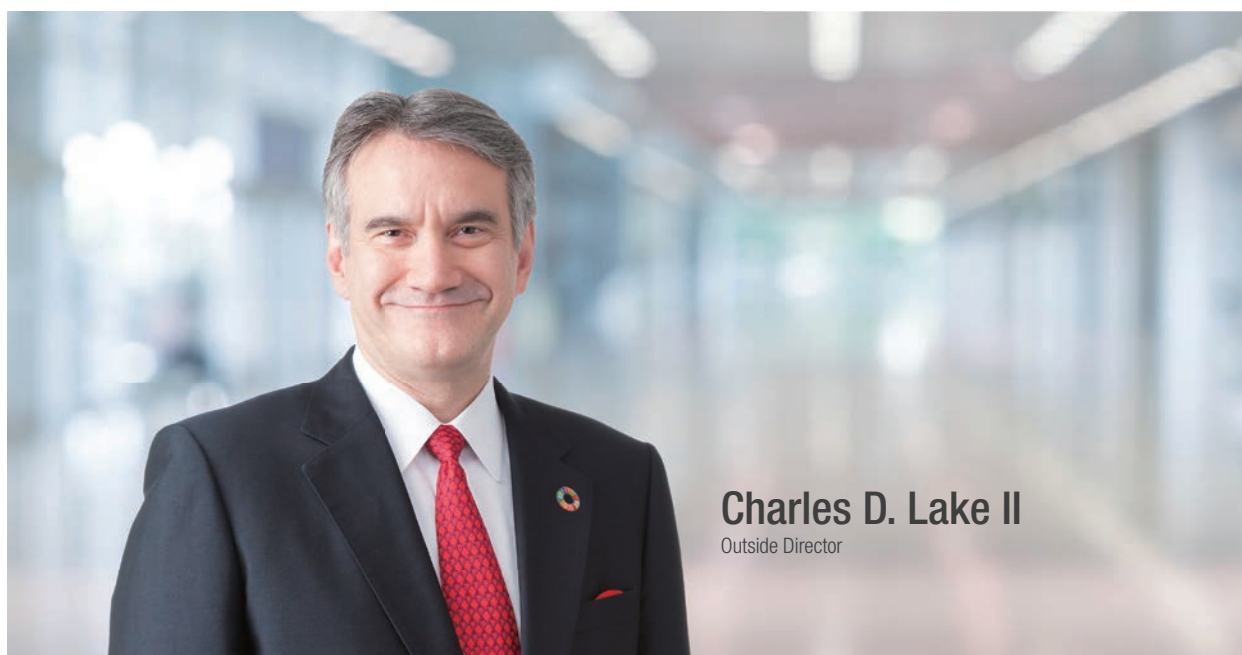


Message from an Outside Director



Charles D. Lake II

Outside Director

Strengthening the Corporate Governance Framework

Japan Post Holdings Co., Ltd. has adopted “a company with nominating committee” structure in accordance with the Companies Act. The law, combined with the Corporate Governance Code (the “Code”), directs corporate boards to clearly differentiate between Board and business operation roles and functions to ensure management agility. At Japan Post Holdings, through such functional differentiation, operational execution is delegated to operational officers while the Board focuses on setting management policies—including the Company’s business philosophy, group-wide strategic direction, internal controls (including risk management and compliance frameworks), group governance, and monitoring.

The Board of Directors oversees execution of strategies and implementation of established frameworks as well as continuously review and enhance such strategies and frameworks. To this end, as stated in the Code, “free, open, and constructive discussions” are important, and to achieve such dialogue, executive management running the business operations must provide the Board of Directors with relevant information and inputs on important management matters (e.g., regarding major strategic and tactical issues in a timely manner with careful consideration to the importance

of the oversight role of the Board of Directors). In turn, the Code calls upon all directors to help develop and approve proposed management strategies and oversee their operational execution so as to achieve sustainable growth and enhance corporate value over the medium to long term.

As Japan Post Holdings worked to formulate its Medium-term Management Plan, which was released in May 2021, the executive management and operations divisions appropriately engaged internal and external stakeholders after carefully considering deliberations by the Postal Privatization Committee and recommendations by the JP Reform Execution Committee. Executive management also conducted appropriate strategic planning and development through a process that widely sought the opinions of not only management but of employees as well. Based on these proposals, the Board of Directors was indeed able to have rigorous “free, open, and constructive discussions.”

Toward the Realization of a “Co-Creation Platform” to Support Customers and Local Communities

The Japan Post Group, led by Japan Post Holdings, is not only one of the world’s leading conglomerates—consisting of operating subsidiaries with postal and logistics operations, post office counter operations,

international logistics, banking, and life insurance businesses—but it is also a corporate group of great importance to Japanese society and is required by the revised Postal Privatization Act to provide comprehensive universal services. Japan Post Holdings, as a holding company, has the added complexity of dealing with a wide range of management issues as each of its operating subsidiaries must comply with not only the Companies Act, but also with differing regulatory environments for each business, including listing requirements for the holding company as well as for its two listed subsidiaries.

In its Medium-term Management Plan “JP Vision 2025,” the Japan Post Group set forth a vision to realize a “Co-creation Platform” to support customers and local communities by continuously working to regain customer trust, strengthen Group partnerships, and create new value together with diverse partners. The “Co-Creation Platform”—which was conceived following the Board’s careful consideration of the Group’s purpose (*raison d’être*)—is an effective group-wide growth strategy to enhance the strength and value of the Group’s assets, namely its nationwide network of 24,000 post offices and enterprise business platform; create new products and services through collaboration and cooperation with diverse partners; and solve social issues faced by customers and local communities. The “Co-Creation Platform” was approved as a management policy to achieve sustainable growth and enhance corporate value over the medium to long term by creating both societal and economic value.

Offensive and Defensive Governance: Execution based on an appropriate Balance between the Growth Strategy and Internal Controls

In order to implement the Medium-term Management Plan “JP Vision 2025” so that Japan Post Group can achieve sustainable growth and enhance its corporate value over the medium to long term, it is important to develop a management strategy that is flexible in adjusting to a changing business environment. To this end, the strategic approach should be a hybrid (composite) use of “planned strategies” (strategies formulated through a conscious and analytical process) and “emergent strategies” (strategies created through a process of repeated learning by sensing and analyzing changes in the environment) consistent with the direction set by the Medium-term Management Plan.

It is also important for the Board of Directors to oversee business strategy execution by executive

management and operational entities, while continuing to strengthen internal controls, including the enterprise risk management and compliance frameworks. The Board of Directors discussed this issue during its annual board review process. In addition to working with outside directors to share and discuss group company management issues at the Board level, the Company is working to strengthen the system so that reporting to the Board of Directors takes place promptly when misconduct is uncovered. This approach will improve the monitoring function and help realize effective oversight, which in turn will enable continuous review, deliberation and follow-up on matters that can have a significant impact on group management.

In order to implement this “offensive” and “defensive” governance at a high level, the Board of Directors is expected to ensure effective monitoring, deliberation, and decision-making. At Japan Post Holdings, the executive management is undertaking efforts, in consideration of the changing business environment, to be aware of and verify implementation of subsidiary business strategies and business operations, keeping in mind the items requiring holding company board deliberation (e.g., the Medium-term Management Plan, annual business plan, ESG (sustainability) management policy). In doing so, Japan Post Holdings is striving to ensure the feasibility and effectiveness of its growth strategy and internal controls by conducting continuous review and monitoring and, when appropriate, determining in a timely manner to adjust its decisions regarding important management matters.

In April 2022, the Tokyo Stock Exchange launched its new market classification, the Prime Market. Japan Post Holdings, as a listed company on this new market, must fulfill its corporate purpose and meet the expectations of diverse stakeholders in Japan and abroad. Since its founding in 1871, the Japan Post Group has grown as a corporate group with great importance to Japanese society. To further meet stakeholder expectations based on the principles embedded in its corporate philosophy, there is an ever-increasing demand for the Japan Post Group to enhance its corporate value over the medium to long term and continuously develop its corporate governance framework.

As an independent outside director, I will fulfill the responsibilities assigned to me and contribute to the realization of a “Co-creation Platform” that supports customers and communities. I will contribute to the sustainable growth of Japan Post Group companies and work to enhance the Company’s corporate value over the medium to long term.

TOPICS Initiatives toward Enhancing Corporate Governance

Internal Reporting System

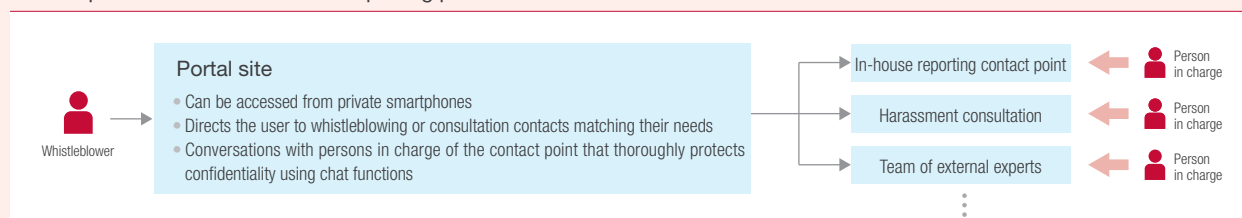
Under the basic understanding that “employees’ voices are valuable assets and employees who voice their opinions are also valuable assets,” in the fiscal year ended March 31, 2022, the Japan Post Group made efforts to improve and rebuild the internal reporting system so that employees can proactively voice their opinions with peace of mind.

To raise awareness of the Group’s basic understanding, we had the senior management send out messages and improved the mechanism to protect the whistleblower, such as restricting the scope for sharing the reported information. Furthermore, in September 2021, to centralize the contact point for receiving reports, we adopted the “one-stop consultation and internal reporting platform,” a portal site enabling secure conversations with the person at the contact

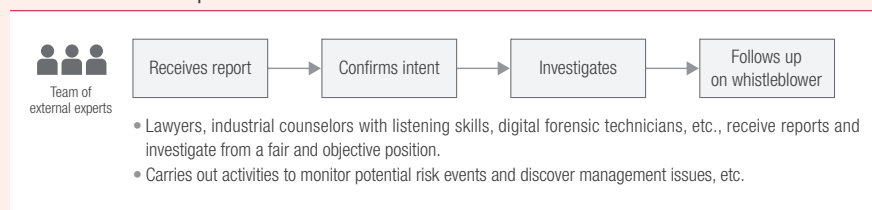
point, and a “team of external experts” comprising external lawyers and other experts that covered the entire process from receipt of the report to investigation. As a result of these initiatives, the number of cases of whistleblowing has been increasing and we believe that we have gained the trust of employees.

We will continue activities to raise awareness of the internal reporting system, while aiming to build a system that can be used by more employees with peace of mind and raise the skills of the persons manning the contact points. We are also pushing initiatives to establish assessment schemes to objectively assess the system and to utilize the opinions voiced by the employees as internal reporting to discover and solve management issues.

One-stop consultation and internal reporting platform



Team of external experts



Utilization by management

- Adoption of a third-party assessment scheme for objectively assessing the system as a whole
- Utilization of the opinions of employees reported as internal reporting in discovering and resolving potential risks and management issues

Initiatives of the Group Conduct Management Office

The Group Conduct Management Office, which was established on April 1, 2021, has worked to enable early detection of events that are contradictory to customer-oriented business operations, or in other words, conduct risks and other similar risks by receiving various types of risk information of operating subsidiaries as a primary point of contact under the strengthened framework for collaboration with Japan Post Group companies.

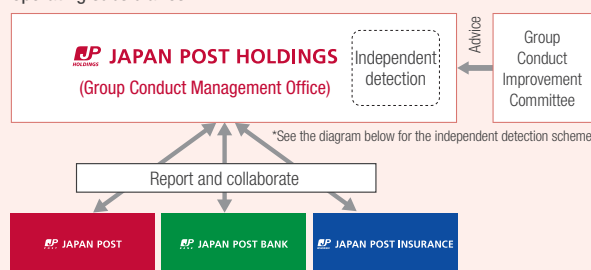
The Office is also working to build a system to identify matters such as non-customer-oriented business operations and potential risk events that have not yet been realized by analyzing all sorts of feedback (from customers, employees, etc.) given to the Japan Post Group using AI and other tools, with the aim of detecting conduct risks and other similar risks independently.

Information obtained through such initiatives is shared with Group companies promptly, and also used to improve operations and for other purposes to increase service quality.

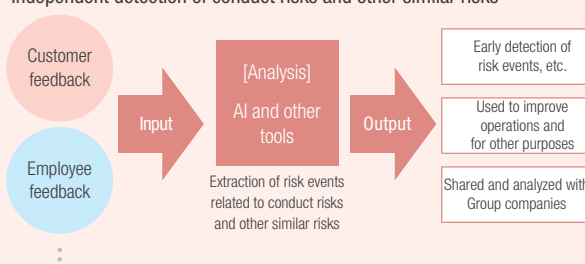
As part of our efforts to improve Group conduct, the Group Conduct Improvement Committee was established on April 1, 2022, which receives advice from external experts.

Through these and other initiatives, we are committed to strengthening the system to prevent the realization of conduct risks and other similar risks.

System to identify conduct risks and other similar risks of operating subsidiaries



Independent detection of conduct risks and other similar risks



Japan Post Group Corporate Governance

Basic Views

Japan Post Holdings shall develop the corporate governance structure of the Japan Post Group based on the following concepts, with a view to ensuring sustainable growth of the Japan Post Group and creating corporate value over the medium to long term.

1. Japan Post Holdings shall continue to create new convenience for customers and pursue the provision of high-quality services, while generating consistent value by providing universal services of the Japan Post Group's three core businesses through the Japan Post Group's post office network.
2. Fully recognizing its fiduciary responsibility to its shareholders, Japan Post Holdings shall give consideration to appropriately secure rights and equal treatment of shareholders.
3. Japan Post Holdings shall place emphasis on dialogue with all stakeholders including customers and shareholders with an aim to ensure appropriate collaboration and sustainable coexistence. To this end, Japan Post Holdings shall strive to secure management transparency and commit to appropriate disclosure and provision of information.
4. Japan Post Holdings shall carry out swift and decisive decision-making and business execution under the effective supervision of the Board of Directors, in order to promptly cope with changes in the social and economic environment and meet the expectations of all stakeholders.

These basic views on corporate governance and our corporate governance framework are set forth in our "Japan Post Holdings' Basic Policy on Corporate Governance."

* For more information, please refer to the following website. <https://www.japanpost.jp/en/group/governance/>

Japan Post Holdings will continue to enhance internal controls and strive to enhance corporate governance of the Japan Post Group from this perspective.

Group Operation and Management Structure

Japan Post Holdings has concluded agreements on the Japan Post Group's operation and management (hereinafter "Japan Post Group Management Agreements") with and between Japan Post, Japan Post Bank, and Japan Post Insurance on the Japan Post Group's common philosophy, policies, and other basic matters concerning Group management, thereby setting up a system to facilitate mutual collaboration and cooperation as well as exerting synergistic effects among the Japan Post Group companies.

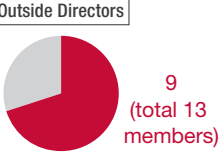
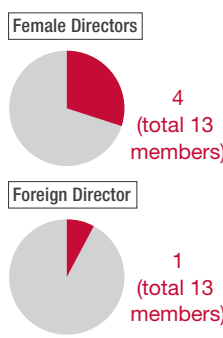
In addition, Japan Post is required to give prior approval or report on matters which must be done in order to conduct Group operations in a smooth and appropriate manner, as well as matters which require management based on laws and regulations. The two financial subsidiaries (Japan Post Bank and Japan Post Insurance) are required to give prior

consultation or reports for the purpose of securing the independence of the two finance corporations, and the Group is promoting consolidated management as a Group and working to ensure appropriate governance.

Moreover, in accordance with the Japan Post Group Management Agreements, the Group Steering Committee was established to discuss and share a common understanding of important matters concerning Group management among the management of the Japan Post Group companies for the purpose of promoting effective and efficient operation of the Japan Post Group. In addition, the Group CxO system has been introduced, and Group CxOs have been appointed from among the executives of Japan Post Holdings to implement cross-organizational adjustments and provide advice of the Group.

Characteristics of the Board of Directors

(As of July 1, 2022)

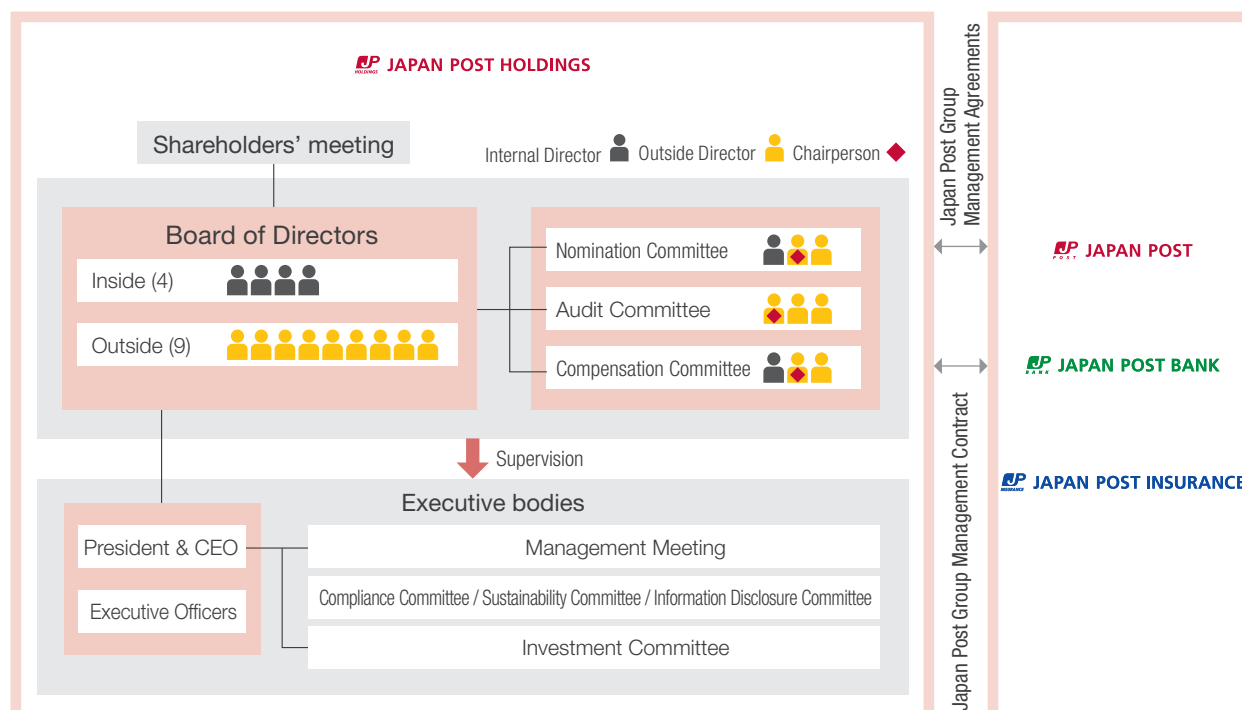
Characteristic (1)	Characteristic (2)	Characteristic (3)	Characteristic (4)
Company with nomination committee, etc.	The majority of the Board are outside directors	Putting diversity into practice	Implementation of Board of Directors' effectiveness evaluation
Japan Post Holdings has adopted the system of a company with nomination committee, etc., and separates the Board of Directors engaged in vital decision-making and supervision from the business execution based on such decisions, thereby increasing the flexibility in management and establishing the management supervision structure of the Group governed by the Board of Directors. The nomination, compensation, and audit committees have at least three members each, the majority of which are independent officers.	The Board of Directors consists of 13 directors (up to 20 as defined in the Articles of Incorporation), of which the majority nine directors are independent outside directors. 	The Board of Directors consists of diverse directors, who have a wealth of knowledge, experience, and insight. 	Every year, the Board of Directors confirms the opinions of each director regarding the Board of Directors' meetings, then analyzes and evaluates the effectiveness of the Board of Directors overall, and discloses an overview of the results, using them to improve operation of the Board of Directors.

Overview of Committees

Japan Post Holdings has adopted a “company with nomination committee, etc.” structure.

	Role and structure (As of July 1, 2022)	Operation status (Fiscal year ended March 31, 2022)	Meetings in the fiscal year ended March 31, 2022 (average attendance rate)
Board of Directors	The Board of Directors, comprised of 13 Directors (including nine Outside Directors), determines matters such as the basic management policy required by relevant laws and regulations, as well as the matters relating to the important execution of duties, and supervises the execution of duties by Directors and Executive Officers.	In the fiscal year ended March 31, 2022, the Board of Directors discussed Group management strategies including management issues of each Group company and received reports concerning Group performance, risk management, and the state of compliance and internal audits.	15 times (98%)
Nomination Committee	The Nomination Committee, comprised of three Directors (including two Outside Directors), submits proposals to the General Meeting of Shareholders concerning the election and dismissal of Directors. In accordance with the provisions of the Act on Japan Post Holdings Co., Ltd., resolutions for the election and dismissal of Directors of Japan Post Holdings shall not become effective without the approval of the Minister for Internal Affairs and Communications.	In the fiscal year ended March 31, 2022, we decided on candidates for the Board of Directors and discussed the criteria for the nomination and dismissal of Directors as well as the skill matrix.	4 times (100%)
Compensation Committee	The Compensation Committee, comprised of three Directors (including two Outside Directors) establishes the policy for determining the amount of compensation for each Director and Executive Officer, and determines the amount for individual officers on the basis of this policy.	In the fiscal year ended March 31, 2022, the Compensation Committee decided on individual compensation for Directors and Executive Officers and performance-based compensation for Executive Officers. In addition, we discussed the review of the compensation system for Directors and Executive Officers.	5 times (100%)
Audit Committee	The Audit Committee consists of three Directors (including three Outside Directors), who audit the execution of duties by Directors and Executive Officers, audit establishment and operation status of the internal control system, audit the validity of methods and results of auditing of financial statements by accounting auditors, and make audit reports. They also decide on the content of proposals submitted at the general shareholders' meetings regarding the election, dismissal, and non-reappointment of accounting auditors.	In the fiscal year ended March 31, 2022, we focused on auditing the establishment and operation of the internal control system and the status of progress of the Medium-Term Management Plan “JP Vision 2025.” In particular, with regard to the issues related to the solicitation quality of Japan Post Insurance products that came to light in the fiscal year ended March 31, 2020, we audited the thorough implementation of customer-oriented business operations, in light of the establishment of the new sales system of Japan Post Insurance. We also audited the status of Japan Post of customer service, investigation of root causes, and formulation and verification of effectiveness of measures to prevent the recurrence of such problems of the crimes involving large sums of money committed by post office heads and employees, and the improperly handled cases, such as the use of customer information for purposes other than the intended purposes that was discovered in connection with the distribution problem of business calendars. Furthermore, the Audit Committee made regular reports on these auditing activities to the Board of Directors, and worked to share information with directors outside the Audit Committee. We also stated our opinions to the Board of Directors and executive bodies as necessary. In light of these audit activities, the Audit Committee has submitted an audit report for the fiscal year ended March 31, 2022, but will continue to pay close attention to thoroughgoing customer-first business operations with regard to the solicitation quality of Japan Post Insurance products. In addition, we will continue to pay close attention to the crimes involving large sums of money committed by post office heads and employees, and the inappropriate handling of customer information for uses other than for the intended purpose of Japan Post, to ensure that appropriate measures are taken to prevent a recurrence.	20 times (100%)

Japan Post Holdings corporate governance system



Note: The number of members on the Board of Directors shall be an appropriate number of no more than 20, as stipulated in the Articles of Incorporation, and, in principle, the majority shall be composed of independent officers.

Skill Matrix of Directors

The Board of Directors shall recognize effective supervision of Executive Officers from an independent and objective standpoint as one of their major roles and responsibilities.

The Board of Directors shall be diversely comprised of Directors with a wealth of knowledge and experience as well as deep insight to

fulfill the appropriate supervisory function toward the realization of sustainable growth of the Group and generation of corporate value over the medium to long term.

The following table represents the key skills and experience possessed by each Director.

Position	Name	Key skills and experience						
		Corporate management	Legal/ Compliance	Financial affairs/ Accounting	Human resources/ Labor management	IT/DX/ Technology	Business knowledge (finance, insurance, etc.)	Community contribution/ Public policy
Director	MASUDA Hiroya	●					●	●
	IKEDA Norito	●					●	●
	KINUGAWA Kazuhide	●					●	●
	SENDA Tetsuya	●					●	●
Outside Director	ISHIHARA Kunio	●				●	●	
	Charles D. Lake II	●	●				●	●
	HIRONO Michiko	●		●			●	●
	OKAMOTO Tsuyoshi	●			●			●
	KOEZUKA Miharuru	●	●					
	AKIYAMA Sakie	●				●		
	KAIAMI Makoto		●		●			
	SATAKE Akira	●	●	●				
	SUWA Takako	●				●		●

* The table above does not show all the skills and experience of each Director.

Evaluation of Effectiveness of the Board of Directors

Method of Evaluation, etc.

At Japan Post Holdings, a questionnaire was sent to Directors, and through the questionnaire and discussions at meetings of Outside Directors, an evaluation of effectiveness based on self-assessment by Directors was conducted.

Evaluation Results, etc.

We assessed that the Board of Directors is generally functioning adequately.

In May 2021, the Company formulated and announced the Group Medium-Term Management Plan “JP Vision 2025.” Prior to the formulation of the plan, the Board of Directors conducted discussions for several months and reflected the opinions of the Directors in the plan. Additionally, given that the management issues of each Group company were shared and discussed with the Outside Directors and that reports are being given promptly to the Board of Directors in the event that scandals such as in-house crimes come to light, we believe that the supervision function of the Board of Directors functioned adequately.

In addition, with regard to the agenda of the Board of Directors' meetings, following on from the previous fiscal year, the Chairman of the Board of Directors reports all the regular matters to the Board of Directors after providing explanations in advance, thereby increasing the deliberation time for important matters. We believe that this has been helpful in stimulating discussion.

Future issues to be addressed include concentrated discussions on important agendas, following up on matters that have a significant impact on the Group's management, and increasing opportunities to deepen the understanding of the Company so that Outside Directors can better fulfill their roles.

In order to address these issues, we will closely examine the agenda of the Board of Directors, carry out appropriate and timely monitoring of the status of implementation of business strategies and the business operations of our subsidiaries, and conduct workshops for Outside Directors and other initiatives.

Independence Criteria of Outside Directors

All nine Outside Directors have been designated as independent executives having been deemed as meeting the “Standards for Designating Independent Directors of Japan Post Holdings” defined by Japan Post

Holdings and being Outside Directors who have no risk of conflicts of interest with general shareholders, as defined by the Tokyo Stock Exchange.

Standards for Designating Independent Directors of Japan Post Holdings Co., Ltd.

Japan Post Holdings shall designate independent officers as defined by the Tokyo Stock Exchange from among Outside Directors who do not fall under any of the following categories.

1. Anyone who has been an executive of the Japan Post Group in the past
2. Anyone for whom the Japan Post Group is a major business partner, or an executive thereof
3. Anyone who is a major business partner of the Japan Post Group, or an executive thereof
4. Member, partner, or employee of the independent auditor of the Japan Post Group
5. Consultants, accounting experts, or legal experts who receive or have received large payments of money or property from the Japan Post Group, other than executive compensation (if the party who obtains the property is a corporation, a union, or other such organization, this includes anyone who belongs to that organization now or who has belonged to that organization in the past)
6. Major shareholders of Japan Post Holdings (if that party is a legal entity (excluding the Japanese Government), then anyone who is an executive of that legal entity)

7. Executive (or other) of companies in which Japan Post Holdings is a major shareholder
8. Major creditor of the Japan Post Group or an Executive (or other) thereof
9. The spouse or relatives within second degree of kinship of the following parties (excluding unimportant ones.) (1) Anyone listed in parts 1 to 8 above (2) Executives of subsidiaries of Japan Post Holdings
10. Executives of other companies in which an executive of the Japan Post Group is appointed as an outside director
11. Anyone who has received a large amount of donations from the Group (if the party who receives the donation is a corporation, a union, or other such organization, this includes anyone who is an executive of that organization)

Note: Please visit the following website for details.
https://www.japanpost.jp/group/governance/pdf/02_08.pdf
 (in Japanese only)

Training of Directors & Support System for Outside Directors

Training of Directors

Japan Post Holdings provides opportunities for Directors to deepen their understanding and acquire necessary knowledge about such things as the Japan Post Group's businesses, issues to be addressed, and management strategies by proactively creating opportunities to discuss urgent issues of the Japan Post Group, so that Directors may properly fulfill the roles and responsibilities expected of them.

Support System for Outside Directors

Japan Post Holdings has developed an operation system for Outside Directors with consideration for the coordination of a flexible annual

schedule, accurate provision of information as necessary, adequate advance explanation of proposal contents, and securing of time for preliminary consideration and question-asking by the Board of Directors to ensure smooth and effective operation of the Board and improve the effectiveness of supervision by Outside Directors. In addition, Japan Post Holdings has established the Office of the Board of Directors to streamline the deliberation and reporting processes of the Board of Directors and check on the progress of resolutions made by the Board, as well as to support management and ensure communication and coordination with Outside Directors to conduct Board of Directors' meetings effectively and efficiently.

Policy on Appointment of Directors

Scale and Composition of Candidates for Directors

The Nomination Committee nominates diverse Director candidates with different types of expertise and experience while taking into consideration the balance of the Board of Directors as a whole. The number of Director candidates shall be an appropriate number of no more than 20, as defined in the Articles of Incorporation, and as a rule the majority shall be composed of independent Outside Director candidates.

Internal Directors

The Nomination Committee nominates people who meet the following conditions as Internal Director candidates of Japan Post Holdings

- (1) Has expertise in the business of Japan Post Holdings
- (2) Has superior ability in management judgment and management execution

- (3) Has superior ability in leadership, determination, foresight, and planning

- (4) Has an appropriate personality and insight as a Director

- (5) Has no health problems when performing duties as an Internal Director

Outside Directors

The Nomination Committee nominates people who meet the following conditions as Outside Director candidates of Japan Post Holdings.

- (1) Has knowledge of a specialized field, such as management, accounting, finance, law, administration, society and culture, etc., and has achieved appropriate results in these specialized fields
- (2) Has an appropriate personality and insight as a Director
- (3) Has no health or operational problems when performing duties as an Outside Director

The reasons for nominating Outside Directors are as follows.

Name	Reason for nomination
ISHIHARA Kunio	ISHIHARA Kunio has many years' experience on the management teams of business corporations, having served in positions that include Director and President, and Director and Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd., a leading major non-life insurance company in Japan. He furnishes opinions and recommendations that are beneficial to management of the Company, particularly at meetings of the Board of Directors, Nomination Committee, and Compensation Committee, based on his insight related to fields such as the insurance business and the systems domain developed throughout his career, and also based on his extensive experience and knowledge in corporate management. The Company has nominated him as a candidate for reelection as Outside Director given expectations that he will supervise and check the management of the Company.
Charles D. Lake II	Charles D. Lake II has many years' experience of corporate management as Chairman and Representative Director and other senior management positions in Aflac Life Insurance Japan Ltd. He also has professional experience that includes holding key positions in U.S. government agencies and working with a U.S. law firm. He furnishes opinions and recommendations that are beneficial to management of the Company, particularly at meetings of the Board of Directors, based on his insight related to fields such as legal affairs and the insurance business developed throughout his career, and also based on his extensive experience and knowledge in corporate management. The Company has nominated him as a candidate for reelection as Outside Director given expectations that he will supervise and check the management of the Company.
HIRONO Michiko	Ms. HIRONO Michiko has many years' experience on the management teams of business corporations, having founded 21 Lady Co., Ltd., which engages in the business of comprehensive support for the lifestyle industry, and having engaged in investment development business as its President. She has also developed greater insight into the Group's businesses, having assumed the position of Outside Director of Japan Post Co., Ltd., a major subsidiary of the Company, in June 2014. She furnishes opinions and recommendations that are beneficial to management of the Company, particularly at meetings of the Board of Directors, based on her extensive experience and knowledge in corporate management developed throughout her career. The Company has nominated her as a candidate for reelection as Outside Director given expectations that she will supervise and check the management of the Company.
OKAMOTO Tsuyoshi	OKAMOTO Tsuyoshi has many years' experience on the management teams of business corporations, having served in positions that include Representative Director, President and Director, Chairman of Tokyo Gas Co., Ltd., an integrated energy company. He has also developed greater insight into the Group's businesses, having assumed the position of Outside Director of Japan Post Bank Co., Ltd., a major subsidiary of the Company, in June 2016. He furnishes opinions and recommendations that are beneficial to management of the Company, particularly at meetings of the Board of Directors, Nomination Committee, and Compensation Committee, based on his extensive experience and knowledge in corporate management developed throughout his career. The Company has nominated him as a candidate for reelection as Outside Director given expectations that he will supervise and check the management of the Company.
KOEZUKA Miharū	KOEZUKA Miharū has many years' experience on the management teams of business corporations, having served as Senior Managing Director (Representative Director) of Takashimaya Company, Limited, after having held other key positions including those in sales divisions at Takashimaya Company, Limited, which engages in the department store business in Japan and overseas. She has also been involved in auditing the execution of duties of executive officers and directors as a member of the Audit Committee of the Company since June 2018. She furnishes opinions and recommendations that are beneficial to management of the Company, particularly at meetings of the Board of Directors and Audit Committee, based on her extensive experience and knowledge in corporate management developed throughout her career. The Company has nominated her as a candidate for reelection as Outside Director given expectations that she will supervise and check the management of the Company.
AKIYAMA Sakie	AKIYAMA Sakie has many years' experience on the management team of a business corporation, having founded Saki Corporation, a company that manufactures industrial inspection robots, and served as its Representative Director and President. She furnishes opinions and recommendations that are beneficial to management of the Company, particularly at meetings of the Board of Directors, based on her insight related to fields such as the technology domain developed throughout her career, and also based on her extensive experience and knowledge in corporate management. The Company has nominated her as a candidate for reelection as Outside Director given expectations that she will supervise and check the management of the Company.
KAIAMI Makoto	KAIAMI Makoto furnishes opinions and recommendations that are beneficial to management of the Company, particularly at meetings of the Board of Directors and Audit Committee, based on his many years' experience in the legal profession, including serving as President of Tokyo District Court, and also based on his experience and knowledge as a legal expert, developed throughout his career. The Company has nominated him as a candidate for reelection as Outside Director given expectations that he will supervise and check the management of the Company. He has not been involved in corporate management other than as an Outside Director and Outside Audit & Supervisory Board Member, but we consider him to be a suitable candidate to perform the duties of Outside Director of the Company for the reasons stated above.
SATAKE Akira	SATAKE Akira has many years' experience on the management team of business corporations, having served as Director and Executive Vice President of Sumitomo Precision Products Co., Ltd., after having held other key positions including those in business divisions and finance divisions at SUMITOMO CORPORATION. He has also developed greater insight into the Group's businesses, having assumed the positions of Outside Director and member of the Audit Committee of Japan Post Insurance Co., Ltd., a major subsidiary of the Company, in June 2019. He furnishes opinions and recommendations that are beneficial to management of the Company, particularly at meetings of the Board of Directors and Audit Committee, based on his insight related to fields such as finance and accounting, developed throughout his career, and also based on his extensive experience and knowledge in corporate management. The Company has nominated him as a candidate for reelection as Outside Director given expectations that he will supervise and check the management of the Company.
SUWA Takako	SUWA Takako has many years' experience on the management teams of business corporations as Representative Director of Daiya Seiki Co., LTD., which engages in precision metal machining and manufacturing. She has also developed greater insight into the Group's businesses, having assumed the position of Outside Director of Japan Post Co., Ltd., a major subsidiary of the Company, in June 2018. The Company has nominated her as a candidate for election as Outside Director given expectations that she will supervise and check the management of the Company, based on her insight related to fields such as the technology domain, developed throughout her career, and also based on her extensive experience and knowledge in corporate management.

Compensation System for Directors and Executive Officers

With regard to compensation of the Directors and Executive Officers of Japan Post Holdings Co., Ltd., the Compensation Committee has set a “Policy to Determine Content of Compensation for Individual Directors and Executive Officers,” and the amount of compensation is determined in accordance with this policy.

Compensation System

1. When serving concurrently as a Director and Executive Officer, compensation shall be paid as an Executive Officer.
2. Directors of Japan Post Holdings shall be paid a fixed amount of compensation according to their duty, based on the scope and size of their responsibility for management.
3. Executive Officers of Japan Post Holdings shall be paid basic compensation according to their duty (fixed amount compensation) and performance-based stock compensation, as a mechanism that functions as a sound incentive to promote sustainable growth.

In addition, Directors or Executive Officers of Japan Post Holdings who simultaneously serve as a Director, Auditor, Executive, or Executive Officer of a Japan Post Group company shall be paid compensation by the company where that Director or Executive Officer mainly executes business.

Indicators of Performance-based Compensation, the Reason for Selecting Those Indicators, and the Method for Deciding the Amount of Performance-Based Compensation

With regard to performance-based stock compensation, the

Compensation Committee multiplies basic points based on the duties of an Executive Officer and individual evaluation points based on the execution of their responsibilities with a coefficient that changes based on company performance each fiscal year (achievement status of management plans, etc.) in order to calculate points.

Individual evaluations are made by individually evaluating the results and status of initiatives in the business that the Executive Officer is responsible for.

With regard to indicators related to company performance, in order to enable comprehensive judgment of the degree of achievement of management, the Compensation Committee has set indicators from multiple different categories, using “consolidated net income attributable to Japan Post Holdings” and “consolidated ordinary income ratio” as financial indicators, as well as “progress and implementation of the Medium-Term Management Plan ‘JP Vision 2025’ and the ‘Pledge to Regain Customers’ Trust’” and “occurrence of serious clerical accidents and misconduct in the Group and operation of compliance systems” as non-financial indicators, that are suitable for the business format and content of the Company.

Additionally, the Company has a system that allows for a reduction or cancellation (malus) of the number of points used as the basis for calculating the number of shares granted to relevant Executive Officers in the event of a serious misconduct or violation by an Executive Officer eligible for payment.

There is no policy for determining the payment ratio of performance-based compensation and other forms of compensation.

Indicators related to company performance	Goal	Performance in the fiscal year ended March 31, 2022
Consolidated net income attributable to Japan Post Holdings	At least ¥340,000 million	¥501,685 million
Consolidated ordinary income ratio	At least 6.887%	8.801%
Progress and implementation of the Medium-Term Management Plan “JP Vision 2025” and the “Pledge to Regain Customers’ Trust”	The Medium-Term Management Plan, including its ESG targets (reducing greenhouse gas emissions and increasing the ratio of women in management roles), is mostly progressing as planned. Activities for restoring trust were evaluated as having achieved a certain level of success.	
Occurrence of serious clerical accidents and misconduct in the Group and operation of compliance systems	There were incidents that were revealed or occurred, including abandonment and concealment of postal mail, etc., embezzlement of funds by the head of a post office, etc., and improper handling of customer information in the distribution of business calendars.	

Total amount of compensation for each executive category, total amount by type of compensation, and number of Executive Officers

Classification	Total amount of compensation (Millions of yen)	Total amount by type of compensation (Millions of yen)			Number of persons
		Fixed compensation	Performance-based stock compensation, etc.	Non-monetary compensation, etc.	
Directors (excluding Outside Directors)	—	—	—	—	—
Executive Officers	792	642	149	—	34
Outside Directors	90	90	—	—	9

Notes: 1. No compensation as a Director is paid to those who concurrently serve as a Director and Executive Officer.

2. Three Directors serve concurrently as Directors and Executive Officers of major consolidated subsidiaries, but they have not been paid compensation as Directors of Japan Post Holdings for the period that they belonged to a major consolidated subsidiary and only executed business of a major consolidated subsidiary. The total amount of compensation received by those three Directors from major consolidated subsidiaries is ¥114 million.

3. Twenty-four Executive Officers serve concurrently as Directors or Executive Officers of major consolidated subsidiaries, seven of whom have not been paid as Executive Officers of Japan Post Holdings for the period in which they belonged to a major consolidated subsidiary and executed business of a major consolidated subsidiary. The total amount of compensation received by those seven Directors from major consolidated subsidiaries is ¥151 million.

4. Performance-based stock compensation shows the amount recorded as expenses in the current fiscal year. In principle, at the end of each fiscal year, the Company books the amount expected to be incurred in the relevant fiscal year as an expense as a reserve, and reverses the relevant reserve at the time of retirement (when benefits are paid), etc.

5. The Company grants stock-based compensation to Executive Officers as non-monetary compensation, etc., under this system. The stock-based compensation is included in the performance-based compensation, etc.

6. There are no retirement benefits or bonuses for Directors.

Policy Equity

Holding Policy for Policy Equity

1. Japan Post Holdings Co., Ltd. shall be able to acquire and hold shares of listed companies that are judged to contribute to the medium- to long-term improvement of the corporate value of the Japan Post Group for reasons other than net investment, such as strengthening business alliances (hereinafter referred to as "policy equity").
2. Every year, the Board of Directors shall verify the aim and rationality of holding policy equity that is held by Japan Post Holdings, taking into account medium- to long-term economic rationality and future prospects, and disclose the content of this verification.
3. With regard to the exercise of voting rights on policy equity, Japan Post Holdings shall decide how to vote on proposals having individually examined whether each proposal conforms to Japan Post Holdings' holding policy, and whether it can be expected to help ensure the efficient and sound management of the company in question, and improve its corporate value.

Methods of Verifying the Rationality of Holding Policy Equity and Results of Verification by the Board of Directors

When verifying the policy equity held by Japan Post Holdings, every year the Board of Directors verifies the aim and rationality of holding policy equity that is held by Japan Post Holdings, taking into account medium- to long-term economic rationality and the future prospects, and discloses the content of this verification.

As a result of the Board of Directors conducting a review as described above in April 2022, it was confirmed to be appropriate to continue holding two brand of policy equity held by Japan Post Holdings.

Primary Legal Regulations

In conducting its business, Japan Post Group is subject to various legal regulations such as those described below.

1) Regulations based on the Postal Act and other laws

Under the Postal Act, Japan Post Co., Ltd., our consolidated subsidiary, has exclusive rights to conduct postal business in Japan. As such, it is subject to regulations specific to a business unlike that of other companies, such as the authorization system for business consignment and changes to postal agreements, the uniform nationwide fee system, fee limits on standard-size mail, and the notification system for postage fees (including the authorization system for third-class and fourth-class mail).

(2) Regulations based on the Banking Act and the Insurance Business Act

The financial businesses of the Japan Post Group are subject to financial business regulations that are typically applied to such businesses, such as the Banking Act and the Insurance Business Act.

(a) Regulations pertaining to Japan Post Bank Co., Ltd., Japan Post Insurance Co., Ltd., and Japan Post Holdings Co., Ltd. as a financial services holding company

The two financial subsidiaries are subject to supervision by the Financial Services Agency, based on the Banking Act and the Insurance Business Act. In particular, they are subject to broad oversight by the Commissioner of the Financial Services Agency, who is appointed by the Prime Minister, which includes revocation of their licenses if they violate any laws or regulations, as well as suspension of their business and conducting of on-site inspections when deemed necessary for the purpose of assuring sound and proper business operations. As a bank holding company and insurance holding company, Japan Post Holdings is subject to financial services business regulation, including supervision by the Financial Services Agency based on the Banking Act and the Insurance Business Act.

The two financial subsidiaries are not permitted to conduct business other than as set forth by the laws based on, respectively, the Banking Act and the Insurance Business Act and other related business regulations. In terms of the capital adequacy ratio, which is the standard for achieving an adequate level of equity capital, Japan

Post Bank is required to maintain a ratio of at least 4.0% (Japanese standard). Japan Post Insurance is required to maintain a solvency margin ratio of at least 200% as an indicator of whether it has a "payment reserve" that enables it to cope with risks that occur beyond normal expectations, such as catastrophic disasters or the massive collapse of stock prices.

As a bank holding company, Japan Post Holdings is also subject to supervision by the Financial Services Agency based on the Banking Act, and required to maintain a consolidated capital adequacy ratio of at least 4.0% (Japanese standard). Furthermore, it is obligated to maintain a system for protecting the interests of customers and submitting business reports to regulatory authorities every business year.

As of March 31, 2022, Japan Post Bank has a consolidated capital adequacy ratio of 15.56%, Japan Post Insurance has a consolidated solvency margin ratio of 1,045.5%, and the Japan Post Group has a consolidated capital adequacy ratio of 17.21%, all of which have maintained high levels compared to the ratios regulated by law.

(b) Regulations pertaining to Japan Post

Based on the Banking Act and the Insurance Business Act, Japan Post is subject to supervision by the Financial Services Agency with regard to the post office business of the Japan Post Group as a banking agency and affiliated bank of Japan Post Bank and as an insurance solicitor and affiliated insurance company of Japan Post Insurance.

As a banking agency, Japan Post is not permitted to conduct business other than as set forth by law and is subject to such regulations as the obligation for separate management, the obligation to explain banking agency services it engages in to customers, and the prohibition of certain activities such as making definitive claims, without approval from the Prime Minister. Also, as an insurance solicitor, it is subject to such regulations as the obligation to provide explanations for customers and the prohibition of certain activities such as providing false explanations.

(c) Licensing required by law

The Japan Post Group has been licensed or authorized primarily as described in the table below.

License	Related law	Company	Expiration date	Reasons for cancellation, etc.
Bank Holding Company Authorization	Article 52-17, Paragraph 1 of the Banking Act	Japan Post Holdings Co., Ltd.	None	Article 52-34, Paragraph 1 of the Banking Act
Insurance Company's Major Shareholder Authorization	Article 271-10, Paragraph 1 of the Insurance Business Act	Japan Post Holdings Co., Ltd.	None	Article 271-16, Paragraph 1 of the Insurance Business Act
Bank Agency Authorization	Article 52-36, Paragraph 1 of the Banking Act	Japan Post Co., Ltd.	None	Article 52-56, Paragraph 1 of the Banking Act
Life Insurance Solicitor Registration	Article 276 of the Insurance Business Act	Japan Post Co., Ltd.	None	Article 307, Paragraph 1 of the Insurance Business Act
Banking Business License	Article 4, Paragraph 1 of the Banking Act	Japan Post Bank Co., Ltd.	None	Article 26, Paragraph 1; Article 27; Article 28 of the Banking Act
Insurance Business License	Article 3, Paragraph 4 of the Insurance Business Act	Japan Post Insurance Co., Ltd.	None	Article 132, Paragraph 1; Article 133; Article 134 of the Insurance Business Act

(3) Regulations specifically applicable to the Japan Post Group

Based on the Postal Service Privatization Act and other laws, Japan Post Holdings Co., Ltd. and Japan Post Co., Ltd. are obligated to provide postal services so that payment of simple savings, remittances, services for settlement of debts and credits, and services for easy-to-use life insurance are available to customers at post offices in an integrated format and in a manner that is easy to use by customers. They are also obligated by law to maintain the post office network to ensure fair use across all of Japan well into the future.

Also, Japan Post Holdings and Japan Post are required to receive authorization from the Minister for Internal Affairs and Communications to engage in new businesses, solicit shares, elect or dismiss directors (Japan Post Holdings only), formulate business plans, amend articles of incorporation, conduct mergers, or split or dissolve companies based on the Act on Japan Post Holdings and Act on Japan Post, respectively (however, only notification of new businesses to the Minister for Internal Affairs and Communications is required for Japan Post). Furthermore, the two financial institutions, in addition to regulations based on the Banking Act and the Insurance Business Act, are required to receive authorization from the Prime Minister and the Minister for Internal Affairs and Communications based on the Postal Service Privatization Act to engage in new businesses, hold subsidiaries of financial institutions (Japan Post Bank) and particular subsidiaries (Japan Post Insurance), conduct mergers, split companies, or transfer and receive businesses in order to ensure equal competitive conditions with other companies engaged in similar business. Japan Post Bank may not in itself have banks as subsidiaries and neither may Japan Post Insurance have insurance companies as subsidiaries. In addition, the two financial institutions are subject to regulations different from other companies in the same industry, such as deposit limit regulations in the banking business and subscription limit regulations in the life insurance business.

In addition, the Group faces certain restrictions on expansion of its scope of operations, including the rollout of new businesses. Under the Postal Service Privatization Act, the two financial subsidiaries are required to receive authorization from the Prime Minister and the Minister for Internal Affairs and Communications to engage in new businesses to obtain new earnings opportunities. In the event that they fail to receive that authorization or that it takes time to do so, the Group may not be able to launch new products or provide new services as planned in terms of timing or content.

On June 9, 2021, the Company, pursuant to the provisions of Article 62, Paragraph 2 of the Postal Service Privatization Act, notified the Minister of Internal Affairs and Communications that it had disposed of more than one-half of the shares of Japan Post Insurance. After the date of our notification, Japan Post Insurance will no longer be required to obtain authorization, but if it intends to engage in any of the

abovementioned businesses, it will be required to determine the details of such business and notify the Prime Minister and the Minister for Internal Affairs and Communications. At the same time, Japan Post Insurance is required to take special care not to impede proper competition with other life insurance companies and the appropriate provision of services to users when conducting its business.

(Reference) Maximum deposit amounts in Japan Post Bank

Under the Postal Service Privatization Act, Japan Post Bank restricts the amount of deposits that can be accepted from a single depositor, except for transfer savings equivalent to checking deposits. (Article 107 of the Postal Service Privatization Act, Article 2 of the Postal Service Privatization Act Enforcement Ordinance)

A. Regular savings... ¥13 million

B. Fixed savings (Fixed amount savings and fixed term savings. Includes postal savings deposited before postal service privatization (taken over by the Organization for Postal Savings, Postal Life Insurance and Post Office Network) but excludes C.) ... ¥13 million

C. Property fixed amount savings, property pension fixed amount savings, property housing fixed amount savings... ¥5.5 million in total

(Reference) Enrollment limit at Japan Post Insurance

Insurance policies for Japan Post Insurance have limits defined by the Postal Service Privatization Act and related laws regarding the amount of insurance that an insured person can be enrolled for (insurance limit amount). (Article 137 of the Postal Service Privatization Act, Articles 6, 7, and 8 of the Postal Service Privatization Act Enforcement Ordinance)

If the insured person has subscribed to a postal life insurance policy since before postal service privatization, then the enrollment limit is the difference of the policy amount of their postal life insurance policy subtracted from the following amounts.

A. Enrollment limit of the basic policy insurance amount

i. When the insured person is 15 years old or younger: ¥7 million

ii. When the insured person is 16 years old or older: ¥10 million (the insurance amount of special endowment insurance for insured persons who are 55 years old or older, in combination with regular fixed term insurance, is ¥8 million)

However, if the insured person is age 20 to 54, this limit can be up to ¥20 million under certain conditions (such as when there is an insurance policy that has passed 4 or more years since enrolling). The limit for specific endowment insurance is ¥5 million regardless of age.

B. Enrollment limit amount for pension (excluding nursing care pension)

¥900,000 annually (amount of basic pension in the first year) (Excluding the

amount for the insured person who is the spouse in marital pension insurance, as well as marital insurance with marital pension insurance.)

C. Enrollment limit of rider coverage

- i. Security for having a disease or injury, or the state of a person caused by having a disease, death caused directly by having an injury, or similar such states... ¥10 million in total
- ii. Security for treatment of the issues listed above... ¥10 million

Note: In addition to the special measures under the Postal Service Privatization Act, we have set the following enrollment limits on Japan Post Insurance riders. Rider insurance premiums shall not exceed the premiums on the basic policy to which those riders are attached. However, with regard to the insurance amount of the underwriting-based relief non-divided general medical rider which was launched for sale in April 2019, when the enrollment age of the basic policy to which the rider is added is within the range of enrollment ages which can enroll in 5-fold or

2-fold type policies, the limit is 5 times or 2 times the insurance amount of the basic policy. The insurance amount of advanced medical treatment rider can exceed the insurance amount of the basic policy to which the rider is added, and is uniformly set at ¥3 million.

D. Enrollment limit of total paid-in premiums

Property savings insurance and property housing insurance... ¥5.5 million in total (In addition, there is a limitation on the total paid-in premium according to relevant laws and regulations regarding property-type insurance.)

(4) World Trade Organization (WTO): Government procurement rules

As successors of government-owned companies, Japan Post Holdings, Japan Post, and the two financial institutions are required to comply with procedures set forth by international agreements when procuring items subject to government procurement agreements and other international agreements.

Directors



MASUDA Hiroya

Director and Representative Executive Officer, President & CEO
Member of the Nomination Committee
Member of the Compensation Committee

Number of shares held: — shares
Number of years as director: 2 years
Attendance at Board of Directors' meetings: 15/15 times (100%)
Attendance at Nomination Committee meetings: 4/4 times (100%)
Attendance at Compensation Committee meetings: 5/5 times (100%)

Significant Concurrent Positions

Director of Japan Post Co., Ltd.; Director of Japan Post Bank Co., Ltd.; Director of Japan Post Insurance Co., Ltd.

Career Summary

April 1977 Joined the Ministry of Construction; July 1994 Director for Construction Disputes Settlement of Construction Industry Division of Ministry of Construction, Economic Affairs Bureau; April 1995 Governor of Iwate Prefecture; August 2007 Minister for Internal Affairs and Communications, Minister for State for Special Missions of Cabinet Office; April 2009 Advisor of Nomura Research Institute, Ltd.; Visiting Professor of Graduate School of Public Policy at the University of Tokyo; January 2020 Representative Executive Officer, President & CEO of the Company; June 2020 Director and Representative Executive Officer of Japan Post Co., Ltd. (present); Director of Japan Post Co., Ltd. (present); Director of Japan Post Bank Co., Ltd. (present); Director of Japan Post Insurance Co., Ltd. (present)



IKEDA Norito

Director

Number of shares held: 3,100 shares
Number of years as director: 6 years
Attendance at Board of Directors' meetings: 15/15 times (100%)

Significant Concurrent Position

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

Career Summary

June 1996 Director of The Bank of Yokohama, Ltd.; April 2001 Representative Director of The Bank of Yokohama, Ltd.; June 2003 Director of The Bank of Yokohama, Ltd.; Representative Director and Chairman of Yokohama Capital Co., Ltd.; December 2003 President of The Ashikaga Bank, Ltd. (Representative Director); June 2004 President of The Ashikaga Bank, Ltd. (Chief Executive Officer); September 2008 Special Advisor of A.T. Kearney; February 2012 President and Representative Director of the Organization to Support Revitalization of Businesses Affected by the Great East Japan Earthquake; April 2016 President and Representative Executive Officer of Japan Post Bank Co., Ltd.; June 2016 Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd. (present); Director of the Company (present)



KINUGAWA Kazuhide

Director

Number of shares held: 15,200 shares
Number of years as director: 2 years
Attendance at Board of Directors' meetings: 15/15 times (100%)

Significant Concurrent Position

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

Career Summary

April 1980 Joined the Ministry of Posts & Telecommunications; October 2007 Executive Officer and Senior General Manager of Human Resources Department of Japan Post Insurance Co., Ltd.; October 2010 Managing Executive Officer and Senior General Manager of Human Resources Department of Japan Post Insurance Co., Ltd.; April 2011 Managing Executive Officer of Japan Post Insurance Co., Ltd.; February 2013 Managing Executive Officer and Senior General Manager of Human Resources Department of Japan Post Insurance Co., Ltd.; July 2013 Managing Executive Officer of Japan Post Insurance Co., Ltd.; July 2014 Senior Managing Executive Officer of Japan Post Insurance Co., Ltd.; June 2016 Senior Managing Executive Officer of the Company (to Jan. 2020); December 2019 Director of Japan Post Co., Ltd.; January 2020 President & CEO (Representative Executive Officer) of Japan Post Co., Ltd. (present); June 2020 Director of the Company (present)



SENDA Tetsuya

Director

Number of shares held: 5,200 shares
Number of years as director: 2 years
Attendance at Board of Directors' meetings: 15/15 times (100%)

Significant Concurrent Position

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

Career Summary

April 1984 Joined the Ministry of Posts & Telecommunications; July 2011 Executive Officer and Senior General Manager of Corporate Planning Department of Japan Post Insurance Co., Ltd.; June 2013 Managing Executive Officer of the Company (to Jun. 2016); July 2013 Managing Executive Officer of Japan Post Insurance Co., Ltd.; June 2016 Senior Managing Executive Officer of Japan Post Insurance Co., Ltd.; November 2017 Senior Managing Executive Officer of the Company; April 2019 Representative Executive Officer and Executive Vice President of Japan Post Insurance Co., Ltd. (to Jan. 2020); August 2019 Managing Executive Officer of the Company (to Jun. 2020); January 2020 President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd.; June 2020 Director and President, CEO, Representative Executive Officer (present); Director of the Company (present)



ISHIHARA Kunio

Outside Director
Chairperson of the Nomination Committee
Member of the Compensation Committee

Number of shares held: 13,500 shares
Number of years as director: 7 years
Attendance at Board of Directors' meetings: 15/15 times (100%)
Attendance at Nomination Committee meetings: 4/4 times (100%)
Attendance at Compensation Committee meetings: 5/5 times (100%)

Significant Concurrent Positions

Senior Advisor of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.; Outside Director and Audit and Supervisory Committee Member of NIKON CORPORATION, Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc.

Career Summary

June 1995 Director of Tokio Marine and Fire Insurance Co., Ltd. (TMFI); June 1998 Managing Director of TMFI; June 2000 Senior Managing Director of TMFI; June 2001 Director and President of TMFI; April 2002 Director and President of Milea Holdings, Inc.; October 2004 Director and President of Tokio Marine & Nichido Fire Insurance Co., Ltd.; June 2007 Director and Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.; Director and Chairman of the Board of Milea Holdings, Inc.; July 2008 Director and Chairman of the Board of Tokio Marine Holdings, Inc.; June 2013 Senior Advisor of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. (present); June 2015 Director of the Company (present)



Charles D. Lake II

Outside Director

Number of shares held: — shares
Number of years as director: 6 years
Attendance at Board of Directors' meetings: 15/15 times (100%)

Significant Concurrent Positions

Chairman and Representative Director of Aflac Life Insurance Japan Ltd.; President and Member of the Board of Directors of Aflac International Incorporated; Outside Director of Shiseido Company, Limited

Career Summary

August 1992 Director for Japan Affairs, Office of the U.S. Trade Representative; July 1993 Director for Japan Affairs and Special Counsel to the Deputy U.S. Trade Representative; January 1995 Attorney at Dewey Ballantine LLP; June 1999 Vice President and Counsel of Japan Branch, American Family Life Assurance Company of Columbus (Aflac Japan); July 2001 Deputy President of Aflac Japan; January 2003 President and Representative of Aflac Japan; April 2005 Vice Chairman and Representative of Aflac Japan; July 2008 Chairman and Representative of Aflac Japan; January 2014 President and Member of the Board of Directors of Aflac International Incorporated (present); June 2016 Director of the Company (present); April 2018 Chairman and Representative Director of Aflac Life Insurance Japan Ltd. (present)



HIRONO Michiko (FUJII Michiko)

Outside Director
Member of the Audit Committee

Number of shares held: 6,100 shares
Number of years as director: 6 years
Attendance at Board of Directors' meetings: 15/15 times (100%)

Significant Concurrent Position

Outside Director of Nissin Manufacturing Co., Ltd.

Career Summary

May 1997 Managing Director of Pokka Create Co., Ltd.; July 1998 Senior Vice-President of K.K. MVC; July 1998 Vice President of Tully's Coffee Japan Co., Ltd.; March 2000 Founded 21 Lady Co., Ltd., President; June 2002 Representative Director and President of HIROTA Co., Ltd.; March 2010 Representative Director and President of Illums Japan Co., Ltd.; November 2011 Representative Director, Chairman and President of HIROTA Co., Ltd.; June 2014 Outside Director of Japan Post Co., Ltd.; June 2016 Director of the Company (present)



OKAMOTO Tsuyoshi

Outside Director
Member of the Nomination Committee
Chairperson of the Compensation Committee

Number of shares held: 4,400 shares
Number of years as director: 4 years
Attendance at Board of Directors' meetings: 15/15 times (100%)
Attendance at Nomination Committee: 4/4 times (100%)
Attendance at Compensation Committee meetings: 5/5 times (100%)

Significant Concurrent Positions

Senior Corporate Advisor of Tokyo Gas Co., Ltd.; Outside Director of Asahi Kasei Corp.; Outside Director of Mitsubishi Estate Co., Ltd.

Career Summary

June 2002 Executive Officer of Tokyo Gas Co., Ltd.; April 2004 Senior Executive Officer of Tokyo Gas Co., Ltd.; June 2004 Director, Senior Executive Officer of Tokyo Gas Co., Ltd.; April 2007 Representative Director, Executive Vice President of Tokyo Gas Co., Ltd.; April 2010 Representative Director, President of Tokyo Gas Co., Ltd.; April 2014 Director, Chairman of Tokyo Gas Co., Ltd.; June 2016 Outside Director of Japan Post Bank Co., Ltd.; April 2018 Director, Senior Corporate Advisor of Tokyo Gas Co., Ltd.; June 2018 Director of the Company (present); July 2018 Senior Corporate Advisor of Tokyo Gas Co., Ltd. (present)



KOEZUKA Miharuru

Outside Director

Number of shares held: 4,300 shares
Number of years as director: 4 years
Attendance at Board of Directors' meetings: 14/15 times (93.3%)
Attendance at Audit Committee meetings: 20/20 times (100%)

Significant Concurrent Positions

Outside Director of Nankai Electric Railway Co., Ltd.; Outside Director of the Board of Nippon Paint Holdings Co., Ltd.; Outside Director of SEKISUI CHEMICAL CO., LTD.

Career Summary

May 2007 Executive Officer of Takashimaya Company, Limited; March 2009 Senior Executive Officer of Takashimaya Company, Limited; February 2010 President (Representative Director) of Okayama Takashimaya Co., Ltd.; May 2013 Director of Takashimaya Company, Limited; September 2013 Senior Managing Director (Representative Director) of Takashimaya Company, Limited; Director of Okayama Takashimaya Co., Ltd.; March 2016 Director of Takashimaya Company, Limited; May 2016 Advisor of Takashimaya Company, Limited; October 2016 Representative Director and President of Dear Mayuko Co., Ltd.; March 2018 Advisor of Dear Mayuko Co., Ltd.; June 2018 Director of the Company (present); March 2020 Counselor of Takashimaya Company, Limited



AKIYAMA Sakie

Outside Director

Number of shares held: 400 shares
Number of years as director: 3 years
Attendance at Board of Directors' meetings: 14/15 times (93.3%)

Significant Concurrent Positions

Founder (Advisor) of Saki Corporation; Outside Director of Sony Group Corporation; Outside Director of ORIX Corporation; Outside Director of Mitsubishi Corporation

Career Summary

April 1994 Found Saki Corporation, Representative Director and President; September 2018 Founder (Advisor) of Saki Corporation (present); June 2019 Director of the Company (present)



KAIAMI Makoto

Outside Director
Member of the Audit Committee

Number of shares held: — shares
Number of years as director: 2 years
Attendance at Board of Directors' meetings: 15/15 times (100%)
Attendance at Audit Committee meetings: 20/20 times (100%)

Significant Concurrent Positions

Attorney; Outside Audit & Supervisory Board Member of SEIREN, Co., Ltd.; Outside Director of Tokyu Fudosan Holdings Corporation

Career Summary

April 1978 Appointed as a judge; April 2000 Division-head Judge of Tokyo District Court; July 2007 Associate Vice-Minister of Justice in charge of Litigation Affairs, Minister's Secretariat, Ministry of Justice; July 2009 Judge of Tokyo High Court; December 2009 President of Wakayama District / Family Court; January 2011 President of Nagano District / Family Court; November 2012 Division-head Judge of Tokyo High Court; July 2014 President of Tokyo Family Court; June 2015 President of Tokyo District Court; February 2017 Registered as Attorney (present); September 2018 Joined Otemachi Law Office (present); June 2020 Director of the Company (present)



SATAKE Akira

Outside Director
Chairperson of the Audit Committee

Number of shares held: — shares
Number of years as director: 2 years
Attendance at Board of Directors' meetings: 15/15 times (100%)
Attendance at Audit Committee meetings: 20/20 times (100%)

Significant Concurrent Positions

None

Career Summary

April 1979 Joined SUMITOMO CORPORATION; April 2011 Executive Officer and General Manager of Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit of SUMITOMO CORPORATION; April 2013 Managing Executive Officer, General Manager of Finance Dept. of SUMITOMO CORPORATION; April 2016 Senior Managing Executive Officer of SUMITOMO CORPORATION; June 2017 Director and Senior Managing Executive Officer of Sumitomo Precision Products Co., Ltd.; June 2018 Director and Executive Vice President of Sumitomo Precision Products Co., Ltd.; April 2019 Adviser of SUMITOMO CORPORATION; June 2019 Outside Director of Japan Post Insurance Co., Ltd.; June 2020 Director of the Company (present)



SUWA Takako

Outside Director

Number of shares held: — shares

Career Summary

October 1995 Joined Unisia Jecs Corporation (currently Hitachi Astemo, Ltd.); April 2004 Representative Director of Daiya Seiki Co., LTD. (present); June 2018 Outside Director of Japan Post Co., Ltd.; June 2022 Director of the Company (present)

Significant Concurrent Position

Representative Director of Daiya Seiki Co., LTD.

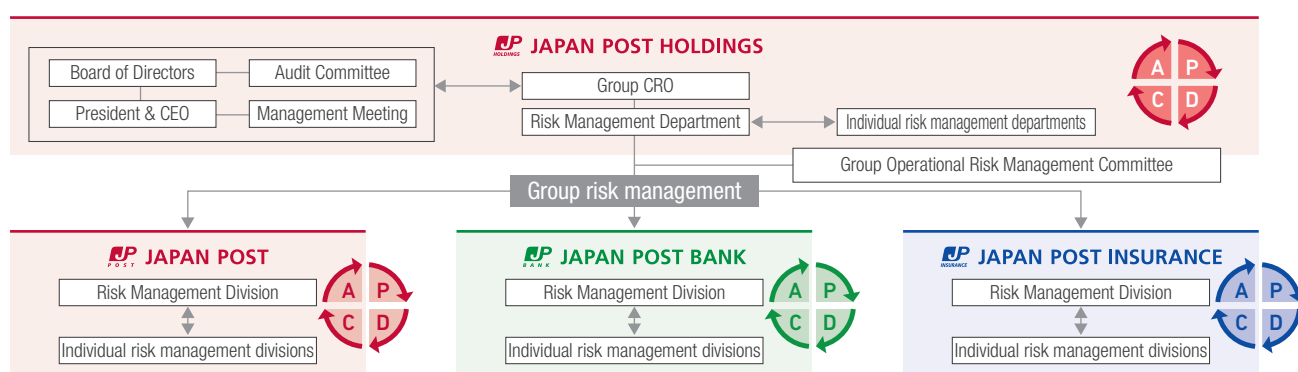
Japan Post Group Risk Management

The Japan Post Group stipulates basic matters to be observed in risk management, such as risks that are to be managed by each Group company and matters to be reported to Japan Post Holdings, in the Japan Post Group Agreements and other documents, while Japan Post Holdings manages risk for the entire Group by monitoring the Group's risk management and improvement status and other means.

To strengthen Group governance, Japan Post Holdings appoints the Group Chief Risk Officer (CRO) from among its executive officers to oversee the risk management of the Group. Among other things, the Group CRO conducts information sharing and discussions aimed at improving the risk management of each Group company through the Group Operational Risk Management Committee, which consists of executive officers in charge of risk management at each Group company, reports to the Board of Directors regarding the Group's risk management status and initiatives, and undergoes reviews by directors.

In addition, each Group company has designated a department to oversee its own risk management, and proactively identifies, assesses, controls, monitors, and otherwise manages risks according to its own business characteristics and risk profile, as well as reporting necessary matters to Japan Post Holdings.

Group risk management framework of the Japan Post Group

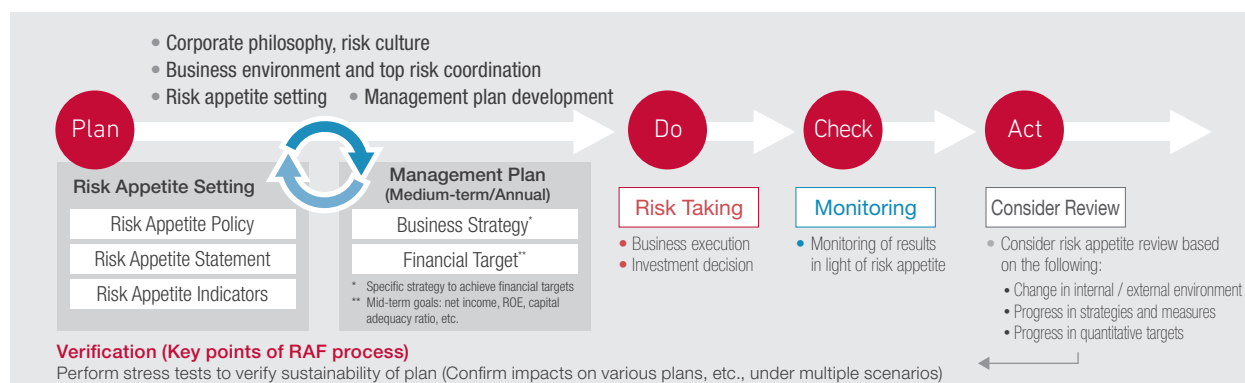


Risk Appetite Framework (RAF)

The Japan Post Group has introduced its Risk Appetite Framework (RAF) from the fiscal year ending March 31, 2022, as a framework to control risks for the entire Group by clarifying the type and amount of risks (risk appetite) to be taken or accepted in order to expand earnings.

Utilizing this framework, the Japan Post Group will approve the risks and types of risks to be taken by its leadership together with the management plan, and aims to enhance corporate value by avoiding unexpected losses, improving the risk-return balance, and ensuring accountability.

RAF operation process



Basic Concept for Risk Appetite by Business

Financial Businesses

(Japan Post Bank & Japan Post Insurance)

We aim to secure profits while maintaining financial soundness through appropriate risk-taking and risk control in asset and liability management (ALM), investment operations, and insurance underwriting.

Non-Financial Businesses

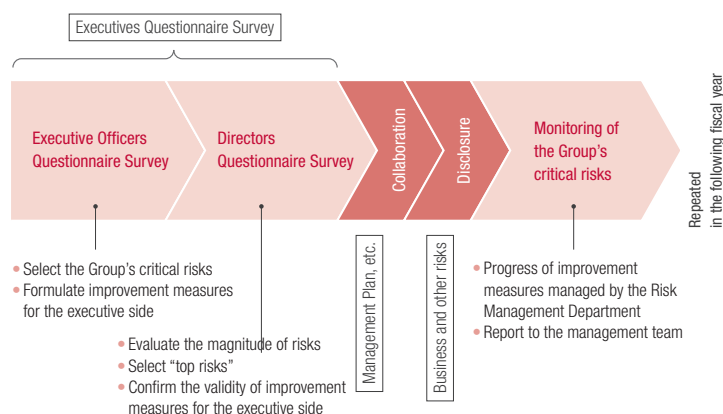
(Japan Post Holdings & Japan Post)

In the postal and domestic logistics business, real estate business, and new businesses, we will aim to secure new earnings while maintaining financial soundness through appropriate risk-taking and risk control within the scope of capital, excluding the financial and existing businesses.

Management of Critical Risks Facing the Group

Every year, Japan Post Holdings undertakes a review of risks that may have a significant impact on the Group's business (the Group's critical risks) based on such factors as changes in the external environment and business strategies. Japan Post Holdings identifies and evaluates specific risks by conducting a questionnaire survey of directors and executive officers (Executives Questionnaire Survey) and executes a PDCA cycle, through which the management team formulates improvement measures and monitors their implementation status, among other things.

The Group's critical risks are disclosed as "Business and Other Risks" in the Annual Securities Report.



Top Risks

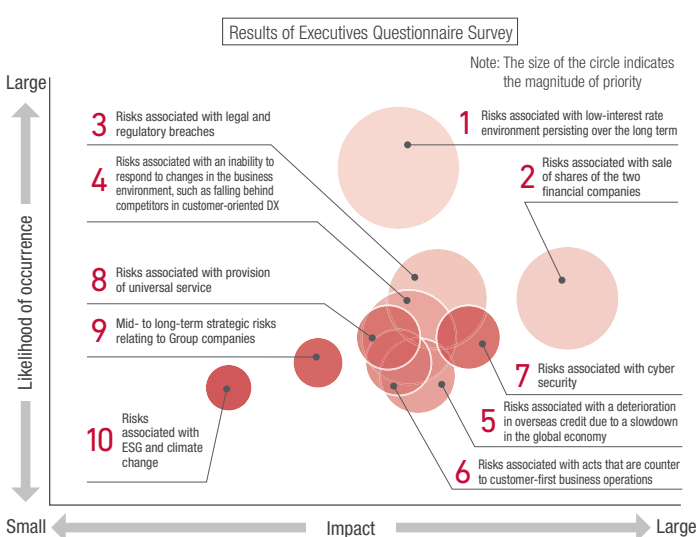
Japan Post Holdings conducts a questionnaire survey of directors and other personnel to identify "risks to the Group's business and other activities that are of particular importance to management." As a result, the Company evaluates the magnitude of risks from the perspective of likelihood of occurrence and severity of impact, and designates the most significant risks as "top risks."

In cooperation with Group companies, Japan Post Holdings monitors the management status of top risks and improvement measures.

In addition, top risks are incorporated into discussions for RAF and management planning.

Note: The business and other risks listed here are examples of major risks as of the date of publication of this report and are not limited to those listed here.

Please refer to the Annual Securities Report for details.
<https://www.japanpost.jp/ir/library/security/>



Top risks and main assumed scenarios for the fiscal year ending March 31, 2023 (Business and other risks of the Group that are of particular importance to the management of the Company)

	Top risks	Main assumed scenarios
1	Risks associated with low-interest rate environment persisting over the long term	An inability to recover from a low level of earnings from bond management results in a decline in underlying earning power, particularly at the two financial companies, and a significant decrease in the Group's earnings.
2	Risks associated with sale of shares of the two financial companies	Factors such as losses from the sale of shares of the two financial companies, an inability to secure alternative revenue sources replacing the two financial companies, and the difficulty of conducting integrated, Group-wide business operations as a result of a declining equity stake in the subsidiaries lead to customer attrition and a weakening of brand power and thereby cause a significant decrease in the Group's earnings.
3	Risks associated with legal and regulatory breaches	Violations of laws and regulations or transgressions by the Group's executives or employees result in liability for damages and administrative penalties, significantly impacting the Group's business continuity. In addition, reputational risks are realized, damaging the Company's corporate value.
4	Risks associated with an inability to respond to changes in the business environment, such as falling behind competitors in customer-oriented DX	While Group-wide efforts are underway to implement DX in the form of a "Co-creation Platform," a failure to achieve success with such measures or to respond appropriately to changes in the business environment will result in a decline in competitiveness and efficiency and a significant decrease in the Group's earnings.
5	Risks associated with a deterioration in overseas credit due to a slowdown in the global economy	When credit spreads are widening in overseas credit markets, the falling prices of financial assets in these overseas markets result in a significant decline in the value of assets owned by the Group. In addition, there is a substantial decrease in the Group's earnings.
6	Risks associated with acts that are counter to customer-first business operations	New incidents disadvantageous to customers are discovered just as the Company is pursuing "Pledge to Regain Customers' Trust" and operations aimed at regaining customers' trust including corporate culture reform. As a result, reputational risks are realized, damaging the Company's corporate value.
7	Risks associated with cyber security	The intensification and sophistication of cyber attacks such as targeted attacks result in attacks against the Group's systems and unauthorized use of various services. These in turn lead to, among other things, large-scale and long-term shutdowns and restrictions of the Group's business operations as well as improper disclosure of personal data and confidential information to outside parties, significantly impacting the Group's business continuity. In addition, reputational risks are realized, damaging the Company's corporate value.
8	Risks associated with provision of universal service	A failure to keep a balance between universal service and cost reduction and an inability to reassess unprofitable businesses result in a decline in competitiveness and efficiency, causing a significant decrease in the Group's earnings.
9	Mid- to long-term strategic risks relating to Group companies	The Group's earnings sharply decrease due to factors such as: an accelerating trend toward cashless payment threatening the deposit and currency exchange business, Japan Post Bank's core business; a decline in the number of new policies for Japan Post Insurance products arising from the issues associated with improper solicitation actions; and a sluggish pace in the distribution business due to intensifying competition.
10	Risks associated with ESG and climate change	The cost of raising capital increases and the Group's earnings fall significantly when its ESG-related measures and environmental issues are deemed insufficient in the capital markets. In addition, reputational risks (including a decline in share value due to dissatisfaction with ESG-related measures and opposition to proposals presented at General Meetings of Shareholders) materialize, damaging the Company's corporate value.

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

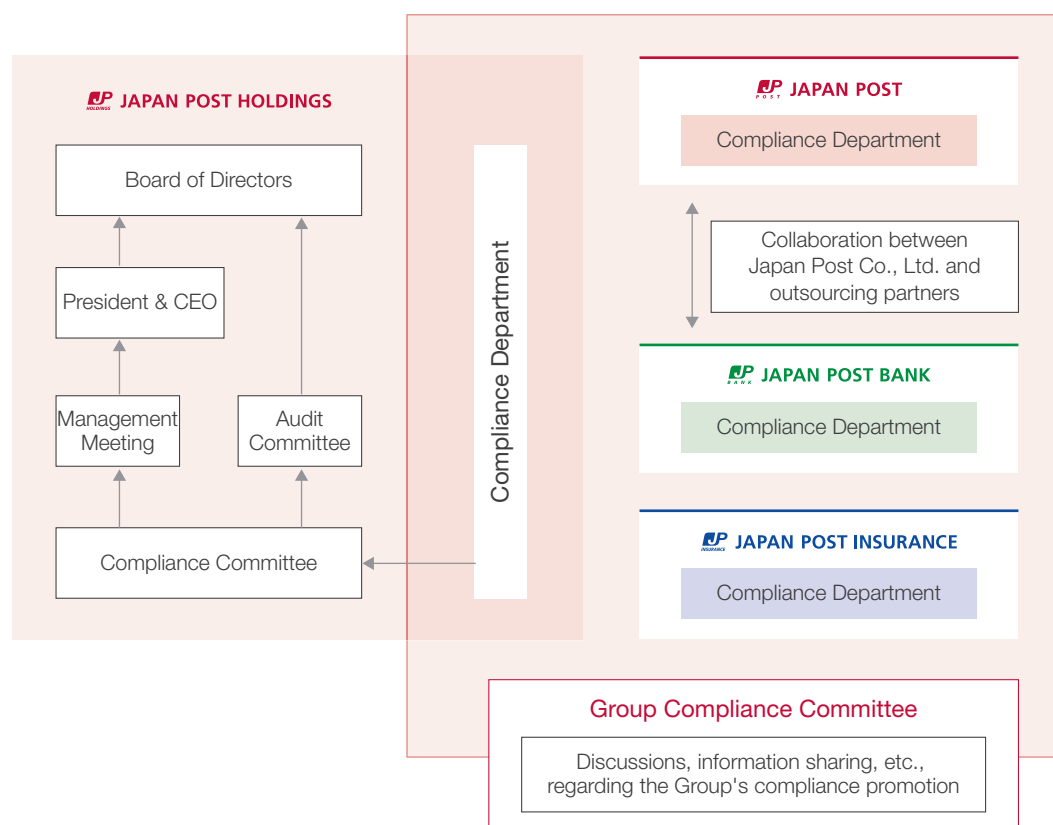
The Japan Post Group employs a common compliance framework. Each Group company establishes a Compliance Department to conduct integrated management of compliance-related matters.

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 to financial product sales.

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.

Since September 2021, the Japan Post Group has commenced the “one-stop consultation and internal reporting platform” that can accept various types of reports and consultations in an integrated manner, allowing employees to report and consult with the appropriate contact point and ensuring the confidentiality of reports and consultations through the use of an information system. We have also introduced 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 anticorruption such as giving or taking bribes, 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 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. 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 the “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.

Japan Post Group IT Governance

The innovation and spread of information technology is a factor which greatly affects our corporate value, and we recognize it as a major management risk. The Japan Post Group has established a highly effective IT governance system in order to respond appropriately to such an environment.

Group IT Governance System

In the Japan Post Group Agreements, the Japan Post Group defines the basic matters for establishing and developing an IT governance system.

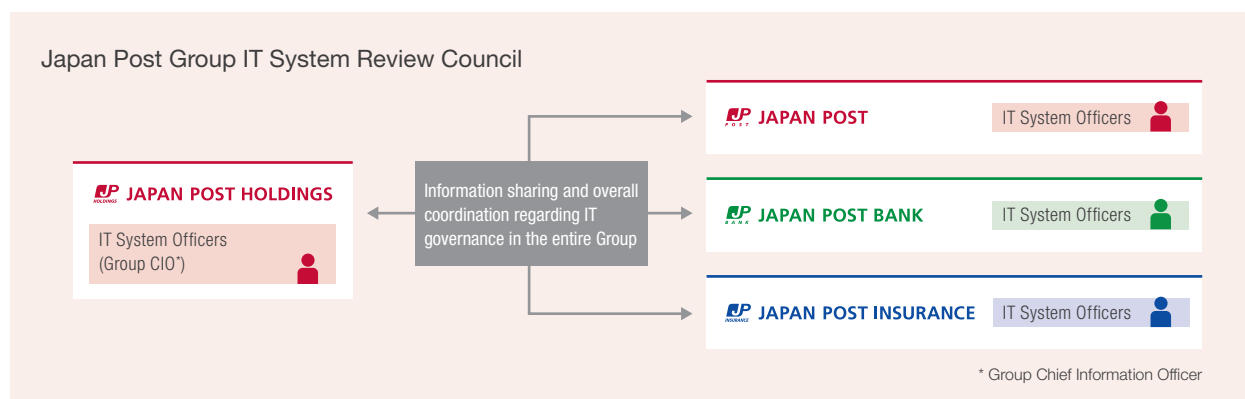
Based on these agreements, through the development and execution of an IT strategy, Group companies improve productivity, streamline management, minimize the risk arising from using IT, and ensure the soundness of Group management. In doing so, they realize the IT governance necessary to maximize corporate value.

Implementing Effective IT Governance

The Japan Post Group has set up a Japan Post Group Information System Review Council with members including the CIO of each Group company, with the purpose of IT sharing and overall coordination related to IT governance in the entire Group. Effective IT governance is implemented based mainly on the agenda items and report items below.

- Examine policies and measures related to IT governance in the entire Japan Post Group
- Study the direction, confirm impact, and adjust the development schedule of major IT system development
- Status of IT governance activities of the entire Group and four Group companies
- Reporting and sharing information on the operation status of major IT systems
- Other matters deemed necessary by members of the Review Council

Organizational Chart of IT Governance in the Japan Post Group



IT Strategy to Support Group Management

Aiming to realize a “Co-creation Platform” supporting customers and local communities, the Japan Post Group has established the following three IT strategies to support the promotion of Group-wide digital transformation (DX).

Promoting digital transformation to create new value

- Provide new value to customers by integrating the real and digital worlds
- Provide customer-oriented, high-quality services through a “Co-creation Platform”

Providing an IT infrastructure that can respond agilely to a changing business environment

- Promote the creation of a comfortable workplace and improved productivity based on advanced technology and the social environment
- Build a new IT infrastructure that can respond flexibly by optimizing the system configuration

Promoting IT to restore trust in the Japan Post Group

- Support compliance through cross-Group data utilization
- Ensure security and peace of mind in the provision of various services and promotion of digitization by upgrading security levels

Japan Post Group Cyber Security Measures

In response to the constantly increasing advancement and sophistication of cyber attacks, the Japan Post Group has recognized the threat of cyber attacks as a serious risk, and has developed a system to deal with cyber attacks.

We are working to safeguard and manage important information from damage such as information leaks and loss caused by cyber attacks.

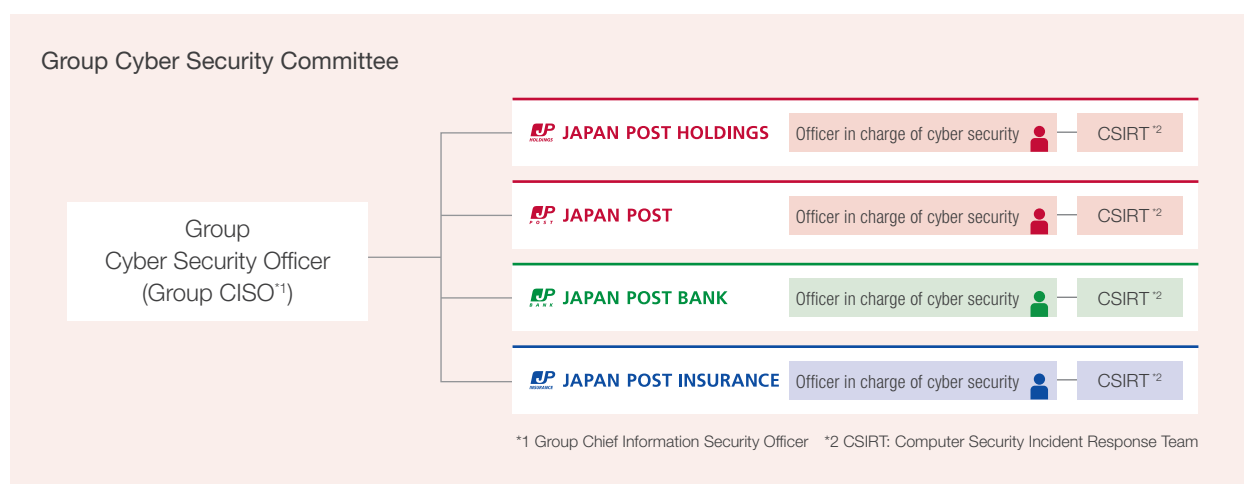
Group Cyber Security System

Under governance of the holding company Japan Post Holdings Co., Ltd., we have developed a cyber security management system for the Japan Post Group.

We have established a Group Cyber Security Committee consisting of executives in charge of cyber security from the four main Group companies of the Japan Post Group. The Committee develops

Group cyber security strategy, and works to track and evaluate the status of cyber security measures in Group companies.

In our system, executives in charge of cyber security at Japan Post Holdings oversee Group governance related to cyber security. They regularly report on the status of cyber security efforts to management.



Efforts for Cyber Security Measures by Japan Post Holdings

Defense in depth	In order to reduce the risk of malware attacks from outside the Company and unauthorized transfer of information from inside the Company, we have introduced multiple detection and defense mechanisms against unauthorized access and unauthorized programs, and are implementing multilevel countermeasures (defense in depth). The effectiveness of defense is regularly evaluated by a third party.
Incident response system	We have developed an incident response system centered on CSIRT, so that when a cyber attack occurs, we can quickly find the cause and minimize the damage, and at the same time report it to management quickly. We are conducting response training for security incidents on a regular basis, and checking whether our incident response system is functioning effectively, while also working to improve the incident response capabilities of CSIRT staff and other employees.
Education / Training	We conduct cyber security education and training for executives and employees, and are working to improve security awareness among executives and employees.
External collaboration	We collaborate with external organizations such as JPCERT / CC, the Nippon CSIRT Association, and the Tokyo Metropolitan Police Department in order to share attack information and countermeasure trends, and strive to respond quickly to increasingly sophisticated cyber attacks.

Japan Post Group Internal Audit System

The 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 customers' trust. Notably, in light of the recent issues related to the solicitation quality of Japan Post Insurance products, we are implementing on-site monitoring of post offices and other facilities by Japan Post Holdings and working to enhance the Group internal auditing liaison committee.

Japan Post Group Internal Audit System Framework

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

evaluates and examines the audit regulations, audit plans, and internal audit systems of and provides guidance and advice to Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. from the perspective of enhancing the internal audit system framework of the entire Group.

This Internal Audit Department also makes recommendations for improvements and directly undertakes audits when required.

Internal Audit System at Group Companies

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. These departments examine the internal management system, such as ascertaining the state of the execution of management activities and whether mutual supervision is functioning.

Implementation of Effective Internal Audits

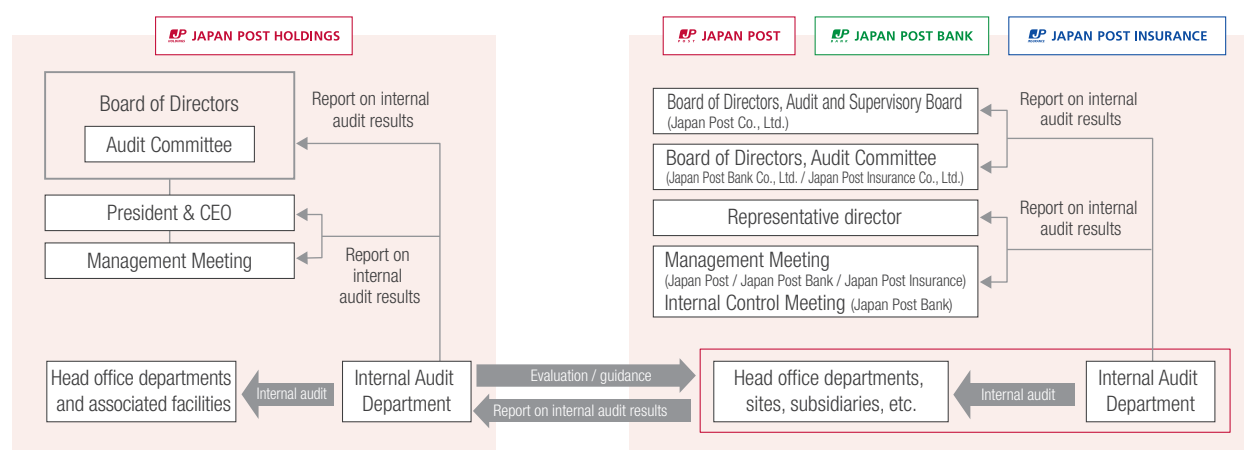
In implementing internal audits, the Internal Audit Department undertakes audits in accordance with IIA's (The Institute of Internal Auditors) *International Standards for the Professional Practice of Internal Auditing (Standards)*. This includes conducting risk-based internal audits, in which audit 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.

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 Audit and Supervisory Board.

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.



Initiatives for Transportation Safety

Top management at Japan Post Co., Ltd. views the assurance of health and safety as fundamental to business management, so we are working together to realize a safe environment where employees can work with peace of mind.

We have set four basic policies regarding health and safety, namely “maintenance, reform, and improvement of health and safety management,” “compliance with laws and company regulations,” “strengthening of measures to ensure health and safety during collection and distribution, sales activities, and other work done at post offices,” and “educating all employees on ensuring health and safety, while evaluating and improving on the results.”

Initiatives for Transportation Safety

Safety Education for Employees Who Drive Vehicles

We are raising hazard awareness by implementing hazard prediction training (SKYT), which teaches drivers to visualize latent hazards by viewing photos of intersections and roads they will use daily prior to departing from post offices.

Depending on the vehicle driven, we provide training for staff of two-wheeled vehicles, in which they must drive in a straight line on top of a board with a constant width to enable drivers to gain a sense of balance matching their payloads. For four-wheeled vehicles, we provide training on a daily basis, in which staff must drive between and stop within two lines the width of the vehicle to give staff a feel for the vehicle.

In addition, four-wheeled vehicles are equipped with drive recorders, and employees driving two-wheeled vehicles are required to carry smartphones. On a regular basis, guidance is provided on accident prevention by utilizing data on sudden acceleration, deceleration, and other driving conditions detected by the acceleration sensors mounted on these devices.



Daily training

Safe Driving Instructors

Japan Post stations safe driving instructors who are responsible for teaching safe driving techniques at post offices that conduct delivery and collection work.

We hold the “Safe Driving Contest” in which instructors compete in advanced driving skills, knowledge, and leadership for two-wheeled and four-wheeled vehicles. (In the fiscal year ended March 31, 2022, the contest was cancelled due to the COVID-19 pandemic.)

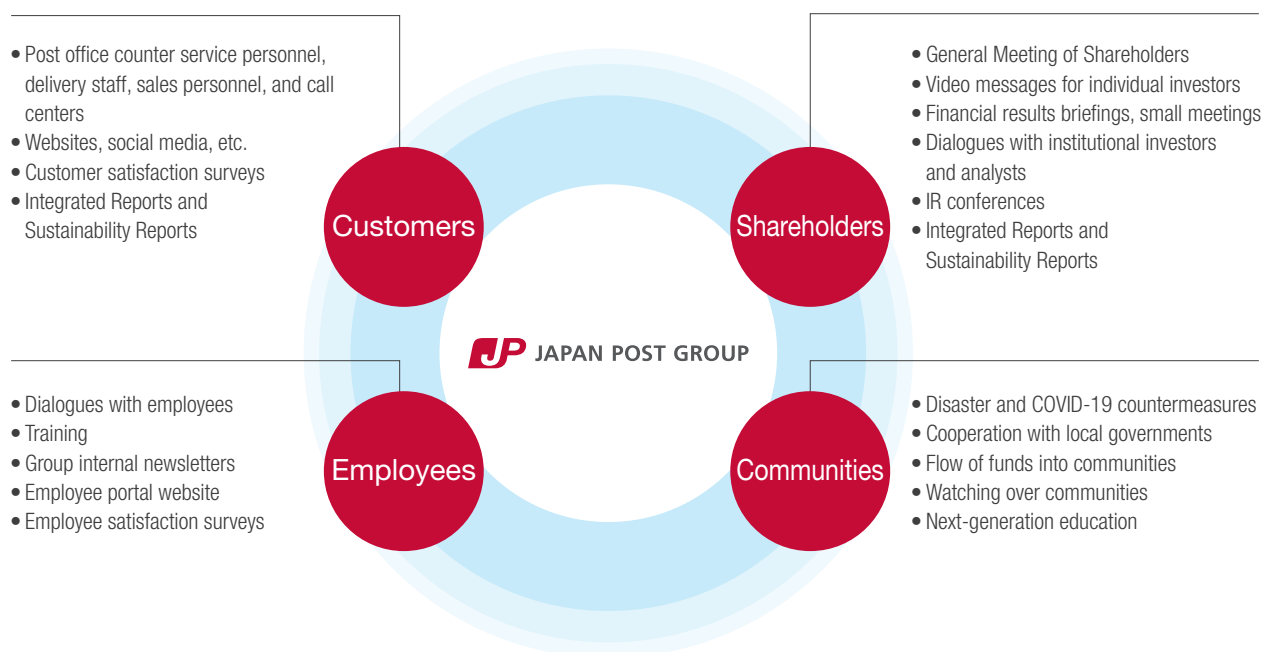


An instructor conducts a pre-service inspection of a vehicle (checking tires, etc.) during a Safe Driving Contest.

Transportation safety record

Goal	Number of serious accidents: 0
Actual	For the fiscal year ended March 31, 2020: 0
	For the fiscal year ended March 31, 2021: 2 (1 case of falling, 1 case of overturning)
	For the fiscal year ended March 31, 2022: 2 (1 case of death, 1 case of fire)

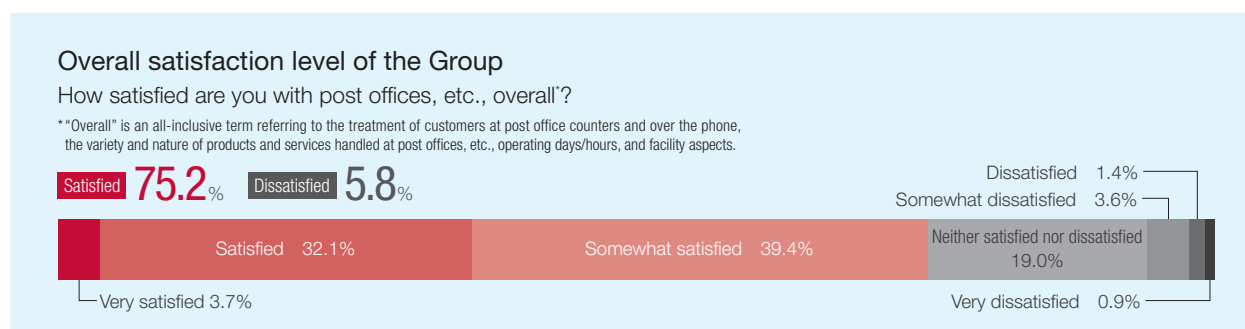
Dialogue with Stakeholders



Group's Customer Satisfaction Survey

In order to accurately identify the state of products and services from customers' viewpoints and respond to new demand, etc., a survey is conducted on customers' evaluations in terms of their level of satisfaction, their intent to use products and services, etc.

For the purpose of further improving customer satisfaction, the Japan Post Group will continue to perform fixed-point observation into the future and utilize the findings from the Group's customer satisfaction survey in management.



Utilizing Customer Feedback in Management

Japan Post Holdings incorporates customer opinions and requests into Group business improvements. The following are examples of service improvements based on customer feedback.

Customer feedback	Improvements
I purchased a cardboard box (the largest one) to send a parcel at a post office but was told that no plastic bag that could fit the purchased box was available. I just bought it, but it would have gotten wet in the event of rain.	Launched the sale of a take-home bag "Plastic Bag (for extra-large boxes)" (¥40 per bag).
I want to purchase an investment trust product with ease.	The Yucho Bankbook App now enables investment trust transactions. Also, all fees charged upon purchasing an investment trust product are waived if an application has been made via digital channels (Yucho Direct (Investment Trust Products), Yucho Bankbook App).
I want to make an insurance claim, but it is troublesome to prepare documents as evidence.	Japan Post Insurance does not require the submission of hospitalization/surgery certificates (i.e., medical certificates) under certain conditions if receipts, details of medical treatment, and other such documents issued by a medical institution are submitted. The scope of such simplified treatment of documents to be submitted has been expanded since April 2022 by abolishing one of the conditions, namely, the cap on the number of days hospitalized (i.e., 30 days).

Exchanging Opinions with Employees

At the Japan Post Group, part of our efforts to realize an open corporate culture include holding regular meetings with Group employees are able to exchange opinions with the Japan Post Holdings President.

At these meetings, a lively exchange of opinions takes place in accordance with different themes chosen for each meeting, such as the future vision of the Japan Post Group and operational improvements discovered through customer feedback. In addition to disseminating senior management intentions to employees throughout the Group, feedback from employees is incorporated to improve management.



Meeting for mutual exchange of opinions

Investor Relations Activities Report

To contribute to sustainable growth and enhancement of corporate value over the medium to long term, the Japan Post Group aims to disclose information accurately and equally to all shareholders and investors. In an effort to engage in constructive dialogues, feedback and requests received through dialogues are shared throughout the Company and utilized to improve management.

Activities in the fiscal year ended March 31, 2022

Activity	Detail
17th Annual General Meeting of Shareholders	Date: June 17, 2022
Financial Results Briefings & Small Meetings for Fiscal Year Ended March 31, 2022 (for Institutional Investors & Analysts)	Meetings held: 7
Dialogue with Institutional Investors & Analysts	Meetings held: 172 (Including about 127 individual interviews with overseas investors)
Participation in IR Conferences in Japan and Abroad	Number of times participated: 7 times Participated in conferences hosted by securities companies and held meetings
Individual Investor Video Messages	Japan Post Group Director and Representative Executive Officer, President & CEO, MASUDA Hiroya, posts video messages on the Japan Post Holdings website explaining business details and future strategies.



IR annual schedule

First Quarter	Apr.	
	May	Full-year financial results
	Jun.	General Meeting of Shareholders
Second Quarter	Jul.	Integrated Report issued
	Aug.	1Q financial results
	Sep.	

Third Quarter	Oct.	
	Nov.	2Q financial results
	Dec.	
Fourth Quarter	Jan.	Intermediate disclosure published
	Feb.	3Q financial results
	Mar.	

Column

Exchange of opinions between Chihaya High School students and President MASUDA

On December 15, 2021, Japan Post Holdings invited approximately 20 students from Tokyo Metropolitan Chihaya High School, which is putting efforts into SDG initiatives, and held a meeting in which they exchanged opinions on the topic of decarbonization. Talks were held about what they could do in everyday life toward decarbonization and what kind of decarbonization initiatives could be carried out by utilizing post offices, and a presentation was given by three teams to President MASUDA.

An active exchange of opinions took place as students made proposals including payments based on matrix barcodes and paperless transactions through the digitization of bankbooks and stamps.

"I reacknowledged our sense of social mission in that we must properly tackle environmental problems by utilizing our nationwide network of post offices," said President MASUDA.



President MASUDA participating in a meeting to exchange opinions with Chihaya High School students

Dialogue with Outside Experts

On August 17, 2021, outside experts were invited to engage in a dialogue. Three experts provided us with evaluations of the Japan Post Group's main initiatives and various opinions and recommendations on our future challenges and their expectations and requests for the Group, etc.

Note: This dialogue was held online in view of preventing the spread of COVID-19 infections.



Facilitator:

Ms. AKABANE Makiko

Director of CSR Asia Japan

Comments from Experts



Mr. ARAI Masaru

Chair of Japan Sustainable Investment Forum (JSIF)

I see the inclusion of non-financial ESG targets in the Japan Post Group's Medium-Term Management Plan as extremely positive. On carbon neutrality, I hope that you will not simply set a target. Rather, as an initiative of an enormous corporate group and an organization with links to local communities, I hope the Japan Post Group will communicate to the government and policymakers information on specific issues such as the problem of power shortages for the spread of EVs, and support government policies. I believe that the addition of a sustainability perspective to the supplementary educational materials that Japan Post Bank offers for financial education is also an important initiative for the next generation.

The globally important issue of business and human rights also needs to be considered. I hope that the Japan Post Group will use Japan's National Action Plan on Business and Human Rights as a reference and go about its business fully cognizant of the issues.

I believe that the establishment of the Sustainability Committee marks a huge step forward from the Group's previous CSR standpoint, and will trigger initiatives to address sustainability, which is globally recognized at present. The first challenge is to ensure that senior management promotes

sustainability management with a solid understanding of its importance. I expect to see discussions exploring sustainability management in depth. The next step is to thoroughly instill sustainability management in employees. It is important to work on sustainability at the Head Office, branch offices, and every business site. In the huge organization that is the Japan Post Group, the work done by each division varies greatly, and there is, therefore, a tendency to think "this doesn't concern me." Ensuring that sustainability management percolates down to all employees is a difficult challenge. It is important that the Head Office clearly sets out the Group policy and conveys the message externally and across the whole organization. It would be a good idea to flesh out the details of initiatives and communicate very specific information by devising good ways to present it.

The Japan Post Group still appears to be lagging behind other more advanced companies in terms of its long-term vision and corporate culture reforms. I would like to see you strive harder for improvement, including action in response to assessments by assessment organizations. I believe the Japan Post Group has now taken the first step to full-fledged sustainability, and am looking forward to next year (2022) to see how much progress the Group makes.



Mr. SEKI Masao

Professor,
Meiji University School of Business
Administration

I approve of the direction the Japan Post Group aims to move in. "Providing lifelong support in an era of the 100-year lifespan" is also a good concept, and I believe that the plan of making post offices' charging infrastructure available to local communities is an extremely good idea. The Japan Post Group has enormous social influence, and you should therefore definitely utilize this influence as a driving force for society. For example, while seeing the SDGs as a business opportunity from a CSV perspective is all

well and good, it is not all about positive impacts on society; responsibility for negative impacts (governance, human rights, labor issues, etc.) is also extremely important. More specifically, I would like to see initiatives based on the seven core subjects of ISO 26000, for instance. In addition, rather than aligning its activities with government policies and the standards of society at large, the Japan Post Group should bring about transformation by creating demand in society and impacting markets.

The Japan Post Group has made good progress in initiatives to address climate change. However, now the issue attracting as much attention as climate change among many stakeholders is biodiversity. There is also a need to work on this by incorporating it into management in the future. I hope that as a corporate group with extensive networks in local communities, you will also actively work on measures to tackle the issues of dementia and unoccupied houses, as well as measures against disasters.

My impression is that progress on ESG targets is insufficient when it comes to social aspects such as human rights due diligence and sustainable procurement. Implementation of human rights due diligence in particular is a matter of urgency, and you must, therefore, tackle this properly by incorporating it into a PDCA cycle. Meanwhile, in the context of

* CSV: Creating Shared Value (a process whereby companies create social value by addressing social needs and issues, and economic value is also created as a result)

diversity, I hope that you will place importance on financial inclusion, leaving no one behind in terms of accessibility to financial services, including persons with disabilities and foreign nationals.

Promoting an understanding of sustainability management and instilling it among employees is a challenge facing many companies. In your external corporate communication activities, you must communicate meaningful information to avoid any concerns about SDG washing. For this and other reasons, it is important to communicate social impacts and outcomes. Besides also putting effort into internal corporate communication, I think it would be a good idea to consider the process of employee participation, for example, getting young employees involved when creating your long-term vision.



Ms. FURUYA Yukiko

Representative,
Consumer Conference for Sustainability

The “Co-creation Platform” defined in the Japan Post Group’s Medium-Term Management Plan is an extremely positive initiative. I believe that your adoption of an initiative in which customers can also participate will allow you to contribute to the realization of a sustainable society. While I was impressed by the fact that the Japan Post Group is implementing ambitious sustainability initiatives, it seems to me that it is still catching up with trends in wider society, and there are also some aspects that lack specific details. Having a good grasp of the basic approach and policy now, at this stage, will be important for progress in the future.

The Japan Post Group reorganized the CSR Committee into the Sustainability Committee, but I believe that in light of developments such as the revision of Japan’s Corporate Governance Code, there is still room for further consideration; for example, the Sustainability Committee does not have any members from outside the Group. I hope that the Japan Post Group will definitely consider adding outside members as the pace of social developments is fast and, to some extent, cannot be fully considered by internal members alone.

A “customer-oriented” business will end up being superficially customer-oriented without a proper understanding of how to perceive customers and what kind of problems customers face, which

are the underlying premises of a customer-oriented business. It is important that, in situations where customers are subject to risks such as those of disasters and dementia, the Japan Post Group asks itself what it can or should do and translates this into systems and initiatives. The Japan Post Group reviewed sales targets and personnel appraisals in this regard, but it is also important to change employee awareness in terms of how employees perceive customers.

As for diversity, building businesses based on principles such as respect for individuals and diversity, with reference to the Guiding Principles on Business and Human Rights, etc., will lead to real solutions. As digitization progresses, consumers face the problem of human rights in a digital society and other issues such as the digital divide. I hope the Japan Post Group will also strive to raise awareness among consumers as part of its sales, marketing, and other business activities.

Furthermore, the occurrence of a number of scandals following a major scandal gives rise to the public perception that scandals are still ongoing and creates the impression that they are not being dealt with properly. I felt that in your communication of information about scandals, you need to come up with ways of clearly communicating your approach and initiatives proactively.