

Group management
policies

FD fulfillment

Trust and appreciation
by customers

Result

Interim Progress of the FY2017 Action Plan Initiatives Regarding the Group Management Policies

Mizuho Financial Group has established and disclosed its group management policies so as to act by placing the highest priority on achieving the best interests of customers and by providing products and services that meet our customers' needs and interests, in fulfilling its fiduciary duty ("FD").

The following is the interim progress of the FY2017 action plan initiatives that were established based on the group management policies.

1. Corporate Governance

Action Plans

- We will maintain governance systems to ensure the appropriate levels of independence between the holding company and the group's asset management companies, and between the group's sales companies and asset management companies.
- The holding company and its group companies will provide regular reports on the status of compliance to the action plan at meetings of the board of directors and other similar functions.

Progress of the action plan initiatives

Establishment of governance systems to ensure appropriate levels of independence between the holdings company and the group's asset management companies

Mizuho Financial Group, as a holdings company, has concluded "the group management administration contract" with the major group companies in managing our business so as to exert the planning functions of group strategy and policies and to demonstrate the controlling functions of the group companies.

In April 2017, we revised the provisions of the group management administration contract (entered between the group's asset management company, Asset Management One, and Mizuho Financial Group) relating to personnel and performance evaluation, and thereby we established a group management administration structure in which the independence of the asset management company is further enhanced.

Regular reporting to the board of directors on the status of compliance with the action plans

The holdings company and each group company have established and disclosed their own action plans for FY2017 and output a report on the status of compliance regarding such plans

to the board of directors, etc., every quarter.

2. Evaluating Performance

Action Plan

- We will build a performance evaluation system at the holding company and each group company to gauge how well we are fulfilling our fiduciary duties based on customer first (client-oriented) business management.

Progress of the action plan initiatives

Establishment of the framework of enhancing motivation for fulfilling FD

A personnel evaluation system based on “customer-oriented business operation” has been established in which the status of FD fulfillment is included in the personal evaluation items at the holdings company and at each group company.

Regarding the evaluation of frontline employees, the evaluation systems that facilitate the production of proposals that meet our customers’ needs and that are in their best interests have been introduced. Such systems include evaluation based on the actual amount of commissions received from customers and insurance companies for each of the investment products, evaluation based on the commission rate determined for each product category, and the scheme for reflecting the result of customer satisfaction surveys in the evaluation of marketing offices.

3. Rationality of Remuneration, etc.

Action Plan

- We will set rules and regulations for rational levels of remuneration, fees and commissions, etc. according to the nature of the products and services provided by group companies to customers.

Progress of the action plan initiatives

Rational levels of remuneration, fees, and commissions

Each group company has set rules and regulations for rational levels of remuneration, fees, and commissions, etc., according to the nature of the products and services provided to customers. The holdings company has confirmed that each group company has implemented their business in accordance with the rules.

4. Monitoring Conflicts of Interest

Action Plans

- We will evaluate the effectiveness and suitability of monitoring of conflicts of interest and continually work to implement improvements based on findings.
- In addition to providing accessible and pertinent information relating to conflicts of interest, we will also ensure that group companies do the same.

Progress of the action plan initiatives

Enhancement of the monitoring of conflicts of interest with regard to asset management-related businesses

We revised the *Policy for the Management of Conflicts of Interest* so as to make it easier to understand by adding “asset management-related businesses” to the businesses that may subject to the monitoring of conflicts of interest and by describing the examples of transactions that may involve conflicts of interest. Each group company also made similar revisions. (Japanese version only)

URL: <https://www.mizuho-fg.co.jp/coi/index.html>

Further, Asset Management One has announced the acceptance of the *Principles for Responsible Institutional Investors* (Japan’s Stewardship Code) in June 2017 in order to appropriately fulfill its responsibility for stewardship, as a responsible asset management organization. The company accordingly revised its policies and enhanced its monitoring of conflicts of interest regarding the exercise of voting rights on important items in the agenda. Asset Management One has accordingly established a structure to ensure appropriate levels of management independence with the holdings company and the sales companies of the group.

Improvement in the monitoring of conflicts of interest regarding the exercise of voting rights

- **Chinese wall**

All information regarding the exercise of voting rights on individual issues is blocked between the employees and executive officers of the voting rights exercising functions, etc., of Asset Management One and any other internal/external parties. In order to ensure the effectiveness of this practice, a whistleblowing system and a follow-up monitoring system have been established.

- **Restriction on personnel transfers**

The person who was in charge of corporate sales at any of the group companies in the past five years cannot be transferred to any functions that exercise voting rights.

- **Stricter rules on the exercise of voting rights**

A voting-rights exercising advisory committee, the majority members of which are independent external directors, was newly established as a consultative body of the Responsible Investment Committee, which determines the contents of the exercise of voting rights.

5. Solidifying Corporate Culture

Action Plans

- We will utilize incentive frameworks at group companies, and internal communication initiatives to foster a corporate culture that encourages all employees and executive officers to be aware of and to fulfill their fiduciary duties.
- We will proactively use our knowledge and expertise as a financial services consulting group to support financial education to address the societal need for better financial literacy.

Progress of the action plan initiatives

Implementation of measures and initiatives to fulfill FD

We are promoting the solidification of a corporate culture that fulfills FD by establishing a framework such as a personnel evaluation system based on “customer-oriented business operation” and a new award system, and also by implementing such activities as education, training, and group discussions.

In particular, MHBK, MHTB, and MHSC, which provide investment products to a broad range of customers, communicate the importance of FD through visits by executive officers and the transmission of their video message. They are also making efforts to saturate the culture of FD more deeply through internal training programs, study sessions at each office, and discussions.

Reference video: Policies for the fulfillment of FD on the frontline (excerpt from a video on executive messages) (Japanese version only)

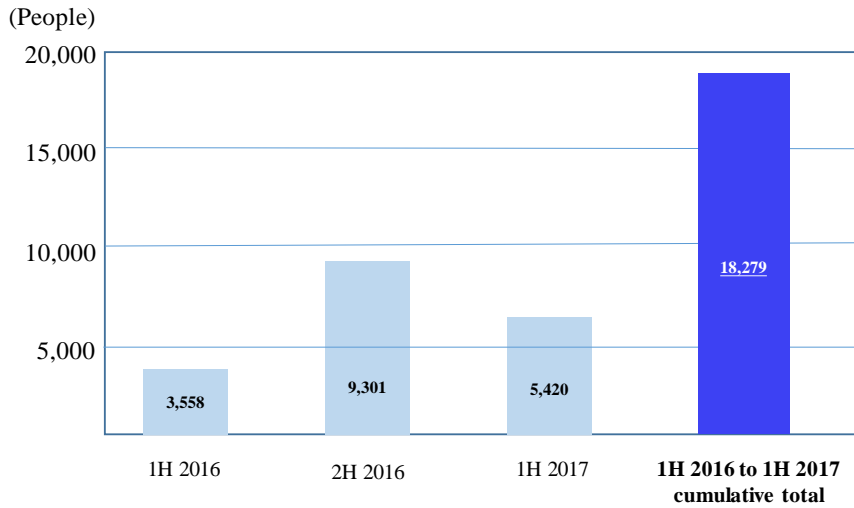
URL: <https://www.mizuho-fg.co.jp/company/policy/fiduciary/kpi/movie/index.html>

Responding to societal need for better financial literacy through support for financial education

Mizuho is supporting financial education in two areas (elementary & intermediary education and advanced education) by demonstrating the operational knowledge and know-how of a financial services consulting group. The participants of Mizuho’s financial education have

been increasing year by year as a result of the clarification of our policies toward proactive promotion of support for financial education in 2005 and various initiatives taken subsequently.

Participants in financial education



On-site Class



Donation Course