

ESG Management

Aiming for Realizing a “Co-creation Platform” to Build a Sustainable Society

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The Japan Post Group has 24,000 post offices, a nationwide delivery network, 400,000 employees, and a vast amount of financial assets entrusted to it by its customers. It is our social responsibility as a company to apply these resources toward helping solve social and environmental issues under proper governance. It is also the foundation of the Group's existence to have vibrant local communities and a society where a wide variety of customers, from children to the elderly, can enjoy their lives. There is also a greater risk of losing stakeholder support if our efforts in this regard are insufficient. On the other hand, the Group can increase its corporate value by addressing such issues as quickly as possible. We will continue to manage our business with an awareness of these two aspects of sustainability: contributing to the creation of a sustainable society and achieving sustainable growth and development as a company.

In these initiatives, we need to take a long-term perspective, envision the company we wish to be, and be flexible in our thinking. In the last fiscal year, we established a new Sustainability Committee to discuss important ESG issues with the participation of executive officers responsible for such management issues at each Group company. The thinking behind reducing greenhouse gas emissions and the policy for increasing the ratio of women in management roles embedded in the Medium-Term Management Plan were also decided within this framework. Going forward, we will continue to accurately track progress of milestones to achieve our goals, while also addressing other issues.

In parallel with these activities, we believe it is important to communicate the Group's initiatives in a way that is easy for people to understand and to flexibly incorporate their opinions. The Sustainability Management

Office will play a central role in developing a framework for information disclosure and dialogue with our stakeholders.

Employees' awareness and work styles also need to be changed to be more open and flexible. Each Group company and department will promote such efforts, and ideally there will ultimately be no need for an organization named the Sustainability Management Office.

Various breakthroughs are also needed to resolve issues. For example, the Group has set a goal of reducing greenhouse gas emissions by 46% by fiscal year ending March 31, 2031 and becoming carbon neutral by 2050. Yet there are prerequisites to achieving these goals. Japan as a country must make progress in the diffusion of renewable energy and other forms of energy and smoothly switch to electricity with a low carbon emission factor. At the same time, for our part as the Japan Post Group with its many resources, we must not wait passively but proactively promote initiatives that will encourage a transformation toward carbon neutrality in society and the economy. To cite a few examples, we will build a charging infrastructure for EVs (electric vehicles) at post offices for use by local businesses and customers, install solar power generation equipment and so forth, to promote the transition to a carbon-neutral society in regional areas and improve resilience in the event of disasters. In addition, Japan Post Bank and Japan Post Insurance will allocate a portion of their portfolios toward the renewable energy field.

To make these efforts more effective, the Japan Post Group will become a more open corporate group, and as a “co-creation platform” supporting local communities and customers, it will boldly take on various challenges by utilizing its resources and collaborating with various like-minded entities.

Concept of Sustainability Management

By promoting “sustainability management,” the Japan Post Group will strive to attain its Group management philosophy. It will also contribute to the sustainable growth of the Group and the realization of a sustainable society, while taking a medium- to long-term perspective on the impact of the business environment and social issues surrounding the Group on its management.

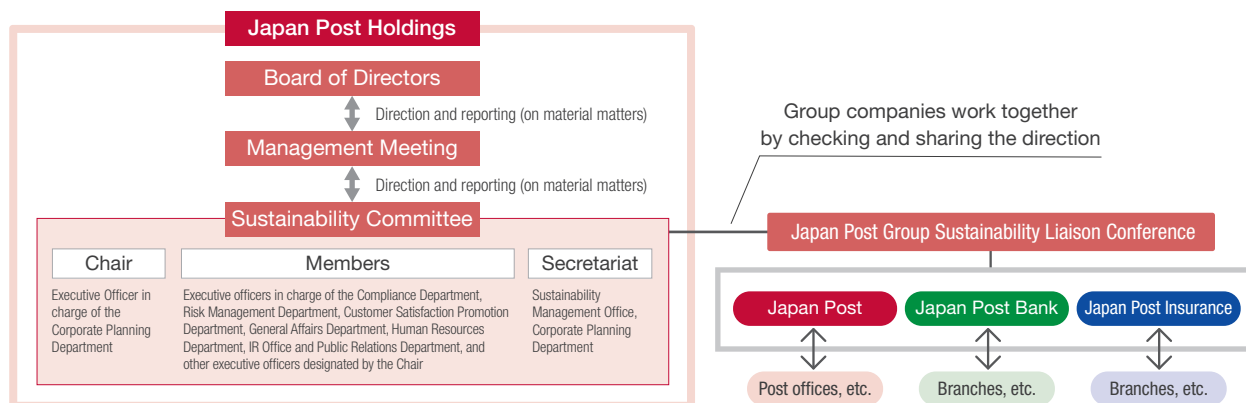
Under the new Medium-Term Management Plan “JP Vision 2025,” we will promote sustainability management while setting the ESG goals of providing lifelong support in the era of the 100-year lifespan, contributing to development and revitalization in local communities across Japan, and building a sustainable society.

Sustainability Promotion System

In January 2021, Japan Post Holdings Co., Ltd. reorganized its CSR Committee, an advisory body to the Management Meeting, into the Japan Post Holdings Sustainability Committee, chaired by the executive officer in charge of the Corporate Planning Department and the Sustainability Management Office was established as its secretariat. This move reflects the need for more in-depth consideration of management strategies and governance systems that incorporate ESG and sustainability concepts, as well as financial analysis of the impact of climate change risks and other factors on the core of management. In addition, to strengthen the structure for promoting sustainability across the entire Group, the Japan Post Group Sustainability Liaison Conference, whose members include the executive officers in charge of the Corporate Planning Department of each Group company, is held with the aim of promoting sustainability management as a unified Group.

In JP Vision 2025, we have discussed and built into the plan such issues as the attainment of carbon neutrality, increasing the ratio of women in management roles, and promoting ESG investments. The committee will continue to deliberate on matters such as the formulation of long-term strategies for the Group's sustainability management, and important deliberations will be presented and reported to the Management Meeting and the Board of Directors.

Furthermore, in addition to enhancing the Group's ESG-related initiatives, the Sustainability Management Office and the relevant departments at each Group company will work together to accurately respond to the information disclosure requirements of ESG rating organizations, provide easy-to-understand information about the Group's initiatives, and encourage dialogue with stakeholders.



Convening of the Sustainability Committee

Year convened	Agenda
2020/3	<ul style="list-style-type: none"> Review of the Group's greenhouse gas reduction and interim benchmarks (2021/3) Policy on initiatives to strengthen ESG initiatives, etc.
2021/3	<ul style="list-style-type: none"> Toward the realization of “ESG management” in the Group's Medium-Term Management Plan Review of targets for carbon neutrality Consideration of ESG in the Group's real estate business Expansion of ESG investments Increasing the ratio of women in management roles Public relations activities for sustainability

Promotion of ESG Management (Sustainability Management)

We will aim for the Group's sustainable growth and the creation of medium- to long-term corporate value by leveraging our network of post offices to contribute to local communities through our business and address social issues such as the SDGs.

Sustainable Growth / Creation of Medium- to Long-Term Corporate Value



Active Contribution to Issues such as SDGs

- Japan Post Group
- Japan Post
- Japan Post Bank
- Japan Post Insurance

	Vision toward 2026/3	Specific efforts (initiatives)
1. Providing lifelong support in an era of the 100-year lifespan  	<ul style="list-style-type: none"> • Maintain post office network and provide universal services • Quality financial services that meet customers' needs / Safe and secure financial services • Realize healthy and bountiful lifestyles (radio gymnastic exercises, health support app) • Next-generation education (promotion of letter-writing, financial education) 	<ul style="list-style-type: none"> ● User-friendly services utilizing digital technologies ● Establish foundations needed for a diverse society and lifestyles that support the era of the 100-year lifespan through establishment of daycare centers, facilities for senior citizens, and cultural facilities ● Enhance Mimamori (Watch-Over) and End-of-life Planning Services (elderly welfare services utilizing digital technologies) ● Giving our top priority to making peace of mind and safety by expanding digital services that take into account the needs of the elderly and socially disadvantaged people, etc. ● Provide basic protection and services for all generations ● Develop products in light of the social needs of the era of the 100-year lifespan ● Support our customers' efforts to stay healthy such as the Radio Exercise Program and health support apps
2. Supporting local communities across Japan  	<ul style="list-style-type: none"> • Maintain post office network and provide universal services • Establish resilient logistics infrastructure in response to expansion of EC market • Resolve local issues through provision of diverse products and services that meet needs of local communities • Provide sustainable universal services through thorough low-cost operations • Flow of money to regions 	<ul style="list-style-type: none"> ● Support for revitalization and creation of excitement in local communities and for building communities, contribute to sustainable town development in partnership with local municipalities, such as construction of disaster-resilient buildings, with the aims of prevention and mitigation of disasters ● Expand comprehensive administrative work contracts from local governments, strengthen cooperation with regional financial institutions, promote integrated management of post offices and local train stations ● Promotion of P-DX, utilization of advanced technology ● Contribute to local communities and support recovery at times of disaster ● Flow of money to regions (Financing through investment to Regional Fund and various frameworks) ● Respond to financial needs that correspond to actual circumstances in the regions by strengthening regional relations functions
3. Reduction of environmental footprint   	<ul style="list-style-type: none"> • Reduce greenhouse gas emissions • Promote business activities that consider reduction of regional environmental footprint • Strengthen ESG investment 	<ul style="list-style-type: none"> ● Reduce environmental footprint and address climate change by expanding introduction of renewable energy and environmentally responsible technologies ● Gradually shift to renewable energy and electricity with low carbon emission factor ● Promote paperless operations ● Promote carbon neutrality in local communities using post office network (environmentally responsible post offices, combining electric vehicles, renewable energy utilization, charging / storage facilities, CLT, wood biomass, solar power generation, and LED) ● Promote ESG investments on climate change and other environmental issues, promote investments in consideration of various international agreements
4. HR strategy   	<ul style="list-style-type: none"> • Promote work style reform from the perspective of employees • Promote diversity (create an organization where diverse human resources can play active roles) • Enhance labor productivity (ability and motivation) 	<ul style="list-style-type: none"> ● Create a comfortable workplace (Reduce overtime work, promote telework, support balance between work and caring for children / elderly relatives or treatment of illness, realize HR schemes that accommodate environmental changes, eradicate harassment (abuse of power and sexual harassment), promote health management) ● Promote diversity (Awareness raising, behavioral reform, promotion of women's advancement (increase percentage of women in management roles), promote employment of senior citizens, promote employment of people with disabilities, respond to gender diversity) ● Human resource development (Train human resources capable of providing customer-oriented services and who will support the growth of the Japan Post Group)
5. Governance 	<ul style="list-style-type: none"> • Strengthen the governance of the Group • Strengthen the management functions of branches and the frontline • Manage risks of the Group as a whole 	<ul style="list-style-type: none"> ● Introduction of Group CxO system ● Integrated management of Japan Post Holdings and Japan Post ● Transfer of authority to branches ● Reviewing governance to create an integrated management system of post offices ● Build a system that can promptly detect and respond to conduct risks

Providing Lifelong Support in an Era of the 100-Year Lifespan

End-of-life Planning Services

Through affiliated companies, the Japan Post Group introduces services by end-of-life service providers to meet the needs of individual customers.

As of May 2021, we were able to introduce businesses engaged in inheritance management, memorial services, private nursing care facility information, disposal of disused items, the creation of personal histories, and on-site family photo shooting service.

Watch Over Service

Japan Post values the connection between local communities and post offices, and with the aim of growing together, provides the Watch Over Service at 20,000 post offices nationwide.



Sukoyakanpo health support app

With the advent of the super-aging society, the role expected of life insurance is no longer limited to conventional services. For example, we make insurance payments in cases such as hospitalization due to illness or injury, but includes providing services for preventing illness and injury, and for promoting and maintaining health. To fulfill such a role, Japan Post Insurance is vigorously supporting healthy and affluent lifestyles, and as a measure of this support it has launched the *Sukoyakanpo* health support app, which helps people pursue health with ease. The app is available for free, and features both the Standard menu for everyone, and the Premium menu with more enhanced content for policyholders and insured people, as well as policyholders' families.

Standard menu Premium menu



Next-generation education

The Japan Post Group is engaged in the following activities as next-generation education initiatives.

Through the writing and exchange of actual letters during class time at school, Japan Post provides opportunities to experience letter writing focused on elementary, junior high, and high school students in the hope that they will learn to enjoy writing letters and experience the joy of receiving letters. Additionally, we hold various other events in collaboration with schools and local residents.

Japan Post Bank has conducted financial education classes and other visiting lessons at schools for elementary and junior high school students since the fiscal year ended March 31, 2015. As a result of the considerable change in the financial environment surrounding children due to economic globalization and the spread of electronic money, there has been a rise in the number of cases in which youth are encountering financial troubles. As a financial institution rooted in regional communities, Japan Post Bank uses its own teaching materials to convey to children the importance of money and how to handle it properly.



Supporting Local Communities

Disaster and COVID-19 initiatives

In the event of a major disaster, the Japan Post Group provides various emergency services to aid affected customers. To eliminate inconveniences for customers to the fullest extent possible, we provide services such as deliveries to evacuation shelters, dispatch of mobile post offices, on-site services to evacuation shelters, mail and Yu-Pack acceptance, cash deposits, and savings repayments.

Further, although the end of COVID-19 is nowhere in sight, the Japan Post Group has taken measures to prevent infections and ensure the safety of our customers and employees, while also providing double payment of insurance benefits to support the people of Japan.

While ensuring the safety of our customers and employees, we will continue to function as a safety net for the Japanese people by responding to the demands of society and earning the trust of customers as an indispensable social infrastructure in all communities.



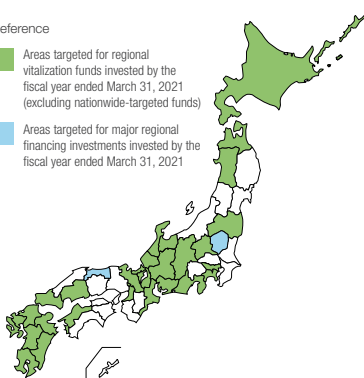
Funds flow to regional communities

Japan Post Bank strives to contribute to regional vitalization by supporting funding through various frameworks in order to circulate vital customer savings entrusted to us throughout the region. Specifically, equity funds are supplied through the Regional Vitalization Fund, and we also respond to regional risk money needs through the Japan Platform of Industrial Transformation, Inc. (JPiX) and Japan Post Investment Corporation.

Additionally, in collaboration with regional financial institutions as the core of "regional financial platforms," we respond to financial needs according to actual conditions in each region, including the utilization of ATM networks and aggregation of operational processes.

Reference

- Areas targeted for regional vitalization funds invested by the fiscal year ended March 31, 2021 (excluding nationwide-targeted funds)
- Areas targeted for major regional financing investments invested by the fiscal year ended March 31, 2021



Integration of post office and Station Ticket Office Services

Based on an agreement between Japan Post and East Japan Railway Company (hereinafter "JR East") on the reinvigoration of local communities and wider Japanese society in June 2018, in an effort to realize functional integration between post offices and train stations, starting in August 2020, at Emi Station on the Uchibo Line (Kamogawa City, Chiba Prefecture), we integrated Station Ticket Office Services into post office operations. At the EMIEKI Post Office counter, which has been relocated and opened on the train station premises, we handle station ticket office services including the sale of regular tickets as well as the sale and refilling of Suica prepaid transit cards. Going forward, we will continue to contribute to the further reinvigoration of local communities and wider Japanese society through collaborations with JR East.



Reducing Environmental Burdens

Passing on the rich natural environment supporting Japan Post business activities into the future.

As a corporate group with many business facilities and vehicles operating in Japan and overseas, we will seriously address issues such as climate change and actively promote business activities in consideration of reducing global environmental burdens.

Aiming to Achieve Carbon Neutrality (Japan Post Group Greenhouse Gas Reduction Target)

The Japan Post Group promotes various initiatives to achieve carbon neutrality by setting as its ESG target under JP Vision 2025 an ultra-long-term goal aiming to achieve carbon neutrality by 2050, with the milestone for steadily promoting this goal set as a 46% reduction in CO₂ by the fiscal year ending March 31, 2031 (compared to the fiscal year ended March 31, 2020).

Additionally, to achieve these goals, it is necessary to promote the spread of renewable energy in Japan, thus the Group will also utilize its management resources to support carbon neutrality in Japan and around the world.



Endorsement of the TCFD Recommendations

Japan Post Holdings, Japan Post Bank, and Japan Post Insurance announced their support for the TCFD* recommendations in April 2019 and have since promoted analysis and information disclosure regarding the impact of climate change on Group business.



* TCFD: Task Force on Climate-related Financial Disclosures

■ Analysis based on TCFD recommendations

Postal and domestic logistics business

https://www.japanpost.jp/csr/environmental_management/post_scenario.html

Banking business

https://www.jp-bank.japanpost.jp/en/csr/esg/env/en_csr_esg_env_tcf.html

Life insurance business

https://www.jp-life.japanpost.jp/english/aboutus/csr/en_abt_csr_enviroment.html#csrEnv5

Expanding the Introduction of EVs

Japan Post is promoting a transition from gasoline-powered vehicles to electric vehicles (EV) for the delivery of mail and parcels. By the fiscal year ended March 31, 2021, 1,500 light automobiles and 2,200 motorcycles have been replaced for short distances centered on the Tokyo area, but going forward, we plan to employ approximately 12,000 light automobiles and about 21,000 motorcycles by the fiscal year ending March 31, 2026, with the aim of further reducing environmental burdens.



Initiatives to introduce and expand EV vehicles

2009/3	Japan Post proceeded with preparations toward full-scale introduction of EVs, conducting demonstration tests of EVs to verify benefits and issues in terms of the environment and business from various perspectives and asking automakers for cooperation in development.
2014/3	Japan Post introduced EVs on a trial basis and conducted tests on the effect on the environment as well as practicality and efficiency. It switched 10 automobiles over to EVs.
2015/3	Japan Post switched 62 automobiles over to EVs.
2018/3	Japan Post started examining collaboration with Honda Motor Co., Ltd. on demonstration testing for environmentally responsible electric motorcycles for postal deliveries.
2020/3	Japan Post switched 400 automobiles over to EVs and 200 motorcycles over to electric motorcycles.
2021/3	Japan Post switched 1,100 automobiles over to EVs and 2,038 motorcycles over to electric motorcycles.
Up to 2026/3	Japan Post plans to switch approximately 12,000 automobiles over to EVs and approximately 21,000 motorcycles over to electric motorcycles.

Promotion of Carbon Neutrality in the Regions Using the Post Office Network

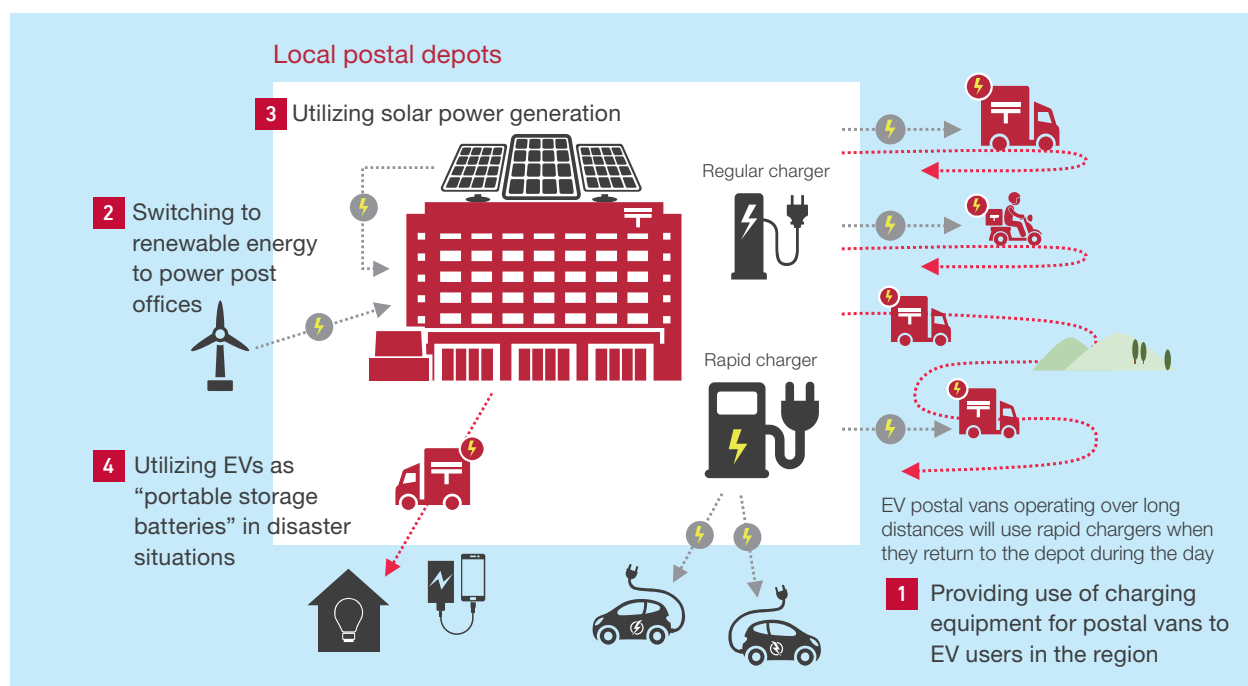
Japan Post is engaged in the promotion of carbon neutrality in local communities utilizing the post office network.

Promoting local carbon neutrality utilizing charging equipment, etc., installed at post offices

In line with the expanded introduction of EVs, the Group will promote local carbon neutrality by installing charging equipment at post offices to provide charging services for local residents.

Based on a strategic alliance between the Japan Post Group and the Tokyo Electric Power Group to promote

carbon neutrality concluded with Tokyo Electric Power Company Holdings, Incorporated in April 2021, demonstration experiments are scheduled to commence at the Numazu Post Office (Shizuoka Prefecture) and Oyama Post Office (Tochigi Prefecture) starting around autumn 2021.



Promotion of environmentally responsible post offices

Japan Post promotes the construction of environmentally friendly post offices (+eco post offices (tentative name)) that combine the use of CLT* and low-environmental-load private power generation, etc.

* CLT (Cross-laminated timber): Thick wood panels made from gluing together layers of long planks of wood at perpendicular angles to each other to give them excellent strength and insulation, curbing the generation of CO₂ compared with concrete and iron

Category	Measure	Effect
Building	Post office buildings built with CLT	Use of recyclable resources, revitalization of forestry industry
	Private power generation, heating using wood biomass	Use of renewable energy
	Solar power generation / wall-mounted solar power generation	Reduced lighting and heating expenses
	Installation of storage batteries	Use as a disaster-readiness base for the region
	Installation of LED lighting	Energy-saving lighting
	Installation of EV charging stations	No use of gasoline, popularization of EVs
Outside	Introduction of EVs	No use of gasoline
Counter	Energy-conservation devices such as motion sensors on air conditioning equipment	Reduced lighting and heating expenses
	Insulating films, block-out curtains on windows	
Other	Use of recycled paper / paperless operations, installation of collection machines for plastic bottles, etc., reduction in plastic bag use, etc.	Resource conservation

ESG Investment

When managing funds, the Japan Post Group will give due consideration to the public and social nature of funds and actively contribute to the vitalization of the community and the building of a sustainable society.

JAPAN POST BANK

Japan Post Bank established an ESG investment policy based on growing demands from stakeholders for addressing social issues such as climate change and supporting TCFD recommendations, and conducts investments based on this policy.

We invest in green bonds and social bonds issued by companies around the world. In addition, from the perspective of contributing to regional vitalization in Japan, we will respond to the risk money needs of regional communities by supplying funds through regional vitalization funds.

Main regional vitalization funds (2021/3)

Fund name	Year/month of participation
Kansai Innovation Network Investment Limited Partnership	2020/4
Kansai and Chubu Regions Recovery Support Investment Limited Partnership	2020/7
MIYAKO Kyoto University Innovation II L.P.	2020/10
Dogan Regional Value Fund	2020/12

KPI

Balance of ESG-themed Investment*

2021/3 Approximately **¥1.2 trillion** ▶ By end of 2026/3 **¥2 trillion**

Note: ESG bonds (green bonds, social bonds including pandemic bonds, sustainability bonds), loans to renewable energy sector, the regional vitalization funds, etc.

Number of regional vitalization fund contributions (cumulative)

2021/3 **32 projects** ▶ By end of 2026/3 **50 projects**

Main regional finance projects (2021/3)

Finance project name	Schemes	Project period
Tottori Prefecture hydroelectric plant re-improvement and operation business	PFI*	2020/7
Tochigi Prefecture Comprehensive Sports Zone East Area Development Project	PFI	2020/8

Note: Private Finance Initiative. A method that conducts construction of public facilities, and other similar efforts, utilizing the funding and capabilities of the public.

JAPAN POST INSURANCE

Japan Post Insurance invests from the perspective of fulfilling its social responsibilities as a life insurance company based on the ESG Investment Policy with the aim of realizing a sustainable society, improving investment results, and controlling risks in the long term.

In the fiscal year ended March 31, 2021, in addition to investing in bonds aimed at protecting the natural environment and supporting gender equality, we have expanded our ESG investments base to include corona bonds aimed at supporting measures against COVID-19.

Going forward, in addition to considering ESG elements for the entire asset portfolio, we will focus on the “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection” as initiative themes and make investments with “warmth” unique to Japan Post Insurance.

Major themed investment examples

Investment in an Education Bond to support school education, vocational training, gender equality, in the Asia-Pacific region (March 2021)

© Asian Development Bank



Investment in a Green Transition Bond to support the transition toward decarbonization of carbon-intensive industries (January 2021)

© European Bank for Reconstruction and Development



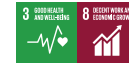
Investment in a Sustainable Development Bond to support the purchase and distribution of vaccines through the international framework “COVAX” (March 2021)

© Inter-American Development Bank



Investment in a Sustainable Development Bond in response to the COVID-19 (May 2020)

© Inter-American Development Bank



Investment in a Sustainable Development Bond to support the purchase and distribution of vaccines through the international framework “COVAX” (March 2021)

© Inter-American Development Bank



Investment in a Sustainability Awareness Bond to fight against COVID-19 (May 2020)

Community of Madrid © European Investment Bank



Investment in a Green Bond to support green recovery (the transition to sustainable low-carbon society under the COVID-19 pandemic) (January 2021)

© World Bank



Investment in renewable energy projects such as solar power generation and biomass power generation (project finance) (since 2017)

