

## Note:

- The following is an English translation of materials that were originally presented in Japanese to members of the Japanese media during a press conference hosted by Prudential of Japan on October 8, 2026.



# **Publication of the Special Investigation Committee's Investigation Report and Initiatives to Ensure Thorough Customer-Centric Business Operations**

October 8, 2026  
Prudential Life Insurance Co., Ltd.



**We once again extend our deepest apologies to the customers affected and all other stakeholders for the significant inconvenience and concern caused by inappropriate monetary conduct by current and former sales employees.**



## **Today, we would like to provide an update on:**

- The findings of the Investigation Report and the Company's response
- Customer reimbursement and disciplinary action against employees
- Initiatives to ensure thorough customer-centric business operations



- **Findings of the Investigation Report and the Company's Assessment**
- Customer Reimbursement and Disciplinary Actions Against Employees
- Initiatives to Ensure Thorough Customer-Centric Business Operations



# The Special Investigation Committee's Basic Assessment

The assessment is that this issue is not a matter of isolated inappropriate conduct by certain sales employees or others, but rather a structural problem within the Company.

Furthermore, it is stated that this issue **“arose as a result of a business model that relied excessively on individual networks and personal relationships, causing it to deviate from its intended course.”**



# Key Findings of the Special Investigation Committee



# Key Findings of the Special Investigation Committee

- 1. Misconduct Risks Structurally Inherent in the LP and Agency Systems**  
LPs' broad discretion, highly individualized and closed customer relationships, and performance-linked compensation increased the risk of inappropriate monetary transaction.
- 2. Systems and Organizational Culture That Placed Excessive Emphasis on Sales Performance**  
Performance-focused evaluation and compensation relatively weakened the emphasis on customer protection and compliance, contributing to the occurrence of misconduct and allowing issues to remain undetected.
- 3. Weaknesses in Management and Oversight at the Sales Front Lines**  
Sales managers lacked sufficient authority and incentives to effectively manage and supervise LP activities, making it difficult to identify and correct signs of misconduct.
- 4. Shortcomings in Oversight of the Sales Organization by the Company and the Holding Company**  
Reports, complaints, and misconduct cases were not sufficiently identified and elevated as structural risks, and did not lead to fundamental review of the business model.
- 5. Diminished Autonomy of the Company in Group-Wide Decision-Making**  
The Company was unable to independently assess its business model and risk management framework and lead the necessary reforms.



# **The Company's View on the Investigation Report**



# The Company's View on the Investigation Report

## 1. **Recognition as a Company-Wide Management Issue**

The issues were not limited to particular parts of the organization or particular employees; the Company's management approach itself contributed to the occurrence and prolongation of the misconduct.

## 2. **Reflection on the Failure to Translate Identified Issues into Reform**

Despite having opportunities to identify the structural issues, the Company failed to translate that recognition into fundamental reform.

## 3. **Reflection on Customer Protection and Societal Expectations**

The Company lacked sufficient urgency to proactively reassess the appropriateness of its systems and practices.

## 4. **Integrated Transformation Beyond Individual Measures**

With customers at the center, the Company will pursue an integrated transformation of its business model, systems, governance, and organizational culture.

## 5. **Effectiveness Assessment and Accountability**

The Company will not stop at implementing measures, but will assess their effectiveness and continuously communicate progress and results.



- Findings of the Investigation Report and the Company's Assessment
- **Customer Reimbursement and Disciplinary Actions Against Employees**
- Initiatives to Ensure Thorough Customer-Centric Business Operations

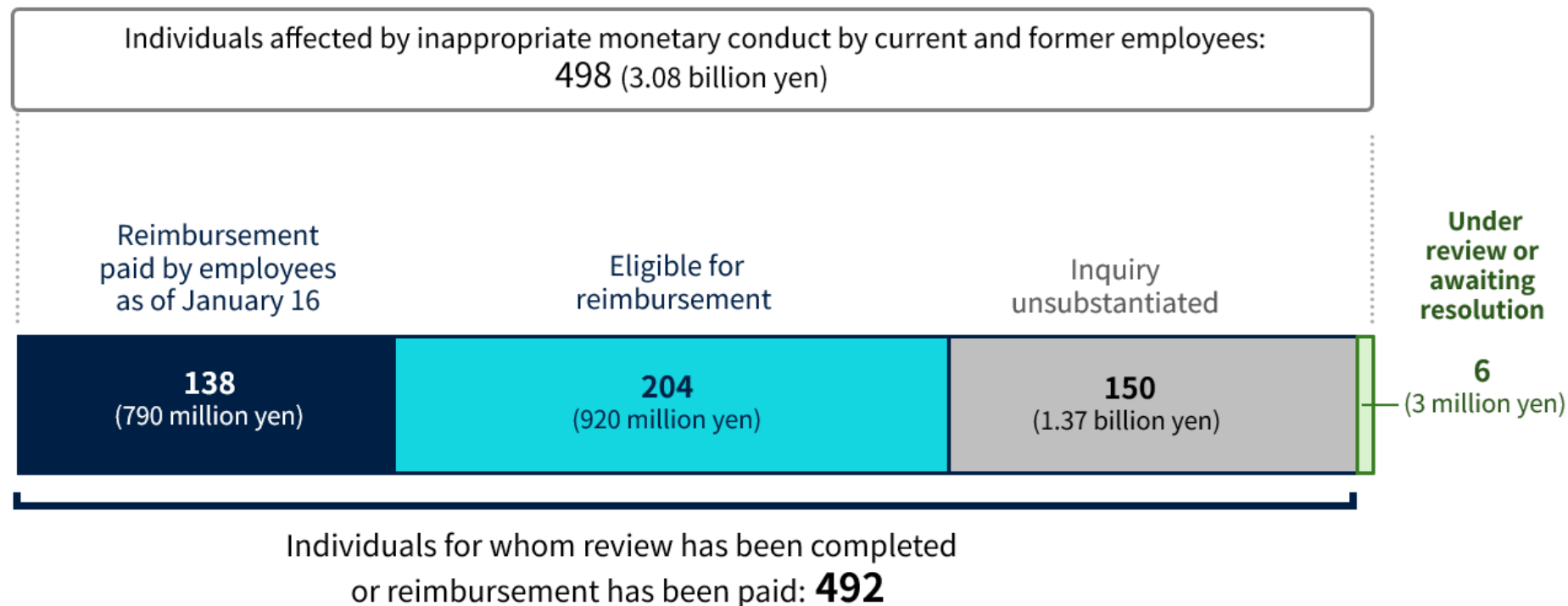


# Customer Reimbursement



# Customer Reimbursement: Cases Disclosed on January 16

The Customer Reimbursement Committee, composed of independent third parties, reviews and determines reimbursement from a position independent of the Prudential Group, without limiting its considerations solely to situations where the Company bears legal liability.



(as of September 16, 2026)



# Customer Reimbursement: Progress for Inquiries Other Than the Cases Disclosed on January 16

The Customer Reimbursement Committee, composed of independent third parties, reviews and determines reimbursement from a position independent of the Prudential Group, without limiting its considerations solely to situations where the Company bears legal liability.

## Review Results

Individuals eligible for reimbursement

**272**

(approximately 2.16 billion yen)

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(as of September 16, 2026)



# **Status of Disciplinary Actions Against Sales Employees**



# Status on Disciplinary Actions Against Sales Employees

Strict action is taken in accordance with internal rules, taking into account the confirmed facts, the seriousness of each case, and legal considerations

- Disciplinary action against all 146 current and former sales employees involved in the cases disclosed on January 16 has been completed.

| Employees Subject to Disciplinary Action | Dismissal (Disciplinary / Under Instruction) | Suspension from duties | Other Disciplinary Actions, including Reprimands and Warnings |
|------------------------------------------|----------------------------------------------|------------------------|---------------------------------------------------------------|
| 146                                      | 53                                           | 68                     | 25                                                            |

Note: Includes equivalent disciplinary action for former sales employees.

- For the 11 individuals who were employed by the Company at the time the Customer Reimbursement Committee approved reimbursement or a violation was determined in cases other than those announced on January 16, disciplinary dismissal or resignation under instruction has been decided for all of them.
- The Company will continue to take strict disciplinary action in response to inappropriate monetary conduct and other misconduct.



# Approach to Management Responsibility

- In order to clarify the responsibility of the current management team, including responsibility for misconduct that occurred during the voluntary suspension period, the current President and Vice Presidents will voluntarily return a portion of their remuneration.

| Name               | Position                                       | Voluntary Return of Remuneration             |
|--------------------|------------------------------------------------|----------------------------------------------|
| Hiromitsu Tokumaru | Representative Director and President          | 30% of monthly remuneration for three months |
| Yasuhiro Akiyama   | Director and Executive Vice President          | 30% of monthly remuneration for three months |
| Kuniyoshi Hayashi  | Executive Officer and Executive Vice President | 30% of monthly remuneration for three months |

- With respect to management responsibility, including that of former management, the Company will determine its response after taking into account advice from external experts and completing the necessary procedures.



- Findings of the Investigation Report and the Company's Assessment
- Customer Reimbursement and Disciplinary Actions Against Employees
- **Initiatives to Ensure Thorough Customer-Centric Business Operations**



# Ensuring Soundness and Strengthening the Management of Sales Activities

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## Daily Management, Training and Monitoring

### Management of Sales Employees Activities

Sales employees' schedules and activities are recorded on a daily basis and reviewed by sales managers, who provide guidance as necessary.

### Company-wide Governance Training

Governance training covering compliance, conduct risk and other relevant topics has been provided, and employees' understanding has been assessed.

### Personal Information Management

Introduced watermarks on PC screens and printed materials and transitioned to Company-issued devices to prevent the unauthorized removal of information.

### Investment Solicitation Rules

All involvement with investment-related businesses is prohibited and expressly stipulated in Company regulations.

### Employee Declarations

Obtained declarations from all employees confirming that they have not engaged in inappropriate handling of money.



## Reform (2)

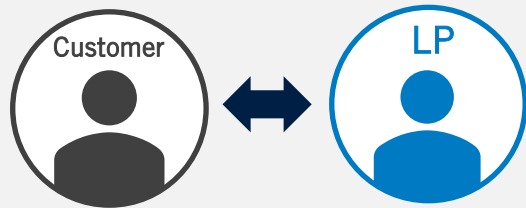
# Strengthening Customer Protection

Multiple Points of Contact through Customer Support Partners and Meeting-Recording Tools (AI)

Before

### My Client

Communication centered on the customer and their Life Planner, with limited involvement from home office.

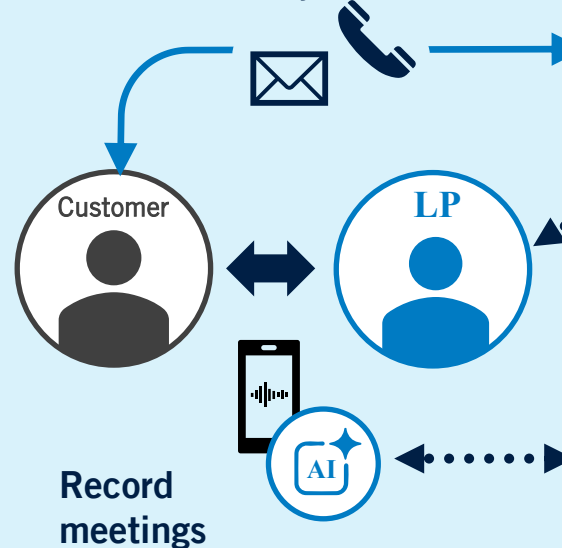


After

### Our Client

Customer follow-up through regular contact with CSP, AI introduced for safety monitoring during interviews

Confirm policy and service details and whether there are any concerns



Record meetings

HQ

#### Customer Support Partner

- Confirmation when customers apply for new policies
- Support with claims, policy-related procedures, and when the assigned sales employee leaves the Company

#### Record meetings with the customer's consent

- Ensure sales quality
- Early identification of customer protection concerns



## Reform (3)

# Sales Employee Evaluation and Compensation System Reform

Compensation will be allocated to balance three objectives: providing stable compensation, incentivizing after-sales service, and encouraging appropriate conduct.

### Before

**A compensation system largely linked to new contract sales performance**

A structure that strengthened incentives to prioritize short-term results



### New system

**Minimum Guarantee**

Introduce minimum guaranteed compensation to provide greater income stability.

**After-Sales Service**

Increase the share of overall compensation from less than 5% to approximately 20%.

**New Contract Sales Commission**

Change instalment payments from four years to seven years.

**Bonus**

Payments will take into account policy retention, compliance, and sales quality.

#### ※Note:

In addition to the above, allowances will be expanded for sales employees through their fifth year with the Company.



## Reform (4)

# Revision of Roles, Evaluation and Compensation Systems for Sales Managers

Emphasizing organizational performance and sound management

## Sales Manager Compensation: Structure and Components

|                   | Roles                                                                                                                                                                                            | Base Salary                                                | Allowance                                                                                                                                                                         | Bonus                                                  |                                                                                                                                                                                                              |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Managing Director | Holds ultimate responsibility for the new branch structure<br>Serves as the first-line risk owner<br>Responsible for branch management, coordination with head office, compliance and governance | Grade-based salary reflecting role performance and results | • Evaluation of compliance and governance performance<br><br>• Evaluation of sales process quality<br><br>※Payment amounts determined based on branch size and span of management | Rewards for contributions to Company growth            | • Revise the proportion of base salary<br><br>• Eliminate the mechanism that directly links compensation to the number of recruits<br><br>• Sales managers will generally not be permitted to sell insurance |
| Executive Manager | Oversees multiple units<br>Responsible for performance management, talent development, recruitment and compliance management across the units                                                    | Fixed Base Salary                                          |                                                                                                                                                                                   | Rewards for contributions to Company and branch growth |                                                                                                                                                                                                              |
| Unit Manager      | Responsible for unit management and the development and management of sales employees within the unit                                                                                            |                                                            |                                                                                                                                                                                   |                                                        |                                                                                                                                                                                                              |



## Reform (5)

# Transition to the New Branch Structure

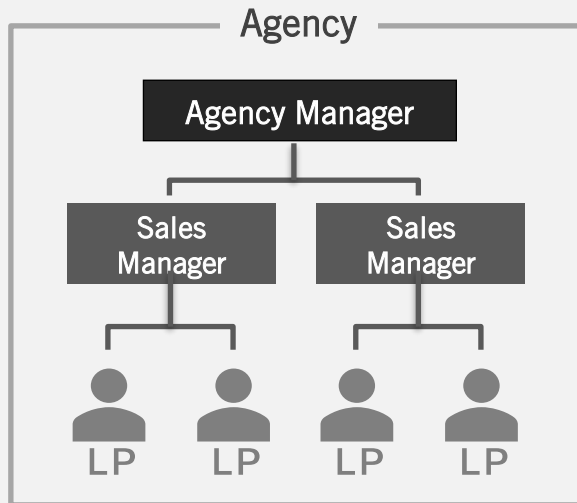
Roles and responsibilities will be clearly defined across three levels of newly established sales management positions as the Company transitions to a new agency structure.

Home office employees providing compliance support will be assigned to branches.

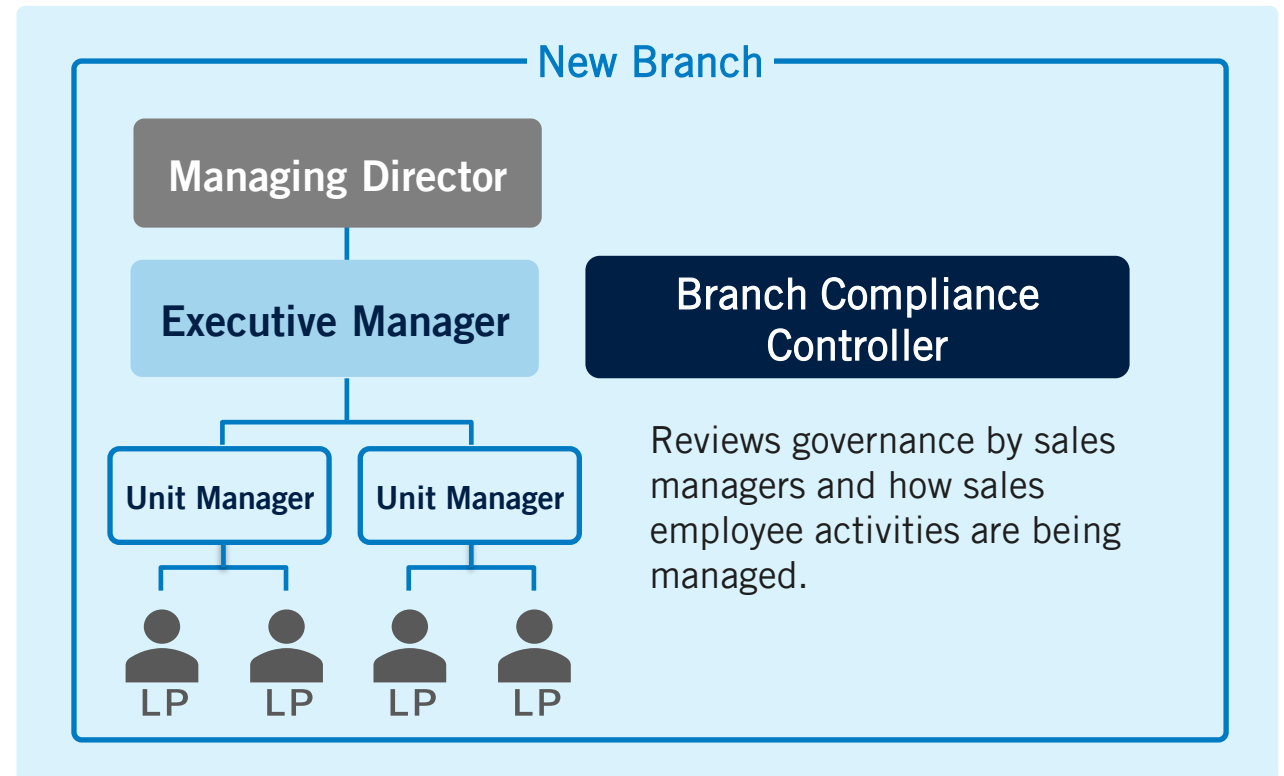
Seven branches will adopt the new structure in November, with the transition across all branches targeted for completion during 2027.

### Before

Agency Managers were responsible for sales promotion, talent development, recruitment and governance.



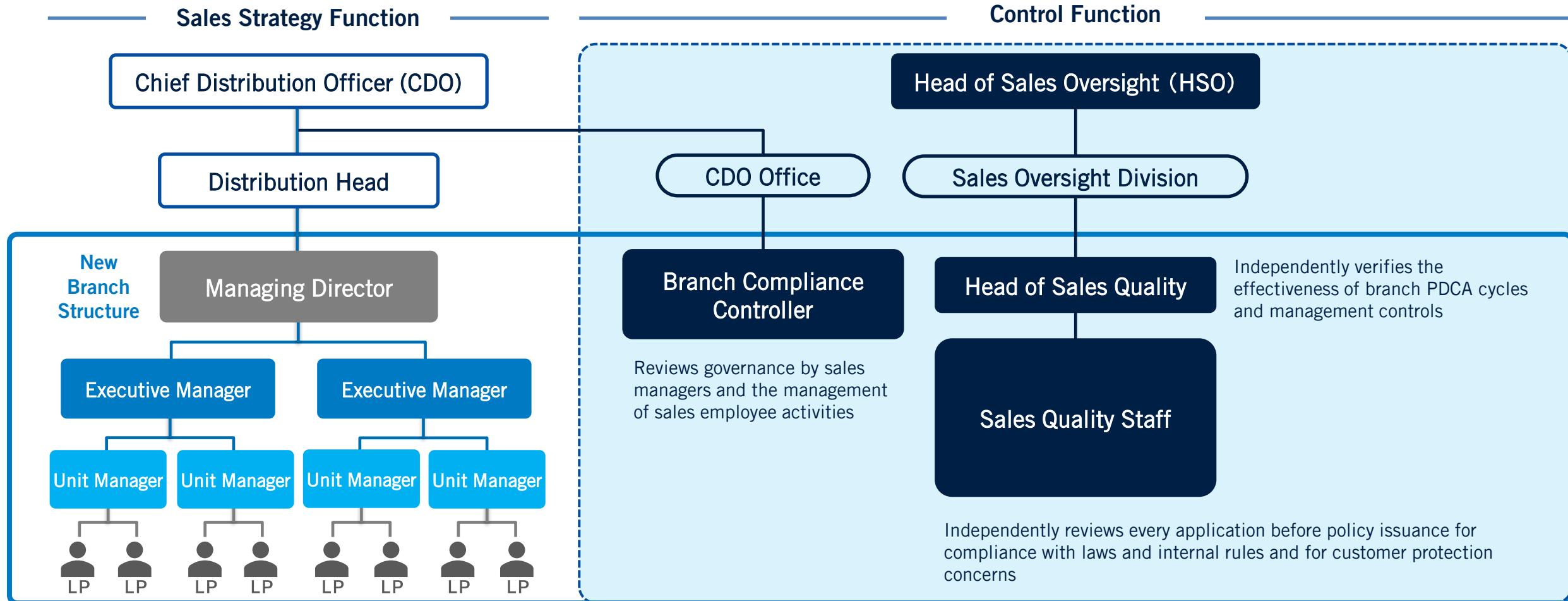
### After



## Reform (6)

# Strengthening Home Office Sales Oversight

Assign Home Office employees with oversight responsibilities to branches.  
Strengthen customer-centric business operations and governance, while improving sales quality.



- Effective July 1, the Company transitioned to a CxO structure and established new roles including the Head of Customer Office and Chief Governance Officer, clearly defining the accountability and strengthening independent checks across functions.
- Effective October 31, five Executive Officers who also serve as Distribution Head will no longer serve as Executive Officers. This will separate management from sales leadership, strengthen governance, and address the Company's excessive emphasis on sales.
- The Company is also strengthening Board oversight and checks and balances under the three-lines of defense framework. For high-risk findings identified by Internal Audit, the President will oversee the status of corrective actions.



## Reform (8)

# Transformation of Corporate and Organizational Culture

A framework for management to continuously monitor and improve conduct (behavior) and culture (organizational environment)

Planned

### Clarification of Conduct Risk Definitions and Response Processes

Establish definitions of conduct risk and a framework for assessment and management

Establish a mechanism for continuous review incorporating external perspectives

In Progress

### Redefining the Core Values

Redefine the Core Values as a common framework for determining behaviors to adopt and behaviors to avoid

In Progress

### Executive Commitments and Branch Visits

Executive officers declare and share their own commitments to behavioral change

Executive officers visit agencies across the Company directly to understand conditions on the ground

In Progress

### Regular Messages from the President to All Employees

Ten video messages from the President to all employees have been distributed since June



# Strengthening Governance in Coordination with the Holding Company

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The Holding Company will also strengthen the identification and sharing of risk information across the Group, as well as management and supervision in accordance with common standards.



## **Approach to Resumption**

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The decision on whether to resume sales activities will be based on whether the necessary framework is in place and functioning effectively to enable customers to engage with sales employees with confidence.

## **Decision-Making Process**

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The Company will carefully assess whether the structural reforms are sufficient and make any necessary revisions.



# Our Vision for the Future

Review the Company's systems and structures with customers firmly at the center

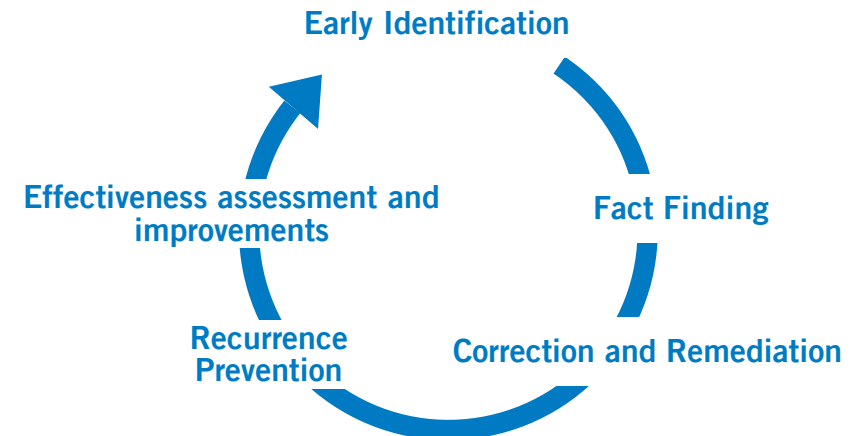
## A Truly Customer-Centric Company

- Strong Customer Focus
- High Ethical Standards
- Comprehensive Financial Knowledge



## An Organization with a Robust and Consistent Capacity to Identify and Correct Issues on Its Own

Changes in the Environment  
and Societal Expectations





# Appendix



# Forward-Looking Statements

Certain of the statements included in this presentation, including those regarding the plans and expectations to implement structural, governance, compensation, sales-oversight, customer-protection and cultural reforms, evaluate the resumption of new-business sales and recruitment, prevent recurrence of misconduct, and restore stakeholder trust, constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “includes,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. Prudential Financial, Inc.’s actual results may differ, possibly materially, from expectations or estimates reflected in such forward-looking statements. Certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements include, among others, losses on investments or financial contracts due to deterioration in credit quality or value, or counterparty default; losses on insurance products due to mortality experience, morbidity experience or policyholder behavior experience that differs significantly from our expectations when we price our products; and uncertainty regarding investigations into and remediation of matters such as the misconduct in Japan. Additional factors and uncertainties that could cause actual results to differ can be found in the “Risk Factors” and “Forward-Looking Statements” sections included in Prudential Financial, Inc.’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. The forward-looking statements herein are subject to the risk, among others, that we will be unable to execute our strategy because of market or competitive conditions or other factors. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this document.

