

Japan Post Group Compliance Framework

We conduct rigorous compliance activities as one of the highest management priorities of Japan Post Group. As a part of these endeavors, Japan Post Co. took steps to eliminate cases involving the inappropriate receipt of fees discovered in FY2018/3 by, for example, establishing a department to ensure their appropriate receipt and creating position to survey. We continue to work towards preventing the recurrence of misconduct since we recognize that rigorous compliance activities are one of the highest management priorities of the Group.

All Group companies build an effective compliance framework giving due consideration to the public characteristics of the business.

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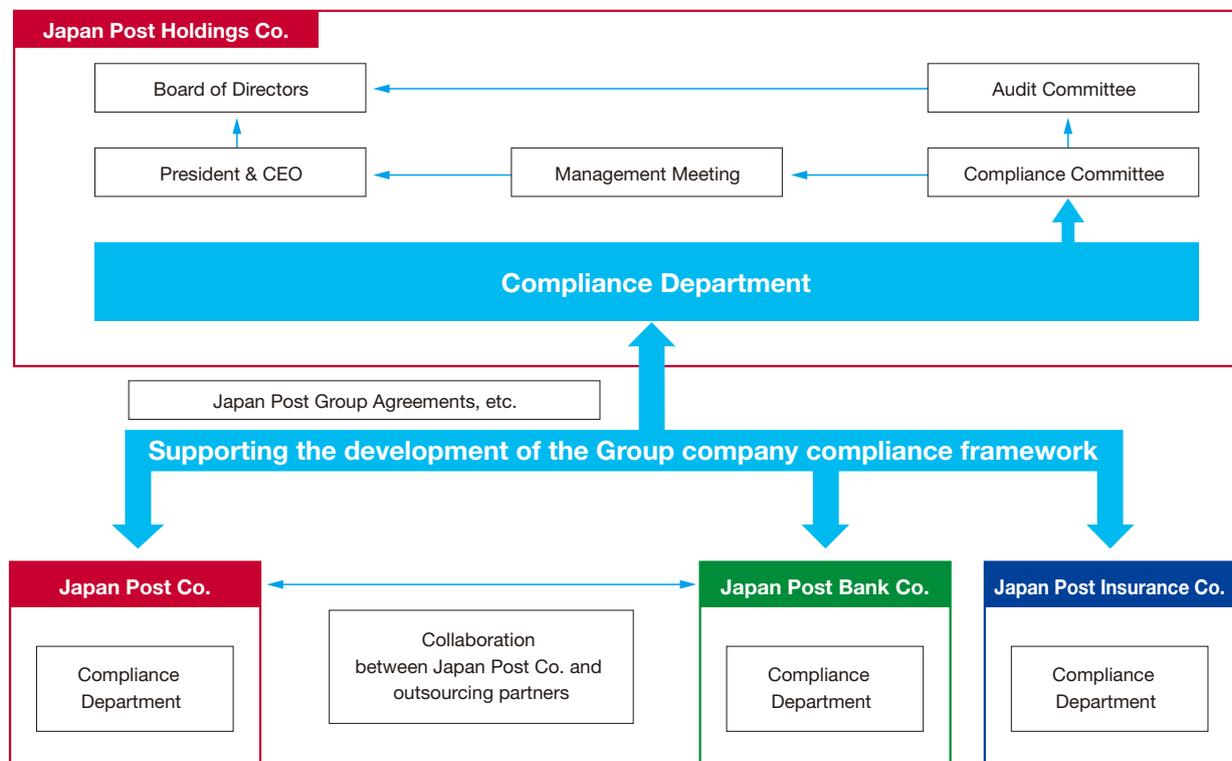
Japan Post Group employs a common compliance framework. Each Group company establishes a Compliance Department to conduct integrated management of compliance-related matters.

In addition, each Group company has a Compliance Committee that provides advice to its Management Meeting to review the compliance policy, framework, specific activities and associated issues. The director in charge of compliance then reports important matters discussed by the Compliance Committee to the Management Meeting and the Board of Directors.

A Compliance Department has been set up and placed under the control of a director in charge of compliance to propose measures to promote compliance and manage the progress of each measure.

In order to ensure Group-wide compliance, the Compliance Department of Japan Post Holdings Co. provides support in accordance with Japan Post Group Agreements, etc. to Group companies to help them establish their respective compliance frameworks, and by doing so, strives to maintain and improve compliance functions for the Group as a whole.

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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 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 reporting for compliance activities.

(b) Response to compliance violations

In the event of the discovery of any facts that raise suspicion of compliance violations at any Group company, we shall investigate and clarify the relevant facts and causes of the violations, and implement measures to prevent their recurrence.

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) Internal reporting system

In each Group company, the Compliance Department has a compliance hotline that can be used by employees and others. In addition, a compliance hotline has been established at a designated external law firm. This reporting system makes it possible to quickly deal with compliance violations and prevent them from spreading while maintaining a structure to resolve issues at the earliest stage.

(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.