

Sustainability Approach and Promotion Framework

Basic Stance

Because the Japan Post Bank operates its business throughout Japan based on financial infrastructure that includes directly managed branches, the nationwide post office network, and ATMs, we are highly aware that our activities will contribute to the solutions for the problems faced by society.

With our Medium-term Management Plan beginning in FY2022/3, we determined to aim for realizing both corporate value enhancement and solutions for issues facing society, such as the achievement of SDGs, through implementing our mission based on the Japan Post Group and Japan Post Bank management philosophy.

Purpose of JAPAN POST BANK (raison d'être)

We aim for the happiness of customers and employees, and will contribute to the development of society and the region.

* The Management Philosophy of JAPAN POST GROUP

The Management Philosophy of JAPAN POST BANK

We aim to become "the most accessible and trustworthy bank in Japan," guided by the needs and expectations of our customers.

The Mission of JAPAN POST BANK

- Providing "reliable and thorough" financial services "safely and securely" to anyone and everyone throughout Japan.**
- Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, communities using various frameworks.**
- As one of the largest institutional investors in Japan, JAPAN POST BANK will work to both realize sound and profitable operations, and contribute to the realization of a sustainable society.**
- Realizing both the enhancement of corporate value, and contributing to the solution of social issues such as SDGs (ESG management)**

Based on this basic approach, Japan Post Bank has established the Basic Sustainability Policy after discussions at the Management Committee and the Board of Directors. The policy stipulates that the bank will promote sustainability as a top management priority.

■ Basic Sustainability Policy

The Bank positions the promotion of sustainability as a top management priority and aims to achieve both the creation of sustainable social value and enhancement of corporate value over the medium to long term by addressing materiality in its business activities as follows:

- (1) The Bank will work to develop and provide “safe and secure” financial services that can be used by anyone and everyone throughout Japan.
- (2) As a community-based financial institution, the Bank will contribute to the development of the regional economies and society.
- (3) To protect nature and the environment and pass them on to future generations, the Bank will engage in environmentally friendly activities and work to resolve environmental issues.
- (4) The Bank will conduct its business activities in a manner that respects human rights and will ensure a work environment where employees can work in a healthy and safe manner and where diverse personalities and work styles are respected. In addition, the Bank will strive to develop human resources who can think and act on their own, and to improve their work-life balance and job satisfaction.

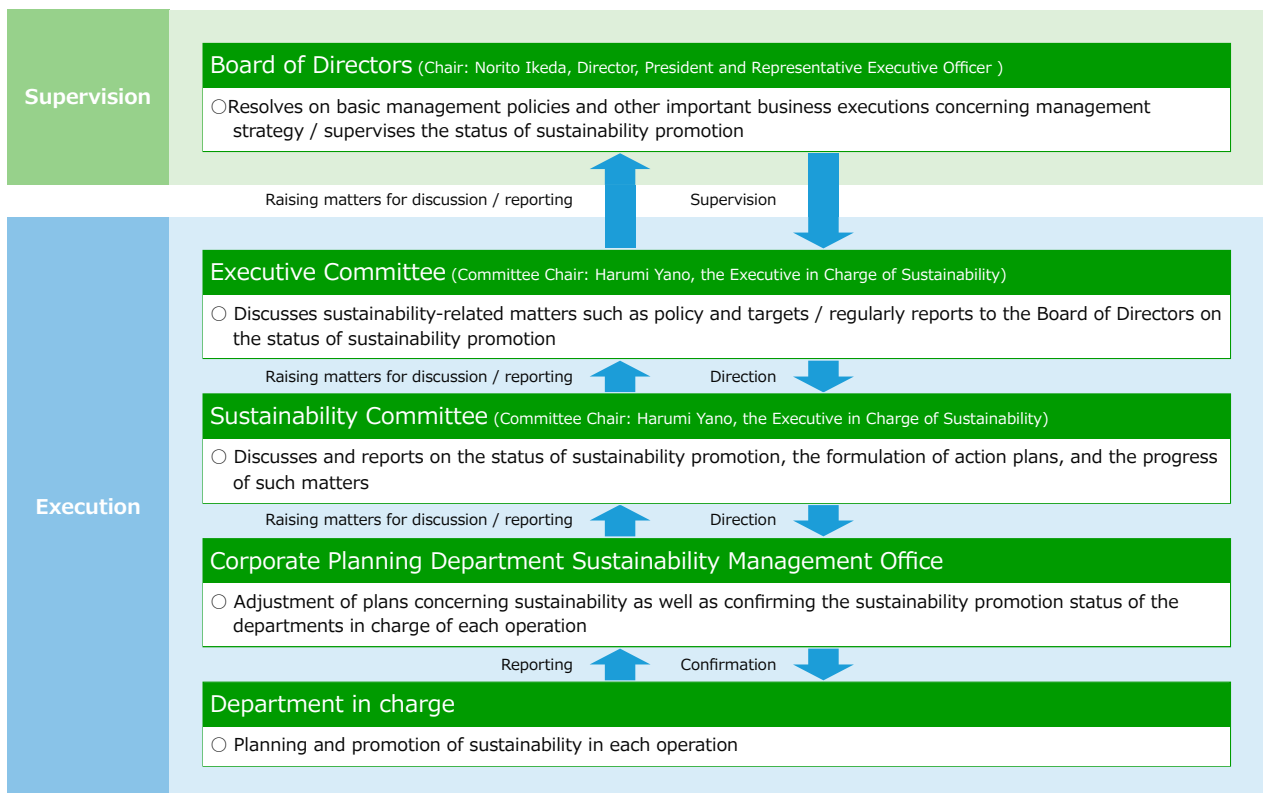
[Basic Sustainability Policy \(full text\) \(PDF/307KB\)](#) 

Related information

- ▶ [Priority Issues \(Materiality\)](#)

■ Sustainability Promotion Framework

Matters related to the promotion of sustainability are discussed by the Sustainability Committee, and discussed or reported to the Management Committee and the Board of Directors in a timely and appropriate manner.



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■ Persons responsible for the promotion of sustainability (including climate change response)

The President and Representative Executive Officer, who serves as the chairman of the Executive Committee and the Board of Directors and presides over the Bank's operations, is responsible for the promotion of sustainability including the Bank's response to climate change. The Executive in Charge of Sustainability, who serves as the Sustainability Committee Chair, attends meetings of the Executive Committee and the Board of Directors and reports on and raises matters for discussion regarding the status of promotion.

| Person responsible | Meeting attended | | |
|---|--------------------------|---------------------|--------------------|
| | Sustainability Committee | Executive Committee | Board of Directors |
| Director, President and Representative Executive Officer (Norito Ikeda) | - | ◎ | ◎ |
| The Executive in Charge of Sustainability (Harumi Yano) | ◎ | ○ | ○(Note) |

◎ : Chairman, Committee Chair

Note: The Executive in Charge of Sustainability is not a member of the Board of Directors but reports regularly to the Board of Directors on the status of the Bank's promotion of sustainability.

Main sustainability agenda items (from FY2021/3 onward) to be referred to the Board of Directors

- Selection of Priority Issues (Materiality)
- Setting targets for reducing CO₂ emissions
- Setting targets for the balance of ESG-themed investments
- Complying with the TCFD Recommendations (Policy and Status of Initiatives)
- Formulation of the Basic Sustainability Policy
- Raising targets for the balance of ESG-themed investments
- Selection of top risks from climate change risks and other sustainability-related risks

■ In-house Training

JAPAN POST BANK conducts training activities regarding initiatives intended to promote sustainability with the aim of ensuring that each employee understands these initiatives in terms of their own duties and practices them under their own initiative.

FY2022/3 Training Results and Major Training Themes

- Training for executives (July 2021, Theme: Global Trends in and Japan's Current Approach to ESG and the SDGs)
- Training for all employees (October 2021 and February 2022, Theme: Priority Issues (Materiality) under the Medium-term Management Plan)
- E-learning for headquarters employees (December 2021, Theme: Climate Change, Biodiversity, Human Rights, and Other Trends in Sustainability)
- Sustainability Officer Video (January 2022, Theme: ESG Management)
- Training for management (April 2022, Theme: Considering human rights from a management perspective)

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Sustainability Officer Video



Training for management

Ecology Guidebook Utilization

We have compiled an Ecology Guidebook to raise awareness among employees. This is utilized to guide employees to drive in an eco-friendly manner and conserve energy. We are promoting initiatives to reduce the impact of our operations on the environment, such as providing feedback to employees at our headquarters regarding the amount of copy paper they are using per month.



Employee Roundtable (FY2022)

What Japan Post Bank can do to achieve the SDGs

"Providing high-quality services to all customers equally"

Japan Post Bank continually conducts training and implements measures to spread understanding among management and employees, constantly promoting awareness to enable all employees to recognize the importance of business growth that is in harmony with society. From FY2023/3, along with bringing all employees together to raise their awareness toward solving social issues, we have implemented a specific initiative whereby all of our workplaces^{*1} throughout Japan formulate and achieve their own "SDGs declaration"^{*2} to enable each individual employee to contribute to solving social issues through our business activities.

As representatives of the Bank's branches, we asked employees at Machida Branch, Tokyo, about their customer service initiatives in relation to the recent development of their SDGs declaration, and we spoke together about the purpose of Japan Post Bank.

- *1: In addition to its 233 national branches, Japan Post Bank has various other offices such as Regional Headquarters that manage its branches, Administration Service Centers that provide operational and sales support for branches and post offices, and Operation Support Centers that manage accounts and other areas.
- *2: Each workplace has declared an action plan with initiatives for achieving the SDGs after reflecting on Japan Post Bank's priority issues (Materiality) and related SDGs.

Machida Branch's SDGs declaration

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Machida Branch's SDGs declaration

Happiness for Everyone

—Providing high-quality services to all customers equally!

Machida Branch's SDGs declaration expresses their purpose of "contributing to enriching the lives of customers while each and every employee feels rewarded in their work." With the digitalization of banking advancing, we are always thinking of what we can do as a branch to maintain the relationships of trust that can only be built in-person and ensure the peace of mind that we have always provided for our customers continues to be there.

Priority issues (Materiality) that Machida Branch is working toward



Related SDGs



Participants:

The branch manager and three employees of Machida Branch, JAPAN POST BANK.



Otofuji, Branch Manager

Counter Service Department Interviewee H, Deputy Manager

Sales Department Interviewee T, Deputy Manager

Sales Department Interviewee I, Chief

Q Your branch's SDGs declaration has a strong message, showing the positive attitudes of the employees and their desire to help customers. How did you come to develop the declaration?



Otofuji, Branch Manager

At our branch, we have customers of many different nationalities and ages. We strive everyday to address the various needs of all of our customers.

This year, we appointed our own "SDGs Leader" to greater promote our initiatives, selecting a Sales Department employee (Interviewee I) for the position. The SDGs Leader has run activities such as weekly study seminars, and our SDGs declaration was developed through discussion among employees under her leadership.



Interviewee I

Recognizing the importance of a customer-oriented approach when carrying out our duties at the branch, we set initiatives related to the theme of "providing 'safe and secure' financial services to anyone and everyone throughout Japan," which is one of the Bank's priority issues (Materiality) that are based on the SDGs.

With war currently occurring in the world, we are painfully aware that not everyone is able to live their lives in peace. Japan Post Bank holds 120 million accounts, and we support Japan's infrastructure as a bank where most citizens of Japan are our customers. We believe that working to provide high-quality services to all customers equally is an effort we can make toward achieving the SDGs. This also expresses our intention to speak and act in a way that shows we care about all of our customers and fellow employees.

Q Please tell us about the things you are doing as a branch to realize your declaration, "Happiness for Everyone ."



Interviewee I

We are making a range of efforts in our daily work to ensure that we provide high-quality services to all customers equally.

For example, since we communicate through writing with our hearing-impaired customers, we have made two writing devices (one for customer use and one for employee use) available and have created a corner in the branch for communicating through acrylic sheets to maintain social distancing due to the COVID-19 pandemic. In addition, all employees practice sign language every week at morning meetings so that we can provide a simple greeting.

Because we have customers of various different nationalities, we have instructions and explanatory materials available in each language, in addition to English, organized in a way that ensures we can quickly give them to customers. We also practice using POCKETALK (AI interpreting device) to ensure smooth communication.

Q

In promoting these sorts of initiatives at your branch, how does each employee identify issues and put their ideas into practice?



Interviewee I

After serving customers, we reflect on our service, considering whether our guidance may have been easier to understand if we had done things differently. In this way, we are always mindful of whether there are points for improvement. Our activities such as preparing documents in different languages in advance and learning sign language started as branch-wide initiatives based on the sharing of everyday observations among employees. By providing smoother service, we have increased customer satisfaction, and employees can feel rewarded in their work.



Machida Branch employees conducting a sign language role play.

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What each employee is being mindful of and working on to achieve the SDGs declaration

Q Please tell us about the things you are doing to achieve the SDGs declaration and what challenges have noticed.



Interviewee H

As a teller, I try to ensure that I provide the same level of service to all customers. While it does take more time serve foreign customers due to language barriers, seeing the delight on their faces when their requests have been properly fulfilled makes me feel a sense of value in my work. Recently, after opening a bank account for a foreign customer, they came back to our branch with their friend and introduced them to me. It felt great to hear they mentioned to their friend that "If you go to Japan Post Bank, they can open an account for you and explain everything clearly and politely." It was an occasion where I felt that my customer service was contributing to expanding the Bank's circle of customers. In addition, as we have senior customers who have trouble hearing or need extra time to reach the teller windows, we are mindful to provide appropriate service that meets their needs. For example, for those who have difficulty hearing, we speak more loudly, slowly, and in a lower voice to ensure that they can hear properly. We are also mindful to collect information useful for customer service, sharing it among all employees.

I want to see all of our customers smile and be the person who makes customers say thank you. I strongly feel that this mindset also contributes to the achievement of the SDGs.



Interviewee T

As a Sales employee, I provide information on asset-management products that suit our customers' life plans, such as investment trusts.

One thing I always make sure to do before explaining products to customers is ask what are the most important things to them, or who are the most important people. They might mention things like "My car is important to me because driving is my hobby," or "I have an adorable grandchild who has just been born." By listening to them, I can better understand who they are, their thinking, and their lifestyles, and therefore be able to inform them of products that are right for them.

As online consultations have increased recently, we are supporting customers through efforts such as helping those who require assistance in setting up their computers and explaining how to use our services online. I feel this also helps to expand the banking choices for customers who have trouble leaving their homes, enabling them to use Japan Post Bank more easily.

In addition, as I am the QQ Sales Leader*³ for Machida Branch, I strive to ensure that customer opinions are reflected in our service. I analyze the opinions of customers collected through surveys, considering what they would like to see and ways to improve our service.

*3: "QQ" is an abbreviation for quantity and quality. QQ Sales Leaders were appointed at each branch in October 2018 with the aim of promoting customer-oriented business operations*⁴.

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Q

What measures should we take as a financial institution to be closer to our customers?



Interviewee T

I think we need extensive knowledge and skills. So that our customers can use Japan Post Bank with peace of mind, it is important that we deepen our employees' knowledge as financial experts in areas such as pension and tax. At Machida Branch, Sales Department employees have the Financial Planner Level 2 certification (FP2), and constantly work to improve their knowledge. In the workplace, fellow employees diligently pursue their study at mini study seminars that are held every week.




Otofujii, Branch Manager

I also think that it is important to look properly at our customers and understand their different situations.

While we are always being mindful to prevent bank transfer scams at our teller windows, recently, an employee who felt that a customer's actions and transaction details were suspicious successfully prevented an incident of bank transfer fraud. I believe that the practice of looking properly at each customer to understand what their current situation is and provide closer service leads to the protection of customers.

*4: Customer-oriented business operations of Japan Post Bank

In order to actively respond to the diverse needs of our customers through services such as asset building support and our existing deposit and remittance services, Japan Post Bank adopted the "Principles for Customer-oriented Business Conduct" that were announced by the Financial Service Agency of Japan in March 2017, and in June of the same year we established our "Basic Policy for Fiduciary Duties." We also disclose details of our initiatives concerning our customer-oriented business operations and the status of these initiatives on our website. We sincerely listen to the opinions of our customers and thoroughly conduct customer-oriented business operations, aiming to be a truly trustworthy bank.

- ▶ [Basic Policy for Fiduciary Duties](#)
- ▶ [Our initiatives concerning our customer-oriented business operations and its situation \(Japanese version only\) \(PDF/3,636KB\)](#) 

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| Main initiatives at branches | | |
|--|---|--|
| Providing customer-oriented information and consulting services | System for understanding customer feedback | We verify whether the products we propose and our sales and recommendation methods are appropriate for our customers, receiving their evaluations through means such as surveys. We also disseminate information regarding market conditions and the profit and loss status of the financial products we hold. Furthermore, should our customers' life plans change, we make proposals for our customers' new life plans tailored to their needs, and offer support including helping them to make the right investment decisions. |
| | Life plan consulting | With lifestyles currently diversifying, we make proposals that suit the life plans of each customer through means such as using our Life Plan Consulting (LPC) app to run various simulations. |
| Improving the system for managing conflict of interest | Appropriate management of conflict of interest transactions | We propose asset-management products that we believe meet the needs of our customers, irrespective of the amount of sales commissions related to the product or sales channel. |
| Fostering human resources / Performance evaluations | Training system | We carry out training to provide knowledge on topics such as products and services or superannuation and inheritance. We also conduct role playing exercises for consulting proposals and training to ensure proper work practices. In addition, we support our employees in gaining qualifications to develop their expertise. We ascertain whether each employee has the skills required for consulting work, and branch managers guide employees after creating a skills development plan for each of them. Branch managers also regularly follow up on each employee in accordance with their progress in acquiring the skills outlined in development plan. |



Online interview

What Japan Post Bank can do to achieve the SDGs

Q As branch manager, what do you feel your role is and what are you enthusiastic about in regard to achieving the SDGs?



Otofuji, Branch Manager

The purpose of Japan Post Bank is to "We aim for the happiness of customers and employees and will contribute to the development of society and the region." For the Machida Branch, this means "contributing to enriching the lives of customers while each and every employee feels rewarded in their work." Our SDGs declaration expresses this ideal. With the digitalization of banking advancing, we are always thinking of what we can do as a branch to maintain the relationships of trust that can only be built in-person and ensure the peace of mind that we have always provided for our customers continues to be there.

Before I was appointed as branch manager, I worked in the investment trusts business department at our head office and was involved in sales strategy formulation and plan design for asset-management products. With the number of people using their smartphones to manage their assets by themselves increasing, what are Japan Post Bank's advantages? While there are customers who want to manage their assets by themselves easily using an app, there are also customers who want someone to politely explain everything until they understand. To meet the needs of both of these types of customers, Japan Post Bank is working to develop its digital channel, while also providing attentive consulting to customers at our branches at the same time. We have appointed a QQ Sales Leader at each branch who analyzes opinions or complaints that have been received when serving customers, taking them into account to improve our service. Through this, we are working to increase customer satisfaction, engaging in customer-oriented business operations.

The mission of our physical channel throughout Japan is to ensure that customers know that if they do their banking with Japan Post Bank, employees will consult with them directly and will kindly and politely provide suggestions and explanations. I feel that my role as branch manager is to work together with branch employees to achieve this.

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Comment from Kishi, Executive General Manager of the Tokyo Regional Headquarters

The Tokyo Regional Headquarters supports all post offices and directly operated branches in Tokyo on a daily basis to ensure that they are loved by their customers.

All employees at the Machida Branch strive to improve their daily service through efforts such as helping senior customers who require assistance in setting up online banking and by improving their skills at making sure facilities are in place to enable those with disabilities to easily use the Bank's services. The branch has also commented that it is important to look at customers properly and provide service that meets their needs so that they can trust Japan Post Bank and have peace of mind. I feel that this reflects the stance and intention of the Bank to fulfill our customers' expectations.

To contribute to achieving the SDGs, we will value customer opinions, engaging in customer-oriented business operations together with our post offices and directly operated branches.



Comment from the Corporate Planning Department Sustainability Management Office

The Corporate Planning Department Sustainability Management Office constantly implements measures to promote understanding of ESG and the SDGs so that each of Japan Post Bank's employees can fully understand the importance of sustainability and strive toward solving social issues such as the SDGs through our business activities.

By developing SDGs declarations at each workplace and putting them into practice, employees can recognize the Bank's purpose, their individual purpose, such as their life goals and meaning of their work, and the challenges of each workplace, which will in turn lead to a greater contribution to the achievement of the SDGs.



Job titles are as of June 2022

Stakeholder Engagement

Basic Stance

In order for Japan Post Bank to contribute to the creation of a sustainable society and future alongside realizing sustainable growth as a business, it is essential for us to listen closely to the opinions of everyone in society, meet their expectations, and gain their understanding and support. Consequently, we believe that it is vital for us to actively engage in dialogue with members of different communities.

Third-party Opinion



Hidemi Tomita
Managing Director, LRQA Sustainability K.K.

Graduated from the University of Tokyo's Faculty of Engineering. Received a Master's degree in chemical engineering (M.S.E.) from the Princeton University School of Engineering.
 Mr. Tomita joined Sony Corporation and was involved in research on polymer properties and environmental technology at its central laboratory. Subsequently, he was appointed to Sony Europe, where he established an environmental laboratory within the European Environmental Centre. After returning to Japan, he became the head of the Environmental Strategy Office at the Sony Head Office before becoming the executive manager of the CSR Department for roughly the first ten years of its existence. During that time, Mr. Tomita held overall responsibility for CSR activities, such as the introduction of CSR management at the Sony Group, information disclosure, engagement with stakeholders such as investors and NGOs, collaboration projects with NGOs, and supply chain management.
 Following that, he joined Lloyd's Register Group and worked as the Director of Business Planning and Marketing at Lloyd's Register Japan K.K. (currently LRQA Sustainability K.K.). He then served as a director before becoming the Managing Director in 2020.

Although Japan Post Bank belongs to the Japan Post Group, it discloses information regarding its own initiatives on its sustainability website in addition to those of the Japan Post Group. I will offer an outside opinion on the content of these disclosures.

In terms of sustainability management, the messages from both the President and the Sustainability Officer outline the Bank's course of action, reveal that the promotion system and clarification of responsibilities is progressing, and show that the Bank is working to instill understanding through training. This is linked to the SDGs declarations made at each of the Bank's branches and their related initiatives. The Bank also provides a glimpse into its specific efforts for realizing its purpose by introducing its unique initiatives, such as the provision of services that leverage its banking network, which is the largest in Japan.

In recent times, it has become essential for companies to respond to climate change. It is clear that Japan Post Bank is steadily carrying out the basic efforts required of large companies, such as the disclosure of greenhouse gas (GHG) emissions (including Scope 3), making a net zero declaration, and publishing TCFD reports. Furthermore, the Bank's mention of the climate change mitigation and adaptation measures within its supply chain and among investees and borrowers is particularly noteworthy. It has also demonstrated that it is making efforts related to ESG investment and financing on a concrete level by providing examples of its unique initiatives, such as regional revitalization funds.

Going forward, I hope to see Japan Post Bank evaluate its various initiatives in terms of the fulfillment of the Bank's purpose and their social impact. To enhance sustainability management, it is extremely important for the Sustainability Committee and other committees to actively engage in dialogue with external stakeholders.

Alongside climate change, "business and human rights" has been recognized as a global and highly important issue that must be addressed. Efforts in this direction are growing, and the Government of Japan has published related guidelines. Specific human rights due diligence efforts and the establishment and operation of grievance mechanisms based on the UN Guiding Principles will become necessary and require a quick response from companies.

The development of sustainability information disclosure standards has also advanced rapidly internationally, and proper compliance with these standards will be essential. It is important to be aware of these international trends and continuously prepare to stay ahead of change.

Dialogue with Experts

Japan Post Group holds regular dialogue with experts in order to hear their opinions and advice.

Related Information

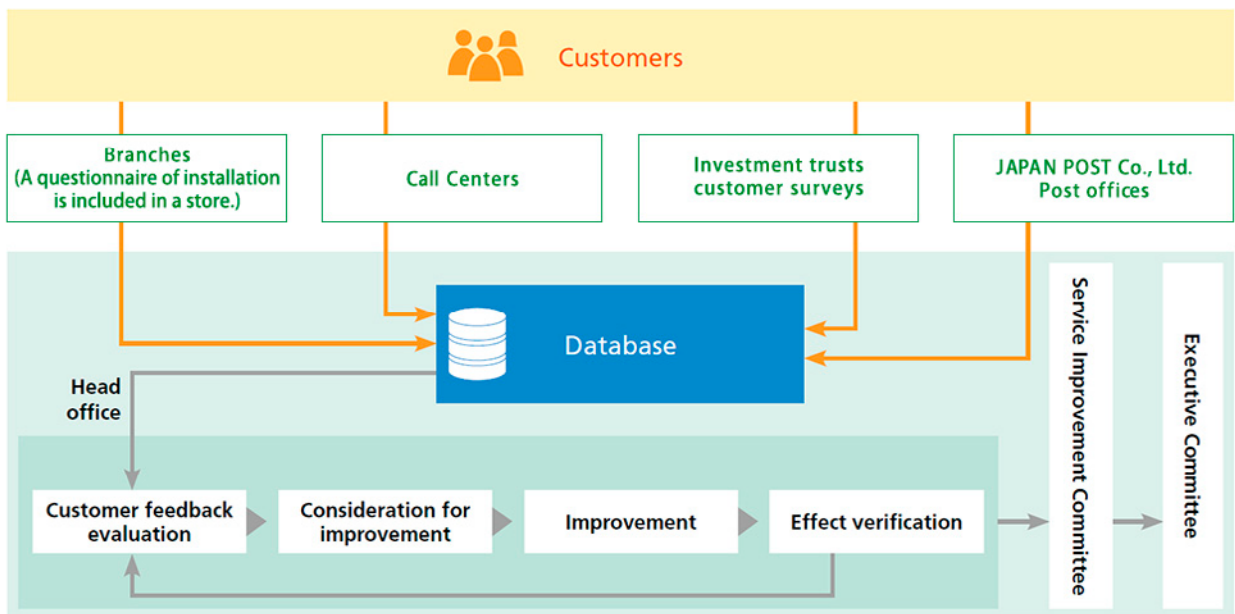
[Stakeholder Engagement \(external website\)](#)

Communication with Customers

Framework for applying customer opinions within business activities

The opinions and feedback the Bank receives from its customers at its branches or through its call centers are managed in a unified manner by the Customer Service Management Department at headquarters. The information is shared throughout the company and applied to the development and improvement of products and services, and the results of these improvements are then reported to bodies such as the Executive Committee and the Service Improvement Committee chaired by the President and Representative Executive Officer.

Organizational Structure for Improving Services



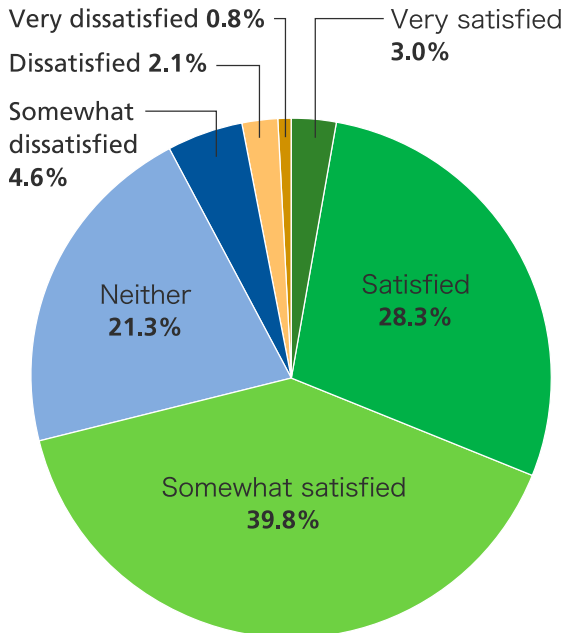
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■ Conducting Customer Satisfaction Surveys

In order to provide better services, Japan Post Group is conducting satisfaction surveys of the customers who use its services. In the 14th survey, conducted in September 2021, 71%*1 of customers indicated that they were satisfied with the services of the Bank.

*1: Percentage represents the combined total of customers who answered that they were very satisfied, satisfied, or somewhat satisfied.

Customer Satisfaction Survey Results (FY2022/3)



■ Examples of Improvements Based on Customer Opinions

Customer opinions

- ① I would like to make inquiries via a telephone relay service, just like a person without disabilities.
- ② I would like to purchase investment trusts with ease.
- ③ I would like there to be more ways to register for an app.

Improvements

- ① A telephone comprehensive relay service is now available that covers all procedures and inquiries that can be handled by telephone.
- ② Customers are now able to trade investment trusts by means of Yucho Bankbook app. Furthermore, there are no charges for any purchases of investment trusts handled via digital channels (Yucho Direct [investment trusts], the Yucho Bankbook App service).
- ③ In addition to the previously introduced automatic voice authentication system, JAPAN POST BANK has added SMS authentication for customers who have registered their mobile phone numbers in their accounts.

Related Information

- ▶ [Initiatives to improve customer service \(Japanese version only\)](#)

Communication with Shareholders and Investors

While aiming for sustainable growth and improvements in corporate value over the medium to long term, the Bank promotes the establishment of strong engagement with investors and shareholders.

Through these activities, we will deepen understanding of the Bank's business and reflect the opinions and requests of investors and shareholders in its management.

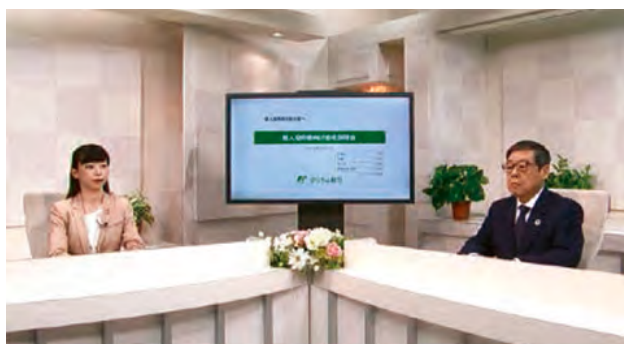
Going forward, we will enhance our IR activities and IR structure through such initiatives as creating IR opportunities for the heads of each business division. In addition, as a company listed on the Prime Market of the Tokyo Stock Exchange, we will strive to enhance our disclosure of such topics as climate change risk in response to social demands and trends.

IR Activity Results (FY2022/3)

| Activity | Outline |
|--|--|
| 15th Ordinary General Meeting of Shareholders | Held on June 17, 2021 |
| Briefings for individual investors | Director, President and Representative Executive Officer Norito Ikeda and Managing Executive Officer in charge of the IR Department Makoto Shinmura spoke at the five online briefing sessions for individual investors. |
| Investor Meetings | Half-yearly meetings were held mainly for institutional investors and analysts. |
| Individual interviews with institutional investors and analysts | The Bank conducted individual interviews with multiple institutional investors and analysts, both domestically and overseas. |
| Themed Investors Meeting | In line with the interests and concerns of institutional investors, the Bank held the meeting on its ESG initiatives. |
| Securities firms-sponsored conferences for institutional investors | Participating in conferences hosted by multiple securities firms, the Bank held individual interviews mainly with overseas institutional investors. |
| 16th Ordinary General Meeting of Shareholders (FY2023/3) | Held on June 16, 2022 |

Related Information

- ▶ [Disclosure Policy / Timely Disclosure System](#)
- ▶ [IR Information](#)



Briefing session for individual investors (January 26, 2022)

Briefing Speakers: Director, President and Representative Executive Officer Norito Ikeda and IR Department personnel



Scene from the 16th General Meeting of Shareholders (June 16, 2022)

Communication with Employees

Online In-house Newsletter

As part of the organizational culture reforms JAPAN POST BANK distributes video messages from the president and executive officers.

Since April 2022, the in-house newsletter, which serves as an in-house communication tool, has been available online, and contents such as role models and introductions of each organization are regularly distributed under its concept of being a "reliable in-house newsletter that employees can keep close at hand."



"Live in Person" Town Hall Meetings

JAPAN POST BANK has commenced a Live in Person town hall meeting as a forum for dialogue between management and employees held through the independent planning and operation of employees.

Approximately 50 employees participated in the "Live in Person" held in FY2022/3, and President Ikeda held a dialogue on the organizational culture reforms and management vision in the form of a Q&A session with the participants. The dialogue also touched on the personality of President Ikeda, who usually has few opportunities to have direct conversations, and deepened their understanding of management.



Dialogue with Regional Communities

As a financial institution deeply rooted within regional communities, Japan Post Bank treats the opinions of its regional customers with utmost importance. As part of this approach, we are engaging in dialogue with regional financial institutions that are trusted by regional communities, as well as local governments.

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Harumi Yano
 Senior Managing Executive Officer, JAPAN POST BANK Co., Ltd.

Special Feature

Message from the Executive in Charge Of Sustainability

Since its founding, JAPAN POST BANK has worked to build social infrastructure that is equally accessible to everyone. We are currently engaging in ESG management that combines both corporate value enhancement and solutions for issues facing society. Harumi Yano, the Executive in Charge Of Sustainability, speaks below about the Bank's related initiatives and future targets.

Basic Stance

Q What is the Bank focusing on in its promotion of sustainability?

Our focus is on aiming for the happiness of customers and employees and contributing to the development of society and the region. This is the purpose of JAPAN POST BANK.

JAPAN POST BANK began in 1875 as a postal money order service established by the government. Since then, we have continued to pass on the spirit of founder Hisoka Maejima, aiming to build financial infrastructure equally accessible for everyone. Even after the Bank was privatized in 2007, the Bank's stance of providing "safe and secure" financial services to anyone and everyone throughout Japan has never changed. As a bank that holds around 120 million accounts, a number roughly equal to the total population of Japan, we recognize that our purpose is to aim for the happiness of our customers and employees, and contribute to the development of society and the region.

JAPAN POST BANK also places importance on contributing to the Sustainable Development Goals (SDGs) of the United Nations and strives to realize a sustainable society through its business activities. In FY2021/3, we established a Sustainability Management Office within the Corporate Planning Department, building a framework for the advancement of sustainability in unison with management. As Executive in Charge Of Sustainability, I serve as the Chairperson of the Sustainability Committee which acts as an advisory body for the Executive Committee. The Sustainability Committee discusses various sustainability-related themes we should work toward through our business activities, such as environment, social, and governance (ESG). The key measures formulated by the Sustainability Committee are then discussed by the Executive Committee before being discussed and decided upon by the Board of Directors. The progress and results of initiatives are then monitored.

In FY2022/3, JAPAN POST BANK launched its new Medium-term Management Plan (FY2022/3 to FY2026/3). Under the plan, we will reaffirm our purpose and clarify the Three Missions of JAPAN POST BANK, aiming for ESG management that combines corporate value enhancement and solutions for issues facing society. These Three Missions are deeply connected to the basic principle of the SDGs, "leave no one behind." To achieve these missions, from the two perspectives of importance to stakeholders and the impact of our business activities, we have established four priority issues (Materiality) to be addressed among those facing society, and we have clearly stated our strategies for solving these issues and the target KPIs that we must achieve. I believe that my role as Executive in Charge Of Sustainability is to fully instill an understanding throughout the entire company that the promotion of ESG management relies on the daily efforts of each individual employee to address the priority issues raised in the Medium-term Management Plan. From this standpoint, in FY2023/3, we began an initiative under which all branches develop an "SDGs declaration." It aims to have each branch think about their own SDGs declaration that is tied to the Bank's four priority issues (Materiality), as well as specific initiatives for achieving it, before putting these ideas into practice in their daily work. In this way, all employees can feel a sense of solidarity and advance sustainability management through initiatives that align with their daily work.

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■ Three Missions

Purpose of JAPAN POST BANK (raison d'être)

We aim for the happiness of customers and employees, and will contribute to the development of society and the region.

(The Management Philosophy of JAPAN POST GROUP)

The Management Philosophy of JAPAN POST BANK

We aim to become "the most accessible and trustworthy bank in Japan," guided by the needs and expectations of our customers.

The Mission of JAPAN POST BANK

- Providing "reliable and thorough" financial services "safely and securely" to anyone and everyone throughout Japan.
- Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, communities using various frameworks.
- As one of the largest institutional investors in Japan, JAPAN POST BANK will work to both realize sound and profitable operations, and contribute to the realization of a sustainable society.
- Realizing both the enhancement of corporate value, and contributing to the solution of social issues such as SDGs (ESG management)

■ Four Priority Issues (Materiality)

| Providing "safe and secure" financial services to anyone and everyone throughout Japan | | Contributing to regional economic expansions | | Reducing environmental impact | | Advancement of work style reform and the sophistication of governance | |
|--|--|--|--|-------------------------------|--------------------------------------|---|--------------------------------|
| 3 GOOD HEALTH AND WELL-BEING | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION |
| 10 REDUCED INEQUALITIES | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 15 LIFE ON LAND | 17 PARTNERSHIPS FOR THE GOALS | 5 GENDER EQUALITY | 10 REDUCED INEQUALITIES |

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Initiatives and Targets

Q Please tell us about the progress of initiatives toward addressing each of the priority issues (Materiality).

We are steadily implementing strategies for solving each of priority issues in a way that is unique to the Bank.

The first priority issue is "providing 'safe and secure' financial services to anyone and everyone throughout Japan." To achieve this, we will expand digital services that can be used easily by all of our customers, while putting safety and security foremost. The key point is that we will do this by realizing the complementarity of the physical and digital, which is an approach that is unique to the Bank. Specifically, we will harness our nationwide post office network, and employees will provide kind and courteous support for the use of digital services. We will thereby ensure that all customers can use digital services safely, including customers who are currently not familiar with them. For example, in the Medium-term Management Plan, we have set the target of increasing the number of registered Bankbook App accounts to 10 million by FY2026/3. As of March 31, 2022, we already had 4.81 million registered accounts.

The second priority issue, "contributing to regional economic expansions," relates to the purpose of JAPAN POST BANK. We are working to ensure fund flow to regional communities in a way that is unique to the Bank, where funds are provided not through loans (debt funding) but through fund investment (equity funding). For example, we are working with regional financial institutions throughout all of Japan by participating in regional revitalization funds. As of March 31, 2022, we had invested in a total of 39 funds, and we aim to have invested in a total of 50 funds by FY2026/3. In addition, through Japan Post Investment Corporation, our consolidated subsidiary established in 2018, we are focusing efforts on providing the flow of equity funding. The Company has already formed three funds. In particular, "Japan Post Investment Regional Development and Impact Fund I, ILP," which was formed in April 2022, aims to build a sustainable society through investment in companies and businesses that create a positive social impact by contributing to regional revitalization and the SDGs.

The third priority issue is "reducing environmental impact." Here, we will strengthen initiatives that accord with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which are a global standard. In the Bank's business model, the management of securities (internationally diversified investment) represents a key pillar of its operations. Therefore, in terms of greenhouse gas (GHG) emissions, the emissions of our investees (scope 3) are considerably larger than our direct emissions (scope 1 and 2). We have therefore set the target of a 46% reduction in scope 1 and 2 emissions by FY2031/3 compared to FY2020/3, and a target of net zero emissions by 2050, which includes scope 3 (category 15: investments) GHG emissions. We are making steady progress toward these goals. In addition, from the viewpoint of contributing to the realization of a sustainable society through our securities management operations, we are expanding balances for ESG-themed investment such as green bonds. We have increased the target balance for the end of FY2026/3 from ¥2 trillion to ¥4 trillion, accelerating our initiatives for realizing a decarbonized society.

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The fourth priority issue is the "advancement of work style reforms, and sophistication of governance." We are addressing this issue from the perspective of enhancing the well-being of our employees, as stated in our basic purpose to "aim for happiness of customers and employees and contribute to the development of society and the region." I believe that diversity management is an important part of this. Since the lifestyles of customers are diversifying with changes in the social structure, their needs are also becoming more diverse. This means that we, as the provider of services, must also diversify to meet their needs. Based on this awareness, I will strive to create an environment where each of the Bank's diverse and unique employees can work autonomously and independently and build their careers while sharing the purpose of JAPAN POST BANK. By doing so, I hope to make the Bank a place where they can experience well-being. We are also making considerable efforts toward promoting women's empowerment in the workplace, and as of March 31, 2022, the ratio of female employees was approximately 43%, which is comparatively high. Having been selected under the Nadeshiko Brand and MSCI Japan Empowering Women Index programs, we have received high external evaluations as a business that excels in supporting women's empowerment, and we are further strengthening our initiatives in this area. The ratio of women in managerial positions is currently 16.6%. However, given that the ratio of women is currently higher among new graduate hires, I would like to firmly build on this by increasing the target ratio of women in managerial positions to at least 20% by April 1, 2026.



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Future Outlook

Q Could you please tell us about the Bank’s medium- to long-term challenges and policies?

We will make proactive efforts to communicate information and engage in dialog with all of our stakeholders to ensure that they have a deeper understanding and empathy with the Bank.

From children to adults, I believe that we are the most accessible bank for a wide range of people. I remember going to the post office (JAPAN POST BANK) as a child to deposit my pocket money. As a place where even children can feel comfortable, I feel we are a truly unique bank. While continuing in this way by upholding our principle of "providing safe and secure financial services to anyone and everyone throughout Japan" as a company that is intertwined with people's lives, I also strongly feel that we must transform our business model to align with the changing social structure.

As I mentioned earlier, over the medium to long term, it is important that we change this model to expand digital services that all customers can readily use. With the change in the social structure due to factors such as accelerated demographic aging and an increase in one-person households, as well as clear demand for contactless services as a result of COVID-19, it is vital that we expand digital services. In addition, "regional digitalization" is an issue facing the entire country, and the Government of Japan has established its promotion as one of its basic policies. By transforming our business model through realizing complementarity between the physical and the digital, we are accelerating various initiatives to digitalize financial services under the principle of "leave no one behind."

From now on, it will become even more important that all of our investors in both Japan and overseas, including individual investors, understand the unique business model of JAPAN POST BANK and our aim to increase corporate value while maintaining our public nature. Furthermore, to promote sustainability over the medium to long term and achieve targets, the cooperation of various stakeholders both within and outside the Bank is essential. Based on this awareness, JAPAN POST BANK will work harder than ever before to proactively communicate information in an easy-to-understand manner and engage in constructive dialog with all stakeholders to deepen their understanding and empathy with the Bank.

Harumi Yano

Senior Managing Executive Officer, JAPAN POST BANK Co., Ltd.

Harumi Yano joined the Industrial Bank of Japan in 1984. His career has included the positions of Manager of Administration Department at Mizuho Corporate Bank; Manager of the Management Research Office, General Planning Department at Mizuho Securities; and in 2010, Senior Manager of the Management Research Department at Mizuho Securities. In 2011, he was appointed as Senior Manager of Research Department of the Corporate Administration Division at JAPAN POST BANK. He then served as an executive officer and managing executive officer before assuming his current position in 2019.

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