

Corporate Governance

Corporate Governance Structure

The Chiba Bank bases all of its corporate activities on the Chiba Bank Code of Ethics, which includes earning unwavering trust, thorough compliance with laws, rules and other fundamental principles, opposition to antisocial forces, and transparent management. Under the medium-term management plan “Best Bank 2020 Final Stage—3 years of value co-creation” (FY2017–FY2019), we have raised “positive and active action on ESG issues” as an initiative to be undertaken, and we are working to advance the level of corporate governance.

To create a more robust and sound organizational structure, the Bank has adopted the supervisory systems below and created an efficient business execution structure.

Directors and Board of Directors

The Board of Directors consists of 12 directors, including three outside directors. The Board of Directors makes decisions about management policies and other important matters and supervises the execution of business by the directors and executive officers.

The Chiba Bank also employs an executive officer system. This system provides for the clear separation of the role of the directors, who reach decisions on important matters, supervise the execution of business operations, and perform other tasks, and the role of the executive officers, who conduct business operations.

Audit & Supervisory Board and Its Members

The Chiba Bank has adopted a company with audit & supervisory board system with five Audit & Supervisory Board members, including a majority of three outside Audit & Supervisory Board members. In particular, three of the Audit & Supervisory Board members, including two of the outside Audit & Supervisory Board members, are standing Audit & Supervisory Board members. They regularly attend meetings of the Board of Directors and other important meetings, check important documents, and perform other tasks to conduct objective and reasonable audits of the status of business execution. The Chiba Bank believes that this system provides an adequate management supervisory function.

Committees

The Corporate Advisory Committee discusses important management issues, and the Appointment Advisory Committee and the Remuneration Advisory Committee, the majority of members of which are outside directors, debate the nomination and remuneration of director candidates.

Internal Audit

The Audit and Inspection Division, which reports directly to the Board of Directors and is independent of the units subject to auditing, conducts internal audits of headquarters, branches and subsidiaries in accordance with the Internal Audit Regulations and the Internal Audit Plan, which is established each year by the Board of Directors. The division reports the results and findings of internal audits on a monthly basis to the Board of Directors, in addition to an Internal Audit Committee, which meets once a month as a rule. Problem areas from the perspective of compliance and risk management and improvement measures are examined during this process.

Group Management Systems

The Chiba Bank maintains a system under which subsidiaries decide their own regulations, in line with the Bank’s Compliance Regulations and various risk management regulations, and the Bank’s administrative departments control subsidiary compliance and risk management. The Chiba Bank’s internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the Chiba Bank Group.

Internal Control System

The Chiba Bank introduced a basic policy for the establishment of systems to ensure the appropriateness of operations (Internal Control Systems) through the Board of Directors. In accordance with this policy, the Chiba Bank is working to establish a high-quality management structure.

Corporate governance system	Audit & supervisory board system
Number of directors	12
Of which, outside directors	3
Number of Audit & Supervisory Board members	5
Of which, outside Audit & Supervisory Board members	3
Number of independent directors and Audit & Supervisory Board members	6 (3 outside directors, 3 outside Audit & Supervisory Board members)

Directors and Audit & Supervisory Board Members

Directors who possess the knowledge and experience needed to precisely, fairly and efficiently execute bank management duties have been appointed.

Name (Appointment)	Reason for Appointment as a Director
Hidetoshi Sakuma (June 2003)	President since March 2009, after serving previously as General Manager, Corporate Planning Division and General Manager, Head Office
Osamu Kimura (June 2012)	Previously served as General Manager, Keisei-ekimae Branch, General Manager, Inage Branch, General Manager, Matsudo Branch, and General Manager, Branch Support Division
Kenichi Sawai (June 2014)	Previously served as General Manager, Yagiri Branch, General Manager, Anesaki Branch, General Manager, Abiko Branch, and General Manager, Business Promotion Headquarters
Daizo Iijima (June 2015)	Previously served as General Manager, Kencho Branch, General Manager, Head Office and General Manager, Human Resources Division
Tomoyuki Ikeda (June 2015)	Previously served as General Manager, Inage-higashiguchi Branch, General Manager, Treasury Division, General Manager, Corporate Planning Division, General Manager, Mobarra Branch, and President, Chibagin Asset Management Co., Ltd. from June 2014 to June 2015
Joji Sugo (June 2016)	Previously served as General Manager, Makuhari Shintoshin Branch, General Manager, Treasury Division, and General Manager, Credit Division
Norio Takatsu (June 2016)	Previously served as General Manager, EDP System Division
Yukihito Inamura (June 2016)	Previously served as General Manager, New York Branch, General Manager, Public Relations and CSR Division, and General Secretariat, Human Resources Division
Tsutomu Yonemoto (June 2017)	Previously served as General Manager, Hong Kong Branch, General Manager, Akihabara Branch, General Manager, Corporate Planning Division, and General Manager, Business Promotion Division

Audit & Supervisory Board members who possess the knowledge and experience to audit the directors' execution of business accurately, fairly, and efficiently have been appointed.

Name (Appointment)	Reason for Appointment as an Audit & Supervisory Board Member
Toshikazu Okubo (June 2016)	Previously served as General Manager, Yachiyo Branch and General Manager, Corporate Planning Division. Served as a director from June 2011 to June 2016
Kazuyoshi Fukushima (June 2016)	Previously served as General Manager, Risk Management Division and General Manager, Audit and Inspection Division

Outside Directors and Outside Audit & Supervisory Board Members

Outside directors have been appointed for their ability to help improve the Bank's corporate value over the medium and long term as they apply their knowledge and experience to the management of the Bank toward the strengthening of the decision-making functions and supervisory functions of the Board of Directors.

Name (Appointment)	Reason for Appointment as an Outside Director
Tomoyuki Yokota (June 2017)	Has a high level of expertise as a judge and attorney, with experience as a Supreme Court Justice and advisor at Nagashima Ohno & Tsunematsu Law Office
Yuko Tashima (June 2015)	Has a high level of expertise as an attorney, with experience as an outside director at other operating companies, and public service as an official of the Financial Services Agency
Yasuko Takayama (June 2015)	Has experience as a manager of customer service and CSR divisions and as a standing Audit & Supervisory Board member of Shiseido Company Limited, as well as experience as an outside director at other companies

Outside Audit & Supervisory Board members who can enhance auditing functions by applying their knowledge and experience to the management of the Bank have been appointed.

Name (Appointment)	Reason for Appointment as an Outside Audit & Supervisory Board Member
Tomohiko Sakamoto (June 2017)	Has a high level of expertise gained through experience as a branch manager, Director-General, Administration Department, and other positions at the Bank of Japan as well as extensive knowledge in finance overall
Kazuhiko Ishihara (June 2017)	Has a high level of expertise and extensive knowledge of overall administration gained through experience as Deputy Director-General of the Minister's Secretariat, Ministry of Finance, Director-General, Okinawa Development and Promotion Bureau, Cabinet Office, and other positions
Akio Shirato (June 2011)	Has broad and deep knowledge of administration and related matters gained from experience as Vice Governor of Chiba Prefecture

(Relationship with the Chiba Bank)

The Chiba Bank has three outside directors and three outside Audit & Supervisory Board members. None of them have any personal relationships with other directors or Audit & Supervisory Board members at the Chiba Bank, nor does the Chiba Bank have any particular beneficial relationships with them.

(Functions and roles in corporate governance)

The Chiba Bank has appointed three outside directors to further strengthen the management decision-making and supervisory functions of business operations. The outside Audit & Supervisory Board members serve a management supervisory function for the Chiba Bank, using their impartial viewpoints from outside of the Bank to audit business operations objectively and reasonably.

They work to implement efficient and effective auditing, cooperating with the representative directors, internal audit units, independent auditor and internal control departments through periodical information exchange and holding interviews as necessary.

(Standards regarding independence)

The Chiba Bank has established standards regarding the independence of outside directors and outside Audit & Supervisory Board members in electing members that can satisfy independence while appropriately performing their duties. All the Chiba Bank's outside directors and outside Audit & Supervisory Board members satisfy these standards regarding independence. We have submitted notification to the Tokyo Stock Exchange that the three outside directors and three outside Audit & Supervisory Board members are independent and secure from any risk of conflicts of interest with general shareholders.

(Overview of liability limitation agreements)

Based on Article 427, Section 1 of the Companies Act, the Chiba Bank has entered into liability limitation agreements with the outside directors and outside Audit & Supervisory Board members to limit their liability for damages pursuant to Article 423, Section 1 of the Companies Act to the minimum liability amount set forth in Article 425, Section 1 of the Companies Act when they have acted in good faith and have not been grossly negligent in performing their duties.

Remuneration of Directors and Audit & Supervisory Board Members

Remuneration of the Chiba Bank's directors is based on remuneration regulations established by the Board of Directors, and is determined by the Board of Directors following deliberations by the Corporate Advisory Committee, whose members include a majority of outside directors, to ensure that the remuneration is transparent, fair and rational. To function as a sound incentive for the directors to strive for sustainable growth and enhance corporate value over the medium to long term, equity-based remuneration in the form of stock options, linked to the Chiba Bank's medium- to long-term earnings performance, is provided as a component of the remuneration packages. From the standpoint of emphasizing soundness as a financial institution, the Chiba Bank has not introduced remuneration linked to short-term earnings performance.

Remuneration Policies

- Director remuneration consists of a fixed portion comprising fixed remuneration based on rank, and a variable portion comprising fluctuating remuneration linked to stock price performance. However, outside directors only receive fixed remuneration.
- Fixed remuneration based on rank is paid to match the weight of responsibility for each position.
- The ratio of fixed remuneration based on rank to variable remuneration (equity-based remuneration in the form of stock options) is 80:20.

Remuneration Determination Procedure

- Remuneration of a director shall be determined by resolution of the Board of Directors within the scope of the total remuneration for directors established by resolution of the Annual General Meeting of Shareholders.

Regarding remuneration for Audit & Supervisory Board members, a full fixed remuneration shall be determined through discussions with them in order to ensure their independence.