

Corporate Governance

Message from an Outside Director

It is my hope that each and every individual member of every Group company takes on challenges with a sense of pride and spirit that they are creating the future of the Chugin Financial Group and of their regional society.



Outside Director and Outside Audit and Supervisory Committee Member **Yukiyo Kiyono**

Yukiyo Kiyono is an Outside Director and Outside Audit and Supervisory Committee Member who scrutinizes the governance of the Chugin Financial Group from an independent viewpoint from outside, not only from the perspective of legal compliance but also from the perspectives such as diversity & inclusion. We talked to her about her own commitment, management issues, and more.

Please share what you see as the position of the Chugin Financial Group within the community and what kind of presence it will have in the future.

I was appointed Outside Director and Outside Audit and Supervisory Committee Member of the Chugoku Bank in June 2020. Before my appointment, my impression of the Chugoku Bank was that it was a reliable and sincere bank that was a part of the lives of the people in the community, with branches in key areas, based in Okayama, and showing commercials on television and large outdoor screens. When I became Outside Director and was able to see the inner workings of the bank, it showed that this impression was an accurate one. The Chugoku Bank works hard to resolve the issues faced by the community and customers and to contribute to their development.

The transitioning of the bank to a holding company structure in the form of the Chugin Financial Group (hereinafter “FG”) in last autumn has expanded its business axis, and I believe it is becoming a financial group that will provide even more widespread support and aid for the lifestyles and economies of the people living in the community.

Based on your career and your past experience, how are you working to improve the Group’s governance?

I registered as an attorney in 1995 and joined the Okayama Bar Association. I lived in Tokyo from my student days through legal apprenticeship period, but I came back to Okayama because I wanted to work in this area where I grew up and to contribute in whatever little way I could to my community. As I do my duties at Chugoku Bank and the FG, I will never forget my roots.

After becoming an attorney, I worked on issues for gender equality even before the passing of the Basic Act for Gender Equal Society in 1999. I took part in lecture meetings and symposia on this topic and served as a member of the gender equality committees of several municipal governments. I also studied various types of harassment, including sexual, academic, abuse of power, and maternity harassment, and I had many opportunities to carry out research, perform studies, and submit opinions on request from companies, schools, and other organizations.

Based on this experience, I hope to share my views and contribute to the Group’s management and corporate governance from the perspective of eliminating various forms of inequality within the company related to gender, helping achieve gender equality, and promoting diversity & inclusion, and also from the perspective of compliance, preventing and rooting out harassment in order to protect human rights and maintain a favorable working environment.

Sharing my views from a compliance perspective and contribute to the Group's management and corporate governance

To achieve business growth, our management team must be diverse, and there is an urgent need for mentality transformation and the creation of a supporting framework. I will keep a close eye on management from an outside perspective.

What are your principal activities within the Board of Directors?

Since being appointed as an Outside Director, I have attended the Board of Directors meetings, meetings of the Audit and Supervisory Committee, opinion-sharing meetings with Representative Directors, opinion-sharing meetings with Outside Directors, and the like, but even outside these meetings, whenever I was asked to share opinions, I declared them based on my own experience as an attorney and from the aforementioned perspectives of gender and compliance.

I believe that for a company, preventing disputes is just as important as legally resolving disputes - perhaps even more important. This is why I take every opportunity to emphasize the need and the methods for internal awareness-raising activities and training.

For example, it has been over a decade since the financial ADR system (a non-judicial dispute resolution system) was adopted, and a certain amount of disputes between financial institutions and customers that have been resolved through ADR have accumulated. I issued a proposal to the Board of Directors to conduct training on protecting the rights and interests of customers and preventing disputes beforehand based on these case examples, and the training was immediately conducted. The results were reported at the next Board of Directors meeting.

We have also established a whistleblowing and consultation system within the company to address harassment issues. Although I recognize and appreciate that this system is functioning, unfortunately there are still reports of sexual harassment and abuse of power. With the aim of completely eliminate harassment, I have provided my position regarding the effectiveness of the mechanisms that have been put in place and explained the need I see for recurring training, and improvements are currently being made.

What is your appraisal of Chugin FG's corporate governance?

The goal of corporate governance is sustainable corporate growth and the medium- to long-term increase of corporate value. This requires that corporate management ensures its transparency and that the rights and positions of stakeholders be respected. I strive to always keep these in minds as I observe the management of the bank and the FG.

Like all Outside Directors, I represent the expectations of investors and local stakeholders, in particular, and focus on respecting their rights and interests. As Outside Director, I often share my opinions from a customer-centric, shareholder-centric perspective, based on the expertise I have in my fields of specialization.

As I mentioned earlier, internal directors have also been extremely receptive to the opinions of Outside Directors, deliberating and implementing future-looking measures, and I feel that our governance is functioning effectively.

One example would be our promotion of the advancement of women. This has been one of social issues since before the enacting of the Act on Promotion of Women's Participation and Advancement in the Workplace, but this has become an increasingly pressing issue. A Cabinet Office questionnaire found that investors are placing even greater importance on the advancement of women and focusing on figures such as the percentages of executives and people in managerial positions that are women. Outside Directors have consistently pressed for the promotion of the advancement of women. I am very happy to say that because of these efforts, this fiscal year several women have been promoted to executive officer positions in the FG and the bank. Furthermore, some of the Group companies have also appointed women as directors.

However, the percentage of managers that are women remains low, and the only female director is an Outside Director in the FG. For our Group's business to grow, our management team must be a diverse one, with people of different genders and ages. Our current management recognizes the urgent need to strongly promote diversity, to actively hire and promote women, to transform mentalities regardless of gender as a prerequisite in order to make this possible, and to prepare a supporting framework. Internal policies for doing this have been announced, and I plan to keep a close eye on their application.

Could you share some words on the future you see for Chugin FG and how it can be achieved?

In March 2017, Chugoku Bank formulated its long-term management plan, a 10-year strategy called "Vision 2027: Plan for Creating the Future Together," and aimed to build a sustainable business model that will develop in step with regional society. Chugoku Bank later became the FG, and in March 2023, we formulated a new medium-term management plan, "Plan for Creating the Future Together: Stage III," for the next four years, which will be the final stage of Vision 2027.

Under this plan, the FG will be collaborating with various partners, both inside and outside the Group, to create a shared platform for the community. It will generate new, multifaceted, multilayered value and pave the way to a future of prosperous community development. We have created the slogan "Our challenges build our future." to epitomize these efforts, and we are calling all officers and employees to work as one and for individuals to take on new challenges.

It is my hope that the FG's future vision will resonate with all of the Group companies and every individual member in the Group, and that each one will take on challenges with a sense of pride and spirit that they are creating the future of the FG and of their regional society.