

Fiscal Year 2022

From April 1, 2021 to March 31, 2022

17th 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”; collectively the “business subsidiaries,” together with Japan Post and Japan Post Bank), and exercise its rights as shareholder thereof. Furthermore, Japan Post Holdings will support the businesses of its business subsidiaries, etc. by subcontracting indirect operations that can achieve economies of scale. In addition, by conducting management of hospitals and lodging facilities, 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, follow 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.

During the fiscal year ending March 31, 2022, Japan Post Holdings is scheduled to announce the medium-term management plan for the next term, based on the “Japan Post Group Basic Approach to the Group Medium-term Management Plan (2021 - 2025)” announced in November 2020. Japan Post Holdings will work to regain customers’ trust, which was damaged mainly by the improper solicitation of Japan Post Insurance products, and will aim to enhance its corporate value towards renewed growth of the group.

As the fiscal year ending March 31, 2022 marks the 150th anniversary since the foundation of the postal service in Japan, Japan Post Holdings will return to the starting point as a group of companies united as a whole under the slogan “Everything for customers.”

1. Basic Policy on Business Operations

(1) Countermeasures against Improper Solicitation of Japan Post Insurance Products and Other Misconduct

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, while Japan Post Insurance and Japan Post also received administrative dispositions regarding the same issue. 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. Key measures listed in the plan are being implemented, subject to the monitoring by the JP Reform Execution Committee (established in April 2020), which consists of external experts to verify the initiatives from a fair and neutral standpoint.

Meanwhile, 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.

While addressing the newly emerging issues, Japan Post Holdings will, in light of the evaluations and advice from the JP Reform Execution Committee, steadily implement the business improvement plan, mainly by enhancing the governance function, the group compliance function and the function of Audit Division. In order to regain customers' trust, Japan Post Holdings will thoroughly disseminate customer-oriented business operations through the utilization of the voice from customers and employees for management and improving sales and operation, on the basis of the "Pledge to Regain Customer Trust" announced in September 2020.

(2) Measures Related to Other Management Issues

(i) Compliance and Audit Initiatives and the Practice of Customer-oriented Business Operations

Based on the situation where offenses continue to occur within the Japan Post Group, including the discovery of improper solicitation of Japan Post Insurance products, 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.

For this reason, Japan Post Holdings sees the improvement of compliance standards group-wide as an important issue for management in the fiscal year ending March 31, 2022 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, 2022 as well as the condition and status of their internal audit systems. Moreover, Japan Post Holdings is committed to the further promotion and management of countermeasures against money laundering and financing of terrorism as one of its top priorities, apart from the steady implementation of the business improvement plan in light of the issues concerning the improper solicitation of Japan Post Insurance products.

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).

(ii) 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.

(iii) Commitment to Achieving the SDGs

Japan Post Holdings will work to implement the following measures for achieving the 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 environmental footprint through business services, such as the expanded introduction of EVs across the group 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 (2.2%) of persons with disabilities required by the Act for Promotion of Employment of Persons with Disabilities in the fiscal year ended March 31, 2021. Since the designated employment rate of persons with disabilities was raised to 2.3% in March 2021, 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, 2022 as well. With regard to 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 female employees to increase their motivation 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.

(iv) 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.

(v) Enhancing 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. As for the group management strategies in the coming period, Japan Post Holdings is scheduled to announce the Medium-term Management Plan for the next term in May 2021, based on a study of the enhancement and strengthening of the group’s core businesses and the creation of new business. Specifically, Japan Post Holdings will be providing multifaceted services in response to local needs, such as expansion of comprehensive administrative work contracts from local governments, in addition to the enhanced basic services for living such as postal and domestic logistics services, banking, and life insurance. Japan Post Holdings will also aim to materialize new value creation by the fusion of real and digital in the form of integration between the physical network of post offices and the digital

transformation (DX), as well as expansion of services/functions such as online operation of various procedures and consultation work. Besides, Japan Post Holdings will drive new business capitalizing on the group's management resources and strength such as expansion of its real estate business for maximizing the value of the real estate held by the group, thereby securing new sources of revenue.

(vi) Contribution to the Olympic and Paralympic Games

In the holding of the Tokyo 2020 Olympic and Paralympic Games, as an official partner, Japan Post Holdings will offer its contribution regardless of postponing schedule, through the nationwide network of post offices, toward the success of the Olympic and Paralympic Games, the success of Team Japan, and the stimulation of higher morale and spirit throughout all of the events.

(vii) 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, 2022, 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 with telecommunications equipment owned by Japan Post Holdings, and data processing services with data processing system.

(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 and the Organization for Postal Savings, Postal Life Insurance and Post Office Network.

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-group 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.

(4) Lodging Facilities Operation et al.

With regard to former postal life insurance subscriber facilities, Japan Post Holdings will engage in revenue-increasing measures such as increasing the number of users of lodging facilities, thorough management of food costs, while promptly proceeding with business transfer and other measures based on changes in the external environment such as the economic trend in recent years and future forecasts.

Appendix	Financial Plan
	Income and Expenditure Budget

■ Financial Plan

The financial plan for the fiscal year ending March 31, 2022 is as follows.

Unit: 100 mil JPY

Item	Amount
Cash inflow	
Balance carried over from previous term	3,353
Dividend income	2,012
Former savings accounting subsidy	3
Brand royalty fees	141
Indirect business commissions	514
Hotel business income	158
Medical business income	137
Other income	771
Total	7,090
Cash outflow	
Personnel expenses	745
Non-personnel expenses	650
Taxes and dues	87
Investment expenses	116
Loans	436
Other expenses	2,135
Balance carried forward to next term	2,921
Total	7,090

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, 2022 is as follows.

Unit: 100 mil JPY

Item	Amount
Ordinary Income/Loss Section	
Operating Income/Loss Section	
Operating revenue	2,836
Dividend income	1,944
Former savings accounting subsidy	3
Brand royalty fees	128
Indirect business commissions	478
Hotel business income	145
Medical business income	138
Operating expenses	923
Personnel expenses	145
Non-personnel expenses	594
Depreciation costs	150
Taxes and dues	33
Operating Income	1,912
Non-operating Income/Loss Section	
Non-operating Income	78
Ordinary profit	1,991
Extraordinary gain and loss section	
Extraordinary gains	4
Extraordinary losses	-
Income before income taxes	1,995
Income taxes current	-256
Net income	2,251

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