

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## JAPAN POST HOLDINGS

### NOTICE OF THE 15TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Date and Time	Wednesday, June 17, 2020 at 10:00 a.m. (JST) (The reception of the attendees to the meeting at the reception desk shall start at 9:00 a.m.)
Place	Ballroom, B2F, The Prince Park Tower Tokyo 4-8-1 Shibakoen, Minato-ku, Tokyo *Please see the information map on the back cover.

#### < Preventing the spread of the novel coronavirus >

We request your understanding and cooperation with the following countermeasures to prevent the spread of the novel coronavirus infection.

- We strongly recommend that you exercise your voting rights in advance by returning your voting form or via the Internet, etc., and refrain from attending the meeting in person, regardless of your health condition.
- On the day of the General Meeting of Shareholders, meeting will be streamed live on the Internet so that you can view it at your home.
- Steps may be taken such as limiting the number of attendees and asking shareholders who appear to be not feeling well to refrain from entering the venue.
- We will accept questions from shareholders in advance. Details will be announced on the Company website as soon as they are decided.

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#### **Exercise due date by mail:**

To be received no later than 5:15 p.m. on Tuesday, June 16, 2020 (JST)

#### **Exercise due date via the Internet:**

No later than 5:15 p.m. on Tuesday, June 16, 2020 (JST)

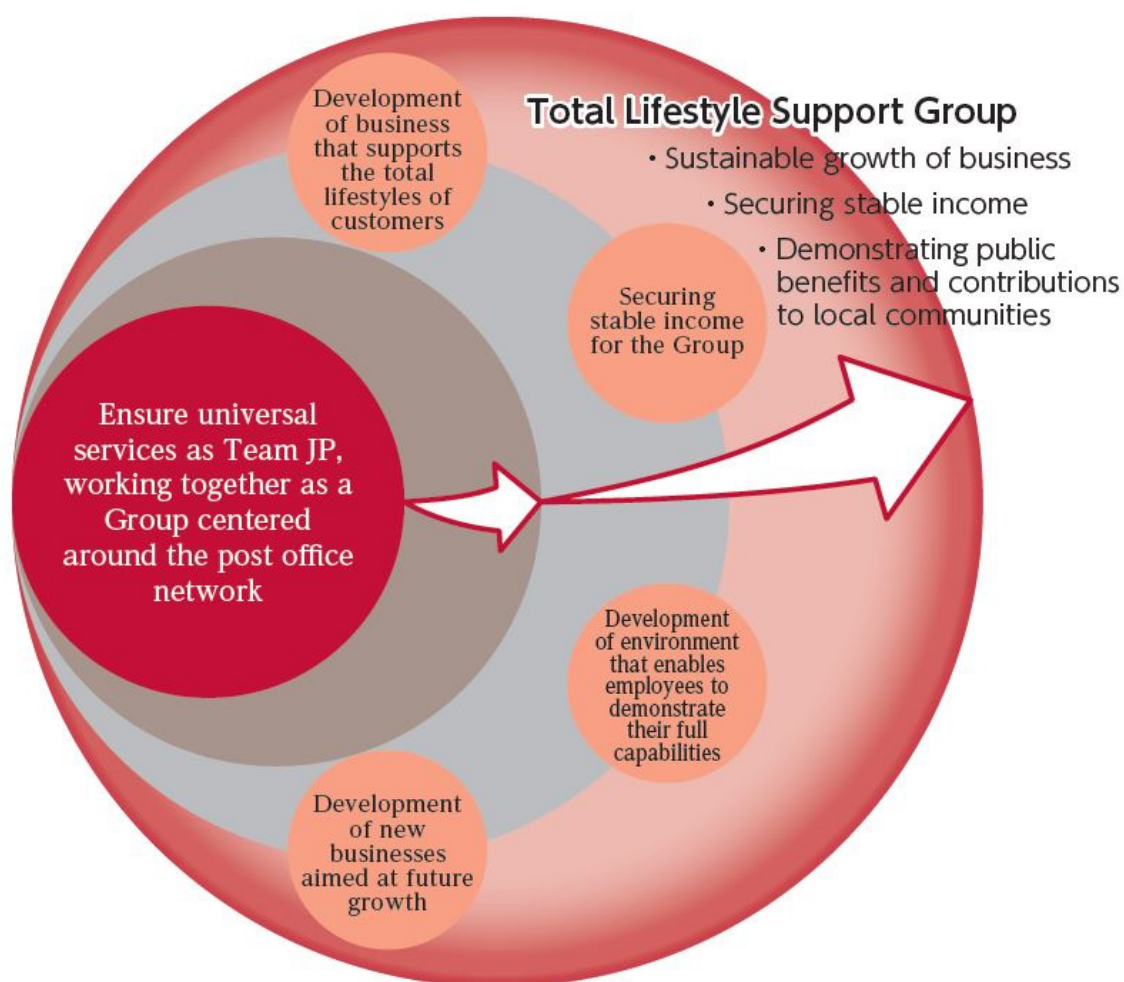
Japan Post Holdings Co., Ltd.

Securities Identification Code: 6178

## 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.



## To Our Shareholders

I am MASUDA Hiroya, appointed as President and Representative Executive Officer of Japan Post Holdings Co., Ltd. on January 6, 2020. I would like to express our sincere gratitude to all our shareholders.

We express our sincere apologies to our shareholders and many other stakeholders for the inconvenience that occurred regarding a series of issues related to the inappropriate solicitation of Japan Post Insurance.

All of the Group's officers and employees take seriously the administrative dispositions on Japan Post Holdings, Japan Post Co. and Japan Post Insurance in accordance with the Insurance Business Act, etc., received from the Minister of Internal Affairs and Communications and the Financial Services Agency in relation to this matter. In order to prevent such a situation from reoccurring in the future while eliminating our customers' disadvantages as soon as possible, the Group will work to further strengthen its internal control system and ensure compliance to prevent recurrence, and the Group will do its best as one team to regain the trust of our customers as soon as possible.

On the other hand, the issue of the novel coronavirus (COVID-19) disease has caused various effects on a global scale. The Group is also significantly affected by changes in the business environment surrounding the Group, including the deterioration of financial markets and the disruption of the distribution network.

Although it is difficult to predict the COVID-19 in the future, the Group will take measures to prevent the spread of the COVID-19 while providing postal, savings, and insurance services, which are the life infrastructure for local communities. We would like to contribute to helping people live with a little more peace of mind.

Despite the challenging business environment, we aim to continue to be a "total lifestyle support company" so that we can revise the Group's growth strategy, and in order to meet the expectations of customers, all employees of the Group will work together across the businesses as a "Team JP" honestly, sincerely and humbly with always reminding us of gratitude.

I kindly ask that our shareholders continue to support and encourage the Japan Post Group.

Japan Post Holdings Co., Ltd.  
President and Representative Executive Officer  
MASUDA Hiroya



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June 1, 2020

Dear Shareholders,

MIMURA Akio

Director

**Japan Post Holdings Co., Ltd.**

2-3-1 Otemachi, Chiyoda-ku, Tokyo

## **NOTICE OF THE 15TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

Recently, the government and prefectural governors have been strongly calling for voluntary self-restraint to prevent the spread of novel coronavirus.

After careful consideration of the situation, the Company has decided to hold the General Meeting of Shareholders while implementing appropriate infection prevention measures.

Following the extension of the Declaration of Emergency Status on Thursday, May 7, 2020, in order to prevent the spread of infection, we encourage shareholders as far as possible to exercise your voting rights for this General Meeting of Shareholders in writing (voting form) or by electromagnetic means (via the Internet, etc.), and we ask that you refrain from attending the General Meeting of Shareholders in person, regardless of your health condition.

Please review the attached Reference Documents for the General Meeting of Shareholders (pages 11 to 23) and follow the Instructions for the Methods of Exercise of Voting Rights to exercise your voting rights by 5:15 p.m. on Tuesday, June 16, 2020.

<Instructions for the Methods of Exercise of Voting Rights>

### **By submitting the voting form by mail**

Please indicate your approval or disapproval on the voting form enclosed to exercise your voting rights, and return it to us by mail so it will arrive by 5:15 p.m. on Tuesday, June 16, 2020 (JST), which is the day immediately preceding the Annual General Meeting of Shareholders.

### **By the exercise of voting rights via the Internet, etc.**

Please access the Internet voting website (<https://www.web54.net>) and input your approval or disapproval by 5:15 p.m. on Tuesday, June 16, 2020 (JST).

→Please refer to the attached “Instructions for Exercise of Voting Rights via the Internet, etc.” on page 8.

## **Details**

- 1. Date and Time:** Wednesday, June 17, 2020 at 10:00 a.m. (JST)  
(The reception of the attendees to the meeting at the reception desk shall start at 9:00 a.m.)
- 2. Place:** Ballroom, B2F, The Prince Park Tower Tokyo  
4-8-1 Shibakoen, Minato-ku, Tokyo  
\* The number of seats prepared will be significantly reduced in order to broaden the space between seats to prevent the spread of infection. Due to this, even if you come to attend, the Company may refuse entry. We ask for your understanding.

### **3. Meeting Agenda**

#### **Matters to be reported:**

1. The Business Report, Consolidated Financial Statements and results of audits by the Independent Auditor and the Audit Committee on the Consolidated Financial Statements for the Company's 15th Term (April 1, 2019 to March 31, 2020).
2. Non-consolidated Financial Statements for the Company's 15th Term (April 1, 2019 to March 31, 2020)

#### **Proposals to be resolved:**

**Proposal:** Election of Thirteen (13) Directors

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- \* If you plan to attend in person, please submit the enclosed voting form at the reception desk upon your arrival.
- \* Among the documents to be provided to this notice, the Notes to Consolidated Financial Statements and the Notes to Non-consolidated Financial Statements are posted on the Company's Web site (<https://www.japanpost.jp/en>) pursuant to laws and regulations, as well as Article 16 of the Articles of Incorporation of the Company, and are accordingly not included with the documents attached with this notice. The Consolidated Financial Statements and Non-consolidated Financial Statements, which have been audited by the Audit Committee and Independent Auditor, include the Notes to Consolidated Financial Statements and the Notes to Non-consolidated Financial Statements posted on the Company's Web site.
- \* Any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements will be disclosed on the Company's Web site (<https://www.japanpost.jp/en/>).
- \* The meeting will be held in Japanese. We allow shareholders to be accompanied by an interpreter (sign-language interpreters included). If you wish to be accompanied by an interpreter, please apply for permission at the reception on the day.
- \* We will not be handing out small gifts to the shareholders at the meeting.

## **Responses to Prevent the Spread of the Novel Coronavirus Infection at the 15th Annual General Meeting of Shareholders of the Company**

The following is an explanation of the responses being implemented to prevent the spread of the novel coronavirus infection at the 15th Annual General Meeting of Shareholders of the Company.

We hope for the understanding and cooperation by all shareholders.

### **<Request and explanation to shareholders>**

- At the venue of General Meeting of Shareholders, we request your cooperation with measures including always wearing a mask and using disinfectant.
- We may ask for your cooperation in taking your temperature when you enter the venue. In addition, attendees found to be with fever may be asked to refrain from entering the venue.
- We will ensure sufficient spacing between the seats at the meeting venue. As a result, the number of seats has decreased significantly. Please note that shareholders who cannot be accommodated at the venue may be directed to another venue or may be refused entry.
- To enable the meeting to proceed smoothly, please refrain from questions concerning matters other than the purpose of the meeting.

### **<Company's response>**

- Meeting staff will check their physical condition beforehand.
- Speakers on the stage and meeting staff shall wear masks.

Should there be any major change to the holding and management of the General Meeting of Shareholders due to future circumstances, it will be announced on the Company's website (<https://www.japanpost.jp/>) (in Japanese only). Please be sure to check the latest information before coming to the venue.

## **Information on live streaming over the internet and accepting questions in advance (in Japanese only)**

At the 15th Annual General Meeting of Shareholders, in order to prevent the spread of the novel coronavirus disease (COVID-19), there will be significantly fewer seats available, and we may not allow entry into the venue if all seats are filled. Therefore, we plan to stream the meeting live over the internet and accept questions in advance as follows.

### **1. Live Internet Streaming**

The 15th Annual General Meeting of Shareholders will be streamed live on the Internet so that shareholders who have refrained from attending will be able to view the meeting at home.

<How to view>

To view the proceedings, access the information page below and click on the link, labelled “Annual General Meeting of Shareholders Live Internet Streaming” to access the viewing site.

<Date of meeting>

Wednesday, June 17, 2020 from 10:00 a.m. (JST)

#### **[Notes]**

Please keep the following points in mind.

- You may neither exercise your voting rights nor ask a question via live streaming.
- The proceedings will be streamed from the back of the venue, and due care will be taken not to include images of shareholders attending the meeting. However, please be aware that some shareholder images may inevitably appear in the streaming.
- Comments made by shareholders attending the meeting will also be broadcast as audio. Please be conscious of personal information.
- When viewing the meeting, there may be problems with video and audio for any of various reasons, including your computer environment (function, performance), Internet connection, and concentrated accesses to the website by numbers of shareholders.
- Shareholders will be responsible for the communication charges, etc. incurred when viewing the meeting.

### **2. Accepting questions in advance**

We will accept questions from our shareholders regarding matters to be reported and matters to be resolved at the 15th Annual General Meeting of Shareholders.

Details will be announced on the following information page as soon as they are decided.

Information page	<a href="https://www.japanpost.jp/ir/stock/meetings/">https://www.japanpost.jp/ir/stock/meetings/</a> The Company’s website > Investor Relations > Stock Information > General Meeting of Shareholders
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## Instructions for Exercise Method of Voting Rights

A voting right at the General Meeting of Shareholders is an important right of shareholders.

Please refer to the Reference Documents for the General Meeting of Shareholders later in this document (pages 11 to 23) and exercise your voting rights. You may exercise your voting rights by one of the following three methods:

### 1. By attending the General Meeting of Shareholders

Please submit the enclosed voting form to the reception desk of the meeting. (A personal seal will not be required.)

Date and Time: Wednesday, June 17, 2020 at 10:00 a.m. (The reception of the attendees to the meeting at the reception desk shall start at 9:00 a.m.) (JST)

Place: Ballroom, B2F, The Prince Park Tower Tokyo  
(Please see the information map at the end)

### 2. By submitting the voting form by mail

Please indicate your approval or disapproval on the voting form and post it to the Company without a postage stamp.

Exercise due date: To be received no later than 5:15 p.m. on Tuesday, June 16, 2020 (JST)

#### ■ Instructions for entry method of the voting form

Please indicate your approval or disapproval for each proposal.

#### Proposal

If you approve all candidates:

Mark a ○ in the box marked “賛”

If you disapprove all candidates:

Mark a ○ in the box marked “否”

If you disapprove of some candidates:

Mark a ○ in the box marked “賛” and write the candidates' number of whom you disapprove.

You will need the voting rights exercise code and password given on the enclosed voting form in order to vote via the Internet.

[Handling of the exercise of voting rights]

In the event that no indication of approval or disapproval on the voting form has been made, this shall be treated as the intent of approval for the Proposal.

### 3. By the exercise of voting rights via the Internet, etc.

To exercise your voting rights via the Internet, please refer to the attached “Instructions for Exercise of Voting Rights via the Internet, etc.” on page 8.

Exercise due date: No later than 5:15 p.m. on Tuesday, June 16, 2020 (JST)

#### To Institutional Investors

The electronic voting platform for institutional investors operated by Investor Communications Japan Inc. is available for institutional investors that have applied to use such platform in advance.

#### [Diverse exercise of voting rights]

Shareholders who will make a diverse exercise of voting rights are requested to notify the Company in writing of their intention to do so and state their reason for this no later than three (3) days before the General Meeting of Shareholders.



## Instructions for Exercise of Voting Rights via the Internet, etc.

Exercise due date: No later than 5:15 p.m. on Tuesday, June 16, 2020 (JST)

### 1. Access the Internet voting website

Please access the Internet voting website and click on “次へすすむ (NEXT).”

Internet voting website

<https://www.web54.net>

\*\*\* ようこそ、議決権行使ウェブサイトへ! \*\*\*

●本サイトのご利用にあたっては、「インターネットによる議決権行使について」の取組内容をよく読み、いただき、ご了承の上からアクセスしてください。

次へすすむ 戻る

<その他の案内>

- 本サイトにアクセスする際は、インターネットの接続環境が正常であることを確認してください。
- 本サイトにアクセスする際は、インターネットの接続環境が正常であることを確認してください。
- 本サイトにアクセスする際は、インターネットの接続環境が正常であることを確認してください。

### 2. Log in

Enter the “議決権行使コード (voting code)” indicated on the voting form and click on “ログイン (Log in).”

\*\*\* ログイン \*\*\*

●本サイトにアクセスする際は、インターネットの接続環境が正常であることを確認してください。

議決権行使コード

ログイン 戻る

### 3. Enter the password

Enter the “パスワード (password)” indicated on the voting form and click on “次へ (NEXT).”

If you received this notice by MyPost, the password column on the right hand side of the voting rights exercise card is displayed as “\*\*\*\*\*.” Please enter the password you selected when confirming registration of MyPost receipt.

\*\*\* パスワード確認 \*\*\*

●パスワードを入力し、入力したパスワードを確認してください。

パスワード

次へ 戻る

Input your approval or disapproval by following the instructions displayed on the screen.

- \* If you vote both by post and via the Internet, etc., we will treat only the vote submitted via the Internet, etc. as valid.
- \* If you exercise your voting rights via the Internet, etc. multiple times, only the last vote exercised will be treated as valid.
- \* The Internet voting website may not be available depending on usage environment of the Internet, etc., services to which you subscribe, or device model you use.
- \* The costs incurred when accessing the Internet voting website, including Internet access fees and communication expenses will be borne by the shareholder.

**If you have any technical inquiries regarding the operation of a PC, etc.  
for voting via the Internet, etc., please contact the following:**

Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

Tel: 0120-652-031 (toll-free and available from 9:00 a.m. to 9:00 p.m., only in Japan)

**You can also receive this notice in digital format using MyPost. If you desire, please access the  
following website from your computer and follow the directions.**

**\*MyPost is the name of an online postal mail receipt service provided by Japan Post.**

<https://www.mypost.post.japanpost.jp>

Inquiries on “MyPost”

Tel: 0120-343-389 (toll-free and available from 10:00 a.m. to 6:00 p.m. excluding Saturdays, Sundays,  
holidays and the new year holidays (December 29 - January 3); only in Japan)

## About the 15th Term Year-end Dividend

We hereby notice that a resolution was passed by the Board of Directors Meeting held on May 15, 2020 as follows:

1. Year-end Dividend

¥25 per share

2. Effective date

June 18, 2020

A resolution was passed by the Board of Directors Meeting held on May 15, 2020 setting the year-end dividend at ¥25 per share, with the date of entry into force (payment start date) set as June 18, 2020, per the provisions of the Articles of Incorporation.

As the interim dividend of ¥25 per share has been already paid, the total annual payment of dividends for the fiscal year under review will be ¥50 per share.

“Annual Dividend Receipt” (“Dividend Calculation Sheet” and “Payment of Dividend via Bank Transfer” for shareholders who have requested dividend payment via bank transfer) will be enclosed and delivered with the notice of resolution at the 15th Annual General Meeting of Shareholders to be held on June 17, 2020.

Description of main procedures, queries and other matters	Description of main procedures, queries and other matters
<ul style="list-style-type: none"><li>▪ Procedures for designating the method of receiving dividend payments</li><li>▪ Procedures for change of address, name and other details</li><li>▪ Procedures for requesting the buyback or additional purchase of shares constituting less than one unit</li></ul>	<ul style="list-style-type: none"><li>▪ Queries about dividends after the payment period has passed</li><li>▪ Queries about the shipping and return of shipment</li><li>▪ General inquiries about other stock handling matters</li></ul>
<b>Contact</b>	<b>Contact</b>
Securities companies and other entities where brokerage accounts are opened	2-8-4 Izumi, Suginami-ku Tokyo, 168-0063, Japan Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 0120-580-840 (toll free in Japan) (Open weekdays except holidays from 9:00 a.m. to 5:00 p.m.)

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Information

#### Proposal: Election of Thirteen (13) Directors

Of the fifteen (15) directors elected at the 14th Annual General Meeting of Shareholders, four (4) resigned on January 11, 2020, and the terms of office of all of the current eleven (11) directors will expire at the conclusion of this General Meeting of Shareholders. In that regard, increasing the number of directors by two (2) to enhance the management system, the election of thirteen (13) directors is proposed on the basis of the decision by the Nomination Committee.

The candidates for Directors are as follows:

Candidate No.	Name	Current position and responsibilities in the Company	
1	MASUDA Hiroya	Representative Executive Officer, President & CEO	New election
2	IKEDA Norito	Director	Reelection
3	KINUGAWA Kazuhide	–	New election
4	SENDA Tetsuya	Managing Executive Officer	New election
5	MIMURA Akio	Outside Director, Chairperson of the Nomination Committee	Reelection Outside Independent
6	ISHIHARA Kunio	Outside Director, Member of the Nomination Committee, Member of the Compensation Committee	Reelection Outside Independent
7	Charles Ditmars Lake II	Outside Director	Reelection Outside Independent
8	HIRONO Michiko	Outside Director	Reelection Outside Independent
9	OKAMOTO Tsuyoshi	Outside Director, Chairperson of the Compensation Committee, Member of the Nomination Committee	Reelection Outside Independent
10	KOEZUKA Miharuru	Outside Director, Member of the Audit Committee	Reelection Outside Independent
11	AKIYAMA Sakie	Outside Director, Member of the Audit Committee	Reelection Outside Independent
12	KAIAMI Makoto	–	New election Outside Independent
13	SATAKE Akira	–	New election Outside Independent

- Notes: 1. The Company has entered into limited liability agreement with Mr. IKEDA Norito, Mr. MIMURA Akio, Mr. ISHIHARA Kunio, Mr. Charles Ditmars Lake II, Ms. HIRONO Michiko, Mr. OKAMOTO Tsuyoshi, Ms. KOEZUKA Miharuru and Ms. AKIYAMA Sakie to limit their liabilities, to the minimum liability amount stipulated by Article 425, paragraph 1 of the Companies Act. If they are reelected as directors, the Company plans to continue the above limited liability agreement with them. Furthermore, the Company plans to enter into limited liability agreement with Mr. KINUGAWA Kazuhide, Mr. SENDA Tetsuya, Mr. KAIAMI Makoto and Mr. SATAKE Akira if their appointments are approved.
2. Mr. MIMURA Akio, Mr. ISHIHARA Kunio, Mr. Charles Ditmars Lake II, Ms. HIRONO Michiko, Mr. OKAMOTO Tsuyoshi, Ms. KOEZUKA Miharuru and Ms. AKIYAMA Sakie are Independent Directors, whose appointment is required by the Tokyo Stock Exchange, Inc. to ensure the protection of general shareholders' interests. Mr. KAIAMI Makoto and Mr. SATAKE Akira satisfy the Tokyo Stock Exchange, Inc.'s requirements for Independent Director as well as the Company's own criteria for Independent Directors. The Company thus intends to register them as Independent Directors with the Tokyo Stock Exchange, Inc.
3. Ms. HIRONO Michiko's name on her family register is FUJII Michiko.

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p>1</p> <p><b>MASUDA Hiroya</b> (Dec. 20, 1951)</p> <p>Number of the Company's Shares Owned – shares</p> <p>[New Election]</p>	<p>Apr. 1977      Joined the Ministry of Construction</p> <p>Jul. 1994      Director for Construction Disputes Settlement of Construction Industry Division of Ministry of Construction, Economic Affairs Bureau</p> <p>Apr. 1995      Governor of Iwate Prefecture</p> <p>Aug. 2007      Minister for Internal Affairs and Communications Minister for State for Special Missions of Cabinet Office</p> <p>Apr. 2009      Advisor of Nomura Research Institute, Ltd. Visiting Professor of Graduate School of Public Policy at the University of Tokyo (to present)</p> <p>Jan. 2020      Representative Executive Officer, President &amp; CEO of the Company (to present)</p> <p>[Position and responsibilities] Representative Executive Officer, President &amp; CEO</p> <p>[Significant concurrent positions] Visiting Professor of Graduate School of Public Policy at the University of Tokyo</p> <p>[Reasons for nomination as candidate for Director] Mr. MASUDA Hiroya has held key positions in public administration including Governor of Iwate Prefecture and Minister for Internal Affairs and Communications and also has been leading overall management of Japan Postal Group as Representative Executive Officer, President &amp; CEO. Therefore, he has sufficient knowledge about Japan Postal Group and he can thus be expected to fulfill the responsibilities of making key executive decisions and executing duties of the Company by utilizing his extensive professional experience and track record.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p style="text-align: center;">2</p> <p style="text-align: center;"><b>IKEDA Norito</b> (Dec. 9, 1947)</p> <p>Number of the Company's Shares Owned 1,700 shares</p> <p>Tenure as Director 4 years</p> <p>Attendance at Board of Directors' meetings 17/17 (100%)</p> <p>[Reelection]</p>	<p>Apr. 1970      Joined The Bank of Yokohama, Ltd.</p> <p>Jun. 1996      Director of The Bank of Yokohama, Ltd.</p> <p>Apr. 2001      Representative Director of The Bank of Yokohama, Ltd.</p> <p>Jun. 2003      Director of The Bank of Yokohama, Ltd and Representative Director and Chairman of Yokohama Capital Co., Ltd.</p> <p>Dec. 2003      President of The Ashikaga Bank, Ltd. (Representative Director)</p> <p>Jun. 2004      President of The Ashikaga Bank, Ltd. (Chief Executive Officer)</p> <p>Sep. 2008      Special Advisor of A.T. Kearney</p> <p>Feb. 2012      President and Representative Director of the Organization to Support Revitalization of Businesses Affected by the Great East Japan Earthquake.</p> <p>Apr. 2016      President and Representative Executive Officer of Japan Post Bank Co., Ltd.</p> <p>Jun. 2016      Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd. (to present) Director of the Company (to present)</p> <p>[Position and responsibilities]</p> <p>Director</p> <p>[Significant concurrent positions]</p> <p>Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd., Outside Director of FANCL CORPORATION</p> <p>[Reasons for nomination as candidate for Director]</p> <p>Mr. IKEDA Norito has held key management positions including President of the Ashikaga Bank, Ltd. (Representative Director), and has been a member of the management team of Japan Post Bank Co., Ltd., a major subsidiary of the Company, as Director, President and Representative Executive Officer. He can thus be expected to fulfill the responsibilities of making key executive decisions and supervising the execution of duties of executive officers by utilizing his extensive professional experience and track record.</p> <p>[Special interest between candidate for Director and the Company]</p> <p>Mr. IKEDA Norito is currently President and Representative Executive Officer of Japan Post Bank Co., Ltd., which has entered into an agreement concerning group operations with the Company. Under the terms of the agreement, the Company receives payment of brand value usage fees from Japan Post Bank. The two companies also engage in business transactions such as the leasing of real estate.</p>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p>3</p> <p><b>KINUGAWA Kazuhide</b> (May 3, 1957)</p> <p>Number of the Company's Shares Owned 12,500 shares</p> <p>[New Election]</p>	<p>Apr. 1980      Joined the Ministry of Posts &amp; Telecommunications</p> <p>Oct. 2007      Executive Officer and Senior General Manager of Human Resources Department of Japan Post Insurance Co., Ltd.</p> <p>Oct. 2010      Managing Executive Officer and Senior General Manager of Human Resources Department of Japan Post Insurance Co., Ltd.</p> <p>Apr. 2011      Managing Executive Officer of Post Insurance Co., Ltd.</p> <p>Feb. 2013      Managing Executive Officer and Senior General Manager of Human Resources Department of Japan Post Insurance Co., Ltd.</p> <p>Jul. 2013      Managing Executive Officer of Post Insurance Co., Ltd.</p> <p>Jul. 2014      Senior Managing Executive Officer of Japan Post Insurance Co., Ltd.</p> <p>Jun. 2016      Senior Managing Executive Officer of the Company (to Jan. 2020)</p> <p>Dec. 2019      Director of Japan Post Co., Ltd.</p> <p>Jan. 2020      President &amp; CEO (Representative Executive Officer) of Japan Post Co., Ltd. (to present)</p> <p>[Significant concurrent positions]</p> <p>President &amp; CEO (Representative Executive Officer) of Japan Post Co., Ltd.</p> <p>[Reasons for nomination as candidate for Director]</p> <p>Mr. KINUGAWA Kazuhide has extensive career experience in the Company and Japan Post Insurance Co., Ltd., a major subsidiary of the Company and has been a member of the management team of Japan Post Co., Ltd., a major subsidiary of the Company, as President &amp; CEO (Representative Executive Officer). He can thus be expected to fulfill the responsibilities of making key executive decisions and supervising the execution of duties of executive officers of the Company by utilizing his extensive professional experience and track record.</p> <p>[Special interest between candidate for Director and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p style="text-align: center;">4</p> <p style="text-align: center;"><b>SENDA Tetsuya</b> (Apr. 22, 1960)</p> <p>Number of the Company's Shares Owned 5,200 shares</p> <p>[New Election]</p>	<p>Apr. 1984      Joined the Ministry of Posts &amp; Telecommunications</p> <p>Jul. 2011      Executive Officer and Senior General Manager of Corporate Planning Department of Japan Post Insurance Co., Ltd.</p> <p>Jun. 2013      Managing Executive Officer of the Company (to Jun. 2016)</p> <p>Jul. 2013      Managing Executive Officer of Japan Post Insurance Co., Ltd.</p> <p>Jun. 2016      Senior Managing Executive Officer of Japan Post Insurance Co., Ltd.</p> <p>Nov. 2017      Senior Managing Executive Officer of the Company</p> <p>Apr. 2019      Representative Executive Officer and Executive Vice President of Japan Post Insurance Co., Ltd. (to Jan. 2020)</p> <p>Aug. 2019      Managing Executive Officer of the Company (to present)</p> <p>Jan. 2020      President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd. (to present)</p> <p>[Position and responsibilities] Managing Executive Officer</p> <p>[Significant concurrent positions] President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd.</p> <p>[Reasons for nomination as candidate for Director] Mr. SENDA Tetsuya has extensive career experience in Japan Post Insurance Co., Ltd., a major subsidiary of the Company and has been a member of the management team of Japan Post Insurance Co., Ltd. as President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd. He can thus be expected to fulfill the responsibilities of making key executive decisions and supervising the execution of duties of executive officers of the Company by utilizing his extensive professional experience and track record.</p> <p>[Special interest between candidate for Director and the Company] Mr. SENDA Tetsuya is currently President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd., which has entered into an agreement concerning group operations with the Company. Under the terms of the agreement, the Company receives payment of brand value usage fees from Japan Post Insurance. The two companies also engage in business transactions such as the leasing of real estate.</p>



Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p style="text-align: center;">5</p> <p style="text-align: center;"><b>MIMURA Akio</b> (Nov. 2, 1940)</p> <p>Number of the Company's Shares Owned – shares</p> <p>Tenure as Outside Director 7 years</p> <p>Attendance at Board of Directors' meetings 17/17 (100%)</p> <p>Attendance at Nomination Committee's meetings 4/4 (100%)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p>	<p>Apr. 1963      Joined Fuji Iron &amp; Steel Co., Ltd. (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 1993      Director of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Apr. 1997      Managing Director of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Apr. 2000      Representative Director and Executive Vice President of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Apr. 2003      Representative Director and President of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Apr. 2008      Representative Director and Chairman of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Oct. 2012      Director and Senior Advisor to the Board of Nippon Steel &amp; Sumitomo Metal Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 2013      Director of the Company (to present)</p> <p>Nov. 2013      Senior Adviser to the Board and Honorary Chairman of Nippon Steel &amp; Sumitomo Metal Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 2018      Honorary Company Fellow and Honorary Chairman of Nippon Steel &amp; Sumitomo Metal Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Apr. 2019      Honorary Company Fellow and Honorary Chairman of NIPPON STEEL CORPORATION (to present)</p> <p>[Position and responsibilities] Outside Director, Chairperson of the Nomination Committee</p> <p>[Significant concurrent positions] Honorary Company Fellow and Honorary Chairman of NIPPON STEEL CORPORATION, Chairman of the Japan Chamber of Commerce and Industry, Chairman of the Tokyo Chamber of Commerce and Industry, Outside Director of Development Bank of Japan Inc., Outside Director of INCJ (Innovation Network Corporation of Japan), Ltd., Outside Director of Tokio Marine Holdings, Inc., Outside Director of Nisshin Seifun Group Inc.</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. MIMURA Akio has many years' experience on the management team of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION) as President and Chairman &amp; Representative Director. He can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as a management expert.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p style="text-align: center;">6</p> <p style="text-align: center;"><b>ISHIHARA Kunio</b> (Oct. 17, 1943)</p> <p>Number of the Company's Shares Owned 8,400 shares</p> <p>Tenure as Outside Director 5 years</p> <p>Attendance at Board of Directors' meetings 17/17 (100%)</p> <p>Attendance at Nomination Committee's meetings 4/4 (100%)</p> <p>Attendance at Compensation Committee's meetings 2/2 (100%)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p>	<p>Apr. 1966      Joined Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Jun. 1995      Director of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Jun. 1998      Managing Director of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Jun. 2000      Senior Managing Director of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Jun. 2001      Director and President of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2002      Director and President of Millea Holdings, Inc.</p> <p>Oct. 2004      Director and President of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</p> <p>Jun. 2007      Director and Chairman of the Board of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</p> <p>                    Director and Chairman of the Board of Millea Holdings, Inc.</p> <p>Jul. 2008      Director and Chairman of the Board of Tokio Marine Holdings, Inc.</p> <p>Jun. 2013      Senior Adviser to the Board of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. (to present)</p> <p>Jun. 2015      Director of the Company (to present)</p> <p>[Position and responsibilities]</p> <p>Outside Director, Member of the Nomination Committee, Member of the Compensation Committee</p> <p>[Significant concurrent positions]</p> <p>Senior Adviser to the Board of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd., Outside Audit &amp; Supervisory Board Member of Tokyu Corporation, Outside Director and Audit and Supervisory Committee Member of NIKON CORPORATION, Outside Audit &amp; Supervisory Board Member of Mitsubishi Research Institute, Inc.</p> <p>[Reasons for nomination as candidate for Outside Director]</p> <p>Mr. ISHIHARA Kunio has many years' experience on the management team of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. as Director and President/Chairman. He can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as a management expert.</p> <p>[Special interest between candidate for Director and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p style="text-align: center;">7</p> <p><b>Charles Ditmars Lake II</b> (Jan. 8, 1962)</p> <p>Number of the Company's Shares Owned – shares</p> <p>Tenure as Outside Director 4 years</p> <p>Attendance at Board of Directors' meetings 17/17 (100%)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p>	<p>Aug. 1992      Director for Japan Affairs of Office of the U.S. Trade Representative</p> <p>Jul. 1993      Director for Japan Affairs and Special Counsel to the Deputy U.S. Trade Representative</p> <p>Jan. 1995      Attorney at Dewey Ballantine LLP</p> <p>Jun. 1999      Vice President and Counsel of Japan Branch, American Family Life Assurance Company of Columbus (Aflac Japan)</p> <p>Jul. 2001      Deputy President of Aflac Japan</p> <p>Jan. 2003      President and Representative of Aflac Japan</p> <p>Apr. 2005      Vice Chairman and Representative of Aflac Japan</p> <p>Jul. 2008      Chairman and Representative of Aflac Japan</p> <p>Jan. 2014      President and Member of the Board of Directors of Aflac International Incorporated (to present)</p> <p>Jun. 2016      Director of the Company (to present)</p> <p>Apr. 2018      Chairman and Representative Director of Aflac Life Insurance Japan Ltd. (to present)</p> <p>[Position and responsibilities] Outside Director</p> <p>[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 Tokyo Electron Ltd.</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. Charles Ditmars 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 can thus be expected to supervise and check the management of the Company by utilizing his experience and knowledge as a highly experienced management expert.</p> <p>[Special interest between candidate for Director and the Company] Mr. Charles Ditmars Lake II is Chairman and Representative Director of Aflac Life Insurance Japan Ltd., which has entered into a comprehensive business alliance agreement etc. with the Company. There are transactions between the said company and the Group related to a solicitation agent agreement and other agreements based on the said business alliance agreement. However, the business entrustment fees, etc. that the said company pays to the Group is immaterial and less than 1% of the average annual consolidated ordinary income of the Company for the past three fiscal years.</p>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p style="text-align: center;">8</p> <p style="text-align: center;"><b>HIRONO Michiko</b> (FUJII Michiko) (Mar. 18, 1961)</p> <p>Number of the Company's Shares Owned 3,400 shares</p> <p>Tenure as Outside Director 4 years</p> <p>Attendance at Board of Directors' meetings 17/17 (100%)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p>	<p>Feb. 1989      Joined Venture Link Co., Ltd.</p> <p>Jul. 1993      Joined Plaza Create Co., Ltd.</p> <p>May 1997      Managing Director of PokkaCreate Co., Ltd.</p> <p>Jul. 1998      Senior Vice-President, K.K. MVC</p> <p>Jul. 1998      Vice President of Tully's Coffee Japan Co., Ltd.</p> <p>Mar. 2000      Found 21 Lady Co., Ltd, President</p> <p>Jun. 2002      Representative Director and President of HIROTA Co, Ltd.</p> <p>Mar. 2010      Representative Director and President of Illums Japan Co., Ltd.</p> <p>Nov. 2011      Representative Director, Chairman and President of HIROTA Co, Ltd.</p> <p>Jun. 2014      Outside Director of Japan Post Co., Ltd.</p> <p>Jun. 2016      Director of the Company (to present)</p> <p>[Position and responsibilities] Outside Director</p> <p>[Reasons for nomination as candidate for Outside Director] Ms. HIRONO Michiko has many years' experience on the management teams of business corporations such as 21 Lady Co., Ltd. as President. She can thus be expected to supervise and check the management of the Company by utilizing her knowledge and experience as a management expert.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>
<p style="text-align: center;">9</p> <p style="text-align: center;"><b>OKAMOTO Tsuyoshi</b> (Sep. 23, 1947)</p> <p>Number of the Company's Shares Owned 1,700 shares</p> <p>Tenure as Outside Director 2 years</p> <p>Attendance at Board of Directors' meetings 16/17 (94.1%)</p> <p>Attendance at Nomination Committee's meetings 1/1 (100%)</p> <p>Attendance at Compensation Committee's meetings 8/8 (100%)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p>	<p>Apr. 1970      Joined Tokyo Gas Co., Ltd.</p> <p>Jun. 2002      Executive Officer of Tokyo Gas Co., Ltd.</p> <p>Apr. 2004      Senior Executive Officer of Tokyo Gas Co., Ltd.</p> <p>Jun. 2004      Director, Senior Executive Officer of Tokyo Gas Co., Ltd.</p> <p>Apr. 2007      Representative Director, Executive Vice President of Tokyo Gas Co., Ltd.</p> <p>Apr. 2010      Representative Director, President of Tokyo Gas Co., Ltd.</p> <p>Apr. 2014      Director, Chairman of Tokyo Gas Co., Ltd.</p> <p>Jun. 2016      Outside Director of Japan Post Bank Co., Ltd.</p> <p>Apr. 2018      Director, Senior Corporate Advisor of Tokyo Gas Co., Ltd.</p> <p>Jun. 2018      Director of the Company (to present)</p> <p>Jul. 2018      Senior Corporate Advisor of Tokyo Gas Co., Ltd. (to present)</p> <p>[Position and responsibilities] Outside Director, Chairperson of the Compensation Committee, Member of the Nomination Committee</p> <p>[Significant concurrent positions] Senior Corporate Advisor of Tokyo Gas Co., Ltd., Outside Director of Asahi Kasei Corporation, Outside Director of Mitsubishi Estate Co., Ltd.</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. OKAMOTO Tsuyoshi has many years' experience on the management team of Tokyo Gas Co., Ltd. as Representative Director, President and Chairman. He can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as a management expert.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p>10</p> <p><b>KOEZUKA Miharuru</b> (Sep. 2, 1955)</p> <p>Number of the Company's Shares Owned 1,500 shares</p> <p>Tenure as Outside Director 2 years</p> <p>Attendance at Board of Directors' meetings 16/17 (94.1%)</p> <p>Attendance at Audit Committee's meetings 26/28 (92.9%)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p>	<p>Apr. 1979      Joined Takashimaya Company, Limited</p> <p>May 2007      Executive Officer of Takashimaya Company, Limited</p> <p>Mar. 2009      Senior Executive Officer of Takashimaya Company, Limited</p> <p>Feb. 2010      President (Representative Director) of Okayama Takashimaya Co., Ltd.</p> <p>May 2013      Director of Takashimaya Company, Limited</p> <p>Sep. 2013      Senior Managing Director (Representative Director) of Takashimaya Company, Limited</p> <p>Director of Okayama Takashimaya Co., Ltd. (to present)</p> <p>Mar. 2016      Director of Takashimaya Company, Limited</p> <p>May 2016      Advisor of Takashimaya Company, Limited</p> <p>Oct. 2016      Representative Director and President of Dear Mayuko Co., Ltd.</p> <p>Mar. 2018      Advisor of Dear Mayuko Co., Ltd.</p> <p>Jun. 2018      Director of the Company (to present)</p> <p>Mar. 2020      Counselor of Takashimaya Company, Limited (to present)</p> <p>[Position and responsibilities] Outside Director, Member of the Audit Committee</p> <p>[Significant concurrent positions] Counselor of Takashimaya Company, Limited, Director of Okayama Takashimaya Co., Ltd., Outside Director of Nankai Electric Railway Co., Ltd., Outside Director of Nippon Paint Holdings Co., Ltd.</p> <p>[Reasons for nomination as candidate for Outside Director] Ms. KOEZUKA Miharuru has many years' experience on the management team of Takashimaya Company, Limited as Senior Managing Director (Representative Director). She can thus be expected to supervise and check the management of the Company by utilizing her knowledge and experience as a management expert.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>
<p>11</p> <p><b>AKIYAMA Sakie</b> (Dec. 1, 1962)</p> <p>Number of the Company's Shares Owned – shares</p> <p>Tenure as Outside Director 1 year</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>Attendance at Audit Committee's meetings 23/23 (100%)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p>	<p>Apr. 1987      Joined Arthur Andersen &amp; Co. (currently Accenture Japan Ltd)</p> <p>Apr. 1994      Found Saki Corporation, Representative Director and President</p> <p>Sep. 2018      Founder (Advisor) of Saki Corporation (to present)</p> <p>Jun. 2019      Director of the Company (to present)</p> <p>[Position and responsibilities] Outside Director, Member of the Audit Committee</p> <p>[Significant concurrent positions] Founder (Advisor) of Saki Corporation, Outside Director of Sony Corporation, Outside Director of ORIX Corporation</p> <p>[Reasons for nomination as candidate for Outside Director] Ms. AKIYAMA Sakie has many years' experience in the management of Saki Corporation as Representative Director and President. She can thus be expected to supervise and check the management of the Company by utilizing her knowledge and experience as an expert in management developed throughout her career.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p>12</p> <p><b>KAIAMI Makoto</b> (Oct. 5, 1951)</p> <p>Number of the Company's Shares Owned – shares</p> <p>[New Election] [Candidate for Outside Director] [Independent Director]</p>	<p>Apr. 1978      Appointed as a judge</p> <p>Apr. 2000      Division-head Judge of Tokyo District Court</p> <p>Jul. 2007      Associate Vice-Minister of Justice in charge of Litigation Affairs, Minister's Secretariat, Ministry of Justice</p> <p>Jul. 2009      Judge of Tokyo High Court</p> <p>Dec. 2009      President of Wakayama District / Family Court</p> <p>Jan. 2011      President of Nagano District / Family Court</p> <p>Nov. 2012      Division-head Judge of Tokyo High Court</p> <p>Jul. 2014      President of Tokyo Family Court</p> <p>Jun. 2015      President of Tokyo District Court</p> <p>Feb. 2017      Registered as Attorney (to present)</p> <p>Sep. 2018      Joined Otemachi Law Office (to present)</p> <p>[Significant concurrent positions] Attorney, Outside Director of Fujifilm Holdings Corporation, Outside Audit &amp; Supervisory Board Member of SEIREN, Co., Ltd., Outside Director of Tokyu Fudosan Holdings Corporation</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. KAIAMI Makoto has many years' experience in the legal profession, including serving as President of Tokyo District Court. He can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as a legal expert developed throughout his career. He has not been involved in corporate management other than as an Outside Director, but we consider him to be a suitable candidate to perform the duties of Outside Director of the Company for the reasons stated above.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>
<p>13</p> <p><b>SATAKE Akira</b> (Dec. 8, 1955)</p> <p>Number of the Company's Shares Owned – shares</p> <p>[New Election] [Candidate for Outside Director] [Independent Director]</p>	<p>Apr. 1979      Joined SUMITOMO CORPORATION</p> <p>Apr. 2011      Executive Officer and General Manager of Planning &amp; Administration Dept., Mineral Resources, Energy, Chemical &amp; Electronics Business Unit of SUMITOMO CORPORATION</p> <p>Apr. 2013      Managing Executive Officer, General Manager of Finance Dept. of SUMITOMO CORPORATION</p> <p>Apr. 2016      Senior Managing Executive Officer of SUMITOMO CORPORATION</p> <p>Jun. 2017      Director and Senior Managing Executive Officer of Sumitomo Precision Products Co., Ltd.</p> <p>Jun. 2018      Director and Executive Vice President of Sumitomo Precision Products Co., Ltd.</p> <p>Apr. 2019      Adviser of SUMITOMO CORPORATION</p> <p>Jun. 2019      Outside Director of Japan Post Insurance Co., Ltd. (to present)</p> <p>[Significant concurrent positions] Outside Director of Japan Post Insurance Co., Ltd.</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. SATAKE Akira has many years' experience in management and finance divisions of Sumitomo Precision Products Co., Ltd., etc. as Director and Executive Vice President and has deep and extensive knowledge of finance and accounting. He can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as an expert in management developed throughout her career.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

- Notes: 1. Attendance at Board of Directors' meetings, Nomination Committee's meetings, Auditing Committee's meetings, and Compensation Committee's meetings refers to attendance in the fiscal year ended March 31, 2020. In case where a person has assumed office in the middle of the fiscal year, attendance after assuming office is stated.
2. Tenure refers to the number of years served as of the date of the conclusion of this Annual General Meeting of Shareholders.
  3. Mr. MASUDA Hiroya will assume the position as Director of Japan Post Insurance Co., Ltd. on June 15, 2020, Director of Japan Post Bank Co., Ltd. on June 16, 2020 and Director of Japan Post Co., Ltd. on June 24, 2020.
  4. Mr. SENDA Tetsuya will assume the position as Director and President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd. on June 15, 2020. Also, Mr. SENDA Tetsuya will retire as Managing Executive Officer of the Company on June 17, 2020 due to expiration of his term of office.
  5. Tokyo Gas Co., Ltd., at which Mr. OKAMOTO Tsuyoshi serves as Senior Corporate Advisor, received a cease and desist order from the Consumer Affairs Agency in July 2017, which was during Mr. OKAMOTO's tenure as Director and Chairman. The order was issued because a leaflet for an event held in November 2016 contained misleading representation of advantages prohibited under the Act against Unjustifiable Premiums and Misleading Representations.
  6. Takashimaya Company, Limited, at which Ms. KOEZUKA Miharuru serves as Counselor, received cease and desist order and payment surcharge order by Japan Fair Trade Commission in July 2018 and in October 2018 for its acts violating Article 3 of the Anti-monopoly act (Prohibition of Undue Restriction on Business Activities) in taking orders of office wears and uniforms and setting shipping charges for products up to fiscal 2018, including the term when she served the company as Director.
  7. Ms. AKIYAMA Sakie will assume the position as Outside Director of Mitsubishi Corporation on June 19, 2020.
  8. Mr. SATAKE Akira will retire as Outside Director of Japan Post Insurance Co., Ltd. on June 15, 2020 due to expiration of his term of office.
  9. Sumitomo Precision Products Co., Ltd. at which Mr. SATAKE Akira served as Director and Executive Vice President until June 2019, was found, on January 29, 2019, to have overcharged for expenses relating to its contract for defense equipment with the Ministry of Defense (MOD). Mr. SATAKE Akira fulfilled his responsibilities by directing a thorough investigation in the process of the discovery of this fact.
  10. Since incidents were identified in which the rewriting of policies with respect to Japan Post Insurance products was carried out in a manner that may have caused disadvantages to customers, not in line with their intentions, the Company and Japan Post Co., Ltd. were imposed on administrative dispositions by the Minister of Internal Affairs and Communications and the Financial Services Agency, and Japan Post Insurance Co., Ltd. was imposed on the same by the Financial Services Agency on December 2019 based on the Insurance Business Act, etc. Mr. MIMURA Akio, Mr. ISHIHARA Kunio, Mr. Charles Ditmars Lake II, Ms. HIRONO Michiko, Mr. OKAMOTO Tsuyoshi, Ms. KOEZUKA Miharuru and Ms. AKIYAMA Sakie who served as Outside Directors of the Company and Mr. SATAKE Akira who served as Outside Director of Japan Post Insurance Co., Ltd. at the time of revelation of such incidents have been fulfilling their duties such as presenting their proposals on our daily operations from the viewpoint of group governance, internal control and legal compliance and also giving instructions for thorough inspection and prevention of such incidents after such incidents came to light.

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

The Company shall designate Independent Directors as specified by the Tokyo Stock Exchange among those who do not fall under any of the following categories.

1. Person who has been an Executive of the Japan Post Group
2. Party for whom the Japan Post Group is a major business partner, or an Executive (or other) thereof
3. Major business partner of the Japan Post Group, or an Executive (or other) thereof
4. Member, partner, or employee of the independent auditor of the Japan Post Group
5. Consultant, accounting expert or legal expert who receives or has received a large amount of monetary consideration or other property from the Japan Post Group other than director compensation (if the recipient of the said consideration is a corporation, partnership, or other organization, a person who is or was a member of the organization)
6. Major shareholder of the Company (if the shareholder is a corporation other than the government, an Executive (or other) thereof)
7. Executive (or other) of a corporation of which the Company is a major shareholder
8. Major creditor of the Japan Post Group or an Executive (or other) thereof
9. Spouse or relative within the second degree of kinship of the following persons (other than persons of low importance)
  - (1) Persons who fall under any of the categories 1. – 8. above
  - (2) Executives of subsidiaries of the Company
10. Executive (or other) of another company in which an Executive (or other) of the Japan Post Group serves as an outside director/ outside auditor
11. Person who receives a large amount of donations from the Japan Post Group (if the recipient of the said donations is a corporation, partnership, or other organization, a person who executes business thereof, or an equivalent person).

(Notes)

1. Terms appearing in “Japan Post Holdings Co., Ltd. Standards for the Independence of Outside Directors” are defined as follows.

The Group	Japan Post Holdings Co., Ltd. and its subsidiaries
Executive	Executive as defined in Article 2, paragraph 3, item 6 of the Ordinance for Enforcement of the Companies Act
Executive (or other)	Executive or a person who was previously an Executive
Party for whom the Group is a major business partner	Party who has received an average annual payment in the past three fiscal years from the Japan Post Group that is 2% or more of the average annual consolidated gross sales of the past three fiscal years of the said party
Major business partner of the Group	Party whose average annual payment to the Japan Post Group in the past three fiscal years is 2% or more of the average annual consolidated ordinary income of the past three fiscal years of the Company
Large amount of monetary consideration	Individuals: Monetary consideration of an average annual amount in the past three fiscal years is ¥10 million or more Organization: Monetary consideration in the event that the average annual payment in the past three fiscal years from the Japan Post Group to a party is more than 2% of the average annual consolidated gross sales of the past three fiscal years of the said party
Major shareholder	Major shareholder as provided in Article 163, paragraph 1 of the Financial Instruments and Exchange Act
Large creditor	Financial institution or other major creditor that is essential for the Company’s financing, which the Company is dependent on to the extent that it cannot be replaced with another party
Large amount of donations	Donations of an average annual amount in the past three fiscal years of ¥10 million or more

2. Regarding attribute information of Independent Directors, entry of the said attribute information will be omitted if the transaction or donation concerning the said Independent Director falls under any of the “insignificance criteria” below, because they are considered to have no effect on the independence of the said Independent Director.

- (1) Business transactions

- 1) Average annual payment in the past three fiscal years by the Group to the business partner is less than 1% of the average annual consolidated gross sales in the past three fiscal years of the said business partner.
- 2) Average annual payment in the past three fiscal years to the Group by the business partner is less than 1% of the average annual consolidated gross ordinary income of the Company in the past three fiscal years.

- (2) Donations

Average annual donations given by the Group in the past three fiscal years is less than ¥5 million.



# Business Report

(April 1, 2019 – March 31, 2020)

## 1. Items Relating to the Company's Current State

### (1) Progress and Results of the Group's Businesses and Others

#### Contents of Major Businesses of the Group

The main business entities of the Japan Post Group (hereinafter referred to as the “Group”) are Japan Post Co., Ltd. (hereinafter referred to as, “Japan Post Co.”), Japan Post Bank Co., Ltd. (hereinafter referred to as, “Japan Post Bank”), and Japan Post Insurance Co., Ltd. (hereinafter referred to as, “Japan Post Insurance”). These business entities are engaged, in the postal and domestic logistics business, the post office business, the international logistics business, the banking business, and the life insurance business.

#### Financial and Economic Environment

Looking at the economic climate in Japan during the fiscal year ended March 31, 2020, the economy grew moderately until the end of 2019 amid the positive cycle from income to expenditures despite swings in personal consumption caused by an impact of such events as the consumption tax rate hike, on the back of not only a continuous high level of corporate profits but also an improving employment and income environment. However, with a drop in demand both in Japan and overseas following the spread of novel coronavirus (COVID-19), business conditions in Japan grew adverse toward the end of the fiscal year.

The global economy continued to grow moderately until the end of 2019. However, the economy has rapidly slowed down following the global spread of COVID-19 as economic activities were forced to stagnate due to border restrictions and lockdown measures in various countries, leading to a deterioration in employment and consumption.

In the financial and capital markets, the yield of ten-year Japanese government bonds has remained close to zero because of Quantitative and Qualitative Monetary Easing with Yield Curve Control policy, despite that there was a temporary decline caused by long-term interest rates in US. The Nikkei Stock Average temporarily declined on the back of such factors as the heightened uncertainty about trade negotiation between the US and China, but since early September, it has begun to rise reflecting the expectations for the development of said trade negotiation, regaining the higher ¥21,000 level at the end of September. After that, the Nikkei Stock Average remained generally and steadily between ¥23,000 and ¥24,000. However, since February, the Nikkei Stock Average has fallen sharply to the ¥16,000 level due to the global spread of COVID-19.

In the logistics industry, the courier services market is growing with the expansion in e-commerce markets. At the same time, the industry must deal with labor shortages given the increased incidence of re-deliveries triggered by recipients not being home at the time of delivery, while there is severe competition as companies work to improve the quality of services in response to growing customer needs for service quality while leveraging AI, robots and other cutting-edge technology. In the postal business, the volume of mail continues to decline due to the widespread use of the Internet. In addition, unit personnel expenses are rising mainly as a result of the tight labor market.

In the banking industry during the fiscal year ended March 31, 2020, real deposits at banks nationwide increased year on year, and loans increased for a ninth consecutive year. However, due to the protracted historically low interest rate environment, the basic earnings power of financial institutions continued to decline.

The life insurance industry is experiencing diversification of customer needs and growing selectivity which mainly reflect the continuing low interest rate environment, progress of aging population combined with low birthrates and single-person households, and changes in lifestyle.

## Progress and Results of the Group's Businesses

During the fiscal year under review, incidents were identified in which the rewriting of policies with respect to Japan Post Insurance products was carried out in a manner that may have caused disadvantages to customers, not in line with their intentions. In response to the incidents, the Group conducted policy investigations and strove to eliminate any disadvantages of customers. In addition, the Group established the Special Investigative Committee to carry out thorough elucidation of the incidents and investigation of the causes, and pushed forward with the consideration of measures to prevent recurrence.

In December 2019, the Company, Japan Post Co., and Japan Post Insurance were imposed on administrative dispositions based on the Insurance Business Act, etc. by the Minister for Internal Affairs and Communications and the Financial Services Agency. We submitted a business improvement plan in January 2020, and have been working on measures to thoroughly implement customer-oriented business operations, secure appropriate business operations, and promote protection of policyholders.

The outline of the main measures of the business improvement plan are as follows.

### I. Create a healthy corporate culture and establish an appropriate sales promotion scheme

We will foster customer-oriented awareness throughout the organization and build a scheme that appropriately evaluates whether the practice of insurance solicitation is based on such awareness.

Specifically, we have formulated a code of conduct based on the customer-oriented philosophy, embodied by a standard sales model for Japan Post Insurance products. We will conduct training and so forth to ensure that these are well understood by all relevant employees.

In addition, we will review the setting, evaluation and allowances for sales targets to make them consistent with the code of conduct and standard sales model. We will also promote the development of a conditional cancellation system and policy conversion system.

### II. Checking and control functions

At the first line (post offices, call centers, service centers, etc.), we conduct multi-layered verification by post offices and Japan Post Insurance between the application and the conclusion of the policy.

At the second line (Headquarters, etc.), we will expand the number of personnel in the solicitation quality control, compliance, and complaint handling departments to strengthen the scheme for appropriate solicitation quality control, etc. For determination of incidents, we will conduct fact-finding and fact determination that does not rely on confession, add categories of disciplinary action, and take disciplinary action against sales personnel and managers who have had issues.

As the third line, we will strengthen the internal audit division.

### III. Information sharing and governance

#### (1) Thoroughly implement the PDCA (Plan-Do-Check-Act) cycle

We will grasp and analyze various customer opinions received by the Group, as well as grasping and analyzing the voices of employees, etc. through a newly established external whistleblowing contact point dedicated to financial sales issues, to verify the effects of improvement measures and further review them.

#### (2) Strengthening governance of each company and the Group

In addition to strengthening the Board of Directors, etc. by leveraging the knowledge of Outside Directors, the Group will strengthen various liaison meetings and committees related to internal control and conduct deep discussions.

#### (3) Monitoring of improvement measures and regular disclosure of progress

In response to this issue, in January 2020, a Group-wide task force was established under the Representative Executive Officer, President & CEO of the Company. With this task force managing our progress, we will steadily conduct each measure under third-party monitoring by lawyers, external experts, and others, thoroughly implementing the measures throughout the Group.

As for the investigation of all insurance policies, in the investigation of specified rewriting cases that has been carried out since August 2019, as of the end of March 2020, we have completed responding to all

customers, except for cases where we were unable to because of the customers' reasons. With regard to the sales personnel investigation within the investigations of specified rewriting cases, we had all but completed judgement on the sales personnel investigations by the end of April 2020. We have started training for sales personnel who violated laws and regulations or internal rules. Also, in the investigation of all insurance policies that has been carried out since August 2019, we received numerous requests for explanation of policy coverage and various procedures, as well as complaints and admonishments. We will conduct sales personnel investigations and take measures to recover profits in cases where violations of laws and regulations or internal rules may have occurred.

Since February 2020, we have conducted a further investigation of all insurance policies and confirmed policy coverage in its investigation of multiple policies (except for cases where we were unable to because of the customers' reasons, etc., which were almost completed at the end of April 2020). With regard to investigations other than the investigation of multiple policies, we are working to confirm policy coverage by the end of June 2020.

<Outline of the investigations of specified rewriting cases, investigation of all insurance policies, and further investigation of all insurance policies>

\*1 Investigations of specified rewriting cases

In some cases of rewriting policies there was a possibility that disadvantages may have arisen that were not in line with the customer's intentions (the insurance policy was canceled and a new insurance policy application was received, but the application was declined due to the customer's medical history or other reason, leaving the customer without a policy for protection, and so forth). Such cases that could be classified into types, were classified as "specified rewriting cases" of types A to F. From past policy data, we extracted all policies whose post-rewrite status matches these types (approximately 183,000 in the past five years) and investigated to determine whether there were any disadvantages that were not in line with the customer's intentions.

\*2 Investigation of all insurance policies

We conducted an investigation of all Japan Post Insurance policies (approximately 30 million policies including the cancelled policies for the past five years, approximately 19 million policyholders), to determine if any caused disadvantages that were not in line with customers' intentions.

\*3 Further investigation of all insurance policies

Among the answers, opinions, etc. received from customers during the investigation of all insurance policies, some cases were found that may not have been in line with the customer's intentions, such as cases where policies were cancelled and new policies created repeatedly many times. Therefore, we conducted a further investigation of all insurance policies.

In order to clarify responsibility for this issue, the presidents, etc. of the Company, Japan Post Co. and Japan Post Insurance resigned on January 5, 2020, and the monthly remuneration of officers of the companies were reduced. In addition, the 2020 summer bonuses of management employees at headquarters, branch offices, etc., will also be reduced, as they bear a certain level of responsibility.

As the Group's holding company, the Company worked on Group management during the fiscal year ended March 31, 2020 with the aim of improving the corporate value of the Group. This included striving to promoting the expansion of income and management efficiency, etc. of group companies, as well as making efforts to achieve our goals, such as securing universal service in postal services, postal savings and life insurance services, and providing steady services preserving and using the post office network.

The Company made efforts to understand the status of formulation and promotion of compliance programs for each group company and their internal audit structure and audit status. The Company also executed indirect operations outsourced from group companies, consolidation of which helps increasing the efficiency, and worked to improve the management and operation of its hospital and hotel businesses. On top of the foregoing, in April 2019, we carried out the secondary offering of common stock of Japan Post Insurance. We also completed the acquisition of common stock of Aflac Incorporated in the planned

number of shares in February 2020 based on the strategic alliance agreed upon between the Company, Aflac Incorporated and Aflac Life Insurance Japan Ltd. in December 2018.

Moreover, in order to contribute to the maintenance of the utility and public value of the services each group company offers and the realization of a sustainable society and creation of the future, we have identified the CSR priority issues which should be addressed by the Group and the entire Group has been working together to implement CSR activities and provide reconstruction aid to disaster areas based on the findings.

As the measures against COVID-19, the Group set up the Head Office-Group Joint Countermeasures Headquarters led by President of the Company and has been working on measures necessary to prevent infection, to secure the business and service continuity, etc. on a continuous basis in collaboration with relevant organizations. Amid these measures, in March 2020, Japan Post Co. delivered masks to all households in a certain covered area in Hokkaido and undertook related operations on consignment from the Ministry of Health, Labour and Welfare.

As a result of these initiatives, in the fiscal year under review, the Group posted consolidated ordinary income of ¥11,950.1 billion (a year-on-year decrease of 6.45%), consolidated net ordinary income of ¥864.4 billion (a year-on-year increase of 4.06%), and net income attributable to Japan Post Holdings of ¥483.7 billion (a year-on-year increase of 0.89%).

(Reference) Business Results for the Fiscal Year Ended March 31, 2020

Consolidated ordinary income	¥11,950.1 billion	(Year-on-year decrease of 6.45%)
Consolidated net ordinary income	¥864.4 billion	(Year-on-year increase of 4.06%)
Net income attributable to Japan Post Holdings	¥483.7 billion	(Year-on-year increase of 0.89%)

## **Postal and Domestic Logistics Business**

At Japan Post Co., we strove to maintain the use of mail through SNS-linked services using smartphones and other devices for New Year's greeting cards and activities promoting the pleasure of using letters. We also worked to increase revenue by providing highly convenient drop-off and pick-up services in order to address increasing demand for delivery services driven by the growth in e-commerce. These included expanding the number of sites where customers can use "HAKO POST" that makes use of open-type courier lockers, and launching "Yu-Packet Plus," which is an intermediate size between Yu-Packet and Yu-Pack.

From an operational aspect, we pushed forward with the improvement of customer convenience, while making efforts such as to promote and increase the use of a service for leaving parcels in designated areas with the aim of improving the work efficiency and the reduction of the incidence rate of re-deliveries triggered by recipients not being home at the time of delivery. We also worked on cost control through measures such as sophistication of management of personnel expenses and staffing by job duty commensurate with the volume of work.

We implemented trials for making collection and delivery services optimal and efficient utilizing telematics (services using mobile telecommunications systems) and trials for automatically accepting requests for re-delivery using voice recognition AI. We also pushed forward with efforts toward utilization of cutting-edge technology such as demonstration tests and trials for future commercialization of drones and delivery robots.

In addition, we commenced the introduction of cashless payments to the customer counters at post offices for more convenience for customers.

Furthermore, based on the fundamental idea that "compliance is the most important management task," we worked to eradicate internal crimes including abandonment and concealment of postal mail, etc. as well as inappropriate receipt of fees and protect customer information, among other things.

As a result of these initiatives, in the fiscal year under review, the postal and domestic logistics business, on a consolidated basis of the Company, posted ordinary income of ¥2,128.1 billion (a year-on-year increase of 0.41%) and net ordinary income of ¥149.1 billion (a year-on-year increase of 19.86%). The postal and domestic logistics business, on a consolidated basis of Japan Post Co., posted operating income of ¥2,125.3 billion (a year-on-year increase of 0.49%) and net operating income of ¥147.5 billion (a year-on-year increase of 21.51%).

With regard to the volume of items handled for the fiscal year ended March 31, 2020, the volume of mail handled decreased by 2.56% year-on-year to 16,350.05 million, the volume of Yu-pack handled increased by 3.42% year-on-year to 974.46 million and the volume of Yu-Mail parcels handled decreased by 2.24% year-on-year to 3,568.61 million.

## **Post Office Business**

In the fiscal year under review, incidents were identified in which Japan Post Co. had been conducting insurance solicitation outsourced by Japan Post Insurance which did not suit customers' intentions and was disadvantageous to them. While we had been working to instill various measures to prevent recurrence, placing the top priority on the customer care, as mentioned above, in December 2019, we received an order for suspension and an order for improvement of the operation from the Minister for Internal Affairs and Communications and the Financial Services Agency. We submitted the business improvement plan in January 2020 and have been working to prevent recurrence.

We also conducted various types of training which contributes to customer-oriented sales activities and comprehensive consulting services by, for example, improving solicitation quality, reinforcing operational knowledge and improving communication skills so that we will be able to provide a broad range of products and services attuned to customers' future life plans and suited for their purposes.

In addition, we have worked to optimize the network through such measures as opening new post offices in shopping centers, etc. and reviewing the existing post office placement. In order to increase value of the post office network, we have also pushed forward with diversification of post office operations in response to local needs in such ways as developing services and enhancing efforts for regional revitalization in collaboration with local public entities and other corporations by, for example, conducting administrative

work comprehensively contracted by local public entities and accepting procedural work for local banks at post office counters.

Furthermore, based on the fundamental idea that “compliance is the most important management task,” we not only worked on the above-mentioned insurance solicitation issue but also protection of customer information and measures against money laundering, financing of terrorism, etc.

As a result of these initiatives, in the fiscal year under review, the post office business, on a consolidated basis of the Company, recorded ordinary income of ¥1,299.9 billion (a year-on-year decrease of 4.68%) and net ordinary income of ¥45.0 billion (a year-on-year decrease of 24.65%). The post office business, on a consolidated basis of Japan Post Co., recorded operating income of ¥1,298.7 billion (a year-on-year decrease of 4.68%) and net operating income of ¥44.5 billion (a year-on-year decrease of 25.19%).

### **International Logistics Business**

Japan Post Co. continued working to improve the management of its subsidiary, Toll Holdings Limited (hereinafter referred to as “Toll”). President of Toll was replaced in January 2020 and further improvement of management was taken up.

Additionally, we continued utilizing JP TOLL LOGISTICS Co., Ltd. to work toward expanding the B-to-B business (\*2) in Japan mainly focused on contract logistics (\*1).

However, in the fiscal year under review, downtrodden financial results continued due to the impacts of not only the severe external environment including the slowdown in Australia’s economy, US-China trade friction and COVID-19, but also cyberattacks.

\*1 Contract logistics refers to services for increasing the efficiencies of transport, inventory and shipping operations under a contract which a third party not involved in buying or selling enters into with a specific shipper to provide services.

\*2 B-to-B business stands for Business-to-Business and refers to business by companies for companies.

As a result of these initiatives, in the fiscal year under review, the international logistics business, on a consolidated basis of the Company, generated ordinary income of ¥635.1 billion (a year-on-year decrease of 9.42%) and net ordinary loss of ¥21.4 billion (net ordinary income of ¥5.0 billion in the previous fiscal year). The international logistics business, on a consolidated basis of Japan Post Co., generated operating income of ¥634.9 billion (a year-on-year decrease of 9.37%) and net operating loss (EBIT) of ¥8.6 billion (net operating income (EBIT) of ¥10.3 billion in the previous fiscal year).

Overall, in the fiscal year under review, Japan Post Co. generated consolidated operating income of ¥3,839.3 billion (a year-on-year decrease of 3.06%) and consolidated net operating income of ¥179.0 billion (a year-on-year decrease of 1.64%).

### **Banking Business**

As for the banking business, Japan Post Bank worked on measures of “Providing high-quality customer-oriented financial services,” “Diversification and sophistication of investment management,” “Funds flow to local communities,” and “Strengthening of the business management systems.”

Efforts for “Providing high-quality customer-oriented financial services” involved focusing on increasing the number of asset management consultants and developing human resources through coaching and training. In May 2019, Japan Post Bank and the Company, and Daiwa Securities Group Inc. and Daiwa Securities Co., Ltd., entered into an agreement to proceed with discussion on new business collaboration in the area of asset formation to support medium- to long-term asset formation tailored to lifestyles and needs of each and every one of customers.

In addition, with the aim of enhancing payment services, we commenced provision of “Yucho Pay,” a smartphone payment service; “Japan Post Bank Bankbook App,” which allows customers using a general account at Japan Post Bank to check the current outstanding balance and view the deposit and withdrawal statement at any time using their smartphone; and “Yucho Biz Direct,” an Internet banking service for corporate customers, among others.

As an initiative for “diversification and sophistication of investment management,” Japan Post Bank diversified its investment in international markets under an appropriate risk management regime in order to secure stable profitability given the continuing low interest rate environment in Japan. We increased overseas credit assets while paying attention to credit quality (credibility of investees), and also selectively invested in private equity funds (funds that invest in private companies, etc. with growth expectations), real estate funds, etc., which we had positioned as strategic investment area, in consideration of changes in the market environment. In addition, while promoting enhanced and diversified asset management operations, we secured a necessary sufficient capital adequacy ratio from the standpoint of financial soundness. In order to balance stable profits and financial soundness, we also utilized a risk appetite framework\* and determined our investment policy upon clarifying the risk types and levels appropriate for Japan Post Bank.

\* Risk appetite framework refers to a framework for enhancing the effectiveness of supervisory (Board of Directors) functions and strengthening risk governance through the clarification and visualization of risk appetite (meaning the risk types and levels appropriate for Japan Post Bank necessary for ensuring financial soundness and securing stable profitability over the medium to long term).

As an initiative for “funds flow to local communities,” Japan Post Bank newly joined 10 (28 in total) regional vitalization funds with the goal of assisting business succession and start-ups and new business establishment by continuing to link with regional financial institutions, in order to circulate customers’ precious funds within the community.

To strengthen the business management systems, we worked for providing high-quality customer-oriented financial services by establishing and publishing results indicators, in order to regularly confirm the status of initiatives under our Basic Policy for Customer-oriented Business Operations. Furthermore, we aimed for enhanced business management by, for example, expanding the target of the risk appetite framework from ALM (comprehensive management of assets and liabilities) and investment management operations to overall Japan Post Bank operations and managing top risks such as measures against money laundering and financing of terrorism and cyberattacks.

In the fiscal year under review, at Japan Post Bank and Japan Post Co., incidents have occurred in which, among managers’ approvals “before solicitation” and “before accepting applications” stipulated in internal rules concerning sales of investment trusts to elderly customers, some approvals “before solicitation” were omitted. Consequently, we conducted follow-ups to the subject customers and confirmed their recognition, etc. of the investment products they held. We conducted internal investigations on customers who were found to carry a concern with respect to their recognition, etc. to see whether there was any incident in which explanations required from the viewpoint of the principle of suitability\* had not been provided to such customers, while obtaining opinion from external lawyers. As a result of the investigations, no relevant incident was identified.

\* A principle stipulated in the Financial Instruments and Exchange Act, etc. stating that “a Financial Instruments Business Operator, etc. shall not conduct solicitation in a manner that is found to be inappropriate in light of the customer’s ‘knowledge,’ ‘experience,’ ‘the status of property’ or ‘the purpose of investment,’ which results in or is likely to result in insufficient protection of the investors.”

As measures to prevent recurrence, we worked to strengthen the penetration of purposes of the internal rules through training, etc., improve and provide fuller sales tools for customers and strengthen the compliance and audit systems, among other things. In addition, we are and will continue providing all elderly customers with periodic follow-ups with the aim of further improving quality of customer-oriented financial services.

On top of the foregoing, in order to improve our services for not only elderly customers but also all customers on an ongoing basis, we established the “Service Improvement Committee” chaired by President and Representative Executive Officer of Japan Post Bank. Japan Post Bank is committed to strengthening of the penetration of customer-oriented business operations through concerted efforts of not only the management team but also the entire company.

As a result of these initiatives, in the fiscal year under review, the banking business, on a consolidated basis of the Company, posted ordinary income of ¥1,799.5 billion (a year-on-year decrease of 2.48%) and net ordinary income of ¥379.1 billion (a year-on-year increase of 1.37%).

## Life Insurance Business

At Japan Post Insurance, efforts to ascertain the actual situation of solicitation at post offices and countermeasures were not sufficient, and we found that a situation occurred where some customers were disadvantaged due to issues with the quality of solicitation of Japan Post Insurance policies. Japan Post Insurance worked on various recurrence prevention measures while prioritizing customer service in order to resolve disadvantages, and so forth of customers. However, after receiving an order for suspension and an order for improvement of operations from the Financial Services Agency in December 2019, Japan Post Insurance submitted a business improvement plan to the Financial Services Agency in January 2020. Japan Post Insurance has positioned the execution of the business improvement plan as its highest management priority and has been implementing company-wide initiatives to enhance customer-oriented business operations.

In addition to addressing issues related to the solicitation quality of its products, Japan Post Life Insurance focused mainly on “Providing after-sales services in response to customer needs in our sales activities,” “Launching sales of new products,” “Improving service and enhancing the efficiency in back-office administration through the use of ICT” and “Diversification of asset management.”

As for “Providing after-sales services in response to customer needs in our sales activities,” in order to provide insured customers with better services, we endeavored to provide such services as allowing customers to confirm the details of their insurance policies, announcing the systems for family registration and for payment claim by a designated proxy, ensuring insurance payment by allowing customers to designate a remittance destination account for receiving insurance benefits, etc. and announcing various other services through “Feel Secure with Kampo activities,” etc.

With regard to “launching sales of new products,” in April 2019, we commenced sales of products with relaxed underwriting criteria in order to provide broad coverage to customers who in the past had not been eligible to apply for insurance due to health reasons, as well as with non-participation advanced medical rider in response to customer needs for those desiring to prepare for advanced medical care which would impose large economical burdens.

In March 2020, as a special treatment in line with the increased impact of COVID-19, Japan Post Insurance implemented measures to reduce or exempt interest rates on ordinary loans. In April 2020, Japan Post Insurance decided to pay insurance benefits in addition to death benefits in the case of death due to COVID-19, deeming such cases as eligible for double payment of insurance benefits.

As for “Improving customer service and enhancing the efficiency in back-office administration through the use of ICT,” in April 2019, we commenced the provision of a web service (My Page) for insured customers, which enables them to take various procedures “whenever, wherever and in an easy-to-understand way,” with the aim of increasing convenience for insured customers.

We also newly added procedures for claiming payment of death benefits, hospital benefits, etc. to the “Insurance Procedure Support System,” which reduces customer burdens of completing forms by printing necessary information on insurance documents in advance. Moreover, we improved our customer services by adding functions to check the policy information, product overview, etc. on that system, which, among other things, enabled post office clerks to speedily and accurately respond to customers’ inquiries, etc.

In October 2019, we introduced the “Automated Assessment System” to enable processing of assessment for part of injuries and sicknesses mechanically and thereby to increase the efficiency of existing administrative work.

As to “Diversification of asset management,” we have been continuing with investments in profit-focused assets within a risk buffer based on ALM, with the goal of securing stable asset management returns in the continuing low interest rate environment. As for the status of promoting diversification of asset management, as part of our efforts to expand overseas credit management, we are continuing to work on in-house management of US corporate bonds and also continuing with in-house management of equities, alternative investment, etc.

These asset management initiatives are being carried out within an ERM\* framework to secure financial soundness and improve risk return balance.



\* ERM stands for Enterprise Risk Management, which refers to a form of risk management encompassing a company's entire operations by comparing and contrasting the company's risks with the equity of the company's shareholders and other indicators, based on a holistic view that includes latent and material risks.

As a result of these initiatives, in the fiscal year under review, the life insurance business, on a consolidated basis of the Company, posted ordinary income of ¥7,211.4 billion (a year-on-year decrease of 8.90%) and consolidated net ordinary income of ¥286.6 billion (a year-on-year increase of 8.20%).

### **Issues to Be Addressed**

With regard to the issue of solicitation quality of Japan Post Insurance products found in the fiscal year under review, the Company and its group companies have reflected sincerely and are making united efforts across the Group to thoroughly implementing customer-oriented business operations.

The Company, together with its group companies, positions the implementation of the business improvement plan formulated in January 2020 as the most important management task and is committed to working on measures listed in the business improvement plan. In April 2020, the Company established the "JP Reform Execution Committee" consisting of external experts, which conducts such activities as confirmation of the progress on matters advised by the Special Investigative Committee from a fair and neutral standpoint and verification of the effectiveness and sufficiency of various efforts made by the Group.

By harnessing subsidies and contribution, we will fulfill our duty to ensure universal services for postal mail, savings and insurance and contribute to local communities. We established a basic management policy for each group company which we are now working to implement, in order to provide stable services by further utilizing and maintaining the post office network.

In accordance with the Postal Service Privatization Act, we will make required preparations to dispose of its shareholdings in Japan Post Bank and Japan Post Insurance as early as possible, upon consideration of the condition of business of both companies, impact on fulfilling its obligation to secure universal services and other factors. We will also make preparations to offer the shares held by the government as necessary.

In addition, we will undertake Group management for enhancing its corporate value and steadily promoting the bolstering of earnings and business efficiency of group companies based on the Group Medium-term Plan and securing of new revenue sources such as the real estate business. Furthermore, in fiscal 2020, we will push forward with the consideration of formulating the next Medium-term Plan based on the group-wide future business policies and growth strategies.

Together with this, in order to resolve the management challenges faced by the Group, management as a holding company is being carried out to provide necessary support with deepening the collaboration between each group company.

To ensure the properness of operations, with the goal of further strengthening corporate governance, the Company continues to promote the enhancement of internal controls in the entire group. Also, with improvement of compliance standards as the main challenge, necessary support and guidance is provided to each group company. Specifically, in addition to working on measures listed in the business improvement plan in light of the issue of solicitation quality of Japan Post Insurance products, we will also strive to thoroughly implement customer-oriented business operations to ensure proper business practices. Also, measures for preventing money laundering and funding of terrorist activities, etc. will be further promoted and handled as one of the highest priority issues.

In addition, we will continue to take necessary measures to prevent the spread of the COVID-19 and to continue operations and services, while contributing to the swift control of COVID-19 through Japan Post Co.'s delivery of masks to all households in Japan on consignment from the Ministry of Health, Labour and Welfare. In the event of a crisis such as a natural disaster, we will put in place a crisis management system and, when a crisis occurs, respond swiftly and appropriately to ensure business continuity.

In addition, in preparation for the increasing risk of cyber-attacks, we will work on the sophistication of cyber-security measures and the strengthening of the ability to respond through information sharing on a group-wide basis.

Moreover, we will continue making efforts to maintain the utility and public value of the services each group company offers and to increase customer satisfaction, and work to further enhance corporate value by having the entire group promotes ESG (Environment, Social and Governance) initiatives based on the Sustainable Development Goals, a set of international goals adopted by the United Nations.

Furthermore, in recognition that human resources are the most important management resource for the Group which provides services that are highly dependent on humans, we will promote human resource development through training, etc. to improve comprehensive consulting services for customers; work style reforms that aim to guarantee work-life balance; and diversity management that utilizes the diverse abilities and personalities of our employees.

Issues to be addressed by each operating segment are as follows.

### **Postal and Domestic Logistics Business**

At Japan Post Co. we will implement the following measures to respond to a decline in the volume of mail and an increase in demand for delivery services.

#### **1) Integrated review of products and operation systems and addition of high value to services**

We will work to maintain the use of mail on a continuous basis through SNS-linked services using smartphones and other devices for New Year's greeting postcards, etc. and development of activities aimed at conveying the joy of writing letters. In addition, to address increasing demand for delivery services driven by the growth in e-commerce, we will further our problem solving-type sales activities tailored to the needs of individual customers as well as expanding logistics solutions and improve our services designed to offer highly convenient drop off and pick-up with a view to expanding earnings.

In addition, we will push forward with the improvement of customer convenience, while making efforts such as to promote and increase the use of a service for leaving parcels in designated areas with the aim of improving the work efficiency and the incidence rate of re-deliveries triggered by recipients not being home at the time of delivery. We will also aim for establishing competitive operation by working to sophisticate management of personnel expenses and staffing by job duty commensurate with the volume of work.

#### **2) Convenience and productivity improvement through active use of cutting-edge technology**

In order to review the operation system and improve productivity by utilizing cutting-edge technology, we will promote safety and optimization of operations and review delivery zones and routes using telematics, promote the streamlining of the collection and delivery of Yu-Pack etc. using smartphone applications, and fully deploy automated re-delivery requests system using voice-recognition AI. Meanwhile, we are also working to improve the sophistication of delivery by drones and delivery robots, etc. and we will proceed with testing and experiments towards practical implementation in the future.

We will also increase the number of post offices where cashless payment is accepted at customer counters to increase customer convenience.

In addition, the Company will continue with initiatives for the consideration and implementation of "digital transformation." This transformation aims to improve the efficiency of operations to adapt to changes in customers' needs and the progress of technology, and specifically, create customer-oriented added value for products and services by utilizing digitalized drop-off and pick-up information, etc., and reform organizational operations by utilizing stock data, etc.

## **Post Office Business**

At Japan Post Co., we will implement the following measures.

- 1) Efforts to prevent recurrence of inappropriate solicitation of Japan Post Insurance products, among other efforts.

We will work to eliminate disadvantages of customers in collaboration with group companies and steadily execute the business improvement plan and thereby work on measures to prevent recurrence and implement customer-oriented business operations in a thorough manner.

- 2) Maintenance and strengthening of post office network

The Company will review store locations in order to address issues such as the trend of customer demand and the planned maintenance and renewal of stores and facilities.

When relocating or rebuilding a post office, we will work to improve convenience for customers by opening stores in marketable locations, such as in shopping centers. We will proceed with the review of the operating format, etc. of post offices where the user group or services used are particularly limited, that need to be improved from the perspective of streamlining operations.

In addition, we will increase value of the post office network by developing services and enhancing efforts for regional revitalization in collaboration with local public entities and other corporations and diversifying post office operations in response to local needs.

Specifically, we will work to increase the value of post offices as “regional centers,” we will undertake commission for comprehensive services from local governments, partner with regional banks, establish post offices adjoining train stations, and expand the number of stores specializing in consulting.

## **International Logistics Business**

At Japan Post Co., we will strengthen and thoroughly implement management of Toll.

At Toll, we will push forward with the efforts to improve management such as thoroughly implementing measures to reduce costs and reviewing business domains under the Toll’s new management team and implement measures such as to improve profitability of the express business\* and strengthen sales to customers in Asia.

\* The express business is the business that provides freight delivery services that utilize a network of roads, railways, the sea and the air domestically in Australia and New Zealand.

## **Banking Business**

At Japan Post Bank, while we expect an extremely severe business environment with a volatile financial and capital markets, we will focus on the following measures to secure stable earnings and strengthen our business management systems.

- 1) Providing high-quality customer-oriented financial services

In our customer-oriented business operations, we will establish consulting services attuned to life plans of customers and expand our products and services in response to asset formation needs of each and every one of customers. More specifically, we will strengthen the development of asset management consultants and provide fuller tools to support ascertaining of customer needs using tablets and push forward with the efforts to launch “discretionary investment management services\*” agreed upon with Daiwa Securities Group in May 2019.

\* Meaning a service in which an investment management business operator undertakes all or part of investment decisions at the discretion on behalf of their customer pursuant to a discretionary investment contract and carries out trading, management, etc. necessary for making investment for the customer based on the investment decisions.

In addition, as for the smartphone payment service “Yucho Pay,” we will work on initiatives for increasing the number of stores where the service is made available for use, promoting its spread,

expanding services, etc., and as for “Japan Post Bank Bankbook App,” we will work on addition of functions and promotion of its spread. We will also work to improve quality and operation efficiency of customer handling by utilizing digital technology such as introduction of AI into call centers, etc. In such ways and others, we will reallocate management resources including human resources from transaction operations (standardized operation performed at customer counters, etc.) to consulting services through digitalization of services and operation efficiency improvement by using digital technology and thereby work to further enrich our customer services.

## 2) Diversification and sophistication of investment management

With a prolonged low interest rate environment in Japan, concerns about a rapid slowdown of the global economy following the spread of COVID-19, etc., the environment surrounding investment management is extremely severe, and we will take on diversified international investment while paying careful attention to these risks and managing them to the greatest extent possible.

We will manage our portfolio flexibly with a more focus on credit quality, risk and return and portfolio diversification, with overseas credit assets at the core. As for strategic investment areas such as private equity funds and real estate funds, we will continue with selective investment on high-grade targets in consideration of changes in the market environment.

In addition, we will secure a necessary sufficient capital adequacy ratio from the standpoint of financial soundness and work to balance stable profitability and financial soundness, and at the same time, in preparation for changes in the market environment, enhance our risk management system in consideration of the characteristics of portfolio products.

## 3) Funds flow to regional communities, etc.

We will continue to coordinate and cooperate with local financial institutions to contribute to the development and growth of local economies.

This involves promoting investment in local vitalization funds and improving collaboration with local financial institutions by utilizing the ATM network and cooperating in administrative matters, etc.

We will strive to select projects and make investment decisions to further contribute to regional economic vitalization, and consider providing capital support for companies all around Japan which are affected by the spread of COVID-19.

## 4) Strengthening of the business management systems

We will make concerted efforts toward customer-oriented business operations with the “Service Improvement Committee” at the forefront. In addition, we will strengthen coaching and training related to compliance and thoroughly implement appropriate investment solicitation and sales processes seen from the viewpoint of customers.

We will also conduct business operations based on the company-wide risk appetite framework and work to further sophisticate the business management systems.

## Life Insurance Business

Japan Post Insurance will work to thoroughly implement customer-oriented business operations. To achieve this, Japan Post Insurance will cooperate with other group companies, investigate insurance policies and resolve disadvantages of customers, and so forth, as measures to prevent recurrence of inappropriate solicitation of Japan Post Insurance products, while steadily implementing a business improvement plan (creation of a healthy corporate culture and establishment of an appropriate sales promotion scheme, the establishment of proper solicitation management systems, and strengthening of governance by the Board of Directors, etc.).

Furthermore, we will steadily implement initiatives such as these improvement measures and follow-up activities, which confirm policy coverage for customers, as well as strengthen our business foundation, and work on the following measures in order to link this to business growth.

#### 1) Rebuilding the business model

Our existing customers are mainly the elderly, but going forward, we will consider expanding our customer base by enhancing our approach to young to middle-aged adults.

Furthermore, in light of social changes such as the development of a super-aged society in Japan, rising health consciousness, and the diversification of communication connected through social media networks, etc., we will rebuild the strengths of post offices as face-to-face channels rooted in local communities. In addition, we will work to enhance customer services and expand contact points with customers through health promotion services, digital marketing, etc.

#### 2) Product development

Based on the diversification of protection needs of all customers, including young to middle-aged adults, against the backdrop of the continuation of the low interest rate environment in Japan, the advent of a long-living society and the sophistication of medical technology, we will aim to expand our lineup of protection-type products as soon as possible so that we can meet coverage needs to prepare for death, medical care and long-term care.

#### 3) Improving the services and enhancing the efficiency in back-office administration through use of ICT

In addition to placing the top priority on the introduction of various programs and system development to respond to the above-mentioned business improvement plan, we will aim to further improve customer services through the sophistication of administrative services, and reduce administrative costs through the increase in the efficiency of back office (service center) administrative services by actively utilizing information and communication technology (ICT).

#### 4) Diversification of asset management

The operating environment in fiscal 2020 is expected to be extremely difficult as a result of factors such as concerns about a rapid slowdown of the global economy due to the impact of the spread of COVID-19 on the real economy, but we will aim to secure sufficient financial soundness while improving risk returns within an ERM framework going forward.

The Group will make every effort to achieve sound results for the initiatives outlined above and hopes that in doing so it fully meets the expectations of our shareholders.

To all our shareholders, we greatly appreciate your understanding and support and look forward to your continued support in the future.

## (2) Trends of Assets and Profit and Loss Accounts of the Group and the Company

### a. The Group's trends of assets and profit and loss accounts

(Millions of yen)

Classification	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Ordinary income	13,326,534	12,920,375	12,774,999	11,950,185
Net ordinary income	795,237	916,144	830,696	864,457
Net income attributable to Japan Post Holdings	(28,976)	460,623	479,419	483,733
Comprehensive income	8,867	118,564	291,836	(2,225,078)
Net assets	14,954,581	14,743,234	14,788,654	12,616,774
Total assets	293,162,545	290,640,154	286,170,709	286,098,449

Note: Figures are rounded down to the nearest million yen.

### b. The Company's trends of assets and profit and loss accounts

(Millions of yen)

Classification	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Operating income	303,808	280,850	274,551	289,447
Dividend income	208,657	198,891	203,163	219,083
Japan Post Co., Ltd.	11,811	—	—	—
Japan Post Bank Co., Ltd.	166,851	166,851	166,851	166,851
Japan Post Insurance Co., Ltd.	29,904	32,040	36,312	52,231
Other subsidiaries, etc.	90	—	—	—
Subsidiaries	90	—	—	—
Net income	207,015	196,232	220,791	397,647
Net income per share	(Yen) 50.29	(Yen) 48.13	(Yen) 54.61	(Yen) 98.35
Total assets	8,261,109	8,127,442	8,079,602	8,129,402
Shares of Japan Post Co., Ltd.	1,000,000	1,000,000	970,761	869,470
Shares of Japan Post Bank Co., Ltd.	5,780,141	5,780,141	5,780,141	5,780,141
Shares of Japan Post Insurance Co., Ltd.	890,039	890,039	890,039	604,580
Shares of other subsidiaries, etc.	7,714	10,714	59,195	59,195
Shares of subsidiaries	7,714	10,714	59,195	59,195

Notes: 1. Figures are rounded down to the nearest million yen.

2. Japan Post Bank Co., Ltd. operates banking business, and Japan Post Insurance Co., Ltd. operates life insurance business.

### (3) The Group's Principal Offices

#### a. The Company

Company name	Office name	Location	Date of establishment
Japan Post Holdings Co., Ltd.	Head Office	2-3-1, Otemachi, Chiyoda-ku, Tokyo	October 1, 2007

#### b. Postal and domestic logistics business, post office business and international logistics business

Company name	Office name	Location	Date of establishment
Japan Post Co., Ltd.	Head Office	2-3-1, Otemachi, Chiyoda-ku, Tokyo	October 1, 2007

Note: Japan Post Co., Ltd., as of the end of this fiscal year, in addition to the above office, has established 13 regional offices and 23,889 post offices (including 3,815 contracted post offices).  
Also, there are 45 temporarily closed post offices (including 10 contracted post offices) due to the Great East Japan Earthquake.

#### c. Banking business

Company name	Office name	Location	Date of establishment
Japan Post Bank Co., Ltd.	Head Office	2-3-1, Otemachi, Chiyoda-ku, Tokyo	October 1, 2007

Note: Japan Post Bank Co., Ltd., as of the end of this fiscal year, in addition to the above office, has established 13 regional headquarters and 234 branches.

#### d. Life insurance business

Company name	Office name	Location	Date of establishment
Japan Post Insurance Co., Ltd.	Head Office	2-3-1, Otemachi, Chiyoda-ku, Tokyo	October 1, 2007

Note: Japan Post Insurance Co., Ltd., as of the end of this fiscal year, in addition to the above office, has established 13 regional headquarters and 82 branches.

**(4) The Group's Employees**

(Persons)

Classification	As of March 31, 2019	As of March 31, 2020	Increase (decrease)
Postal and domestic logistics business	97,712	99,110	1,398
Post office business	98,294	97,188	(1,106)
International logistics business	25,770	25,298	(472)
Banking business	12,821	12,517	(304)
Life insurance business	8,269	8,283	14
Other	3,056	3,076	20
Other of the Company	2,106	2,031	(75)
Total	245,922	245,472	(450)

Note: The number of employees represents the number of persons actually at work, excluding non-regular employees (including the indefinite-term employees (associates, etc.) based on the indefinite-term employment conversion system).

**(5) The Group's Principal Lenders**

None.

**(6) The Group's Financing Activities**

None.



## (7) The Group's Capital Investment Activities

### a. Total capital investments

(Millions of yen)

Classification	Amount
Postal and domestic logistics business	29,490
Post office business	23,217
International logistics business	41,115
Banking business	24,325
Life insurance business	42,586
Other	48,798
Total	209,534

Note: Figures are rounded down to the nearest million yen.

### b. Establishment of principal facilities, etc.

(Millions of yen)

Classification	Description	Amount
Postal and domestic logistics business	Renovations of aging post office buildings and other structures and facilities	12,080
Banking business	Development of Japan Post Bank Total Information System	10,897
Life insurance business	Construction of next-generation open system	20,186
Other	Upgrade of Group Shared Network System (PNET)	19,024

Note: Figures are rounded down to the nearest million yen.

**(8) Parent and Principal Subsidiaries****a. Parent**

None.

**b. Principal subsidiaries**

(As of March 31, 2020)

Name	Location	Major business	Date of establishment	Capital stock	The Company's ownership ratio of voting rights	Other
Japan Post Co., Ltd.	Chiyoda-ku, Tokyo	Postal and domestic logistics business, post office business (including bank agent and life insurance solicitation), and international logistics business	October 1, 2007	¥400,000 million	100.00%	—
Japan Post Bank Co., Ltd.	Chiyoda-ku, Tokyo	Banking business	September 1, 2006	¥3,500,000 million	89.00%	—
Japan Post Insurance Co., Ltd.	Chiyoda-ku, Tokyo	Life insurance business	September 1, 2006	¥500,000 million	64.47%	—

Note: The ratio of voting rights is rounded down to the second decimal place.

**(9) The Group's Acquisition and Transfer of Business**

None.

## 2. Directors and Executive Officers of the Company

### (1) Status of the Directors and Executive Officers of the Company

(As of March 31, 2020)

Name	Position and responsibilities	Significant concurrent positions	Others
IKEDA Norito	Director	Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd. Director of FANCL CORPORATION (Outside Director)	
MUKAI Riki	Director Member of the Audit Committee		
MIMURA Akio	Director (Outside Director) Chairperson of the Nomination Committee	Honorary Company Fellow and Honorary Chairman of NIPPON STEEL CORPORATION Chairman of Japan Chamber of Commerce and Industry Chairman of Tokyo Chamber of Commerce and Industry Director of Development Bank of Japan Inc. (Outside Director) Director of INCJ, Ltd. (Outside Director) Director of Tokio Marine Holdings, Inc. (Outside Director) Director of Nisshin Seifun Group Inc. (Outside Director)	
YAGI Tadashi	Director (Outside Director) Chairperson of the Audit Committee Member of the Compensation Committee	Advisor of K.K. Kyodo News	
ISHIHARA Kunio	Director (Outside Director) Member of the Nomination Committee Member of the Compensation Committee	Senior Adviser to the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. Audit & Supervisory Board Member of Tokyu Corporation (Outside Audit & Supervisory Board Member) Director and Audit and Supervisory Committee Member, of NIKON CORPORATION (Outside Director) Audit & Supervisory Board Member, Mitsubishi Research Institute, Inc. (Outside Audit & Supervisory Board Member)	
Charles Ditmars Lake II	Director (Outside Director)	Chairman and Representative Director of Aflac Life Insurance Japan Ltd. President and Member of the Board of Directors of Aflac International Incorporated Corporate Director of Tokyo Electron Limited (Outside Director)	
HIRONO Michiko	Director (Outside Director)		
OKAMOTO Tsuyoshi	Director (Outside Director) Chairperson of the Compensation Committee Member of the Nomination Committee	Senior Corporate Advisor, Tokyo Gas Co., Ltd. Director of Asahi Kasei Corporation (Outside Director) Director of Mitsubishi Estate Co., Ltd. (Outside Director)	

(As of March 31, 2020)

Name	Position and responsibilities	Significant concurrent positions	Others
KOEZUKA Miharū	Director (Outside Director) Member of the Audit Committee	Counselor, Takashimaya Co., Ltd. Director, Okayama Takashimaya Co., Ltd. Advisor, Dear Mayuko Co., Ltd. Director, Nankai Electric Railway Co., Ltd. (Outside Director) Director of the Board, Nippon Paint Holdings Co., Ltd. (Outside Director)	
AONUMA Takayuki	Director (Outside Director) Member of the Audit Committee	Attorney Audit & Supervisory Board Member of FamilyMart Co., Ltd. (Outside Audit & Supervisory Board Member)	Became Director of the Company on June 19, 2019
AKIYAMA Sakie	Director (Outside Director) Member of the Audit Committee	Founder of Saki Corporation (Advisor) Director of Sony Corporation (Outside Director) Director of ORIX Corporation (Outside Director)	Became Director of the Company on June 19, 2019
MASUDA Hiroya	Representative Executive Officer, President & CEO	Visiting Professor, Graduate School of Public Policy at the University of Tokyo	Became Director of the Company on January 6, 2020
KOMATSU Toshihide	Representative Executive Officer, Executive Vice President In charge of the IT Systems Division		
IWASAKI Yoshifumi	Representative Executive Officer, Executive Vice President In charge of the Real Estate Division		
TANIGAKI Kunio	Senior Managing Executive Officer In charge of the Hospitals & Hotels Management Division (Hotel Business)		
ICHIKURA Noboru	Senior Managing Executive Officer In charge of the Accounting & Finance Division		
IKEDA Atsuhiko	Senior Managing Executive Officer In charge of the Internal Audit Division		
INASAWA Toru	Senior Managing Executive Officer In charge of the Compliance Division, the Corporate Planning Division (supervision of risk management and customer satisfaction promotion) and the General Affairs & Human Resources Division (crisis management)		

(As of March 31, 2020)

Name	Position and responsibilities	Significant concurrent positions	Others
FUKUMOTO Kenji	Managing Executive Officer In charge of the Hospitals & Hotels Management Division (Hospitals Management) In charge of the Corporate Planning Division (government relations)		
OKU Kimihiko	Managing Executive Officer In sub-charge of the Real Estate Division		
MIYAZAKI Yoshiharu	Managing Executive Officer In sub-charge of the Real Estate Division	Managing Executive Officer of Japan Post Co., Ltd.	
KAWAMOTO Hiroaki	Managing Executive Officer In charge of the Corporate Planning Division (related business), Special assignment		
OGATA Kenji	Managing Executive Officer In charge of the Corporate Planning Division		
FURUSATO Hiroyuki	Managing Executive Officer In sub-charge of the IT Systems Division		Became Managing Executive Officer of the Company on April 1, 2019
SHIMA Toshitaka	Managing Executive Officer In charge of the General Affairs & Human Resources Division		
KOZUKA Kenichi	Managing Executive Officer Special assignment		Became Managing Executive Officer of the Company on April 1, 2019
HAYASHI Toshiyuki	Managing Executive Officer Special assignment		Became Managing Executive Officer of the Company on January 6, 2020
ISAYAMA Chikashi	Managing Executive Officer Special assignment	Director and Executive Vice President of Japan Post Co., Ltd.	
TATEBAYASHI Satoru	Managing Executive Officer Special assignment	Managing Executive Officer of Japan Post Co., Ltd.	Became Managing Executive Officer of the Company on August 28, 2019
TANAKA Susumu	Managing Executive Officer Special assignment	Director and Representative Executive Vice President of Japan Post Bank Co., Ltd.	
SENDA Tetsuya	Managing Executive Officer Special assignment	President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd.	Became Managing Executive Officer of the Company on August 28, 2019
HORIIIE Yoshito	Managing Executive Officer Special assignment	Senior Managing Executive Officer of Japan Post Insurance Co., Ltd.	Became Managing Executive Officer of the Company on August 28, 2019
KATO Nobuyasu	Managing Executive Officer Special assignment	Managing Executive Officer of Japan Post Insurance Co., Ltd.	

(As of March 31, 2020)

Name	Position and responsibilities	Significant concurrent positions	Others
SAKURAI Makoto	Executive Officer In sub-charge of the Hospitals & Hotels Management Division (Hotel Business)		
SHOMURA Tsutomu	Executive Officer In sub-charge of the IT Systems Division (information security)		
IZUMI Mamiko	Executive Officer In sub-charge of the General Affairs & Human Resources Division (General Affairs Department)		
KINOSHITA Noriko	Executive Officer In sub-charge of the Corporate Planning Division (Public Relations Department, the Olympics and the Paralympics) Special assignment		
OTAKA Kozo	Executive Officer In sub-charge of the Real Estate Division (facilities)		
TSURUDA Nobuo	Executive Officer In sub-charge of the Corporate Planning Division (IR Office)		
KAZAMATSURI Makoto	Executive Officer In sub-charge of the Corporate Planning Division (Corporate Planning Department)		
MEGURO Kenji	Executive Officer In sub-charge of the IT Systems Division (Group IT Management)		Became Executive Officer of the Company on April 1, 2019
ASAI Tomonori	Executive Officer In sub-charge of the Accounting & Finance Division (Accounting & Finance Department)		Became Executive Officer of the Company on July 1, 2019

- Notes: 1. Director Mr. MUKAI Riki possesses suitable knowledge relating to finance and accounting, which he has gained through serving in such roles as Managing Executive Officer of Japan Post Bank Co., Ltd.
2. With the aim of further enhancing the effectiveness of the Audit Committee's activities, the Company appointed Mr. MUKAI Riki as standing member of the Audit Committee.
3. The Company's outside directors, Mr. MIMURA Akio, Mr. YAGI Tadashi, Mr. ISHIHARA Kunio, Mr. Charles Ditmars Lake II, Ms. HIRONO Michiko, Mr. OKAMOTO Tsuyoshi, Ms. KOEZUKA Miharuru, Mr. AONUMA Takayuki and Ms. AKIYAMA Sakie are such Independent Directors as provided for by Tokyo Stock Exchange, Inc.
4. Director HIRONO Michiko's name on her family register is FUJII Michiko.
5. Major change in officers during this fiscal year is as follows:

Name	Position after change	Position before change	Date of change
TANIGAKI Kunio	Senior Managing Executive Officer	Managing Executive Officer	April 1, 2019
SHIMA Toshitaka	Managing Executive Officer	Executive Officer	January 6, 2020

Directors and Executive Officers of the Company that Resigned during this Fiscal Year

Name	Position and responsibilities	Significant concurrent positions	Others
NAGATO Masatsugu	Director	Director of Japan Post Co., Ltd. Director of Japan Post Bank Co., Ltd. Director of Japan Post Insurance Co., Ltd.	Resigned from Representative Executive Officer, President & CEO, Member of the Nomination Committee and Member of the Compensation Committee of the Company on January 5, 2020 Resigned from Director of the Company on January 11, 2020
SUZUKI Yasuo	Director	Director of Japan Post Co., Ltd.	Resigned from Representative Executive Officer, Senior Executive Vice President of the Company on January 5, 2020 Resigned from Director of the Company on January 11, 2020
YOKOYAMA Kunio	Director	Director of Japan Post Co., Ltd.	Resigned from Director of the Company on January 11, 2020
UEHIRA Mitsuhiro	Director	Director of Japan Post Insurance Co., Ltd.	Resigned from Director of the Company on January 11, 2020
SATO Katsuhiko	Executive Officer In sub-charge of the General Affairs & Human Resources Division (Postal College)		Resigned from Executive Officer of the Company on July 4, 2019
KINUGAWA Kazuhide	Senior Managing Executive Officer In charge of the General Affairs & Human Resources Division	Director of Japan Post Co., Ltd.	Resigned from Senior Managing Executive Officer of the Company on January 5, 2020
NEGISHI Kazuyuki	Managing Executive Officer Special assignment	Managing Executive Officer of Japan Post Co., Ltd.	Became Managing Executive Officer of the Company on April 1, 2019 Resigned from Managing Executive Officer of the Company on March 31, 2020
ARAWAKA Hitoshi	Executive Officer Special assignment	Executive Officer of Japan Post Co., Ltd.	Resigned from Executive Officer of the Company on March 31, 2020

Note: The position, responsibilities, and significant concurrent positions stated above are the ones held at the time of resignation (As of January 11, 2020 for Mr. NAGATO Masatsugu and Mr. SUZUKI Yasuo).

## (2) Compensation for the Directors and Executive Officers of the Company

(Millions of yen)

Classification	Number of persons paid (Persons)	Compensation, etc.
Director	14	99
Executive Officer	29	683
Total	43	782

Notes: 1. Figures are rounded down to the nearest million yen.

2. The Company does not pay compensation for being a director of the Company to 2 directors who concurrently hold office as an executive officer and 3 directors who concurrently hold positions at major subsidiaries and solely execute business at the respective subsidiary. Also, the Company does not pay compensation for being an executive officer of the Company to 8 executive officers who concurrently hold positions at major subsidiaries and solely execute business at the respective subsidiaries.
3. The retirement benefits or bonuses for officers are not paid.
4. Executive officer compensation includes ¥61 million in stock compensation recorded as expense in the fiscal year under review.

### Amount of Compensation, etc. paid to the Directors and Executive Officers of the Company and Decision on the Method of Calculating the Amount

The Compensation Committee establishes the “Policy regarding decision on the amount of compensation for each director and executive officer” as follows, and the amount of compensation paid to all the directors and executive officers of the Company is determined on the basis of this policy.

#### 1. Compensation Structure

- (1) Only the executive officer compensation is paid to the executive officers who concurrently hold office as a director.
- (2) Fixed compensation is paid to the directors of the Company on the basis of their responsibilities, considering the scope and weight of their responsibility in management and other activities.
- (3) Compensation paid to the Company’s executive officers shall comprise basic compensation (fixed compensation) based on their responsibilities and performance-linked stock compensation as a mechanism to function as a sound incentive for the sustained growth of the Company.

#### 2. Director’s Compensation

Fixed compensation of a certain amount is paid to directors on the basis of their responsibilities considering their major role as a management supervisor, and the amount of the compensation needs to be reasonable in light of the weight of their responsibilities as directors and the current situation of the Company.

#### 3. Executive Officer’s Compensation

Compensation for the Company’s executive officers is paid out as basic compensation (fixed compensation) following a predefined standard based on their responsibilities and performance-linked stock compensation that considers the extent to which the management plan has been achieved, considering the differences in responsibilities for each position.

The level of basic compensation is commensurate with the extent of the executive officer’s responsibilities and the current situation of the Company; provided, however that in the case of executive officers who take charge of fields that demand special knowledge and skill, if the amount of the basic compensation based on his/her responsibilities is considerably lower than the standard level of compensation generally received by officers in charge of such field in other companies, the amount of the basic compensation will be determined taking into account the compensation level of other companies as a standard.

Stock compensation shall be paid out in the form of stock based on the total number of points accumulated at retirement and a cash amount obtained from the realization of a certain percentage of



such stock, from the perspective of providing a sound incentive for the sustained growth of the Company. The points are calculated every year by multiplying (i) the sum of basic points determined based on roles and responsibilities and evaluation points determined based on individual evaluations by (ii) a coefficient that fluctuates based on the extent to which the management plan has been achieved.

In the case that a national government official who has been seconded to the Company takes up the position of an executive officer, a retirement benefit may be provided. The retirement benefit shall be determined in accordance with the rules for retirement benefits for employees by adding the period of his/her service as a national government official to the length of his/her service in the Company at the time of his/her retirement (excluding the case where he/she returns to the capacity of national government official after retirement from the Company).

#### 4. Other

In case any of the Company's Directors or Executive Officers serve concurrently as Director(s), Audit & Supervisory Board Member(s), Executive Officer(s) of a group company, the said Director(s) or Executive Officer(s) will receive compensation from the company at which they perform their main duties.

### (3) Limited Liability Agreements

Name	Summary of Limited Liability Agreement
IKEDA Norito	In accordance with Article 427, paragraph 1 of the Companies Act and the Articles of Incorporation, the Company may enter into an agreement with directors (limiting to non-executive directors as stipulated in such article and provision) to limit their liability under Article 423, paragraph 1 of the said Act. The limit of liability under such agreement shall be the total amount of each item provided in the Article 425, paragraph 1 of the said Act.
MUKAI Riki	
MIMURA Akio	
YAGI Tadashi	
ISHIHARA Kunio	
Charles Ditmars Lake II	
HIRONO Michiko	
OKAMOTO Tsuyoshi	
KOEZUKA Miharuru	
AONUMA Takayuki	
AKIYAMA Sakie	

Notes: 1. The names in the above list are those of directors who executed limited liability agreement as of March 31, 2020.

2. The Company had entered into the same limited liability agreements with Mr. YOKOYAMA Kunio and Mr. UEHIRA Mitsuhiko, who resigned from their positions on January 11, 2020.

### 3. Outside Directors

#### (1) Concurrent Positions and Other Statuses of Outside Directors

(As of March 31, 2020)

Name	Concurrent Positions and Other Status
MIMURA Akio	Honorary Company Fellow & Chairman Emeritus of NIPPON STEEL CORPORATION Chairman of Japan Chamber of Commerce and Industry Chairman of Tokyo Chamber of Commerce and Industry Director of Development Bank of Japan Inc. (Outside Director) Director of INCJ, Ltd. (Outside Director) Director of Tokio Marine Holdings, Inc. (Outside Director) Director of Nisshin Seifun Group Inc. (Outside Director)
YAGI Tadashi	Advisor of K.K. Kyodo News
ISHIHARA Kunio	Senior Adviser to the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. Audit & Supervisory Board Member of Tokyu Corporation (Outside Audit & Supervisory Board Member) Director and Audit and Supervisory Committee Member of NIKON CORPORATION (Outside Director) Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. (Outside Audit & Supervisory Board Member)
Charles Ditmars Lake II	Chairman and Representative Director of Aflac Life Insurance Japan Ltd. President and Member of the Board of Directors of Aflac International Incorporated Corporate Director of Tokyo Electron Limited (Outside Director)
HIRONO Michiko	
OKAMOTO Tsuyoshi	Senior Corporate Advisor of Tokyo Gas Co., Ltd. Director of Asahi Kasei Corporation (Outside Director) Director of Mitsubishi Estate Co., Ltd. (Outside Director)
KOEZUKA Miharū	Counselor of Takashimaya Co., Ltd. Director of Okayama Takashimaya Co., Ltd. Advisor of Dear Mayuko Co., Ltd. Director of Nankai Electric Railway Co., Ltd. (Outside Director) Director of the Board, Nippon Paint Holdings Co., Ltd. (Outside Director)
AONUMA Takayuki	Attorney Audit & Supervisory Board Member of FamilyMart Co., Ltd. (Outside Audit & Supervisory Board Member)
AKIYAMA Sakie	Founder of Saki Corporation (Advisor) Director of Sony Corporation (Outside Director) Director of ORIX Corporation (Outside Director)

Note: There is no relationship to be disclosed between the Company and corporations at which the outside directors hold concurrent positions.

## (2) Major Activities of Outside Directors

Name	Term of office	Attendance at Board of Directors' meetings, etc.	Statement and other activities at Board of Directors' meetings, etc.
MIMURA Akio	6 years and 9 months	Attended all 17 Board of Directors' meetings and all 4 Nomination Committee meetings during this fiscal year.	MIMURA Akio expressed his views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of his experience as a management executive.
YAGI Tadashi	6 years and 9 months	Attended all 17 Board of Directors' meetings, all 28 Audit Committee meetings, and all 8 Compensation Committee meetings during this fiscal year.	YAGI Tadashi expressed his views, which are necessary for dealing with the Company's management issues, on the basis of his experience and insight that he accumulated through working for a major news service agency.
ISHIHARA Kunio	4 years and 9 months	Attended all 17 Board of Directors' meetings, all 4 Nomination Committee meetings, and all 2 Compensation Committee meetings during this fiscal year since taking office.	ISHIHARA Kunio expressed his views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of his experience as a management executive.
Charles Ditmars Lake II	3 years and 9 months	Attended all 17 Board of Directors' meetings during this fiscal year.	Charles Ditmars Lake II expressed his views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of his experience as a management executive.
HIRONO Michiko	3 years and 9 months	Attended all 17 Board of Directors' meetings during this fiscal year.	HIRONO Michiko expressed her views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of her experience as a management executive.
OKAMOTO Tsuyoshi	1 year and 9 months	Attended 16 of 17 Board of Directors' meetings, all 1 Nomination Committee meeting, and all 8 Compensation Committee meetings during this fiscal year since taking office.	OKAMOTO Tsuyoshi expressed his views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of his experience as a management executive.
KOEZUKA Miharuru	1 year and 9 months	Attended 16 of 17 Board of Directors' meetings, 26 of 28 Audit Committee meetings during this fiscal year.	KOEZUKA Miharuru expressed her views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of her experience as a management executive.
AONUMA Takayuki	9 months	Attended all 14 Board of Directors' meetings and all 23 Audit Committee meetings during this fiscal year since taking office.	AONUMA Takayuki expressed his views, which are necessary for dealing with the Company's management issues, on the basis of his experience and insight in the legal profession.
AKIYAMA Sakie	9 months	Attended all 14 Board of Directors' meetings and all 23 Audit Committee meetings during this fiscal year since taking office.	AKIYAMA Sakie expressed her views, which are necessary for dealing with the Company's management issues, on the basis of her experience and insight as a management executive.

Notes: 1. The terms of office stated above are the current terms as of March 31, 2020.

2. The terms of office stated above have been rounded down to eliminate periods less than one month.

3. Since incidents were identified in which the rewriting of policies with respect to Japan Post Insurance products was carried out in a manner that may have caused disadvantages to customers, not in line with their intentions, the Company and Japan Post Co., Ltd. were imposed on administrative dispositions by the Ministry of Internal Affairs and Communications and the Financial Services Agency, and Japan Post Insurance Co., Ltd. was imposed on the same by the Financial Services Agency on December 2019 based on the Insurance Business Act, etc. Each Outside Director has been fulfilling his/her duties such as presenting proposals on our daily operations from the viewpoint of group governance, internal control and legal compliance at the Board of Directors' meetings and also giving instructions for thorough inspection and prevention of such incidents after such incidents came to light.

### (3) Compensation for Outside Directors

(Millions of yen)

	Number of persons paid (Persons)	Compensation paid by the Company	Compensation paid by the parent of the Company
Total amount	11	72	—

Notes: 1. Figures are rounded down to the nearest million yen.

2. The retirement benefits or bonuses are not paid.

### 4. Matters Concerning Shares

- (1) **Number of Shares**      Total number of authorized shares: 18,000,000 thousand shares  
    Total number of issued shares: 4,500,000 thousand shares
- (2) **Total Number of Shareholders (As of March 31, 2020):** 625,089
- (3) **Major Shareholder**

Name	Capital contribution to the Company	
	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Minister of Finance	2,559,524	63.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	110,550	2.73
Japan Post Holdings Employee Shareholding Association	68,417	1.69
Japan Trustee Services Bank, Ltd. (Trust Account)	65,736	1.62
State Street Bank West Client - Treaty 505234	37,593	0.92
Japan Trustee Services Bank, Ltd. (Trust Account 5)	31,900	0.78
Japan Trustee Services Bank, Ltd. (Trust Account 9)	30,066	0.74
SMBC Nikko Securities Inc.	24,264	0.60
JP Morgan Chase Bank 385151	23,119	0.57
Japan Securities Finance Co., Ltd.	22,128	0.54

Notes: 1. Number of shares held is rounded down to the nearest thousand.

2. Shareholding ratio is calculated by means of deducting the treasury stock (456,139 thousand shares) and is rounded down to the second decimal place.

The number of treasury stock does not include the shares of the Company held by the management board benefit trust (528 thousand shares).

### 5. Matters Concerning Stock Acquisition Rights

None.

## 6. Matters Concerning the Independent Auditor

### (1) Status of Independent Auditor

(Millions of yen)

Name	Compensation, etc. for this fiscal year	Other
KPMG AZSA LLC Designated Limited Liability Partner AZAMI Kazuhiko Designated Limited Liability Partner OZAWA Yoichi Designated Limited Liability Partner TOYAMA Takahiro	230	The Company pays a fee to the independent auditor for advisory services related to adoption of accounting treatment for revenue recognition which are services other than those stipulated in Article 2, paragraph 1 of the Certified Public Accountants Act (non-auditing services).

Notes: 1. Figures are rounded down to the nearest million yen.

2. Within the accounting audit contract between the Company and accounting auditor, the compensation paid for the audit under the Companies Act and the compensation paid for the audit under the Financial Instruments and Exchange Act are not distinguished, and as such the total amount is presented because these categories cannot be distinguished effectively.
3. The Audit Committee has reviewed the appropriateness of the contents of the audit plan, the status of execution of the accounting audit and the calculation basis of the estimated compensation amount of the independent auditor. As the aforementioned was judged to be appropriate as a result, the compensation amount and other amounts payable to the independent auditor have been agreed.
4. Total amount of money and other economic benefits to be paid by the Company and its subsidiaries is ¥934 million.

### (2) Limited Liability Agreements

None.

### (3) Other Matters Concerning the Independent Auditor

#### ■ Policy regarding decisions to dismiss or not to reappoint an independent auditor

The Audit Committee shall dismiss the independent auditor if the independent auditor is deemed to fall under any of the items of Article 340, paragraph 1 of the Companies Act. Also, the Audit Committee comprehensively evaluates the independent auditor's execution of its duty and, if deemed necessary, shall determine a proposal for the dismissal or non-reappointment of the independent auditor to be submitted to the general meeting of shareholders.

#### ■ Audit of financial statements of major subsidiaries of the Company by certified public accountants or audit corporations other than the Independent Auditor of the Company

None.

## 7. Systems to Ensure the Properness of Operations

The Board of Directors has resolved, as outlined below, the “Fundamental Policy for Establishment of Internal Control Systems” as the basic policy to establish the systems to ensure the properness of operations.

1. System to ensure the properness of operations in the Group which consists of the Company and its subsidiaries
  - (1) The Company has concluded agreements on the Japan Post Group’s operation and management (“JP Group Management Agreements”) with Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. (hereinafter collectively referred to as the “Three Business Companies”). The Company seeks from them the application for prior approval or reporting (prior consultation or reporting with respect to Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.) concerning matters necessary to achieve proper and smooth operation of the Group (including important matters that may seriously affect the management of the Group).
  - (2) Among information recognized through (1) above or other methods, important matters that may seriously affect the management of the Group are promptly reported to the Management Meeting and Board of Directors.
  - (3) In order for intragroup transactions be appropriately carried out without having significant effect on the soundness of each group companies, the Company states the basic policy regarding intragroup transactions as well as matters to be complied by each group companies in JP Group Management Agreements.
2. System to ensure that executive officers and employees of the Company, and directors, executive officers and employees of its subsidiaries execute their duties in accordance with laws and regulations and the Articles of Incorporation
  - (1) The Company establishes the management philosophy, management policy and Charter of Corporate Conduct of the Group and strives to disseminate them so that officers and employees of each group company comply with laws and regulations in every aspect of business operations. Also, the Company develops a basic framework of a compliance system in JP Group Management Agreements.
  - (2) The Company establishes a department supervising the Group compliance and makes efforts to promote compliance. Concurrently, the Company establishes the Compliance Committee and Group Compliance Committee, which discuss compliance policy on Group management, its specific application, and coping with various problems including issues related to sales and operations, and reports important matters to the Management Meeting, Audit Committee, and Board of Directors.
  - (3) The Company strives to be thorough with compliance through preparation of a compliance manual mentioning explanations about laws and regulations related to the Company’s business activities and implementation of training regarding laws and regulations as well as internal regulations officers and employees must comply with. Also, in JP Group Management Agreements, the Company requires the Three Business Companies to be thorough with compliance through preparation of a compliance manual and implementation of training.
  - (4) As for antisocial elements, which threaten the order and the safety of civil society, in accordance with the Charter of Corporate Conduct of the Group, the Group as a whole is resolved to fight against them, not to have any relations with them, and to exclude them. Also, the Company regularly cooperates with each group company and outside professional institutions such as police and firmly copes with illegal activities and unreasonable demands.
  - (5) To secure the properness of the Group’s financial statements and other relevant information, the Company establishes rules on establishment, operation, evaluation, and reporting of internal controls over financial reporting in JP Group Management Agreements. Also, the Company establishes a department supervising the establishment of internal controls over financial reporting and a department independently evaluating internal controls over financial reporting, makes efforts to secure the reliability of the Group’s financial reporting, and reports important matters, if necessary, to the Management Meeting, Audit Committee and Board of Directors.

- (6) In addition to establishing a reporting rule in case of violations of laws and regulations and internal rules, the Company establishes internal hotline inside and outside the Company and disseminates the use of them to officers and employees.
  - (7) The internal audit division, which is independent of the other divisions audited, executes effective internal audit, including the situation of compliance with laws and regulations. Also, the Company requires the Three Business Companies to execute effective internal audit in JP Group Management Agreements, monitors the situation of execution of internal audit and internal audit system, and reports the results to the Management Meeting, Audit Committee and Board of Directors.
3. Policies and other systems on management of risk of the Company and its subsidiaries
  - (1) The Company provides in JP Group Management Agreements, fundamental principles of risk management and basic matters which are to be complied with in risk management such as risks subject for management as the basic policy of Group's risk management.
  - (2) The Company establishes a department supervising risk management of the Group, grasps the situation of risks in the Group, and analyzes and manages the risks. Concurrently, the Company implements correction of the handling and management method of outstanding risks. Also, the Company reports the situation of execution of risk management of the Group to the Management Meeting, Audit Committee and Board of Directors.
  - (3) Regarding the risk management of the Company, the Company establishes and executes classification of risks, management methods, and management system in accordance with its risk management policy and risk management rules. Also, the Management Meeting deliberates important matters regarding risk management.
  - (4) To swiftly and properly cope with risks and take corrective measures in case of the occurrence of such risks that seriously affect the management, the Company establishes rules regarding crisis management system and crisis handling measures in JP Group Management Agreements.
4. System for the storage and management of information related to the execution of duties by executive officers
 

In the Management Meeting Regulations and the Document Management Rules, the Company clarifies method and system for the storage and management of information related to the execution of duties by executive officers such as the minutes of the Management Meeting and approval documents and strives to properly store and manage such information. Concurrently, according to requests by the Audit Committee and the internal audit division, the Company provides the requested documents for reading and copying.
5. System to ensure that executive officers of the Company, and directors and executive officers of its subsidiaries efficiently execute their duties
  - (1) The Management Meeting consisting of executive officers is held every week as a rule and discusses matters delegated by the Board of Directors and matters to be discussed by the Board of Directors. Also, the Company establishes a special committee as an advisory body to the Management Meeting, if necessary.
  - (2) The Company establishes the Organization Rules and Management Authority Rules, clarifies roles of each organization, and management authorities and responsibilities of executive officers, and strives to make execution of duties by executive officers efficient.
  - (3) For the purpose of promoting an efficient and effective Group management, the Company establishes a Group Steering Committee so that important matters concerning Group management may be discussed and information shared on an issue-by-issue basis.

6. Matters concerning employees who assist the Audit Committee in fulfilling its duties

The Company establishes an Office of Audit Committee to assist the Audit Committee in fulfilling its duties and place exclusive employees with necessary knowledge and ability to assist the Audit Committee.

7. Matters concerning the independence of employees who assist the Audit Committee from the executive officers

Employment, transfer, evaluation, and discipline of employees belonging to the Office of Audit Committee require prior consent of the Audit Committee or a member thereof designated by the Audit Committee.

8. Matters concerning to ensure the effectiveness of instructions for employees who assist the Audit Committee

Employees of the Office of Audit Committee follow orders and instructions of the Audit Committee or the members thereof designated by the Audit Committee, and perform their duties such as conducting investigations and receiving reports.

9. System to report to the Audit Committee

- (1) The executive officer supervising internal controls periodically reports the situation of execution of his/her duties concerning internal controls of the Group to the Audit Committee.
- (2) The executive officer supervising the Internal Audit Division periodically reports the situation of execution of internal audit of the Group and results to the Audit Committee, and promptly reports matters that may seriously affect the management to the members of the Audit Committee.
- (3) An executive officer in charge of the Compliance Division periodically reports to the Audit Committee regarding the situation of promoting Group's compliance and occurrences of compliance violations.

Also, the Group's material compliance violation cases (including cases which may result in a material compliance violation) revealed through internal hotline and other means are promptly reported to the members of the Audit Committee.

- (4) Executive officers and employees promptly report matters that may seriously affect the management of the Group to the members of the Audit Committee.
  - (5) Executive officers and employees report the situation of execution of their duties of the Group upon the Audit Committee's request.
  - (6) Person engaged in the reporting to the Audit Committee or the members of the Audit Committee shall not be treated disadvantageously by reason of being engaged in such reporting.
10. Matters concerning procedures for advance payments or reimbursement arising from execution of duties relating to the Audit Committee and policy regarding the handling of expenses or debts arising from other such execution of duties
- If any member of the Audit Committee requests necessary expenses to the Company for seeking opinion to lawyers, certified public accountants and other outside professionals, or entrusting investigations, appraisals, and other administrations in executing the Audit Committee's duties, executive officers and employees shall not refuse the request except where the Company proves that such requested expenses are unnecessary for the Audit Committee to execute its duties.



11. Other systems to ensure effective auditing by the Audit Committee

- (1) The representative executive officers periodically exchange opinions and make efforts to foster mutual understanding with the Audit Committee about important management matters including the basic policy of the Company's management, issues to be addressed, and the situation of functioning of the internal control systems.
- (2) The Audit Committee receives explanations on audit plan from the independent auditor in advance, periodically receives audit reports, and makes efforts to cooperate through exchange of opinions, if necessary, to always grasp important points of financial audit.
- (3) In executing its duties, the Audit Committee makes efforts to cooperate with audit committees or Audit & Supervisory Board Members of the Three Business Companies by periodically exchanging information and opinion.
- (4) Appointment of key personnel of the internal audit division requires prior consent of the Audit Committee.
- (5) Drawing up of the medium-term audit plan and audit plans for the fiscal year, etc., which are parts of the internal audit plan, requires prior consent of the Audit Committee.

The operating status of "systems to ensure the properness of operations" is as follows:

1) Overall internal control systems

- For the purpose of further fortifying the internal control and corporate governance of the Group, the Company has established an "Internal Control General Meeting" where necessary issues regarding internal control or corporate governance are being discussed.
- The Company confirms whether the internal control system is effectively functioning through reporting the operational status of the "Fundamental Policy for Establishment of Internal Control Systems" by Executive Officer in charge of Internal Control Division to the Internal Control General Meeting, the Board of Directors' meetings, etc. (Board of Directors' meeting, Audit Committee and Management Meeting; the same shall apply hereinafter) on a quarterly basis.
- Also, considering problems such as inappropriate solicitation practices of Japan Post Insurance products revealed during the fiscal year ended March 31, 2020, the Company strengthened several functions, including those related to internal audits, compliance, and operational risk, in order to further reinforce the systems to ensure the properness of operations.

2) Group operation system

- The Company has concluded agreements on the Japan Post Group's operation and management ("JP Group Management Agreements") with Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. (hereinafter collectively referred to as the "Three Business Companies"), whereby a consensus has been reached on basic matters related to the Group's common philosophy, policies and other aspects of Japan Post Group's management, and a system is in place for approving or consulting, or reporting, necessary matters for achieving proper and smooth operation of the Group.
- During the fiscal year ended March 31, 2020, in order to reinforce its systems, the Company verified generally matters concerning approval of and consultation about JP Group Management Agreements, etc., held various liaison meetings, and added reports on orders from supervisory authorities and reports on sales and operations.
- In accordance with the JP Group Management Agreements, the Company receives reports of important intragroup transactions from the Three Business Companies, and verifies that intragroup transactions are carried out appropriately after conducting its own inspection.

### 3) Compliance system

- The Group acknowledges compliance as one of the highest management issues and each group company has built an effective compliance framework by establishing a Compliance Committee, and a Compliance Department that is independent from departments related to business execution, among others.
- During the fiscal year ended March 31, 2020, the Company established the Group Compliance Committee for various purposes such as information sharing and deliberating about the compliance policy on Group management, its specific application, and coping with various problems including issues related to sales and operations, and reports important matters to the Management Meeting, Audit Committee, and Board of Directors.
- Each group company draws up a “Compliance Program,” a plan for specific actions to promote compliance, every fiscal year and the initiatives and progress are reported quarterly to the Board of Directors’ meetings, etc.
- Each group company has prepared and distributed a “Compliance Handbook,” and is taking initiatives to enhance awareness of compliance to officers and employees through training programs and other means.
- Reporting rules are in place for compliance violations, while an internal compliance hotline has been set up both inside and outside the Company. The use of such hotline is made known to executive officers and employees through training and other means. In addition, during the fiscal year ended March 31, 2020, the Company established a new reporting hotline dedicated to improper financial product sales.

### 4) System for exclusion of antisocial forces

- The Group has posted “Japan Postal Group Charter of Corporate Conduct,” and “Declaration by Top Management (“Basic Rules on Dealings with Antisocial Forces”)” on the website of each group company, and internally and externally declares to prevent possible damages by eliminating any and all relationships with antisocial forces.
- With regard to responding to antisocial forces, the Group has established an office for managing its response to antisocial forces and mainly conducted integrated management of related information, preparation of the response manual and guidance of introduction of a clause regarding the exclusion of “boryokudan” (organized crime group) in agreements. Also, in liaison with each group company and outside professional institutions, the Group is implementing elimination and exclusion of the relationships with such forces as an organization in its entirety.

### 5) Risk management system

- In accordance with the Basic Policy for Group Risk Management, the Company reports the situation of risk management in the Group and the Company on a quarterly basis to the Board of Directors’ meetings, etc.
- During the fiscal year ended March 31, 2020, the Company also established the Japan Post Group Operational Risk Management Liaison Committee and reinforced its system for sharing information on the state of operational risk management at each group company.
- In accordance with the rules regarding crisis management systems and crisis response measures provided in JP Group Management Agreements, the Company implements checking on the effectiveness of crisis management system of each group company, reporting and sharing of information in the event of a disaster, and checking on the system of communication in the event of an emergency, and the Company reports the situation of development and training of crisis management systems to the Japan Post Group Crisis Management Committee.

- In the fourth quarter of the fiscal year ended March 31, 2020, various measures have been implemented after deciding on the unified response policy within the Group to the spread of COVID-19.

6) Internal audit system

- In accordance with the audit plan, internal audits are conducted and results are reported to the Board of Directors' meetings, etc.
- The status of corrective actions and improvement of the internal audit findings are checked, and the results are reported quarterly to the Board of Directors.
- The auditing activities of the Three Business Companies are recognized and evaluated quarterly, and reported to the Board of Directors.
- From the fiscal year ended March 31, 2020, the Company conducts preliminary monitoring interview activities (monitoring activities) to understand the actual frontline operation at post offices, etc. on an experimental basis.

7) System of internal controls over financial reporting

- In accordance with the Financial Instruments and Exchange Act, the Company designs, implements and operates internal controls over financial reporting of the Group, and in order to secure reliability of such financial reporting, it performs assessments of internal controls regarding financial reporting pursuant to the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" (Business Accounting Council). Also, the Company reports assessment plans for the fiscal year, its progress status, results of evaluation of the effectiveness of internal controls over financial reporting of the Group to the Board of Directors' meetings, etc.

8) Information preservation and management system

- The Company provides rules and measures for preservation and management of various types of information in the Document Management Rules.
- The Company appropriately operates the "Integrated Document Management System" which digitizes processes from document approvals to retention.
- Minutes for Management Meeting, special committee, etc. are accurately recorded and prepared, information being appropriately preserved and managed.

9) System for efficient execution of duties

- The Management Meeting is held every week as a rule and deliberates matters delegated by the Board of Directors and matters to be discussed by the Board of Directors. Also, the Company periodically holds Group Steering Committee and discusses issues pertaining to important matters in the Group management.
- The Company establishes the Organization Rules and Management Authority Rules, clarifies roles of each organization, management authorities and responsibilities of executive officers, and strives to ensure efficient execution of duties by executive officers.

10) System relating to the Audit Committee

- Executive officers who are in charge of internal control departments such as the Internal Audit Division and Compliance Division periodically report to the Audit Committee, while officers and employees report information necessary for the Audit Committee audit, whenever

necessary. Furthermore, from the perspective of further reinforcing cooperation between the Audit Committee and internal audit division, from the fiscal year ended March 31, 2020, appointment of key personnel of the internal audit division as well as drawing up of the medium-term audit plan and audit plans for the fiscal year, etc. require prior consent of the Audit Committee.

- In order to assist the Audit Committee in fulfilling its duties, the Company has established an executive office independent from execution departments and has posted the necessary personnel. Also, regarding the expenses necessary in executing duties of the Audit Committee, the Company appropriates the necessary amounts in the budget so that activities of the Audit Committee may be conducted without constraints.
- Representative executive officers and the Audit Committee periodically exchange opinions regarding important management matters and are making efforts to deepen mutual understandings. The Audit Committee makes efforts to cooperate with the independent auditor and audit committees or Audit & Supervisory Board Members of the Three Business Companies by periodically exchanging information and opinion.

#### **8. Policy on Exercise of Authority if Articles of Incorporation Allow Distribution of Surplus by Resolution of the Board of Directors**

The Company considers returning profits to shareholders to be an important management issue and sets out its basic policy to continuously provide stable return to shareholders, in accordance with the results of operation.

With regard to dividends of surplus, the Company has aimed to pay stable dividends with an annual dividend of around ¥50 per share until the end of the fiscal year ending March 31, 2021 in order to realize a steady return of profits to shareholders while paying attention to capital efficiency and remembering to enhance internal reserves. However, given the current adversity of the business environment, mainly due to the impact of COVID-19, the Company will determine dividends for the fiscal year ending March 31, 2021 in light of the Company's profit level and the amount available for distribution.

In order to ensure flexible management operations, the decision-making body concerning dividends from surplus is set to be the Board of Directors as per the provisions of the Articles of Incorporation. In addition, it is stipulated that dividends from surplus be paid with March 31 and September 30 of each year as record dates.

The full-year dividend for the fiscal year under review will be 50 yen per share for common stock (including the 25 yen per share interim dividend), based on a comprehensive determination of earnings and other matters.

Internal reserves will be utilized mainly for investments to capture growth opportunities and capital policies with awareness on capital efficiency, aiming at enhancement of corporate value.

In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from surplus or other appropriation of surplus (excluding disposition of loss) of the Company shall not be effective without approval of the Minister of Internal Affairs and Communications.

# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
Cash and due from banks	53,680,384	Deposits	181,377,859
Call loans	1,420,000	Payables under repurchase agreements	14,855,624
Receivables under resale agreements	9,731,897	Policy reserves and others	64,191,926
Receivables under securities borrowing transactions	3,304,202	Reserve for outstanding claims	461,224
Monetary claims bought	634,394	Policy reserves	62,293,166
Trading account securities	31	Reserve for policyholder dividends	1,437,535
Money held in trust	7,804,150	Payables under securities lending transactions	6,509,525
Securities	191,127,051	Borrowed money	302,200
Loans	10,624,482	Foreign exchanges	511
Foreign exchanges	147,469	Bonds	100,000
Other assets	2,787,487	Other liabilities	2,820,086
Tangible fixed assets	3,186,558	Reserve for bonuses	121,875
Buildings	1,133,110	Liability for retirement benefits	2,220,241
Land	1,538,190	Reserve for employee stock ownership plan trust	605
Construction in progress	97,283	Reserve for management board benefit trust	984
Other tangible fixed assets	417,974	Reserve for reimbursement of deposits	80,324
Intangible assets	291,694	Reserve for insurance claims and others	29,722
Software	269,867	Reserve for price fluctuations	858,339
Goodwill	2,550	Deferred tax liabilities	11,845
Other intangible assets	19,276		
Asset for retirement benefits	55,308		
Deferred tax assets	1,312,378	<b>Total liabilities</b>	<b>273,481,674</b>
Reserve for possible loan losses	(9,043)	<b>Net assets</b>	
		Capital stock	3,500,000
		Capital surplus	4,084,763
		Retained earnings	4,057,087
		Treasury stock	(831,707)
		<b>Total shareholders' equity</b>	<b>10,810,143</b>
		Net unrealized gains (losses) on available-for-sale securities	295,671
		Net deferred gains (losses) on hedges	(291,823)
		Foreign currency translation adjustments	(89,698)
		Accumulated adjustments for retirement benefits	209,860
		<b>Total accumulated other comprehensive income</b>	<b>124,008</b>
		Non-controlling interests	1,682,622
		<b>Total net assets</b>	<b>12,616,774</b>
<b>Total assets</b>	<b>286,098,449</b>	<b>Total liabilities and net assets</b>	<b>286,098,449</b>

**Consolidated Statement of Income**  
(For the fiscal year ended March 31, 2020)

(Millions of yen)

Items	Amount	
Ordinary income		11,950,185
Postal business income	2,715,667	
Banking business income	1,797,365	
Life insurance business income	7,211,365	
Other ordinary income	225,787	
Ordinary expenses		11,085,728
Operating expenses	8,180,003	
Personnel expenses	2,545,212	
Depreciation and amortization	294,011	
Other ordinary expenses	66,500	
Net ordinary income		864,457
Extraordinary gains		50,948
Gains on sales of fixed assets	2,908	
Gains on negative goodwill	48	
Reversal of reserve for price fluctuations	39,152	
Compensation for transfer	529	
Gains on transfer of business	6,249	
Other extraordinary gains	2,060	
Extraordinary losses		56,635
Losses on sales and disposal of fixed assets	4,606	
Losses on impairment of fixed assets	21,723	
Post office refurbishment expenses	11,304	
Other extraordinary losses	19,001	
Provision for reserve for policyholder dividends		109,236
Income before income taxes		749,534
Income taxes current	256,663	
Income taxes deferred	(75,263)	
Total income taxes		181,399
Net income		568,134
Net income attributable to non-controlling interests		84,401
Net income attributable to Japan Post Holdings		483,733

# Consolidated Statement of Changes in Net Assets

(For the fiscal year ended March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,135,429	3,799,974	(831,887)	10,603,516
Cumulative effects of changes in accounting policies	-	-	(24,426)	-	(24,426)
Restated balance at the beginning of the fiscal year	3,500,000	4,135,429	3,775,547	(831,887)	10,579,089
Changes in the fiscal year					
Cash dividends			(202,193)		(202,193)
Net income attributable to Japan Post Holdings			483,733		483,733
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(50,666)			(50,666)
Disposals of treasury stock				180	180
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	(50,666)	281,540	180	231,054
Balance at the end of the fiscal year	3,500,000	4,084,763	4,057,087	(831,707)	10,810,143

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income (loss)		
Balance at the beginning of the fiscal year	2,580,765	(55,415)	(89,350)	253,992	2,689,992	1,495,145	14,788,654
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	(24,426)
Restated balance at the beginning of the fiscal year	2,580,765	(55,415)	(89,350)	253,992	2,689,992	1,495,145	14,764,227
Changes in the fiscal year							
Cash dividends							(202,193)
Net income attributable to Japan Post Holdings							483,733
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(50,666)
Disposals of treasury stock							180
Net changes in items other than shareholders' equity in the fiscal year	(2,285,094)	(236,408)	(348)	(44,132)	(2,565,983)	187,476	(2,378,506)
Net changes in the fiscal year	(2,285,094)	(236,408)	(348)	(44,132)	(2,565,983)	187,476	(2,147,452)
Balance at the end of the fiscal year	295,671	(291,823)	(89,698)	209,860	124,008	1,682,622	12,616,774

# NON-CONSOLIDATED FINANCIAL STATEMENTS

## Non-consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
Current assets	425,671	Current liabilities	37,026
Cash and deposits	294,921	Accounts payable	27,377
Inventories	248	Accrued expenses	902
Prepaid expenses	267	Income taxes payable	162
Short-term loan	24,936	Reserve for bonuses	1,637
Accounts receivable	45,167	Reserve for point service program	402
Income taxes receivable	54,886	Others	6,544
Others	5,247	Long-term liabilities	60,708
Reserve for possible loan losses	(3)	Reserve for retirement benefits	35,881
Non-current assets	7,703,731	Reserve for management board benefit trust	228
Tangible fixed assets	153,757	Reserve for compensation for accidents in the course of duty	17,415
Buildings	44,990	Others	7,183
Structures	1,632		
Machinery and equipment	757	<b>Total liabilities</b>	<b>97,734</b>
Vehicles	161		
Tools and fixtures	14,077	<b>Net assets</b>	
Land	90,308	Shareholders' equity	8,136,107
Construction in progress	1,829	Capital stock	3,500,000
Intangible assets	25,137	Capital surplus	4,503,856
Software	24,825	Capital reserve	875,000
Others	311	Other capital surplus	3,628,856
Investments and other assets	7,524,836	Retained earnings	963,958
Investment securities	12,850	Other retained earnings	963,958
Stocks of subsidiaries and affiliates	7,313,387	Retained earnings brought forward	963,958
Money held in trust	198,341	Treasury stock	(831,707)
Long-term loan	2,880	Valuation and translation adjustments	(104,439)
Claims provable in bankruptcy	59	Net unrealized gains (losses) on available-for-sale securities	(104,439)
Long-term prepaid expenses	2,355		
Others	174	<b>Total net assets</b>	<b>8,031,667</b>
Reserve for possible loan losses	(59)		
Allowance for investment loss	(5,152)	<b>Total liabilities and net assets</b>	<b>8,129,402</b>
<b>Total assets</b>	<b>8,129,402</b>		



**Non-consolidated Statement of Income**  
(For the fiscal year ended March 31, 2020)

(Millions of yen)

Items	Amount	
Operating income		289,447
Brand royalty income	13,677	
Dividend income from subsidiaries and affiliates	219,083	
Income from business consignment	23,122	
Subsidy income equivalent to deposit insurance premiums	510	
Income from hospital business	14,047	
Income from hotel business	19,005	
Operating expenses		52,994
Expenses for business consignment	24,134	
Expenses for hospital business	17,411	
Expenses for hotel business	25,384	
Administrative expenses	(13,936)	
Net operating income		236,452
Other income		8,050
Interest income	367	
Dividend income	4,241	
Rent income	2,719	
Others	723	
Other expenses		1,475
Interest expenses	68	
Rent expenses	1,216	
Others	190	
Net ordinary income		243,027
Extraordinary gains		135,822
Gains on sales of fixed assets	138	
Gains on transfer of business	6,249	
Gains on sales of stocks of subsidiaries and affiliates	129,365	
Others	69	
Extraordinary losses		15,604
Losses on sales and disposal of fixed assets	1,576	
Losses on impairment of fixed assets	891	
Share of post office refurbishment expenses	12,094	
Others	1,041	
Income before income taxes		363,246
Income taxes current	(34,401)	
Total income taxes		(34,401)
Net income		397,647

# Non-consolidated Statement of Changes in Net Assets

(For the fiscal year ended March 31, 2020)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	768,504	768,504
Changes in the fiscal year						
Cash dividends					(202,193)	(202,193)
Net income					397,647	397,647
Disposals of treasury stock						
Net changes in items other than shareholders' equity in the fiscal year						
Net changes in the fiscal year	-	-	-	-	195,454	195,454
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	963,958	963,958

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(831,887)	7,940,472	(29)	(29)	7,940,442
Changes in the fiscal year					
Cash dividends		(202,193)			(202,193)
Net income		397,647			397,647
Disposals of treasury stock	180	180			180
Net changes in items other than shareholders' equity in the fiscal year			(104,410)	(104,410)	(104,410)
Net changes in the fiscal year	180	195,634	(104,410)	(104,410)	91,224
Balance at the end of the fiscal year	(831,707)	8,136,107	(104,439)	(104,439)	8,031,667

## **Report of Independent Auditor on Consolidated Financial Statements (Copy)**

[English Translation of the Auditor's Report Originally Issued in the Japanese Language]

### **Independent Auditor's Report**

May 12, 2020

The Board of Directors  
Japan Post Holdings Co., Ltd.

KPMG AZSA LLC  
Tokyo Office

AZAMI Kazuhiko (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

OZAWA Yoichi (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

TOYAMA Takahiro (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of JAPAN POST HOLDINGS Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers and the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The audit procedures shall be selected and applied as determined by the auditor.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions for the Certified Public Accountants Act of Japan.

**Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## **Report of Independent Auditor on Non-consolidated Financial Statements (Copy)**

[English Translation of the Auditor's Report Originally Issued in the Japanese Language]

### **Independent Auditor's Report**

May 12, 2020

The Board of Directors  
Japan Post Holdings Co., Ltd.

KPMG AZSA LLC  
Tokyo Office

AZAMI Kazuhiko (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

OZAWA Yoichi (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

TOYAMA Takahiro (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of JAPAN POST HOLDINGS Co., Ltd. ("the Company") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of JAPAN POST HOLDINGS Co., Ltd. for the period, for which the financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibilities of Management and Audit Committee for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers and the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The audit procedures shall be selected and applied as determined by the auditor.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions for the Certified Public Accountants Act of Japan.

**Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.



## **Audit Report of Audit Committee (Copy)**

[English Translation of the Audit Report Originally Issued in the Japanese Language]

### **Audit Report**

We, the Audit Committee of Japan Post Holdings Co., Ltd., have audited the execution of duties by directors and executive officers at the end of, and during, its 15th business year, the period from April 1, 2019 to March 31, 2020. Our audit method and results are as follows.

#### **1. Auditing Method and Details Thereof**

The Audit Committee periodically received reports on the resolutions of the Board of Directors and the status of establishment and operation of the system (Internal Control System) developed under such resolutions with regard to matters referred to in Article 416, paragraph 1, item 1, sub-items (b) and (e) of the Companies Act and requested explanations when necessary from directors and executive officers as well as employees, etc., and expressed our opinions to them. At the same time, the Audit Committee performed audits by the following method:

- (i) In accordance with the auditing policies, etc. established by the Audit Committee, working closely with the internal audit division and other related organizations, the Audit Committee attended important meetings, received reports from directors, executive officers, and other related persons on the matters regarding the execution of their duties and requested explanations when necessary, inspected important written approvals and other documents, and examined the status of business operations and assets of the Company. As for the subsidiaries of the Company, the Audit Committee communicated and exchanged information with the directors, audit committee members, and audit & supervisory board members of the subsidiaries and received reports from the subsidiaries regarding their business when necessary.
- (ii) The Audit Committee monitored and inspected whether the independent accounting auditor performed proper audits while assuring said auditor's independence, and received reports from the independent accounting auditor on the execution of its duties, requesting explanations when necessary. The Audit Committee was also informed by the independent accounting auditor that the "System to ensure proper execution of its duties" (as set forth in items of Article 131 of the Ordinance on Accounting of Companies) has been developed in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and others, requesting explanations when necessary.

Through the above method, the Audit Committee reviewed the business report and its supplementary schedules, the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and their supplementary schedules in addition to the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes for said business year.

#### **2. Audit Results**

##### **(1) Audit Results of Business Report, etc.**

- (i) In our opinion, the business report and its supplementary schedules fairly present the situation of the Company in accordance with laws and regulations as well as the Articles of Incorporation.
- (ii) We found no wrongful act or material fact in violation of laws and regulations, or the Articles of Incorporation regarding the execution of duties by directors and executive officers.

- (iii) In our opinion, the resolutions of the Board of Directors with respect to the internal control system are appropriate. We found no matter that needed to be addressed regarding the content of the business report or the execution of duties by the directors and executive officers, with respect to the internal control system.

Audit Committee will continue to monitor the execution on business improvement plan regarding inappropriate solicitation of Japan Post Insurance products shown in the business report and thorough enhancement of customer-oriented business operations.

(2) Audit Results of the Financial Statements and its Supplementary Schedules

In our opinion, the auditing method of KPMG AZSA LLC, the Accounting Auditor, and the results of its audit are appropriate.

(3) Audit Results of the Consolidated Financial Statements

In our opinion, the auditing method of KPMG AZSA LLC, the Accounting Auditor, and the results of its audit are appropriate.

May 12, 2020

Audit Committee of Japan Post Holdings Co., Ltd.

Member of the Audit Committee  
YAGI Tadashi (Seal)

Member of the Audit Committee  
MUKAI Riki (Seal)

Member of the Audit Committee  
KOEZUKA Miharuru (Seal)

Member of the Audit Committee  
AONUMA Takayuki (Seal)

Member of the Audit Committee  
AKIYAMA Sakie (Seal)

Note: Members of the Audit Committee YAGI Tadashi, KOEZUKA Miharuru, AONUMA Takayuki and AKIYAMA Sakie are outside directors as stipulated in Article 2, item 15, and Article 400, paragraph 3 of the Companies Act.

## Information Map of the General Meeting of Shareholders

### Place

**Ballroom, B2F, The Prince Park Tower Tokyo**

4-8-1 Shibakoen, Minato-ku, Tokyo

- \* Please note that the Prince Park Tower Tokyo is located some distance away from The Tokyo Prince Hotel.
- \* Please do not come to the venue by car.
- \* We will not be handing out small gifts to the shareholders at the meeting.

Should there be any major change to the holding and management of the General Meeting of Shareholders due to future circumstances, it will be announced on the Company's website. Please check it to confirm.

