

## BASIC POLICY REGARDING CORPORATE GOVERNANCE

Establishment: October 28, 2015

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### CHAPTER I. GENERAL PROVISIONS

#### (Purpose)

Article 1. This basic policy sets out the basic views, framework, and operation policy regarding the corporate governance of JAPAN POST INSURANCE Co., Ltd. (the “Company”), with a view to ensuring sustainable growth of the Group (the “Group” refers to the Company and JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.; the same shall apply hereinafter) and enhancing its corporate value over the medium to long term.

#### (Basic Views on Corporate Governance)

Article 2. The Company shall develop the corporate governance structure of the Group based on the following concept, with a view to ensuring sustainable growth of the Group and creating corporate value over the medium to long term.

- (1) The Company shall continue to create new convenience for customers and pursue the provision of high quality services, while generating consistent value by providing life insurance services through the post office network.
- (2) Fully recognizing its fiduciary responsibility to its shareholders, the Company shall give consideration to effectively secure rights and equal treatment of shareholders.
- (3) The Company shall place emphasis on dialogue with all stakeholders including customers and shareholders with an aim to ensure appropriate collaboration and sustainable coexistence. To this end, the Company shall strive to secure management transparency and commit to appropriate disclosure and provision of information.
- (4) The Company shall carry out swift and decisive decision-making and business execution under the effective supervision by the Board of Directors, in order to promptly cope with changes in social and economic environment and meet the expectation of all stakeholders.

#### (Corporate Governance Structure of the Company)

Article 3. The Company has adopted a “company with three committees structure” from the following points of view.

- (1) To separate the especially vital decision-making and supervision of business execution, such as the formulation of basic management policy, from the business execution based on such decisions, thereby increasing the flexibility in management and establishing the management supervision structure of the Group governed by the Board of Directors.
- (2) To fully utilize external views on the management of the Company and ensure the transparency and fairness of decision-making on the management through enabling the exercise of functions of the Board of Directors comprised mainly of Independent Directors and the three committees, namely the Nomination Committee, the

Compensation Committee and the Audit Committee.

- (3) To realize a corporate governance structure that can fulfill its accountability to all stakeholders.

## CHAPTER II. COMPOSITION OF THE BOARD OF DIRECTORS AND ITS ROLE, ETC.

(Composition of the Board of Directors and its Role)

### Article 4.

1. The Board of Directors shall be diversely comprised of Directors with a wealth of knowledge and experience as well as deep insight. The number of Directors shall be an appropriate number not exceeding 20 as set forth in the Articles of Incorporation and a majority of the Directors shall be, in principle, Independent Directors.
2. The Board of Directors shall, in accordance with the “Board of Directors Regulations,” develop a system, in which it facilitates swift management decision-making by delegating all authority concerning business execution of the Company to Executive Officers, except for business execution concerning statutory matters to be resolved exclusively by the Board of Directors and some especially critical matters, and exercises supervision through receiving reports from Executive Officers on such business execution in a timely and appropriate manner.
3. The Board of Directors shall set out the basic management policies such as the Company’s management philosophy and medium-term business plans, with a view to collaborating and coexisting with all stakeholders, and strive to materialize sustainable growth of the Group and generation of corporate value over the medium to long term through appropriate supervision of the exercise of such policies.
4. The Board of Directors shall, in accordance with the Companies Act, set out the “Fundamental Policy for Establishment of Internal Control Systems” that includes matters relating to the proper development of a risk management system, and regularly receive reports from responsible Executive Officers over the operation status of such policy. The Board of Directors shall then carry out evaluation and analysis based on those reports in order to support swift and decisive decision-making by Executive Officers, and thereby carry out adequate monitoring as a supervisory body.
5. The Board of Directors shall recognize effective supervision of Executive Officers from an independent and objective standpoint as one of their major roles and responsibilities and formulate the “Appointment and Dismissal Criteria for Executive Officers.” Based on such criteria and assessment of business performance of the Company, the Board of Directors shall appropriately elect and dismiss Executive Officers as well as Executive Officers with titles.
6. In the event of any conflicts of interest between the Company and its Directors and/or Executive Officers (hereinafter, “Officers”), the Board of Directors shall appropriately supervise the situation pursuant to the provisions of the Companies Act. In addition, in the event of an irregular transaction between the Company and its principal shareholders, the Board of Directors shall closely monitor the situation, by receiving reports on details of such transactions, to prevent such transactions from harming common interests of the Company and its shareholders.(Operation of the Board of Directors)

Article 5.

1. The Company shall develop an operational system of the Board of Directors, which gives consideration for time-affordable annual scheduling, appropriate provision of information as needed, provision of adequate briefing and review time over the meeting agenda prior to the Board of Directors' meeting, and allocation of sufficient time for questions and answers at the Board of Directors' meeting, in order to ensure effective and smooth operation of the Board of Directors, especially to enhance the effectiveness of the supervision by Directors.
2. Apart from the development of the operational system in the preceding paragraph, appropriate personnel shall be assigned to support effective and efficient operation of the Board of Directors and to communicate and coordinate with Outside Directors, including optimization of the deliberation or reporting processes at the Board of Directors' meeting, verification of the progress concerning the matters resolved at the Board of Directors' meeting.

(Evaluation of the Board of Directors)

Article 6. The Board of Directors shall conduct analysis and evaluation on an annual basis over the effectiveness of the Board of Directors as a whole, through obtaining opinions from each Director regarding the Board of Directors and others. Summary of the results of such analysis and evaluation shall be disclosed and utilized for improving the operation of the Board of Directors.

### CHAPTER III. STRUCTURE AND ROLE OF COMMITTEES

(Nomination Committee)

Article 7.

1. The Nomination Committee shall be comprised of three or more members, majority of whom shall be Independent Officers.
2. The Nomination Committee shall formulate and elect candidates for Directors based on the "Nomination Criteria for Candidates for Directors," which stipulates the concepts regarding the appropriate balance between knowledge, experience and skills of the Board of Directors as a whole, diversity and the appropriate board size, as well as the qualification for Directors required by the Company.
3. The Nomination Committee shall formulate the "Designation Criteria for Independent Officers," which stipulates the requirements for Outside Directors that does not have the potential to cause conflicts of interest with shareholders, and designate Independent Officers from among Outside Directors.
4. The Nomination Committee shall appropriately supervise the succession planning for the management including the President and CEO.

(Compensation Committee)

Article 8.

1. The Compensation Committee shall be comprised of three or more members, majority of whom shall be Independent Officers.
2. The Compensation Committee shall formulate the "Compensation Policies for Directors and

Executive Officers by Individual” and determine the amounts of compensation for Officers based on such policies.

3. The compensation for Executive Officers specified based on the policies in the preceding paragraph shall provide a scheme that serves as sound incentive for sustainable growth.

(Audit Committee)

Article 9.

1. The Audit Committee shall be comprised of three or more members, majority of whom shall be Independent Officers. In principle, Audit Committee Members shall be elected from persons with adequate experience and capabilities as well as necessary knowledge of finance, accounting and legal affairs, with at least one member having sufficient knowledge especially in finance and accounting.
2. The Audit Committee shall, in principle, elect full-time members of the Audit Committee for the purpose of ensuring audit effectiveness.
3. The Audit Committee shall take part in the supervising function performed by the Board of Directors, and audit the execution of duties by Executive Officers and Directors.
4. The Audit Committee shall monitor and verify the status of development and operation of the internal control systems of the Group.
5. The Audit Committee shall regularly receive reports from the accounting auditor on the status of audit implementation and the results of audits, while reinforcing cooperation with the accounting auditor through exchange of information. Meanwhile, the Audit Committee shall monitor and verify the status of the execution of duties by the accounting auditor, and determine details of proposals regarding the appointment, dismissal or non-reappointment of the accounting auditor to be submitted to the general meeting of shareholders.
6. The Audit Committee shall conduct investigation on the status of business and assets of the Company and verification of the content of interviews with Executive Officers and reports made by them, through effective cooperation with the internal audit department, etc., on the premise of the development and operation of the internal control systems within the Group.
7. An Office of Audit Committee shall be established as a secretariat which provides assistance to the Audit Committee.

#### CHAPTER IV. ROLE, ETC. OF INDEPENDENT OFFICERS

(Role of Independent Officers)

Article 10. Independent Officers shall appropriately protect the interests of general shareholders through supervising the business execution by Executive Officers from an independent and objective standpoint. In addition, they shall provide appropriate advice and support to Executive Officers based on their respective experience and expertise, so that the Group may achieve sustainable growth and generate medium- to long-term corporate value, while appropriately collaborating and coexisting with its stakeholders.

(Acquisition and Sharing of Information by Outside Directors)

Article 11.

1. The Company shall provide opportunities for Outside Directors (including Independent Officers; the same shall apply hereinafter) to deepen their understanding and acquire necessary knowledge about the Group's businesses, issues to be addressed, management strategies, etc., through measures such as reporting on business conditions and organizing tours of facilities of the Group, in order for them to appropriately fulfill their expected roles and responsibilities.
2. Outside Directors shall develop adequate understanding of business conditions of the Company in order to fulfill their roles and responsibilities, and if deemed necessary, ask responsible Executive Officers for explanation, etc. in a timely and appropriate manner.
3. Outside Directors shall endeavor to exchange information with each other and develop a shared understanding based on an independent and objective standpoint, by holding meetings among themselves as necessary or by other means.
4. The Company shall elect an Outside Director in charge of advanced communication and coordination with Executive Officers through mutual election among Outside Directors.

## CHAPTER V. BUSINESS EXECUTION STRUCTURE, ETC.

### (Business Execution Structure)

#### Article 12.

1. The President and CEO shall decide on and execute important businesses entrusted by the Board of Directors.
2. Executive Officers other than the President and CEO shall decide on and execute businesses entrusted by the Board of Directors in respective areas of responsibility according to the segregation of duties determined by the Board of Directors.
3. Decision-making on the execution of important businesses by the President and CEO shall be subject to prior deliberation by the Executive Committee, an advisory body to the President and CEO and comprised of Executive Officers designated by the President and CEO, for accurately understanding the facts which will form the basis of such decision-making and for ensuring rationality and appropriateness of the content and the process of the decision-making. Furthermore, efforts will be made to resolve issues by establishing specialized committees as advisory bodies to the Executive Committee. Specialized committees will deliberate on technical matters, the results of which will be reported to the Executive Committee.

### (Training for Inside Officers)

Article 13. The Company shall provide inside officers including newly appointed Executive Officers with opportunities to deepen their understanding and acquire necessary knowledge about their roles and responsibilities, in order for them to fulfill their expected roles and responsibilities.

## CHAPTER VI. ACCOUNTING AUDITOR

### (Accounting Auditor)

#### Article 14.

1. To ensure the execution of appropriate audits by the accounting auditor, the Audit Committee shall establish criteria for the verification and evaluation of independence and expertise of the

accounting auditor, thereby conducting appropriate evaluation of the accounting auditor.

2. To ensure the execution of appropriate audits by the accounting auditor, the Company shall develop a system relating to the accounting auditor including the following requirements.
  - (1) Ensure independence of the accounting auditor
  - (2) Secure sufficient timeframe for audits by the accounting auditor
  - (3) Secure adequate meeting opportunities between the accounting auditor and the President and CEO, etc.
  - (4) Ensure sufficient cooperation between the accounting auditor and the internal audit department
  - (5) Establish a response system within the Company in the event the accounting auditor discovers any misconduct and asks for appropriate measures to be taken by the Company, or points out any defects or problems found in the course of the audit

## CHAPTER VII. GENERAL MEETING OF SHAREHOLDERS, ETC.

### (General Meeting of Shareholders)

Article 15. Based on the fact that the general meeting of shareholders is a forum for constructive dialogue with our shareholders, the Company shall, from the shareholders' viewpoint, develop an appropriate environment for shareholders to exercise their rights at the general meeting of shareholders through the following measures.

- (1) Provide appropriate information that would help shareholders make appropriate decisions at the general meeting of shareholders
- (2) Prompt electronic announcement and an early dispatch of the notice of the general meeting of shareholders, to secure sufficient time for shareholders to review the proposals for the general meeting of shareholders
- (3) Schedule the general meeting of shareholders and related events in full consideration of the requirements such as enhancement of constructive dialogue with shareholders and provision of accurate information for such purpose
- (4) Adopt electromagnetic means to enable the exercise of voting rights by the shareholders who cannot attend the general meeting of shareholders in person, use an electronic voting platform for enhanced convenience, and provide English translated version of the general meeting of shareholders
- (5) Enhance convenience for the exercise of voting rights by the institutional investors holding shares under the name of trust banks, etc.

### (Capital Policy)

#### Article 16.

1. The Company shall make it a basic policy to maintain a sufficient level of shareholders' equity necessary for strengthening earning power and management base, with a view to continually enhancing shareholder value while paying due attention to capital efficiency. The necessary level of shareholders' equity shall be reviewed as appropriate in consideration of the requirements such as its adequacy in comparison with the risks associated with business activities and the fulfillment of the level required by regulatory authorities.

2. Regarding the distribution of surplus to shareholders, in view of the public nature of the insurance business, the Company shall make it a basic policy to provide stable dividends to its shareholders, while making efforts to secure internal reserves from the perspective of ensuring sound management.

(Cross-Shareholdings)

Article 17.

1. The Company may, other than for pure investment purpose, acquire and hold shares in listed companies to reinforce business partnerships or for other purposes which are believed to contribute to the enhancement of the Company's medium- to long-term corporate value (hereinafter, "cross-shareholdings").
2. For the cross-shareholdings held by the Company, the Board of Directors shall carefully examine the appropriateness of the holding purpose, the rationale for holding such shares, and other matters, and review the appropriateness of holding such shares each fiscal year as well as disclose the content of the review.
3. With respect to the exercise of voting rights concerning the shares held as cross-shareholdings, the Company shall make decisions whether to approve or disapprove a proposal, based on the case-by-case examination to verify whether such proposal is expected to contribute to the efficient and sound management of the investee and enhance its corporate value, in addition to whether the proposal conforms with the Company's shareholding policy.

(Anti-Takeover Defense Measures)

Article 18. The Company has set out provisions in its Articles of Incorporation to the effect that resolutions regarding the introduction, continuation or abolition of anti-takeover defense measures may be adopted at the general meeting of shareholders. In introducing and operating anti-takeover defense measures, the Company shall consider its necessity and rationale and fully explain to shareholders in advance.

## CHAPTER VIII. COLLABORATION AND COEXISTENCE WITH STAKEHOLDERS

(Dialogue with Shareholders)

Article 19.

1. The Company shall engage in constructive dialogue with its shareholders in order to ensure its sustainable growth and the enhancement of its corporate value over the medium to long term.
2. The system and initiatives for promoting constructive dialogue with shareholders are as follows:
  - (1) Dialogue with shareholders shall be conducted by the management to a reasonable extent.
  - (2) The Executive Officer in charge of Corporate Planning shall be responsible for dialogue with shareholders to promote a constructive dialogue.
  - (3) In conducting dialogue with shareholders, a unit in charge shall be established within the Company which organically coordinates with related departments and provides assistance therefor.
  - (4) The Company shall strive to develop means for dialogue such as holding investor meetings.

- (5) Opinions of shareholders received in the dialogue shall be reported periodically to the Board of Directors.
- (6) In the course of the dialogue, any insider information shall be appropriately managed in accordance with internal regulations.

(Sustainability)

Article 20.

1. The Company shall aim to achieve the Group's sustainable growth and realize a sustainable society by contributing to resolving social challenges related to sustainability through its business activities.
2. As part of its efforts to enhance corporate value over the medium to long term, the Company shall adequately and actively address sustainability issues, based on the recognition that addressing them not only reduces risks but also leads to earnings opportunities and is an important management issue.

(Promotion of Diversity Management)

Article 21. Under the recognition that the presence of diverse perspectives and values reflecting various experiences, skills and attributes within the company may be advantageous in ensuring sustainable corporate growth, the Company shall actively make efforts to secure diversity such as promotion of active participation of female employees and promotion of employment and active participation of people with disabilities.

(Whistleblowing System)

Article 22.

1. The Company shall establish rules for reporting, which the employees of the Group must follow, in the event of violation of laws and regulations or internal regulations (including regulations for ensuring confidentiality and anonymity of whistleblowers and prohibiting disadvantageous treatment), and establish points of contact both inside and outside the Company, in an effort to develop an appropriate system for whistleblowing.
2. The Company shall develop a system to promptly report any serious compliance violations of the Group uncovered through whistleblowing to the members of the Audit Committee.

CHAPTER IX. OTHERS

(Revision and Abolition)

Article 23. Revision and abolition of this basic policy shall be subject to the resolution at the Board of Directors.

(Reference)

1. Articles of Incorporation (Matters related to Article 3)
2. List of Officers and the status of concurrent positions of Outside Directors (Matters related to Article 4, Paragraph 1)
3. Board of Directors Regulations (Matters related to Article 4, Paragraph 2)
4. Management Philosophy (Matters related to Article 4, Paragraph 3)
5. Medium-term Business Plan (Matters related to Article 4, Paragraph 3)
6. Fundamental Policy for Establishment of Internal Control Systems (Matters related to Article 4, Paragraph 4)
7. Appointment and Dismissal Criteria for Executive Officers (Matters related to Article 4, Paragraph 5)
8. Reasons for Appointment of Executive Officers (Matters related to Article 4, Paragraph 3)
9. Nomination Criteria for Candidates for Directors (Matters related to Article 7, Paragraph 2)
10. Reasons for Nominating the Candidates for Directors (Matters related to Article 7, Paragraph 2)
11. Designation Criteria for Independent Officers (Matters related to Article 7, Paragraph 3)