

Dedicated to Becoming an Even More Trustworthy Group

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1. Japan Post Group CSR

1. Japan Post Group CSR Activities

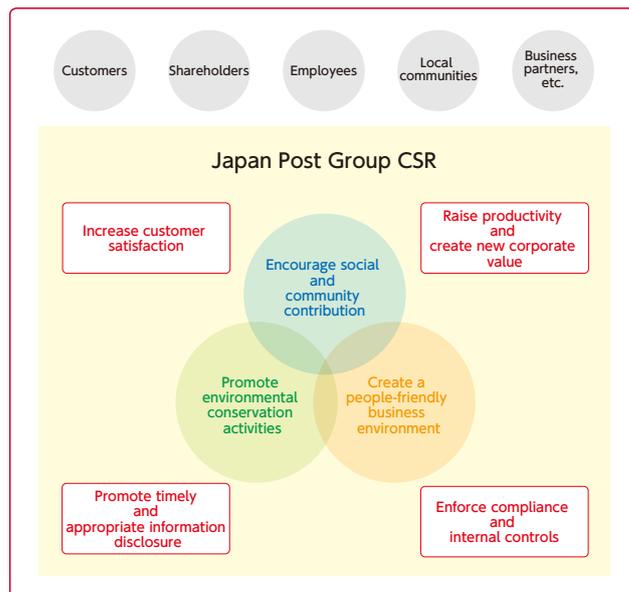
The Japan Post Group has designated seven action areas as issues to be systematically addressed in fulfilling its corporate social responsibility (CSR). These are social and community contribution, environmental conservation, creating a people-friendly business environment, increasing customer satisfaction, compliance, information disclosure and boosting productivity.

At the Japan Post Group, CSR activities serve as a means of achieving the Group's management philosophy and ensuring sustainable growth.

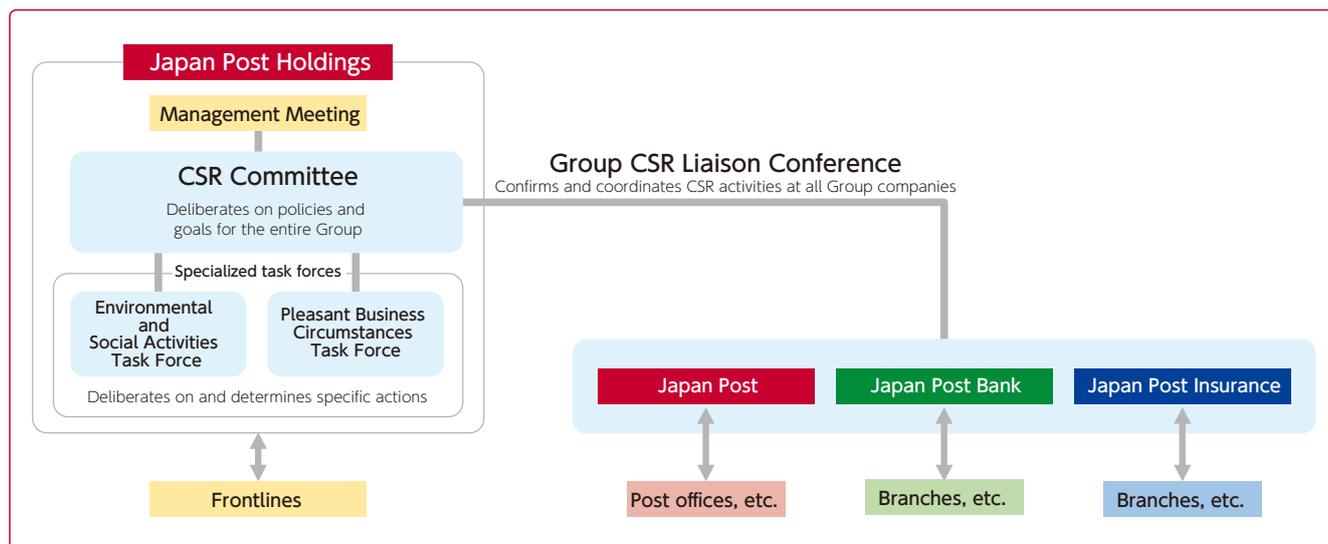
1. Seven CSR Issues Including Three Priority Issues

Of the seven CSR issues, four issues are what is expected of the Japan Post Group by customers and shareholders when the Group conducts business. Specifically, these are to increase customer satisfaction; raise productivity and create new corporate value; promote timely and appropriate information disclosure; and enforce compliance and internal controls. Explicit actions are to be undertaken independently and voluntarily by each Group company with a clear understanding that these are included within the scope of the Japan Post Group's CSR.

The remaining three, namely, encourage social and community contribution, promote environmental conservation activities and create a people-friendly business environment, are CSR priority issues that should be pursued commonly by all Group companies ("three common CSR priority issues") from a medium- to long-term perspective. The Japan Post Group places particular emphasis on these issues, recognizing that these are the responsibility that the Group assumes as a provider of products and services to customers throughout the country.



2. Japan Post Group CSR Organization



2. Activities Related to the Three Common CSR Priority Issues

In fiscal 2014, we continued to promote our ongoing efforts related to CSR initiatives by leveraging the distinctive strengths of the Japan Post Group, namely, its nationwide post office network. At the same time, we made efforts to ensure timely and appropriate information disclosure and to introduce third-party evaluations.

1. Encourage Social and Community Contribution

Utilizing the Japan Post Group's network, we cooperate with local public entities to ensure the well-being of elderly people living in underpopulated areas by checking on them through the exchange of words during mail delivery as well as to protect children in their daily lives. We also provide support for disaster preparedness and assistance for disaster-affected areas, such as no postal charge on mail and money transfers sent for disaster relief purposes, and conduct education and enlightenment activities within local communities based on the line of business undertaken by each Group company.

Specific Activities

1. Promotion of Community Contribution

Network of 24,000 Post Offices

Japan Post has approximately 24,000 post offices in all of the cities, districts, towns and villages nationwide, including underpopulated areas, encompassing all of Japan. These serve as locations offering one-stop service centers for mail, savings deposits, insurance and other basic everyday services, and are intricately connected with the local community.

We will offer our local customers new, convenient services through our post offices while continuing to use them as locations for these services in the future as well.

Height above Sea Level Signs on Post Boxes

Some post offices cooperate in disaster prevention efforts of local public entities. As one means of mitigating tsunami-caused damage and raising awareness among community members, at post offices and on post boxes we put up signs and stickers provided by local public entities that show heights above sea level and evacuation shelters of respective areas.

Neighborhood Watch Agreements

Neighborhood watch activities, led by local public entities, have been expanding among local communities to safeguard children and ensure the well-being of elderly people living alone. We have concluded agreements with local public entities and have been participating in these activities by being on the lookout for any unusual occurrences while at work and notifying predetermined contact points when encountering any such incidents.

Provision of *Himawari* Service

Mail delivery personnel provide words of encouragement to elderly people living alone (who are 70 years old or older) and elderly couples in underpopulated areas (for 100 local governments as of the end of March 2013).

Promotion of Intergenerational Communication via the Exchange of Letters

As one way of nurturing ties among people and among local communities, we provide support for the exchange of letters between community members and elderly people living alone or in nursing homes in collaboration with schools and other external organizations. We also provide an intermediary service through the Association of Pen Friend Clubs of Japan (operated by Japan Post).

Promotion of *Furusato* (Hometown) Parcel

We display catalogs with products for which each locale nationwide is known and circulars with products closely related to the community at approximately 24,000 post office counters nationwide for customers to order from. We then ship these by Yu-Pack directly from the producing regions. Revenues from the sale of goods through catalogs were ¥99.0 billion in fiscal 2014 (up 3.1% year-on-year).

Handling of Work for Local Public Entities

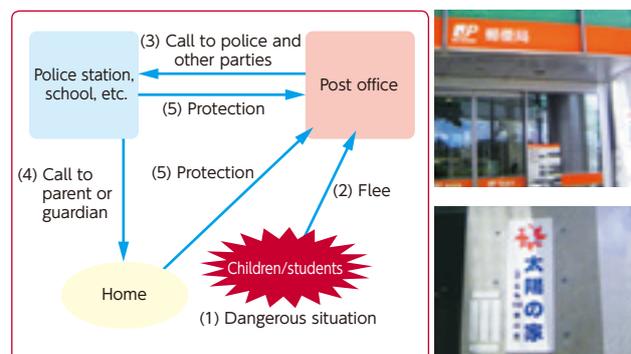
Designated post office counters provide administrative services, such as distribution of official family register transcripts, certificates of residency and other public certificates, and sell public bus tickets on consignment from local public entities.

Issuance of Pension Records on a Trial Basis

Under consignment from the Japan Pension Service, we provide a service to issue pension records for customers by using the organization's *Nenkin* Net service at 203 post offices.

Emergency Assistance for Children

In order to prevent incidents and accidents involving children before they happen, post offices serve as a safe refuge for children, providing the first line of protection and making an emergency call to police.



Education and Enlightenment Activities

- Accepting children from local elementary schools for a post office tour
- Offering space within a post office lobby for community use
- Participating in local events, including Radio Exercise and other sports events
- Providing a financial literacy web page for children and elderly people as part of promoting financial education
- Operating a patient library (Tokyo Teishin Hospital)

Collection of Used Ink Cartridges, etc.

We collect used ink cartridges jointly with six printer manufacturers. As of March 31, 2014, collection boxes have been installed at 3,639 post offices nationwide and certain facilities of local public entities.

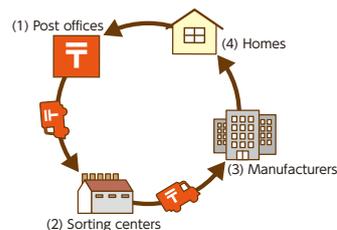
Used cartridges collected at these post offices and facilities are sent to sorting centers using our Yu-Pack service and then returned to the respective companies, which responsibly perform the recycling of these cartridges.

We also collect used or expired fire extinguishers and personal home computers at post offices or through our pickup service.

Special Collection Box



Collection Cycle



2. Promotion of Social Contribution

New Year's Postcard Donations Aid Program

Our New Year's postcard donations program celebrates its 65th anniversary in fiscal 2015. A donation of ¥5 is added to each New Year's postcard, and funds raised through sales of these postcards are allocated to organizations engaged in activities in 10 fields, including the promotion of social welfare, healthy youth development, emergency disaster aid and disaster prevention, and global environmental conservation.

Donations of ¥604.02 million raised from sales of 2014 donation-added New Year's postcards and postage stamps were distributed to 297 organizations.

Reduced Postal Rates or No Charge for Third- and Fourth-Class Mail

We apply reduced rates or no charge for periodicals that are published four or more times each year and have been approved by Japan Post (third-class mail) and on materials sent for the purpose of promoting public welfare or academic research (fourth-class mail). Examples of such fourth-class mail include correspondence education materials, Braille materials, sound recordings intended solely for the use of the visually impaired, plants and seeds, and academic publications.

"Japan Post Bank Deposits for International Aid"

Under the "Japan Post Bank Deposits for International Aid" program, customers donate 20% of the interest received on their savings (after-tax) to Japan Post Bank. By using the JICA (Japan International Cooperation Agency) Fund established by JICA, these resources are used in such activities as improving living standards in developing countries and regions through nongovernmental organizations (NGOs) and other groups.

The program began in October 2008, and as of March 31, 2014 we had received about 710,000 applications for the program, and a total of ¥16.17 million has been donated to the JICA Fund.



JAPAN POST BANK Piggy Bank Design Contest for Children

With the objectives of increasing children's interest in saving and fostering their artistic creativity by making piggy banks, we hold an original piggy bank design contest for children, the leaders of tomorrow's society. For the 38th contest held during fiscal 2013, we received about 810,000 entries from 11,527 elementary schools across Japan. Japan Post Bank donated ¥10 for every piggy bank entry received to the Japan Committee for UNICEF and JICA (a total of ¥8,127,260 and ¥4,063,630, respectively). These donations are used to assist children suffering from poverty and illnesses in developing countries.



"We are Friends," which won the Post office Award (first grade group)



"Pencil Shavings Fish Piggy Bank," which won the Japan Post Bank Award (fifth grade group)

Special Support for Competition of Junior *Honinbo* for the Japan Post Bank Cup

To foster intergenerational communication and local revitalization along with supporting children who will take the lead in the next generation, we provide special support to the Competition of Junior *Honinbo* for the Japan Post Bank Cup (sponsored by the Mainichi Newspapers, co-sponsored by the National Children's Go Association, supported by the Nihonkiin and the Kansaiin and cooperated by Japan Post Co., Ltd.).

In the tournament, which celebrated its 17th anniversary in fiscal 2013, about 3,000 amateur Go players, who are children of junior high school age or younger, competed for the top position in Japan.

Regional competitions were held at 15 venues across the country during the period from February to March 2014. The 38 winners in the regional competitions participated in the national tournament held in March 2014 and fully demonstrated their Go skills.

Popularizing and Promoting Radio Exercise

With the objective of proactively contributing to the health of people, we work with NHK (Japan Broadcasting Corporation) and Japan Radio-taiso Federation, a non-profit organization, to popularize and promote the Radio Exercise program by jointly holding the Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone") and Radio Exercise and *Minna no Taiso* Summer Tour and Special Tour.



Radio Exercise and *Minna no Taiso* Summer Tour (Miyazaki City, Miyazaki Prefecture)

Supporting Sports Events

We co-sponsored the interscholastic athletic meet (National High School Athletic Meet) held in northern Kyushu (three prefectures of Fukuoka, Saga and Nagasaki) from July 28 to August 20, 2013.

Support for the JAPAN U-12 FOOTBALL CHAMPIONSHIP

With the aim of supporting children with great promise, and to foster their sound physical and mental growth and development through football, we provide support to the JAPAN Under-12 FOOTBALL CHAMPIONSHIP.

Supporting Projects for the Promotion of Social Welfare

We do not charge postage (including handling fees) on registered mail used to send donations to corporations or organizations specialized in the promotion of social welfare, such as regional Community Chests, the Central Community Chest of Japan and the Japanese Red Cross Society, or commission fees on donations made to transfer accounts by means of money transfer.

Japan Post Insurance Public Talk on People's Health

We sponsor a public talk on promoting a healthy life to convey relevant information to a broad audience in society. In fiscal 2014, the public talk was held in Kobe City, Hyogo Prefecture, under the theme of "Keep Your Spirit of Challenge and Tackle the Future." At both venues, the event opened with a speech by wrestling coach Kazuhito Sakae of Shigakkan University, the wrestling club of which is famous for turning out a number of Olympic gold medalists. There was also a talk session on the topic of promoting physical and mental health with Saori Yoshida, who won a gold medal in women's wrestling at the London 2012 Summer Olympics.



Japan Post Insurance Public Talk on People's Health 2014

"Kanpo Kids Smile World®"

We hold childcare support events with the aim of nurturing the sound growth of children. In fiscal 2014, we held "Kanpo Kids Smile World® 2013" in the three prefectures of Iwate, Miyagi and Fukushima to support the victims of the Great East Japan Earthquake and recovery of the disaster-affected areas.

The event provided various programs that are fun for both parents and children. They enjoyed a stage show by local children, a Radio Exercise session and a workshop to make pinwheels, and took home many delightful memories of the day.



Snapshot of a Kids Smile Stage program

3. Support for Disaster Preparedness and Assistance for Disaster-Affected Areas

Emergency Assistance for Disaster Victims

Upon the occurrence of a natural or other emergency disaster, we provide emergency services for disaster victims, including emergency handling of deposits, at post office counters and other places.

	Major Activities
Postal	<ul style="list-style-type: none"> Offering postcards free of charge to disaster victims No postal charge on mail sent by disaster victims No postal charge on registered or other mail used to send relief funds to organizations engaged in disaster relief activities for disaster victims Providing information concerning damage on roads, etc.
Deposits	<ul style="list-style-type: none"> No commission fees on donations made to transfer accounts of the Japanese Red Cross Society, regional Community Chests and local public entities for the purpose of disaster relief Emergency withdrawal of deposits for disaster victims who have lost their passbooks
Insurance	<ul style="list-style-type: none"> Extending the grace period for premium payments Emergency and immediate payments of insurance and other benefits
Accommodation	<ul style="list-style-type: none"> Free bathing services by <i>Kanpo no Yado</i> inns

Disaster Prevention Agreements

We conclude disaster prevention agreements at the request of local public entities.

As an effort to cooperate in the prevention of landslides and damage in mountainous areas, we are putting up posters and handing out leaflets on soil and water conservation, and installing rain gauges and rain gauge displays.

2. Promote Environmental Conservation Activities

The Japan Post Group has laid out its Environmental Vision that encompasses its basic approach to the environment and has been conducting various activities with a strong focus on two areas, namely, implementing global warming response measures and promoting the cultivation of sustainable forests. In fiscal 2014, we added another action theme, "making efficient use of resources," and have been encouraging initiatives in these three fields.

(For details, please refer to "Japan Post Group Environmental Vision" on page 80.)

(1) Implementing Global Warming Response Measures

The Japan Post Group aims to reduce CO₂ emissions by 1% on average (from fiscal 2013 level) over three years from fiscal 2014 to fiscal 2016.

(2) Promoting the Cultivation of Sustainable Forests

Each of the Japan Post Group companies is working to reduce copy paper consumption. We also have a program, under which employees and their families volunteer to undertake tree silvicultural activities at the JP-no-Mori, and have been providing support to a children's tree-planting campaign, which is designed to engender sound environmental awareness in children and help them to be strong and bold in their lives by taking part in this comprehensive forest cultivation program.

As shown above, we promote the cultivation of sustainable forests both through our business activities and social contribution activities.

Specific Activities

Reduction of CO₂ Emissions

We strive to reduce CO₂ emissions through a range of initiatives, including promoting energy-saving awareness among employees.

Power-Saving Measures in Summertime

Under the guideline, "Electricity Supply-Demand Measures in 2013 Summertime," issued on April 26, 2013 by the Electricity Supply-Demand Review Committee, we implemented several power-saving measures in response to the government's call for voluntary actions without numerical targets. Our efforts included setting the temperature of air conditioners at 28°C, minimum lighting during peak times and partial operation of elevators.

- Period: Monday, July 1 – Monday, September 30, 2013
- Subject facilities: All facilities of each Group company within the areas covered by respective power companies
- Reduction target: A reduction of 5-15% or more from the previous year's level, with a specific target figure separately determined for each area



Employee volunteer activities at the JP-no-Mori (Kururi Donguri-no-Mori) located in Kimitsu City, Chiba Prefecture



Protecting trees from deer damage



Participants clearing underbrush



The children's tree-planting "Tohoku Regeneration Green Wave" (Yamada-town, Iwate Prefecture)



Participants in the children's tree-planting "Tohoku Regeneration Green Wave" (Yamada-town, Iwate Prefecture)

Implementation of "Cool Biz" and "Super Cool Biz" Campaign

As part of efforts to save power during summertime, the Japan Post Group conducted a "Cool Biz" campaign during the period from May 1 to October 31, 2013 and a "Super Cool Biz" campaign, which is a step beyond the Cool Biz practice, at the height of summer from July 1 to September 30, 2013. The latter encourages even more casual attire in the workplace, and post office and branch personnel were allowed to wear polo shirts at work during that period.

Promotion of Environmentally Friendly Facilities

We introduce environmentally friendly energy-saving measures when constructing new or additional facilities for post offices or conducting large-scale renovations.

We have also conducted energy conservation evaluations at post offices with high levels of CO₂ emissions and energy usage and are introducing ESCO (Energy Service Companies) businesses at some of these post offices as part of our efforts to introduce energy-saving facilities.

Introducing Electric and Other Eco-friendly Vehicles at Post Offices and other locations

At Japan Post, we are deploying eco-friendly vehicles, namely, electric vehicles (EVs) and hybrid vehicles (HVs), to achieve a reduction in the amount of CO₂ emitted from vehicles.

At post offices, we have deployed 57 EVs and 10 plug-in hybrid vehicles (PHVs) for general or commercial use and 18 EVs (four-wheeled mini-vehicles) for collection and delivery services (as of March 31, 2014).

Eco-friendly Driving

The Japan Post Group encourages well-mannered, eco-friendly driving to reduce the number of traffic accidents and lower CO₂ emissions through lower fuel consumption.

Japan Post strives to raise "Safe Eco-Driving" awareness among mail delivery and sales personnel nationwide through various initiatives, such as holding an in-house driving contest.

3. Create a People-Friendly Business Environment

As an operator with a nationwide network of business and service bases, the Japan Post Group has been adopting a comprehensive universal design approach to planning and designing its facilities, equipment and services to ensure usability and friendliness for the widest group of customers, including elderly people and persons with disabilities.

We have also been making efforts to create a better working environment for our employees who play a crucial role in supporting our business operations.

Specific Activities

Transitioning to Barrier-Free Facilities

We have been promoting the conversion of post offices and branch buildings into barrier-free facilities and have made about 8,500 post offices barrier-free as of March 31, 2014. To ensure safe accessibility for every customer, we will continue to encourage renovation based on a view of universal design, for example, by installing ramps and handrails at the entrances of post offices and laying Braille blocks for visually impaired customers.



Braille blocks



Ramp and handrails installed at the entrance

Pension Delivery Service

We provide a service to deliver pension and other benefits to advanced-age or physically challenged pensioners who have difficulty in coming to the counter to receive payments. This home delivery service is conducted periodically as the payment of these benefits is made by the government.

Services Available in Braille

We provide a range of services in Braille for visually impaired customers.

	Services
Postal	<ul style="list-style-type: none"> • Displaying mail pickup times in Braille • Delivery notices in Braille to recipients during their absence
Deposits	<ul style="list-style-type: none"> • Braille notices of the service content of deposits and money transfers, etc. • Equipping ATMs with Braille instructions • Issuing Braille ATM cards • Product and service brochure in Braille
Insurance	<ul style="list-style-type: none"> • Braille notices of the content of insurance agreements • Various notices in Braille (e.g., insurance maturity dates, pension payments and loan contents, etc.)

Braille Yu-Pack, Yu-Pack for the Hearing Impaired and Yu-Mail for Persons with Disabilities

Lower shipping fees are applied for Yu-Pack for sending large Braille books and other Braille materials; Yu-Pack used to send videotapes and other recorded materials between hearing-impaired persons and facilities approved by Japan Post; and Yu-Mail used to send books between persons with disabilities and libraries registered with Japan Post.

Offering Blue Bird Postcards Free of Charge (Conducted Annually Since 1976)

We provide 20 standard postcards (plain, inkjet printing or dimpled postcards) free of charge to severely physically challenged individuals (class 1 or 2) or severely mentally challenged individuals (level 1 or 2, or holding grade A intellectual disability certificates), who have requested this service. These 20 postcards are provided in an originally designed envelope featuring a blue bird illustration.

Postcards with Indentations (Dimpled Postcards) for the Visually Impaired

These are postcards with a semi-circular indentation in the lower left corner on the front side of the postcard, which makes it easy to distinguish the front or back and the top or bottom of the postcard.



Postcards with indentations (dimpled postcards)



New Welfare Time Deposits

This one-year time deposit with preferential interest rates is designed for persons receiving disability, survivor, and other similar public pensions and child-rearing allowance. Up to ¥3 million can be deposited per person.

4. Others

With a view to widely communicating to the public our efforts concerning the three common CSR priority issues that should be pursued by all Group companies, the Japan Post Group seeks various opportunities and strives to ensure timely and appropriate disclosure of information on a range of CSR activities undertaken by each Group company. In addition, our social and environmental report now includes a third-party opinion.

Publication of Social and Environmental Report

In December 2013, we published the *Japan Post Group Social and Environmental Report 2013*, which describes the Group's community and social contribution activities in an easy-to-understand format. We handed out this report at the Eco-Products 2013 exhibition and other occasions.

Participation in Eco-Products 2013

At the Eco-Products 2013 exhibition held at Tokyo Big Sight from December 12 to 14, 2013, we ran a Japan Post Group booth and presented various environmental conservation activities undertaken by each Group company. For small children from infants to elementary school students, we also held an event to plant acorns and a "Forest Postcard" workshop using postcards made from thinned trees.

Participation in the Minnade-Katsudou-Taiken-World

We participated in the Minnade-Katsudou-Taiken-World, an experience-based event for children, held at the Sunshine City complex (Toshima-ku, Tokyo) on February 1-2, 2014. At the Japan Post Group booth, we presented various initiatives supported by the Group, including our children's tree-planting campaign. We also held a "Forest Postcard" workshop, in which children from infants to elementary school students experienced our postal service [wrote messages on postcards made from thinned trees, put stamps and actually sent them through our postal service]

■ Japan Post Group Environmental Vision

- The Japan Post Group recognizes its responsibility to pass on to future generations the beautiful and livable Earth and will seek to conserve the global and regional environment as one of the important Group management issues. We will observe laws, regulations and other agreements and endeavor to prevent pollution or other environmental issues that may arise from our execution of business.
- The Japan Post Group will monitor the status of the global and regional environment and the environmental impact of our business operations, define specific targets and constantly refine our activities by reviewing these targets on a regular basis. We will designate the following three items as the highest priority among the environmental activities and undertake initiatives in each field.
 - (1) Implementing Global Warming Response Measures
We will define total numerical targets for reduction in CO₂ emissions* from our business operations and appropriately manage CO₂ emissions.
 - (2) Promoting the Cultivation of Sustainable Forests
We will contribute to the cultivation of sustainable forests both through our business activities and social contribution activities.
 - (3) Making Efficient Use of Resources
We will work to reduce paper usage and at the same time introduce eco-friendly practices, such as drastically increasing the use of recycled paper. We will also strive to save resources by encouraging the recycling of office supplies used in our business activities.
- Each company and employee in the Japan Post Group will share this Environmental Vision, and the Japan Post Group proactively discloses environment-related information.

* Our Environmental Vision only covers energy-derived CO₂ emissions.

2. Our Response to the Great East Japan Earthquake

The Japan Post Group extends its heartfelt sympathy to the people who have suffered from the Great East Japan Earthquake that occurred on March 11, 2011. We have implemented a series of initiatives aimed at supporting the swiftest recovery possible of people affected by the disaster.

1. Status of Resuming Operations of Post Offices

On March 14, 2011, which was the first business day after the earthquake, the number of "out-of-service" directly operated post offices and contracted post offices in three prefectures in the Tohoku region (Iwate, Miyagi and Fukushima prefectures) was 583 (out of 1,103) and 100 (out of 319), respectively, or approximately half of the total post offices located within the district. We gradually undertook efforts to set up temporary post offices and reconstruct permanent buildings, and as of March 31, 2014, had

reduced the number of "out-of-service" directly operated post offices and contracted post offices to 47 and 15, respectively.

These figures include five directly operated post offices and three contracted post offices, which are unable to operate due to the government's instructions, such as the designation of areas in which residents have difficulties in returning associated with the Fukushima Daiichi Nuclear Power Plant accident.



A temporary post office used by the Kamaishiheita Post Office (Iwate Prefecture)



Reconstructed Ofunatoekimae Post Office (Iwate Prefecture)

2. Assistance for Disaster Victims

1. Postal Operations

■ Delivering Mail to Temporary Housing Units

Mail was delivered to temporary housing units after confirming the address of customers who relocated there from evacuation shelters. Additionally, we set up post boxes inside temporary housing complexes in conjunction with local authorities (178 post boxes in the three prefectures of Tohoku as of March 31, 2014) and worked to improve customer convenience.

■ No Postal Charge on Registered Mail Used to Send Cash for Disaster Relief Purposes

Registered mail was handled without charging postage when used to send cash for disaster relief to organizations engaged in disaster relief activities (from March 14, 2011).

2. Financial Services

■ Emergency Handling of Deposits and Insurance Payments

We have permitted withdrawals of up to ¥200,000 per person from ordinary deposit accounts by depositors who have lost their deposit passbooks, deposit certificates, seals or other such articles as a result of the Great East Japan Earthquake (from March 13, 2011). Additionally, the handling of insurance matters includes making emergency insurance payments (from March 14, 2011).

■ Free-of-charge Money Transfers for Natural Disaster Relief Donations

We offered free money transfers by ordinary in-payment for natural disaster relief donations in support of relief activities for victims of the Great East Japan Earthquake. These free money transfers were sent to the accounts of organizations engaged in relief and other related activities such as the Japanese Red Cross Society and the Central Community Chest of Japan.

As of March 31, 2014, the Bank had processed a total of approximately 3.23 million free money transfers for disaster relief donations in the total transfer amount of approximately ¥92.9 billion.

3. Counter Operations

■ Special Counter Services by Mobile Post Offices

Services are provided at two locations in Iwate Prefecture and one location in Fukushima Prefecture that include accepting and handling postal and Yu-Pack items as well as enabling deposits and withdrawals of ordinary deposits through ATM.



Special counter services at a mobile post office (former Raga Elementary School in Iwate Prefecture)

3. Japan Post Group Corporate Governance

(As of July 1, 2014)

1. Fundamental Policy for Corporate Governance

At the Japan Post Group, all Group companies establish their own corporate governance systems, and Japan Post Holdings Co., Ltd., 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. Group Management

Japan Post Holdings has management control agreements between its three major subsidiaries. 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 receive approval by the holding company 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.

2. 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 matters concerning such areas as compliance, internal audits, risk management, 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 enables the holding company to assist Group companies in making improvements as needed.

3. 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 makes decisions concerning business activities. The Board of Directors, comprising 16 directors among which eight are outside 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. The Nomination Committee decides on proposals regarding candidates for director while the Audit Committee monitors the business execution functions of executive officers and other relevant individuals, and the Compensation Committee determines compensation for executive officers and other relevant individuals.

4. 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 meeting discusses important matters involving business activities and submits reports.

In addition, there are two special committees, the Compliance

Committee and Corporate Social Responsibility (CSR) Committee, 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.

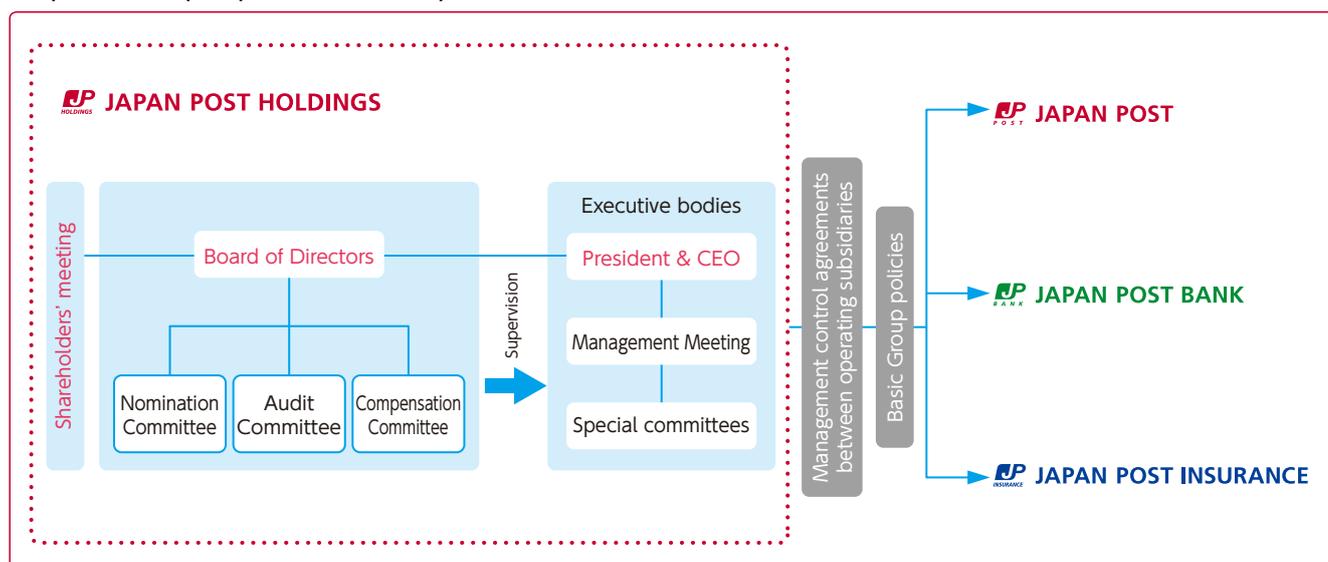
5. Administrative Management

Japan Post Holdings has set forth a basic policy concerning the creation of administrative management systems that requires Group companies in different industries to continually strive to maintain and improve administrative quality by promoting rationalization and streamlining of administrative operations and procedures.

To support the development and improvement of administrative

management systems at each Group company and ensure cooperation between Group companies, Japan Post Holdings requests information necessary to evaluate the administrative management system of each Group company and provides guidance and makes recommendations for improvements as required.

■ Japan Post Group Corporate Governance System



■ Declaration by Top Management regarding the Elimination of Relationships with Antisocial Forces

To eliminate any relationships with antisocial forces and prevent damage to the organization, the Japan Post Group has made the following declaration in line with the Fundamental Policy for Establishment of Internal Control Systems.

1. Organizational response

In firm recognition of its social responsibility and to strengthen management based on compliance, the Japan Post Group, as an organization in its entirety, will ensure that any relationships with antisocial forces are eliminated.

2. Complete elimination of relationships, including transactions

The Japan Post Group will have no relationships whatsoever with antisocial forces, including transactions.

3. Legal measures and prohibition of secret negotiations

The Japan Post Group will strongly refuse any unjustified demands by antisocial forces and will take legal measures, either via a civil court or a criminal court, or both. The Japan

Post Group will never negotiate in secrecy with antisocial forces, even if their unjustified demands are to conceal matters related to any misconduct of the Group's own activities or that of its staff.

4. Cooperation with outside experts

The Japan Post Group will establish close relationships with outside experts in preparation for any unjustified demands by antisocial forces in order to ensure the safety of its staff against such demands.

5. Prohibiting financing for antisocial forces

The Japan Post Group will never engage in financing for antisocial forces.

2. Corporate Governance Systems of Group Companies

Japan Post has a corporate governance system based on a Board of Corporate Auditors. Two of three corporate auditors are outside auditors.

Japan Post Bank and Japan Post Insurance have adopted a company with committees system of corporate governance comprised of Board of Directors members and have more than half of their directors as outside directors. These companies also have established a Nomination Committee, Audit Committee and Compensation Committee, each with a majority of outside directors.

Japan Post, Japan Post Bank and Japan Post Insurance have a Management Meeting made up of executive officers that serves as an advisory body to the president. This meeting discusses important matters involving business activities and submits reports. In addition, there is a Compliance Committee, a Risk Management Committee and other special committees that serve as advisory bodies to the Management Meeting and deliberate on specialized matters.

4. Japan Post Group Compliance Framework

We conduct rigorous compliance activities as one of the highest management priorities of the Japan Post Group. With the guidance and support of Japan Post Holdings, all Group companies build an effective compliance framework giving due consideration to the public characteristics of the business.

1. Japan Post Group Compliance Framework

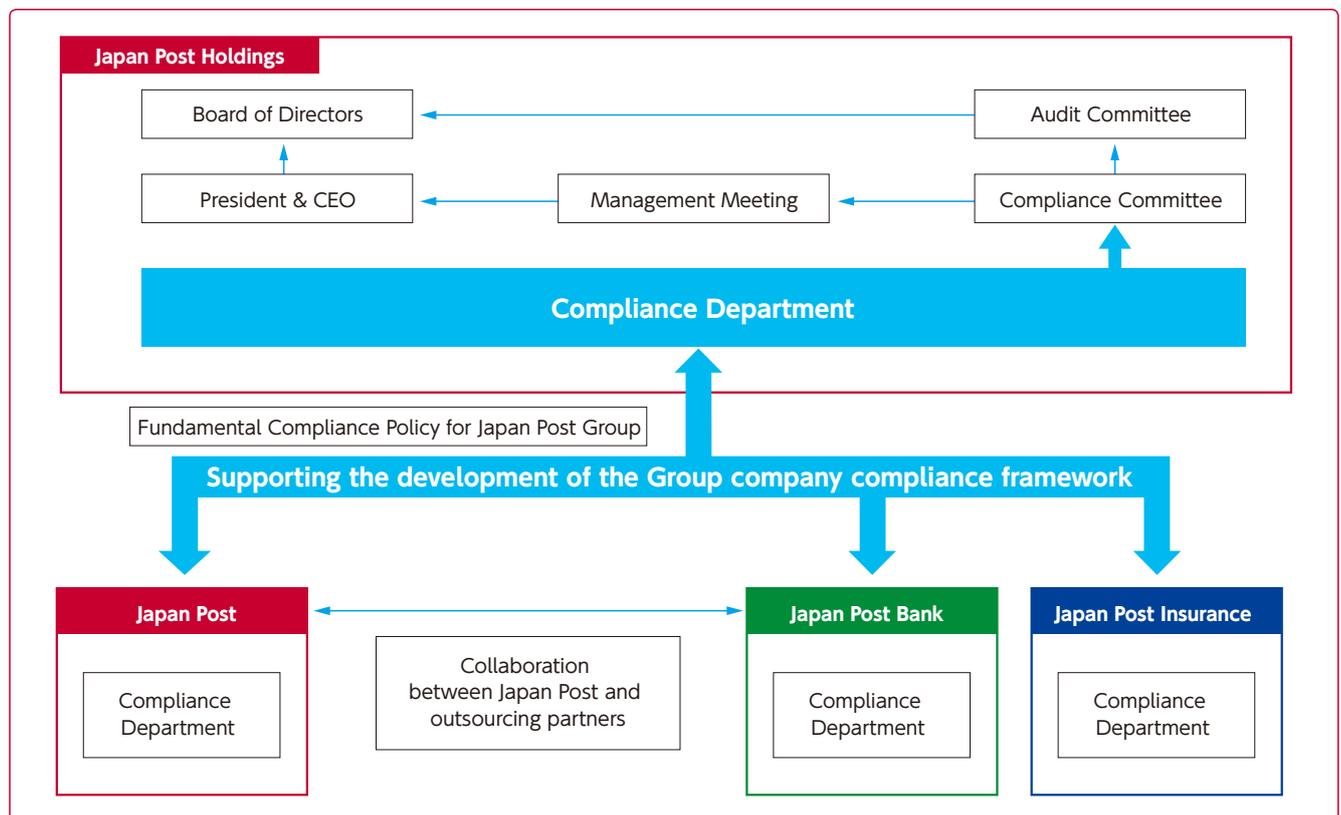
The Japan Post Group employs a common compliance framework. Each Group company establishes a Compliance Department to unify the management of compliance-related matters.

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.

A Compliance Department has been set up to propose and manage measures to promote compliance through a director in charge of compliance.

The Compliance Department of Japan Post Holdings establishes the Fundamental Compliance Policy for Japan Post 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.

■ Japan Post Group Compliance Framework



2. Group Company Compliance Framework

Japan Post Group companies have built a compliance framework as outlined below and use various measures to promote compliance so that the compliance framework can function effectively.

1. Compliance Framework

(a) Line of responsibility for compliance activities

Each Group company has a Compliance Department that is independent from departments related to business execution in order to promote compliance activities throughout the company. This department and other departments have a compliance officer who is responsible for executing specific compliance activities. In addition, compliance managers have been appointed at all head office departments, regional offices, post offices and branch offices in order to establish a line of report for compliance activities.

(b) Internal reporting system

In each Group company, the Compliance Department has a compliance hotline that can be used by employees and others. In addition, reports of compliance infringement at any Group company can be submitted at a designated law firm, which provides an external reporting channel. This reporting system makes it possible to quickly deal with compliance violations and prevent such violations from spreading while maintaining a structure to resolve issues at the earliest stage.

2. Promotion of Compliance

(a) 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 on a regular basis.

(b) Activities related to compliance items

At Group companies, specific compliance items have been selected and departments have been assigned to take responsibility for individual compliance items in order to promote compliance in a focused manner. The Compliance Department oversees the compliance promotion activities undertaken by these units and conducts integrated management of compliance-related issues across the board.

(c) 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, matters concerning areas of compliance and other subjects. All employees also receive a compliance handbook that summarizes the manual and is used in training programs and other activities to raise awareness among employees of the importance of compliance.

(d) Implementation of compliance-related training

Each Group company conducts a variety of training activities to promote a better understanding of legal matters and other areas, and to raise awareness of compliance.

5. Japan Post Group Internal Audit System

The Japan Post Group has established an effective internal audit system at each Group company in order to ensure sound administration and proper operations aimed at building customer trust.

1. Japan Post Group Internal Audit System Framework

The Japan Post Group has formulated the Basic Policy on Internal Auditing that sets forth the fundamental items necessary to create an internal audit system framework.

Based on this policy, each Group company develops an effective internal audit system framework befitting the nature of the business and the degree of risk.

The Internal Audit Department of Japan Post Holdings monitors the audit regulations, audit plans and progress of audits of the

Internal Audit Departments of Japan Post, Japan Post Bank and Japan Post Insurance from the perspective of enhancing the internal audit system framework of the entire Group.

This Internal Audit Department also evaluates and examines the internal audit systems of Group companies and provides guidance and advice, as well as makes recommendations for improvements and conducts audits when required.

2. Internal Audit System at Group Companies

1. Overview

Each Group company has an Internal Audit Department independent from the business-executing departments which conducts internal audits from an independent and objective standpoint.

In addition, the scope of the internal audits extends to all business sites and administrative affairs, so each Group company

has set up an Internal Audit Department at its head office. Besides this, Japan Post, which has approximately 24,000 post offices, has established audit offices at 50 locations nationwide. This ensures that internal audits are carried out at a sufficient frequency and in appropriate detail.

2. Implementation of Effective Internal Audits

The Internal Audit Department of each Group company evaluates the branches and departments within the scope of the internal audit, or more precisely, the different types and extent of risks in business operations. Audit frequency and audit items are determined in line with these evaluations, and risk-based internal audits carried out.

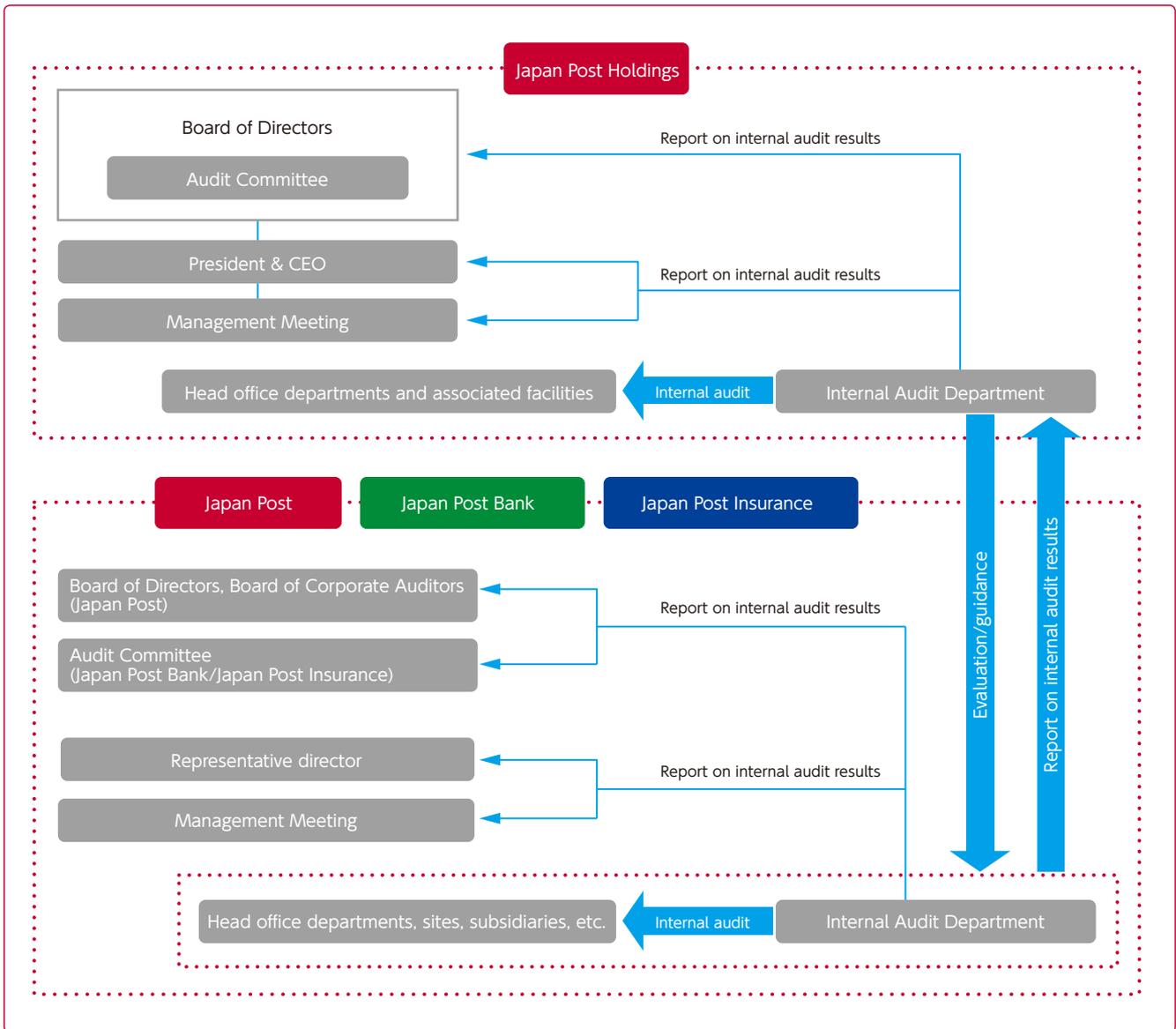
In addition, efforts are made to ensure efficient and effective internal audits through attendance at daily meetings and off-site monitoring that includes gathering materials related to internal management.

3. Reporting on Results of Internal Audits and Making Improvements

The Internal Audit Department of each Group company reports on internal audit results to the business-executing department followed by the representative director and the Audit Committee or Board of Corporate Auditors.

Moreover, each Internal Audit Department works to improve operations in respective companies. To this end, progress reports of improvement-requested items indicated in audit reports are periodically made to the representative director.

■ Japan Post Group Internal Audit Framework



6. Japan Post Group Risk and Crisis Management

Japan Post Holdings, as the holding company 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 Japan Post 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, continue to strengthen their risk management systems as autonomous financial institutions and develop systems that make them self-reliant.

To deal with a crisis to ensure appropriate response to earthquakes and other natural disasters as well as other crises, the Japan Post Group has established the Basic Policy for Japan Post Group Crisis Management and utilizes this policy as the basis for establishing crisis management systems for each Group company.

1. Group Risk Management Framework

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

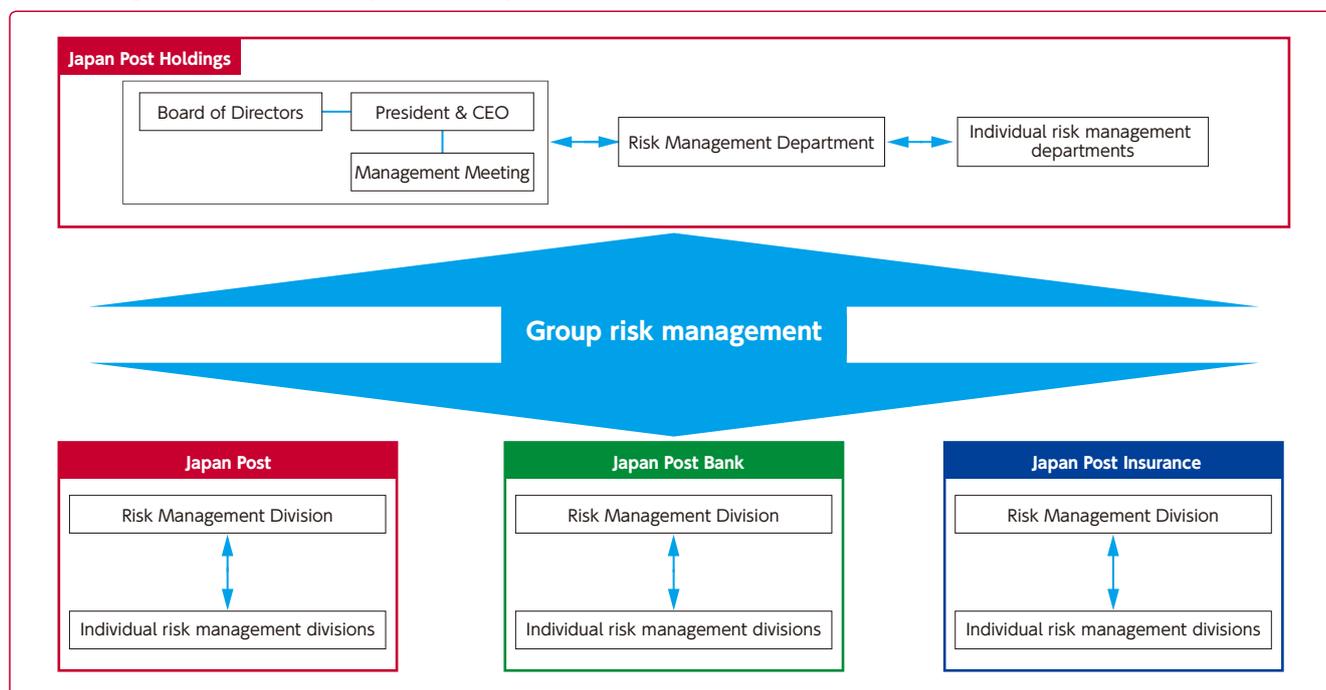
In addition, Japan Post Holdings has a Risk Management Department for the purpose of monitoring risk for the entire Japan Post Group. The Risk Management Department makes use of reports on risk management at Group companies and discussions to establish systems that properly monitor risk for the Group as a whole.

The Risk Management Department periodically submits Group

company risk management reports to the Management Meeting in which the Group's risk management policies and risk management systems are discussed.

We take care to prevent any conflicts of interest 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 Framework for Japan Post Group



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 Group 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 Group company's equity capital.

Operational risk is managed for the business activities of Japan Post, Japan Post Bank and Japan Post Insurance. 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 recurrence of problems and strengthen risk management.

2. Japan Post Group Risk Management System

Managing risk at Japan Post Group companies is recognized as one of management's highest priorities. After specifying risks associated with each business activity, each Group company has established a management system in accordance with the characteristics of each risk based on the Basic Policy for Japan Post Group Risk

Management and manages those risks autonomously.

A department responsible for managing risk has been set up at each Group company and a system for checks and warnings has been created together with the individual risk management departments.

■ Risk Categories and Definitions

Risk category	Definition
Insurance underwriting risk	The risk of losses due to changes in economic conditions or incidence rates of insured events as opposed to the projections made at the time when premiums were set.
Credit risk	The risk of losses arising from decline in the value of assets (including off-balance-sheet assets) due to deterioration in the financial condition of a borrower or a counterparty.
Market risk	Risk associated with fluctuations in market conditions, such as interest rates, securities prices, and foreign exchange rates. The risk of losses arising from fluctuations in the values of assets (including off-balance-sheet assets). Market risk is divided into the following three categories:
1) Interest rate risk	The risk of declines in profits or losses arising from interest rate fluctuations when there are mismatches of interest rates and terms between assets and liabilities.
2) Price volatility risk	The risk of declines in the price of assets due to fluctuation in value of securities and other financial instruments
3) Foreign exchange risk	The risk of losses due to differences in foreign exchange rates from initial assumed rates in cases where there is a net surplus of assets or liabilities denominated in foreign currencies.
Investment risk	The risk that consists of the following credit, market and real estate investment risks.
1) Credit risk	Same as credit risk above
2) Market risk	Same as market risk above
3) Real estate investment risk	The risk of losses due to decline in profitability of real estate caused by the changes of rents, or due to decrease in the value of real estate itself caused by factors such as changes in market conditions.

Risk category	Definition
Liquidity risk	(1) Cash flow risk: The risk of 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), the risk of losses due to decline in insurance premiums due to decrease in new policies, or increase in payments of termination refund following a large quantity of policy cancellations because of a worsening financial condition, or to the need to sell assets at prices far below normal in order to procure funds in response to deteriorating cash flows caused by cash outflows resulting from a significant natural disaster (Japan Post Insurance). (2) Market liquidity risk: The risk of losses due to the inability to conduct transactions or the need to conduct transactions at prices that are much less favorable than normal because of market turmoil.
Operational risk	The risk of losses due to improper business processing, inappropriate actions by executives and employees, improper computer system operation, or external events. 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.
1) Processing risk	The risk of losses due to executives, employees and others neglecting to conduct proper operations resulting in accidents, or engaging in unlawful activities.
2) Computer system risk	The risk of losses due to system failures or malfunction, system defects and unauthorized use of computers.
3) Information assets risk	The risk of losses due to a loss of information resulting from system failures or inappropriate processing, alteration, unauthorized use or external leakage of information.

3. Crisis Management for Disasters

The Japan Post Group has established the Basic Policy for Japan Post Group 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 Group companies. Group companies are prepared to respond appropriately to earthquakes and other natural disasters, significant failures in the operation of data management systems and other crises.

Group companies prepare manuals and establish plans that facilitate the required initial response and rescue measures immediately 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 Group companies and other bodies. This unit will be responsible mainly for considering and establishing methods to enhance the smooth provision of services to customers.

7. Japan Post Group Customer Satisfaction

1. Listening to Customers

Each Group company's customer satisfaction department* analyzes customer feedback collected from post offices, branches, call centers and its own website with the aim of making required improvements and providing products and services that bring customer satisfaction.

- *Group companies' customer satisfaction departments:
- Japan Post: Customer Service Promotion Division
 - Japan Post Bank: Customer Satisfaction Department
 - Japan Post Insurance: Customer Service Department

The Customer Satisfaction Promotion Department at Japan Post Holdings devises ways to utilize customer opinions gathered from Group companies in its management operations.

2. Customer Service Consulting Center

Customer opinions are gathered at all post offices, branches and call centers nationwide, as well as from respective websites. Please refer to pages 224-227 for business hours at post offices and branches, and for telephone numbers and business hours of Group company call centers.

■ Japan Post Group Customer Satisfaction Flowchart



The Customer Satisfaction Promotion Department at Japan Post Holdings examines these initiatives.

■ Example of improvements based on customer feedback

	Customer feedback	Improvements
Japan Post Co., Ltd.	Your catalog order form is complicated. Couldn't you make it easier to fill in?	We revised our order form to improve ease of use, making the Notice of Delivery and other sections larger and easier to fill in. We have been using the revised order form from the fiscal 2014 year-end gift catalogue.
Japan Post Bank Co., Ltd.	You send a notice of receipt of payments/fund transfers by postal mail when a payment is made to or from my transfer account. I would like to have it sooner.	We launched a new service on <i>Yucho Direct</i> to allow customers to view a notice in the morning (from 9:00 a.m.) following the day of the transaction (Receipt of Payment and Fund Transfer Notice Web Inquiry Service).
Japan Post Insurance Co., Ltd.	It is inconvenient that the premiums payment certificate does not show the total amount of premiums paid during the year.	As a general rule, all our premiums payment certificates now show a yearly total. We also made revisions to the statements printed on the back of the certificate to make it easier to understand for customers.

Results of the Japan Post Group Customer Satisfaction Survey

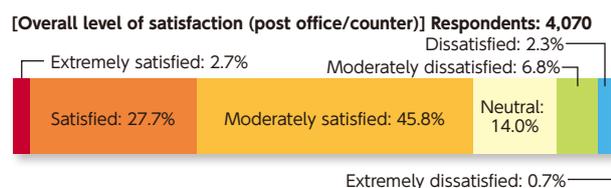
Japan Post Holdings conducts a survey on customer satisfaction levels and intention of use at post offices (Japan Post Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.) and summarizes the results in order to accurately ascertain customer opinions on products and services and respond to new needs.

The Japan Post Group will continue to regularly conduct surveys as a means to further raise customer satisfaction and the results of analysis of issues and other aspects obtained via such research will be actively reflected in management operations.

Level of satisfaction in the post office

◇ (Satisfied: 76.2%, Dissatisfied: 9.8%)

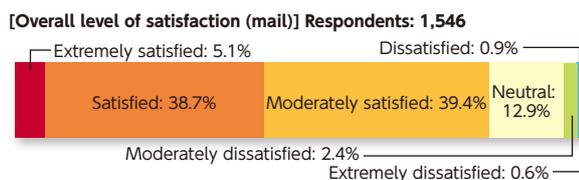
How satisfied are you overall with the post office network and response at counters?



Level of satisfaction for services such as postal services, banking services and insurance services.

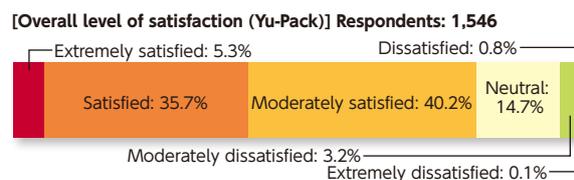
◇ Mail (Satisfied: 83.2% Dissatisfied: 3.9%)

How satisfied are you overall with mail delivery services at post offices for such items as letters, postcards, direct marketing and catalogs?



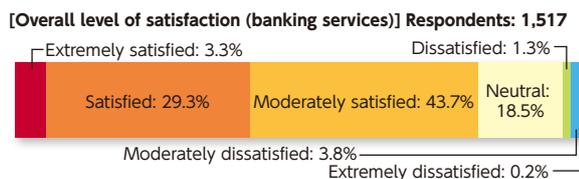
◇ Yu-Pack (Satisfied: 81.2% Dissatisfied: 4.1%)

How satisfied are you overall with Yu-Pack delivery services at post offices?



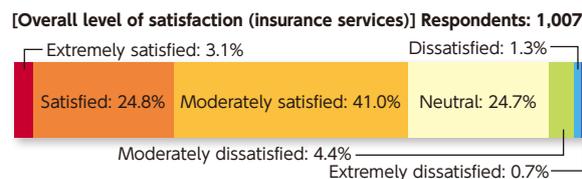
◇ Banking services (Satisfied: 76.3% Dissatisfied: 5.3%)

How satisfied are you overall with banking services of post offices (Japan Post Bank)?



◇ Insurance services (Satisfied: 68.9% Dissatisfied: 6.4%)

How satisfied are you overall with insurance services of post offices (Japan Post Insurance)?



* Level of satisfaction is evaluated based on a scale of the aggregate percentage of "extremely satisfied," "satisfied" and "moderately satisfied." Level of dissatisfaction is evaluated based on a scale of the aggregate percentage of "extremely dissatisfied," "dissatisfied" and "moderately dissatisfied."

* Graph figures have been rounded to one decimal place, so the total response rate may not add to 100.0%.

Outline of survey

■ Respondents

- (1) Individuals who use the post office (including ATMs) more than once a month
- (2) Individual males or females over 20 years old nationwide
- (3) Individuals that fit one of the following criteria
 - Used mail such as Yu-Pack or letter in the past year
 - Have an account at Japan Post Bank
 - Family subscribes to Japan Post Insurance

* Excludes mass media, sector peer companies, those affiliated with the post office, etc.

■ Period: October 3-8, 2013

■ Survey method: Internet

■ Valid responses: 4,070 people (75.9% of 5,364 solicited)