

## UNOFFICIAL TRANSLATION

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.



March 31, 2023

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### **Approval of Business Plan for the Fiscal Year Ending March 31, 2024**

Japan Post Holdings Co., Ltd. and its subsidiary, Japan Post Co., Ltd. hereby announce that on Wednesday, March 1, 2023, an application to the Minister of Internal Affairs and Communications was submitted for approval of the Business Plan for the Fiscal Year Ending March 31, 2024 (hereafter, the "Business Plan"), and that approval was given today, along with requests from the Minister.

The Business Plans for Japan Post Holdings Co., Ltd. and Japan Post Co., Ltd. are presented as Attachment 1 and Attachment 2, respectively, while the items requested from the Minister are annexed to each Business Plan.

Fiscal Year 2024

From April 1, 2023 to March 31, 2024

19th Term

Business Plan

Japan Post Holdings Co., Ltd.

## Foreword

Japan Post Holdings Co., Ltd. (hereafter, “Japan Post Holdings”) will formulate and ensure execution of the basic management policies of Japan Post Co., Ltd. (hereafter, “Japan Post”), Japan Post Bank Co., Ltd. (hereafter, “Japan Post Bank”), and Japan Post Insurance Co., Ltd. (hereafter, “Japan Post Insurance”), and exercise its rights as shareholder thereof. Furthermore, Japan Post Holdings will support the businesses of Japan Post, Japan Post Bank, and Japan Post Insurance (hereafter, collectively the “business subsidiaries”), etc. by subcontracting indirect operations that can achieve economies of scale. In addition, by conducting management of hospitals, Japan Post Holdings will aim to provide customer-oriented service, support the lives of customers in the community, and ensure the happiness of both its customers and employees while demonstrating creativity and efficiency as a private enterprise to the greatest extent possible as the basis of trust and reassurance in the postal network. Also, Japan Post Holdings will conduct management of the company by making efforts to ensure that Japan Post Holdings demands management transparency from itself, follows the letter of the law, and is able to contribute to the development of society and the community. Furthermore, in the operation of these businesses, Japan Post Holdings will fulfill its duty to ensure that postal services, postal savings, remittance and credit settlement services as well as easily-accessible life insurance services, stipulated in Article 5, Paragraph 1 of the Act on Japan Post Holdings Co., Ltd. (Act No. 98 of 2005), can be utilized consistently, universally, and fairly at post offices throughout the country via convenient customer-oriented methods, while striving to make greater use of the post office network with the aim of contributing to local communities.

Furthermore, Japan Post Holdings will develop a crisis management structure to prepare for crises such as natural disasters and pandemics, and will respond promptly and accurately in the event of such a crisis, in order to ensure business continuity. Meanwhile, as a company with a strong public nature, Japan Post Holdings will continue to engage in initiatives that serve public interest, such as support for reconstruction from the Great East Japan Earthquake and other natural disasters, the continuous provision of services amid the ongoing COVID-19 pandemic and promotion of the spread of the Individual Number Card.

In May 2021, Japan Post Holdings announced its Group Medium-term Management Plan, “JP Vision 2025” (FY2021 - FY2025), and set out a “Co-creation Platform” to support customers and local communities, as its vision for the future. Utilizing its network of post offices, the group’s greatest strength, Japan Post Holdings will provide integrated services of the group while seeking partnerships with a diverse range of companies and others outside the group, which the group has never had. Such efforts will help local customers enjoy safe, secure, comfortable, and prosperous lives. Given changes in the business environment and other factors since its formulation, Japan Post Holdings will study this “JP Vision 2025” for its review in 2024.

### 1. Basic Policy on Business Operations

#### (1) Increasing the Corporate Value of the Japan Post Group

As a means of increasing corporate value of the group, with regard to management challenges faced by each company in the Japan Post Group, Japan Post Holdings will provide necessary support and work toward their resolution while deepening the collaboration between each company as the holding entity.

In the fiscal year ending March 31, 2024, Japan Post Holdings will in particular promote cross-organizational, group-wide integrated DX measures, the development of the group’s

DX human resources, and the creation of new businesses that contribute to addressing social issues. Japan Post Holdings will also continue to develop the data infrastructure within the group and the digitalization of customer contact points to support improvements in customer service.

Moreover, Japan Post Holdings will help enhance and strengthen its core businesses (postal and logistics, banking, and life insurance) including universal services, expand collaboration with companies outside the group and local governments, and develop the real estate business including the utilization of real estate held by the group. Japan Post Holdings will also promote the formulation of strategies and policies for data utilization and data governance for the entire group in relevant departments and working groups in order to establish the data governance system required when using the data that post offices possess.

Japan Post Holdings will closely monitor the business conditions of Japan Post during the fiscal year ending March 31, 2024, which is expected to be tough, while also supporting initiatives to study the level of fees and freight rates for its postal and logistics business based on necessary costs and to improve customer services.

Japan Post Holdings will support Japan Post Bank's initiatives to expand digital services and strengthen the circulation of funds to the local community and local community relationship functions (promotion of  $\Sigma$  Business).

Japan Post Holdings will support Japan Post Insurance's initiatives to evolve to a new management system and expand its market by developing new products.

Funds from the sale of a portion of Japan Post Bank's common shares in the fiscal year ended March 31, 2023 will be used to invest in growth and also to acquire treasury stock in order to strengthen shareholder returns and improve capital efficiency, in line with the policy of increasing the corporate value of the group.

## (2) Utilizing the Post Office Network

In the Group Medium-term Management Plan "JP Vision 2025," Japan Post Holdings aims to provide customer-oriented services as a "Co-creation Platform" to support customers and local communities by utilizing its network of post offices, the group's greatest strength, and by collaborating with a diverse range of companies outside the group and local governments.

In the fiscal year ending March 31, 2024, Japan Post Holdings will support the utilization of the post office network to promote cross-organizational, group-wide integrated DX measures, etc. and to expand collaboration with local governments, etc.

## (3) Strengthening Governance and Compliance Functions

In the fiscal year ended March 31, 2020, Japan Post Holdings received administrative dispositions from the Ministry of Internal Affairs and Communications and the Financial Services Agency, mainly regarding the improper solicitations of Japan Post Insurance products. In order to address the situation, Japan Post Holdings formulated a business improvement plan in January 2020, focusing on the implementation of the improvement measures listed in the plan as the most important management priority.

In the fiscal year ended March 31, 2021, it was discovered that some sales activities for crosscutting sales of Japan Post Insurance products and investment trusts were not conducted from a customer-oriented perspective, while new issues were additionally discovered including misuse of a cashless payment service at Japan Post Bank.

In April 2020 Japan Post Holdings established the JP Reform Execution Committee, which consists of external experts to verify the initiatives from a fair and neutral standpoint. Having received evaluations and advice from the Committee on the key measures listed in the business improvement plan and its response to the issues that emerged in the fiscal year ended March 31, 2021, Japan Post Holdings has steadily implemented the business improvement plan, by enhancing the governance function through means such as detecting conduct risk at an early stage, as well as the group compliance function and the internal audit function.

Japan Post Holdings, as the holding entity of the listed company group, will endeavor to strengthen governance among the group as a whole and execute customer-oriented business conduct to secure transparency, full accountability, and proper operation of businesses. Reflecting on the problems that occurred in the past, Japan Post Holdings sees the improvement of compliance standards group-wide as an important issue for management in the fiscal year ending March 31, 2024 as well and will provide all necessary support and guidance to each group company by accurately grasping the formulation and promotion status of their compliance programs for the fiscal year ending March 31, 2024 as well as the condition and status of their internal audit systems.

In particular, Japan Post Holdings will continue to promote measures to further encourage the use of the whistleblowing system, in addition to the steady implementation of the business improvement plan in response to the issues concerning the improper solicitation of Japan Post Insurance products.

Japan Post Holdings is committed to the further promotion and management of countermeasures against money laundering, financing of terrorism, and proliferation financing as one of its top priorities.

In addition, Japan Post Holdings will make efforts to ensure the public utility and public natures of the services offered by each group company, and improve customer satisfaction (CS).

#### (4) Commitment to Achieving the SDGs

Japan Post Holdings will work to implement the following measures for achieving the Sustainable Development Goals (SDGs), with a view toward materializing a sustainable society.

- Environmental initiatives

In light of the latest trend under the government-led initiative for “Achieving Carbon Neutrality in 2050,” Japan Post Holdings will also proactively work on reducing its environmental footprint through business services, such as the expanded introduction of EVs across the group and a gradual switch to electricity with a low carbon emission factor with a view toward reducing CO2 emission.

- Promotion of diversity (such as employment of persons with disabilities and empowerment of women in the workplace)

With regard to the employment of people with disabilities, Japan Post Holdings achieved the designated employment rate (2.3%) of persons with disabilities required by the Act for Promotion of Employment of Persons with Disabilities also in the fiscal year ended March 31, 2023. Japan Post Holdings will continue efforts to further promote the employment of people with disabilities to achieve the target in the fiscal year ending March 31, 2024 as well. With regard to the promotion of success of women in the workplace, in order to proactively address the promotion of women to management positions, Japan Post Holdings will enhance the awareness of employees to increase the motivation of female employees to be promoted and systematically develop them with an eye to their expanded appointment. Along with these initiatives, Japan Post Holdings will work to create a workplace culture that can achieve work-life balance and improve various environments for female employees, among other efforts.

(5) Measures Related to Other Management Issues

(i) Strengthening Cyber Security

In order to protect ourselves from the increasing risk of cyber terrorism, Japan Post Holdings will work to enhance its cyber security measures and strengthen governance through information sharing across the group.

(ii) Preparing for the Disposal of Shares in the Group Companies

In accordance with the Postal Service Privatization Act, Japan Post Holdings is required to dispose of its entire equity interest in Japan Post Bank and Japan Post Insurance within the earliest possible timeframe while considering the business conditions of Japan Post Bank and Japan Post Insurance and any impact on the ability of Japan Post Holdings and Japan Post to fulfill their universal services obligation, Japan Post Holdings will make the necessary preparations. Meanwhile, Japan Post Holdings will make the necessary preparations to enable the government to dispose of its shares as required.

(iii) Countermeasures against COVID-19

Amid the ongoing COVID-19 pandemic, the group has, in an effort to fulfill its social mission as a corporate group of strong public nature, been engaged in initiatives to prevent the spread of the infection, such as placing plastic shields at the counters of post offices and the introduction of non-face-to-face delivery of mails and parcels, thereby ensuring the safety of the employees, while being committed to the continuation of postal and domestic logistics business and financial businesses.

In the fiscal year ending March 31, 2024, Japan Post Holdings will remain committed to the initiatives to prevent the spread of the infection in order to ensure the safety of the employees, as well as the continuation of business operations.

Based on the aforementioned basic policies and the opinions of the Postal Privatization Committee, Japan Post Holdings shall carry out business operations focusing on the following items and rapidly and flexibly respond to changes in the business environment.

## 2. Other Matters Relating to Business Operation

### (1) Formulation of Business Subsidiary Basic Management Policy and Assurance of Execution thereof, et al.

Japan Post Holdings will formulate the basic management policies for Japan Post and ensure the execution thereof so that the latter can achieve its company objectives of ensuring universal services of postal, banking and insurance, and providing stable service through the conservation and utilization of the post office network.

Specifically, Japan Post Holdings request consultation, approval, or reporting on an individual basis with regard to matters that have a significant impact on the group as a whole or are required to ensure management transparency for group management by concluding the Japan Post Group agreements and the Japan Post Group contracts pertaining to group operations with each business subsidiaries.

### (2) Business Support of Business Subsidiaries

Japan Post Holdings aims to improve the group's management efficiency while supporting the business of its subsidiaries by subcontracting indirect operations can achieve economies of scale. Specifically, Japan Post Holdings will be entrusted the following indirect businesses from its business subsidiaries, and execute.

#### (i) Provision of Telecommunications and Data Processing Services

Japan Post Holdings will provide telecommunications, and data processing services to business subsidiaries and contracted post offices.

#### (ii) Human Resource and Finance Businesses

Through subsidiaries that conduct temporary staffing dispatch and introduction business, Japan Post Holdings will carry out payment of salaries of business subsidiary executives, allowance calculation and income clerical duties (creation/mail-out of invoices requests, bank account transfer requests, credit data reconciliation) as well as expenditure clerical duties (creation/mail-out of payout certificates requests, bank account transfer requests, creation/mail-out of payment notices, credit data reconciliation).

#### (iii) Welfare Benefits-related Businesses

Japan Post Holdings will conduct recreation facility provision businesses for executives and employees, etc. of business subsidiaries.

Furthermore, through subsidiaries that conduct temporary staffing dispatch and introduction business, Japan Post Holdings will conduct health management business based on the stipulations set forth in the Industrial Safety and Health Law for executives and employees, etc. of business subsidiaries and the Organization for Postal Savings, Postal Life Insurance and Post Office Network.

(iv) Real Estate Management-related Businesses

Japan Post Holdings will conduct support of management, improvement planning, operational upkeep and design/construction supervision or transaction/leasing related to real estate such as land and buildings as well as equipment associated with said real estate that is either currently owned or leased by business subsidiaries or will be owned or leased by them in the future.

(v) Temporary Staffing and Introduction Businesses

Through subsidiaries that conduct temporary staffing dispatch and introduction business, Japan Post Holdings will conduct solicitations for and employment of staff and introduce and dispatch them to each group member company. Also, the company will be entrusted with the human resource-related businesses of each group company.

(vi) Call Center-related Businesses

Through subsidiaries that conduct telemarketing business, Japan Post Holdings will carry out the provision and management of call center facilities and systems to business subsidiaries.

(vii) Talent Development-related Businesses

Through the Postal College, Japan Post Holdings will execute cross-organizational training and aim for the improvement of employee capabilities in each group company.

(3) Hospital Operation

Japan Post Holdings will proceed with administrative improvement through revenue-increasing measures by coordinating with community healthcare and enhancing emergency medicine, and engaging in cost-cutting through the enhancement of operational efficiency and reviews including the handover of business, as well as operate Teishin Hospital as a company-founded hospital. Also, it will promote the improvement of medical services, response to local healthcare needs, and patient satisfaction.

Appendix	Financial Plan
	Income and Expenditure Budget



■ Financial Plan

The financial plan for the fiscal year ending March 31, 2024 is as follows.

Unit: 100 mil JPY

Item	Amount
Cash inflow	
Balance carried over from previous term	13,345
Dividend income	1,776
Former savings accounting subsidy	1
Brand royalty fees	137
Indirect business commissions	532
Medical business income	126
Other income	1,551
Total	17,467
Cash outflow	
Personnel expenses	504
Non-personnel expenses	539
Taxes and dues	71
Investment expenses	102
Loans	1,179
Other expenses	2,016
Balance carried forward to next term	13,056
Total	17,467

N.B.:1) Total figures do not match due to rounding.

■ Income and Expenditure Budget

The income and expenditure budget for the fiscal year ending March 31, 2024 is as follows.

Unit: 100 mil JPY

Item	Amount
Ordinary Income/Loss Section	
Operating Income/Loss Section	
Operating revenue	2,388
Dividend income	1,649
Former savings accounting subsidy	1
Brand royalty fees	124
Indirect business commissions	485
Medical business income	125
Other income	4
Operating expenses	794
Personnel expenses	132
Non-personnel expenses	485
Depreciation costs	140
Taxes and dues	36
Operating Income	1,594
Non-operating Income/Loss Section	
Non-operating Income	146
Ordinary profit	1,739
Extraordinary gain and loss section	
Extraordinary gains	4
Extraordinary losses	-
Income before income taxes	1,743
Income taxes current	-2
Net income	1,745

N.B.:1) Total figures do not match due to rounding.

1. In anticipation of an increasingly digital society, Japan Post Holdings shall engage in group management from a long-term perspective, with a keen awareness that technological innovation may bring about fundamental changes to the three pillars of its postal business: postal, banking, and insurance.
2. Japan Post Holdings shall remain committed to the reliable provision of universal services throughout the country, to improve the speed and quality of postal and logistics services, promote sales activities of Japan Post Insurance, provide products that meet the needs of local residents, and advance the utilization of regional service hubs.
3. Japan Post Holdings shall strive to ensure business continuity across the entire group while appropriately responding to outbreaks of infectious diseases and disasters, and ensuring cyber security preparedness.
4. Japan Post Holdings shall use its network of post offices to further strengthen public service initiatives, including popularizing and utilizing Individual Number Cards and providing administrative services for local governments through counter operations.
5. Japan Post Holdings shall push ahead with establishing new growth areas by promoting initiatives to move toward a digital society, such as building a data governance system necessary to leverage data that post offices possess, promoting DX at group companies, and contributing to the realization of the Vision for a Digital Garden City Nation.
6. Japan Post Holdings shall further advance initiatives to promote diversity, including the employment of people with disabilities, promotion of women's advancement, and ensuring work-life balance by further encouraging male employees to take child care leave.
7. Japan Post Holdings shall proactively implement initiatives to address environmental issues aimed at "Achieving Carbon Neutrality in 2050."
8. Japan Post Holdings shall constantly strive to restore national confidence and user trust by stepping up initiatives such as enhancing compliance and strengthening the governance framework within the group in light of the improper solicitation of Japan Post Insurance products. At the same time, Japan Post Holdings shall enhance smooth communication and cooperation between Japan Post Insurance and Japan Post to quickly rebuild the insurance sales system.
9. Japan Post Holdings shall appropriately handle the disposal of shares of Japan Post Bank and Japan Post Insurance while ascertaining the impact on their ability to fulfill their obligation to provide universal services.

Fiscal Year 2024

From April 1, 2023 to March 31, 2024

17th Term

Business Plan

Japan Post Co., Ltd.

## Foreword

Japan Post Co., Ltd. (hereafter, “Japan Post”) conducts its business operations with the responsibility to ensure that customers can use basic services related to the postal business consistently, universally and fairly at post offices throughout the country.

Going forward, efforts will be made to maintain the level of the post office network, which is a shared asset of the Japanese people, and to fully ensure major public benefits and contribute to local communities, while raising the value of the post office network by making post office services even more convenient.

In the Group Medium-term Management Plan “JP Vision 2025” announced in May 2021, the Japan Post Group (hereafter, the “Group”) set out a “Co-creation Platform” to support customers and local communities as its vision for the future.

Leveraging its network of post offices, the Group’s greatest strength, Japan Post will provide integrated services of the group while seeking partnerships with a diverse range of companies and others outside the Group, which the Group has never had. Such efforts will help local customers enjoy safe, secure, comfortable, and prosperous lives.

## Part 1 Basic Policy on Business Operations

### 1. Initiative for Regaining Customer Trust

Following the discovery in the fiscal year ended March 31, 2020 of the improper solicitation of the products of Japan Post Insurance Co., Ltd. (hereafter the “Japan Post Insurance”), Japan Post has formulated the business improvement plan that mainly addressed the structural factors behind the issue of improper solicitation, and all executives and employees shall work together to ensure that such a situation is never repeated, by implementing the said plan as the most important management priority.

In response to a series of incidents that occurred and were discovered during the fiscal year ended March 31, 2022, in the fiscal year ended March 31, 2023, Japan Post thoroughly implemented measures to prevent the recurrence of these incidents, while continuing to promote initiatives to inculcate awareness and knowledge of compliance and ensure that compliance is put into practice, and initiatives to realize whistleblowing contact points that employees can use with confidence.

In the fiscal year ending March 31, 2024, Japan Post will remain committed to earnestly engaging in initiatives to regain customer trust and ensure thorough compliance through the steady implementation of the business improvement plan and efforts to prevent the recurrence of compliance violations.

#### (1) Initiative for Customer-first Business Operations

In the fiscal year ending March 31, 2024, as a corporate group with one of the largest number of customers in Japan, Japan Post will make continued efforts to build customer trust by performing thorough customer-oriented business operations in the true sense of the word through the implementation of the Management Philosophy, Charter of Corporate Conduct, JP Code of Conduct, a common Group standard of conduct formulated in the fiscal year ended March 2023 and Basic Policies for Customer-first Business Operations. Furthermore, Japan Post will tackle all challenges across the Group, by

promoting coordination between the Group companies to ensure that customers can use all products and services with peace of mind.

Meanwhile, with a view toward creating a “workplace with open communication,” Japan Post will be engaged in reforming the work style at the head office and improving communication between the front line, the branches, and the head office, while effectively reflecting the voice from customers and employees for improving management, sales, and operations.

Furthermore, Japan Post will give each branch more independence and flexibility as well as strengthen the branch function to enhance governance.

## (2) Ongoing Initiatives for Eliminating Improper Solicitation

As in the fiscal year ended March 31, 2023, Japan Post will remain committed to improving solicitation quality and strengthening governance, by ensuring verification at the point of receipt of new policies, providing guidance to sales personnel using solicitation quality data, and ensuring that risk monitoring is carried out, in order to eliminate improper solicitation.

Based on the recognition that a framework for managing sales promotion that was excessively focused on new policy acquisition was one of the structural factors behind the improper solicitation, Japan Post has focused on creating contact points with customers since the fiscal year ended March 31, 2022, and in this connection, “activities targets” was newly introduced for the purpose of evaluating employees’ activity process.

In addition, in the fiscal year ended March 31, 2023, Japan Post established “net increase-based targets” to evaluate both new sales and cancellation and started a new evaluation system based on the two factors, “activities targets” and “net increase-based targets.”

In the fiscal year ending March 31, 2024, Japan Post will continue its evaluation system based on the two factors, and will work to transition from a sales-oriented personnel evaluation system to a system that is more customer-oriented and to establish a management system that evaluates the process of employees’ sales activities.

## (3) Promotion of Compliance to Ensure Customer Trust

As in the fiscal year ended March 31, 2023, in fiscal year ending March 31, 2024, to ensure customer trust, Japan Post will thoroughly implement measures to prevent the recurrence of compliance violations while continuing to steadily implement initiatives including the prevention of internal crime, employee misconduct and improper solicitation, as well as customer protection, countermeasures against money laundering, and the appropriate collection of fees. Japan Post will also work to further inculcate compliance in employees mainly by providing guidance to make them reconfirm the objective and significance of compliance as well as raise awareness of the protection of personal information while improving the environment to prevent the inappropriate handling of personal information.

As in the fiscal year ended March 31, 2023, Japan Post will promptly disclose all incidents of misconduct, with the exception of those cases under police consultation or investigation, provided, however, that certain considerations shall be made including in cases involving a minor, such as ensuring a higher degree of anonymity, as appropriate.

## 2. Initiatives Aiming at Renewed Growth

Japan Post is in the midst of an extremely difficult business environment with a decreasing number of post office users and handled mail/products due to the progress of digitization, and a continuation of the low interest rate regime.

Spurred by the spread of COVID-19, digitization is accelerating, and needs for non-physical contact/non-face-to-face services are on the rise. The whole concept of society, including lifestyles and workstyles, is greatly changing.

In such a business environment, Japan Post is determined to drive the digital transformation (hereafter “DX”), while solidifying its basis of business operation by pursuing initiatives to enhance the value of the post office network.

### (1) DX Promotion

Japan Post recognizes that it needs to reform itself with insight into future trends regarding societal and environmental changes as well as state-of-the-art technologies, if Japan Post is to continue providing its core services such as postal/logistics services, banking, and life insurance constantly and sustainably into the future.

Japan Post shall, therefore, endeavor to materialize enhanced services/functions and operational reform by fully utilizing the data accumulated through full-scale digitization of various data, while promoting initiatives for reforming business operation itself, organization, processes, and corporate culture.

In the fiscal year ending March 31, 2024, Japan Post will continue to strengthen the initiatives to materialize low-cost operations in the postal and logistics business.

Specifically, in addition to converting terminal devices carried by pickup and delivery employees to smartphones, Japan Post will utilize the data acquired by using telematics to ensure employee safety, support each other between deliveries, and review delivery routes and delivery areas, and will pursue the streamlining of pickup and delivery operations for Yu-Pack and other services by using AI-based automatic delivery route determination.

Japan Post will also promote transportation DX, including the introduction of transportation telematics and the optimization of transportation diagrams, and initiatives to reduce manpower and workload at post office operations by taking measures such as the introduction of automated guided vehicles (AGVs). In addition, through collaboration with other companies, Japan Post will be engaged in developing a new logistics platform that enables the development of an efficient delivery system, as well as the provision of services that allow convenient receipt of deliveries.

Moreover, Japan Post will also conduct continuous trials and experiments on robotics (involving picking robots, etc.) and enhanced delivery methods (involving drones, delivery robots, etc.) for practical application in the future, and will study the creation of digital maps for use in pickup and delivery operations, etc.

Japan Post is currently working on postal and logistics business reforms (P-DX) utilizing digitalized sender data and the Group’s proprietary delivery ledger data to achieve data-driven operations.

Such initiatives will promote operational efficiency based on digitalized data, while striving to create a system that makes it easier for customers to send and receive packages. In the fiscal year ending March 31, 2024, Japan Post will securely and steadily upgrade the infrastructure of the current system, which is a prerequisite for such initiatives, and will consider services to improve the convenience of sending packages using existing technology and measures to improve the convenience of receiving mail using digital technology.

In post office operations as well, Japan Post will thoroughly digitalize post office operations by, for example, using tablets, establishing an online support system, and expanding self-service operations, to create an environment that will enable effective and efficient sales activities. Japan Post will also utilize the resources thus generated to develop a wide variety of services that meet the needs of local communities and customers.

In the fiscal year ended March 31, 2023, in order to meet the growing need for non-face-to-face/non-physical contact services, Japan Post introduced systems for accepting electronic applications of cancer insurance policies and medical insurance policies with eased underwriting conditions, online consultations on investment trusts, and introduced digital ticket dispensers and self-serve postal checkout services. Japan Post has also begun to operate the Financial Services Contact Center which is staffed by specialized operators who provide online product explanations and application services for savings-type NISA and non-life insurance products.

In the fiscal year ending March 31, 2024, Japan Post will continue and strengthen these initiatives, and promote the digitalization of post office operations to improve customer convenience. Japan Post will also provide consulting services that suit customer needs, utilizing consulting apps and digitized sales activity records.

At present, cashless payments, such as payments using credit cards, are available at approximately 8,600 post offices nationwide, and the acceptance of cashless payments will be expanded to all directly managed post offices nationwide in order to further improve services.

As part of the “post office of the future” concept, Japan Post aims to provide new value to customers of all ages and regions and to thoroughly enhance experience value by integrating physical post offices with digital technologies. In the fiscal year ending March 31, 2024, Japan Post plans to release a group platform app for smartphones that will make “sending and receiving” functions “easier to understand” and “easier to use.”

Furthermore, Japan Post will explore the possibilities of using the data it holds to solve local issues and to create new businesses while ensuring the appropriate handling of personal information and security.

## (2) Initiatives to Enhance the Value of the Post Office Network

In regions faced by an aging population combined with low birthrates and depopulation, the continued vitality of their local economies has become a more pronounced social issue, due to the withdrawal of various companies from these regions, among other factors. In this situation, post offices may provide greater value or play a greater role in those regions.

To achieve sustainable growth, Japan Post believes that it must enhance the value of the post office network by leveraging the physical presence of post offices while promoting digitization.



With such belief, Japan Post will be engaged in various administrative work consigned from local governments, including issuing certifications, the reception of various notification regarding national pension-related services and National Health Insurance, counter services such as the sales of premium gift certificates, and administrative work related to electronic certificate-related services and support for application for Individual Number Cards.

Japan Post will also provide a wide variety of products and services that meet the needs of local communities and local customers in collaboration with other businesses, including enhanced collaboration with regional financial institutions and integrated operation of post offices and station ticket counters.

Furthermore, Japan Post will focus on optimizing the arrangement of post office locations considering customer convenience, and make operating hours more flexible at post offices based on the needs of local communities.

### (3) Enhancement of the Commitment to the SDGs

As increasing importance is being attached to the SDGs (Sustainable Development Goals), a set of globally shared goals endorsed by all member states of the United Nations at its General Assembly in 2015, Japan Post formulated the Japan Post Basic Sustainability Policy in the fiscal year ended March 31, 2022.

In the fiscal year ending March 31, 2024, Japan Post will continue to strive to achieve sustainable growth and enhancement of corporate value over the medium to long term by contributing to addressing social issues related to sustainability through the whole range of its corporate activities.

In an effort to contribute to “Achieving Carbon Neutrality in 2050,” proposed by the Japanese government as part of its initiatives to reduce the environmental burden, Japan Post will endeavor to expand the use of electric vehicles (EVs), switch to LED lighting, and reduce redelivery. Japan Post will also continue to conduct demo tests, such as giving local EV users access to charging equipment and will promote the carbon neutralization of regions through collaboration with local governments in regions that have been already working to achieve decarbonization.

Moreover, Japan Post will work to build more “+eco post offices” that are more environmentally friendly by applying cross laminated timber (CLT) to post offices and using renewable energy such as the introduction of private solar power generation systems.

In order to realize its various management strategies, Japan Post considers human resources as “capital” and believes in the importance of “human capital management” initiatives that link to enhancing corporate value over the medium- to long-term through maximizing the value of human resources.

As such, Japan Post will be actively committed to creating comfortable workplaces by implementing support measures for a better balance between work and child-rearing/nursing care as well as reducing overtime work. Japan Post will also strive to promote diversity such as empowerment of women and promotion of senior employment, and train human resources capable of providing customer-oriented services.

In addition, Japan Post will promote appropriate information disclosure by visualizing its human capital management efforts.

## Part 2 Plans Regarding Operations Stipulated in Article 4, Paragraph 1 through 3 of the Japan Post Co., Ltd. Act

Japan Post ensures implementation of operations including postal operations, banking counter operations, and insurance counter operations stipulated in Article 4, Paragraph 1 of the Japan Post Co., Ltd. Act (Act No. 100 of 2005), in addition to conducting operations as stipulated in Paragraph 2 and Paragraph 3 of the same Article.

The essential details of the plan are as follows.

With regard to operations stipulated in Article 4, Paragraph 2, Item 3 and Paragraph 3 of the Japan Post Co., Ltd. Act, the plan is formulated based on provisions of Article 92 of the Postal Service Privatization Act (Act No. 97 of 2005) which stipulates that special care should be taken not to unfairly harm the interests of businesses engaged in the same type of operation as Japan Post.

1. Postal Operations (including sales of documentary stamps and issuance of New Year's lottery postcards, etc.)

While the quantity of mail is decreasing, largely due to further advancement in digitization, Japan Post will strive to maintain the use of the postal service through the promotion of letter writing by providing education regarding its enjoyment, such as by supporting the Letter Writing Workshop Program and providing services to assist users' preparation of New Year's cards using smartphones.

In the meantime, incidents are still being discovered such as the abandonment or concealment of mail. Japan Post, taking its responsibility to reliably deliver mail seriously, will remain committed to raising compliance awareness, employee development focused on enhancing staff training and adequate communication, and will make employees fully aware of priority rules for crime prevention and provide thorough instruction.

From the fiscal year ending March 31, 2024, Japan Post will conduct post-hiring aptitude assessments and review training programs. In order to ensure existing measures to prevent recurrence do not become a mere formality, Japan Post will monitor the implementation of measures at post offices in a timely manner and review measures based on feasibility, as necessary.

At some post offices that have a counter for handling postal services and a Yu-Yu counter, Japan Post will work to integrate the counters to eliminate confusion among customers and improve convenience.

Increases in fuel and other commodity prices, as well as labor and other costs, are significantly impacting Japan Post's operations.

Japan Post will continue to streamline operations while utilizing digital technology to improve productivity. However, as the volume of mail declines, Japan Post believes that a review of postal charges is inevitable in the future in order to realize the stable provision of postal services as a universal service and to improve services to customers.

In the fiscal year ending March 31, 2024, Japan Post will consider reviewing postal charges, taking into account income and expenditure by business segment in the fiscal year ended March 31, 2023.

## 2. Domestic Distribution Operations

Japan Post will work to provide products and services that meet customer needs, such as increasing the number of e-commerce sites that introduce its e-shipping service, expanding the number of locations where non-physical contact pickup lockers are available, and enhancing the convenience in both sending and receiving items by diversifying payment methods to steadily capture the growing EC market and online flea markets. Japan Post will also work to increase the number of packages and other items handled and improve the efficiency of the transportation and delivery network by strengthening cooperation with other companies.

Japan Post will strengthen its Logistics and increase revenues by expanding the range of logistics solutions utilizing warehouses, and enhancing B2B logistics services.

With a continued decline in the quantity of mail, Japan Post will also accelerate a shift of resources to the package delivery market, which is one of the growth markets, while increasing productivity through the full-scale pursuit of work load-based cost control and DX promotion.

Increases in fuel and other commodity prices, as well as labor and other costs, are significantly impacting Japan Post's operations.

Japan Post will continue to streamline operations while utilizing digital technology to improve productivity. However, Japan Post believes it is necessary to revise Yu-Pack shipping fees in order to provide stable and high-quality logistics services in the future.

In the fiscal year ending March 31, 2024, Japan Post will work to improve customer service by revising notified fees and investing in facilities and human capital, with the aim of achieving sustainable growth.

Japan Post collaborates with many companies in the delivery and collection of mail and packages, and Japan Post will continue to work toward building partnerships with such companies.

## 3. Banking Counter Operations, Insurance Counter Operations, etc.

As in the fiscal year ended March 31, 2023, Japan Post will remain committed to the steady implementation of the business improvement plan, as well as engaging in customer-oriented consulting to make proposals in line with customer needs, based on the features of each product, focusing on "customer-oriented sales activities."

As part of those efforts, Japan Post will encourage employees to receive training and obtain qualifications to help them offer financial products that meet needs through customer contact.

In order to strengthen and expand points of contact with customers, Japan Post will expand its sales activities at companies and worksites to cultivate the youth segment, develop sales tools including consulting apps, and attract new customers. Japan Post will also develop an environment for conducting efficient and effective sales activities, including establishing a system to explain and apply for products on behalf of customers at its Financial Services Contact Center, utilizing digitized records of negotiations with customers, and developing an online interview system.

In addition, Japan Post will reduce the number of documents stored at post offices and gradually digitize documents in order to prevent their loss and improve operational efficiency, and will provide ongoing guidance to thoroughly ensure the protection of personal information.

As in the fiscal year ended March 31, 2023, Japan Post will make employees fully aware of priority rules for crime prevention and provide thorough instruction while implementing a training program to inculcate awareness of crime prevention in employees.

Japan Post will continue to implement check and control over post office managers and other personnel in managerial positions, such as the business practice of having them work at another post office for long periods of time, and enhancement of inspection and examination by a manager in charge of crime prevention. In addition, Japan Post will continue its efforts, including the collection of customer feedback and employee insight to prevent or early discover internal crime.

#### 4. Administrative Work Consigned from Local Governments

Japan Post believes that the social mission of post offices is to provide universal services of postal business, while staying in close contact with and working together with the communities Japan Post serves, all based on the trust of customers and communities that has been cultivated over the years since the foundation of the postal service in Japan.

Amid a situation in which it is increasingly difficult to maintain social infrastructure, including administrative services and privately run services, Japan Post will strive for various undertaking of administrative work consigned from local governments, including the issuance of public certificates and the reception of various notification regarding national pension-related services and National Health Insurance, and counter services such as the sales of premium gift certificates. Japan Post will also seek comprehensive administrative work contracts.

In the fiscal year ended March 31, 2023, Japan Post engaged in consigned work related to electronic certificates and application support for Individual Number Cards and work installing and operating kiosk terminals purchased by local governments. Japan Post also engaged in promoting the popularization and utilization of Individual Number Cards, as well as cooperating with the “Individual Number Card Utilization Promotion Project at Post Offices” implemented by the Ministry of Internal Affairs and Communications, and digitizing the application procedures for the issuance of certificates.

In the fiscal year ending March 31, 2024, Japan Post will continue and strengthen these initiatives, and actively accept consigned work of issuing electronic certificates and supporting applications for Individual Number Cards and installing and operating kiosk terminals purchased by local governments.

At the same time, Japan Post will make use of relationships with local governments through comprehensive partnership agreements with them and other means, aiming to revitalize the region.

## 5. Real Estate Operations, etc.

As in the fiscal year ended March 31, 2023, Japan Post will be engaged in the property leasing business at JP Tower (which accommodates the KITTE commercial complex) and other properties with other Group companies, along with the leasing of residential properties, nurseries, and nursing homes, as an enterprise for effectively utilizing land in residential areas.

In addition, Japan Post will promote development projects such as the Toranomom-Azabudai District Category 1 Urban Redevelopment Project and the Umeda 3-chome Project, with a view toward expanding new revenue opportunities and effectively utilizing our existing real estate portfolio, and will turn its real estate business into one of the main revenue sources.

To enhance the core businesses, Japan Post will consolidate and streamline its business facilities by improving their operational efficiency while leveraging them in the real estate business.

## 6. International Logistics Operations

Japan Post will work to maintain Toll Holdings Pty Limited's positions in Asia in the consumer goods and retail sectors, where its strengths lie, while expanding its capabilities in the healthcare sector to build a more balanced portfolio. Japan Post will continue to work to reduce costs through streamlining operations and other measures.

## 7. Other Business Operations

Japan Post will be providing products by catalogue-based distribution, along with the post offices' Watch Over Service utilizing smart speakers, with a view toward helping customers achieve comfortable and fruitful lives and lifestyles in safety and security, while studying the launch of new products and services through investments and alliances.

## Part 3 Basic Plan for Establishment and Elimination of Post Offices and Company Offices for which Notification is Required under the Stipulations of Article 6, Paragraph 2 of the Japan Post Co., Ltd. Act

### 1. Establishment of Post Offices, etc.

With regard to establishment of post offices, etc., Japan Post makes it a policy to maintain the level of the post office network in underpopulated areas based on Article 6 of the Japan Post Co., Ltd. Act and Article 4 of the Ordinance for Enforcement of the Japan Post Co., Ltd. Act (Ordinance of the Ministry of Internal Affairs and Communications No. 37 of 2007), and thereby ensure steady provision of universal services of postal business.

In addition, as for contracted post offices that are temporarily "out of service," Japan Post will continue with efforts to promptly reopen these facilities regardless of whether they are in underpopulated areas as stipulated in Article 4, Paragraph 5 of the Ordinance for Enforcement of the Japan Post Co., Ltd. Act.

When temporary measures are needed, Japan Post will make efforts to provide counter services through "mobile post offices," according to the local situation and status of use by customers.

Japan Post will continue to ensure that the level of the post office network, which is a shared asset of the Japanese people, is maintained while utilizing subsidies and contribution systems for the support the maintenance of this network.

## 2. Establishment of New Post Offices, etc.

Japan Post will press ahead with efforts to open post offices in areas where an increase in customer use is expected, while remaining engaged in initiatives for opening shops that meet changing customer needs amid the changing social environment, as well as shops that provide solutions to the challenges faced by local communities.

## 3. Elimination of Post Offices, etc.

Japan Post will review the location of post offices as before, in line with resolving issues such as decreasing customer demand and aging facilities.

Japan Post will revise the operational format of post offices which require improvement in management in terms of operational efficiency, such as those post offices with limited user groups and limited services in need.

In addition, regarding contracted post offices that have been “out of service” for a long period of time, Japan Post will review the situation in light of local demand and location of other post offices, and make adjustments in cases where other post offices can be easily used given the movement of residents in their daily lives.

## Part 4 Operation of Other Businesses

### 1. Support for Reconstruction from the Great East Japan Earthquake and Other Disasters

In terms of support for reconstruction from the Great East Japan Earthquake and other disasters, post office services including postal services, banking, and life insurance are indispensable for the maintenance of daily lives by those affected by the disaster. Japan Post will therefore continue to deepen ties between Japan Post Group companies to contribute to supporting the daily lives of people affected by the disaster by reopening post offices and other efforts.

### 2. Response to Emergencies Including Disasters

Japan Post has prepared a business continuity plan, and based on the plan, it clarifies the important operations that must be resumed with priority, in the event of emergencies, including natural disasters such as earthquakes and pandemics that may seriously impact our corporate activities, and formulates a framework as well as prior countermeasures to achieve smooth business continuity and restoration.

In addition to the aforementioned, Japan Post has formulated business operation plans based on the provisions of Article 39, Paragraph 1 of the Basic Act on Disaster Management (Act No. 223 of 1961), Article 36, Paragraph 1 of the Act on Measures to Protect the People in Armed Attack Situations (Act No. 112 of 2004), as well as Article 9, Paragraph 1 of the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response (Act No. 31 of 2012), respectively.

Besides, Japan Post formulated and announced in the fiscal year ended March 31, 2021, the “Guidelines for Preventive Measures against COVID-19 in the Postal and Logistics Business,” while Japan Post is in the process of formulating the “Basic Policies on Preventive Measures against COVID-19 at Japan Post.” Based on the policies, Japan Post will protect customers and employees from the infection and contribute to the welfare of the nation through its business activities.

### 3. International Harmony and Collaboration

In addition to steadily fulfilling its obligations based on the Universal Postal Convention, Japan Post will promote international harmony and collaboration and seek to improve the quality of the international postal services by playing an active and leading role in activities of the Universal Postal Union (UPU).

In addition, Japan Post will use its world-class knowhow and related technologies with regard to the post and post office networks to actively cooperate with postal business entities in other countries.

Appendix            Financial Plan  
                          Income and Expenditure Budget



## Financial Plan for the Fiscal Year Ending March 31, 2024

Unit: 100 mil JPY

Item	Amount
Cash inflow	
Balance carried over from previous term	7,999
Income from postal business	13,035
Documentary stamps income	9,335
Income from deposits and insurance outsourced operations	4,899
Subsidies	3,000
Other operating income	8,832
Other financial income	-
Borrowings	-
Total	47,100
Cash outflow	
Personnel expenses	19,597
Non-personnel expenses	7,514
Taxes and dues	2,615
Investment expenses	1,129
Documentary stamps payment	9,622
Redemption of borrowings	-
Balance carried forward to next term	6,623
Total	47,100

N.B.: 1) Total figures do not match due to rounding.

2) “-” means that the figure does not exist.

## Income and Expenditure Budget for the Fiscal Year Ending March 31, 2024

Unit: 100 mil JPY

Item	Amount
Operating income	28,112
Postal service business income	12,080
Documentary stamps outsourced operations income	290
Commissions for banking and insurance business consignment	4,428
Subsidies	3,001
Other operating income	8,313
Operating costs	26,202
Personnel expenses	18,426
Costs	7,776
Non-personnel expenses	6,580
Depreciation costs	920
Other costs	276
Sales, general and administrative costs	1,836
Personnel expenses	837
Non-personnel expenses	657
Other costs	342
Net operating income (loss)	75
Other income	54
Other expenses	12
Net ordinary income (loss)	117
Extraordinary gains	68
Extraordinary losses	61
Income (loss) before income taxes	123
Income taxes current	40
Net income (loss)	84

N.B.: 1) Total figures do not match due to rounding.

1. Japan Post shall ensure the provision of universal services throughout Japan, to improve the speed and quality of postal and logistics services, promote sales activities for Japan Post Insurance products, provide products that meet the needs of local residents, and utilize regional service hubs.
2. Japan Post shall strive to ensure business continuity across the entire Group while appropriately responding to outbreaks of infectious diseases and disasters, and taking cyber security measures.
3. Japan Post shall actively engage in price negotiations with contractors and discussions and consultations regarding the passing of costs in order to work through contracts with appropriate terms and conditions, while striving to improve the work environment for employees.

To realize these and the stable provision and quality improvements of its services, Japan Post shall strengthen profitability by investing in priority areas such as digitization, streamlining management, and reviewing service provision conditions. Japan Post shall keep customers fully informed to avoid confusion when reviewing service provision conditions.

4. Japan Post shall utilize its network of post offices to actively engage in highly public initiatives centered on post offices and the revitalization of local communities through the use of post offices, by playing a role in popularizing and encouraging the use of Individual Number Cards and providing administrative services for local governments through counter operations.
5. Japan Post shall steadily make preparations for when administrative work relating to the issuance of Individual Number Cards, etc. is added to the administrative work that can be handled at post offices following the amendment of the Act on Handling of Certain Services of Local Governments at Postal Offices (Act No. 120 of 2001).
6. With regard to the data obtained and held by Japan Post, Japan Post shall conduct a study toward a wider use of the data in public and other fields while ensuring the appropriate handling of personal information and security.

7. Japan Post shall continue to establish new growth areas by promoting initiatives for the advancement of the digital society, such as promoting DX and contributing to the realization of the Vision for a Digital Garden City Nation.
8. Japan Post shall continue to advance initiatives to promote diversity, including the employment of people with disabilities, promotion of women's advancement, and ensuring work-life balance by continuing to encourage male employees to take child care leave.
9. Japan Post shall proactively implement initiatives to address environmental issues aimed at "Achieving Carbon Neutrality in 2050."
10. In light of recent incidents of misconduct such as the improper solicitation of Japan Post Insurance products, Japan Post shall constantly strive to restore national confidence and user trust as well as ensure thorough compliance by steadily implementing the business improvement plan and thoroughly taking recurrence prevention measures, in cooperation with the Group companies.
11. Japan Post shall continue to work to provide stable and smooth international mail services by securing a stable international mail transportation capacity and maintaining and strengthening cooperation with customs authorities, while taking into account outbreaks of infectious diseases and changes in the geopolitical situation worldwide.