

Top Messages from Each Company

JAPAN POST



KINUGAWA Kazuhide

President & CEO
(Representative Executive Officer)
Japan Post Co., Ltd.

We will stand close beside our communities, uphold our social mission of operating post offices that co-exist with and support local communities, and pursue customer-oriented business operations.

On December 27, 2019, Japan Post Co., Ltd. received administrative dispositions from the Minister for Internal Affairs and Communications and the Financial Services Agency of Japan, on account of improper solicitation of Japan Post Insurance products. We seriously reflect on our responsibility for this incident and sincerely apologize for the trouble we have caused to our customers and many other stakeholders.

We accept the seriousness of these administrative dispositions, and we have formulated a business improvement plan addressing the structural factors contributing to the improper solicitation, which we submitted to Minister for Internal Affairs and Communications and the Financial Services Agency of Japan on January 31, 2020. In the fiscal year ending March 31, 2021, we will treat the implementation of that plan as the top priority of our business, and our entire management and workforce will unite in efforts to prevent any recurrence of such an incident.

In addition, the social environment surrounding the Company is undergoing



JAPAN POST BANK



IKEDA Norito

Director, President and
Representative Executive Officer
Japan Post Bank Co., Ltd.

We will provide high-quality, customer-oriented financial services, and evolve into a company that creates long-term value.

Throughout the more than 140 years since the establishment of postal savings, Japan Post Bank has been working alongside communities throughout Japan to create history and build trust with the aim of developing both Japanese society and the nation's economy. Even after privatization, we have been working to fulfill our mission under the management philosophy of "the most accessible and trustworthy bank in Japan," guided by the needs and expectations of our customers.

Despite this background, an internal rule violation was discovered in the investment trust sales business. We deeply apologize to our customers and all our stakeholders for the great inconvenience and concern this caused.

As measures to prevent a recurrence, we are working to strengthen the instilling of internal rules through training and other means, improving and upgrading our customer-oriented sales tools, strengthening our compliance and audit systems, and reviewing sales targets. In addition, to continuously implement customer-oriented service improvements, we established the Service Improvement Committee, made up of relevant officers, as a special committee directly under the Executive Committee, with myself as chairperson. To work toward achieving appropriate governance for the Japan Post Group as a whole, we are collaborating with Japan Post Holdings Co., Ltd. to devise ways to strengthen the Group's



JAPAN POST INSURANCE



SENDA Tetsuya

Director and President, CEO,
Representative Executive Officer
Japan Post Insurance Co., Ltd.

We will work to ensure customer-first business operations with top priority on regaining the trust of our customers.

We sincerely apologize to all of our customers and other stakeholders for the substantial concern caused by the inappropriate insurance solicitation for our products.

We have taken seriously the comments and criticisms about sales targets that were not sufficiently achievable or reasonable, insufficient awareness of compliance and customer protection, weak solicitation management systems and a lack of risk sensitivity, and have submitted to the Financial Services Agency a business improvement plan that covers the core concrete measures to prevent improper solicitation. Under that plan, we will work to ensure that such an incident never occurs again.

In terms of the initiatives of our business improvement plan, while it is extremely

rapid change, such as the decline in the amount of mail, persistently ultra-low interest rates, as well as technological innovation and more diverse methods of payment settlements. To respond accurately to these changes, we will strengthen our business foundation and work to achieve sustainable growth.

In the post office business segment, we will firmly execute our business improvement plan, and pursue truly customer-oriented sales activities, while augmenting our staff's financial services expertise by promoting training and certification. In so doing, we will lay the groundwork for our transformation to a comprehensive consulting service that provides products and services tailored to our customers' needs.

In the postal and domestic logistics business segment, the small parcel courier services market is growing with the expansion in e-commerce markets, and by incorporating the latest technologies and improving our services for more user-friendly sending and receiving, we will work to build competitive operations and expand earnings in the parcel sector.

In the international logistics business segment, we will pursue undertakings to improve the business performance at subsidiary Toll Holdings Limited and work to strengthen sales to its customers mainly in Asia.

When it comes to achieving sustainable growth, our foremost

advantage is our 24,000-strong post office network. It is our biggest asset, providing a valuable point of contact with our customers. To enhance the value of this network, we will run unique and versatile post offices suited to the needs of their communities, and we will do so through means including collaboration with other companies and other public entities.

In addition, with the COVID-19 pandemic taking a heavy toll on society, we have engaged in a number of undertakings, handling mails related to special cash payments, delivery of masks to all households nationwide, and handling applications for Temporary Loan Emergency Funds on behalf of the government's Welfare Loan System. Going forward, we will continue to serve as a crucial infrastructure for the livelihood of the people. We will remain mindful of our social mission and continue to exert maximum effort in postal collection and delivery and service counter operations.

We will also work to foster a workplace culture that encourages open communication and we will stand by our communities as a "Total Lifestyle Support" company. We will uphold our social mission of operating post offices that coexist with and support local communities, and pursue customer-oriented business operations. In so doing, we will work to make post offices the pride and preference of our customers and communities once again. It is my humble hope that we may continue to enjoy your gracious support and encouragement.

governance system. Taking responsibility, we the management team intend all the more to continue promoting and implementing customer-oriented business operations.

We will then once again return to the goal stated in our Medium-Term Management Plan—to have more people say "JP Bank, of course"—and provide safe, convenient, and peace of mind products and services. We will humbly strive to restore everyone's trust in us, and would like to ask for your continued support.

In the fiscal year ended March 31, 2020, Japan Post Bank firmly pursued the three key strategies adopted in the Medium-Term Management Plan.

First, to meet the needs of customers for asset formation, we continued to increase the number of asset management consultants and conducted training programs while strengthening consulting sales. In addition, in May 2019 the Bank, Japan Post Holdings, Daiwa Securities Group Inc., and Daiwa Securities Co. Ltd. agreed to consider a new collaboration in the area of asset formation. The Bank also has started mortgage brokerage services provided by Sony Bank Incorporated and Shinsei Bank, Limited to address mortgage needs. Furthermore, we launched services that included "Yucho Pay," a payment settlement service accessible by QR code*; "the Yucho Bankbook App," which allows customers using our general account to check their current balance as well as deposit and withdrawal details at any time using a smartphone; and "Yucho Biz Direct", an internet banking service

geared toward corporate customers. We will strive to provide "new convenience" by utilizing digital technologies and other initiatives.

In terms of asset management, we promoted internationally diversified investments under appropriate risk management to secure stable revenues. Although the market environment had undergone significant change due to the spread of COVID-19 infections, in March 2020, after having confirmed the impact on the Bank, we discussed investment policies and risk management systems and responded appropriately.

We have participated in regional vitalization funds since 2016 and have expanded participation to 28 funds as of the end of March 2020. The Bank intends to continue to circulate important customer funds to regional communities, to further deepen cooperation with regional financial institutions, including in the sharing of ATM networks and back-office work and also contribute to the regions from a range of perspectives.

We will continue to make every effort to live up to the expectations of our stakeholders and generate sustainable economic value and corporate value. I humbly ask for your generous support and patronage.

* QR code is a registered trademark of DENSO WAVE INCORPORATED.

important to prevent improper solicitation by putting the check function to work, we must additionally reform the underlying culture, including employee awareness and our corporate culture, in addition to such function.

I hope to take this moment to go back to the origins of our management philosophy to "Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being." To that end, we will reconsider all aspects of our operations and communication, as well as other elements, and work to reform our corporate culture.

The COVID-19 pandemic is having a significant impact on Japanese society. We would like to extend our deepest sympathies and condolences to those who have been affected by this pandemic.

Japan Post Insurance places the highest priority on a swift response in line with its social mission as an insurance company. In addition to implementing special measures such that include omission of some

necessary documents and other emergency measures, extension of the grace period for premium payments and reduction or exemption of interest rates applicable to policy loans excluding premium loans. We have decided to pay out additional insurance benefits in the event of death due to COVID-19 on top of the death benefit (the "double payment of insurance benefits").

While our top priority is to restore the trust of our customers, we view the fiscal year ending March 31, 2021 as the year in which we will formulate our future revitalization plan and our next Medium-Term Management Plan. We will disclose information and operate transparently with regard to these efforts to enhance essential corporate value.

I would like to ask for your continued encouragement and support for Japan Post Insurance as the entire company works together to rebuild as one.