

# Japan Post Group Compliance Framework

The Japan Post Group recognizes compliance as one of its foremost management priorities. In order to permeate and thoroughly implement our customer-oriented management philosophy, we will focus on the promotion of compliance based on risk related to the value of the entire Group (compliance risk management), and promote compliance risk management as an integrated group.

Notably, in light of issues related to the solicitation quality of Japan Post Insurance products, we established a Group Compliance Committee and took other steps to enhance our Group compliance functions. At the same time, we are further promoting and managing initiatives for preventing the recurrence of misconduct such as cash fraud, the inappropriate receipt of fees, and the abandonment and concealment of mail and for the implementation of measures against money laundering and financing of terrorism, etc.

All Group companies are working to build an effective compliance framework giving due consideration to the public nature of their businesses.

## Japan Post Group Compliance Framework

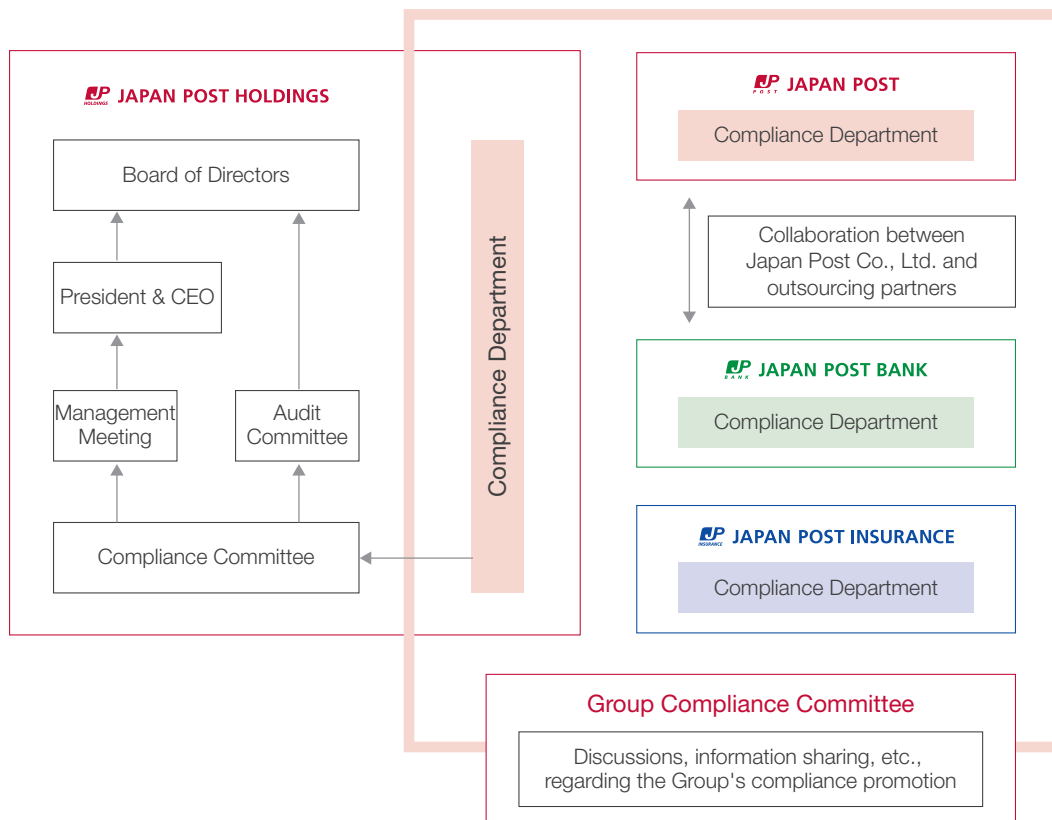
Japan Post Group employs a common compliance framework. Each Group company establishes a Compliance Department to conduct integrated management of compliance-related matters.

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.

We are working to maintain and improve the compliance functions of our overall Group by sharing information on conducting coordination through regular meetings of the Group Compliance Committee.

Japan Post Group compliance framework



## 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.

### 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.

### Response to Compliance Violations

In the event of the discovery of any compliance violations or facts that raise suspicion of compliance violations at any Group company, including corruption such as giving or taking bribes or giving or taking inappropriate gifts or entertainment, we shall investigate and clarify the relevant facts and causes of the violations, and implement measures to prevent their recurrence.

### Penetration and Improvement of the Internal Reporting System

To quickly deal with compliance violations and prevent them from spreading while maintaining a structure to resolve issues at the earliest stage, each Group company has established compliance hotlines and others at the Compliance Department of each company and at a designated external law firm. In light of the recent issues related to the solicitation quality of Japan Post Insurance products, we have set up an internal reporting hotline outside the Company exclusively for inquiries and complaints related financial product sales.

Based on the results of the review by the JP Reform Execution Committee and other factors, we are rebuilding the internal reporting system into one that encourages employees to actively raise their concerns without hesitation, and have issued a message from the top stating that “employees’ voices are valuable assets, and employees who raise their voices are also valuable assets.” In this manner, we have formulated and implemented thorough measures to protect those undertaking internal reporting.

In addition, we are currently working on the establishment of a one-stop consultation and internal reporting platform that can accept various types of reports and consultations in an integrated manner, allow even employees who are completely unfamiliar with the system to report and consult with the appropriate contact point, and ensure the confidentiality of reports and consultations through the use of an information system. We are also working to introduce a system to ensure objectivity and fairness by having an external team of lawyers and other experts conduct the entire process of internal reporting, from receiving the report to investigating and reporting the results of the investigation.

Going forward, we will continue our efforts to detect the first signs of risk at an early stage by listening to the voices of our employees, and make use of them to improve the workplace environment and business operations and thus foster a fair and highly transparent corporate culture and enable the organization to exercise sound self-cleansing actions.

### Establishment of Compliance Program and its Initiatives

Each fiscal year, a compliance program is established to provide a plan for specific actions involving compliance.

Specific compliance items have been selected, including anti-corruption such as giving or taking bribes and giving or taking inappropriate gifts and entertainment, 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 throughout out the Company as a whole.

### 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 executives and employees also receive a compliance handbook that summarizes the manual and is used in training programs and other activities to raise awareness among executives and employees of the importance of compliance.

### Implementation of Compliance-related Training

Each Group company conducts a variety of training activities for compliance items, in order to promote a better understanding of legal matters and other areas, and to raise awareness of compliance. In conducting the training, we are devising ways to make the training more effective by implementing measures against COVID-19 infection, such as using web conferencing systems.

### Measures against Money Laundering and Financing of Terrorism

In light of the mounting international calls to help prevent money laundering and terrorism financing, we have formulated a “Group Policy on Measures against Money Laundering and Financing of Terrorism” and otherwise designated such countermeasures as a priority issue. We are working to enhance united Group efforts, and otherwise undertaking to combat money laundering and the financing of terrorism based on a risk-based approach in accordance with each Group company’s unique business attributes.