴, serious Monetary Transaction Cases such as the Case AI⁴⁴⁵, Case AJ⁴⁴⁶, Case AK⁴⁴⁷, and Case AL⁴⁴⁸ were successively discovered through 2023, and multiple TFs were established as shown in the table below.

December 2023	Misconduct Preventive TF
June 2024	Business Model Risk Verification TF
June 2024	Customer Outreach Investigation TF
September 2024	Misconduct Response Supervision Meeting

The Misconduct Preventive TF was intended to "analyze the causes of individual misconduct cases that have been discovered and consider countermeasures," the Business Model Risk Verification TF was intended to "identify risks by delving into business models and consider countermeasures," and the Customer Outreach Investigation TF was intended to "identify potential financial misconduct cases." In POJ's internal documents, the Customer Outreach Investigation TF was referred to as "draining the pus," the Misconduct Preventive TF as "symptomatic treatment," and the Business Model Risk Verification TF as "fundamental treatment." In addition, in around September 2024, the "Misconduct Response Supervision Meeting" was established to prevent duplication and omissions in the issues examined by these TFs and to strengthen coordination among the TFs.

Through the analysis of individual cases, the Misconduct Preventive TF pointed out that the "root causes" of misconduct included "weaknesses in the 3LoD readiness," "inadequate

⁴⁴⁴This case involves an LP who was employed at the Agency AH until [REDACTED] and who, both during and after their employment with POJ, received money from customers and others under the pretext of investment management and failed to return most of it. This case is referred to within POJ as the "Case AH."

⁴⁴⁵This case involves an LP who employed at Agency AI and who, during employment and after retirement, received money from customers and prospective customers under the pretext of investment management or borrowing, and failed to repay a portion of it; within POJ, this is generally referred to as the "Case AI."

⁴⁴⁶This case involves an LP who was employed at the Agency AJ until [REDACTED] and who, both during and after their employment with POJ, received money from customers and others under the pretext of investment management and failed to return most of it. This case is generally referred to within POJ as the "Case AJ."

⁴⁴⁷This is a case where an LP who was employed at Agency AK introduced investment products to customers and prospective customers during and after his/her employment, caused the customers and prospective customers to deliver money to a third party, and most of it was not returned, which is generally referred to as the "Case AK" at POJ.

⁴⁴⁸This case involves an LP who was employed at the Agency AL until [REDACTED] and who, both during and after their employment with POJ, received money from customers and others under the pretext of investment management or borrowing and failed to return most of it. This case is generally referred to within POJ as the "Case AL."

management of LP activities," "closed-door relationships between LPs and customers," "lax screening at the time of hiring," and "insufficient risk awareness in the business management readiness." On the other hand, while the Business Model Risk Verification TF has organized its understanding to the effect that the foundation of POJ's business model lies in the LP system and the Agency System, and that problems have arisen from a state where the systems that shape this business model place greater emphasis on "promotion" rather than "control," no measures have been taken that venture into fundamental reform of the business model.

Furthermore, even in 2024, while deliberations in these TFs were underway, the Case AM⁴⁴⁹, the Case AN(1)⁴⁵⁰, and the Case AO⁴⁵¹ were newly discovered. In January 2024, the Work Rules were revised to explicitly state "prohibition of involvement in investment products, etc." At the Executive Officers' Meeting where this revision was deliberated, the number of occurrences of these Monetary Transaction Cases since 2022 was presented, and opinions were expressed that "the number of investment solicitation cases is on an increasing trend."

(13) POJ's "sending of direct mail to customers and prospective customers" and "publication on its website" from May to August 2024, and responses by PHJ and PFI

Following discussions by the Customer Outreach Investigation TF, POJ implemented measures from August 2024 onwards aimed at discovering undetected financial misconduct cases, including "sending direct mail⁴⁵² to all policyholders of in-force policies of POJ and policyholders whose policies expired within the past three years," "telephone surveys to customers of LPs determined to have high risk scores for committing misconduct cases by the risk detection model," and "telephone surveys of customers who responded to the direct mail⁴⁵³." These investigations involved the mailing of approximately

⁴⁴⁹This case involves an LP who was employed at the Agency AM until [REDACTED] and who, both during and after their employment with POJ, solicited customers and others to invest in investment companies and other entities for the purpose of receiving dividends and other returns, and caused them to pay money to those entities. Most of the funds invested by the customers and others were subsequently not returned. This case is generally referred to within POJ as the "Case AM."

⁴⁵⁰This case involves an LP who was employed at the Agency AN at the time of leaving POJ and who, both during and after their employment with POJ, received money from customers and others under the pretext of investment management or borrowing and failed to return a portion of it. The LP also lent money to customers and others and engaged in similar transactions. This case is referred to within POJ as the "Case AN (***)" (***) is the LP's surname).

⁴⁵¹This case involves an LP who was employed at the Agency AO until [REDACTED] and who, both during and after their employment with POJ, received money from customers and others under the pretext of investment management or caused them to pay money to investment companies and other entities. Most of the money was not returned. This case is generally referred to within POJ as the "Case AO."

⁴⁵²A document that lists items such as "have been solicited for investment by an LP," "have handed cash to an LP," or "have engaged in personal monetary lending or borrowing," and requests that POJ respond if any of these items apply

⁴⁵³According to POJ and the hearings, regarding POJ's investigation methods, compared to Gibraltar, which had started conducting latent investigations ahead of others from 2019, the rules concerning approaches to customers and LPs were not yet established Specifically, regarding the scope of supplementary confirmation, Gibraltar confirmed all contracts including terminated contracts, whereas POJ excluded terminated contracts and others; furthermore, regarding the number of phone calls made to customers and others during

2.09 million direct mail pieces and telephone calls to approximately 130,000 customers by February 2025, resulting in the discovery of inappropriate conduct related to money by three former employees (8 counterparties, total amount handled approximately 60 million yen), and inappropriate conduct related to money such as investment solicitation and money lending by 106 (former) employees (the total amount received by (former) employees during employment was approximately 1.63 billion yen, and the total amount received after resignation was approximately 1.45 billion yen).

In May 2024, regarding POJ's decision to conduct the above-mentioned outreach investigation, a member of PHJ's management reported in an email addressed to another member of PHJ's management that "the FSA believes that proactive contact should be made with policyholders served by high-risk LPs to identify potential damage cases, and expects notification documents to be sent to all policyholders." In response, the other member of PHJ's management replied, "I am not in favor of a full policyholder investigation similar to Gibraltar."

Furthermore, in an email thread following the said email, an email sent by one of POJ's other executives stated that, as a result of reporting to PFI's senior management that POJ had decided to conduct a customer outreach investigation, "(the senior executive) stated that 'I feel the FSA's request is too severe, but this time I think it is inescapable.'"

Furthermore, in June 2024, a member of PFI's management received a report email from another member of PFI's management regarding the content of discussions with the FSA concerning POJ's financial misconduct case, and in response, pointed out that "the problem is more serious than anticipated; and the current response is biased toward 'post-discovery response' rather than 'recurrence prevention,' which may be insufficient as crisis management from the perspective of the FSA and the public," and that "despite establishing a TF in December 2023 for prevention purposes, the risk identification process has not been completed even after six months," etc. and made the following proposal.

- Prohibit the acceptance of cash or personal checks⁴⁵⁴, and allow only transfers to company accounts
- Monitor individual deposit and bank accounts of LPs
- Limit communications with customers to only authorized channels that Prudential can monitor

(14) Response of POJ from December 2024 to June 2025^{*30}

In December 2024, a "Sustainability Project" was established to integrate the three task

supplementary confirmation, Gibraltar made six calls, whereas POJ made only three calls. Subsequently, at the Executive Board meeting held on August 21, 2024, a report on the investigation response completion criteria was made, taking into account the aforementioned discrepancies, and on August 23 of the same month, the "Work Procedures Manual: Compliance Violation Case Investigation Operations," which defines investigation methods, was revised to partially align with Gibraltar's rules.

⁴⁵⁴At POJ, cash and check payments for insurance premiums were prohibited at that time.

^{*30}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

forces, including the "Misconduct Preventive TF" mentioned in (12) above; however, no specific measures were implemented that delved into the LP system or the Agency System. Under such circumstances, regarding POJ's explanations to the FSA in April 2025, in a report email from the POJ person in charge to the management of POJ and PHJ, it was reported that the FSA gave an instruction to "conduct a deeper investigation regarding the management's factual awareness, which is important for conducting root cause analysis and considering recurrence prevention measures," along with the following points being indicated.⁴⁵⁵ *³¹

- The most important thing [REDACTED] is to prevent recurrence of misconduct incidents at sales field, and for that purpose, management must thoroughly examine by delving into the LP model.
- There have been numerous triggers so far, and although responses were taken each time, I believe the previous approaches have been insufficient every time, so if the approach is insufficient this time as well, it will be repeated.
- Regarding POJ, we understand that continuing the LP model is POJ's strength and would like the company to continue it, but we cannot say that it is acceptable to continue in the current state. Management needs to discuss and reach a conclusion on how to modify the Agency System, compensation system, and other key drivers of the LP system in order to reduce the risks of financial misconduct and personal information leakage and continue business appropriately.
- We would like you to verify whether the recognition system has become an incentive that is excessively biased toward sales.
- In light of the series of financial misconduct and personal information leakage incidents at Gibraltar that were recently reported, we have strong doubts as to whether PHJ's management is sincerely facing the issues and engaging in in-depth discussions.

In response to the above FSA indication, POJ proceeded with discussions in the direction of incorporating into the report to the FSA in June 2025 the content of examination of various measures including an in-depth review of LP's compensation system. Then, around the end of May 2025, POJ sent PHJ the draft of the report including descriptions regarding the review of the compensation system, and requested confirmation of its content. In response to this, a member of PHJ's management evaluated the draft report as a whole, stating that it "appropriately organized the issues and root causes and presented improvement measures under consideration," while making the following comments

⁴⁵⁵The email was prepared by a POJ staff member to report to the management of POJ and PHJ on the discussions between the FSA and POJ personnel. The Committee did not directly verify the substance of those discussions.

^{*31}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

regarding the description of LP's compensation system^{*32}.

I am very sensitive to changes to the LP compensation model and potentially setting expectations that we will be making changes. I think page 112 is sufficiently vague and says we have more to do between POJ and PHJ which is true^{*33}.

However, page 5 says "delve into redefining" and page 29 says "we recognize that the compensation system places excessive emphasis on new business"^{*34}. I think we want to avoid statements like that and do everything we can to protect the current LP compensation model. There are many areas we can enhance other than LP compensation to make improvements here and although improved I would be careful insinuating we will be making changes.

In addition, another member of PHJ's management at the time stated, "As you know, I share the same view regarding the compensation system, so I will refrain from repeating my comments," and added the following comment^{*35}.

My concerns with how the LP comp is positioned are on pages 5, 12, 21 (2-1 on referrals), 29, 54, 92 of the red-line version. When considering how to modify the wording on LP compensation, please consider not having it being the first item in a list (such as on page 53) for it may be misunderstood as the primary issue.

Based on the comments from each management level of PHJ mentioned above, POJ considered revisions to the draft report and, as a result, partially revised the wording in the evaluation concerning the compensation system, including the revisions shown in the table below (revised portions are underlined).

Before revision	After revision
In addition, the compensation system shifted from one centered on the "quantity" of new business to one that includes evaluation of policy maintenance. In order to incorporate this, we have implemented system revisions such as	In addition, the compensation system shifted from one centered on the "quantity" of new business to one that includes evaluation of policy maintenance. In order to incorporate this, we have implemented system revisions such as

^{*32}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

^{*33}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

^{*34}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

^{*35}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

the introduction of a customer retention allowance as one of the rewards for LPs. However, these system revisions were modifications based on the risk awareness at that time, such as policy service activities and sales quality, and <u>were limited in terms of responding to financial misconduct, etc., and did not fundamentally change the system that was excessively biased toward acquiring new business.</u>	the introduction of a customer retention allowance as one of the rewards for LPs. However, these system revisions were modifications based on the risk awareness at that time, such as policy service activities and sales quality, and were limited in terms of responding to financial misconduct, etc.
As will be described later, we recognize that the <u>compensation system, which places excessive emphasis on new business and causes excessive fluctuations,</u> has issues <u>such as leading to the mistaken idea that "all that matters is achieving results" and serving as a trigger for misconduct.</u>	As will be described later, we recognize that there are issues in that it <u>lacks incentives and enforcement power from the perspective of promoting compliance</u> ⁴⁵⁶ .
Insufficient review of compensation, recognition, qualification systems, and promotion criteria <u>based on the concept of C=C that excessively emphasizes new business</u>	Insufficient review of compensation, recognition, qualification systems, and promotion criteria that <u>emphasize new business</u>

Subsequently, POJ sent the revised draft report with PHJ and requested confirmation from each level of PHJ's management mentioned above. Both management teams reviewed and revised the draft report again(the revisions did not affect the points discussed above), after which POJ made minor revisions before finally submitting it to the FSA. In addition, when one of the PHJ management members reviewed and revised the revised draft report, s/he commented: "I do not believe changes to existing LP compensation will improve POJs ability to oversee misconduct issues. I think the document does a good job not overpromising what we will do in that area."³⁶

(15) Response from May to November 2025 regarding the application of the deemed working hours system for work performed outside the workplace to LPs

On May 29, 2025, with regard to the "deemed working hours system for work performed

⁴⁵⁶Written as in the original text. This is interpreted to mean that there is an issue of "lacking" in enforceability.

^{*36}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

outside the workplace" under the Labor Standards Act that had been applied at POJ, the [REDACTED] Labor Standards Inspection Office issued a guidance notice to the Agency AR, stating that "considering that in recent years the wide-spread use of smartphone applications and other factors have made it possible to manage working hours outside the workplace, POJ should re-confirm whether work performed outside the workplace constitutes a situation where 'it is difficult to calculate working hours.'"⁴⁵⁷

POJ received a response from an external attorney⁴⁵⁸ stating that "based on court precedents and academic theories that hold that if an employer is in a position to give instructions to workers and request reports using communication devices, it does not fall under the case where working hours are difficult to calculate, there is a considerable risk that the court will deny the application of the deemed working hours system for work outside the workplace."

At the Compliance Committee meeting held on September 25, 2025, taking into account the above response from external attorney, it was pointed out that by having LPs record the end times of activities outside the workplace in the system and having POJ monitor them, there were risks of "LPs filing lawsuits on grounds of unpaid overtime wages" and "the Labor Standards Inspection Office denying the application of the deemed working hours system for work outside the workplace to LPs." There was also a statement to the effect that "it is necessary to balance the risk that requiring input of end times for activities outside the workplace could result in the denial of the application of the deemed working hours system for work outside the workplace and significantly change working practices, against the importance of tracking end times for activity management purposes, and considering the above risks, it might be better not to track end times." Furthermore, the meeting materials presented to the aforementioned Compliance Committee contained a policy stating that "in order to realize 'Free to Work' and 'C=C,' which are the foundation of the LP model, it is necessary to apply the discretionary work system for work performed outside the workplace, and therefore activity records shall be based on self-reporting, and objective recording methods using timecard or access card shall not be adopted."

At the Executive Officers' Meeting held on October 22, 2025, in order to avoid the denial of application of the deemed working hours system for work outside the workplace, it was decided to maintain the operation of not requiring self-reporting of the end time of work outside the workplace on daily activity management (DAM).

⁴⁵⁷ Additionally, on the same day, the Agency AR received a corrective action recommendation notice regarding "the failure to ascertain the status of working hours by objective methods or other appropriate methods when workers to whom the deemed working hours system for work performed outside the workplace applies perform work within the workplace" (Industrial Safety and Health Act Article 66-8-3 and Article 52-7-3 of the Ordinance on Industrial Safety and Health). Both the issuance of corrective recommendation notice and guidance slips are administrative guidance, and when a Labor Standards Inspector recognizes that an employer has violated labor laws and regulations, a corrective recommendation notice shall be issued, and when there are matters requiring improvement that are insufficient to be recognized as violations, a guidance slip shall be issued (Takenori Mishiba ed., with cooperation from the Japan Society for Occupational Health Law, "Commentary on the Industrial Safety and Health Act," p. 1433 (Horitsu Bunka Sha, 2025)).

⁴⁵⁸ He/She is not an attorney at the law firm to which the members of the Committee belong.

Subsequently, at the 33rd Steering Committee of the Sustainability Project held on November 10, 2025, based on the premise that "due to POJ's business model, it is difficult to clearly delineate the start and end of LP activities," it was decided to address this through newly introduced measures to strengthen activity management (mandatory submission of schedules⁴⁵⁹, various alerts⁴⁶⁰, and mandatory reporting of all operations both inside and outside the workplace⁴⁶¹, etc.), and arrangements were made in the direction of "not requiring self-reporting regarding the end time of work outside the workplace⁴⁶²."

Furthermore, regarding the management of working hours for sales employees, Gibraltar had long applied the "deemed working hours system for work outside the workplace," but from June 2023 onward, the company began to track the end times of activities outside the workplace through self-reporting by sales employees⁴⁶³, and as of 2025, the policy had not been standardized among group companies. On September 26, 2025, POJ explained to PHJ that "POJ is considering maintaining the practice of tracking only the start time of off-site activities, unlike Gibraltar," and that "the difference in policy from Gibraltar is due to a difference in business judgment⁴⁶⁴."⁴⁶⁵

(16) Summary

POJ had been continuously conducting examinations regarding financial misconduct risks and management readiness through the 2013 internal rule revisions, the 2019 Business Model Overhaul TF and Governance Reinforcement Project, the 2021 TF for Countermeasures on Financial Fraud and Investment Solicitation, and various TFs from 2023 onwards. In addition, at PHJ and PFI as well, examinations were being conducted regarding issues related to the compensation system, sales management readiness, and governance through responses to misconduct at Gibraltar and other matters.

However, these efforts were primarily directed toward responding to individual cases,

⁴⁵⁹This refers to mandating LPs to submit plans for activities inside and outside the workplace.

⁴⁶⁰This refers to alerting LPs to report accurate information when submitting activity plans and results, to the possibility that the Home Office may conduct customer confirmations, and to providing individual alerts when there are events that require attention, such as when the submitted activity plans and results show noticeable blank time periods or when customers are elderly persons or minors.

⁴⁶¹This refers to mandating LPs to report on the date and time (start and end times) and content of activities within the workplace, as well as the date and time (start time only), location, customer name, response details, dialogue content, and next scheduled appointment for activities outside the workplace.

⁴⁶²The tracking of the end time of activities outside the workplace is normally strongly related to purposes such as working hours management, identification of long working hours, and confirmation of actual work conditions, and the Committee does not recognize that the Monetary Transaction Cases could have been prevented by tracking the end time of LPs' activities outside the workplace.

⁴⁶³According to POJ, Gibraltar has decided, following a corrective action recommendation received from the Shinjuku Labor Standards Inspection Office on March 25, 2021, regarding the failure to monitor working hours of employees to whom the deemed working hours system for work outside the workplace applies, among other matters, since June 2023, to track the end times of outside-workplace activities through self-reporting by sales employees.

⁴⁶⁴[REDACTED]

⁴⁶⁵According to POJ, PHJ was not aware that POJ had adopted, at the Executive Officers' Meeting on October 22, 2025, an operational approach of not tracking the end times of work performed outside the workplace until it received a report from POJ's CLO in April 2026.

developing rules, and strengthening control functions. In fact, the 2019 Business Model Overhaul TF pointed out issues such as excessive emphasis on sales promotion, the high degree of independence of Agencies and LPs, and challenges in control; however, this did not subsequently lead to a review of the business model itself, which was based on the LP system and Agency System. Furthermore, no circumstances could be confirmed indicating that the results of deliberations at PHJ and PFI were reflected in the review of POJ's system. Furthermore, it appears that even in the response to the FSA in 2025, a cautious stance was demonstrated regarding the review of fundamental systems such as the LP compensation system.

As described above, although POJ, PHJ, and PFI conducted examinations regarding responses to financial misconduct and issues related to the systems, they did not undertake a fundamental review of the risks inherent in the business model including the LP system and its management and supervisory readiness.

Section 7: Analysis of the Causes of the Cases

1. Basic recognition of the Committee

In analyzing the causes of the Cases, the Committee first examined in detail the Cases Subject to Individual Investigation concerning the 27 Subject Individuals. As a result, in the Case, it was recognized that a personal relationship of trust had been formed between the LPs and customers and prospective customers, which went beyond the relationship between a life insurance solicitor and insurance policyholder, and that against this background, private economic relationships, distinct from the business of life insurance solicitation, such as investment solicitation, introduction of investment opportunities, and monetary lending, had been formed, leading to the occurrence of each of the Cases in question within the context of that relationship⁴⁶⁶.

Building relationships of trust with customers and prospective customers is itself an essential element of life insurance solicitation activities, and it is originally an important role in the life insurance business for LPs to understand needs through personal relationships with customers and propose appropriate coverage. Furthermore, it goes without saying that in any business, there is no problem in itself with developing customers starting from personal connections and conducting business based on that trust.

However, what the Committee views as problematic is the point that the personal trust relationships with customers and prospective customers, which form the foundation of life insurance solicitation, exceeded that domain and developed into issues of investment solicitation, investment referrals, and monetary loans, etc., and furthermore, that such incidents occurred over a long period of time by a large number of LPs under various

⁴⁶⁶In many cases, there existed personal trust relationships between LPs and customers and prospective customers that had been formed through the solicitation or maintenance of life insurance policies. Moreover, multiple cases were identified where the exchange of money took place not during the actual solicitation of life insurance itself, but through private means of communication such as telephone and LINE, meetings at hotels and restaurants, and private interactions including with family members. For example, in the case described in Section 4.2(2)A, an LP provided an explanation regarding investment to an acquaintance from their previous job at a hotel in [REDACTED], and thereafter, as the exchange between the LP and the customer continued using LINE, the customer transferred funds on multiple occasions. In the case described in Section 4.2(2)B, an LP continued the relationship with a customer s/he had met through [REDACTED], provided explanations about investments at a restaurant, and thereafter maintained continuous communication using LINE, receiving funds from the customer on multiple occasions. In the case described in Section 4.2(2)C, funds were provided by the customer and [REDACTED] while their interactions continued. In the case described in Section 4.2(3)A, after a customer who became acquainted with an LP through an introduction by a mutual friend purchased an insurance policy, the customer transferred funds to a third party regarding an investment project introduced by the LP. Additionally, in the case described in Section 4.2(3)B, an LP introduced a resigned LP to a customer who was an insurance policyholder, and subsequently, the customer contributed funds to an investment project involving the resigned LP. In the case described in Section 4.2(4)A, an LP had engaged in multiple instances of monetary lending and borrowing with a customer with whom they had a friendship [REDACTED], after the conclusion of the insurance policy. Additionally, in the case described in Section 4.2(4)B, [REDACTED] were lent between the LP and a customer whom the LP had met through [REDACTED] and with whom they had a family-to-family relationship. Furthermore, in the case described in Section 4.2(5)A, the LP became acquainted with the customer through an introduction by [REDACTED], a loan contract in the customer's name was used for the customer's purchase of [REDACTED] products, and thereafter, monetary transactions related to the repayment were conducted with the customer. In the case described in Section 4.2(5)B, an LP introduced customers, who were initially acquainted through introductions from [REDACTED], to a network business in which other customers also participated, and delivered to such customers monetary amounts equivalent to the registration fee for the said business.

circumstances, rather than being exceptional isolated deviating conducts by a few LPs.

At POJ, customer acquisition was largely left to the networking capabilities of individual LPs: the Company hired primarily experienced salespeople without conducting new graduate recruitment⁴⁶⁷ ⁴⁶⁸, encouraged customer expansion through referral chains called the "infinite chain method"⁴⁶⁹, and while making each individual LP bear much of the costs of sales activities rather than POJ as the operator of life insurance business⁴⁷⁰, adopted a 100% commission-based compensation system strongly linked to new business acquisition performance⁴⁷¹. Furthermore, POJ has limited or reduced the oversight exercised by the Home Office or field management⁴⁷², thereby reducing the burden and costs associated with LP management. In this way, POJ was in a position to acquire policies by utilizing customer development capabilities of LPs while keeping the cost burden for maintaining and expanding the sales employee organization (including fixed personnel costs such as minimum wages⁴⁷³) relatively low.

In other words, it cannot be denied that POJ's business relied as its primary management resource not on its own customer base as a business operator, but rather on the personal networks and personal trust relationships that individual LPs developed and maintained.

As a result, it is believed that for some LPs, the personal trust relationships with customers and prospective customers evolved beyond the framework of life insurance solicitation into the provision of private investment opportunities and the fulfillment of capital needs, forming a foundation that led to investment solicitation, investment referrals, and monetary lending or borrowing that violated internal rules and regulations. It is considered that the root cause of the occurrence of each incident in the Cases lies in the fact that this foundation continued to expand while lacking appropriate controls and checks.

In other words, the Cases can also be described as "the result of a business that relied excessively on personal connections and trust relationships derailing from its original course and running out of control."

Based on the results of the Investigation, the Committee has reached this understanding, and with this as the basic recognition, will analyze below the specific causes that led to the Cases, and will also make recommendations for recurrence prevention measures in Section 8.

2. Specific causes of the Cases

⁴⁶⁷See Section 3.1(5) A above

⁴⁶⁸The retention rate of LPs recruited under this scheme drops below 50% in the 37th month following their employment. See Section 3.1(5) B above

⁴⁶⁹See Section 3.1(4) B(b) above

⁴⁷⁰See Section 3.1(4) B(d) above

⁴⁷¹See Section 3.1(6) above

⁴⁷²See Section 3.1(9), 2.(6) and Section 6.2(15) above

⁴⁷³See Section 3.1(6) B above

Based on the fundamental recognition stated in 1. above, the Committee examined the overall picture of the Cases and conducted a causal analysis from the perspective of why "at POJ, many life insurance solicitors called LPs caused the Monetary Transaction Cases repeatedly over a long period of time, and moreover, many of the Cases remained undetected and latent at POJ for a long period of time."

To summarize that conclusion in advance, despite the fact that "fraud risks related to monetary transactions" were structurally inherent in the core of POJ's business model—namely, the LP system and the Agency System⁴⁷⁴ at the Agency Office level and below, which POJ had adopted as sales strategies contributing to high profitability—the necessary preventive measures had not been taken, and as a result, these risks materialized under the individual circumstances of each case.

Generally, the characteristic of the sales employee channel of life insurance companies is that sales employees conduct business operations by building long-term and strong trust relationships with customers and prospective customers, activity areas, companies, organizations, etc. through their activities. For this reason, there are risks that are inseparable from these characteristics, such as the relationship between customers and sales employees becoming closer, making the distinction between public and private matters ambiguous in sales activities, and the high frequency of one-on-one opportunities with customers making it difficult for other employees and third parties to conduct thorough checks. Therefore, there is a need to address compliance risks in consideration of the characteristics of the sales employee channel⁴⁷⁵.

With the POJ's business model possessing the characteristics and risks inherent to sales employee channels in general as described above, and under the LP system and Agency System, LPs were expected to conduct sales activities and achieve results in life insurance solicitation by leveraging their individual networks and demonstrating their own abilities in a free-standing position⁴⁷⁶. And although LPs were in a position of being employed by POJ, on the other hand, they were conducting sales activities independently, as sole proprietors under the tax system, under a 100% commission-based compensation system, bearing the majority of their operating expenses themselves⁴⁷⁷. On the other hand, under the Agency System, Agencies and sales organizations below gained independence and effectively became independent agencies⁴⁷⁸, and the guidance and supervision of LPs by field management such as Agency Managers and Sales Managers, who were substantially entrusted with compliance regarding LP sales activities, was minimized as much as possible, and as a result, LP sales activities became "personalized" and "conducted behind closed doors," making it difficult to grasp the actual situation⁴⁷⁹.

⁴⁷⁴See Section 3.1(1) and (b) above

⁴⁷⁵See note 441 above, page 1

⁴⁷⁶See Section 3.1(1) and (4)B(b) above

⁴⁷⁷See Section 3.1(4)B(d) above

⁴⁷⁸See Section 2(3) below

⁴⁷⁹See Section 3.1(4)A above

In this way, in addition to the risks inherent in life insurance companies in general, it is recognized that at POJ, in a situation where LPs independently conduct sales activities and such sales activities are "personalized" and "conducted behind closed doors," frequent irregularities involving the monetary transactions have occurred, such as LPs introducing investment opportunities and soliciting investments outside the scope of life insurance solicitation business in order to improve their own performance by currying favor with customers or prospective customers or to satisfy their own desire for money; or LPs borrowing money from customers due to being in need of funds for their own activities, living expenses, or investment funds⁴⁸⁰.

Furthermore, it is considered that POJ Home Office, its insurance holding company PHJ, and PFI, a U.S. corporation positioned at the top of the group as its parent company, were also in a situation where they recognized, or at least could have recognized, the aforementioned risks inherent in the LP system and Agency System by around 2019 at the latest⁴⁸¹. However, after that, the fundamental principle of POJ's management remained the preservation of the existing business model that contributed to high profitability, and only individual control enhancements were made based on this premise, falling short of a fundamental review aimed at minimizing the aforementioned risks⁴⁸². In this regard, it is difficult to say that the group governance functions by POJ Home Office, PHJ, and PFI were sufficiently exercised.

While it cannot be denied that the frequent occurrence of these Monetary Transaction Cases at POJ has aspects attributable to the qualities of individual LPs who engaged in such conduct, the essence of the issue should be recognized as a structural problem that arose from the complex interplay of the business model centered on the LP system and Agency System, an corporate culture that placed excessive emphasis on sales performance, weaknesses in management and supervision at sales field, and governance issues at the Home Office and group level. Specifically, the details are as follows.

(1) "Risk of fraud related to monetary transactions" structurally inherent in the LP system and Agency System

Under the LP system, the principles of "independent self-employment" and "Free to Work" are emphasized, and each LP is given broad discretion regarding methods of sales activities, approaches to customer development, and relationship building with customers and prospective customers⁴⁸³. Additionally, from an economic perspective, LP compensation is treated as business income, with a structure in which LPs themselves bear most of the actual expenses required for sales activities⁴⁸⁴. In addition, under the concept of "Partner for life," in order for one LP to provide continuous service to one customer throughout their lifetime, customers cultivated by an LP are designated as "My

⁴⁸⁰See Section 4.2 above

⁴⁸¹See Section 6.2(6) above

⁴⁸²See Section 6.2(1), (7), (9), (12), and (16) above

⁴⁸³See Section 3.1(1) and (3) above

⁴⁸⁴See Section 3.1 (4) B (d) above

Client" and are intended to be handled solely by that LP.

Moreover, under the Agency System, sales managers were positioned not so much as personnel responsible for extending POJ headquarters' management and control over Agency Offices, but rather as supporters of the sales activities of LPs aimed at developing their respective Agency Offices. Their compensation was calculated based on the sales performance of the LPs under the Agency Offices to which they belonged, and mechanisms such as liability arrangements and the Agency Office succession system⁴⁸⁵, both of which were affected by such sales performance, were also adopted. As a result, LPs and sales managers shared common economic interests. Furthermore, sales managers' evaluations of LPs did not affect either the amount of compensation paid to LPs or their eligibility for promotion under the qualification system. In addition, the supervision exercised by sales managers over LPs was limited to sales support, and internal controls from compliance and other supervisory perspectives over sales activities, including the maintenance and expansion of relationships with customers and others, were limited⁴⁸⁶.

This type of business model not only enabled, but in fact encouraged, LPs to freely conduct sales activities and build strong relationships with customers and prospective customers. This, in turn, supported POJ's competitive strength in sales and contributed to high profitability. Under this structure, the role of POJ as the business operator was essentially limited to providing a platform for sales activities, and it is recognized that the structure tended to weaken, at least among some LPs, their sense of contribution and belonging to the corporate organization. Furthermore, it is recognized that the highly personalized relationships between LPs and customers and prospective customers⁴⁸⁷ reduced their incentives for field managers and Home Office side to understand the actual nature of those relationships and prevented from effectively curbing the misconduct of certain LPs who engaged in inappropriate conduct.⁴⁸⁸ In this way, it should be said that POJ's emphasis on LPs' freedom and autonomy in building relationships with customers and prospective customers in sales activities should be regarded as having inherently carried the risk of weakening LP's sense of belonging to the corporate organization and reducing the level of management and supervision exercised by the company over LP's sales activities, thereby contributing to the repeated occurrence of incidents such as those at issue here.

In particular, many of the acts of investment solicitation and money lending or borrowing

⁴⁸⁵See Section 3.2(3)A(i) and B above

⁴⁸⁶See Section 3.2(6)A and B above

⁴⁸⁷For example, LPs not only engaged in life insurance solicitation, but also provided advice on the design of customers' lifetime asset management plans through the provision of advice and information concerning finance, investments, taxation, and related matters. See Section 3.1(1), (4)B(a), (b), and Section 4.2(2)A above

⁴⁸⁸As stated in Section 4.2(6) above, in this individual investigation case, there was commonality in that trust relationships based on private relationships were established between LPs and customers, etc., and customers were drawn into private transaction relationships beyond the control of POJ through meetings at hotels and restaurants, etc., and private means of communication such as LINE and telephone, and there was "individualization" and "closed-door nature."

recognized in the Cases were not life insurance solicitation business itself, but were conducted within private or semi-private relationships based on personal trust relationships with customers and prospective customers⁴⁸⁹. Additionally, customers and prospective customers themselves tended to regard their personal financial situations and monetary transactions as matters to be kept confidential and sought to prevent their disclosure to the greatest extent possible. Therefore, it can be said that these acts were difficult to be caught by POJ's normal solicitation management and sales management screening systems, and had the characteristic of being difficult to come to light unless specific damages occurred to customers and prospective customers. It is recognized that such personalization and closed-door relationships with customers and prospective customers were one of the factors that facilitated the occurrence of the Monetary Transaction Cases and made their detection and correction difficult.

In addition, the compensation system for LPs is fundamentally based on a 100% commission system that largely depends on performance in acquiring new business, and sales performance is also the primary evaluation indicator in the qualification system and recognition systems⁴⁹⁰. While such a system functions as a powerful incentive for LPs who achieve high sales performance, it has a structure in which declining sales performance directly affects income and the continuation of sales activities. Moreover, institutional safety measures to mitigate such income fluctuation risks are not necessarily sufficient, and it cannot be ruled out that for some LPs, the need to maintain sales performance or their financial circumstances may have contributed to the formation of motives to engage in inappropriate conduct.

Furthermore, while the recruitment of LPs placed emphasis on customer acquisition capabilities and sales experience, there is room for doubt as to whether the system is adequate for sufficiently evaluating elements such as compliance awareness, ethical values, and self-discipline. In particular, as LP recruitment activities were led by field management, and the number of recruits itself was linked to the expansion of the sales organization and the evaluation and compensation of field managers, the mechanisms and functions for examining the eligibility of LP candidates from multifaceted and objective perspectives can be limited⁴⁹¹.

Taking the above circumstances into consideration, while the LP system and Agency System achieved high sales productivity and profitability, they are considered to have had aspects that made it easier for the risk of irregularities related to monetary transactions to materialize through the personalization and closed-door relationships with customers and prospective customers, strong dependence on performance-based compensation, challenges in recruitment and management, and insufficient supervision and oversight by sales managers. However, at POJ, it is difficult to evaluate that the management,

⁴⁸⁹See 1 above

⁴⁹⁰See Section 3.1(6) above

⁴⁹¹See Section 3.1(5)(a) above

supervision, and check mechanisms commensurate with the risks inherent in such a system were functioning sufficiently, and this is recognized as one of the causes that allowed the frequent occurrence and latent existence of the Monetary Transaction Cases.

(2) Management policy and corporate culture that place excessive emphasis on sales performance

It appears that behind the recurrent and latent nature of the Monetary Transaction Cases over an extended period lies the existence of a management policy and corporate culture that prioritize sales performance as the most important value standard.

At POJ, the compensation systems, recognition programs, qualification systems, and recruitment systems for LPs and field managers are designed with sales performance as the central indicator, creating a structure in which those who achieve high sales performance are highly valued within the organization⁴⁹². On the other hand, although customer protection and compliance practices were positioned as certain evaluation factors, their weight was limited, and it is difficult to recognize that they were treated as having equal importance to sales performance. It is considered that the design and operation of such system, while instilling the increasing sales performance as a common goal throughout the organization, resulted in relatively undervaluing the perspectives of compliance, customer protection, and customer focus.

As a result, it can be inferred that a situation arises where strict guidance or corrective measures are difficult to implement for LPs with high sales performance, even when signs of problems are observed in their sales activities⁴⁹³. Furthermore, it can also be inferred that there is a tendency to handle such matters as individual cases attributable to the personality and qualities of individual LPs, rather than viewing them as issues for the entire organization and considering fundamental responses, even when information regarding inappropriate conduct⁴⁹⁴ is obtained through internal whistleblowing, customer complaints, or other channels. It is believed that this value system that prioritizes sales performance also exists in the background of why Sales Management did not adequately provide guidance or report to the Home Office departments, and has an influence.

In addition, in some of the monetary transactions cases, maintaining relationships with customers and others, acquiring new contracts, securing sales performance, or pursuing economic benefits are recognized as the background circumstances⁴⁹⁵. In light of these circumstances, it must be evaluated that the value system that placed excessive emphasis on sales performance, even if it is not a direct cause of the misconduct, has formed an

⁴⁹²See Section 3.1(6) through (8) above

⁴⁹³According to interviews with former Sales Management, there were statements such as "There was an atmosphere where it was difficult to caution LPs who were selling well," and "Just like the 'inverted pyramid' that was once mentioned, there is even a sense that LPs who generate sales are revered, with sales managers and agency managers beneath them. As a result, top-down management is completely ineffective, and there are many LPs who do not listen to what managers say."

⁴⁹⁴See Section 6.1 above

⁴⁹⁵See 1 above

organizational culture that heightens the risk of such misconduct occurring and make it difficult to implement sufficient corrective measures even when problems are discovered.

As described above, it is recognized that the background of the Cases includes a management policy and corporate culture that prioritizes sales performance above all else, and that this, combined with the risks inherent in the LP system and other factors, become one of the causes leading to the frequent occurrence and latency of these monetary transfer cases.

(3) Weakness in the management and supervisory functions over LPs by Sales

Management, the Operation Control Office, and others

At POJ, Sales Management consisting of agency managers and sales managers were assigned as those responsible for the recruitment, training, guidance, and management/supervision of LPs⁴⁹⁶. In addition, POJ adopted a system under the Agency System that granted a reasonable degree of independence to sales organizations at the agency level and below, with Sales Management responsible for the recruitment, training, and management of sales activities of LPs⁴⁹⁷. The actual state of affairs is recognized to have a character close to that of a substantially agency organization, so to speak⁴⁹⁸.

As described in (1) and (2), the LP system and the Agency System have inherent risks of fraud related to monetary transactions. Given this, Sales Management were expected to fulfill not only the role of supporting sales activities and expanding the sales organization, but also the function of continuously supervising the activities of LPs from a compliance perspective, preventing misconduct before it occurs, or discovering and correcting it at an early stage. However, the institutional positioning and actual operation of Sales Management place emphasis on maintaining and expanding the sales organization and improving sales performance. From this, it is recognized that the management and supervisory functions from a compliance perspective are relatively weak.

First, the evaluation and compensation of Sales Management are largely linked to the new contract performance and insurance premium income of the LPs under their supervision, and sales performance and LP recruitment results are also used as the main evaluation indicators for commendation systems and various incentive programs. On the other hand, the effectiveness of management and supervision⁴⁹⁹ over affiliated LPs and the status of compliance framework establishment remains limited evaluation factors compared to sales performance. The design and operation of these systems are considered to work as a strong incentive for Sales Management to expand sales organizations and improve sales performance, while relatively weakening the motivation to practice strict management and supervision over LPs from a compliance perspective.

⁴⁹⁶See Section 2.4(3) and Section 3.2(1) above

⁴⁹⁷See Section 3.1(1) and (2) above

⁴⁹⁸In terms of vocabulary, agency means a representative office.

⁴⁹⁹See Section 3.2 (3) and (5) above

Furthermore, while Sales Management bear management and supervisory responsibilities for LPs, their authority to be involved in personnel evaluations and decisions on treatment are limited,⁵⁰⁰ and it cannot be said that they were sufficiently granted control measures commensurate with those responsibilities. While systems were in place such as monitoring the situation through activity schedules and activity result reports, as well as agency office meetings, and when necessary, accompanying meetings with customers and conducting meetings with LPs, the actual operation of these systems is primarily aimed at providing sales support and promoting sales activities, and does not function sufficiently as a mechanism to verify compliance with laws and in-house rules and to detect or correct inappropriate conduct. For example, activity result reports and similar documents do not contain information that would enable understanding of the appropriateness of specific relationships and interactions with customers, and agency office meetings also focus primarily on reporting and sharing sales performance and motivating employees toward achieving targets, making it difficult to acknowledge that compliance issues has been discussed in a continuous and systematic manner.⁵⁰¹

Furthermore, it was observed that many of the Sales Management are former LPs, and they share to a considerable extent "values that prioritize sales performance" and "the perception that the company should not excessively intervene in how relationships with customers and others are managed." In addition, with regard to some influential LPs with excellent sales performance, their sales performance also has a significant impact on the compensation of Sales Management, which results in a substantial reversal of the relationship between managers and those being managed, and this appears to make it difficult for Sales Management to provide strict guidance or take corrective measures. Furthermore, when close personal relationships have been formed between sales managers or agency managers and LPs based on the circumstances of their recruitment and training, such relationships can cause leniency and hesitation due to a sense of insider loyalty, which has hindered strict management and supervision.

In addition, even within the agency internal management teams and the Operation Control office, activities directly involved in the management and supervision of LP sales activities were limited to formal monitoring such as confirming activity result sheets and conducting agency interviews, and it is difficult to acknowledge that they sufficiently have fulfilled the function of identifying signs of relationships between LPs and customers and monetary transaction risks, and leading to corrective actions.⁵⁰² Although these organizations were indirectly involved in the management and supervision of LPs through the determination of agency self-audit implementation items and consultation desk operations, even in these activities, the mechanisms for focusing on high-risk areas such as investment solicitation and money lending/borrowing were insufficient, and it is difficult to

⁵⁰⁰See Section 3.2 (6) A above

⁵⁰¹See Section 3.2 (6) B and C above

⁵⁰²See Section 3.3 (3) and (4) above

assess that they have functioned effectively as an independent check function against the sales field.

(4) Dysfunction of Control Function over Sales Organizations by POJ and PHJ

The fundamental mission of the second and third lines of defense at POJ Home Office should have been to comprehensively grasp and analyze internal whistleblowing reports, complaints from customers and others, disciplinary cases, and the results of internal audits, and to present the structural issues underlying them to management⁵⁰³. In addition, PHJ, as an insurance holding company, should also have exercised oversight and supervision over POJ through the institutional framework of approval, consultation, and reporting, while leveraging the experiences and lessons learned from other group companies in POJ's risk management⁵⁰⁴. However, as described below, it is difficult to acknowledge that these functions were sufficiently fulfilled.

(a) Dysfunction of Cross-sectional Supervisory Functions by the Second and Third Lines of Defense and PHJ

At POJ, internal whistleblowing reports regarding the monetary transaction cases existed from an early stage, and similar reports increased from 2019 onward⁵⁰⁵. However, efforts to aggregate this information, analyze the background of recurring similar cases and issues in the compliance framework, and then connect them to organization-wide recurrence prevention measures were insufficient. Furthermore, among the Cases Subject to Individual Investigation, there was an instance where approximately 10 years elapsed from the receipt of the initial related complaint to the commencement of an internal investigation⁵⁰⁶. In light of these circumstances, it is difficult to say that mechanisms to treat internal whistleblowing and complaints from customers and others as signs of misconduct risk, and to lead to prompt fact-finding investigations, causal analysis, and responses at the management level have been functioning adequately.

Regarding the investigations and disciplinary actions by the compliance department, strict post-facto controls commensurate with a business model that grants extensive discretion to LPs were required; however, as described in Section 2.6(2)B(c), C(d), and Section 6.2(13) above, the investigation methods and operation of disciplinary actions were not necessarily strict when compared to Gibraltar, a group company. Furthermore, the fact that Sales Management who has transferred to Home Office management positions or other positions are excluded from being subject to disciplinary action based on their management and supervisory responsibilities at their former agency offices⁵⁰⁷ raises questions about effectiveness from the perspective of consistently holding individuals

⁵⁰³See Section 2.5 (3), (4), and (5) above

⁵⁰⁴See Section 2.5 (3) and (7) above

⁵⁰⁵See Section 6.1(1) above

⁵⁰⁶See Section 6.1(2) above

⁵⁰⁷See Section 2.6(2)A(e) above

accountable for their management responsibilities⁵⁰⁸.

Regarding internal audits, the response status to this monetary transaction case was not taken up as an audit issue until the audit plan for fiscal year 2022 and thereafter, and even after that, it do not⁵⁰⁹ go beyond the verification of individual control procedures to reach the point of demanding fundamental improvements regarding internal control issues inherent in the LP system, etc., and problems arising from the organizational culture of the Home Office and agency offices. In light of these factors, it is considered that POJ's second and third lines of defense did not adequately fulfill the function of correlating information individually grasped by each department and presenting it to management as structural risks underlying recurring cases.

On the other hand, PHJ's oversight and supervisory functions also failed to operate effectively. Specifically, PHJ has an institutional framework based on the "Management Regulations Regarding Reports to PHJ" and other regulations, which requires prior approval or prior consultation, or to receive reports, on important matters concerning the business plan, governance, internal control, and compliance of its subsidiary POJ. Fraudulent acquisition of money, investment solicitation to customers and others, and borrowing of money from customers and others as seen in this monetary transaction cases, was classified as a material incident under the Group Material Incident Reporting Standards, and a reporting route was established from POJ to PHJ, and further to PFI in certain cases⁵¹⁰, and reports concerning the monetary transaction cases were in fact made under this framework.

Furthermore, PHJ had experienced responding to financial misconduct cases in Gibraltar in 2015 and 2016, and regarding POJ, through an investigation by an external consulting firm conducted as part of the 2019 comprehensive business model review, specific issues such as "dysfunction of 3LoD due to insufficient monitoring" were pointed out, and PHJ received an investigation report indicating that the root causes were "a structure overemphasizing agency/LP independence" and "systems and rules overemphasizing sales," placing PHJ in a position where it could recognize issues regarding the weakness of sales management for sales employees and PHJ's own monitoring functions⁵¹¹.

Although PHJ had received reports regarding the Financial Transaction Misconduct Cases at POJ and therefore could have recognized the potential breadth of such misconduct, it did not implement, on a group-wide basis at POJ, compliance and risk response measures that were strengthened at Gibraltar, a group insurance company[REDACTED], as well as effective measures based on issues that POJ itself could

⁵⁰⁸We do not deny that such a mechanism may provide psychological stability that allows Home Office managers and others to address issues by prioritizing the organization's future risk management without being held personally responsible for misconduct and other matters in the sales departments to which they originally belonged.

⁵⁰⁹See Section 6.1(3) above

⁵¹⁰See Section 2.5 (7) above

⁵¹¹See Section 6.2 (6) above

have recognized.

(b) Absence of fundamental review that directly confronted the risks inherent in the business model

In 2018, POJ received guidance from the Local Finance Bureau regarding the nature of its recognition system, concerning the provision of special benefits to customers motivated by awards such as the President Trophy Contest ⁵¹². In addition, the 2019 Business Model Comprehensive Review Task Force submitted the final report to the Board of Directors of PHJ on October 24 of the same year. The report pointed out that, in addition to the dysfunction of the three lines of defense management system and the weakness of systems to incentivize compliance and quality enhancement, "an attitude overemphasizing agency office and LP independence," "systems and rules overemphasizing sales," and "a management attitude overemphasizing the pursuit of differentiation from other companies." Therefore, it is considered that at this point at the latest, POJ and PHJ should have been in a position to undertake a serious examination of the relationship between POJ's business model and compliance risks.

Thereafter, POJ implemented measures such as changes to the LP compensation system, obtaining pledges regarding monetary transactions, establishing various task forces, and other initiatives, and conducted a large-scale customer outreach investigation in 2024, advancing efforts to understand the actual state of the case and prevent recurrence⁵¹³. These responses should be duly evaluated. On the other hand, these measures were premised on maintaining the existing LP system and agency system, and while preserving the characteristics of these systems—such as prioritizing sales performance as an evaluation criterion, entrusting sales activities to the autonomy of LPs, and being passive about management and supervision by the Home Office—they added and improved discipline and control exclusively in peripheral areas, and did not go so far as to fundamentally reexamine the business model and its risk management structure, and therefore must be regarded as inadequate.

Furthermore, POJ had received a directive from the FSA in April 2025 indicating that management needed to delve into the LP model itself, discuss how to reform the agency system, compensation system, and other aspects to reduce the risk of financial misconduct, and reach a conclusion⁵¹⁴. Nevertheless, a root cause analysis and fundamental review that delved into the business model and the state of its risk management system were still not sufficiently materialized.

Considering all of the above circumstances, it is difficult to say that governance at POJ and PHJ functioned effectively to comprehensively grasp internal whistleblowing reports, complaints from customers and others, similar cases, experiences in group companies, and

⁵¹²See 6.2 (4) above

⁵¹³See Section 3.1 (6) C (d), Section 4.2 (3) B (b), Section 6.2 (7), (9), (12), and (13) above

⁵¹⁴See Section 6.2 (14) above

indications from supervisory authorities and others as indicators of structural risks inherent in their business model, position them as management issues, and link them to a fundamental review of the risk management system aimed at minimizing such risks.

(5) Erosion of POJ's Autonomy in Group-Level Decision-Making

POJ, PHJ, and PFI have individually established rules regarding approvals, consultations, reporting, and other procedures in connection with executive appointments, executive compensation, and other important management matters. On the other hand, with respect to legal, risk management, public relations, and similar matters, there were instances in which officers and employees of PFI directly instructed the relevant departments of POJ or PHJ or received reports from them, at least on a partial basis.

Although such arrangements are not inherently problematic, if they result in POJ being subject to undue direct or indirect influence from PFI, they may affect the independence and autonomy of POJ, a Japanese corporation that is expected to ensure the proper conduct of its life insurance business under the supervision of the regulatory authorities pursuant to the Insurance Business Act, as well as PHJ, the insurance holding company responsible for the management and oversight of POJ. Furthermore, such arrangements may effectively constrain senior management from exercising independent managerial judgment on the basis of their own responsibilities⁵¹⁵.

For example, in situations involving reports to the FSA^{*37}, the policies adopted by POJ's management were aligned with those of PHJ, and it cannot be ruled out that PHJ's policies were, in turn, indirectly influenced by PFI during the course of the deliberations leading to their formulation⁵¹⁶. Furthermore, in the hearings conducted by the Committee, some members of POJ's former management stated that they had been told by PFI executives that "the president of POJ is a senior officer of PFI." From these circumstances, it can be inferred that there was a tendency among POJ's management to perceive themselves not so much as independent executive officers but rather as being in a position to perform their duties under the management policies of the PFI Group as a whole.

Furthermore, at POJ, since the establishment of the "Business Comprehensive Review TF" in 2019, risks related to this matter and issues with the business model has been repeatedly pointed out through the establishment of multiple TFs and investigations by external experts⁵¹⁷. However, there is little evidence that senior management of POJ proactively and continuously examined their business model and risk management

⁵¹⁵With respect to PFI personnel's awareness of, and involvement in, the matters at issue, the Committee was unable to obtain direct access to certain electronic mail data and other materials that it had requested. Instead, the Committee was compelled to rely on materials that had been selected and redacted by PFI. As a result of these limitations, certain aspects of the Committee's analysis necessarily rest on assessments of likelihood and reasonable inferences. The same applies throughout (5) below.

^{*37}This description has been generalized in the Public Version in order to mitigate potential impacts on the individuals concerned and for supervisory and control reasons.

⁵¹⁶Certain members of PHJ's management had previously served in positions at PFI.

⁵¹⁷See Section 6.2 (7) and (12) above

framework based on those findings, identified the necessary direction for reform themselves, and could be evaluated as having taken the lead in its implementation⁵¹⁸.

As described above, important management issues of POJ were decided within a group governance framework involving participation by the group as a whole. In this respect, the framework for such decision-making cannot, in and of itself, be regarded as problematic.

On the other hand, although this framework necessarily imposed certain limitations on POJ's managerial autonomy, in the circumstances of this case, the practical operation of the framework appears to have amplified those limitations. As a result, the framework may have diluted the sense of responsibility among POJ's management to independently assess the company's business model and risk management structure and to take the lead in reviewing and reforming them. In turn, this may have been one of the factors contributing to the failure of management to fully discharge those functions⁵¹⁹.

In addition to these factors, PHJ, which bear responsibility for managing insurance companies under the group, had not yet taken the lead in proactively addressing the risks inherent in POJ's business model, and it cannot be ruled out that these factors contributed to the occurrence, latency, and continuation of this monetary transaction case.

⁵¹⁸It also appears that certain members of PFI's senior management were reluctant, in the wake of monetary misconduct incidents at group companies, to view the company's existing business model and compensation structure as underlying causes of such incidents. See Sections 6.2(5) and (6) above.

⁵¹⁹As noted in Section 6.2(13) above, POJ's management decided to conduct the Preliminary Investigation despite negative views expressed by PHJ's management and reported that decision to PFI's management only after the fact. It is therefore also recognized that POJ's management exercised independent judgment and took the initiative in making decisions relating to the factual investigation of the matters at issue.

Section 8: Recommendations for Recurrence Prevention Measures

Based on the cause analysis in Section 7, the recurrence prevention measures recommended by the Committee are as follows.

Furthermore, at POJ, since the establishment of the "Business Comprehensive Review TF" in April 2019, various measures have already been implemented through the investigation and cause analysis of this monetary transaction case, and there are measures scheduled to be implemented in the future. Therefore, in the following recommendations, these will be appropriately referenced and evaluated accordingly. Additionally, it should be noted that, since POJ is continuing the Self-Inspection as of the present reference date, there may be separate additional improvement measures based on the results.

1. Redefinition of Business Model as a Premise for Overall Recurrence Prevention Measures

As noted in Section 7.2(1) above, the factors that led to the cases were not limited to the personal qualities and circumstances of individual LPs or deficiencies in management by Sales Management, but rather, it is recognized that the inherent risk of misconduct related to monetary transactions was embedded in POJ's business model itself, which is centered on the LP system and agency system that seeks to expand profits by overemphasizing the personal networks of individual LPs as management resources.

In other words, POJ's business model is intended to achieve high profitability by granting LPs broad discretion regarding customer development and market development, having LPs bear most of the costs required for sales activities themselves, and in return, recognizing a full-commission compensation system strongly linked to contract acquisition performance and a high degree of freedom in sales operations. On the other hand, it must be assessed that such a system is prone to creating the "personalization" and "closed-door nature" of customer relationships and behavioral patterns that place excessive emphasis on sales performance, and inherently contains the risk of misconduct related to monetary transactions as materialized in the Cases.

Therefore, in order to establish recurrence prevention measures not as a collection of individual measures but as a consistent governance structure, it is essential to first redefine the roles and positioning of LPs and Sales Management themselves, and clarify what kind of business model POJ will establish in the future. Furthermore, using this redefinition as a starting point, the parts of the existing business model that should be maintained should be determined, and then a management system should be designed to address the risks inherent in those parts.

POJ is implementing or considering measures such as reviewing the LP compensation system, strengthening sales activity management, and other initiatives; however, if these measures are introduced without clarifying their relationship with the traditional behavioral principles of "independent self-employed," "Free to Work," "My Client," and "C=C," there is

a risk that they will not gain sufficient understanding or acceptance in the fields, leading to the formalization of the system. For example, the design of a new system will differ greatly depending on whether to maintain the high level of autonomy of LPs, or to shift toward strengthening organizational control by POJ Home Office or Sales Management, and whether to position Sales Management primarily as sales supporters or as supervisors with management and supervisory responsibilities including compliance.

In order to design such systems, POJ should first return to its public mission as a life insurance company, reaffirm the basic principles of the Insurance Business Act, namely "protection of policyholders, etc. through ensuring fairness in insurance solicitation," as well as "customer-oriented business conduct," and then, from the perspective of prioritizing these above all else, redefine the ideal form of the LP system and the agency system.

POJ, in the recurrence prevention measures under consideration, positions "customer-oriented business conduct" at the core of management and, as a review of corporate culture, advocates a shift from a management stance that absolutizes the previous business model to business operations that emphasize customer protection, and the Committee also believes that this direction is appropriate. However, in order to realize this, prior to the introduction of individual measures, it is necessary to redefine the roles that LPs and Sales Management should fulfill, and to rebuild a business model that is consistent with those roles. We believe that such efforts will serve as the starting point for fundamentally correcting the fraud risks related to monetary transactions that are structurally inherent in the business model that materialized in the Cases.

2. Diversification of customer relationships and strengthening of risk management regarding private relationships with customers

As stated in Section 7.2 (1) above, in an environment where the relationship between LPs and customers has become "personalized" and "closed-door", it becomes extremely difficult for Sales Management, POJ Home Office to prevent inappropriate conduct through checks and balances, or to detect and correct such conduct at an early stage. For this reason, it is necessary to diversify points of contact with customers and others, and to establish a mechanism that prevents the relationship between the LP and customers and others from becoming excessively closed.

POJ has already implemented or plans to implement measures to prevent recurrence, including deploying employees belonging to POJ Home office as customer support partners to diversify customer contact points, requiring LPs to submit daily activity records, recording and transcribing meeting content using artificial intelligence (AI), and informing customers of the scope of services that LPs can provide, all of which have a certain significance in enhancing the transparency of relationships between LPs and customers.

However, inappropriate conduct such as investment solicitation or monetary lending and borrowing is often carried out not in the context of insurance solicitation, but rather as an

extension of private relationships with customers, and may occur during conversations or dining occasions that are not subject to recording. Moreover, if the scope of recording requirements or the content of reporting obligations is unclear, operations may become perfunctory at the field level, and the effectiveness of management, supervision, and disciplinary measures may also be undermined. Therefore, it is necessary to establish clear guidelines regarding the scope of coverage and operational methods, as well as to clarify the standards for responding to violations.

In addition, even if customer support partners are deployed, if customers and others do not consult them openly and frankly, it will not lead to early detection of problems. Customer support partners should have knowledge and communication skills equivalent to or comparable to those of LPs, including understanding of POJ's operations and the insurance contracts they handle, in order to establish a certain level of trust with customers and others. This can be considered the first step in building trust relationships, and it is desirable to examine the required aptitudes and qualification standards.

Furthermore, in this case, numerous instances were identified that occurred against the backdrop of personal trust relationships with customers and others that had been formed over many years. Therefore, quantitative certain risk criteria, particularly for customers with high-value contracts, affluent customers, customers who provide a large number of prospect referrals, etc., should be established. For customers who meet these criteria, such measures should be implemented as mandating regular meetings and interviews conducted by customer support partners.

Through the development of these measures and continued refinement of their implementation, it is necessary to prevent excessive closeness in the relationship between customers and LPs, and to promote deterrence and early detection of inappropriate conduct.

3. Strengthening Objectivity and Check Functions in the LP Recruitment Process

As described in 7.2(1) above, at POJ, the compensation and evaluation of Sales Management were strongly linked to LP recruitment performance and organizational expansion, and as a result, LP recruitment activities were conducted under the leadership of the sales department, creating a structure in which securing the number of recruits and expectations for sales performance tended to be emphasized. As a result, it is undeniable that there existed an environment where priority was given to candidates' sales aptitude and expectations for future performance, making the evaluation of factors such as compliance awareness, ethical values, and integrity relatively overlooked.

As proposed in Section 1 above, if the LP system is to be redefined going forward from the perspective of making the protection of customers and others the core and top priority, it will be necessary to review the qualities required of LPs as well. In doing so, not only sales ability and customer development ability, but also, from a compliance perspective,

high ethical standards, legal compliance awareness, self-discipline, integrity, and a customer-oriented attitude should be considered as elements, and furthermore, as a prerequisite for complying with internal organizational discipline, elements such as contribution to the organization and sense of belonging should also be positioned as important evaluation items in recruitment criteria.

However, if such evaluations are left solely to the judgment of the sales department, there is a risk that the perspective emphasizing sales performance will take priority, and the evaluation of the qualities that are truly required may not function adequately.

Therefore, when hiring LPs, in addition to the perspective of the sales department that evaluates aptitude and job performance capabilities in the sales field, a mechanism should be introduced whereby departments with perspectives on compliance and personnel evaluation substantially participate in the hiring decision and conduct multifaceted examinations of candidates' compliance awareness, ethical sense, self-discipline, integrity, past career and behavioral history, and other qualifications. Furthermore, regarding the decision on whether to hire or not, it is desirable to adopt an operation that undergoes substantial examination and deliberation from a multi-perspective viewpoint that includes not only the sales department but also departments other than the sales department. By strengthening the checks and balances function in the recruitment process in this way, it is necessary to curb the influx of personnel who place importance only on sales performance, and to lead to the securing of personnel who are compatible with a corporate culture that emphasizes customer protection and compliance.

In addition, at POJ, business expansion has been pursued through the recruitment and utilization of personnel who have existing human networks. On the other hand, in order to permeate and establish a customer-oriented attitude, professional ethics, and compliance awareness as an organizational culture under sufficient education periods and development investment, it is worthwhile to consider establishing a system that, in addition to mid-career hiring, systematically and long-term develops human resources through new graduate recruitment, and secures human resources that embody the ideal personnel that POJ should aim for and its corporate philosophy⁵²⁰.

As a measure to prevent recurrence, POJ has commenced a review of its LP recruitment

⁵²⁰"We are the Prudential": Prudential Life employees are united by a strong will to contribute to society through the life insurance business. We have the spirit to pioneer the times, the conviction to pursue the correct form of life insurance, and the heart to convey the enduring principles of love for humanity and family. Guided by our Core Values, Vision, Mission, and Strategy, we continue to create the future with our own hands.

(Omitted)

"Core Values": Worthy of Trust, Customer Focused, Respect for Each Other, Winning with Integrity

"Vision (Goal)": We will bring transformation to the way life insurance business operates in Japan and become the most trusted company by customers in the Japanese life insurance market.

"Mission (Raison d'être)": We are committed to providing the best service so that each and every customer can obtain financial security and peace of mind.

"Strategy (Methodology)": We nurture life planners who are true professionals in life insurance, conduct needs-based sales to each individual customer, and provide personal services throughout their lifetime until we deliver insurance benefits.

policy and process, and in April 2025, it aims to clarify personnel requirements that have compliance concerns and to modify the recruitment process through the revision of recruitment guidelines, and the review of the procedure for formulating recruitment policy, recruitment activities and personnel in charge of recruitment, as well as the content of explanations to recruitment candidates and recruitment-related materials are under consideration and are scheduled to be implemented in the future.

Since the content of the above recurrence prevention measures is in line with the direction considered by the Committee, it is expected that specific and effective measures will be examined based on the above recommendations.

4. Review of Evaluation Indicators for Various Systems with Compliance as a Consideration Factor

As described in 7.2(2) above, at POJ, sales performance maintenance and expansion were positioned as the central evaluation indicators, not only in the compensation system, commendation system, and qualification system for LPs and Sales Management, but also extending to the recruitment and promotion processes for LPs and even the day-to-day management and supervision by Sales Management. On the other hand, even if awareness of compliance, conduct from the perspective of customer protection, and the status of adherence to organizational discipline were considered in the system, their weight accorded to such evaluation in managerial decision-making was limited, and there was insufficient motivation to autonomously promote the practice of compliance in the sales department as a whole. It is considered that such system design and operational practices became one of the factors contributing to the organizational environment that allowed the occurrence of the Monetary Transaction Cases.

Therefore, when restructuring the LP system and agency system at POJ, it is necessary to return to the fundamental mission of a life insurance company that places the highest priority on the protection of customers and others, and position not only sales performance but also elements such as compliance awareness, customer-oriented behavior and attitude, ethical values, self-discipline, integrity, and contribution to the organization and sense of belonging as important evaluation indicators in various systems.

Specifically, it is desirable to incorporate the above elements into the evaluation criteria for compensation systems, commendation systems, and qualification systems, and in addition to the recruitment of LPs mentioned in section 3 above, to conduct evaluations that place emphasis on these elements when appointing Sales Management. Furthermore, with regard to the duties and evaluation of Sales Management, the system should be revised to one that encourages the balance between sales performance and compliance by making important evaluation items not only the sales performance of their affiliated LPs, but also the establishment and operation of the compliance structure, efforts toward the prevention and early detection of inappropriate conduct, and other such matters.

Furthermore, the LP compensation system was structured in such a way that income could fluctuate significantly depending on sales performance, and this has been a factor causing excessive pressure to pursue results and economic hardship for some LPs. Therefore, it is desirable to consider expanding appropriate safeguard measures, including mechanisms to support sales activity costs required for customer development and the stability of living foundations.

As a measure to prevent recurrence, POJ plans to add compliance adherence status as an evaluation element in the LP compensation system, review the evaluation criteria for the commendation system and qualification system, and clarify personnel requirements that raise compliance concerns in the recruitment guidelines. In addition, to stabilize the compensation of LPs, POJ plans to introduce a minimum guaranteed salary and are considering extending the commission payment period for new contracts, significantly revising bonuses, and providing compensation for conservation activities. Furthermore, POJ is considering introducing a system to provide "supplementary payments and support" especially to young LPs whose compensation is not stable.

In addition, regarding Sales Management, POJ plans to abolish compensation linked to the performance of the LP to which they belong in the compensation system, consider changing to compensation based on the roles and results of Sales Management, and also review the qualifications and standards for Sales Management.

While the content of the recurrence prevention measures as described above generally aligns with the direction considered by the Committee, it is necessary to consider specific measures based on the above recommendations, break away from the conventional evaluation system that places excessive emphasis solely on sales performance, and, from the perspective of the performance evaluation framework, establish compliance and customer protection as the top priority principles of action for the entire organization.

5. Fostering a Corporate Culture that Values Compliance

As stated in 7.2(2) above, it appears that at POJ, while agency offices shared value standards that placed excessive emphasis on sales performance, there has existed a corporate culture in which people did not actively raise issues even when they recognized signs or concerns of inappropriate conduct through internal whistleblowing, complaint handling, internal audits, and other means⁵²¹. Furthermore, it appears that even among

⁵²¹According to the hearings, some stated: "Even when the audit team pointed out measures for early detection of misconduct, I felt that there was an aspect where the discussion was premised on budgetary constraints," "Improvement measures that would impose a burden on LPs have not been actively implemented until now. I feel that there is a deeply rooted awareness at the Home Office of the so-called 'inverted pyramid,' where LPs are at the top and the Home Office is in a position to support their activities," "As a characteristic of POJ related to this misconduct case, there was a culture of deference to LPs in the institutional design, making it difficult to make strict criticisms to the sales department," "POJ had little sense of the idea of managing LPs itself, and there was a formula that earning money is justice. Under pressure from the parent company and others regarding revenue, I believe the policy was to maximize profits by controlling management costs. The Japanese life insurance market is mature, and while a significant

Sales Management, there has existed psychological barriers that made them hesitant to provide guidance or implement corrective measures against influential LPs with strong sales performance⁵²².

Therefore, POJ should foster a corporate culture that actively values raising questions and objections in order to prevent inappropriate conduct and detect it at an early stage. Specifically, it is conceivable to educate managers on the importance of detecting signs of misconduct and early escalation in management training, while also introducing a system that appropriately evaluates the act of making internal reports and reporting risk information itself.

Furthermore, it is desirable to conduct periodic corporate culture assessment at each agency office and POJ Home Office through employee surveys, and by monitoring, on an ongoing basis, factors such as ease of raising issues and compliance awareness, identify organizational culture problems at an early stage and connect them to improvements.

As measures to prevent recurrence, POJ plans to implement the following: examination of "ideal management posture" and dissemination of messages from top management; consideration of establishing an internal portal site; examination of unified training methods for Sales Management by POJ Home Office; review of complaint management operations at POJ Home Office; enhancement of authority of the Compliance Committee through the refinement of reporting requirements; and strengthening of the structure of the compliance department through expansion of personnel and related organizational measures.

While the content of the recurrence prevention measures described above is in line with the direction the Committee envisions, it is also necessary to consider specific measures that could lead to the prevention and early detection of inappropriate conduct, such as establishing a system to evaluate the act of making internal reports or reporting risk information itself, and institutionalizing periodic culture surveys, taking into account the above recommendations and feasibility in the field. In addition, in messages from top management, it is essential to strictly and repeatedly convey that "the pursuit of corporate profits is permissible only within the bounds of compliance" and to ensure that this permeates throughout the entire company.

6. Improving the Effectiveness of Management and Supervision Systems by Sales

increase in the number of new contracts cannot be expected, the pressure from the U.S. parent company remained unchanged, so I believe that cost reduction, particularly the reduction of management costs, was implemented as a countermeasure. I believe that the lack of awareness regarding management of LPs combined with the inability to bear management costs led to this problem."

⁵²²According to the hearings, there were statements such as: "Agency Managers are in a position where they can be replaced if they cannot adequately manage and control LPs, so under the current situation, there are aspects where they cannot sufficiently speak their mind to LPs. Additionally, some Executive LPs do not follow the Agency Manager's instructions, believing that it is sufficient as long as they achieve sales results"; "Unlike typical companies, there was no consistent chain of command, such as LPs engaging in side businesses and Agency Managers not having sufficient management and supervision over Executive LPs"; and "The management system itself was not sufficient either, Agency Managers had little awareness of managing and supervising LPs, and while POJ Home Office had a revenue management perspective, I believe there was no concept of managing LPs from a compliance perspective until recent years."

Management

As described in 7.2(3) above, the factors that led to the occurrence of the Monetary Transaction Cases include the fact that, in addition to the insufficient establishment of authority and systems to ensure the effectiveness of the responsibilities of Sales Management who are responsible for managing and supervising LPs, a relationship that weakened management and supervisory functions has been formed between Sales Management and LPs under a corporate culture that placed excessive emphasis on sales performance. To resolve these issues and realize business operations that emphasize compliance, POJ should implement the following measures.

First, it is necessary to strengthen the effectiveness of the management and supervisory functions by Sales Management. Given that Sales Management bear management and supervisory responsibility for LPs, it is conceivable to grant them authority commensurate with that responsibility and link it to the LP evaluation system. Specifically, it is desirable to institutionalize the involvement of Sales Management in matters such as LP evaluation, commendation and promotion recommendations, creation of guidance records, and submission of opinions regarding disciplinary actions, and to clarify the authority and scope of corrective measures by Sales Management when compliance issues are identified, as well as the reporting procedures to POJ Home Office's compliance department. Furthermore, regarding the evaluation of Sales Management themselves, not only the sales performance of their affiliated agency offices, sales offices, or LPs under their supervision, but also the compliance status of affiliated LPs and the status of efforts toward ensuring such compliance should be positioned as important evaluation criteria.

Next, it is necessary to substantiate the operation of the existing management and supervisory systems. Regarding activity schedules and activity results reports, these should be utilized as management tools for verifying the appropriateness of customer responses and compliance with internal rules, rather than merely as materials for managing sales performance. Additionally, regarding agency meetings, the Home Office should take the lead in establishing minimum compliance themes and confirmation items that should be addressed, and uniform operation should be implemented across all agencies. Furthermore, it is necessary to institutionally position the attendance of Sales Management at meetings between LPs and customers, as well as meetings between Sales Management and LPs, not solely for the purpose of sales support, but as opportunities to confirm the legality and appropriateness of sales activities.

In order to enhance the effectiveness of the various measures described above, it is necessary to correct the excessive dependency relationships that may arise between Sales Management and LPs. To prevent situations where guidance by Sales Management becomes difficult due to values that prioritize sales performance above all else or long-standing personal relationships including recruitment circumstances, it is conceivable to introduce a mutual checking system across agency offices and an interview system by

Home Office personnel who occupy a third-party position. Furthermore, in order to ensure the necessary management and supervision even where a change in personnel results in the replacement of Sales Management, the basis for management and supervisory authority and the procedures for exercising it should be clearly documented, and an organizational management system that does not depend on specific personal relationships should be established. In addition, when appointing Sales Management, it is desirable to consider the placement of persons other than those with LP experience, rather than limiting it to those with LP experience.

As a measure to prevent recurrence, POJ plans to clarify the responsibilities and accountability of Sales Management, adopt a unified training method by POJ Home Office for Sales Management, and in the compensation system for Sales Management, abolish compensation linked to the sales performance of affiliated LPs and change it to compensation according to the roles and achievements of Sales Management. In addition, regular monitoring and ex-post verification by Sales Management or POJ Home Office employees are also planned to be conducted on the activity management records created by LPs.

The direction of the recurrence prevention measures as described above can be assessed as being in line with the Committee's views. However, in order to enhance the effectiveness of the management and supervisory functions by Sales Management, it is necessary not only to clarify their responsibilities, but also to institutionalize specific actions and procedures for fulfilling those responsibilities, as well as mechanisms for holding individuals accountable when issues arise. Specifically, it is desirable to consider the careful and coherent design and implementation of mechanisms such as the unified operation of agency office meetings, the institutionalization of opportunities to confirm the legality and appropriateness of sales activities, and the establishment of reporting structures, including designated reporting personnel and reporting channels in the event that issues arise. In addition, from the perspective of addressing the excessive dependency relationships that may arise between Sales Management and LPs, consideration should also be given to strengthening cross-agency checking functions and Home Office involvement.

7. Enhancing the Effectiveness of Supervisory Functions by the Sales Management Department at POJ Headquarters

As stated in 7.2(3) above, in the Cases, although sales management organizations within POJ Home Office, such as the agency internal management team and the Operation Control Office, were established, activities directly involved in the management and supervision of LPs were limited to formal monitoring such as confirmation of activity result reports and agency interviews, and it is difficult to acknowledge that they sufficiently fulfilled their function of grasping and correcting the relationships between LPs and customers or

signs of inappropriate monetary transactions.

For this reason, it is conceivable that POJ could restructure the sales management organization within POJ Home Office from a mere clerical confirmation function to an effective risk management and supervisory function. Specifically, if the agency internal management teams and the Operation Control Office are to be retained, it is conceivable to clearly position the detection and correction of compliance risks in the sales fields as their primary mission, and to establish a system whereby they can report directly to the Home Office compliance department when they detect signs of inappropriate conduct, thereby ensuring their independence.

In addition, with regard to determining the items for agency office self-audits and consultation desk operations, high-risk areas such as investment solicitation, lending and borrowing of money with customers, and private relationships with customers should be designated as priority areas for verification in order to identify signs of inappropriate conduct. It is required to revise the mechanism to verify the appropriateness of sales activities through fact-based verification targeting transactions with high-value contracts and long-term continuing customers, as well as customer interviews, etc., rather than limiting the confirmation of activity result tables and agency office interviews to formal monitoring.

Through the above measures, it is necessary to establish a continuous and effective supervisory system by the sales management organization within POJ Home Office over the sales field operations, enabling the prevention of inappropriate conduct before it occurs as well as early detection and early correction.

As a measure to prevent recurrence, POJ is considering establishing a new "Sales Control Headquarters" under the direct control of the president at POJ Home Office to oversee the Sales Management Headquarters, deploying sales quality management department heads belonging to this Sales Control Headquarters at each agency office to strengthen monitoring of agency office and LP activity management and solicitation management, and abolishing the agency internal control teams, the Operation Control Office, and the agency office monitoring teams.

Such measures are intended to strengthen internal discipline over the sales department by POJ Home office and can be evaluated as being in line with the Committee's thinking; however, the coordination framework between the aforementioned "Sales Control Headquarters" and the various departments of POJ Head Office that have the second-line and third-line functions described below should also be examined.

8. Enhancing the Effectiveness of Internal Management Functions by the Second Line and Third Line

As stated in 7.2(4)(a) above, the background to the Monetary Transaction Cases is that, despite the fact that internal reports and complaints from customers and others regarding this monetary transaction case were continuously received at POJ, this was not regarded as

an urgent issue and did not serve as a trigger for analysis and improvement proposals in POJ's management decision-making. Furthermore, the operation of investigations and disciplinary actions by the compliance department also lacks consistency across the group, and it is difficult to say that it constitutes strict post-event control commensurate with a business model that grants extensive discretion to the sales activities of LPs. Moreover, with regard to internal audits as well, the stage of demanding fundamental improvement proposals concerning issues inherent in the LP system and other aspects of internal control was not reached. In light of these factors, it is considered that POJ's second and third lines of defense did not sufficiently fulfill their function of correlating information individually grasped by each department and presenting it to management as structural risks underlying recurring incidents.

Therefore, POJ should establish a system to centrally collect and analyze internal whistleblowing reports, complaints from customers and others, misconduct cases, disciplinary cases, and matters pointed out in internal audits as organizational risk information, rather than merely handling them as individual cases. When a certain number or more of similar cases or high-risk cases occur, it is desirable to establish a system that mandates cause analysis and consideration of recurrence prevention measures, and reports the results to the Compliance Committee, the Executive Officers' Meeting, the Board of Statutory Auditors, and the Board of Directors. In particular, a system is required in which the Board of Directors and the Board of Statutory Auditors, which are at the apex of governance, substantially supervise.

Furthermore, regarding the compliance department, it is necessary to strengthen its independence from the sales department and its investigative authority, and to establish a system that enables swift and rigorous fact-finding and appropriate disciplinary decisions for serious cases. In addition, the internal audit department should also strengthen its function to evaluate not only whether there are violations of individual regulations, but also issues related to internal controls and organizational culture, and to make recommendations for improvement regarding risks arising from business models and institutional problems.

In addition, consideration should be given to assigning personnel who possess the qualifications, competence, and suitability necessary to implement these measures effectively, while ensuring that sufficient staffing levels are secured.

Through the above measures, it is necessary to establish an effective internal control system that emphasizes compliance and customer protection at POJ.

POJ has already implemented measures to strengthen the second and third line functions, including the enhancement of awareness and training to further promote the use of the internal reporting system⁵²³, and the establishment of a Chief Governance Officer (hereinafter referred to as "CGO")⁵²⁴ to oversee risk management, compliance, and legal

⁵²³ Implemented in September 2026

⁵²⁴ Implemented in July 2026

functions in a cross-functional manner. Furthermore, regarding complaint management, POJ is strengthening the PDCA cycle from complaint analysis to the formulation of improvement measures and effectiveness verification, while also promoting the enhancement of monitoring and follow-up functions by the Compliance Committee, the strengthening of investigative functions and staff expansion in the Compliance Department, as well as the utilization of on-site reviews, risk-based audits, and data analysis in internal audits.

These measures can be evaluated as strengthening the check and balance functions of the second and third lines of defense by comprehensively capturing and analyzing risk information such as complaints, internal reports, and misconduct cases that were previously managed individually. In particular, the establishment of CGO and the review of the complaint management system lead to the development of a mechanism for appropriately escalating risk information to the management level, and have a certain significance as a response to the issues identified in the Cases.

However, the problem identified in the Cases was not limited to inadequate responses to individual cases, but also lay in the fact that the function to recognize structural risks related to the business model and organizational management from such information and lead to improvements was not sufficiently exercised. Therefore, going forward, it is desirable to establish a mechanism for conducting integrated analysis of internal whistleblowing reports, complaints, misconduct cases, disciplinary cases, and internal audit results, and when common factors or signs of risk are identified, to conduct root cause analysis and examination of improvement measures at the management level, while also ensuring that the compliance and internal audit departments provide continuous recommendations not only for responses to individual cases but also regarding risks arising from business models and organizational culture.

9. Strengthening of Group Governance and Business Model Oversight Functions by PHJ

As stated in Section 7.2(4)(b) above, in the Cases, it was found that as background to the occurrence and continuation of the Monetary Transaction Cases at POJ, PHJ's function to sufficiently grasp the risks inherent in the business model as a group overall and to lead responses to such risks was not necessarily fully exercised. Furthermore, it is difficult to assess that the knowledge obtained from similar cases that occurred at group companies and from indications by supervisory authorities was sufficiently utilized in POJ's risk assessments and improvement measures.

Therefore, PHJ should establish a system to comprehensively analyze misconduct at group companies, internal whistleblowing reports, complaints from customers and others, indications from supervisory authorities, internal audit results, and other such matters, in order to identify common risk factors and structural issues. Additionally, it is desirable to establish a mechanism whereby, when a serious misconduct incident occurs at a group

company or an important indication is received from the supervisory authorities, the causal analysis and improvement measures are examined for other group companies as well, and necessary improvement measures are deployed comprehensively across the group.

Through the above initiatives, it is necessary for PHJ to gain a comprehensive overview of risks across the entire group and to exercise effective supervisory functions over structural risks inherent in the business model.

As a measure to prevent recurrence, POJ, under the leadership of PFI, conducted comparative studies with the system in Gibraltar in April 2025 and April 2026 in order to standardize the investigation process and disciplinary system among the group, and has implemented the unification of violation categories, adjustment of disciplinary action levels for similar conduct, and establishment of standard disciplinary actions. These initiatives can be evaluated as utilizing the knowledge gained from handling misconduct cases at group companies to ensure a certain level of consistency and transparency in the operation of investigations and disciplinary actions. However, these are primarily aimed at ensuring proper investigation and disciplinary action after the discovery of inappropriate conduct, and differ in nature from initiatives aimed at identifying and reducing risks inherent in the business model. Originally, this should be carried out at PHJ, which is an insurance holding company, as part of its subsidiary management obligations required under the Insurance Business Act and system development obligations, and it is required that PHJ—not PFI, which is outside the framework of the Insurance Business Act—comprehensively analyze misconduct occurring within the group and points raised by supervisory authorities, and by utilizing that knowledge in verifying POJ's business model and internal controls, further strengthen its supervisory functions against structural risks.

10. Strengthening Proactive Risk Management and Management Decision-Making Functions by POJ

As stated in Section 6.2 above, in the Cases, although there were repeated opportunities for POJ to recognize the risks inherent in its own business model that could lead to the Monetary Transaction Cases such as this one, through the occurrence of similar cases at other life insurance companies including Gibraltar, guidance from the Financial Services Agency and the Life Insurance Association of Japan, and the identification of issues by various task forces and external consulting firms, it is difficult to assess that POJ received this as an urgent management issue from the perspective of customer protection with a sufficient sense of crisis, and that it proceeded with management-led consideration of the necessity for fundamental reforms.

Therefore, POJ is required to establish a system in which the Board of Directors and management continuously verify whether a balance is maintained between the risks inherent in the business model and internal controls, starting from the redefinition of the business model mentioned in 1 above, and conduct reviews as necessary without being bound by

existing systems and operations.

Furthermore, as stated in Section 6.2 above, considering that POJ has not necessarily been able to implement fundamental reviews despite having business model issues and other problems pointed out through investigations by multiple task forces and external experts, it is desirable to incorporate mechanisms for continuously verifying the progress and effectiveness of recurrence prevention measures.

In particular, the redefinition of the business model recommended by the Committee in 1 above is considered necessary from the perspective of customer protection; however, it is an initiative that may have a certain impact not only on POJ's business operations and revenue structure but also on the business operations of the entire group with PFI at the apex, and it is anticipated that its implementation will involve considerable difficulties. For this reason, in order to ensure the effectiveness of recurrence prevention measures, one possible approach would be to publicly disclose the progress of each initiative and subject it to evaluation by customers and other stakeholders.

Furthermore, it is considered effective to establish an environment in which the implementation status and effectiveness of recurrence prevention measures are continuously subject to public scrutiny by conducting monitoring by independent external experts or specialists as necessary and publishing the results thereof.

In the Cases, the problem was that despite repeated opportunities to recognize risks and external warnings, these did not lead to management decisions accompanied by sufficient crisis awareness or fundamental reforms. In light of this point, establishing an environment that conducts continuous verification and information disclosure regarding the progress and effectiveness of recurrence prevention measures and receives external evaluations is considered beneficial for enhancing their effectiveness. Furthermore, where requirements relating to the fairness of insurance solicitation or the protection of customers and policyholders are implicated, POJ's management should not simply accept PFI's position. Rather, even where POJ and PFI have divergent views and circumstances arise in which POJ must take a position contrary to PFI, POJ's management should engage with PFI's management on the merits of the issues involved and act with a clear awareness of, and commitment to, its responsibilities as the management of a Japanese life insurance company..

As a measure to prevent recurrence, POJ has already implemented the enhancement of management's risk awareness, strengthening of the discussion process for structural issues and strategies, and securing of budgets and resources in July 2026. Furthermore, POJ plans to implement measures to strengthen the functions of the Board of Directors and the Executive Officers' Meeting. Furthermore, POJ is also considering establishing a mechanism for the continuous public disclosure of the status of implementation of these recurrence prevention measures. Such a mechanism may have meaningful value in enhancing the effectiveness of the recurrence prevention measures themselves. In making such disclosures,

POJ should consider not only reporting revisions to internal rules and the implementation of training programs, but also explaining, in a clear and understandable manner for customers and other stakeholders, the extent to which the implementation of each measure has contributed to reducing the risks arising from private relationships between LPs and customers and improving the organizational culture. One possible approach would be to provide such explanations using objective indicators where appropriate.

With regard to POJ, it is hoped that, based on the above recommendations, POJ will, as a Japanese life insurance company, independently conduct risk assessments and make management decisions, and establish a governance structure that continuously verifies and improves the risks inherent in its business model.

Section 9: Conclusion

The longstanding and widespread occurrence of misconduct involving investment solicitations, loans, and other monetary transactions between customers and "Life Planners" ("LPs"), who are insurance solicitors engaged by POJ in its life insurance business, many of which remained undetected, represents the materialization of structural risks inherent in POJ's life insurance solicitation framework, namely, risks embedded in its business model.

LPs, who operate in substance as independent business operators, engaged in such misconduct under a variety of circumstances, often driven by incentives to improve sales performance directly linked to their compensation and business profitability, as well as by monetary motivations. Sales Managers, Agency Managers, and other sales management personnel, who should have appropriately managed and supervised LPs on a daily basis to ensure the propriety of insurance solicitation activities, failed to perform such functions effectively. Almost all of these sales managers had themselves previously served as LPs and shared with LPs a mindset that placed excessive emphasis on sales performance. In addition, a substantial portion of their compensation was linked to the sales performance of LPs. Against this background, their management and supervisory functions proved to be extremely weak.

Furthermore, although the management of both POJ and its parent company, PHJ, recognized, or at least should have recognized, these risks, and despite having had more than a few opportunities to implement fundamental governance improvements, including compliance measures aimed at minimizing such risks, particularly in light of issues identified by regulatory authorities at another company within the same corporate group, it is difficult to conclude that they took appropriate action. Contributing factors included management policies that prioritized sales performance and the diminished autonomy of POJ in the Group's decision-making process. This company-wide failure of compliance governance created fertile ground for, and facilitated, the realization of the structural risks described above.

The life insurance business is a business that, upon obtaining a license from the Prime Minister of Japan, undertakes insurance under which a fixed insurance benefit is promised upon the survival or death of a person in exchange for the payment of premiums⁵²⁵. As life insurance is founded upon mutual assistance among a large number of policyholders and serves to complement the social insurance system, it possesses a significant public character and is subject to regulatory oversight under the Insurance Business Act. Article 1 of the Insurance Business Act provides that its purpose is to "protect policyholders and other relevant persons by ensuring the sound and appropriate operation of insurance businesses

⁵²⁵ Insurance Business Act, Article 3, Paragraph 4

and the fairness of insurance solicitation in light of the public nature of the insurance business." As part of this framework, insurance solicitors engaged in life insurance solicitation are required under Article 276 et seq. of the Insurance Business Act to obtain registration from the Prime Minister and are thereby recognized as publicly qualified professionals who are expected to contribute to ensuring the fairness of life insurance solicitation.

The longstanding and widespread occurrence of the above-mentioned misconduct involving monetary transactions between LPs and customers at POJ, many of which remained undetected, represents a serious departure from the purposes and objectives of this legal framework and is inconsistent with the principle of "customer-oriented business conduct" that has been emphasized by the regulatory authorities in recent years. As a result, numerous customers suffered substantial financial losses. The social responsibility borne by both POJ and PHJ is therefore significant.

In order to restore sound business operations and prevent recurrence, comprehensive and structural reforms to governance throughout the organization are required. Such efforts must begin with a reaffirmation of the purposes underlying the applicable legal framework and a return to the fundamental principles of the life insurance business. In particular, the starting point should be a redefinition of the role and position of LPs as life insurance solicitors, followed by the formulation and implementation of multifaceted measures aimed at strengthening compliance and, ultimately, achieving genuinely customer-oriented business conduct.

POJ and PHJ are expected to restore public trust and fulfill their public roles by faithfully implementing and thoroughly carrying out these improvement measures going forward.

End

Appendix 1: Biographies of Committee Members

The brief biographies of the members of the Committee are as follows.

Shuji Iwamura

March 1973:	Graduated from the Faculty of Law, Department of Law, Chuo University
1976:	Appointed as Public Prosecutor
1976-1985:	Public Prosecutor at Fukuoka District Public Prosecutors Office (Criminal Department, Public Trial Department), Public Prosecutor at Maebashi District Public Prosecutors Office, Public Prosecutor at Tokyo District Public Prosecutors Office (Criminal Department, Public Trial Department, Special Investigation Department), Public Prosecutor at Shizuoka District Public Prosecutors Office
1985-1989:	Special Investigation Department, Tokyo District Public Prosecutors Office
1989-1996:	Criminal Affairs Bureau of the Ministry of Justice (Criminal Affairs Division), Counselor of the same bureau (Public Security Division, Criminal Legislation Division), Deputy Director-General of the Minister's Secretariat (Criminal Affairs)
1992-1996	Member of the Bar Examination Committee (Criminal Policy, Criminal Law)
1994-1996	Part-time Lecturer, Faculty of Law, Keio University
1996-2003	Deputy Director of the Criminal Affairs Department, Tokyo District Public Prosecutors Office; Deputy Director of the Special Investigation Department; Director of the Special Public Trial Department; Director of the Special Investigation Department
2001	Part-time Lecturer, Graduate School of Law, Chuo University
2003-2005	Chief Public Prosecutor, Matsuyama District Public Prosecutors Office
2005-2008:	Public Prosecutor at the Supreme Public Prosecutors Office (Criminal Affairs Department), Deputy Chief Prosecutor of the Tokyo District Public Prosecutors Office, Director of the Criminal Affairs Department at the Supreme Public Prosecutors Office

2008-2010:	Chief Prosecutor of the Tokyo District Public Prosecutors Office
2010-2012:	Superintendent Prosecutor of the Sendai High Public Prosecutors Office, Superintendent Prosecutor of the Nagoya High Public Prosecutors Office
2012:	Registered as an Attorney (Dai-Ichi Tokyo Bar Association)
2012-2019:	Nagashima Ohno & Tsunematsu
2020-2021:	Tokyo Flex Law Office
April 2021-Present:	T&K Partners

Naoki Kadotani

March 2002:	Graduated from the School of Science and Engineering, Department of Electrical, Electronics and Information Engineering, Waseda University
March 2004:	Tokyo Institute of Technology (currently Tokyo University of Science and Technology) Completed Graduate School of Interdisciplinary Science and Engineering (Master of Engineering)
2005:	Admitted to the Bar (Dai-Ichi Tokyo Bar Association)
October 2005 to October 2016:	Nagashima Ohno & Tsunematsu
May 2011	Graduated from Duke University School of Law (LL.M.)
January 2012 to March 2015:	Zhong Lun Law Firm (Beijing/Shanghai)
November 2016 - Present:	T&K Partners
April 2019 - March 2023:	Dai-Ichi Tokyo Bar Association, Committee on Proper Practice of Legal Services Committee Member
July 2019 - March 2023:	Tokyo Three Bar Associations Joint Committee on Control of Unauthorized Practice of Law, Committee Member
August 2020 - Present:	Arbitrator and Mediator, Japan Commercial Arbitration Association (JCAA)
June 2021 - May 2022:	Member of the Disciplinary Committee, Dai-ichi Tokyo Bar Association

Ryohei Kataoka

September 2002:	Graduated from Waseda University School of Law
2004:	Admitted to the Bar (Dai-ichi Tokyo Bar Association)
October 2004 - October 2016:	Nagashima Ohno & Tsunematsu
May, 2011	Graduated from Duke University School of Law (LL.M.)

September 2011 - March 2012	Amarchand & Mangaldas & Suresh a Shroff & co (Delhi) (currently Shardul Amarchand Mangaldas & Co) Secondment
November 2016 – Present	T&K Partners

Seiro Hirata

March 2010	Graduated from Faculty of Law, The University of Tokyo
March 2012	Completed Graduate School of Law and Politics, The University of Tokyo (Professional Legal Training Course)
2013:	Registered as Attorney (Dai-Ichi Tokyo Bar Association)
January 2014 - Present:	Oh-Ebashi Law Office
May 2019	Graduated from University of California, Los Angeles School of Law(LL.M.)
October 2019 - June 2020:	FSA, Supervisory Bureau, Insurance Business Division, Small Amount and Short-Term Insurance Office, Assistant Manager
July 2020 - June 2021:	FSA, Supervisory Bureau, Insurance Business Division, Legal Affairs Section, Assistant Manager (concurrently served as Financial Administration Monitor Support Staff, General Policy Division, Strategy Development and Management Bureau, and as a member of the Office of Compliance Investigations)

Appendix 2: Overall Picture of the Individual Investigation Target Cases

When the individual investigation target cases are organized according to the conduct types, they are as shown in the table below⁵²⁶.

	Overall	Type 1	Type 2	Type 3	Type 4
Number of subject individuals (*1)	27 people	16 people	15 people	13 people	7 people
Number of customers, etc. (*2)	429 people	145 people	170 people	102 people	12 people
Total number of cases (*3)	788 cases	323 cases	229 cases	210 cases	26 cases
Total declared amount (*4)	5,139,500,050 to 5,254,090,050 yen	3,293,589,640 to 3,367,089,640 yen	1,360,213,928 to 1,386,813,928 yen	452,071,267 to 466,441,267 yen	33,625,215 to 33,745,215 yen
Amount returned, etc. to customers, etc. (*5)	827,252,088 to 846,102,088 yen	429,289,672 to 439,889,672 yen	299,456,256 to 301,096,256 yen	91,484,924 to 98,094,924 yen	7,021,236 yen
Number of cases in which POJ acknowledges vicarious liability (*6)	25 cases	15 cases	0 cases	0 cases	10 cases
Number of subject individuals criminally prosecuted (*7)	4 people	4 people	0 people	0 persons	0 persons
Number of cases in which POJ consulted with the police (*8)	129 cases	64 cases	39 cases	26 cases	0 cases
Number of cases reported by POJ as misconduct incident (*9)	260 cases	176 cases	31 cases	39 cases	14 cases
Timing of monetary transaction, etc. (*10)	Number of cases from 2009 or earlier	99 cases	29 cases	69 cases	1 case
	Number of cases from 2010 to 2019	222 cases	107 cases	71 cases	28 cases
	Number of cases from 2020 onwards	410 cases	171 cases	66 cases	166 cases
	Unknown	57 cases	16 cases	23 cases	15 cases
Number of cases subject to public disclosure by POJ (*11)	103 cases	99 cases	0 cases	4 cases	0 cases
Number of cases admitted by the subject individual himself/herself (*12)	314 cases	112 cases	64 cases	135 cases	3 cases
Number of cases in which the involvement of POJ officers and employees other than the subject individuals was confirmed (*13)	2 cases	0 cases	0 cases	2 cases	0 cases
Number of subject individuals for whom post-retirement conduct was confirmed (*14)	19 people	13 people	7 people	8 people	3 people
Number of cases voluntarily discovered by POJ (*15)	658 cases	252 cases	212 cases	169 cases	25 cases
Number of cases that became grounds for disciplinary action (*16)	543 cases	226 cases	216 cases	84 cases	17 cases

⁵²⁶The figures such as amounts, timing, and number of cases stated in this Appendix 2 are based on materials and other information provided by POJ to the Committee. Therefore, the above amounts and other information are not necessarily final or definitive, and are not intended to be used for, nor do they necessarily correspond with, any findings of fact in judicial proceedings, legal proceedings, dispute resolution, or other proceedings conducted for purposes other than the investigation, regarding the civil liability of any party involved in the Cases or the criminal liability of any party. This Appendix 2 is a compilation of cases that POJ was aware of up to the publication of the January 2026 Press Release, and does not include cases that POJ became aware of after that date through reports of damages to the Reimbursement Committee, etc. The terminology used in this Appendix 2 follows the usage examples in the main text of the Report.

- *1 When there are multiple acts committed by the subject individual and these acts fall under different Conduct Type, the number of subject individuals is counted in each the Conduct Types. Furthermore, unless there is a clear contradiction with objective materials such as the transfer history of financial institution accounts, if there is a statement from a customer, etc. or self-acknowledgment by the subject individual of this conduct to the effect that conduct falling under the Conduct Type occurred, such subject individual of this conduct is included in the number of subject individuals of this conduct.
- *2 When there are multiple acts against the same customer, etc., and these acts fall under different Conduct Type, the number of customers, etc. is counted in each Conduct Type. Furthermore, unless there is a clear contradiction with objective materials such as the transfer history of financial institution accounts, if there is a report from a customer, etc. stating that an act falling under the Conduct Type occurred, or if there is a self-acknowledgment by the subject individual of such conduct, the number of customers, etc. is calculated based on such report or self-acknowledgment. The number of customers, etc., includes people whom the subject individual has acknowledged were subject to such conduct, even if their names or identities have not been specifically identified. Cases where the customer, etc. who was subject to such conduct is unknown are not included in the number of customers, etc.
- *3 In Appendix 2, the unit "case" is used when analyzing and aggregating the Monetary Transaction Cases. As a general rule, the method of counting the number of "cases" is as follows: for Type 1, one case is counted for each act in which the subject individual received money from a customer, etc. through solicitation by the subject individual; for Type 2, one case is counted for each act in which a customer, etc. delivered money to a third party through solicitation by the subject individual; for Type 3, one case is counted for each act in which the subject individual gave or received money related to borrowing from or lending to a customer, etc.; and for Type 4, one case is counted for each act in which a customer, etc. delivered money to the subject individual or a third party as a result of the subject individual's actions (hereinafter, the receipt, delivery, or other giving and receiving of such money is collectively referred to as "money transactions, etc."). In compiling cases, the subject individual in principle refers to the natural person who is the subject individuals themselves; however, in the social factual relationships surrounding the monetary transactions and similar transactions in question, entities substantially controlled by the subject individual, persons who have a close relationship with the subject individual such as the subject individual's spouse, or persons who have intentions or interests in common with the subject individual and act in close cooperation may be regarded as the subject individual in compiling cases (example: cases where monetary transactions to the subject individual's spouse are treated as monetary transactions to the subject individual). Additionally, when acts by the subject individual such as fraudulent conduct, solicitation activities, or applications for monetary loans form a series of acts, and multiple monetary transactions have occurred through such series of acts, in principle, in this Appendix 2, each of the multiple monetary transactions is counted as one case. However, exceptionally, when monetary transactions, etc. are made multiple times over a certain period, and although the individual amounts for each occasion are not clear from the materials received from the POJ, but the total amount is clear, there are cases where such monetary transactions, etc. are counted as one case for each consolidated total amount. Since cases may be aggregated as one case based on groupings of amounts in this manner, the "total number of cases" in the table does not necessarily represent a tally of all individual instances in which acts of monetary transaction, etc. falling under this type of conduct actually occurred. In addition, unless there is a clear contradiction with objective materials such as transfer records of financial institution accounts, if there is a report from a customer, etc. or an admission by the subject individual to the effect that an act falling under the Conduct Type occurred, such act is included in the case. For cases where the recipient to whom the customer, etc. delivered money is unclear from the materials received from POJ, and it is not clear whether the case should be classified as Type 1 or Type 2, the case is classified as Type 1. In Appendix 2, the total number of cases from Type 1 to Type 4 is referred to as the "Total Number of Cases."
- *4 The amounts stated are based on declarations by customers, etc. The amounts are based on declarations and do not necessarily match the amounts that the subject individual admits to or amounts that can be calculated from other materials, etc. However, in cases where there is no declaration from customers, etc., or in other cases where the amount of money exchanged, etc. can be determined independently of any declaration by customers, etc. due to the subject individual's admission or otherwise, such amount is used as the basis for calculation.. Even if there is a declaration from customers, etc., if the amount is unknown and the amount cannot be calculated from other materials, etc., such amount may not be included in the total declared amount. When reports are made in amounts such as "several tens of thousands of yen," "several hundreds of thousands of yen," or "several millions of yen," or "several tens of millions of yen," they are treated as reports of 20,000 to 90,000 yen, 200,000 to 900,000 yen, and 2,000,000 to 9,000,000 yen, and 20,000,000 to 90,000,000 yen, respectively. Where a declaration indicates that the amount exceeded a certain amount, but the upper limit is unknown, it is treated as a declaration of such amount. In addition, when multiple reports have been made by customers, etc., if there are inconsistencies in the amounts reported by customers, etc., and the amounts cannot be determined from other materials, etc., the amount in the later report is recorded. When the amount declared by customers, etc. has a range, the figures are aggregated for both the upper and lower limits. The amounts represent the aggregate amount of money provided by customers, etc. to the subject individual or a third party, and the aggregate amount of money provided by the subject individual to customers, etc. in the form of loans or otherwise. No deduction has been made for money returned to customers, etc. by the subject individual or a third party, including repayments of investment principal, payment of investment returns or dividends, or repayment of borrowings.
- *5 This describes the total amount that customers, etc. declared they received in return, etc., in relation to the acts by the subject individual of this conduct, such as the delivery of principal and dividends in investments, or the repayment of loans, interest, etc. However, as with *4, in cases where the amount can be calculated from the subject individual's own admission or other materials, the calculated amount may be stated in place of the amount based on the declaration, and if the amount is unclear even when there is a declaration from customers, etc., and the amount cannot be calculated from other materials, etc., it is not included in the amount returned, etc. to customers, etc. In cases where reports are made in terms of "tens of thousands of yen," "hundreds of thousands of yen," or "millions of yen," or "tens of millions of yen," they are treated as reports of 20,000 to 90,000 yen, 200,000 to 900,000 yen, and 2,000,000 to 9,000,000 yen, and 20,000,000 to 90,000,000 yen, respectively. Where a declaration indicates that the amount was at least a specified amount, but the upper limit is unknown, such declaration is treated as referring to that specified amount. Furthermore, in cases where reports from customers, etc. have been made multiple times and there are inconsistencies in the amounts reported by customers, etc., and the amount cannot be calculated from other materials, etc., the amount in the later report is recorded. When the amount reported by customers, etc. has a range, the figures are aggregated for both the upper and lower limits. This refers to the aggregate amount returned to customers, etc., including not only repayments of loans but also payments of principal or dividends on investments made by the actor or a third party. Where the amount returned exceeded the amount

originally provided by the customer, etc., the amount actually returned has been included. In addition, amounts paid by POJ to customers, etc. pursuant to determinations made by the Reimbursement Committee are not included.

- *6 Of the total number of cases, the number of cases in which the POJ recognizes the existence of employer liability for part or all of the acts by the subject individual is stated.
- *7 This describes the number of subject individuals for whom any of arrest, detention, or indictment has been made based on suspected facts or facts charged that include any of the cases counted in this total number of cases.
- *8 This describes the number of customers, etc. related to cases among this total number of cases in which POJ directly made consultations (whether by telephone or in person) or provided information, etc. to the police.
- *9 Of the total number of cases, the number of cases that POJ reported to the FSA and others as misconduct incidents as stipulated in Article 85, Paragraph 1, Item 25 of the Insurance Business Act Enforcement Regulations is stated.
- *10 For each case, the reference point is the time when the act corresponding to the Conduct Type in question was executed by the subject individua (for Type 1, the point in time when the subject individua received money from a customer, etc.; for Type 2, the point in time when the customer, etc. delivered money to a third party; for Type 3, the point in time when the subject individua received borrowed money or delivered loaned money; and for Type 4, the point in time when the customer, etc. delivered money to the subject individua or a third party). However, for each case, if the point in time when the act corresponding to the Conduct Type was executed by this subject individua is not clear, the standard is set as the point in time when the subject individual began acts leading to the monetary transaction, etc. corresponding to the Conduct Type (meaning the point in time when the subject individua began acts preceding the monetary transaction, etc., such as solicitation of or approaches to customers, etc. for acts corresponding to the Conduct Type), and if that is also unclear, it is marked as "unknown." In addition, when multiple acts have been carried out in accordance with *3 and are treated as a single case as a whole, the point in time when the last monetary transaction, etc. was executed is used as the reference point. In addition, for cases where multiple acts have been carried out but the specific timing and frequency are not clear from the materials received from POJ, the last identifiable act is used as the reference point. Furthermore, unless there is a clear contradiction with objective materials such as transfer records of financial institution accounts, the time at which the act falling under the Conduct Type was carried out is based on reports from customers, etc. (or, in cases where there are no reports from customers, etc., on statements by the subject individua of this act). When a report is made with a range of time periods for monetary transactions, etc., the earliest point in time is used as the reference (for example, if a report indicates that the time of monetary transactions, etc. was between 2008 and 2010, then 2008 is used). When a report is made indicating that the time of monetary transactions, etc. was before or after a specific point in time, that specific point in time is used as the reference (for example, if a report indicates that the time of monetary transactions, etc. was before 2010, then 2010 is used; if a report indicates it was after 2013, then 2013 is used). Additionally, when there are contradictions in the time point at which the act falling under the Conduct Type as reported by customers, etc. was executed, and the time point cannot be specified from other materials, etc., the time point from the later report is recorded.
- *11 Of the total number of cases, this indicates the number of cases that were disclosed and published on the company's website or other platforms in sufficient detail to individually identify and specify each case by name or modus operandi or other means, prior to the publication of the January 2026 press release.
- *12 Of the total number of cases, this shows the number of cases in which the subject individual acknowledged having caused the case in question during the POJ investigation or the Investigation (whether in writing or orally) (including cases where there are differences in recognition regarding the amount of damages).
- *13 This shows the number of cases in which POJ officers and employees other than the subject individual (LP, sales managers, agency managers, etc.) were involved.
- *14 This describes the number of individuals who have been confirmed to have newly engaged in acts that fall under the Conduct Type after retirement (initiated solicitation, lobbying, etc. toward monetary transactions, etc.). Furthermore, in cases where a report from a customer or other party (or, in the absence of a report from a customer or other party, a statement from the subject individual indicates that the subject individual commenced an act falling under the Conduct Type after their retirement, unless such report clearly contradicts objective materials such as the transfer history of financial institution accounts, the subject individual who committed such act is treated and aggregated as a subject individual for whom post-retirement conduct has been confirmed.
- *15 Of the total number of cases, the number of cases discovered by the investigation team's investigations, the customer outreach investigation, additional investigations, or "Affidavits Concerning the Prohibition of Improper Handling of Money, etc." (documents in which POJ requests all POJ officers and employees to report monetary transaction cases involving themselves or others, and to pledge not to engage in monetary transaction cases) by the time of the publication of the January 2026 press release is stated. However, the number of cases discovered based on voluntary reports made by customers and others not resulting from the above-mentioned investigations or approaches from POJ are not included.
- *16 Of the total number of cases, this shows the number of cases recorded in the materials submitted to the disciplinary committee as the reason for the disposition when disciplinary action, etc. (including strict warnings in addition to disciplinary action stipulated in POJ's employment rules) was taken against the subject individual by POJ.

Appendix 3: Attributes of Subject Individual in the Cases Subject to Individual Investigation

[REDACTED]⁵²⁷ 528 529 530

⁵²⁷[REDACTED]
⁵²⁸[REDACTED]
⁵²⁹[REDACTED]
⁵³⁰[REDACTED]

Appendix 4: Overall Picture of the Cases Subject to Self-Inspection

Based on the materials provided by POJ as of the Reference Date, the Committee has summarized the Cases Subject to Self-Inspection according to the Conduct Type as shown in the table below⁵³¹⁵³².

		Total	Type 1	Type 2	Type 3	Type 4
Number of Subject Individuals (*1)		124	21	38	73	17
Number of Customers and Prospective Customers (*2)		365	51	90	205	32
Total number of cases (*3)		387	51	95	208	33
Total amount alleged (*4)		¥1,027,101,594 to ¥1,047,471,594	¥168,162,060 to ¥169,762,060	¥637,667,000 to ¥652,647,000	¥196,414,534 to ¥200,004,534	¥24,858,000 to ¥25,058,000
Amount returned to Customers and Prospective Customers (*5)		¥187,082,930 to ¥191,362,930	¥65,307,000 to ¥65,607,000	¥54,468,988 to 55,188,988	¥67,156,942 to 70,416,942	¥150,000
Number of cases in which POJ admits employer liability (*6)		0	0	0	0	0
Number of Subject Individuals prosecuted in criminal cases (*7)		1	0	1	0	0
Number of cases POJ consulted with the police (*8)		1	1	0	0	0
Number of cases that POJ had reported as misconduct incidents (*9)		13	1	0	12	0
Number of Monetary Transactions and other Misconducts by Year (*10)	Number of cases before 2010	24	0	0	24	0
	Number of cases from 2010 to 2019	170	25	47	87	11
	Number of cases from 2020 and later	186	25	47	92	22
	Unknown	7	1	1	5	0
Number of cases subject to public disclosure by POJ (*11)		0	0	0	0	0
Number of cases in which the subject individual admitted to misconduct (*12)		224	24	47	130	23
Number of cases where the involvement of company officers or employees other than the subject individual was confirmed (*13)		3	0	0	2	1
Number of cases uncovered internally by POJ (*14)		385	51	94	207	33
Number of cases that resulted in disciplinary action or other sanctions (*15)		362	50	79	200	33

⁵³¹ The figures such as amounts, dates, and numbers of cases shown in the table in Appendix 4 are based on materials and other information provided to the Committee by POJ. Therefore, the specific details regarding such amounts and other matters are not necessarily final or definitive; furthermore, they are neither intended for use—nor suitable for use—in the determination of facts within judicial or other proceedings concerning the civil or criminal liability of parties involved in this matter. The terminology used in this Appendix 4 follows the definitions provided in the main text of the Report.

⁵³² As of the Reference Date, the number of identified actors subject to the Self-Inspection was 124. This figure was derived from the 132 individuals remaining after excluding the 27 actors involved in the Individually Investigated Cases from the 159 individuals referred to in Footnote 325, and further excluding 8 individuals for whom no conduct falling within the relevant misconduct category was identified, including those for whom no monetary transaction was found.

Number of Subject Individual who received disciplinary action or other sanctions (*16)	116 persons	20 persons	33 persons	70 persons	17 persons
Number of supervisors who received disciplinary action or other sanctions (*17)	78 persons	10 persons	23 persons	40 persons	18 persons

- *1 When a single Subject Individual has committed multiple conducts, and each of these conducts falls under the different Conduct Type, the number of Subject Individuals is counted separately for each Conduct Type. Unless clearly contradicted by objective evidence, such as bank transfer histories, a Subject Individual is included in the count of Subject Individuals if the Customers and Prospective Customers report that the conduct falling under the Conduct Type occurred, or if the Subject Individual admits to having committed such conduct.
- *2 When there are multiple acts against the same customer, etc., and these acts fall under different Conduct Type, the number of customers, etc. is counted in each Conduct Type. Furthermore, unless there is a clear contradiction with objective materials such as the transfer history of financial institution accounts, if there is a report from a customer, etc. stating that an act falling under the Conduct Type occurred, or if there is a self-acknowledgment by the subject individual of such conduct, the number of customers, etc. is calculated based on such report or self-acknowledgment. The number of customers, etc., includes people whom the subject individual has acknowledged were subject to such conduct, even if their names or identities have not been specifically identified. Cases where the customer, etc. who was subject to such conduct is unknown are not included in the number of customers, etc.
- *3 In the table in Appendix 4, the term “cases” is used to analyze and tally cases involving the Monetary Transactions. As a general rule, the number of “cases” is counted such that conduct toward a single Customers or Prospective Customers constitutes one case; however, if different types of conduct are committed toward the same Customer or Prospective Customer, each is counted as a separate case. When tallying cases, the “Subject Individual” generally refers to the Subject Individual themselves as a natural person; however, depending on the social facts surrounding the Monetary Transactions at issue (For Type 1, it refers to the conduct involving the Monetary Transaction that the Subject Individual received money from the Customers and Prospective Customers as a result of the Subject Individual's solicitation; in Type 2, it refers to conduct of the Monetary Transactions made by the Customers and Prospective Customers to a third party at the solicitation of the Subject Individual; in Type 3, it refers to the conduct of the Monetary Transactions related to a loan or borrowing between the Subject Individual and the Customers and Prospective Customers; and in Type 4, it refers to the conduct in which the Customers and Prospective Customers transferred money to the Subject Individual or a third party as a result of the Subject Individual's conduct), entities substantially controlled by the Subject Individual, the Subject Individual's spouse, or other persons with a close relationship to the Subject Individual—as well as those who share the Subject Individual's intent or interests and conduct in close coordination with the Subject Individual—may be treated as the Subject Individual for the purposes of case counting (e.g., treating the Monetary Transactions to the Subject Individual's spouse as transactions to the Subject Individual). Unless clearly contradicted by objective evidence, such as financial institution account transfer histories, any report from the Customers and Prospective Customers, or an admission by the Subject Individual, indicating that the conduct falling under the Conduct Type occurred is included in the count of cases. In addition, cases for which a decision on disciplinary action had been made prior to the commencement of the potential issue investigation are not included. In this table in Appendix 4, the total number of cases across Types 1 through 4 is referred to as the “Total Number of Cases.”
- *4 This refers to the amount based on allegations made by the Customers and Prospective Customers. Since this amount is based on such allegations, it does not necessarily match the amount calculated from other sources, such as amounts admitted by the Subject Individuals. In cases where no allegations have been made by the Customers and Prospective Customers, or where a certain amount has been alleged but the amount of the Monetary Transaction can be calculated apart from the allegations due to factors such as the Subject Individual's admission, such calculated amount may be listed. If the amount is unknown despite information provided by the Customers and Prospective Customers, and the amount cannot be calculated from other materials, it is not included in the total alleged amount. When the amount reported by customers, etc. has a range, the totals are calculated separately for the upper and lower limits. Where the amount reported by customers, etc. is unclear, the lower-end amount ascertainable from the report is used for aggregation. The amounts represent the aggregate amount of money provided by customers, etc. to the subject individual or a third party, and the aggregate amount of money provided by the subject individual to customers, etc. in the form of loans or otherwise. No deduction has been made for money returned to customers, etc. by the subject individual or a third party, including repayments of investment principal, payment of investment returns or dividends, or repayment of borrowings.
- *5 This refers to the total amount reported by the Customers and Prospective Customers, as having been returned or otherwise received in connection with the conduct of the Subject Individual, including the payment of principal and dividends on investments, repayment of loans, and interest. However, as in Note 4, if the amount can be calculated based on the Subject Individual's own admission or from other sources, the calculated amount may be listed instead of the amount based on the Customers and Prospective Customers' report. If the amount is unknown despite receiving a report from the Customers and Prospective Customers and cannot be calculated from other sources, it is not included in the amounts returned to the Customers and Prospective Customers. When the amount reported by customers, etc. has a range, the totals are calculated separately for the upper and lower limits. Where the amount reported by customers, etc. is unclear, the lower-end amount ascertainable from the report is used for aggregation. This amount includes not only amounts returned as repayment of loans or similar obligations but also amounts paid by the Subject Individual or a third party as investment principal or dividends. Where the amount returned or otherwise provided exceeded the amount originally provided by the Customers and Prospective Customers, the full amount so returned or otherwise provided is included. Amounts paid by POJ to the Customers and Prospective Customers pursuant to determinations made by the Reimbursement Committee are not included.
- *6 This refers to the number of cases, out of the Total Number of Cases, in which POJ admits the employer's liability for all or part of the conduct committed by the Subject Individual.
- *7 This refers to the number of Subject Individuals who have been arrested, detained, or indicted based on any of the suspected or charged offences included in the Total Number of Cases.

- *8 This refers to the number of Customers and Prospective Customers involved in cases where POJ directly consulted with the police (whether by phone or in person) or provided information, out of the Total Number of Cases.
- *9 This refers to the number of cases, out of the Total Number of Cases, that the POJ reported to the Financial Services Agency or other relevant authorities as misconduct incidents as defined in Article 85, Paragraph 1, Item 25 of the Enforcement Regulations of the Insurance Business Act.
- *10 For each case, the date on which the Subject Individual committed the conduct falling under the Conduct Type (for Type 1, this refers to the timing when the Subject Individual received money from a Customer or Prospective Customer; for Type 2, the timing when a Customer or Prospective Customer transferred money to a third party; for Type 3, the timing when the Subject Individual received a loan or disbursed a loan; and for Type 4, the timing when a Customer or Prospective Customer transferred money to the Subject Individual or a third party) is considered as the date of commitment. However, for each case, if the exact date when the Subject Individual committed the conduct falling under the Conduct Type is unclear, the date is based on the time the Subject Individual began actions leading to the Monetary Transactions, that fall under the Conduct Type (meaning the time the Subject Individual began soliciting or encouraging the Customers and Prospective Customers to engage in conduct falling under the Conduct Type—actions preceding the Monetary Transactions). If even this is unclear, the value is entered in “Unknown. Unless clearly contradicted by objective evidence such as financial institution account transfer histories, the timing of conduct falls under the Conduct Type is determined based on reports from the Customers and Prospective Customers (or, in the absence of such reports, on the statements of the Subject Individual).
- *11 This refers to the number of cases, out of the Total Number of Cases, for which the Company had, by the time of the January 2026 Press Release, disclosed details on its website or other channels—including names, methods, or other information—in sufficient detail such that each case could be individually identified and specified.
- *12 This refers to the number of cases, out of the Total Number of Cases, in which the Subject Individual admitted—either in writing or orally—during the POJ investigation or the Investigation that the Subject Individual committed the misconduct (including cases where there is a discrepancy regarding the amount of loss)
- *13 This refers to the number of cases in which POJ officers or employees (such as LPs, Sales Managers, and Agency Managers) other than the Subject Individual were involved.
- *14 Of the Total Number of Cases, this refers to the number of cases discovered by the time of the January 2026 Press Release through investigations by the investigation team or other bodies, Customer Outreach Investigations, Book-of-Business (BoB) investigations, or “Affidavits Concerning the Prohibition of Improper Handling of Money, etc.”(document in which POJ requires all its officers and employees to report the Monetary Transaction Cases involving themselves or others, or to swear that they will not engage in such transactions). This figure does not include cases discovered as a result of voluntary reports made by the Customers and Prospective Customers, independent of the aforementioned investigations or other initiatives by POJ.
- *15 This refers to the number of cases, out of the Total Number of Cases, for which POJ imposed disciplinary action (including attention by written document, in addition to the disciplinary actions specified in POJ’s Work Rules; the same applies hereafter) on the Subject Individual, and which were listed in the materials submitted to the Disciplinary Committee as the grounds for such action.
- *16 This refers to the number of Subject Individuals who received disciplinary action resulting from the cases. This figure also includes the number of Subject Individuals for whom the Disciplinary Committee determined that disciplinary action or similar sanctions were appropriate, even if the Subject Individual had already left POJ at the time the decision was made.
- *17 This refers to the number of the Subject Individual’s supervisors (meaning the Sales Manager or the Agency Manager of the Agency to which the Subject Individual belonged at the time the cases occurred) who received disciplinary action or other sanctions based on cases included in The Total Number of Cases.

Appendix 5: Attributes of the Subject Individuals involved in the Cases Subject to Self-Inspection

The attributes of the Subject Individuals involved in the Cases Subject to Self-Inspection, as determined by the Committee based on materials provided by POJ as of the Reference Date, are as shown in the table below⁵³³⁵³⁴.

		Number of People	Ratio	Denominator
Title at the time of the conduct (*1)	Executive Life Planner	1	1%	123 ⁵³⁵
	Senior Consulting Life Planner	2	2%	
	Consulting Life Planner	12	10%	
	Senior Life Planner	20	16%	
	Life Planner (Chief)	8	7%	
	Life Planner	78	63%	
	Prior to joining the company	2	2%	
Annual compensation amount at the time of commencement of the conduct (*2)	Less than 4 million yen	33	27%	
	4 million yen or more to less than 8 million yen	42	34%	
	8 million yen or more to less than 15 million yen	26	21%	
	15 million yen or more	20	16%	
	Prior to joining the company	2	2%	
Age at the time of the conduct	20-29 years old	50	41%	
	30-39 years old	51	41%	
	40-49 years old	17	14%	
	50 years old and above	5	4%	
Years of employment at the time of the conduct	Less than 1 year	30	24%	
	1 year or more but less than 3 years	40	33%	
	3 years or more but less than 5	25	20%	

⁵³³The figures such as number of individuals shown in the table in Appendix 5 are based on materials and other information provided to the Committee by POJ. Therefore, the aforementioned figures and details are not necessarily final or definitive; furthermore, they are neither intended for use in factual determinations within judicial or other proceedings regarding the civil or criminal liability of the parties concerned, nor are they suitable for such use.. The terminology used in this Appendix 5 follows the definitions provided in the main text of the Report.

⁵³⁴ As of the Reference Date, among the 132 individuals remaining after excluding the 27 actors involved in the Individually Investigated Cases from the 159 individuals referred to in Footnote 325, 8 individuals were excluded because no conduct corresponding to the relevant category of misconduct was identified, including cases where no monetary transaction was found. Accordingly, the number of actors subject to the Self-Inspection was 124.

⁵³⁵One Subject Individual has been excluded from the 124 Subject Individuals involved because the period when the conduct was committed is unknown.

	years			
	5 years or more but less than 10 years	19	15%	
	10 years or more	9	7%	
Previous Job Industry	Wholesale Trade	18	15%	124
	Bank	11	9%	
	Real Estate	11	9%	
	Pharmaceuticals / Medical Products	9	7%	
	Other Financial Services	9	7%	
	Construction-related	8	6%	
	Securities	7	6%	
	Other Service Industries	9	7%	
	Manufacturer	5	4%	
	IT Service Industries	5	4%	
	Retail	6	5%	
	Travel Agency	4	3%	
	Mass Media	3	2%	
	Transportation	3	2%	
	Automobile Retail	3	2%	
	Hotels / Food Services	2	2%	
	Temporary Staffing	2	2%	
	Government Agencies	2	2%	
	Professional Services	1	1%	
	Education	1	1%	
	Trading Company	2	2%	
	Advertising	2	2%	
	Others	1	1%	
PTC Award received before the time of the conduct	Number of awarded individuals	61	50%	121 ⁵³⁶
PTC Award received after the time of the conduct	Number of awarded individuals	23	19%	124
History of disciplinary actions or sanctions received for reasons other than the case at the time of	Displacement/Demotion	0		
	Business suspension	2		
	Salary reduction	0		

⁵³⁶Of the 124 Subject Individuals, a total of three individuals were excluded: one for whom the time of commencement of the conduct was unknown, and two for whom the first conduct falling under the Conduct Type was committed prior to joining POJ.

the conduct (*3)	Reprimand	6
	Admonition	12
	Attention by written document	9
Number of Subject Individual who received complaints or similar feedback from the Customers and Prospective Customers regarding matters unrelated to the conduct by the time of the conduct.	False explanations at the time of insurance sales	4
	Discrepancies with customer needs	5
	Policy content discrepancy	4
	Personal trouble with the Subject Individual	8
	Subject individual's attitude, way of speaking, appearance, and common sense	13
	Inappropriate acquisition of medical declaration	2
	Inappropriate solicitation	0
	Breach of promise / Passing the buck	12
	Loss or leakage of personal information or other confidential information	6
	Others	74
Number of Subject Individual who received complaints or similar feedback from the Customers and Prospective Customers regarding matters unrelated to the conduct after the time of the conduct.	False explanations at the time of insurance sales	13
	Discrepancies with customer needs	10
	Policy content discrepancy	10
	Personal trouble with the Subject Individual	28
	Subject individual's attitude, way of speaking, appearance, and common sense	24
	Inappropriate acquisition of medical declaration	7
	Inappropriate solicitation	1
	Breach of promise / Passing the buck	16
	Loss or leakage of personal	12

	information or other confidential information	
	Others	107

*1 In the table in this Appendix 5, the term “conduct” refers to the conduct falling under the Conduct Type, and the terms “at the time of the conduct” or “the time of the conduct” refer to April 1 of the year in which the conduct falling under the Conduct Type was first committed. The term “conduct falling under the Conduct Type was committed” refers to: for Type 1, when the Subject Individual received money from a Customer or Prospective Customer; for Type 2, when a Customer or Prospective Customer transferred money to a third party; for Type 3, when the Subject Individual received a loan or disbursed a loan; and for Type 4, when a Customer or Prospective Customer transferred money to the Subject Individual or a third party. As a general rule, the data is based on the status as of April 1 of the year in which the conduct falling under the Conduct Type was first committed; however, as exceptions: (1) if an individual joined the company between April 2 and the end of December and the conduct falling under the Conduct Type was committed in that year, the title as of the date of joining is counted; and (2) if an individual resigned between January 1 and the end of March and the conduct falling under the Conduct Type was committed in that year, the title as of the date of resignation is counted. If the first conduct falling under the Conduct Type was committed prior to joining POJ, it is classified as “prior to joining the company.”

*2 In the table in this Appendix 5, “at the time of commencement of the conduct” or “the time of commencement of the conduct” refers to the point in time when the conduct falling under the Conduct Type was committed; if conducts falling under the Conduct Type category were committed multiple times or on a continuous basis, it refers to the point in time when the first such conduct was committed. The annual compensation amount is based on the net payment amount (the total amount paid minus income tax, resident tax, social insurance premiums and other deductions) from January through December of the year in which the first conduct fall under the Conduct Type was committed. If the first conduct falling under the Conduct Type was committed prior to joining POJ, it is classified as “prior to joining the company.”

*3 If the Subject Individuals have received multiple types of disciplinary actions, each one is counted separately.