

## Dialogue between Chairperson and Female Directors

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(Dialogue facilitator)

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## The Future Being Opened Up by Female Leaders

~ Company growth and local community development resulting from diversity ~

The dialogue was held on the theme of “promotion of women’s active participation in the workforce and advanced corporate governance” for facilitating sustainable growth for companies and resolving regional issues.

### Trends for the Promotion of Women’s Active Participation in the Workforce in Global and Local Communities

**Shiozaki:** Female leadership in global and local communities is being viewed with increasing importance. Could you please share your view on the reasons for this?

**Tsuge:** As a global trend, there is growing recognition that female leadership promotes gender neutrality and contributes to improvement in social welfare. Scandinavian nations that have been progressive in adopting gender quota systems have become comfortable countries to live for everyone due to the advancement of gender-neutral societies. For conflict resolution and peace building as well, female leadership is regarded as effective, and its importance is growing.

**Ito:** Even in local communities, the active participation of women is seen as important. In Japan, “the worker shortage and market contraction” is inhibiting the nation’s growth, with female participation in the workforce essential. Therefore, we must establish environments that enable women, who have experienced childbirth and raising children, to balance both work and family and ensure that they do not have to sacrifice either the rewards from working or the joy of motherhood.

**Shiozaki:** Yes. I believe that the promotion of women’s active participation in the workforce is essential in Japan, where the declining population is a serious issue, and particularly in regional areas. Concrete initiatives are needed to support women’s return to work and career continuity, just like in Scandinavian nations that have for many years implemented policy to aid women’s social advancement. Initiatives focused on

the work-life balance, including childcare leave and the promotion of flexible working arrangements, are probably key.

**Ito:** Yes; the creation of a gender-neutral system must continue. Shorter working schedules also lead to a sense of unfairness when applied only to women and conversely, work to keep women saddled with a sense of shame. I think we must strive for greater efficiency and skills diversification to ensure this applies to all workers regardless of gender.

**Tsuge:** It’s also necessary to foster a corporate culture to enable use of systems by anyone, regardless of gender.

**Murase:** Against that backdrop, in the Global Gender Gap Index for 2024, which was released in June of this year, Japan ranked 118th among 146 countries and scored the lowest of the G7 nations. Notably, Japan continued to perform poorly in the political and economic fields and reconfirmed that Japan is still

yet to close the gap between women and men. Japan must strengthen policies to support women’s active participation in society while referencing advanced initiatives taken by countries focusing on advancing gender neutrality.

**Ito:** Exactly. I believe that the future is in danger unless we can spark innovation now that incorporates the varying perspectives of women.

**Tsuge:** This is the time that “women’s advancement,” which is our theme today, is needed. I believe that by women taking leadership it will improve the diversity of organizations and society as a whole and enable even more comprehensive decision making. There is also the benefit of being able to implement even more effective initiatives with fresh ideas by reflecting different perspectives and experiences.





**Murase:** In order to do so, there must be changes in the corporate culture as well as in-house ways of thinking. Companies that have established systems and environments enabling women to build their careers ultimately attract diverse human resources and have higher corporate competitiveness. Flexible work styles, including the adoption of flex-time systems and remote work, and the expansion of childcare leave, must be actively supported.

### Significance and Necessity of Promoting Female Officers and Managers (Impact on Companies and Communities)

**Shiozaki:** Next, I'd like to ask about the significance and necessity of promoting female officers and managers. What type of impact do female leaders have on companies and communities?

**Ito:** For academic performance, I think Japanese women are at the top level in the world. Today, with SDGs intimately connected with management, uniquely female empathy, communication capabilities, environmental awareness and social contribution perspectives are essential, and therefore, there is a strong need for the leadership of female officers and managers.

**Tsuge:** A company's competitiveness is created from having highly talented women involved in decision making, as you mention, but in Japan the percentage of women in executive and managerial roles is still low and the majority of companies are starting out by appointing women as outside directors. I believe that at such organizations, this will not translate to nurturing female employees who aim to be managers or officers in the future.

**Ito:** That's because young female employees need a "close example."

**Tsuge:** Against such a backdrop, I think that Ms. Shiozaki becoming "Juroku Financial Group's first female director who has moved up through its ranks" holds considerable

significance. I have high hopes that you will be a "great role model" who helps increase the numbers of female workers empowered to strive to be a manager or officer.

**Shiozaki:** Thank you. I hope that by having more women in executive and managerial roles will spur female employees to take up the challenge and prompt greater motivation to advance their careers. With the positive impact spreading through the organization, there is potential for even further growth as a company. I will continue to work to establish an environment where women can flourish and to nurture the next generation of leaders.

**Ito:** It's excellent, isn't it? In regional areas, there is a strong unconscious bias about "what women are supposed to be" and the loss of career-focused women from regional areas in search of job satisfaction is a major challenge faced. There are also probably many women who feel a sense of hopelessness. Amid this, if female managers and officers can be produced from local companies, I think that hopelessness could turn to hope and that more women would stay in regional areas.

**Tsuge:** I anticipate others will be influenced by Juroku Financial Group and we will see "moves to promote female officers who have moved up the ranks" spreading even to other regional companies.

**Murase:** Listening to all of your comments, I am struck by "how vital a role that female officers and managers play in the sustainable growth of companies and regional economies." Especially in Gifu Prefecture, where the population is declining at a faster pace than the national average, if a framework could be put in place to flexibly utilize highly talented women from local communities in a variety of ways, it would invigorate the labor market and lead to economic development. Against this backdrop as well, the Group, which is actively appointing women, has been first to establish an environment making it easy for female workers to advance their careers, and we must broadcast this model to local communities.

### Creating Systems for Promoting Female Officers

**Shiozaki:** I'd like to discuss the Group's initiatives for promoting the active participation of women. To begin with, please share your views on what you rate highly.

**Ito:** In order to promote female officers and managers in quick succession on the heels of Ms. Shiozaki, more women must acquire the skills and experience appropriate for such roles. In this respect, I have a good impression of the female leadership training program and as well as of the training provided to learn about financing operations.

**Tsuge:** I think it's excellent that the advancement of flexible working styles is being realized due to the new human resources

(HR) system. The fact that the retention system\*<sup>1</sup> and job return system\*<sup>2</sup> are actually being utilized is testament to the establishment of an environment enabling employees to balance work and family with peace of mind.

**Shiozaki:** As of March 2024, 11.8% of officers were women, an increase of 1.8 percentage points over the past three years. The Company is providing training in a systematic manner not just for managers but for female human resources expected to be promoted to managerial roles in the future. Also under the new HR system, 104 employees made use of the retention system in FY2023 alone, which was due in part to lengthening the period for the shorter working hours for childcare and improvements in its flexible operation. Furthermore, there were two applicants under the job return system. Going forward, I think there is a need to achieve further enhancement of the systems.

**Murase:** Also from the perspective of the advancement of ESG and human capital management, the ratio of female managers has important meaning as an indicator vividly showing the success of women. Companies with high ratios are not only meeting their social responsibilities but are also improving organizational performance. I also look forward to an innovative approach to solving the issues faced by local communities through the leadership of women.

**Tsuge:** From that viewpoint, the activities of Juroku Financial Group's female project team Jewelia along with events by NOBUNAGA Capital Village designed to nurture female entrepreneurs are extremely meaningful.

**Shiozaki:** Yes; female employees are actively involved in both, and I think this sends a positive message to local communities. Next, I'd like to ask for your honest opinion about "issues."

**Tsuge:** I want the Group to strive for a higher ratio of female managers. While it is vital to create an in-house structure to continue to promote women, women who have given birth face unclear career paths after returning to work after childcare leave and their concerns about limitations on promotion opportunities need to be allayed.

**Ito:** Exactly. I think it is also important to consider a job-based structure whereby employees are evaluated correctly for their skills and track record, with no negative impact on evaluations and no harm to career advancement. Invisible pre-set notions must not be allowed to close off careers.

**Murase:** These are compelling issues, and concrete support initiatives and a change in employee thinking is needed.

**Shiozaki:** Personally, I also think that "acquiring the skills and experiences appropriate to become a female officer or manager" is an issue for the Company, as Ms. Ito expressed earlier. Human resources development with a long-term view and reforms for

gender-neutral work styles are essential, in my view.

**Ito:** Yes. Care needs to be taken to ensure that motivation of women who have been promoted does not wane and that the organization stops functioning well upon hearing dissatisfaction voiced by male employees as to "why did that woman get promoted?" In addition to "creating a gender-neutral system," "long-term human resources development plans" will be absolutely necessary.

**Shiozaki:** The next step needs to be the establishment of a scheme supporting women advancing their careers to the managerial level. It's important to introduce a promotion process that is fair and transparent, ensuring that for instance, a female employee who has stepped away from work for two years, is promoted similarly to a male colleague after she returns to work. Developing an environment where women are able to advance their career with confidence is the key to realizing true gender neutrality.

**Murase:** In summarizing the issues, first of all, clarification of career paths after returning from childcare leave and creation of a structure to actively support employees is probably key. It is important to assuage concerns held by female employees and encourage them to engage in work with confidence. Also needed are specific measures such as abolishing gender-based roles, as set out in the Company's human resources development plan, creating opportunities to build a broad range of work experiences also for women, including in financing and public relations, and presenting career plans aiming for managerial roles. The penetration of these structures through the organization will be important in order to continue promoting female officers.



\*1 Retention system: Systems for shorter working hours for childcare and for exemptions from overtime can be utilized until a child completes the third grade of elementary school. Working hours can also be set according to individuals, enabling employees to balance work and childcare with peace of mind.

\*2 Job return system: A system to re-employ former employees who had to leave the Company due to life events such as marriage and childbirth.

## Messages and Advice for the Next Generation of Female Leaders

**Murase:** Finally for this theme, I'd like to ask you all as female directors to send a message or words of advice to young female employees working in regional communities.

**Ito:** There may be some among you who think "I don't have the confidence, even if appointed to a managerial role. Shouldering such responsibility is hard work and I have concerns that when things get busy, I'll have to sacrifice my family or managing my health." However, for Juroku Financial Group to "continue to support the community" it needs the support of women. In order to realize this philosophy, please express your candid thoughts without fear, including "what you feel are the obstacles, or what could be done to make things easier." Also in a household, child rearing and housework is undertaken by both the husband and wife. It is also important to respect each other and build a relationship of support.

**Tsuge:** The promotion of women's active participation in the workforce has only just begun in Japan but I feel that little by little, steady progress is being made. Due to the rapid adoption and spread of remote working, work systems are in place that enable flexible responses to changes in women's work styles as a result of marriage or childbirth. I'd like you to also definitely make use of these systems, to feel fulfillment in your own work and design your career plan. Please consider various ways on "how to continue working" without having to sacrifice your own work for child rearing. If there are shortfalls with systems to do so, I ask you to proactively make suggestions to the Company.



**Shiozaki:** Going forward, I will strive to create a company where women can continue working and are also able to advance their careers, like their male counterparts. In order to do so, I'd like female employees to actively take up the challenge of new work or roles where they have no experience.

The Company is working to achieve its KPI of increasing the ratio of female managers to 20% by FY2030. In the future, it will be easier for young women to envision their own future and striving for a managerial role will no longer be something special due to women in managerial roles with varying careers. I intend to increase opportunities for women in this Company to demonstrate their leadership and broadcast their performance to the regional community.

## Governance Translating to Enhanced Corporate Value

**Shiozaki:** Next, I'd like to hear your opinions on the appropriate operation of the Board of Directors and issues that need to be improved by the Group from your standpoint as Chairperson of the Board of Directors for Mr. Murase, and from your standpoints as outside directors for Ms. Ito and Ms. Tsuge.

**Murase:** In order to further enhance corporate value, the operation of the Board of Directors is extremely important. As Chairperson of the Board of Directors, I am strengthening the structures for confirming that the effectiveness of the Board is secured. In FY2023, we conducted a questionnaire for evaluating the effectiveness of the Board of Directors on the advice of an external institution. Based on these results, I will strive to further improve the functioning of the Board of Directors and invigorate discussion.

**Ito:** For the Board of Directors, there is a sense that outside directors like us who have differing backgrounds are able to speak freely and discussions are unfettered. For evaluations of the effectiveness of the Board of Directors, because the questionnaire is conducted anonymously by an external institution, a structure is in place for receiving candid opinions as well as for enabling speedy improvements.

**Tsuge:** Yes; an environment has been created that makes it easy for outside directors to share their opinions and ask questions, and I feel discussions are free and unrestricted. Also, for matters for deliberation and matters to be reported, documents are prepared in great detail and sent to us ahead of time, which is a great help.

**Murase:** The results of the questionnaire confirmed that the Board of Directors overall is functioning appropriately, but I think it is necessary to review the content of Board of Director materials and further enhance opportunities for communication between internal and outside directors and the executive departments.

**Tsuge:** Indeed, I feel there is room for improvement, including simplification of materials and explanations that zero in on key points when dealing with complicated details for items on the agenda.

**Ito:** Additionally, as issues specific to the Company, which is

enhancing collaboration with companies in other industries, and amid the creation of a string of new group companies, there must be an awareness that differing corporate cultures and visions between the Company and joint venture target companies could translate to considerable risk. I think it would be good if there were opportunities to report to the Board of Directors as to "what the situation is, are there any issues, and if so, what action should be taken."

**Tsuge:** Another point that concerns me as an issue that the Group should improve is in regard to customer service at branches following improvement in banking operational efficiencies. As seen at other banks, "branch use now tends to be inconvenient." For the Group's The Juroku Bank, I would like to see a continuation of operations rooted in the community and closely tied to customers.

**Murase:** For the sustainable growth of the Group and to enhance medium- and long-term corporate value, I will continue to further lift the effectiveness of the Board of Directors by enhancing discussion of important matters for management as well as include outside directors and make continuous improvements in the operation of the Board of Directors.

## Board Diversity and Strengthening of Functions

**Shiozaki:** Finally, I would like to hear your opinions about initiatives to improve the diversity and effectiveness of the Board of Directors going forward.

**Tsuge:** Firstly from the standpoint of diversity of the Board of Directors, I believe that selecting outside directors from distinct fields is effective in lifting effectiveness. On the other hand, when it comes to internal directors, members are heterogeneous given that they are all bankers, and so, I think being able to tweak selection to ensure opinions from even slightly new perspectives would be effective.

**Murase:** I see. Having members with diverse backgrounds in the Board of Directors is vital for sustainable growth of a company. By incorporating various opinions, the quality of risk management and decision making is improved. In particular, the appointment of female directors also contributes substantially to corporate social responsibilities (CSR) and sustainability (SDGs). In that sense, our expectations for Ms. Shiozaki are high.

**Shiozaki:** As a member of the Board of Directors as well as from the viewpoint of sustainability, for which I am responsible, I intend to actively put forward suggestions in order to improve corporate value. Additionally, a diverse Board of Directors not only increases company competitiveness but also contributes to the growth of each individual employee. I will work to ensure a



contribution to the creation of a pleasant working environment where all employees can readily express their own opinion.

**Ito:** In order for deeper discussions by outside directors, I think it is important to ask questions and give frank opinions from an objective position on a variety of issues after thoroughly learning about what type of discussions have taken place within the company. For outside directors as well, I feel that the opportunity to connect with various stakeholders, including shareholders, and hear their opinions will enable effective comments for even greater effectiveness of the Board of Directors.

**Tsuge:** I'm of the same opinion. I would be grateful for the opportunity to deepen my understanding outside of regular Board meetings. I think it is important to thoroughly discuss long-term management strategy also at such times.

**Ito:** I believe the Board of Director meetings must be a place to discuss the "forest" rather than the "trees." I wonder if the subject of the broad direction could be regularly discussed and details about the direction of discussions by the Board of Directors could somehow be refined so as to be shared with employees. If each employee has an awareness of management and becomes a matter for self-improvement and team building, I believe it could translate to the growth of the entire Group.

**Murase:** To summarize everyone's opinions, in order to improve the effectiveness of the Board of Directors, there is room for improvement insofar as incorporating diverse opinions, having more active discussions with a long-term view and enhancing communication beyond the Board of Directors. I will take this into consideration. Let's indicate the direction we should follow as a result of decisions by the Board of Directors and work together with all employees to achieve the same goals.

**Shiozaki:** Thank you for this long and lively discussion. I believe that strengthened functions of the Board of Directors are indispensable for sustained company growth. Again, I will take up the challenge on this new stage.