

Basic Stance










With a view to its sustainable growth along with improvement of its corporate value over the medium to long term, JAPAN POST BANK attaches great importance to relationships with its all stakeholders, including shareholders, and will maintain its corporate governance system based on the following stance.

1. We will engage in constant value creation by providing banking services through the distribution network based on the post office, while continuously creating new convenience for customers, in pursuit of providing higher quality of service.
2. Fully recognizing fiduciary responsibilities to shareholders, we will give consideration to ensure the rights and equality of shareholders in an appropriate manner.
3. We will value the dialogue with all stakeholders including shareholders, and seek appropriate collaboration and sustainable coexistence therewith. To this end, we will ensure management transparency and strive for disclosure and provision of adequate information.
4. In order to promptly adapt to changes in economic and social environment and meet the expectation of all stakeholders, we will make swift decision-making in a firm attitude and conduct businesses under the effective supervision by the Board of Directors.

Basic Policy on Corporate Governance

[Basic Policy on Corporate Governance \(PDF/73KB\)](#) 

Reference Information

- [\(Reference 1\) Articles of Incorporation \(PDF/67KB\)](#) 
- [\(Reference 2\) Status of Concurrent Positions of Directors](#)
- [\(Reference 3\) Regulations of the Board of Directors \(PDF/82KB\)](#) 
- [\(Reference 4\) Management Philosophy](#)
- [\(Reference 5\) Medium-Term Management Plan \(PDF/1,225KB\)](#) 
- [\(Reference 6\) Basic Policies for the Internal Control System \(PDF/40KB\)](#) 
- [\(Reference 7\) Criteria for Election or Dismissal of Executive Officers \(PDF/47KB\)](#) 
- [\(Reference 8\) Reasons for Electing Executive Officers \(PDF/66KB\)](#) 
- [\(Reference 9\) Criteria for Nomination of Director Candidates \(PDF/51KB\)](#) 
- [\(Reference 10\) Reasons for the Nomination as Candidate for Director \(PDF/52KB\)](#) 
- [\(Reference 11\) Independent Director Appointment Standards \(PDF/28KB\)](#) 
- [\(Reference 12\) Policy for Determining the Details of Individual Compensation for Directors and Executive Officers \(PDF/121KB\)](#) 
- [\(Reference 13\) Basic Sustainability Policy \(PDF/307KB\)](#) 

Related Information

- ▶ [Policy for Determining Amount or Calculation Method of Compensation, etc., for Directors and Executive Officers](#)

Corporate Governance Report

[Corporate Governance Report \(PDF/498KB\)](#) 

Compliance with the Corporate Governance Code

The Bank has entirely implemented each principle of the Corporate Governance Code.

■ Policies for Cross-Shareholdings

The Bank does not hold listed shares as cross-shareholdings.

■ Evaluation of Effectiveness of the Bank's Board of Directors in FY 2022/3

Evaluation Method

In regard to the Bank's Board of Directors, we conduct a survey regarding its effectiveness as a whole, including a self-evaluation by each director. The survey for FY2021 was conducted from the perspectives of the composition and management of the Board of Directors, provision of information to and the support system for the outside directors, information gathering by the independent outside directors, and an overall evaluation. We held multiple discussions based on the results of this survey at the Board of Directors, after which we conducted an analysis and evaluation of the effectiveness of the Bank's Board of Directors for FY2021.

Summary of evaluation results

(1) Status of improvements made in response to the FY2020 effectiveness evaluation results

In order to ensure the independent outside directors are able to better utilize their knowledge, in FY2021 we established the Meetings of independent outside directors, during which the independent outside directors exchange information and share their awareness on issues with each other. In addition, we established the Board of Directors Office to build a system intended to enhance support, and implemented initiatives that help to deepen discussions, including providing information at an early stage, clarifying the issues in the explanatory materials used at Board of Directors' meetings, allocating time in line with the importance of agenda items, and following-up on matters requiring ongoing discussion.

(2) Effectiveness evaluation results regarding the FY2021 Board of Directors

The Bank's Board of Directors comprises a majority of independent outside directors with diverse knowledge and experience. In FY2021, the Board of Directors engaged in vigorous discussions on important matters involved in the management strategy, including formulation of the Medium-term Management Plan, capital policy, enhancement of the corporate governance system, and introduction of a shareholder benefits program. In addition, from the perspective of ensuring the propriety of operations, we evaluate that the Board of Directors appropriately supervises business execution, and that the effectiveness of the Board of Directors as a whole has been ensured.

However, from the perspective of further deepening discussion, we recognize that there is room for improvement regarding better clarifying issues in explanatory materials, as well as selecting agenda items and allocating sufficient meeting time based on the degree of importance. In addition, we recognize the need for ongoing efforts to further improve expertise regarding risk management and such among the Board of Directors.

Initiatives for the future

Based on the effectiveness evaluation results described in Item 2 above, we will continue working to provide information at an early stage and to further clarify important matters and issues. At the same time, we will implement initiatives intended to ensure the Board can sufficiently conduct meaningful discussions, including organizing Board of Directors agenda items and ensuring sufficient meeting time. In addition, we will work to further improve the supervisory function of the Board of Directors, including investigating the establishment of a Risk Committee comprised in part of outside experts as an advisory body for the Board of Directors. Through these measures, we will work to further revitalize discussions at the Board of Directors' meetings and to further enhance its supervisory function.

Main Topics of Discussion at Board of Directors' Meetings in FY2022/3

- Formulation of Medium-term Management Plan (2021-2025)
- Risk Appetite Statement
- Formulation of FY2023/3 management plan
- Promotion of FY2022/3 management plan
- Strengthening of the compliance system
- Customer-oriented service improvements
- Promotion of measures to counter money laundering/the financing of terrorism
- Strengthening of IT governance systems / cyber security management systems
- Formulation of basic policies for sustainability/promotion of sustainability
- Operational status of the "Basic Policies for the Internal Control System"
- Upgrade and expansion of the corporate governance structure and systems
- Introduction of a shareholder benefit program

Related Information

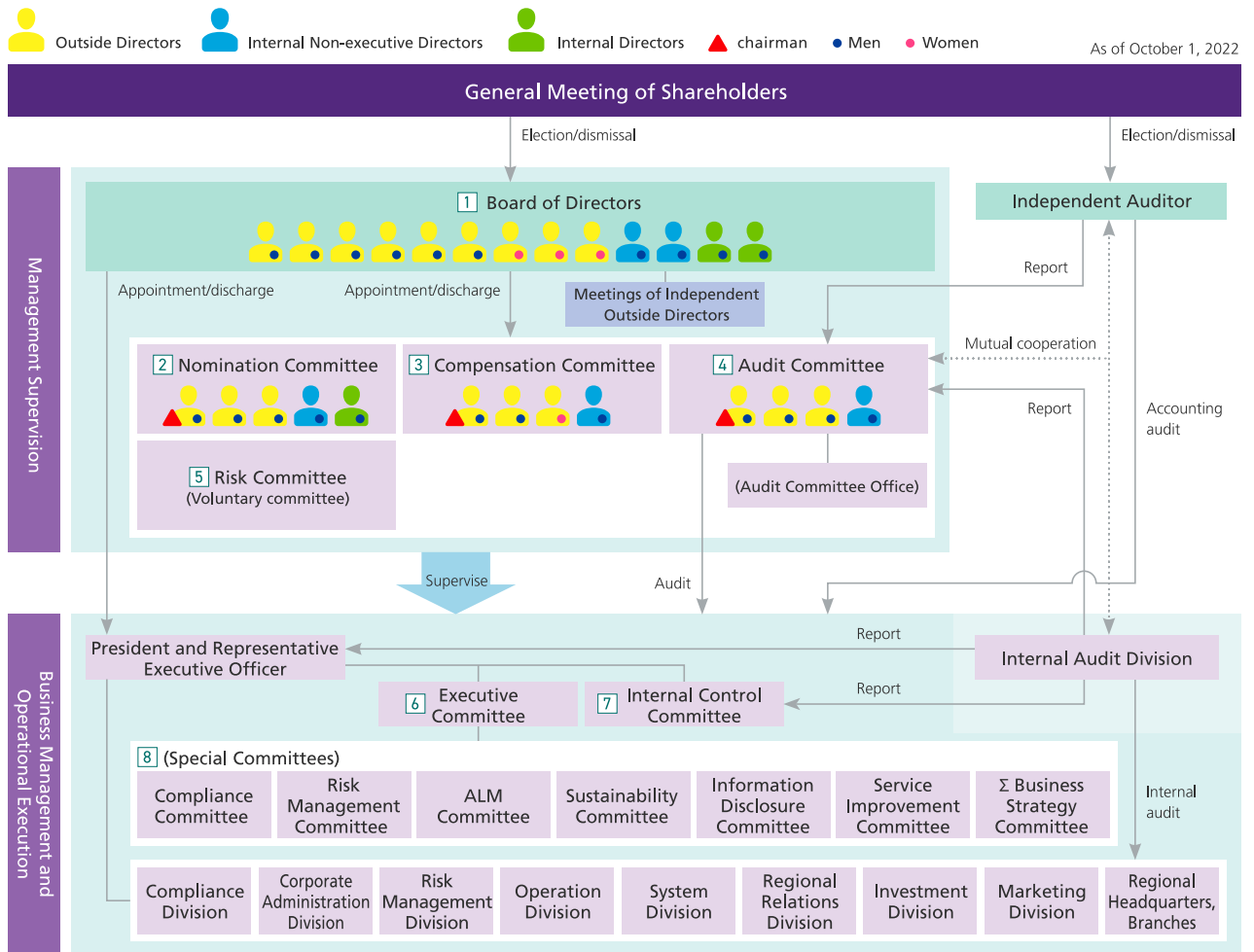
- ▶ [ESG Data](#)
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Corporate Governance System

System Overview

JAPAN POST BANK adopted the company with three statutory committees system of corporate governance to implement rapid decision-making and to increase management transparency. This is deemed to be a system under which the Board of Directors and each statutory and voluntarily established committee can provide appropriate oversight of management.



Supervisory Function

As of June 16, 2022

	Role and composition
1 Board of Directors	The JAPAN POST BANK Board of Directors has 13 members (three women and 10 men), and of these nine are Outside Directors. Directors who possess diverse experience and knowledge work to oversee the Bank's operations.
2 Nomination Committee	The Nomination Committee, comprised of five directors (including three outside directors), determines the criteria regarding the election and dismissal of directors. In addition, it determines the content of proposals regarding the election and dismissal of directors that are submitted to the General Meeting of Shareholders.
3 Compensation Committee	The Compensation Committee, comprised of four directors (including three outside directors), decides the policy for determining the details of individual compensation for directors and executive officers. It also decides the content of individual compensation for executive officers and directors.
4 Audit Committee	Comprising four directors (three of whom are outside directors), this committee audits the execution of duties by executive officers and directors and prepares audit reports. The committee also determines the content of proposals regarding the election and dismissal of accounting auditors and the refusal to reelect accounting auditors to be submitted to the General Meetings of Shareholders.
5 Risk Committee (Voluntary Committee)	This Risk Committee serves as an advisory body for the Board of Directors and is comprised of three directors (including two outside directors) and two outside experts. It deliberates on important matters mainly concerning the status of risk management, and reports to and advises the Board of Directors on such matters.
	Role
Meetings of Independent Outside Directors	Based on the independent and objective positions of the independent outside directors, the purpose of the Meetings of Independent Outside Directors is to exchange information and share awareness about important matters relating to issues of importance to the management of the Bank and its governance.

Related Information

[Main agenda / Operational status \(FY2022/3\) \(PDF/61KB\)](#)

Composition of Each Committee

Board of Directors

Composition

Outside Directors: Ryoji Chubachi, Keisuke Takeuchi, Makoto Kaiwa, Risa Aihara, Hiroshi Kawamura, Kenzo Yamamoto, Shihoko Urushi, Keiji Nakazawa, Atsuko Sato
 Internal Directors: Hiroya Masuda, Toshiyuki Yazaki, Norito Ikeda, Susumu Tanaka

Compensation Committee

Composition

Chairman: Outside Ryoji Chubachi
 Committee members: Outside Keisuke Takeuchi, Shihoko Urushi
 Internal Hiroya Masuda

Nomination Committee

Composition

Chairman: Outside Makoto Kaiwa
 Committee members: Outside Ryoji Chubachi, Keisuke Takeuchi
 Internal Hiroya Masuda, Norito Ikeda

Audit Committee

Composition

Chairman: Outside Hiroshi Kawamura
 Committee members: Outside Kenzo Yamamoto, Keiji Nakazawa
 Internal Toshiyuki Yazaki

Risk Committee (Voluntary Committee)

Composition

Chairman: Outside Kenzo Yamamoto
 Committee members: Outside Atsuko Sato
 Internal Toshiyuki Yazaki
 External experts Takao Yajima, Hiromi Yamaoka

External experts

Takao Yajima Chairman of specified non-profit organization CIO Lounge
 Hiromi Yamaoka Board Director of Future Corporation

Business Management and Operational Execution

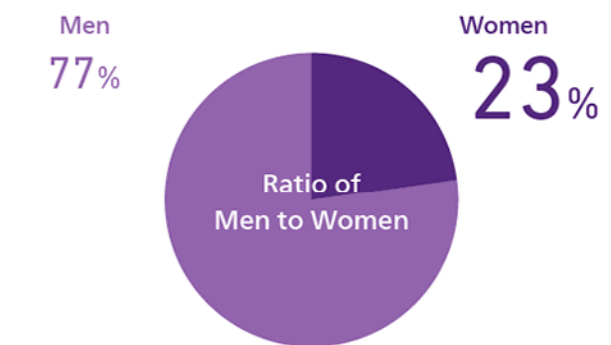
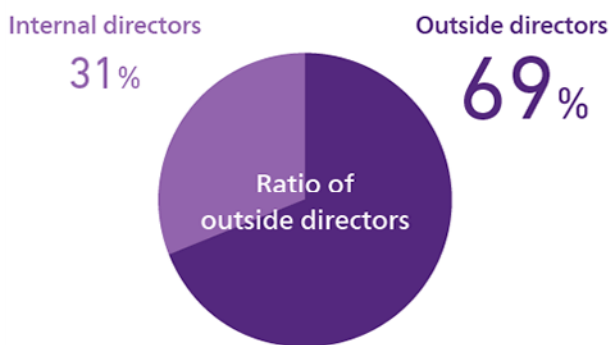
	Role
6 Executive Committee	The Executive Committee has been established as an advisory body to the President and Representative Executive Officer to hold discussions on important business execution matters.
7 Internal Control Committee	The Internal Control Committee has been established as an advisory body to the President and Representative Executive Officer to hold discussions on the legal, regulatory and other compliance-related issues as well as other important internal control matters.
8 Special Committees	The Special Committees assist the Executive Committee in matters requiring specialized discussions.
Compliance Committee	The Compliance Committee formulates compliance systems and programs and holds discussions and provides reports regarding progress in these matters.
Risk Management Committee	The Risk Management Committee formulates risk management systems and operational policies. The committee also holds discussions and provides reports regarding progress in risk management matters.
ALM Committee	The ALM Committee formulates basic ALM plans and operational policies, determines management items, and holds discussions and provides reports regarding progress in these matters.
Sustainability Committee	The Sustainability Committee formulates basic policies and action plans for Sustainability and holds discussions and provides reports regarding progress in these matters.
Information Disclosure Committee	The Information Disclosure Committee formulates basic information disclosure policies, holds discussions, and provides reports on disclosure content and progress in order to ensure the appropriateness and effectiveness of information disclosure.
Service Improvement Committee	This Service Improvement Committee discusses and reports on the content of the policy relating to customer-oriented business operations, the formulation of plans relating to the improvement of customer-oriented products and services and other important items including the status of implementation.
Σ Business Strategy Committee	The Σ Business Strategy Committee deliberates and reports on the strategies and plans for new JPB-appropriate wholesale banking business through investment (we call "Σ business").The Committee also holds discussions and provides reports regarding progress in these matters.

Features of JAPAN POST BANK Corporate Governance (As of June 16, 2022)

Adopted a company with three statutory committees system

to accelerate management decision-making and improve transparency

Gender diversity on its Board of Directors





Composition and Attendance Status for the Board of Directors and the Three Committees

	Name	Board of Directors	Nomination Committee	Compensation Committee	Audit Committee
Outside Directors	Ryoji Chubachi	12 times/ 12 times	8 times/ 8 times	Chair 4 times/ 4 times	
	Keisuke Takeuchi	12 times/ 12 times	8 times/ 8 times	4 times/ 4 times	
	Makoto Kaiwa	12 times/ 12 times	Chair 8 times/ 8 times		
	Risa Aihara	12 times/ 12 times			
	Hiroshi Kawamura	12 times/ 12 times			14 times/ 14 times
	Kenzo Yamamoto	12 times/ 12 times			14 times/ 14 times
	Shihoko Urushi	10 times/ 10 times			
Internal Non-executive Directors	Hiroya Masuda	12 times/ 12 times	8 times/ 8 times	4 times/ 4 times	
Internal Directors	Norito Ikeda	12 times/ 12 times	8 times/ 8 times		
	Susumu Tanaka	12 times/ 12 times			

*1 FY2022/3 (April 2021 to March 2022) attendance/meeting frequency (following appointment)

*2 Limited to directors reappointed at the General Meeting of Shareholders in June 2022.

Board of Directors

The Board of Directors shall comprise diverse directors with extensive knowledge and experience coupled with deep insight. Moreover, the number of directors shall be an appropriate number that does not exceed 20, as prescribed by the Articles of Incorporation, and the majority shall comprise independent directors.

Skills Matrix

The Board of Directors is comprised of directors with diverse experience and knowledge.

Name		Experience / expertise								
		Management (Corporate Management)	Legal/ Compliance	Financial Accounting	Finance	Market Operation/ Risk Management	Sales/ Digital Marketing	Human Resources Development	ESG	Administration
Ryoji Chubachi	Outside	●							●	
	Independent									
Keisuke Takeuchi	Outside	●							●	
	Independent									
Makoto Kaiwa	Outside	●		●					●	
	Independent									
Risa Aihara	Outside	●					●			
	Independent									
Hiroshi Kawamura	Outside		●							
	Independent									
Kenzo Yamamoto	Outside				●	●				
	Independent									
Shihoko Urushi	Outside	●						●		
	Independent									
Keiji Nakazawa	Outside		●	●						
	Independent									
Atsuko Sato	Outside				●	●		●		
	Independent									
Hiroya Masuda	Outside	●			●				●	●
	Independent									
Toshiyuki Yazaki	Outside				●					●
	Independent									
Norito Ikeda	Outside	●			●		●		●	
	Independent									
Susumu Tanaka	Outside			●	●					●
	Independent									

Reference Information

[Reasons for the Nomination as Candidate for Director \(PDF/52KB\)](#) 

Support System for Outside Directors

The Bank shall take the following actions in relation to directors to ensure the effective and smooth operation of meetings of the Board of Directors and enhance the effectiveness of supervision by outside directors, in particular.

1. Coordination of an annual schedule with sufficient time available
2. Timely and appropriate provision of information as necessary
3. Ensuring sufficient prior explanation and time for prior consideration of the content of agenda items
4. Ensuring time for questions at Board of Directors' meetings

In addition, the Bank shall establish the Board of Directors Office and allocate appropriate staff for operational support to effectively and efficiently carry out meetings of the Board of Directors, and for communication and coordination with outside directors.

■ Providing Opportunities for Outside Directors to Collect Information

To ensure that the expected roles and responsibilities of outside directors are properly fulfilled, we regularly provide them with opportunities to acquire the necessary knowledge. For example, we provide them with opportunities to deepen their understanding of our business, issues, management strategies, etc., and to acquire the necessary knowledge, such as by conducting inspections of our facilities, and we also provide opportunities for full-time officers to deepen their understanding of their roles and responsibilities so that the roles and responsibilities expected of them can be fulfilled in an appropriate manner.

Major lectures given to executives (including outside directors) in FY2022/3

- April 2021 Seminar relating to the General Meeting of Shareholders
- July 2021 Lecture relating to sustainability
- October 2021 Seminar relating to media responses
- November 2021 Lecture relating to cybersecurity

Elections and Dismissals of Executive Officers, Nominations of Director Candidates

With regard to the policies and procedures for electing or dismissing executive officers and nominating director candidates, the Bank has established the "Criteria for Election or Dismissal of Executive Officers" and the "Criteria for Nomination of Director Candidates."

Related Information

[Criteria for Election or Dismissal of Executive Officers \(PDF/46KB\)](#) 

[Criteria for Nomination of Director Candidates \(PDF/51KB\)](#) 

Policy for Determining Amount or Calculation Method of Compensation, etc., for Directors and Executive Officers

In regard to compensation for the Bank’s directors and executive officers, the Compensation Committee has prescribed the policy for determining the details of individual compensation for directors and executive officers as follows, and it determines the amount of compensation in accordance with this policy.

1. Compensation system

1. When serving concurrently as a director and executive officer, compensation shall be paid for the position of executive officer.
2. Compensation that directors of the Bank receive shall be paid in the form of a fixed amount of compensation corresponding to duties, in light of the scope and scale of responsibility relating to management, and the like.
3. Compensation that executive officers of the Bank receive shall be paid in the form of a base salary (a fixed amount of compensation) and performance-linked stock compensation, and shall function as a sound incentive for sustainable growth.

2. Compensation for directors

Compensation for directors shall be paid as a certain level of a fixed amount of compensation corresponding to duties, in light of the main role of supervision of management, and the level shall be an appropriate one that takes into account the scale of duties as a director and the current situation of the Bank.

3. Compensation for executive officers

Compensation for executive officers shall be paid in the form of a certain level of base salary (a fixed amount of compensation), in light of differences in responsibility that varies according to the job position, and performance-linked stock compensation that reflects the state of achievement of management targets, and the like.

The level of base salary shall be an appropriate one that takes into account the scale of duties of the executive officer and the current situation of the Bank.

In regard to stock compensation, based on the viewpoint of a sound incentive for sustainable growth, points that are calculated by multiplying the sum of basic points corresponding to separately prescribed duties and evaluation points based on individual evaluation by a coefficient that varies according to the state of achievement of management targets shall be granted every year, and shares corresponding to the points accumulated at the time of retirement from office shall be provided. However, a certain percentage of this shall be paid in the form of money obtained by converting the shares into cash.

Furthermore, in the case of a person who is an executive officer in charge of an area that requires special knowledge and skills and, based on the compensation corresponding to his/her duties, would receive a significantly lower level of compensation than what an officer in charge of such an area would generally receive at other companies, it shall be permitted to adopt compensation that refers to the level of compensation at other companies instead of compensation corresponding to duties.

Type	Payment standard	Payment method
Base salary (fixed amount)	Appropriate level taking into account scale of duties and the Bank’s current situation	Monthly (cash)
Stock compensation (performance linked)	The points calculated by the following formula are awarded each year, and the stock is paid according to the number of accumulated points. ①Basic points (awards correspond to prescribed duties) ②Evaluation points (award based on individual evaluation) ③Coefficient (varies according to level of achievement of management plan)* (①+②) × ③	At time of retirement (shares, however a certain portion in cash)

* The indicators for FY2021/3 include net income for the period, expansion of sales of assets under management as well as of fees and commissions, increased sophistication of asset and risk management

■ Number of persons compensated, compensation, etc., for each officer category (FY2022/3)

(Millions of yen)

Category	Number of persons compensated	Compensation, etc.				
			Base compensation	Performance-linked stock compensation	Retirement benefit	Other
Directors	10	94	94	-	-	0
Executive Officers	29	762	641	102	15	2
Total	39	857	736	102	15	3

- (Notes) 1. The figures for compensation, etc., are rounded down to the nearest million yen.
 2. If a person holds concurrent positions as Director and Executive Officer, we do not pay compensation for services as Director to such person.
 3. Number of Directors compensated excludes one Director without pay.
 4. Performance-linked stock compensation above represents the amount accounted for as expense during the fiscal year ended March 31, 2022.
 5. Although the retirement benefits program to Executive Officers was abolished in June 2013, retirement benefits will be paid upon retirement to Executive Officers who have remained in their positions since then, for their terms of office up to the day of the abolishment of the system.

Related Information

- ▶ [ESG Data: "Compensation for Directors \(excluding outside directors\)"](#)
- ▶ [ESG Data](#)
- ▶ [ESG-Related Information Index](#)

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Compliance System

Basic Stance

For Japan Post Bank, compliance comprises adherence not only to laws and regulations but also to internal rules, social standards of behavior, and corporate ethics by all directors and employees. We are striving to be the most trustworthy bank in Japan, and consequently we view compliance as an important management issue. Accordingly, we conduct rigorous compliance activities.

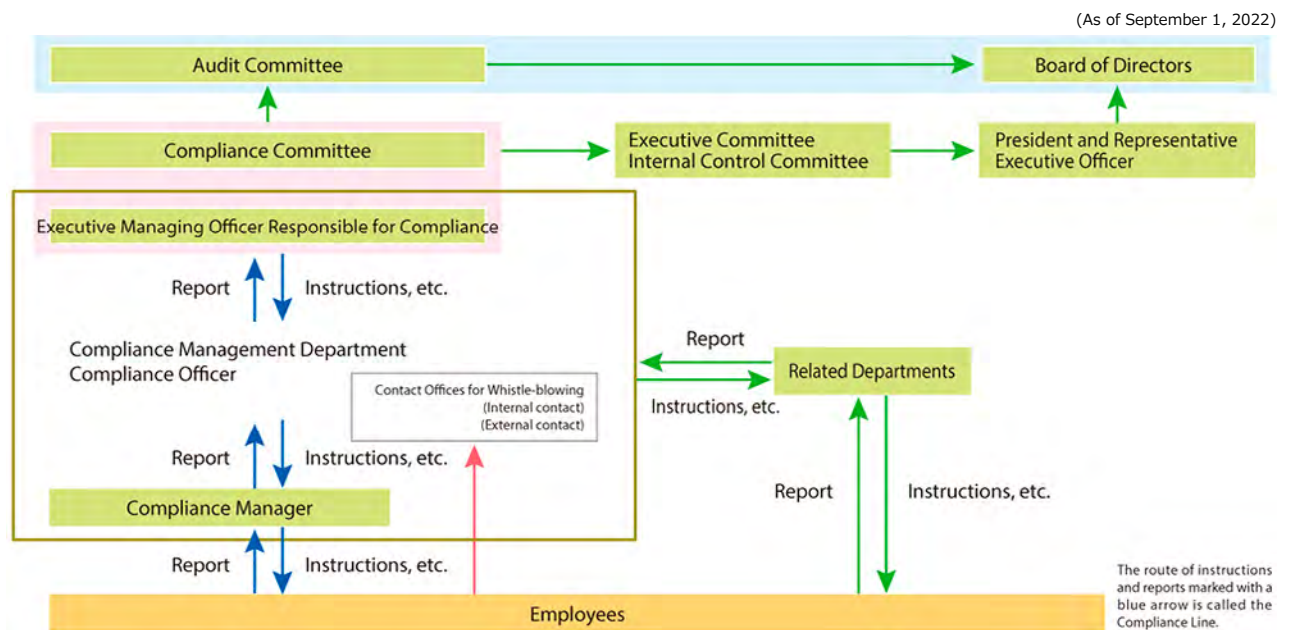
Compliance System

The Bank has established the Compliance Committee, which is composed of Executive Officers responsible for compliance-related issues. The committee holds discussions on important compliance-related matters and reports on their progress once a month to the Internal Control Committee, the Board of Directors, and the Audit Committee.

In addition, the Bank has established the Compliance Management Department under the leadership of the Executive Managing Officer responsible for compliance. The department formulates compliance promotion plans and manages their progress.

We have also appointed compliance officers in departments such as sales, who monitor the progress of compliance-related measures, as well as compliance managers in each department, who are responsible for mentoring employees and promoting compliance.

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■ Contact Offices for Whistleblowing

"Contact offices for whistleblowing" have been put in place both within and outside of the Bank to enable direct reports to be made in the event that compliance-related issues, or actions that may lead to such issues, are detected. In this way, the Bank is striving to prevent the occurrence and expansion of problems concerning compliance and quickly solve issues should they occur.

We protect whistleblowers by thoroughly ensuring that they do not receive any disadvantage or unfair treatment, and employees who treat whistleblowers unfairly on the basis that they made a report are subjected to disciplinary action according to our internal rules.

In April 2021, we revised the Bank's internal rules in order to allow more secure whistleblowing by clarifying the limits within which reports received at our contact offices will be shared and stipulating that information will not be provided beyond these limits for sharing without the consent of the whistleblower. We received 194 reports in FY2021/3 and 130 reports in FY2022/3 at the contact offices for whistleblowing within and outside of the Bank.

■ Compliance Initiatives

Every year the Bank formulates a Compliance Program, which serves as a detailed action plan for the promotion of compliance. On the basis of this program, the Bank strives to promote compliance through addressing important matters and regularly checking their progress. The Bank also uses methods to strongly encourage compliance such as conducting training sessions for its employees.

Moreover, the Bank formulated a Compliance Manual, which brings together the Bank's approach to compliance and important action items as well as the management of conflict of interest transactions, the prevention of corruption such as bribery of public officials and money laundering, and other laws and regulations to be complied with. The Compliance Handbook, which contains the most important items from the Compliance Manual is distributed to all directors and employees and is used in compliance training sessions to ensure that all employees are thoroughly familiar with its contents and to raise compliance awareness.

Outline of Main Measures

- Prevention of fraud
- Countering money laundering and financing of terrorism
- Countering antisocial forces
- Customer-oriented business operations and customer protection
- Creating employee-friendly working environments

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■ Initiatives to Counter Money Laundering and Financing of Terrorism

The importance of combating international money laundering, the financing of terrorism and economic sanctions is growing with each passing year. Financial and related institutions are being called upon to enhance the preventive measures toward their money laundering and related management systems in response to changes in money laundering and related risks.

Recognizing that the need to combat international money laundering, the financing of terrorism and economic sanctions is the one of the major priorities for management, JAPAN POST BANK formulated the basic policy to address each of these issues in accordance with the requirements of international organizations such as the Financial Action Task Force (FATF) and the "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism" set forth by Japan's Financial Services Agency. The Bank has also clarified the roles and responsibilities of all managers and employees involved in addressing international money laundering, the financing of terrorism and economic sanctions including the appointment of the dedicated executive officer in charge of the Compliance Division as the officer in charge of overall oversight for each of these issues. In doing so, JAPAN POST BANK is implementing management-driven measures.

Specifically, from the standpoint of preventing the Bank's products and services from being abused for the purpose of international money laundering, the financing of terrorism and economic sanctions, the Bank identifies the relevant risks and evaluates and takes appropriate measures to effectively mitigate these risks.

In recent years, the incidence of various financial crimes has become increasingly frequent with the methods used more cunning and sophisticated. In order to safeguard customers' savings and assets, JAPAN POST BANK will continue its efforts to prevent financial crimes from occurring and their further proliferation through a variety of measures. This includes analyzing past criminal typologies as well as enhancing the Bank's systems.

JAPAN POST BANK's main preventive measures against money laundering and the financing of terrorism are as follows.

- The roles and responsibilities of officers and employees involved in addressing money laundering and the financing of terrorism have been clarified, including the appointment of the dedicated executive officer in charge of the Compliance Division as the officer in charge of overall oversight for addressing money laundering and related risks.
- An organizational framework and internal rules have been established to appropriately implement countermeasures against money laundering and the financing of terrorism in accordance with relevant laws and regulations.
- Measures are implemented to continuously manage customers, both at the commencement of and following transactions, such as the opening of accounts.
- As customer management measures, the identity of customers, the purpose of their transactions, and other matters such as beneficial owners are verified using reliable information (including identity verification for non-face-to-face transactions). Customers are also checked to verify whether they are subject to economic sanctions such as those determined by the United Nations Security Council.
- Necessary risk mitigation measures are implemented in accordance with the level of risks for money laundering and the financing of terrorism. For the commencement of transactions with high risk customers, such as those suspected of identity theft or foreign PEPs (Politically Exposed Persons), more stringent measures are taken, including upper-management approvals.
- Documents and records related to the prevention of money laundering and the financing of terrorism are preserved in accordance with relevant laws and regulations.
- Training is conducted for officers and employees to thoroughly disseminate information on obligations and requirements concerning money laundering and the financing of terrorism.
- The effectiveness of risk mitigation measures is independently verified periodically and as necessary by the second and third line of defense departments.

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Related Information

- ▶ [Notification of revision of rules for savings, etc., based on the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism \(Japanese Language Only\)](#)
- ▶ [Request regarding transaction confirmations, etc. \(Japanese Language Only\)](#)
- ▶ [Stricter identification procedures for the opening of bank accounts \(Japanese Language Only\)](#)
- ▶ [Request to customers who use international remittance services \(Japanese Language Only\)](#)
- ▶ [Termination of service for cash remittance to overseas accounts \(Japanese Language Only\)](#)
- ▶ [Lowering of the remittance limit for Yucho Direct \(Japanese Language Only\)](#)
- ▶ [Lowering of maximum limit for ordinary money orders \(Japanese Language Only\)](#)
- ▶ [To all Japan Post Bank customers of non-Japanese Citizenship who wish to open bank accounts \(Japanese Language Only\)](#)

■ Basic Policy for Combating against Antisocial Forces

The Bank as an organization combats against Antisocial Forces that threaten the sound social order and corporate activities. The Bank is never involved in any illegal or antisocial behavior associated with antisocial forces. The Bank blocks and excludes relationships with relevant antisocial forces by cooperating with external organizations such as the police, etc.

In order to ensure this, the Bank has established its "Basic Policy for Combating against Antisocial Forces."

Related Information

- ▶ [Basic Policy for Combating against Antisocial Forces](#)

Framework in place for the elimination of antisocial forces

- (1) Internal Rules

The Bank outlines the specific details of its internal rules based on the above Basic Policy.
- (2) Response Management Department and Unreasonable Demands Prevention Officers

The Bank has established a Response Management Department responsible for ensuring the Bank is not involved in relationships with antisocial forces. The department carries out planning and management etc., of the Bank's response to antisocial forces. Unreasonable Demands Prevention Officers have also been staffed in locations such as our headquarters and branches, in charge of countering unreasonable demands from antisocial forces.
- (3) Alliances with external specialist organizations

The Bank's branches etc., respond to antisocial forces through alliances with external specialist organizations, such as the Center for Removal of Criminal Organizations. As part of normal practice, we also build close relationships with the organizations such as the police, reporting to them in the event of emergencies, and we engage in consultation with lawyers whenever necessary.
- (4) Collection and management of information relating to antisocial forces.

The Response Management Department for antisocial forces is responsible for the collection of information relating to antisocial forces and arranging a system for its integrated management.
- (5) The Bank has created a manual outlining a specific framework for responding to antisocial forces in order to facilitate a systematic and integrated response.
- (6) Training activities

The Bank recognizes its response to antisocial forces as an important matter concerning compliance, and it is working to properly educate employees through compliance training, etc.

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■ Measures Aimed at Managing Conflicts of Interest

The JAPAN POST GROUP has released the Japan Post Group Conflicts of Interest Management Policy. This Policy governs the management of conflicts of interest transactions by our Group as a whole in order to prevent our customers' interests from being unduly harmed.

In line with this Policy, Japan Post Bank has put in place a system for the proper management of transactions that have the potential to create conflicts of interest and to prevent customer interests from being unduly harmed. Among a host of initiatives, the Bank has set up the Compliance Management Department to assume responsibility for managing and controlling conflicts of interest.

Related Information

▶ [Conflicts of Interest Management Policy](#)

■ Anti-Bribery Initiatives

To prevent bribery, as well as inappropriate payoffs and their enjoyment, the Bank has established rules for when entertaining or exchanging gifts with business partners or government officials, and it is providing education about these rules through means such as training.

Specifically, the Bank has established rules stipulating that employees must obtain the approval of their supervisor before providing or receiving entertainment or gifts. Additionally, through the Compliance Handbook, directors and employees are made aware that the giving of gifts to government officials and accounting auditors is prohibited by law, and that they must not accept any inappropriate payoffs.

■ Initiatives to Raise Director and Employee Awareness Regarding Compliance

Japan Post Bank is implementing compliance training through a range of different methods to raise the awareness of our directors and employees in regard to compliance. These methods include lectures by experts with diverse knowledge, newsletters to help staff fully understand internal rules, DVDs that present real examples, and e-learning to reinforce knowledge about compliance.

We are striving to be the most trustworthy bank in Japan, and we are working to raise awareness of compliance through implementing diverse types of training in light of changes in our social and business environment.

Training Topics

1. Countering money laundering and financing of terrorism
2. Prevention of insider trading
3. Protection of personal information and information security
4. Harassment prevention



Image of training

Conflicts of Interest Management Policy

Japan Post Bank manages transactions with potential conflicts of interest between our customers and the bank based on the Japan Post Group Conflicts of Interest Management Policy. We engage in business in an appropriate manner to avoid unfair damage to customer interests.

The Japan Post Group Conflicts of Interest Management Policy is as described below.

Japan Post Group Conflicts of Interest Management Policy

Japan Post Group (“the Group”) conducts business activities fairly based on laws, ordinances and internal regulations so that the interests of customers are not unduly impaired due to transactions that may give rise to a conflict of interest.

1. The following representative examples of companies in Japan Post Group (“Group companies”) fall within the scope of the Conflicts of Interest Management Policy.
 - Japan Post Bank Co., Ltd.
 - Japan Post Insurance Co., Ltd.
 - Japan Post Co., Ltd.
2. The Group will manage conflicts of interest for the transactions stipulated below.
 - (1) Transactions that may unduly impair the interests of customers among the following transactions:
 - Transaction with a customer that has an interest in one of the Group companies based on an agreement
 - Transaction with a party that has conflicting interests or is competing with a customer that has an interest in one of the Group companies based on an agreement
 - Transaction that makes wrongful use of information gained from a customer with an interest in one of the Group companies based on an agreement
 - (2) Any transaction aside from the aforementioned that may unduly impair the interests of the customer due to a conflict of interest
3. The Group will select one or a combination of the following methods and other measures to manage transactions with a conflict of interest:
 - (1) Separate the business unit conducting the target transaction and the business unit conducting the secondary transaction with the customer
 - (2) Amend the terms and conditions or method of the target transaction or the secondary transaction with the customer
 - (3) Discontinue the target transaction or the secondary transaction with the customer
 - (4) Properly disclose to the customer that the target transaction may unduly impair his or her interests
4. The Group will establish a department that handles conflicts of interest independent from business departments that will specify target transactions and properly manage conflicts of interest. In addition, the Group will educate and train executives and employees so that they comply with laws, ordinances and internal regulations set down regarding the management of conflicts of interest.
5. The Group will continuously review its management stance regarding conflicts of interest and strive to make improvements.

Basic Policy for Combating against Antisocial Forces

The Bank as an organization combats against Antisocial Forces that threaten the sound social order and corporate activities. The Bank is never involved in any illegal or antisocial behavior associated with antisocial forces. The Bank blocks and excludes relationships with antisocial forces by cooperating with relevant external organizations such as the police, etc. The following details each action.

1. Response as an organization

With regard to antisocial forces, the Bank's attitude toward antisocial forces is clearly stated in the JAPAN POST GROUP's charter of corporate conduct and internal rules, etc., and the Bank as a whole from top management to employee level responds to antisocial forces. The Bank protects the safety of management and staff members who respond to antisocial forces.

2. Alliance with the external organizations

The Bank always maintains close relationships with the relevant external organizations such as the police, the center for removal of criminal organizations and lawyers.

3. Cutting off all the relationship including normal banking transactions

The Bank never establishes relationships with antisocial forces including normal banking transactions. Their undue claims are rejected.

4. Civil and criminal legal action is taken

If confronted with undue claims by antisocial forces, legal action is taken from both civil and criminal perspectives.

5. Prohibition of backroom deal and the provision of funds

The Bank's actions never take the form of backroom deals. The Bank never provides funds to Antisocial Forces.

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Risk Management

Basic Stance

We place a high priority on risk management and are taking steps to refine our sophisticated framework for risk management, including the identification and control of the risks associated with our operational activities.

Our basic policy is to appropriately manage risks in view of our management strategies and risk characteristics and most effectively utilize our capital. By doing so, we are able to increase enterprise value while maintaining sound finances and appropriate operations.

Risk Categories and Definitions

We define our risks and classify them into the following categories, and manage these risks based on the unique characteristics of each type of risk.

Risk Category	Risk Definition
Market risk	Market risk is the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of loss resulting from changes in earnings generated from assets and liabilities.
Market liquidity risk	Market liquidity risk is the risk that a financial institution will incur losses because it is unable to conduct market transactions or is forced to conduct transactions at far more unfavorable prices than under normal conditions due to a market crisis and the like.
Funding liquidity risk	Funding liquidity risk is the risk that a financial institution will incur losses because it finds it difficult to secure the necessary funds or is forced to obtain funds at far higher interest rates than under normal conditions due to a mismatch between the maturities of assets and liabilities or an unexpected outflow of funds.
Credit risk	Credit risk is the risk that a financial institution will incur losses from the decline or elimination of the value of assets (including off-balance sheet assets) due to deterioration in the financial condition of an entity to which credit is provided.
Operational risk	Operational risk is the risk of loss resulting from inadequate operation processes, inadequate activities by officers and employees and inadequate systems or from external events.

Risk Management System

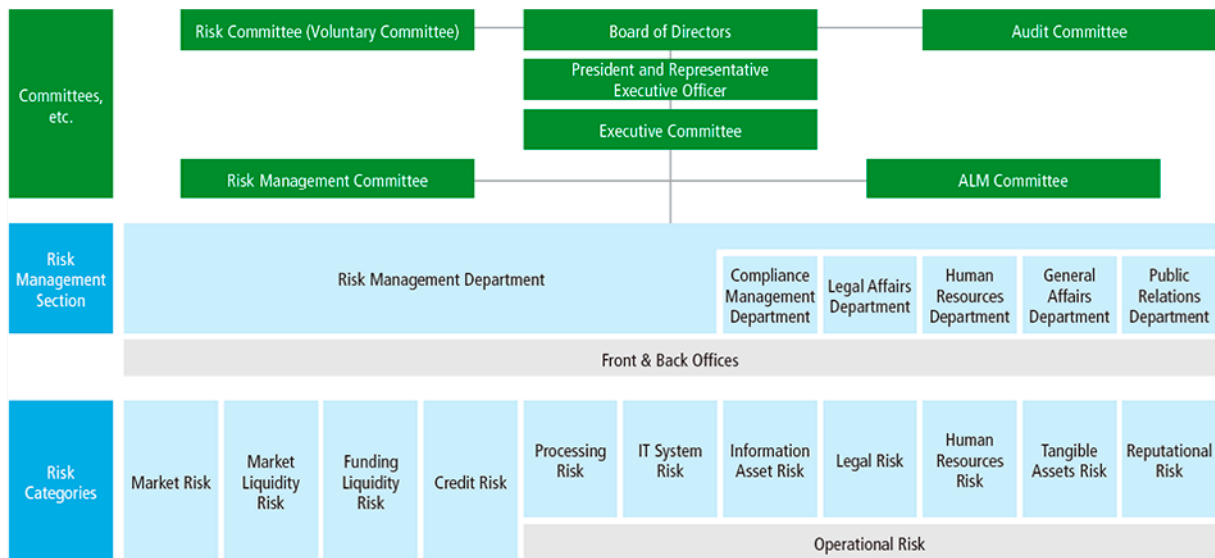
The Bank has identified certain risk categories outlined in the table below. Various entities have been established to manage each risk category. In addition, we have put in place the Risk Management Department, which is responsible for monitoring each risk category in an integrated manner in order to ensure the effectiveness of our comprehensive risk management. The Risk Management Department operates independently from other departments.

We have established special advisory committees to the Executive Committee to handle risk management responsibilities: the Risk Management Committee and the ALM Committee. These advisory committees submit risk management reports based on risk characteristics and hold discussions about risk management policies and systems.

Meanwhile, officers in charge of the Risk Management sections also report on such matters as the status of risk management to the Board of Directors, the Audit Committee and the Risk Committee on a periodic and as-needed basis.

Prior to launching new products, services, or businesses, we assess potential risks and select appropriate methods to measure risks.

Risk Management System (As of July 1, 2022)

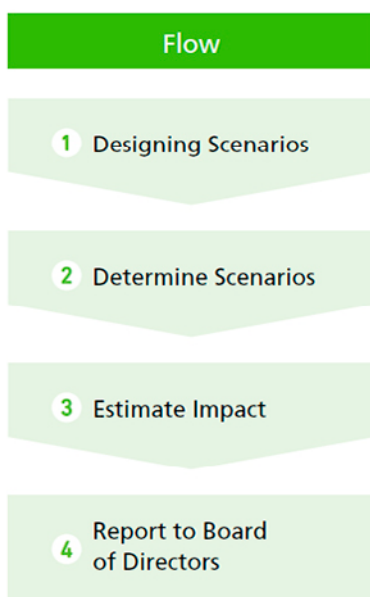


Integrated Risk Management

We broadly classify and define risks into five categories and manage risk by using both quantitative and qualitative approaches. In our quantitative approach, we have introduced integrated risk management that quantifies and controls risk. Specifically, we establish in advance a total amount of equity capital that is available to take on risk, or risk capital. Risk capital is then allocated to each business (allocation of risk capital) in accordance with the type of expected risk and nature of the business activities. To quantify market risk and credit risk and control risk exposure, we use value at risk (“VaR”) techniques. VaR is a statistical method used to compute the maximum expected loss based on assets and liabilities held at given probabilities and for given periods of time.

In addition, we perform stress tests based on multiple stress scenarios that assume deterioration in macroeconomic conditions to assess the impact on our financial condition and capital adequacy ratio, for the purpose of verifying the appropriateness of business plans from the forward-looking standpoint of business sustainability.

Performing Stress Tests



Overview

- Consider stress events that should be reflected in the scenarios, based on risks taken into account by market participants such as international organizations, national authorities and financial institutions and their economic outlooks.
- Draft multiple scenarios based on the probability and impact of stress events.
- Hold preliminary discussion regarding scenarios with the relevant departments.
- Determine the scenarios after consultation in the ALM Committee.
- Estimate the amount of impact on capital adequacy ratio, unrealized gains/losses on securities, net interest income and risk exposure under each scenario.
- Based on these estimates, verify the appropriateness of business plans in terms of business sustainability.
- Report the results of verification to the Board of Directors.

In our qualitative approach, which is used in conjunction with the quantitative methodology, we assess the nature of the risks. For instance, for operational risk we have established a plan, do, check, action (“PDCA”) cycle that recognizes, evaluates, manages, and mitigates risk across our business activities.

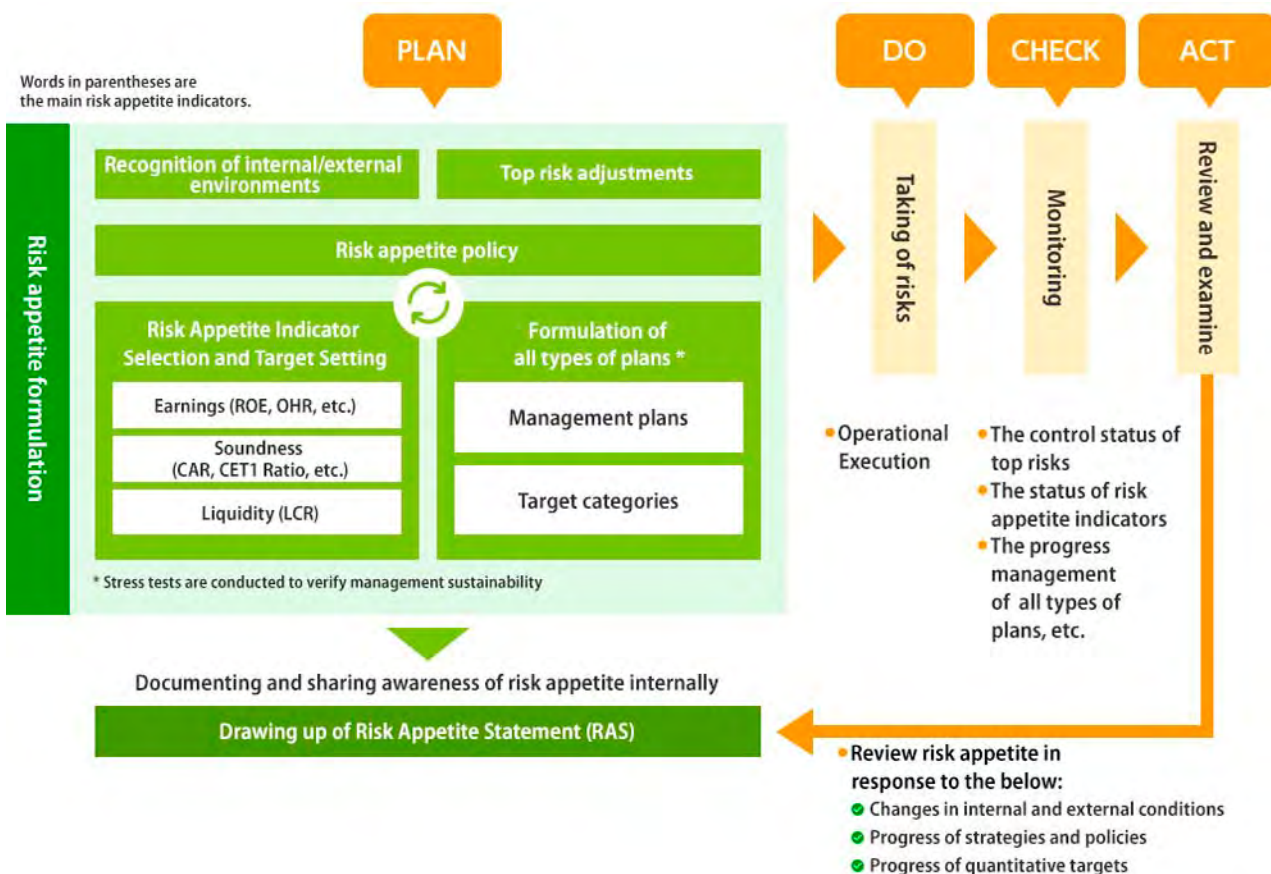
Subject to the total amount of allocated capital approved by the Board of Directors, the allocation of risk capital is determined by the president and Representative Executive officer following discussions in the ALM Committee and the Executive Committee.

Risk Appetite Framework

The Bank introduced a Risk Appetite Framework (RAF)^{*1} to ensure profitability over the medium to long term and financial soundness. Based on the RAF, risk appetite policies and indicators as well as top risks are discussed in conjunction with the formulation of management plans.

*1: A business management framework used as common language between banks pertaining to all aspects of risk-taking policies, including the capital distribution and profit maximization of risk appetites (the type and total quantity of risks a company should willingly take on to fulfil its business plans after taking into account the unique aspects of the company’s own business model).

Risk Appetite Framework Management Process



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■ Selection of Top Risks

Within the RAF framework, Japan Post Bank selects the top risks that we recognize as potentially having a particularly significant impact on our business, performance, and financial position. These risks are selected following deliberation by the Board of Directors and Executive Committee and in consideration of their degree of impact and probability. Moreover, we reflect the actions we take against the selected risks in our management plans and take additional action as necessary following regular checks of the control status.

Top risks and measures

Top risk	Main measures
Market/Credit/Liquidity risk, etc., Stronger financial regulations	<ul style="list-style-type: none"> Developing a stress-resistant portfolio Sophistication of stress testing Improve specialized human resources in investing and risk management Improve internal control systems from the standpoint of being an internationally active bank
Cyber attacks	<ul style="list-style-type: none"> Implement and establish cyber-security action plans, and continue measures against phishing fraud, etc.
System disruptions	<ul style="list-style-type: none"> Internal verifications of examples from other companies Implementation of contingency plan training Promote steady responses to renewals of core systems
Major disasters, pandemics	<ul style="list-style-type: none"> Develop emergency response plans Establish remote environments
Delayed response to DX, etc.	<ul style="list-style-type: none"> Steady advancement of DX as set forth in the Medium-term Management Plan
Incidence of legal violations	<ul style="list-style-type: none"> Ensure thorough measures to prevent recurrence of scandals and to prevent leaks and losses of personal information, based on past incidents
Insufficient customer-oriented business operations	<ul style="list-style-type: none"> Quality controls for customer-oriented business operations Improve second-line*2 functions, deeper discussions in Special Committees, double tracking of information transmission, etc.
Money laundering/Terrorist financing	<ul style="list-style-type: none"> Systematic advancement of various responsive measures that are in accordance with guidelines put out by relevant authorities
Inhibited execution of strategies due to insufficient personnel shortages	<ul style="list-style-type: none"> Continuous hiring of professional personnel, etc. Training of personnel based on training programs
Climate change risks, etc.	<ul style="list-style-type: none"> Advanced measures corresponding to changes in the outside environment, implemented monitoring, and provided disclosures as appropriate based on the basic sustainability policy

*2: Management divisions such as the Risk Management and Compliance Division, etc.

■ Response to Cybersecurity*3

In addition to our banking-related systems, the communication network systems we use for the performance of business operations play a vital role in our business. While transactions using the internet and smartphones have increased with the remarkable development of digital technology in recent years, the advance in sophistication and skill in methods of cyberattacks has brought increasing risk to financial institutions.

As a result of this, the Bank regards the risk of cyberattacks as one of the top risks in management and works to continuously improve cybersecurity through management leadership.

To reduce cyber risks the Bank has put in place a dedicated department for cybersecurity and assigned a CISO (Chief Information Security Officer). It has also appointed personnel with expertise, and it is collaborating with external specialized organizations to analyze and respond to new methods of attack, while maintaining defense in depth and detection measures. To provide safer and more secure services to our customers, we will continue to advance improvements in our cybersecurity system.

*3: To make sure that no problems arise, including the leakage of or tampering with electronic data, failure of IT and control systems to perform their expected functions.

Outline of the Initiative

The Bank works to strengthen its cybersecurity system in accordance with third party assessments and recommendations based on the FFIEC-CAT,^{*4} which is used internationally as a tool to evaluate the cyber threat management systems of financial institutions.

FFIEC-CAT evaluations

1. Cyber Risk Management and Oversight (governance, risk management, resources, training and culture)
2. Threat Intelligence and Collaboration (threat intelligence, monitoring and analyzing, information sharing)
3. Cybersecurity Controls (preventative controls, detective controls, corrective controls)
4. External Dependency Management (connections, relationship management)
5. Cyber Incident Management and Resilience (incident resilience planning and strategy, detection, response, and mitigation, escalation and reporting).

*4: A tool designed by the Federal Financial Institutions Examination Council (FFIEC) to assess the maturity of cybersecurity in financial institutions.

■ JAPAN POST GROUP Executive Declaration on Cybersecurity

The Japan Post Group recognizes that cybersecurity measures are a priority issue in management and has formulated the JAPAN POST GROUP Executive Declaration on Cybersecurity.

■ Group Cyber Security System

Under governance of the holding company Japan Post Holdings, we have been developing a cybersecurity management system for the Japan Post Group.

Related Information

[Cyber Security Measures \(PDF/109KB\)](#) 

■ Strengthening Security for Yucho Direct

We are strengthening the security of Yucho Direct as a measure to protect our customers' important savings from illegal transactions.

■ Response to the Fraudulent use of Cashless Settlement Services

Following the announcement on September 9, 2020, regarding the fraudulent use of its cashless settlement services, the Bank has been working to strengthen the security of its cashless services (immediate transfer services).

Related Information

- ▶ [Responses to the fraudulent use of cashless payment services](#)

Response to Pandemic Infectious Diseases

■ Responses/Systems to Combat Novel Coronavirus (COVID-19)

If COVID-19-like infection occurs that is considered to have a serious impact on life and health due to its rapid nationwide spread, the Bank will endeavor to prevent the infection from spreading to its customers, business partners, and employees. In parallel, we have in place an established Business Continuity Plan (BCP) for new influenza and other viruses.

We have also put in place a system that allows us to establish a Crisis Management Committee and other bodies that, depending on the stage of the occurrence in Japan and overseas, can respond swiftly, such as by collecting and coordinating information, preventing infections, and establishing a business continuity system.

Specific Responses to COVID-19

- From the perspective of ensuring the safety of our customers and employees, we have reduced the number of counters and suspended proactive sales activities through visits and at counters, installed plastic sheets to prevent infection from droplets at counters, and requested customers to consider using Yucho Direct Internet banking service as well as to avoid congestion on pension payment dates, etc. For our employees, we have also taken measures to prevent the spread of infection such as staggered working hours, shift work, and teleworking.
- In principle, all post offices, branches, and ATMs of the Bank continue to operate. In addition, a business continuity system has been ensured through flexible staffing and backup from multiple locations for important operations such as cash deposits, withdrawals and settlements, which are necessary for customers' daily lives.
- Alongside cooperating with government policy aimed at accelerating vaccination and reducing the burden on local governments in regard to vaccine administration, we commenced workplace vaccination in June 2021, in order to ensure the health and safety of employees and the stable provision of the Group's services.



Internal Audit System

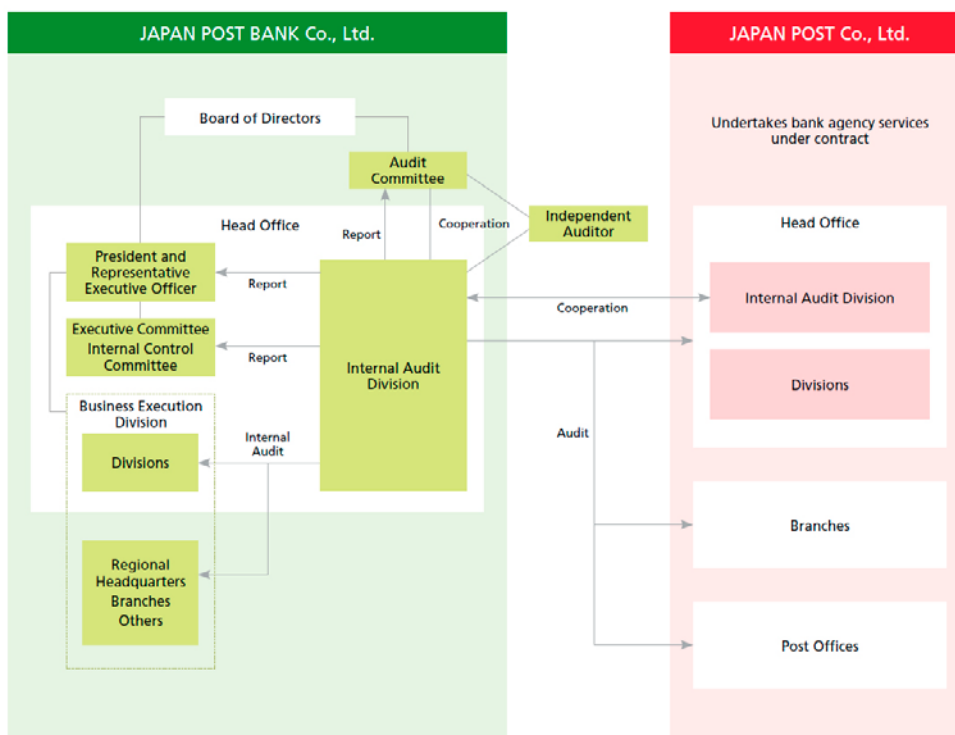
Internal audit by the independent Internal Audit Division

The Internal Audit Division is independent from operating divisions in the head office. The division contributes to the sound and proper conduct of the Bank's operations by inspecting and assessing the Bank's operational execution and internal control systems. In this way, the Bank collects important information about the operations of audited divisions in a timely and appropriate manner. Moreover, the division works to enhance checks focused on customer-oriented operations and to strengthen its risk assessment abilities when performing audits.

JAPAN POST BANK has established the Basic Policy on Internal Auditing, and in accordance with, for example, the International Standards for the Professional Practice of Internal Audit of the Institute of Internal Auditors (IIA), the Internal Audit Division conducts audits of the head office divisions, Regional Headquarters, Branches, Administration Service Centers, Operation Support Centers, Seal Card Management Center, ATM Management Centers, Data Centers, Credit Card Collection Service Center and other work sites. Through these audits, the division verifies the appropriateness and effectiveness of operational execution and internal control systems, including compliance and risk management. In addition, the Internal Audit Division audits JAPAN POST, which undertakes bank agency services under contract. In these audits, the Internal Audit Division verifies the appropriateness of the internal control systems that are related to bank agency operations, including compliance and risk management.

In regard to major issues that are found in an audit, the division offers recommendations for correction and improvement to each department. It also confirms the progress of these improvements and provides reports to the President and Representative Executive Officer, the Board of Directors, and the Audit Committee.

Internal Audit System



Furthermore, JAPAN POST GROUP has established and improves the Internal Audit System based on the Japan Post Group Agreement, etc.

Basic Policy on Internal Auditing

JAPAN POST BANK Co., Ltd. (hereafter, the "Bank") establishes this Basic Policy for the purpose of denoting the basic viewpoints regarding internal audits conducted by the Bank.

1. Purpose of Internal Auditing

Internal auditing serves the purpose of adding value to, as well as improving upon, the Bank's business operations by making an independent assessment based on an objective investigation and by providing advice that contributes to management.

The Internal Audit Division systematically conducts risk-based assessments of, as well as makes improvements to, the effectiveness of each process involved in risk management, control, and governance with the discipline of a professional internal auditor for the purpose of supporting the Bank in its efforts to achieve its management goals.

2. Standards for the Professional Practice of Internal Auditing

The Internal Audit Division follows the basic viewpoints in the "Core Principles for the Profession of Internal Auditing," "Code of Ethics," "International Standards for the Professional Practice of Internal Auditing," and "Definition of Internal Auditing," which form the required structural elements of the "International Professional Practices Framework" provided by the Institute of Internal Auditors.

3. Targets of Internal Auditing

Internal auditing covers all operations conducted and all organizations maintained by the Bank, its subsidiaries, and its indirectly owned subsidiaries (including outsourced operations) within a scope that does not conflict with arrangements between companies and other such requirements, or with laws and regulations.

4. Authority of the Internal Audit Division

The Internal Audit Division possesses the authority to fully access all divisions, committees, assets, and individuals in regard to the execution of internal auditing duties in a free, unfettered manner. It also possesses the authority to request the submission of, as well as explanations regarding, materials and records.

However, the Internal Audit Division is aware that requesting such coincides with accountability regarding confidentiality and the integrity of information.

5. Responsibilities of the Internal Audit Division

The Internal Audit Division maintains the responsibility for conducting the following matters.

(1) The Division must formulate an Internal Audit Plan at least once per year.

During formulation of the Plan, the Division must first provide an explanation to the Audit Committee regarding the Internal Audit Plan draft, the risk assessment that serves as the basis for this proposal, the core audit items, and the personnel plan. Following this, it must obtain consent for the Internal Audit Plan from the Committee before receiving the approval of the President and Representative Executive Officer and reporting to the Board of Directors.

(2) The Division must report to the President and Representative Executive Officer, Board of Directors, and Audit Committee (hereafter, the "Board of Directors, etc.") regarding any major changes made midway to the Internal Audit Plan and any impacts on the Plan due to limitations on auditing resources.

(3) The Division must document the goals, scope setting, appropriate allocation and management of auditing resources, operations programs, and audit results as part of individual internal audit duties, and convey suggestions for making appropriate conclusions from, as well as improvements to, the results thereof, and convey such to the appropriate interested parties.

Further, the Division must report to the Audit Committee, on a regular basis or as needed, regarding the implementation status of internal audits, audit results, communications with the operating divisions, and important matters related to internal audits. When the Audit Committee deems such to be necessary, the Division must provide explanations or make an investigation in accordance with requests from the Committee.

- (4) The Division must follow up on matters discovered during, as well as on improvement measures taken as part of, individual internal audit duties. When effective improvement matters have not been taken, the Division must report such to the President and Representative Executive Officer and the Board of Directors, etc., on a regular basis.
 - (5) The Division must pay attention to changes in the environment and new issues that may potentially affect the Bank, as well as to internal audit trends and best practices from within and outside the Bank. As necessary, the Division must report on such to the President and Representative Executive Officer and the Board of Directors, etc.
 - (6) The Internal Auditor must fully comply with rules regarding honesty, objectivity, and confidentiality, and must, on an ongoing basis, strive to acquire and improve upon knowledge, skills, and other abilities required to fulfill its own responsibilities.
 - (7) The Division must develop human resources in order to expand upon the knowledge, skills, and other abilities required to fulfill the Division's responsibilities as a whole, and must, in an ongoing manner, strive to improve upon the quality of internal audit duties.
 - (8) The Internal Auditor must possess a level of professional skepticism and, as professionals, pay proper attention to the target, scope, methods, resource allocation (cost-effectiveness), and other aspects of audits for the purpose of achieving the goals of internal audit duties.
6. Internal Audit Independence and Objectivity
- (1) The Internal Audit Division must be ensured to have organizational independence, and the Internal Auditor must ensure objectivity when executing internal audit duties.
 - (2) Organizational independence is effectively secured by having the officer in charge of the Internal Audit Division report directly to, as well as communicate directly with, the President and Representative Executive Officer and the Board of Directors, etc.
 - (3) The Internal Audit Division must not be subject to any manner of limitation or pressure when fulfilling its responsibilities for internal audits, including, but not limited to, decisions on the scope of internal audits, execution of duties, and results reporting.
 - (4) Changes to the executive officer in charge of the Internal Audit Division and the head of the Internal Audit Planning Department must only be made upon obtaining the consent of the Audit Committee or an Audit Committee member selected by the Audit Committee.
 - (5) The Internal Auditor must maintain a fair and unbiased attitude, and must avoid any situations in which interests as a professional and interests as an individual conflict in a way that causes difficulties in carrying out duties in a fair manner.
7. Assessment and Improvement of Internal Audit Quality
- (1) The executive officer in charge of the Internal Audit Division must construct a process designed to assess and improve upon the quality of internal audits in order to reliably achieve the goals of internal audits, and to ensure that the internal audit duties have earned the trust of related parties, including the Board of Directors, etc., and the audited divisions.
 - (2) Internal audit quality assessments are made through internal and external evaluations.
Internal evaluations are made through ongoing monitoring incorporated into the practices of the regular work of the Internal Audit Division and through regular self-assessments.
External evaluations are conducted at least once every five years by an eligible independent evaluator that is not an employee of the Bank.
 - (3) The Internal Audit Division reports to the Audit Committee regarding the execution status of duties and responsibilities, audit methods and human resources development, the details of measures to continuously enhance and strengthen internal audits, and the implementation status thereof. The status of improvements to, as well as operation of, internal audit abilities is reviewed and assessed by the Audit Committee.

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Tax Initiatives

Appropriate Tax Payment

Japan Post Bank believes that tax payments are one of the social responsibilities of a corporation. Japan Post Bank complies with tax-related laws and pay taxes appropriately. In addition, Japan Post Bank endeavors to enhance corporate governance related to taxes, and strives to raise awareness of tax compliance through education and training programs.

Financial statements, including tax expenses, etc., are approved by the Board of Directors and disclosed appropriate in disclosure documents.

Japan Post Bank operates solely in Japan, and any income taxes are paid only within Japan.

Initiatives to Prevent Corruption

Endorsement of the UN Global Compact

The Japan Post Group, of which we are a member, has endorsed the UN Global Compact, and Japan Post Holdings Co., Ltd. participates as the Group's representative. We are working to uphold the 10th Principle of the UN Global Compact, which states that "businesses should work against corruption in all its forms, including extortion and bribery." To thoroughly prevent corruption, the Japan Post Group has established the Japan Post Group Anti-Bribery Policy and is implementing various initiatives.

Please refer to the related information below for details on our initiatives concerning anti-corruption.

Related Information

- ▶ [Compliance Initiatives](#)
- ▶ [Initiatives to Counter Money Laundering and Financing of Terrorism](#)
- ▶ [Measures Aimed at Managing Conflicts of Interest](#)
- ▶ [Anti-Bribery Initiatives](#)
- ▶ [Basic Policy for Combating against Antisocial Forces](#)
- ▶ [Initiatives to Raise Director and Employee Awareness Regarding Compliance](#)
- ▶ [Contact Offices for Whistleblowing](#)

Initiatives in the Supply Chain

Japan Post Bank requests in its contracts that business partners comply with the Japan Post Group CSR Procurement Guidelines,* which define specific action items relating to the UN Global Compact's 10 principles in the four areas of human rights, labor, environment, and anti-corruption.

We also take steps such as monitoring the status of our business partners' efforts based on the UN Global Compact during contract periods, thereby maintaining due diligence to prevent corruption in the supply chain.

*: The Japan Post Group CSR Procurement Guidelines call for business partners to make comprehensive anti-corruption efforts and includes stipulations on the "prohibition of corruption, bribery, etc.," the "prohibition of offering and receiving improper advantages," and the "elimination of relations with anti-social forces" based on the 10th Principle of the UN Global Compact which states that "businesses should work against corruption in all its forms, including extortion and bribery."

Related Information

- ▶ [Initiatives in the Supply Chain](#)

Supervision by the Board of Directors

The Board of Directors has established Basic Policies for the Internal Control System and the Basic Policy on Corporate Governance.

The Basic Policies for the Internal Control System outline the "System for Ensuring That the Execution of Duties by Executive Officers and Employees Complies with Laws and Regulations and Our Articles of Incorporation." Under this system, it specifies that we ensure compliance through such actions as (i) formulating a compliance manual that states specific guidelines of the matters with which Executive Officers and employees must comply and the explanations for laws and regulations relating to our corporate activities and (ii) conducting training regarding laws and regulations as well as internal rules with which Executive Officers and employees must comply. In addition, we have set forth that we will block and eliminate relationships with antisocial forces and maintain a system to counter money laundering and the financing of terrorism as an entire organization.

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The Basic Policy on Corporate Governance stipulates that if transactions involving a conflict of interest arise between the Bank and the Bank's directors and Executive Officers, the Board of Directors shall respond appropriately in accordance with the Companies Act. Moreover, with regard to important transactions between the Bank and Group companies as well as atypical transactions between the Bank and the Bank's major shareholders, the Board of Directors shall conduct surveillance to ensure that the interests of the Bank or the common interests of shareholders are not harmed by approving such transactions based on careful discussion at a meeting of the Board of Directors.

Through the frameworks outlined above, Japan Post Bank maintains a structure that ensures the Board of Directors can supervise the execution of duties related to the anti-corruption.

Related Information

[Basic Policies for the Internal Control System](#) 

[Basic Policy on Corporate Governance](#) 

| Japan Post Group Anti-Bribery Policy

As a member of the Japan Post Group, we comply with the Japan Post Group Anti-Bribery Policy.

Related Information

[Japan Post Group Anti-Bribery Policy \(Japanese version only\)](#) 

| Political Contributions and Lobbying Activities

Japan Post Bank complies with all laws and regulations when making political contributions or engaging in lobbying activities. Figures concerning political contribution amounts are as below.

FY2020/3 ¥0

FY2021/3 ¥0

FY2022/3 ¥0

Total amounts of fines and settlements exceeding \$100 million are as below.

FY2020/3 ¥0

FY2021/3 ¥0

FY2022/3 ¥0