

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, 2021

Company name: Japan Post Holdings Co., Ltd.
Representative: MASUDA Hiroya
Director and Representative Executive Officer,
President & CEO
(Code number: 6178, First Section of the
Tokyo Stock Exchange)
Contact: IR Office (Phone: +81-3-3477-0206)

Approval of Business Plan for the Fiscal Year Ending March 31, 2022

Japan Post Holdings Co., Ltd. and its subsidiary, Japan Post Co., Ltd. hereby announce that on Friday February 26, 2021, 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, 2022 (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 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 reviews in order to improve its management soundness including revenue-increasing measures such as increasing the number of users of lodging facilities, thorough management of food costs, and reviews of the distribution of facilities based on changes in the external environment such as the economic trend in recent years and future forecasts.

Also, as part of its community contribution measures, Japan Post Holdings will continue to lend part of its former postal life insurance subscriber facilities to preventative long-term care providers and engage in preliminary trials of businesses to provide opportunities designed to improve the physical functioning of individuals certified as requiring support.

■ 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.

1. Japan Post Holdings shall constantly strive to restore national confidence and user trust by remaining committed to the initiatives such as enhancing compliance and strengthening the governance framework within the group, taking into account the issues, such as the improper solicitation of Japan Post Insurance products and misuse of a cashless payment service of Japan Post Bank.
2. Japan Post Holdings shall develop multifaceted and flexible services that keep pace with the changes in the social environment, and shall accelerate the creation of new growth areas by actively pursuing initiatives such as the promotion of DX by utilizing the data obtained and held by the group and capitalizing on the post office network, regional revitalization, and its commitment to SDGs and ESG.
3. Japan Post Holdings shall remain committed to the reliable provision of universal services, while taking appropriate measures for emergencies such as COVID-19 and disasters, as well as to ensure cyber security preparedness, thereby ensuring business continuity across the entire group. Japan Post Holdings will also actively promote the spread of the Individual Number Card, in coordination with the group companies.
4. 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.
5. Regarding the hotel business, Japan Post Holdings shall engage in a radical review in order to improve the group's management soundness. As for the hospital business, Japan Post Holdings shall continue to proceed steadily with initiatives for improving management, while being committed to countermeasures against COVID-19.

Fiscal Year 2022

From April 1, 2021 to March 31, 2022

15th 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 and promoting initiatives to comprehensively support the daily lives of local customers.

The year 2021 marks the 150th anniversary since the foundation of the postal service in Japan.

Reaching this major milestone, Japan Post will return to the starting point under the slogan “Everything for the sake of customers,” and will move forward to the next stage by steadily carrying out the initiatives for growth.

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. (hereinafter 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 the fiscal year ending March 31, 2022, Japan Post will remain committed to the steady implementation of the business improvement plan, while being fully and earnestly engaged in the initiatives for regaining trust of customers.

(1) Initiative for Customer-first Business Operations

As in the fiscal year ended March 31, 2021, Japan Post will remain committed to the initiatives for achieving the restoration of customer trust as the top priority with a view to fulfilling the “Pledge to Regain Customer Trust,” while continuously engaging in disseminating the management philosophy.

Meanwhile, with a view toward creating a “workplace with an open culture,” 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 shall 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.

On October 5, 2020, post offices commenced business operation with a view toward regaining trust, focusing on follow-up services for the financial products in question as

their top priority, while apologizing to customers for the trouble and worry they have experienced, and providing explanations regarding the “Pledge to Regain Customer Trust,” all as part of efforts to relieve customers of their unease and to clearly answer their questions.

In the course of such initiatives, Japan Post was offering proposals on financial products only if specifically requested by customers. However, from April 1, 2021, Japan Post will be shifting to a new stage by adopting a new sales approach: while continuing with business operations aimed at regaining customer trust, post office employees confirm customers’ possible needs and offer information and proposals on financial products according to the needs. Through this approach Japan Post intends to build a relationship of trust with customers through sales activities.

(2) Ongoing Initiatives for Eliminating Improper Solicitation

As in the fiscal year ended March 31, 2021, Japan Post will remain committed to improving solicitation quality and strengthening governance, by ensuring verification at the point of receipt of new policies in order to eliminate improper solicitation, while enhancing guidance to sales personnel as well as risk management through the establishment of a foundation to manage solicitation quality data.

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 will review the sales target from the fiscal year ending March 31, 2022 onward regarding the following points:

- Introduction of an “activities target”
- Changeover to the “net increase-based evaluation system,” which is capable of evaluating both new sales and cancellation

Japan Post has decided to focus on creating contact points with customers in the fiscal year ending March 31, 2022, and in this connection, an “activities target” shall be newly introduced for the purpose of evaluating employees’ activities process. Simultaneously with a view toward promoting management reform for evaluating employees’ activities process, in line with such a changeover of sales targets, net increase-based sales targets shall be established on a step-by-step basis, in view of the progress in such management reform.

Meanwhile, in the area of staff assessment, the hitherto adopted sales-oriented personnel evaluation system shall be reformed into a system that is more customer-oriented.

(3) Thorough Compliance

As in the fiscal year ended March 31, 2021, Japan Post will remain engaged in promoting compliance that is geared toward “regaining customers’ trust,” such as the continuation and enhancement of the initiatives including the prevention of internal crime and employee misconduct, customer protection (in terms of conduct) and countermeasures against money laundering (prevention of the abuse of financial functions), along with penetration of compliance awareness.

As in the fiscal year ended March 31, 2021, 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.

Moving forward into the future in the “with COVID-19 or post-COVID-19 society,” Japan Post can assume an acceleration of digitization as well as an increasing need for non-physical contact/non-face-to-face services, while forecasting dramatic change in the whole concept of society, including lifestyles and workstyles.

In such a business environment, Japan Post is determined to drive the digital transformation (hereinafter the “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, 2022, Japan Post shall, in the postal/logistics business, utilize the data acquired by using telematics to ensure employee safety and support each other between deliveries, while also using telematics to review delivery routes and delivery areas. In addition, Japan Post will be engaged in streamlining pickup and delivery operations for Yu-Pack and other services, including AI-based automatic delivery route determination, thereby materializing low-cost operations.

In collaboration with other companies, Japan Post will also be engaged in developing a new logistics platform that enables the development of an efficient delivery system, as well as the provision of convenient pick-up services, while conducting continuous trials and experiments on robotics (involving automatic guided vehicle, unmanned conveyance forklifts, and picking robots), and enhanced delivery methods (involving drones and delivery robots) for practical application in the future.

Digitization shall also be pursued in the post office administration, by utilizing tablets with a view toward materializing paperless processing and the operational streamlining of various procedures.

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

Sustainable growth is believed to require an enhancement of the value of the post office network, through the utilization of the physical presence of post offices.

Based on such recognition, Japan Post will strive to expand the scope of its business operations in administrative work consigned from local governments, by negotiating for a

wider scope of consigned work, in the event of amendments to the Act on Handling of Certain Services of Local Governments at Postal Offices (Act No. 120 of 2001), while developing diverse post offices that possess individual characteristics to meet the regional needs, in collaboration with local governments and other businesses, including enhanced collaboration with regional financial institutions and operational integration with train stations, thereby enhancing the value of the post office network.

(3) Development of a New Sales System at Japan Post Insurance

While Japan Post has, since the emergence of the issues concerning improper solicitation of Japan Post Insurance products, been engaged in the initiatives for enabling post office employees to work in closer alignment with customers' future life plans and provide a wide range of products and services that meet their objectives, Japan Post shall be shifting to a new sales system as Japan Post Group, enabling a "comprehensive consulting service," with deeper expertise and wider facade.

Specifically, Japan Post will clarify the division of roles between consultants with expertise and mobility, and counter sales personnel who handle a wide range of products, as a preliminary step to prepare for the future situation in which the former shall be under the direct command of Japan Post Insurance (responsible mainly for sales and administration for Japan Post Insurance products).

(4) 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 recognizes that they should serve as its platform necessary for sustainable growth, which shall be adopted positively across the whole range of its corporate activities, with a view toward creating corporate value and contributing to materializing a sustainable society.

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 shall endeavor to implement a changeover to electric vehicles and reduce redelivery, apart from establishing post offices that are constructed using cross laminated timber (CLT), and are capable of utilizing renewable energy, such as solar power.

In order to make progress in various initiatives, Japan Post believes that nothing is more important than developing a working environment that allows each employee to work energetically and demonstrate their individual talents sufficiently.

As such, Japan Post will be actively committed to providing employees with fair and convincing treatment and promoting diversity, apart from initiatives such as support for a better balance between work and child-rearing/nursing care, encouragement for workers to take childcare leave, improvement of the working environment in which working late-nights and week-ends is taken for granted, and reduction of overtime work, with a view toward developing an employee-friendly workplace.

3. Compliance with the Act for Partial Amendments to the Postal Act and the Act on Correspondence Delivery by Private Business Operators (Act No. 70 of 2020; hereinafter, the "Amended Postal Act")

The Amended Postal Act was enacted on November 27, 2020, and promulgated on December 4, 2020. An outline of the amendments is as follows.

- The mandatory frequency of delivery was reduced from no less than six days a week, to no less than five days a week.
- The mandatory speed of delivery was relaxed from within three days in principle to within four days in principle.
- Special mail within the same postal area can now be accepted by the regional sorting office that sorts mail to be delivered to different postal areas including the postal area of the delivery destination.

Each area of postal services affected by the Amended Postal Act shall be subject to a review from roughly the autumn of 2021 onward, in compliance with the enforcement of the Amended Postal Act.

In the aforementioned review of its services, Japan Post will unfailingly follow the necessary administrative procedures, including application for the approval of change in the Terms and Conditions for Domestic Postal Services, etc. and filing of revised postages, while proceeding with thorough preparations to ensure uninterrupted normal business operations, including close and thorough communications with sufficient notice periods to customers via the corporate website, posters, leaflets (for door-to-door delivery and over the counter distribution), and newspaper advertisements.

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 growing use of the Internet, Japan Post will strive to maintain use of the postal service through the promotion of letter writing by providing education regarding its pleasures, such as by supporting the Letter Writing Workshop Program, and a new service to assist users' preparation of New Year's cards that meet the needs of the times, as well as the promotion of direct mail operation, primarily by organizing sales promotion seminars for corporate users.

Japan Post will also promote the sales of special stamps and postcards, while issuing medalist framed stamps as well as host town framed stamps, in celebration of the Tokyo 2020 Olympic and Paralympic Games. Furthermore, Japan Post will operate its vehicles appropriately, in

complete conformity with the temporary road traffic regulations imposed during the period of the Games.

As for abandonment or concealment of mail, Japan Post, taking its responsibility to reliably deliver mail seriously, will remain committed to employee development focused on enhancing staff training and adequate communication, as well as aiming to firmly establish priority rules for crime prevention by making them fully aware to employees and providing them thorough instruction.

In implementing a review of its services in line with the Amended Postal Act, Japan Post will unfailingly follow the necessary administrative procedures, including application for the approval of change in the Terms and Conditions for Domestic Postal Services, etc. and filing of revised postages, while proceeding with thorough preparations to ensure uninterrupted normal business operations, including close and thorough communications with sufficient notice periods to customers via the corporate website, posters, leaflets (for door-to-door delivery and over the counter distribution), and newspaper advertisements.

2. Domestic Distribution Operations

Japan Post will increase revenues by expanding services designed to enhance convenience in both sending and receiving, with a view toward thoroughly capturing the EC market and the online flea market primarily involving small parcels, while strengthening solutions-based sales that provide solutions to customers' logistics-related challenges by expanding warehousing operation.

At the same time, on this occasion of the review in line with the Amended Postal Act, Japan Post will accelerate a shift of resources to operation areas that handle an increasing number of parcels, while increasing productivity through the full-scale pursuit of work load-based cost control and DX promotion.

3. Banking Counter Operations, etc.

As in the fiscal year ended March 31, 2021, Japan Post will remain committed to after-sales follow-ups for investment trusts and other asset management products, while engaging in the development of an adequate sales framework.

Simultaneously, Japan Post will encourage employees to receive training and obtain qualifications for providing customers with effective advice and guidance on asset formation.

4. Insurance Counter Operations, etc.

As in the fiscal year ended March 31, 2021, Japan Post will remain committed to the steady implementation of the business improvement plan, as well as follow-up activities (verification of the details regarding the policies).

Japan Post will be engaged in the following activities as part of the aforementioned verification process.

- Periodic explanations to customers to ensure renewals for years to come
- Provision of earlier and unflinching procedures to customers with expiring policies
- Proposals for insurance protection to currently uninsured prospects within the existing policyholder's household

5. 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.

Amidst a situation in which it is increasingly difficult to maintain social infrastructure, including administrative services and privately run services, Japan Post will strive for broad-based undertaking in the area of administrative work consigned from local governments, by negotiating for a wider scope of consigned work, which should include an acceptance of moving-out notifications and delivery of moving-out certificates, in the event of partial amendments to the Act on Handling of Certain Services of Local Governments at Postal Offices, based on the Bill for the Act on the Revision, etc. of Related Acts to Promote Reform for Increasing Independence and Autonomy of Local Communities, in addition to the already undertaken work, including administrative work handling the issuance of various certificates and the reception of various notification regarding the National Pension System and the National Health Insurance.

At the same time, Japan Post will work to promote the conclusion of comprehensive partnership agreements with local governments.

In the meantime, Japan Post will remain engaged in various ongoing initiatives for popularizing the Individual Number Card, while striving for obtaining the consigned work related to the electronic certificate of the Individual Number Card, in the event of partial amendments to the Act on Handling of Certain Services of Local Governments at Postal Offices by way of the Bill for the Act on the Revision, etc. of Related Acts to Promote Formation of Digital Society.

Furthermore, the Japan Post Group shall consider the active utilization of the Individual Number Card.

6. Real Estate Operations, etc.

As in the fiscal year ended March 31, 2021, Japan Post will be engaged in the property leasing business at JP Tower (which accommodates the KITTE commercial complex) and other properties, 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 comprising the Hiroshima Station South Exit Project, 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.

Apart from the above, Japan Post is engaged in the business of leasing land and buildings to external businesses, as well as running parking lots on the post office premises and other unused land, while also considering the disposal of property with no prospects for commercial exploitation.

7. International Logistics Operations

Japan Post is scheduled to consider disposal of the global express business at Toll Holdings Limited (hereinafter "Toll"), in view of continuous losses, despite the cost-cutting measures undertaken amid the trend of declining revenue under the influence of the COVID-19 pandemic.

Japan Post will be engaged in management improvement initiatives at Toll, including thorough implementation of cost cutting measures and a review of existing business domains, while aiming at a shift to a new business model focused on the growth area of Asian markets.

8. Other Business Operations

Japan Post will be providing products by catalogue-based distribution, along with the post offices' Watch Over Service, 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 the 27th Universal Postal Congress organized by the Universal Postal Union (UPU), which is scheduled to be held in the Republic of Côte d’Ivoire.

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, 2022

Unit: 100 mil JPY

Item	Amount
Cash inflow	
Balance carried over from previous term	9,889
Income from postal business	13,666
Documentary stamps income	11,030
Income from deposits and insurance outsourced operations	6,171
Subsidies	2,910
Other operating income	8,659
Other financial income	-
Borrowings	-
Total	52,324
Cash outflow	
Personnel expenses	19,931
Non-personnel expenses	6,763
Taxes and dues	3,429
Investment expenses	703
Documentary stamps payment	11,216
Redemption of borrowings	-
Balance carried forward to next term	10,282
Total	52,324

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, 2022

Unit: 100 mil JPY

Item	Amount
Operating income	29,165
Postal service business income	12,561
Documentary stamps outsourced operations income	344
Commissions for banking and insurance business consignment	5,687
Subsidies	2,910
Other operating income	7,663
Operating costs	26,418
Personnel expenses	19,473
Costs	6,944
Non-personnel expenses	5,797
Depreciation costs	903
Other costs	244
Sales, general and administrative costs	1,930
Personnel expenses	843
Non-personnel expenses	711
Other costs	376
Net operating income (loss)	818
Other income	45
Other expenses	18
Net ordinary income (loss)	845
Extraordinary gains	65
Extraordinary losses	94
Income (loss) before income taxes	817
Income taxes current	375
Net income (loss)	443

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

1. Japan Post shall constantly strive to restore national confidence and user trust by steadily implementing the business improvement plan concerning the improper solicitation of Japan Post Insurance products, in cooperation with the group companies.
2. Japan Post shall develop multifaceted and flexible services that keep pace with the changes in the social environment by actively pursuing initiatives such as the promotion of DX, regional revitalization, and its commitment to SDGs and ESG, by utilizing the data obtained and held by the group and capitalizing on the post office network, as well as enhancing the profitability of its international logistics operations.
3. In conducting a review of the present postal services in compliance with the enforcement of the Act for Partial Amendments to the Postal Act and the Act on Correspondence Delivery by Private Business Operators (Act No. 70 of 2020), Japan Post shall keep its users fully informed of developments, while ensuring that no disruption is caused to the provision of services. In addition, Japan Post shall endeavor to drive work style reforms including the reduction of late-night/week-end work, based on an understanding of the intention of the amendment.
4. Japan Post shall be thoroughly prepared for the additional administration work that can be handled by post offices in the event of the amendment to the Act on Handling of Certain Services of Local Governments at Postal Offices, while being actively engaged in the promotion of the spread of the Individual Number Card, in coordination with the group companies.

5. Japan Post shall remain committed to the reliable provision of universal services, while taking appropriate measures for emergencies such as COVID-19 and disasters, as well as to ensure cyber security preparedness, thereby ensuring business continuity.