

## Interview with Outside Director



Outside Director

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### Reflecting on issues related to the inappropriate solicitation of Japan Post Insurance products

The recent incident regarding the rewriting of Japan Post Insurance policies have caused disadvantages to many of our customers and caused great trouble and concern to our shareholders and other stakeholders.

To get to the bottom of this incident, we are carrying out precise and in-depth analyses through the Special Investigation Committee as well as each of our Group companies, so I would like to take this opportunity to discuss the main issues I see as an external director of the holding company. The administrative dispositions on Japan Post Holdings at the end of 2019 raised issues with the Company's governance as a group. The Minister for Internal Affairs and Communications called for the establishment of a governance system for the Japan Post Group, and the Financial Services Agency of Japan called for the establishment of a system of group governance for the implementation of effective integration and coordination functions as an insurance holding company. Taking these points seriously, the Company's Board of Directors has held ongoing deliberations including fundamental topics such as what the role of a holding company should be.

Since the business companies of the Japan Post Group include listed corporations, their respective responsibilities and actions are apt to take priority, and it is my opinion that united Group efforts to prevent incidents up till now have not necessarily been sufficient.

When it comes to complicated incidents like this latest one that have a wide variety of causes, or scandals that threaten to damage the entire Group's enterprise value, I am now painfully aware of the need to implement governance and compliance functions as a group, and for the Group to unite in efforts to solve the problem and prevent its recurrence.

Another critical problem that has been raised is that the mechanisms we had to absorb, organize, and analyze onsite information and expose and clarify the problem did not function properly, and consequently management was not fully cognizant of the scale and seriousness of the problem. To consistently implement proper governance as a group, it is also extremely important to take measures to strengthen Group company liaison committees and internal reporting functions and to enhance the sharing of information pertaining to sales and operations. I also intend to keep a keen eye on whether the holding company's Board of Directors is collecting the necessary information from all perspectives, holding discussions based on that information, and translating that into specific actions for improvement at each Group company.

## The role of the Board of Directors

Japan Post Holdings has adopted a structure of a company with nomination committee, etc., under which business execution is essentially handled by Executive Officers including the President & CEO. The main function of the Board of Directors is supervision, and as such its main role is to conduct risk-based deliberations as well as to deliberate on Group management strategies and enterprise value enhancement. Currently, the majority of the Board of Directors are external directors, each with diverse backgrounds, including business managers, lawyers, foreigners, and women. The atmosphere on the Board is also conducive to external directors freely stating their opinions, and each session produces lively discussion.

At the same time, to respond appropriately to problems such as the issues related to the inappropriate solicitation of Japan Post Insurance products that has roiled the Group, it is crucial to promote effective action by properly sharing information with the potential to heavily impact the running of our business, and for Directors to put their

respective knowledge to use by vigorously counseling the Executive Officers, even if it includes things they may not want to hear. Particularly in this time of great change, what may be considered “common sense” within the Company may in fact be nonsensical or behind the times to the world at large. I aim to see our Outside Directors voice their opinions frankly, and I hope the Executive Officers will put those opinions to effective use.

The world is right now facing a wave of immense change. The impact of the COVID-19 pandemic as well as seemingly wrought irreversible changes on our lives and economy. As we are forced to adapt to changes in business structure and new challenges, another crucial role of the Board of Directors is to make sometimes risky decisions, and prompt the Executive Officers to take sustained measures to elevate enterprise value. Going forward, I aim to continue to exchange opinions with the Executive Officers and other Directors and work together to raise the enterprise value of the Japan Post Group.

## Expectations of the Japan Post Group

Since its start of operations in 1871, the postal business has been one of the most important parts of Japan’s infrastructure, and it has contributed to affluent lives for the people and the building of local society by providing postal, banking, and life insurance services. Today, with people staying at home and restrictions on travel to prevent the spread of COVID-19, I believe post offices have received newfound recognition of their status as indispensable infrastructure for community life.

With Japan facing an increasingly graying and shrinking population, expectations are greater than ever for the role of the post office as a base within the community. The Japan Post Group will be expected to leverage its available resources and new technologies, collaborate with local businesses, governments, and various other partners to fulfill the role of “universal services” for the new era. It will also be essential to secure and cultivate the human resources and innovate the corporate culture to support those new undertakings.

In financial services as well, it will be increasing necessary to augment our consulting functions to provide services to meet our customers’ needs. As we

enter the age of 100-year life, we will need to provide even more close-knit services for all people’s lives and livelihoods as a Total Lifestyle Support Group. To that end, we will need a mechanism to instill in our employees the philosophy of achieving customer-oriented sales and to put that philosophy into practice.

Since we are still in the process of privatizing, the fact is that the Japan Post Group is subject to a number of constraints. It is nevertheless of prime importance that all of our employees have a shared understanding of what our customers throughout Japan want and expect of the Japan Post Group and what the goals of the Japan Post Group are. I also believe that management as well must work in earnest to see that each and every employee on the front lines is able to describe these concepts in their own words.