Foundations for Our Corporate Value

Message from the Chairman of the Board of Directors

As a front-runner in the area of corporate governance, Mizuho is aiming to increase its corporate value through pursuing “growth-oriented” governance reforms designed to foster “earning potential.”

Hiroko Ota
2004 Director General, Cabinet Office
2005 Professor, National Graduate Institute for Policy Studies
2006 Minister of State for Economic and Fiscal Policy
2008 Professor, National Graduate Institute for Policy Studies (current)
2014 Director of MHFG (Chairman of the Board of Directors) (current)

How the Board of Directors Meetings Are Operated

Mizuho began the full-scale corporate governance reforms in fiscal 2014 and transformed the holding company into a Company with Three Committees. This form of governance enables both the supervisory functions of the Board (defensive governance) and its advisory functions (growth-oriented governance) to be strengthened, while the Board delegates to the management substantially more decision-making power on business execution. As a result, the speed of decision-making increases, and the Board is able to engage in discussions regarding substantive corporate management issues.

The most significant theme for the Board in fiscal 2015 was the formulation of the medium-term business plan, which would begin in fiscal 2016. The Board discussed in depth what will be necessary for Mizuho to overcome its weaknesses and acquire new strengths as well as what risks Mizuho will face over the coming three years.

The Board held 13 meetings during the fiscal year, and discussions at each of these sessions were quite lively. Frequently, discussions lasted for close to four hours. As a result of the participation of outside directors with experiences in various fields, their ideas provided new perspectives on management issues. In addition, the presence of outside directors helps the management to have stronger commitment to leading Mizuho for creating value for various stakeholders. I believe the functions of the Board, both growth-oriented and defensive, have become more effective over the past year.
As the Chairman of the Board of Directors

The biggest role of the Chairman of the Board of Directors is to make discussions more lively and productive at the meetings. It is necessary to narrow down the matters to be discussed to ensure that enough time can be devoted to the items on the agenda, and clarify the issues to be discussed on the matters to ensure substantive discussions. To do this, it is also necessary to make sure that concise and well-prepared materials are submitted, and I work with the Corporate Secretariat to prepare these documents in advance.

I feel it is important for effective governance that an outside director serves as Chairman of the Board. I set the agenda from an outsider’s perspective, and this makes it possible to conduct persuasive discussions. On the other hand, it is important that company information is properly communicated to the outside directors. Unless correct information is delivered from the management and shared with outside directors, the directors cannot perform their role properly.

Regarding this aspect, the Deputy Chairman of the Board, who holds the position of the Chairman of the Audit Committee concurrently, plays an important role. Mr. Takahashi, who holds this position, is a non-executive director. He formerly held the position of CFO and has in-depth familiarity with management matters. Similarly, the Corporate Secretariat also plays important roles as a dedicated organization. The Corporate Secretariat is responsible for preparations for each Board meeting and for sharing information with the outside directors. Looking ahead, the Chairman, the Deputy Chairman, and the Corporate Secretariat will keep working as a team to realize what the Board aims to be.

Issues to Be Addressed Going Forward

As is appropriate for a front-runner in corporate governance, the Board has worked together to implement governance reforms. However, these reforms are not finished yet, and we are still on the way to further improving ourselves through trial and error. In the evaluation of the effectiveness of the Board in fiscal 2015, an interim evaluation was made at the Outside Director Session; a third-party evaluation with inputs from an outside institution was made; and the Board took into account the foregoing and discussed issues to be addressed.

Moreover, not only the members of the Board but also each and every Mizuho employee must understand the perspectives of shareholders, customers, and other stakeholders; they must also make judgments and take proper action. This is what real governance reform means. I feel there is a tendency among people at Mizuho that they stay in organizational silos and that they do not care about outside matters, maybe because they came to lose confidence after experiencing failures several times in the past. Under Mizuho’s traditional human resource management, personnel are selected according to the year-group of entering the company based on the evaluations they have accumulated since joining the organization, and there are concerns that personnel may be marked down disproportionately for the mistakes they have made. I believe this leads personnel to avoid taking up the challenges of addressing difficult issues and making reforms. To overcome this tendency, at present, Mizuho is proceeding with a major reform of human resource management. It will take time for this reform to be felt and understood by each and every employee, but this is the most important. I will be paying close attention to how well the new human resource management approaches take root in Mizuho.

In fiscal 2016, the most important issue will be strengthening profitability. Because the strategic direction was set up, it is essential for the management to set high targets and insist that the targets be met. The progress toward the objectives of the newly introduced medium-term business plan and the results of introducing the in-house company system, which is a key aspect of the new plan, must be reviewed in depth and subjected to full discussion, in order to realize an even stronger Mizuho.