

## Messages from the Chairpersons of the Nomination, Compensation, and Audit Committees



Nomination Committee

### Ensure objectivity in the selection of Director candidates

Chairperson of Nomination Committee

**Makoto Kaiwa**  
Outside director

The main role of the Bank's Nomination Committee is to determine the criteria for selecting and dismissing Directors and the content of proposals to be submitted to the General Meetings of Shareholders regarding Director selection and dismissal. The Committee also supervises succession plans as appropriate, mainly for the President and Representative Executive Officer.

Specifically, in light of the Bank's operating conditions, the Committee discusses the ideal composition of the Board of Directors, with a view to ensuring a variety of skills and diversity and keeping transparency and independence of corporate governance in mind. In addition, the Committee has established criteria for selecting and dismissing Directors, including the qualities and abilities required of Directors, and selects candidates to be proposed at General Meetings of Shareholders after screening and interviewing a broad pool of internal and external candidates.

In selecting the successor to the President and Representative

Executive Officer, the Nomination Committee works to offer proper oversight by deliberating on the ideal profile for the position, setting objective evaluation criteria, being involved in executive officer development plans for internal candidates, and searching for suitable external candidates.

Recognizing that, more than ever, the sustainable development of the Bank requires taking into account the viewpoints of minority (general) shareholders, the Nomination Committee works to operate out of a keen awareness of its independence from the executive function. Specifically, the Committee is chaired by and mostly made up of Independent Outside Directors, and it sets selection criteria in advance to ensure objectivity in the selection of Director candidates.

In FY2023, the Nomination Committee held discussions focusing on the succession of the President and Representative Executive Officer, and proposed Mr. Takayuki Kasama as the Bank's first-ever internal candidate. Hoping also to see a younger, more motivated management team, the Nomination Committee will continue to follow up and be actively involved in the development plan for the next generation of Director candidates.

With JAPAN POST BANK in the process of full privatization, difficult management challenges, including the need to transform the business, lie ahead. President Kasama has a deep understanding of the Bank's purpose and is expected to provide leadership toward achieving the Medium-term Management Plan, including taking on the challenge of creating innovative business models such as the Σ Business. I will do everything in my power to support him in meeting these challenges.



Audit Committee

### "Behind the scenes" of the governance system

Chairperson of Audit Committee

**Hiroshi Kawamura**  
Outside Director

To achieve the purpose set forth by the Bank, it is extremely important to ensure compliance and to supervise the proper implementation of business strategies for sustainable growth while guarding the interests of shareholders. To this end, the Audit Committee not only appropriately conducts audits to ensure compliance with relevant rules and key management policies, but also offers suggestions and advice on future issues and the vision for the Bank based on the knowledge and experience of each Committee member. In addition, each member is also dispatched to regional headquarters, directly operated branches, and post offices in various regions in an effort to ascertain actual circumstances and issues facing branches.

In FY2023, the Committee focused particularly on preventing internal crime, enhancing the Retail Business, contributing

to local economic development, and promoting human capital management. To provide essential services to customers nationwide, I believe it is critical to strengthen the Bank's crisis management framework, to develop systems to ensure operational resilience, and to manage risks in the Market Business. We work closely with the Risk Committee to this end, including the participation of Audit Committee members who are not members of the Risk Committee in the Risk Committee's meetings, to prevent duplicating investigative activities and to conduct efficient audit activities based on the valuable suggestions and opinions of Risk Committee members.

As for measures to prevent the recurrence of misconduct cases, the Bank exchanges opinions with the Audit Committee of JAPAN POST HOLDINGS and the Audit and Supervisory Board of JAPAN POST, working to ensure that ongoing measures are undertaken cooperatively group-wide. We also make sure to communicate adequately with the Bank's internal Audit Division and the independent auditor. Beyond the double-reporting system, the Audit Committee may give direct instructions, particularly to the internal Audit Division, about investigations depending on the case.

To realize the purpose of JAPAN POST BANK, the Audit Committee will continue to fulfill its role of further enhancing its audit activities and supporting the Bank's governance system as a "behind-the-scenes" player.

Compensation Committee

### Continue to review the compensation system for Executives

Chairperson of Compensation Committee

**Keisuke Takeuchi**  
Outside Director

I recognize that the role and mission of JAPAN POST BANK's Outside Directors, including myself, are to provide advice and suggestions on the Bank's management policies and facilitate improvement based on our knowledge and experience from the perspective of promoting the Bank's sustainable growth and enhancing its corporate value over the medium to long term. We also supervise management by means of key decision-making by the Board of Directors.

I currently chair the Compensation Committee. The role of the Compensation Committee is to study, stipulate, and implement a compensation system for Directors and Executive Officers that is desirable for realizing the Bank's vision. Specifically, the Bank determines the details of compensation for each Individual Director and Executive Officer in accordance with the relevant policy. In this process, the Bank takes steps to conduct both a quantitative evaluation based on the degree to which financial indicators and other

specified KPIs have been achieved, and a qualitative evaluation based on non-financial indicators that help enhance corporate value in a transparent manner while focusing on ensuring objectivity and fairness. Compensation for Directors and Executive Officers is a critical element to ensure the growth of the Bank.

For sustainable growth, it is necessary to secure experienced and talented human resources. From this perspective, establishing an acceptable compensation system is a key theme.

In FY2024, we will continue to deepen internal understanding and implement the current compensation system, which had many discussions in the second half of last year and revised early this year. However, I believe we need to continuously revise the executive compensation system in accordance with changes in external conditions. Going forward, we will continue to investigate and discuss issues such as what the executive compensation system should look like to ensure the Bank's continued growth, whether current compensation levels are adequate, and whether the current compensation is appropriately linked to the improvement of corporate value and growth.

Another important role and mission of the Compensation Committee is to make needed revisions to compensation levels through these processes. With this in mind, I will make every effort to move the Bank in a new direction by discussing these matters with Committee members.

## As a part of the succession planning **COLUMN** Roundtable discussion with an Outside Director



Keisuke Takeuchi, Outside Director

As part of our efforts to develop human resources with a view to nurturing future managers and executives, we held a roundtable discussion between

an Outside Director and the Bank's management. Based on his experience as a manager, Outside Director Keisuke Takeuchi spoke about his own management style, his approach to managing subordinates, and the importance of ongoing human resource development.

**"To be a leader requires having the ability to attract others—in other words, having people skills. It is therefore crucial to communicate on a daily basis and gain the trust of other employees. I would like you to share your own thoughts on human resource development with employees."**

A lively exchange of opinions followed the roundtable discussion, providing an opportunity for the Bank's management to reaffirm the importance of human resource development and management for sustainable growth.

JAPAN POST BANK will continue to actively cultivate successors of upper management by communicating with Outside Directors who have diverse skills and knowledge.



Roundtable discussion