

UNOFFICIAL TRANSLATION

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

Japan Post Bank - ESG Initiatives -

June 8, 2022



JP Bank's ESG and the SDGs

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

The Management Philosophy of Japan Post Group

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

The Management Philosophy of Japan Post Bank

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

Providing “reliable and thorough” financial services “safely and securely” to anyone and everyone throughout Japan.

Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, communities using various frameworks.

As one of the largest institutional investors in Japan, Japan Post Bank will work to both realize sound and profitable operations, and contribute to the realization of a sustainable society.



Highly compatible

International goals to “leave no one behind”

JP Bank's Priority Issues: Identifying Materialities

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

Identification of social issues to focus on

SDGs/
The SDGs Implementation Guiding Principles



TCFD



CDP



Global Compact



GRI

Filtering of identified social issues through the following perspectives



Our strength/ characteristics of the business

Financial capital

Human capital

Intellectual capital

Social and relationship capital

Natural capital

Purpose • Management Philosophy • Policy

Our services and businesses

Compatibility with our business activities

External Assessments

Opinions of external experts

Materiality

Providing "safe and secure" financial services to anyone and everyone throughout Japan





Contributing to regional economic expansions

Reducing environmental impact

Advancement of work style reforms, and sophistication of governance

JP Bank's Priority Issues

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

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

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

*2 Goals for achievements by April 2026

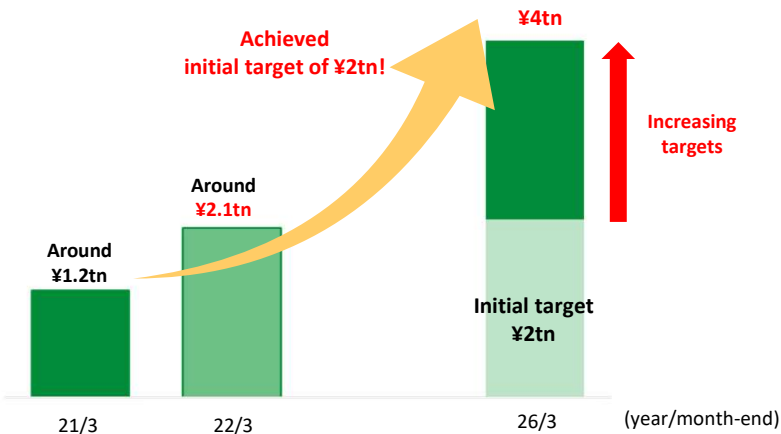
*3 (Japan Post Group targets) Ratio of female managers of 30% at headquarters by April 1, 2031

Reducing Environmental Impact ESG-themed Investments/Net Zero GHG Emissions Declaration

- In light of recent growth in the sustainable finance market, we increased target KPI for balance of ESG-themed investments* from ¥2tn to ¥4tn.
- In March 2022, we committed to achieving net zero greenhouse gas (GHG) emissions in the Bank and finance portfolio by 2050. We will accelerate our various initiatives meant to address climate change, and contribute to the realization of a carbon-free society.

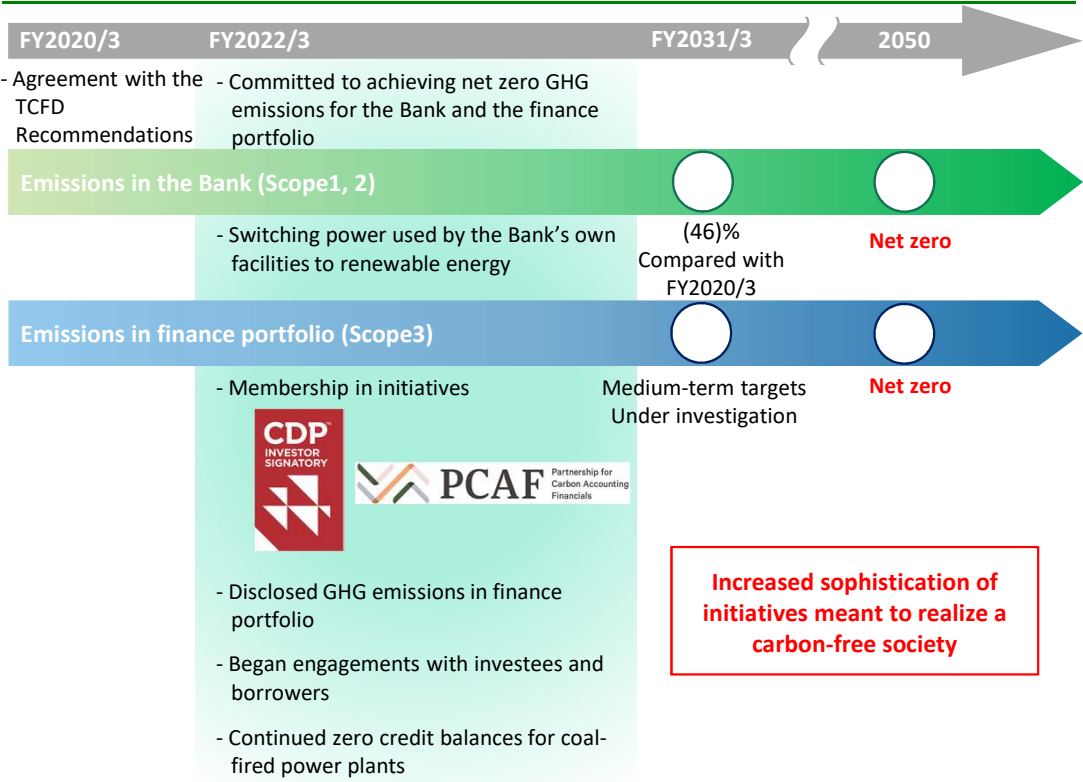
Reviews of Target KPIs for Balance of ESG-themed Investments*

- As of the end of FY2022/3, achieved initial goal (¥2tn)
- We will continue advancing ESG investments, and strive to both increase medium and long term returns, and resolve social issues such as SDGs



* Green bonds, Social bonds (including Pandemic bonds), Sustainability bonds, Loans to the renewable energy sector, and Regional vitalization funds, etc.

Net Zero GHG Emissions Declaration



(Ref.) List of the Bank Initiatives Related to “E : Environment”

Initiatives that accord with the TCFD Recommendations



Governance	<ul style="list-style-type: none"> ● The Board of Directors supervises the formulation of policies and the status of Sustainability initiatives to counter climate change, etc. ● Policies concerning the environment and climate change are stipulated in the JAPAN POST BANK Environmental Policy. ● Following discussions within the Sustainability Committee, Executive Committee, and the Board of Directors, issues relating to climate change have been incorporated into the Mid-term Plan and fiscal year management plan. ● At the Sustainability Management Office, Corporate Planning Department, facilitate the advancement of initiatives concerning climate change in unison with management strategies. ● Promotion of ESG management, which includes addressing climate change, has been incorporated as an evaluation indicator for executive compensation.
Strategy	<ul style="list-style-type: none"> ● Identify the impact (risks and opportunities) of climate change on the Bank. ● Scenario analysis has been employed to ascertain the impact of climate change-related risks on the Bank's management portfolio. ● Monitor the proportion of carbon-related assets in loans.
Risk Management	<ul style="list-style-type: none"> ● Risks associated with issues related to climate challenge have been recognized as top risks (refer to page 57). Responding to them has been reflected in management plans and they are examined and managed on a quarterly basis. ● Develop the ESG Investment Policy, which is a policy on investments and lending in sectors that have a significant impact on climate change. ● Make ESG engagements with investees.
Metrics and Targets	<ul style="list-style-type: none"> ● Committed to achieving net zero by 2050 in JAPAN POST BANK Net zero GHG emissions declaration. <ul style="list-style-type: none"> - GHG emissions for the Bank (Scope1, Scope2): Aim to achieve 46% reduction compared to FY2020/3 by FY2031/3 and net zero by 2050. (Currently in the process of gradually switching to power from renewable energy sources, since FY2022/3) - GHG emissions for the finance portfolio (Scope3): Aim to achieve net zero by 2050. (The FY2031/3 target is under consideration) ● The Bank is targeting an ESG-themed investment balance of ¥4tn by the end of FY2026/3.

ESG Policy

- ESG considerations are taken into account when we select managers/gatekeepers and also when we set the investment guidelines.
- We will participate in ESG Data Convergence Project in order to effectuate our ESG policy.

ESG Action

Requirements placed upon Managers/Gatekeepers

Gatekeeper

Must be signatory to the United Nations Principles for Responsible Investment.

Due Diligence

Must check ESG policy of private equity fund during due diligence.



Alignment with International Agreements



Prohibited Investments

- Transactions that may negatively impact wetlands designated under the Ramsar Convention or UNESCO-designated World Heritage Sites.
- Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention).
- Transactions involving the use of child labor or forced labor

Other Important Sector Considerations

Prohibited Investments



- Funds predominantly focused on exploration and production of oil and gas
- Companies involved in the manufacture and sale of weapons of mass destruction including cluster bombs
- Projects centered on the construction of new coal-fired power plants*

* May be allowed in accordance with the energy policy of the respective country