

UNOFFICIAL TRANSLATION

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

# Themed Investors Meeting - ESG Initiatives -

July 8, 2021

Director, President and Representative Executive Officer  
Norito Ikeda



## JP Bank's ESG and the SDGs

- JP Bank's businesses are highly compatible with the core philosophy of the SDGs of achieving a society that leaves no one behind.
  - Through its network of approximately 24,000 banks throughout Japan, JP Bank has provided universal banking services and other financial services to a wide range of roughly 120 million accounts of customers ranging from small children to elderly individuals.
- In the new Medium-term Management Plan, as well, JP Bank will drive forward ESG management that simultaneously enhances corporate value and works to resolve social issues.

### The Management Philosophy of Japan Post Group

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 Bank

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

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.

SDGs



Highly compatible

International goals to "leave no one behind"

# JP Bank's Priority Issues: Identifying Materialities

- The Medium-term Management Plan identifies four social issues to be focused on as key areas (material issues).
  - These four key areas were selected by comprehensively drawing from the social issues raised by the SDGs and similar with reference to JP Bank's purpose, management philosophy, mission, and businesses, while also incorporating the feedback and assessments of external experts and research organizations.
  - These material issues are: 1) Providing "safe and secure" financial services to anyone and everyone throughout Japan, 2) Contributing to regional economic expansions, 3) Reducing environmental impact, 4) Advancement of work style reforms, and sophistication of governance.

Identification of social issues to focus on SDGs/  
The SDGs Implementation Guiding Principles



TCFD



CDP



GRI

Filtering of identified social issues through the following perspectives

**JP BANK**

**Our strength/ characteristics of the business**

Financial capital

Human capital

Intellectual capital

Social and relationship capital

Natural capital

**Purpose · Management Philosophy · Policy**

**Our services and businesses**

**Compatibility with our business activities**

**External Assessments**

**Opinions of external experts**

## 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 reforms, and sophistication of governance**

# JP Bank's Priority Issues

- We connected 4 priority issues (materialities) to management strategies and specific initiatives, and advanced ESG management after setting KPIs.

Materiality	Key initiatives taken to solve issues	Target KPIs (FY2026/3)	Realizing SDGs
<p><b>Providing “safe and secure” financial services to anyone and everyone throughout Japan</b></p>	<ul style="list-style-type: none"> <li>- Utilizing post offices networks across the country</li> <li>- While putting safety and security foremost, we will expand digital services that all customers can readily use</li> <li>- Developing an open, “Co-creation Platform”</li> <li>- Consulting that closely centers on clients</li> </ul>	<ul style="list-style-type: none"> <li>- Number of accounts registered in the Bankbook app: <b>10 million accounts</b></li> <li>- Number of Cumulate-type NISA Operation Accounts: <b>400 thousand accounts</b></li> </ul>	
<p><b>Contributing to regional economic expansions</b></p>	<ul style="list-style-type: none"> <li>-Flow of funds to regional communities via various frameworks</li> <li>-We will address financial needs suited to the real conditions of each regional community as a “regional financial platform”</li> <li>-Enhancing relationship functions of regional communities</li> </ul>	<ul style="list-style-type: none"> <li>- Regional vitalization fund participation cases : <b>cumulatively 50 cases</b></li> <li>- Number of financial institutions that have aggregated operational processes: <b>roughly 20 financial institutions</b></li> </ul>	
<p><b>Reducing environmental impact</b></p>	<ul style="list-style-type: none"> <li>- Enhancing initiatives based on TCFD*1 proposals</li> <li>- Advancement of shift to paperless transactions, reductions in CO2 emissions</li> <li>- Advancement of ESG investment</li> </ul>	<ul style="list-style-type: none"> <li>- CO2 emissions reduction rate: <b>(46%)</b> (FY2031/3 targets/FY2020/3 comparison)</li> <li>- ESG themed investment balance: <b>¥ 2tn</b></li> </ul>	
<p><b>Advancement of work style reforms, and sophistication of governance</b></p>	<ul style="list-style-type: none"> <li>- Make work more worthwhile for employees</li> <li>- Advancement of diversity management</li> <li>- Expand flexible work styles, eliminate harassment</li> <li>- Board of directors that balances independence, diversity, and expertise</li> </ul>	<ul style="list-style-type: none"> <li>- Ratio of women in managerial positions : <b>20%*2, 3</b></li> <li>- Rate of employees taking childcare leave: <b>100%</b> (Regardless of gender)</li> <li>- Rates of employee with disabilities : <b>2.7% or more</b></li> </ul>	

\*1 Abbreviation of Task Force on Climate-related Financial Disclosures. An organization established at the proposal of the Financial Stability Board for the purpose of thoroughly realizing corporate information disclosure pertaining to climate change, in which the representatives of the central banks and financial supervisory authorities, etc. of key nations participate.

\*2 Goals for achievements by April 2026

\*3 (Japan Post Group targets) Ratio of female managers of 30% at headquarters by April 1, 2031

# Materiality(1)

- Providing “safe and secure” financial services to anyone and everyone throughout Japan (1) -

- Utilizing our massive network base, we will provide “safe and secure” financial services to everyone throughout Japan.
- We will endeavour to maintain and enhance the stability and robustness of system bases that support massive financial settlements, and continue to secure the trust of customers.

## Network bases

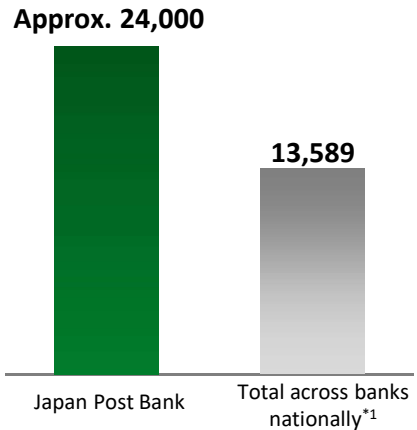
**Total No. of branches**      **Total No. of ATMs**

Approx. **24,000** branches

Approx. **31,900** units

Of which are small ATMs\*  
\*Installed in FamilyMart convenience stores, etc.  
Approx. 5,400 units

<Domestic store network branch>



**Partner financial institution cards usable at ATMs**

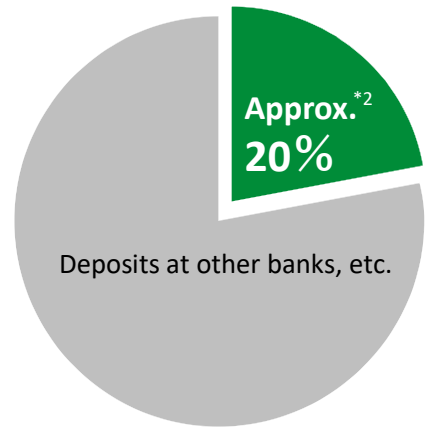
Approx. **1,300** companies

## Customer bases

**No. of ordinary deposit accounts (Total deposit balance)**      **Digital services**

Approx. **120 mn** accounts  
(Approx. ¥ 190 tn)

<Proportion of deposits with Japan Post Bank attributable to deposits and savings with the household financing division>



▶ Accounts registered with Yucho Direct

Approx. **9.3 mn** accounts

▶ Number of accounts registered in the bankbook app

Approx. **2.8 mn** accounts

⇒ **To 10 million accounts** \*3

**Asset building**

▶ Number of investment trust accounts

Approx. **1.2 mn** accounts

▶ Number of cumulate-type NISA Operation Accounts

Approx. **130 thousand** accounts

⇒ **To 400 thousand accounts** \*3

**High quality system bases that support massive settlement amounts**

Note) The above figures represent totals as of March 31, 2021, excluding the figures for \*1 through 3 below  
 \*1 Source: Japanese Bankers Association HP “National Bank Financial Statement Analysis (National Bank Capital, Number of Stores, Number of Bank Agents, Number of Officers and Employees List),” total domestic head offices and branch offices (as of the end of September 2020)  
 \*2 This figure represents Japan Post Bank personal savings (as of Sept. 30, 2020) divided by the total amount of household deposits in the Bank of Japan’s “funding circulation statistics” (as of Sept. 30, 2020)      \*3 Target KPI figures for the end of FY2026/3

# Materiality(1)

## - Providing “safe and secure” financial services to anyone and everyone throughout Japan (2) -

- In addition to expanding digital services that put safety and security first, and can be readily used by all customers, we will promote the dissemination of digital services by actively utilizing post-office network.
  - For example, we are working to deploy support tools and develop systems to make our services more accessible to hearing impairments and other disabilities.
  - KPI set for achieving 10 million registered accounts in the bankbook app by the end of FY2025.

Customers choose their optimal channels

### Physical channels



- Provision of services through the post-office network
- Guide customers to channels optimal for them
- Intimate support for digital services
- While enhancing Group cooperation, enhance businesses such as digital services to corporate clients

Utilize network of approx. 24,000 post offices across the country

### Support Channel



- Enhance posture and implement expert support

Enhance call centers, etc.

### Digital channels



- Continually improve UI/UX\*1 while putting safety and security foremost, and expand digital services that all customers can readily use

Expand functions and usage of bankbook app (Include basic banking functions)

Apps for household accounting and household finance consulting (newly developed)

Apps that allow customers to personally confirm the present and future conditions of their household finances, and choose products and services that align with their intentions

Providing optimal services through cooperation with various business operators

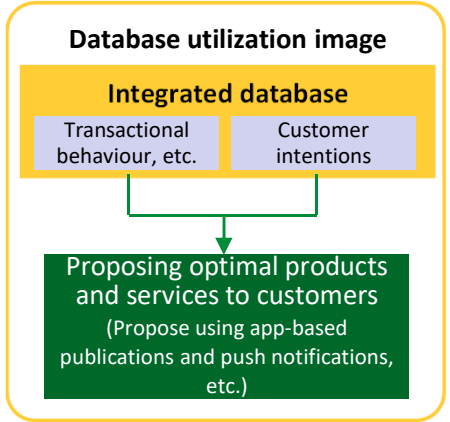
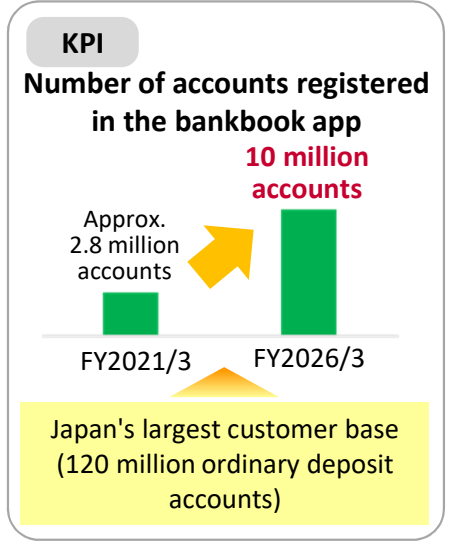


Cooperate with the Group platform app\*2 as well

Complementarity of the physical and the digital



Reflect customer opinions in service improvements



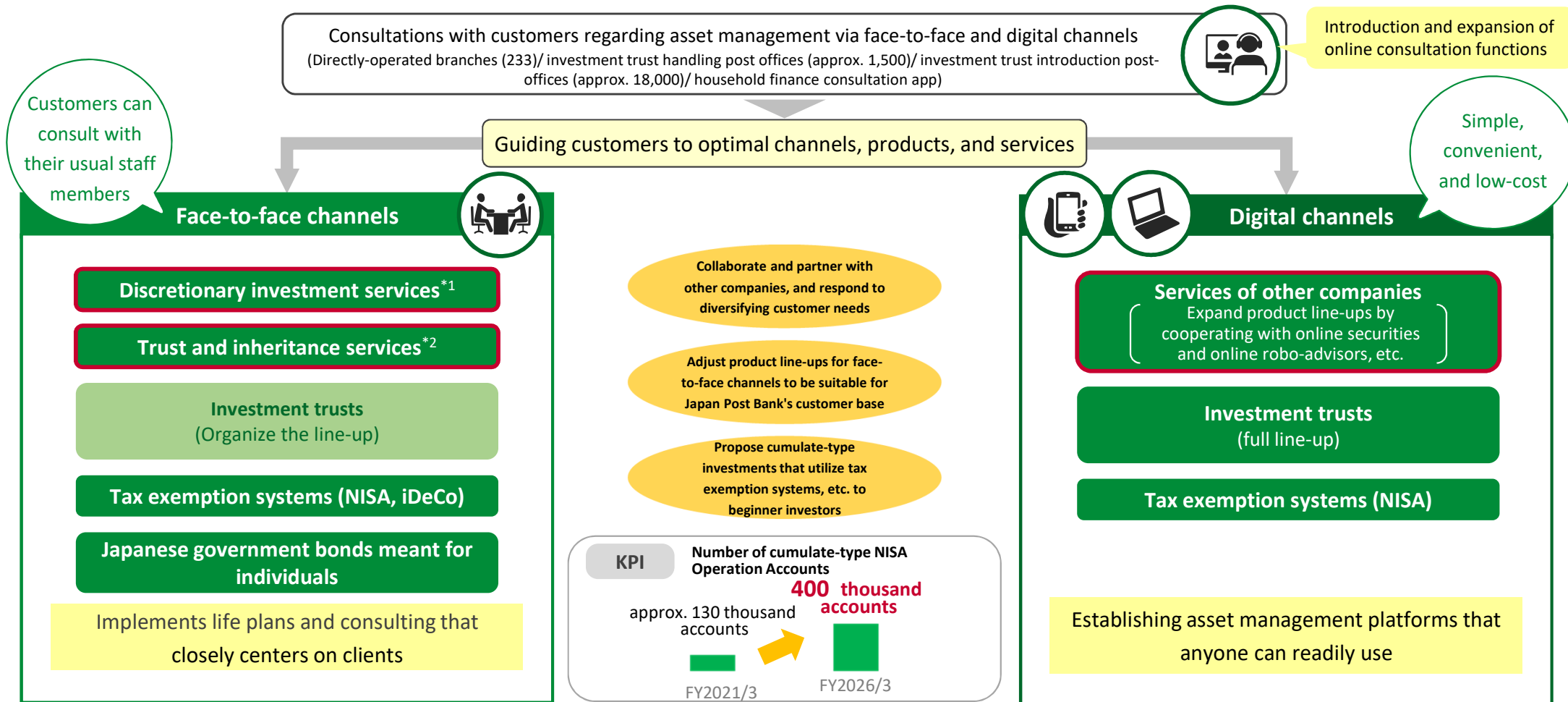
Establish and utilize customer databases that integrate transactions, etc. of various channels

\*1 Abbreviations of User Interface/User Experience. In addition to making the services easier to operate and use, we will work to improve the value of the experience customers gain from using services.  
 \*2 Based on the concept of “Post-Office in Hand,” this singular platform app allows users to use the various products and services offered by the Japan Post Group in a cross-sectional manner (under development).

# Materiality(1)

- Providing “safe and secure” financial services to anyone and everyone throughout Japan (3) -

- In face-to-face channels, we will provide customers with more custom-tailored life plan consulting by rearranging our asset management product lineup such that it fits JP Bank’s customer base better. For new investors, we will primarily propose cumulate-type investment (i.e. investing accumulated savings).
  - KPI set for achieving 400,000 cumulate-type NISA operation accounts by the end of FY2025.
- In the digital channels, we will develop web and app-based environments that anyone can easily use under competitive fee levels.



Note) Products and services in red frames are planned for introduction during the mid-term plan period

\*1 This service has Japan Post Bank accept discretion from the customer to make investment decisions, and mediates products that have the Bank conduct everything from sales to management of investments based on such investment decisions (authorization required).

\*2 This service conducts mediation for products handled by trust banks that engage in testamentary trusts, inheritance trusts, and inheritance adjustment business (authorization required).



# Materiality(1)

- Providing “safe and secure” financial services to anyone and everyone throughout Japan (4) -

- By cooperating with various business operators, we will expand new services that respond to customer needs.
- We will develop an open “Co-creation Platform” that provides customers with the optimal products and services via the optimal channels.

### Services in support of a long life

**Flat 35 direct handling** (service started May 2021)  
 We will address customer needs by expanding our residential loan product line-up. By strengthening our sales capabilities and personnel, we will strive to achieve sound increases to executed residential loan amounts.

**Discretionary investment services**<sup>\*1</sup>

**Services for elderly customers**

Trust and inheritance services<sup>\*1</sup>

Investment trust dissolution delegation services<sup>\*2</sup>

We will expand new products and services that actively utilize our customer base, and involve collaborations with various business operators, including companies outside of the Group (an open “Co-creation Platform”)

We will consider establishing a FinTech subsidiary (companies that increase the sophistication of banking businesses, etc.)

### Services that heighten convenience

**Account Overdraft services** (service started May 2021)  
 By expanding payment services, we will work to improve convenience for customers.  
 We will also advance the development and utilization of credit assessment models and marketing models that utilize big data and AI.

**Cooperation with the Rakuten Group**  
 (Collaboration in fields such as cashless payment)

**International remittance services via partnerships with fund transfer businesses**

**New brand debit cards**  
 (Integration with cash cards)

**Consider advancement into the digital currency field**

**We will provide optimal products and services via optimal channels through cooperation with various business operators, and complementarity of the physical and the digital**

<sup>\*1</sup> Authorization required

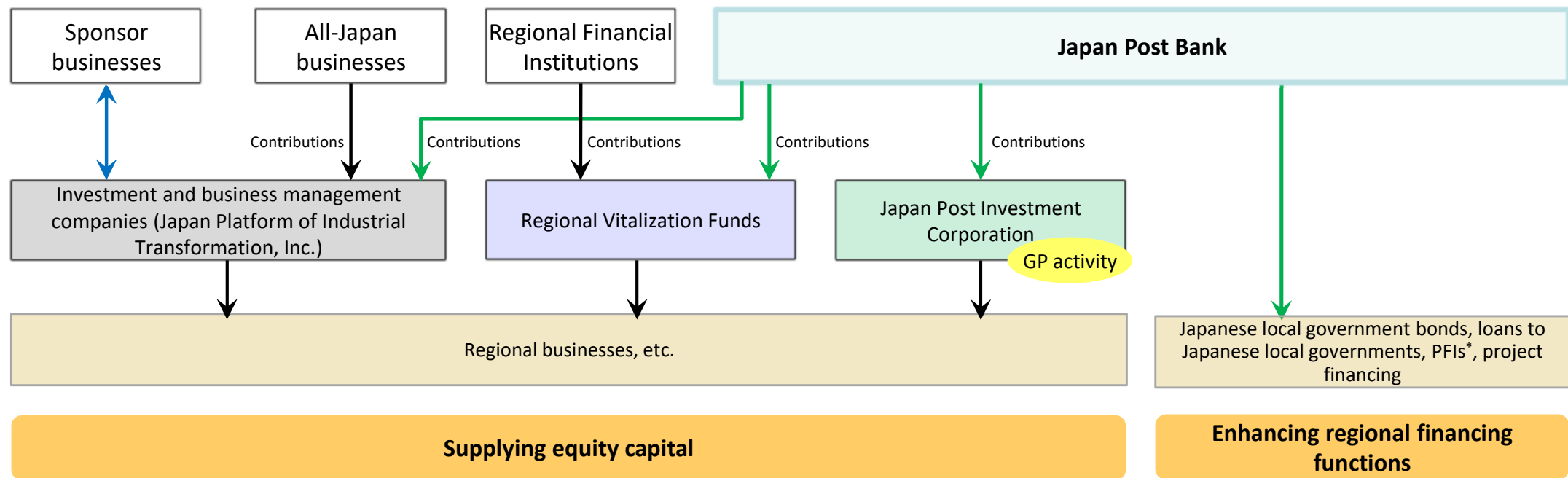
<sup>\*2</sup> A service that delegates the dissolution of investment trusts retained by customers to designated family members



## Materiality(2) - Contributing to regional economic expansions - (1) -

- We will contribute to the vitalization of regional communities by supplying assets via various frameworks.
  - Balance of financing to local communities as of the end of March 2021: Approximately 7 trillion yen.
- In particular, we will respond to the equity funding (risk money) needs of communities by capital supplies through funds, etc.

### (Policy regarding Funds Flow to regional communities)



Considering, among other matters, investment schemes that circulate capital through regions by using regional funds to finance regional projects

(Reference) Balance of financing to regions:  
approximately ¥ 7tn (as of the end of FY2021/3)

\* Abbreviation of Private Finance Initiative.  
A method that conducts construction of public facilities, and other similar efforts, utilizing the funding and capabilities of the public.

## Materiality(2) - Contributing to regional economic expansions - (2) -

### ■ Focus on sending funds to regional communities in collaboration with local governments and regional financial institutions.

- As of the end of March 2021, we are participating in 32 regional vitalization funds and 2 private finance initiatives (PFI).
- KPI set for a total of 50 contributions to regional vitalization funds by the end of FY2025.

#### [Regional Vitalization Funds] (As of March 31, 2021)

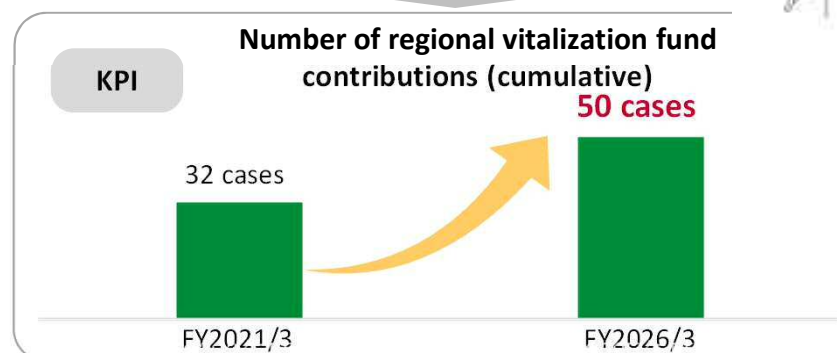
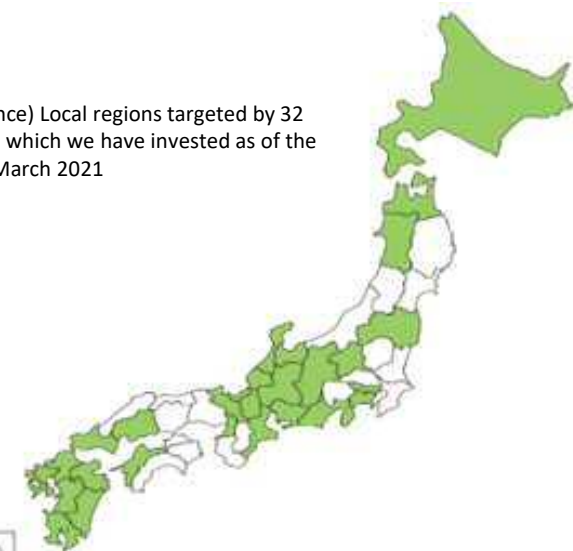
Name of Fund	Year/month of participation	Name of Fund	Year/month of participation
Kyushu Wide Area Reconstruction Assistance Investment LP	2016/7	Aomori Bank Regional Vitalization LP	2019/3
KFG Regional Enterprise Support Investment LP	2016/11	Capitalization of Tourism Heritage Investment LP	2019/6
Hokkaido Growth Companies Support Investment LP	2016/11	Regional Next-generation Industry Accelerate Investment LP	2019/7
Chubu / Hokuriku Region Vitalization Investment LP	2017/4	Regional Companies Value Up Support Investment 1 LP	2019/7
Shiga Bank Core Business Support Investment LP	2017/6	Growth Support Investment Project No.1 LLP	2019/7
Toho Business Succession Investment LP	2017/8	Ant Bridge No.5-A Private Equity Secondary Investment Fund, LP	2019/9
Kyushu Setouchi Potential Value Investment LP	2017/10	Kiraboshi Capital-Mercuria Investment LP for the Investment Business	2019/10
MIYAKO Kyoto University Innovation LP	2017/11		
MBC Shisaku 1 LP	2017/12	Akita City SME Promotion Investment LP	2019/11
Michinoku Regional Vitalization Investment LP	2018/3	Towa Regional Activation Investment LP	2019/11
Fukui Future Business Support Investment LP	2018/3	Furusato Renkei Ouen Fund, L.P.	2020/1
Ehime Regional Vitalization Investment LP	2018/3	East Japan Typhoon Reiwa 1 and COVID-19 Recovery Support Investment LP	2020/1
Healthcare New Frontier Investment LP	2018/8		
Tokyo SME Support 2 LP	2018/8	Kansai Innovation Network Investment Limited Partnership	2020/4
Succession Investment LP, I	2018/10	Kansai and Chubu Regions Recovery Support Investment Limited Partnership	2020/7
TOKYO Relationship No.1 Investment, L.P	2018/12	MIYAKO Kyoto University Innovation II L.P.	2020/10
Kyoto-University-Venture NVCC No.2 Investment LP	2019/3	Dogan Regional Value Fund	2020/12

(Reference) Local regions targeted by 32 funds in which we have invested as of the end of March 2021

#### [Regional Loans] (As of March 31, 2021)

Name of Loans		Year/month of participation
Tottori Prefecture hydroelectric plant re-improvement and operation business	PFI	July 2020
Tochigi Prefecture Comprehensive Sports Zone East Area Development Project	PFI	August 2020

(Reference) Local regions targeted by 32 funds in which we have invested as of the end of March 2021



## Materiality(2) - Contributing to Regional Economic Expansions (3) -

- We define JP Bank's business infrastructure as its "regional financial platform" that serves the actual financial needs of each local region.
  - Drawing on our nationwide network of roughly 32,000 ATMs, we further promote policies such as installing compact ATMs at regional financial institutions and eliminating service charges for customers using regional financial institutions' cash cards at our ATMs.

### Use of JP Bank's ATM Network

#### Japan's largest ATM network

Total No. of ATMs	Approx. 31,900	Of which are small ATMs* *Installed in FamilyMart convenience stores, etc.	Approx. 5,400
Regions	Number of ATMs	Regions	Number of ATMs
Hokkaido Region	1,829	Tokai Region	3,883
Tohoku Region	2,818	Kinki Region	5,020
Kanto Region	3,734	Chugoku Region	2,383
South Kanto Region	1,727	Shikoku Region	1,348
Tokyo Region	3,204	Shikoku Region	3,290
Shinetsu Region	1,394	Okinawa Region	269
Hokkaido Region	1,829		

#### Expansion of win-win collaborations with regional financial institutions, etc.

<No. of collaborating institutions>

No. of collaborating institutions	Approx. 1,300
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<No. of financial institutions at which compact ATMs installed>

No. of financial institutions at which compact ATMs installed	2
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<Banks developing platforms>

No fees across Japan	11 banks
No fees in certain regions/with conditions	5 banks
<b>Total</b>	<b>16 banks</b>

#### JP Bank's organizational infrastructure

Target institutions, etc.	No. of institutions
Regional Headquarters	13
Operation Support Centers	11
Administration Service Centers	50
No. of branches (Directly operated branches + Post offices)	23,815

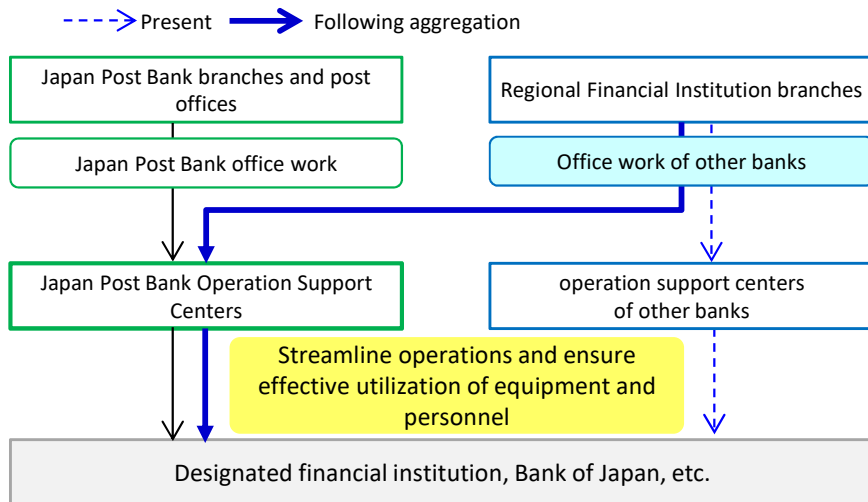
## Materiality(2) - Contributing to regional economic expansions - (4) -

- We will further advance the aggregation of regional financial institutions' operational processes by utilizing excess capacity at 11 Japan Post Bank operation support centers located throughout Japan.
  - KPI set for approx. 20 financial institutions across which we have aggregated operational processes by the end of FY2025.

### Aggregation of Operational Processes

- We will advance the aggregation of each respective financial institution's operational processes by utilizing excess capacity in the 11 Japan Post Bank operation support centers.

<Image of the aggregation of operational processes encompassing tax and public money collection>



- Financial institutions (Aggregation of operational processes encompassing tax and public money collection)

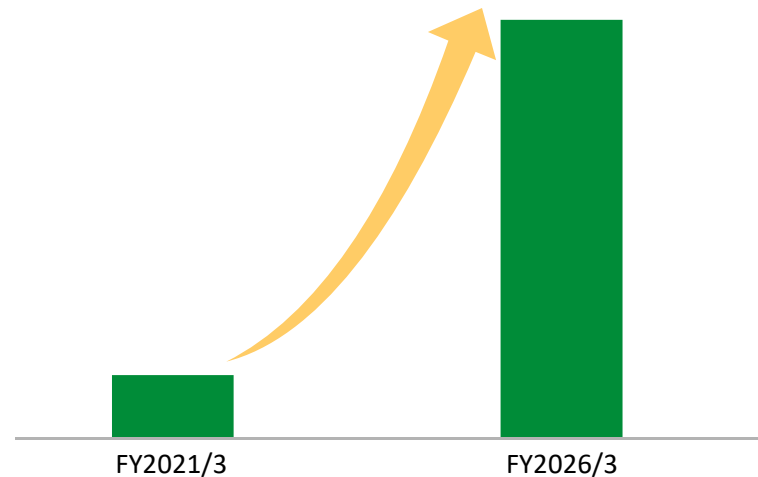
Kawasaki Shinkin Bank	Yokohama Operation Support Center	October, 2019
KYOTO SHINKIN BANK	Osaka Operation Support Center	March, 2021
AMAGASAKI SHINKIN BANK	Osaka Operation Support Center	March, 2021

Forming “Regional financial platforms” by promoting the aggregation of operational processes, which is a “non-competitive area” in the banking industry

**KPI** Number of financial institutions that have implemented the aggregation of operational processes

3 financial institutions  
(2 Operation Support Centers)

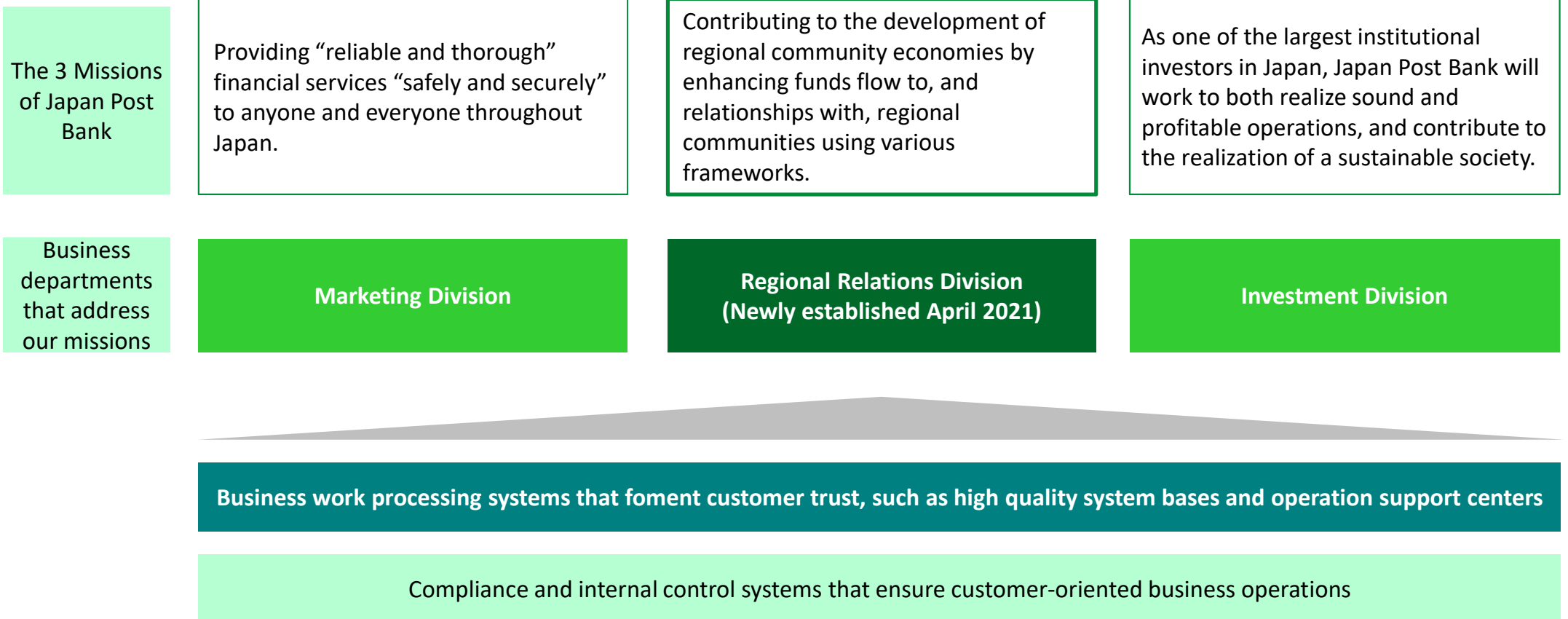
Expanded to approx. 20  
financial institutions  
(11 Operation Support Centers)



## Materiality(2) - Contributing to regional economic expansions - (5) -

- We newly established a Regional Relations Division in order to strengthen initiatives aimed at achieving one of JP Bank's primary missions: "Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, regional communities using various frameworks."
- The division will work to develop new business opportunities that enhance Group cooperation and actively utilize regional information.

### Enhancing implementation systems



## Materiality(2),(3) - Contributing to regional economic expansions, Reducing environmental impact -

- JP Bank forbids and inhibits investments that violate international agreements in our ESG Investment Policy. Meanwhile, we have an explicit policy of actively supplying risk money to local regions in order to contribute to regional vitalization throughout Japan.
- We are considering further enhancing our ESG Investment Policy by drawing on the distinctive characteristics of our business: namely, the fact that the bulk of our managed assets consists of highly liquid Japanese Government Bonds (JGB), corporate bonds, and other marketable assets, rather than bilateral loans to businesses.

### ESG Investment Policy of Japan Post Bank CO., Ltd.

- JAPAN POST BANK Investment Activities : Given the importance of its social mission, JAPAN POST BANK does not make investments that are contrary to the public or social good. Moreover, the Bank invests only after sufficient care is given in assessing how the funding from investment in securities or other financial instruments will be used.

#### Assertive promotion

##### Assertive promotion

- Provide risk money to local communities

#### Negative screening

##### Prohibit investment in:

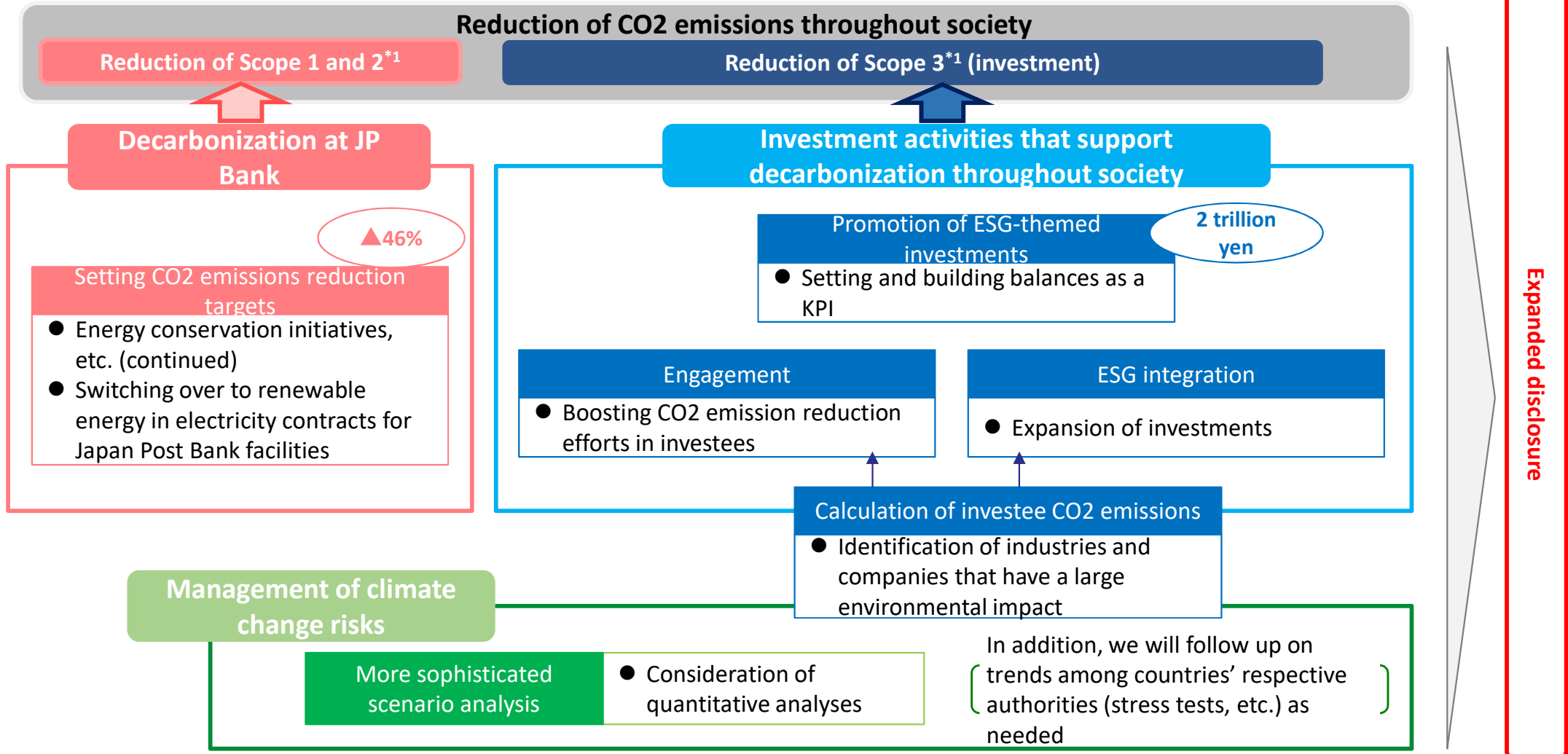
- Businesses that are illegal or run counter to public morals
- Business that violate international agreements such as the Ramsar Convention and the Washington Convention
- Businesses that employ child labor or forced labor
- Businesses that establish new coal power plants
- Inhumane weapons manufacturers

##### Carefully consider how the funds will be used

- Oil and gas mining businesses
- Coal mining businesses
- Palm oil development businesses
- Businesses that cause deforestation

# Materiality(3) - Reducing environmental impact -(1)-

- Our policy is to reduce our own CO2 emissions while also working through our investment operations to reduce the environmental impact of society as a whole.
- Our chief mission clearly states the following: “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.”



**Management of climate change risks**

More sophisticated scenario analysis

- Consideration of quantitative analyses

In addition, we will follow up on trends among countries' respective authorities (stress tests, etc.) as needed

Expanded disclosure

\*1 Scope 1 and 2 refers to CO2 emissions from JP Bank's own operations. Scope 3 refers to the CO2 emissions of other companies that are associated with our operations.

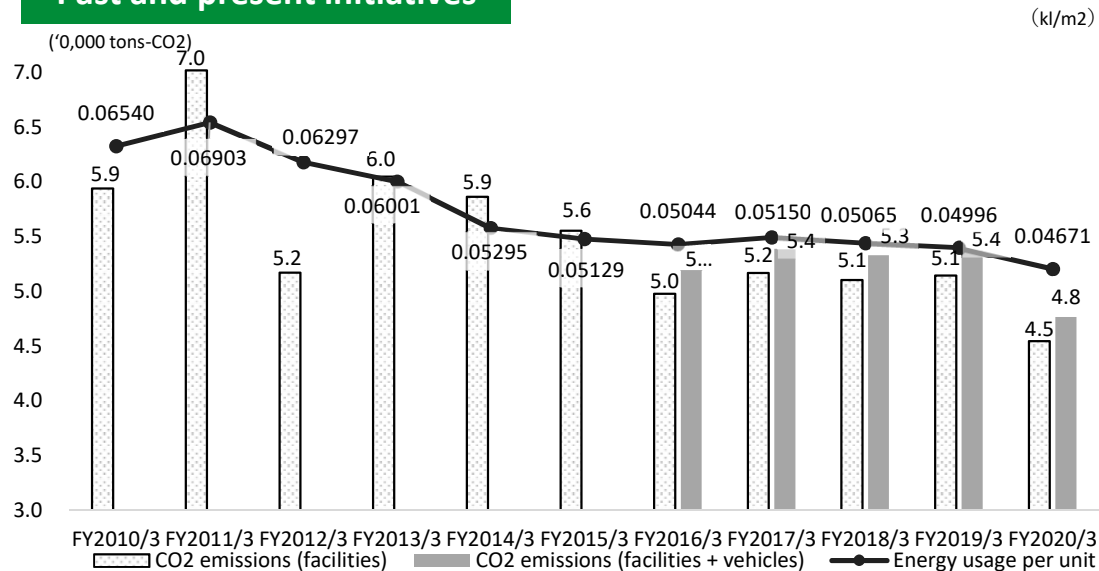


# Materiality(3) - Reducing environmental impact -(2)-

- Aiming to reduce our own CO2 emissions, JP Bank set a target of reducing FY2020 energy usage per unit to -25% of FY2009 levels.
  - We made solid progress in FY2019, cutting emissions by 28%.
- In the Medium-term Management Plan, we laid out a clear plan to achieve carbon neutrality by 2050.
  - As a goal consistent with that plan, we set a KPI of reducing JP Bank's CO2 emissions by 46% relative to FY2019 levels by FY2030. Policy of gradually switching over to renewable energy in the electricity contracts for Japan Post Bank's own facilities.

## Reduction of Japan Post Bank's CO2 emissions

### Past and present initiatives



### Initiatives to reduce CO2 emissions

- ✓ Changing out fluorescent lights, etc., for LEDs
- ✓ Renewal of ATMs
- ✓ Energy conservation initiatives at bases of operation
- ✓ Initiatives to reduce CO2 emissions at power companies

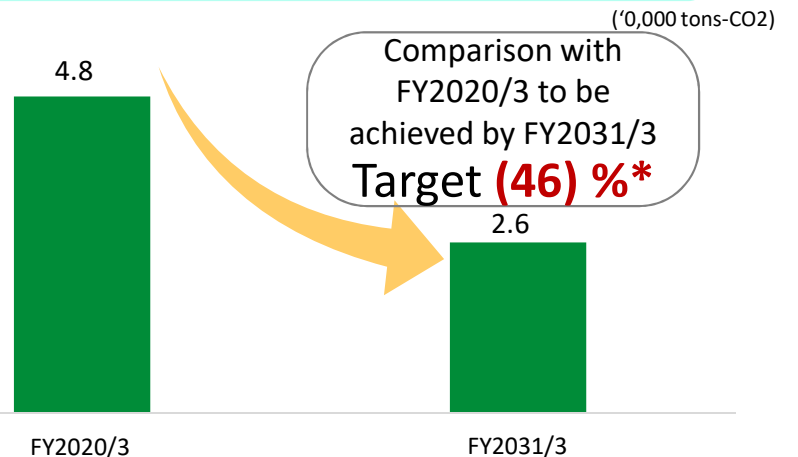
### Future initiatives

Continuation of ongoing initiatives

Conversion renewable energy in the electricity contracts for each of Japan Post Bank's facilities, etc.

KPI

Reduction of CO2 emissions



\*Levels that will allow Japan to reach its targets (goal of carbon neutrality by 2050, (46%) compared to FY2014/3 by FY2031/3). Presumes that renewable energy dissemination and shifts toward carbon neutrality have advanced significantly in Japan. Japan Post Bank will boost efforts to achieve carbon neutrality in Japan and throughout the world through the application of the resources available to us.

## Materiality(3) - Reducing environmental impact -(3)-

■ In order to reduce the environmental impact of society as a whole through our investment operations, JP Bank's policies are to promote ESG-themed investment, expand ESG-integrated assets when selecting investment targets, and pursue engagement based on the CO2 investments of investee companies.

· KPI established to increase the balance of ESG-themed investments to 2 trillion yen in value by the end of FY2025.

### Reduction of CO2 (GHG) emissions of investees

#### Past and present initiatives

- Investment in green bonds and similar instruments issued by companies in countries around the globe, and contribute to forming a sustainable society
- As of the end of March 2021, ESG-themed investments had reached a balance of 1.2 trillion yen
- In some cases, we took ESG elements into account in our investment decision-making

#### (Themed investments) Specific example

##### Investment in project finance through SDGs green loans

In August 2020, we participated in project co-financing a PFI project (Tottori Prefecture hydroelectric plant re-improvement and operation) via concession agreement in which Sumitomo Mitsui Banking Corporation serves as the arranger

Hinogawa Daiichi Power Station



Nakatsu Dam

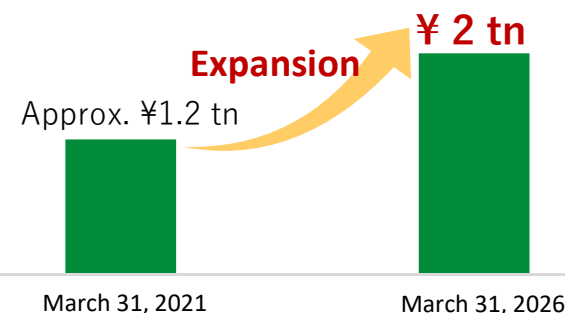


(Photos are from the Tottori Prefectural Government website)

#### Future initiatives

- KPI set for ESG-themed investments (2 trillion yen by the end of FY2025); continued initiatives toward this goal
- ESG integration
  - Expansion of investment management that conducts investee evaluations, including ESG factors
  - Calculation of investee CO2 emissions and application of such calculations to investment decisions, etc.
- Engagements with investee companies
  - Select parties to engage with based on the CO2 emission quantities of investee companies, etc.
  - Boost CO2 emission reduction efforts of parties with which we engage

#### KPI Balance of ESG-themed investments\*



\* ESG bonds (green bonds, social bonds (including pandemic bonds), sustainability bonds), loans to the renewable energy sector, and regional vitalization funds, etc.

## Materiality(3) - Reducing environmental impact -(4)-

- In April 2019, JP Bank joined with the Japan Post Group in endorsing the TCFD recommendations.
- Taking climate change-related risk as a top risk facing the company, we are pursuing initiatives and working to disclose information under the supervision of the Board of Directors.
- Our policy is to continue to work to enhance scenario analysis and climate change risk management based on the distinctive characteristics of JP Bank's operations.

### Response to the TCFD Recommendations

<b>Governance</b>	<ul style="list-style-type: none"> <li>● Formulation of policies to address climate change and regular reporting of the status of initiatives to the Board of Directors. Establishment of a system whereby the Board of Directors provides proper supervision</li> <li>● Incorporation of a sustainability policy that includes climate change issues into the new Medium-term Management Plan after deliberation by the Board of Directors, Executive Committee, and ESG/CSR Committee under the umbrella of the Executive Committee</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>● Identification of climate change-related physical risks, transition risks, and opportunities               <ul style="list-style-type: none"> <li>· Physical risks: Damage to ATMs, etc. due to natural disasters; increase in investee companies' credit risk; etc.</li> <li>· Transition risks: Drop in value of owned securities due to tightening of regulations, etc.</li> <li>· Opportunities: Improvement of capital market value and public esteem through proper initiatives and reporting, as well as increasing investment and lending opportunities</li> </ul> </li> <li>● Implementation of scenario analysis (qualitative analysis)</li> <li>● Continued consideration of quantitative effects based on portfolio characteristics</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>● Taking climate change-related risk as a top risk facing the company, we are reflecting our response to such risks in our management plans, regularly checking the status of controls, and taking the necessary response measures</li> <li>● Advancement of global asset allocations based on our ESG Investment Policy and various international agreements, etc.</li> <li>● Continue to consider ways to further improve the ESG Investment Policy going forwards</li> </ul>
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>● Target: Reduction of JP Bank CO<sub>2</sub> emissions &gt; Reduction by 46% relative to FY2019 levels by FY2030 : ESG-themed investment balance: 2 trillion yen by the end of FY2025</li> </ul>

# Materiality(4) - Advancement of work style reforms, and sophistication of governance -(1)-

- We will develop an environment where employees can voluntarily and independently grow and challenge themselves, and make work more worthwhile for each individual employee.
- We will promote working environments so that employees have an easier time working by advancing diversity management, expanding flexible work styles and eliminating harassment.
  - Setting KPI for FY2025 as follows: at least 20% ratio of women in managerial positions, 100% rate of employees taking childcare leave (regardless of gender), and at least 2.7% rate of employees with disabilities.

## Make work more worthwhile for employees

- Human resource development (career development support)
  - ✓ New development of age-based career designs
  - ✓ New development of selectable training (expansion of choices for active learning)
  - ✓ Human resource development toward the provision of services that respond to customer expectations and trust
- Utilization of human resources
  - ✓ Voluntary and ambitious job selection and expertise improvements through in-house recruitment
  - ✓ Selection of young employees to serve as managers for bases of operation (thorough implementation of training)
- Securing and training human resources for specialized fields\*
  - ✓ New graduate hires through specialized courses, mid-career hires of specialized human resources
  - ✓ Advancement of training through dispatches to other companies and programs to help employees obtain qualifications, etc.

## Advancement of diversity management

- Empowerment of Women
  - Introduction of role models, development of next generation of management candidates, etc.
- Assertive promotion of health management
  - Prevention of lifestyle-related diseases, mental health measures, etc.
- Support the work activities of generations providing childcare and nursing care, and those treating diseases (utilization of online tools)
- Promoting the hiring of employee with disabilities

## Expansion of flexible work styles, elimination of harassment

- Expansion and promotion of flexible work styles
  - ✓ Expansion of telecommuting, promotion of flex-time systems, etc.
- Elimination of harassment
  - ✓ Enhancement of consultation systems, further dissemination of understanding

## Various actual results (FY2021/3)

● Ratio of women in managerial positions (April, 2021)	15.7%
● Rate of employees taking childcare leave (Regardless of gender)	99.5%
● Rates of employee with disabilities	2.7%
● Ratio of women in corporate officer (July, 2021)	13.8%
● Average monthly overtime working hours	7.4 h.
● Rate of employees taking annual leave *1	93.1%

## Target KPIs (FY2026/3)

● Ratio of women in managerial positions (April, 2026)	20%*2
● Rate of employees taking childcare leave (Regardless of gender)	100%
● Rates of employee with disabilities	2.7% or more

\*1 Proportion of paid leave taken annually compared to number of days of paid leave acquired annually

\*2 (Japan Post Group targets) Female management membership ratio of 30% at headquarters by April 1, 2031

\*Markets, ALM, and risk management, GP, cyber security, digitalization advancement, analytics (data analysis), marketing, etc.

## Materiality(4): Advancement of work style reforms and more sophisticated governance (2)

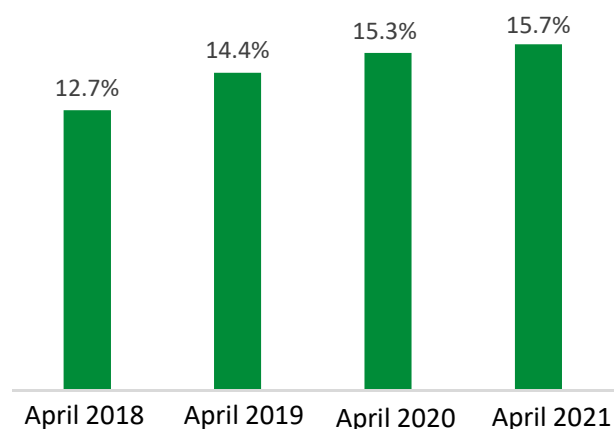
- In order to strengthen diversity management, we have established a Diversity and Inclusion Department and implemented bank-wide initiatives.
- JP Bank has many female personnel including executives and managers. We believe that our diverse workforce is itself the source of our competitive strength, so we have built systems that promote an environment in which it is easy to work, regardless of sex.
- We listen to our personnel, implementing training and helping to build external networks, in order to achieve an environment in which women can do their best work.

### Advancement of diversity management①

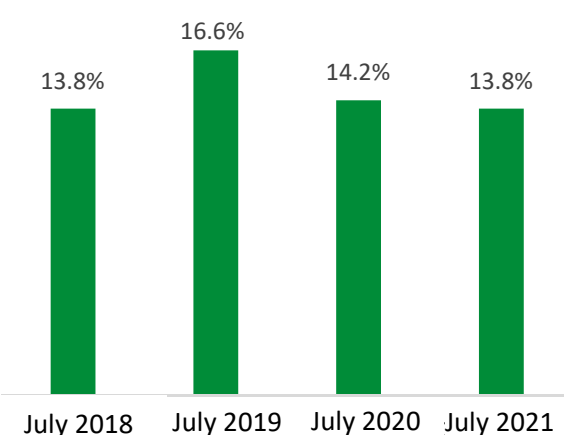
#### Women's success in the workplace

- Creating opportunities
  - Showcasing successful personnel, holding motivational seminars, etc.
- Building a workplace environment
  - Creating and distributing support tools such as the Work-life Balance Management Guidebook and the Support Guide for Balancing Childcare and Work
  - Expansion of telecommuting, provision of financial assistance for babysitters and care for sick and post-illness children, etc.
- Implementation of training
  - Cultivation of personnel for managerial positions from an early stage; encouragement of motivation to pursue promotions
- Development of external networks
  - Participation in the NPO J-Win
  - Participation in the Committee of Male Leaders Facilitating the Success of Working Women
- Incorporation into MSCI Japan Empowering Women Select Index

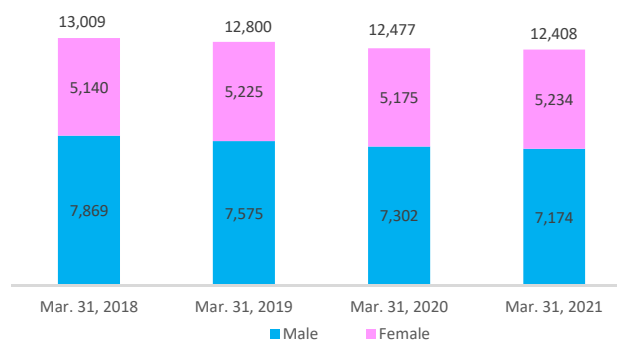
[Ratio of female managers]



[Ratio of women in executive positions]



[No. of employees]



[Avg. age (years)]

	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2021
Male	44.6	45.0	45.4	45.9
Female	39.4	39.6	40.3	40.9
Overall	42.5	42.8	43.3	43.8

[Avg. years on staff]

	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2021
Male	21.3	21.6	22.0	22.5
Female	15.7	15.8	16.0	16.4
Overall	19.0	19.2	19.5	19.9

\*Includes staff dispatched to JP Bank from other companies and excludes staff dispatched by JP Bank to other companies. Additionally, temporary employees are not included.

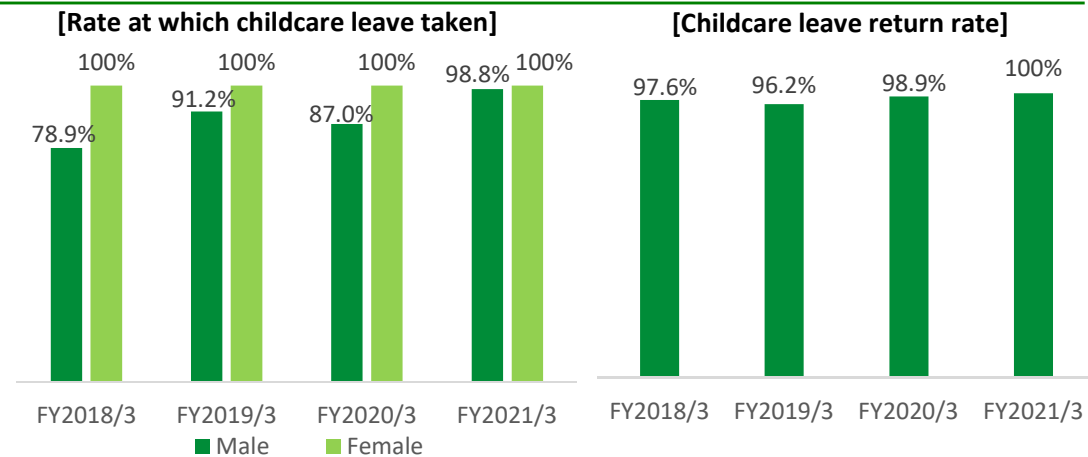
# Materiality (4): Advancement of work style reforms and more sophisticated governance (3)

- **Establishment of support systems for each life stage that exceed legal requirements.**
  - Promote the creation of a working environment in which it is perfectly normal for males to take childcare leave, with verbal encouragement from their superiors and attitudes in place throughout the workplace to cover for those taking leave.
- **Promotion of a change in attitudes to create a working environment such that personnel from a variety of backgrounds can understand each other better as they work alongside one another.**
  - Active promotion of employment of people with disabilities.
  - Development of attitudes that promote awareness of LGBT and other human rights.

## Advancement of diversity management②

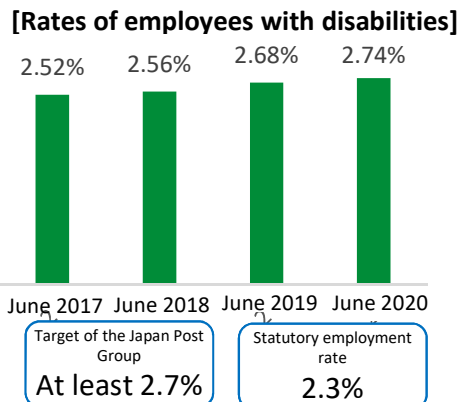
### Taking of childcare leave

- Active promotion of men's participation in childcare
  - Declarations of commitment to being "family-friendly bosses" and implementation of "family-friendly boss" exams among managers
  - Endorsement of WORK LIFE BALANCE Co., Ltd.'s "Declaration of 100% Male Childcare Leave" by the Bank's Director, President and Representative Executive Officer
- Dissemination of public relations brochures and other forms of information in support of "100% Male Childcare Leave"
- Issuance of "JP Bank Mom and Dad Support Cards"; implementation of training, etc.



### Rates of employees with disabilities

- Success of personnel with disabilities throughout Japan
- Provision of persons with disabilities with employment opportunities
  - Establishment and management of the Thank-you Center
  - Establishment and encouragement of use of massage rooms in some Operation Support Centers (employment of in-house physical therapists)



### LGBT initiatives

- Awareness-building activities and opinion surveys targeting all personnel to create a working environment in which personnel can work without being constrained by sexual orientation, etc.
- Cooperation with Tokyo Rainbow Pride 2021
- Acquiring "PRIDE Index" Gold

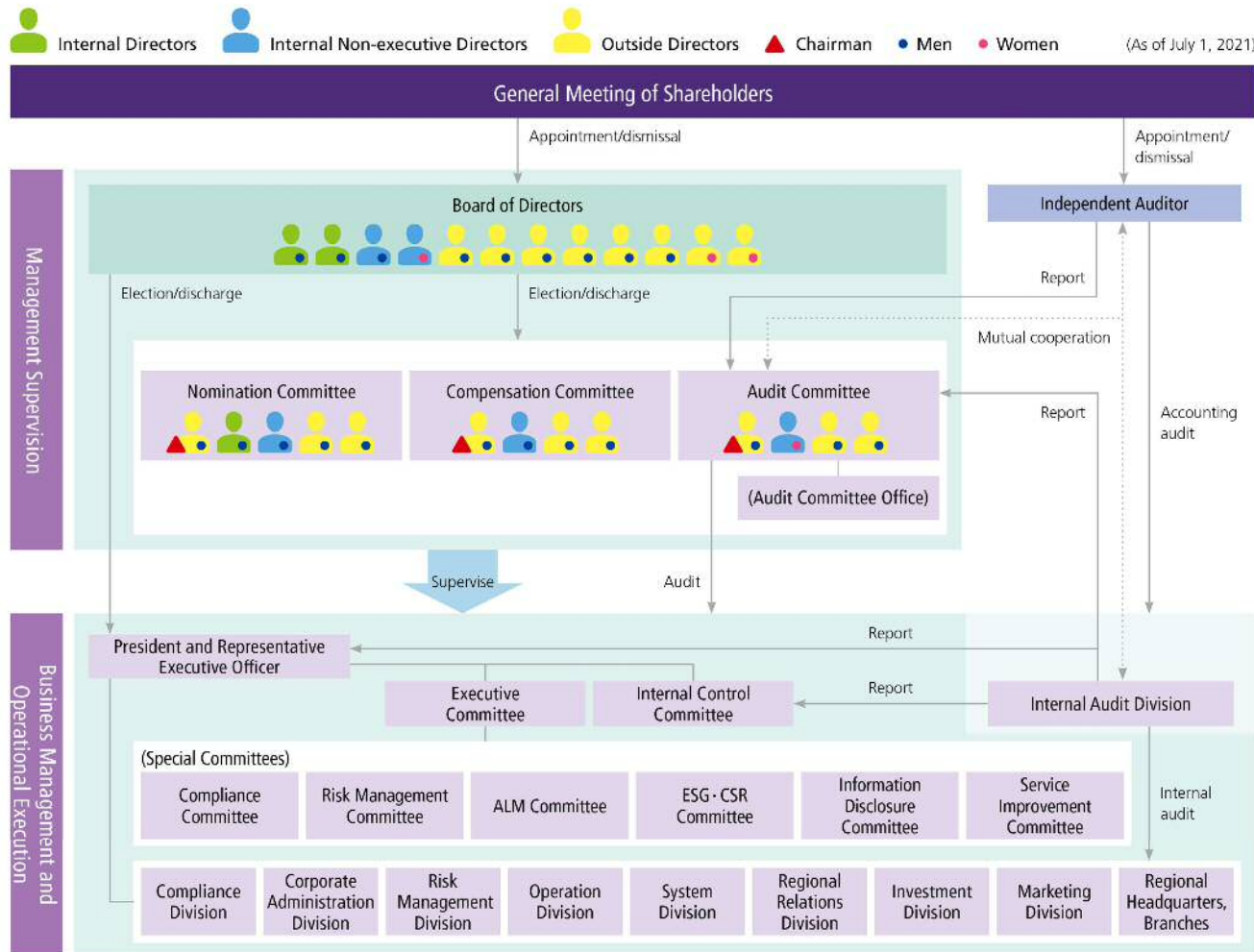




# Materiality(4) - Advancement of work style reforms, and sophistication of governance -(4)-

- As a company with an audit committee, a nomination committee, and a compensation committee, JP Bank's Board of Directors consists mostly of outside directors with diverse experience and expertise. The ratio of female directors is 25%.
- Moving forward, we will further enhance governance through a Board of Directors that strikes a balance in terms of independence, diversity and expertise.

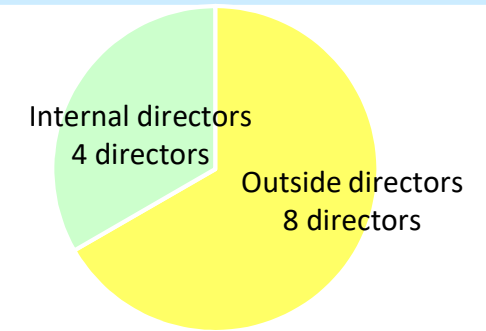
## Corporate governance system



## Composition of the Board of Directors

(as of July 1, 2021)

▶ Ratio of outside directors : 66%



▶ Ratio of women directors : 25%

- Chairs of each committee are all outside directors

▶ Outside directors with diverse experience and knowledge

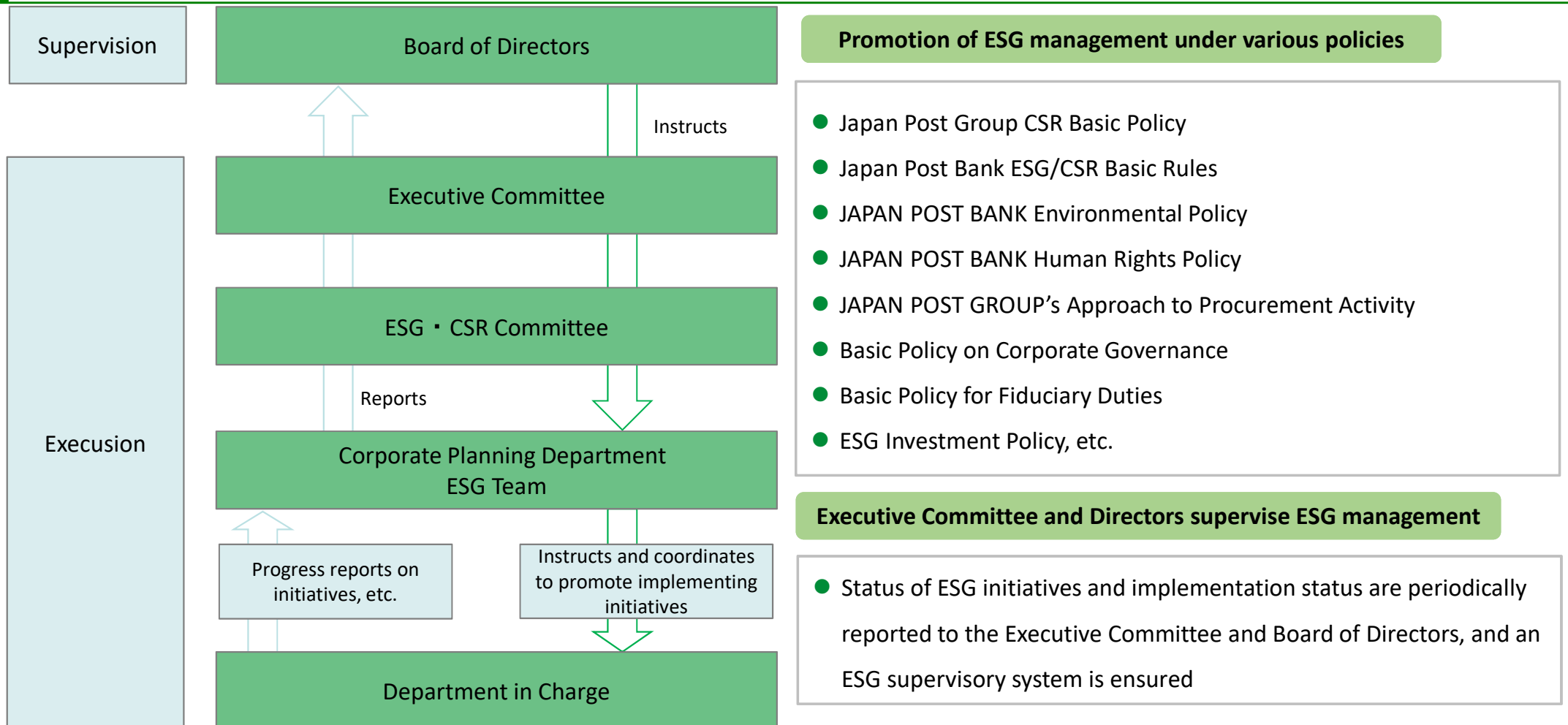
Management	3 directors
Human resource development	1 director
Finance/accounting	1 director
Internet marketing	1 director
Legal	1 director
Finance	1 director



## Materiality(4) - Advancement of work style reforms, and sophistication of governance -(5)-

- Promotion of ESG management is a part of the basic policy for the entire Japan Post Group.
  - Under the Japan Post Holdings Co., Ltd.'s Japan Post Group Basic CSR Policy, each subsidiary operating company establishes a set of Basic ESG/CSR Rules to explicitly state the roles and definitions of ESG/CSR.
- Under the supervision and direction of the Board of Directors, we will develop a framework to promote ESG management in an integrated manner with our business strategy and specific policies.

### ESG management system



## Other initiatives: (1) COVID-19 countermeasures

- We are providing support to and contributing to medical aid for companies that have been damaged by the spread of COVID-19.
- Gradual revision of business continuity systems and personnel work styles to ensure that service can be maintained and customer safety and security ensured despite the ongoing pandemic.

### Support for and contributions to companies damaged by COVID-19

Participation in regional vitalization funds that aim to provide support for companies that have been affected by the COVID-19 pandemic.

Furthermore, the four companies in the Japan Post Group have donated a total of 100 million yen to the Japanese Red Cross Society to support medical personnel and stop the spread of the pandemic.

Funds in which we invested in FY2020	Date of participation
Kansai and Chubu Regions Recovery Support Fund	July 2020
Dogan Regional Value Fund	December 2020

### Support for medical personnel and to prevent the spread of COVID-19

- Donation to the Japanese Red Cross Society (together with the Japan Post Group)	100 million yen
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### Provision of services to customers (plastic sheet barriers/digitization)

Ensuring a service infrastructure that enables customers to safely make use of services despite the spreading pandemic

#### Guidance for contactless/non-face-to-face transactions

- Installation of plastic sheet barriers at counters
- Utilization of a customer appointment system (appointments for visiting branches)
- Web consultations (begun May 2021)

### Promotion of utilization of digital channels, etc.

As one measure to prevent the spread to customers and personnel, we are promoting usage of and issuing guidance for contact-less transactions such as by using Japan Post Bank Direct, the Yucho Bankbook app, and ATMs.

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### Revision and digitization of business continuity systems and personnel work styles

· Revision of business continuity systems to ensure services can continue to be provided even amid the spreading COVID-19 pandemic

#### Continuation of important operations

- Flexible personnel assignments
- Back-up through multiple bases of operations

#### HR system

- Promotion of telecommuting
- Promotion of use of flex-time systems
- Establishment of online teleconferencing systems, etc.

## Other initiatives: (2) CSR activities

**We contribute to our customers, local regional communities, and the resolution of social issues through environmental conservation activities and donations aimed at environmental conservation and supporting developing countries.**

### JAPAN POST BANK Deposits for International Voluntary Aid

JAPAN POST BANK donates savings collected on behalf of our customers through JAPAN POST BANK Deposits for International Voluntary Aid to the Japan international Cooperation Agency (JICA). The donations are used to help improve lives in developing countries and regions and in environmental conservation projects through the JICA Donation Fund for the People of the World. Furthermore, as of March 31, 2021, we had donated a total of 34.34 million yen since beginning these efforts.



### Piggy Bank Design Contest for children

In our annual Japan Post Idea Piggy Bank Contest event, we make proportional monetary donations to the Japan Committee for UNICEF, Japan International Cooperation Agency (JICA), and JOICFP. These donations are used in developing countries to provide a better life for children suffering from poverty and disease.



### Yucho Eco-Communication

Some of the proceeds of efforts to reduce the use of paper through paperless meetings, tablet usage, and services such as Yucho Direct+ (plus) and our online service for viewing transfer receipt/payment notifications are donated by us to nationwide environmental conservation organizations and in support of activities that contribute to sustainable local regional development. Moreover, since beginning these efforts through to the end of March 2021, we have donated a total of 19.5 million yen.



### Environmental Conservation Activities within the Group

Environmental conservation activities performed as a Group initiative.

Name of activity	Implementation date
JP SATOYAMA Communication	From October 2018 onwards
Exhibiting at environmental events(EcoPro 2019)	December 2019
JP Children's Forest Building Movement (Tohoku Recovery Green Wave)	From 2008 onwards (From 2012 onwards)

## Appendix (1) Review of initiatives covered by the previous Medium-term Management Plan

- In the period covered by the previous Medium-term Management Plan, we established a new ESG Team and other such systems in addition to launching initiatives to resolve environmental issues such as endorsing the TCFD Recommendations and formulating an ESG Investment Policy. Further, we also implemented ESG/CSR-oriented initiatives in departments throughout the company.
- Meanwhile, it is possible that some external assessments failed to pick up on our efforts due to inadequate disclosures regarding our initiatives, inaccessibility of information, and inadequate setting of KPIs.
  - In the new Medium-term Management Plan, we have set ESG-related KPIs and will work to expand disclosures based on the distinctive characteristics of JP Bank's operations.

### Primary initiatives in the previous Medium-term Management Plan (FY2018–2020)

- Establishment of the ESG Team within the Corporate Planning Department(April 2020)
  - Establishment of a system that promotes ESG/CSR in an integrated manner with our business strategy
- - Increased investment in regional vitalization funds and other enhancement of local regional finance
  - There were 20 investments in regional vitalization funds from FY2018 to FY2020, for a total of 32 investments since the first in 2016
- Promotion of the building of an ATM network platform and aggregation of operational processes
- agreement with the
- Agreement with the TCFD Recommendations (April 2019) and promotion of initiatives in line with those recommendations
- Formulation and revision of the ESG Investment Policy (Formulated April 2019; revised October 2020)
  - Active promotion of risk money directed toward local communities as well as a clear policy of investment mindful of international agreements
- Advancement of diversity management
  - Initiatives to build better workplaces by supporting women in the workforce and building childcare leave and similar systems

### External Assessments (FY 2020)

FTSE	「2.7」 Out of 5.0 total points
Dow Jones	「40」 *Percentile ranking. The closer to 100, the better.
Sustainalytics	「 Medium Risk (25.8) 」 3rd of 5 ranks
MSCI	「 B 」 5th of 7 ranks
Vigeo Eiris	「 - 」 *2020 Maintain index selection
CDP	「 C 」 5th of 8 ranks

## Appendix (2) External Assessments

■ Our previous ESG efforts were evaluated by the following organizations, and we were selected as an SRI Index Brand. Our efforts to create employee-friendly working environment were also well-received.

### Inclusion in Indices

#### MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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#### MSCI Japan Empowering Women Select Index (WIN)

An index composed of companies that are leading in promoting and maintaining gender diversity, created by MSCI



#### Euronext Vigeo Eiris World 120 Index

An index composed of the best 120 companies as evaluated by Vigeo Eiris in terms of corporate social responsibility

### External evaluations



#### Platinum Kurumin

Ministry of Health, Labour and Welfare: Certification as a childcare support company when certain conditions are met



#### Health and Productivity Management Organization

Ministry of Economy, Trade and Industry /Nippon Kenko Kaigi: Certification for corporations and other organizations that provide health management for employees (this system was designed by METI)



#### Nikkei Smart Work Management Survey 3.5 Stars

During the 4th Nikkei Smart Work Management Survey, which selects companies leading advances in productivity innovation through work style reforms, JAPAN POST BANK received 3.5 stars



#### Tomonin

Ministry of Health, Labour and Welfare: Certification as a nursing care support company



#### “PRIDE Index” Gold

work with Pride (private organization): Assessment index for initiatives targeted at LGBT and other sexual minorities in the workplace



#### Nikkei “SDG Management” Survey 3.5 Stars

Japan Post Bank has been recognized as a 3.5 star entity under the Nikkei SDGs Management Survey. The survey is a comprehensive examination of corporate attitudes towards solutions to environmental, social, and economic issues (contributions to the SDGs), as well as the details of SDGs-related businesses

Note: The details about ESG/CSR are written on our website.

Web

[https://www.jp-bank.japanpost.jp/en/csr/sri/en\\_csr\\_sri\\_index.html](https://www.jp-bank.japanpost.jp/en/csr/sri/en_csr_sri_index.html)



## Appendix (3) Dialogue with society

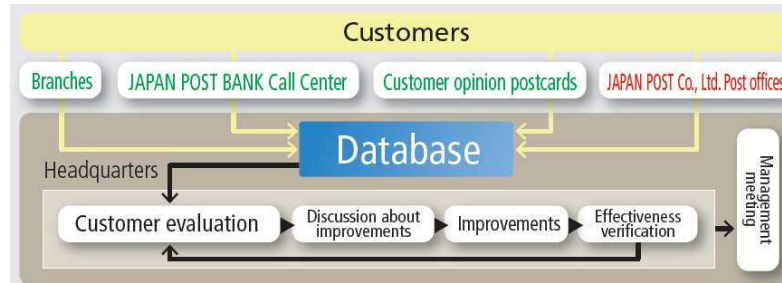
- Based on our management philosophy of becoming “the most accessible and trustworthy bank in Japan,” guided by the needs and expectations of our customers, we promote initiatives that incorporate the opinions of customers, employees, and local communities into how we run our business.

### Dialogue with Experts



- JAPAN POST GROUP invited three outside experts to hold a dialogue session every year.
- We receive opinions and advice on the status of our annual initiatives, what is expected of the Group, and what we should aim for in the future, and reflect these opinions and advice in our various initiatives

### Methods for Reflecting Customers' Opinions in Improvements



- Customer opinions received at stores, call centers, and through customer feedback postcards will be centrally managed by the newly established Customer Service Management Department at HQ in January 2021, shared company-wide, and used to develop and improve products and services.

### Dialogue with Regional Communities

- As a financial institution that is rooted in the community, we continue to conduct dialogue with regional financial institutes and Japanese local governments.
  - Further strengthening of ties to local communities through the newly established Regional Relations Division

### Dialogue with Employees

- Promotion of mutual understanding and sharing of awareness of management policies and issues by providing opportunities for active dialogue between management and employees
  - Conducting meetings with frontline staff
  - Distribution of a video message from the JP Bank President
  - Establishment of a comment box for feedback directly to the President

# Appendix (4) ESG and CSR Data (HR-related data)

■ Continued implementation of a variety of initiatives to create a comfortable working environment for each employee to demonstrate their inherent strengths and enhance the overall strength of the organization.

## Initiatives on Health Management

- Initiatives to Promote Health
  - Support for the maintenance and promotion of the health of employees working throughout Japan in cooperation with occupational health and safety staff, and implementation of health-related guidance for the prevention of lifestyle-related diseases
  - Promoting Exercise Program
- Initiatives in mental health countermeasures
  - Creating and distributing a Mental Health Guidebook
  - Providing stress checks, Establishing a Mental and Physical Health Consultation desk

Health Management KPIs	FY2019 Performance	FY2020 Performance	FY2021 Target
Health Consultation Participation	100%	100%	100%
Specific Health Care Guidance Participation	100%	98%	100%
Stress Test Participation	94.4%	95.0%	100%

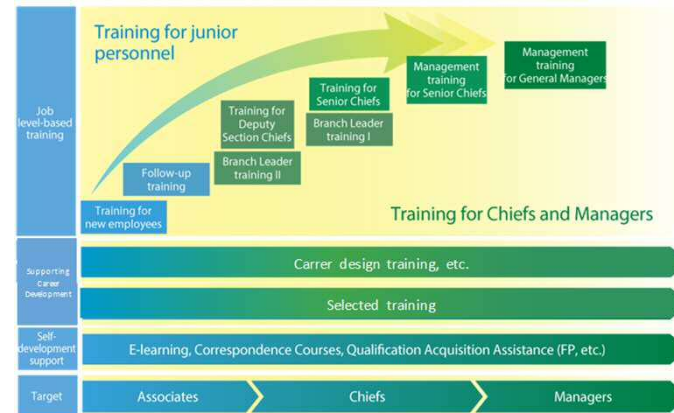
## Work Style Reform

- Efforts to reduce total working hours and improve productivity
- Employee satisfaction (ES) surveys
- Diversifying working patterns
- Utilization of an interval-based work system

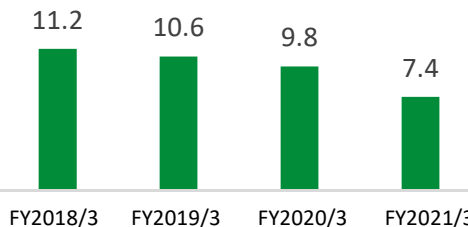
## Supporting Career Development

- On-the-job training for professional fields\* and follow-up using a mentor system
- Implementation of stratified training sessions, etc.
- Expansion of the environment for independent and self-directed career development
- Provision of an environment that promotes self-development
- Conducting Fair Evaluation and Treatment of Personnel, Training and Empowering “Ikubosses”

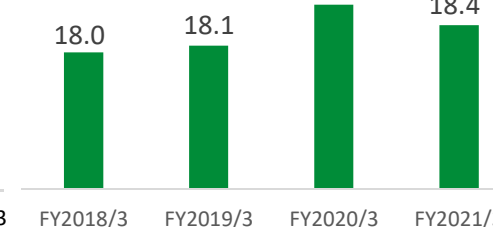
\*Markets, ALM, and risk management, GP, cyber security, digitalization advancement, analytics (data analysis), marketing, etc.



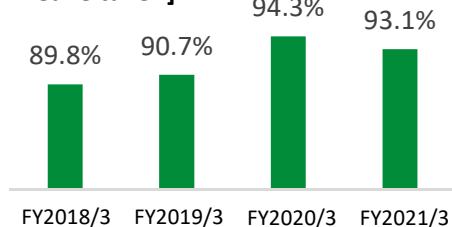
[Average overtime working hours]



[Average days of paid annual leave taken]



[Average rate at which paid annual leave taken]



\*Average overtime working hours means the average monthly overtime hours worked in a fiscal year. \*The number of paid annual leave days is 15–20 (depending on the number of years employed at the company). \*All figures are per person.