

# Dedicated to Becoming an Even More Trustworthy Group



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# 1. Japan Post Group Corporate Governance

## 1 Fundamental Policy for Corporate Governance

At the Japan Post Group, all group companies establish their own corporate governance systems, and Japan Post Holdings, as the holding company, uses the following system to oversee management of the group. The objective is to establish an appropriate corporate governance system for the entire Japan Post Group.

### 1. Separation of Business Execution and Supervision

Japan Post Holdings is a company with committees, in which responsibilities for execution of business activities and oversight of management are separated, for the purpose of strengthening corporate governance for the entire Japan Post Group. The president and CEO quickly reaches decisions concerning business activities. The Board of Directors, which includes

external directors, provides appropriate supervision of business activities. In addition, there is a Nomination Committee, Audit Committee, and Compensation Committee, each with a majority of outside directors in order to increase the transparency of the management oversight function.

### 2. Management Meeting and Special Committees

Japan Post Holdings has a Management Meeting made up of executive officers that serves as an advisory body to the president and CEO. This committee discusses important matters involving business activities and submits reports in order to assist the president and CEO in reaching decisions. In addition, there is a Compliance Committee, Corporate Social

Responsibility (CSR) Committee, and other special committees that serve as advisory bodies to the Management Meeting.

Having these committees examine specialized matters and submitting the results to the Management Meeting better enables the Japan Post Group to solve problems involving all aspects of management.

### 3. Group Management

Japan Post Holdings has management control agreements between its operating subsidiaries (see note). In addition, the holding company establishes basic group policies concerning important management items and asks all group companies to follow these policies. Group companies must ask for the holding company's approval or submit reports to the holding company

with regard to items that have a significant effect on the entire group and items required to maintain management transparency. Through these activities, Japan Post Holdings oversees management of the Japan Post Group.

Note: Operating subsidiaries are Japan Post Network Co., Ltd., Japan Post Service Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd.

### 4. Internal Controls

Japan Post Holdings, in accordance with management policies for the Japan Post Group, has established the "Fundamental Policy for Establishment of Internal Control Systems for Japan Post Holdings Co., Ltd.," for the purpose of establishing programs that ensure sound and proper business operations. In addition, the holding company has established basic group policies for internal audits, risk management, compliance, information security, and other items. Group companies are asked to establish their own systems based on these policies.

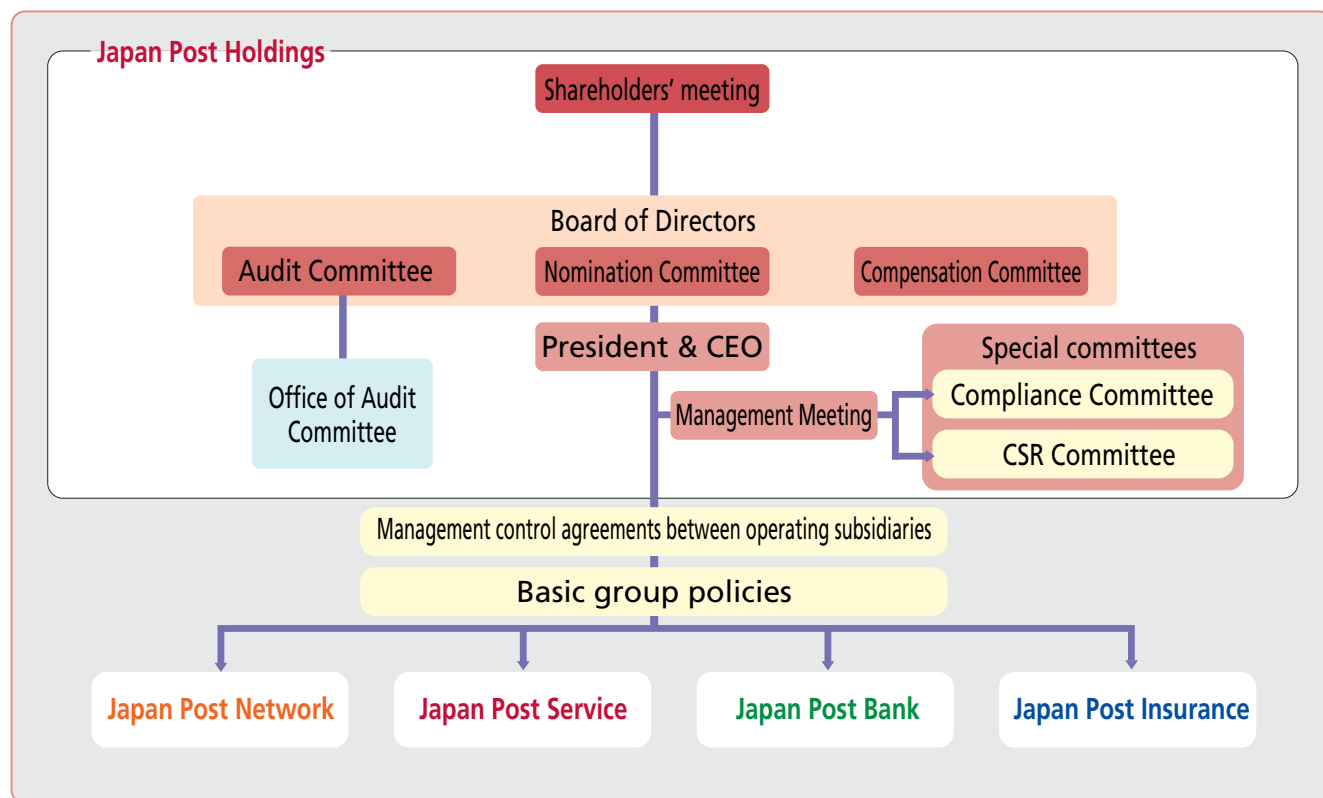
Furthermore, Japan Post Holdings constantly monitors group companies to ensure proper business operations by asking group companies to submit reports. This prevents risks at one group company from affecting other companies and enables the holding company to assist group companies in making improvements as needed.

### 5. Internal Audit System

Japan Post Holdings has an internal audit department that is independent from other departments. The internal audit department asks the internal audit departments of group companies to submit audit regulations, audit plans, audit reports, and other documents. This allows the holding company to

evaluate the suitability of group companies' audit activities and provide assistance as needed. Through these activities, the holding company provides support for establishing an effective internal audit system for the entire group.

■ Japan Post Group Corporate Governance System

JAPAN POST GROUP  
JAPAN POST HOLDINGS

JAPAN POST NETWORK

JAPAN POST SERVICE

JAPAN POST BANK

JAPAN POST INSURANCE

## 2 Japan Post Network Corporate Governance

Japan Post Holdings holds all stock of Japan Post Network, which is a company with corporate auditors. Japan Post Network is governed by its stockholders, directors, corporate auditors, and independent accountant, and has a Board of Directors and a Board of Corporate Auditors. More than half of the directors are outside directors. The Board of Corporate Auditors has a secretariat that includes assistants assigned solely to serve these auditors, thus ensuring autonomy from the directors. In addition, the company has adopted the executive officer system for the purpose of separating the role of business execution from the roles of management decision making and oversight.

There is a Management Committee that is made up of executive officers chaired by a representative director. This committee discusses important business matters before the decision of the Board of Directors. The Management Committee conducts speedy and flexible discussions concerning other subjects and receives reports. In addition, there are special committees to advise the Management Committee: the Compliance Committee, Risk Management Committee, and CS Committee. Important information and opinions are shared by the Management Committee and these committees.

Activities involving internal controls are as follows.

### 1. Risk Management

There is a Risk Management Committee and, as a comprehensive risk management unit, a Risk Management Division. This makes it possible to monitor risks and perform the analysis and management of risks.

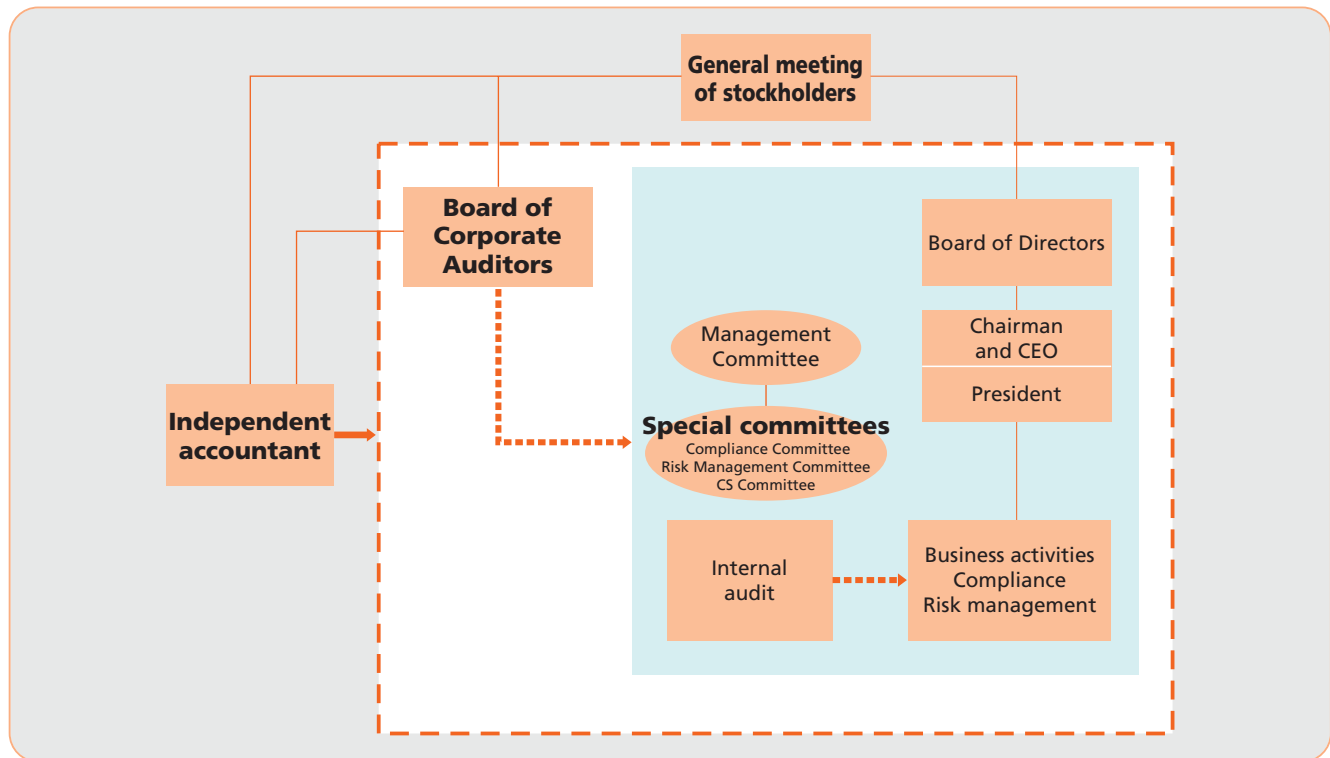
### 2. Compliance

At the head office, there is a Compliance Committee and a Compliance Division that oversees all compliance activities at Japan Post Network. In each regional office, there is a Compliance Office that is supervised by the head office. Each Compliance Office has several compliance officers. In addition, compliance managers are assigned at all divisions of the head office, regional offices, and post offices.

### 3. Internal Audits

In addition to corporate auditors and the independent accountant, Japan Post Network has an Internal Audit Division at the head office that is independent from other departments. There are also Internal Audit Offices at 50 locations throughout Japan. Audits are performed for the purpose of checking and evaluating internal management programs and other activities.

■ Japan Post Network Corporate Governance Structure



JAPAN POST GROUP  
JAPAN POST HOLDINGS

JAPAN POST NETWORK

JAPAN POST SERVICE

JAPAN POST BANK

JAPAN POST INSURANCE

### 3 Japan Post Service Corporate Governance

Japan Post Holdings holds all shares of Japan Post Service, which is a company with corporate auditors. Japan Post Service is governed by its shareholders, directors, corporate auditors, and independent accountant, and has a Board of Directors and a Board of Corporate Auditors.

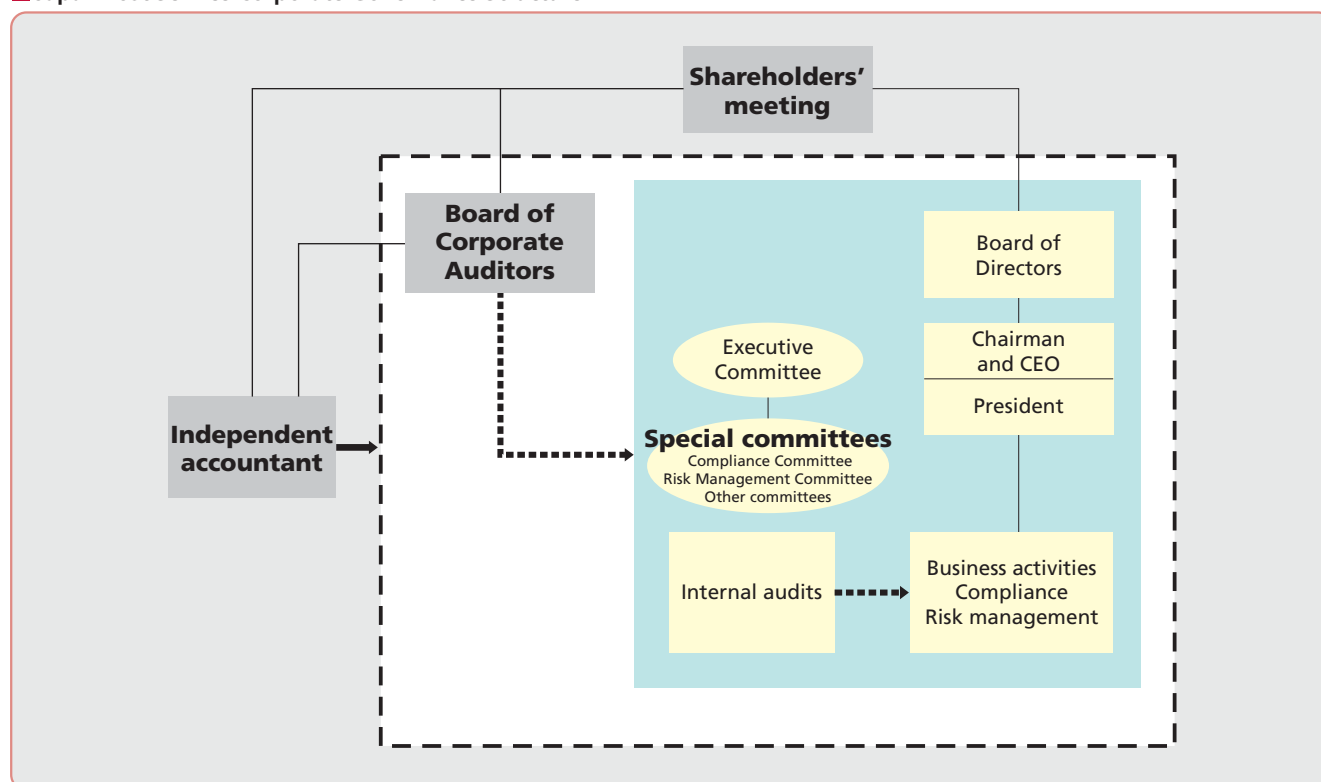
The Board of Corporate Auditors performs audits concerning the status of business activities. This board has a secretariat that includes assistants assigned solely to serve these auditors, thus ensuring autonomy from the directors.

## 1. Executive Committee and Special Committees

There is an Executive Committee that is made up of executive officers and overseen by a representative director. This committee discusses matters to be submitted to the Board of Directors and other important items concerning management.

The Executive Committee oversees the Risk Management Committee, Compliance Committee, and other special committees that conduct specialized discussions on important matters in their respective fields.

#### ■ Japan Post Service Corporate Governance Structure



## 2. Internal Controls

Japan Post Service has established internal audit, risk management, compliance, and other internal control systems in accordance with the fundamental policies of Japan Post Holdings.

- There are an Inspection and Audit Group and audit offices at 13 locations throughout Japan that are independent from the departments subject to these audits.
- At the head office, there is a Risk Management Committee and department responsible for overseeing risk for the entire company. There are also individuals who perform on-site inspections at regional offices.
- At the head office, there is a Compliance Committee and department responsible for overseeing compliance for the entire company. Regional offices have departments that oversee compliance activities. Compliance officers are appointed at each department at the head office and regional offices who are responsible for compliance activities. In addition, there is a compliance manager for every department at the head office and regional offices.

## 4 Japan Post Bank Corporate Governance

Japan Post Bank uses the company with committees system for the purposes of reaching decisions quickly and improving the transparency of management. There are three committees: the Nomination Committee, Audit Committee, and Compensation

Committee. The Board of Directors and these three committees provide a reliable system for the oversight of the management of the Bank.

JAPAN POST GROUP  
JAPAN POST HOLDINGS

### 1. Board of Directors and Three Statutory Committees

Japan Post Bank has six directors, including two directors who also serve as executive officers of the Bank and four external directors. Under the Board of Directors, there are three statutory

committees (Nomination, Audit, and Compensation), each with a majority of external directors. These committees work with the Board of Directors to supervise management.

### 2. Executive Officers, Executive Committee, and Special Committees

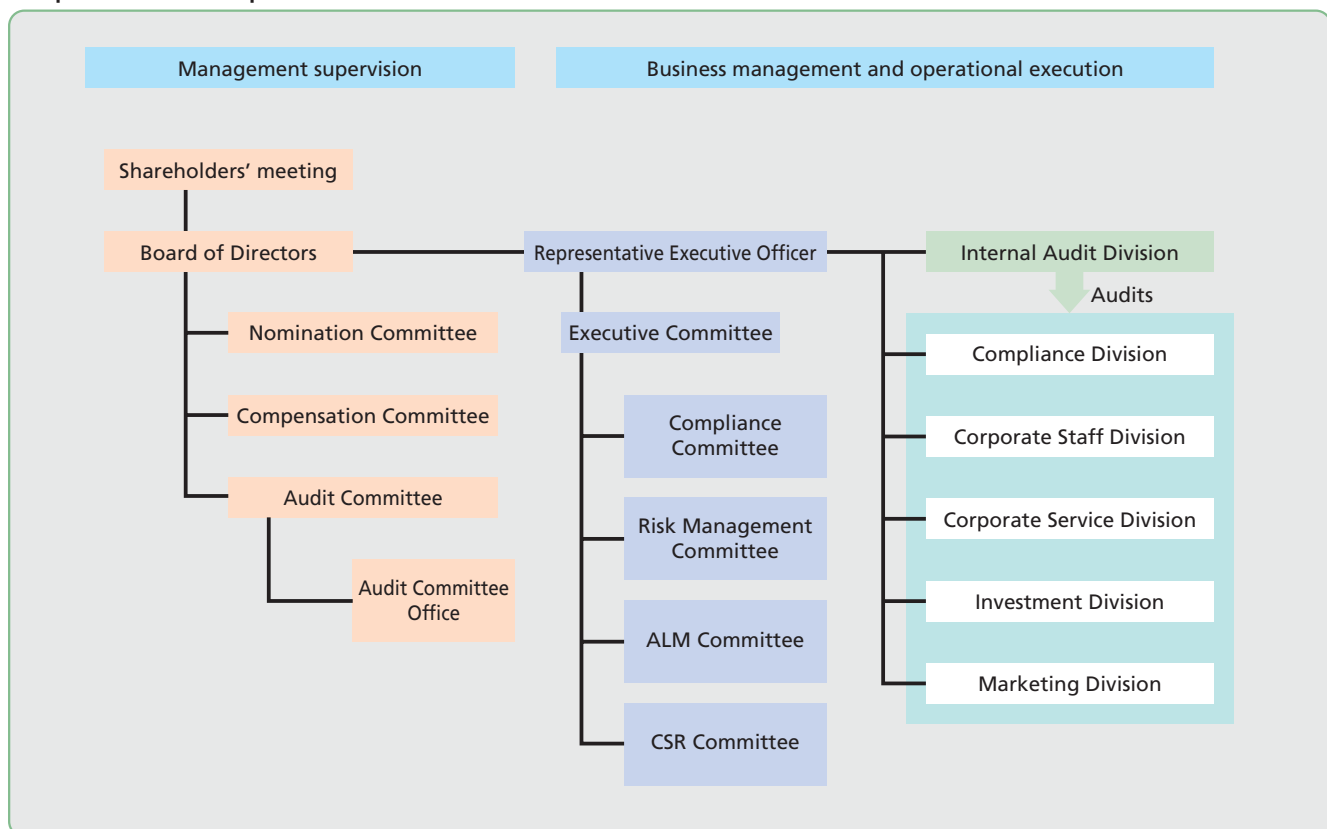
The executive officers, who are selected by the Board of Directors, are responsible for conducting business operations. The Representative Executive Officer conducts business operations by making full use of the authority and responsibilities delegated by the Board of Directors. The Executive Committee, which is an advisory body to the

Representative Executive Officer, discusses important matters involving the execution of business operations. To assist the Executive Committee regarding subjects requiring specialized discussions, there is a Compliance Committee, Risk Management Committee, ALM Committee, and CSR Committee.

JAPAN POST NETWORK

JAPAN POST SERVICE

#### ■ Japan Post Bank Corporate Governance Structure



JAPAN POST BANK

JAPAN POST INSURANCE

## 5 Japan Post Insurance Corporate Governance

Japan Post Insurance regards the establishment and improvement of internal management systems as an extremely important task in order to achieve the goals of increasing its corporate value and becoming Japan's most trusted insurance

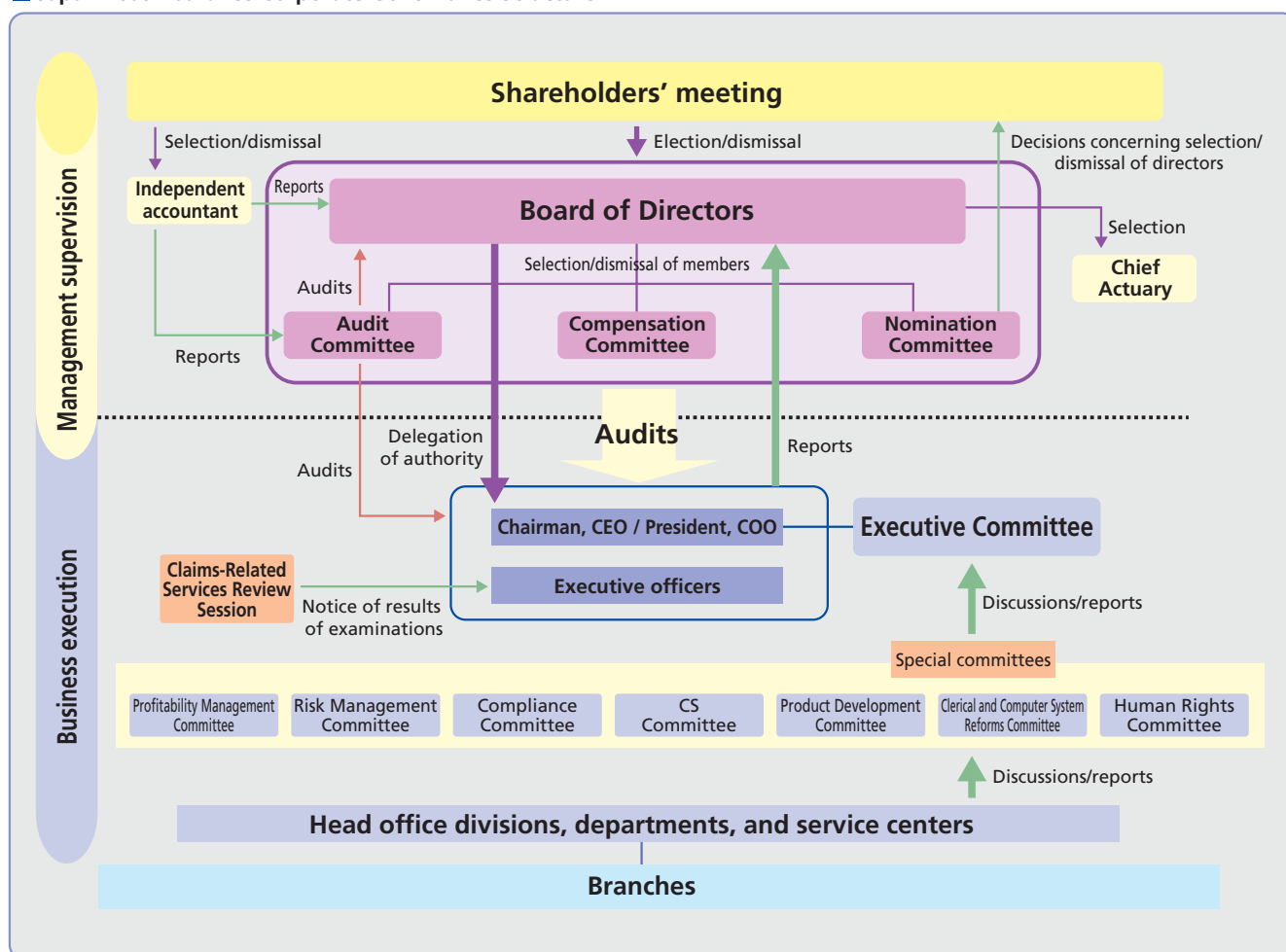
company. The business operations framework is based on the principle of self-responsibility. The company will continue to work on strengthening its corporate governance organization and activities.

### 1. Summary of Organization

Japan Post Insurance is a company with committees. In addition, the company separates the roles of management oversight, which is performed by the Board of Directors, and business execution, which is performed by the executive officers. This separation more clearly defines accountability for the

company's management. In addition, there are three committees: a Nomination Committee, Audit Committee, and Compensation Committee. Together, these committees help ensure the fairness of the management oversight function of the Board of Directors.

#### ■ Japan Post Insurance Corporate Governance Structure





## 2. Executive Committee and Special Committees

Japan Post Insurance has an Executive Committee made up of all the executive officers. This committee discusses important matters concerning management, fundamental operating policies for business units, and other issues involving the execution of business activities. In addition, the company has the following seven special committees, which meet on a regular basis. These special committees assist the Executive Committee in conducting specialized and efficient discussions concerning the above issues.

### (1) Profitability Management Committee

This committee studies systems for the comprehensive management of assets and liabilities and discusses fiscal year asset management policies, sales policies, and other subjects.

### (2) Risk Management Committee

This committee discusses fundamental policies for the management of insurance underwriting, investment, operation, and other categories of risk. In addition, the committee prepares periodic reports concerning the status of risk management.

### (3) Compliance Committee

This committee discusses fundamental policies for compliance activities and the oversight of insurance sales activities and prepares reports concerning the status of compliance programs.

### (4) CS Committee

This committee discusses fundamental policies for dealing with customer complaints, examines ways to improve customer satisfaction, and performs other tasks.

### (5) Product Development Committee

This committee supervises progress made concerning collaboration among departments involved with creating new products and revising and eliminating existing products. Another role is discussing the status of managing insurance underwriting risk, investment risk, clerical risk, and computer system risk. The committee is also responsible for confirming the status of products after a product has been introduced, revised, or eliminated.

### (6) Clerical and Computer System Reforms Committee

This committee studies ways to improve the efficiency of clerical operations, including by using computer systems. Another role is discussing the fundamental policy for developing these systems and other related matters.

### (7) Human Rights Committee

This committee studies ways to make people more aware of the rights of individuals, such as through actions to prevent sexual harassment, and discusses policies for protecting human rights.

## 2. Japan Post Group Compliance Framework

Compliance is one of the highest management priorities of the Japan Post Group. To conduct rigorous compliance activities, all group companies construct an effective compliance framework with the guidance and support of Japan Post Holdings.

### 1 Japan Post Group Compliance Framework

The Japan Post Group employs a common compliance framework. Each company establishes a Compliance Division to unify the management of compliance-related matters, and formulates a compliance program annually to take concrete actions to promote compliance activities.

In addition, each group company has a Compliance Committee that reports to its Management Meeting to review the compliance policy, framework, specific activities, and associated issues.

The Compliance Division of Japan Post Holdings establishes a fundamental compliance policy for the entire group. This department also provides group companies with guidance and support to make improvements as required. These activities make it possible to maintain and improve compliance functions for the group as a whole.

### 2 Japan Post Holdings Compliance Framework

Japan Post Holdings is a financial holding company engaged primarily in planning and in management and administration. At the same time, the holding company directly operates hospitals, hospitality facilities, and other businesses. As a result, the

holding company is working on building a compliance promotion system and conducting compliance activities that match the characteristics of its operations.

#### 1. Compliance Framework

##### (1) Establishment of compliance line

Japan Post Holdings has a Compliance Department that performs planning and promotion of compliance activities throughout the group. This department includes an executive compliance officer who is responsible for executing specific compliance activities. There are also compliance officers for the Hospitals Management Department and the Hotels Management Department.

In addition, compliance managers have been appointed at all head office departments, hospitals, hospitality facilities, and other business units in order to establish a line of responsibility for compliance activities.

##### (2) Internal reporting system

The Compliance Department has an internal reporting service that can be used by employees and others.

In addition, reports of compliance infringement at any group company can be submitted at a designated attorney's office, which provides an external reporting channel. This reporting system makes it possible to quickly deal with compliance violations and prevent such violations from spreading.

##### (3) Listening to customers

All group companies are dedicated to using feedback from customers concerning business operations and other items for the purpose of making improvements. Furthermore, to identify incidents involving compliance and other matters, the Compliance Department has a manager responsible for dealing with customers.

#### 2. Compliance Activities

##### (1) Establishment of compliance program

Each fiscal year, a compliance program is established to provide a plan for specific actions involving compliance. Progress is then checked and evaluated on a regular basis.

##### (2) Preparation and distribution of compliance manual

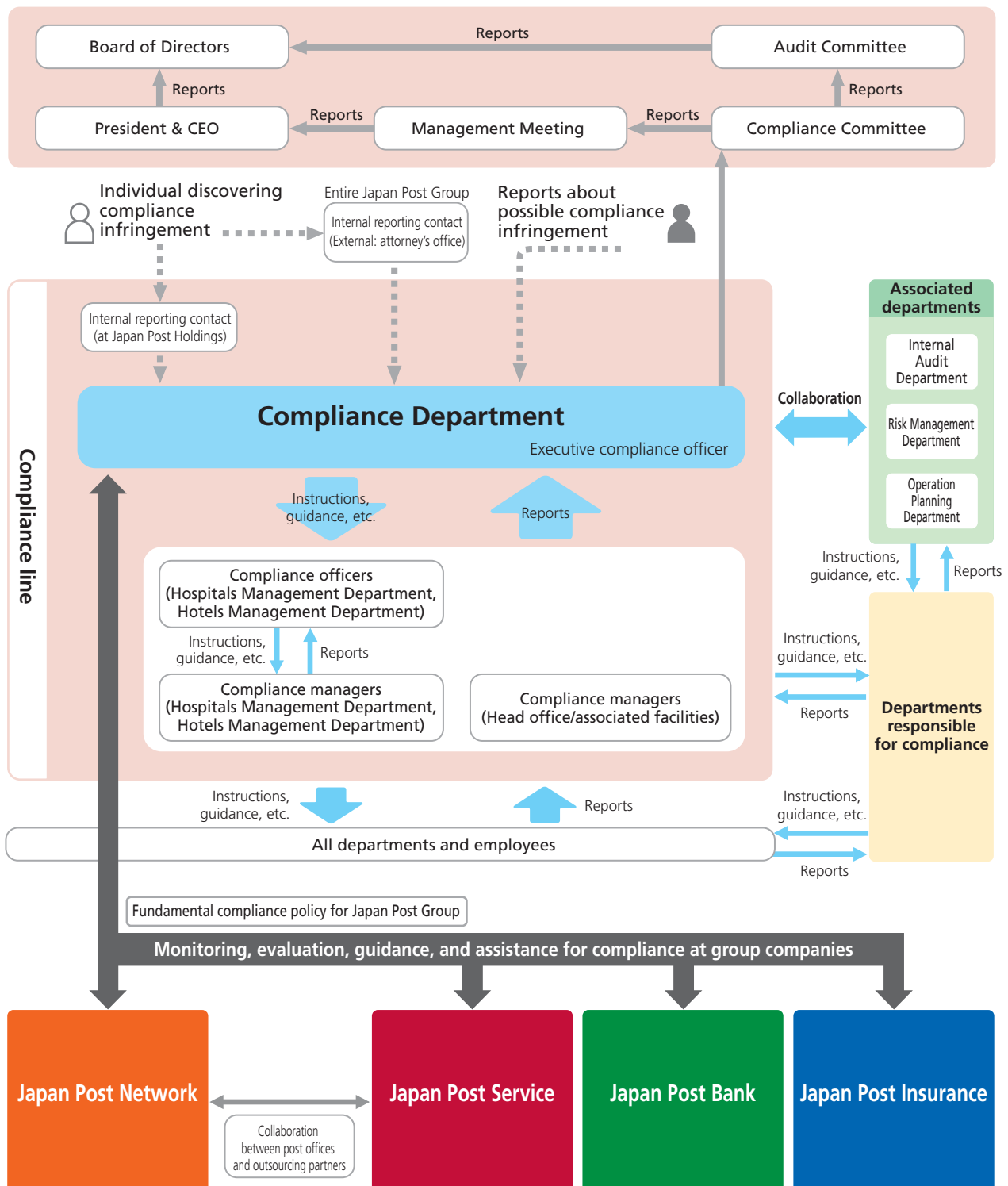
A compliance manual is prepared to serve as a practical guide to promote compliance. The manual explains the compliance framework, compliance items, and other subjects. All

employees receive a compliance handbook that summarizes the contents of the manual in a format that is easy to understand. There are also training programs and other activities to raise awareness among employees of the importance of compliance.

##### (3) Execution of compliance activities

A specific department that is responsible for the promotion of compliance activities is set up for each compliance item.

## 3. Compliance Flowchart for Japan Post Group and Japan Post Holdings



## 4. Japan Post Group Privacy Policy

The Japan Post Group is dedicated to providing services that can achieve a high degree of customer satisfaction. Properly protecting personal data is vital to accomplishing this goal. Accordingly, the group has established the following fundamental policy for protecting personal data, which is generally known as the group's privacy policy.

### (1) Compliance with laws and regulations

When handling personal data, the group complies with all laws and regulations associated with protecting personal data, national government policies, and the provisions of the privacy policy ("laws, regulations, etc.," hereafter).

### (2) Purpose of using personal data

The group specifies the purpose of using personal data and uses this data solely for achieving this purpose. The purposes for which group companies use personal data are listed in the privacy policies of each company.

### (3) Acquisition of personal data

The group acquires personal data using methods that are legal and proper.

### (4) Measures for safe management of personal data

The group uses an appropriate safety management system to prevent leaks, losses, or alterations of personal data. In addition, the group properly supervises employees and outsourcing partners.

### (5) Provision of personal data to third parties

Except in cases where required by laws, regulations, etc., the group does not supply personal data to third parties without the prior consent of each individual. In cases where two or more group companies share the same personal data, this sharing is performed only after providing prior notice or public announcements of items required by law.

### (6) Procedure for requesting disclosure of personal data

The group responds in a sincere manner in cases where there are requests for the notification of the purpose of use or for the disclosure, correction, or termination of use of personal data as prescribed by laws, regulations, etc.

### (7) Continuous improvements

The group constantly reviews and improves its management and handling methods for the protection of personal data in response to advances in information technology and shifts in social demands.

## 5. Sharing of Personal Data among Japan Post Group Companies

The Japan Post Group began with the October 2007 privatization of Japan's postal system. Japan Post Group companies consist of Japan Post Holdings Co., Ltd., Japan Post Network Co., Ltd., Japan Post Service Co., Ltd., Japan Post Bank Co., Ltd., Japan Post Insurance Co., Ltd., and several other subsidiaries and affiliated companies.

Each Japan Post Group company uses its respective specialized skills to provide high-quality services. The objective is to achieve even greater customer satisfaction. To accomplish this goal, the Japan Post Group wishes to share customers' personal data solely to the degree required and within the scope explained below. This data is used to conduct business activities performed directly by group companies or through outsourcing partners.

The group asks for customers' understanding, and pledges that strict information management will be used during the shared use of personal data.

### (1) Personal data items for shared use

Shared use covers names, birth dates, addresses, telephone numbers and other contact information, family members, occupations, and data concerning business transactions with the group. However, this excludes information about materials sent or delivered by postal mail or any sensitive information.

### (2) Scope of parties involved in shared use

Shared use is limited to the Japan Post Group. However, this applies only to companies included in the consolidated financial statements, including equity-method affiliates, of Japan Post Holdings Co., Ltd., as prescribed by laws, regulations, etc., and is limited to the companies listed on the right.

### (3) Purpose of use

- a. Distribution of information about services and research and development involving services
- b. Decisions involving the provision of services
- c. For the proper management of group business operations primarily for the purpose of monitoring and managing risks

### (4) Name of party with responsibility for managing personal data

Japan Post Holdings Co., Ltd.

### (5) Other items

- a. Customer data from pre-privatization postal insurance policy contracts will be used for insurance sales activities only after receiving the prior consent of the applicable customers.
- b. Prior consent of the applicable customers will be received before using data on savings transactions (private financial information) for insurance sales activities and before using data on transactions (private financial information) involving life insurance policies (including postal insurance) to sell savings products.

### ■ List of Companies Involved in Shared Use of Personal Data

Japan Post Holdings Co., Ltd.; Japan Post Network Co., Ltd.; Japan Post Service Co., Ltd.; Japan Post Bank Co., Ltd.; Japan Post Insurance Co., Ltd.

### 3 Japan Post Network Compliance Framework

#### 1. Fundamental Policy for Compliance

As a company that operates a network of post offices that cover every area of Japan and are closely linked to the activities of its customers, Japan Post Network must earn the trust of these customers. This is why the company positions compliance as

one of its highest management priorities. All executives and employees are committed to doing what is needed to fulfill the company's obligations to society.

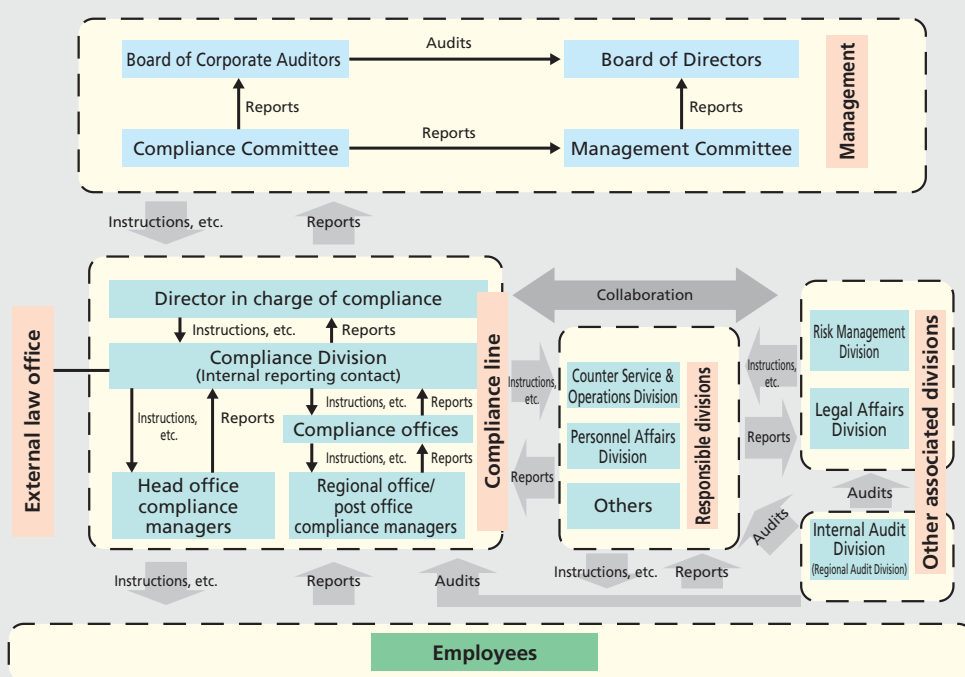
#### 2. Compliance Framework

Japan Post Network has compliance managers at all post offices, divisions overseeing business activities, divisions involved in sales, and other divisions. These managers conduct an extensive compliance program throughout the company that is supervised by the Compliance Division. This provides for the centralized management of compliance activities across the entire company.

Items of particular importance that are directly linked to business activities are designated as "compliance items." Group

companies place particular emphasis on these items by naming divisions that are responsible for taking the necessary actions. In addition, these divisions work closely with the Compliance Division, Risk Management Division, Legal Affairs Division, Internal Audit Division, and other divisions that play a major role in compliance activities.

#### Japan Post Network Compliance Flowchart



### 3. Compliance Activities

Each fiscal year, Japan Post Network prepares a compliance program containing specific activities and then periodically confirms and evaluates progress. In addition, the company uses monitoring and audits to determine how compliance programs are followed. Each division is given a compliance manual to use as a guide for specific measures to implement compliance programs. All employees receive a compliance handbook containing the necessary information that they should know about compliance.

Raising the awareness of compliance of each and every employee is vital to conducting an effective compliance program. For this purpose, Japan Post Network conducts a variety of training activities. One is an e-learning class for compliance managers. There are also classes designed for levels of management and specific job categories. The broad range of training even includes classes at individual post offices that use the compliance handbook and other teaching materials.

## 4 Japan Post Network Sales and Service Policies

(1) Japan Post Network recommends products and services that are appropriate based on each customer's knowledge, experience, financial position, and purpose for using that product or service.

(2) Japan Post Network explains products and services so that customers can make decisions on their own based on a full understanding of these products and services.

(3) Japan Post Network does not explain items in a manner that could lead to a misunderstanding by customers, such as by making definitive statements or providing information other than facts.

(4) When explaining products and services, Japan Post Network exercises care to avoid times of day and locations that are annoying for customers.

(5) Japan Post Network carefully manages information about customers that is obtained during the provision of products and services.

(6) Japan Post Network provides employees with adequate training concerning laws and regulations and manners to ensure the appropriate provision of products and services.

## 5 Japan Post Network Protection of Personal Data

Japan Post Network has established a fundamental policy for the protection of personal data (privacy policy) and strictly manages personal data based on this policy.

### Privacy Policy

Japan Post Network believes that the proper protection and handling of personal data is an important theme regarding the provision of services that achieve a high degree of customer satisfaction. Based on this stance, the company has established a fundamental policy for the protection of personal data and operates according to the policy.

#### (1) Compliance with laws, regulations, etc.

When handling personal data, Japan Post Network complies with the Act on the Protection of Personal Information (2003 Law No. 57) and other laws and ordinances concerning the protection of personal data as well as national government directives and other guidelines.

#### (2) Purpose of using personal data

Japan Post Network specifies the purpose of using personal data and uses personal data solely as required to achieve that purpose.

In cases where the purpose of using particular personal data is restricted by laws, regulations, etc., Japan Post Network will not use that data for any reason other than the original purpose.

#### Information about handling personal data (excerpt)

Japan Post Network uses personal data for the following purposes.

- **Purposes involving Japan Post Network's operations for other companies**
  - To properly perform business activities outsourced from other companies, and to propose products and services of alliance partners and other companies
- **Purposes involving Japan Post Network's own operations**
  - To exercise Japan Post Network's rights and fulfill its obligations based on contracts with customers and laws with regard to the provision of its products and services
  - To perform follow-up management when a transaction is terminated or after a transaction is terminated
  - To perform market surveys, analyze data, and distribute questionnaires
  - To distribute information concerning products and services by direct mail and other means
  - To ensure the proper and efficient completion of other transactions with customers

Japan Post Network carries out bank agency business and financial instrument intermediary business for Japan Post Bank, insurance agency business for Japan Post Insurance and non-life insurance companies, postal window business for Japan Post Service, and other business for other companies. However, without the consent of customers, Japan Post Network does not use personal data received from customers (data that is not public) for other outsourced business operations or use personal data gained from outsourced activities for the company's own business activities.

In addition, Japan Post Network may acquire special non-public information about customers, such as data concerning race, creed, origin, domicile, health care, or a criminal record. Such data is not used or shared with third parties for reasons other than for the proper operation of business activities and other requirements.

#### (3) Acquisition of personal data

Japan Post Network acquires personal data using proper and legal methods, and solely as required for the purposes specified in the previous item.

#### (4) Measures for safe management of personal data

Japan Post Network exercises care to store and manage personal data in an accurate and up-to-date state. It uses an appropriate safety management system to prevent leaks, losses, or alterations of personal data. In addition, Japan Post Network properly supervises employees and companies that handle personal data on an outsourcing basis.

#### (5) Provision of personal data to third parties

Except in cases where required by laws, regulations, etc., Japan Post Network does not supply personal data to third parties without the prior consent of each individual. In cases where a customer's personal data is shared with one or more companies, this sharing is performed only after providing prior notice or public announcements of items required by law.



**(6) Procedure for requesting disclosure of personal data**

Japan Post Network responds appropriately and promptly in cases where there are requests for the notification of the purpose of use of personal data; disclosure of the contents of that data; corrections, additions, or deletions when the personal data is not consistent with facts; suspension of use of personal data; termination of sharing this data with third parties; and other requests.

**(7) Continuous improvements**

Japan Post Network constantly reviews and improves its management and handling methods for the protection of personal data in response to advances in information technology and shifts in social demands.

■ Japan Post Network Customer Service Consulting Center

**Customer Service Consulting Center: 0570-046-111 (Communications charge must be paid by customer.)**

(8:00 to 22:00 on weekdays, 9:00 to 22:00 on weekends and holidays)

## 6 Japan Post Service Compliance Framework

### 1. About Compliance

At Japan Post Service, compliance is defined as the adherence to laws and regulations, rules, internal rules, social standards for behavior, and corporate ethics by all executives and employees.

### 2. Compliance Framework

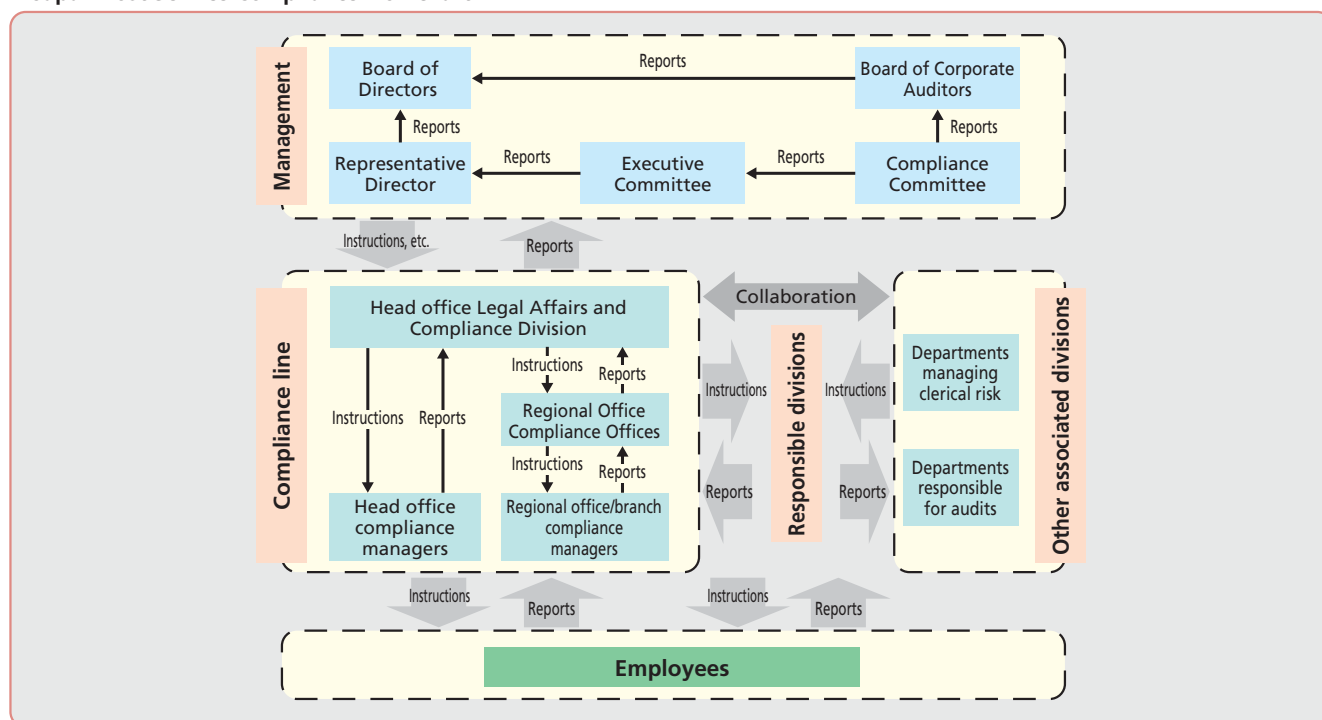
Compliance is based on the objectives of management and centered on a compliance line consisting of the head office Legal Affairs and Compliance Division and other divisions. Japan Post Service uses this approach to execute compliance activities at all divisions and by all employees.

Our compliance activities cover an extremely broad range of operations even with regard to only activities directly related to business operations. We appoint compliance officers and managers to properly conduct these extensive compliance activities. This ensures that we have a highly independent

compliance line that includes the head office Legal Affairs and Compliance Division, Regional Office Compliance Offices, compliance officers, and managers.

Items of particular importance that are directly linked to business activities are designated as “compliance items.” We place particular emphasis on these items in training, awareness, and other programs. In addition, we designate divisions that are responsible for activities involving the compliance items. These divisions conduct the actual programs required by these items while working with the compliance line.

#### ■ Japan Post Service Compliance Flowchart



### 3. Establishment of Compliance Policies

#### (1) Compliance program

We have prepared a compliance program to provide a concrete action plan for compliance. The compliance program is reviewed each fiscal year in order to further improve

compliance systems throughout the company. The program includes the oversight of initiatives under way, including progress, attainment of goals, and follow-up actions.

**(2) Compliance manual**

We have prepared a compliance manual to serve as a practical guide for compliance programs. The manual contains all information concerning compliance at Japan Post Service. Each division and branch office has its own copy of this manual.

**(3) Compliance handbook**

The compliance handbook contains the minimum amount of information selected from the compliance manual that executives and employees should know about compliance. The handbook is arranged in particular to serve as a handy reference that employees working at branch offices can use frequently. All executives and employees receive a copy of this handbook.

## 4. Compliance Activities

**(1) Compliance training**

Compliance training covers compliance activities and the minimum amount of information that employees need to know about compliance. Each year, we establish a compliance program. Knowledge required about compliance is different depending on an individual's job and rank. To provide this

knowledge, there are separate classes for individual work sites, levels of management, and job categories.

**(2) Compliance inspections**

We check and evaluate the status of compliance in order to gather information needed to determine initiatives that can further improve compliance activities.

## 7 Japan Post Service Protection of Personal Data

Japan Post Service is dedicated to providing services that can achieve a high degree of customer satisfaction. Properly protecting personal data is vital to accomplishing this goal.

Accordingly, Japan Post Service has established the following fundamental policy (privacy policy) for protecting personal data.

## Privacy Policy

**(1) Compliance with laws, regulations, etc.**

When handling personal data, Japan Post Service complies with all laws and regulations associated with protecting personal data, national government policies, and the provisions of the privacy policy.

**(2) Purpose of using personal data**

Japan Post Service specifies the purpose of using personal data and uses this data solely for achieving this purpose.

**(3) Acquisition of personal data**

Japan Post Service acquires personal data solely as required to accomplish the above purpose and in a proper and legal manner.

**(4) Measures for safe management of personal data**

Japan Post Service uses an appropriate safety management system to prevent losses, alterations, or leaks of personal data. In addition, it properly supervises employees and companies that handle personal data on an outsourcing basis.

**(5) Provision of personal data to third parties**

Except in cases where required by laws, regulations, etc., Japan Post Service does not supply personal data to third parties without the prior consent of each individual. In cases where personal data is shared, this sharing is performed only after providing prior notice or public announcements of items required by law.

**(6) Procedure for requesting disclosure of personal data**

Japan Post Service responds in a sincere manner in cases where there are requests for the notification of the purpose of use or for the disclosure, correction, or termination of use of personal data as prescribed by laws, regulations, etc.

**(7) Continuous improvements**

Japan Post Service constantly reviews and improves its management and handling methods for the protection of personal data in response to advances in information technology and shifts in social demands.

## 8 Japan Post Bank Compliance Framework

### 1. Fundamental Policy

We regard compliance as the adherence to laws and regulations as well as internal rules, social standards for behavior, and corporate ethics by all executives and employees. We view

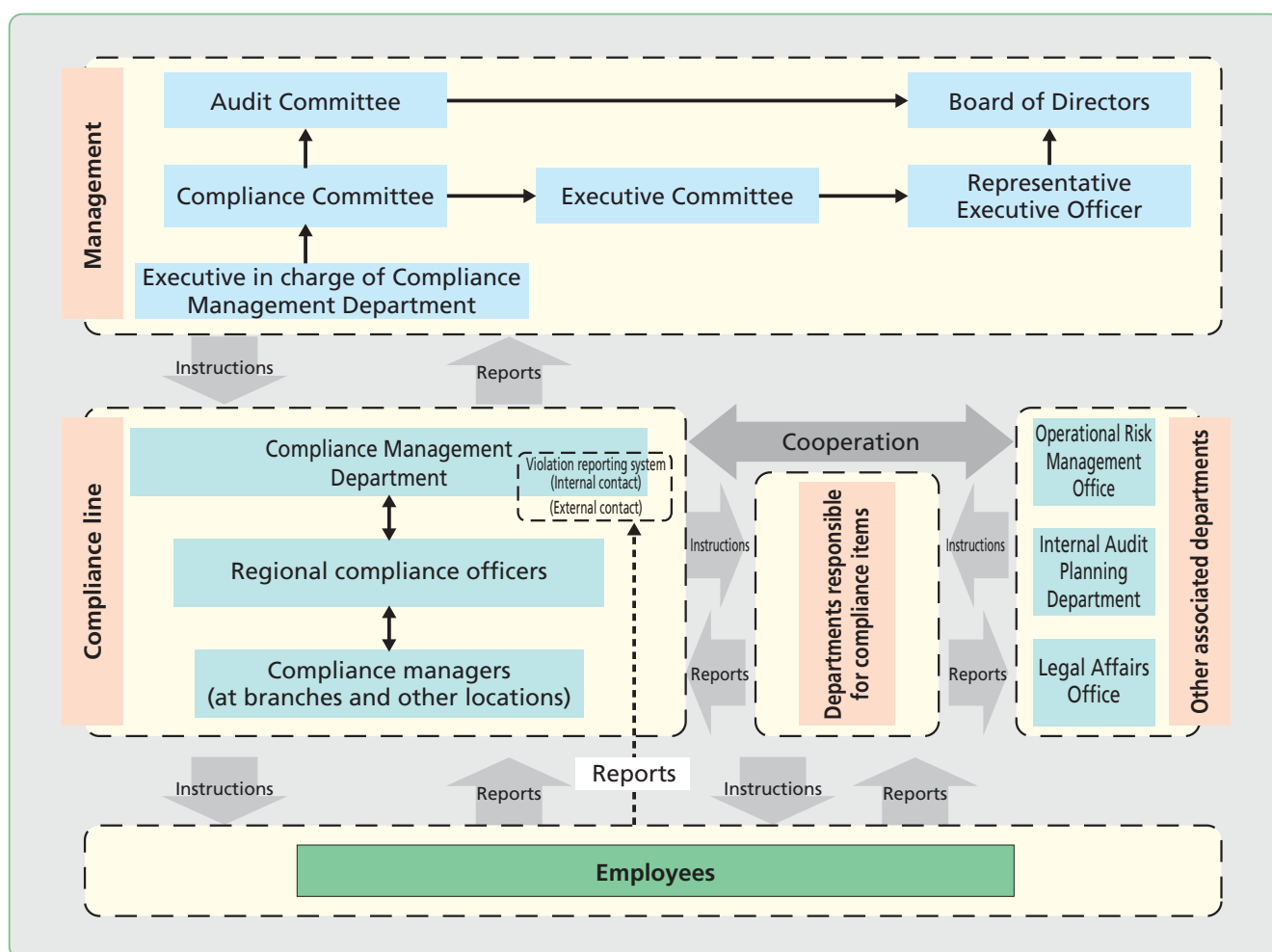
compliance as one of the most important management missions, aiming to be the most dependable bank in Japan, and conduct rigorous compliance activities.

### 2. Compliance Framework

Japan Post Bank has a Compliance Committee made up of executives associated with compliance activities. This committee discusses important matters related to compliance and reports on the progress of these matters. In addition, we have a Compliance Management Department that, under the supervision of the executive in charge of compliance, plans compliance activities and supervises the execution of these activities.

Compliance officers, who are independent of business operations, are assigned to certain departments and branches for the purpose of monitoring the status of compliance activities. In addition, every department and branch has a compliance manager who conducts compliance activities within the division and provides guidance.

#### ■ Japan Post Bank Compliance Flowchart



### 3. Compliance Activities

Every year, we establish a compliance program as a concrete action plan for conducting compliance activities. This program defines priority themes and provides a blueprint for employee training as part of rigorous compliance measures.

To provide a specific guide for compliance, we have established a compliance manual that explains compliance activities. This manual is used for training executives and employees so that everyone fully understands the contents. In addition, all executives and employees have a compliance handbook that contains the minimum amount of information selected from the compliance manual that employees should know. This handbook helps further raise awareness of the importance of compliance.

In addition to these activities, there are internal and external channels for directly reporting compliance violations that are difficult to report to compliance managers. Reports include compliance violations that an employee suspects may constitute a violation. This reporting system helps prevent the occurrence of compliance violations, stop improper behavior from becoming widespread, and provide for the rapid resolution of compliance problems.

As described in this section, Japan Post Bank has established compliance programs and uses the above methods to implement these programs. This approach gives us a compliance framework that can function effectively.

## 9 Japan Post Bank Protection of Personal Data

Japan Post Bank has established the following privacy policy and conducts business operations based on this policy. We recognize that protecting personal data is vital to offering services that can achieve a high degree of customer satisfaction.

### Privacy Policy

#### (1) Compliance with laws and regulations

When handling personal data, we comply with all laws and regulations associated with protecting personal data, national government policies, and this privacy policy.

#### (2) Purpose of using personal data

We specify the purpose of using personal data and use this data solely for achieving this purpose.

#### (3) Acquisition of personal data

We acquire personal data using methods that are legal and proper and solely for the purposes listed in the above item.

#### (4) Measures for safe management of personal data

We use an appropriate safety management system to prevent losses, alterations, or leaks of personal data. In addition, we properly supervise employees and outsourcing partners.

#### (5) Provision of personal data to third parties

Except in cases where required by laws, regulations, etc., we do not supply personal data to third parties without the prior consent of each individual. In cases where we share personal data with other parties, this sharing is performed only after providing prior notice or public announcements of items required by law.

#### (6) Procedure for requesting disclosure of personal data

We respond in a sincere manner to requests for the notification of the purpose of use or for the disclosure, correction, or termination of use of personal data as prescribed by laws and regulations.

#### (7) Continuous improvements

We constantly review and improve our management and handling methods for the protection of personal data in response to advances in information technology and shifts in social demands.

## 10 Japan Post Insurance Compliance Framework

### 1. Compliance Framework

Japan Post Insurance defines compliance as the adherence to laws, regulations, etc., by executives and employees with regard to all activities of the company. In more specific terms, this definition extends beyond compliance with laws, regulations, and rules to include compliance with internal rules, social standards of behavior, and corporate ethics.

The Japan Post Insurance management philosophy is “moving forward with our customers while serving as Japan’s most convenient and trusted insurance company.” Based on this philosophy, the company conducts business operations while placing the highest priority on compliance. To accomplish this, the entire company has a firm commitment to compliance.

### 2. Compliance Policy

Japan Post Insurance has established Compliance Regulations that prescribe basic items for compliance activities. These regulations are based on the Japan Post Group Charter of Corporate Conduct, the Japan Post Group fundamental compliance policy, and the Japan Post Insurance management philosophy.

We have prepared a compliance manual to serve as a practical guide for compliance programs. The manual explains all regulations and compliance items that our executives and employees must observe. The head office, branch offices, and all other departments have a copy of this manual. In addition, we have prepared a compliance handbook that

contains the minimum amount of information selected from the compliance manual that everyone should know about compliance. We have also prepared a booklet called *Earning the Trust of Customers* that contains the Japan Post Group Charter of Corporate Conduct, our management philosophy, and other items for handy reference.

Each fiscal year, Japan Post Insurance prepares a compliance action plan called the compliance program. Each branch office and other business sites then prepare their own action plans based on this program in order to conduct rigorous compliance activities. The head office periodically confirms and evaluates progress.

### 3. Compliance Activities

To oversee compliance activities, we have a Compliance Committee made up of company executives. In addition to preparing reports about the status of compliance and discussing subjects involving compliance, this committee submits periodic compliance reports to the Executive Committee and Board of Directors.

The Compliance Control Department is responsible for supervising all items involving compliance, including planning and coordinating compliance items. We also have 13 Regional Compliance Divisions, which are supervised directly by the head office. Offices oversee all compliance activities in their respective areas and provide guidance and support concerning compliance and perform investigations of compliance violations.

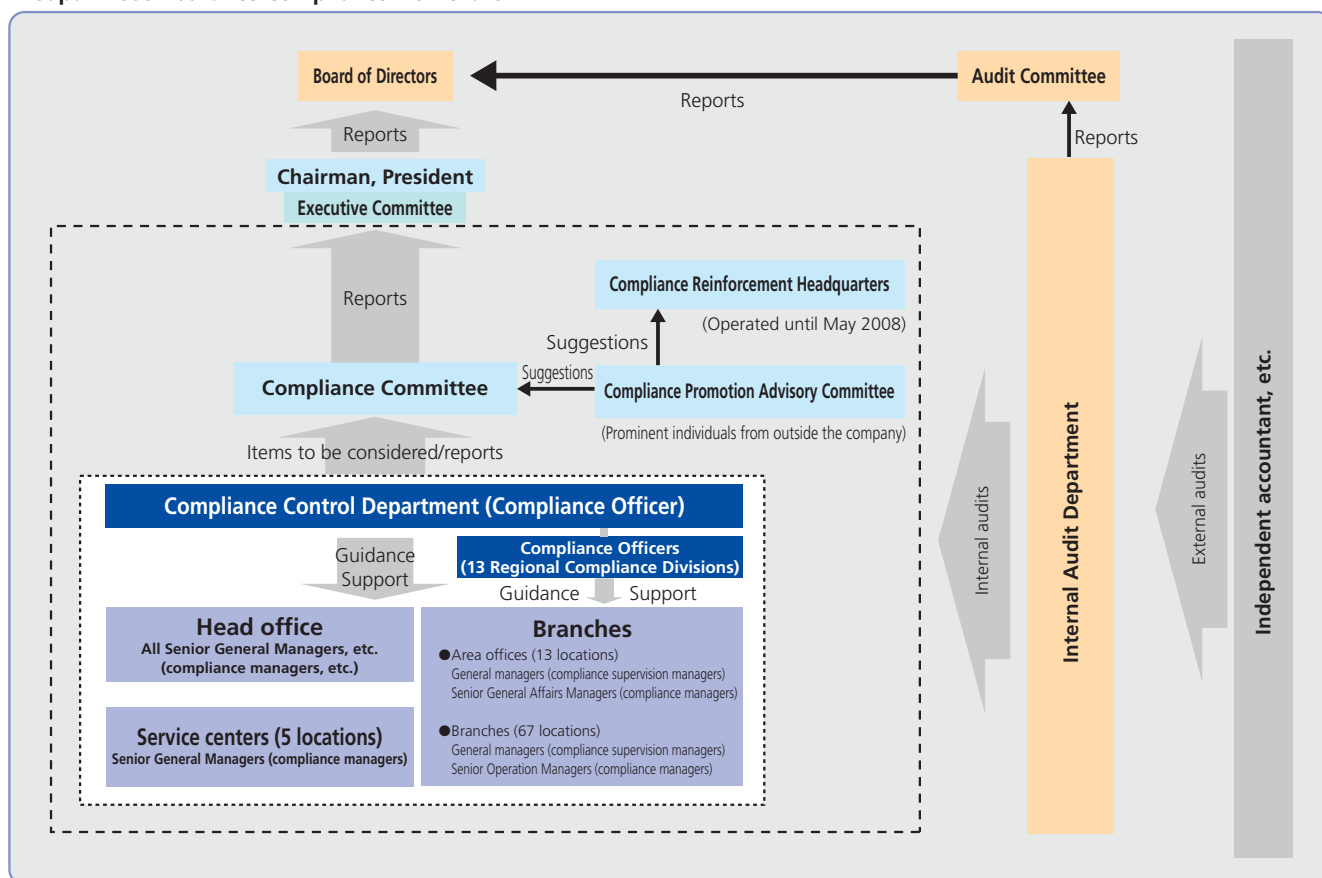
The Compliance Control Department and Regional Compliance Divisions have Compliance Officers who are responsible for managing compliance activities. There are also compliance managers at the head office and service centers and

compliance supervision managers and compliance managers at area offices and branches who are responsible for ensuring that everyone is aware of the importance of compliance. This provides a framework for compliance for the entire company.

In fiscal 2007, which ended in March 2008, the Compliance Reinforcement Headquarters was established with the company’s president, COO serving as the general manager (taking over activities previously performed by the former Japan Postal Life Insurance Business Headquarters). This new unit studied ways to reinforce compliance with laws, regulations, etc.

Japan Post Insurance also has a Compliance Promotion Advisory Committee made up of prominent individuals from outside the company. This provides a means of evaluating the status of compliance and compliance initiatives from an objective standpoint by using individuals with specialized knowledge. By conducting these activities, this advisory committee helps strengthen our compliance program.

■ Japan Post Insurance Compliance Flowchart



## 4. Compliance Education

Training classes are held for compliance managers and others at the head office, branches, and other locations in accordance with the compliance program. Training classes provide explanations and guidance for points of particular importance concerning the roles and activities of compliance managers and others associated with compliance activities. There is also an Internet-based e-learning program for all executives and employees to gain knowledge about compliance.

We use business study groups and meetings at the head office, branches, and other business sites to raise awareness of the importance of compliance at individual locations.

In addition, we monitor the status of compliance activities at Japan Post Network, to which we outsource certain operations, and provide assistance for the establishment of a proper compliance framework.



## 11 Japan Post Insurance Protection of Personal Data

Japan Post Insurance is dedicated to providing services that can achieve a high degree of customer satisfaction. Properly protecting personal data is vital to accomplishing this goal. Accordingly, we have established the following fundamental policy (privacy policy) for protecting personal data.

### Privacy Policy

#### (1) Compliance with laws, regulations, etc.

When handling personal data, Japan Post Insurance complies with all laws and regulations associated with protecting personal data, national government policies, and the provisions of the privacy policy.

#### (2) Purpose of using personal data

Japan Post Insurance specifies the purpose of using personal data and uses this data solely for achieving this purpose. Japan Post Insurance acquires personal data for the following purposes.

- a. To underwrite insurance policies, manage existing policies, pay policyholder benefits, and perform other activities involving policies
- b. To provide information about products and services, including those of related companies, alliance partners, and other companies, and manage those products and services
- c. To provide information about its operations, conduct business operations, and improve and expand its lineup of products and services
- d. To perform other activities involving the insurance business

#### (3) Acquisition of personal data

Japan Post Insurance acquires personal data solely as required to accomplish the above purposes and in a proper and legal manner.

#### (4) Measures for safe management of personal data

Japan Post Insurance is aware of its responsibilities concerning the handling of personal data, including medical data, that is required to conduct the life insurance business. It is committed to storing this data properly and ensuring that this data is accurate and up to date.

Japan Post Insurance uses an appropriate safety management system to prevent leaks, losses, or alterations of personal data. In addition, it properly supervises employees and companies that handle personal data on an outsourcing basis.

#### (5) Provision of personal data to third parties

Except in cases where required by laws, regulations, etc., Japan Post Insurance does not supply personal data to third parties without the prior consent of each individual. In cases where personal data is shared, this sharing is performed only after providing prior notice or public announcements of items required by law.

#### (6) Procedure for requesting disclosure of personal data

Japan Post Insurance responds in a sincere manner in cases where there are requests for the notification of the purpose of use or for the disclosure, correction, or termination of use of personal data as prescribed by laws and regulations.

#### (7) Continuous improvements

Japan Post Insurance constantly reviews and improves its management and handling methods for the protection of personal data in response to advances in information technology and shifts in social demands.

# 3. Japan Post Group Risk Management

## 1 Group Risk Management

Japan Post Holdings, as the nucleus of the Japan Post Group, recognizes that properly managing risk within the group is one of management's highest priorities. Basic items concerning group risk management are set forth in the Basic Policy for Group Risk Management. Japan Post Holdings utilizes this policy as the basis for establishing risk management systems for the group.

Japan Post Holdings is committed to preventing the transfer of risk from one group company to another. Japan Post Holdings is also committed to assuring that Japan Post Bank and Japan Post Insurance, the group's financial companies, both of which plan to become publicly owned, continue to strengthen their risk management systems as autonomous financial institutions, and develop systems that make them self-reliant.

### 1. Group Risk Management Systems

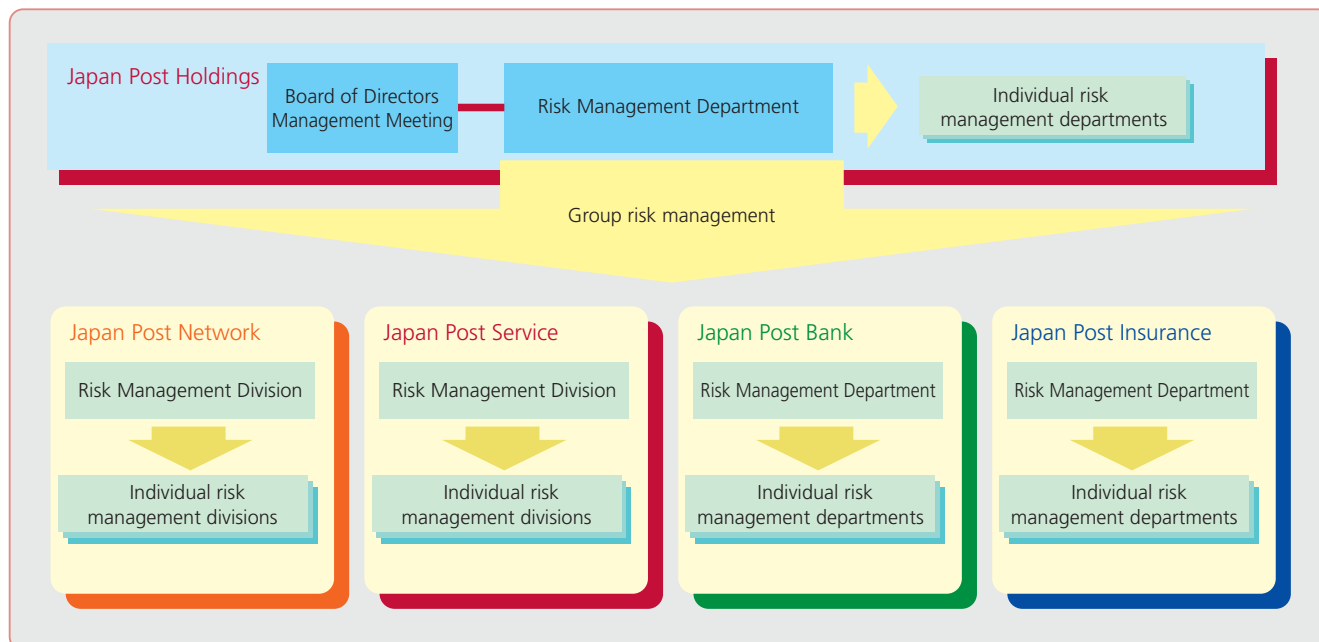
The Basic Policy for Group Risk Management classifies and defines risk categories managed by group companies and prescribes basic policy that must be followed by group companies.

In addition, Japan Post Holdings has a Risk Management Department, which has authority that is independent of other departments, for the purpose of monitoring risk for the entire Japan Post Group. The Risk Management Department makes use of reports and discussions to establish a framework for executing groupwide risk management. The objective is to establish systems that properly monitor risk for the group as a whole.

The Risk Management Department periodically submits group company risk management reports to the Management Meeting and discusses the group's risk management policies and risk management systems.

We take care to prevent any conflicts of interests between the risk management organization and executives or employees concerning their authority and responsibility, and provide a system of checks and balances by maintaining independence from other businesses.

#### ■ Risk Management Flowchart for Japan Post Group



## 2. Risk Categories and Definitions

Risk categories that must be managed at the Japan Post Group and definitions of these risks are presented below. Each group company identifies risks in accordance with its business

activities and properly manages these risks by means of frameworks that reflect the nature of such risks.

Risk category	Definition
Insurance underwriting risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses due to the deviation of economic conditions and incident rates of accidents from forecasts established at the time insurance premiums were set.</li> </ul>
Credit risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses caused when assets (including off-balance-sheet assets) decline in value or become worthless due to deterioration in the financial position of the obligor.</li> </ul>
Market risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses due to changes in the value of assets (including off-balance-sheet assets) due to changes in risk factors involving interest rates, securities prices, and foreign exchange and other markets. Market risk is divided into the following three categories.</li> </ul>
1) Interest rate risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses due to fluctuation in interest rates. The risk of a decline in earnings or losses caused by interest rate volatility when there are mismatches of interest rates and interest rate periods between assets and liabilities.</li> </ul>
2) Price volatility risk	<ul style="list-style-type: none"> <li>• Risk of declines in value of assets due to fluctuation in value of securities and other financial instruments.</li> </ul>
3) Foreign exchange risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses due to differences in foreign exchange rates from initial assumed rates in cases where there is a net surplus of assets or liabilities for assets or liabilities denominated in foreign currencies.</li> </ul>
Asset management risk	<ul style="list-style-type: none"> <li>• This risk has the following three components.</li> </ul>
1) Credit risk	<ul style="list-style-type: none"> <li>• Same as credit risk above.</li> </ul>
2) Market risk	<ul style="list-style-type: none"> <li>• Same as market risk above.</li> </ul>
3) Real estate investment risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses due to a decline in profitability of real estate caused by changes in real estate leases and other items or by declines in the value of real estate itself due to changes in market conditions.</li> </ul>
Liquidity risk	<p>(1) Cash flow risk: Risk of incurring losses due to cash flow problems caused by the inability to procure sufficient funds, the need to procure funds at an interest rate that is extremely higher than normal because of a worsening financial condition (Japan Post Bank),</p> <p>Risk of incurring losses due to the need to sell assets at prices far below normal in order to procure funds in response to deteriorating cash flows caused by a decline in insurance premiums because of a decrease in new policies, an increase in repayments to customers accompanying the cancellation of large policies associated with a worsening financial condition, or cash outflows resulting from a significant natural disaster (Japan Post Insurance).</p> <p>(2) Market liquidity risk: Risk of incurring losses due to the inability to conduct transactions or to the need to conduct transactions at prices that are much less favorable than normal because of market turmoil.</p>
Operational risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses due to improper business processing, inappropriate actions by executives and employees, improper computer system operation, or to an external event. There are three categories of operational risk that apply to the entire group: (1) processing risk, (2) computer system risk and (3) information assets risk. The subsidiaries also define other risk categories of their own that are added to the list of operational risks after consultation with the holding company.</li> </ul>
1) Processing risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses due to executives, employees and others neglecting to perform their clerical process properly and occurring accidents, or engaging in unlawful activities.</li> </ul>
2) Computer system risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses due to system failures, including disruptions, errors or other problems. Also the risk of incurring losses due to the unlawful use of computers.</li> </ul>
3) Information assets risk	<ul style="list-style-type: none"> <li>• Risk of incurring losses due to a computer system malfunction, improper clerical processing, or another problem that results in a loss, alteration, unlawful use, leak to external parties, or other problem associated with information.</li> </ul>

## 3. Group Risk Management Activities

Japan Post Bank and Japan Post Insurance are exposed to market risk, credit risk, and other types of risk that are unique to the provision of financial services. Each company identifies risks that can be quantified and then uses VaR (value at risk, a measure of the maximum expected loss that could occur due to events with a certain probability) and other methods to measure these risks.

Japan Post Holdings manages risk by confirming that the amount of risk measured at each of these two companies is suitable in relation to each company's equity capital.

Operational risk is managed for the work performed under consignment by Japan Post Network, mainly at post offices, and for the business activities of Japan Post Bank, Japan Post Insurance, and Japan Post Service. Operational risk management is monitored on a regular basis to properly supervise this risk. In addition, actions are taken to enable group companies to work more closely together in order to prevent the reoccurrence of problems and strengthen risk management.

## 2 Japan Post Holdings Risk Management

Japan Post Holdings, as the nucleus of the Japan Post Group, recognizes the importance of not only managing risk at each group company but also needing to properly manage risks at the company's own businesses, such as the group's hotels and

hospitals. Japan Post Holdings has established a risk management system based on the Basic Policy for Group Risk Management and manages risk inherent in the nature of each business.

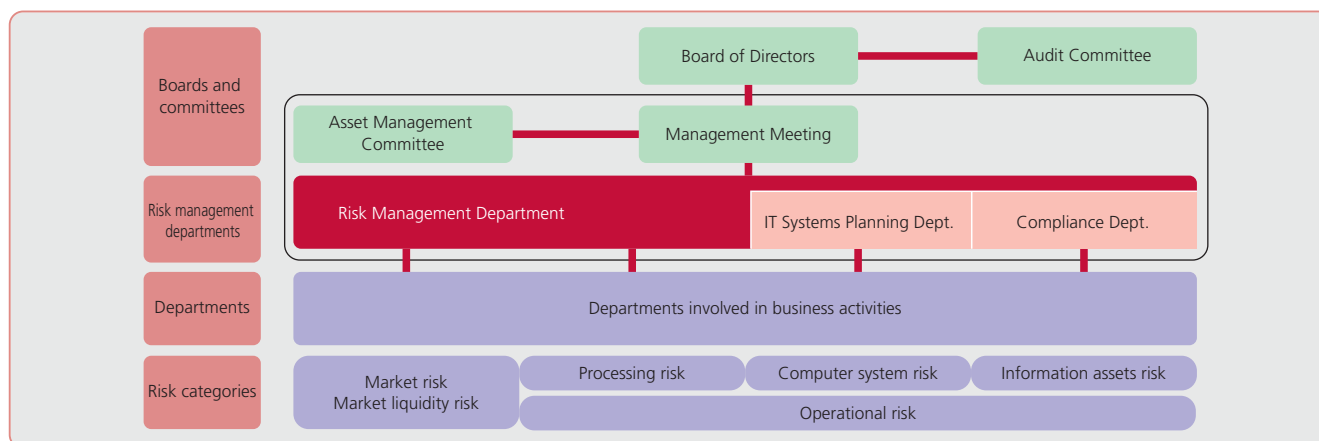
### 1. Risk Management Program

Japan Post Holdings has a Basic Policy for Risk Management which prescribes risk management activities, methods, and other items that reflect the characteristics of risks associated with the companies' business activities. Separate risk management departments are established for each category

of risk to be managed and the Risk Management Department supervises all categories of risk.

In addition, the status of risk management is reported on a regular basis to the Management Meeting, which discusses risk management policies, and the risk management framework.

#### ■ Japan Post Holdings Risk Management Structure



### 2. Risk Management Activities

In accordance with the Basic Policy for Risk Management, market risk, market liquidity risk, and operational risk (processing risk, computer system risk, and information assets risk) are defined as risks to be managed. This management is performed as follows in accordance with the characteristics of each category of risk.

#### (1) Market risk and market liquidity risk management

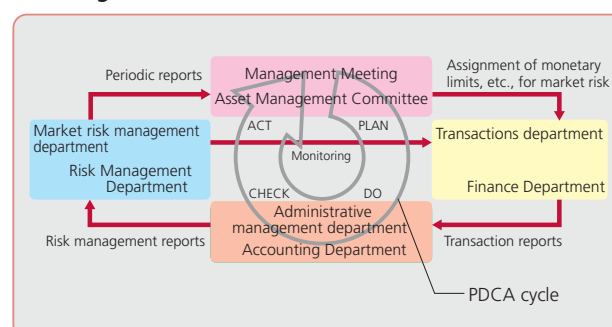
In the management of market risk and market liquidity risk associated with the asset management operations of Japan Post Holdings, a transactions department (Finance Department), an administrative management department (Accounting Department) and a market risk management department (Risk Management Department) are separated to create a framework of mutual checks and balances.

#### (2) Operational risk management

To manage operational risk, risks associated with business activities are identified and the importance of each risk is determined based on two factors: the frequency at which the risk occurs and the magnitude of the impact of the risk.

Risks to be managed are designated in accordance with their degree of importance. For risks designated as requiring management, policies are determined for actions to mitigate exposure to the risk. Each department involved with risk management conducts periodic monitoring to control these risks.

#### ■ Market Risk and Market Liquidity Risk Management Structure



Note: PDCA stands for "plan-do-check-act," a process of continuous improvement.

### 3 Japan Post Network Risk Management

Japan Post Network recognizes that the proper management of risk is an important management issue. Risk management is needed to maintain the soundness of management and to help customers lead more fulfilling lives today and in the future as well as to win the trust of the customers who use our large network of post offices. For this purpose, we have established a risk management framework based on the Basic Policy for Group Risk Management and manage risks in accordance with the nature of our business activities.

#### (1) Risk management system

Japan Post Network has a Basic Policy for Risk Management that prescribes basic items concerning the activities and methods for risk management and that reflects the nature of risks at the company. We have a Risk Management Division that supervises the management of risk and that is independent of departments that conduct business activities.

In addition, there is a Risk Management Committee that regularly discusses risk management issues and to which reports are periodically submitted.

#### (2) Risk management activities

Japan Post Network, in accordance with the Basic Policy for Group Risk Management, defines operational risk (processing

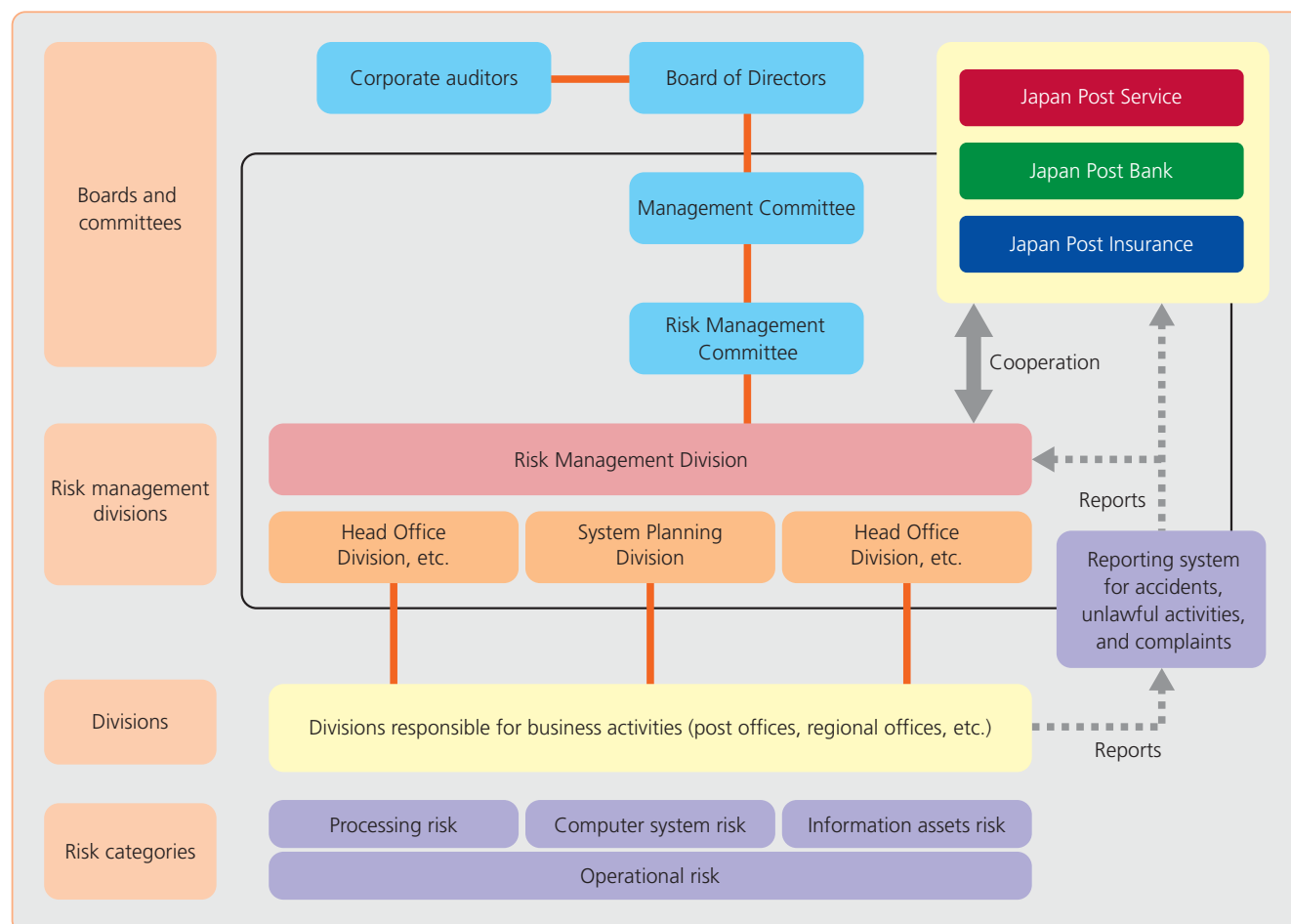
risk, computer system risk, and information assets risk) as risks to be managed.

The operations of Japan Post Network involve primarily activities performed for other companies, including activities of a different nature for postal, banking, and insurance businesses. We are aware that outsourced business operations are exposed to operational risks. We evaluate, monitor, and control these risks in order to improve the quality of business activities by minimizing exposure to these risks.

In particular, we have established a reporting system to detect accidents, unlawful activities, complaints, and other items appropriately at post offices, the front line of our operations. With this system, both our senior management and companies outsourcing work to Japan Post Network receive reports concerning the occurrence of problems associated with these frontline risks.

With regard to information concerning the occurrence of problems, we have an appropriate system for the determination of causes, analysis of problems, and other activities. To prevent problems from reoccurring, we are strengthening collaboration among group companies and taking other actions to reinforce risk management.

#### ■ Japan Post Network Risk Management Structure



## 4 Japan Post Service Risk Management

Japan Post Service, in accordance with the Basic Policy for Group Risk Management, has a risk management system that reflects the unique nature of the company's business activities. This system maintains the reliability and transparency of management. Risk management also underpins the universal service of the postal businesses, which involves the reliable delivery of our customers' letters, parcels, and other items. Risk management further contributes to reliable communications and the provision of dependable and fast logistics services.

### (1) Risk management system

Japan Post Service has a Basic Policy for Risk Management that prescribes basic items concerning the activities and methods for risk management that reflects the nature of risks at the company.

We have a risk management section within the General Affairs Division that supervises the management of all risks and that is independent of departments that conduct business activities.

In addition, there is a Risk Management Committee that regularly discusses risk management issues and to which reports are periodically submitted.

### (2) Risk management activities

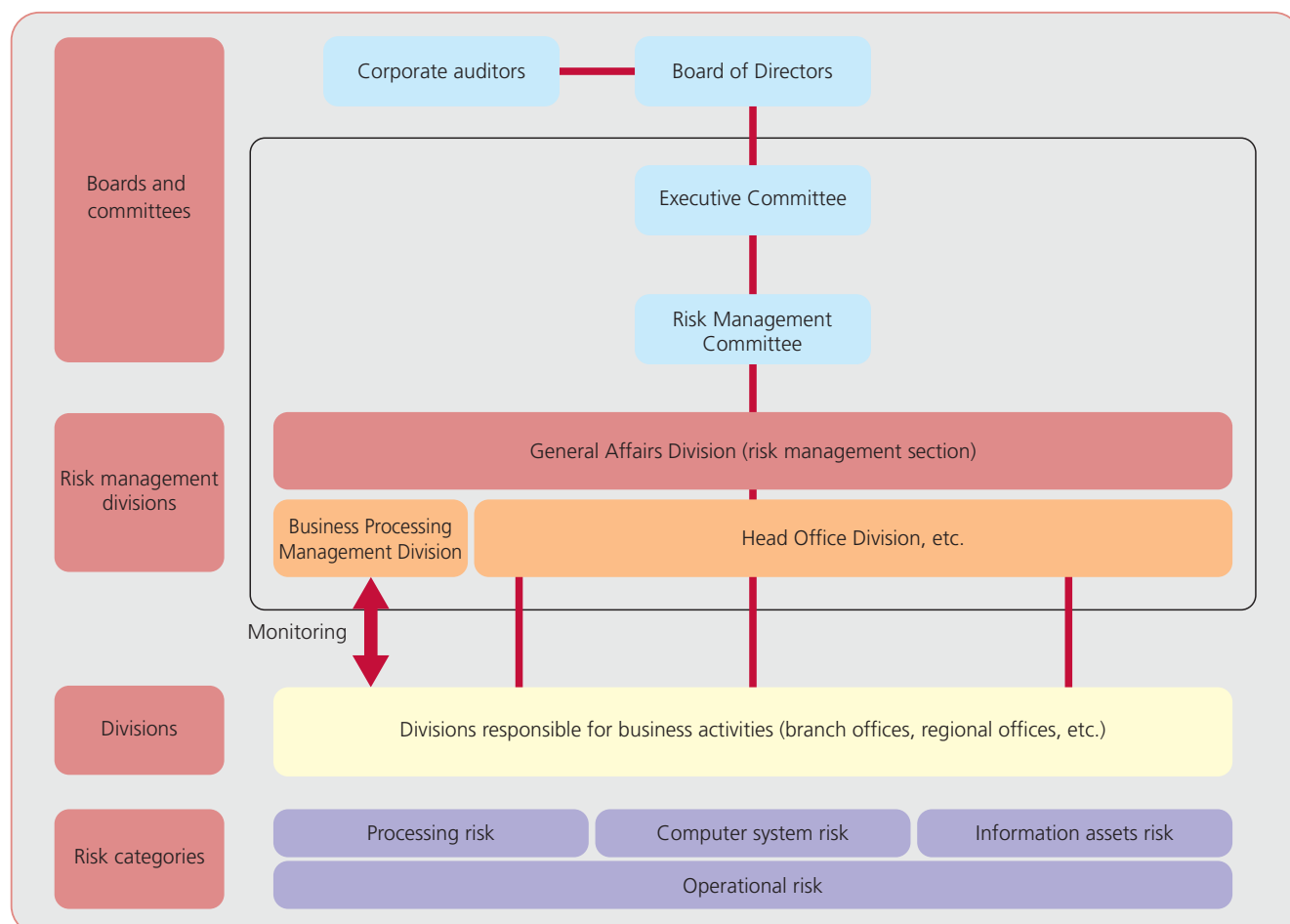
Japan Post Service, in accordance with the Basic Policy for Group Risk Management, defines operational risk (processing risk, computer system risk, and information assets risk) as risks to be managed.

The risk management section of the General Affairs Division, which is responsible for the supervision of risk management, monitors the status of risk management at all departments. By analyzing and checking risks, this section contributes to the proper management of risk by identifying problems and other items and using a PDCA (plan-do-check-act) cycle for making improvements.

The Business Processing Management Division monitors risk management at branch offices, regional offices, and other locations. The department also checks the status of risk management and ensures the effectiveness of risk management by upgrading crime prevention training and guidance and other activities.

There have been instances where Japan Post Service did not perform proper verification procedures for postal items requiring confirmation of contents. There have also been instances of delays in invoicing customers for postal fees due after delivery and discrepancies in amounts invoiced. We will continue to work on serving customers properly, conducting rigorous training programs, and taking other actions in order to prevent these incidents from happening again.

### ■ Japan Post Service Risk Management Structure



## 5 Japan Post Bank Risk Management

Japan Post Bank positions risk management as one of its most important management activities. We consider that the basic principle for risk management is to use capital effectively by managing risk appropriately in accordance with management strategies and the nature of risks, with the goal of increasing corporate value while maintaining financial soundness and conducting business activities properly. We have established a risk management system that conforms to the Basic Policy for Group Risk Management and conducts risk management autonomously.

### (1) Risk management system

The Japan Post Bank Basic Rules for Risk Management define the basic activities, methods, and other items for the management of risk in accordance with the characteristics of each risk. Risk management departments have been established to manage each category of risk. In addition, there is a Risk Management Department that supervises the management of all risks and is independent of departments responsible for business operations.

Operational risk management primarily involves ensuring that business activities are performed properly. This risk is managed by the Compliance Division (Operational Risk Management Office).

A Risk Management Committee and ALM Committee have been established as specialized advisory bodies to the

Executive Committee. These committees conduct discussions as required with regard to risk management and the operation of risk management systems.

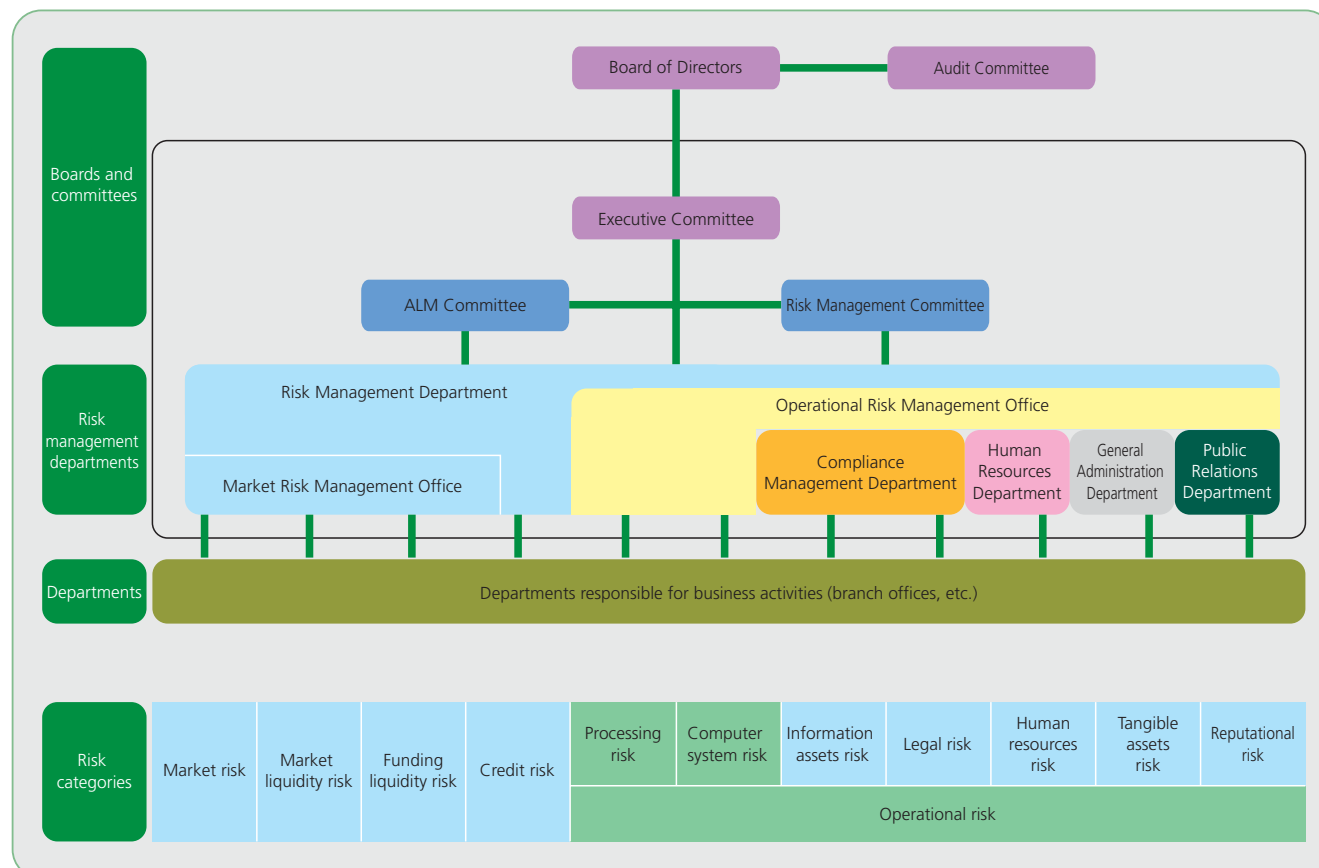
### (2) Risk management activities

Japan Post Bank, in accordance with the Basic Policy for Group Risk Management, defines market risk, market liquidity risk, funding liquidity risk, credit risk, and operational risk (processing risk, computer system risk, and information assets risk) as risks to be managed. Furthermore, we have added the following risks: legal risk, human resources risk, tangible assets risk, and reputational risk to the list of risks to be managed. We manage these risks from both quantitative and qualitative perspectives in a manner that reflects the nature of each risk.

For quantitative risk management, Japan Post Bank adopts an integrated risk management approach. This approach allows us to make advance allocation of capital for taking risk, appropriately and objectively quantify market risk and credit risk using a unified measure called value at risk (VaR), and control each risk so as not to exceed the allocated amount of capital.

For qualitative management of risk, we carry out management that reflects the characteristics of each type of risk along with the quantitative management of those risks. For example, for operational risk, we have a unified process, known as the PDCA (plan-do-check-act) cycle, for the recognition, evaluation, management, and reduction of this risk.

### ■ Japan Post Bank Risk Management Structure





## 6 Japan Post Insurance Risk Management

Japan Post Insurance positions the appropriate management of risks associated with the insurance business as one of its most important management activities. Risk management is needed to maintain the long-term soundness of business activities and ensure long-term confidence in our ability to make payments to policyholders. We have established a risk management system that conforms to the Basic Policy for Group Risk Management and conducts risk management autonomously.

### (1) Risk management system

The Japan Post Insurance Basic Rules for Risk Management define the basic activities, methods, and other items for the management of risk in accordance with the characteristics of each risk. Departments have been established to manage each category of risk. To provide a system of checks and balances, there is a Risk Management Department that supervises the management of all risks and is independent of departments involved with business activities.

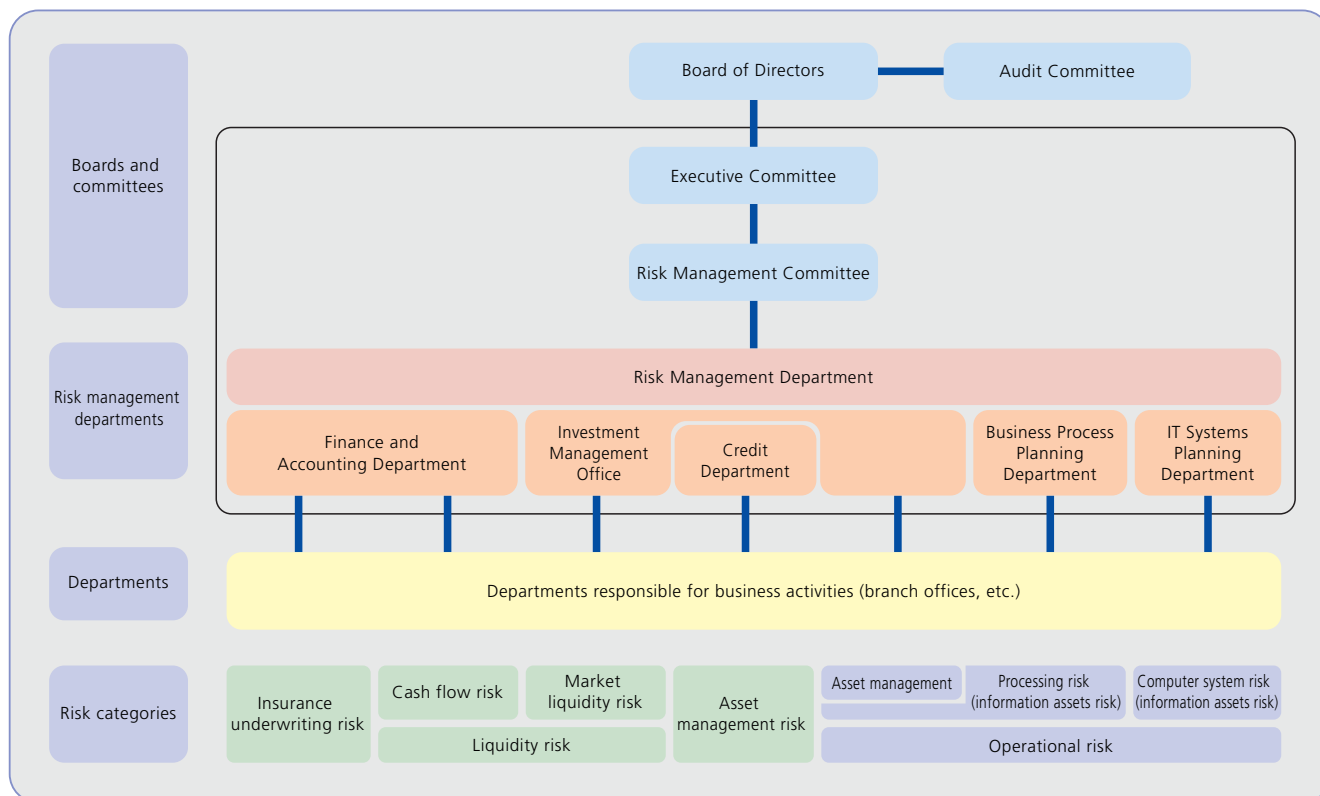
There is a Risk Management Committee that regularly discusses risk management issues and to which reports are periodically submitted.

### (2) Risk management activities

Japan Post Insurance, in accordance with the Basic Policy for Group Risk Management, defines insurance underwriting risk, asset management risk (credit risk, market risk, and real estate investment risk), liquidity risk (cash flow risk and market liquidity risk), and operational risk (processing risk, computer system risk, and information assets risk) as risks to be managed.

To maintain the soundness of business activities, we define insurance underwriting risk, asset management risk, and operational risk as risks that are quantified. Our fundamental principle for overall risk management is to manage the volume of these risks in relation to our risk capital. For risks that cannot be quantified, we establish standards and methods for risk management and assign departments that are responsible for managing each risk. The Risk Management Department is responsible for evaluating or validation of risk management standards and the status of risk management activities as well as for comprehensive monitoring in order to strengthen the risk management system.

### ■ Japan Post Insurance Risk Management Structure





## 7 Risk Management for Disasters

The Japan Post Group has established a Basic Policy for Crisis Management and each group company also has its own system for dealing with a crisis. Crisis management is needed to ensure the stability and soundness of the business activities of all group companies. Group companies are prepared to respond appropriately to earthquakes and other natural disasters, suspensions in the operation of data management systems, and other crises.

Group companies prepare manuals and establish plans that facilitate the rapid restoration of required operations and other actions after a crisis occurs. In the event of a major crisis, we will quickly establish a joint task force on-scene that is made up of representatives of all group companies. This unit will be responsible mainly for considering and

establishing methods to enhance the smooth provision of services to customers.

Currently, there are concerns worldwide about a major outbreak of a new type of influenza that can be transmitted directly from one person to another. There has already been an outbreak of avian influenza (H5N1), mainly in Southeast Asia. To fulfill its obligations to society, the Japan Post Group has established an action plan and training plan in accordance with government and other guidelines. If a global pandemic occurs, the group is prepared to take the actions needed to ensure that there are no disruptions in business activities and customer services.

## 8 Japan Post Group Information Security Declaration

Services provided by Japan Post Holdings, Japan Post Network, Japan Post Service, Japan Post Bank, and Japan Post Insurance as the Japan Post Group are used by a large number of customers. Information about these customers must be strictly managed. In addition, we believe that the services used by customers must be absolutely safe.

We understand that information security is essential for customers to use our services with confidence. Our activities

reflect this awareness of the importance of information security. We place priority on the following items in order to manage information about customers safely and to protect this information from leaks and alterations resulting from unauthorized access and from disruptions in services caused by accidents, natural disasters, and other events.

1. We will establish a basic information security policy for the Japan Post Group and follow this policy for the purpose of conducting information security activities.
2. We will conduct a continuous information security training program for the purpose of maintaining a strong awareness among employees of the importance of information security and reinforcing that awareness.
3. We will conduct continuous inspections of information security activities and make revisions and improvements whenever needed for the purpose of maintaining and enhancing the effectiveness of information security activities.

# 4. Japan Post Group CSR

## 1 Group CSR Activities

At the Japan Post Group, corporate social responsibility (CSR) is a means of doing business in line with the high standards that the group has established for itself. Operating in this manner contributes to achieving the group's management philosophy and ensuring sustainable growth.

In accordance with this view of CSR, we have defined seven CSR themes in order to conduct activities with specific objectives. We place particular priority on three themes. All group companies are playing a part in CSR activities and achieving our objectives.

### 1. The Seven CSR-Related Themes

Improve customer satisfaction

Increase productivity/create new corporate value

Timely and appropriate information disclosure

Effective compliance program and internal controls

Pleasant business circumstances for customers and employees

Serving as a responsible corporate citizen

Environmental activities

The three CSR priorities

All Japan Post Group companies are taking the following actions concerning the three CSR priorities.

### 2. Priority 1: Pleasant Business Circumstances for Customers and Employees

We are using a comprehensive approach to the universal design concept for the network of Japan Post Group business locations, which cover every area of Japan. We are dedicated to providing facilities, equipment, and services that can satisfy all customers, including senior citizens and individuals with special needs.

This objective also includes the provision of workplaces that enable employees to do their jobs well and making improvements wherever possible.

#### Major Initiatives (Including Upcoming Activities)

##### ● Barrier-free facilities and equipment (all group companies)

We will use the universal design concept when reconstructing buildings and conducting major renovations.

##### ● Use customer satisfaction handbook to improve services (Japan Post Network)

We distribute to all employees a handbook explaining how to serve senior citizens and customers with special needs in order to make our services barrier-free.

##### ● Assistance for senior citizens (Japan Post Service)

At 148 municipalities in Japan, we participate in the *Himawari* Service, which provides various forms of assistance to senior citizens living in remote locations.

##### ● Improving employee satisfaction (all group companies)

We perform surveys to identify problems involving employee satisfaction so that we can make the necessary improvements.

### 3. Priority 2: Serving as a Responsible Corporate Citizen

For many years, Japan Post has provided assistance to victims of natural disasters by offering free postal and money transfer services and other forms of support. Each group company uses

its respective business operations as the base for its own education and awareness programs for communities.

#### Major Initiatives (Including Upcoming Activities)

##### ● Support for victims of natural disasters (all group companies)

- Continuous support for disaster prevention activities and support following a disaster in cooperation with local governments
- Free postcards distributed to disaster victims, no postage for disaster-relief parcels, emergency handling of savings, etc., free remittances of donations for disaster relief, and immediate payments of insurance benefits

##### ● Contributions to communities and society (all group companies)

- Delivery of third-class mail (periodicals) and fourth-class mail (seeds and plants, materials for the blind, etc.) (Japan Post Service)
- Emergency assistance for children (Japan Post Network)
- Collection of used ink cartridges, personal computers, and fire extinguishers (Japan Post Network, Japan Post Service)
- Piggy bank contests (Japan Post Bank)
- Sale of socially responsible investing (SRI) fund (Japan Post Bank)
- Support and promotion of “radio exercise” program (*radio taiso* in Japanese) (Japan Post Insurance)

### 4. Priority 3: Environmental Activities

The Japan Post Group has established an Environmental Vision covering the five-year period from fiscal 2008 through fiscal 2012.

#### Japan Post Group Environmental Vision

The Japan Post Group recognizes its obligation to pass the Earth on to future generations as a beautiful and pleasant place to live. Preservation of the global and regional environments is therefore one of the group’s highest priorities. We are also dedicated to complying with laws, regulations, agreements, and other environmental standards and to preventing pollution and other environmental problems associated with our business activities.

We will monitor the status of the global and regional environments and check the environmental burden of the Japan Post Group’s business activities. We will then establish specific targets and periodically review those targets to make continuous improvements. We will strive to conduct innovative environmental activities as we place emphasis on the following themes.

#### (1) Global warming

We will establish targets based on total volumes in order to take actions aimed at reducing our CO<sub>2</sub> emissions. We will establish and execute a systematic carbon management strategy for the appropriate management of direct and indirect CO<sub>2</sub> emissions associated with our business activities.

#### (2) Sustainable forests

We will establish targets based on total volumes to reduce the use of copy paper so that our business activities and CSR activities both contribute to the sustainability of forests.

- In addition to voluntary activities linked to our business operations, our environmental programs will take advantage of the diversity of the group’s businesses and the ability to cooperate with customers nationwide. We will use this as the basis for providing products that help preserve the environment and conducting community activities.
- All Japan Post Group companies will observe this Environmental Vision, provide information about environmental activities, and make this vision available to the public.

**(1) Theme 1: Global warming**

For the five-year period ending in fiscal 2012, which corresponds to the first commitment period of the Kyoto Protocol, we have established the following target for reducing the group's total CO<sub>2</sub> emissions (compared with fiscal 2006).

**CO<sub>2</sub> emissions: 15% reduction**

**Major Initiatives to Reduce CO<sub>2</sub> Emissions**

- **Low-emission vehicles (Japan Post Service)**

We plan to increase the use of hybrid and other low-emission vehicles for deliveries.

- **Eco-friendly driving practices (Japan Post Service)**

Driving vehicles in a manner that reduces the environmental burden and helps reduce CO<sub>2</sub> emissions as well as prevent traffic accidents.

- **Energy-conserving facilities (all group companies)**

We perform energy-conservation evaluations of all facilities, particularly the branch offices of Japan Post Service, and consider improvements based on energy-conservation technology, including ESCO (energy service company) projects. The improvements are then made step by step. All employees receive an *Energy Conservation Manual* so that everyone can participate in such activities naturally through our business processes. These initiatives allow group companies to aggressively pursue energy conservation.

- **Sale and closing of hotels (Japan Post Holdings)**

Japan Post Holdings will sell or close all hotels within five years of its privatization, eliminating the associated CO<sub>2</sub> emissions from the group.

**(2) Theme 2: Sustainable forests**

Paper is the basis for much of the operations of the Japan Post Group. We have established the ambitious goal of cutting the use of copy paper by 25% during the five-year period ending in fiscal 2012 (compared with fiscal 2006).

We plan to meet this goal by taking actions that include a review of our business processes.

At the same time, we will take aggressive actions throughout the group to support the sustainable and broad-based growth of forests.

**Major Activities in 2008**

- **The Japan Post Forest program**

With the cooperation of a non-profit organization, group employees plant trees in national forests to play a part in maintaining sustainable forests. As the first step in this program, employee volunteers planted broad-leaf trees on May 24, 2008, in the Japan Post Forest (*Kururi-donguri no Mori*) located in the suburbs of the city of Kimitsu in Chiba Prefecture.



- **Children's tree-planting campaign**

This program uses the support of a non-profit organization to give children in nursery schools in all areas of Japan the opportunity to collect and sow acorns, rear them to seedlings in the second year, and then plant the seedlings in a forest in the third year. A ceremony for the first tree planting by children was held on May 12, 2008, in Kanagawa Prefecture.



## 5. Participation in Team Minus 6% and the Global Compact

To provide a basis for more effective CSR activities, the Japan Post Group participates in Team Minus 6%, a program sponsored by the Japanese government to fight global warming. Additionally, Japan Post Holdings participates in the

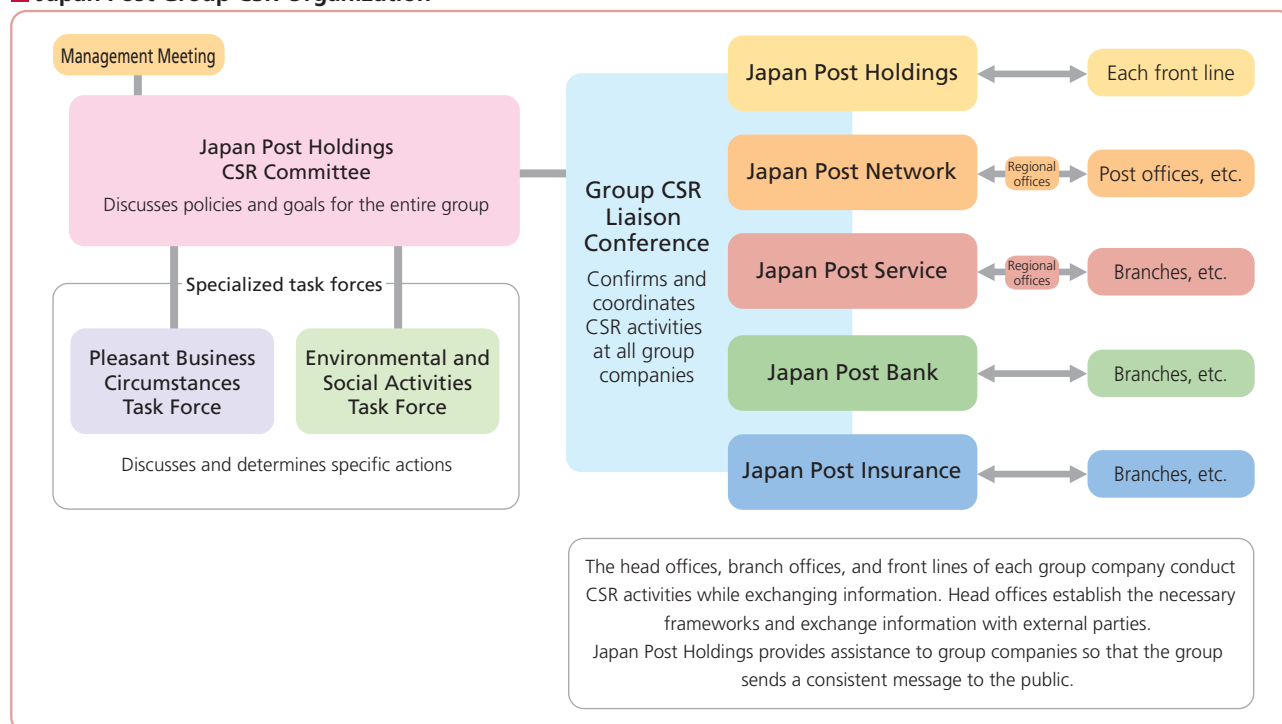
Global Compact, a voluntary framework for businesses that are committed to 10 universally accepted principles of corporate citizenship.

## 6. CSR Organization

The Japan Post Holdings CSR Committee establishes the basic policies and goals for the entire group concerning the three CSR priorities. At the Group CSR Liaison Conference, each company confirms its commitment to these group policies and shares related information. To determine specific actions, there are two

specialized task forces, one for each initiative, that hold discussions whenever needed. With the assistance of these task forces, each company takes actions that match its own business activities while working with the front line.

### ■ Japan Post Group CSR Organization



## 2 Japan Post Network CSR Activities

### 1. Creating a Pleasant Business Environment

#### (1) Barrier-free facilities and equipment

There are 20,243 post offices in Japan, excluding contracted post offices, and about 10,000 of these post offices have barrier-free designs. We will continue to increase the number of barrier-free post offices by incorporating the universal design concept whenever possible at post offices that are replaced or renovated.

#### (2) Barrier-free services

All post office employees receive handbooks describing how to serve senior citizens and individuals with special needs in order to make our services barrier-free.

### 2. Contributing to Society and Communities

#### (1) Preventing disasters and support for victims of natural disasters

- To assist victims of natural disasters, Japan Post Network offers emergency services as the agent of Japan Post Service, Japan Post Bank, and Japan Post Insurance.
- We have disaster prevention agreements with local government agencies and other organizations.

#### (2) Agreements involving the prevention of landslides, forest fires, and other disasters in mountainous areas

- Distribution of pamphlets for conserving forest land and watersheds
- Placement of rain gauges and indicators at post offices

#### (3) Education and awareness

- Post office tours  
We accept requests from elementary schools for post office tours, as long as there is no disruption to business operations.
- Use of lobby space for community activities  
We provide space for displays of paintings, calligraphy, and other works of art by local residents.
- Participation in exercise, sporting, and other community events  
Post offices frequently take part in sporting and other events sponsored by local governments.

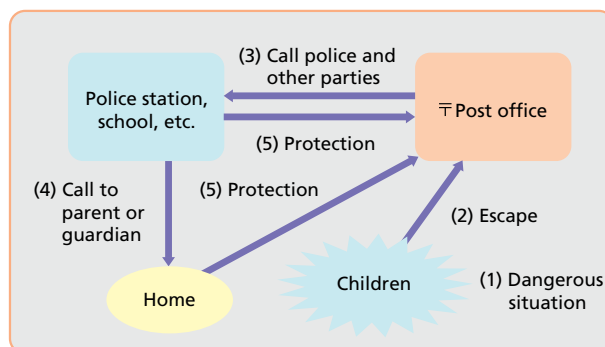
#### (4) Collection of used ink cartridges

We cooperate with Brother, Canon, Dell, Epson, Hewlett-Packard Japan, and Lexmark to collect used ink cartridges made by these companies. As of April 8, 2008, there were collection boxes at 3,638 large post offices in all areas of Japan.

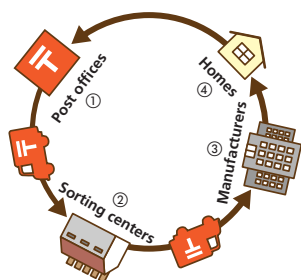
Used cartridges are sent to sorting centers using our Yu-Pack service and then returned to the respective companies for resource recycling.

#### (5) Emergency assistance for children

To protect children from crime and accidents, post offices provide safe havens for children in danger. We provide temporary shelter for children and notify the police and others as required. As of March 31, 2007, post offices in 1,378 municipalities were participating in this program.



■ Ink Cartridge Collection Cycle





### 3. Environmental Activities

#### ■ Receipt of ISO 14001 Certification

In August 2004, the Noda (Chiba) and Hirakata Higashi (Osaka) post offices became the first post offices in Japan to earn ISO 14001 certification for their environmental management systems. As the Kyoto Protocol raised awareness of the need to protect the environment, 25 large post offices with a significant environmental burden received certification starting in February 2005. Another 50 post offices followed in February 2006. This gave us a base of 77 pilot post offices throughout Japan. In March 2007, 71 of these post offices received certification by using the multi-site method.

When Japan Post was privatized in October 2007, Japan Post Network inherited the ISO 14001 certifications already received at 71 post offices. The other six certified post offices became branches of Japan Post Service.

Notes: 1. Environmental management systems establish a PDCA (plan-do-check-act) cycle and use this cycle to make constant improvements.  
2. With the multi-site method, all 71 pilot post offices were treated as a single organization for ISO 14001 certification.

#### ISO 14001 Certified Pilot Post Offices (71 Locations)

Asahikawa Central, Tomakomai, Sapporo Central, Hakodate Central, Obihiro, Kitami, Asahikawa Higashi, Aomori Nishi, Kitakami, Morioka Central, Yamagata Minami, Akita Central, Koriyama, Mito Central, Tsuchiura, Utsunomiya Higashi, Takasaki, Saitama Shintoshin, Kawagoe Nishi, Noda, Chiba Central, Chofu, Katsushika, Hiratsuka, Kawasaki Minato, Ayase, Kofu Central, Niigata Central, Nagaoka, Nagano Higashi, Nagano Central, Matsumoto Minami, Kanazawa Central, Toyama Minami, Fukui Minami, Gifu Central, Yokkaichi, Yokkaichi Nishi, Shizuoka Minami, Hamamatsu Nishi, Toyohashi Minami, Otsu Central, Wakayama Central, Kyoto Central, Fukuchiyama, Nara Central, Hirakata Higashi, Kobe Central, Amagasaki, Himeji, Matsue Central, Okayama Central, Hiroshima Central, Fukuyama Higashi, Fukuyama, Tokuyama, Shimonoseki, Takamatsu Central, Takamatsu Minami, Matsuyama Nishi, Tokushima Central, Kochi Higashi, Iizuka, Kurume Higashi, Kitakyushu Central, Omura, Kumamoto Kita, Oita Higashi, Miyazaki Central, Kagoshima Central, Naha Central

#### ■ ISO 14001 Displays to Show Visible Benefits



Sapporo Central Post Office



Saitama Shintoshin Post Office

#### ■ Major Initiatives and Accomplishments of Fiscal 2007

- Meeting materials and other documents printed on both sides of paper and volume reduced
- Turning off of unneeded lights and removal of some fluorescent tubes
- Limits on use of vehicle washing units (washed vehicles by hand instead)
- Collection of used computers
- Sale of home appliance recycling certificates
- "Green" procurement activities
- Collection of rubbish by volunteer employees
- Environmental training for employees and others

#### Fiscal 2007 Accomplishments at All Pilot Post Offices

Copy paper used	27.2% reduction
Electricity used	14.9% reduction
Water consumption	20.2% reduction
Heavy oil used	27.6% reduction
Gas consumed	25.2% reduction
(Compared with FY2002)	
Vehicle fuel consumption (two-wheel)	19.2% improvement
Vehicle fuel consumption (four-wheel)	13.8% improvement
(Compared with FY2004)	
Used personal computers	1,524 units collected
Home appliance recycling certificates	6,152 sold

### 3 Japan Post Service CSR Activities

## 1. Creating a Pleasant Business Environment

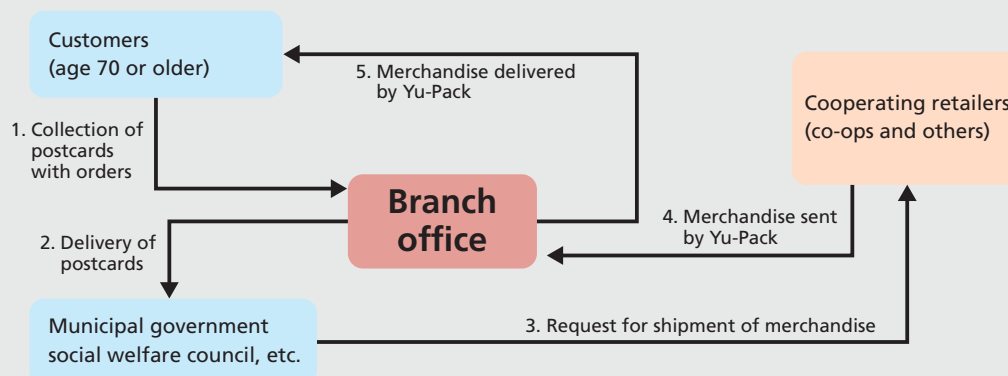
#### (1) Support for home delivery service for senior citizens

To enable senior citizens to live life in remote areas with no worries, Japan Post Service cooperates with local governments

and welfare organizations to provide assistance under a program called the *Himawari Service*.

#### ■ The *Himawari Service*

This service has many elements, including greetings from post office external sales personnel, collection of letters and other postal items, regular messages of encouragement from elementary school students, handling of orders and deliveries for household items, as well as other services. As a rule, the service is provided to individuals living alone who are at least 70 years old and elderly couples. The service was started in August 1997 and had grown to cover 148 municipalities as of March 31, 2008.



#### (2) Contributing to welfare activities

Japan Post Service is involved in many activities to benefit individuals with special needs. Examples include special

services for these people, reduced-rate or free services, and programs to provide job opportunities.

- Reduced postal rates for individuals with special needs

- (1) Yu-Pack and braille Yu-Pack for blind customers

We reduce postal rates on videotape Yu-Packs and large braille-publication Yu-Packs sent between designated facilities and blind individuals.

- (2) Yu-Mail for mentally or physically challenged individuals

We reduce postal rates on books sent by Yu-Mail between libraries that have registered with us and individuals with disabilities.

- Free distribution of Blue Bird postcards (every year since 1976)

Each year, we provide at no cost 20 stamped postcards with dimples to individuals with severe mental or physical limitations.

- Postcards for individuals with limited vision (dimpled postcards)

See page 53.

- Postage-free registered mail for sending cash used for donations

We charge no postage or special handling fees for registered mail used to send cash as donations to the Community Chest, the Japanese Red Cross Society, or other designated charities.

- Sale of New Year's postcards with donations

The sale of New Year's greeting postcards with additional postage used as a charitable donation has made significant contributions to many charitable organizations.

- Braille notices and braille notices of undelivered mail

Post boxes have braille notices for collection times, and we issue braille postcards to notify blind individuals of an attempt to deliver a letter or package during their absence. Postcards tell the individuals how to contact us to receive delivery at another time.



## 2. Contributing to Society and Communities

### (1) Reduced rates or free postage for periodicals and publications

We believe that providing support for regular publications with significance involving culture, education, or welfare is one of our social obligations. We lower or eliminate postage for approved newspapers, magazines, and other periodicals published at least four times each year and materials that promote education or welfare (teaching materials, braille materials, specified recordings, plants and seeds, and academic publications).

### (2) Disaster prevention agreements and disaster responses

We participate in disaster prevention and response agreements when requested by local governments and other organizations. If a disaster occurs, we provide all required assistance and cooperation whether or not an agreement exists.

### (3) New Year's postcard contributions

Fiscal 2008 New Year's postcard charitable donations amounted to more than ¥482.64 million. These funds were distributed among 295 organizations to benefit social welfare programs, community activities, and other worthy causes.

- Distribution of free postcards to disaster victims
- Free postage for letters and packages sent by disaster victims
- Reduced postage for packages with donations for organizations that aid disaster victims

- Provision of information to disaster victims on evacuation routes
- Provision of information on highway damage
- Installation of temporary post boxes at evacuation centers

## 3. Environmental Activities

### (1) Receipt of ISO 14001 certification

Japan Post received ISO 14001 certification for environmental management systems for 77 post offices in March 2007. All 77 post offices still have this certification following the privatization.

### (2) Reduction of CO<sub>2</sub> emissions

Following the signing of the Kyoto Protocol, many nations of the world established targets for reducing greenhouse gases. As the operator of a large fleet of motor vehicles, Japan Post Service is dedicated to playing a part in lowering CO<sub>2</sub> emissions in the following ways.

#### a. Promotion of eco-safety driving

Driving in an environmentally responsible style lowers CO<sub>2</sub> emissions by reducing fuel consumption. This driving style reduces the number of accidents, too. We conducted our first "eco-safety driving" contest in March 2008, a nationwide event to raise awareness of this program. We will continue to work on encouraging our workforce to use this driving method.

#### b. Purchase of low-emission vehicles

The transportation business, to which Japan Post Service belongs, accounts for about 20% of all CO<sub>2</sub> emissions in Japan (fiscal 2005 data). That makes transportation a sector with great potential for contributing to reducing these emissions. We are helping by purchasing environment-friendly vehicles. We will continue to add electric, hybrid, and other low-fuel-consumption and low-emission vehicles to our fleet.

#### c. Eco post offices

When building new post offices or expanding or renovating existing ones, we transform facilities into "eco post offices" with environmental technologies and other environmental features. We perform energy conservation assessments of facilities at buildings housing our offices. Equipment with high CO<sub>2</sub> coefficients is replaced. At large offices, we also consider using an ESCO (energy service company) business to achieve further reductions in CO<sub>2</sub> emissions.

#### d. Environmentally responsible business activities

We participate in Team Minus 6%, a national project in Japan led by the Ministry of the Environment with the aim of achieving a 6% reduction in greenhouse gas emissions, which is the target established under the Kyoto Protocol.

### (3) Carbon offset postcards

One of our 2008 New Year's postcards including donations was a carbon offset New Year's greeting card. Donations from this card were used solely to help reduce greenhouse gas emissions. Carbon offset is used to offset the shortfall in greenhouse gas emission reductions resulting from a company's own activities. The offset is achieved by sending donations to clean-energy organizations in order to cut greenhouse gas emissions in other areas of the world.

Japan Post Service will further increase measures to protect the environment by using the New Year's postcard—Japan's largest communication tool—and other aspects of its business activities and business domains. We want to make even more people aware of the importance of lowering CO<sub>2</sub> emissions. (Donations of about ¥170 million were distributed to three organizations in fiscal 2008.)

### (4) Reusable packaging box for EMS and Yu-Pack

Ordinary cardboard boxes have been used to package most parcel shipments. However, cardboard is not strong enough to permit repeated use of these boxes. In most cases, the box must be discarded after only a few shipments. To create a more environmentally responsible box, we developed a carton made of a compressed heavy paper material that can be reused about 100 times. The carton is for EMS (international express mail service) and Yu-Pack parcels. By using fewer resources and cutting CO<sub>2</sub> emissions, this box helps fight global warming.

Japan hosted the G8 Environmental Ministers Meeting in May 2008 in Kobe and the G8 Summit Meeting in Hokkaido the following July. We provided services at both meetings. We provided cartons and envelopes for materials to be used at the G8 Summit Meeting. We also operated a special EMS and Yu-Pack booth, where we provided cartons and envelopes at no charge. This showed our commitment to protecting the environment to participants of these events.

### (5) Joint collection of ink cartridges and other items

The Japan Post Group (Japan Post Service and Japan Post Network) collects and delivers ink cartridges under outsourcing agreements as part of a project to reuse these cartridges as resources. Providing this service helps create a society where all products can be recycled. We are also involved in the collection of used personal computers and fire extinguishers.



## 4 Japan Post Bank CSR Activities

### 1. Services Accessible to Everyone

By offering a pension delivery service, communications in braille, and other products and services, we are working in many ways to serve seniors and other customers with special needs.

#### (1) Pension delivery service

Many of our customers are unable to visit our branches to receive pension payments because of advanced age, physical limitations, etc. For these customers, we have home-delivery for pensions.

Customers wishing to use this service need only submit an application along with certification from a manager of Japan Post Bank or a post office or social worker.

Our branches have ramps, handrails, walkway blocks to guide visually impaired customers, and other features to provide easy access to everyone.

#### (2) New welfare time deposits

We offer these one-year time deposits, which feature a higher than normal interest rate, to individuals receiving disability, survivor, and other public pensions. Each eligible customer can make a deposit of up to ¥3 million.

#### (3) Services in braille

For visually impaired customers, we distribute deposit statements and a variety of other notices in braille.

Customers can request this service at any Japan Post Bank branch or post office.



■ Our ATM card and ATM with braille (keyboard and telephone receiver)

#### ■ Services Available in Braille

Service	Description
Ordinary deposit statement	Customers receive by mail a statement once or twice each month listing deposits, withdrawals, utility payments, account balances, and other information. For deposit passbooks, we can attach a braille sticker showing the type of deposit (and a sticker with the individual's name for passbook storage envelopes).
Time deposits and TEIGAKU deposit terms	With a deposit certificate, we provide a braille document that explains the time deposits contract terms. We can attach a braille seal to the deposit certificate showing the type of deposit (and a sticker with the individual's name for certificate storage envelopes). For loans secured by time deposits and other deposits, we provide a braille document explaining the terms of the loan. In addition, upon maturity of the deposit, we send the customer a braille notice of the maturity date and the amount that will be received.
Notice of account transfers	Each time a payment is made to or from an account, we send a braille notice of the amount received or paid to the account holder. However, this does not include the name of the individual who has sent the money.
Braille ATM card	Customers can ask for an ATM card with the name printed in braille as well as a braille explanation of how the card can be used.
Use of ATMs	All Japan Post Bank ATMs have braille keyboards. Furthermore, telephone receivers allow customers to use a telephone or their own earphones to receive instructions and get information such as remittances and account balances.
Product and service pamphlets in braille	Customers can receive braille pamphlets explaining products and services at any Japan Post Bank branch or post office. This publication is also available at braille libraries.

## 2. Social and Community Activities

Social activities extend from no charge for remittances of donations for victims of natural disasters to a number of community activities near our branches, such as picking up litter and participation in community events. These activities

demonstrate our policy of being an integral part of every community that we serve. In addition, we hold piggy bank contests at elementary schools throughout Japan as part of programs to make children more knowledgeable about financial matters.

**(1) Remittances of donations for disaster relief at no charge**  
Japan Post Bank branches and post offices accept donations at no charge to aid victims of natural disasters. We transfer the donations at no cost to the Japanese Red Cross Society, Community Chest, and local governments.

To promote social welfare activities, we send donations at no charge for charities that we have designated.

### Fiscal 2007 Donations

(As of March 31, 2008)

Event	Donation period	No. of donations	Total donations
Niigata Chuetsu Earthquake	Oct. 25, 2004 – Oct. 24, 2007	8,960	¥117.46 million
Noto Peninsula Earthquake	March 27, 2007 – ongoing	45,121	¥1,825.08 million
Kyushu flooding	July 11, 2007 – Aug. 10, 2007	4,363	¥43.87 million
2007 Niigata Offshore Earthquake	July 18, 2007 – ongoing	140,778	¥2,437.76 million
Typhoon No. 5	Aug. 7, 2007 – Sept. 28, 2007	945	¥7.66 million
Typhoon No. 11 and heavy rain	Sept. 25, 2007 – Oct. 31, 2007	986	¥9.54 million
Toyama wave damage	March 5, 2008 – ongoing	1,099	¥9.98 million
Sado winter storm	March 21, 2008 – ongoing	40	¥0.23 million

**(2) Sales of socially responsible investing (SRI) fund**  
We sell diversified products of investment trusts to assist customers to achieve their medium- and long-term goals for increasing their assets. One of these funds is the STB Japan

Stock SRI Fund, which purchases the stock of companies that have a strong commitment to CSR programs.

Starting in June 2008, we have been using the trust fees from this fund to fund carbon offsets.

## 3. Environmental Activities

Japan Post Bank has established its Environmental Policy that includes the fundamental philosophy for energy conservation, resource conservation, and other environmental activities. We are dedicated to preserving the environment for future generations.

The Japan Post Group has announced the Environmental Vision that covers the five fiscal years ending with the 2012 fiscal year. The vision positions global warming initiatives and programs for sustainable forests as the two core environmental themes of the group.

To help achieve these policies and vision, we are working with other Japan Post Group companies to participate in Japan's Team Minus 6% campaign, we take part in the Japan Post Forest program, we have earned ISO 14001 certification, and we have other programs that reduce emissions of CO<sub>2</sub> and other greenhouse gases.

### (1) Participation in Team Minus 6%

Team Minus 6% is a national project in Japan backed by the Ministry of the Environment to achieve a 6% reduction in greenhouse gas emissions, which is one target of the Kyoto

Protocol. Japan Post Bank is a participant in this program, taking actions across all operations to lower its emissions of greenhouse gases.

### (2) ISO 14001 certification

Japan Post Bank has received ISO 14001 certification for its environmental management systems, just as at Japan Post. Our certification covers 27 branches, which have standardized environmental operations conforming to the ISO 14001 guidelines. By using the Japan Post Bank Environmental Management System, we are constantly working on lowering our environmental impact and other environmental programs.

#### ISO 14001 Certified Branches (27 Locations)

Obihiro, Morioka, Mito, Takasaki, Hiratsuka, Kofu, Katsushika, Chofu, Nagano, Niigata, Nagaoka, Kanazawa, Gifu, Yokkaichi, Otsu, Kyoto, Kobe, Himeji, Wakayama, Matsue, Okayama, Fukuyama, Shimonoseki, Tokushima, Takamatsu, Kitakyushu, Miyazaki

## 5 Japan Post Insurance CSR Activities

As an insurance company with a strong commitment to public service, Japan Post Insurance bases operations on the management philosophy of making significant contributions to people's health and conducting business operations that are kind

to people and the environment. With the goal of serving as Japan's most convenient and trusted insurance company for our customers while looking ahead to the future with them, we have an extensive CSR program.

### 1. Contributions to Staying Healthy

#### (1) Promotion of radio exercise program

"Radio exercise" (*radio taiso* in Japanese) was started in 1928 by what was then the Insurance Bureau of Japan's Ministry of Communications. Established to commemorate the coronation of the Showa Emperor, this was a means of maintaining and enhancing the health of the Japanese public.

In the ensuing years, the Ministry of Communications, the Ministry of Posts and Telecommunications, and Japan Post have continued to conduct the radio exercise program with the cooperation of NHK (Japan Broadcasting Corporation) and the Japanese radio exercise federation (known as *Zenkoku Raji taisou Renmei*, established in 1962). In 1953, the summer radio exercise tour was started. This event visits 43 locations nationwide over a period of 43 days, attracting the participation of people ranging from elementary school students to the elderly. Starting in 1962, each one of these event locations has been designated as a "Radio Exercise for 10 Million People" festival, attracting between 10,000 and 30,000 participants.

Today, radio exercise is still a popular exercise program that can be enjoyed by people of all ages at any time and any place. Carrying on this proud tradition, Japan Post Insurance holds events to popularize radio exercise and continues to play an active role in helping the Japanese public lead a healthy lifestyle.

#### (2) Special sponsorship for a walking event

In October and November 2007, Japan Post Insurance was a special sponsor of the Postal Insurance All-Japan Friendship Walk, an event held at 13 locations to commemorate the establishment of Japan Post Insurance. One way to help people stay healthy, the event attracted the participation of about 34,000 individuals in all areas of Japan.



#### History of Radio Exercise

1928	Establishment of people's health preservation exercise system (former radio exercise)
May 1951	First broadcast of current radio exercise No. 1 format
Around 1952	Started distributing radio exercise attendance cards
July 1953	Start of summer radio exercise tour
Oct. 1962	Start of "Radio Exercise for 10 Million People" festival
Sept. 1999	Establishment of <i>Minna no Taisou</i> ("everyone's exercise") system





### (3) Symposium on healthy living

Japan Post Insurance held a “Supporting Health, Supporting Dreams” seminar in Tokyo in March 2008 on the subject of how to stay healthy. Intended to provide information to the public on ways to lead a healthy life, the seminar featured a keynote speech by judo champion Toshihiko Koga. The seminar also included a panel discussion by well-known individuals from many fields.



## 2. Business Operations That Are Kind to People and the Environment

### (1) Business operations that are kind to people

#### a. Special services following disasters

In the event of a natural disaster or other major incident, we provide the following special services to extend emergency assistance to victims. Japan Post Insurance branch offices and post offices offering these services display signs showing a list of the services and the availability period.

- Extension of deadline for payment of insurance premiums
- Emergency immediate payments of insurance benefits and prepaid insurance premiums
- Emergency processing of basic contract termination and immediate payment of termination refunds
- Emergency processing of contract terminations with special terms and immediate payment of termination refunds
- Emergency immediate payment of ordinary loans
- Emergency processing of insurance premium refunds due to cancelation of advance payments of premiums
- Emergency immediate payments of policy dividends
- Emergency processing of reduced insurance benefits instead of deferring payments of premiums

#### b. Provision of documents in braille

Policyholders can request policy explanations printed in braille as well as braille documents providing information about a policy's maturity, annuity payments, loans, and the repayment of loans.

### (2) Business operations that are kind to the environment

Japan Post Insurance is a participant in the Team Minus 6% program, a national program led by Japan's Ministry of the Environment. The goal is to achieve a reduction of 6% in greenhouse gas emissions in Japan compared with 1990, which is a target of the Kyoto Protocol.