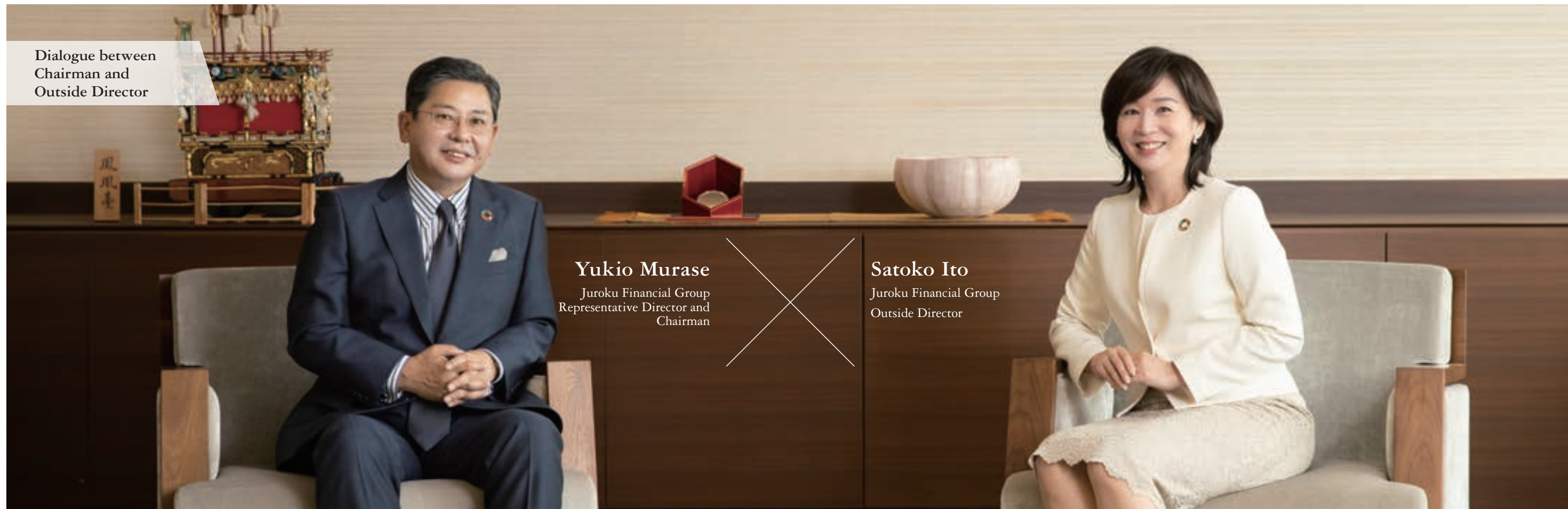


Dialogue between  
Chairman and  
Outside Director



**Yukio Murase**  
Juroku Financial Group  
Representative Director and  
Chairman

**Satoko Ito**  
Juroku Financial Group  
Outside Director

## —Aiming at Sustainable Growth Together with the Region—

Yukio Murase (Chairman and Representative Director) and Satoko Ito (Outside Director) had a dialogue session rediscovering the appeal of Gifu and Aichi prefectures, the operating base of the Company, as well as the issues that the region faces and their future outlook.

**Murase:** Director Ito was appointed as an Outside Director of The Juroku Bank in June 2020. Also, as Outside Director of the Juroku Financial Group, Director Ito has given appropriate advice, including her thoughts from a fresh perspective that we did not realize, since October 2021. As a result, lively discussions were held at meetings of the Board of Directors.

**Ito:** Two years have passed since I decided to take office after being asked to express my candid opinions. The opinions I gave on countermeasures against global warming and other matters at meetings of the Board of Directors were immediately used and adopted, and I felt how speedily and effectively the Board of Directors operates.

### The Appeal of Gifu and Aichi

**Murase:** The Company does business with many customers with Gifu and Aichi prefectures as its home. Is there anything you find

appealing in this region?

**Ito:** I feel that this region plays a huge role as a manufacturing base that supports Japan's industries. I'm also paying attention to tourism. A visit to Takayama, Shirakawa-go and Gero shows that the local people properly pass on the good old assets of the region to future generations under a clear policy. That is where I feel the spirit of developing new ideas by studying the past.

**Murase:** Many people often say, "Gifu and Aichi prefectures are attractive." Not only large enterprises but also small and medium-sized enterprises have advanced technological capabilities. I think that people are attracted by the region's distinctive characteristics coming from the concentration of companies that support manufacturing. This region has developed and grown mainly in the manufacturing industries such as automobiles and aircraft, in addition to traditional textiles, ceramics and cutlery. On the other hand, because of the strong performance of the manufacturing industries, the growth of tourism and IT, startups and other tertiary

industries may have slightly lagged behind that of other regions. If this sector develops in this region as well in the future, I'm sure that the region will become even more attractive.

**Ito:** I feel that this region has many companies that have been operating for more than 100 years and still are active on the frontlines. I feel that these companies have flexibility as they continue to take on new challenges in line with the changing times while inheriting tradition.

**Murase:** There was an announcement that indicated the strength of small and medium-sized enterprises in Gifu Prefecture. "TAKUMI NEXT 2021", organized by JETRO, aims to support the development of overseas sales channels for excellent domestic products. Out of the 155 companies that were selected throughout Japan, 16 were companies based in Gifu Prefecture, making up the largest number. This number was more than the 15 Tokyo-based companies and 10 Osaka-based companies that were selected. The person in charge at JETRO was surprised at how enthusiastic the business managers in Gifu Prefecture were. I felt very proud that companies that are being forced to change their business model amid the COVID-19 pandemic are constantly exploring what they should be doing and continuing to take on challenges.

**Ito:** That is wonderful. There is probably that kind of DNA in this region. I feel that the good old products that have been inherited in Japan, as well as products and services that have been refined by technique and knowledge, are highly competitive. I feel that things

that should be inherently valued are underrated at home. However, I am hopeful that a fresh appreciation of such products overseas will lead to a renewed assessment at home.

### Regional Issue —Overconcentration in Tokyo—

**Ito:** Although the shrinking population has become a social issue, I am concerned about overconcentration in Tokyo especially as many young people are looking to go to Tokyo. I feel that Japan's future is in danger if nothing changes. The more young people gather in Tokyo, not only the rural population but also the population of Japan as a whole will continue to decrease. I think that their values need to change so that they will find it appealing to work and live in their respective regions without looking to go to Tokyo and be able to say, "I am happier living this way." Amid these circumstances, COVID-19 broke out and made us reexamine the living environment which we had taken for granted.

**Murase:** I feel the same way. Overconcentration in Tokyo has been actively discussed for some time now. It was very difficult to change the perception of young people in rural areas that Tokyo is solely attractive. The outflow of population from rural areas to Tokyo did not change easily. I feel that COVID-19 prompted a change in values.

**Ito:** Although this situation is not something that had been wished for and turned out to be like a drastic remedy, it made us become

aware of the risks of the so-called three Cs (closed spaces, crowded places and close-contact settings) which we had not given much thought to. That prompted us to ask ourselves again whether we want to live the way we have, including the struggle of commuting to work every day in packed trains and dealing with high housing costs. The pandemic marked a major turning point in the value of moving to Tokyo.

**Murase:** As a result of COVID-19, remote work became widespread rapidly. Owing to working from home, the work style of not limiting the residence has been increasing steadily mainly among large companies. It is becoming possible to work for a company located in an urban area while living in a rural area. The available options are



increasing, and the disadvantages of living in rural areas are becoming fewer and fewer. In rural areas, we need to take advantage of this opportunity and take initiatives and build systems to make working, raising children, and getting an education in rural areas appealing. In particular, it is vital to create attractive jobs.

**Ito:** It is now possible and common to lead a work style of going to Tokyo or overseas on business trips for two or three days a week while living in a rural area. Many jobs can now be completed as long as there is a digital environment where people can work. All thanks to technological advances.

**Murase:** Even if one works in a rural area, progress in digitalization has made it easy to be connected to the city center and the world. With the option to work in the office or via an online system easily available, the image of working in the rural area has changed considerably from the past.

## Regional Issue —Gender Gap—

**Ito:** The migration of the population from rural areas to Tokyo is seen most conspicuously among young women.

**Murase:** Juroku Research Institute Co., Ltd., a Group company, published a proposal document entitled “Rural Areas Preferred by Women” in April 2022 with a focus on the gender gap in rural areas. As pointed out in that document, in terms of the Gender Gap Index 2021 announced by the World Economic Forum, Japan ranked 120th among 156 countries (March 2021), coming in last place among the seven developed countries. The reality is that there is still a gender gap in rural areas.

**Ito:** I see. I feel that until recently there was this idea that the most important job for women was to get married and have children. In addition, the notion that women should work a little and concentrate on taking care of children after bearing children was probably the mainstream way of thinking. The Japanese education system provides an environment where male and female students truly have equal opportunities to receive an education. On the other hand, even if women enter the workforce and work like men, and have the same aspirations and dreams as men have, there were times when, for some reason, they had their path cut off for just being women.

**Murase:** As you pointed out, a look at the Gender Gap Index by category shows that while the gap was small in health/education, indicating fairness, the score was extremely low in economy/politics, highlighting the current situation in which there is a wide gap between men and women.

**Ito:** The low score in the category of economy/politics suggests that women have difficulty or are unable to play an active part in society. I think that the way things are now, highly motivated young women feel that, since the gender gap is smaller in Tokyo, they will be able to have more life opportunities and get closer to their dreams if they go to Tokyo.

**Murase:** In the World Happiness Report as well, released every year by the Sustainable Development Solutions Network (SDSN), a UN agency, Japan ranks 54th out of 146 countries (March 2022), lower than other developed countries. I believe that there is a link between the Gender Gap Index and the World Happiness Ranking, and the gender gap needs to be eliminated in order to enhance happiness.

**Ito:** Women are seeking an environment where they can work enthusiastically with a sense of fulfillment, and bear and raise children with peace of mind. All of these factors need to be met for women to find the region attractive and live there. The disappearance of women from a rural area means that a rural area will become a city at risk of disappearing. When thinking seriously about the active involvement of women in the workplace, the common work style of working long hours needs to be changed inevitably. The provision of an environment that empowers women would actually increase job satisfaction among men as well. And if satisfaction rises among both men and women, they will have a happy family life. This is the kind of virtuous cycle we should be aiming for.

## Initiatives for Diversity

**Ito:** I am paying close attention to the Company’s initiatives for diversity. I find the initiatives to support the active involvement of women by “Jewelina”, the Company’s product and service development project team consisting of female staff, and the initiative to have many women play active roles on the frontlines in the field of asset management consulting, which aims to protect customers’ assets in bank operations, to be wonderful because they are forward-thinking and distinctive.

**Murase:** I am glad that women in the Group are playing active roles. I am intent on improving the organization to further enable women to play active roles through proper communication so that women actively working on the frontlines are made known internally and also recognized externally very well.

**Ito:** The Group has adopted the customer-first marketing strategy as one of its management strategies. Although this may be my own theory, I believe that this area is women’s field of specialty because women have a disposition suited for market-in. I think they are good at handling tasks with empathy from the customer’s viewpoint.

**Murase:** In the customer-first marketing strategy, we engage in consulting to realize lifelong trading relations. I say this again, but we need to create an organization that can make people within and outside the Group aware of the active involvement of women in the Group. I feel that more women will be appointed to senior management positions such as officers in the future at Group companies as well.

**Ito:** I am looking forward to that.

## Initiatives for Sustainability

**Ito:** Amid rapidly changing circumstances such as the post-COVID-19 pandemic and the invasion of Ukraine, there is an emerging risk that resources will not be available mainly due to soaring resource prices and supply chain disruptions. It is necessary to have a system of circulating products and materials domestically as much as possible, including reusing waste, etc. and utilizing materials that return to nature based on the concept of a circular economy. As the socioeconomic system is reviewed drastically, regional and local companies will no doubt have a greater presence in the eyes of urban companies.

**Murase:** Ito-san has expressed her opinions regarding the policy on sustainability and carbon neutrality at meetings of the Board of Directors as well.

**Ito:** Up to now, sustainability had a somewhat mandatory aspect and had become a CSR-type initiative. However, in today’s society, sustainability lies at the heart of the growth strategy of each company. Companies have substantially changed their way of thinking as they now see linking sustainability to a business becoming the strength of that region and the growth engine of sustainable companies.

**Murase:** The Company, too, regards initiatives for sustainability as an important issue for management. In addition, we need to become an entity that helps regional companies specifically put into practice the concept of and initiatives for sustainability.

**Ito:** The Company also offers appropriate consulting on decarbonization, but many small and medium-sized enterprises say that they still do not know what specifically they should start with. In the Prime Market, since strict decarbonization initiatives will be required going forward, small and medium-sized enterprises that do business with large companies listed on the Prime Market need to anticipate that they will be required more than ever to take decarbonization initiatives. We must prepare for the risk that business transactions will become difficult in the future if we fall behind the curve.



**Murase:** We believe that the provision of comprehensive financial services by the Group that have the potential of achieving sustainable growth by demonstrating comprehensive capabilities and making use of the potential of Gifu and Aichi prefectures will lead to “achieving growth and prosperity for our customers and the local community,” which is the mission of the Juroku Financial Group.

**Ito:** I think it is important that, as a regional financial institution, the Group properly plays the role of guiding regional small and medium-sized enterprises and supporting them so that they do not fall behind the curve. I will do my utmost to support the sustainable growth of the Company and the region by leveraging the years of experience and knowledge I gained from having been engaged in the media business and regional revitalization.