

Japan Post Group Internal Audit System

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.

Japan Post Group Internal Audit System Framework

Japan Post Group sets forth the fundamental matters necessary to create an internal audit system framework in the Group agreements.

Based on these agreements, each Group company develops an effective internal audit system framework befitting the nature of its business and the type and degree of risk.

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

of audits of the Internal Audit Departments of Japan Post Co., Japan Post Bank Co. and Japan Post Insurance Co. 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 directly undertakes audits when required.

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 Co., 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 conducts risk-based internal audits, in which audit frequency and audit items are determined by evaluating specific types and extent of risks in the branches and departments or operations within the scope of the internal audit.

In addition, efforts are made to ensure efficient and effective internal audits through off-site monitoring that includes routinely attending various meetings and gathering relevant internally managed materials, as well as obtaining insights from audit firms and specialists through seminars and other occasions both internally and externally to improve the quality of audits.

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 departments as well as to the Board of Directors, representative director, Audit Committee and Board of Corporate Auditors.

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

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