



Corporate Identity and growth strategy

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Group CEO Masahiro Kihara and Chairperson of the Board of Directors Izumi Kobayashi sat down to talk about the background of the discussions on the Corporate Identity and Mizuho's growth strategy, as well as the role of the Group CEO going forward.

Mizuho's raison d'être in the midst of multiple paradigm shifts

Kihara One of the paradigm shifts we are experiencing is sustainability. The degree of change associated with sustainability is enough to drive a whole new industry. Taking hydrogen as an example, we need to build hydrogen-related supply chains outside of Japan that will span manufacturing and transportation, and we must also develop a domestic distribution network in Japan. This won't be possible if we simply carry on as we have so far. Another paradigm shift is the new globalism. Economic security has become the main perspective in the rebuilding of supply chains. This represents a divergence from Japan's traditional industrial structure, whereby production is handled in countries with low production costs, followed by importation to Japan, and it provides one more example of a transition away from how things were in the past. The whole world is trying to achieve things that cannot be done alone, and making that happen takes a lot of coordination. The need to deliberate these changes and decide on Mizuho's next moves was the starting point for reconsidering Mizuho's raison d'être.

Kobayashi I, too, feel it is necessary to review the role of financial institutions. The key words here are "digital transformation" and "sustainability". When I say "digital transformation", I'm not simply referring to online banking. I mean digital transformation on a much larger scale that encompasses the group as a whole, and even reaches to outside the group. Mizuho already has a comprehensive financial platform. What should Mizuho do next? What will Mizuho take into the future? We must remain tightly focused on these questions. As for sustainability, like you said, we are facing a paradigm shift big enough to reconfigure the industrial structure of Japan. That sort of industry insight is one of Mizuho's strengths. Now is the time for the entire company to discuss

what our purpose as an organization is, and what commitments we will make to society.

Kihara Actually, the CEO of one of our clients recently told me that **financial institutions are needed now more than ever**. He said that even large global conglomerates with a wide range of business areas recognize the importance of the roles that financial institutions fulfill as "joining forces" and "conduits".

Kobayashi **The uniqueness and value of financial institutions is exactly that—their ability to connect.** We connect diverse industries with one another, and connect companies of different scales. When I attend meetings and conferences outside of Japan, one topic that often comes up is what roles should be fulfilled by humans rather than by AI. There are times when AI cannot provide a full answer and times when it is hard for AI to come up with a solution from looking at figures and surface-level information alone. This is where humans come through: in their aptitude for thinking and the way humans connect different things. Going forward, I believe that **the ability to attract talent with such ambition and skill will be the key that enables a company to distinguish itself. Progress will level out the difference between various forms of technology, but it won't level out the individualities between people.** Money is at the heart of finance, but we must find new added value moving forward.

The role of the Group CEO and corporate culture

Kobayashi I was in a top executive position at the Multilateral Investment Guarantee Agency (MIGA) after the 2008 financial crisis. We

were receiving more calls for support and investment from around the world, and we were faced with a dilemma: Private companies expanding into emerging markets would give rise to economic development, but would the positives of such economic development outweigh the negatives? During that time, we lost our direction as an organization. **In response, instead of having a top-down decision on our course of action, we talked with one another about what we thought MIGA's raison d'être was, and we managed to find an answer and a direction.** Doing this revealed to us what we should be doing in our everyday work, and what we should be leaving behind. **We weren't following any sort of manual—rather, we had become able to make judgement calls based on our understanding of the aims of our work.**

Kihara Right after the IT system failures—before I had been appointed as Group CEO, when I was still the Head of the Global Products Unit—I made time to speak to my colleagues every day. Back then, I felt that we had all lost our confidence and direction. Together, we had to identify what new direction we should head in, and we had to share the same direction with one another. I believe these kinds of reflective experiences are what lead corporate culture to develop over time.

Kobayashi There are so many aspects of corporate culture that can't be summed up in just that one term. It impacts whether or not employees feel proud of their company, whether or not they like their company—that's why corporate culture is extremely important.

Kihara When I visit branch offices, I am often asked how I would define a positive corporate culture. I answer that it's an environment where each person can express their opinions and where those opinions are welcomed by their colleagues. Even so, I feel like the concept is hard to wrap one's head around.

Kobayashi Really, a sign of **positive corporate culture at Mizuho would have been if those employees had been able to share their own thoughts on the kind of corporate culture they would like at Mizuho, instead of having to ask you. The role of CEO is not to lead the organization from a top-down position, but to unite us all in a single direction. When everyone is in alignment and moving in the same direction, there is no need for the CEO to step in.** Indeed, a CEO needs perseverance. Even if a CEO feels like they have a solution, it is often necessary for them to hold back and trust the momentum.



Kihara I do actually recall being told by a more experienced colleague to listen as much as possible and avoid assuming that I'm right. I think I need to work on creating more opportunities for me to listen. **I'm also making a point of ensuring my responses communicate that I have taken what I've heard on board.** I still remember the disappointment I felt when I was young and received no response from the people above me, even after I had gone to the effort of sharing my thoughts.

Kobayashi It is only after hearing a range of views that we can begin to consider issues in all of their dimensions and become able to make the best decisions for the organization. The crux of the matter is whether or not people will be forthcoming with their differing perspectives. **As well as making time to listen, I believe executive management should create an open atmosphere and make comments that encourage people to express their thoughts.**

Kihara On that point, I think that process reforms, human capital strategy, and corporate culture are interconnected. Process reforms are opportunities to trim off excess operations, which allows our people the leeway to look at things more broadly and communicate their observations. Complementing this, our human capital strategy provides a means of recognizing and rewarding people's efforts to contribute their viewpoints and take on challenges in this way. I want to make sure we are able to hear lots of constructive opinions.

Kobayashi Middle management also plays an important role in establishing the necessary momentum. They need to encourage those working under them and fully evaluate them on how much they have volunteered their opinions and proactively been involved in initiatives. In this way, employees will gain confidence that they are progressing in the right direction, which will lead to further positive outcomes. When you visited frontline offices, did you sense that our efforts to date are producing results? For example, were there any changes in the mindsets of the employees you met?

Kihara I felt that they were really starting to share forward-looking opinions. We are still in the initial stages, but I will look to promote this philosophy further through my messages while also listening to and encouraging everyone. Thank you for your time today.