

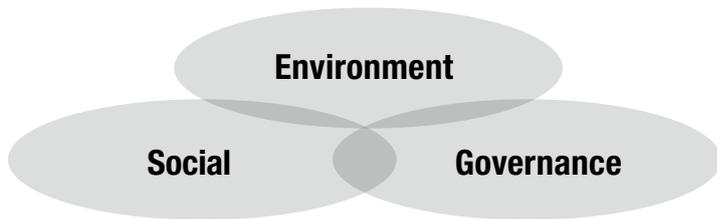
ESG

Under its customer-first policy, and as a financial group with local roots, the Chiba Bank aims to grow sustainably along with the region by engaging in corporate activities with sincerity and fairness to help customers and local communities solve their problems. To this end, the Chiba Bank aggressively promotes efforts to address environmental, social and governance (ESG) issues and Sustainable Development Goals (SDGs) towards the realization of sustainable management that strikes a balance between social value and economic value over the long term.

**Sustainable management =
Long-term outlook + Social value (Solving social issues) + Economic value**



ESG (Environment, Social, Governance)



ESG is the name of the belief that the three perspectives of environment (E), social (S) and governance (G) are all necessary to achieve the sustainable growth of a company

SDGs (Sustainable Development Goals)



A set of 17 sustainable development goals adopted by the United Nations member states, who aim to achieve the goals by 2030

Establishment of ESG Promotion Committee

In November 2017, the Chiba Bank established the ESG Promotion Committee, which is chaired by the President, to discuss the identification of key issues (materiality) that the Bank should address over the medium to long term, with due consideration paid to local issues, national issues and globally shared issues.

Environment



Viewing global warming and other environmental problems as important issues to address, the Chiba Bank strives to counter global warming by the measure of reducing CO₂ emissions through its business activities while encouraging efforts to beautify and greenify local communities.

Contributions to the Environment through Core Businesses

The Chiba Bank provides broad support to customers taking advantage of renewable energy. In December 2017, we redoubled the efforts in this regard by putting together project financing for a biomass power generation project.

The Group's securities subsidiaries of the banks in the TSUBASA Alliance jointly sell Green Bonds issued by the World Bank (International Bank for Reconstruction and Development) in Indian rupees, with the Chiba Bank acting as an intermediary in the sale of these financial instruments. (Chibagin Securities' total sales of Green Bonds amounted to ¥2,611 million in the fiscal year ended March 31, 2018.)

Forest Management Activities

We continuously conduct "Chibagin Forest" forest management activities in various locations throughout Chiba Prefecture. The activities aim to regenerate coastal barrier forests that have been lost to insect damage and tsunami. The Bank's directors, employees and former employees volunteer regularly in forest nurturing activities such as cutting the underbrush.

During the fifth "Chibagin Forest" event in May 2018, 5,000 saplings were planted. (These included Japanese black pine and Japanese spindle trees.)

Environmentally Friendly Branches

The Chiba Bank has been installing solar power systems at new or relocated branches in a bid to cut CO₂ emissions and help preserve the natural environment. As of June 30, 2018, a total of 23 branches have solar panels and solar lighting outdoors. At the headquarters and sales branches, we have 80 electric and hybrid vehicles in our fleet.



Social



With the aim of regional revitalization, we proactively engage in activities that support the core businesses of our customers and contribute to the advancement of local industry.

Private Placement Bonds for Regional Revitalization

In order to provide support for initiatives that contribute to local communities, such as for education, the Chiba Bank handles Private Placement Bonds for Regional Revitalization (Mirai Hagukumi Bonds), where a part of the commission fees received from companies issuing private placement bonds are used to buy education-related supplies that are donated to schools and other institutions designated by the issuer. As of the fiscal year ended March 31, 2018, a total of 344 of these bonds have been issued in the amount of ¥33.9 billion.

Establishment of Agricultural Corporations

In March 2018, the Fresh Farm Chiba Co., Ltd. was jointly established with local companies as an agricultural corporation. It engages in wet-rice farming on two hectares of rice paddy fields in Chiba Prefecture. The aim is to improve competitiveness and develop regional farming through efforts to increase scale and secure sales channels via corporate management, in order to solve issues faced by the agricultural community, such as a lack of people to carry on farming, aging farmers, and abandoned farmland.



Social Welfare Activities

The Chibagin Heartful Co., Ltd. was founded for the purpose of encouraging the employment of persons with disabilities. As of April 1, 2018, it had hired 30 persons with disabilities who work creating forms used at the bank and help with data entry for exchange transactions. Moreover, the Chibagin Heartful Welfare Fund supports social welfare corporations, groups and initiatives in Chiba Prefecture by providing them with financial assistance. Donations in the amount of ¥53 million have been extended to a total of 95 organizations.

Financial Education Activities

To help people of all ages to grasp the importance of money, the workings of finance, and a correct understanding as a consumer, the Bank works to provide financial education. We receive visits to our locations from school children of all ages, teaching staff, local government organizations, and companies from other industries. At the Chibagin Archive on Finance, we provide educational exhibits on the history of finance in Chiba Prefecture and also on the Chiba Bank.



Promotion of Women

As a part of efforts to promote diversity, we are making diligent efforts to help women form careers and expand their roles at work. We have set and disclosed the following numerical targets for promoting women to management positions, while greatly expanding the number of promotions.

As of July 2018, there are 6 women working as general managers in the headquarters, including 1 executive officer and 20 women holding the title of branch manager.

● Women in Management Positions

	As of 2006/3	As of 2018/7	Target for 2020
Management position	2.0% (17 persons)	12.7% (129 persons)	20%
Leader position*	9.4% (98 persons)	30.4% (273 persons)	30%

* Leader positions refer to employees who share organizational responsibilities for managing the Chiba Bank Group in their roles as managers of their assigned operations. These employees are in positions supervising subordinates or hold an equivalent post.

Nursery Facilities at Business Offices

As part of efforts to provide an environment where employees can take care of their children while working in order to balance their careers with childrearing, the Chiba Bank has set up Himawari Nurseries for the children of Group employees. In 2018, the Bank opened two new Himawari Nurseries, bringing the total of Company-led nursery facilities at business offices to three locations.



Talent Bank for Regional Banks

The Talent Bank for Regional Banks has been put in place for assisting employees in continuing their careers at regional banks. It was created at the Meeting of Regional Bank Presidents to Accelerate the Careers of Women, with the presidents of all 64 member banks of the Regional Banks Association of Japan in attendance. The Chiba Bank acts as the secretariat for the meeting. In the event an employee reluctantly plans to quit due to a move into a new home as a result of life changes, such as getting married, accompanying a working spouse who is transferred to another location or taking care of elderly parents, the Talent Bank will introduce the employee to another regional bank in the area of their new home. As of March 2018, a total of 133 employees have found new work this way.

External Awards

Mar. 2015

Ministry of Economy, Trade and Industry
“FY2014 Diversity Management Selection 100”

Dec. 2015

Cabinet Office
“Awards to Commend Leading Companies
Where Women Shine
(Prime Minister’s Award)”

Apr. 2016

Ministry of Health, Labour and Welfare
“L-Star” (top-ranked) designation



Aug. 2017

Ministry of Health, Labour and Welfare
“Platinum Kurumin” certified



Mar. 2018

Ministry of Economy, Trade and
Industry and Tokyo Stock Exchange
“FY2017 Nadeshiko Brand”



Corporate Governance

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 addressed, 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 and constructed the efficient business execution structure mentioned below.

Directors and Board of Directors

The Board of Directors consists of nine directors, including three outside directors (outside directors make up one-third of the total number of 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 has also adopted an executive officer system. This system provides for the clear separation of the roles 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.

Appointment, Remuneration and Corporate Advisory Committee

For nomination and remuneration of the Chiba Bank’s directors, the Appointment, Remuneration and Corporate Advisory Committee has been established to ensure objectivity, timeliness, and transparency. The committee members are selected by the Board of Directors and include a majority of outside directors.

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, sales 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 the 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 Group Chief Officer System* was introduced and under the overall supervision of the Group CEO, the Group Chief Officers are assigned responsibility for their areas of supervision, thereby creating a Group-wide corporate management system. Moreover, a responsible director is assigned to supervise each Group company and meetings of the Group Supervision Committee are held to strengthen understanding, administration, and supervision of the management status of Group companies. In addition, the Chiba Bank’s internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the Chiba Bank Group.

* The following Group Chief Officers are assigned:

- Group CEO (Chief Executive Officer)
- Group COO (Chief Operating Officer)
- Group CSO (Chief Strategy Officer)
- Group CRO (Chief Risk Officer)
- Group CBO (Chief Business Officer)
- Group CIO (Chief Information Officer)

Corporate governance system	Audit & Supervisory Board system
Number of directors	9
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 of Corporate Planning Division and General Manager of Head Office
Osamu Kimura (June 2012)	Previously served as General Manager of Keisei-ekimae Branch, General Manager of Inage Branch, General Manager of Matsudo Branch, and General Manager of Branch Support Division
Norio Takatsu (June 2016)	Previously served as General Manager of EDP System Division
Yukihito Inamura (June 2016)	Previously served as General Manager of New York Branch, General Manager of Public Relations and CSR Division, General Manager of General Secretariat, and General Manager of Human Resources Division
Tsutomu Yonemoto (June 2017)	Previously served as General Manager of Hong Kong Branch, General Manager of Akihabara Branch, General Manager of Corporate Planning Division, and General Manager of Business Promotion Division
Tadayoshi Shinozaki (June 2018)	Previously served as General Manager of London Branch, General Manager of Treasury Division, and General Manager of Corporate Planning 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 of Yachiyo Branch and General Manager of Corporate Planning Division. Served as a director from June 2011 to June 2016
Kazuyoshi Fukushima (June 2016)	Previously served as General Manager of Risk Management Division and General Manager of 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 to 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 non-financial 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 non-financial 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 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 Appointment, Remuneration and 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.