

Japan Post Group Management Philosophy

Stressing the security and confidence of the Japan Post Group network, the Group, as a private corporation, is demonstrating creativity and efficiency to the greatest extent possible and will provide customer-oriented services, support the lives of customers in local communities and aim for the happiness of customers and employees. The Group will also pursue managerial transparency on its own, observe rules and contribute to the development of society and the region.

Group Management Policy

1. We will duly consider our customers' lives, exercise our creativity and provide through our nationwide network a selection of products and services needed by customers in every stage of their lives.
2. We will establish effective corporate governance and compliance programs, including internal audits and internal controls.
3. We will maintain the transparency of the Group's operations through the timely and proper disclosure of information, the appropriate use of intra-group transactions and other activities.
4. We aim for the Group's sustainable growth and a mid-to-long term improvement in our corporate value.
5. We will create opportunities for all employees, business partners and the community to mutually cooperate and for each and every employee to grow.

CONTENTS

2. The History of the Japan Post Group

Top Commitment

4. Message from the President

Group Overview

10. Structure of the Japan Post Group
12. Financial and Non-Financial Highlights

Stories of Value Creation for Growth

14. Value Creation Process
16. Japan Post Group Strengths
18. Medium-Term Management Plan "JP Vision 2025+ (Plus)"
26. Achieve Both Social and Economic Value
30. Promotion of Group DX

32. Improvement of Group CX
36. Improvement of EX through the Promotion of Human Capital-oriented Management (Investing in Human Resources)
38. Initiatives to Further Enhance the Sophistication of the Group Crisis Management Framework

Business Strategies for Growth

40. Top Message from Japan Post
46. Top Message from Japan Post Bank
49. Top Message from Japan Post Insurance
52. Real Estate Business

Management Foundation to Support Growth

54. Sustainability Management
82. Message from an Outside Director
84. Japan Post Group Corporate Governance

94. Directors
96. Japan Post Group Risk Management
98. Japan Post Group Compliance Framework
100. Japan Post Group IT Governance
101. Japan Post Group Cyber Security Measures
102. Japan Post Group Internal Audit System
103. Dialogue with Stakeholders
106. Sports & Communications
110. Disaster Prevention Initiatives in the Japan Post Group

Data Compilation

111. Data Compilation

Company Outline

Company name: JAPAN POST HOLDINGS Co., Ltd.
Head office: 3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8791, Japan
Date of establishment: January 23, 2006

Paid-in capital: ¥3,500 billion
Securities code: 6178
Total number of shareholders: 697,571 (As of March 31, 2024)

Date of Publication: September 2024

Japan Post Group Charter of Corporate Conduct

1. Earn the trust of customers
 - We earn the trust of customers by adopting their perspective and meeting their expectations.
 - We protect and manage information strictly so that customers can use our services with peace of mind.
 - We fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner.
2. Observe ethical standards
 - We continue to conduct business activities with sincerity by complying with laws, regulations, social standards and internal rules.
 - We stand firmly against antisocial forces and organizations that threaten the order and safety of civil society.
 - We maintain workplace discipline by clearly defining responsibilities and authority and fairly evaluating performance and results.
3. Place priority on coexistence
 - We actively promote environmental conservation and make a significant contribution to society through business activities.
 - We aim for sustainable coexistence by placing importance on maintaining dialogues with diverse stakeholders.
 - We respect human rights and provide safe and pleasant workplaces.
4. Create value
 - We will create new convenience for customers and provide them with high-quality services.
 - We will create stable value by providing universal services in our three core businesses through the Japan Post Group network.
 - We will utilize teamwork and create corporate value for the Japan Post Group by promoting mutual understanding and cooperation among employees and encouraging each and every employee to fulfill their roles and responsibilities.
5. Be a source of change
 - We will apply technological innovation and continually make innovative changes internally to provide stable services to our customers.
 - We exercise our creativity from a broad viewpoint and lofty perspective to promote the Group's development.
 - We aggressively take on the challenge of conducting global business activities.

JP Code of Conduct

For our customers, for society, for our employees

We will act for smiles.

We will act with pride.

We will act on a new stage.

Editorial Policy

This Annual Report (hereinafter, "this Report") is created from the dual perspectives of providing financial and non-financial information pertaining to an overview of the Japan Post Group as well as its business strategies and management issues for the purpose of promoting an understanding among stakeholders of the Group's initiatives toward sustainable value creation.

This Report has been combined with the Disclosure Report.

- Reference guideline: International Integrated Reporting Framework, International Integrated Reporting Council (IIRC)

Subject of Reporting

Reporting period: April 2023–March 2024 (Part of this Report includes information after this period.)

Scope of report: Japan Post Holdings Co., Ltd. and its subsidiaries and affiliated companies

Others: In addition to this Report, please refer to the Integrated Reports of Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.

Please also refer to the most recent materials disclosed by Japan Post Holdings Co., Ltd., including the Notice of Ordinary General Meeting of Shareholders (Business Report, etc.), Annual Securities Report, and Summary Report of Financial Results, for detailed information on the state of business, financial conditions, and business results of Japan Post Holdings Co., Ltd. and each company of the Japan Post Group.

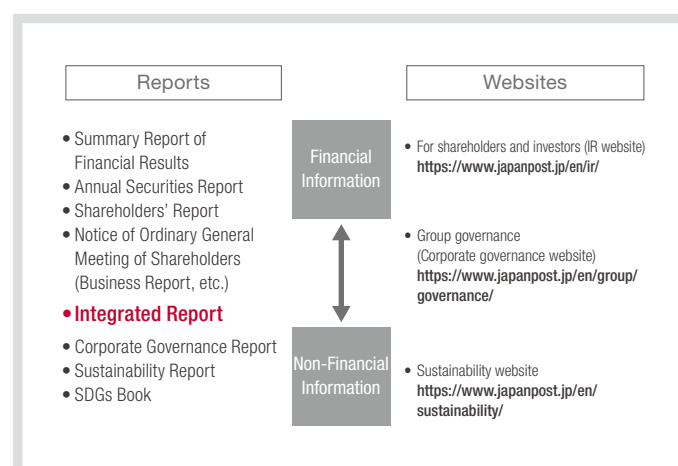
Disclaimer with Respect to Forward-Looking Statements

This Report is a translation of the Disclosure Document (the written explanation in Japanese of the business and financial conditions of Japan Post Holdings Co., Ltd. and the Japan Post Group) that was prepared pursuant to Article 52-29 of the Banking Act. This Report is not prepared for the purpose of soliciting any shares or other securities of Japan Post Holdings and its subsidiaries. This Report contains forward-looking statements regarding future performance and other matters of the Japan Post Group and each company of the Japan Post Group.

These forward-looking statements do not constitute guarantees of future performance and are subject to risks and uncertainties. Therefore, these statements are subject to the impact of a wide range of future risk factors that include changes in preconditions concerning the business environment, economic circumstances and economic trends, changes in laws and regulations, the occurrence of large-scale disasters, changes in the value of assets held, reputation and rumor risk, and other risks. Accordingly, it should be noted that actual business results and other matters could differ from the details contained in this Report.

Figures and percentages shown in this Report have been rounded off, except for financial numbers in the accounting statements, etc., that have been truncated without rounding. As a consequence, sums of figures may not match the totals presented. Figures and percentages, with exceptions as specifically indicated, are as of March 31, 2024.

Publications and Their Positioning



The History of the Japan Post Group

1871–2006

2007

Japan Post Group

1885

The Ministry of Communications was established.

1949

The Ministry of Posts and Telecommunications was established.

2001

The Postal Services Agency was established.

2003

Japan Post was established.

2007

The Japan Post Group was established.

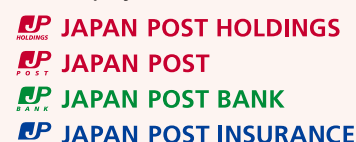
Following the privatization of the postal service, Japan Post was dissolved, and the Japan Post Group was established with Japan Post Holdings Co., Ltd. as the holding company, centered on Japan Post Service Co., Ltd., Japan Post Network Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd.



2012

The Japan Post Group was reorganized into a four-company structure.

By merging Japan Post Service Co., Ltd. and Japan Post Network Co., Ltd. with Japan Post Holdings Co., Ltd. as the surviving company and changing the company name to Japan Post Co., Ltd., the Japan Post Group was reorganized from five companies to the current four companies.



Postal Business

1871

Postal service was established.

2010

Sales of Letter Pack began.

2013

Grand opening of the JP Tower (KITTE)



2015

Australian logistics company Toll Holdings Pty Limited was made a subsidiary.



Banking Business

1875

Postal savings service was established.

2008

"JP BANK CARD" was launched.

2009

Online connection to the Zengin Data Communication System (Zengin System) was established.

2015

Invested in JP Asset Management Co., Ltd.

2016

Invested in the first fund of the regional revitalization fund

Life Insurance Business

1916

Postal life insurance service was established.

2008

- Commenced commissioned sales of life insurance products for corporate clients
- Launched *Sono hi kara*, a new hospitalization rider

2014

Launched *Hajime no Kampo*, an educational endowment insurance

2015

- Launched *Shin Free Plan* (short-term premium payment), an endowment insurance
- Commenced commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)

Since the modern postal service was established in 1871 by MAEJIMA Hisoka, centered around its post office network, the Japan Post Group has offered a variety of products and services through its three core businesses (postal services, banking, and life insurance), always staying close to its customers.

Moreover, since the establishment of the Japan Post Group in 2007, it has expanded our services to support the lives of our customers and local communities.

2015

Listed on the First Section of the Tokyo Stock Exchange

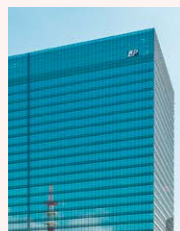
On November 4, 2015, Japan Post Holdings Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. were simultaneously listed on the First Section of the Tokyo Stock Exchange. In the future, proceeds to Japan Post Holdings Co., Ltd. from the sale of the shares of the two financial companies will be used to maintain and improve the corporate value and stock value of the Japan Post Group.



2018

Companies were established to generate new revenue.

Following the establishment of Japan Post Capital Co., Ltd. in November 2017, Japan Post Investment Corporation and Japan Post Real Estate Co., Ltd. were established. By expanding our business, we will continue to acquire new revenue.



2023

Promotion of sustainable logistics services with the Yamato Group

The Japan Post Group and the Yamato Group have reached a basic agreement on cooperation to promote sustainable logistics services. We will build transportation services that improve customer convenience and contribute to resolving social problems such as the shortage of truck drivers and carbon neutrality in the logistics industry.



2018

Investment in Aflac Incorporated

Japan Post Holdings Co., Ltd., Aflac Incorporated, and Aflac Life Insurance Japan, Ltd. entered into a "Strategic Alliance Based on a Capital Relationship."

2017

Post Office Mimamori (Watch Over) Service began.



2019

Japan's first comprehensive contract of local government affairs (Yasuoka Village)

2021

JP Rakuten Logistics, Inc. was established in partnership with Rakuten Group, Inc.

2021

Basic agreement on cooperation with Sagawa Express Co., Ltd.



2018

Japan Post Investment Corporation was established.

2019

- Handling of the smartphone payment service "Yucho Pay" began.
- Brokerage business for mortgage loans of Sony Bank, Inc. began.

2020

- Brokerage business for mortgage loans of Shinsei Bank, Limited began.
- Yucho Bankbook App was launched.

2022

- Installation of Madotab self-service terminals at branches began.
- Handling of discretionary investment services ("Yucho Fund Wrap") began.

2023

Yucho Reco Personal Financial Management (PFM) App was launched.

2024

Japan Post Bank Capital Partners Co., Ltd. was established.

2017

Launched *Sono hi kara Plus*, a new medical care rider; *Shin Nagaiki Kun Low Cash Value Plan*, a new whole life insurance; and *Choju no Shiawase*, a longevity support insurance

2019

Launched *Kampo ni Omakase*, products with relaxed underwriting criteria; and an advanced medical care rider



先進医療特約

2022

Launched *Motto sono hi kara Plus*, a new medical care rider



2023

Revised *Hajime no Kampo*, an educational endowment insurance



Message from the President

We aim to be a corporate group that remains a familiar presence for our customers and local communities.

MASUDA Hiroya

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



I would like to first express my deepest condolences to those who lost loved ones in the Noto Peninsula earthquake in January 2024. I would also like to extend my heartfelt sympathy to all those affected by this tragic disaster.

The Japan Post Group will continue to support victims and actively engage in reconstruction efforts in the affected areas by utilizing its network.

From Restoring Confidence to Growth

When I assumed the role of President & CEO of Japan Post Holdings Co., Ltd. in January 2020, customer trust had been compromised due to issues related to the solicitation quality of Japan Post Insurance products. We sincerely apologized for the inconvenience caused to our policyholders and dedicated all our efforts to resolving these issues as quickly as possible, starting with regaining trust, step by step.

In this regard, we announced the Medium-Term Management Plan “JP Vision 2025” in May 2021. Over the past three years, we have been working on various initiatives to prevent recurrence, thoroughly implement customer-oriented business operations, strengthen Group governance, and rebuild our business.

However, given the Group's current business environment and management conditions, it is imperative that we shift the focus to enhancing our growth potential as a company and making it sustainable, with the establishment of initiatives to restore trust being a major prerequisite. We must fundamentally strengthen our growth efforts to date and ensure new growth for the future.

Revision of the Medium-Term Management Plan Based on the Business Environment

The environment surrounding the Japan Post Group is changing rapidly and in complex ways. In addition to rising prices, labor costs, and interest rates following the lifting of negative interest rates, changes in society as a whole—such as population decline, widening regional disparities, labor shortages, the pace of digitalization, and global environmental issues—are accelerating and having a significant impact on our business.

Since the announcement of JP Vision 2025, we have been promoting collaborations with other companies such as Aflac Corporation, Rakuten Group, Inc., and the Yamato Group. While these have progressed to some extent, we continue to see a downward trend in profits due to factors such as the decline in mail volumes and the impact of the sale of Japan Post Bank shares. We recognize that if this situation persists, we will face severe circumstances that may hinder stable management.

Based on this recognition, we have revised our Medium-Term Management Plan and formulated “JP Vision 2025+ (Plus),” which sets out three drivers and three pillars to realize the “transition to a growth stage.”

The Japan Post Group's strengths include its post office network, delivery network, and financial network, as well as its overwhelming customer base, extensive customer data, and the trust and community-rooted

image that post offices have cultivated over time. Building on these strengths, we have identified three new drivers to realize the transition to a growth stage: “Resource allocation,” “Post offices,” and “Human resources and systems.”

With regard to “Resource allocation,” we will change our approach and mechanisms to more actively allocate capital and human resources to areas we consider to be growth areas, such as domestic logistics and real estate.

For “Post office,” we aim to evolve our post offices to be uniquely tailored to local circumstances, enhancing services to increase the value and appeal of our post offices network, and building a flexible sales structure. We will also improve productivity through optimal branch placement based on customer convenience.

As for “Human resources and systems,” we will transform our management foundation into a flexible and robust one that can adapt to changes in the internal and external environment by promoting human capital-variant management and advancing digital transformation (DX) that considers the convenience of both our customers and our employees.

With these drivers, we will focus on three pillars to realize the transition to a growth stage.

The first pillar is “Strengthen profitability.” In addition to strengthening profitability and promoting efficiency in each segment based on the challenges and growth opportunities they face, we will accelerate further growth by promoting a shift of resources to growth areas such as domestic logistics and real estate.

The second pillar is “Improve EX (employee experience) by investing in human resources.” To increase corporate value while responding to labor shortages caused by a shrinking workforce and the diversification of values and lifestyles, we will work to improve pride and fulfillment (employee engagement) and shift to a flexible and diverse organization.

The third pillar is “Improve UX (user experience) by promoting DX, etc.” By promoting Group DX initiatives, we will work to improve the value of the UX from the perspective of both customers and employees.

Through these initiatives, we aim to increase our consolidated net income target for the fiscal year

ending March 31, 2026 by 60 billion yen, from the 510 billion yen set in JP Vision 2025 to 570 billion yen. We also set a target of at least 4% for return on equity (ROE) in the fiscal year ending March 31, 2026.

We recognize that our cost of equity is approximately 5%; therefore, we aim to achieve an ROE exceeding 5% as soon as possible and improve our price-to-book ratio, which is expected by the market, by enhancing capital efficiency.

A “Co-creation Platform” Supporting Customers and Local Communities

Japan has already entered a phase of population decline. While labor shortages are becoming apparent in various fields, from a broader perspective, it is becoming increasingly important for society as a whole to move away from self-reliance and focus on how to collaborate with other companies.

We have decided to build services that contribute to improving customer convenience and achieving business growth by teaming up with companies that have long been our competitors and maximizing the use of management resources. By expanding our partnerships, we will create value not just through simple addition, but through multiplication.

The concept of a “Co-creation Platform,” which we have been promoting since the formulation of JP Vision 2025, views our nationwide network—our greatest strength—as a platform essential to the lives and businesses of local communities and customers. We aim to deepen this network to make it stronger and more valuable, continuing to support the lives and lifestyles of the people we serve. This concept remains unchanged in our revised Medium-Term Management Plan and represents the vision that the Japan Post Group aims to achieve.

We intend to expand the scope of this “Co-creation Platform” beyond collaboration with other companies to include public services and areas of interest in local communities.

For example, it is convenient for customers, especially those living in rural areas, to complete various administrative procedures at their local post office. As one such initiative, we have actively promoted efforts to serve local communities, such as handling administrative work for local governments, including the issuance of public certificates. While these may not immediately generate significant revenue, we believe they will demonstrate the importance of post offices and lead to increased customer trust and brand value.

We receive many requests for other uses of our network. However, the Japan Post Group alone cannot respond to all of these requests. Therefore, by collaborating with a variety of companies and community groups we are striving to create new experiences and value for customers living in local communities.

The Japan Post Group will continue to support the lives and lifestyles of customers across Japan and strive to be an indispensable presence in their communities into the future.

DX Promotion and the Role of the Post Office

To realize the “Co-creation Platform” and support customers and local communities, we must advance the digitalization of our business and operational foundations.

As part of the Japan Post Group’s efforts to promote DX, we first built a system infrastructure that allows various postal services to be used with a single, Group-wide common ID, called “Yu ID.”

In addition, as a digital customer touch point, we launched the Post Office App in October 2023 as a new Group platform app to enable customers to use post office services anytime and anywhere. In May 2024, we expanded financial functions, including linking with Japan Post Insurance’s “Kampo My Page” and enabling the booking of financial consultations at post office counters. Going forward, we will continue to gradually add functions and expand services to “Yu ID” and the Post Office App, improving the user interface (UI)/UX from a customer perspective to seamlessly integrate physical and digital services.

Furthermore, we have expanded cashless payments for postal and merchandising services at post office counters at roughly all 20,000 post offices, excluding contracted post offices, and are increasing the deployment of business-use tablet PCs to post offices. Through these efforts, we will realize service level improvements and work reforms, such as improving job satisfaction and workplace conditions for employees and enhancing operational efficiency, by digitizing customer touch points.

What is important in promoting these DX initiatives is not only advancing digitalization but also maximizing the “warmth” of physical post offices and providing services with a strong focus on individual customers. At a time when online services are becoming the norm, it is both appealing and reassuring for customers to be able to receive smooth, expert advice at post offices, even if they are not familiar with IT. We are committed to combining these physical strengths with digital technology to create innovative customer experiences that embody both the “warmth” of personal interaction and the efficiency of modern technology.



Promoting DX requires not only a shift from paper to data as a means of work but also a fundamental change in the way we think about work and business. In this sense, the essence of DX is to fundamentally change the way we work and conduct business, which requires strong will on the part of management. We will continue to promote DX with a sense of urgency.

Improve Customer Experience Value

Improving the customer experience (CX) value is critical to developing products and services that deliver the value post office customers seek. While each company providing post office products and services has been developing and improving them based on customer needs, we lacked a design function that could capture the value customers seek across all businesses and match it with the potential of post offices.

As a result, we decided to set target markets for post offices from a customer perspective, strengthen our ability to predict and track needs, and establish a mechanism to evaluate the CX of post offices across the Group. To this end, we have newly appointed a Group Chief Customer Experience Design Officer (CCDO) and established a CX design department within Japan Post Holdings. Going forward, we will work to improve CX by developing and providing products and services that truly meet customer needs, with the CCDO at the center.

Enhancement of Regional/Individual Well-Being and Contribution to a Low-Environmental-Load Society

Social and environmental issues, such as population decline and global environmental problems, are not just changes in the external environment; they also impact the sustainability of the Group itself, and we must address them as our own challenges.

The Japan Post Group will address material issues relating to sustainability, such as local communities and economies, and respond to the aging society through the implementation of each business strategy. We will realize the Group's growth and improve the sustainability of both society and the Group by creating value that enhances well-being and contributes to a low-environmental-load society.

As an initiative to address material issues relating to sustainability that leverage the Group's strengths, we will use post offices, which are the most familiar and physical touch points in local communities, as regional hubs to connect various local activities.

Furthermore, by collaborating with stakeholders throughout the supply chain, from production to delivery and recycling, we will address environmental and social issues across the entire supply chain. By providing and disseminating information about these efforts through post offices, we will encourage consumers to change their behavior.

To drive these initiatives more effectively, we will promote the fusion of digital technologies and physical post offices, and work with start-ups and others developing new technologies and business models to advance the social implementation of innovations.

Investment in Human Resources Supporting Our Business

In an era where the business environment is changing at an unprecedented pace, we believe that "human capital" will be the key source of competitiveness.



Moving away from the traditional view of efficiently allocating human resources as “resources,” we regard the securing of excellent talent, enhancing employee capabilities, and providing appropriate treatment as “capital” that enhances corporate value, and we are committed to actively investing in our human resources.

In order to become a company of choice for employees in response to external environmental changes such as labor shortages due to a declining working population and the diversification of values and lifestyles, we will promote the mobilization of human resources through appropriate employee placement and flexible work styles, improvement of employee capabilities through human resources development based on autonomous career formation and linking evaluation and treatment, and diversity, equity, and inclusion (DE&I). Based on the belief that employees working with pride and fulfillment leads to contributions to customers, local communities, and society, and develops into increased corporate value, we will work to promote human capital-oriented management and shift to a flexible and diverse organization.

Bringing Vitality to Communities and Happiness to People

I believe there is still significant potential in our network of 24,000 post offices across the country. By creating a platform that integrates digital capabilities with the physical post office network, and by promoting the

enhancement of our core businesses and the development of new businesses based on this platform, we can unlock even greater possibilities.

To continue being chosen by customers amid rapid changes in the society, such as further digitalization and population decline, we must explore new and diverse services to the fullest extent and enhance our relevance in local communities. In addition to promoting the provision of public and quasi-public services, such as local government administrative work and Individual Number Card-related services, which we are already implementing, we need to address regional issues sustainably. We aim to achieve this by turning social issues into business opportunities—using post offices as hubs to help resolve regional challenges while connecting these solutions to revenue. I believe such initiatives are possible only with our nationwide network of post offices.

When I was the governor of Iwate Prefecture, I saw the number of young people attending coming-of-age ceremonies dwindle each year. I also witnessed the closing of elementary schools and the departure of local industries. As local economies shrink due to population decline and other factors, supporting the life of the local community is something that only the Japan Post Group can do. Although my position has changed and I am now the President of Japan Post Holdings, my desire to bring vitality to communities and happiness to the people who live in them remains unchanged. By aiming to be a “Co-creation Platform” that supports customers and local communities, I believe our daily efforts to play a useful role in everyday life and support local communities will surely resonate with our customers. To remain a familiar presence for our customers and local communities, I believe that our honest efforts for “changing to remain unchanged” will not only lead to the Group’s sustainable growth but also contribute to the realization of a sustainable society and support Japan’s future.

With pride in the Japan Post Group and belief in its potential, I will work together with our employees to further enhance the appeal of our products and services as we continue to shape our future.