

Focus Area 2

Promote Responsible Finance

In this focus area, the bank provides sustainability-conscious, responsible investments and loans and strives to develop and maintain financial services nationwide that are fundamental to the AFF industries.

In addition, we conduct business activities aiming for sustainable energy utilization.

Topics		Direction of Our Initiatives
Topic 2-1	Promote sustainable finance	We contribute to realizing a sustainable society through responsible investments and loans that provide consideration for environmental, social and governance aspects.
Topic 2-2	Contribute to sustainable energy utilization	We contribute to promoting sustainable energy utilization.
Topic 2-3	Realize financing for everybody	We contribute to realizing a society where everyone, including residents in Japan’s underpopulated areas and the economically vulnerable, have wide access to financial services.

Major Initiatives

- Practice responsible investment and lending for the resolution of environmental and social issues
- Provide financial services assuming the expansion of demand for renewable energy
- Improve financial access in each and every location throughout Japan using a variety of channels, including mobile branch vehicles and internet banking

Related SDGs



Promote Sustainable Finance

Basic Policy on Finance

In addition to the fundamental mission stated in Article 1 of the Norinchukin Bank Act, the Bank has another mission: to contribute to the prosperity of the agriculture, fishery, forestry and related industries, as well as to the revitalization of local communities as a dedicated financial institution for the AFF industries.

As the basic principles for fulfilling these missions, we have formulated the Basic Policy on Finance.

With strong recognition of our public nature and social responsibility as an important part of Japan's financial system, we have formulated this fundamental policy from the perspective of compliance, and based on our Code of Ethics, Basic Policies for Risk Management, and the Environmental Policy and Human Rights Policy, which serve as guidelines for realizing sustainability management.

The Norinchukin Bank recognizes that it has an important social responsibility to conduct business operations adhering to the Basic Policy on Finance.

Development of Sound Investments and Loans

The Norinchukin Bank conducts sincere and fair investments and loans in compliance with social codes, fully understanding its fundamental mission and role. To this end, the Bank is dedicated to conducting sound business operation with a focus on accountability, not only at the time of investments and loans but also thereafter. In addition, the Compliance Manual clarifies, as the code of conduct for directors and employees, that they must always keep in mind the soundness of operations even amid their enthusiastic execution of business and should not set excessive plans and performance goals for investments, loans and other businesses.

Sector Policies

See page 39 for details.

Initiatives for the Equator Principles

The Equator Principles is an assessment framework used by private financial institutions when financing large-scale development projects. This framework is used to assess whether the development project pays the appropriate attention to the natural environment and local communities. It is widely used in the project finance field as a method to identify, evaluate and manage environmental and social risks. Financial institutions that have adopted the Equator Principles are required to incorporate these into their internal policies and procedures and to construct appropriate management and administrative systems. Furthermore, they may not invest in projects that are not compliant with the Equator Principles. Based on the increasing public awareness of environmental and social issues and society's expectations of financial institutions, the Bank adopted the Equator Principles in fiscal 2017 to realize a higher level of consideration toward a sustainable environment.

Specifically, under the Basic Policy on Finance, the Bank has formulated both the Basic Policy Regarding the Equator Principles and the Administration Guidelines for the Equator Principles. A dedicated staff member has been assigned to determine conformity with these principles, and we continue to request that customers address environmental and social considerations at the required level according to their project category.



Project Category Definition

Category	Definition
A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented
B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
C	Projects with minimal or no adverse environmental and social risks and/or impacts

See page 38 for conformity confirmation flow.

Issuance of the Bank's First Green Bond

In September 2021, the Bank issued U.S. dollar-denominated Norinchukin Bank debentures that correspond to a total value of US\$1 billion as green bonds in foreign markets. The Norinchukin Bank debentures are bonds, of which the issuance is authorized for the purpose of funding by the Bank, in accordance with the Norinchukin Bank Act. These bonds are usually issued with limited use for businesses that will contribute to environmental improvement such as those in renewable energy. This was the Bank's first issuance of green bonds. Ahead of the issuance, we formulated the Bank's Green Bond Framework and confirmed that it complies with the Green Bond Principles 2021 published by the International Capital Market Association (ICMA). We will contribute to the realization of a sustainable environment and society through the issuance of green bonds as well as investments and financing in which the funds procured by the green bonds are used.

Contribute to Sustainable Energy Utilization

Providing Financial Services Assuming the Expansion of Demand for Renewable Energy

For details on the Bank's efforts related to renewable energy, please refer to project finance examples and JA Bank initiatives (page 51).

Worldwide Action in Project Finance

In our investment business, we are fully engaged in project finance. Unlike corporate finance, which provides loans according to the creditworthiness of the corporation receiving the loan, project finance targets a specific business/project and then evaluates its profitability before making a loan.

Project Finance Examples

Renewable Energy Projects

Total lending: ¥918.5 billion

We provide financing for renewable energy projects including offshore wind power generation and undersea power transmission lines in the United Kingdom and Continental Europe, as well as solar power generation projects in the Middle East and Japan.



Social Infrastructure Projects

Total lending: ¥691.7 billion

We provide financing for water treatment projects in Australia and the Middle East as well as for social infrastructure projects targeting public facilities such as schools and hospitals in Australia, the United Kingdom and the Middle East.



As of March 31, 2022

Realize Financing for Everybody

Improving Financial Access in Each Location Throughout Japan using a Variety of Channels

The Bank aims to realize financing for everybody in order to promote responsible finance. By leveraging the strength of its comprehensive business, JA branches provide a variety of services. It is developing different channels to provide financial services to our members and users, even those in depopulated mountainous areas.

Opening of Yoriso Plaza

We are introducing the Yoriso Plaza, at which customers can easily use JA Bank services even when there is no branch with a financial counter nearby. Financial services are provided via remote consultation booths and ATMs at branches that lack financial counters. We also expect that this to function as a community venue for exchanges.

Introduction of mobile branches

JA Bank is promoting the implementation of mobile branches equipped with financial booths and ATM services for all JAs nationwide (as of March 31, 2021, 126 units had been deployed).

Mobile branches allow users to deposit and withdraw ordinary savings and update passbook entries. In addition to bank transfers and payment of taxes and utility bills, users can use consulting services about public pension benefit receipt, mutual insurance and more. These mobile branches are gaining greater recognition as the nearest financial institution in regions without a nearby consultation branch or ATM.

These nationally deployed mobile branches normally serve as a lifeline for rural and depopulated areas and can be utilized in times of disaster, offering financial services to affected areas.



Mobile branches

Handling of housing loans for the LGBTQIA+ community

As part of realizing diversity, social interest in LGBTQIA+ persons has been increasing. In addition, the trend of introducing a "partnership system," which publicly recognizes the rights of LGBTQIA+ couples has accelerated in Japan in several local governments. In line with this trend, JA Bank commenced, in collaboration with Kyodo Housing Loan Co., Ltd. (KHL), a JA Bank Group company, the handling of housing loans that accept the qualification of LGBTQIA+ people, for which KHL's corporate guarantee is effected, in several prefectures.

This loan product accepts the aggregation of a couple's income for a housing loan for couples who are authorized by the partnership system of each local government.

In the future, we intend to increase the number of prefectures where this product is offered. In addition, we are proceeding with the investigation on the treatment of the guarantee offered by the Agriculture, Forestry and Fisheries Credit Foundations.