



2018

CSR Report



JAPAN POST BANK

Management Philosophy

JAPAN POST BANK aims to become “the most accessible and trustworthy bank in Japan,” guided by the needs and expectations of our customers.

“Trust”

We comply with laws, regulations, and other standards of behavior and value trusted relationships with customers, markets, shareholders, and employees and consistently serve as a responsible corporate citizen.

“Innovation”

We work sincerely to improve our management and business operations in response to requests from customers and changes in the business environment.

“Efficiency”

We pursue improvements in speed and efficiency of our management and business operations in order to provide customer-oriented financial instruments and services.

“Expertise”

We continually strive to strengthen our expertise for the aim of services meeting the expectations of our customers.

CSR Report Editorial Policy

JAPAN POST BANK issues this report for the purpose of communicating to its customers, shareholders, employees and other stakeholders, and also deepening their understanding of its ideas and activities relating to CSR (corporate social responsibility) that it conducts with the goal of becoming “the most accessible and trustworthy bank in Japan.” JAPAN POST BANK referenced the SDGs (Sustainable Development Goals) and GRI Standards when deciding the report content, and created the report while promoting understanding within the Bank.

Period Covered: April 2017–March 2018 (Some parts include information from April 2018 onwards)

Organization Covered: In principle, JAPAN POST BANK.

Referenced Guidelines: ■ GRI Sustainability Reporting Standards 2016
(Referencing GRI 302 (Energy), 305 (Emissions), 401 (Employment), 404 (Training and Education), 405 (Diversity and Equal Opportunity), 103 (Management Approach))
■ Environmental Reporting Guidelines 2012 published by the Ministry of the Environment of Japan

CSR Report 2018



Contents

P03 To Our Stakeholders

P06 Corporate Profile

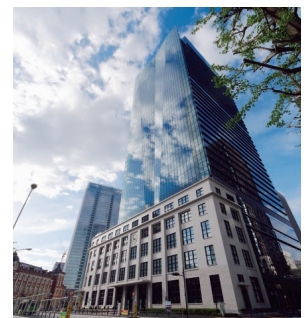


P07 CSR at JAPAN POST BANK
(Corporate Social Responsibility)

P09 Dialogue with Society

P11 Strengthening Our Business Foundation

- Corporate Governance
- Compliance
- Risk Management



P18 Customers & Markets

P23 Regional Communities

P27 Employees (Diversity Management)

P35 Environment



P38 Financial Highlights (Non-Consolidated)

P40 Third-Party Assessment



To Our Stakeholders

Have more people say
“JP Bank, of course”



Norito Ikeda

Director, President and
Representative Executive Officer



► The Reason to Be JAPAN POST BANK and our Vision

As of the fiscal year ended March 31, 2018, ten years have passed since JAPAN POST BANK became a “bank” through the privatization and spin-off from Japan Post in October 2007. We feel a strong sense of mission as a social infrastructure with approximately 110,000 people involved in the Bank’s operations using the network of approximately 24,000 post offices and with around 120 million ordinary deposit accounts for customers.

During the development of the new Medium-term Management Plan starting from the fiscal year ending March 31, 2019, we held company-wide discussions regarding the reason to be and visions of JAPAN POST BANK, while facing a period involving a significant transformation for the entire financial industry, including historically low interest rates, more stringent capital adequacy regulations, progress in technological innovation, and the expectation of drastic changes in the economic environment after the Tokyo Olympics. Based on these discussions, we reached the conclusion that we cannot be a presence that truly moves forward together with customers, if we do not provide value that is unique to JAPAN POST BANK by responding flexibly to the changing business environment, listening more carefully to

stakeholders to accurately grasp their expectations, and boldly taking on the challenge of resolving new issues, while also staying committed to the 140 years of tradition and customer trust we have accumulated since the founding of postal savings.

This direction we aim to take is reflected in the slogan of the Medium-term Management Plan, “Have more people say ‘JP Bank, of course.’” At the same time, we are determined to work towards the sustainable growth of the company and make a leap forward through the Medium-term Management Plan.

Based on a long-term perspective that looks ahead to the next decade, we will continue to question ourselves regarding the unique value of JAPAN POST BANK, in order to establish the foundations necessary to thoroughly pursue this value, based on our desire to become a financial institution that is truly recognized throughout the country.

Achieving growth as a company, through this process of self-questioning and pursuit of value, is the true nature of the corporate social responsibility (CSR) that JAPAN POST BANK should fulfill.



▶ “New Convenience” and “Peace of Mind”

Living up to customer expectations is an important basis for a bank’s existence, and providing “new convenience” and “peace of mind” to individual customers is one of the directions we aim to take under the Medium-term Management Plan. This includes our mission to pursue “new convenience,” through the addition of new technologies to improve convenience for customers within the financial industry, where the wave of technological innovation involving other industries is on the rise, while using the sense of security that we have nurtured in our customers since the postal savings era as a foundation for our business. As part of this mission, we will provide financial services that live up to this “new convenience,” including

an enhancement of cashless payments and expansion of our ATM network. In addition, we believe that providing value associated with “peace of mind” to customers is an important role, and will also focus on supporting asset building, such as through the proposal of investment trusts based on long-term investments in coordination with the post office network. We will live up to the expectations of customers through measures such as enhancing our lineup of appropriate investment products, in accordance with the needs and objectives, etc. of customers.

▶ Funds Flow to Regional Communities as Part of Our Social Mission

Another of the directions we aim to take under the Medium-term Management Plan is “funds flow to regional communities.” Having the funds we have been entrusted with from across Japan flow to assist in the development of local economies is viewed as a social mission of JAPAN POST BANK. One of the characteristics of the regional vitalization funds that are currently being managed is that they coordinate with regional financial institutions and primarily invest not only in loans but also in capital for local companies that support local economies. The number of regional vitalization funds that have been formed has grown, as there is a great need for this type of investment among incorporated companies throughout Japan. We will promote “funds flow to regional communities,” as we work towards long-term co-existence and co-prosperity, in our aim to be an investor that drives the vitalization of local economies and sustainable development.

Improving the profitability of entrusted funds, including such investments in capital, and adopting more sophisticated investment management is also an important mission as a financial institution. As part of these efforts, we established Japan Post Investment Corporation, a joint undertaking with JAPAN POST INSURANCE Co., Ltd. The newly formed funds operated by this company primarily invest in business reorganization projects. Moreover, they invest in technology companies and venture companies that could become key industries in Japan. We would like to make the funds entrusted to us from across Japan flow within the country, including to regional industries, in order to contribute to the development of the Japanese economy in a manner that is uniquely possible for JAPAN POST BANK.



► Creating a Foundation for Looking Ahead to the Next Decade through a “Culture of Taking on Challenges”

Ultimately, it is “people” who fulfill the role of value creation that is unique to JAPAN POST BANK. We would like to be a group of “bankers” who can accurately grasp the issues of customers and society, and resolve such issues through our financial functions. JAPAN POST BANK cherishes the irreplaceable relationships with local customers it has cultivated thus far, and possesses a deeply rooted spirit of hospitality that is based on a desire to please customers. Ingraining a corporate culture of continuing to take on the challenge of discovering issues and discovering solutions, while leveraging these positive qualities will serve as our foundation for looking ahead to the next decade.

In addition, we believe that it is important to improve operational efficiency and productivity through Fintech and digital technology, and to shift the human resources to new challenges and growth areas, such as consulting services.

Based on this corporate culture, we will work to further improve the capabilities of our employees as “bankers,” through efforts to develop appropriate human resources, as well as dialogue and cooperation with regional financial institutions, Japanese local governments, regional economic organizations, and other bodies.

Believing that promoting dialogue with customers, shareholders, and investors is an important role as a top management, I have valued face-to-face meetings with them in order to promote understanding and receive valued opinions through the explanations of the Bank’s vision and business strategies. In the fiscal year ended March 31, 2018, I conducted briefing sessions for

investors. We will continue to vigorously engage in promoting dialogue with these customers, stakeholders, and investors in order to deepen understanding and receive opinions regarding the Bank’s vision and the Medium-term Management Plan.

At the same time, we are also actively promoting diversity management in order to continue growing as a company, so that all employees acknowledge each other’s values, leverage the positive aspects of their individual diversity, and raise the team power of each organization. By firmly establishing our corporate culture as a shared sense of value, we believe that the creation of value for customers and other stakeholders will be sustainable.

We believe that value creation in this manner, in response to the expectations of a wide range of stakeholders, including customers, the local communities, and shareholders, and achieving our own sustainable growth is the CSR of JAPAN POST BANK, and consider this to be the management’s utmost priority. While cherishing dialogue with stakeholders, we will accumulate actions that are uniquely possible for JAPAN POST BANK, as we work to enhance corporate value. We welcome your expectations in the future of JAPAN POST BANK, and ask for your continuous support and understanding.

July 2018

Norito Ikeda

Director, President and
Representative Executive Officer

Corporate Profile

Corporate name	JAPAN POST BANK Co., Ltd.
Date of establishment	September 1, 2006
Representative Executive Officer	Norito Ikeda
Address of head office	1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8798, Japan OTEMACHI PLACE WEST TOWER, 2-3-1 Otemachi, Chiyoda-ku, Tokyo 100-8793, Japan (Plans to progressively relocate from November 5, 2018)
Total assets	¥210,630 billion
Total net assets	¥11,513 billion
Capital	¥3,500 billion
Number of employees*	13,009 (As of Mar. 31, 2018)

* The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figure does not include short-term contract and part-time employees.



Huge Nationwide Network (As of March 31, 2018)

Number of domestic outlets

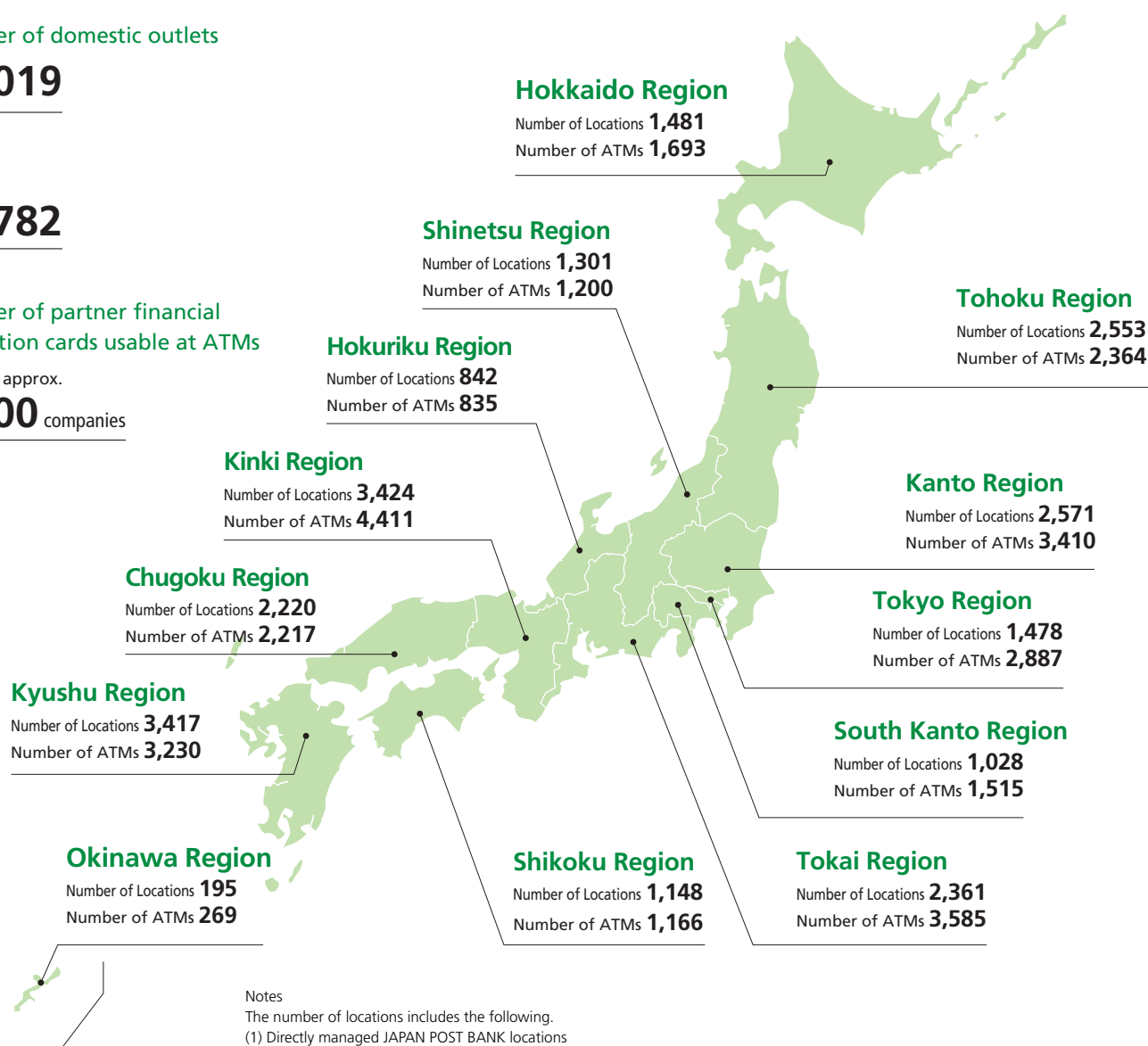
24,019

ATMs

28,782

Number of partner financial institution cards usable at ATMs

Cards of approx.
1,400 companies



Notes

The number of locations includes the following.

- (1) Directly managed JAPAN POST BANK locations
- (2) Post offices managed by bank agents (including sub-offices)
- (3) Contracted post offices in which JAPAN POST re-entrusts our banking agency services

CSR at JAPAN POST BANK

(Corporate Social Responsibility)



Companies cannot survive without fulfilling their social responsibilities.

We at JAPAN POST BANK recognize that CSR is inseparable from our business activities.

Now that we stand on a foundation of steady business execution based on our nationwide network while taking on new challenges, we have reconfirmed that CSR is one of our most important management issues, and are working on CSR activities through our business activities as an essential element for realizing our management philosophy.

Introduction to CSR at JAPAN POST BANK

CSR Concept

Have more people say “JP Bank, of course”

We aim to be “the most accessible and trustworthy bank in Japan,” guided by the needs and expectations of our customers, provide **“new convenience”** and **“peace of mind,”** and contribute to creating a sustainable society and future through our business activities, while securing sustainable growth as a company.

CSR Basic Policy

JAPAN POST GROUP promotes CSR initiatives based on its “Group CSR Basic Policy,” and JAPAN POST BANK has also set forth basic rules on CSR to clarify the position and definition of CSR.

Themes of Specific Initiatives

JAPAN POST BANK has set four themes in order to realize the concept described above.

In setting these themes, we gave consideration to the relationship between stakeholders and JAPAN POST BANK’s business activities and the social issues inherent in that relationship, and aimed to contribute to solving problems at a higher level especially for everyone who has a deep relationship and strong influence.

In addition, we have engaged in dialogue with experts, NPOs/NGOs and JAPAN POST GROUP, and reflected the opinions we received there. (⇒ Dialogue with Society P. 9–10)

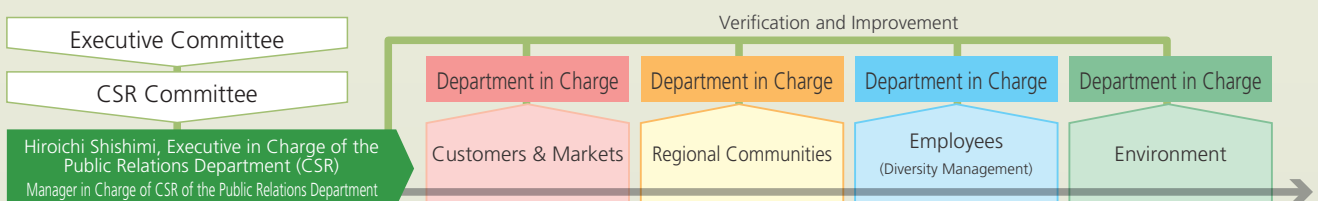


CSR Promotion System

JAPAN POST BANK, with consideration for the importance of CSR, has established the CSR Committee to hold expert consultations on CSR and receive reports from concerned departments, as an advisory body to the Executive Committee.

Each division in charge implements CSR-related measures under the guidance of the CSR Committee, and the Public Relations Department coordinates and promotes these measures, then reports on their status twice annually. The content of the CSR Committee meetings is always reported to the Executive Committee afterwards.

In this way, we have established a corporate structure and are working on CSR activities as a company.
















From the viewpoint of CSR, conduct a cross-organizational review of the work of each department and obtain approval from the CSR Committee.

Relationship with International Frameworks

At the “United Nations Sustainable Development Summit” held on September 25, 2015, “Sustainable Development Goals” (SDGs) were set out as universal goals to achieve by 2030, and the whole international community started work on new initiatives.

JAPAN POST BANK will strive to achieve the following goals in light of the characteristics of our business activities, and contribute to the development of a sustainable society.

Theme	Item	SDGs
Customers & Markets	Customer-oriented Business Operations Providing High-quality, Customer-oriented Financial Service Customer Protection Universal Services Response to Disasters and Accidents	  
Regional Communities	Funds flow to regional communities Fostering the next generation human resources	   
Employees (Diversity Management)	Promoting Diverse Human Resources / Fostering an Inclusive Corporate Culture Hiring Diverse Personnel / Career Formation Support Work-life Balance Management Promoting Women in the Workplace / Initiatives on Health Management Work Style Reform / Raising Awareness and Conducting Education about Human Rights	  
Environment	Initiatives toward Environmentally Friendly Services Environmental Management Environmental Conservation Activities	  

JAPAN POST HOLDINGS Co., Ltd. also participates in the United Nations Global Compact* as the representative of JAPAN POST GROUP.

* The United Nations Global Compact was proposed by then UN Secretary-General Kofi Annan at the World Economic Forum held on January 31, 1999, requesting that each participating organization practice 10 principles in four fields (human rights, labor, environment, and anti-corruption), within their scope of influence.

External Assessments

JAPAN POST BANK has been positively evaluated for its initiatives in ESG thus far, and has been included in the following Socially Responsible Investment (SRI) indices.

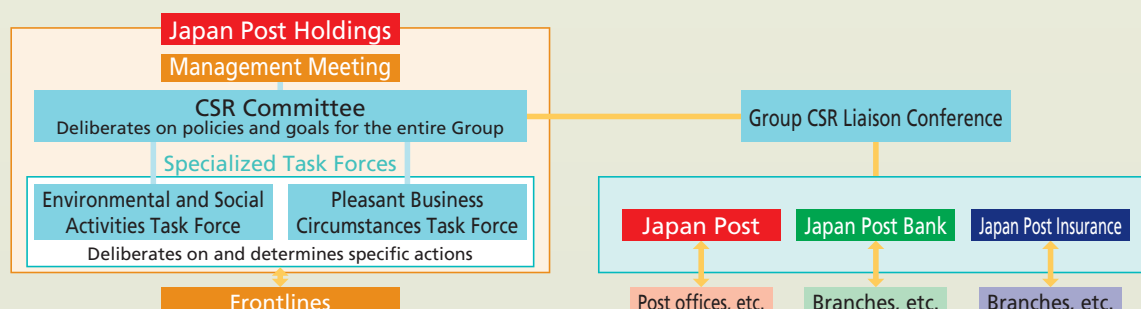
 2018 Constituent MSCI Japan Empowering Women Index (WIN)	“MSCI Japan Empowering Women Index (WIN)” An index composed of companies that are leading in promoting and maintaining gender diversity, created by MSCI
 Euronext vigeo eiris INDICES WORLD 120	“Euronext Vigeo Eiris World Index 120” An index composed of the best 120 companies as evaluated by Vigeo Eiris in terms of corporate social responsibility

The four JAPAN POST GROUP companies were ranked first in the “Finance/Insurance” industry division of the “Randstad Award: Employer Brand Research 2018”*.

* Surveys companies that are attractive as a workplace by universal standards and awards especially attractive employer companies

As a Member of JAPAN POST GROUP

As a member of JAPAN POST GROUP and in collaboration with Group companies, JAPAN POST BANK shares the Group direction and status of initiatives at each company at JAPAN POST HOLDINGS Co., Ltd. CSR Committee and Group CSR Liaison Conference, and works with the Group as a whole to promote CSR.



Dialogue with Society

To contribute to the creation of a sustainable society and future, and secure sustainable growth as a company, JAPAN POST BANK must listen closely to the voices of everyone in society, meet their expectations, and earn their understanding and support.

Therefore, we consider it important to engage in active dialogue with members of various communities.



Relationship with various members of society

Dialogue with Experts



Expert Round Table

JAPAN POST GROUP invited three experts to the JAPAN POST HOLDINGS head office in August 2017 to engage in a dialogue with experts (expert round-table conference), and JAPAN POST BANK also took part in the discussions as a member of the Group. These experts shared their opinions from a broad range of standpoints, such as changes in the management environment of the Group both inside and outside of Japan as well as the point-of-view of stakeholders, with the challenges of the direction to take and the improvements to make to achieve the ideal CSR for the Japan Post Group at the heart of the discussion. The Japan Post Group will strive to further strengthen its CSR activities by utilizing the feedback it received.



Non-tenured Professor of Meiji University School of Business Administration

Masao Seki

Today, companies worldwide are engaged in Sustainable Development Goals (SDGs), and the Japan Post Group also needs to take on initiatives toward a sustainable society that incorporate these SDGs into management. The level of social responsibility and the expectations of stakeholders are even greater for large-scale organizations with as much influence as the Japan Post Group. For example, the ISO20400 standard for sustainable procurement was released in 2017. I hope the Japan Post Group will be a pioneer who strives forward in environmentally-friendly and society-friendly procurement.



Facilitator
Director of CSR Asia
Japan

Makiko Akabane



Chairman of the Japan Sustainable Investment Forum

Masaru Arai

Japanese companies have generally avoided the point-of-view of investors in CSR up until now, but ESG investment initiatives are rapidly progressing in recent years after the United Nations principles for responsible investment were signed by the Government Pension Investment Fund of Japan. The Japan Post Group is furthering initiatives with awareness of investor perspectives as well, such as its responses to CDP questionnaires related to the environment, which I think is excellent. In addition, I think the Group should work to disclose data trends for the next five years because an accumulation of data is vital for informational disclosure.



Representative of Consumer Conference for Sustainability

Yukiko Furuya

I think the Japan Post Group needs to be clearer with its stakeholders about how it sees regional and other social issues, what initiatives it will engage in to find solutions to these issues, and what other efforts it plans to make. Moreover, I think the Group would earn more trust from its stakeholders by disclosing not only data that shines a good light on the Group but also data that may not be so favorable in its informational disclosure.

Dialogue with NPOs and NGOs

In September 2017, the JAPAN POST GROUP invited three NPO/NGO members in the environmental field to discuss environmental issues around the theme, "Japan Post Group Initiatives Toward the Realization of a Low-Carbon Society," and JAPAN POST BANK also took part in the discussions. We received a wide range of invaluable information from the members of these environmental NPO/NGOs about ways to improve and the ideal direction for environmental efforts based on the current activities of the Group.

We will utilize what we have learned to better respond to the expectations from society, even in terms of the environment.



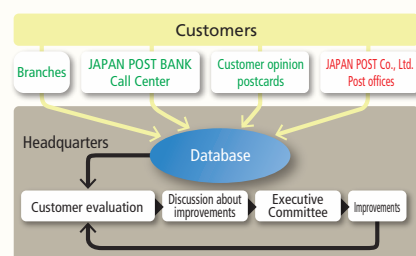
NPO/NGO Round Table

Methods for Reflecting Customers' Opinions in Improvements

JAPAN POST BANK has a unified system for managing the opinions it receives from customers at its branches and call centers. By sharing and analyzing this information companywide, we are able to make necessary improvements based on customer feedback.

As a way for customers to have their opinions and requests heard, the Bank has put customer opinion postcards in the lobbies of its branches. The customer opinion postcards sent to us by customers help us improve customer satisfaction across the entire JAPAN POST BANK.

Organizational structure for improving services



Customer opinion postcards



Conducting customer satisfaction surveys

In order to provide better services, the JAPAN POST GROUP conducts customer satisfaction surveys. According to the 10th survey, conducted in September 2017, 81.3%* of customers are satisfied with our services.

* Total of very satisfied, satisfied, and slightly satisfied.

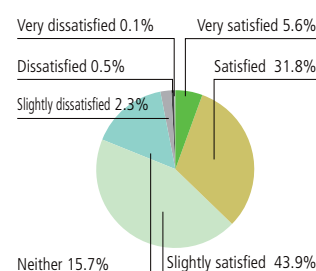
Examples of improvements made from hearing customer opinions

	Complaint	Improvement	Improvement Timing
Introduction of the ATM Finder App	It is hard to find my nearest ATM	We introduced an app that can search for and give information on the closest JAPAN POST BANK ATM from your current location or a specified location.	September 2017
Introduction of the Japan Post Direct Balance Inquiry App	It's inconvenient that I can't check my balance without logging into Japan Post Bank Direct, so I want you to develop an app	We introduced the "Japan Post Bank Direct Balance Inquiry App," so that customers can see their balance and deposit and withdrawal history without entering their login password every time.	January 2018

The JAPAN POST BANK Call Center takes consultations and inquiries regarding products and services. (*Only available in Japanese)

JAPAN POST BANK Call Center: 0120-108420 (toll free in Japan) Hours: Weekdays, 8:30 a.m.–9:00 p.m., Weekends, Public Holidays and 12/31–1/3 9:00 a.m.–5:00 p.m.

*Calls can also be made toll free from mobile phones and PHS. *IP and some other telephone services cannot be used.



Dialogue with Shareholders and Investors

JAPAN POST BANK holds as many face-to-face meetings as can be possible to build long-term relationships with shareholders and investors.

Believing in the importance of providing detailed explanations of our business and future prospects, we engage in dialogues with shareholders and investors.

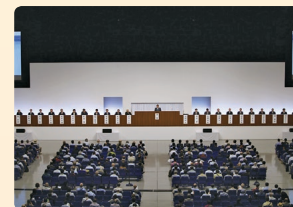
We held our 12th General Meeting of Shareholders on June 19, 2018, and 664 shareholders attended the meeting. We presented our business report and other statements and received valued opinions and questions from 11 shareholders.

For individual investors, we hold briefings at various locations in Japan in order to promote understanding of matters such as our main features and business strategies, as well as shareholder returns. We held 30 briefings sessions in the fiscal year ended March 31, 2018, which were attended by a total of 1,869 investors. (The president and representative executive officer hosted three of the briefings.)

For analysts and institutional investors, we explain our financial status through teleconferences held after the announcement of earnings results every quarter and half-yearly earnings results briefings by our management. We also take part in conferences for institutional investors.

For overseas investors, the president and representative executive officer as well as other management engage in bilateral communications with overseas investors at regular intervals.

We do our best to reflect the valued opinions of these shareholders and investors in our management, in an effort to further increase our corporate value.



Scene from a General Meeting of Shareholders

Dialogue with Employees

We provide opportunities for the management team and employees to actively engage in dialogue and are working towards shared recognition and mutual understanding of management policies and challenges.

Dialogue with Environment and Regional Communities

JAPAN POST BANK is engaged in "Yucho Eco-Communication" to support organizations that work with regional residents in activities which have both environmental conservation and social contribution aspects. We aim to deepen mutual communications with local communities and local residents and contribute to the sustainable development of local communities.

Since paper usage is being reduced by the increasingly widespread adoption of the Japan Post Bank Direct+ (Plus) Non-Passbook General Account service, in the fiscal year ended March 31, 2018, we donated ¥6.5 million, an amount matching the number of savings accounts, to organizations engaged in environmental conservation activities.

Strengthening Our Business Foundation

Corporate Governance

Targeting the sustainable improvement of corporate value



Basic Stance

With a view to its sustainable growth along with improvement of its corporate value over the medium and long terms, JAPAN POST BANK establishes its corporate governance system based on the following stance.

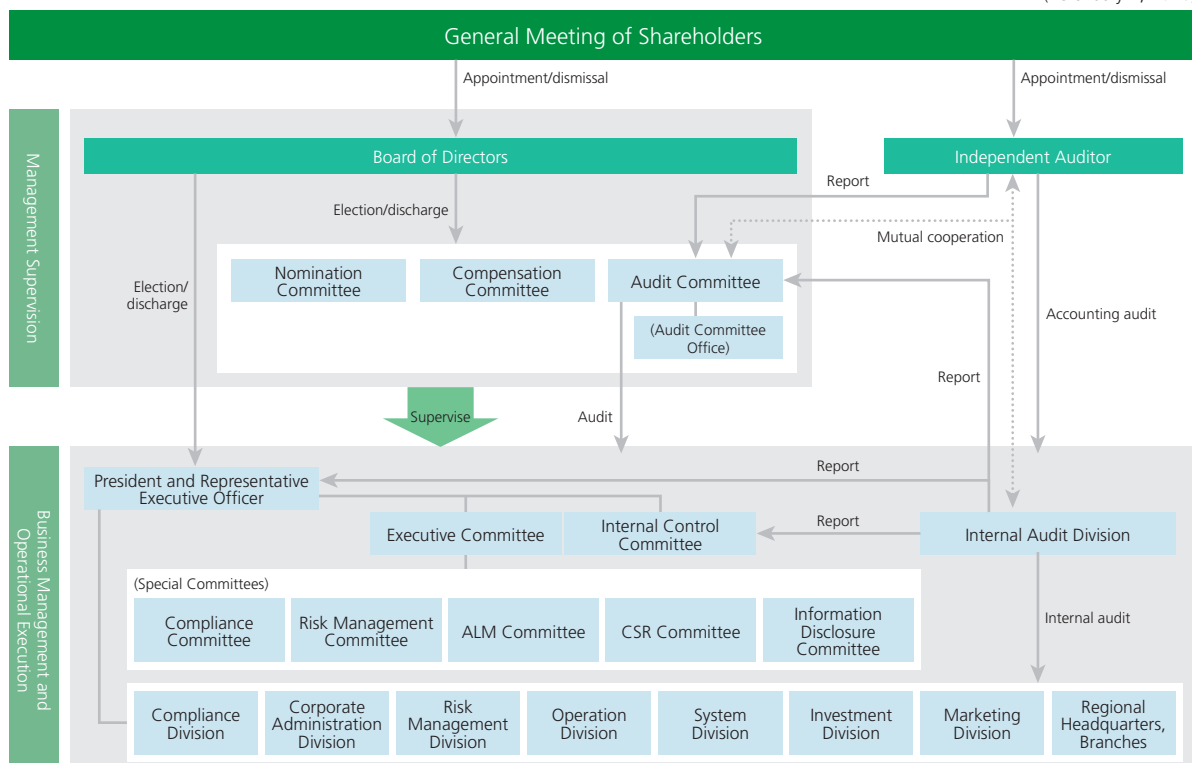
- 1) We will engage in constant value creation by providing banking services through the distribution network based on the post office, while continuously creating new convenience for customers, in pursuit of providing higher quality of service.
- 2) Fully recognizing fiduciary responsibilities to shareholders, 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.

Corporate Governance System

JAPAN POST BANK has adopted the company with three statutory committees system of corporate governance in order to implement rapid decision-making and to increase management transparency. Accordingly, the Bank has established the Nomination Committee, the Compensation Committee, and the Audit Committee. In this way, the Bank has a system under which the Board of Directors and the three statutory committees can provide appropriate oversight of management.

Corporate Governance System

(As of July 1, 2018)



Status of Initiatives by Board of Directors and Each Committee

(As of July 1, 2018)

	Main Roles	Members	Number of times held (Attendance rate)*
Board of Directors	The JAPAN POST BANK Board of Directors has 11 members. Two of the directors also serve as Executive Officers, and the other seven directors are Outside Directors who work to oversee the Bank's operations.	Outside Directors Norito Ikeda Tomoyoshi Arita Katsuaki Ikeda Susumu Tanaka Sawako Nohara Hirofumi Nomoto Masatsugu Nagato Tetsu Machida Ryoji Chubachi Ryoichi Nakazato Nobuko Akashi	12 times (98.71%)
Nomination Committee	The Nomination Committee determines the criteria for selecting and removing directors. The committee also determines the contents of proposals for submission to general meetings of shareholders concerning the election and dismissal of directors.	Chairman Masatsugu Nagato Members Tomoyoshi Arita Hirofumi Nomoto Ryoji Chubachi	2 times (100%)
Compensation Committee	The Compensation Committee formulates compensation policies for directors and executive officers and determines detailed compensation for each individual.	Chairman Hirofumi Nomoto Members Masatsugu Nagato Katsuaki Ikeda Ryoji Chubachi	2 times (100%)
Audit Committee	The Audit Committee monitors the execution of duties by executive officers and directors, prepares audit reports, determines the contents of proposals for submission to general meetings of shareholders concerning the election, dismissal and refusal to reelect independent auditors.	Chairman Tomoyoshi Arita Members Ryoichi Nakazato Sawako Nohara Tetsu Machida Katsuaki Ikeda	14 times (98.80%)

* Attendance rate from June 2017 to May 2018

Executive Officers

The Executive Officers, who are selected by the Board of Directors, are responsible for conducting business operations. The President and Representative Executive Officer makes full use of the authority and responsibility delegated to him by the Board of Directors in the conduct of business operations.

We have introduced a performance-linked stock compensation system utilizing a trust as part of our compensation for our Executive Officers. The objectives of the system are to further enhance the awareness of the

Executive Officers of the Bank regarding the importance of contributing to sustainable growth and enhancing the Bank's corporate value over the medium and long terms, by clarifying the link between the Executive Officers' compensation and the share value of the Bank. Accordingly, the compensation of the Executive Officers of the Bank shall consist of a "base compensation" component as fixed compensation, and a "performance-linked stock compensation" component as variable compensation.

Executive Committee, Internal Control Committee, and Special Committees

The Executive Committee and the Internal Control Committee have been established as advisory bodies to the President and Representative Executive Officer. The Executive Committee holds discussions on important business execution matters, and the Internal Control Committee holds discussions on legal, regulatory, and other compliance-related issues as well as other important internal control

matters. The Special Committees assist the Executive Committee in matters requiring specialized discussions.

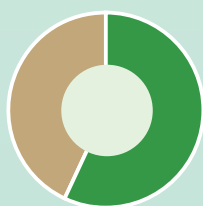
Furthermore, we have established a system under which certain employees execute business operations by using their expertise as managing directors.

Roles of Special Committees

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.
CSR Committee	The CSR Committee formulates basic CSR policies and action plans 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.

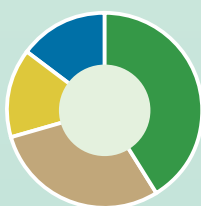
Composition of Board of Directors (As of July 1, 2018)

Directors and Outside Directors



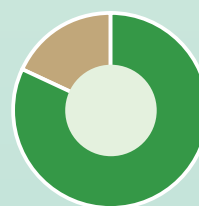
Outside Directors	7 members
Directors	4 members

Backgrounds of Outside Directors



Management	3 members
Academic field /research	2 members
Legal	1 member
Journalist	1 member

Ratio of Men to Women



Men	9 members
Women	2 members

Policy for Determining Amount or Calculation Method of Compensation, etc., for Directors and Executive Officers (as of July 1, 2018)

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.

*See the JAPAN POST BANK website for details on policies.

Home > Corporate Governance > Basic Stance on Corporate Governance



Main Topics of Discussion by the Board of Directors in FY2018/3

- Medium-term Management Plan (FY2019/3 to FY2021/3)
- Confirmation of state of progress with FY2018/3 management plan
- Evaluations of effectiveness of the Bank's Board of Directors
- Operational status of the Basic Policies for the Internal Control System
- Enhancements to management system relating to ALM and investment operations based on introduction of risk appetite framework (RAF)
- Establishment of Japan Post Investment Corporation

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) Accurate 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 meetings of the Board of Directors

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

Evaluation of Effectiveness of the Bank's Board of Directors

Evaluation method

The Bank's Board of Directors conducts discussions based on the results of a survey regarding the effectiveness of the Board of Directors as a whole in light of a self-evaluation by each director, and conducts an analysis and evaluation of the effectiveness of the Bank's Board of Directors.

Summary of Evaluation Results

The Board of Directors comprises a majority of Outside Directors with diverse backgrounds and extensive knowledge and experience, as well as a high degree of specialized expertise.

The directors have appropriately overseen business execution by such means as exchanging unreserved opinions with one another from their respective standpoints and by vigorously discussing important management issues.

Notably, considering that FY2018/3 was a year for management to draw up a Medium-term Management Plan, the directors worked to enhance discussions by regularly holding meetings to exchange opinions on medium- and long-term issues.

Based on the foregoing, the Board of Directors has concluded that the effectiveness of the Board of Directors as a whole has been ensured.

In light of these evaluation results, we will continue to undertake initiatives to contribute to further improvement of the effectiveness of the Board of Directors.



Compliance

Compliance Policy

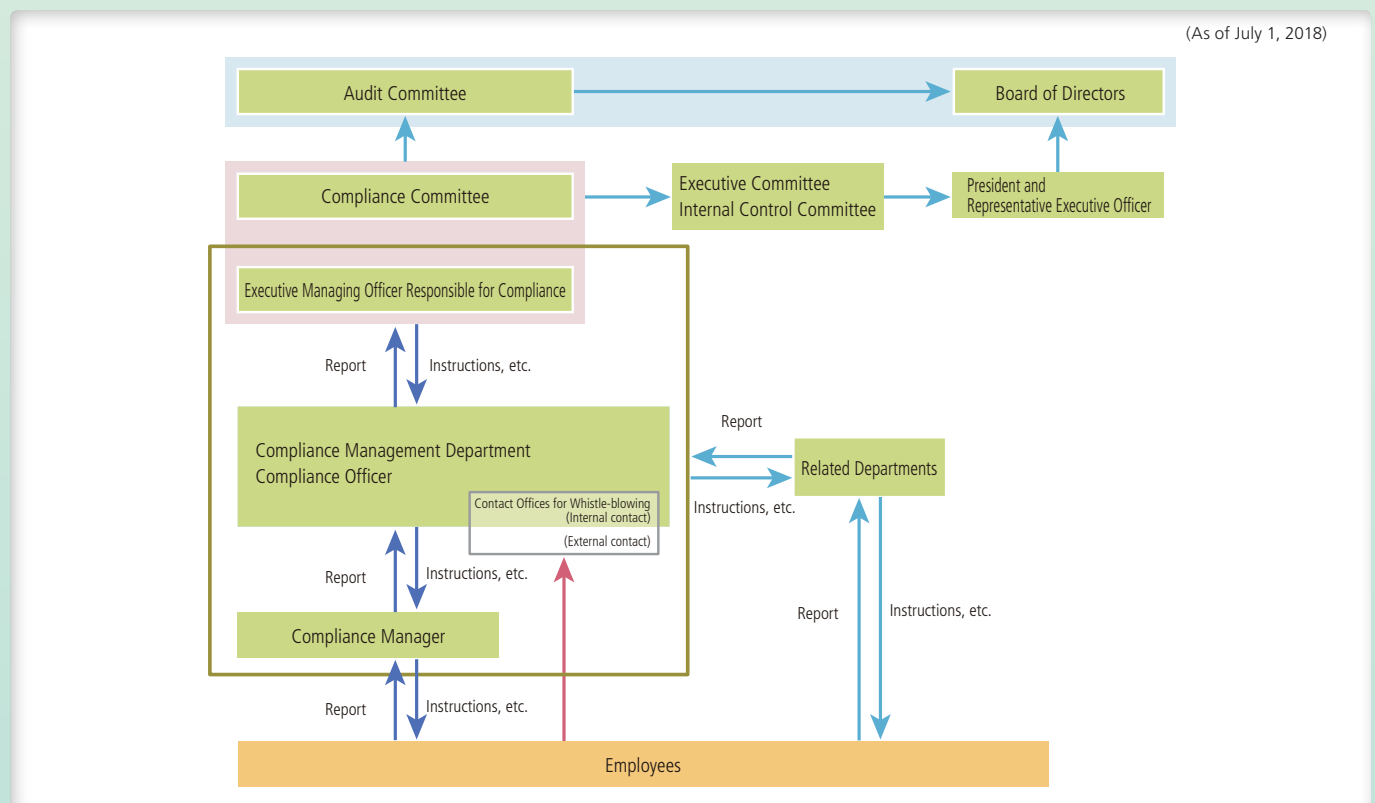
For JAPAN POST BANK, compliance comprises adherence not only to laws and regulations but also to internal rules, social standards of behavior, and corporate ethics by all directors and employees. We are striving to be the most trustworthy bank in Japan, and consequently we view compliance as an important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

Compliance System

The Bank has established the Compliance Committee, which is composed of Executive Officers with responsibilities related to compliance issues. The committee holds discussions about important compliance-related matters and their progress reports. 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 certain departments who are independent from business promotion and other conflicting functions. Through their activities, we monitor the progress of the implementation of compliance-related initiatives. Moreover, we have appointed compliance managers in departments and branches who are responsible for mentoring employees and promoting compliance.

● Compliance System



*The route of instructions and reports marked with a blue arrow is called the Compliance Line.

● Contact Offices for Whistle-blowing

JAPAN POST BANK has established contact offices for whistle-blowing for compliance, both within and outside of the Bank. Our employees can directly contact these offices when they encounter compliance violations or potential compliance violations and find it difficult to report to the person responsible for compliance in their office. Through this system, JAPAN POST BANK is working to prevent compliance violations from occurring and to quickly resolve any problems that may arise.

Compliance Initiatives

Every year the Bank formulates the Compliance Program, which serves as a detailed action plan for the promotion of compliance. With this program, the Bank rigorously implements compliance-related initiatives and conducts training for employees.

Outline of Main Measures

- Prevention of fraud
- Response to financial crime, antisocial forces, etc.
- Individual customer-oriented customer protection

With regard to anti-money laundering and combating the terrorist financing measures, we are working on improving our system so that products and services provided by JAPAN POST BANK will not be used for money laundering and terrorist financing.

In addition, to serve as a specific guide to remaining in full compliance, 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 prohibition of acts that fall under bribery, and the other laws to be observed. Each director and employee has received the Compliance Handbook, which contains the most important, baseline compliance items from the Compliance Manual that all JAPAN POST BANK directors and employees need to be aware of. In this way, the Bank further raises compliance awareness.

Close Up: Initiatives to improve compliance awareness among executives and employees

With the purpose of improving compliance awareness among executives and employees, JAPAN POST BANK conducts compliance training with various methods, including lectures by experts with broad knowledge, newsletters to propagate internal rules, DVDs recreating familiar cases in ways that are easy to understand, and e-learning to reinforce knowledge of compliance.

In the fiscal year ending March 31, 2019, we will continue to reinforce the Basic Policy for Customer-oriented Business Operations published in the fiscal year ended March 31, 2018, while also working to further improve compliance awareness through various types of training, in light of changes to the environment.



Training

Basic Policy on Antisocial Forces

In relation to antisocial forces that threaten social order and sound corporate activities, the basic policy of the Bank, as an organization in general, is to avoid any kind of involvement in illegal behavior and antisocial behavior and to isolate itself from and exclude relationships with antisocial forces while cooperating with external specialist organizations such as the police under normal circumstances.

Basic Policy on Antisocial Forces

(1) Response as an Organization

With regard to antisocial forces, we set out clear statements in the JAPAN POST GROUP's Charter of Corporate Conduct and internal rules, etc., and will respond for the entire organization, from senior management down. We also ensure the safety of officers and employees who respond to antisocial forces.

(2) Alliances with external specialist organizations

As part of normal practice, we work to build close relationships with external specialist organizations, such as the police, the Center for Removal of Criminal Organizations and lawyers.

(3) Breaking of all, including business, relationships

We do not have any relationships, including business relationships, with antisocial forces and refuse any unjust demands made by them.

(4) Civil and criminal legal responses in emergencies

We will legally respond, under both civil and criminal law, to unfair demands by antisocial forces.

(5) Prohibition of backroom deals and fund provision

We will never offer backroom deals or provide funds to antisocial forces.

Risk Management

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 Management System

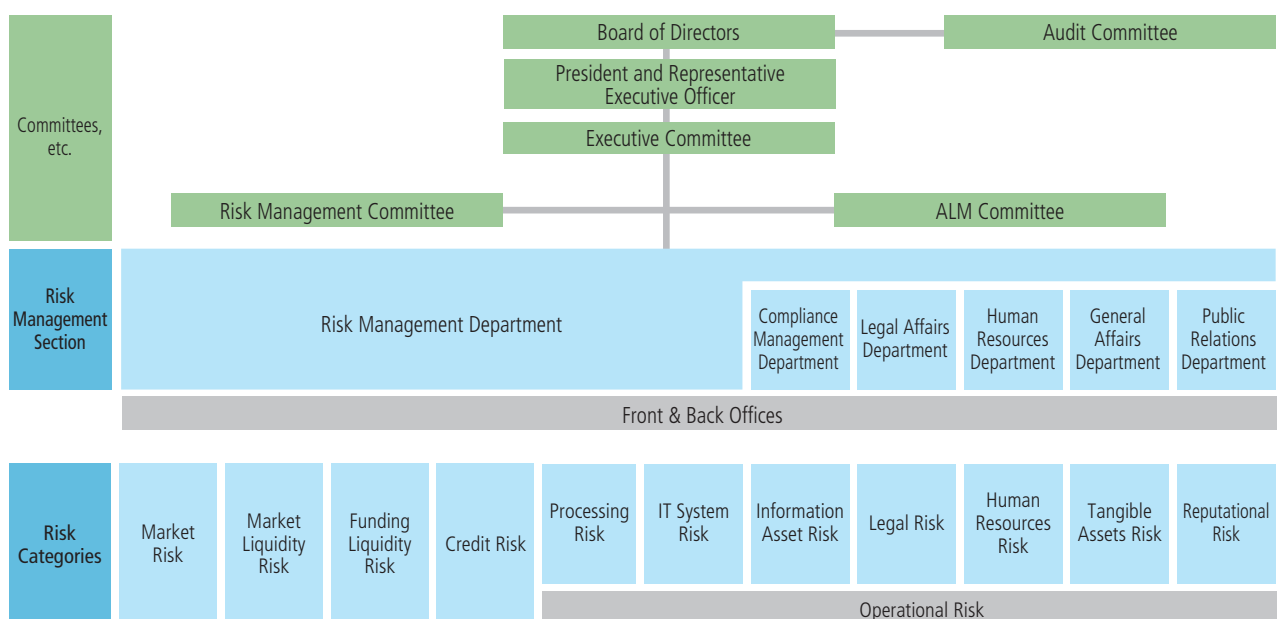
The Bank has identified certain risk categories outlined in the table below. Various entities have been established to manage each risk category. In addition, we have put in place the Risk Management Department, which is responsible for monitoring each risk category in an integrated manner in order to 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.

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, 2018)



Customers & Markets

JAPAN POST BANK considers the basis of all its business and the basis of its CSR to be providing secure and convenient, community-based services to all its customers through its network of approximately 24,000 post offices nationwide. We aim to listen intently to the voices of our customers, use those voices as a guide in pursuing more convenient service, and provide customer-oriented “new convenience” and “peace of mind.”

Focus ▶

Customer-oriented Business Operations

In addition to providing its long-used, traditional services, such as savings and fund transfers, JAPAN POST BANK adopted the *Principles for Customer-oriented Business Conduct*, which were published by the Financial Services Agency in March 2017, to respond positively to a wide range of customer needs by, for example, “asset formation support.” In June 2017, we officially announced our Basic Policy for Customer-oriented Business Operations.

Basic Policy for Customer-oriented Business Operations (announced on June 12, 2017)

- | | |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------|
| 1 Establishing a corporate culture focusing on customer-oriented business operations | 4 Improving the system for managing conflicts of interest |
| 2 Developing / providing high-quality, customer-oriented financial services | 5 Fostering human resources / performance evaluations |
| 3 Providing customer-oriented information and consulting services | 6 Status updates |

The “customer-oriented” spirit is in the very DNA which we have inherited throughout our history spanning more than 140 years. I believe that, by practicing “customer-oriented business operations” with the aim of providing “new convenience” and “peace of mind” based on the trust we have cultivated by being available to our customers, customers will continue to choose us for their bank.

In particular, we are actively developing initiatives based on our Basic Policy for Customer-oriented Business Operations so that our top management can demonstrate leadership in revising and improving products and services based on opinions and requests from customers, providing products and services that truly benefit our customers, and contributing to customers asset building.

We aim to be “the most accessible and trustworthy bank in Japan” through such “customer-oriented” initiatives, by having all our employees practice our company slogan “Have more people say ‘JP Bank, of course.’”



Atsuko Onodera
Managing Executive Officer

Topic 1 ▶

Providing High-quality, Customer-oriented Financial Service

JAPAN POST BANK strives to provide high-quality, customer-oriented financial service.

▶ Customer-oriented Asset Building Support

Enhancing our product lineup

JAPAN POST BANK is working to enhance the lineup of its asset management products, so that customers can choose the right product according to their knowledge, experience, status of their property, and purpose for purchasing these products.

For example, we began offering installment-type NISA (Nippon Individual Savings Account: tax exemption program to promote smaller investments) in January 2018. For iDeCo (individual-type Defined Contribution

pension plan), we have expanded our lineup, lowered trust fees, and started introductions in post offices across Japan (except contracted post offices) since October 2017, and have also begun trials of direct consulting services in some post offices since May 2018.

Financial seminars held

We hold a variety of seminars in JAPAN POST BANK branches to be able to respond to the diverse needs of our customers. In addition to seminars that provide information that helps customers to improve their financial and investment knowledge and their understanding of market trends, we are holding events in collaboration with other companies and seminars for customers who would find it difficult to visit a branch on a weekday or during the day. During these events we are working to propose "life plans that match our customers' lifestyles." (Fiscal year ended March 31, 2018: 2,778 seminars held at 233 branches)



Asset management seminar

Increasing post offices handling investment trusts and training employees

We are working to enhance our consulting services for customers by increasing the number of post offices that handle or introduce investment trusts (As of March 31, 2018: 1,416 handling post offices, 18,298 introducing post offices), and by focusing our efforts on enhancing sales tools such as tablet devices and proposal materials, as well as the training and hiring of sales personnel.

▶ Enhancing Services That Meet the Lifestyles and Needs of Our Customers

Enhancing settlement services

We are working to enhance our remittance and settlement services so that customers can use our services more securely, easily, and conveniently.

In order to improve the convenience of online settlements, we have collaborated with more companies on our immediate transfer service and interactive immediate transfer service*, and are working with a total of 18 companies as of March 31, 2018.

* Our immediate transfer service and interactive immediate transfer service allow customers to register their general account (only for individual customers who hold an ordinary deposit account and have their cash card issued) at JAPAN POST BANK in advance on the website of a recipient institution, so that they can make remittances between their general account and a recipient institution account immediately without inputting account information.

Furthermore, we are conducting trials with prepaid Visa card "mijica" settlement, and are issuing cards in more new regions with the goal of promoting cashless settlements. Since January 2018, we have added functions such as recharging at our ATMs and money transfer between mijica members, further improving convenience.



The original "mijica" character

Expanding our ATM network

JAPAN POST BANK has a network of approximately 28,800 ATMs, and is working to further improve the convenience of these ATMs.

Since January 2017, we have subsequently installed compact ATMs in FamilyMart convenience stores and other facilities across Japan (1,406 ATMs as of March 2018).

In addition to customers who have a JAPAN POST BANK card, customers who have cards issued by nearly 1,400 collaborating financial institutions in Japan and financial institutions abroad can use these ATMs 24 hours per day, 365 days per year*.

* These ATMs are not available from 11:55 p.m. to 12:05 a.m. the following day. Also, service starts from 7:00 a.m. every third Monday.

Furthermore, from January 15, 2018, fees for using JAPAN POST BANK have been made free on E-net ATMs on weekdays during the day and for part of the day on Saturdays.



Enhancing our online and smartphone services

In order to respond to customers' needs of using JAPAN POST BANK no matter the time or place, we are also working to enhance our online and smartphone services.

Japan Post Direct is a convenient service to connect to JAPAN POST BANK through computers or smartphones. Customers can use services such as balance inquiry and payment at any time.

In January 2018 we started offering an international remittance service via Japan Post Direct titled "Japan Post Bank Direct International Remittance," with the goal of further enhancing our service.



We also launched the smartphone app for mijica in January 2017, the JAPAN POST BANK ATM Finder App in September 2017, and the Japan Post Bank Direct Balance Inquiry App in January 2018 as ways to provide our services that are more closely tied to the daily life of customers.



Cooperating on Fintech with other companies

JAPAN POST BANK is working to provide high-quality financial service to customers and contribute to revitalizing regional economies by actively incorporating financial innovation such as new technology and business ideas, while always making sure to maintain the safety of customers' financial transactions.

Based on this principle, we aim to enhance convenience for our customers and raise the corporate value of JAPAN POST BANK by actively partnering and collaborating with other companies that possess various technologies and business ideas, while at the same time taking due consideration for our customers' protection.

Topic 2

Customer Protection

We have undertaken initiatives to protect customers so that they can use our services securely.

Providing customer-oriented information and consulting services

We offer products and services that we believe will serve customer's interests, according to their knowledge, needs, and investment experience. We also have customers engage in transactions after giving them an adequate explanation, so they understand the risks associated with our products and services.

Especially when it comes to asset management products, we clearly state fees for each product or service and strive to give detailed explanations that aid customers in deciding how to invest and select products.

When the operating environment changes significantly, we provide information useful for customers' investment decisions, such as market conditions and management status, and strive to provide a timely and careful follow up service.

We also work to provide content and seminars that are useful for improving one's knowledge of finance and investment as well as understanding market trends, according to our customers' diversifying needs for asset management.



Privacy protection measures

In providing highly satisfactory services to its customers, JAPAN POST BANK recognizes that the proper protection and handling of personal information, including Specific Personal Information and Individual Numbers, are important themes. We have thus established and enforce a policy (Privacy Policy) on the protection of such personal information.

Enhancing security of online banking transactions

Japan Post Direct services have various security features in place so that customers can securely use JAPAN POST BANK services over the Internet.

Initiatives to prevent specific fraud cases including bank transfer scams

JAPAN POST BANK cooperates with the police and has taken various measures in order to protect our customers from bank transfer scams and other fraud.

- Strengthening screening when opening accounts, such as refusing to open accounts for people who have illegally used accounts or people who have used counterfeit licenses.
- Receiving information from the National Police Agency on the "frozen account holder list" of names used for bank transfer scams and investment opportunity schemes in the past, in order to freeze accounts and refuse to open new accounts for parties with the same name as the information on the list.
- Warning customers about fraud by distributing flyers and displaying information on ATM screens.

- Explaining the situation to the customer when we receive a deposit or refund that is suspected of being a bank transfer scam and requesting the police to further explain the situation if necessary
- Recommending that customers lower their own daily withdrawal limit on ATMs

Furthermore, based on the so-called Criminal Accounts Damage Recovery Act*, after dividing the remaining balance of accounts used for crimes to the amounts proportionate to the damages, these amounts are then paid to the victims.

* Act on Payment of Damage Recovery Benefits from Funds in Deposit Accounts Used for Crime, enacted June 2008.

Topic 3 ➤ Universal Services

JAPAN POST BANK is deeply engaged in training its personnel, as well as enhancing its facilities, products, and services, so that every customer can use our services securely.

➤ Secure Facilities and Services

Visually impaired customers

To better serve visually impaired customers, we support Braille at ATMs and issue Braille cash cards, and offer a service that displays the customer's savings and content of various notifications in braille.

ATM	<p>Telephone (Handset): Utilizing a handset keypad, a voice guidance system provides customers with operating instructions.</p> <p>Braille Guidance and Braille Displays: In addition to the use of Braille to indicate bankbook and cash card insertion slots as well as for operating buttons, ATMs are equipped with a small protruding Braille device which displays transaction amounts and other pertinent data.</p> <p>Earphone Jack: Our ATMs enable customers to use their personal earphones to receive detailed verbal instructions regarding transaction amounts and other pertinent data.</p>
Bankbook & Deeds	Displays types of savings in Braille
Various Notifications	Braille support (notifications of matters concerning ordinary deposits, notifications of matters concerning TEIGAKU (fixed-amount) deposits and time deposits, notifications of various other information)
Cash Card	Issuing Braille cash cards
Other	<p>Distributing the Product and Services Guide (Braille version) to all JAPAN POST BANK and post office locations</p> <p>Discounting money transfer fees at the counter (We offer discount service on money transfer fees for visually impaired customers transferring money from teller windows at branches. By presenting their physical disability certificates, these customers can transfer money from branch teller windows at the ATM rate, which is lower than the branch teller window rate.)</p> <p>Braille walkway blocks (Installed on paths that lead from the sidewalk to the ATM corner or inside the bank branch)</p>



Update to ATM screens

In January 2017, the design^{*1} of the ATM screens was updated to incorporate Color Universal Design^{*2} concepts. This update has made it easier and more convenient for the majority of customers to use our ATMs.

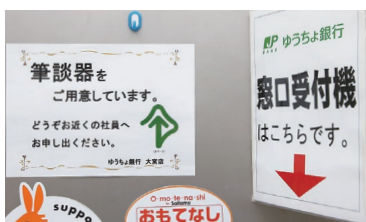
^{*1} Excludes information about hours of operation and fees.

^{*2} Color Universal Design uses a color scheme that a majority of people find easier to see, regardless of individual differences in color perception.



Hearing impaired customers

We have placed writing devices (displaying an ear mark) in branches and support hearing impaired customers with communication by writing.



Placement of writing devices
(displaying an ear mark)

Physically challenged customers and senior customers

We have placed cane holders and wheelchairs in JAPAN POST BANK branches as support tools for senior citizens and people who are physically challenged to use our services more comfortably. We have also prepared writing surfaces that can be used while seated.

We have also added ramps to eliminate steps and handrails to assist access at the entrances of our branches.



Foreign customers

Since January 2017, we have introduced compact ATMs with added functions including support for 16 different languages, and are now installing them in FamilyMart convenience stores and other facilities across Japan.

(The 16 languages supported by compact ATMs are Japanese, English, Chinese (simplified), Chinese (traditional), Korean, Thai, Malaysian, Filipino, Indonesian, Vietnamese, French, German, Portuguese, Spanish, Russian, and Arabic)



Improving accessibility of the JAPAN POST BANK website

With the goal of improving web accessibility, we have made the JAPAN POST BANK website compliant with Level A of Japanese Industrial Standards “Guidelines for older persons and persons with disabilities—Information and communications equipment, software and services—Part 3: Web content” (JIS X8341-3:2010).

Personnel Training to Support Service

We also focus our efforts on training the personnel who support JAPAN POST BANK’s high-quality financial services, and are working to improve customer support skills so that customers will be satisfied using JAPAN POST BANK.

JAPAN POST BANK also supports the cause of training “dementia supporters,” which have been promoted based on the “Comprehensive Strategy for the Promotion of Dementia Measures (New Orange Plan),” and has trained employees as dementia supporters.

Dementia Supporter Training Trained Employees:

Approximately 14,000

(As of March 31, 2018)

Products That Support Our Customers

JAPAN POST BANK offers various products and services to support our customers, such as “Retirement Pension Delivery Service^{*1}” and “New Welfare Time Deposits^{*2}.”

^{*1} With this service, liaison staff hand-deliver pension benefits for each payment period to pension recipients who are unable to come and get their benefits at a JAPAN POST BANK or post office because of their advanced age and solitary living conditions.

^{*2} With this service, we offer one-year time deposit up to ¥3 million with preferential interest rates for recipients of certain pensions and allowances, such as the disability basic pension, the basic pension for surviving family, and child-rearing allowances, which are given to people with disabilities or surviving family members.

Topic 4

Response to Disasters and Accidents

JAPAN POST BANK takes measures to prepare for natural disasters, accidents and other emergencies.

In the event that there is an actual disaster, we also work to support the victims of the disaster.

Business Continuity Plan (BCP) initiatives

JAPAN POST BANK has formulated a BCP in preparation for crises such as natural disasters, developed a crisis management system, and conducts training for crises at least once per year. We are also working to train disaster prevention experts.

Disaster victim support

For people who have lost their savings account bankbooks, certificates or personal seals as a result of a natural disaster, we will allow them to withdraw funds up to ¥200,000 from their ordinary savings accounts, etc. We also offer free remittance service for disaster relief funds using normal payments to organizations engaged in disaster rescue efforts, such as the Japanese Red Cross Society and Central Community Chest of Japan, in order to support relief activities for victims of disasters.

Free Remittance Service for Disaster Relief Funds (As of July 10, 2018)

- Disaster caused by heavy rain from Typhoon No. 7 and rain fronts of 2018
- Disaster caused by the tornado in Maibara, Shiga Prefecture
- Disaster caused by the earthquake in northern Osaka Prefecture in 2018
- Disaster caused by landslides in Nakatsu, Oita Prefecture
- Disaster caused by heavy rain on July 5, 2017
- Disaster caused by heavy rain from Typhoon No. 10 of 2016
- Disaster caused by earthquakes in the Kumamoto region of Kumamoto Prefecture in 2016
- Disaster caused by heavy rain from Typhoon No. 18
- Great East Japan Earthquake (The 2011 off the Pacific coast of Tohoku Earthquake)

Other Activities

CSR-oriented Procurement

JAPAN POST BANK conducts procurement activities oriented towards CSR.

- Example Initiatives
- Implementation of environmentally friendly procurement activities is stipulated in our contract processes (See P. 36).
 - Clearly state our intent to “Recommend activities in line with the UN Global Compact” in notices to bidders.

Volunteer Savings

We keep 20% of interest (after tax) as donations and use these to improve living conditions in developing countries.

Regional Communities

We believe that the Japanese economy can only develop so long as local economies develop. Therefore, relationships with local communities are very important to JAPAN POST BANK, as a financial institution rooted in the community. We will carry on our tradition of working hand in hand with members of local communities, while contributing to the development of the Japanese economy through revitalization of local economies with new initiatives, such as the flow of funds to communities and mechanisms that meet the needs for cashless transactions.

Fostering the next generation is a common challenge for communities. In particular, all sorts of new money-related problems involving youth have arisen with the spread of credit cards and e-money. Furthermore, the impact on youth from the spread of poverty is growing stronger, but we at JAPAN POST BANK believe that it is our responsibility to contribute to the improvement of financial literacy as a way to help solve these problems. We will contribute to the future of regional communities by helping to raise children who have the basic skills to boldly make their own path forward, through education about money that utilizes our unique attributes as a financial institution.

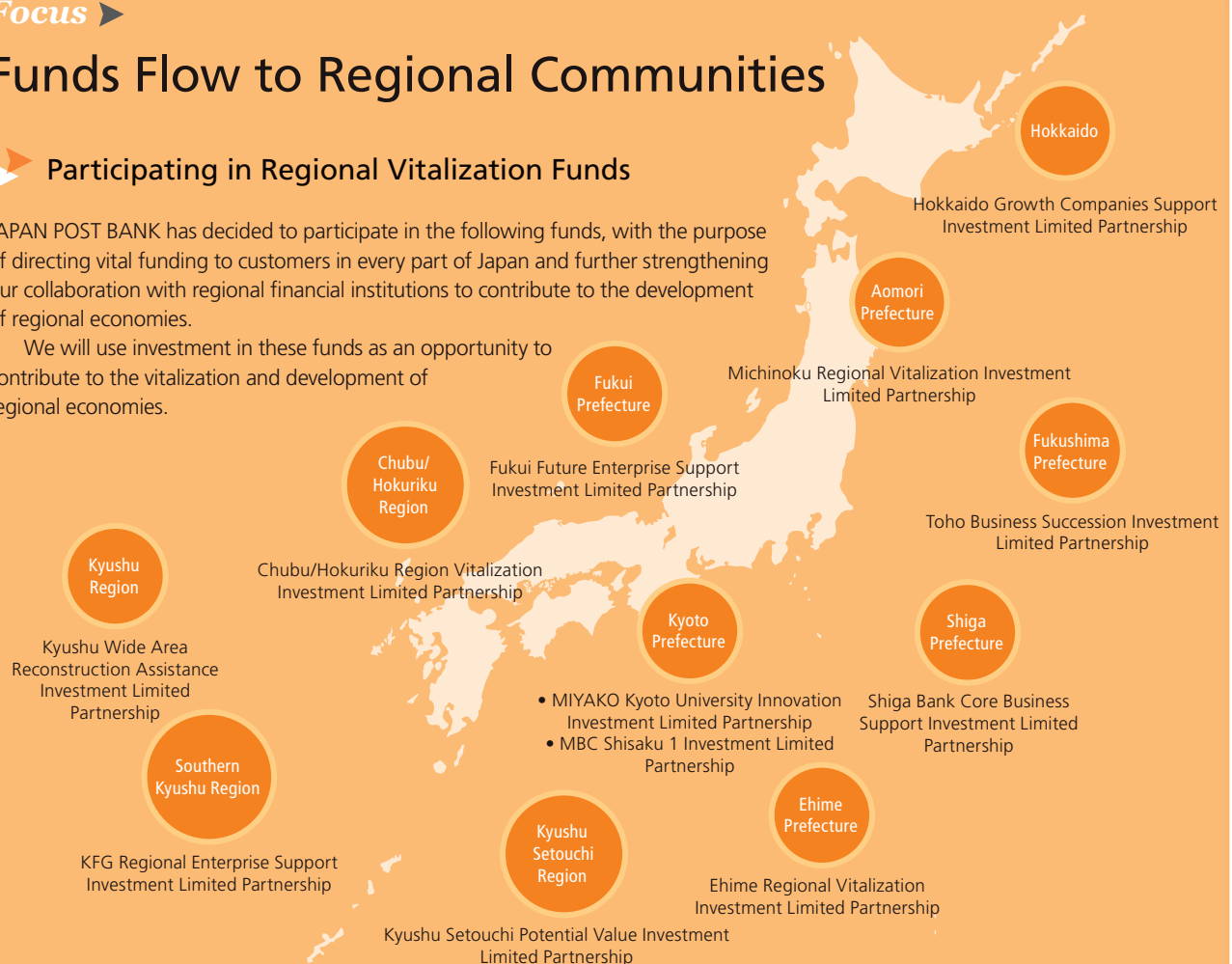
Focus ▶

Funds Flow to Regional Communities

▶ Participating in Regional Vitalization Funds

JAPAN POST BANK has decided to participate in the following funds, with the purpose of directing vital funding to customers in every part of Japan and further strengthening our collaboration with regional financial institutions to contribute to the development of regional economies.

We will use investment in these funds as an opportunity to contribute to the vitalization and development of regional economies.



JAPAN POST BANK's business relies on the support of regional communities.

Therefore, we consider it very important to contribute to the development of regional economies, and are working to stimulate regional economies by directing funds to regions through investment in "Regional Vitalization Funds" and by issuing the prepaid Visa card "mijica."

We are working to vitalize regional department stores and shopping districts through remittances by providing cashless settlement services that are both secure and convenient to people of many different generations.

In the future, we will contribute to the development of regional economies by using experience gained through participation in "Regional Vitalization Funds" to collaborate further with regional financial institutions as regional financial infrastructure, while also utilizing and expanding our coordination with regional financial institutions through such initiatives as joint use of ATMs.



Masahiro Murashima
Senior Managing Executive Officer

Issuing the Prepaid Visa Card "mijica"

Since January 2017, we have issued the prepaid Visa card "mijica" to people of many different age groups at some post offices and JAPAN POST BANK branches in the cities of Sendai and Kumamoto.

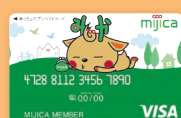
We also started issuing these cards in the city of Sapporo in February 2018, and in Chiba Prefecture in April 2018.

In addition, we are working to further improve convenience by adding functions such as online issuing of cards, as well as enabling recharging at our ATMs and money transfer between mijica members.

We aim to contribute to the vitalization of regional economies and expansion of cashless settlements through this service.



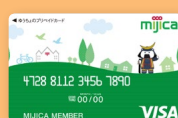
- Application fee and annual membership fees are free!
 - Use your card at 4.4 million Visa member stores worldwide.
- (You can also receive double or triple points at select bonus point stores)



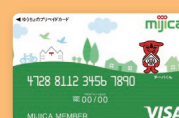
Online application version



Sapporo City version



Sendai City version



Chiba Prefecture version



Kumamoto City version

Topic 1

Financial Education

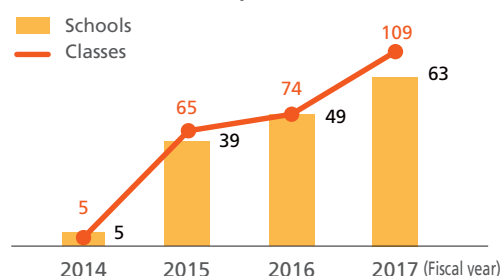
JAPAN POST BANK conducts financial education classes and other visiting lessons at elementary and junior high schools. Utilizing our proprietary teaching materials, we are helping children develop good financial sense by teaching them the importance of money and how to manage their money.



Visiting lessons

Method: Visiting lessons/Seminars at branches/Classes by instructors

Classes held: **109 classes at 63 schools** (in the fiscal year ended March 31, 2018)



Original textbooks for each grade



Elementary school
1st/2nd grades



Elementary school
3rd/4th grades



Elementary school
5th/6th grades



Junior high school



Allowance book



Materials



DVD

- Textbooks are made according to the goals for each age group set forth in the "Courses of Study" and "Financial Education Program" specified by the Central Council for Financial Services Information.
- We cooperate with the Central Council for Financial Services Information and financial planners to innovate contents for children that are easy to understand and fun to learn.
- We also prepare materials and DVDs as a "Handbook for Curriculum by Grade" so that employees can teach in a way that is easy for children to understand.

Topic 2

My First New Year's Gift and Greeting Cards

When a new ordinary deposit account is opened and an application form is also submitted for children less than 1 year of age during our campaign period, JAPAN POST and JAPAN POST BANK give a New Year's Gift of ¥1,000 and deliver a New Year's card in January, in a way to support the upbringing of children from the financial side of their life.

(Conducted from September 2017 to November 2017)



Topic 3

Piggy Bank Design Contest for Children

— The largest and most storied art contest in Japan —

We hold the JAPAN POST BANK Piggy Bank Design Contest with the objectives of fostering elementary school children's artistic creativity and heightening their interest in savings by making piggy banks. The contest started in 1975 to commemorate the founding centennial of postal savings business in Japan, and the 42nd annual contest was held in the fiscal year ended March 31, 2018.



Applicant schools: 11,026

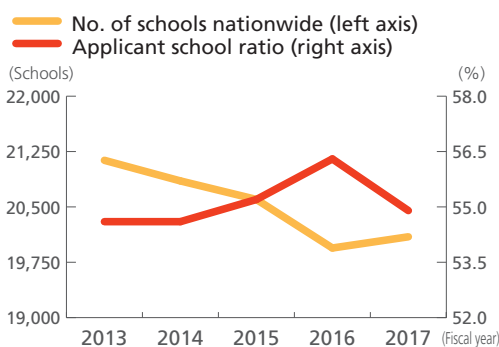


Participating students: 770,084
(42nd contest held in the fiscal year ended March 31, 2018)

Total participating students: Approx. 58 million
(from the fiscal years ended March 31, 1976 to March 31, 2018)

*The number and content of winning piggy banks is for the 42nd contest, held in the fiscal year ended March 31, 2018

Applicant School Ratio



*The number of schools nationwide is taken from the "Basic School Survey" by the Ministry of Education, Culture, Sports, Science and Technology



Exhibitions (December 2017 to February 2018)

*We exhibited 240 prize winning piggy banks at 7 venues (in Kanto, Tokyo, Hokuriku, Chubu, Kansai, Chugoku, Kyushu). We also hold events such as "Piggy Bank Making Workshops" at each exhibition venue.

Piggy Bank Design Contest Selection Process

1. Participants: Used their summer vacation to make piggy banks

770,084 piggy banks

2. Selection in Schools: Elementary schools selected one piggy bank from each grade as their "representative piggy banks" and submitted them to the contest. Each school may submit a total of six piggy banks, one piggy bank for each grade.
*Schools that have submissions from a special class for handicapped children may submit one piggy bank from that class in addition to the six other piggy banks.

48,676 piggy banks

3. Primary Selection: Conducted a document screening for each grade using pictures of the piggy banks to select the winners, which then advanced to the final screening.

240 piggy banks

4. Final Screening: Conducted a screening to decide the winners from among the top 240 piggy banks using the actual piggy banks. This screening was done with the utmost scrutiny by art educators, art experts, members of supporter organizations, members of cooperating organizations, and the organizer.

Minister of Education Award*



JAPAN POST BANK Award

Post Office Award

Honorable Mention Award

Good Design Idea Award

* Minister of Education, Culture, Sports, Science and Technology Award

5. Announcing Winners: Winners were given certificates and prizes, students whose works were selected as representative works for their schools were given an "original stationery set," and all students who participated were given "idea notebooks."

6. Award Winner Exhibitions: The 240 winning piggy banks were exhibited at 7 locations across Japan.

Award Winning Piggy Banks (42nd contest in the fiscal year ended March 31, 2018)

Minister of Education Award*
(Made by a 6th grader)
Spear Squid Piggy Bank



JAPAN POST BANK Award
(Made by a 2nd grader)
Athletic Meet with My Dear Teachers



Post Office Award
(Made by a 1st grader)
Fishing with Dad



Honorable Mention Award
(Made by a 3rd grader)
Traditional Mailbox Piggy Bank



Good Design Idea Award
(Made by a 4th grader)
Shogi Match Piggy Bank



Good Design Idea Award
(Made by a 6th grader)
A Strong Tyrannosaurus Rex

*Minister of Education, Culture, Sports, Science and Technology Award

In the fiscal year ended March 31, 2018, we donated ¥10 for every piggy bank entry received (a total of ¥7,700,840) to the Japan Committee for UNICEF (United Nations Children's Fund), JICA (Japan International Cooperation Agency), and JOICFP (Japanese Organization for International Cooperation in Family Planning).

These donations are used to improve the living conditions of children suffering from poverty and illness in developing countries.

In addition, we donated stationery including approximately 38,000 notebooks to JOICFP, who then delivered them to children in Afghanistan.



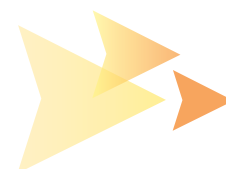
Final screening
(December 3, 2017)



Donation ceremony
(December 21, 2017)



Children in Afghanistan holding
notebooks donated by JAPAN
POST BANK

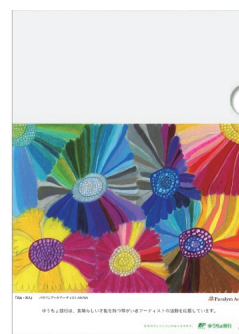


Topic 4

Support for Artists with Disabilities

JAPAN POST BANK creates original clear document folders using works drawn by disabled artists with outstanding talent, and distributes these files at branches across the country.

Furthermore, with the purpose of providing a place to many artists to present their works, we introduced a total of 16 works by four artists with disabilities at KITTE in Tokyo on December 29 and 30, 2017. (Held in conjunction with the exhibition of Piggy Bank Design Contest award winning works)



Exhibitions
(December 2017)

Original clear document folder
3rd batch (Made in 2017)
Work: HA • NA
Artist: ANNA
(Belongs to Paralym Art Management Office)

Topic 5

Work Experience / Workplace Tours

JAPAN POST BANK welcomes students from local schools for work experiences and workplace tours. In work experiences, students take customer support manners training and learn about banking business, then greet customers and distribute flyers as employees of a financial institution in a real work environment. (Content is arranged with each school.)

Other Activities

Sponsoring regional events	We support and cooperate with non-profit social and cultural activities conducted by organizations that serve the public interest, with the purpose of contributing to regional communities.
Using the bank as a town exhibition hall	JAPAN POST BANK customer lobbies are used to exhibit paintings by local elementary school students and other art works.
Participating in regional festivals	JAPAN POST GROUP cooperates and participates in the Aomori Nebuta Festival, Yamagata Hanagasa Festival, and Awa Odori Dance Festival.
Creating the JAPAN POST BANK Machiomoi Calendar	We publish calendars with content closely tied to regional communities and distribute them at JAPAN POST BANK branches and post offices nationwide. We also distribute these to child care facilities nationwide.
Sponsoring regional revitalization awards	We support and cooperate with the goal of honoring and assisting organizations that work to restore and vitalize regional communities.
Recirculating funds to regional economies	To help vitalize Japanese regional economies, JAPAN POST BANK recirculates funds to local communities by earmarking the cash deposited by local customers for local government bonds and loans to local public agencies.
Sponsoring the Tokyo Philharmonic Orchestra	We support and cooperate with various activities conducted by Japan's oldest orchestra that contribute to the creation of a rich society through the power of music, including children's education, international exchange, and disaster area support.
Accepting university interns	We accept short-term university interns and offer project planning experiences at our head office.

Employees (Diversity Management)

JAPAN POST BANK considers its employees, the driving force for realizing customer-oriented business operations, as important stakeholders.

We will increase diversity in our corporate culture, and create lively, employee-friendly working environments where each individual employee can demonstrate their full potential, as a way to promote behavioral change among employees.



President Ikeda showing his IkuBoss Declaration

Focus ►

Top Message

In order for JAPAN POST BANK to keep pace with customer's diverse life stages while meeting their needs and to grow sustainably, it is necessary for us to improve the activities of individual employees both qualitatively and quantitatively.

To do so, we acknowledge that it is essential for each employee to understand and acknowledge each other's ideas and work styles, demonstrate their individual skills and strengths, and take on new challenges to start a behavioral revolution.

As an initiative to realize workplaces where every employee can work with vitality, I established the Diversity and Inclusion Department immediately upon taking office as president, and from the fiscal year ended March 31, 2018, have started initiatives such as listening to voices of female employees directly, and enhancing training for "Japan Post Bank IkuBosses." I myself made a "Japan Post Bank IkuBoss Declaration," and am encouraging leaders of all our organizations across Japan to practice the tenets of this declaration.

Drastic reform of corporate culture cannot be accomplished overnight, but I will continue to actively promote diversity management based on the three pillars of "fostering an inclusive corporate culture," "work-life balance management," and "career formation support."

Focus ►

Promoting Diverse Human Resources

It has been 10 years since our privatization, and the economic environment banks operate in has changed dramatically in this time. Furthermore, with the spread of smartphones and evolution of Fintech, settlement infrastructure is no longer the exclusive domain of banks, so it is imperative that we reconsider ways conventional banks and financial services do their business.

Under such circumstances, as the financial institution that was originally responsible for daily life finances side by side with the post office, I am once more made highly aware of the importance of human resources development based on a new vision, to respond to ever more diverse needs. Yet the fact remains that no small number of employees are lost in terms of how they should improve themselves in an environment that changes at dizzying speeds, with a generation gap arising due to rapid social change.

In light of the current situation, I will continue and expand "Japan Post Bank IkuBoss" training for all management employees in the fiscal year ending March 31, 2019, and promote further reforms to our corporate culture aimed at promoting understanding of diversity.

I will also collaborate and cooperate with all our Group companies, wishing for the happiness of all our employees and their families, and continue to pursue growth and maturation of our company while aiming for us to be a bank that continues to contribute to society, by enabling each and every employee to demonstrate their full potential and achieve fulfillment in their jobs.



Yoko Makino

Executive Officer
General Manager of Diversity
and Inclusion Department

(Photo: Akiko Kudo)

Diversity and Inclusion System

JAPAN POST BANK has established the Diversity and Inclusion Department and is working to enhance the promotion of diversity management.

Furthermore, in order to make sure that it takes root in the Bank, we have established the JAPAN POST BANK Diversity Committee, with representatives from 13 regions of Japan as members and the President and Representative Executive Officer at the top. This committee examines policies and measures related to promoting diversity management, and offers advice according to our challenges and circumstances directly to the president.

Topic 1

Fostering an Inclusive Corporate Culture

JAPAN POST BANK is changing the mindset of everyone at the Bank in order to realize a working environment where personnel from diverse backgrounds can better understand each other and work together. We have taken various educational measures so that executives and management employees can take the lead in promoting this change.

Training and empowering IkuBosses

We believe IkuBoss to be essential to achieving a workplace where each and every employee can work comfortably and enjoy their experiences, and so have worked to promote our own "Japan Post Bank IkuBoss" program. In the fiscal year ended March 31, 2018, leaders of each organization in the Bank, including the President and Representative Executive Officer made a "Japan Post Bank IkuBoss Declaration."

We also made the "Japan Post Bank IkuBoss Award 2017" to award management employees who serve as models for "Japan Post Bank IkuBosses," and shared their initiatives.



Japan Post Bank IkuBoss Award 2017 winner, Branch Manager Masakazu Tateyama (Manager of Suita Branch when he won the award)

Implementing the Diversity and Inclusion Month

We are promoting behavioral change by establishing "Diversity and Inclusion Month," in which we work intensively on diversity to recognize diversity among employees and unconscious prejudices, and to change employee's mindset and put such change into practice.

During this month, the President delivers a message to all employees, each organization displays posters, and study sessions are held using informational pamphlets.

Holding the Japan Post Bank Diversity Forum

We are also holding the Japan Post Bank Diversity Forum in order to foster awareness of diversity and to create a comprehensive mindset focused on the future. About 300 employees of varying age, gender, and occupation participated in the forum in the fiscal year ended March 31, 2018. At the forum, members of the JAPAN POST BANK Diversity Committee reported their activities to the top management, and outside instructors came to lecture on promoting diversity management.



Japan Post Bank Diversity Forum

Providing e-learning

We have set up e-learning that employees can access even when at home, and have added information useful for childbirth, child rearing, and family care, as well as content that can be used for work and management after returning to work, and training content for management-class employees, to aid in promoting understanding and raise awareness.

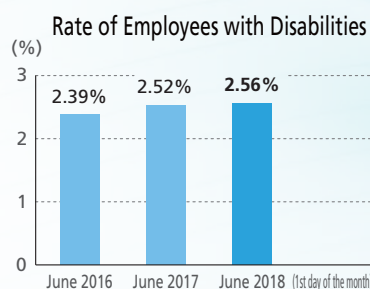
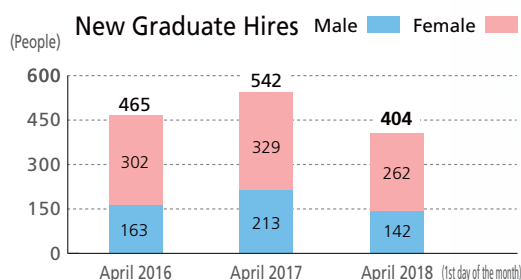


Screen image of an e-learning page

Topic 2

Hiring Diverse Personnel

JAPAN POST BANK actively hires and provides employment to personnel from diverse backgrounds, so as to sustainably respond to the diverse needs of our customers and society.



JAPAN POST GROUP Target
2.5%
Statutory Employment Rate
2.2%

Employing people with disabilities

JAPAN POST BANK actively employs people who have disabilities, and employees with disabilities are active in our organizations all across Japan.

○ Operating ARIGATO Center

In 2010, JAPAN POST BANK established and started operating the JAPAN POST BANK ARIGATO Center as a part of efforts to provide individuals who are mentally challenged and seeking employment with the opportunity to work. At this center, employees with disabilities bag candy, which is handed to customers visiting branches as a way to express customer appreciation.



ARIGATO Center

Employing senior citizens and continuing employment of employees after the age of retirement

We employ workers who wish to be hired as employees from among employees who have reached the age of retirement.

(Maximum employment agreement period: Until the end of the fiscal year in which the employee reaches 65 years of age.)

Topic 3

Supporting career development

JAPAN POST BANK promotes career development by providing opportunities to pick up on and learn about the attributes necessary for employees to envision how they would like to grow in the future and map out a plan to reach that point for themselves.

Training system diagram



Training for Deputy Section Chiefs

Mentoring program*

We offer wide-ranging follow-up support for employees, with expectations for future growth.

*The mentoring program is a method of developing human resources that supports the growth of employees with dialogue and advice from senior employees (mentoring).

Developing human resources on a global basis (overseas assignments, etc.)

To develop human resources who have a global perspective and human resources who have advanced expert knowledge of finance, management, and law, we dispatch employees to companies overseas and conduct programs of studying in Japan and abroad.

Providing an environment for self-development

We consider enhancing basic finance skills to be the pillar for developing human resources, and so provide a self-development environment, including assistance for qualification acquisition, correspondence courses, and e-learning that is accessible to employees from their homes.

○ Conducting fair evaluation and treatment of personnel

In conducting personnel evaluations, we make the evaluation criteria clear to employees and have employees evaluate themselves (self-evaluation), followed by multi-stage evaluation from high ranking executives, feedback from management-class employees, and establishing a consultation system for claims about evaluation. Furthermore, by reflecting fair evaluation results on treatment of employees, we seek to improve employee motivation.

Topic 4

Work-life Balance Management

So that employees can continue working during times when they are needed at home, including from pregnancy to childbirth, for child care, and for nursing family members, JAPAN POST BANK has established a support system exceeding the regulations in the Child Care and Family Care Leave Act. This allows these employees to independently and autonomously achieve a balance between life and work responsibilities.

We also raise awareness with lectures on work-life balance as part of training by position.

Producing manuals and operating support systems for child care and family care

We have produced and disseminated to employees support manuals for the balancing of child care and work responsibilities, which cover matters that superiors should know and deal with from the time that a female employee applies for pregnancy leave until she returns to the workplace, as well as a work-life balance guidebook that covers various support

systems relating to child care and family care.

We also provide aid for various child care-related measures, including aid for using babysitters, aid for using monthly child care, and aid for using child care for sick or convalescent children, as well as aid for family care to employees who are engaged in family care.

Holding training and seminars

JAPAN POST BANK holds various seminars on work-life balance to support employees in balancing child care or family care with work, including seminars for expecting mothers and expecting fathers, seminars for child care leave returnees, and seminars on balancing work and family care. We also hold lectures on work-life balance in our in-house training to raise awareness.



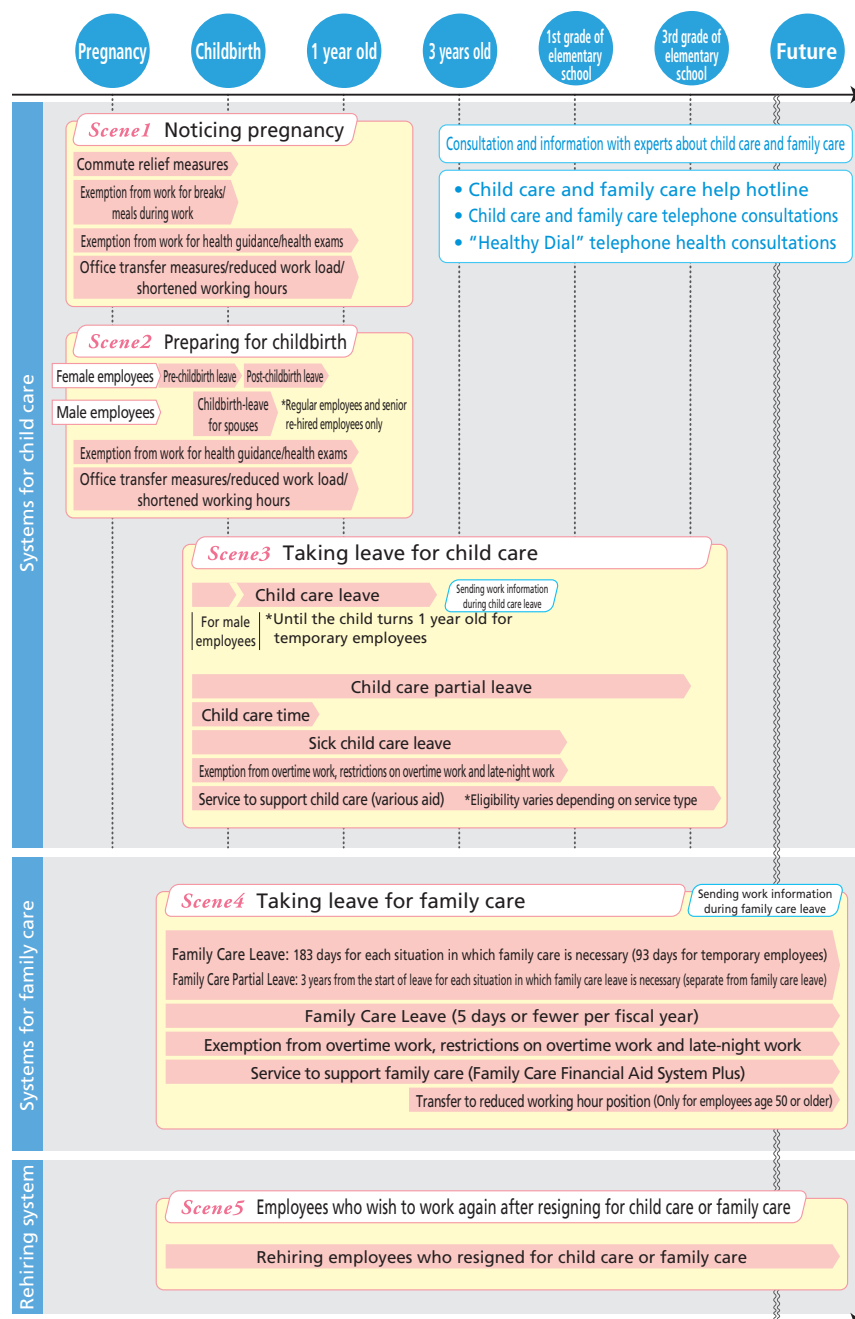
Seminar for child care leave returnees

Holding Family Day (a day for children to tour their parents' workplace)

We hold Family Day as an opportunity for the children of employees to learn about their parents' workplaces at JAPAN POST GROUP, including JAPAN POST BANK, and tie this to improved employee work-life balance awareness and employee satisfaction (ES).



Family Day



Promoting men's participation in child care

JAPAN POST BANK has a system of child care leave for spouses so that employees can take leave for their spouse's childbirth. We also promote male employees taking this leave along with child care leave.

We also promote men's participation in child care by printing articles written by men who have taken child care leave and interviews with superiors in our internal newsletter.



Seminar on child care leave to attend with spouse

Interview with a male employee who has taken child care leave

Michihito Ozawa, Acting Manager of Liaison Department, Totsuka Branch
Period of Leave: September 2016 to March 2017



Q. Were you worried about taking child care leave?

A. Although I decided to take leave without thinking too deeply about it, just telling myself "If there is a child care leave system, I might as well use it," I did start to worry about whether I would be able to return to work or even be capable of child care myself. However, I spoke with my superior, who dispelled my anxieties.

Q. How do you feel now that you have actually taken child care leave?

A. I could hardly imagine myself becoming a father, but I was really glad to have the experience of feeling more like a father through caring for my child day to day, and watching my child grow each and every day. It also changed my perspective, as I realized what a difficult experience mothers and fathers around the world have, including my own parents.

Superior's Comment: Satoshi Makita, Manager of Liaison Department, Totsuka Branch

Q. How did Mr. Ozawa do when he returned to work?

A. Perhaps experiencing child care broadened his perspective, because I could tell he became more of a leader in the workplace and had the calm to observe those around him more rationally, which made him easier to rely on.

Acquired certification based on the Act on Advancement of Measures to Support Raising Next-Generation Children (Kurumin)

JAPAN POST BANK received certification from the Ministry of Health, Labour and Welfare as a "child rearing support company."



Acquired accreditation to promote the development of "work environments that enable the balancing of work and nursing care" (Tomonin)

JAPAN POST BANK was accredited by the Ministry of Health, Labour and Welfare in November 2016.



○ Related Data

Child Care Leave Takers*¹ (People)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Men	15	25	24
Women	337	364	385
Overall	352	389	409

Child Care Partial Leave Takers*¹ (People)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Men	11	10	16
Women	302	312	362
Overall	313	322	378

Family Care Leave Takers*¹ (People)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Men	6	3	7
Women	6	10	9
Total	12	13	16

Family Care Partial Leave Takers*¹ (People)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Men	1	0	2
Women	2	1	2
Total	3	1	4

Child Care Leave Return Rate (%)

Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
100	100	97.6

Retention Rate After Child Care Leave Return*² (%)

Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
94.6	100	96.4

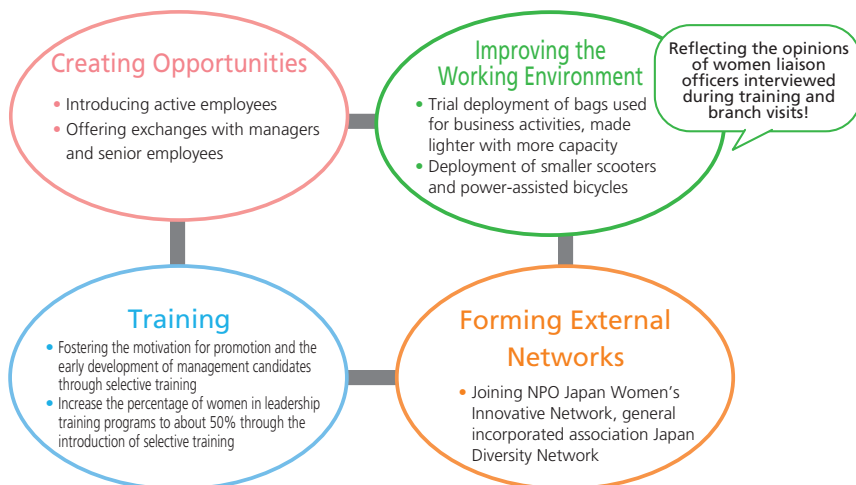
*1 Total number of employees who took leave in that fiscal year.

*2 Retention Rate = $\frac{\text{Employees who are still with the Bank 12 months after returning from child care leave}}{\text{Total number of employees who returned from child care leave in that fiscal year}} \times 100$

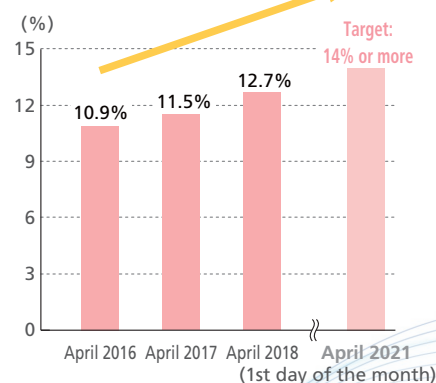
Topic 5

Promoting Women in the Workplace

JAPAN POST BANK has put in place a general business owner action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We aim to increase the percentage of women in managerial positions to 14% or more by April 1, 2021.



Percentage of Women in Managerial Positions



Topic 6

Initiatives on Health Management

JAPAN POST BANK is taking the following initiatives based on the idea that maintaining and improving the mental and physical health of employees, as well as making an environment where employees can work with vitality, will contribute to improving the Bank's productivity and corporate value.

Holding Health and Safety Committee meetings

At the head office, regional headquarters, and operation support centers, we hold Health and Safety Committee meetings once per month according to the law, which are joined by industrial physicians and public health nurses, and discuss workplace safety and employee health.

Implementing stress checks

As part of strengthening mental health measures, we have doctors and public health nurses investigate the state of stress among employees, then notify employees of the results to promote awareness of stress among the employees themselves and reduce the risk of individual mental health issues. We also collectively analyze the results of these stress checks and use them to improve the working environment.

Initiatives in mental health countermeasures



For employees, we produce and distribute a mental health guidebook, and we have established "Mental and Physical Health Consultation" counters at health management facilities across Japan, where doctors and public health nurses offer consultation on the work and life of employees.

We have also established internal consultants for mental health issues (support staff), who help to prevent mental health issues among employees through interviews, while also offering mental health training for management employees with the purpose of helping them prevent mental health issues among their subordinates. Furthermore, we offer support by formulating a "Workplace Return Support Program" that systematizes support for employees with mental health issues when they return to work, as well as follow-up support after they return.

Implementing health exams

JAPAN POST BANK conducts health exams at the time of employment, regular health exams, special health exams, health exams for employees being assigned overseas, and irregular health exams, according to the law.

Regular health exams in particular play an important role in early discovery and early treatment of illness, as well as ascertaining one's own health status and improving problems, so all employees are required to take this exam.

For employees who especially need to work to maintain their health according to the results of their health exam, we take follow up measures such as having public health nurses provide information on preventing lifestyle diseases and managing one's own health, and recommending that employees receive treatment at medical institutions.

Topic 7

Work Style Reform

JAPAN POST BANK considers it very important that we have a working environment where employees from diverse backgrounds can work to their fullest potential, to provide high-quality service to our customers. We are working to develop employee-friendly working environments that support employees with diverse background.

Employee Satisfaction (ES) Surveys

We periodically survey employees about their satisfaction regarding the Bank, workplace, and jobs, and use the results of these surveys to make a company and working environment where employees can demonstrate their strengths and find their work challenging and fulfilling.

Introducing an interval-based work system

With the goal of ensuring employees get enough time for daily living and creating a healthy working environment, we implemented a system that guarantees 11-hour intervals between each day's work in April 2018.

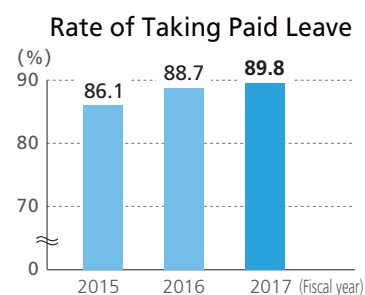
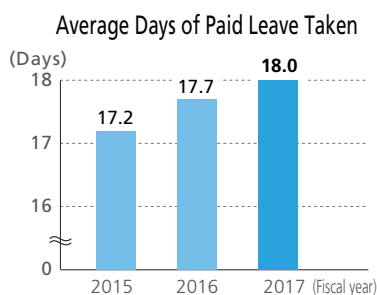
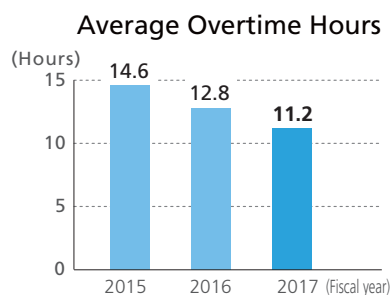
Efforts to reduce total working hours and improve productivity

Through Business Process Re-engineering (BPR), we are promoting a reduction in work loads, employees taking planned time off and at least one week of continuous time off, and "refresh days," in which employees leave at a designated time. Through these measures we aim for sharp, focused employees that can contribute to improved added value and higher productivity.

Telecommuting (working from home) on a trial basis

With the goal of improving productivity in the business and allowing employees to continue to demonstrate their abilities, we launched on a trial basis a system for telecommuting at our head office in the fiscal year ending March 31, 2019.

○ Related Data



* 20 days of paid leave given per year

* Rate of taking paid leave and average overtime hours are announced in the "Database of Companies Promoting Women's Participation and Advancement in the Work Place" (Ministry of Health, Labour and Welfare)

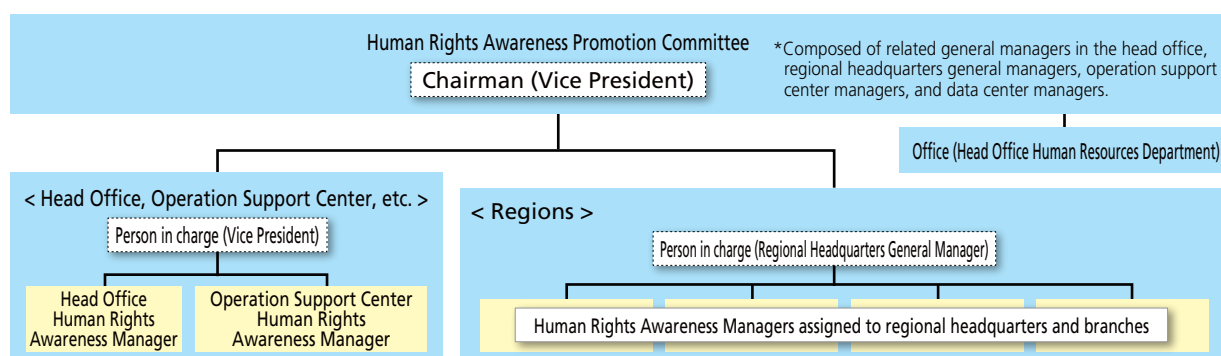
* All figures are per person.

Topic 8

Raising Awareness and Conducting Education about Human Rights

JAPAN POST BANK has set forth the Basic Policy for Human Rights Awareness and JAPAN POST BANK's Guideline of Corporate Conduct, and promotes human rights awareness activities to show our stance on respecting human rights and cultivate human rights awareness in each individual employee.

Human rights awareness promotion system diagram



Implementing various types of training

We conduct human rights awareness training for all employees and conduct education through newsletters published monthly and training by position regarding various human rights problems, such as the prevention of harassment in the workplace, as well as problems faced by people with disabilities, foreigners, seniors, sexual minorities, and social minorities.

Establishing a harassment consultation counter

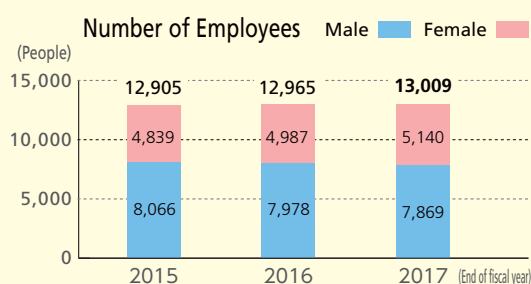
We have developed a system where employees can securely seek consultation by establishing internal and external contacts for consultation regarding various types of harassment and human rights violations, and as a rule staffing each organization with one male and one female harassment consultant.

Other human rights awareness activities

We solicit, select, and commend human rights awareness slogans (once per year).

*We also apply to external organizations such as the Japanese Bankers Association every year.

Employee Data



*The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies.
The figure does not include short-term contract and part-time employees.

Average Age

(Age)

	March 31, 2016	March 31, 2017	March 31, 2018
Male	44.3	44.5	44.6
Female	39.3	39.4	39.4
Overall	42.4	42.5	42.5

Average Years of Employment

(Years)

	March 31, 2016	March 31, 2017	March 31, 2018
Male	20.9	21.2	21.3
Female	16.0	15.9	15.7
Overall	19.0	19.1	19.0

Environment

Actions aimed at solving global environmental problems such as climate change, deforestation, and water pollution are the responsibility of every company in the world. JAPAN POST BANK strives to reduce the environmental impact of its business and actively works to reduce the environmental impact of society overall through financial products.

Focus ▶

Initiatives toward Environmentally Friendly Services

▶ Japan Post Bank Direct + (plus) Non-Passbook General Account

ゆうちょダイレクト プラス

This service is designed for customers who want smart account management by means of Internet banking and cash cards, without using paper passbooks. With no issuing of a passbook, customers use their cash cards for cash deposit and withdrawal enquiries, while current balances are obtained via Japan Post Bank Direct. Instead of issuing passbooks, details of deposits and withdrawals can be confirmed for up to a maximum period of 15 months. Since the paper used for both conventional passbooks and for the various notifications sent to customers is unnecessary, this leads to a reduction in paper usage.

Donation to environmental conservation organizations (Yucho Eco-Communication)

Since paper usage is being reduced by the increasingly widespread adoption of the Japan Post Bank Direct+ service, we decided to donate and utilize an amount equivalent to the number of Japan Post Bank Direct+ accounts opened in the fiscal year ended March 31, 2018, under the title Yucho Eco-Communication, to 13 organizations (non-profit organizations) across Japan that are engaged with local residents in activities that have both an environmental conservation and a social contribution aspect.

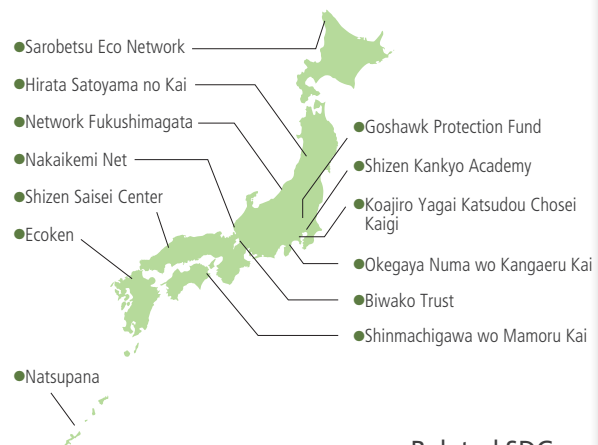
We aim to deepen mutual communications with local communities and local residents and contribute to the sustainable development of local communities.



Hirata Satoyama no Kai (Sakata City, Yamagata Prefecture)
"Maintenance of Yuyunomori Forest"



Shizen Saisei Center (Matsue City, Shimane Prefecture)
"Seaweed harvesting in Nakaumi Lake"



Related SDGs



"Japan Post Bank Direct + (plus)" is a service made environmentally friendly because we do not issue paper passbooks, and which enables customers to undertake smart account management because it is not necessary to update or carry over their passbook.

It is our intent to take the cost savings that JAPAN POST BANK can make by using the characteristics of "Japan Post Bank Direct + (plus)" and promoting use among customers, and return those savings to the environment and society. Therefore, we have decided to start an initiative entitled "Yucho Eco-Communication." By supporting wonderful activities which have both environmental conservation and regional contribution aspects, we will contribute to sustainable development of regional communities.

We will work so that even more customers can learn of "Japan Post Bank Direct + (plus)" and enjoy the convenience it provides, and think of what JAPAN POST BANK can do for the environment and regional society.



Hiroichi Shishimi
Senior Managing Executive Officer

Online Service for Viewing Transfer Receipt/Payment Notifications

This is a service that enables customers to check transfer receipt/payment notifications and payment handling slips from 9:00 a.m. the day after the account update on an office or home computer. The feedback we have received from customers has included comments like "Being able to confirm transfer receipt/payment notifications via the Internet is convenient," "No longer needing to store hard copies of transfer receipt/payment notifications has made life easier." Since transactions are confirmed via an online screen instead of informing customers in writing, this is also leading to a reduction in paper usage.

*From April 2020, we will charge a fee of ¥108 per notification to mail transfer receipt/payment notifications.



Column End of postal mail service for "Notification of Transaction History (for parts not printed in passbook)"

When the number of entries that remain unprinted in a customer's passbook for ordinary deposits exceeds 30 rows, JAPAN POST BANK prints the total number and total amount of deposits and withdrawals. Until now, we have sent a "Notification of Transaction History (for parts not printed in passbook)" with a detailed breakdown of the totaled transactions to the customers by postal mail. However, as a result of considering how to save environmental resources (paper) and listening to opinions from customers, we have decided not to send this notification from October 2018 onwards.

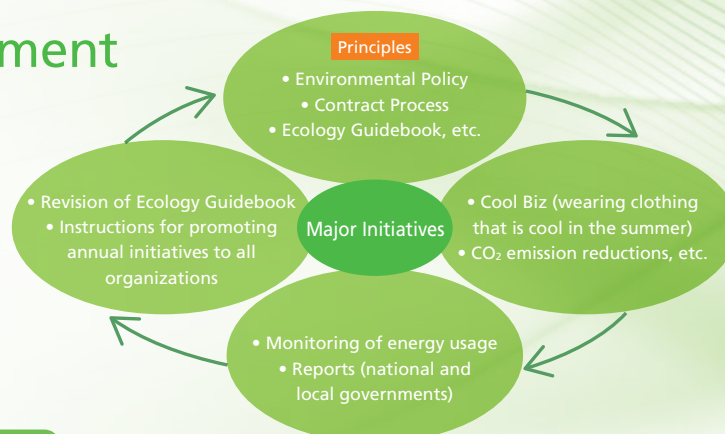
We have successfully contributed to environmental conservation through cooperation with our customers.

*We will continue to send the notification to customers who request it.

Topic 1 Environmental Management

Environmental Policy

To help sustain and maintain a rich society, JAPAN POST BANK formulated the JAPAN POST BANK Environmental Policy with the basic philosophy of striving for environment-friendly behavior, and is working on environmental activities that form the foundation of society.



JAPAN POST BANK Environmental Policy

I. Basic Philosophy

As "the most accessible and trustworthy bank in Japan," JAPAN POST BANK shall strive for environmentally friendly actions to protect nature and the environment of regional communities, and preserve our irreplaceable global environment for children.

II. Basic Policies

1. We shall comply with laws, regulations and ordinances concerning the environment, as well as various agreements signed, and make further efforts in our initiatives to reduce the burden on the global environment and prevent environmental pollution.
2. We shall set and systematically implement environmental objectives and environmental goals, and construct a framework to regularly review them, aiming for continuous improvement of our environmental management system.

3. We shall actively work to save resources and energy, and to recycle resources in our daily business operations, and strive to conserve the global environment.
4. We shall actively take initiatives towards realizing a recycling society, such as using environmentally friendly goods.
5. We shall strive to improve awareness of environmental problems by actively disclosing information concerning the environment both inside and outside the Bank, as well as promote environmental education and awareness raising activities.
6. We shall actively participate in and support efforts to protect the environment in regional communities as "the most accessible and trustworthy bank in Japan."
7. We shall, responding to the formulation of this Environmental Policy, deepen our understanding and awareness based on this and broadly announce the Policy to the public.

October 1, 2007

Implementing Our Environmental Policy

JAPAN POST BANK has created the "Ecology Guidebook," which shows specific ways to realize consideration for the environment, and is using this for employee guidance and to promote initiatives through our business.

Reducing Environmental Impact Through Business

JAPAN POST BANK works to reduce environmental impact through business based on this policy and guidebook.

Environmental consideration in procurement

In our contract processes, we declare "Consideration for the environment: We shall conduct procurement activities with consideration for conservation of the global and regional environment and effective use of resources," and so conduct environmentally friendly procurement.

Ex: We use vegetable oil ink* to print integrated reports (disclosure magazine).

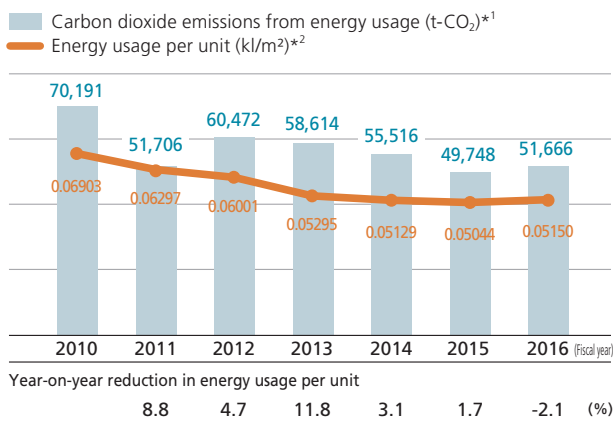
* Ink made using vegetable oils, such as soybean oil and palm oil, and oil recycled from discarded cooking oil.

Energy conservation initiatives, etc.

CO ₂ emissions reduction	<ul style="list-style-type: none"> Cool Biz (wearing clothing that is cool in the summer), office temperature adjustment Reduced electricity consumption by expanding the use of the day in which employees leave at a designated time Turning off all or half of lights during lunch break Turning off lights in meeting rooms, restrooms, water heater rooms when not in use Taking measures that remind people to turn off the lights (visualization, use of checklists, etc.) Promoting "2 floors up, 3 floors down" movement under which employees are encouraged to use the stairs instead of elevators when going up two floors or down three floors Reducing power use in ATMs (adopting compact ATMs, etc.) Use of green energy (solar power)
Paper consumption reduction	<ul style="list-style-type: none"> Promoting screen check before printing, 2 sided/2-up printing, using the back side of used paper Implementing various types of e-training Promoting paperless work by introducing and using tablet devices Introducing electronic approval systems at our head office
Initiatives to conserve water	Continuous initiatives to reduce water consumption
Reduction of electric power consumption for business trips	Initiatives to reduce power consumption for business trips, such as combining different business trips and using videoconferences or teleconferences
Separation of garbage	Thoroughly sort garbage and promote recycling

Energy Usage

Numerical targets (best effort targets):
Reduce per-unit energy usage by an average of at least 1% annually over five years



Other environment-related data is available on the JAPAN POST BANK website.

[Home > About JAPAN POST BANK > Initiatives/Activities > Initiatives toward CSR Activities > CSR Data Collection](#)

*Results are regularly conveyed as feedback to each of the organizations as a way to help improve initiatives.

Topic 2

Environmental Conservation Activities

Environmental information magazine

In the fiscal year ended March 31, 2018, we published the environmental information magazine "Let's try eco-savings to protect our future world," with the hope of having both children and adults alike enjoy thinking and acting on environmental issues in their daily lives. The magazine is also available on the JAPAN POST BANK website.



Investing in green bonds

We are investing in green bonds issued by utility companies in developed countries. Funds are used for projects that support developing countries which are suffering the effects of global warming. We will contribute to forming a sustainable society through investment in green bonds, as we seek to improve the profitability of assets under appropriate risk management.

We have achieved an average reduction per year of 3.8% by the fiscal year ended March 31, 2017 by the fiscal year ended March 31, 2013 standards.

*1 Carbon dioxide emissions is the total sum of energy usage multiplied by a pre-determined emissions index for each class of energy.

*2 Energy usage per unit is the total crude oil equivalent of energy used divided by the total floor area utilized by JAPAN POST BANK.

*3 The scope of data compilation is the entire organization of JAPAN POST BANK. Calculated using the under the Greenhouse Gas (GHG) Emissions Accounting, Reporting, and Disclosure System, in accordance with the Act on Promotion of Global Warming Countermeasures.



JAPAN POST BANK Deposits for International Aid

Donations from customers taken by the "JAPAN POST BANK Deposits for International Aid" handled by JAPAN POST BANK are used for environmental conservation in developing countries and regions, via the "JICA Donation Fund for the People of the World."

Exhibiting at environmental events

JAPAN POST GROUP appeared at "EcoPro 2017," held at Tokyo Big Sight in December 2017, where we introduced environmental conservation activities by our Group companies.

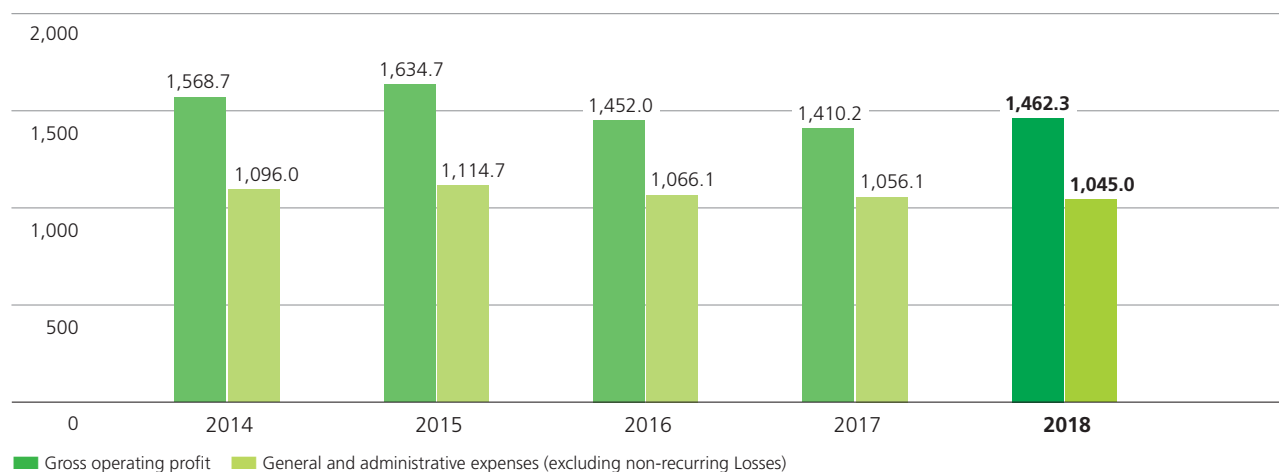
Recycling (used paper recycling, etc.)

We safely transport some documents that have passed their storage period to processing plants, where they are reused for toilet paper or boxed tissues.

Financial Highlights (Non-Consolidated)

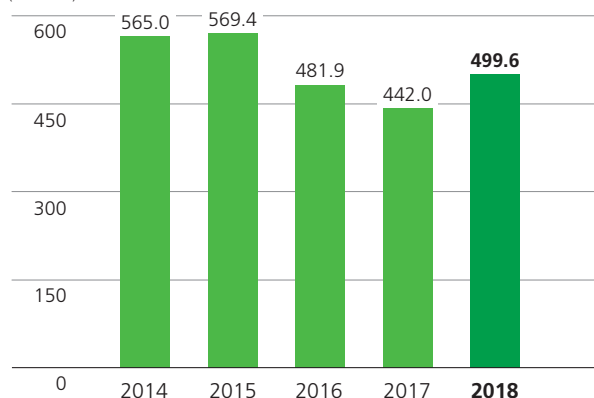
Gross Operating Profit/General and Administrative Expenses

For the fiscal year ended March 31,
(¥ billion)



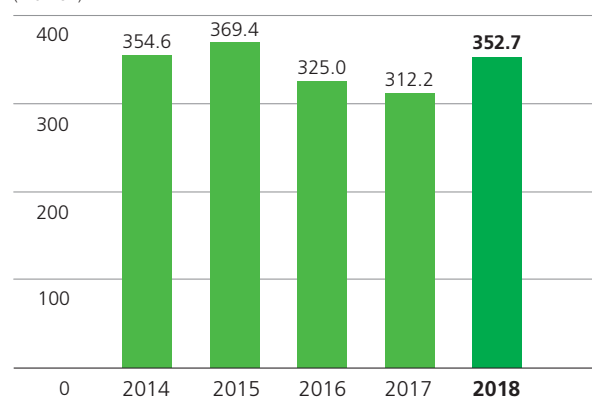
Net Ordinary Income

For the fiscal year ended March 31,
(¥ billion)



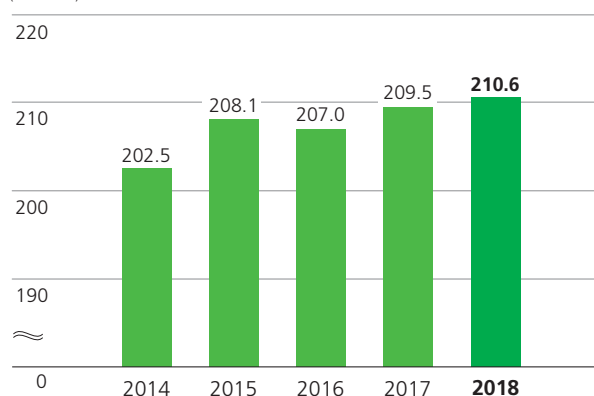
Net Income

For the fiscal year ended March 31,
(¥ billion)



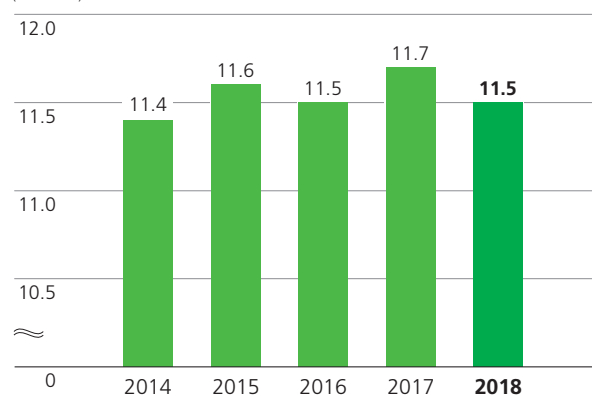
Total Assets

As of March 31,
(¥ trillion)



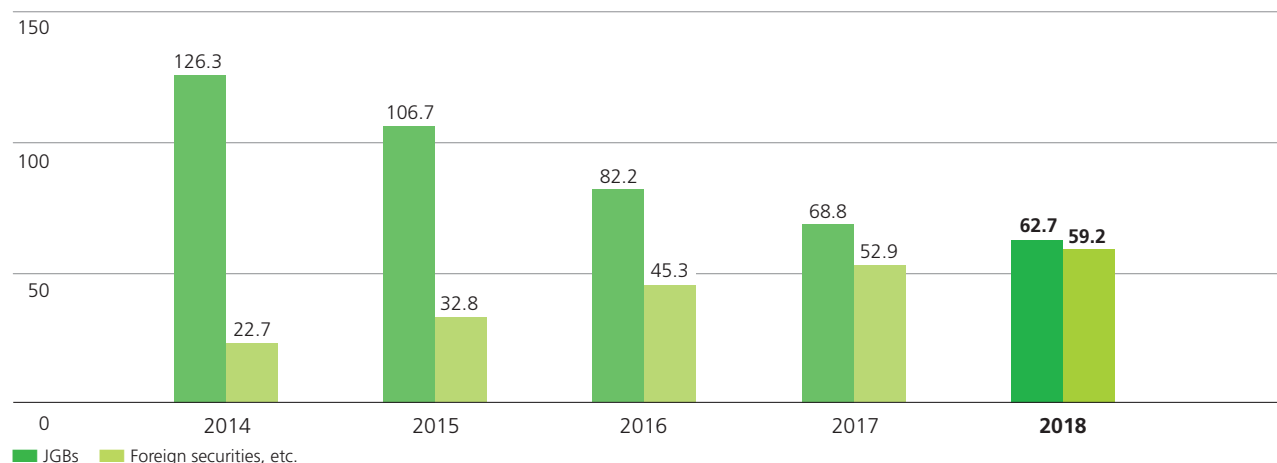
Total Net Assets

As of March 31,
(¥ trillion)



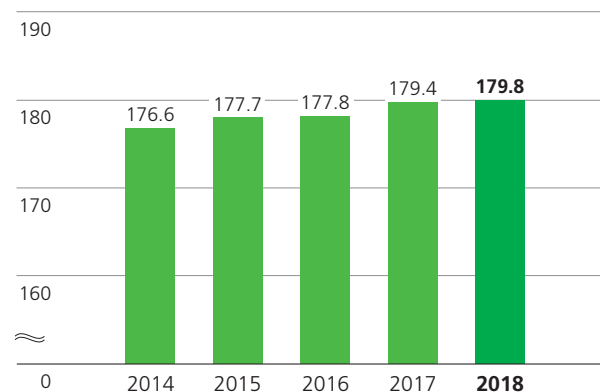
Trend of Asset Management (Balances of Japanese Government Bonds (JGBs) and Foreign Securities, etc.)

As of March 31,
(¥ trillion)



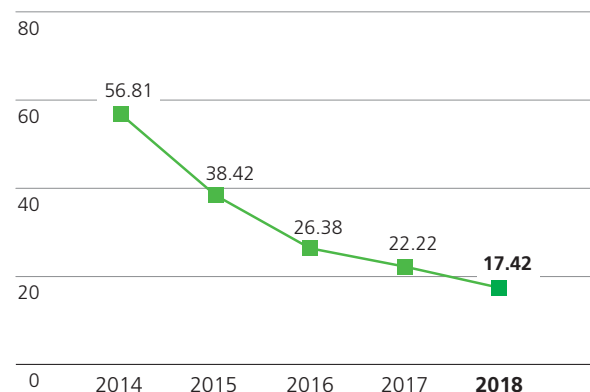
Trend of Deposit Balance

As of March 31,
(¥ trillion)



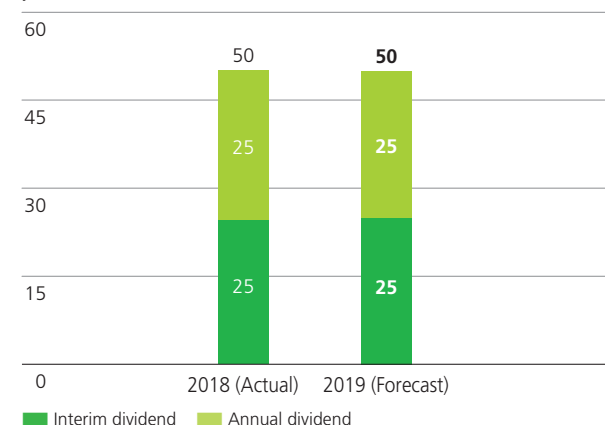
Capital Adequacy Ratio (Domestic Standard)

As of March 31,
(%)



Dividends Per Share

For the fiscal year ended March 31,
(yen)



Credit rating (As of March 31, 2018)

	Long-term	Short-term
Moody's	A1	P-1
S&P	A+	A-1

Third-Party Assessment

Katsuhiko Kokubu

Professor, Graduate School of Business Administration, Kobe University

Profile

Completed Ph.D. at Osaka City University.
After serving as an Associate Professor at Osaka City University and Kobe University, he has been working at Kobe University as Professor since 2001. Professor Kokubu served as a Dean at Graduate School of Business Administration, Kobe University from 2014 to 2016.
His recent works include *Beyond Accountability toward Management Ethics* (Yuhikaku Publishing, 2017).



Towards New CSR Management with an Awareness of Local Society

1. The Integration of CSR and Management

The awareness that CSR is actually corporate strategy is gaining popularity worldwide. President Ikeda of JAPAN POST BANK has clearly indicated such a stance in his message to stakeholders. The policy of “JP Bank, of course,” under the new Medium-term Management Plan starting from the fiscal year ending March 31, 2019, is based on the trust toward social responsibility that JAPAN POST BANK has cultivated through its long tradition and reflects the spirit of CSR. The stance of pursuing ‘new convenience’ and ‘peace of mind,’ including “universal services” and “response to disasters and accidents,” can be regarded as activities that actively respond to the latest social demands.

2. Funds Flow to Regional Communities

The local society is a paramount issue in JAPAN POST BANK’s CSR. In particular, as the vitalization of local economies is becoming an important issue throughout Japan, JAPAN POST BANK has an important role to play. Accordingly, the active involvement of JAPAN POST BANK in the flow of funds to regional communities can be regarded highly. However, specific data is not presented in the report. In the future, disclosing such data, along with the effects, etc. would not only result in more concrete communication, but also enable feedback on future developments. In addition to the flow of funds, grassroots activities such as financial education and workplace tours and experience programs are also extremely valuable, and I hope that such activities will continue in the future.

3. Dialogue with Society

Dialogue with society is a basic component of CSR, and JAPAN POST BANK is actively engaged in the promotion of this aspect, as well. Its active pursuit of dialogue with experts and NPOs/NGOs, etc. is commendable. In addition, dialogue is also being held with employees, and it is important for such dialogue to be developed further in the future. Because JAPAN POST BANK has employees throughout Japan, if projects are implemented using the ingenuity and active participation of employees, the effects can be substantial. As CSR involves responsibility towards society, it is very important for each and every employee to think about what this responsibility towards society means, and to take actions accordingly. I hope that advances are made regarding mechanisms to support the voluntary efforts of employees.

Even from a global perspective, there are no other companies that have the same business format as JAPAN POST BANK. For this reason, it would be preferable for JAPAN POST BANK to pursue a new form of CSR as its company’s own approach. I hope that new CSR philosophies and activities are created from both a top-down and bottom-up approach.

